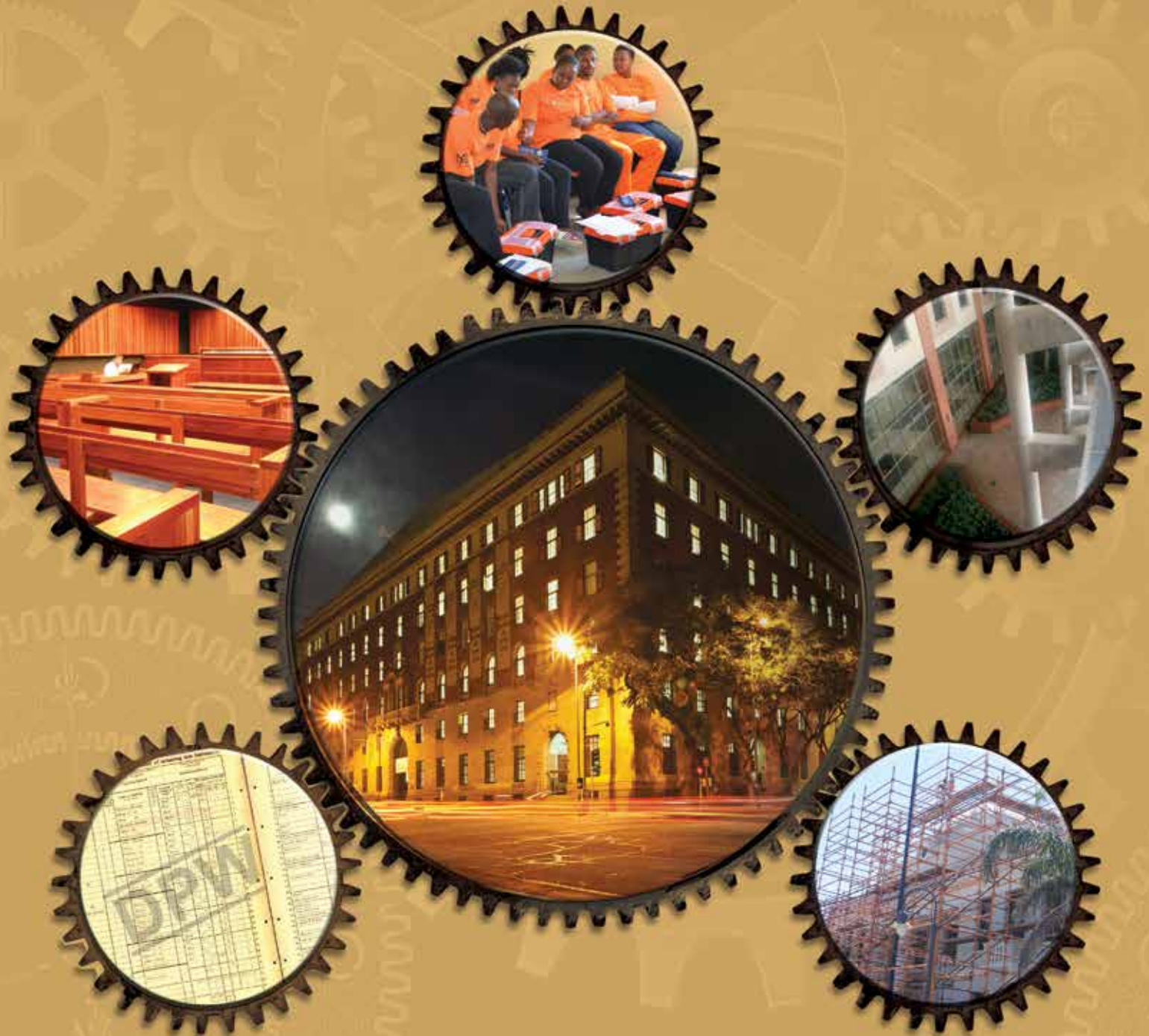


2012/13 Annual Report

SOUTH AFRICA WORKS BECAUSE OF PUBLIC WORKS



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA





public works

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Public Works
REPUBLIC OF SOUTH AFRICA

ANNUAL REPORT

2012/2013

Mr TW Nxesi

Public Works Minister

I have the honour of submitting the Annual Report of the Department of Public Works
for the period 1 April 2012 to 31 March 2013

Mr M Dlabantu

Director-General

30 September 2013

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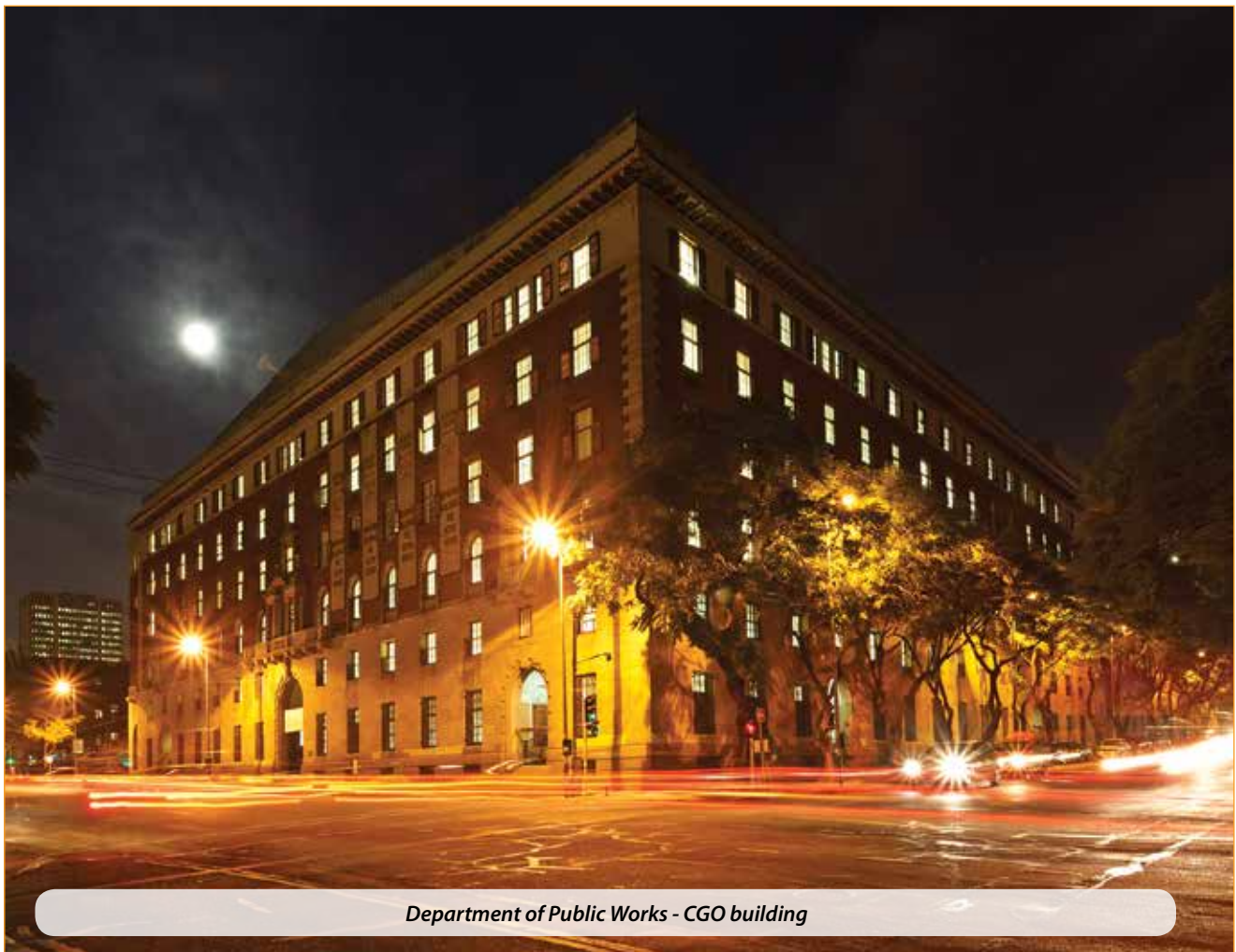
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Department of Public Works - CGO building

List of Abbreviations/Acronyms

FULL DESCRIPTION	ACRONYM
Adult Basic Education and Training	ABET
Annual Financial Statement	AFS
Agrément South Africa	ASA
Annual Performance Plan	APP
Business Intelligence	BI
Built Environment Professionals	BEP
Asset Register Management	ARM
Basic Accounting System	BAS
Black Economic Empowerment	BEE
Broad-Based Black Economic Empowerment	BBBEE
Business Continuity Plan	BCP
Client Relationship Management	CRM
Community Based Organisations	CBOs
Construction Contact Centres	CCC's
Community Works Programme	CWP
Construction Industry Development Board	cidb
Continued Professional Development	CPD
Contractor Incubator Programme	CIP
Council for Built Environment	CBE
Custodian Asset Management Plan	CAMP
Department of Cooperative Governance and Traditional Affairs	COGTA
Capital Works Implementation Programme	CWIP
Department of Environmental Affairs	DEA
Department of International Relations and Cooperation	DIRCO
Department of Public Works	DPW
Department of Water Affairs	DWA
Department of Public Works National Intergovernmental Forum	DPWNIF
Department of Rural Development and Land Reform	DRDLP
Division of Revenue Act	DORA
Document Management System	DMS
Engineering Council of South Africa	ECSA
Early Childhood Development	ECD
Economic and Employment Cluster	EEC
Employee Development and Management System	EDMS
Estimates of National Expenditure	ENE
Employment Skills Development Agency	ESDA
Expanded Public Works Programme	EPWP

List of Abbreviations/Acronyms (continued)

FULL DESCRIPTION	ACRONYM
Executive Management Committee	EXCO
Full Time Equivalent	FTE
Facilities Management	FM
Financial Year	FY
Generally Accepted Accounting Principles	GAAP
Generally Recognised Accounting Practice	GRAP
Geographical Information System	GIS
Government Immovable Asset Management Act	GIAMA
Head of Department	HOD
Home Community Based Care	HCBC
Human Resource Development	HRD
Immovable Asset Register	IAR
Independent Development Trust	IDT
Integrated Risk Management Framework	IRMF
Industrial Policy Action Plan	IPAP
Information Communication and Technology	ICT
Integrated Financial Management System	IFMS
Information Technology	IT
Infrastructure Delivery Improvement Programme	IDIP
Information Technology Acquisition	ITAC
Information Technology Procurement	ITP
Institute of Internal Auditors	IIA
Integrated Growth Plan	IGP
International Union of Architects	IUA
Key Account Management	KAM
Land Redistribution Agricultural Development	LRAD
Logistical Information System	LOGIS
Memorandum of Understanding	MOU
Medium Term Budget Policy Statement	MTBPS
Medium Term Expenditure Framework	MTEF
Medium Term Strategic Framework	MTSF
Middle Management Services	MMS
Millennium Development Goals	MDGs
Municipal Infrastructure Grant	MIG
Management Information System	MIS
Non-Governmental Organisations	NGOs
Non-Profit Organizations	NPOs
National Contractor Development Programme	NCDP
National Economic Development and Labour Council	NEDLAC

List of Abbreviations/Acronyms (continued)

FULL DESCRIPTION	ACRONYM
National Infrastructure Maintenance Strategy	NIMS
National Youth Service	NYS
Occupational Specific Dispensation	OSD
Occupational Health and Safety Act	OHSA
Pan African Parliament	PAP
Performance Based Building	PBB
Performance Management and Development System	PMDS
Planned Maintenance Implementation Programme	PMIP
Portfolio Performance and Monitoring	PPM
Property Sector Charter Council	PSCC
Property Incubator Programme	PIP
Property Management Information System	PMIS
Property Management Trading Entity	PMTE
Property Performance Standards	PPS
Public Finance Management Act	PFMA
Parliamentary Villages	PV
Regulatory Impact Assessment	RIA
Recognition of Prior Learning	RPL
South African Local Government Association	SALGA
Supply Chain Management	SCM
Implement Service Delivery Improvement Programme	SDIP
Senior Management Services	SMS
Service Delivery Standards	SDS
Service Level Agreement	SLA
Software Asset Management	SAM
Strategic Performance Management	SPM
Strategic Plan	SP
Spatial Development Framework	SDF
State-owned Entities	SOEs
Union Building	UB
User Asset Management Plan	UAMP
User Requirement Specification	URS
Virtual Private Network	VPN
Web Based Reporting Systems	WBS
Works Control System	WCS
Workplace Skills Plan	WSP



Chapter 1: General Information



1.1 Strategic Overview



Vision

To be a world-class Public Works Department.

Mission

The Department of Public Works (DPW) aims to promote the government's objectives of economic development, good governance and raising living standards and prosperity by providing and managing accommodation, housing, land and infrastructure needs for national departments, promoting the Expanded Public Works Programme (EPWP) and encouraging the transformation of the construction and property industries. In pursuit of these objectives, the Department seeks to:

- Manage efficiently the lifecycle of immovable assets under its custodianship.
- Provide expert advice to all three spheres of government and State-owned entities on immovable assets.
- Contribute to the national goals of job creation and poverty alleviation through programme management and directing of public works programmes across all spheres of government, of which the EPWP forms an integral part.
- Provide strategic leadership to the construction and property industries.

Values

Governed by our mission, the values outlined below serve as guiding principles in the Department's continuous effort toward service delivery improvement:-

- Urgency
All tasks are attended to timeously and diligently.
- Integrity
The Department rejects any form of corruption and/or maladministration, and all employees vow to expose any actions undermining principles of good corporate governance.
- Client Focus
All aspects of our work are guided by the need to improve service delivery to both internal and external clients.
- Team Work
Every employee has a specific task/role to perform and the sum of all our actions defines our destiny (success or failure).

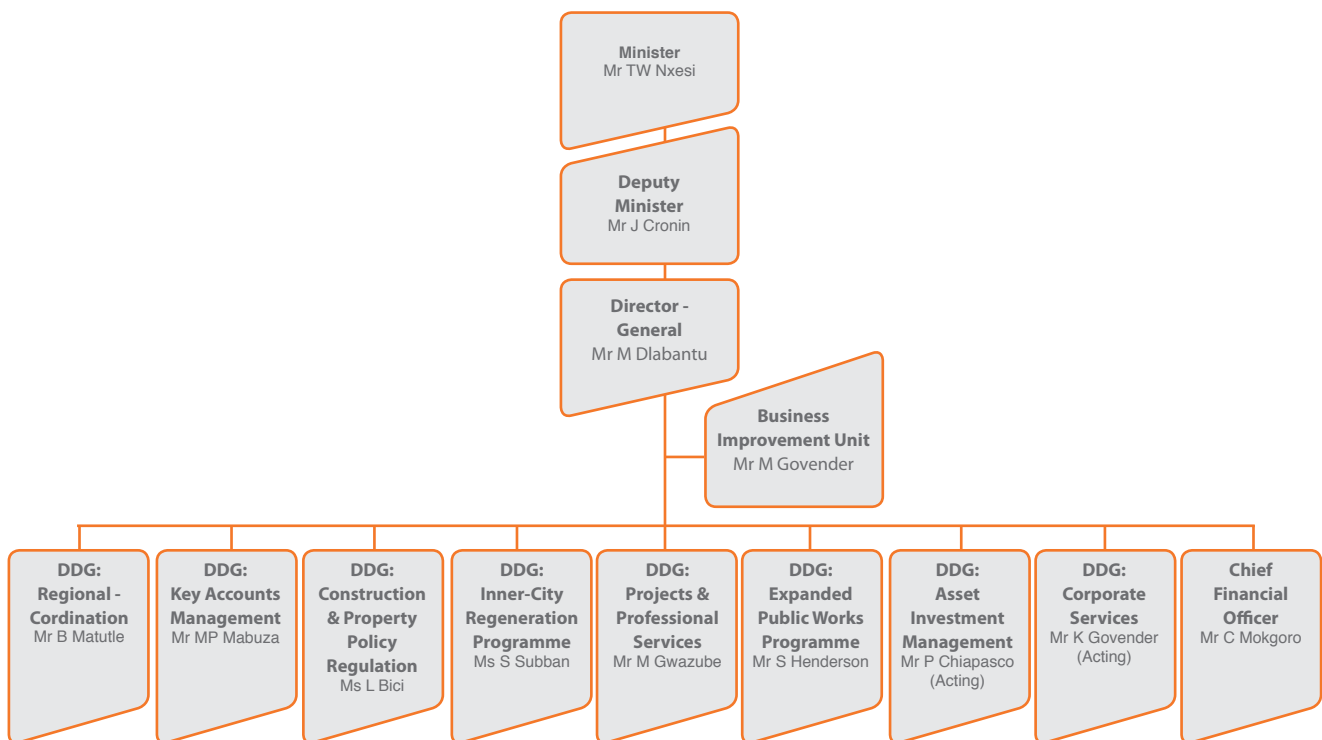
Strategic outcomes oriented goals	
Strategic Outcome Oriented Goal (Outcome 4):	Decent employment through inclusive economic growth.
Goal Statement	<p>To improve employment conditions for beneficiaries of EPWP.</p> <p>To increase full-time equivalent jobs within EPWP through the implementation of fiscal incentives.</p> <p>To implement proposed programmes to increase work opportunities in the Social, Infrastructure, Non State and Environmental & Cultural sectors.</p>
Strategic Outcome Oriented Goal (Outcome 12):	Service delivery quality and access to government services.
Goal Statement	<p>To ensure that user departments occupy accommodation that meet their financial, technical and social requirements, to enable them to effectively deliver services to all citizens.</p> <p>DPW as a major custodian of State Immovable Assets, ensures that Immovable Assets owned and/or utilised for delivering various government services yields functional, economic and social benefits to the state for improved service delivery</p>
Strategic Outcome Oriented Goal (Outcome 8):	Efficient utilisation of land for human settlement.
Goal Statement	<p>Mobilisation of well-located public land for low income earners and affordable income housing with increased densities on this land in general.</p> <p>To release land and buildings vested nationally and provincially for human settlements development.</p>
Strategic Outcome Oriented Goal (Outcome 5)	Investment in core skills development both within DPW and externally.
Goal Statement	<p>To revive workshops that facilitate the absorption of artisans.</p> <p>To increase intake of internships, learnerships and young professionals.</p> <p>To increase participation of emerging contractors in the NCDP.</p> <p>To provide training to DPW engineers on labour intensive technology.</p>
Strategic Outcome Oriented Goal (Outcome 6)	Improve the condition of the state's immovable assets to ensure operational efficiency.
Goal Statement	<p>To reduce the maintenance backlog.</p> <p>To reduce the leased portfolio of the state.</p> <p>To accelerate the implementation of the rehabilitation programme.</p>

1.2 Legislative and Other Mandates

In terms of the Constitution of the Republic of South Africa of 1996, the powers and functions relating to the Department of Public Works (DPW) at a National level are granted by the President to the Minister of Public Works. Public Works is a concurrent function exercised by both the national and provincial spheres in terms of Schedule 4 of the Constitution. This legislation, therefore, mandates the custodianship and management of a significant portfolio of the national government’s immovable assets to the DPW. These include the provision of accommodation, rendering of expert built environment services to the user departments at national government level and the planning, acquisition, management and disposal of immovable assets under the custodianship of the DPW. In addition, the Department is mandated to coordinate and provide strategic leadership in job creation through the implementation of the EPWP.

The Department’s operations, inter alia, are regulated by the Government Immovable Asset Management Act, 2007 (GIAMA). The Act aims to ensure efficient and effective management of immovable assets throughout national and provincial government to improve service delivery. Furthermore, through the Construction Industry Development Board Act, 2000 (cidb), the Council for the Built Environment Act, 2000 (CBE) and the six Professional Councils Acts that regulate the six built environment professions, the DPW regulates the construction industry and the built environment. (**Appendix A** provides a list of the various Acts that outline key responsibilities placed on DPW).

1.3 Organisational Structure (Management)



1.4 Entities Reporting to the Minister

These entities assist the Department to deliver on its objectives and achieve the broader governmental goals, focusing on the construction and property industries. Key to attaining these objectives, is a long term drive towards transformation.

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
<p>1. Construction Industry Development Board (cidb)</p>	<p>To provide strategic leadership to the construction industry stakeholders to stimulate sustainable growth, reform, transformation and improvement of the construction sector in order to meet the social and economic development objectives</p>	<p>Transfer payment</p>	<ol style="list-style-type: none"> 1. Categorising and grading of contractors on a National Register of Contractors which reflects the nature, size and geographic distribution of and contractors and further reflects the country's capacity to meet the construction demand. 2. Establishment of the iTender system and the National Register of Projects. The Register of Projects reflects the nature, size and geographic distribution of the projects. 3. Establishment of the Best Practice Contractor Recognition System which enables organs of state to manage risk on complex contracting strategies; and promotes contractor development in relation to best practice standards and guidelines, developed by the Board in terms of the section. 4. Establishment of the Best Practice Project Assessment Scheme, based on best practices identified by the Board.
	<p>To promote uniform application of policy in the construction industry throughout all spheres of Government</p>		<ol style="list-style-type: none"> 1. Development and implementation of the Standard for Uniformity in Construction Procurement which is aimed at bringing about standardisation and uniformity in the construction procurement documentation, practices and procedures. 2. The establishment of the Code of Conduct for all parties engaged in Construction Procurement to guide and regulate the behaviour of parties engaged in construction-related procurement.

Strategic outcome oriented goals (continued)

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
	To promote sustainable growth of the construction industry and the participation of the emerging sector		1. Establishment of the National Contractor Development Programme (NCDP) to increase the capacity, equity ownership, sustainability, quality and performance of cidb registered contractors

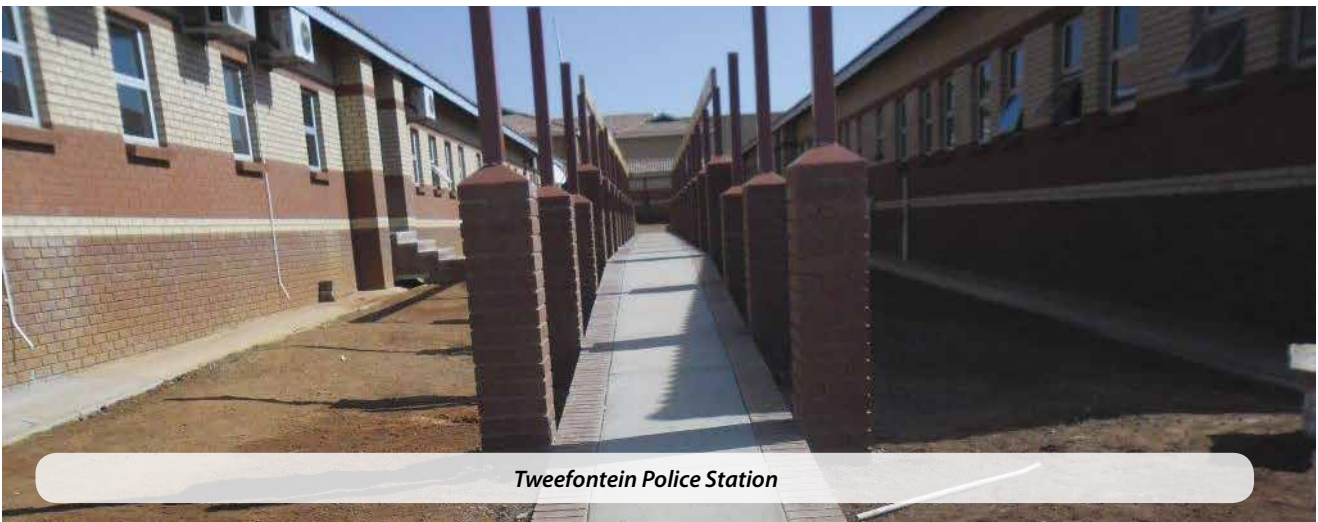
Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
1. Agrément South Africa	Operates under the delegation of authority from the Minister of Public Works and represents the Government of the Republic of South Africa. The delegation is to the Chairperson of the Board of Agrément South Africa, when acting in consultation with the wishes of the Board, who is nominated by the Minister	Receives an annual grant from the Department of Public Works. The annual grant for 2012/2013 was R8 686 842. An increase of approximately 5% per annum was granted to Agrément South Africa to fund its operational activities during the financial year	<p>Agrément South Africa is an internationally acknowledged, South African Centre for the assessment and certification of innovative, non-standardised construction products, systems, materials, components and processes, which are not yet fully covered by a national standard or code of practice. It supports the construction industry by facilitating the safe introduction, application and utilisation of satisfactory innovation and technology development. Agrément South Africa does this, inter alia, by providing assurance of fitness-for-purpose of such technologies that optimise resource utilisation and realises cost savings in industry.</p> <p>The entity also explores alternative methods of construction within the built environment.</p>

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
2. Independent Development Trust (IDT)	The IDT is a transformed government development agency that implements projects commissioned by government departments (1997 Cabinet decision). It is a Schedule 2 development entity and implements projects on behalf of government.	<ul style="list-style-type: none"> During the 2012/13 financial year, the total actual budget was R370m of which R50.8m (14%) was for operating costs 	<ul style="list-style-type: none"> Business Model: centralised national functions and regional operations. The national office determines policies, provides oversight, compliance monitoring and reporting on behalf of the organisation, and is responsible for creating an enabling environment that is conducive to effective regional operations Both national and regional offices are responsible for business generation. The IDT developing a business case and this process impacts on the performance of the entity.



Public Works Minister, Thulas Nxesi and the Deputy Minister, Jeremy Cronin

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
<p>3. Council for the Built Environment</p>	<p>To facilitate transformation of the built environment profession and protect members of the public within South Africa from unsafe practices by built environment professionals.</p> <p>To provide advice and body of knowledge on built environment issues.</p> <p>To ensure good governance in the provisioning of built environment professional services in both the public and private sectors.</p>	<p>By Parliament through the Department</p>	<p>Drives and facilitates skills development within the built environment</p> <p>Provides research and a platform for discussions on built environment issues.</p> <p>Strengthens and implements a public protection regime.</p>



Tweefontein Police Station



Minister : Mr TW Nxesi

“Despite many challenges faced by the DPW, major sections of the Department, remained productive due to the commitment and hard work of officials and a number of successes have been recorded”

The mandate of the Department as the major custodian of the State’s immovable assets, is to manage its assets optimally in order to provide accommodation to government departments to effect service delivery effectively and efficiently. In addition, the Department regulates the property and construction sectors and provides policy advice to the government in this regard. The Department also strives to create jobs and develop skills, particularly in relation to the built environment.

Despite many challenges faced by the Department, major sections remained productive due to the commitment and hard work of officials and a number of successes have been recorded.

In relation to the Expanded Public Works Programme, the Department is on course to reach the initial target of 4,500,000 job opportunities for the period 2009/2010 - 2013/2014.

The issue of under-spending of R358 million in 2011/2012 on the EPWP incentive grant was eliminated in the 2012/2013 financial year. This success is due to the active partnership, coordination and participation of provinces, municipalities and Non-profit Government, Community Based and Faith Based Organisations.

During the 2012/2013 financial year, 214 projects were completed in relation to Capital Projects, creating 18 815 jobs.

In relation to Asset Investment Management, 6 buildings were rehabilitated in the year under review and 11 buildings were made accessible for people with disabilities. Two properties measuring 4 33.026 hectares, earmarked for sustainable human settlements were approved for release.

In relation to policy regarding the transformation of the built environment, the Construction Sector Charter Council was registered as a section 21 Company and the National Contractor Development Programme (NCDP) – driven by the Construction Industry Development Board (cidb) – was launched in December 2012.

Despite the great progress, the Department remains confronted by challenges. There are still many challenges faced by the Department such as fraud and corruption on the part of a few officials. This remains a concern due to a legacy of weak systems, poor management and a lack of accountability resulting in a disclaimer and a poor audit outcome for the year 2011/2012.

The priority for the previous year was to develop and implement a robust and credible turnaround strategy to ‘Rebuild the Department of Public Works’. The building blocks are in place. The National Treasury has provided a budget; a Turnaround Team, known as the Business Improvement Unit – was established in the office of the Director-General; and leadership has been stabilised with the appointment of a new Director-General and Chief Financial Officer.

Our strategic focus has been on taking control of five key areas:

Combatting fraud and corruption - We have worked closely with the Special Investigations Unit (SIU) to investigate a total of 40 irregular leases and projects of which 23 were completed. This resulted in successful disciplinary actions being implemented, for example, the suspension of six officials and the dismissal of three others, including one Deputy Director-General (DDG). Court actions were instituted to recover monies wrongly paid by the Department. We are currently awaiting reports from disciplinary hearings involving another DDG and Chief Director. The SIU completed investigations into Prestige within the Pretoria regional office relating to the inflated cost of renovations of ministerial houses. It was recommended that all officials involved in irregular behaviour be disciplined. This process is currently underway. In addition, all Prestige projects are under investigation. The process was completed in Pretoria and has been extended to Cape Town where R100 million was spent on renovating 11 ministerial houses. The SIU investigations, together with recent findings of the Competition Commission, confirm that there was over-pricing and collusion among some officials and sections of the construction industry. They further concluded that corruption and greed in the private and public sectors were mutually reinforcing unethical practices.

The Immovable Asset Register - The state land reconciliation with the Deeds Office records was completed by the end of the financial year. Provinces, the Departments of Rural Development and Land Reform and Human Settlements made inputs and cooperated with the process of creating an Asset Register that will accurately reflect the state's assets. This will give us the tools to leverage this massive property portfolio for future economic development.

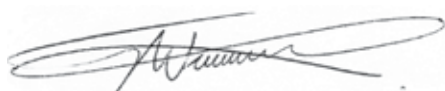
Audit of Leases - All of the Department's 2 778 leases were reviewed during the past year. Of these, 1 316 required attention in terms of either revision/cancellation or renewal. Presently, all new leases are being correctly processed.

Improving audit outcomes - The Clean Audit project was initiated in December 2012 and rolled out in February 2013 to address the negative audit outcomes. This intervention resulted in the deployment of well in excess of 100 experts within the finance and SCM profession. Also included was the deployment of additional 64 unemployed graduates for skills and development within finance and SCM. The strong element of this intervention was to transfer skills with the intention to absorb these graduates into the Department.

Operationalising the Property Management Trading Entity--(PMTE)

The establishment of the PMTE was formalised. A detailed business plan will be submitted to Cabinet for approval in the financial year 2013/14. Failure in finalising these processes previously approved in 2006, contributed significantly to both the DPW and PMTE receiving negative audit outcast in the past.

I thank the Auditor-General, the Public Protector, the SIU and members of the Parliamentary Committees for their constructive criticism and support; National Treasury and the DPSA for the assistance in developing and implementing a turnaround strategy; the MECs and the HoDs whose participation has reinvigorated MINMEC; the Director-General and senior management of the Department who have kept the ship afloat. A special word of thanks to those officials of the Department who actively assisted in the process of rebuilding the Department. Working together we have stabilised the Department, put in place the building blocks and developed a plan of action to rebuild Public Works and deliver on its mandate.



Mr. TW Nxesi

Minister



Mr. J Cronin

Deputy Minister

1.6 Overview by the Accounting Officer



Accounting Officer: Mr. M Dlabantu

“While the Department remains committed to the National Development Agenda through its strategic objectives that meet specific strategic outcomes, the rationale for change, resulted in the Department focusing on re-building Public Works and reclaiming its mandate. The approach by the Department is aligned with the MTEF allocations by National Treasury.”

The financial year 2012/13 was challenging and exciting. It year was marred by a significant degree of negativity especially around certain core business areas of the Department, much of which emanate from the operational complexities of the Department. These complexities also arose from the ever changing infrastructure and property environment, internal business improvement initiatives and broader policy changes affecting the Department. All these necessitated a change in operations and some projects were initiated to address these challenges and stabilise the Department. The exciting part of the year was as a result of the Department making considerable strides with the asset register, although not to the levels initially envisaged, but to a point that some degree of reliability and certainty could be attached to it. In addition, the positions of the Director-General and the Chief Financial Officer were filled, addressing the top management instability that had existed for some time. Apart from all the challenges, the Department continued to realise its mandate and the various turnaround projects have started yielding some positive results.

Top management perspective of the Department

The Department plays a crucial role in government in line with its mandate to provide and manage accommodation, housing, land and infrastructure needs for national Departments, promote the Expanded Public Works Programme (EPWP) and encourage the transformation of the construction and property industries. The Department was guided by the Strategic Plan and Annual Performance Plan that were successfully tabled to the Parliament of South Africa. The Department further took risk elements into consideration and implemented the audit action plans that sought to address the various challenges facing the Department. Many of those challenges received the appropriate attention with the assistance of the Business Improvement Unit that instituted a Turnaround Strategy. The Turnaround Strategy projected a number of initiatives with emphasis on stabilisation, business efficiency and transforming the Department over a period of time. Some of these initiatives are starting to bear fruit. Dictated by the mandate and the performance agreement of the Executive Authority that is central to the planning in the Department, attention was paid to three sector outcomes: decent employment through inclusive economic growth (Outcome 4); sustainable human settlements and an improved quality of household life (Outcome 8) and an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenry (Outcome 12). The Department also provided full support to the realisation of a skilled and capable workforce (Outcome 5) and the creation of an efficient, competitive and responsive economic infrastructure network (Outcome 6).

Despite yet another challenging year, the Department has made satisfactory progress in various areas. During the year under review, the Department embarked on a clean audit project to drive the Department to financial health, accountability, transparency, credibility and compliance.

The clean audit project is a culmination of various key projects, namely Supply Chain Management, Property Management Trading Entity, Immovable Asset Register and Lease Review.

Supply Chain Management (SCM)

Supply Chain Management within the Department was identified as a major risk area by the Auditor-General and is a key project within the Turnaround Strategy. As part of the Organisational Functional Assessment, the Department intends establishing a separate Supply Chain Management Branch with oversight and management at senior level.

A large percentage of the Department's work is undertaken through the supply chain processes and as such this is critical to the business of the Department. In the financial year under review, the SCM processes were critically reviewed to combat waste and corruption as well as to improve efficiencies. The supplier register's objective is to have an effective and efficient database of suppliers and service providers to support the quotation and tendering environment for general goods and services. The Department drafted a revised Supplier Register Directive and developed an SCM Policy that incorporated all applicable circulars and practice notes issued by the National Treasury and the cidb.

Property Management Trading Entity (PMTE)

During the reporting period, the Department decided to adopt interim structural measures by establishing a clear separation between the PMTE and the Department's main account. The implementation of PMTE is in line with the original approval by National Treasury. An interim solution was conceptualised in terms of structure, systems and human resource requirements and is envisaged to be implemented in the next financial year. In addition, much focus was on the accounting and reporting requirements for this entity. Trading entities are required to adopt the GRAP principles of accounting in the next financial year and the Department decided to accommodate an early adoption of GRAP as from 1 April 2012 and align all accounting and reporting templates and processes accordingly.

The intention of establishing the trading entity within the Department was to facilitate better delivery on its mandate in providing fit-for-purpose accommodation to clients at appropriate prices and to enable PMTE to obtain and retain funds for future immovable property development. The achievements to date are encouraging and it is expected that the eventual outcome of the project will support the creation of financial centres of excellence for the Department's main account as well as the PMTE. The policy enhancements, controls and systems improvements have already been implemented, and this bodes well for the coming years.

Asset Investment Management

The Asset Life Cycle of the immovable asset is obtained at an initial acquisition cost (that could be through construction, purchase, lease, acceptance as a gift, exchange or transfer of custodianship between custodians). Ordinary use of the asset leads to wear and tear, thus requiring preventative maintenance to ensure that deterioration remains within the parameters of the assets required for performance.

After an initial phase (7-10 years for buildings) the asset requires renovation to reinstate it to its original state, followed by the next phase of preventative maintenance. During a lifecycle, the asset may also be upgraded or extended that would increase the value of the asset. The asset could be renovated for a second or a third time.

The useful life of the immovable asset typically extends beyond this point and after refurbishment, a new economic lifecycle will commence. Some well-known immovable assets, such as the Union Buildings, are already in their fifth financial lifecycle.

Once the value of the asset has deteriorated below the salvage value, the cost to refurbish or repair the asset is generally more than the cost to construct a new asset.

Inherent in the Immovable Asset Management function is the Immovable Asset Register, Portfolio Analysis and Valuations components which are central in the management of State immovable assets.

Immovable Asset Register

The Department embarked on a process to update the Immovable Asset Register. The Department in consultation with the Office of the Chief Surveyor General received the extensive reconciliation of National and Provincial current IARs that were completed against the Deeds Registry. The State land reconciliation with the Deeds Office records was

completed by 31 March 2013. Together with the input from the Provinces and the co-operation from the Departments of Rural Development and Land Reform and Human Settlements, this is a huge milestone to create an IAR that will – for the first time in years – accurately reflect the state’s immovable assets. A process is underway to link structures to land parcels and sourcing other information sources, for example, UAMPs, and external databases. The Department has created a repository in iEWorks for cleansed IAR data to be placed and also procured a tool for the physical inventory. The immediate plans for the IAR include formulating a custodian framework, a capitalisation policy, an operating model and a Fair Value model. Looking ahead, this will give the Department the tools to leverage its massive property portfolio for greater economic development.

Portfolio Analysis

Portfolio Analysis is central in determining of all property investment solutions. The built environment professionals enhance service delivery through the compilation of technical reports on option analysis, valuation reports and lease reviews. Such information provides recommendations on detailed solutions for specific projects inter alia, the options to buy, sell, maintain or construct new property.

Valuations and the Land Affairs Board (LAB)

The Department is responsible for the provision of a competent, comprehensive and cost effective valuation service. The Valuation Services function is tasked with the valuation of all acquisitions, disposals and rentals that involve transactions between the Department and various parties, mainly private sector property entities. The other key activity within Valuation Services has been the review of municipal valuations on State-owned properties to enable savings on municipal rates levied, through lodging of objections on over/under valued State properties.

The Department is in the process of developing a fair value model to undertake property valuations that comply with accounting standards, in particular GRAP. In conducting valuations, internationally recognised valuation methods are applied as stipulated in the International Valuation Standards (IVS), these methods include among others the Sales Comparison, Income Capitalisation and Depreciated Replacement methods.

During 2012/2013 the following was achieved in terms of valuations:

- 355 Market Valuations completed.
- 2 633 Municipal Valuations appraised. The Land Affairs Board (LAB) members are appointed on an annual basis by the Minister of Public Works in terms of Section 3 of the Land Affairs Act, 101 of 1987. The functions of the LAB in terms of the Land Affairs Act 101 of 1987, Section 6(1) and (2) are subject to the directions of the Minister. The Board shall determine the amount of compensation, purchase prices or rentals payable in respect of immovable property which is expropriated, purchased or leased by the Department for public purposes, out of funds appropriated by Parliament for that purpose.

In the financial year 2012/2013, the LAB assessed 230 valuation reports for purposes of acquisitions, disposals, rentals, donations and exchange.

Property Management

Property Management is one of the streams of the core business of the Department. In the 2012/13 Annual Performance Plan, the Department announced that as part of enhancing the Property Management function to reflect properly its centrality, it will embark on a lease audit review, with the assistance of the National Treasury.

Prior to the lease review with the National Treasury, the Department initiated a process with the Auditor General to conduct an audit on all the Departmental leases which would form the basis of the specific terms of reference for the lease review project. The purpose of the lease review exercise was to address the irregularities in the lease environment by conducting a forensic lease audit, dealing with the backlog of leases, dealing with leases that are due to expire and managing the accommodation needs of the State.

To date, all of the 2 778 leases have been reviewed. Of the 2 778, a total of 1 316 were leases that required completion, revision or renewal. These were regarded as backlog leases. Of the backlog leases, recommendations have already been

made in respect of 365 leases. Recommendations for the remaining 951 leases were made and should be in place in the next financial year.

In enhancing the Property Management function, through the Organisational Functional Assessment project in consultation with DPSA, the Department intends to elevate the property management function to a branch level.

Devolution of budgets and accommodation charges

During 2006 the Department devolved its maintenance budget to the users in favour of an accommodation charge. The purpose of the accommodation charge is to reflect the full cost of accommodation on the budget of the user and to establish a landlord – tenant relationship between the Department as custodian and the user as its clients.

In terms of the *“Framework for the Devolution of Budget and the Introduction of Accommodation Charges Version 17, 18 December 2005”* a rental per square meter was determined for each accommodation type, based on the then maintenance budget of the Department.

However the current budget levels, given the condition of the Departments assets, are still not sufficient to ensure that the full maintenance, renovation and refurbishment requirements are met. The National Treasury has also committed to fund the full accommodation charges (full cost of accommodation) on all assets that are fully refurbished by the Department. Currently the National Treasury has made capital available for the funding of various refurbishment activities. These include the Inner City Regeneration, upgrading of land ports of entry through the Border Control Operational Coordinating Committee (BCOCC) and capital on the budget of the user Departments.

As the accommodation charges model only provides for ongoing maintenance requirements, it does not take into account the inherited backlogs in maintenance and associated rehabilitation requirements, nor does it take into account the possible savings from more efficient use of available accommodation space. The Department agreed that the budget will include a capital amount to contribute to the rehabilitation and investment in new or replacement accommodation.

Construction management

The Department has access to three key infrastructure budget streams, namely the Department of Public Works capital and the user Departments’ capital and maintenance. At national government level, the Department provides accommodation to 52 user Departments including entities. The implementation of projects on the building programme funded by the Department and the user Departments, at Head Office level and throughout the 11 Regional Offices is significant for job creation.

The infrastructure budget of the Department for 2012/13 was spent on the following programmes:

- Accessibility of state-owned buildings by people with disabilities.
- Dolomite Risk Management.
- Land Ports Of Entry.
- Inner-City Regeneration.
- Special and Major Projects.
- The Departments’ own office accommodation.

Approximately 214 projects were completed, including high-profile projects for the Department of Justice, Correctional Services, SAPS, and the SANDF. These included the upgrading of the Boston Base Air Force Base and the Phase 2 runway upgrade at the Waterkloof Air Force Base for the Department of Defence, the new magistrates court buildings in Katlehong, renovations to Bloemfontein Magistrates Court, refurbishment of Gelvandale Magistrates Court (Port Elizabeth) for the Department of Justice and Constitutional Development, maintenance at Glencoe and Kroonstad prisons, upgrading of the power supply at Goedemoeg Prison, repairs at Tulbagh Prison for the Department of Correctional Service and for the South African Police Services the renovation of buildings at Port St Johns and the upgrade and new accommodation for the Clocolan Police Station was completed. Capital projects created about 18 815 jobs during the financial period. The target for the new financial year is approximately 40 000 jobs – based on the current and planned projects. Currently 518 projects are in the construction phase, with 300 expected to be completed by the end of March 2014.

Strategic projects to be completed this year include 7 military projects, the Tzaneen prison, the Matola Raid Monument in Mozambique, the Skilpadhek Port of Entry; upgrading of 38 Church Street (National Treasury); and the Golela Port of Entry Residential Complex.

Border Control Operating Co-coordinating Committee (BCOCC)

The BCOCC is a National body “responsible for the strategic management of the South African border environment in a coordinated manner.” This includes the key components of improved and coordinated security, trade and tourism. The control of the border environment is inherently a multi-Departmental responsibility, requiring extensive communication and coordination across Departments, agencies and provinces. The BCOCC comprises numerous stakeholders in the border environment, of whom, six Departments are actively operational at the Land Ports of Entry.

The Department, as custodian to state-owned immovable assets at land ports of entry has progressively improved over the years to support the BCOCC Departments by providing operational accommodation and related physical infrastructure services. The Department executes its custodian functions in the form of comprehensive upgrade, repair, renovation and facilities management contracts at all land ports of entry. In most cases the border posts are situated in remote parts of the country where accessibility to services remains a challenge. Where required, auxiliary services are provided on site and managed with daily operators to ensure compliance to Occupational Health and Safety requirements.

As the largest infrastructure programme under the Department Capital Budget, R233 891 508 (84% of the allocation is for land ports of entry) was spent for the period under review, on the construction of new accommodation, refurbishment of existing accommodation and repairs and maintenance of accommodation at the land ports of entry.

An Inter-Agency Clearing Forum (IACF) steering committee was formed to spearhead the work aimed at developing an enhanced movement control system at identified ports of entry. The committee ensured development and the smooth and timely roll-out of the Department of Home Affairs (DHA) system to 34 sites including airports and land ports of entry.

The successful roll-out of the project provided affirmation that with cooperation and collaboration among and between Departments, a lot can be achieved. The steering committee has evolved into a bigger forum and has been extended to include the additional Departments. The IACF manages the problems associated with operations at ports of entry, with the aim of finding collective resolutions to these problems.

Service Delivery Improvement Programme (SDIP)

The development of the SDIP is based on the premise, as per Section 195(5) of the South African Constitution (1996), that states that “the public administration must be governed by the democratic values and principles”. The intention of the SDIP is for the Department to strive for excellence in service delivery and commit to continuous service delivery improvement. It seeks to improve the nature or quality of the actual service being provided and the manner in which the service is delivered focusing on whether the Department utilises its resources efficiently to produce outputs that are consistent with its mandate and have objectives that are relevant for its users which are key to achieving service delivery excellence.

Between 2005 and 2007, the Department developed a Service Delivery Improvement Programme called Zimisele. Building on the work completed through Zimisele, the Department is improving the SDIP in collaboration with DPSA. In line with the methodology used, the following areas were identified as needing improvement during the 2013/14 financial year:

- Acquisition of functional, office and residential accommodation through construction.
- Provision of leased accommodation.
- Provision of day-to-day maintenance services.

Professional Legal and Variations Order (VO) Committees

On the 4 April 2012, the Department signed back into operation the Professional Legal Committee, comprising members from the Professional and Legal Services’ Units. The objectives of the Committee are to advise on matters related to construction contracts, Professional Acts and Regulations and published professional fee scales, including the drafting

of generic and specific documentation related to the aforementioned; advising Project Managers on cases involving repudiation, default, cancellation of contracts and liquidations and whether to defend or settle matters of dispute; to coordinate legal matters and be a central body of progress verification of litigation events of a construction industry nature for or against the Department; to assist Project Managers in litigation matters which could, inter alia, include instruction to Legal Counsel, assistance in drawing up legal documentation and pleadings, consultation with legal Counsel, guide settlement negotiations; and to issue professional/legal directives aimed at assisting and capacitating Project Managers.

The work of the VO Committee commenced on the 15th May 2012 and the basis for its existence emanates from the decision to withdraw the Variation Orders Delegations. The VO Committee reports to the Director-General on a quarterly basis and its role is to assess the applications of variation orders on capital projects and advise the Director-General on the suitable actions to take.

Expanded Public Works Programme (EPWP)

The Expanded Public Works Programme (EPWP) is a National programme co-ordinated by the Department. The goal of EPWP is to create 4.5 million work opportunities (equivalent to 2 million full time equivalents) for the poor and unemployed people of South Africa, so as to contribute to halving unemployment by 2014, through the delivery of public and community services. EPWP supports public bodies from all spheres of government (in terms of their normal mandates and budgets) and the Non-State sector through Government incentives to deliberately optimise the creation of work opportunities for unemployed and poor people in South Africa through the delivery of public and community services.

Overall, the EPWP has created 3 054 027 work opportunities in Phase 2 thus far (April 2009 - 31 March 2013). This is 68% of the five year target of 4 500 000 work opportunities. The four year cumulative performance of 3 054 027 constitutes 93.4% of the cumulative target of 3 270 000 for the period April 2009 to 31 March 2013. For the financial year 2012/13, the programme has created 941 593 work opportunities during the period 01 April 2012 to 31 March 2013. This constitutes 78% of the target of 1 210 000 work opportunities.

Three provinces over-performed against their 2012/13 work opportunity targets, namely, Eastern Cape, Mpumalanga and Western Cape. The Northern Cape achieved 99% of its target. Three provinces achieved more than 70% of their 2012/13 target, namely Limpopo, Gauteng and KwaZulu-Natal.

For the 2012/13 financial year, the Department disbursed 100% of the Social Sector EPWP Incentive Grant allocated to DoRA compliant provincial sector public bodies via the Provincial Treasuries. Provincial departments in total spent 91% of the Grant in 2012/13. Seven provinces (GP, LP, MP, NC, EC, NW and WC) had spent more than 95% of their allocation except whereas KZN and FS at 47% and 77% respectively. A total of 520 839 households were serviced, 2 890 NPOs supported, and Stipends paid to 11 902 beneficiaries.

In terms of the EPWP Integrated Grant to Provinces, 100% of the grant has been disbursed by the National Department of Public Works. In terms of expenditure, 90% of the grant has been spent by the eligible Provincial Departments as at the end of March 2013. Full expenditure of the grant was not achieved in the Free State, Gauteng, Northern Cape, North West and Western Cape provinces. Full expenditure has not been received by the public bodies because of delays in the implementation of projects.

The measures put in place to improve expenditure on the Integrated Grant include providing technical support to help in the implementation of projects, in terms of design and relevant contract documentation; re-orientation workshops on labour-intensive methods are being held with officials in the different public bodies to empower them on EPWP principles to assist with implementation; and site verification visits have been made to different public bodies to monitor implementation of projects. In addition, follow-up is being made with Accounting Officers and Financial Officers in the different public bodies to provide regular reports.

Limpopo Department of Public Works (LDPW)

Cabinet decided on the 5 December 2011 to invoke s100 (1) (b) of the Constitution of the Republic of South Africa in the Limpopo Department of Public Works. The intervention identified five areas of intervention that was informed by a diagnostic report. The vision of the intervention team is to position the Limpopo Department of Public Works (LDPW) as an infrastructure Department that is able to deliver on its mandate as required by a proclamation of the Premier of Limpopo in terms of Section 3.3 of the GIAMA. The key areas of intervention included, inter alia, the compilation of a GIAMA asset register; review of the current lease portfolio of the LDPW, building the professional capacity of the LDPW to deliver on its mandate and building the capacity of the CFO's office to manage procurement and finances. To date, in terms of progress, the intervention consolidated six immovable asset registers into one Master Register. In addition, appropriate title deed numbers to registered properties as indicated on the deeds register were assigned. One of the challenges facing the LDPW was around its management of its finances. Through the intervention, the R2billion that contributed to the disclaimer in the previous year was reconciled. Importantly, the intervention established a vesting factory to speed up the process of vesting properties by 31 March 2014 in line with the National targets.

The Department has improved the pace of its institutional support to the Provinces through its coordinating engine – the Intergovernmental Unit – where meetings between the Accounting Officer and the provincial Heads of Departments are held and technical areas affecting the spheres are discussed. These discussions also form the basis for engagement at Minmec with the aim of implementing the decisions taken.



Mr Mziwonke Dlabantu

Accounting Officer





CHAPTER 2

Performance Information



South African Embassy in Abuja Nigeria



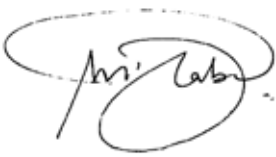
2.1 Accounting Officer's Statement of Responsibility for Performance Information

Statement of Responsibility for Performance Information

The Accounting Officer is responsible for the preparation of the Department's performance information and judgements' made in this information.

The Accounting Officer is also responsible for establishing and implementing a system of internal control designed to provide reasonable assurance to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the performance information of the Department for the financial year ended 31 March 2013.



Mr Mziwonke Dlabantu

Accounting Officer

31 May 2013

2.2 Overview of Departmental Performance

Service delivery environment

As the key provider of government building infrastructure in South Africa, the Department plays a critical role in providing an enabling environment for the effective implementation of social and economic development. Its mandate is governed largely by the Government Immovable Asset Management Act of 2007 (GIAMA). This is a continuation of its pre-1994 role, that was to provide government building infrastructure delivered through the vehicle of National Public Works Programmes and accompanied by job-creation mechanisms. The existing public works programmes were replaced by the Expanded Public Works Programme in 2004. While the period since 1994 was marked by several programmatic shifts in focus, the underlying mandate of the Department remained constant. The White Paper on Public Works, gazetted in 1997, reinforced the role of the Department of Public Works as an enabler of sustainable economic growth through infrastructural development, a leader in transforming the construction and property sectors and the lead coordinator in optimising state funding for job creation through public works programmes.

Following a diagnostics undertaken as part of the turnaround process, it was revealed that there are major capacity deficiencies within the professional services of the Department which, if not corrected, impact negatively on the Department's ability to deliver on its mandate, also resulting in under-spending on capital projects.

As a major custodian of state immovable assets, the Department is responsible for the planning, acquisition, management and disposal of State immovable properties vested in the national government, hence, the Immovable Asset Register is key to the custodial role which the Department plays, in relation to the planning and management of state immovable assets. As reflected historically in reports from the Auditor General, the inadequacy of a compliant Immovable Asset Register has significantly contributed to the Department's successive negative audit opinions. As a key priority towards the cleaning up of all negative audit findings, the compilation of a comprehensive compliant baseline Immovable Asset Register is paramount.

The Department remains responsible for the regulation and transformation of the construction and property sectors. Skewed property ownership patterns should be addressed, and the construction industry has to create an environment where emerging contractors graduate into sustainable businesses. The key programmes in this regard are: Implementation of the Construction Sector Charter Codes; the National Contractor Development Programme (NCDP), driven by the Construction Industry Development Board (cidb); the Contractor Incubator Programme (CIP) contributing to the development of emerging contractors between grades three and seven; the Property Incubator Programme (PIP); active participation in the Construction and Property Sector Charter Councils; and new legislation to facilitate change in these sectors.

The Department's entities reporting to the Minister, namely the Agrément South Africa (ASA), Council for the Built Environment (CBE), Construction Independent Development Board (cidb) and Independent Development Trust (IDT),



Saldanha Bay: Sea Border Aerial View

play a vital role in the area of construction, property, provision of expert advice and delivery of infrastructure such as schools.

Property Management Trading Entity (PMTE)

In 2006, the Department developed a draft business case for the establishment of the PMTE due to the devolution of budgets and the introduction of accommodation charges. However, the concept of a fully-fledged PMTE was not finalised. Furthermore, the Department failed to segregate properly the functions of its “main account” from those of the PMTE. This contributed significantly to both the Department and the PMTE receiving disclaimed audit opinions over the past years. The intervention to establish the PMTE to achieve greater transparency and cost-saving for the Department, created an adverse impact on the credibility of the Department. The Department has mapped out a plan that details the interim, medium to long term measure to organise the PMTE.

In relation to systems, the PMTE is still operating without the relevant financial systems that are critical for enabling compliance with GRAP. The business requirements in terms of Generally Recognised Accounting Practices (GRAP) requirements as well as the technical requirements were developed and documented. The procurement of the new financial system will be put to the open market during the 2013/14 financial year. In the meantime, the PMTE continues to use the Basic Accounting System (BAS), that is a “cash based” system. All balances have to be converted to accrual figures at year-end. All reports are based on manual processes that have to be updated on a monthly basis and all accounting treatments (e.g. impairments and discounting) are also performed manually on these balances. To ensure accuracy, reconciliations are done on a monthly basis on all accounts and between operational systems to ensure that any discrepancies are identified and dealt with expeditiously. Significant progress has been made in terms of completeness and accuracy of figures, especially those relating to previous year’s balances.

Expanded Public Works Programme (EPWP)

Through the Expanded Public Works Programme (EPWP), many work opportunities were created through various projects during the financial year under review. Although some targets may have not been fully achieved due to implementation challenges, inter alia, it is evident that the programme’s achievements impacted on creating work opportunities for the unskilled and reducing poverty amongst the poor in the country. In addition, the benefits of the EPWP on beneficiaries, especially with regard to addressing household food security are visible.

Projects

In terms of projects done by the Department, for the year under review, 214 projects were completed achieving status 6A stage (construction is completed in terms of all tender conditions and specifications). Under the Department’s Capital, a total of 264 projects were at the commitment stages of construction, while 348 projects and 68 projects (varying in status) were on construction stages. These projects will continue into the next financial year. The projects were achieved despite some challenges such as late awarding of projects, especially those above R20 million in tender value as well as capacity constraints with regard to project leaders. In addressing the capacity challenges, the Department established a joint professional team consisting of Architects, Engineers, and Quantity Surveyors in these regions to provide professional and technical support to project managers starting in the financial year 2013/14.

Strategic Asset Investment Analysis

Extensive work took place during the period under review to ensure that the information required for the Immovable Asset Register (IAR) meets the completeness assertion. The programme focused on confirmation of registered properties and verification of discrepancies identified, during the desktop deeds reconciliation process for state land custodians as at 31 March 2013. This verification and confirmation process resulted in adjustments to the National Department of Public Works and relevant custodians’ asset registers, to ensure that the correct properties were recorded and accounted for by relevant custodians. Outstanding issues pertaining to the status of IARs are addressed through various forums between National Treasury and custodians in the national and the provincial spheres of government. Furthermore, and in order to address accuracy and existence requirements, the Department appointed service providers to conduct physical verification of all immovable assets under its custodianship, which will take place in the 2013/14 financial year. In addition, the Department continues to engage with all relevant national and provincial stakeholders to support

the national programme on immovable asset register. This will ensure that all management assertions (completeness, accuracy, existence, rights and obligations, valuations, and presentation and disclosure) for IARs are addressed.

In an effort to ensure that User Departments are accommodated in functional buildings, the Department embarked on enhancing the condition and increasing the value of State's immovable assets through the Rehabilitation Programme. In the year under review, 6 State-owned buildings were rehabilitated to accommodate various User Departments.

Further, in ensuring that Government services are accessible to people with disabilities, the Department through its Accessibility Programme made 11 State-owned buildings accessible.

In addressing Outcome 8 which relates to provision of decent human settlements, the Department approved the release of 433.0026 hectares for human settlements to Housing Development Agency and municipalities.

Inner City regeneration

An Inner City Master Plan was completed in the financial under review for Tshwane. The Master Plan encapsulates a vision for the City as an African Capital City and demonstrates how Government's presence in the Inner City creates a catalyst for Inner City regeneration and development. Precinct Plans were completed for Salvokop, Paul Kruger and Marabastad zones. Through concerted and multiple actions by all levels of government, these plans will deliver a combination of safety, cleanliness, efficiency, and urban management to drive the alignment of public service improved infrastructure, including planning for funding and appropriate delivery models.

Towards the creation of a government estate in Salvakop, the Department of Statistics South Africa was provided with site development guidelines that enabled them to finalise their Public Private Partnership tender for a new head office at Salvakop. Engagement with other prioritised departments were initiated for their optimal placement within the Salvakop Precinct.

Service Delivery Improvement Plan (SDIP)

The Department conducted a situational analysis and identified projects for improvement over the three-year cycle. The following projects were identified as high impact service delivery areas: Acquisition of accommodation through construction, leasing of accommodation and provision of day-to-day maintenance services. Governance structures to give effect to SDIP were approved.

Organisational Environment

In the past, the Department was fraught by a number of changes at management level and the financial year under review was not immune to the challenge. Some of the challenges, because of their nature, could not be resolved immediately, resulting in structural fissures. In an effort to address some of the structural challenges and management stability, the Department appointed a permanent Director-General and Chief Financial Officer to help steer the Department in the right direction. This meant that plans had to be revised with the intention to improve business efficiency and deliverables that meet the broader government objectives.

Key policy developments and legislative changes

The Department as a major shareholder of the sector entities, has during the period under review, developed business cases for the Independent Development Trust (IDT) and Agrément South Africa (ASA). The former seeks to IDT's mandate and address the future sustainability of the entity while the latter is intended to establish the entity as a juristic person. Furthermore, the Construction Industry Development (cidb) Amendment Regulations, 2013 was published for public comment on 5 October 2012. The public comment phase closed on 5 December 2012. The requirements for registration were improved. Contractors will be better able to maintain their grades with the cidb and to upgrade. The final Regulations are being reviewed by the Department. The draft Built Environment Professions (BEP) Policy was developed to address challenges and shortcomings in the functioning and regulation of the built environment professions.

The Department continued the development of the draft Expropriation Bill to ensure consistency with the Constitution and uniformity in the expropriation of property by all organs of state.

2.3 Strategic outcome oriented goals

Directed by the mandate and the performance agreement of the Executive Authority that is central to the planning of the Department. Further attention is paid to three sector outcomes: decent employment through inclusive economic growth (Outcome 4); sustainable human settlements and an improved quality of household life (Outcome 8) and an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenry (Outcome 12). The Department also provides full support to the realisation of a skilled and capable workforce (Outcome 5) and the creation of an efficient, competitive and responsive economic infrastructure network (Outcome 6).

Progress on DPW's contribution to the National Outcomes

- **Outcome 4**

The Department of Public Works is responsible for leading and co-coordinating the Expanded Public Works Programme (EPWP). The second phase of the EPWP covers the period from 2009/10 to 2014/15 and it aims to create 4.5 million work opportunities over a 5-year period. During the 2012/13 financial year, 941 593 work opportunities were created under EPWP.

- **Outcome 8**

Departments from all spheres of government are required to release land for human settlements development purposes. As indicated above, the Department of Public Works, in consultation with the Department of Human Settlements contributes to the mobilisation of well-located public land for low income and affordable housing. In this regard, the Department of Public Works released 433.0026 hectares of land for human settlement purposes during the period under review.

- **Outcome 12**

The Department of Public Works will contribute to the access of government services through the provision of office accommodation. During the period under review, the Department of Public Works constructed 214 building projects, of which 11 buildings were made accessible to people with disabilities and 6 properties were rehabilitated in an effort to improve the physical environment where government services are rendered.

Progress on National Development Plan

The National Development Plan contains proposals for addressing the problems of poverty, inequality and unemployment in the country. It is a roadmap to a South Africa, where all South Africans will have water, electricity, sanitation, jobs, housing, public transport, adequate nutrition, education, social protection, quality healthcare, recreation and a clean environment. The Department will contribute to the priorities in the National Development Plan through the implementation of a number of initiatives.



Lamberts Bay police station



The newly built Myra Primary School

Environmental Sustainability and Resilience

In operationalising the Long Term Mitigation Strategy (LTMS) of government within the built environment, the DPW (through its entities such as CBE and cidb) engaged International organisations and programmes such as the United Nations Environment Programme-Sustainable Building Climate Initiative (UNEP-SBCI) and the United Nations Framework Convention on Climate Change which located the built environment as one of the foremost contributors to Greenhouse gas emission, with a footprint of 40 percent of total emissions and a high potential for mitigation measures.

As a lead Department in the built environment sector, the Department of Public Works is in a process of establishing a Project Management Office for its Built Environment Green Economy Programme (BEGEP) that is aimed at bringing effect to the Department's Green Building Framework, supporting South Africa's commitments to the Kyoto Protocol, and contributing towards the implementation of the National Climate Change Response White Paper.

BEGEP will encompass energy efficiency, water efficiency, sustainable waste management, building retrofitting, eco-labelling of building materials and processes, and Green Building rating metrics aligned to international best-practice, socio-economic development trajectory, social-cohesion, and promote African epistemologies on sustainable building. The programme will coordinate the work and prescripts of DPW and its entities, i.e. CBE, cidb, ASA, and IDT.

Performance information on concurrent mandate

The National Department of Public Works assisted the Provincial Department of Public Works to developed a revised set of performance indicators for Programme two (2) –Immovable Asset Management and three (3) – Expanded Public Works Programme for the financial year 2013/14. This is an institutional support role played by the National Department as required by the Framework for Managing Performance Information (FMPPi).



Tweefontein police station in KwaMhlanga

2.4 Performance Information by Programme

The Department has five programmes and below is a brief description of each.

Programme 1: Administration

Purpose: To provide strategic leadership and support services, including the accommodation needs and overall management of the Department.

Sub-Programmes:

- Ministry
- Management
- Corporate Services
- Office Accommodation

Programme 2: Immovable Asset Management

Purpose: To provide and manage the Government's immovable property portfolio in support of Government's social, economic, functional and political objectives.

Sub-Programmes:

- Infrastructure (Public Works)
- Strategic Asset Investment Analysis
- Special Projects
- Operations Management
- Prestige Management
- Property Management
- Augmentation of the PMTE
- Construction Industry Development Board
- Council for the Built Environment
- Parliamentary Village Management Board
- Independent Development Trust

Programme 3: Expanded Public Works Programme

Purpose: To create work opportunities and provide training (in targeted sub-programmes) for unskilled, marginalised and unemployed people of South Africa by coordinating the implementation of the Expanded Public Works Programme.

Sub-Programmes:

- Expanded Public Works Programme
- Performance-based Incentive Allocations

Programme 4: Property and Construction Industry Policy Regulation

Purpose: To regulate and promote the growth and transformation in the construction and property industries and to promote uniformity and best practices in construction and immovable asset management in the public sector.

Sub-Programmes:

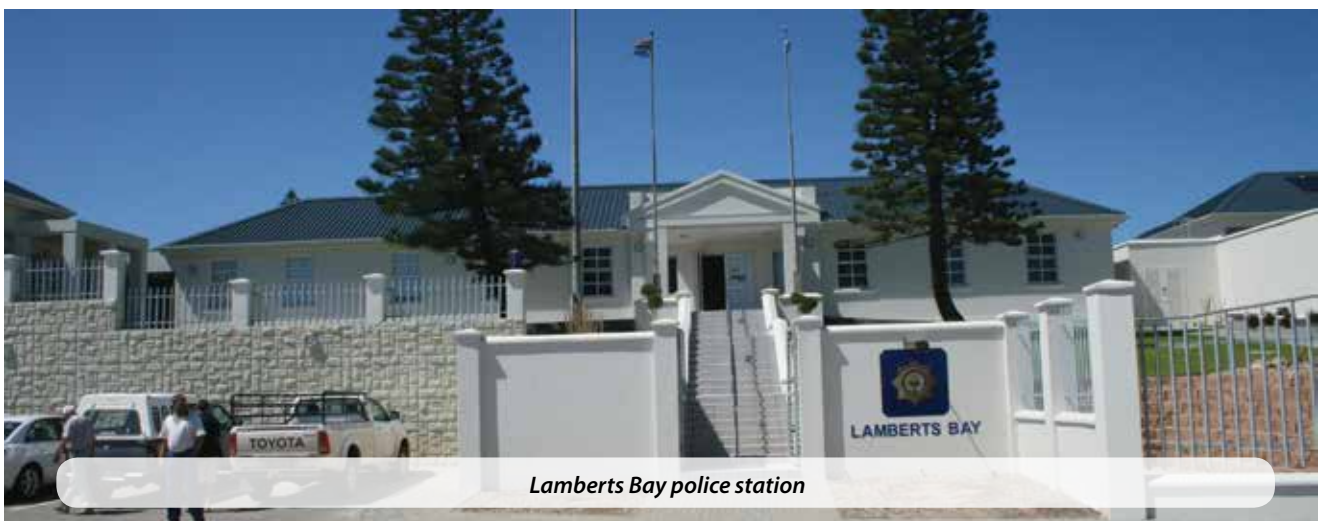
- Construction Industry Development Programme
- Property Industry Development Programme

Programme 5: Auxiliary and Associated Services

Purpose: To provide for various services, including compensation for losses on the Government-assisted housing scheme and assistance to organisations for the preservation of national memorials and to meet the protocol responsibilities for state functions.

Sub-Programmes:

- Compensation for Losses
- Distress Relief
- Loskop Settlement
- Assistance to Organisations for the Preservation of National Memories
- State Functions
- Sector Education and Training Authority



Lamberts Bay police station

Programme 1: Administration

Purpose of the programme: Provide strategic leadership and support services, including the accommodation and overall management of the Department.

STRATEGIC MANAGEMENT

Sub-Programme		Strategic Management			
Strategic Objective		To ensure effective corporate governance and sound resource management			
Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Submission and tabling of the Strategic Plan and Annual Performance Plan to Parliament aligned to all relevant prescripts.	Strategic Plan and Annual Performance Plan (APP) were tabled in Parliament on 7 March 2012 to the Portfolio Committee.	1 Strategic Plan and Annual Performance Plan compliant with Treasury Regulations and other relevant prescripts	The final 2013/14 Annual Performance Plan was tabled in Parliament on 12 March 2013. The strategic Plan was not revised and re-tabled as approved by the Minister for the 5-year period	Target Achieved	None
Updated risk registers	Reviewed the approved integrated risk management strategy/policy Risk management reports submitted to Audit and Risk Management Committee (ARMC). Risk Registers completed for all units for 2011/12. Risk monitoring reports signed off for 2011/12 (100% completed)	80% of Departmental Risk registers updated	Annual risk assessment reviews for 2012/13 was conducted for all branches in head office and 11 regional offices. 2012/13 risk registers are in place for head office and regions	Target Achieved	None

Strategic Management						
To ensure effective corporate governance and sound resource management						
Sub-Programme	Strategic Management	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Updated business processes		-	Review business process Asset Investment Management	Target Not Achieved	The creation of the Directorate for Business Processes did not materialise, hence there was no capacity to deliver the target.	Updating of Business Processes will be deferred until the required capacity becomes available.

INTERGOVERNMENTAL RELATIONS

Intergovernmental Relations					
Sub-Programme	To ensure effective corporate governance and sound resource management				
Strategic Objective	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Number of meetings coordinated	43 meetings involving spheres of government were coordinated 13 consultative meetings, as part of ministerial public participation programme were facilitated	12 meetings with intergovernmental structures	53 meetings involving spheres of government and Consultative meetings on Ministerial Public Participation Programme were coordinated and facilitated	Target Achieved	None
	25 Meetings pertaining to DPW engagements with Parliamentary Committees for the briefing purposes on a range of policy issues were coordinated	15 briefing sessions with Parliamentary Committees and 5 oversight visits	33 meetings pertaining to DPW engagements with Parliamentary Committees were coordinated.	Target Achieved	None
	7 Oversight visits (FS, NC, WC, EC) by Parliamentary Committees were coordinated		3 oversight visits (Limpopo, 2 Western Cape) by Parliamentary Committees were coordinated.		

Intergovernmental Relations						
To ensure effective corporate governance and sound resource management						
Sub-Programme	Strategic Objective	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
		<p>16 quarterly performance reports were coordinated from 4 DPW Entities and presented to the EA for performance monitoring</p> <p>A special meeting between the Minister and 4 DPW Entities and 6 Built Environment Professional Councils regarding the strategic vision of DPW was coordinated</p>	4 quarterly performance review meetings for 4 entities coordinated	All four 2012/13 Quarterly Performance Review meetings between the Minister and 4 DPW public entities were held.	Target Achieved	None
		<p>Governance structures meetings were coordinated as follows:</p> <p>4 MINMEC</p> <p>28 EXCO and</p> <p>8 Special EXCOs</p> <p>5 Heads of Departments Forum</p> <p>11 Mintop</p> <p>3 TMCs</p> <p>1 MANCO</p> <p>1 DPW Lekgotla per annum</p>	30 internal top governance structure meetings coordinated	<p>37 Governance Structures Meetings were coordinated as follows:</p> <p>12 EXCOs and 7 Special EXCOs</p> <p>9 MINTOP</p> <p>4 HOD's Forum</p> <p>5 MINMEC</p>	Target Achieved	None

Intergovernmental Relations					
Sub-Programme	To ensure effective corporate governance and sound resource management				
Strategic Objective	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Parliamentary documents pertaining to the Department and entities tabled as per PFMA requirements (strategic plans, Bills, Annual reports and Parliamentary questions)	Five Strategic Plan and APP's (DPW and Entities) were tabled on 30 September 2011 120 Parliamentary questions were received and processed	50 Parliamentary documents tabled	All Strategic Plans and Annual Performance Plans for 4 DPW & 4 entities were tabled. 2012/13 Annual Reports for 4 DPW entities and 6 Professional Councils were tabled. 143 Parliamentary questions were received and processed.	Target Achieved	None
Effective governance of sector entities		80 000 Euros paid to UIA as guarantee for the rights to host the 2014 UAI World Congress in Durban	Facilitated the payment of 80 000 Euros to UIA as guarantee for the rights to host the 2014 UAI World Congress in Durban	Target Achieved	

MONITORING AND EVALUATION

Sub-Programme		Monitoring and Evaluation				Comments on Deviations
Strategic Objective	To ensure effective corporate governance and sound resource management					
Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations	
Approved policy guidelines	Institutionalisation of M&E – interaction with all branches and business units on reporting requirements (50%)	Institutionalise and implement reviewed policy	Policy reviewed and guidelines completed and ready for approval	Target Not Achieved Date set for approval scheduled for May 2013 (outside the reporting year)		
Improved Corporate Governance	One-on-one engagement with branches on quarterly reporting framework. 60% compliance by business units. Coordinated and consolidated management performance assessment tool (MPAT) inputs for submission to the Presidency. Performance reports were collated from all Business units against the strategic and business plans (100%).	Impact Analysis Report	Impact Analysis Report not yet done	Target Not Achieved Impact assessment is often done after the financial year end (June-July)	Target has been revised appropriately for the next financial year	
Verification & Validation of Programme Performance	-	Verification 30 state-owned buildings	Verification 30 state-owned buildings not done	Target Not Achieved Capacity constraints	Target was revised to consider resources required to conduct such an exercise	

INTERNAL AUDIT AND INVESTIGATION SERVICES

Internal Audit and Investigations Services						
To ensure effective corporate governance and sound resource management						
Sub - Programme	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned targets to actual achievement for 2012/2013	Comments on Deviations
Internal Audit plan developed and approved annually by May	Internal Audit Plan approved on 27 May 2011 by Audit and Risk Management Committee.	1 Internal Audit plan approved by May 2012 by Audit and Risk Management Committee.	Internal Audit Plan (Annual Plan) approved by ARMC on 29 May 2012.	Target Achieved	None	
Internal Audit plan implemented and Audit reports issued to EXCO and Audit and Risk Management Committee	<ul style="list-style-type: none"> 75.5 % completion of approved planned audit 7 reports issued to Audit and Risk Management Committee 	9 Internal Audit reports issued to EXCO and Audit and Risk Management Committee	2 Internal Audit reports issued to EXCO and Audit and Risk Management Committee	Target Not Achieved	<p>7 audits were overlaps from 2011/2012:</p> <ul style="list-style-type: none"> PMTE SAS – Application Controls Review Division of Revenue (DORA)- Transfers IT General Controls Review (GCR) - AD HOC Follow Up on previous audits: Internal Audit & AG Findings Audit of Performance Information EPWP (Compliance) 	

Sub - Programme	Internal Audit and Investigations Services				
Strategic Objective	To ensure effective corporate governance and sound resource management				
Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned targets to actual achievement for 2012/2013	Comments on Deviations
					<p>Audit</p> <p>Audit Projects in Execution:</p> <ul style="list-style-type: none"> Financial Expenditure Data Analysis & Fraud Detection Review: Delays in planning processes(Obtaining meeting appointments with the Auditees during planning phase) Projects and Maintenance: Final consolidated report awaiting finalization and sign off Governance Audit: Audit Split into 8 parts. Limited capacity (staff on this audit) - Four reports have been presented to EXCO. HR- Overtime: Submission of regional overtime audit evidence took longer - constraints within HRA in Head Office where only 1 staff member is responsible for the entire dept's overtime requests

Sub - Programme					
Internal Audit and Investigations Services					
Strategic Objective					
To ensure effective corporate governance and sound resource management					
Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned targets to actual achievement for 2012/2013	Comments on Deviations
					<ul style="list-style-type: none"> Irregular Expenditure-Follow Up: Confirmation of processes in place for the newly established Compliance Unit in regions <p>Audit Projects not yet started:</p> <ul style="list-style-type: none"> Follow Up Management Action Plan to AGSA Report 2011/12: Postponed to 2013/14 Audit Plan IE Works ACR/ Data Migration: Cancelled IT Audit Follow Ups (SAS, GCR etc.): Audit postponed to 2013/14 IT Security Review: Postponed to 2013/14 Audit Plan; Awaiting Security clearance for service provider and finalization of procurement processes by SCM.

Internal Audit and Investigations Services					
To ensure effective corporate governance and sound resource management					
Sub - Programme	Strategic Objective	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned targets to actual achievement for 2012/2013	Comments on Deviations
	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Comments on Deviations
	4 Audit and Risk Management Committee meetings held	Five ARMC meetings were held as follows and reports presented: <ul style="list-style-type: none"> • 27 May 2011 • 31 August 2011 • 28 October 2011 • 27 January 2012 • 30 March 2012 	4 meetings facilitated quarterly.	2 Audit Committee meetings held on 05 February and 27 March 2013	Target Not Achieved
	Reviewed and Updated Fraud Prevention Strategy	Not Achieved, Review Process underway	Reviewed 1 Fraud Prevention Strategy	Review Process underway	Target Not Achieved
		20 Awareness Workshops conducted in the regional offices	12 Awareness Workshops rolled across the Department	5 Awareness Presentation conducted at Head Office and Workshops	Target Not Achieved
		Achieved – 1 Article published in Worx-News	4 Articles in Worx-News	1 Article published in Worx-News	Target Not Achieved
		4 progress reports on investigations issued quarterly to EXCO and Audit and Risk Management Committee	4 progress reports on investigations submitted to Management and Audit and Risk Management Committee	Progress Report presented to ARMC on 05 February 2013 – Three (3) investigations completed; Thirty-two (32) investigations at Reporting stage; thirty-five (35) investigations at execution stage	Target Not Achieved
					One (1) Investigation Progress Report presented to ARMC on 05 February 2013
					The review process of the content finalised, The fraud risks still to be revised. Unit experience serious capacity constraints, investigations were therefore prioritised
					5 Awareness Presentation conducted at Head Office and Workshops
					No Worx-News published for the period.

FINANCE AND SUPPLY CHAIN MANAGEMENT

Finance and Supply Chain Management						
To ensure effective corporate governance and sound resource management						
Sub - Programme	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
	PMTE debtors' age analysis	Debtor book increased	Reduce debtors age analysis to 1 year	56.44% of target achieved. This translates to R1 060 Billion collected from these debtors	Target Not Achieved The planned target of 100% could not be obtained due to capacity constraints. The deviation from the planned target is therefore 43.56%.	The Financial Service Provider (FSP) assumed duty on 9 January 2013. Reconciliation of debtors is a key focus area of their deliverables. It is expected that this target will improve significantly in the next financial year.
	Audit Report (i.e. to SA, GAAP compliance)	-	Positive external audit outcome	All compliance controls (related to the previous year disclaimer) was instituted. However, these appear to be insufficient to qualify for a positive audit outcome.	Target Not Achieved	No comment until audit outcome is published.
	Audit Report (DPW compliance with the AFS prescripts)	-	Positive external audit outcome	All disclaimer items were resolved.	Target Achieved	
	Effective Demand Management Implemented	-	Existence and Completeness of a Consolidated Procurement Plan	Consolidated Procurement Plan was submitted to National Treasury	Target Achieved	None
			95% compliance to CPP			

Finance and Supply Chain Management						
To ensure effective corporate governance and sound resource management						
Sub - Programme	Strategic Objective	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Movable Asset Management	-	-	Positive external audit outcome	The target of 85% of physical verification of assets was achieved.	Target Not Achieved The deviation of 15% was due to challenges experienced in accessing sites for the physical verification process.	Target partially achieved. Access to prestige sites and security challenges hampered the reconciliation of movable assets
Payments Registers (Payment turnaround time)	30 days on goods, services and works	85% of service providers to be paid within 21 days	The business process for payment within 21 days was not realistic. The target of payment within 30 days was more feasible.	Target Not Achieved The deviation is summarised as follows: <ul style="list-style-type: none"> • 0% within 21 days • 88% within 30 days • 5% over 30 days • 7% rejected 	Improved business processes for payment within 30 days have been instituted for the next financial year	

CORPORATE SERVICES

Corporate Services							
To ensure effective corporate governance and sound resource management							
Sub-Programme	Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on Deviations
	Reduced Vacancy Rate		1286 of 1375 positions filled (constituting 93.52% - target exceeded). Vacancy rate reduced by 14.2% (6818 within DPW and 5849 filled positions). A draft Human Resources (HR) Plan reviewed.	Vacancy rate is reduced to 15%	Vacancy rate currently 18.1% (1 211 positions) by 31 March 2013 Staff compliment as at 31 March 2013 is 5 494. 164 positions advertised, including professional and technical positions	Target Not Achieved	The vacancy rate is high because of the non-filling of positions and non-renewal of contracts due to the over-expenditure on compensation of employees.
	Functional skills generation initiatives		2121 ((32.8%) employees (nationally) were trained. The following trainees were appointed in skills improvement programmes: 31 artisans (24 still in the programme) 200 learners 363 interns (222 still in the programme) 64 young professionals (63 still in the programme) 29 management trainees.	1% of personnel budget spent on training. Minimum 5% of staff establishment (300 trainees)	2 301 employees trained nationally (158%) Number of Trainees on the programme Young Professionals: 74 Management Trainees: 54 Interns = 77 Artisans = 27 Learners = 46 TOTAL: 404 13 young Professionals obtained professional registration. Monitoring was conducted in all regions and units hosting trainees:		

Corporate Services							
To ensure effective corporate governance and sound resource management							
Sub-Programme	Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on Deviations
	100% Integrated Fixed Asset Management system and business systems.		60% BAS and EPWP warehoused, strategic performance management scorecards defined and developed, Persal mapping completed.	100% tested, audited and training of the works control, billing and accounting system.	100% other iE-Works modules.	Target Achieved	None
				Business case and URS document for Facility and Construction Project Management System.	40% of WCS user requirements and development.	Target Not Achieved 10% due to Incomplete and verified business processes.	
	100% enterprise data visibility and integrated secured performance information		60% BAS and EPWP warehoused, strategic performance management scorecards defined and development, Persal mapping completed.	100% implementation of IT risk management	90% Completed	Target Not Achieved	Deploy hardware that meets correct specifications
				100% implementation of desktop backup, data classification and leakage system.	10% implementation of desktop backup, data classification and leakage system.	Target Not Achieved Insufficient funds to acquire hardware, training, testing and enhancements.	

Corporate Services						
To ensure effective corporate governance and sound resource management						
Sub-Programme	Strategic Objective	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on Deviations
	Signed and implemented MOU's with identified countries.	-	Facilitate the signing of 2 MOU's.	<ul style="list-style-type: none"> 1 MoU signed with Namibia. 	Target Not Achieved	Zambia (In progress) The MoU has been forwarded to Zambia through Diplomatic Channels. A final clearance is awaited from the Attorney General of Zambia.
	100% implementation of development communications strategy	90% implementation of communication plans and programmes.	Plan and organise 10 Ministerial Public Participation.	13 Ministerial Roadshows to Regional offices coordinated.	Target Achieved	None
	Legal opinions provided	Indicator not included ¹	Legal opinion or interim report provided within 14 working days	Opinions – 517 Oral – 298 Written – 219	Target Achieved	
	Legally binding contracts		All contracts verified against bid approvals	Contracts: Signed 663 Drafted 41 Amended 5 Commented 1 Guarantees: Received 28 Released 33 Called up 1 Cancelled 1	Target Achieved	

¹ Achievements for 2011/12 Legal opinions – 514, Oral – 297, Written – 217 and legally binding contracts signed – 693, Drafted – 161, Amended – 10, Commented – 32, and Guarantees received – 45, released – 19, called up – 1.

Corporate Services							
To ensure effective corporate governance and sound resource management							
Sub-Programme	Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on Deviations
	Security clearance of prioritised personnel.		286 vetting files for prioritised officials were completed.	80 prioritized personnel to be vetted.	99 Vetting files were completed and sent to the SSA for further handling and 32 security clearances were received.	Target Achieved	None
	Results of screened companies.		733 companies were vetted.	200 companies to be screened.	246 of the 246 company screening requests were received and processed.	Target Achieved	None
	Increased participation of women, people with disabilities, and youth in DPW business.		-	5% increase from 2011/12 on the participation of women and people with disabilities in DPW programmes.	Youth 250 girls participated in the taking a girl child to work. 120 boys participated in the "Men in the Making Campaign". Women 87 participated in the Capacity Development Programme. 400 participated in the Advocacy Programme/Awareness. 30 women in SMS participated in the SMS Women Forum Disabilities 32 people with disabilities participated in the Capacity Development Programme	Target Not Achieved	Submission for approval delayed.

Programme 2: Immovable Asset Investment Management

Purpose of the programme: Provide and manage Government's immovable property portfolio in support of Government's social, economic, functional and political objectives.

Strategic Asset Investment Analysis (Asset Register Management, Portfolio Performance & Monitoring , Portfolio Analysis)					
Sub-Programme	To provide strategic leadership in effective and efficient immovable asset management and the delivery of infrastructure programmes				
Strategic Objective	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Number of properties populated with essential information in accordance with National Treasury's on DPW's Immovable Asset Register	86% (93 692 out of 108 562 properties)	Populate 54 376 properties on DPW's Immovable Asset Register in accordance with National Treasury's minimum requirements by 31 March 2013	70 998 properties populated with desktop information (e.g. SG Diagram numbers, Extent etc.)	Target Achieved	Improved information to be updated on the system.
				The Strategy to enhance IAR was changed to address all Management Assertions (Completeness, Accuracy, Existence, Ownership, Valuations, Disclosure and Presentation).	Provide enhanced user requirements for the finalisation/development of the system
				Desktop information does not include all essential information	Physical verification to include all other essential information and assertions

Strategic Asset Investment Analysis (Asset Register Management, Portfolio Performance & Monitoring , Portfolio Analysis)					
Sub-Programme	To provide strategic leadership in effective and efficient immovable asset management and the delivery of infrastructure programmes				
Strategic Objective	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Number of land parcels Vested and item 28(1) certificates issued	13 116 item 28 (1) certificates issued Department of Rural Development and Land Reform 37% of the 35562 land parcels	Confirm ownership (Vesting) of 1 190 land parcels by 31 March 2013	1 263 land parcels vested	Target Achieved	None
Number of title deeds endorsed to reflect the property owner as National Government of the Republic of South Africa on DPW's Immovable Asset Register	-	Endorse 500 title deeds to reflect the property owner as National Government of the Republic of South Africa on DPW's Immovable Asset Register by 31 March 2013	377 title deeds endorsed	Target Not Achieved 1650 title deeds awaiting endorsement in the Offices of the State Attorney as a result of inadequate capacity in that institution	Engagements with Offices of the State Attorney. Conveyance Services to be sourced by the Department
Approved Custodian Asset Management Plan (C-AMP) and implementation programmes for DPW CWIP and PMIP developed.	100% C-AMPs completed	100% C-AMP compile DPW CWIP and PMIP by 31 March 2013	Portfolio C-AMP chapters completed consolidation of C-AMP in progress. DPW CWIP and PMIP for 2013/14 approved	Target Not Achieved Incomplete Immovable Asset Register resulted in time consuming, site investigations to gather necessary information. Non-submission of UAMP's by User departments. Incomplete UAMP's submitted. Insufficient capacity.	Enhanced Immovable Asset Register required. Submission of UAMPs by User departments required. GIAMA compliance to be enforced. Approval of C-AMP to be sourced in Q1 of 2013/14. DPW to provide training to Users for the compilation of UAMPs

Strategic Asset Investment Analysis (Asset Register Management, Portfolio Performance & Monitoring , Portfolio Analysis)					
Sub-Programme	To provide strategic leadership in effective and efficient immovable asset management and the delivery of infrastructure programmes				
Strategic Objective	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Increased revenue generation through new initiatives using DPW's immovable assets	10,9% in revenue increase	Increased revenue by R1 643 372 generated through new initiatives using DPW's immovable assets by 31 March 2013	R177 531 increase in revenue through targeted initiatives (outdoor advertising, cell mast rentals, lease out airfield for air show)	Target Not Achieved Increase revenue could not be achieved due to lease agreements not being concluded as a result of the reviewing of the Supply Chain Management	Appropriate Supply Chain Processes required for letting of State-owned properties
Unit and cost reduction in electricity and water consumption (shared energy model and retrofitting)	Over 100% (8025 752 KW/H) energy saving was achieved in buildings retrofitted by IDT for 2011/12	Reduction of 942 857kw/h and 802 500kl by 31 March 2013	EE Savings Achieved: 28 635 782 kw/h	Target Not Achieved The shared energy contracts were implemented in Cape Town and Durban properties	The target will be based on the number of buildings prioritised for the programme
	22% reduction on kilolitres was achieved in Bloemfontein and Johannesburg		No water consumption reduction recorded	Target Not Achieved Change in strategy to conduct an audit of previous water efficiency initiatives. No service provider appointed owing to challenges in Supply Chain Management processes	Fast-track procurement processes to appoint a service provider to conduct audit of previous work. Service provider to recommend on appropriate water efficiency implementation models

Strategic Asset Investment Analysis (Asset Register Management, Portfolio Performance & Monitoring , Portfolio Analysis)					
Sub-Programme	To provide strategic leadership in effective and efficient immovable asset management and the delivery of infrastructure programmes				
Strategic Objective	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Number of State-owned properties rehabilitated nationally as per PIMP for 2012/13	11 projects completed in the first year of the MTEF	Rehabilitate 10 properties by 31 March 2013	Rehabilitated 6 properties	Target Not Achieved Four projects were cancelled	Cancelled projects will be re-activated in 2013/14 financial year
Number of State-owned buildings made accessible nationally as per CWIP for 2012/13	51 buildings completed	100 buildings accessible by 31 March 2013	11 buildings were made accessible	Target Not Achieved Majority of the projects are still in the planning and construction phase Majority of the projects are still in the planning process owing to delay in the appointment of consultants	Expedite completion of the projects that are still in the planning and construction phase
Extent of land released for human settlement purposes	1.7 hectares released 7 properties measuring 926 hectares for human settlement in the process of being finalised	Release 200 ha land (in the form of 7 properties) for human settlement by 31 March 2013 in: <i>Cape Town – 4</i> <i>Port Elizabeth – 2</i> <i>Pretoria – 1</i>	433.0026 hectares were approved for release in line with 2 human settlement development proposals	Target Achieved The extent of land actually identified for the two human settlement development exceeded the initial estimates in meeting the requirement	The target will be based on actual extent requested
Number of properties released for land reform purposes.	-	Release 20 properties for land reform purposes by 31 March 2013 Durban- 20	No properties approved for Land Reform purposes.	Target Not Achieved 35 properties in the process of approval	Intervention to fast track approval of submissions

Strategic Asset Investment Analysis (Asset Register Management, Portfolio Performance & Monitoring , Portfolio Analysis)						
Sub-Programme	To provide strategic leadership in effective and efficient immovable asset management and the delivery of infrastructure programmes					
Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Number of feasibility assessments completed	113% requests for feasibility studies completed (49)	Conduct 100 feasibility assessment in accordance with the 2013/14 CAMP by 31 March 2013	100 feasibility assessments completed and approved	Target Achieved	None	
Number of market valuations approved	97% completed market valuations (139)	Conduct 200 market valuations in accordance with the 2013/14 CAMP by 31 March 2013	355 Market valuations completed and assessed	Target Achieved	Due to increased capacity of additional Interns and Young Professionals	Target to be reviewed in future as a result of improved performance
Number of municipal valuations appraised in the new municipal valuation roll	100% municipal valuations (481)	1000 rated properties appraised in the new municipal valuation rolls from DPW's Immovable Asset Register by 31 March 2013	2633 Municipal valuation appraised	Target Achieved	Increase in municipal valuation rolls received to be appraised	Target to be reviewed in future as a result of improved performance
Number of leases assessed for letting and leasing rates in three region (Durban, Port Elizabeth and Cape Town)	-	100% of all leases profiles assessed in: <i>Durban - 476 Port Elizabeth - 239 Cape Town – 360 by 31 March 2013</i>	100% of all leases assessed in identified regions	Target Achieved		None

PROJECTS AND PROFESSIONAL SERVICES

Projects and Professional Services					
Sub-Programme	To provide strategic leadership in effective and efficient immovable asset management and the delivery of infrastructure programmes				
Strategic Objective	To promote an enabling environment for the creation of both short and sustainable work opportunities, so as to contribute to the national goal of job creation and poverty alleviation				
Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Number of projects to be completed (status 6A) within Head Office and 11 Regional Offices as per the CWIPs and PIMP	237 projects constructed	200 projects to be completed (status 6a) as per the CWIPs and PIMP by 31 March 2013 Bloemfontein - 27 Cape Town – 26 Durban- 27 Johannesburg – 22 Head Office - 2 Kimberley - 19 Mmabatho – 14 Nelspruit – 12 Polokwane – 14 Port Elizabeth – 20 Pretoria – 10 Umtata - 7	214 Projects completed and updated on WCS	Target Achieved Additional 14 projects completed/ 107%	

Projects and Professional Services						
To provide strategic leadership in effective and efficient immovable asset management and the delivery of infrastructure programmes						
To promote an enabling environment for the creation of both short and sustainable work opportunities, so as to contribute to the national goal of job creation and poverty alleviation						
Sub-Programme	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
	Number of the jobs created nationally through the building programme (DPW and user departments)	-	40 000 jobs to be created by 31 March 2013 in: Bloemfontein - 3560 Cape Town - 5300 Durban - 5200 Johannesburg - 4400 Head Office - 4100 Kimberley - 2600 Mmabatho - 2240 Nelspruit - 1300 Polokwane - 2600 Port Elizabeth - 3200 Pretoria - 4100 Umtata - 1400	18 815 work opportunities recorded	Target Not Achieved 47% achieved	Data not collected from all construction sites

Projects and Professional Services						
To provide strategic leadership in effective and efficient immovable asset management and the delivery of infrastructure programmes						
To promote an enabling environment for the creation of both short and sustainable work opportunities, so as to contribute to the national goal of job creation and poverty alleviation						
Sub-Programme	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
	Number of learning and training opportunities created for graduates of built environment careers	-	100 training opportunities to be created by 31 March 2013 Bloemfontein - 5 Cape Town - 5 Durban - 40 Johannesburg - 6 Head Office - 8 Kimberley - 5 Mmabatho - 5 Nelspruit - 5 Polokwane - 5 Port Elizabeth - 5 Pretoria - 7 Umtata - 4	74 young professionals	Target Not Achieved Target fell short of 26 young professionals (74% achievement) due to financial constraints	Financial constraints
	Percentage of annual construction budget expenditure accrued to Emerging Contractors, Women Owned Enterprise, Disabled, and Youth in terms of BBBEE score card	-	35% infrastructure budget expenditure for development of Emerging Contractors, Women Owned Enterprise, Disabled, and Youth in terms of BBBEE score card in Head Offices by 31 March 2013	No project awarded with Contract Participation Goal	Target Not Achieved	No project awarded due to financial constraints

INNER CITY REGENERATION

Sub-programme		Inner City Regeneration			
Strategic objective		To contribute to the building of a developmental state and comprehensive urban and rural development framework through state assets			
Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Number of memoranda of understandings concluded with cities/towns.	Western Cape Department of Economic Development and Tourism MoU implementation is work in progress. Completion is due Q2, 2012/13. Salvakop infrastructure SLA with City of Tshwane is work in progress; completion is due Q4, (2012/13)	-MoU to be concluded with 2 cities/towns by 31 March 2013.	MoU for Mount Frere compiled but awaiting signature	Target Not Achieved Delays in facilitating the sign off Delays in receiving response from the Municipality	The Department requested that the MoU be replaced by a PTOB and Power of Attorney to unblock delays Presentation was made to the IDP forum regarding the challenges faced
Number of status quo reports completed	Feasibility studies completed for Nelspruit, Mmabatho, Durban, Salvakop Department of Correctional Services (DCS), and Salvakop Department of Arts and Culture (DAC)	Assessment and analysis of the "as-is" situations in 3 cities/towns (East London, Mount Frere and Mmabatho) Establishment of level of possible involvement towards city/town regeneration as basis for MoU by 31 March 2013	3 reports completed for East London, Mount Frere and Mmabatho A Status Quo investigation entails a study of present (as is) conditions of a specific area upon which site identification choices are based	Target Achieved	None

Inner City Regeneration					
Sub-programme	To contribute to the building of a developmental state and comprehensive urban and rural development framework through state assets				
Strategic objective	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Number of SDFs/IDPs for subject towns/urban centres completed.	100% sites identified Investigations completed for Durban, Mthatha, Mmabatho, Nelspruit, Polokwane, Johannesburg, Kimberley, Bloemfontein and Mount Frere	SDF/IDP for 2 towns (East London and Mount Frere) by 31 March 2013	2 SDF/IDP completed for East London and Mount Frere	Target Achieved	None

Sub-programme		Inner City Regeneration			
Strategic objective		To contribute to the building of a developmental state and comprehensive urban and rural development framework through state assets			
Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Number of precinct development plans completed	<p>Tshwane Precinct Master Planning has commenced. Completion is due in the third quarter of 2012/13</p> <p>Project inception report completed</p> <p>Inner city status quo report completed</p> <p>Draft schedule for project completed</p> <p>Salvokop interim development guidelines produced</p> <p>Salvakop site location produced and presented to DCS</p> <p>Location report for STATSSA produced and implemented</p> <p>Salvokop precinct plan commenced and completion is scheduled for third quarter of 2012/13</p>	<p>Tshwane Master plan and 2 precinct plans for Paul Kruger and Salvokop completed</p>	<p>Tshwane Master plan and 2 precinct plans for Paul Kruger and Salvokop completed</p>	<p>Target Achieved</p>	<p>None</p>

Sub-programme		Inner City Regeneration			
Strategic objective		To contribute to the building of a developmental state and comprehensive urban and rural development framework through state assets			
Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Number of projects in construction using construction management methodology	-	3 projects under construction (Justice College, Marula House, H.G De Wit)	Tender documentation for Justice College and Marula House projects were completed in June 2012 and transferred to Prestige for further implementation	Target Not Achieved	H.G De Wit project was withdrawn from the Unit.
Number of jobs created using construction management methodology	Two candidates for Town and Regional Planning	200 jobs to be created using the construction management methodology by 31 March 2013	No jobs created as H.G De Wit is held in abeyance	Target Not Achieved. Justice College and Marula House projects tender documentation were completed in June 2012 and transferred to Prestige	H.G De Wit project was withdrawn from the Unit

REGIONAL COORDINATION

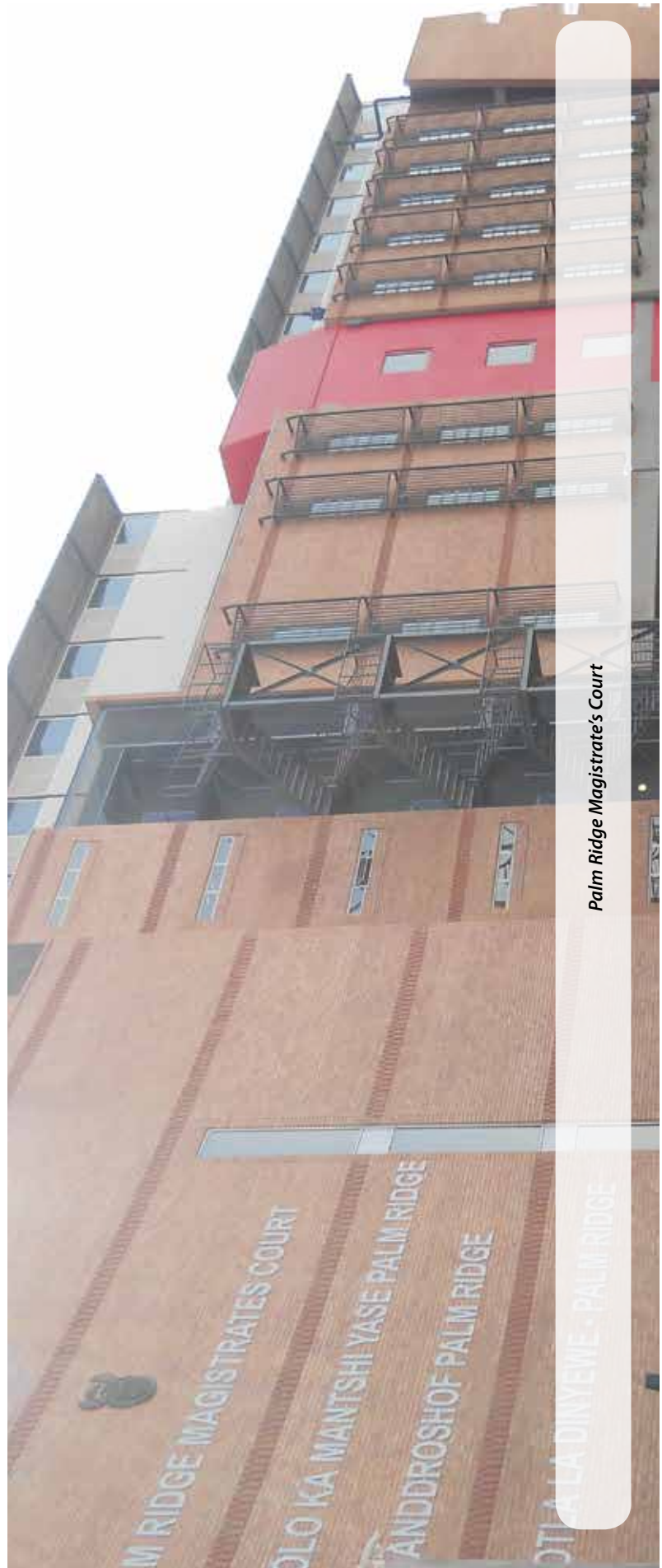
Sub-Programme		Regional Coordination			
Strategic Objective		To ensure improved service delivery in all departmental programs to meet client's expectations and leverage stakeholder relations			
Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Number of DPW lease agreements managed in terms of signed contracts and relevant legislation/policies/regulations	2263 leases managed Budget allocated: R2.932 billion Expenditure: R2.911 billion (99%)	Management of 2850 lease agreements at the Regional Offices in terms of signed contractors, relevant legislation /policies/ procedures in <i>Bloemfontein - 199 Durban- 486 Johannesburg – 222 Cape Town - 358 Kimberley– 212 Port Elizabeth- 354 Pretoria– 235 Mmabatho –164 Nelspruit – 220 Polokwane – 206 Umtata -194</i>	Initial portfolio was 2850 and 2529 leases were managed for 2012/13 financial year Budget allocated: R3 224 667 138 billion Expenditure: R3 145 557 057.70 billion	Target Achieved 321 leases were terminated	321 leases were terminated

Regional Coordination					
Sub-Programme	To ensure improved service delivery in all departmental programs to meet client's expectations and leverage stakeholder relations				
Strategic Objective	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Performance Indicator Number of State-owned and leased properties verified for payments of Municipal services, rates and taxes	Municipal Services 115%	Verification of 20090 properties for payment of certified invoices within 30 days	233 466 certified invoices received were paid	Target Achieved	Timeous submission of invoices by Municipalities
	Number of payments: 91 457 Expenditure: R 2.618 billion. 100%	Bloemfontein - 2198 Durban- 2297 Johannesburg – 2081 Cape Town - 4535 Kimberley – 1900 Port Elizabeth- 1690 Pretoria – 749 Mmabatho – 1084 Nelspruit – 1503 Polokwane – 1419 Umtata -634	Budget allocated: R0 (Recoverable). Expenditure: R2 936 818 630.85 billion	Timeous submission of invoices by Municipalities	
	Rates and Taxes 87%		4 860 certified invoices received were paid.		Timeous submission of invoices by Municipalities
	Number of payments: 8834 Expenditure: R514 million 79%		Budget allocated: R716 876 000 Expenditure: R786 869 420.62		

Regional Coordination						
Sub-Programme	To ensure improved service delivery in all departmental programs to meet client's expectations and leverage stakeholder relations					
Strategic Objective	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations	
Performance Indicator						
Number of state and leased assets inspected to ensure compliance with the OHS Act and regulations	Number of buildings inspected: State-owned:795 Leased: 899 Total: 1694	4752 consolidated building inspection reports for state and leased facilities and verification of optimal utilisation by 31 March 2013 (Each Regional Office will conduct 432 inspections)	2 692 buildings inspected	Target Not Achieved 2 055 Inspections not done due to lack of capacity	Revise Annual Target for 2013/14 financial year	
Number of on-going projects inspected: 587	Inspection of 589 construction sites by 31 March 2013 in: Bloemfontein - 39 Durban- 83 Johannesburg – 51 Cape Town - 101 Kimberley– 24 Port Elizabeth- 42 Pretoria– 48 Mmabatho –53 Nelspruit – 25 Polokwane – 51 Umtata -63 Head Office -9	Inspection of 973 construction projects	Target Achieved The over achievement is as a results of unlimited follow up inspections from the main inspection	The follow up inspection are conducted based on the on the risks identified on the project		
Number of BBBEE Approved Standard Facilities Management Contracts entered into	-	30% Facilities Management contracts with BBBEE status by 31 March 2013	FM Prescripts (FM Strategy, FM Policy, and FM Contracts Specifications/guidelines) providing for the management of FM function and BBBEE was developed and finalised but awaiting approval	Target Not Achieved Delays in facilitating sign off / approval of Prescripts		

KEY ACCOUNTS MANAGEMENT

Key Accounts Management				
Sub-Programme	To ensure improved service delivery in all Departmental programs to meet clients' expectations and leverage stakeholder relations			
Strategic Objective	Actual Achievement	Planned Target	Actual Achievement	Deviation from Planned Target to Actual Achievement for 2012/2013
Performance Indicator	2011/12	2012/2013	2012/2013	Comments on Deviations
Number of signed Service Level Agreements for user departments	53% (22) user departments signed the SLA document	SLAs signed with 25 user departments	SLA signed with 5 user departments	Delays in reviewing the contents of SLAs
				Expedite review and signing of SLAs in 2013/14



Key Accounts Management					
Sub-Programme	To ensure improved service delivery in all Departmental programs to meet clients' expectations and leverage stakeholder relations				
Strategic Objective	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Performance Indicator					
Number of user department UAMP template completed	75.7% UAMP templates were completed for 25 National Departments and Public Entities	50 user department UAMP templates to be completed by 31 March 2013	UAMP templates submitted to 38 user departments	<p>The following reasons were indicated:</p> <ul style="list-style-type: none"> - Some clients are exempted as per their request - Basic Education and DIRCO are using PPP model accommodation - No response from client (DPW, Tourism) - Delayed submission for Agriculture, Environmental Affairs - Some clients requested extensions regarding submission of inputs and - Others clients (SAPS) appointed their own service provider and requested to submit copy of completed - Traditional Affairs is incorporated in Corporate Governance and ICASA has no accommodation UAMP 	Intensify training with user departments

Sub-Programme		Key Accounts Management				
Strategic Objective		To ensure improved service delivery in all Departmental programs to meet clients' expectations and leverage stakeholder relations				
Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations	
Number of signed Capital Works implementation programmes (CWIP) for user departments	100% - All 9 affected national departments signed off the Capital Works Implementation Programme (CWIP) for 2011/12	CWIP signed for 10 user departments (i.e. DAFF, DAC,SAPS, DoJ & CD, DHA, DoL, DRDLR &DPW) by 31 March 2013	7 user departments signed CWIP for 2013/14	Arts and Culture and Labour CWIP were not signed due to delays with the client approval. Treasury requested DPW to reduce the budget	DPW to execute the committed projects	
Number of reports submitted to each user department		11 reports submitted annually to 50 user departments by 31 March 2013	Monthly reports submitted to 44 user department for a period of 10 months	Reports not compiled for December 2012 due to builders' holiday and for March 2013 as it is due in April 2013	Reports not compiled for December 2012 due to builders' holiday and for March 2013 as it is due in April 2013	

PRESTIGE MANAGEMENT

Sub - Programme		Prestige Management			
Strategic Objective		To ensure improved service delivery in all Departmental programs to meet clients' expectations and leverage stakeholder relations			
Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on Deviations
Number of signed SLAs with Prestige clients	-	SLAs signed with Parliament and the Presidency by 31 March 2013	SLAs not yet concluded	Target Not Achieved	Engage clients with the intention to conclude the SLAs during Q1 of 2013/14
UAMP templates for accommodation submitted to National Treasury as part of the DPW UAMP	-	Prestige UAMP submitted to National Treasury as part of the DPW UAMP by 31 March 2013	Population of UAMP templates for 2014/15 completed. Not yet submitted to National Treasury	Target Not Achieved DPW UAMP not yet completed	Submission during Q1 of 2013/14
Number of signed Capital Works implementation programmes (CWIP) for Prestige clients	-	1 CWIP and 1 PMIP signed for Prestige client accommodation projects by 31 March 2013	1 CWIP and 1 PMIP signed for Prestige client accommodation projects by 31 March 2013	Target Achieved	None
Signed (interior design and decoration) implementation programme for Prestige clients	Signed (interior design and decoration) implementation	Annual interior design and decoration programme for 2012/13 signed for prestige accommodation by 31 March 2013	Target Achieved The main administrative obstacle in processing furniture items procurement was the interpretation of Circular 33 of November 2011 which caused a backlog in securing the accounting Officer's approval and the subsequent implementation by the respective regional offices	Target Achieved	None

Sub - Programme		Prestige Management			
Strategic Objective		To ensure improved service delivery in all Departmental programs to meet clients' expectations and leverage stakeholder relations			
Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on Deviations
Number of progress reports submitted annually to prestige clients	-	11 reports submitted annually to Parliament and The Presidency by 31 March 2013	Reports not submitted	Target Not Achieved	Reporting framework not agreed upon by clients
Number of scheduled Prestige events support with the provision of infrastructure	-	Approval of calendar for 2012/13 and provision of infrastructure support for 10 scheduled events by 31 March 2013	Approval of calendar for 2012/13 and provision of infrastructure support for 10 scheduled events by 31 March 2013	Target Achieved	None

PROGRAMME 3: EXPANDED PUBLIC WORKS PROGRAMME

Purpose of the programme: Ensure the creation of work opportunities and provision of training for unskilled, marginalised and unemployed people in South Africa by coordinating the implementation of the Expanded Public Works Programme.

Expanded Public Works Programme					
To promote an enabling environment for the creation of both short and sustainable work opportunities, so as to contribute to the national goal of job creation and poverty alleviation					
Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Number of youth participating in the NYS programme	-	3 500 youth to participate on EPWP NYS by 31 March 2013	1 526 learners participating in NYS	Target Not Achieved	Projects will be fast tracked within the Department Delays in implementation of projects
Number of municipalities reporting on EPWP targets	-	260 municipalities to report on EPWP targets by 31 March 2013	247 municipalities to report on EPWP targets	Target Not Achieved	Technical support has been deployed to municipalities to assist in maximising EPWP job creation Inability to plan and implement EPWP projects by municipalities

Programme 3: Expanded Public Works Programme						
To promote an enabling environment for the creation of both short and sustainable work opportunities, so as to contribute to the national goal of job creation and poverty alleviation						
Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations	
Number of work opportunities created through EPWP by participating public bodies aligned to the approved EPWP Business Plan	843459 work opportunities	Create 1 210 000 work opportunities by 31 March 2013	941 593 work opportunities created	Target Not Achieved	Technical support has been deployed to all spheres to assist in maximising EPWP job creation and reporting. Under and poor reporting by public bodies	
Number of EPWP work opportunities created on provincial access roads	-	Create 130 000 work opportunities on provincial access roads by 31 March 2013	121 028 work opportunities created	Target Not Achieved	Lack of technical capacity to implement projects	Engagement with Provincial Roads departments to ensure that they implement projects as per approved business plans Provinces did not implement projects as per approved business plans

Programme 4: Construction and Property Policy Regulation

Purpose of the programme: Promote the growth and transformation of the construction and property industries. Promote uniformity and best practice in construction and immovable asset management.

Programme 4: Construction and Property Policy Regulation					
To provide strategic leadership in effective and efficient immovable asset management and the delivery of infrastructure programmes					
Strategic Objective	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Agreement South Africa (ASA) established as a public entity by 31 March 2013	-	Receive approval from JEC for the creation of a Public Entity by 31 March 2013	RIA revised. Draft 3 of the ASA Bill is being finalised	Target Not Achieved	Delays in the approval of Business case
Legislative framework for the BEP amended within the 2012 – 2015 period	-	Finalise policy to regulate the BEPs and submit to the Minister for approval by 31 March 2013	Draft BEP Policy developed and circulated for comments Consultation with internal stakeholders underway	Target not Achieved	Delays in internal consultation prevented the finalisation of the Policy for submission to the Minister for approval
New Expropriation Bill tabled in Parliament by 31 March 2013, to ensure consistency with the Constitution and uniformity in the expropriation of property by all organs of state		Tabling of Expropriation Bill in Parliament by 31 March 2013	Cabinet granted approval (13 March 2013) that draft Expropriation Bill and explanatory memorandum be published for public comment Draft Bill and explanatory memorandum posted on DPW website (18 March 2013) and published in Government Gazette (20 March 2013)	Target not Achieved	Given the complexity of the subject matter, the Department underestimated the duration of essential consultation and the consideration of resulting policy options in respect of the Expropriation Bill

Programme 4: Construction and Property Policy Regulation					
Strategic Objective	To provide strategic leadership in effective and efficient immovable asset management and the delivery of infrastructure programmes				
Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Bi-annual reports completed on the implementation for the 2012-2015 period for: (a) National Contractor Development Programme (NCDP).		Expand, monitor and report bi-annually on the NCDP through NCDP Steering Committee	Reports on the expansion and monitoring of NCDP at a provincial level were submitted to the NCDP Steering Committee in June 2012 and March 2013 respectively NCDP was further expanded through the establishment of a National NCDP Forum in November 2012	Target Achieved	None
(b) Property Management BEE Strategy		Review the Property Management to align with BBBEE codes by 31 March 2013	Project put on hold in Policy Branch	Target Not Achieved	A service provider was appointed by Property and Facilities Management Chief Directorate for the review of leases as well as the Property Management BEE Strategy

Programme 4: Construction and Property Policy Regulation					
Strategic Objective To provide strategic leadership in effective and efficient immovable asset management and the delivery of infrastructure programmes					
Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Green building framework and related guidelines implemented within the 2012-2015 period to ensure environmental sustainability in the construction and property sectors	Green building framework approved in October 2011.	Development of a Green building programme for government towards green job creation and economic growth by 31 March 2013	Programme was conceptualised and relevant experts identified to assist in this development	Target Not Achieved	Green Building Programme handed over to Property and Facilities Management Chief Directorate in Quarter 4 of 2012/13 (in terms of DPW'S Circular 9 of 2013)
		Development of eco-labelling criteria for selected construction materials as identified in 2012/13	Seven (7) construction materials identified for eco labelling in October 2012. Department of Environmental Affairs (DEA) considered draft MoJ to develop eco-labelling criteria on selected materials with DPW		

Programme 4: Construction and Property Policy Regulation					
To provide strategic leadership in effective and efficient immovable asset management and the delivery of infrastructure programmes					
Strategic Objective	Actual Achievement 2011/12	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from Planned Target to Actual Achievement for 2012/2013	Comments on Deviations
Number of best practice guidelines for the management of state Immovable Assets in the National and Provincial spheres of government developed within the 2012-2015 period	Draft Immovable Asset lifecycle management guidelines developed	Present Immovable Asset lifecycle management guidelines to National and Provincial custodians and provide guidance required by 31 March 2013	Draft immovable Asset lifecycle management guidelines developed. Internal consultation underway with relevant branches in the Department towards presentation to EXCO for approval	Target Not Achieved	Delays in internal consultation prevented the finalisation of the Guideline
			Final draft Guideline developed. Consultation meeting being convened for final comment by relevant branches in the Department before presentation to EXCO	Target Not Achieved	Delays in internal consultation prevented the finalisation of the Guideline

Strategy to overcome areas of under performance

The Department is experiencing many complex challenges. These challenges are both internal (structures, processes, systems, capacity and capability and performance) and external (stakeholder relations and impaired public perceptions). Most of them predate the existing leadership of the Department and have not been adequately addressed over the past several years.

The Report of the Auditor-General highlighted the need for a serious review of the management systems of the Department. The Special Investigation Unit also conducted investigations regarding alleged irregularities. The Department is committed to improve the management systems and actively addressing issues of fraud and corruption.

In response to this situation, the Department initiated the development of a turnaround strategy in January 2012. This strategy and its associated high-level project plan, defines the process of organisational review and renewal that will ensure compliance with the mandate and satisfactory audits.

Short-term stabilisation interventions were defined and others may be added. Stabilised areas will create the potential for more fundamental change that can bring large efficiency gains, through better practice and improved policy options. The stabilisation of management is critical.

Key areas of attention in the turnaround strategy include Supply Chain Management, Lease Management, the Property Management Trading Entity (PMTE), the Immovable Asset Register (IAR) and a lack of professional and technical skills in the built-industry environment. These are addressed below:

Lack of controls in Supply Chain Management

A core driver to the transformation of operations of the Department is the efficiency enhancement of the Finance and Supply Chain Management (SCM) operations. In this regard, a service provider was appointed towards the end of the reporting period to assist with a fundamental review of these functions and the capacitation of the affected units. This intervention will operate until July 2014. Post this intervention, the Department will have all the necessary controls, systems and processes in place for the Department to take full responsibility of these important functions.

The project consists of three core focus areas of operations:

The Departmental (DPW) main Account.

- The Property Management Trading Entity (PMTE) Account,
- Supply Chain Management across all regions and head office.

The Department's capacity to process tenders, perform Supply Chain Management and project manage construction, maintenance and lease contracts, has been severely eroded. The resultant lack of financial controls and mismanagement provided fertile ground for fraud and corruption. The scale of mismanagement and corruption is only now coming to light owing largely to the detailed forensic work of the Special Investigating Unit. Consequently, the Supply Chain Management processes are being critically reviewed both to combat waste and corruption as well as expedite delivery and supplier payments.

These concerns are being addressed across several dimensions:

- Four discrete supply chain streams are being designed to address the differing needs of clients and projects;
 - Prestige
 - Infrastructure projects
 - Acquisition of property for leasing
 - Goods and services

- Supply chain controls are being improved through process redesign. Gaps are being identified with SCM processes and plugged. In addition suspect contracts are being investigated extensively. This will take between 12-18 month to conduct.
- Supplier payment lead times are being progressively reduced to the targeted 30 days. While there is a backlog, this process should be up-to-date by end of third quarter of 2013/2014 financial year. All new supplier invoices are already being settled within 30 days.
- The supplier database is being overhauled for relevance.
- Supply Chain experts and a service provider were appointed to run the intervention in the absence of adequate organisational skills and capability.
- Revised Policy on SCM.

Poor lease management

Building on earlier work by the Auditor-General and the Special Investigations Unit, and with the assistance of National Treasury, the Department embarked on a review of all lease agreements, including leases of government-owned properties. The irregularities in the leasing environment created unmanageable legal and reputational risks, lack of value for money and directly affected service delivery. The purpose of this exercise is to resolve the backlog of leases: deal with the leases that are due to expire: conduct a forensic audit to establish lease irregularities; conduct a physical verification of the condition, extent, occupation and use of leased properties; recover monies owed to the Department; review and strengthen the business processes, policies, strategy and systems of the Department relating to lease management: and to train and capacitate staff accordingly.

A joint Departmental and service provider team is in place. Challenges were experienced in sourcing information and documentation for the Lease Review. These impacted on the Department's ability to conduct a physical verification of leased accommodation. At this stage, only 42 percent of floor plans and contact details are in place. As a result, the project is approximately one month behind schedule.

The lease backlog is being progressively addressed by a newly-established Bid Adjudication Committee for Leases.

To date, 100 percent the 2 778 leases were reviewed. Of the 2 778, 1 316 were leases that required attention, revision or renewal. These were regarded as backlog leases. Of the backlog leases, recommendations were made in respect of 365 leases. These included leases for Pretoria, Nelspruit and Polokwane. Recommendations for the remaining 951 leases will be made in the financial year 2013/14.

Lack of an appropriate accounting platform for the PMTE

The creation of the PMTE was approved by National Treasury in 2006. It has only recently been formalised. This was long overdue and a source of embarrassment to the Department. It was also the source of many of the issues identified by the Auditor-General.

An interim operating model was developed and implemented and, with effect from the 1st April 2013, PMTE and DPW main account activities will be separate. The PMTE has, ahead of schedule, adopted GRAP as its accounting system and the first formal training interventions were completed.

A detailed business case is under development and will be submitted to Cabinet for approval in 2013/14. This relates to the final structure of the PMTE.

The new entity requires a different accounting platform to that used by the DPW. The move from a modified cash basis to GRAP has far-reaching impacts. A business needs assessment was completed on the billing and accounting system requirements.

There are several options that are being explored in terms of systems selection. These will be finalised by September 2013.

Inadequate Immovable Asset Register

The Department is in the process of rebuilding its immovable asset register. As part of this process, it is reviewing the current structure and operating model to maintain this database of state property in conjunction with the provinces and other key custodians. The rebuilt and revised operating model will not only provide the right data and tools to ensure compliance but will also provide the type of data base required to support DPW's core business, enable the right level of integration with its clients' needs and support specific asset and portfolio management principles. The asset register will be integrated with the required billing, asset management (UAMPs and CAMPs), budgeting, accounting and reporting systems.

As the major custodian of State immovable assets, the DPW is responsible for the planning, acquisition, management and disposal of State immovable properties vested in the national government, hence the Immovable Asset Register is key to the custodial role which the Department plays, in relation to the planning and management of state immovable assets.

As reflected historically in reports from the Auditor General, the absence of a compliant Immovable Asset Register has significantly contributed of the Department's successive negative audit opinions.

The compilation of a comprehensive and compliant Immovable Asset Register is paramount. This exercise involves a joint-DPW and service provider team. A significant amount of work is required to resolve a multitude of unresolved legacy issues which requires extensive interaction with the Department of Rural Development and Land Reform, Provinces, National Treasury and other stakeholders. We are developing a fair value model to value the Immovable Assets and a compliant capitalisation policy to ensure that it remains properly valued, going forward.

The state land reconciliation has been substantially completed and the asset register updated. The results currently reflect the following:

Custodian	Number of land parcels
National DPW	28 841
DRDLR	25 435
9 Provincial Departments of Public Works	50 606
9 Provincial Departments of Human Settlements	70 176
Work in progress, still to be allocated	1 174
Other custodians being confirmed	3 341
Total according to original Deeds downloaded	179 573

These figures will form the basis of a physical verification process due to commence in 2013/14.

The Department commenced work in conjunction with the Chief Surveyor-General in addressing the completeness and accuracy of surveyed land not registered and other unregistered state land.

The Department established a process of engagement with the identified state land custodians on an ongoing basis, to update registers and keep track of the balance of registered land parcels. This has never been attempted before and is proving to be more time-consuming than expected.

Further, the Department has targeted the completion of the Immovable Asset Register in line with the revised requirements of the PMTE established with effect from 1 April 2013. This requires us to substantially complete the IAR by 31 March 2015 with the final adjustments effected by 31 March 2016.

A total of about 24 000 land parcels lying in the regions still need to be vested. These are planned for completion by March 2016.

Lack of built environment and property management skills across the value chain

Several years ago, the state, including the Department, employed artisans and professionals, including engineers, architects, and quantity surveyors etc. to construct and maintain buildings. Despite the existence of pockets of skills within the Department, there is a significant lack of technical capacity to undertake direct construction and maintenance functions – as well as to effectively manage relations with contractors and service providers.

The Department recently started reversing this trend through the resuscitation of regional workshop facilities, prioritising Pretoria and Cape Town, and employing trainee artisans. We have secured cooperation from the Department of Public Service and Administration and the Department of Higher Education and Training to assist in the training of artisans and technicians.

The Department has initiated a Professionals Insourcing Strategy to build-in capacity of built environment professionals who will continue to assist the Department for the three to five year duration.

The task of capacitating the Department is a significant one as the built environment and property management industry is suffering from a general shortage of skills, making attraction and retention of appropriate resources a challenging task.

Expanded Public Works Programme

The Expanded Public Works Programme is one of the Government arrays of programmes, aimed at providing poverty and income relief through temporary work for the unemployed to carry out socially useful activities. This programme cuts across all spheres of government. One of the challenges facing the Department regarding EPWP projects at local government level, has been the ability to implement projects with ease. Therefore, the Department has deployed technical support to municipalities to assist in maximising EPWP job creation in all municipalities. The Department will fast track all projects that are implemented to ensure that the National Youth Services (NYS) programme achieves its targets.



Road construction under EPWP

2.5 Summary of financial information

Departmental Receipts

The Department collected 53 795 million more than the target of R36 445 million as depicted in the table for departmental revenue below, which represent an overall increase of 33 percent of revenue collected for the financial year ended 31 March 2013. Sale of goods and services other than capital assets, the revenue collected increased by 10% as a result of slight improvement on collection of debtors. There was no collection from sales of scrap, waste, arms and other used current goods. Fines, penalties and forfeits, the revenue collected decreased by 467 percent because fewer incidents of fines and penalties occurred during the year. There was no sale of capital assets during the financial year. Financial transactions were more by 82% as a result of old payables that was allocated to revenue.

Departmental revenue

	2011/12	2012/13	2012/13	2013/14	% Deviation from Target
	Actual	Actual	Target	Target	
	R'000	R'000	R'000	R'000	
Sale of goods and services other than capital assets	36 388	32 017	31 445	32 772	10%
Sales of scrap, waste, arms and other used current goods	35		467		
Fines, penalties and forfeits	12	3	17		-467%
Interest, dividends and rent on land	103	7 835	546		89%
Sales of capital assets	3 154	-	1 454	1 527	
Buildings and other fixed structures	3 154		-	-	-
Land and subsoil assets				1 527	
Financial transactions (recovery of loans and advances)	35 538	13 940	2 516	2 642	82%
TOTAL DEPARTMENTAL RECEIPTS	75 195	53 795	36 445	36 941	33%

Programme Expenditure

Details	2012/13	2011/12
	R'000	R'000
Budget Allocation	7 891 248	7 829 744
Actual expenditure	7 203 925	7 061 437
Spending as a percentage	91%	90%
Unspent funds	687 323	768 307
Unspent funds as a percentage	9%	10%



Mitchelle's Plain police station

Spending per Economic Classification

	2012/13				2011/12		
	Final Appropriation	Actual Expenditure	Variance	Exp as %	Final Appropriation	Actual Expenditure	Exp as %
	R'000	R'000	R'000	%	R'000	R'000	%
Current payments							
Compensation of employees	1 381 450	1 374 552	6 898	100%	1 252 469	1 269 579	101%
Goods and services	1 203 845	977 014	226 831	81%	1 034 900	1 032 905	100%
Interest and rent on land	9 774	21	9 753	0.2%	1 586	1 567	99%
Transfers & subsidies							
Provinces & municipalities	3 090 982	2 969 955	121 027	96%	2 950 451	2 592 965	88%
Departmental agencies & accounts	752 986	751 640	1 346	100%	734 690	732 486	100%
Foreign governments & international organisations	18 941	15 436	3 505	82%	16 915	12 956	77%
Public corporations & private enterprises	50 800	50 800	-	100%	150 000	150 000	100%
Non-profit institutions	282 724	292 627	(9 903)	104%	154 370	163 801	106%
Households	11 876	11 875	1	100%	3 968	4 012	101%
Gift & donation	3	20	(17)	668%	2	2	100%
Payment for capital assets							
Buildings & other fixed structures	999 254	713 003	286 251	71%	1 436 745	1 011 408	70%
Machinery & equipment	59 558	43 283	16 275	73%	84 984	81 162	96%
Software & other intangible assets	25 857	501	25 356	2%	6 639	6 569	99%
Payment for financial assets	3 198	3 198	-	100%	2 025	2 025	100%
Total	7 891 248	7 203 925	687 323	91%	7 829 744	7 061 437	90%

Notes to expenditure

Current Payments: Compensation of employees

Expenditure for the compensation of employees is R1.375 billion and is equivalent to 100 percent of the allocation. Adjustment of R52 million from goods and services was approved by National Treasury to offset the projected over-spending on compensation of employees.

Current Payments: Goods and services

Expenditure for the goods and services is R983 million and is equivalent to 82 percent of the allocation. Under-spending on goods and services relates to funds allocated for the Turnaround programme and office accommodation. Turnaround programme funds were allocated during the adjustment estimates and the delay in the appointment of the services provider resulted in funds being underspend. Under-spending in Office Accommodation is due to reconciliation of the leases between the Department and PMTE. Roll over was requested for the funds not spent during 2012/13 under Office Accommodation.

Transfers and Subsidies

Expenditure for the transfers and subsidies is R4.092 billion and is equivalent to 97 percent of the allocation. Under-spending in transfers and subsidies relate to funds declared as saving by Kwazulu-Natal Provincial Department of Public Works for funds related to Devolution of Property Rates Fund Grant to Provinces.

Payments for Capital Asset: Infrastructure

Expenditure for infrastructure is R713 million and is equivalent to 71 percent of the allocation. Under-spending in infrastructure is due to non-performance of the contractors, termination and technical problems on the project side, including vacant project managers' posts in some regional offices.

Payments for Capital Assets: Machinery and Equipment

Expenditure for machinery and equipment is R43 million and expenditure is equivalent to 71 percent of the allocation. Under-spending in machinery and equipment is due to invoices received but could not be paid before the end of the financial year.

Payment for Capital Assets: Software and Intangible

Expenditure for software and intangible assets is R584 000 and is equivalent to 2 percent of the allocation. Under-spending in software and intangible assets relate to funds received during the adjustment estimates for accounting system for the PMTE.



Palmridge Magistrates court

Transfer Payments (excluding public entities)

Public Entities

Name of Entity	Service Rendered by the Public Entity	Amount Transferred to the Public Entity	Amount Spent by the Public Entity	Achievement of the Public Entity
1. Construction Industry Development Board	<p>Programme 1: Growth and Contractor Development (GCD) - focuses on promotion of enterprise and contractor development facilitated support towards increasing the participation of the emerging sector. The programme also oversees the cidb Provincial footprint and associated support offerings via the nine Provincial cidb Offices (Construction Contact Centre)</p>	<p>Transfer from DPW</p> <p>R 67,614,000.00</p> <p>Other funds generated</p> <p>R 47,442,000.00</p>	R27,031,403.00	<ul style="list-style-type: none"> • NCDP Framework and Guidelines for Implementing CDPs approved by MinMec on 21 September 2012 and launched by the Minister on 6 December 2012 • Client awareness and capacitation workshop on Framework and Guidelines completed in each of the nine provinces • Provincial Construction Development Forums (PCDFs) held quarterly in each of the nine provinces • Provincial Catalytic contractor development support projects in provinces via PCDF's • Targeted contractor training through partner associations and/or CDP intake as recipients • Provincial cidb offices resourced and value-add cidb services in all 9 provinces



Palmridge Magistrates court

Name of Entity	Service Rendered by the Public Entity	Amount Transferred to the Public Entity	Amount Spent by the Public Entity	Achievement of the Public Entity
	<p>Programme 2: Construction Industry Performance - focuses on improved performance and best practice for an industry that delivers reliable value to clients, investors and end-users, information on construction industry indicators to inform cidb strategy, policy makers and stakeholders.</p>		R 8,719,249.00	<ul style="list-style-type: none"> • Standard for Indirect Targeting for Enterprise Development published in the Gazette on 25 February 2013, which establishes an enterprise development contract participation goal (CPG). • Standard for Contractor Performance Reports for Grades 2 to 9 gazetted for public comment on 25 February 2013, which provides for a uniform and consistent method of assessment of performance of contractor with respect to time, cost, quality, health and safety safety, site conditions and and management of subcontractors. • Report on the State of Sub-Contracting published in March 2013 with the the primary objective to better understand skills development within the subcontracting sector – and to identify opportunities for improving skills development within this sector. • Construction Industry Indicators (CIIs) published, monitoring perceptions of clients, professionals and contractors on procurement and construction factors, including construction quality, defects, delayed payments, etc.

Name of Entity	Service Rendered by the Public Entity	Amount Transferred to the Public Entity	Amount Spent by the Public Entity	Achievement of the Public Entity
				<ul style="list-style-type: none"> • 4 SME Business Conditions Survey published, monitoring business confidence, tendering competition, employment, access to credit, access to skills, etc. • 4 Quarterly Monitor published covered supply and demand factors, including number of contractors per grade, ownership profiles per grade, contractor upgrades, public sector spending per grade, spend vs. budget for provincial and municipal government, etc. • 4 Compliance Monitors published, monitoring compliance of national and provincial departments and metropolitan councils with iTender / Register of Project requirements for the registration of tenders and projects.
	<p>Programme 3: Procurement and Delivery Management - focuses on enhanced public sector construction procurement and infrastructure delivery, management capability of public sector clients, enabling efficient and effective delivery of quality infrastructure to the public</p>		R 11,595,434.00	<ul style="list-style-type: none"> • Assessment report on the application and maintenance of the Infrastructure Delivery Management Toolkit (IDMT) was finalised and the assessment report shows that there is a general improvement in the level of application of the IDMT by provincial Departments of Public Works, Health and Education as compared to the previous financial years. • IDMT training course material was delivered by March 2013.

Name of Entity	Service Rendered by the Public Entity	Amount Transferred to the Public Entity	Amount Spent by the Public Entity	Achievement of the Public Entity
	<p>Programme 4: Construction Registers Service focuses on:</p> <p>Registration of Contractors (ROC) for application in public sector construction work projects, and ROP which provides information on the nature, value and distribution of construction projects nationally</p> <p>Implementation of regulations to align the Construction Registers Service with developments in the construction industry, ensuring that the Register is maintained as a macro risk management tool for the public sector, while taking into account the state of development of the emerging sector.</p>		R 21,340.206	<ul style="list-style-type: none"> • New Customer Relationship Management (CRM) System was implemented in August 2012 in order to provide an improved service to stakeholders. The system was stabilised in February 2013 and provides for improved registration services provincially. • Regulation amendments designed to improve the requirements for registration was published for public comment in October 2012



Minister Thulas Nxesi opens Setumo Secondary School in Stella North West province

Name of Entity	Service Rendered by the Public Entity	Amount Transferred to the Public Entity	Amount Spent by the Public Entity	Achievement of the Public Entity
	Supporting Programmes:			
	Programme 5: Chief Executive's Office focuses on: <ul style="list-style-type: none"> • Overall strategic leadership, risk management and corporate governance in support of the Board; • Marketing, stakeholder consultations and communications. 		R 12,003,554.00	<ul style="list-style-type: none"> • National Stakeholder forum and Provisional stakeholder liaison meetings were successfully held. • Vision, Mission and Values of the cidb were reviewed and communicated to staff. This included the review of the cidb brand, for implementation in 2013/14. • Construction Transformation summit for the industry was hosted by cidb on behalf of DPW. • The approved Internal Audit Plan was completed in the financial year
	Programme 6: Corporate Services, responsible for: <ul style="list-style-type: none"> • Financial management including registers fees; • Human Resource administration; • Supply Chain Management; • Information Technology • Facilities Management 		R37,714.537 .00	<ul style="list-style-type: none"> • Fraud and corruption as well as PFMA awareness were workshopped with all staff • Compliance with PFMA and corporate governance was achieved in terms of the Board and subcommittee oversights. • The interim external audit was conducted and concluded. • The quarterly management accounts were done for all quarters. • The review of the HR policies was started in November 2012. • The Delegations of authority and SCM policies were developed, approved and workshopped with all staff

Name of Entity	Service Rendered by the Public Entity	Amount Transferred to the Public Entity	Amount Spent by the Public Entity	Achievement of the Public Entity
				<ul style="list-style-type: none"> The vacant positions of key personnel within Corporate Services were filled: viz. CFO, HR Manager and SCM Manager. The servers for IT were upgraded nationally. The IT equipment was upgraded. A division for Facilities Management was established. The tender to upgrade the network infrastructure nationally, was finalised. The tender to review, upgrade and centralise the management of automation facilities: printing, faxes etc. was finalised.

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Agrément South Africa	Undertaking technical assessments of innovative construction technologies	The amount for the annual grant was R8 686 842 for the 2012/2013 financial year.	The total annual expenditure from the annual grant was R8 686 842 for the 2012/2013 financial year.	<p>Agrément South Africa received a total of 33 applications for technical assessments in accordance with Agrément South Africa assessment criteria. Of these, a total of 30 contract offers for assessment for fitness for purpose were submitted to the applicants.</p> <p>During the year under review a record number of 31 product assessments were finalised and successfully awarded Agrément certificates of fitness for purpose by the Board of Agrément South Africa.</p> <p>An Agrément certificate has a deemed to satisfy status in the national building regulations and can be used to show compliance therewith, thus allowing the benefits of innovation to be used in the construction industry.</p> <p>The technical assessments provide a technical conduit for the safe introduction of new and improved standardised building materials which leads to improvements in performance of the construction industry.</p>

Name of Public Entity	Services Rendered by Public Entity	Amount Transferred to Entity	Amount Spent by Public Entity	Achievements of the Public Entity
<p>Independent Development Trust</p>	<p>Programme Management on behalf of national and provincial government departments</p>	<p>R50.8 million</p>	<p>R50.8 million</p>	<p>The IDT was not given a 2012/13 baseline allocation, the R50.8m allocation was used to fund operational costs to deliver programmes to the value of R5.6 billion</p> <p>R 190.5 m (51%) of the IDT's budget was expended on Strategic Objective 1.2 focusing on Integrated Social Infrastructure Delivery. The R50.8m allocation constitutes 26.7% of these operational costs.</p> <p>Key development performance indicators arising from this R5.6 billion programme spend include:</p> <ul style="list-style-type: none"> • 34 354: No. of Jobs created • 95% of the programme spend was directed at the delivery of social infrastructure • 259 social infrastructure facilities completed and handed over. Facilities included schools, clinics and multi-purpose centres. <p>65% (R3.696bn): Programme spend was delivered by BBBEE contractors,</p> <p>31% (R1. 737m): Approximate value of contracts awarded to women-owned contractors</p> <p>11.8% (R 667.57m): Approximate value of Youth spend</p> <p>104: No. of Contractor Development Programme participants of which xx are women</p>

Name of Public Entity	Services rendered by public entity	Amount transferred to entity	Amount spent by public entity	Achievements of the public entity
<p>Council for Built Environment</p>	<ul style="list-style-type: none"> • Skills Development • Research • Public protection 	<p>R 28 146 000</p>	<p>R 28 146 000</p>	<p>Entity budget is augmented through other income such as levies from the professional council as well as interest on investment made.</p> <p>33 students from previously disadvantaged backgrounds received CBE financial assistance through the bursary scheme</p> <p>Framework developed on Structured Candidacy Programme</p> <p>Research report on the state of the built environment professions completed.</p> <p>Technical built environment skills capacity conducted in the following municipalities:</p> <p>Tshwane, Johannesburg, Bojanala (Rustenburg), Mufidi (Mafikeng), Capricorn (Limpopo), Thabo Mafutsanyana (Free State), City of Cape Town and Winelands, King Dalintjebo (Eastern Cape), Ethekewini (Durban), Zululand (Ulundi), Francis Baard (Northern Cape), Pixley Kaseme (De Aar)</p> <p>Built Environment Indaba hosted in March 2013</p> <p>Completed 8 of 9 Engineering scopes of Identification of Work (IDoW) – which ring fences work that can only be undertaken by registered persons</p>

Conditional Grants and earmarked funds paid

Conditional Grants and earmarked funds received

There were no conditional grants or earmarked funds received

Donor Funds

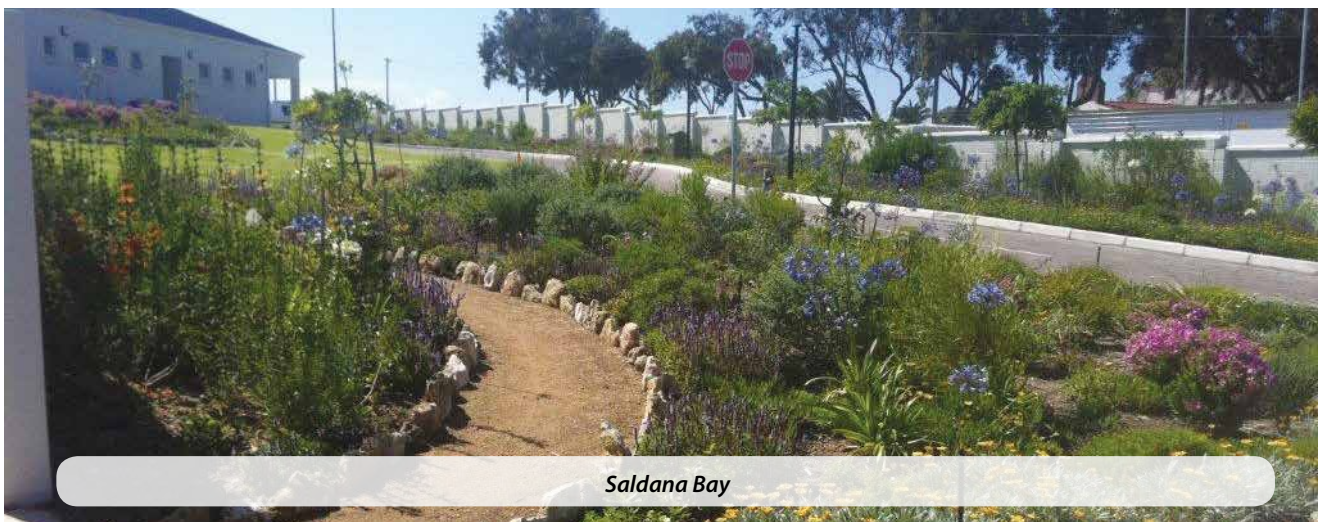
There were no donor fund received by the Department

Capital investment, maintenance and asset management plan

(a) The current state of the Department’s capital stock, for example what percentage is in good, fair or bad condition

Department	Condition of State-owned Buildings										Total	
	(Number and Percentage)											
	Very Good		Good		Fair		Poor		Very Poor			
	C5	C4	C3	C2	C1							
Defence	1	0%	126	4%	2332	83%	335	12%	28	1%	2822	100%
Correctional Services	1	1%	11	6%	153	81%	20	11%	5	3%	190	100%
Justice	3	0%	103	14%	580	79%	35	5%	9	1%	730	100%
Other Clients Combined	34	4%	116	14%	631	73%	70	8%	8	1%	859	100%
SAPS	43	3%	145	10%	1014	70%	232	16%	14	1%	1448	100%
Unutilised	0	0%	0	0%	0	0%	0	0%	133	100%	133	100%
TOTALS	82	1%	501	8%	4710	76%	692	11%	197	3%	6182	100%

- The table above represents the number of buildings in the DPW portfolio for which high-level condition assessments were concluded in the year under review.
- Justice portfolio excludes condition ratings for all residential accommodation as the audit is on-going.
- SAPS portfolio includes condition ratings for devolved police stations.
- The number of properties under Defence is derived from the User Asset Management Plan (UAMP) 2012-2015 and it includes residential units within complexes.
- Unutilised buildings comprise of offices only and reported at complex level.
- DCS portfolio excludes condition rating for residential units both within and outside complexes.





CHAPTER 3

Governance



3.1 Introduction

Good governance is essential for growth and development. When the principles of good governance are applied, it makes it possible for Departments to grow, improve their human capital, welfare, business efficiency, and ensure political stability, capacity and responsibility towards achieving the developmental goals and broader government priorities over a period of time. The Department commits to maintain the highest standards of governance.

3.1.1 Risk Management

Nature of risk management

The risk management process of the Department is structured and guided by an approved Risk Management Policy that is supported by a Risk Management Strategy. The Department established a Risk Management Committee (RMC) that convenes quarterly to look at the Department's critical risks, emerging risks and advises the Accounting Officer. In the financial year ending 31st March 2013, the RMC met six times.

Risk management strategies to identify and manage the risks

During the fiscal year under review, the Department developed high level risks and separate risk registers for Head office and 11 regional offices with action plans. The Office of the Auditor General, Internal Audit and Investigations played a key role in risk management. Risks were monitored by requesting quarterly reports from the action owners and workshops/ meetings were held with regional offices to evaluate the implementation of the plans.

Progress in addressing risks identified

Whilst the Department managed to monitor the implementation of action plans, the following challenges still have to be addressed to ensure that risks identified are managed and mitigated to be within an acceptable level:

- No link between key strategic projects and the risks facing the Department
- Setting risk appetite and tolerance levels to guide the prioritisation of risks
- Review of key risks during the strategic planning sessions and incorporating risk management activities (including management actions) into the business plans
- Inclusion of risk management into the performance agreements of the heads of units and other personnel within the Department
- Costing of risk management controls and action plans for key strategic risks to guide the prioritisation of the management of key risks facing the Department
- Adequacy of risk management structure/capacity to optimally service the Department

3.1.2 Fraud and Corruption

The Department's Fraud Prevention Plan and its implementation

The Department developed a Fraud Prevention Plan (FPP) as required by the PFMA to ensure that it is able to respond to issues related to fraud and corruption. The Strategy recognises basic fraud and corruption prevention measures, that are already in place within DPW. Furthermore, it identifies fraud and corruption risks that must be addressed and which could jeopardise the successful implementation of the Fraud Prevention Strategy, and the achievement of the DPW goals.

Fraud Awareness Campaigns

The Department conducts on-going training with the officials and induction programmes are held for the new appointees to familiarise themselves with the elements of fraud and corruption within their area of responsibility and for detection and prevention purposes.

Investigations

The Directorate Fraud Awareness and Investigation conducts investigations on reported cases of fraud and corruption. Capacity is enhanced through the appointment of three services providers. The Unit is in the process of appointing a panel of service providers for a period of 24 months to capacitate the Unit by assisting in conducting investigations as and when cases are reported.

Mechanisms to disclose confidentially and report fraud and corruption

The Department promotes the utilisation of the National Anti-Corruption Hotline to stakeholders to report allegations of fraud and corruption anonymously. The DPW web portal also makes provision for reporting to the Minister, Deputy Minister and Director General through the “Talk to Minister”, “Talk to Deputy Minister” and “Talk to DG”. Furthermore, all stakeholders are also encouraged to report fraudulent activities to either the Chief Audit Executive (CAE) or Director of Fraud Awareness and Investigations.

Reporting fraud and taking action

All reported allegations of fraud and corruption are recorded on the allegations register maintained within Internal Audit and Investigations Unit and allocated a reference number for tracking purposes. This register is updated on a regular basis to track progress with regard to the status of the reported allegations.

Upon completion of an investigation, the Unit provides an investigation report to the Accounting Officer and relevant Senior Management to consider and implement corrective actions i.e. criminal, civil and/or disciplinary action against identified transgressors.

3.1.3 Minimising Conflict of Interest

Conflict of Interest

A conflict of interest is considered if a SCM practitioner or other role player, or any close family member, partner or associate of such official or other role player;

- Has any private or business interest in any contract that is to be awarded
- Conducts activities that could reflect negatively on the reputation of the DPW and its personnel
- Participates in any activity that might lead to the disclosure of DPW proprietary information
- Conducts outside work for suppliers

The affected official or role player must:

- Disclose the interest to the Head of the unit
- Withdraw completely from participating in the process relating to the contract or bid

Breaches

Employees and agents of DPW shall report to the Accounting Officer any alleged irregular conduct that they may become aware of, including any alleged fraud or corruption.

3.1.4 Code of Conduct

All officials and other role players involved in the SCM processes, must adhere to the National Treasury's Code of Conduct for Supply Chain Management Practitioners and the Policy Strategy to guide uniformity in Procurement reform processes in Government, as well as directives regarding the code of conduct for SCM Practitioners. In addition, the cidb Code of Conduct for the parties engaged in Construction Procurement requires that the parties in any public or private construction-related procurement, in their dealings with each other:

- Behave equitably, honestly and transparently.
- Discharge duties and obligations timeously and with integrity.
- Comply with all applicable legislation and associated regulations.
- Satisfy all relevant requirements established in the procurement documents.
- Avoid conflicts of interest.
- Not maliciously or recklessly injure or attempt to injure the reputation of another party.

Reports on any perceived breaches or transgressions to the applicable code of conduct will be reported by the Accounting Officer to the applicable authority. These aspects of the code of conduct must be adhered to by all stakeholders within the SCM processes.

3.1.5 Health Safety and Environmental Issues

Section 8 of the Occupational Health and Safety Act 85 of 1993 (OHSA) requires that every employer *"shall provide and maintain, as far as is reasonably practicable, a working environment that is safe and without risk to the health of his employees."* This refers in particular to:

- Taking such steps to eliminate or mitigate any potential hazard.
- Ensuring adherence to the requirements of the OHSA.
- Taking all necessary measures in the interest of health and safety.

The Department conducted inspections in various workplaces, including projects that were under construction to ensure compliance of OHSA. Regular Training was provided to departmental officials alerting them to the hazards that existed in the workplace.

1. Report of the audit and risk management committee for the year ended 31 March 2013

We are pleased to present our report for the financial year ended 31 March 2013.

2. Audit and Risk Management Committee Members and Attendance

In the course of the year under review, the term of the preceding Audit and Risk Management Committee (the Audit Committee or the Committee) expired and accordingly, the Department duly appointed a new Audit Committee. Our reporting under this sub-section therefore, reflects this transition.

The Audit Committee's terms of reference (the audit charter) provide for the Committee to meet at least four times in a financial year. During the year under review, meetings were held as follows:

2.1 The Outgoing Audit Committee:

The Outgoing Audit Committee covering the period 01 April 2012 to 30 September 2012 held three meetings. Attendance at these meetings was as follows:

No of members	Name of member	Number of meetings attended
1.	Ms V. Zitumane - Chairperson	3
2.	Ms V.F. Memani-Sedile	0
3.	Advocate O.C. Mabaso	1
4.	Commissioner B. Seruwe	1
5.	Ms N. Noxaka	3

2.2 The Incoming Audit Committee:

The Incoming Audit Committee covering the period 01 October 2012 – 31 March 2013 held two meetings during the year. Attendance at these meetings was as follows:

No of members	Name of member	Number of meetings attended
1.	Z Luswazi - Chairperson	2
2.	Ms N Singh	2
3.	C Bunting	2
4.	M Ramurunzi	2

3. Audit Committee Responsibility

The Audit Committee has complied with Section 38(1) (a) of the Public Finance Management Act, Act 1 of 1999 (the PFMA) and Treasury Regulation 3.1 in that the Department has and maintains a system of Internal Audit under the control and direction of the Audit Committee complying with and operating in accordance with regulations and instructions prescribed by the PFMA.

The Audit Committee has formally adopted an audit charter, reflective of the terms of reference under which the Committee operates.

The Audit Committee further reports that it has complied with the spirit and the letter of the said audit charter.

4. Effectiveness of Internal Control

4.1 Efficiency and effectiveness of the system of internal control

The system of internal control at the Department and at the Property Management Trading Entity (the PMTE) is not considered to be efficient nor effective. The Auditor General has raised a number of issues with respect to the system of internal control. Similarly during the year under review, the Internal Audit Unit presented reports articulating similar governance concerns. As a result, the Department's audit report was qualified due to the state of its Supply Chain Management Function. The Auditor General's audit report further highlighted internal control concerns on the system responsible for the safeguarding and maintenance of assets.

At the PMTE, the Auditor General raised similar Supply Chain Management issues that directly affected Irregular Expenditure and Fruitless and Wasteful Expenditure. Revenue completeness controls affecting both revenue and trade debtors; accounting and internal control systems affecting operating leases and associated liabilities were also reported as pervasive issues. The same applied to retention liabilities. All the foregoing PMTE issues led to the disclaimer of audit opinion in the year under review. The foregoing clearly indicates that in the 2013/14 financial year these areas have to be prioritised, this to ensure a visibly improved internal control environment.

4.2 Risk Management its effectiveness, efficiency and transparency

The Risk Management function at the Department and at the PMTE (collectively referred to as the institution) remains an area of concern. While there is an active Risk Management Function at the institution, significant work remains to be done in terms of crystallizing the Risk Management Function to exist at operational level impacting the day-to-day operational and management activities of both the Department and the PMTE. Equally, the quality of Risk Assessment as a technical discipline (in terms of identifying all the core risk areas) needs equally significant improvement.

4.3 Annual Financial Statements

The Department and the PMTE made significant improvements in enhancing the quality of the financial statements in relation to prior years. The qualified report versus the historical disclaimers for the Department reflects this. Notwithstanding the disclaimer of opinion on the PMTE financial statements, Management embarked on an ambitious plan to implement GRAP on the PMTE financial statements for the first time. The Audit Committee is of the view that a foundation has been laid in respect of both the Department and the Entity whereby the quality and the content of future financial statements will be improved as a result of the foundational work done in the current reporting period.

4.4 Management report of the Auditor General

There has been robust interaction between the Auditor General and Management. The Management Report and equally the Audit Report are reflective of factual findings that Management supports. Currently underway right through to the compilation and submission of the 2013/14 annual financial statements is a comprehensive Audit Action Plan to address issues raised by the Auditor General.

4.5 Quality of in year management and monthly / quarterly reports submitted in terms of the PFMA and the Division of Revenue Act

In the year under review, there was no compliance in the sense of compiling qualitative, accurate and informative management accounts. Under item 5 below, we revisit this aspect. Going forward, the Audit Committee has recommended compilation of quarterly financial statements (to comply with the annual reporting standard i.e. Modified Cash Basis and GRAP applicable to the Department and the PMTE respectively) to be presented at future Audit Committee meetings. Management has agreed to this recommendation and the implementation is underway.

5. Evaluation of financial statements

As mentioned in item 4 above, significant progress was made in the current year to compile credible financial statements. Comparatively speaking, the disclaimer of opinion on the PMTE financial statements is on a significantly less number of

issues than was the case in the 2011/12 audit. The Audit Committee's evaluation of the financial statements therefore is that they are reflective of a reliable base upon which both the Department and the PMTE can build on for the 2013/14 financial year and beyond.

The Committee agrees with the Auditor General's findings and the resultant audit opinions in respect of both sets of financial statements. As mentioned already, these findings are reflective of established facts that Management objectively supports.

The PMTE changed its accounting policies by implementing GRAP changing from SA GAAP. This resulted in a number of prior period adjustments as well as reclassification of comparative figures.

There are a number of areas and instances where the Department and the PMTE did not comply with specific provisions of the PFMA and Treasury Regulations. Both audit reports have articulated these non-compliances.

The quality of Performance Information reported during the year was unsatisfactory and noted as an area of improvement. The Audit Committee has been making continuous recommendations in this regard for the improvement of Performance Information, starting with how the performance targets are set and documented, to how performance against these targets is measured, monitored and reported on. .

There were significant adjustments on the financial statements of both the Department and the PMTE. These major audit adjustments were audited and approved by the Auditor General; presented to the Audit Committee and duly approved.

6. Internal Audit

In the year under review, the Internal Audit Unit has not been as effective as it should have been. This is primarily due to three factors. Firstly, that the Unit has been and continues to be short-staffed for quite a lengthy period extending to preceding financial years. Secondly, that notwithstanding being ordinarily short-staffed, the Unit has had to provide a Secretariat Support Responsibility to the Audit Committee thereby further depleting the already depleted resources. Thirdly that the Unit needs to overhaul its own internal processes that unnecessarily lead to bottlenecks, inefficiencies and a general compromise of the quality of output from the Unit.

Management will support speedy recruitment of human resources. It will also effect the necessary budgetary adjustments to avoid unauthorised expenditure. The Audit Committee will continuously provide an effective quality assurance and continuous improvement role on the work of Internal Audit. Furthermore, a five year review of the Internal Audit is imminent and that this imminent review follows a similar review by National Treasury, in terms of which the Unit is currently implementing the latter's (National Treasury's) recommendations.

7. Auditor General South Africa

No unresolved issues with respect to the audit have been brought to the attention of the Audit Committee; accordingly the Committee is not aware of any unresolved audit issues in respect of the year under review.

8. Turnaround Strategy to Clean Audit

Subsequent to the financial year end, the Audit Committee spent time reviewing progress on the turnaround strategy for clean audit. The Committee remains concerned with the pace, overall project management, expected deliverables and the cost of the project. The Committee received assurance from the Accounting Officer of closer monitoring of the project management aspects of the project.

9. Overall observation

Amongst the biggest challenges facing the Department and the PMTE is a lack of capacity in terms of the requisite number of personnel firstly within the Finance Department and secondly, generally within the rest of the Department and the PMTE Management structures. The second aspect of inadequate capacity relates to the desperate shortage of

the required accounting and financial management skills on the existing personnel. This is the core reason behind the engagement of the Turnaround Team (Operation Clean Audit) as the Department and the PMTE do not have adequate capacity or skill to achieve the turnaround. On the positive side however, we report that towards the end of the financial year, senior permanent leadership such as a permanent Director General and a Chief Financial Officer have been engaged. This is bringing about stability in the Department and the PMTE and creates a realistic environment for a sustainable turnaround.

The second core challenge ahead of the Department and the PMTE (collectively referred to as the institution) is that the institution as a whole is not properly structured to enable it to successfully fulfil or execute its core business and mandate. In simple terms, the institution's core business is property management with a hardcore engineering base. The challenge therefore is to restructure the institution and do this at pace.

Thirdly and lastly, the process of engaging new personnel at the institution is prohibitively long and immeasurably costly when measured (the cost that is) in terms of the impact that the absence of the required skills has on the business of the institution. This area requires its own turnaround intervention.

The Operation Clean Audit has made a positive impact on the current year audit results of the institution, the challenge now is to sustain the work done while improving on the institution's audit opinion in the 2013/14 financial year.

Finally, effective management of various teams of consultants assisting with the turnaround initiative is of critical essence to ensure delivery on the mandate and value for money for the institution.

The Audit Committee's overall assessment is that progress is being made, however the issues articulated in this report require attention to ensure a sustainable turnaround of the institution.

A square box containing a handwritten signature in black ink. The signature is stylized and appears to read 'Z Luswazi'.

Z Luswazi CA(SA)

Chairperson

Audit and Risk Management Committee

31 March 2013



CHAPTER 4

Human Resource Management



4.1 Personnel Related Expenditure

The following tables summarise the final audited personnel related expenditure by programme and by salary bands. In particular, they indicate the following:

- Amount spent on personnel
- Amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 4.1.1 Personnel expenditure by programme

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Compensation of Employees as % of Total Expenditure	Average Compensation of Cost per Employee (R'000)
Administration	862 492	218 979	3 727	25.39	371
Immovable Asset Management	4 683 990	1 046 755	3 142	22.35	226
Expanded Public Works Programme	1 708 612	100 901	2 779	5.91	410
Property and Construction Industry Policy	26 858	7 916	4	29.47	466
Auxiliary and Associates Services	53 330	0	0	0.00	0.00
Total	7 335 282	1 374 551	9652	18.74	1472

Table 4.1.2 Personnel costs by salary band

Salary Bands	Compensation of Employees Cost (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R'000)	Number of Employees
Lower skilled (Levels 1-2)	125 265	9.11	111	1 125
Skilled (Levels 3-5)	177 571	12.92	135	1 313
Highly skilled production (Levels 6-8)	326 363	23.74	248	1 317
Highly skilled supervision (Levels 9-12)	507 061	36.89	480	1 057
Senior management (Levels 13-16)	123 213	8.96	811	152
Contract (Levels 1-2)	22 724	1.65	85	266
Contract (Levels 3-5)	8 830	0.64	210	42
Contract (Levels 6-8)	33 957	2.47	233	146
Contract (Levels 9-12)	29 025	2.11	492	59
Contract (Levels 13-16)	12 208	0.89	718	17
Periodical Remuneration	6 720	0.49	3	2 212
Abnormal Appointment	1 614	0.12	16	104
TOTAL	1 374 551	100	176	7810

Table 4.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Programme (R'000)
Programme 1: Administration	167 539	76.5	1 915	0.9	8 256	3.8	7 750	3.5	218 979
Programme 2: Immovable Asset Management	790 191	75.5	7 963	0.8	47 035	4.5	58 641	5.6	1 046 755
Programme 3: Expanded Public Works Programme	76 415	75.7	5	0	3 221	3.2	3 013	3	100 901
Programme 4: Property & Construction Industry Policy	6 185	78.1	0	0	154	1.9	197	2.5	7 916
TOTAL	1 040 330	75.7	9 883	0.7	58 666	4.3	69 601	5.1	1 374 551

Table 4.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
Lower skilled (Levels 1-2)	81 467	65	589	0.5	11 659	9.3	14 768	11.8	125 265
Skilled (Levels 3-5)	117 471	66.2	4 603	2.6	13 762	7.8	15 335	8.6	177 571
Highly skilled production (Levels 6-8)	238 559	73.1	3 126	1	13 305	4.1	20 948	6.4	326 363
Highly skilled supervision (Levels 9-12)	397 592	78.4	1 311	0.3	12 735	2.5	15 957	3.1	507 061
Senior management (Levels 13-16)	100 448	81.5	5	0	6 371	5.2	2 255	1.8	123 213
Contract (Levels 1-2)	23 080	101.6	2	0	0	0	0	0	22 724
Contract (Levels 3-5)	8 960	101.5	15	0.2	0	0	0	0	8 830
Contract (Levels 6-8)	34 281	101	232	0.7	0	0	19	0.1	33 957
Contract (Levels 9-12)	28 234	97.3	1	0	207	0.7	153	0.5	29 025
Contract (Levels 13-16)	10 238	83.9	0	0	627	5.1	168	1.4	12 208
Periodical Remuneration	0	0	0	0	0	0	0	0	6 720
Abnormal Appointment	0	0	0	0	0	0	0	0	1 614
Total	1 040 330	75.7	9 884	0.7	58 666	4.3	69 603	5.1	1 374 551

4.2. Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies, the number of posts on the establishment, the number of employees, the vacancy rate, and whether there is any staff that is additional to the establishment. This information is presented in terms of three key variables:

- Programme
- Salary band
- Critical occupations

Table 4.2.1 Employment and vacancies by programme

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate as a %	Number of Posts Filled Additional to the Establishment
Programme 1 DPW Administration	728	591	18.8	21
Programme 2 DPW Immovable asset management	5654	4640	17.9	299
Programme 3 DPW Expanded public works programme	298	246	17.4	28
Programme 4 DPW Property and Construction industry policy regulation	25	17	32	2
TOTAL	6705	5494	18.1	350

Table 4.2.2 Employment and vacancies by salary band

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2), Permanent	1419	1127	20.6	2
Skilled (Levels 3-5), Permanent	1515	1312	13.4	0
Highly skilled production (Levels 6-8), Permanent	1667	1317	21	0
Highly skilled supervision (Levels 9-12), Permanent	1384	1057	23.6	3
Senior management (Levels 13-16), Permanent	190	151	20.5	2
Contract (Levels 1-2), Permanent	266	266	0	187
Contract (Levels 3-5), Permanent	42	42	0	16
Contract (Levels 6-8), Permanent	146	146	0	100
Contract (Levels 9-12), Permanent	59	59	0	38
Contract (Levels 13-16), Permanent	17	17	0	2
TOTAL	6705	5494	18.1	350

Table 4.2.3 Employment and vacancies by critical occupations

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Architects town and traffic planners, Permanent	49	32	34.7	7
Chemical and physical science technicians, Permanent	13	8	38.5	0
Civil engineering technicians, Permanent	36	11	69.4	0
Electrical and electronics engineering technicians, Permanent	11	1	90.9	0
Engineering sciences related, Permanent	103	92	10.7	2
Engineers and related professionals, Permanent	301	178	40.9	37
Quantity surveyors and professionals not classed elsewhere, Permanent	39	23	41	2
TOTAL	552	345	37.5	48

4.3 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate any job in his or her organisation. In terms of the Regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table further provides statistics on the number of posts that were upgraded or downgraded.

Table 4.3.1 Job Evaluations

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	1 419	0	0	0	0	0	0
Contract (Levels 1-2)	266	0	0	0	0	0	0
Contract (Levels 3-5)	42	0	0	0	0	0	0
Contract (Levels 6-8)	146	0	0	0	0	0	0
Contract (Levels 9-12)	59	0	0	0	0	0	0
Contract (Band A)	9	0	0	0	0	0	0
Contract (Band B)	4	0	0	0	0	0	0
Contract (Band C)	3	0	0	0	0	0	0
Contract (Band D)	1	0	0	0	0	0	0
Skilled (Levels 3-5)	1 515	2	0.1	0	0	0	0
Highly skilled production (Levels 6-8)	1 667	3	0.3	5	100	0	0
Highly skilled supervision (Levels 9-12)	1 384	0	0	0	0	0	0
Senior Management Service Band A	132	0	0	0	0	0	0
Senior Management Service Band B	45	0	0	0	0	0	0
Senior Management Service Band C	11	0	0	0	0	0	0
Senior Management Service Band D	2	0	0	0	0	0	0
TOTAL	6 705	5	0.1	5	83.3	0	0

The table below provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded may also be vacant.

Table 4.3.2 Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	12	0	2	0	14
Male	4	0	0	0	4
Total	16	0	2	0	18
Employees with a disability	0	0	0	0	0

The table below summarises the number of cases where the remuneration bands exceeded the grade determined by the job evaluation. Reasons for the deviation are provided in each case.

Table 4.3.3 Employees with salary levels higher than those determined by job evaluation by occupation

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Department
None	0	0	0	0	0
None	0	0	0	0	0
Total	0	0	0	0	0
Percentage of total employment	0	0	0	0	0

The table below summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 4.3.4 Profile of employees who have salary levels higher than those determined by job evaluation

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability	0	0	0	0	0

4.4. Employment Changes

This section provides information on changes in employment during the financial year under review. Turnover rates provide an indication of trends in the employment profile of the Department. The tables below provide a summary of the turnover rates by salary band and critical occupations.

Table 4.4.1 Annual turnover rates by salary band

Salary Band	Employment at Beginning of Period (April 2012)	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2)	1559	135	215	13.8
Skilled (Levels 3-5)	1409	19	132	9.4
Highly skilled production (Levels 6-8)	1538	52	96	6.2
Highly skilled supervision (Levels 9-12)	1149	17	63	5.5
Senior Management Service Band A	107	3	5	4.7
Senior Management Service Band B	41	4	5	12.2
Senior Management Service Band C	8	3	2	25
Senior Management Service Band D	2	1	1	50
Total	5813	234	519	8.9

Table 4.4.2 Annual turnover rates by critical occupation

Occupation	Employment at Beginning of Period (April 2012)	Appointments	Terminations	Turnover Rate as a %
Architects town and traffic planners, Permanent	36	5	6	16.7
Chemical and physical science technicians, Permanent	8	1	1	12.5
Civil engineering technicians, Permanent	14	0	6	42.9
Electrical and electronics engineering technicians, Permanent	1	0	1	100
Engineers and related professionals, Permanent	186	8	39	21
Mechanical engineering technicians, Permanent	1	0	0	0
Quantity surveyors and related professionals not classed elsewhere, Permanent	29	1	0	0
TOTAL	275	15	53	19.3

Notes

The CORE classification, as prescribed by the DPSA, should be used for completion of this table.

The table below identifies the major reasons for staff leaving the Department.

Table 4.4.3 Reasons for staff leaving the Department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment
Death, Permanent	30	5.8	0.5
Resignation, Permanent	127	24.5	2.2
Expiry of contract, Permanent	261	50.3	4.5
Discharged due to ill health, Permanent	3	0.6	0.1
Dismissal-misconduct, Permanent	6	1.2	0.1
Retirement, Permanent	92	17.7	1.6
TOTAL	519	100	8.9
Resignations as % of Employment 8.9			

Table 4.4.4 Promotions by critical occupation

Occupation	Employment at Beginning of Period (April 2012)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Architects town and traffic planners	36	1	2.8	12	33.3
Chemical and physical science technicians	8	0	0	6	75
Civil engineering technicians	14	0	0	3	21.4
Electrical and electronics engineering technicians	1	0	0	1	100
Engineers and related professionals	186	11	5.9	101	54.3
Mechanical engineering technicians	1	0	0	0	0
Messengers porters and deliverers	64	0	0	41	64.1
Quantity surveyors and related professional not classed elsewhere	29	0	0	17	58.6
TOTAL	339	12	3.5	181	53.4

Table 4.4.5 Promotions by salary band

Salary Band	Employment at Beginning of Period (April 2012)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Lower skilled (Levels 1-2), Permanent	1559	0	0	858	55
Skilled (Levels 3-5), Permanent	1409	2	0.1	1105	78.4
Highly skilled production (Levels 6-8), Permanent	1538	26	1.7	958	62.3
Highly skilled supervision (Levels 9-12), Permanent	1149	45	3.9	753	65.5
Senior management (Levels 13-16), Permanent	158	9	5.7	3	1.9
TOTAL	5813	82	1.4	3677	63.3

4.5. Employment Equity

Table 4.5.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2013

Occupational Categories	Male			Female			Total		
	African	Coloured	Indian	White	African	Coloured		Indian	White
Legislators, senior officials and managers	50	2	2	12	33	3	3	5	110
Professionals	237	32	20	108	214	7	4	28	650
Technicians and associate professionals	468	25	7	40	556	38	9	68	1211
Clerks	208	25	1	23	356	21	11	93	738
Service and sales workers	63	9	0	4	29	0	0	0	105
Craft and related trades workers	138	54	13	70	30	0	0	1	306
Plant and machine operators and assemblers	35	11	1	0	3	1	0	1	52
Elementary occupations	802	248	8	18	1090	146	3	5	2320
Other	0	0	0	0	2	0	0	0	2
TOTAL	2001	406	52	275	2313	216	30	201	5494
Employees with disabilities	21	9	0	17	9	2	0	6	64

Table 4.5.2 Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2013

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	4	1	0	1	1	0	1	0	8
Senior Management	59	1	2	19	50	3	4	5	143
Professionally qualified and experienced specialists and middle management	445	50	30	154	313	13	7	45	1057
Skilled technical and academically qualified workers, junior management, supervisors, foremen	398	62	5	68	593	38	13	140	1317
Semi-skilled and discretionary decision making	560	236	6	21	399	85	1	4	1312
Unskilled and defined decision making	353	52	4	4	642	67	3	2	1127
Contract (Top Management)	1	0	1	1	1	0	0	0	4
Contract (Senior Management)	7	0	0	2	3	0	0	1	13
Contract (Professionally qualified)	19	1	1	5	28	2	0	3	59
Contract (Skilled technical)	69	1	0	0	73	2	0	1	146
Contract (Semi-skilled)	17	0	3	0	21	0	1	0	42
Contract (Unskilled)	69	2	0	0	189	6	0	0	266
TOTAL	2001	406	52	275	2313	216	30	201	5494

Table 4.5.3 Recruitment

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and middle management	4	0	0	0	4	0	0	2	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen	7	1	0	1	12	0	0	0	21
Semi-skilled and discretionary decision making	7	0	0	0	4	0	0	0	11
Unskilled and defined decision making	1	0	0	0	3	0	0	0	4
Contract (Top Management)	1	0	1	1	1	0	0	0	4
Contract (Senior Management)	4	0	0	0	1	0	0	1	6
Contract (Professionally qualified)	2	0	1	0	4	0	0	0	7
Contract (Skilled technical)	23	1	0	0	5	0	0	2	31
Contract (Semi-skilled)	2	0	0	0	6	0	0	0	8
Contract (Unskilled)	38	7	0	0	76	10	0	0	131
TOTAL	90	9	2	2	116	10	0	5	234

Table 4.5.4 Promotion

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	7	0	0	0	2	0	1	1	11
Professionally qualified and experienced specialists and middle management	310	45	27	134	213	10	5	38	782
Skilled technical and academically qualified workers, junior management, supervisors, foremen	255	41	3	52	445	32	10	135	973
Semi-skilled and discretionary decision making	464	212	6	17	322	77	1	3	1102
Unskilled and defined decision making	244	39	3	3	497	52	3	1	842
Contract (Senior Management)	1	0	0	0	0	0	0	0	1
Contract (Professionally qualified)	6	0	0	0	10	0	0	0	16
Contract (Skilled technical)	3	0	0	0	8	0	0	0	11
Contract (Semi-skilled)	2	0	0	0	3	0	0	0	5
Contract (Unskilled)	0	0	0	0	15	1	0	0	16
TOTAL	1292	337	39	206	1515	172	20	178	3759
Employees with disabilities	16	9	0	13	7	2	0	5	52

Table 4.5.5 Terminations

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	3	0	0	3	1	0	0	1	8
Professionally qualified and experienced specialists and middle management	16	2	0	6	7	0	1	0	32
Skilled technical and academically qualified workers, junior management, supervisors, foremen	20	2	0	2	11	4	0	8	47
Semi-skilled and discretionary decision making	42	8	0	1	25	3	0	0	79
Unskilled and defined decision making	6	2	0	1	11	6	0	0	26
Unskilled and defined decision making	1	0	0	0	0	0	0	0	1
Contract (Top Management)	1	1	0	0	0	0	0	0	2
Contract (Senior Management)	1	0	0	0	0	0	0	1	2
Contract (Professionally qualified)	9	12	0	1	8	0	0	1	31
Contract (Skilled technical)	20	0	1	1	27	0	0	0	49
Contract (Semi-skilled)	20	0	0	0	32	1	0	0	53
Contract (Unskilled)	60	7	0	0	114	7	0	0	188
TOTAL	199	34	1	15	237	21	1	11	519
Employees with disabilities	2	0	0	0	2	1	0	1	6

Table 4.5.6 Disciplinary action

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
TOTAL	52	8	3	12	24	2	0	2	103

Table 4.5.7 Skills development

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	106	1	11	18	96	0	6	19	257
Professionals	330	16	5	64	241	20	17	45	738
Technicians and Associate Professionals	46	2	11	13	21	2	5	3	103
Clerks	142	15	4	10	570	41	3	54	839
Service and Sales Workers	15	1	0	1	9	0	0	0	26
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	62	12	2	3	23	0	0	2	104
Plant and Machine Operators and Assemblers	2	0	0	0	2	0	0	0	4
Elementary Occupations	83	9	5	2	110	13	5	3	230
TOTAL	786	56	38	111	1072	76	36	126	2301
Employees with disabilities	9	0	0	0	11	0	0	0	20

4.6. Performance Rewards

To encourage good performance, the Department granted performance rewards during the year under review. The information is presented in terms of race, gender, and disability, salary bands and critical occupations.

Table 4.6.1 Performance Rewards by race, gender and disability

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	1 140	2 304	49.5	5 523	4845
African, Male	931	1 980	47	4 878	5 240
Asian, Female	18	30	60	125	6 937
Asian, Male	37	52	71.2	382	10 327
Coloured, Female	148	214	69.2	745	5 031
Coloured, Male	241	397	60.7	1 203	4 993
Total Blacks, Female	1 306	2 548	51.3	6 393	4 895
Total Blacks, Male	1 209	2 429	49.8	6 463	5 346
White, Female	154	195	79	1 298	8 430
White, Male	157	258	60.9	1 805	11 494
Employees with a disability	32	64	50	174	5 424
TOTAL	2 858	5 494	52	16 132	5 645

Table 4.6.2 Performance Rewards by salary band for personnel below Senior Management Service

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R'000)
Lower skilled (Levels 1-2)	662	1 125	58.8	1 593	2 406
Skilled (Levels 3-5)	917	1 313	69.8	2 921	3 185
Highly skilled production (Levels 6-8)	719	1 317	54.6	4 460	6 203
Highly skilled supervision (Levels 9-12)	540	1 057	51.1	6 787	12 569
Total	2 838	4 812	59	15 761	5 554

Table 4.6.3 Performance Rewards by critical occupation

Critical Occupations	Number of Beneficiaries	Total Employment	% of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Architects town and traffic planners	15	32	46.9	250	16 667
Chemical and physical science technicians	8	8	100	59	7 375
Civil engineering technicians	4	11	36.4	34	8 500
Electrical and electronics engineering technicians	1	1	100	12	12 000
Engineers and related professionals	70	178	39.3	914	13 057
Mechanical engineering technicians	0	1	0	0	0
Messengers porters and deliverers	33	64	51.6	112	3 394
Quantity surveyors and professional not classed elsewhere	9	23	39.1	134	14 889
TOTAL	140	318	44	1 515	10 821

Notes

The CORE classification, as prescribed by the DPSA, was used to complete this table.

Table 4.6.4 Performance related rewards (cash bonus), by salary band for Senior Management Service

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill
Band A	4	115	3.5	96	24 000	0.1
Band B	0	42	0	0	0	0
Band C	0	9	0	0	0	0
Band D	0	3	0	0	0	0
TOTAL	4	169	2.4	96	24 000	0.1

4.7. Foreign Workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary band and major occupation.

Table 4.7.1 Foreign workers by salary band

Salary Band	1 April 2012		31 March 2013		Change	
	Number	% of Total	Number	% of Total	Number	% Change
Lower skilled (Levels 1-2)	2	7.7	2	14.3	0	0
Highly skilled supervision (Levels 9-12)	5	19.2	6	42.9	1	-8.3
Senior management (Levels 13-16)	3	11.5	3	21.4	0	0
Contract (Levels 1-2)	1	3.8	1	7.1	0	0
Contract (Levels 9-12)	14	53.8	1	7.1	-13	108.3
Contract (Levels 13-16)	1	3.8	1	7.1	0	0
TOTAL	26	100	14	100	-12	100

Table 4.7.2 Foreign workers by major occupation

Major Occupation	1 April 2012		31 March 2013		Change	
	Number	% of Total	Number	% of Total	Number	% Change
Elementary occupations	2	7.7	2	14.3	0	0
Other occupations	1	3.8	0	0	-1	8.3
Professionals and managers	23	88.5	12	85.7	-11	91.7
TOTAL	26	100	14	100	-12	100

4.8. Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables indicate the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 4.8.1 Sick leave

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave
Lower skilled (Levels 1-2)	5 319	85.4	731	17.6	7	1 347	4 160
Skilled (Levels 3-5)	6 361	81.9	908	21.8	7	2 053	4 160
Highly skilled production (Levels 6-8)	8 448	74.3	1 140	27.4	7	5 307	4 160
Highly skilled supervision (Levels 9-12)	5 707	77.8	807	19.4	7	8 860	4 160
Senior management (Levels 13-16)	720	79.3	118	2.8	6	2 087	4 160
Contract (Levels 1-2)	693	62.2	205	4.9	3	128	4 160
Contract (Levels 3-5)	317	55.8	74	1.8	4	111	4 160
Contract (Levels 6-8)	535	62.6	121	2.9	4	307	4 160
Contract (Levels 9-12)	266	75.9	52	1.3	5	306	4 160
Contract (Levels 13-16)	14	85.7	4	0.1	4	41	4 160
TOTAL	28 380	78.2	4160	100	7	20 547	4 160

Table 4.8.2 Disability Leave (temporary and permanent)

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	1 770	100	53	29.6	33	449
Skilled (Levels 3-5)	1 392	100	46	25.7	30	447
Highly skilled production (Levels 6-8)	1 060	100	38	21.2	28	660
Highly skilled supervision (Levels 9-12)	808	100	31	17.3	26	1 473
Senior management (Levels 13-16)	79	100	5	2.8	16	226
Contract (Levels 1-2)	41	100	1	0.6	41	9
Contract (Levels 3-5)	101	100	3	1.7	34	30
Contract (Levels 9-12)	31	100	2	1.1	16	32
TOTAL	5 282	100	179	100	30	3 326

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires the management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service. The number of employees that took leave refers to the leave forms captured.

Table 4.8.3 Annual Leave

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	21 446.12	20	1 063
Skilled (Levels 3-5)	31 842.2	23	1376
Highly skilled production (Levels 6-8)	31 505.36	22	1421
Highly skilled supervision (Levels 9-12)	24 258.08	22	1094
Senior management (Levels 13-16)	3 910	23	173
Contract (Levels 1-2)	3 906	10	399
Contract (Levels 3-5)	1 141	12	92
Contract (Levels 6-8)	2 290	13	171
Contract (Levels 9-12)	1 138	16	69
Contract (Levels 13-16)	141	14	10
Abnormal Appointment	1	1	1
TOTAL	121 578.76	21	5 869

Table 4.8.4 Capped Leave

Salary Band	Total number of days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2012	Number of Employees who took capped leave
Lower skilled (Levels 1-2)	40	3	46	13
Skilled (Levels 3-5)	250	4	62	57
Highly skilled production (Levels 6-8)	127	3	41	37
Highly skilled supervision (Levels 9-12)	101	5	55	19
Senior management (Levels 13-16)	13	2	55	7
TOTAL	531	4	55	133

The following table summarises payments made to employees as a result of leave that was not taken.

Table 4.8.5 Leave Payouts

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave pay out for 2012/13 due to non-utilisation of leave for the previous cycle	0	1	0
Capped leave pay outs on termination of service for 2012/13	1 717	151	11 371
Current leave pay out on termination of service for 2012/13	24	88	273
TOTAL	1 741	240	7 254

4.9. HIV/AIDS and Health Promotion Programmes

Table 4.9.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
Mobility and migration are heavily linked to the spread of HIV particularly in relation to the construction sector.	As custodian and the main player in the construction sector, the National Department of Public Works (DPW) developed and implemented an HIV/AIDS Strategy for the construction sector to protect and support the industry's workforce

Table 4.9.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Mr Jabulani Nkwanyana: CD: HR and OD
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		Advocacy and the Support sub-directorate is dedicated to this programme. 2 permanent staff members are responsible for a staff establishment of about 6700 with the annual budget of R150 000.00.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	Yes		Responsive Programmes Addressing psycho-social health and wellness issues
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		A Department-Wide Committee constituted by HR representatives from 11 regional offices.
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		The Departmental HIV and AIDS Policy.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		Stigma Mitigation programme is in place. Key elements include:-Knowledge, Attitudes and Practices surveys; Dialogues and Peer education.

Question	Yes	No	Details, if yes
<p>7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.</p>	Yes		<p>The department collaborates with GEMS and NGOs in providing on-site opportunities for HIV Counselling and Testing and TB screening. 368 employees were counselled and tested for HIV.</p>
<p>8. Has the department developed measures/ indicators to monitor and evaluate the impact of your health promotion programme? If so, list these measures/indicators.</p>	Yes		<p>Utilisation by employees to the Health and Wellness services offered. Many employees attending wellness events. Number of wellness events, workshops and trainings conducted. Sick leave utilisation (reduction).Number of employees living openly with HIV</p>

4.10. Labour Relations

Table 4.10.1 Collective Agreements

Subject Matter	Date
None	

The table below summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

Table 4.10.2 Misconduct and disciplinary hearings finalised

Outcomes of disciplinary hearings	Number	Percentage of Total	Total
Dismissal	6	5.82	6
Suspensions from work without pay	7	6.79	7
Final Written Warnings	42	40	42
Written Warnings	37	33.98	35
Verbal Warnings	7	6.79	7
Not guilty	2	1.94	2
Withdrawals	4	3.88	4
TOTAL	105	100	105

Table 4.10.3 Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of Total	Total
Absent from work without reason or permission	28	27.45	28
Steals, bribes or commits fraud, corruption	11	10.67	11
Gave false information	1	0.97	1
Displayed disrespectful, disgraceful and unacceptable behavior	8	7.76	8
Assault	3	2.91	3
Abuse of state vehicle	4	3.88	4
Negligence of duty	13	12.62	13
Failure to comply with policy or procedures	6	5.82	6
Drinking on duty	3	2.91	3
Irregular, fruitless and wasteful expenditure	4	3.88	4
Undertake remunerative work outside official duties without permission	1	0.97	1
Failure to carry out lawful instruction/ insubordination	20	19.41	20
TOTAL	102	100	102

Table 4.10.4 Grievances Lodged

Number of grievances addressed	Number	% of Total	Total
Not resolved	17	11	17
Resolved	136	89	136
TOTAL	153	100	153

Table 4.10.5 Disputes Lodged

Number of disputes addressed	Number	% of total	Number
Upheld	4	33.33	4
Dismissed	8	66.66	8
Total	12	100	12

Table 4.10.6 Strike actions

Strike Actions	
Total number of working days lost	None
Total cost(R'000) of working days lost	R 0.00
Amount (R'000) recovered as a result of no work no pay	R 0.00

Table 4.10.7 Precautionary suspensions

Precautionary Suspensions	
Number of people suspended	8
Number of people whose suspension exceeded 30 days	8
Average number of days suspended	259
Cost (R'000) of suspensions	R4 736 192.50

4.1.1. Skills Development

This section highlights the efforts of the Department with regard to skills development.

Table 4.1.1 Training needs identified

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes and other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female	44	0	87	42	129
	Male	66	0	72	70	142
Professionals	Female	253	0	142	91	233
	Male	397	0	140	62	202
Technicians and associate professionals	Female	671	0	203	38	241
	Male	540	0	181	29	210
Clerks	Female	481	0	139	34	173
	Male	257	0	113	16	129
Service and sales workers	Female	29	0	17	0	17
	Male	76	0	49	0	49
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	31	0	0	0	0
	Male	275	0	0	0	0
Plant and machine operators and assemblers	Female	5	0	7	0	7
	Male	47	0	21	0	21
Elementary occupations	Female	1246	0	27	0	27
	Male	1076	0	35	0	35
Gender sub totals	Female	2760	0	622	205	827
	Male	2734	0	611	177	788
Total		5494	0	1233	382	1615

Table 4.11.2 Training provided for the period under review

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	44	0	69	52	121
	Male	66	0	65	71	136
Professionals	Female	253	0	180	143	323
	Male	397	0	312	103	415
Technicians and associate professionals	Female	671	0	24	7	31
	Male	540	0	32	40	72
Clerks	Female	481	0	384	186	570
	Male	257	0	70	199	269
Service and sales workers	Female	29	0	6	3	9
	Male	76	0	12	5	17
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	31	0	8	17	25
	Male	275	0	18	61	79
Plant and machine operators and assemblers	Female	5	0	0	2	2
	Male	47	0	2	0	2
Elementary occupations	Female	1246	0	37	94	131
	Male	1076	0	20	79	99
Gender sub totals	Female	2760	0	708	504	1212
	Male	2734	0	531	558	1089
Total		5494	0	1239	1062	2301

4.12. Injury on duty

The tables below provide basic information on injury on duty.

Table 4.12.1 Injury on duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	37	86
Temporary Total Disablement	6	14
Permanent Disablement	0	0
Fatal	0	0
Total	43	100



Pothole rehabilitation, Soshanguve Pretoria

CHAPTER 5

Financial Information







PART A

DPW
Annual Financial Statements
for the year ended 31 March 2013

Notes to the Annual Financial Statements

for the year ended 31 March 2013

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Report of the Accounting Officer

for the year ended 31 March 2013

1. General review of the state of financial affairs

The 2012/13 financial year has been a landmark in the transformation of the finance and Supply Chain management functions of the Department and the PMTE. Towards the latter part of this financial year, a consortium of service providers was engaged to support the Department with the enhancement of efficiencies of operations in both the regions and at head office level. Notwithstanding the fact that this support was only rolled out in February 2013, very encouraging results were achieved in a very short space in time. This intervention undoubtedly also contributed towards the improved audit outcomes attained for this year for the department's main account and the PMTE.

Key policy and legislative developments:

During the financial year under review, the Department continued with the development of the following key legislation to enable the Department to direct the execution of its mandate more effectively and to enhance its operational efficiencies:

- the draft Agrément South Africa (ASA) Bill - to establish the entity as a juristic person. A draft Business Case has been developed and is under consideration. A draft Agrément South Africa Bill is being finalised. This Bill will be tabled in Parliament in 2013/2014.
- the draft Built Environment Professions (BEP) Policy - towards the possible amendment of the legislative framework governing the Built Environment Professions. The draft BEP Policy has been developed and is under consideration. The BEP Policy will be finalised in the 2013/2014 financial year.
- the draft Expropriation Bill - to ensure consistency with the Constitution and uniformity in the expropriation of property by all organs of state. The draft Bill and explanatory memorandum was approved by Cabinet for publication and subsequently gazetted for public comments. The Bill will be tabled in Parliament in 2013/2014.
- the Construction Industry Development (cidb) Amendment Regulations, 2013, to ensure improvements of registration requirements for Contractors and to better maintain and upgrade their grades with the cidb. The draft Regulations were published for public comment on 5 October 2012. The public comment phase closed on 5 December 2012. The final Regulations are being reviewed by the department and will be submitted to the Minister for approval in 2013/14.

Further, the Department under the leadership of the Deputy Minister, commenced with the development of business case for the Independent Development Trust (IDT) to review the mandate of IDT. The revised mandate will be submitted to Cabinet for approval in 2013/14.

Construction projects

During the year under review, the Department planned to complete 200 construction projects. This includes projects directed at maintenance, repairs, renovations and new facilities. However, the Department managed to complete 214 projects during this period.

At the end of March 2013, 453 projects were still underway and it is anticipated that they will continue into the next financial year. The latter projects consist of the following:

- 68 resort under the DPW capital program;
- 268 relate to DPW maintenance programmes; and
- 117 are undertaken on behalf of client departments.

If all the projects currently under construction are delivered within the specified completion periods, a further 300 projects will be handed over by end of March 2014. This represents a planned increase of 40% compared year on year.

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

The following expenditure against budgets was achieved:

- DPW capital 61%;
- Client departments' capital 72%; and
- Planned maintenance 96%.

Programme for the compilation of the Immovable Asset Register

During the year under review, the Department conducted an extensive reconciliation of immovable assets in its Immovable Asset Register (IAR) against Deeds Registry data. The reconciliation exercise was conducted in conjunction with all National and Provincial custodians, and achieved a substantial improvement on the completeness assertion as evidenced by the Audit report for the 2012/13 financial year. The current list of improvements (to the extent that current data in the IAR permits) has been linked to the land parcels in order to provide a more holistic view of immovable assets as contained in the IAR presented for the year under review.

Following the decision to expedite the establishment of the PMTE, the key milestone was set to achieve an IAR that substantially meets business and regulatory requirements, including meeting all GRAP standards. In order to achieve this milestone, the Department will conduct physical verification on its immovable assets and address other management assertions (e.g. accuracy) in the 2013/14 and 2014/15 financial years. The Department will also apply a fair value model and capitalisation practices as a means of establishing a meaningful, consistent and reliable deemed or base cost for its immovable assets. The current carrying values in Note 34 will be adjusted to reflect fair value as soon as such model has been fully applied.

Moving forward, the Department will continue to engage all custodians of State-owned immovable assets in the National and Provincial spheres of government during the processes of re-building its IAR. This is paramount as the objective of achieving a compliant IAR is interdependent on the parallel processes being followed by other custodians to also enhance and maintain accurate Immovable Asset Registers of their own.

Stabilisation interventions

A core driver to the transformation of operations of the Department is the efficiency enhancement of the Finance and Supply Chain Management (SCM) operations. In this regard, a service provider was appointed towards the end of the reporting period to assist with a fundamental review of these functions and the capacitation of the affected units. This intervention will operate until July 2014. Post this intervention, the Department will have all the necessary controls, systems and processes in place for the Department to take full responsibility of these important functions.

The project consists of three core focus areas of operations:

- a. the Departmental (DPW) main Account
- b. the Property Management Trading Entity (PMTE) Account; and
- c. SCM across all regions and head office.

The project deliverables of this intervention are structured to address the immediate technical matters relating to these functions as well as the medium to long term human resource requirements to support such functions. A skills transfer programme by the insourced professionals is paramount and integrated into the deliverables against which the service provider will be measured. The resourcing of the project was similarly prescribed to consist of at least 64 graduated unemployed individuals. These interns will be comprehensively assessed at the end of this calendar year and those who qualify, will be considered for absorption into the approved structure of the department. This capacity enhancement is intended to be a project legacy and has received widespread management support since it directly supports the national strategic objective of skills development.

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

Of importance is that this intervention did not start off with a clean slate to deal with current year challenges only. Previous and historical findings by the Auditor General of South Africa (AGSA), e.g. irregular expenditure, placed an enormous burden on the team to resolve before shifting full attention to current challenges and expectations. In this regard, it must be reported that with the time available, the full population of current year transactions for both the main account and PMTE were comprehensively reviewed together with prior year transactions of the DPW main account. Prior year transactions relating to the PMTE will receive the necessary attention early in the next financial year in order to finally also lay this matter to rest.

This project also covers the requirement to set up an appropriate accounting and billing system for the PMTE. This application requires significant infrastructure capability to support its roll-out. Concerns have emanated during other business process enhancement initiatives within this project that the weak Information Technology (IT) backbone will be unable to support the additional processing capability required. This has the potential to jeopardise the roll-out of any new application in support of the finance improvements planned. Given the fact that the Department currently lacks an IT strategy and roadmap to drive the development of the IT capability in the short term, focussed attention has been redirected to this area as a matter of urgency.

The Supply Chain Management function requires a complete transformation to ensure an adequate Supply Chain Management (SCM) system that supports the core business areas of the Department. Although the current efforts to transform SCM are dedicated to improving legislative compliance, efficiency enhancement initiatives have also been identified for priority implementation to support enhanced service delivery and combat potential fraud and corrupt practices. Considerations for efficiencies include differentiated streams for SCM to isolate the core business functions so that appropriate policies, business processes, structures and skills can be advanced. The governance structures operating as Bid Committees' are being streamlined to enhance the functional performance of these Committees to further improve service delivery and enhance controls.

Re-engineering of business processes is expected to yield further efficiencies in support of the establishment of a comprehensive demand management framework and revised acquisition and procurement framework. In support of this, the decentralisation of supplier databases supporting small value procurement as well as the institutionalisation of term contracts across the Department has been rolled out to promote further efficiencies and improve compliance and service delivery.

In support of the aforementioned, the Chief Procurement Office at the National Treasury has identified the Department as a pilot site for procurement transformation. Work has commenced between the respective teams from National Treasury to develop adequate SCM capability for the core business functional areas of the Department by March 2014. It is expected that the SCM capability emanating from this project will have a positive impact on the establishment and roll out of the differentiated streams and supporting structure for the new SCM dispensation.

Since the commencement of this project early in 2013, very little time was available to achieve the total planned impact on the operational and regularity assessments for this year. However, the policy enhancements, controls and systems improvements already implemented bodes well for expectations in the coming years. It is however, beyond any doubt that the achievements to date on this stabilisation intervention have been encouraging and have directly contributed to the improved audit outcomes for this financial year. It is therefore a firm expectation that the eventual outcome of the project will support the creation of financial centres of excellence for the DPW main account as well as PMTE with an adequately designed SCM system as a shared service.

Spending trends

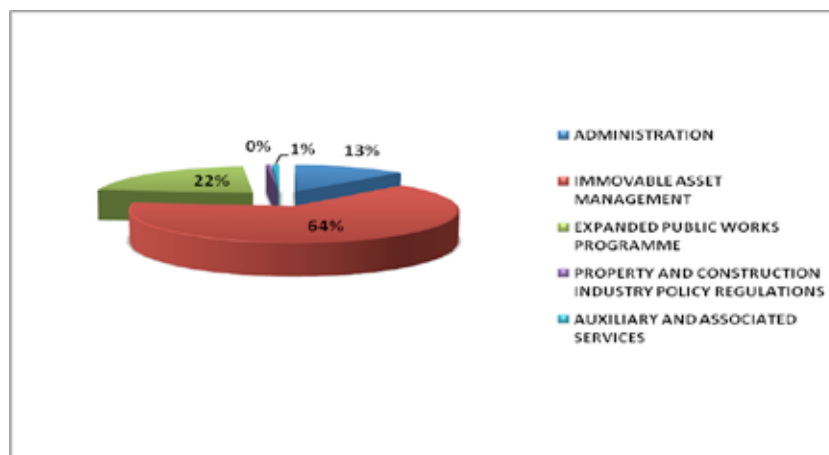
The Department's adjusted appropriation for the year under review was R7.891 billion compared to R7.830 billion in 2011/12, which translates to a 1% year-on-year increase. The bulk of the appropriation is allocated to the Programmes that are the core policy implementers of the Department, i.e:

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

- Immovable Asset Management (Programme 2) 64%;
- Expanded Public Works Programme (Programme 3) 22%;
- Property and Construction Industry Regulations Policy Regulations (Programme 4) 0.4%;
- Administration (Programme 1) 13%;
- Auxiliary and Associated Services (Programme 5) 0.6%.

See diagrammatic illustration below.



For the 2012/13 financial year, the original allocation of the Department was reduced by the net amount of R102 million through the Adjustments Estimate. This reduction emanates from:

- R212 million declared saving from the infrastructure program; and
- R109 million additional allocation as roll- over for unforeseen costs and other adjustments

The declared saving of R212 million is made up of the under-spending on infrastructure for the Department of Home Affairs in the amount of R112 million for the construction, maintenance and refurbishment of border post infrastructure; and the balance of R100 million is a declared saving due to under-spending on the departmental projects.

The additional funding of R109 million received through the Adjustment Estimates for 2012/13 is made up of:

- R70 million allocated for the implementation of the Turnaround programme;
- R17 million allocated as transfers and subsidies for the Expanded Public Works' Programme as integrated grants to municipalities;
- R18 million for compensation of employees for conditions of service benefits improvements;
- R4 million for the establishment of the Office of the Deputy Minister;
- R700 000 transfers to Construction Industry Development Board; and
- R200 000 transfers to Council for the Built Environment.

The infrastructure budget was further reduced by R273 million through a reprioritisation of funds towards the following funding requirements:

- R51 million for shortfalls on compensation of employees on the approved establishment;
- R106 million for Turnaround interventions;

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

- R50 million financial support to the Independent Development Trust;
- R46 million for Expanded Public Works' Programme integrated grant to municipalities; and
- R20 million for Accounting and Billing system for PMTE.

The Departmental spending for the period under review is R7.204 billion which represents 91% expenditure of the allocation. Under-spending on the allocation can mainly be attributed to unspent funds on infrastructure; devolution of property rates funds and delays in the appointment of service providers for the various projects related to the Departments' Turnaround Strategy. The funding for the Turnaround Strategy was only confirmed in November 2012 as additional funds during the adjustment estimates of national expenditure. The appointment of service providers could therefore only be finalised after the confirmation of funds was received.

The contributing factors to the under-spending on infrastructure projects are the non-performance of contractors, termination of projects, and technical problems on project sites that may have affected actual expenditure on projects with large budget allocations. As further eluded to later under "capacity constraints", regional offices are adversely affected by the instability of project leadership due to high vacancy rates. Key positions in the Projects Units cannot be filled because it is unattractive due to lower classification of posts and strict criteria of Occupation Special Dispensation (OSD).

A summary of the departmental financial performance is provided in Tables 1 and 2 below which shows the overall budget and expenditure as well as spending per economic classification

Table 1: Overall expenditure analysis

Details	2012/13	2011/12
	R`000	R`000
Budget Allocation	7 891 248	7 829 744
Actual expenditure	7 203 925	7 061 437
Spending as a percentage	91%	90%
Unspent funds	687 323	768 307
Unspent funds as a percentage	9%	10%

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

Table 2: Spending per economic classification

	2012/13				2011/12		
	Final Appropriation	Actual Expenditure	Variance	Exp as %	Final Appropriation	Actual Expenditure	Exp as %
	R'000	R'000	R'000	%	R'000	R'000	%
Current payments							
Compensation of employees	1 381 450	1 374 552	6 898	100%	1 252 469	1 269 579	101%
Goods and services	1 203 845	977 014	226 831	81%	1 034 900	1 032 905	100%
Interest and rent on land	9 774	21	9 753	0.2%	1 586	1 567	99%
Transfers & subsidies							
Provinces & municipalities	3 090 982	2 969 955	121 027	96%	2 950 451	2 592 965	88%
Departmental agencies & accounts	752 986	751 640	1 346	100%	734 690	732 486	100%
Foreign governments & international organisations	18 941	15 436	3 505	82%	16 915	12 956	77%
Public corporations & private enterprises	50 800	50 800	-	100%	150 000	150 000	100%
Non-profit institutions	282 724	292 627	(9 903)	104%	154 370	163 801	106%
Households	11 876	11 875	1	100%	3 968	4 012	101%
Gift & donation	3	20	(17)	668%	2	2	100%
Payment for capital assets							
Buildings & other fixed structures	999 254	713 003	286 251	71%	1 436 745	1 011 408	70%
Machinery & equipment	59 558	43 283	16 275	73%	84 984	81 162	96%
Software & other intangible assets	25 857	501	25 356	2%	6 639	6 569	99%
Payment for financial assets	3 198	3 198	-	100%	2 025	2 025	100%
Total	7 891 248	7 203 925	687 323	91%	7 829 744	7 061 437	90%

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

Virement

The virements for the year were made in accordance with the Public Finance Management Act and Treasury Regulations, as follows:

Table 3:

	Prog. 1	Prog. 2	Prog 3	Prog 5	Total
Economic classification	R`000	R`000	R`000	R`000	R`000
Compensation of employees	(6 749)	58 305	-	-	51 556
Goods and services	(40 900)	(22 605)	-	28 000	(35 505)
Transfers and subsidies (Household)	4 800	2 444	-		7 244
Machinery and equipment		(23 555)	260		(23 295)
Total	(42 849)	14 589	260	28 000	-

- **Programme 1** reduced by R43 million with funds adjusted to Programme 2 and 5 to offset over-spending on compensation of employees, goods and services and household. Funds for goods and services were reduced by R4.8 million to offset over-spending under household and the approval for the adjustment was granted by National Treasury.
- **Programme 2** increased by the net amount of R15 million. The amount of R15 million is the net effect of the additional allocation of R58 million from Programme 1 and Programme 2 for compensation of employees adjusted from goods and services, R2 million increase in household from goods and services in Programme 2 and R24 million adjusted to Programme 3 to offset over spending of R260 000 on machinery and equipment and R23 million to Programme 5 for goods and services.
- **Programme 3** increased by R260 000 adjusted from Programme 2 to offset over spending under machinery and equipment.
- **Programme 5** increased by R28 million with funds adjusted from Programme 1 and 2 to offset over-spending on goods and services. The adjustment of funds from programme 1 and 2 was approved by National Treasury.

Payment of suppliers

The Department's performance with regard to the settling of invoices within 30 days has not been satisfactory. Non-compliance with National Treasury directives regulating this matter is regarded as a serious transgression as it has a direct economic and social impact on suppliers and their families. A three phased approach has been developed to enhance compliance with this requirement and will be directed towards:

- Addressing current payment backlogs experienced;
- Improving business processes to control and expedite the payment of invoices; and
- Implementing an invoice management system supported by an IT capability.

Unauthorised, fruitless and wasteful expenditure

- a. Unauthorised expenditure

In response to the Presidential call to eradicate mud schools in the country by 2014/15, the Department constructed schools in the Eastern Cape and North West Provinces through the Independent Development Trust (IDT) using technologically-advanced alternative methods. The Department's actions were to swiftly respond to a situation where mud schools was dire and posing risks to the teachers and learners. The construction of schools is however outside the scope of the Department and this can only be done on behalf of clients on a recoverable basis. The Department further

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for the year ended 31 March 2013

procured desks for the schools since the schools did not have furniture that can accommodate all the classrooms built. The schools and movable assets (desks) have been transferred to the relevant provincial departments.

The total costs incurred for the construction of these schools and desks bought, amount to R166 million. This amount was incurred in the financial year 2010/2011 and was subsequently declared unauthorised as it was outside the scope of the programme from which it was funded. The transactions were reported to National Treasury as required in terms of Section 38(1)(g) of the PFMA. All projects undertaken in response to national priorities will in future be implemented with more circumspect and in collaboration with the relevant department and controlling authorities.

b. Fruitless and Wasteful Expenditure

The Department procured SAS software in the financial year 2005/2006 at a cost of R40 million. This software enables a reporting capability and has not yet been fully operationalised to derive value for money. A further R8 million has since been spent to customise the system and provide training to IT personnel. As the Department has embarked on the development of an IT blueprint which will target the infrastructure and applications requirements of the Department in future, it is anticipated that this software may in future still be customised for proper integration to operational databases.

The Department has established a Steering Committee which will, in future, oversee and control the procurement of IT infrastructure to enhance the efficiency of the IT capability.

c. Irregular Expenditure

The Auditor General has qualified irregular expenditure disclosed by the Department and the PMTE between the 2009/10 to 2011/12 financial years. As these disclosures have balances that roll forward into subsequent financial years, it is inevitable that the entire payment population be revisited to adjust amounts disclosed for the relevant financial years.

The Department has successfully completed this review for the DPW main account and this finding has been cleared in the current financial year. However, the National Treasury published revised directives that impacted on the interpretation and identification of irregular expenditure which had to be applied to the affected prior years as well. Together with additional irregular transactions identified, the cumulative result is that the amount disclosed as irregular expenditure for the main vote has subsequently increased from R171 million in financial year 2011/2012 to R1.045 billion in the financial year 2012/2013.

With regards to PMTE, all payment transactions for the year 2012/2013 were reviewed and analysed to identify additional irregular transactions. This detailed analysis resulted in irregular expenditure to the amount of R1,2 billion being identified in the current year resulting in a total cumulative balance of irregular expenditure of R2,6 billion from the initially reported R1,4 billion. The combined cumulative irregular expenditure for DPW and PMTE has thus risen from a combined opening balance of R1,6 billion to R3,6 billion.

The problems identified in the Department giving rise to this unacceptably high level of irregular expenditure are systemic in nature for both procurement of goods and services as well as leasing of properties. The Department therefore embarked on a project which will assist with the re-engineering of business processes and the updating of various policies and controls that will address the shortcomings identified.

d. Other Investigations

The Department's involvement in the security upgrading of the President's private residence in Nkandla is already public knowledge. This project was undertaken on the strength of a security assessment by the relevant security agencies. Based on this needs assessment it is the functional responsibility and mandate of the department to deliver the project in line with the specified requirements.

Given the deep-seated problems within the Department that have been exposed in the public arena, we suspected in respect of the above mentioned and other related projects, that officials in the Department were complicit in violating

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our policies and procedures and allowing projects to escalate way beyond approved budgets. This included allowing service providers to escalate their prices beyond what is reasonable. Our investigations vindicated our suspicions. We are working with the Public Protector to ensure that her investigation on this matter is concluded. It is our commitment to address her findings and recommendations when presented.

In addition to the above certain cases of expected maladministration were referred to the Special Investigations Unit (SIU) which inter alia include-

- Skilpadshek Borderpost project
- Procurement of the SAS system
- Various procurements within the Prestige environment
- Procurement of leases

The above investigations are at various stages of completion and the recommendations shall be acted upon when presented.

2. Services rendered by the department

2.1 Tariff policy

The PMTE mainly derives its revenue from collecting accommodation charges from clients occupying State-owned accommodation. These tariffs were originally calculated on the properties occupied by clients based on information on the Immovable Asset Register as at 2005. Although the entity calculated its required tariff at R 26/m² on average for office buildings, it was only allowed to devolve and claim back the amount that was on client departments' baselines at that stage (2006). This effectively decreased the average tariff to R 4.74/m². Since the devolution in 2006, this charge has increased on average by 19% per annum as approved by National Treasury. The financial impact of this adjustment is that the average charge has increased from approximately R4.74/m² to R11/m² for office buildings. However, different facility types are charged out at different rates.

It is important to note that only the total amount allocated per client is adjusted annually when allocations are made by the National Treasury. The main reason for this is that the Immovable Asset Register improvement project has not yet generated confirmed detail information from which a new tariff structure can be accurately calculated.

The entity also derives revenue from a management fee that it charges clients to administer their municipal services accounts. A 5% fee is charged on the baseline of every invoice issued as a recovery for municipal services paid on their behalf.

Furthermore, the Department generates revenue through the letting of state-owned properties consisting mainly of houses and vacant land. Clients are primarily government departments, government officials and members of the public. According to the Department's Rental Debtors Management Policy, properties must be let at market related tariffs. However, due to the poor condition of some properties and other factors impacting on the possible demand of these properties, market related rentals could not be charged.

2.2 Free services

The Department is responsible for cleaning and horticultural services at its own buildings as well as those occupied by the Department of Justice. Currently, the Department is paying the salaries and other operating expenses for these services where it makes use of its own staff to perform these functions. The trading entity (PMTE) pays all expenditure where this service is delivered by means of external contractors. The cost involved for PMTE to perform these functions amounted to R158 million during the 2012/13 financial year.

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

3. Capacity Constraints

The capacity constraints of the Department relate to a structural fissure and lack of technical and professional skills to deliver on its mandate. The symptoms of this structural fissure is clearly evident in the misalignment of responsibilities and lack of technical competencies which have resulted in the inability to deliver on DPW's and PMTE (Client Departments) infrastructure programmes in an effective and efficient manner. Five of the 11 Regional Offices had no professional services positions on their structure. This created an environment which is not conducive to service delivery.

During the reporting period, the Department identified 219 technical positions that are vacant. This is indicative of the capacity constraints experienced in order to deliver effectively on infrastructure projects, which is the core business of the Department. In order to address this decisively it was decided to:

- Fill the mentioned vacancies as soon as possible. In this regard, 40% of the positions have been advertised and will be filled in the coming year.
- As a bridging strategy, active in-sourcing of professionals are being pursued to fill this vacuum in the interim. This intervention is intended to:
 - Promote a value proposition framework with client departments;
 - Reconfigure the service delivery branches of the Department; and
 - Build capacity through the engagement of professional firms or individuals.
- Joint teams have been established for critical clients that represent 80% of the infrastructure budgets.
- The Minister further made a plea to retired engineers to make their skills and experience available during the transformation phase of the Department. Individuals that have responded will be considered against vacant technical positions that could not be filled through normal recruitment processes.

4. Utilisation of donor funds

No donor funds were received during the reporting period.

5. Trading entities and public entities

4.1 Property Management Trading Entity (PMTE)

National Treasury approved the establishment of the Property Management Trading Entity in March 2006 to manage the Department's property portfolio. During the reporting period, the Department took decisive action to implement the PMTE in line with the original approval of the National Treasury. An interim solution was conceptualized in terms of structure, systems and human resource requirements. This solution was implemented on 1 April 2013 and also focused on the accounting and reporting requirements that is required for this entity. Although it is only a requirement for all trading entities to adopt the GRAP principles of accounting as from the 2013/14 financial year, it was decided to accommodate an early adoption of GRAP as from 1 April 2012 and align all accounting and reporting templates and processes accordingly.

The adoption of the interim solution for the PMTE will now clearly segregate the functions of the PMTE and DPW's Main Account. All the current Asset and Property Management functions within DPW will formally be transferred to the PMTE and henceforth be reported on as part of the PMTE's operations. This is a distinct departure from the historical dispensation where the PMTE simply operated as an account rather than a fully-functional trading entity. It is foreseen that this intervention to properly establish the PMTE will not only address the negative audit opinions received over the past years but will also improve the financial sustainability of the PMTE going forward.

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

As a result of the decision to adopt GRAP accounting principles, the following changes were made with regards to the financial statements for PMTE:

- Included a statement of comparison between budgeted and actual amounts
- Revenue and interest is split between revenue from exchange and non-exchange transactions.
- Commitments are not disclosed in PMTE but only in DPW as the properties are held and disclosed within DPW.

In the medium to long term, it is the intention for the PMTE to be suitably positioned and structured to enhance the capacity of the Department to better deliver on its mandate and to directly contribute towards its strategic objectives. For this purpose it was deemed appropriate to position the PMTE as a formalised Trading Entity under the direct control of the Department.

The envisaged future structure and operating model will in the medium to longer term most probably take the form of a government component and lay the foundation for an organization that will:

- a) provide fit-for-purpose accommodation to its user departments at appropriate and competitive rates;
- b) generate sufficient funding to finance strategic projects to meet the accommodation needs of clients in the short to medium term; and
- c) apply revenue towards the optimisation of the asset portfolio.

The current operating model of the PMTE is undoubtedly impacting on the financial efficiency of the PMTE as well as the liquidity of the trading account. This is, inter alia, evidenced by the bank overdraft as at year end. The PMTE only recovers expenditure incurred on behalf of client departments about 60 to 90 days after payment has been made to suppliers. As part of the future operating model, it will be important in conjunction with National Treasury to reconsider the devolution framework, the recovery process and the most appropriate funding model. A strategy to deal with long outstanding debt has also been developed.

The PMTE is still operating without the relevant financial systems that are critical for enabling compliance with GRAP. The business and technical requirements required in terms of GRAP have been developed and documented. The procurement of the new financial system will be put to the open market during the 2013/14 financial year. In the meantime the PMTE has to continue using the Basic Accounting System (BAS), which is a "cash based" system. All balances have to be manually converted to accrual figures at year-end.

Significant progress has been made in terms of completeness and accuracy of figures especially those relating to prior year balances. Similarly, reporting is also dependent on manual processes which have to be updated on a monthly basis and all accounting treatments (e.g. impairments and discounting) may be subject to human error. To ensure accuracy, reconciliations are done on a monthly basis on all accounts and between operational systems to ensure that any discrepancies are identified and dealt with expeditiously.

Net liability position reported by PMTE

The PMTE reported a net liability position of R879 million as at 31 March 2013 and R1.052 billion as at 31 March 2012. This raises a potential concern relating to the technical solvency of the entity.

The reported net liability position resulted from the fact that the PMTE has been incurring operating deficits primarily as a result of -

- Significant impairments cumulatively amounting to some R1.254 billion as at 31 March 2013. This pertains primarily to historic debt of which the recoverability is considered to be doubtful. The implementation of appropriate systems, processes and enhancement of skills as part of the financial turnaround initiatives will ensure that the

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

need to impair accounts receivables is minimized in future. This is already evidenced by the significant reduction in the required impairment by some 79 % from R412 million in the 2011/12 financial year to R83 million during 2012/13.

- Inability of the PMTE to recover all its operating lease expenditure incurred within the leasehold property portfolio due to the ineffective property leasing operating environment. During 2012/13 the deficit between accommodation leasehold income and operating lease expenditure amounted to R253 million compared to a deficit of R346 million in 2011/12. Significant attention is already being given to the operational enhancement of this function and effective management of the leasehold property portfolio. This should have a positive financial impact on future PMTE results.

It should however be noted that for the year ended 31 March 2013, State-owned immovable assets have been reported in the Department's main vote annual financial statements at a cost of R3.568 billion (see disclosure note 34) – of these 129 273 properties were disclosed at R1 each. In the next financial year, these assets will be transferred to the PMTE in line with the PMTE's proposed business case and operating model. It is planned to have these assets fair valued in line with GRAP requirements applicable to the PMTE. When it is reported on in the PMTE's financial statements, this will result in a significant turnaround from a net liability to net asset position. The implication of the transfer will be that PMTE would no longer reflect a technically insolvent position as assets and liabilities will be contained in the same set of financial statements and this would be far more representative of the financial position of the entity.

Despite the reported net liability position, the ability of PMTE to meet its obligations in the foreseeable future and to continue as a going concern remains secure. This is supported by the budgeted cash flow forecasts, access to funding generated from its operating activities and the augmentation allocation the PMTE receives annually from National Treasury. The current bank overdraft of some R1.4 billion is directly as a consequence of the PMTE's operating model whereby it first pays for client expenditure and invoices and recovers afterwards from the affected parties. This timing difference of up to 90 days results in PMTE effectively providing bridging finance to its clients. The PMTE business model must be aligned to provide the most viable solution for both the PMTE and its clients.

5.2 Public entities

5.2.1 cidb

For the financial year 2012/13 the cidb received a grant of R68 million from the Department. A further amount of R43 million was generated in the form of revenue from registrations, as well as other income of R5 million. The total income for the reporting period was R115 million for the year.

The net operating deficit for the financial year was R7 million. This was funded from the accumulated surplus of R59 million carried over from the previous financial year.

The cidb performance achievement according to the approved performance plan was satisfactory.

5.2.2 IDT

The financial year ended 31 March 2013 has been a challenging one for the Independent Development Trust (IDT). The programme portfolio it implemented for client departments grew by over 30% from the 2011/12 financial year to achieve programme expenditure of R5.6 billion. This delivery was achieved despite resources remaining largely unchanged from the previous year.

Management fees charged to client departments grew by more than 33% compared with the previous year to R189 million. Investment income totalled R13 million due to the diminishing investment fund which stood at R170 million at the end of the financial year. The allocation from Treasury of R 51 million assisted in reducing the deficit for the financial year to R111 million.

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for the year ended 31 March 2013

The cost containment strategy, implemented during the financial year, and aimed at ensuring enhanced efficiencies and the better utilisation of resources, was an enabling factor in containing the operational costs. The organisation has focused on the delivery of infrastructure and reduced its social facilitation deliverables as it awaits confirmation of its mandate which should be finalised 2013/2014 financial year. By so doing the total operational costs have been limited to R370 million.

The IDT's focus in the coming financial year is on increasing the level of management fees, with the support of the Department and National Treasury. Failure to increase the management fees will result in the IDT not remaining a going concern.

5.2.3 Agrément Board

The Department has experienced problems to secure transfer payments to this institution because its mandate and legal status has not yet been formally established in terms of legislation. The Department has now initiated formal processes to correct this.

The overall financial performance of the entity has been satisfactory during the reporting period. It shows an overall 2% increase in revenue to R10 million. On the other hand overhead costs reduced by 8% during the year contributing to a 107% increase in net margin.

5.2.4 Council for the Built Environment

In line with the MTEF allocation, R27 million was received as a transfer payment from the Department. A secondary transfer of R708 000 was subsequently, made bringing the total grant received to R28 million. This allocation was used to pursue the following strategic areas:

- Implementation of processes and systems geared at optimizing delivery of the mandate;
- Driving the skills development for the transformation of the built environment;
- Facilitating the participation of the built environment professions in pursuit of national strategic objectives; and
- Promoting and enforcing professional ethics to ensure public safety within the built environment.

Interim financial results indicate minor movements within key financial components. Overall expenditure declined by 2% due to:

- A decrease in operating expenditure due to a decline of spending on bursaries
- Reduction in the use of consultants

Assets increased by 29% due to the capital investment made on property plant and equipment.

5.2.5 Parliamentary Village Management Board

In accordance with the mandate of the Board, an amount of R8 million was transferred to the Board during the reporting period.

5.2.6 Construction Sector Education Training Authority

In support of training and skills development in the construction industry, an amount of R1,260 million was transferred during the reporting period to the Construction SETA.

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

6. Organisations that received transfer payments

6.1 EPWP: Integrated grant for Provinces and Municipalities

In the 2012/13 financial year, the EPWP Integrated grant for Provinces and EPWP Integrated grant for Municipalities were changed from a schedule 8 grant to a schedule 5 grant for Provinces and Schedule 6 grant to Municipalities. This was mainly because of the low uptake of the incentive grant by different public bodies when the grant was a schedule 8 grant and public bodies were paid according to their performance.

The change of the schedule of the grants implies that the grants are now planning and performance based. At the beginning of the relevant financial year, 40% of the grant allocation is disbursed to eligible provinces and municipalities based upon them signing an incentive agreement detailing the projects that they are going to implement. The first disbursement for provincial departments was made in May 2012 with two further disbursements in August 2012 and November 2012. For Municipalities, the first disbursement was made in August 2012 with two further disbursements in November 2012 and February 2013. The second and third disbursements of the integrated grant consists of tranches of 30% each and depends on public bodies submitting relevant financial reports and implementing projects according to the relevant business plan.

The change of the schedule of the integrated grant has enabled all the eligible public bodies to access funds and all funds were disbursed. Some of the public bodies have experienced challenges in implementing projects but the Department is providing technical support to the different public bodies to ensure that they implement the different projects and spend their funds.

For the Social sector and the Non-State sector funds have been disbursed to the relevant Provincial Departments and Non-State organisations.

6.2 Devolution of property rates funds to Provinces:

Prior to 1994, the Department was the custodian / owner of most state-owned properties and therefore took the responsibility for the payment of municipal property rates. This continued until the 1st April 2008 when the function and payments of approximately 50 000 properties were transferred to respective provinces. The funds for the payment of property rates to municipalities were devolved in the form of Conditional Grant. During 2012/13, an allocation of R1.919 billion was made available to the Provinces for the payment of property rates and R1.802 billion (including the approved roll over), was spent by the provinces.

The Department transferred R1.798 billion to the provincial public works departments. This is equivalent to 94% of the allocated budget of R1.919 billion. Kwa-Zulu Natal Provincial Department of Public Works declared a saving of R120 million while Western Cape, Free State and Mpumalanga together had declared shortfall of R109 million of their allocation.

6. Public Private Partnerships (PPP)

The Department participates in a PPP for the outsourced provision of Fleet Management Services through the National Department of Transport. The PPP provides full maintenance lease vehicles as per the requirement from each Department. The contract is a 5 year contract which commenced in November 2006 and ended in November 2011. However, the contract was extended with a further two years in November 2011 until November 2013.

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

8. Corporate governance arrangements

The nature and extent of prior years' findings was a compelling indicator to take decisive action to remedy the root causes affecting the effectiveness of operations of the Department. An analysis done by the department in collaboration with the National Treasury set the direction for multiple interventions to address matters of regularity, internal controls enhancement and enforcement. This also informed fundamental transformation initiatives to improve efficiencies to deliver on the department's mandate. From this review, it was clear that challenges were not localised in any particular function or office of the department but was rather a general trend. Due to the nature and extent of the problem, it was decided to target a number of critical functions to urgently stabilise operations on a wide front. This led to the initiation of stabilisation interventions focussing on updating the Immovable Asset Register, performing a comprehensive review of all private leases that the department is currently contractually bound to, and, conducting a comprehensive review of all finance and supply chain functions. These interventions are further elaborated on in more detail in other sections of this report.

A number of additional governance mechanisms were established to enforce corrective action where discrepancies were identified. The operationalization of a Compliance and Inspectorate unit in Head Office and all regions was an intervention to pro-actively avoid the occurrence of irregular and unauthorised activities. Furthermore an Action Plan Committee was established as an oversight structure monitoring interventions to address the root causes of core findings raised by the Auditor – General as well as management.

At a senior management level and as a direct support of these initiatives, an Accountability EXCO was also established to oversee the progress and results from these interventions in order to steer the department towards an improved audit outcome. These mechanisms have had significant impact as progress is actively managed, reported on and senior managers are held accountable for progress with corrective action.

9. Discontinued activities / activities to be discontinued

No activities were discontinued during the reporting period.

10. New / proposed activities

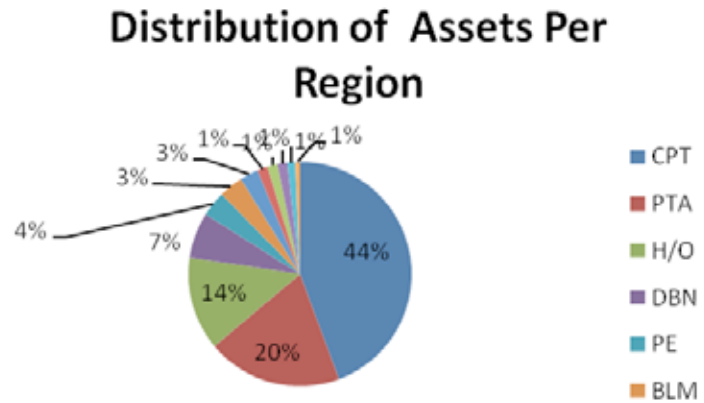
No new activities were initiated during the reporting period.

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

11. Asset management (Movable)

TOTAL MINOR/MAJOR MOVABLE ASSETS - DPW ASSET REGISTER		
Regions	Distribution of Assets Per Region	Value of Assets
		R`000
CPT	53 623	201 689
PTA	23 586	176 740
H/O	16 367	129 409
DBN	7 984	45 400
PE	4 416	12 878
BLM	4 209	10 548
JHB	3 229	13 594
KIM	1 806	9 341
PLK	1 750	7 707
MMB	1 726	7 007
NLS	1 378	6 867
UMT	815	5 205
TOTALS	120 889	626 385



The management of DPW assets is complex in nature due to the Prestige environment. The chart above demonstrates that 71% of DPW assets are distributed within the Prestige Regions namely Cape Town, Pretoria and Durban. These assets are located within VIP residences, Ministerial houses, flats for Directors-General, Parliamentary villages and offices. Despite the complexity of the Prestige environment, the management of departmental assets has been very efficient as it has received unqualified audit opinions for the last three consecutive years. This is due to the following intervention strategies that are in place:

- Continuous scanning of the environment to stay abreast of current changes
- Continuous improvement of internal controls to minimise risk and ensure effective and efficient movable asset management
- Introduction of the signing of a compliance certificate to reduce the risk of unauthorised movements
- Appointment of a service provider to assist the department with the verification of assets especially within Prestige environment (capacity constraints)
- Establishment of a fully-fledged movable asset management function/unit both at national and regional offices
- Continuous cycle counts, monthly reconciliation, asset register audit and annual verifications
- Unique identification, cataloguing, fair valuation of heritage assets within VIP residence and Groote Schuur Museum.
- Change accounting unit for recording of curtains, carpets, cutlery and crockery by uniquely identifying, cataloguing and fair valuing items within VIP residences.

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

12. Inventories

As a result of the change in accounting policy from historical cost to weighted average cost, the opening balance of inventories held at cost of R12 million has been restated to R5.7 million, representing 580 803 units. The breakdown of the inventories for the financial year 2012/2013 is as follows:

Table 4: Balances of inventories

INVENTORY	2012/2013		2011/2012	
	Quantity	R' 000	Quantity	R' 000
Opening balance	580 803	5 674	662 628	8 321
Add (less): Adjustment to prior year balances	-	4	932	(114)
Add: Additions / Purchases – Cash	1 064 142	38 129	910 007	36 125
Add: Additions – Non cash	6 698	184	24 600	416
(Less): Disposals	(41)	(2)	(5 011)	(5)
(Less): Issues	(961 535)	(31 833)	(1 004 676)	(30 798)
Add / (Less): Adjustments	5 582	456	(7 678)	(8 271)
Closing balance	695 649	12 612	580 802	5 674

13. Events after the reporting date

No material events occurred after the reporting period.

14. SCOPA resolutions

Initiatives to improve audit outcomes

The Department introduced various projects to improve the audit outcomes within the next two years. Substantial progress has been made during the current financial year with regards to the completeness and accuracy of prior year's irregular expenditure, completeness of immoveable assets, completeness and disclosure of accruals and related party transactions.

The overall quality of the Annual Financial Statements has been improved for both the Department and PMTE. Although the PMTE's Annual Financial Statements has been prepared in line with Generally Recognized Accounting Practice, the underlying information and lack of a proper accounting system remains a challenge. Audit Action Plans are in place to address the remaining issues identified in the 2012/13 financial year.

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

Table 5: Department of Public Works (DPW)

DEPARTMENT OF PUBLIC WORKS (DPW)			
No.	REPORT BY AUDITOR-GENERAL	Subject	PROGRESS
a)	The Department did not provide sufficient and appropriate audit evidence to confirm the completeness, existence, rights, valuation and allocation of properties recorded in the immovable asset register of the department stated at R3 498 747 000 in note 34 to the financial statements;	Immovable Tangible Capital Assets	
	The Committee recommends: a) Capacity constraints in the department are addressed so that officials of the department take ownership of and responsibility for the immovable asset register;		In December 2011 DPW appointed 21 management trainees on a 24 months contract to capacitate the resource requirements to ensure that the Immovable Asset Register Enhancement Programme is completed. The Operating model is under development to address capacity constraints in the department in future.
b)	There was no supporting documentation for the restatement as disclosed in note 34 to the financial statements, the corresponding figure for immovable assets has been reduced by R6 091 920 000 in order to address a prior year misstatement; and		
	The committee recommends: a) All information listed in the asset register is supported by valid supporting documentation;		The Department has been sourcing, scanning and saving the required supporting documents (Title Deeds, SG Diagrams etc) through desktop exercises to be used as portfolio of evidence in the asset register during the audit of the Annual Financial Statements for the year ended by 31 March 2013. The process of maintaining the required valid supporting documentation for immovable assets has been incorporated into the Department's business processes and is an on-going process.
c)	The existence, completeness, valuation and allocation of, and rights pertaining to, the restated immovable assets corresponding figure of R2 238 008 000, could not be confirmed.		

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

DEPARTMENT OF PUBLIC WORKS (DPW)			
No.	REPORT BY AUDITOR-GENERAL	Subject	PROGRESS
	<p><u>The committee recommends:</u></p> <p>The asset register is updated and maintained throughout the year and adheres to the requirements for asset registers by National Treasury; and</p> <p>a) Valuation of assets is done in accordance with the applicable accounting framework.</p>		<p>The Department of Public Works (DPW) has completed the desktop analysis in verifying and validating the properties belonging to National Government under DPW's custodianship against the Deeds Data, Chief Surveyor-General Data, National and Provincial Immovable Asset Registers. DPW is currently reconciling the properties against the latest Deeds data to track movements in property ownership since the initial analysis.</p> <p>The verified and validated properties determine the scope of work for physical verification which will commence in the 2013/14 financial years. DPW's IAR is being maintained and updated on a regular basis by the management trainees at Head Office. In compliance with the applicable accounting frameworks the Department will also apply a fair value model and capitalisation practices as a means of establishing meaningful, consistent and reliable deemed cost for its immovable assets.</p>
a)	<p>The department did not have an adequate system in place for identifying and recognizing all irregular expenditure. The completeness of irregular expenditure relating to the current year stated at R1 396 000 (2010: R27 402 000) in note 26 to the financial statements could not be confirmed;</p>	Irregular Expenditure	
	<p><u>The committee recommends:</u></p> <p>a) The completion of the deviation registers is made compulsory for the head office and regional offices. This is not only for the awarding of tenders, but also where the required number of quotations was not obtained;</p>		<p>The reporting of deviations has been made compulsory through SCM Circular 16 of 2012. In addition a centralized reporting repository has been set in place within the Paper -Trail System to ensure that all the offices upload the deviations within the system as soon as they occur on a weekly basis. All the relevant officials have been trained to ensure that they report accordingly in the system.</p> <p>Compliance to the reporting requirements has not been adequate and measures are being put in place to follow up outstanding deviation reports from the relevant business units.</p>
b)	<p>Irregular expenditure was understated with R16 552 542 due to payments that were made in contravention of supply chain management requirements not being included in irregular expenditure relating to the current year, disclosed at R1 396 000 in note 26 to the financial statements; and</p>		

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

DEPARTMENT OF PUBLIC WORKS (DPW)			
No.	REPORT BY AUDITOR-GENERAL	Subject	PROGRESS
	<p><u>The Committee recommends:</u></p> <p>The deviations are monitored, investigated and discussed at top management level, and appropriate disciplinary action is taken immediately against responsible officials where deviations were not justified;</p>		<p>A report on deviations is sent through to the CFO and the ACD: SCM. Such a report is also availed to the Stabilization Team both for quotations and bids. Within the Audit Action. A consolidated report of deviation for transactions above a million has been prepared and presented to management. In respect of transactions below R500 000 a deviation report has also been compiled.</p> <p>A new circular has also been put in place to devolve the management of deviations to the regions and so as to hold the relevant managers accountable. At national level the delegation for consideration and approval of these deviations has been placed at the National Bid Adjudication Committee.</p>
c)	<p>Audit evidence for expenditure transactions with an estimated value of R154 648 753 could not be obtained. The occurrence, accuracy and compliance of goods and services amounting to R819 046 000 and expenditure for capital assets stated at R1 340 569 000 in the statement of financial performance, could not be verified.</p>		
	<p><u>The Committee recommends:</u></p> <p>Supply chain management policies are updated and circulars to this effect issued, and monitoring controls are strengthened to ensure adherence;</p>		<p>As is SCM policy, designed to incorporate the circular and changes that were effected during the 2012/13 financial is in the process of being finalized by the Financial Service Provider that was appointed in December 2012 for approval by the Accounting Officer.</p>
	<p><u>The Committee recommends:</u></p> <p>Capacity constraints in the internal audit are addressed to ensure that all allegations are responded to timeously; and</p>		<p>The Department is considering enhancing the structure of the Unit to ensure that it is adequately and appropriately resourced. The work-study has been commissioned to ensure that the Unit is appropriately structured.</p> <p>Recruitment process for some of the approved proposed position is underway.</p> <p>A panel of three service providers has been appointed for two years as a short term measure to address the capacity issue.</p>
	<p><u>The Committee recommends:</u></p> <p>A comprehensive policy with corresponding procedures is implemented to ensure proper record-keeping.</p>		<p>We have finalized the records management policy. It is in the process of being rolled out to the Regions.</p> <p>There is also a task team that has been established by the meeting of the Minister with the Executive Managers to come up with better records management systems for implementation throughout the department.</p>

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

DEPARTMENT OF PUBLIC WORKS (DPW)			
No.	REPORT BY AUDITOR-GENERAL	Subject	PROGRESS
a)	Audit evidence could not be obtained for the restatement of the comparative for operating leases of R115 039 000;	Lease Commitments	
b)	The obligation, valuation and classification of the operating lease commitments corresponding figure of R115 039 000 as disclosed in note 24.1 to the financial statements, could not be confirmed;		
	<u>The Committee recommends:</u> Sufficient audit evidence is made available on time for all disclosure notes in the financial statements, for audit purposes.		Audit evidence was provided for the year ended 31 March 2013 except transactions that relate to PMTE which is under review.
	<u>The Committee recommends:</u> Control measures are implemented to ensure completeness of information disclosed		Implementation of control measures are being implemented, but not yet addressing completeness.
c)	Information technology (IT) finance leases entered into in April 2009 were not included in the finance lease commitments during the prior year. Available lease registers did not contain the commitments as at the end of the prior year. The completeness of the finance lease commitments of the prior year, amounting to R7 797 000 as disclosed in note 24.3 to the financial statements, could not be confirmed.		
	<u>The Committee recommends:</u> Officials at regional offices are capacitated and trained to perform these functions.		A Financial Statement Framework was introduced by Head Office to capacitate regions where officials can perform the function effectively. This control was developed to ensure that all commitments are disclosed in the AFS. All officials at regional offices were trained between January and February 2013.

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

DEPARTMENT OF PUBLIC WORKS (DPW)			
No.	REPORT BY AUDITOR-GENERAL	Subject	PROGRESS
a)	<p>Claims against the department amounting to R5 095 376 were not included in the contingent liabilities disclosed. Furthermore, the department did not perform any assessment as to the most likely settlement amounts. The valuation and completeness of claims against the department stated at R29 395 000 in note 20 to the financial statements could not be confirmed;</p> <p>The Committee recommends: Assessment of claims are documented and included in audit files submitted with the financial statement.</p>	Contingent Liabilities	<p>Assessment of contingent liabilities is currently documented on a quarterly basis, submitted to both PMTE and DPW team for verification for ultimate inclusion in audit files submitted with the financial statement.</p>
b)	<p>Contingent liabilities were understated by R3 636 000 due to unconfirmed interdepartmental balances not being included in disclosure note 20 to the financial statements.</p> <p>The Committee recommends: A reconciliation of the claims disclosed in the department and those disclosed in the Property Management Trading Entity is performed to ensure completeness of disclosures.</p>		<p>There are teams currently set up comprising PMTE and DPW working hand in hand with Legal Services to ensure accuracy and completeness of disclosures in the financial statements in order to avoid understatement.</p>
a)	<p>As disclosed in note 30 to the financial statements, the department is participating in a PPP for the lease of vehicles. However, neither lease expenditure nor lease commitments have been included in the disclosure note;</p> <p>The Committee recommends: Monitoring controls are implemented to ensure that disclosures are in line with the prescribed accounting framework.</p>	Public Private Partnership	<p>It was successfully performed for the year ended 31 March 2013.</p>
b)	<p>Lease expenditure for the current year was understated by R19 955 610 (R17 400 000 for the prior year), but the department's accounting records did not permit the quantification of the omission of prior year lease expenditure;</p>		
c)	<p>The extent to which the lease expenditure of the prior year and the lease commitments of the current year had been understated could not be determined.</p> <p>The Committee recommends: A comprehensive policy with corresponding procedures is implemented to ensure proper record-keeping.</p>		<p>No policy except the AFS framework developed in line with the Preparation Guide issued by National Treasury.</p>

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

Table 5: Property Management Trading Entity (PMTE)

PROPERTY MANAGEMENT TRADING ENTITY (PMTE)			
No.	REPORT BY AUDITOR-GENERAL	Subject	PROGRESS
a)	The entity did not have adequate systems for identifying and recognizing all irregular expenditure. The completeness of irregular expenditure relating to the current year stated at R138 637 000 (2010: R264 180 000) in note 12 to the financial statements could therefore not be confirmed;	Irregular Expenditure	Supply chain management processes are validated by Inspectorate and Compliance before appointment is finalized. All batches relating to financial year 2012/2013 have been checked to ensure completeness of irregular expenditure.
	The Committee recommends: d) The planned project, to implement a system that enables continuous financial reporting in line with the requirements of the SA statements of GAAP, is prioritized and finalised as a matter of urgency.		The specification for billing and accounting system will be finalised in 2013/14 and award of bid will also be in 2013/14
b)	Payments amounting to R291 668 886 were made in contravention of supply chain management requirements. The amount was not included in irregular expenditure, disclosed in note 12 to the financial statements resulting in irregular expenditure being understated by R291 668 886.		
	The Committee recommends: The completion of the deviation registers is made compulsory for head office and regional offices. This is not only for the awarding of tenders, but also where the required number of quotations was not obtained.		The deviation register is submitted to Head Office-SCM monthly by all Regional Offices and Head Office. Compliance to the reporting requirements has not been adequate and measures are being put in place to follow up outstanding deviation reports from the relevant business units.
	The Committee recommends: The deviations are monitored, investigated and discussed at top management level, and appropriate disciplinary action is taken immediately against responsible officials where deviations were not justified.		Due to limited capacity in SCM-Head Office, deviations are not yet investigated to enable management to take appropriate actions.
	The Committee recommends: Supply chain management policies are updated and circulars to this effect issued, and monitoring controls are strengthened to ensure adherence.		Supply Chain Management policy is currently being updated to be in line with current updates.

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

PROPERTY MANAGEMENT TRADING ENTITY (PMTE)			
No.	REPORT BY AUDITOR-GENERAL	Subject	PROGRESS
	<p><u>The Committee recommends:</u> Capacity constraints in the internal audit unit are addressed to ensure that all allegations are responded to timeously.</p>		<p>The Department is considering enhancing the structure of the Unit to ensure that it is adequately and appropriately resourced. The work-study has been commissioned to ensure that the Unit is appropriately structured.</p> <p>Recruitment process for some of the approved proposed position is underway.</p> <p>A panel of three service providers has been appointed for a period of two years as a short term measure to address the capacity issue.</p>
	<p><u>The Committee recommends:</u> A comprehensive policy with corresponding procedures is implemented to ensure proper record-keeping.</p>		<p>We have finalized the records management policy. It is in the process of being rolled out to the Regions.</p> <p>There is also a task team that has been established by the meeting of the Minister with the Executive Managers to come up with better records management systems for implementation throughout the department.</p>
	<p>The Auditor-General reported that the entity did not have adequate systems for identifying and recognizing all fruitless and wasteful expenditure. The completeness of fruitless and wasteful expenditure of R6 772 000 in note 12 to the financial statements could therefore not be confirmed.</p>	<p>Fruitless and Wasteful Expenditure</p>	
	<p><u>The Committee recommends:</u> Fruitless and wasteful expenditure register is compiled monthly, and management reviews the register to ensure compliance with Treasury Regulations and the Public Finance Management Act (PFMA).</p>		<p>The register of fruitless and wasteful expenditure is compiled monthly and submitted to National Treasury in compliance with Treasury Regulations and the Public Finance Management Act.</p> <p>The register is reviewed by each Head of Finance and SCM at Regional Offices and Directorate: Inspectorate & Compliance at Head Office and also the consolidated register.</p>
	<p><u>The Committee recommends:</u> The entity implements adequate and appropriate systems to identify unutilized or underutilized buildings so as to avoid fruitless and wasteful expenditure.</p>		<p>The Rehabilitation programme is funded by National Treasury and is aligned to UAMPs and CAMP. Consultants are to be appointed to determine highest and best practice use. The programme will be aligned to the Green Building Framework. It will include Facilities management and marketed to users. Action and Implementation Plans have been developed.</p>

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

PROPERTY MANAGEMENT TRADING ENTITY (PMTE)			
No.	REPORT BY AUDITOR-GENERAL	Subject	PROGRESS
	<p>The Auditor-General reported that the entity did not apply the principles contained in SA Statements of GAAP, IAS 39 (AC 133) correctly and was unable to provide sufficient appropriate audit evidence for the assumptions used in determining the accounting treatment of the bank overdraft.</p> <p>As a result, interest received – stated at R123 657 000 in note 9 to the financial statements – was overstated by R84 510 107 and the bank overdraft – stated at R1 254 763 000 in note 4 to the financial statements – was understated by R84 510 107</p>	Bank Overdraft	
	<p><u>The Committee recommends:</u></p> <p>Adequately skilled staff with the necessary GAAP experience is employed, and the current staff members trained to ensure correct application of GAAP principles.</p>		The finding has been addressed and cleared.
	<p><u>The Committee recommends:</u></p> <p>The financial statements and supporting schedules are reviewed in line with the SA statements of GAAP and that all deficiencies are resolved before they are submitted for audit.</p>		The finding has been addressed and cleared.
	<p>The Auditor-General reported that the occurrence, obligations, completeness, classification and accuracy of commitments of R9 475 435 000 in note 13 to the financial statements could not be verified due to lack of sufficient appropriate audit evidence.</p>	Other Commitments	
	<p><u>The Committee recommends:</u></p> <p>A comprehensive policy with corresponding procedures is implemented to ensure proper record-keeping.</p>		A report is currently being developed on Work Control System (WCS) and to be certified to confirm accuracy and completeness after verifying with documentation.
	<p><u>The Committee recommends:</u></p> <p>Responsibility for the safeguarding of documents is clearly assigned to individuals and action is taken if documentation is lost.</p>		Through the Turnaround intervention, the Department will further develop a better records management system for implementation throughout the department.

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

PROPERTY MANAGEMENT TRADING ENTITY (PMTE)			
No.	REPORT BY AUDITOR-GENERAL	Subject	PROGRESS
	The entity did not assess the probability of the outflow of future economic benefits in respect of claims made against the entity as required per SA Statements of GAAP, IAS 37. As a result the audit team was not able to determine whether contingent liabilities reflected were accurately valued and whether, based on the probability of the outflow of future economic benefits, in certain instances a provision should have been raised. Consequently, the completeness, occurrence, obligations, classification and valuation of contingent liabilities stated at R129 436 000 in note 14 to the financial statements could not be verified;	Contingent Liabilities	
	<u>The Committee recommends:</u> Monitoring controls are implemented to ensure that disclosures are in line with the prescribed accounting framework.		Disclosure note was implemented successfully
	<u>The Committee recommends:</u> Assessments of claims are documented and included in audit files submitted with the financial statement.		Contingent liabilities were assessed retrospectively 2011/12.
	The entity could not provide evidence for the prior year error (reduction of contingent liabilities by R320 728 000). Consequently the occurrence, obligation, completeness, classification and valuation pertaining to the contingent liabilities corresponding figure of R70 276 000 in note 14 to the financial statements could not be verified.		
	<u>The Committee recommends:</u> A reconciliation of the claims disclosed in the department and those disclosed in the Property Management Trading Entity if performed to ensure completeness of disclosures		Reconciliation between claims between the department and PMTE was performed retrospectively and disclosed correctly.
	The Auditor-General reported that the operating lease commitments from the perspective of both the lessee and lessor stated at R12 521 880 000 in note 13 to the financial statements, were understated by an estimated amount of R2 651 698 215. This resulted from the calculation of the lease commitment being based on the straight-line lease payments instead of taking the minimum lease payments into account as per SA Statements of GAAP, IAS 17 (AC105) on Leases.	Operating Lease Commitments	

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

PROPERTY MANAGEMENT TRADING ENTITY (PMTE)			
No.	REPORT BY AUDITOR-GENERAL	Subject	PROGRESS
	<p><u>The Committee recommends:</u></p> <p>Adequately skilled staff with the necessary GAAP experience is employed, and the current staff members trained to ensure correct application of GAAP principles.</p>		Staffing has been addressed and training to the current staff will be addressed on continues basis.
	<p><u>The Committee recommends:</u></p> <p>The financial statements and supporting schedules are reviewed in line with the SA statements of GAAP and that all deficiencies are resolved before they are submitted for audit.</p>		Internal control measures will be addressed with the implementation of the review and audit of the leases.
	<p>The Auditor-General reported that due to the lack of a proper accounting systems for trade receivables and unreconciled individual trade receivable balances at year end, the existence, completeness, valuation, rights and obligations of related party balances as well as the occurrence, completeness, accuracy, cut-off and classification of related party transactions, as disclosed in note 15 of the financial statements, could not be verified.</p>	Related Party Transactions	
	<p><u>The Committee recommends:</u></p> <p>Adequately skilled staff with the necessary GAAP experience is employed, and the current staff members trained to ensure correct application of GAAP principles.</p>		Staffing has been addressed and training to the current staff will be addressed on continues basis.
	<p><u>The Committee recommends:</u></p> <p>The financial statements and supporting schedules are reviewed in line with the SA Statements of GAAP and that all deficiencies are resolved before they are submitted for audit.</p>		Internal control measures that addresses the review of financial statement and continually improving.
	<p><u>The Committee recommends:</u></p> <p>Policies and procedures to regulate the identification and recording of related parties in line with GAAP are developed.</p>		Policy is in place and will be reviewed.
	<p><u>The Committee recommends:</u></p> <p>A register to record all related party transactions is implemented.</p>		Transaction and balances are recorded in the schedules and the aged analysis on a monthly basis.
	<p>The Auditor-General reported that the entity did not include a narrative note as per the requirements of SA Statements of GAAP, IAS 8 on the nature of the restatements disclosed.</p>	Restatement of Comparative Amounts	

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

PROPERTY MANAGEMENT TRADING ENTITY (PMTE)			
No.	REPORT BY AUDITOR-GENERAL	Subject	PROGRESS
	<p><u>The Committee recommends:</u> Adequately skilled staff with the necessary GAAP experience is employed, and the current staff members trained to ensure correct application of GAAP principles.</p>		Staffing has been addressed and training to the current staff will be addressed on continues basis
	<p><u>The Committee recommends:</u> The financial statements and supporting schedules are reviewed in line with the SA statements of GAAP and that all deficiencies are resolved before they are submitted for audit.</p>		Restatements were implemented successfully.
a)	The alleged abuse of urgent and emergency procurement as well as the utilization of sole suppliers. The investigation aims to establish whether there was collusion between officials and service providers and to determine any reckless spending of funds. The investigation was still ongoing at the reporting date.	<u>Investigations</u>	
b)	Irregular expenditure in respect of the leasing of properties as well as an alleged irregular award of a tender and the incapacity of a contractor to fulfill his duties.		
c)	Complaints and allegations of maladministration and improper and unlawful conduct by the Department of Public Works and the South African Police Service relating to the leasing of office accommodation in Pretoria.		
d)	Complaints and allegations of maladministration and improper and unlawful conduct by the Department of Public Works and the South African Police Service relating to the leasing of the South African Police Service's office accommodation in Durban.		
	<p><u>The Committee recommends:</u> The committee notes the reported investigations, urges the Accounting Officer to ensure their finalization without unnecessary delay, and to apply whatever corrective measures necessary to recover all and any monies found to have been irregular expended.</p>		

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

PROPERTY MANAGEMENT TRADING ENTITY (PMTE)			
No.	REPORT BY AUDITOR-GENERAL	Subject	PROGRESS
			<p>Investigations on leasing:-</p> <p>These matters were initially identified to be transferred to the SIU for further investigations as IA&IS felt that they fell within the SIU investigations mandate as stipulated in Proclamation 38 of 2010. The SIU subsequently indicated that they were not in a position to execute these assignments.</p> <p>The Unit has since attended to them and the status is as follows:-</p> <p>JHB - Irregular Expenditure on Leases, this matter was referred to Inspectorate and Compliance to validate the irregular expenditure identified. The assessment conducted on the matter by IA&IS did not reveal any indication of incident of fraud and corruption but rather that the expenditure was regarded as irregular due non-compliance with SCM prescripts. Upon validation of the irregular expenditure the Inspectorate and Compliance will then recommend possible course of action to be taken.</p> <p>CPT – Irregularities in leasing, this investigation has been completed. A preliminary investigation completed found no evidence of irregularities in leasing of the premises situated at 77 Long Market Street, Cape Town. It was revealed that the allegations made by the complaint were unfounded.</p> <p>DBN – Irregular lease Contract, this investigation has been completed and a report is undergoing internal quality assurance review before being issued to Management to consider and implement recommendations.</p> <p>The SIU has completed and finalised investigations around the irregular lease transactions entered into between DPW and a service provider at Johannesburg Regional Office and action is currently being initiated against the transgressors.</p>

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

PROPERTY MANAGEMENT TRADING ENTITY (PMTE)			
No.	REPORT BY AUDITOR-GENERAL	Subject	PROGRESS
			Investigation on Irregular awarding of tender and incapacity of contractor to fulfill his duties has been completed and report issued. A case of possible misrepresentation against the contractor will be reported to the SAPS. The investigation report further made numerous recommendations to be considered for implementation by the DPW SCM Unit to curb future reoccurrences of identified weaknesses in the evaluation methods utilised to evaluate bids and appointment of successful bidders. The Department is considering referring the matter to SAPS for further investigation on recommendations by the AGSA to consider such.

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

15 Corrective action based on prior audit reports

DEPARTMENT OF PUBLIC WORKS		
Nature of qualification, disclaimer, adverse opinion and matter of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Audit opinion obtained in the various comparative financial years	<ul style="list-style-type: none"> • 2008/09 Qualified opinion • 2009/10 Qualified opinion • 2010/11 Disclaimer of opinion • 2011/12 Disclaimer of opinion 	See detail below
<p>Immovable assets</p> <p>The Department did not have a complete asset register of all immovable properties belonging to the national government under the custodianship of the Department of Public Works, as disclosed at R1 in note 31.3.</p>	<ul style="list-style-type: none"> • 2008/2009 	<p>Phase 1: Completed Deeds reconciliation to determine deemed national and provincial properties.</p> <p>Phase 2 : Reconciliation of national and provincial IAR's to be completed by 31/03/2013</p> <p>An Immovable Asset register has been prepared and reconciled to Deeds office database, this register will agree to AFS and includes all registered land parcels with structures thereon.</p>
<p>Irregular Expenditure</p> <p>Section 38(1)(a)(iii) of the PFMA requires the Department to implement and maintain an appropriate procurement and provisioning system that is fair, equitable, transparent, competitive and cost-effective.</p> <p>The Department did not have an adequate system in place to identifying and recognizing all irregular expenditure and there were satisfactory alternative procedures to obtain reasonable assurance that all irregular expenditure had been recorded.</p>	<ul style="list-style-type: none"> • 2009/2010 	<p>The policy on irregular expenditure has been reviewed to address all shortcomings identified. Officials have been trained on identifying irregular expenditure. As phase 1 to address the irregular expenditure, the Department has as per AGSA recommendation, embarked on a project to check all payments processed from financial year 2009/10 to 2011/2012. The department completed the review of these batches for the Main Vote . For PMTE, only the current year were reviewed. The PMTE prior year will be resumed as soon as the audit has been completed.</p> <p>The Department has further implemented Inspectorate and Compliance function. All payments are currently checked by Inspectorate and Compliance directorate. Officials have been employed for regional offices as well .</p>
<p>Operating leases</p> <p>Sufficient appropriate audit evidence for operating lease expenditure transactions not provided.</p>	<ul style="list-style-type: none"> • 2010/11 	The Department has reconciled all leases from 2006 in order to identify all transaction that must be disclosed

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

DEPARTMENT OF PUBLIC WORKS		
Nature of qualification, disclaimer, adverse opinion and matter of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
<p>Receivables for departmental revenue</p> <p>Adequate system not in place to maintain records of all properties rented out by the department. The list of properties currently rented out could not be reconciled with the departments immovable asset register.</p>	· 2011/12	<p>Compilation of the Immovable Asset Register fully underway.</p> <p>Lease module to be compiled post physical verification of the immovable assets.</p>
<p>Lease commitments – Operating lease Revenue</p> <p>Actual lease agreements could not be submitted. Understatement of lease commitments where lease contracts were submitted. Additionally, in the absence of a complete and accurate immovable asset register the AGSA could not determine whether the department has completely accounted for operating lease revenue commitments with respect to all state-owned properties currently rented out by the department.</p>	· 2010/11	<p>Lease agreements have been provided and quantification of lease commitments determined on the basis of lease agreements.</p>
<p>Commitments</p> <p>Cost Price Adjustment Provision (CPAP) commitments could not be supported with appropriate audit evidence</p>	· 2011/12	<p>Manual calculations will be performed for the current year, until investigations are finalised on the PMIS/IE-Works/WCS capability.</p>
<p>Related party transactions</p> <p>The department was unable to supply sufficient appropriate audit evidence in support of the assumptions used for indirect costs.</p>	· 2011/12	<p>Develop checklist as per framework to identify transactions on disclosure note (where transactions were not at arm's length).</p> <p>Related party transactions to be disclosed in line with National Treasury directives.</p>

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

PMTE		
Nature of qualification, disclaimer, adverse opinion and matter of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Audit opinion obtained in the various comparative financial years	<ul style="list-style-type: none"> • 2008/09 Adverse (incorrect accounting framework applied and trade receivables) • 2009/10 Qualified opinion • 2010/11 Disclaimer of opinion • 2011/12 Disclaimer 	See detail below
<p>Irregular, fruitless and wasteful expenditure</p> <ul style="list-style-type: none"> • Completeness of irregular expenditure • Completeness of fruitless and wasteful expenditure 	<ul style="list-style-type: none"> • 2009/10 	<p>Irregular Expenditure</p> <ul style="list-style-type: none"> • Current year 2012/13 analysis completed and results included in the Annual Financial Statements • Prior years – (2009/10 to 2011/12) completed. Department Public Work prior years irregular expenditure was prioritized <p>Fruitless and wasteful expenditure</p> <ul style="list-style-type: none"> • Identified through the irregular exercise and updated (see above)
<p>Trade and Other Receivables</p> <ul style="list-style-type: none"> • Trade and other receivables: Lack of appropriate audit evidence to support balance • Trade and other receivables: Lack of appropriate audit evidence to support impairment balance • Trade and other receivables: Could not provide evidence that they correctly applied IAS 39 on initial recognition of financial assets using the effective interest rate method (discounting) • Trade and other receivables: Lack of proper accounting system and un-reconciled individual trade receivable accounts • Trade and other receivables: Straight lining of leases incorrect as based on PMIS (PMIS does not agree to the lease agreements) 	<ul style="list-style-type: none"> • 2008/09 	<p>Trade and Other Receivables</p> <ul style="list-style-type: none"> • Private Leases: Reconstructions (step 1) performed from 2006 to date (have invoice and proof of payments to support age analysis amounts) Step 2 performed for current year Steps 3-5 to be done in 2013/2014 • Other debtors – Step 5 completed <p>Reconstruction Steps followed-</p> <ol style="list-style-type: none"> 1. Verified invoices, credit notes and payments received to supporting documents Payments received verified to BAS (2006 to date) 2. Reconciled what was invoiced to the expense paid in PMIS 3. Matching unallocated receipts to invoices 4. Verifying invoiced amounts to leased agreements (taking Lease verification project findings into account) 5. Client meetings to obtain agreement to amounts owed. Assisting with preparing submissions to National Treasury for collection of prior year funds

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

PMTE		
Nature of qualification, disclaimer, adverse opinion and matter of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
		<ul style="list-style-type: none"> Impairment assessment done per client for all significant debtors per debtor type <p>Discounting</p> <ul style="list-style-type: none"> Addressed via accounting policies detail included under significant management judgment and estimates. Clients required paying within 30 days. No credit terms given. Interest charged on non-Government debtors for late payment but not on Government institutions, cannot reliably determine when payment can be expected, therefore transaction cost per accounting policy fair value. Non-payment within 30 days for Government institutions assessed during impairment testing Business requirement document drafted for new system and in procurement process. Private leases trade receivable accounts reconstruction complete (step 1 and 2), but reconciliation with client still to take place <p>Lease project results not finalised by year end. However some evaluation/cleanup performed (did not just utilise straight PMIS download).</p>
<ul style="list-style-type: none"> Prepayments: Lack of supporting information 	<ul style="list-style-type: none"> 2011/12 	Current year - our workbooks allowed for prepayments identification on rates and taxes and operating leases
<ul style="list-style-type: none"> Capital expenditure offset incorrectly against revenue 	<ul style="list-style-type: none"> 2011/12 	<ul style="list-style-type: none"> Corrected. Expensed in current year and comparative corrected
<p>Trade and Other Payables</p> <ul style="list-style-type: none"> Trade and other payables: Lack of supporting documentation for accruals Trade and other payables: Trade and other payables: Could not provide evidence that they correctly applied IAS 39 on initial recognition of financial liabilities using the effective interest rate method (discounting) Trade and other payables: Straight lining of leases incorrect as based on PMIS (PMIS does not agree to the lease agreements) 	<ul style="list-style-type: none"> 2009/10 	<p>Trade and Other Payables</p> <ul style="list-style-type: none"> Accrual workbooks from regions available and year-end instruction dealt with this for current year. Addressed via working papers and accounting policies – see significant management judgment and estimates Lease project results not finalised by year-end.

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

PMTE		
Nature of qualification, disclaimer, adverse opinion and matter of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
<p>Property Rates</p> <ul style="list-style-type: none"> Property rates: Lack of evidence to support expenditure Property Rates: Completeness issue 	<ul style="list-style-type: none"> 2009/10 	<p>Property Rates</p> <ul style="list-style-type: none"> Invoices should be available to support payment – workbooks did ask for regions to indicate invoice details <p>Accruals – regions did assess based on list of properties per latest Infrastructure Assets Register (IAR) info. However the finalization of the IAR project is on going.</p>
<p>Leases rentals on operating leases</p> <ul style="list-style-type: none"> Lease rentals on operating leases: insufficient supporting documents Completeness, accuracy, cut off and classification of operating lease expenditure Refurbishment costs on private operating leases incorrectly allocated to operating leases expense instead of recovering from private lease debtors 	<ul style="list-style-type: none"> 2009/10 	<p>Leases rentals on operating leases</p> <ul style="list-style-type: none"> Lease audit review not yet completed. Refurbishment cost incorrectly allocated to operating lease expenses Regions instructed to correct in current year
<p>Commitments</p> <ul style="list-style-type: none"> Commitments: Insufficient supporting documents Commitments: Incomplete, Inaccurate Operating lease commitments: based on straight lined lease payments instead of as required by relevant standard Operating lease commitments: completeness and accuracy 	<ul style="list-style-type: none"> 2010/11 	<p>Commitments</p> <ul style="list-style-type: none"> Improvement (However capital commitments not relevant this year) Improved, completeness accuracy of commitments addressed by including PMIS commitments as well as WCS per workbooks Current and comparative period based on rental amounts per PMIS significantly improved
<ul style="list-style-type: none"> Contingent assets: classification and valuation 	<ul style="list-style-type: none"> 2011/12 	<ul style="list-style-type: none"> Assessment done for current year
<ul style="list-style-type: none"> Related parties: indirect costs with DPW 	<ul style="list-style-type: none"> 2009/10 	<ul style="list-style-type: none"> Improved for current year: assessment based on related party framework determined Split of shared/indirect costs cannot be reliably determined. National Treasury agreement obtained and matter resolved

Report of the Accounting Officer (continued)

for the year ended 31 March 2013

17. Exemptions and deviations received from the National Treasury

The Department received exemption from National Treasury for the PMTE to continue billing client department's accommodation charges for state-owned properties based on devolved amounts.

18. Interim Financial Statements

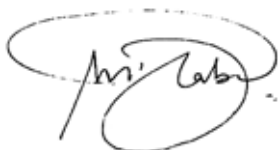
Interim financial statements were quarterly prepared and submitted to National Treasury as prescribed for the DPW main account. This is not a requirement for PMTE as an authorised trading account. It is however planned to introduce interim financial statements for the PMTE in the coming financial year.

19. Other

The President appointed the Honourable Deputy Minister Jeremy Cronin as the Deputy Minister of the Department during the reporting period.

20. Approval

The Annual Financial Statements set out on pages 177 to 273 have been approved by the Accounting Officer.



Mr Mziwonke Dlabantu

31 May 2013

Report of the Auditor-General to Parliament on Vote No. 7: The Department of Public Works

Report on the financial statements

Introduction

1. I have audited the financial statements of the Department of Public Works set out on pages 177 to 245 , which comprise the appropriation statement, the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the *Departmental financial reporting framework* prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Immovable tangible capital assets

6. The Department did not have adequate systems in place to determine whether or not renovations and refurbishment costs disclosed at R664 000 000 should be capitalised to individual immovable tangible capital assets, as determined by the accounting policy relating to subsequent recognition. I was therefore unable to obtain sufficient appropriate audit evidence to satisfy myself as to the value of immovable assets for the current or prior year presented in note 34 to the financial statements. In the absence of my ability to confirm this by alternative means, I was unable to determine the full extent of the potential misstatement in immovable tangible capital assets.

Irregular expenditure

7. Section 38(1)(a)(iii) of the PFMA requires the Department to implement and maintain an appropriate procurement and provisioning system that is fair, equitable, transparent, competitive and cost effective. Furthermore, section 40(3)(b)(i) of the PFMA requires the department to include particulars of all irregular expenditure that had occurred during the financial year in its financial statements.
8. The Department was not able to provide sufficient appropriate evidence for awards amounting to R32 219 847 (2012: R15 813 916) resulting in a limitation of scope in determining whether these awards were made in line with

Report of the Auditor-General to Parliament on Vote No. 7: The Department of Public Works

supply chain management prescripts and whether or not the resultant payments were regular. Additionally, the department did not complete the process of identifying and recognising all irregular expenditure incurred by the Property Management Trading Entity on behalf of the Department. There were no satisfactory alternative procedures that I could perform to obtain reasonable assurance that all irregular expenditure had been properly recorded.

9. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the fair presentation of irregular expenditure relating to the current year stated at R874 514 000 (2012: R168 157 000) in the financial statements.

Commitments

10. I was unable to obtain sufficient appropriate audit evidence regarding the assumptions used to determine contract price adjustment provisions (CPAP) amounting to R37 472 906 (2012: R97 356 000). Furthermore, the Department was unable to provide sufficient, appropriate audit evidence in support of commitments to the value of R89 018 151. I was unable to confirm these commitments by alternative means. Consequently, I was unable to determine whether any adjustment relating to commitments stated at R1 441 031 000 (2012: R1 936 775 000) in the financial statements was necessary.

Qualified opinion

11. In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Department of Public Works as at 31 March 2013 and its financial performance and cash flows for the year then ended, in accordance with the *Departmental financial reporting framework* prescribed by the National Treasury and the requirements of the PFMA.

Emphasis of matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

13. As disclosed in notes 7, 8, 12, 18, 19, 21, 22, 23, 24, 26 and 30 to the financial statements, the corresponding figures for 31 March 2012 have been restated as a result of an error discovered during 2013 in the financial statements of the Department of Public Works at, and for the year ended, 31 March 2012.

Material impairments

14. As disclosed in note 29 to the financial statements, material impairments to the amount of R57 479 000 were provided for as a result of irrecoverable receivables.

Material under-spending of the vote

15. As disclosed in the appropriation statement, the department has materially underspent the budget on programme 2, immovable asset management, to the amount of R489 436 000. As a consequence, the department's objectives of infrastructure delivery were not fully achieved.

Additional matters

16. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

17. The supplementary information set out on pages 246 to 273 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Financial reporting framework

18. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements

Report of the Auditor-General to Parliament on Vote No. 7: The Department of Public Works (continued)

have been prepared in accordance with this framework and not that they “present fairly”. Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

19. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

20. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 34 to 75 of the annual report.

21. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury’s annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

22. The material findings are as follows:

Reliability of information

Programme 2: Immovable asset management and Programme 3: EPWP

23. The *National Treasury Framework for managing programme performance information (FMPPPI)* requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.

Significantly important targets with respect to the above mentioned programmes are not reliable when compared to the source information and evidence provided.

This was due to the lack of standard operating procedures for the accurate recording of actual achievements, monitoring of the completeness of source documentation in support of actual achievements and frequent review of validity of reported achievements against source documentation.

Additional matter

24. I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Material adjustments to the annual performance report

25. Material audit adjustments in the annual performance report were identified during the audit, some of which were corrected by management and those that were not corrected have been reported on accordingly.

Compliance with laws and regulations

26. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Performance management

27. The accounting officer did not ensure that the department had and maintained an effective, efficient and trans-

Report of the Auditor-General to Parliament on Vote No. 7: The Department of Public Works (continued)

parent system of internal control regarding performance management, which described and represented how the department's processes of performance planning, monitoring, measurement, review and reporting were conducted, organised and managed as required by section 38(1)(a)(i) and (b) of the PFMA.

28. The annual performance plan did not include measurable objectives, expected outcomes, programme outputs, indicators and targets for programme 5, Auxiliary and associated services, as required by Treasury Regulation 5.2.3(d).

Annual financial statements, performance and annual reports

29. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1)(a) and (b) of the PFMA.

Material misstatements of disclosure notes identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

30. Goods and services with a transaction value of below R500 000 were in certain instances procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.
31. Invitations for competitive bidding were not always advertised for a required minimum period of 21 days, as required by Treasury Regulation 16A6.3(c).
32. Certain contracts were awarded to bidders who had not submitted a declaration of past supply chain practices such as fraud, abuse of SCM system and non-performance, which is prescribed in order to comply with Treasury Regulation 16A9.2.
33. Allegations of fraud, corruption, improper conduct and failure to comply with the supply chain management system made against officials and role players in the supply chain management system were not in all instances investigated as required by Treasury Regulation 16A9.1(b).
34. Appropriate action was not in all instances taken against officials and role players in the supply chain management system where investigations proved fraud, corruption, improper conduct and failure to comply with the supply chain management system, as required by Treasury Regulation 16A9.1(b)(i).
35. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements as the department did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to evaluate compliance.

Expenditure management

36. The accounting officer did not take effective steps to prevent irregular and fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1.
37. Effective and appropriate disciplinary steps were not in all instances taken against officials who made and permitted irregular expenditure, as required by section 38(1)(h)(iii) of the PFMA and Treasury Regulation 9.1.3.

Financial misconduct

38. Investigations have not yet been conducted into all allegations of financial misconduct committed by officials, as required by Treasury Regulation 4.1.1.
39. Investigations into allegations of financial misconduct committed by officials were not in all instances instituted within 30 days of discovery thereof, as required by Treasury Regulation 4.1.2.
40. Disciplinary hearings were not in all instances held for financial misconduct committed by officials, as required by Treasury Regulation 4.1.1.

Report of the Auditor-General to Parliament on Vote No. 7: The Department of Public Works (continued)

Human resource management and compensation

41. Appointments were made in posts which were not approved and funded, as required by Public Service Regulation 1/III/ F.1(a) and (d).
42. Funded vacant posts were not filled within 12 months as required by Public Service Regulation 1/VII/C.1A.2.
43. Persons in charge at pay points did not always certify that the employees receiving payment were entitled to such payment, as required by Treasury Regulation 8.3.4.

Transfer of funds and conditional grants

44. The accounting officer did not in all instances, prior to transferring funds, obtain written assurance from the entity that the entity implements effective, efficient and transparent financial management and internal control systems as required by section 38(1)(j) of the PFMA.
45. Quarterly performance reports were not submitted to the National Treasury within the prescribed time frames, as required by section 10(7) of the Division of Revenue Act.
46. The internal audit function did not assess the operational procedure and monitoring mechanisms over all transfers made and received, including transfers in terms of the annual Division of Revenue Act, as required by Treasury Regulation 3.2.8.

Revenue management

47. Sufficient appropriate audit evidence could not be obtained that immovable state property was let at market-related tariffs, as required by Treasury Regulation 16A7.4.

Asset management

48. Proper control systems to safeguard and maintain assets were not implemented, as required by section 38(1)(d) of the PFMA and Treasury Regulation 10.1.1(a).

Internal control

49. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for qualified, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

50. Certain critical appointments were only made in the last quarter of the financial year, thus instability in key leadership positions for the first part of the financial year had a negative impact in the provision of effective leadership in the department.
51. Leadership did not exercise effective oversight of financial and performance reporting and compliance as well as related internal controls.
52. Leadership did not apply effective consequence management for transgressions with regards to non-performance and non-compliance throughout the financial year.
53. Leadership did not in all instances establish and communicate policies and procedures to enable and support the understanding and execution of internal objectives, processes and responsibilities.

Financial and performance management

54. Proper record keeping was not always implemented in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial and performance reporting.
55. Implemented controls over daily and monthly processing and reconciling of transactions were not effective in all instances.

Report of the Auditor-General to Parliament on Vote No. 7: The Department of Public Works (continued)

56. Regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information were not prepared throughout the year.
57. The reviewing and monitoring of compliance with applicable laws and regulations were ineffective.
58. The designed and implemented formal controls over the information technology systems were inadequate to ensure the reliability, availability and accuracy of certain information pertaining to immovable assets. Furthermore, the system used for generating performance information was inadequate to facilitate the preparation of complete actual performance information.

Governance

59. Risk management activities, including the consideration of information technology risks and fraud prevention, were not effectively conducted. A risk strategy to address identified risks was not developed and monitored throughout the financial year.
60. The internal audit unit was not adequately resourced to ensure that it could effectively assist in identifying internal control deficiencies and developing recommendations in respect of corrective action to be taken to address the internal control deficiencies identified. This has also resulted in the continued backlog in internal investigations.

OTHER REPORTS

Investigations

61. Numerous internal allegations, mainly relating to transgressions with respect to supply chain management, potential fraud and financial misconduct are being investigated on an ongoing basis.
62. An ongoing investigation is being conducted to probe the alleged abuse of urgent and emergency procurement as well the utilisation of sole suppliers. The investigation aims to establish whether there was collusion between officials and service providers and to determine any reckless spending of funds. The investigation is being conducted in phases, with nine reports having been finalised to date while the majority were still ongoing at the reporting date. The department is in the process of instituting disciplinary action in respect of the finalised reports.
63. An investigation is being conducted by the Public Protector to probe the allegation of the misappropriation of public funds by the Department of Public Works in respect of the installation and implementation of security measures at the President's private residence at Nkandla. The investigation was still ongoing at the reporting date. I did not conduct any additional investigation.

Performance audits

64. A performance audit was conducted during the year under review on the Department of Public Works' readiness to fulfil its performance oversight roles and responsibilities. The report is in the process of being finalised.

Auditor-General

Pretoria

16 / 9 / 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Appropriation Statement

for the year ended 31 March 2013

Appropriation per programme										
APPROPRIATION STATEMENT	2012/13						2011/12			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
1. ADMINISTRATION										
Current payment	1,002,865	(21)	(47,649)	955,195	832,925	122,270	87.2%	769,551	787,564	
Transfers and subsidies	1,175	21	4,800	5,996	5,988	8	99.9%	594	565	
Payment for capital assets	43,773	-	-	43,773	17,272	26,501	39.5%	48,990	48,990	
	1,047,813	-	(42,849)	1,004,964	856,185	148,779		819,135	837,119	
2. IMMOVABLE ASSET MANAGEMENT										
Current payment	1,252,631	-	35,700	1,288,331	1,220,823	67,508	94.8%	1,261,272	1,265,521	
Transfers and subsidies	2,723,217	-	2,444	2,725,661	2,605,177	120,484	95.6%	2,688,695	2,688,775	
Payment for capital assets	1,062,500	-	(23,555)	1,038,945	737,501	301,444	71.0%	1,476,661	1,047,453	
	5,038,348	-	14,589	5,052,937	4,563,501	489,436		5,426,628	5,001,749	
3. EXPANDED PUBLIC WORKS PROGRAMME										
Current payment	272,174	(3,231)	-	268,943	244,354	24,589	90.9%	216,285	216,285	
Transfers and subsidies	1,455,071	33	-	1,455,104	1,454,586	518	100.0%	1,301,630	944,137	
Payment for capital assets	1,567	-	260	1,827	1,913	(86)	104.7%	2,593	2,593	

Appropriation Statement

for the year ended 31 March 2013

Appropriation per programme											
2012/13											2011/12
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Payment for financial assets	-	3,198	-	3,198	3,198	-	100.0%	-	-	-	-
	1,728,812	-	260	1,729,072	1,704,051	25,021		1,520,508	1,163,015		
4. PROPERTY AND CONSTRUCTION INDUSTRY POLICY REGULATIONS											
Current payment	37,312	(3)	-	37,309	16,851	20,458	45.2%	29,878	22,715		
Transfers and subsidies	-	3	-	3	9,906	(9,903)	330200.0%	81	9,513		
Payment for capital assets	124	-	-	124	101	23	81.5%	124	100		
Payment for financial assets	-	-	-	-	-	-		2,025	2,025		
	37,436	-	-	37,436	26,858	10,578		32,108	34,353		
5. AUXILIARY AND ASSOCIATED SERVICES											
Current payment	17,291	-	28,000	45,291	36,634	8,657	80.9%	11,967	11,967		
Transfers and subsidies	21,548	-	-	21,548	16,696	4,852	77.5%	19,398	13,234		
	38,839	-	28,000	66,839	53,330	13,509		31,365	25,201		
TOTAL	7,891,248	-	-	7,891,248	7,203,925	687,323	91.3%	7,829,744	7,061,437		

Appropriation Statement

for the year ended 31 March 2013

	2012/13		2011/12	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward)				
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	53,795		75,195	
Actual amounts per statement of financial performance (total revenue)	7,945,043		7,904,939	
Actual amounts per statement of financial performance (total expenditure)		7,203,925		7,061,437

Appropriation Statement

for the year ended 31 March 2013

Appropriation per economic classification										
	2012/13						2011/12			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
Current payments										
Compensation of employees	1,329,951	(57)	51,556	1,381,450	1,374,552	6,898	99.5%	1,252,469	1,269,579	
Goods and services	1,242,570	(3,220)	(35,505)	1,203,845	977,014	226,831	81.2%	1,034,900	1,032,905	
Interest and rent on land	9,752	22	-	9,774	21	9,753	0.2%	1,586	1,567	
Transfers and subsidies										
Provinces and municipalities	3,090,982	-	-	3,090,982	2,969,955	121,027	96.1%	2,950,451	2,592,965	
Departmental agencies and accounts	752,986	-	-	752,986	751,640	1,346	99.8%	734,690	732,486	
Foreign governments and international organisations	18,941	-	-	18,941	15,436	3,505	81.5%	16,915	12,956	
Public corporations and private enterprises	50,800	-	-	50,800	50,800	-	100.0%	150,000	150,000	
Non-profit institutions	282,724	-	-	282,724	292,627	(9,903)	103.5%	154,370	163,801	
Households	4,578	54	7,244	11,876	11,875	1	100.0%	3,968	4,012	
Gifts and donations	-	3	-	3	20	(17)	666.7%	2	2	
Payments for capital assets										
Buildings and other fixed structures	999,254	-	-	999,254	713,003	286,251	71.4%	1,436,745	1,011,408	
Machinery and equipment	83,038	(185)	(23,295)	59,558	43,283	16,275	72.7%	84,984	81,162	
Software and other intangible assets	25,672	185	-	25,857	501	25,356	1.9%	6,639	6,569	
Payments for financial assets	-	3,198	-	3,198	3,198	-	100.0%	2,025	2,025	
Total	7,891,248	-	-	7,891,248	7,203,925	687,323	91.3%	7,829,744	7,061,437	

Appropriation Statement

for the year ended 31 March 2013

Program 1 Per Economic classification	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	226,370	(21)	(6,749)	219,600	218,980	620	99.7%	181,392	199,405
Goods and services	773,834	-	(40,900)	732,934	613,924	119,010	83.8%	587,949	587,949
Interest and rent on land	2,661	-	-	2,661	21	2,640	0.8%	210	210
Transfers and subsidies									
Provinces and municipalities	11	-	-	11	3	8	27.3%	9	1
Households	1,164	21	4,800	5,985	5,985	-	100.0%	584	563
Gifts and donations	-	-	-	-	-	-	-	1	1
Payments for capital assets									
Machinery and equipment	18,260	-	-	18,260	17,115	1,145	93.7%	42,502	42,502
Software and other intangible assets	25,513	-	-	25,513	157	25,356	0.6%	6,488	6,488
Total	1,047,813	-	(42,849)	1,004,964	856,185	148,779	85.2%	819,135	837,119

Appropriation Statement

for the year ended 31 March 2013

Detail per sub-programme	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1.1 MINISTRY									
Current payment	29,161	(7,202)	(1,862)	20,097	20,097	-	100.0%	24,593	24,593
Transfers and subsidies	11	-	1,331	1,342	1,334	8	99.4%	41	41
Payment for capital assets	900	-	-	900	848	52	94.2%	640	640
1.2 MANAGEMENT									
Current payment	128,171	(18,221)	(19,887)	90,063	88,202	1,861	97.9%	51,402	51,402
Transfers and subsidies	-	330	2,976	3,306	3,306	-	100.0%	325	325
Payment for capital assets	914	434	-	1,348	1,348	-	100.0%	321	321
1.3 CORPORATE SERVICES									
Current payment	376,481	29,071	(25,900)	379,652	349,327	30,325	92.0%	309,186	327,199
Transfers and subsidies	1,164	(309)	493	1,348	1,348	-	100.0%	228	199
Payment for capital assets	41,959	(434)	-	41,525	15,076	26,449	36.3%	48,029	48,029
1.4 OFFICE ACCOMODATION									
Current payment	469,052	(3,669)	-	465,383	375,299	90,084	80.6%	384,370	384,370
Total	1,047,813	-	(42,849)	1,004,964	856,185	148,779	85.2%	819,135	837,119

Appropriation Statement

for the year ended 31 March 2013

Programme 2 Per Economic classification	2012/13						2011/12		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	988,450	-	58,305	1,046,755	1,046,755	-	100.0%	970,040	970,320
Goods and services	257,189	-	(22,605)	234,584	174,068	60,516	74.2%	289,973	293,939
Interest and rent on land	6,992	-	-	6,992	-	6,992		1,261	1,261
Transfers and subsidies to:									
Provinces and municipalities	1,918,674	-	-	1,918,674	1,798,173	120,501	93.7%	1,803,232	1,803,232
Departmental agencies and accounts	750,380	-	-	750,380	750,380	-	100.0%	732,208	732,208
Public corporations and private enterprises	50,800	-	-	50,800	50,800	-	100.0%	150,000	150,000
Non-profit institutions	-	-	-	-	-	-		-	-
Households	3,363	(3)	2,444	5,804	5,804	-	100.0%	3,252	3,333
Gifts and donations	-	3	-	3	20	(17)	666.7%	1	1
Payment for capital assets									
Buildings and other fixed structures	999,254	-	-	999,254	713,003	286,251	71.4%	1,436,745	1,011,408
Machinery and equipment	63,087	(185)	(23,555)	39,347	24,154	15,193	61.4%	39,765	35,966
Software and other intangible assets	159	185	-	344	344	-	100.0%	151	81
Total	5,038,348	-	14,589	5,052,937	4,563,501	489,436	90.3%	5,426,628	5,001,749

Appropriation Statement

for the year ended 31 March 2013

Detail per sub-programme	2012/13						2011/12		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 INFRASTRUCTURE (PUBLIC WORKS)									
Payment for capital assets	999,254	-	-	999,254	713,003	286,251	71.4%	1,436,745	1,011,408
2.2 PROPERTY MANAGEMENT									
Transfers and subsidies	1,918,659	-	-	1,918,659	1,798,170	120,489	93.7%	1,803,232	1,803,230
2.3 STRATEGIC ASSET INVESTMENT ANALYSIS									
Current payment	196,888	(76,515)	(19,000)	101,373	54,582	46,791	53.8%	156,822	160,788
Transfers and subsidies	163	(73)	-	90	82	8	91.1%	-	-
Payment for capital assets	11,852	-	-	11,852	713	11,139	6.0%	956	956
2.4 OPERATION MANAGEMENT									
Current payment	944,562	76,515	36,529	1,057,606	1,057,019	587	99.9%	974,038	974,319
Transfers and subsidies	3,215	-	2,213	5,428	5,441	(13)	100.2%	3,222	3,222
Payment for capital assets	36,324	-	(18,000)	18,324	15,386	2,938	84.0%	23,240	22,794
2.5 PRESTIGE MANAGEMENT									
Current payment	45,177	-	-	45,177	32,498	12,679	71.9%	56,003	56,005
Transfers and subsidies	-	10	-	10	10	-	100.0%	9	9
Payment for capital assets	11,000	(2,226)	(5,555)	3,219	2,103	1,116	65.3%	11,269	11,269
2.6 SPECIAL PROJECTS									
Current payment	66,004	-	18,171	84,175	76,724	7,451	91.1%	74,409	74,409
Transfers and subsidies	-	63	231	294	294	-	100.0%	24	106
Payment for capital assets	4,070	2,226	-	6,296	6,296	-	100.0%	4,451	1,026

Appropriation Statement

for the year ended 31 March 2013

Detail per sub-programme	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.7 CONSTRUCTION INDUSTRY DEVELOPMENT BOARD									
Transfers and subsidies	67,614	-	-	67,614	67,614	-	100.0%	65,959	65,959
2.8 COUNCIL FOR THE BUILT ENVIRONMENT									
Transfers and subsidies	28,146	-	-	28,146	28,146	-	100.0%	28,659	28,659
2.9 PARLIAMENTARY VILLAGE									
Transfers and subsidies	7,771	-	-	7,771	7,771	-	100.0%	7,401	7,401
2.10 AUGMENTATION OF THE PROPERTY MANAGEMENT									
Transfers and subsidies	646,849	-	-	646,849	646,849	-	100.0%	630,189	630,189
2.11 INDEPENDENT DEVELOPMENT TRUST									
Transfers and subsidies	50,800	-	-	50,800	50,800	-	100.0%	150,000	150,000
Total	5,038,348	-	14,589	5,052,937	4,563,501	489,436	90.3%	5,426,628	5,001,749

Appropriation Statement

for the year ended 31 March 2013

Programme 3 Per Economic classification	2012/13						2011/12		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	102,514	(33)	-	102,481	100,901	1,580	98.5%	91,905	91,905
Goods and services	169,596	(3,220)	-	166,376	143,453	22,923	86.2%	124,287	124,287
Interest and rent on land	64	22	-	86	-	86	-	93	93
Transfers and subsidies									
Provinces and municipalities	1,172,297	-	-	1,172,297	1,171,779	518	100.0%	1,147,210	789,732
Non-profit institutions	282,724	-	-	282,724	282,724	-	100.0%	154,370	154,370
Households	50	33	-	83	83	-	100.0%	50	35
Payment for capital assets									
Machinery and equipment	1,567	-	260	1,827	1,913	(86)	104.7%	2,593	2,593
Payments for financial assets									
	-	3,198	-	3,198	3,198	-	100.0%	-	-
Total	1,728,812	-	260	1,729,072	1,704,051	25,021	98.6%	1,520,508	1,163,015

Appropriation Statement

for the year ended 31 March 2013

Detail per sub-programme	2012/13							2011/12	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
3.1 EXPANDED PUBLIC WORKS PROGRAMME									
Current payment	262,535	(3,231)	-	259,304	234,765	24,539	90.5%	207,105	207,105
Transfers and subsidies	50	33	-	83	83	-	100.0%	50	35
Payment for capital assets	1,567	-	260	1,827	1,913	(86)	104.7%	2,593	2,593
Payment for financial assets	-	3,198	-	3,198	3,198	-	100.0%	-	-
3.2 PERFORMANCE BASE INCENTIVE ALLOWANCE									
Current payment	9,639	-	-	9,639	9,589	50	99.5%	9,180	9,180
Transfers and subsidies	1,455,021	-	-	1,455,021	1,454,503	518	100.0%	1,301,580	944,102
Payment for capital assets	-	-	-	-	-	-	-	-	-
Total	1,728,812	-	260	1,729,072	1,704,051	25,021	98.6%	1,520,508	1,163,015

Appropriation Statement

for the year ended 31 March 2013

Programme 4 Per Economic classification	2012/13							2011/12	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	12,617	(3)	-	12,614	7,916	4,698	62.8%	9,132	7,949
Goods and services	24,660	-	-	24,660	8,935	15,725	36.2%	20,724	14,763
Interest and rent on land	35	-	-	35	-	35		22	3
Transfers and subsidies to:									
Non-profit institutions	-	-	-	-	9,903	(9,903)		-	9,431
Households	-	3	-	3	3	-	100.0%	81	81
Payment for capital assets									
Machinery and equipment	124	-	-	124	101	23	81.5%	124	101
Payments for financial assets									
Total	37,436	-	-	37,436	26,858	10,578	71.7%	32,108	34,353

Appropriation Statement

for the year ended 31 March 2013

Detail per sub-programme	2012/13						2011/12		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 CONSTRUCTION INDUSTRY DEVELOPMENT PROGRAMME									
Current payment	20,899	(3)	-	20,896	7,997	12,899	38.3%	17,177	10,014
Transfers and subsidies	-	3	-	3	9,906	(9,903)	330200.0%	-	9,432
Payment for capital assets	114	(38)	-	76	50	26	65.8%	41	17
Payment for financial assets	-	-	-	-	-	-		2,025	2,025
4.2 PROPERTY INDUSTRY DEVELOPMENT PROGRAMME									
Current payment	16,413	-	-	16,413	8,854	7,559	53.9%	12,701	12,701
Transfers and subsidies	-	-	-	-	-	-		81	81
Payment for capital assets	10	38	-	48	51	(3)	106.3%	83	83
Total	37,436	-	-	37,436	26,858	10,578	71.7%	32,108	34,353

Appropriation Statement

for the year ended 31 March 2013

Programme 5 Per Economic classification	2012/13							2011/12	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Goods and services	17,291	-	28,000	45,291	36,634	8,657	80.9%	11,967	11,967
Transfers and subsidies									
Departmental agencies and accounts	2,606	-	-	2,606	1,260	1,346	48.3%	2,482	278
Foreign governments and international organisations	18,941	-	-	18,941	15,436	3,505	81.5%	16,915	12,956
Households	1	-	-	1	-	1		1	-
Total	38,839	-	28,000	66,839	53,330	13,509	79.8%	31,365	25,201

Appropriation Statement

for the year ended 31 March 2013

Detail per sub-programme	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
5.1 COMPENSATION FOR LOSSES									
Current payment	2,165	-	-	2,165	-	2,165		-	-
5.2 DISTRESS RELIEF									
Current payment	1	-	-	1	-	1		-	-
5.3 LOSKOP SETTLEMENT									
Transfers and subsidies	1	-	-	1	-	1		1	-
5.4 ASSISTANCE TO ORGANISATIONS FOR PRESERVATION OF NATIONAL MEMORIALS									
Transfers and subsidies	18,941	-	-	18,941	15,436	3,505	81.5%	16,915	12,956
5.5 STATE FUNCTIONS									
Current payment	15,125	-	28,000	43,125	36,634	6,491	84.9%	11,967	11,967
5.6 SECTOR EDUCATION AND TRAINING AUTHORITY									
Transfers and subsidies	2,606	-	-	2,606	1,260	1,346	48.3%	2,482	278
Total	38,839	-	28,000	66,839	53,330	13,509	79.8%	31,365	25,201

Notes to the Appropriation Statement

for the year ended 31 March 2013

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Administration	1,004,964	856,185	148,779	15%

Expenditure variance of 15% in Programme 1 is due to under-spending on Goods and services and Software and Intangible Asset. The Department received additional funding during the adjustment estimates under goods and services and software and intangible assets for the implementation of the Turnaround and the delay in appointing services providers resulted in funds not being fully spent. Roll over has been requested for unspent goods and services. Goods and services for Office Accommodation were also underspent, and the under-spending is due to delay in completing reconciliation of lease contracts between the department and PMTE. An amount of R20 million for Software and Intangible Asset for the procurement of the Accounting System for the PMTE received as additional funding during the adjustment estimates was not spent.

Immovable asset management	5,052,937	4,563,501	489,436	10%
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Expenditure variance of 10% in Programme 2 is due to under-spending in goods and services, transfers and subsidies for the Devolution of Property Rates Fund to Provinces and payments for capital assets for infrastructure and machinery and equipment. Under-spending in goods and services relates to additional funds received during the adjustment estimates allocated for the implementation of the turnaround for Immovable Asset register, lease review and project management support. Under-spending in transfers and subsidies relates to an amount of R120 million for Devolution of Property Rates Fund Grant to Provinces declared as saving by the Kwazulu-Natal Provincial Department of Public Works. The roll over for the declared saving amount has been requested and funding will be allocated to other provinces that had the shortfall during 2012/13. Under-spending in Infrastructure is due to non-performance of contractors and vacant positions for the project managers in some of the regions. Under-spending in machinery and equipment is due to delayed invoices.

Expanded Public Works Programme	1,729,072	1,704,051	25,021	1%
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Expenditure and transfers and subsidies variance of 1% in Programme 3 is due to under-spending on goods and services and compensation of employees and transfers and subsidies for payment relating to municipalities. Under-spending on compensation is due to positions that became vacant during the financial year and under-spending on goods and services is due to funds committed but not spent due to fund committed but not spent at the end of the financial year.

Notes to the Appropriation Statement

for the year ended 31 March 2013

Property and Construction Industry Policy Regulations	37,436	26,858	10,578	28%
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Expenditure variance of 28% in Programme 4 is due to under-spending in goods and services and compensation of employees. The delay in filling of vacant positions resulted in under-spending on compensation of employees and under-spending on goods and services is due to low spending on allocations for border fencing.

Auxiliary and Associated Services	66,839	53,330	13,509	20%
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Expenditure variance of 20% in Programme 5 relates to under-spending on goods and services for the expenditure related to State Function and transfers and subsidies. Under-spending of R6.4 million on good and services was mainly under State function was due to delay in receiving the invoices from service providers for the service rendered. Under-spending in transfers and subsidies relate to saving realised from Commonwealth Wargrave and Sector Education and Training Authority.

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	
Current payments				
Compensation of employees	1,381,450	1,374,552	6,898	0%
Goods and services	1,203,845	977,014	226,831	19%
Interest and rent on land	9,774	21	9,753	100%
Transfers and subsidies				
Provinces and municipalities	3,090,982	2,969,955	121,027	4%
Departmental agencies and accounts	752,986	751,640	1,346	0%
Public corporations and private enterprises	18,941	15,436	3,505	19%
Foreign governments and international organisations	50,800	50,800	-	0%
Non-profit institutions	282,724	292,627	(9,903)	(4)%
Households	11,876	11,875	1	0%
Gifts and donations	3	20	(17)	(567)%
Payments for capital assets				
Buildings and other fixed structures	999,254	713,003	286,251	29%
Machinery and equipment	59,558	43,283	16,275	27%
Software and other intangible assets	25,857	501	25,356	98%
Payments for financial assets	3,198	3,198	-	0%

Expenditure variance is due to under-spending on goods and services, transfers and subsidies for Devolution of Property

Notes to the Appropriation Statement

for the year ended 31 March 2013

Rates Fund; payments for capital assets, expenditure relating to Infrastructure, and machinery and equipment. Good and services under-spending relates to Office Accommodation and additional funds received during adjustment estimates for the implementation of the Turnaround programme. All programmes have had under-spending on goods and services. Transfers and subsidies under-spending relate to funds allocated for Devolution of Property Rates Fund Grant to Provinces declared as saving by the Kwazulu-Natal Provincial Department of Public Works. Infrastructure under-spending is due to non-performance of contractors and vacant positions for the project managers in some of the regions. Machinery and equipment under-spending is due to invoices received late for processing for services rendered prior to the end of the financial year.

4.3 Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	
Devolution of Property Rates Fund Grant to Provinces	1,918,659	1,798,170	120,489	6%
EPWP Integrated Grant to Municipalities	662,135	661,535	600	0%
EPWP Integrated Grant to Provinces	292,761	292,843	(82)	0%
EPWP Incentive Grant to Provinces: Social Sector	217,401	217,401	-	0%

Expenditure variance on conditional grants is due to an amount of R120 million declared as saving under the Devolution of Property Rates Fund Grant to Provinces by the Kwazulu-Natal Provincial Department of Public Works.

Statement of Financial Performance

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
PERFORMANCE			
REVENUE			
Annual appropriation	1	7,891,248	7,829,744
Departmental revenue	2	53,795	75,195
TOTAL REVENUE		7,945,043	7,904,939
EXPENDITURE			
Current expenditure			
Compensation of employees	3	1,374,552	1,269,578
Goods and services	4	977,014	1,032,906
Interest and rent on land	5	21	1,567
Total current expenditure		2,351,587	2,304,051
Transfers and subsidies			
Transfers and subsidies	7	4,092,353	3,656,222
Total transfers and subsidies		4,092,353	3,656,222
Expenditure for capital assets			
Tangible capital assets	8	756,286	1,092,570
Software and other intangible assets	8	501	6,569
Total expenditure for capital assets		756,787	1,099,139
Payments for financial assets	6	3,198	2,025
TOTAL EXPENDITURE		7,203,925	7,061,437
SURPLUS FOR THE YEAR		741,118	843,502
Reconciliation of Net Surplus for the year			
Voted funds		687,323	768,307
Annual appropriation		687,323	768,307
Departmental revenue and NRF Receipts	14	53,795	75,195
SURPLUS FOR THE YEAR		741,118	843,502

Statement of Financial Position

for the year ended 31 March 2013

	<i>Note</i>	2012/13 R'000	2011/12 R'000
POSITION			
ASSETS			
Current assets		986,396	1,093,024
Unauthorised expenditure	9	249,453	83,082
Cash and cash equivalents	10	439,804	825,603
Prepayments and advances	11	38,244	38,600
Receivables	12	258,895	145,739
TOTAL ASSETS		986,396	1,093,024
LIABILITIES			
Current liabilities		929,154	1,087,966
Voted funds to be surrendered to the Revenue Fund	13	853,713	792,914
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	9,450	7,560
Payables	15	65,991	287,492
TOTAL LIABILITIES		929,154	1,087,966
NET ASSETS		57,242	5,058
Represented by:			
Recoverable revenue		57,242	5,058
TOTAL		57,242	5,058

Statement of Changes in Net Assets

for the year ended 31 March 2013

	<i>Note</i>	2012/13	2011/12
		R'000	R'000
NET ASSETS			
Recoverable revenue			
Opening balance		5,058	3,561
Transfers:		52,184	1,497
Irrecoverable amounts written off		-	-
Debts revised		-	-
Debts recovered (included in Departmental receipts)		-	-
Debts raised		52,184	1,497
Closing balance		57,242	5,058
TOTAL		57,242	5,058

Cash Flow Statement

for the year ended 31 March 2013

	<i>Note</i>	2012/13 R'000	2011/12 R'000
CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		7,945,043	7,901,785
Annual appropriated funds received	1.1	7,891,248	7,829,744
Departmental revenue received	2	53,795	72,041
Net (increase)/decrease in working capital		(500,672)	223,567
Surrendered to Revenue Fund		(844,800)	(823,455)
Current payments		(2,185,216)	(2,279,464)
Payments for financial assets		(3,198)	(2,025)
Transfers and subsidies paid		(4,092,353)	(3,656,222)
Net cash flow available from operating activities	16	318,804	1,364,186
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(756,787)	(1,099,139)
Proceeds from sale of capital assets	2.4	-	3,154
Net cash flows from investing activities		(756,787)	(1,095,985)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in net assets		52,184	1,497
Net cash flows from financing activities		52,184	1,497
Net increase/(decrease) in cash and cash equivalents		(385,799)	269,698
Cash and cash equivalents at beginning of period		825,603	555,905
Cash and cash equivalents at end of period	17	439,804	825,603

Accounting Policies

for the year ended 31 March 2013

The Financial Statements have been prepared in accordance with the following policies, that have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2010.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting.

Under this basis, the effects of transactions and other events are recognised in the financial records when the resulting cash is received or paid. The “modification” results from the recognition of certain near-cash balances in the financial statements, as well as the revaluation of foreign investments and loans and the recognition of resulting revaluation gains and losses.

In addition supplementary information is provided in the disclosure notes to the financial statements where it is deemed to be useful to the users of the financial statements.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) that is also the functional currency of the Department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented, is consistent with the format of the current year's financial statements.

1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

2. Revenue

2.1 Appropriated funds

Appropriated funds comprises of Departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments becomes effective.

Unexpended appropriated funds are surrendered to the National Revenue Fund. Any amounts owing to the National Revenue Fund at the end of the financial year are recognised as a payable in the statement of financial position.

Accounting Policies

for the year ended 31 March 2013

Any amount due from the National Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.

2.2 Departmental revenue

All Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amount owing to the National Revenue Fund at the end of the financial year is recognised as a payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure notes to the annual financial statements.

3. Expenditure

3.1 Compensation of employees

3.1.1 Salaries and wages

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

3.1.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the Department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the Department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5, 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

Accounting Policies

for the year ended 31 March 2013

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Payments for financial assets

Debts are written-off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under-spending of appropriated funds. The write-off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 Unauthorised expenditure

When confirmed, unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding, it is recognised as expenditure in the statement of financial performance on the date stipulated in the Act.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable, it is treated as an asset until it is recovered from the responsible person or written-off as irrecoverable in the statement of financial performance.

3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written-off as irrecoverable.

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position.

Accounting Policies

for the year ended 31 March 2013

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including Departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.4 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

4.5 Capital assets

4.5.1 Movable assets

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register at R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets" and is capitalised in the asset register of the Department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

4.5.2 Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Accounting Policies

for the year ended 31 March 2013

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as “expenditure for capital assets”. On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current “goods and services” in the statement of financial performance.

4.5.3 Intangible assets

Initial recognition

An intangible asset is recorded in the asset register on receipt of the item at cost. Cost of an intangible asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the intangible asset is stated at fair value. Where fair value cannot be determined, the intangible asset is included in the asset register at R1.

All intangible assets acquired prior to 1 April 2002 can be included in the asset register at R1.

Subsequent expenditure

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital asset” and is capitalised in the asset register of the Department.

Maintenance is expensed as current “goods and services” in the statement of financial performance.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities, clearing accounts and amounts received in advance. These payables are carried at cost in the statement of financial position.

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the Department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

5.4 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.5 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

Accounting Policies

for the year ended 31 March 2013

5.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

5.7 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as a capital expense in the statement of financial performance and are not apportioned between the capital and the interest portions. The total finance lease commitments are disclosed in the disclosure notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statement.

5.8 Impairment

The Department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows/service potential flowing from the instrument.

5.9 Provisions

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. Receivables for departmental revenue

Receivables for Departmental revenue are disclosed in the disclosure notes to the annual financial statements. These receivables are written-off when identified as irrecoverable and are disclosed separately.

7. Net Assets

7.1 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

8. Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

Accounting Policies

for the year ended 31 March 2013

9. Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

10. Public private partnerships

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

Notes to the Annual Financial Statements

for the year ended 31 March 2013

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

	2012/13			2011/12
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration	1,004,964	1,004,964	-	777,521
Immovable asset management	5,052,937	5,052,937	-	5,410,545
Expanded Public Works Programme	1,729,072	1,729,072	-	1,575,198
Property and construction industry policy regulations	37,436	37,436	-	34,900
Auxiliary and associated services	66,839	66,839	-	31,580
Total	7,891,248	7,891,248	-	7,829,744

2. Departmental revenue

	Note	2012/13	2011/12
		R'000	R'000
Sales of goods and services other than capital assets	2.1	32,017	36,388
Fines, penalties and forfeits	2.2	3	12
Interest, dividends and rent on land	2.3	7,835	103
Sales of capital assets	2.4	-	3,154
Transactions in financial assets and liabilities	2.5	13,940	35,538
Departmental revenue collected		53,795	75,195

2.1 Sales of goods and services other than capital assets

	2	2012/13	2011/12
		R'000	R'000
Sales of goods and services produced by the Department		32,013	36,353
Sales by market establishment		445	411
Administrative fees		215	2
Other sales		31,353	35,940
Sales of scrap, waste and other used current goods		4	35
Total		32,017	36,388

2.2 Fines, penalties and forfeits

	2	2012/13	2011/12
		R'000	R'000
Fines		3	12
Total		3	12

2.3 Interest, dividends and rent on land

	2	2012/13	2011/12
		R'000	R'000
Interest		7,835	103
Total		7,835	103

Notes to the Annual Financial Statements

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
2.4 Sale of capital assets			
Tangible assets	2	-	3,154
Buildings and other fixed structures	34	-	3,154
Total		-	3,154
2.5 Transactions in financial assets and liabilities			
Receivables	2	315	372
Stale cheques written back		2	-
Other Receipts including Recoverable Revenue		13,623	35,166
Total		13,940	35,538
3. Compensation of employees			
3.1 Salaries and Wages			
Basic salary		942,960	866,062
Performance award		15,886	15,912
Service Based		1,800	2,228
Compensative/circumstantial		13,963	16,414
Periodic payments		4,606	5,854
Other non-pensionable allowances		208,283	191,498
Total		1,187,498	1,097,968
3.2 Social contributions			
Employer contributions			
Pension		116,983	107,304
Medical		69,777	63,948
Bargaining council		294	358
Total		187,054	171,610
Total compensation of employees		1,374,552	1,269,578
Average number of employees		5,494	5,849

Notes to the Annual Financial Statements

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
4. Goods and services			
Administrative fees		453	439
Advertising		8,637	20,218
Assets less than R5,000	4.1	2,698	11,848
Bursaries (employees)		-	24
Catering		2,662	3,122
Communication		31,628	29,236
Computer services	4.2	36,677	48,466
Consultants, contractors and agency/outsourced services	4.3	268,710	285,953
Entertainment		795	1,084
Audit cost – external	4.4	48,374	40,916
Fleet services		21,430	19,970
Inventory	4.5	40,721	35,788
Operating leases		139,175	189,504
Property payments	4.6	257,587	199,511
Rental and hiring		2,883	-
Travel and subsistence	4.7	86,346	110,077
Venues and facilities		7,761	9,937
Training and staff development		9,653	13,492
Other operating expenditure	4.8	10,824	13,321
Total		977,014	1,032,906
4.1 Assets less than R5,000			
	4		
Tangible assets		2,698	11,843
Machinery and equipment		2,698	11,843
Intangible assets		-	5
Total		2,698	11,848
4.2 Computer services			
SITA computer services	4	22,172	19,965
External computer service providers		14,505	28,501
Total		36,677	48,466
4.3 Consultants, contractors and agency/outsourced services			
	4		
Business and advisory services		78,125	38,036
Infrastructure and planning		11,059	10,343
Legal costs		13,822	6,063
Contractors		49,657	154,763
Agency and support/outsourced services		116,047	76,748
Total		268,710	285,953

Notes to the Annual Financial Statements

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
4.4 Audit cost – External			
Regularity audits	4	48,374	40,916
Total		48,374	40,916
4.5 Inventory			
	4		
Learning and teaching support material		-	44
Food and food supplies		-	8
Fuel, oil and gas		9,105	7,621
Other consumables		14,943	12,774
Materials and supplies		1,111	1,323
Stationery and printing		15,557	14,018
Medical supplies		5	-
Total		40,721	35,788
4.6 Property payments			
	4		
Municipal services		251,267	190,264
Property management fees		2,601	8,241
Other		3,719	1,006
Total		257,587	199,511
4.7 Travel and subsistence			
	4		
Local		85,458	105,521
Foreign		888	4,556
Total		86,346	110,077
4.8 Other operating expenditure			
	4		
Learnerships		4,720	5,680
Professional bodies, membership and subscription fees		1,701	1,373
Resettlement costs		770	3,630
Other		3,633	2,638
Total		10,824	13,321
5. Interest and rent on land			
Interest paid		21	1,567
Total		21	1,567

Notes to the Annual Financial Statements

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
6. Payments for financial assets			
Other material losses written-off	6.1	3,198	2,025
Total		3,198	2,025

6.1 Other material losses written-off

	Note	2012/13 R'000	2011/12 R'000
Nature of losses			
Claims recoverable	6	281	-
Recoverable expenditure		2,890	2,000
Prepayments		27	25
Total		3,198	2,025

7. Transfers and subsidies

Provinces and municipalities	36, Annex 1A, Annex 1B	2,969,955	2,592,965
Departmental agencies and accounts	Annex 1C	751,640	732,486
Foreign governments and international organisations	Annex 1E	15,436	12,956
Public corporations and private enterprises	Annex 1D	50,800	150,000
Non-profit institutions	Annex 1F	292,627	163,801
Households	Annex 1G	11,875	4,012
Gifts, donations and sponsorships made	Annex 1I	20	2
Total		4,092,353	3,656,222
Unspent funds transferred to the above beneficiaries		283,509	37,913

Comparative figure

Additional information was included in the transfer and subsidies note relating to unspent funds transferred to beneficiaries. The comparative figure has been updated indicating that R37,913 million of funds were unspent by beneficiaries in the prior year.

8. Expenditure for capital assets

Tangible assets			
Buildings and other fixed structures	34	713,003	1,011,407
Machinery and equipment	32	43,283	81,163
Software and other intangible assets			
Computer software	33	501	6,569
Total		756,787	1,099,139

The following amounts have been included as project costs in Expenditure for capital assets

Goods and services		609	4,550
Total		609	4,550

Notes to the Annual Financial Statements

for the year ended 31 March 2013

Note	2012/13 R'000	2011/12 R'000
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Comparative figure

Additional information was included in the expenditure for capital assets note relating to project cost included as part of capital expenditure. The amounts included as project costs under goods and services relates to management fees of 3.5% payable to the IDT on projects under their control. The comparative figure has been updated accordingly indicating project costs of R4,550 million included in the capital expenditure.

8.1 Analysis of funds utilised to acquire capital assets – 2012/13

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	756,286	-	756,286
Buildings and other fixed structures	713,003	-	713,003
Machinery and equipment	43,283	-	43,283
Software and other intangible assets	501	-	501
Computer software	501	-	501
Total	756,787	-	756,787

8.2 Analysis of funds utilised to acquire capital assets – 2011/12

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	1,092,570	-	1,092,570
Buildings and other fixed structures	1,011,407	-	1,011,407
Machinery and equipment	81,163	-	81,163
Software and other intangible assets	6,569	-	6,569
Computer software	6,569	-	6,569
Total	1,099,139	-	1,099,139

9. Unauthorised expenditure

9.1 Reconciliation of unauthorised expenditure

Opening balance		83,082	58,495
Unauthorised expenditure – discovered in current year	13	166,371	24,587
Unauthorised expenditure awaiting authorisation /written-off		249,453	83,082

9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

Current		76,508	76,508
Capital		166,453	82
Transfers and subsidies		6,492	6,492
Total		249,453	83,082

Notes to the Annual Financial Statements

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
9.3 Analysis of unauthorised expenditure awaiting authorisation per type			
Unauthorised expenditure relating to over-spending of the vote or a main division within a vote		83,082	83,082
Unauthorised expenditure incurred not in accordance with the purpose of the vote or a main division		166,371	-
Total		249,453	83,082

9.4 Details of unauthorised expenditure – current year

Incident	Disciplinary steps taken/ criminal proceedings	2012/13 R'000
Unauthorised expenditure is as a result of capital expenditure incurred by IDT to build schools which is a provincial competency		162,386
Movable assets procured by IDT		3,985
Total		166,371

9.5 Details of unauthorised expenditure – prior years

Incident	Disciplinary steps taken/criminal proceedings	2011/12 R'000
Over-spending on compensation of employees		67,135
Over-spending on goods and services		13,620
Over-spending on capital assets		82
Over-spending on transfers and subsidies		2,245
Total		83,082

10. Cash and cash equivalents

Consolidated Paymaster General Account	431,281	825,426
Cash receipts	8,338	
Disbursements	6	(2)
Cash on hand	179	179
Total	439,804	825,603

11. Prepayments and advances

Staff advances		1	1
Travel and subsistence		140	433
Prepayments		10,455	4,174
Advances paid to other entities	11.1	27,648	33,992
Total		38,244	38,600

11.1 Advances paid

Public entities	11 Annex 7A	27,648	33,992
Total		27,648	33,992

Notes to the Annual Financial Statements

for the year ended 31 March 2013

Note	2012/13 R'000	2011/12 R'000
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12. Receivables

	Note	2012/13			2011/12
		R'000	R'000	R'000	R'000
		Less than one year	One to three years	Older than three years	Total
Claims recoverable	12.1 Annex 3	131,707	7,153	2,281	188,668
Recoverable expenditure	12.2	1,548	1,848	45,784	49,180
Staff debt	12.3	440	1,487	2,618	4,537
Other debtors	12.4	52,367	1,864	9,798	16,510
Total		186,062	12,352	60,481	258,895
					145,739

Comparative figure

The prior year staff debt balance has been reclassified between staff debt and other debtors. This resulted in a decrease of staff debt and an increase of other debtors amounting to R9,266 million (as disclosed in note 12.3 and 12.4).

12.1 Claims recoverable

National departments	12	63,124	76,352
Provincial departments		125,544	6,098
Total		188,668	82,450

12.2 Recoverable expenditure (disallowance accounts)

Disallowance	12	48,021	48,179
Private telephone		45	28
Salary accounts		1,114	2,070
Total		49,180	50,277

12.3 Staff debt

Personnel debt	12	4,537	3,746
Total		4,537	3,746

12.4 Other debtors

Other debtors	12	16,510	9,266
Total		16,510	9,266

13. Voted funds to be surrendered to the Revenue Fund

Opening balance		792,914	749,722
Transfer from statement of financial performance		687,323	768,307
Add: Unauthorised expenditure for current year	9	166,371	24,587
Paid during the year		(792,895)	(749,702)
Closing balance		853,713	792,914

Notes to the Annual Financial Statements

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
14. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund			
Opening balance		7,560	6,118
Transfer from Statement of Financial Performance		53,795	75,195
Paid during the year		(51,905)	(73,753)
Closing balance		9,450	7,560

15. Payables – current

Advances received	15.1	57,480	275,960
Clearing accounts	15.2	491	1,397
Other payables	15.3	8,020	10,135
Total		65,991	287,492

15.1 Advances received

	15		
National departments	Annex 7B	46,806	52,147
Provincial departments	Annex 7B	10,000	222,979
Public entities	Annex 7B	674	834
Total		57,480	275,960

15.2 Clearing accounts

Salary clearing accounts	15	491	1,397
Total		491	1,397

15.3 Other payables

Claims and other payables	15	7,743	9,760
Tender deposit		269	295
Rental deposit		8	80
Total		8,020	10,135

16. Net cash flow available from operating activities

Net surplus as per Statement of Financial Performance		741,118	843,502
Add back non cash/cash movements not deemed operating activities		(422,314)	520,684
(Increase)/decrease in receivables – current		(113,156)	6,670
Decrease in prepayments and advances		356	137,455
Increase/(decrease) in payables – current		(221,501)	104,029
Proceeds from sale of capital assets		-	(3,154)
Expenditure on capital assets		756,787	1,099,139
Surrenders to Revenue Fund		(844,800)	(823,455)
Net cash flow generated by operating activities		318,804	1,364,186

Notes to the Annual Financial Statements

for the year ended 31 March 2013

	<i>Note</i>	2012/13	2011/12
		R'000	R'000
17. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		431,281	825,426
Cash Receipts		8,338	
Disbursements		6	(2)
Cash on hand		179	179
Total		439,804	825,603

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

Note	2012/13 R'000	2011/12 R'000
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These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

18. Contingent liabilities and contingent assets

18.1 Contingent liabilities

Liable to	Nature	Note	2012/13 R'000	2011/12 R'000
Motor vehicle guarantees	Employees	Annex 2A	-	582
Housing loan guarantees	Employees	Annex 2A	521	2,154
Other guarantees		Annex 2A	1,766	2,355
Claims against the Department		Annex 2B	12,634	11,908
Other departments (inter-departmental unconfirmed balances)		Annex 4	6,531	38,700
Total			21,452	55,699

Comparative figure

The prior year balance has been restated resulting in an increase of R293k. There is a reduction of R20k relating to a restatement of claims against the Department and an increase of R313k as a result of a foreign exchange revaluation of a foreign currency denominated guarantee issued by the Department.

18.2 Contingent assets

Nature of contingent asset	2012/13 R'000	2011/12 R'000
None	-	-
Total	-	-

Comparative figure

The prior year balance has been restated to zero resulting in a decrease of R91k. An amount of R66k is restated due to the fact that the amount was previously recognised as a receivable. An amount of R25k was derecognised as a contingent asset as it was written off in 2011.

19. Commitments

Current expenditure		
Approved and contracted	237,050	87,377
Approved but not yet contracted	2,855	41
	239,905	87,418
Capital expenditure		
Approved and contracted	1,196,431	1,849,352
Approved but not yet contracted	4,695	5
	1,201,126	1,849,357
Total Commitments	1,441,031	1,936,775

Included in the amount of commitments are projects running under PMTE on behalf of the Department. Most of these projects are multi-year projects.

Comparative figure

The Department has restated the CPAP amount included as part of capital expenditure. As a result, the commitment balance was reduced with R97, 4million.

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

Note	2012/13 R'000	2011/12 R'000
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20. Accruals

Listed by economic classification

	30 Days	30+ Days	Total	Total
Goods and services	64,681	1,590	66,271	160,857
Interest and rent on land	714	-	714	-
Transfers and subsidies	76	93	169	4
Capital assets	49,565	3,314	52,879	111,162
Other	36	2	38	49
Total	115,072	4,999	120,071	272,072

Listed by programme level

Programme 1	18,579	232,232
Programme 2	84,094	16,411
Programme 3	16,291	23,350
Programme 4	-	30
Programme 5	1,107	49
Total	120,071	272,072

Confirmed balances with other departments	<i>Annex 4</i>	6,840	2,214
Confirmed balances with other government entities	<i>Annex 4</i>	82,914	148,945
Total		89,754	151,159

21 Employee benefits

Leave entitlement	56,342	48,694
Service bonus (Thirteenth cheque)	36,888	35,081
Performance awards	18,734	16,859
Capped leave commitments	69,910	69,384
Other	4,217	1,140
Total	186,091	171,159

Credit balances

Excluded from the R56 million (2011/12: R49 million) leave entitlement are credit balances amounting to R2,6 million in the current financial year (2011/12: R2 million). The leave credits are caused by leave advances taken by employees.

Comparative figure

The comparative figure has changed due to the reclassification of provisions relating to performance awards to employee benefits. This resulted in employee benefits for the 2011/12 financial year being increased with R16,859 million.

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

22. Lease commitments

22.1 Operating leases expenditure

2012/13	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	43,427	-	43,427
Later than 1 year and not later than 5 years	-	-	33,292	-	33,292
Later than five years	-	-	827	-	827
Total lease commitments	-	-	77,546	-	77,546

2011/12	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	119,408	-	119,408
Later than 1 year and not later than 5 years	-	-	76,148	-	76,148
Later than five years	-	-	1,398	-	1,398
Total lease commitments	-	-	196,954	-	196,954

Comparative figure

The Department has restated operating lease commitments which were incorrectly disclosed. The restatement includes leases that the Department is funding on behalf of other government departments and certain Chapter 9 institutions as well as leases that were not verified as at 31 March 2012. This resulted in the comparative figure being decreased with R141,761 million.

22.2 Finance leases expenditure**

2012/13	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	8,925	8,925
Later than 1 year and not later than 5 years	-	-	-	5,700	5,700
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	14,625	14,625

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

2011/12	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	6,497	6,497
Later than 1 year and not later than 5 years	-	-	-	1,778	1,778
Total lease commitments	-	-	-	8,275	8,275
LESS: finance costs	-	-	-	447	447
Total present value of lease liabilities	-	-	-	7,828	7,828

**This note excludes leases relating to public-private partnership as they are separately disclosed in note number 28.

22.3 Operating lease revenue

2012/13	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	16,849	-	16,849
Later than 1 year and not later than 5 years	-	-	35,662	-	35,662
Later than five years	-	-	23,125	-	23,125
Total operating lease revenue receivable	-	-	75,636	-	75,636

2011/12	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	25,135	-	25,135
Later than 1 year and not later than 5 years	-	-	42,193	-	42,193
Later than five years	-	-	31,875	-	31,875
Total operating lease revenue receivable	-	-	99,202	-	99,202

Comparative figure

The Department has restated operating lease revenue commitments which were incorrectly disclosed. The restatement includes leases which were not verified as at 31 March 2012. This resulted in the comparative figure being increased with R15, 3million.

23. Receivables for departmental revenue

Interest, dividends and rent on land	2,373	3,687
Sales of goods and services other than capital assets	15,228	14,958
Total	17,601	18,645

Comparative figure

The Department has restated receivables for departmental revenue which were incorrectly disclosed. This resulted in the comparative figure being increased with R1, 922 million.

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
23.1 Analysis of receivables for departmental revenue			
Opening balance		17,507	12,586
Less: amounts received		31,453	29,519
Add: amounts recognised		31,547	35,640
Less: amounts written-off/reversed as irrecoverable		-	62
Closing balance		17,601	18,645

24. Irregular expenditure

24.1 Reconciliation of irregular expenditure

Opening balance		171,643	26,266
Add: Irregular expenditure – relating to prior year		442,792	56,225
Add: Irregular expenditure – relating to current year		431,722	111,932
Less: Amounts condoned		(947)	(22,780)
Irregular expenditure awaiting condonation		1,045,210	171,643

Analysis of awaiting condonation per age classification

Current year		431,129	107,610
Prior years		614,081	64,033
Total		1,045,210	171,643

An amount of R10,133 million was removed from the prior year balance after revision of the balance based on updated National Treasury irregular expenditure guidance.

The Department revisited its entire population of payments processed and bids awarded from financial year 2009/10 to 2012/13 in order to identify all irregular expenditure. This was one of the matters that the Department was disclaimed on in the previous two financial years. An amount of R443 million relates to expenditure incurred in previous financial years and was discovered in the current financial year, during the exercise of revisiting the entire population.

An amount of R432 million relates to expenditure incurred and discovered in the current financial year.

24.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2012/13 R'000
Appropriate approval not obtained by a delegated official or committee	The irregular expenditure is being investigated by the Department for condonement and to determine officials liable.	153,061
Deviations incorrectly approved		8,214
Incorrect procurement process followed		230,045
Payments in excess of quoted amount	Currently, no disciplinary steps or criminal proceedings have been initiated.	31
Evaluation criteria used to evaluate quotations or bids do not match original criteria		10,065
Incorrect evaluation performed in the procurement process		7,770
No original valid tax clearance certificate		3,303
No original/certified copy BEE certificate and preference points were incorrectly allocated		536
Overtime not approved		112
Award of contract to a supplier who does not meet the relevant requirements (cidb and SITA)		8,575
Transfer payment not approved by Treasury		9,903
Payment not approved by delegated authority		107
Total		431,722

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

Note	2012/13 R'000	2011/12 R'000
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24.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2012/13 R'000
Incorrect procurement process followed	CFO	947
Total		947

24.4 Details of irregular expenditures under investigation

Incident	2012/13 R'000
All irregular expenditure incurred has been referred for investigation	1,045,210
Total	1,045,210

25. Fruitless and wasteful expenditure

25.1 Reconciliation of fruitless and wasteful expenditure

Opening balance	69,269	-
Fruitless and wasteful expenditure – relating to prior year	50,505	69,172
Fruitless and wasteful expenditure – relating to current year	4,313	97
Fruitless and wasteful expenditure awaiting resolution	124,087	69,269

Analysis of awaiting resolution per economic classification

Current	9,580	372
Capital	114,507	68,897
Total	124,087	69,269

Included in 2011/12 fruitless expenditure is an amount R68 million in respect of settlement of cancellation of the contract and subsequent payments made after cancellation of contract on the Skilpadhek Boarder Post project.

Included in 2012/13 fruitless and wasteful expenditure is an amount of R45 million for a system procured in financial 2005/06 which the Department has not fully utilised. Furthermore, the Department spent a further R3,5 million on the system for license and training of staff and the amount has also been declared fruitless and wasteful expenditure.

Transactions totalling R5,3 million were investigated and concluded by the Special Investigating Unit (SIU) in the year under review. Disciplinary actions have been recommended against officials of the Department.

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

Note	2012/13 R'000	2011/12 R'000
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25.2 Analysis of fruitless and wasteful expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2012/13 R'000
Additional charges incurred by DPW to print the annual report in portrait instead of landscape	The fruitless and wasteful expenditure	89
Catering for people who did not attend	is being investigated	174
Implementation of SAAS IT system	by the Department for	3,594
Interest paid	condonement and to	65
Goods/services were not rendered according to the contract agreement	determine officials liable.	121
The validity period of the quotes expired and the quotes became higher	Currently, no disciplinary	20
Training not attended	steps or criminal	87
Travel costs incurred for people who did not travel	proceedings have been	1
VAT was charged by suppliers who are not registered	initiated.	32
VAT vendors		
Purchases not in line with Ministerial handbook		36
Purchases on lost petrol card		94
Total		4,313

26. Related party transactions

Revenue received

Sales of goods and services other than capital assets	42	-
Total	42	-

Payments made

Goods and services	119,364	280,716
Interest and rent on land	2	1
Purchases of capital assets	109	126,879
Transfers	-	-
Total	119,475	407,596

Year-end balances arising from revenue/payments

Receivables from related parties	-	37,820
Payables to related parties	13,210	1,749
Total	13,210	39,569

Other

Commitments	25,305	154,455
Total	25,305	154,455

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

Related parties to the Department

The following entities/departments have been identified as related parties of the Department:

- a) Independent Development Trust (IDT)
Government Development Agency to implement projects commissioned by government.
- b) Parliamentary Village Management Board
To provide transport from and to the parliamentary villages for residents (Parliamentarians and sessional officials) who are in Cape Town.
- c) Agrément South Africa (ASA)
Promote and support the process of integrated socio-economic development in SA.
- d) Council for the Built Environment (CBE)
Oversee built environment professional councils.
- e) Construction Industry Development Board (cidb)
Provide strategic direction for sustainable growth, reform and improvements of the construction sector and its role in the economy.
- f) Property Management Trading Entity (PMTE)
To manage devolved accommodation-related costs and user charge.
- g) All National Departments and their entities.

Related parties transactions

1. Independent Development trust

The management fee (identified as a non-arm's length transaction) and the contract cost is disclosed above. The management fee structure varies per project depending on the duration, complexity and labour required and is embedded in the contract cost of the projects undertaken by the IDT for the Department.

2. In kind goods and services provided/received

2.1 Property Management Trading Entity (PMTE)

The Property Management Trading Entity *(PMTE) operates within the administration of the Department of Public Works (DPW) and as such all contracts are entered into in the name of the DPW. The liabilities and obligations arising from these transactions are accounted for by the PMTE if it relates to the PMTE operating activities as these liabilities will be settled using the PMTE funds and resources.

Direct cost

Direct cost consists of overhead costs for the day-to-day running of PMTE. These costs can be measured reliably and are disclosed above. Direct cost compensation of employees is not a standard line item disclosure under 'payments made'; this amounts to R17,9 million for the 2012/13 financial year and R12,9 million for the 2011/12 financial year.

Indirect cost

Indirect costs include the sharing of corporate services between the Department and PMTE. The nature of the transactions resulted in difficulties in reliably determining the value of the indirect costs paid on behalf of the PMTE, due to the operational structure and functions between the Department and the PMTE.

- Supply chain management

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

- Internal audit
- Human Resources (HRM, HROD)
- Gender, people with disabilities, youth and children
- Marketing and communication
- Information system services
- Legal services
- Security management
- Monitoring and evaluation
- Strategic management unit
- Labour relations
- Senior management (Minister, COO, CFO, DDG and DG)

Maintenance cost and rates and taxes

The PMTE pays maintenance costs (planned and unplanned) and rates and taxes on State-owned buildings and private leases occupied by the Department. The total maintenance and rates and taxes costs amounted to R4, 025 billion for the 2012/13 financial year and R3, 885 billion for the 2011/12 financial year. This is broken down as follows:

- Rates and taxes (payments) – R788,6 million
- Rates and taxes (accruals) – R6,1 million
- Cleaning, gardening and security (payments) – R76,8 million
- Cleaning, gardening and security (accruals) – R6,7 million
- Property maintenance (accruals) – R140,3 million
- Day-to-day maintenance – planned and unplanned maintenance (payments) – R 3,007 billion

2.2 Private leases

The Department leases private buildings to other departments for free. This is based on the devolution of funds from National Treasury. The total payments amounted to R76,1 million for the 2012/13 financial year.

2.3 Free accommodation

The Department provides free accommodation and maintenance to the National Museum.

2.4 Department of Defence – capital works paid

The Department paid for capital works to the Department of Defense on certain property. This is a once off 'service-in-kind' for the 2012/13 financial year and amounts to R16, 2 million.

3. Comparative figure

The prior year balances were restated to reflect transactions that were not at arm's length and could not be reliably measured. A significant decrease was noted in the restatement of figures (97% - 100%). This was due to the following:

- Disclosing only non-arm's length transactions
- Qualitative disclosure of the indirect costs
- Interim approved PMTE structure to reflect only Finance.

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

27. Key management personnel

	No. of Individuals	2012/13	2011/12
		R'000	R'000
Political office bearers	2	3,328	3,027
Officials:		-	-
Level 15 to 16	24	19,105	12,118
Level 14 (incl. CFO if at a lower level)	54	42,384	37,841
Family members of key management personnel	1	504	683
Total		65,321	53,669

The Political Office Bearers are the Minister of the Department of Public Works and the Deputy Minister of the Department of Public Works.

Two members have been seconded to the Department free of charge, hence their cost is not reflected above.

28. Public Private Partnership

Contract fee paid	42,997	37,349
Fixed component	6,102	10,279
Indexed component	36,895	27,070
Analysis of indexed component	36,895	27,070
Goods and services (excluding lease payments)	21,806	25,999
Operating leases	14,412	679
Suspense	677	392
Capital/ (Liabilities)	6,102	10,279
Tangible rights	6,102	10,279
Other	23,588	7,621
Other obligations	23,588	7,621

Any guarantees issued by the Department are disclosed in Note 18.

Included in other obligations amounting to R23, 6 million are finance lease commitments of R1, 4 million, operating lease commitments of R17, 5 million and accruals amounting to R4, 8 million.

29. Impairment

Impairment		
Debtors	15,780	10,500
Other	41,699	99,367
Total	57,479	109,867

30. Provisions

Performance bonus	-	-
Total	-	-

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

Comparative figure

Comparative figure has changed due to the reclassification of provisions relating to performance awards stated under employee benefits. This resulted in provisions for the 2011/12 financial year being reduced by R16, 859 million (refer to note 21).

31. Non-adjusting events after reporting date

There were no non-adjusting events identified for the current year under review.

Total _____ - _____ -

32. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Curr Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	56,210	36,845	4,387	1,579	95,863
Heritage assets	56,210	36,845	4,387	1,579	95,863
MACHINERY AND EQUIPMENT	305,167	33,891	29,138	11,584	356,612
Transport assets	3,563	-	50	1,026	2,587
Computer equipment	70,435	(578)	9,096	3,524	75,429
Furniture and office equipment	197,863	19,114	12,121	6,487	222,611
Other machinery and equipment	33,306	15,355	7,871	547	55,985
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	361,377	70,736	33,525	13,163	452,475

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

32.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013					
	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	-	4,387	-	-	4,387
Heritage assets	-	4,387	-	-	4,387
MACHINERY AND EQUIPMENT	43,199	9,510	(23,717)	146	29,138
Transport assets	0	50	-	-	50
Computer equipment	7,071	2,770	-	(745)	9,096
Furniture and office equipment	5,444	6,255	-	422	12,121
Other machinery and equipment	30,684	435	(23,717)	469	7,871
BIOLOGICAL ASSETS	-	-	-	-	-
Biological assets	-	-	-	-	-
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	43,199	13,897	(23,717)	146	33,525

32.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013				
	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
HERITAGE ASSETS	-	1,579	1,579	-
Heritage assets	-	1,579	1,579	-
MACHINERY AND EQUIPMENT	-	11,584	11,584	-
Transport assets	-	1,026	1,026	-
Computer equipment	-	3,524	3,524	-
Furniture and office equipment	-	6,487	6,487	-
Other machinery and equipment	-	547	547	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	13,163	13,163	-

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

32.3 Movement for 2011/12

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
HERITAGE ASSETS	56,267	-	57	56,210
Heritage assets	56,267	-	57	56,210
MACHINERY AND EQUIPMENT	267,036	74,894	36,763	305,167
Transport assets	3,544	19	-	3,563
Computer equipment	53,020	43,661	26,246	70,435
Furniture and office equipment	179,751	26,783	8,671	197,863
Other machinery and equipment	30,721	4,431	1,846	33,306
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	323,303	74,894	36,820	361,377

32.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2013						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	81	1,175	162,321	-	163,577
Current year adjustments to prior year balances	-	(73)	2,513	(4,591)	-	(2,151)
Additions	-	-	239	4,101	-	4,340
Disposals	-	-	152	17,200	-	17,352
TOTAL MINOR ASSETS	-	8	3,775	144,631	-	148,414

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	1	112	10,661	-	10,774
Number of minor assets at cost	-	12	3,291	88,695	-	91,998
TOTAL NUMBER OF MINOR ASSETS	-	13	3,403	99,356	-	102,772

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

MOVEMENT IN MINOR ASSETS AS PER ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2012						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	76	1,191	159,775	-	161,042
Additions	-	5	-	11,704	-	11,709
Disposals	-	-	16	9,158	-	9,174
TOTAL MINOR ASSETS	-	81	1,175	162,321	-	163,577

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	3	86	7,211	-	7,300
Number of minor assets at cost	-	12	1,018	317,446	-	318,476
TOTAL NUMBER OF MINOR ASSETS	-	15	1,104	324,657	-	325,776

33. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS AS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013					
	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Computer software	50,852	(174)	420	14	51,084
Patents, licences, copyright, brand names, trademarks	-	25	-	-	25
Services and operating rights	512	-	-	-	512
TOTAL INTANGIBLE CAPITAL ASSETS	51,364	(149)	420	14	51,621

33.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS AS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013					
	Cash	Non-Cash	(Development work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Computer software	501	-	-	(81)	420
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	501	-	-	(81)	420

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

33.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS AS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013				
	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
Computer software	-	14	14	-
TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS	-	14	14	-

33.3 Movement for 2011/12

MOVEMENT IN INTANGIBLE CAPITAL ASSETS AS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Computer software	44,214	6,659	21	50,852
Services and operating rights	500	12	-	512
TOTAL INTANGIBLE CAPITAL ASSETS	44,714	6,671	21	51,364

34. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS AS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013					
	Opening balance	Curr Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	4,057,611	(587,345)	49,168	-	3,519,434
Dwellings	502,909	(147,490)	-	-	355,419
Non-residential buildings	3,554,141	(439,294)	49,168	-	3,164,015
Other fixed structures	561	(561)	-	-	-
HERITAGE ASSETS	4,547	(4,547)	-	-	-
Heritage assets	4,547	(4,547)	-	-	-
LAND AND SUBSOIL ASSETS	51,486	(2,498)	-	-	48,988
Land	51,486	(2,498)	-	-	48,988
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	4,113,644	(594,390)	49,168	-	3,568,422

The amount of R3,67 billion includes acquired properties and construction projects completed from 2002 to date, however, the amount excludes expenditure related to renovation and refurbishment of properties.

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

34.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS AS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013					
	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	713,003	-	(663,835)	-	49,168
Non-residential buildings	713,003	-	(663,835)	-	49,168
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	713,003	-	(663,835)	-	49,168

Included in the amount of R713 million, is R664 million relating to renovations and refurbishment of existing buildings.

34.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS AS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013				
	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	-	-
Non-residential buildings	-	-	-	-
TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS	-	-	-	-

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

34.3 Movement for 2011/12

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS AS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	3,439,962	617,649	-	4,057,611
Dwellings	502,909	-	-	502,909
Non-residential buildings	2,936,492	617,649	-	3,554,141
Other fixed structures	561	-	-	561
HERITAGE ASSETS	4,547	-	-	4,547
Heritage assets	4,547	-	-	4,547
LAND AND SUBSOIL ASSETS	54,238	402	3,154	51,486
Land	54,238	402	3,154	51,486
TOTAL IMMOVABLE TANGIBLE ASSETS	3,498,747	618,051	3,154	4,113,644

34.4 Immovable assets valued at R1

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2013				
	Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Total
	R	R	R	R
DPW R1 immovable assets	73,463	124	34,731	108,318
Unregistered land deemed National	-	-	3,127	3,127
Deemed Provincial unvested	-	-	13,703	13,703
Deemed Provincial surveyed not registered	-	-	4,125	4,125
TOTAL	73,463	124	55,686	129,273

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

STATE DOMESTIC FACILITIES AS AT 31 MARCH 2013

The State Domestic Facilities on unregistered land or under permission to occupy agreements, amount to 18 687 as at 31 March 2013.

The National state functions of these facilities include;

BORDER POST	364
COMMUNICATION STRUCTURE	43
HARBOUR	380
LABORATORY	19
MAGISTRATES OFFICE	938
MILITARY BASE	6,090
MONUMENT	4
MORTUARY	30
MUSEUM	58
OFFICE BUILDING	2,121
POLICE STATION	6,098
PRESTIGE	50
PRISON	1,766
PURIFICATION WORKS	78
RESEARCH	37
RESERVOIR	28
SUPREME COURT	10
TRAINING FACILITY	96
WATER WORKS	274
WORKSHOP	203
Grand Total	18,687

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2012

	Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Total
	R	R	R	R
R1 Immovable assets	73,397	-	35,640	109,037
TOTAL	73,397	-	35,640	109,037

During 2012/13 the immovable asset register was completed for registered land and substantially completed for unregistered land. These confirmed land parcels are disclosed at R1 each.

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

35. STATEMENT OF CONDITIONAL GRANTS PAID TO THE PROVINCES

NAME OF PROVINCE / GRANT	GRANT ALLOCATION				TRANSFER			SPENT			2011/12
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Department	Amount Spent by Department	% of Available Funds Spent by Department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Eastern Cape	283,279	-	-	283,279	283,360	-	-	283,360	282,262	-	197,779
Free State	276,698	-	-	276,698	276,698	-	-	276,700	298,753	-	255,749
Gauteng	342,249	-	-	342,249	342,249	-	-	342,249	364,174	106%	305,623
Kwazulu-Natal	632,279	-	-	632,279	511,790	-	-	511,788	519,060	101%	493,854
Limpopo	142,116	-	-	142,116	142,116	-	-	142,116	106,517	75%	62,386
Mpumalanga	116,784	-	-	116,784	116,784	-	-	116,784	114,192	98%	87,371
Northern Cape	55,899	-	-	55,899	55,899	-	-	55,899	59,434	106%	80,644
North West	218,193	-	-	218,193	218,193	-	-	218,193	140,947	65%	175,414
Western Cape	361,324	-	-	361,324	361,325	-	-	361,324	400,345	111%	344,768
	2,428,821	-	-	2,428,821	2,308,414	-	-	2,308,413	2,285,684		2,003,588

The Department certifies that all transfers were in terms of the DORA Act and deposited into the primary bank account of the province or municipality.

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

36. STATEMENT OF UNCONDITIONAL GRANTS PAID TO THE PROVINCES

NAME OF PROVINCE / GRANT	GRANT ALLOCATION				TRANSFER			SPENT			2011/12
	Amount	Roll Overs	Other Adjustments	Total Available	Actual Transfer	% Of Available Funds Transferred	Amount Received by Department	Amount Spent by Department	% Of Available Funds Spent by Department	Division Of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
Eastern Cape	-	-	-	-	-	-	-	-	-	30,431	
Free State	-	-	-	-	-	-	-	-	-	10,606	
Gauteng	-	-	-	-	-	-	-	-	-	44,210	
Kwazulu-Natal	-	-	-	-	-	-	-	-	-	129,837	
Limpopo	-	-	-	-	-	-	-	-	-	9,545	
Mpumalanga	-	-	-	-	-	-	-	-	-	9,486	
Northern Cape	-	-	-	-	-	-	-	-	-	4,809	
North West	-	-	-	-	-	-	-	-	-	5,758	
Western Cape	-	-	-	-	-	-	-	-	-	22,587	
	-	-	-	-	-	-	-	-	-	267,269	

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

37. STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER			Re-allocations by National Treasury or National Department %
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000			
!Kai! Garib	1,000	-	-	1,000	1,000	-	-	-	
!Kheis	1,000	-	-	1,000	1,000	-	-	-	
//Khara Hais	1,000	-	-	1,000	1,000	-	-	-	
Abaqulusi	1,000	-	-	1,000	1,000	-	-	-	
Aganang	1,066	-	-	1,066	1,066	-	-	-	
Albert Luthuli	1,386	-	-	1,386	1,386	-	-	-	
Alfred Nzo District Municipality	9,604	-	-	9,604	9,604	-	-	-	
Amahlathi	1,000	-	-	1,000	1,000	-	-	-	
Amajuba District Municipality	1,000	-	-	1,000	1,000	-	-	-	
Amatole District Municipality	6,022	-	-	6,022	6,022	-	-	-	
Ba-Phalaborwa	1,000	-	-	1,000	1,000	-	-	-	
Baviaans	1,471	1,286	-	2,757	2,757	-	-	-	
Beaufort West	1,000	-	-	1,000	1,000	-	-	-	
Bela Bela	1,000	-	-	1,000	1,000	-	-	-	
Bergrivier	896	-	-	896	896	-	-	-	
Bitou	1,000	-	-	1,000	1,000	-	-	-	
Blouberg	1,000	-	-	1,000	1,000	-	-	-	
Blue Crane Route	1,000	-	-	1,000	1,000	-	-	-	
Bojanala Platinum District Municipality	1,412	-	-	1,412	1,412	-	-	-	
Breede Valley	1,000	-	-	1,000	1,000	-	-	-	
Buffalo City	1,484	-	-	1,484	1,484	-	-	-	
Bushbuckridge	3,380	-	-	3,380	3,380	-	-	-	
Cacadu District Municipality	1,000	-	-	1,000	1,000	-	-	-	
Camdeboo	1,000	-	-	1,000	1,000	-	-	-	
Cape Agulhas	1,000	-	-	1,000	1,000	-	-	-	

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER			Re-allocations by National Treasury or National Department %
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000			
Cape Winelands District Municipality	1,214	-	-	1,214	1,214	-	-	-	
Capricorn District Municipality	2,924	-	-	2,924	2,924	-	-	-	
Cederberg	1,000	-	162	1,162	1,162	-	-	-	
Central Karoo District Municipality	1,000	-	-	1,000	1,000	-	-	-	
Chris Hani District Municipality	9,835	-	-	9,835	9,835	-	-	-	
City Of Cape Town	20,205	9,279	-	29,484	29,484	-	-	-	
City Of Johannesburg	140,615	-	-	140,615	140,615	-	-	-	
City Of Matlosana	1,840	-	-	1,840	1,840	-	-	-	
City Of Tshwane	10,151	-	-	10,151	10,151	-	-	-	
Delmas	1,138	-	1,394	2,532	2,532	-	-	-	
Dihlabeng	1,000	-	-	1,000	1,000	-	-	-	
Dikgatong	1,000	-	-	1,000	1,000	-	-	-	
Dipaleseng	967	-	-	967	967	-	-	-	
Ditsobotla	2,488	-	-	2,488	2,488	-	-	-	
Dr JS Moroka	1,000	-	875	1,875	1,875	-	-	-	
Dr Kenneth Kaunda District Municipality	1,000	-	-	1,000	1,000	-	-	-	
Dr Ruth Segomotsi Municipality	2,350	-	336	2,686	2,686	-	-	-	
Drakenstein	1,000	-	-	1,000	1,000	-	-	-	
Eden District Municipality	1,000	-	-	1,000	1,000	-	-	-	
eDumbe	1,000	-	-	1,000	1,000	-	-	-	
Ehlanzeni District Municipality	1,000	-	407	1,407	1,407	-	-	-	
Ekurhuleni	14,382	-	-	14,382	14,382	-	-	-	
Elias Motsoaledi	1,000	-	-	1,000	1,000	-	-	-	
Elundini	1,000	-	753	1,753	1,753	-	-	-	

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER			Re-allocations by National Treasury or National Department %
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000			
Emakhazeni	1,000	-	-	1,000	1,000	-	1,000	-	-
Emalaheni (EC)	1,358	-	-	1,358	1,358	-	1,358	-	-
Emalaheni (MP)	1,000	-	1,881	2,881	2,881	-	2,881	-	-
Emfuleni	1,036	-	4,802	5,838	5,838	-	5,838	-	-
Emnambithi/Ladysmith	937	1,726	1,447	4,110	4,110	-	4,110	-	-
Empraim Mogale	1,000	-	-	1,000	1,000	-	1,000	-	-
Emthanjeni	1,000	-	-	1,000	1,000	-	1,000	-	-
Engcobo	1,000	-	-	1,000	1,000	-	1,000	-	-
Ethekwini	42,356	-	-	42,356	42,356	-	42,356	-	-
Fetakgomo	1,012	-	-	1,012	1,012	-	1,012	-	-
Fezile Dabi District Municipality	1,000	-	-	1,000	1,000	-	1,000	-	-
Frances Baard District Municipality	1,000	-	-	1,000	1,000	-	1,000	-	-
Gammagara	1,000	-	-	1,000	1,000	-	1,000	-	-
Gariep	1,000	-	-	1,000	1,000	-	1,000	-	-
Ga-Segonyana	1,000	-	-	1,000	1,000	-	1,000	-	-
George	1,736	-	1,637	3,373	3,373	-	3,373	-	-
Gert Sibande District Municipality	1,000	-	-	1,000	1,000	-	1,000	-	-
Govan Mbeki	1,959	-	-	1,959	1,959	-	1,959	-	-
Great Kei	1,000	-	-	1,000	1,000	-	1,000	-	-
Greater Giyani	1,000	-	-	1,000	1,000	-	1,000	-	-
Greater Kokstad	1,000	-	-	1,000	1,000	-	1,000	-	-
Greater Letaba	1,142	-	176	1,318	1,318	-	1,318	-	-
Greater Sekhukhune District Municipality	3,124	-	-	3,124	3,124	-	3,124	-	-
Greater Taung	1,000	-	-	1,000	1,000	-	1,000	-	-
Greater Tzaneen	1,000	-	-	1,000	1,000	-	1,000	-	-
Greater Tzaneen	935	-	74	1,009	1,009	-	1,009	-	-
Hantam	1,000	-	-	1,000	1,000	-	1,000	-	-

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER			Re-allocations by National Treasury or National Department %
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000			
Hessequa	1,000	-	-	1,000	1,000	-	1,000	-	-
Hibiscus Coast	1,000	-	-	1,000	1,000	-	1,000	-	-
Ikwezi	1,000	-	-	1,000	1,000	-	1,000	-	-
Ilembe District Municipality	1,000	-	168	1,168	1,168	-	1,168	-	-
Impendle	1,000	-	-	1,000	1,000	-	1,000	-	-
Inkwanca	1,000	-	-	1,000	1,000	-	1,000	-	-
Intsika Yethu	1,000	-	-	1,000	1,000	-	1,000	-	-
Inxuba Yethemba	1,000	-	-	1,000	1,000	-	1,000	-	-
Joe Morolong	1,000	-	-	1,000	1,000	-	1,000	-	-
John Taolo Gaetsewe District Municipality	1,000	-	-	1,000	1,000	-	1,000	-	-
Kannaland	1,000	-	-	1,000	1,000	-	1,000	-	-
Kareeberg	1,000	-	-	1,000	1,000	-	1,000	-	-
Kgatelopele	1,000	-	-	1,000	1,000	-	1,000	-	-
Kgetlengrivier	1,000	-	-	1,000	1,000	-	1,000	-	-
King Sabata Dalindyebo	1,000	-	-	1,000	1,000	-	1,000	-	-
Knysna	1,000	-	-	1,000	1,000	-	1,000	-	-
Kopanong	1,000	-	-	1,000	1,000	-	1,000	-	-
Kouga	1,224	602	542	2,368	2,368	-	2,368	-	-
Kou-Kamma	1,000	-	-	1,000	1,000	-	1,000	-	-
Kwa Sani	1,000	-	-	1,000	1,000	-	1,000	-	-
Kwadukuza	1,000	-	-	1,000	1,000	-	1,000	-	-
Laingsburg	1,000	-	-	1,000	1,000	-	1,000	-	-
Langeberg	1,000	-	-	1,000	1,000	-	1,000	-	-
Lejweleputswa District Municipality	1,000	-	-	1,000	1,000	-	1,000	-	-
Lekwa	1 757	-	-	1 757	1 757	-	1 757	-	-
Lekwa-Teemane	1,000	-	-	1,000	1,000	-	1,000	-	-
Lepelle-Nkumpi	1,260	-	-	1,260	1,260	-	1,260	-	-
Lephalale	1,052	-	532	1,584	1,584	-	1,584	-	-

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER			Re-allocations by National Treasury or National Department %
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%
Lesedi	1,000	-	-	1,000	1,000	-	1,000	-	-
Letsemeng	1,000	-	74	1,074	1,074	-	1,074	-	-
Lukhanji	2,844	-	-	2,844	2,844	-	2,844	-	-
Madibeng	1,411	-	769	2,180	2,180	-	2,180	-	-
Mafikeng	3,232	2,572	-	5,804	5,804	-	5,804	-	-
Mafube	1,024	-	-	1,024	1,024	-	1,024	-	-
Magareng	1,000	-	-	1,000	1,000	-	1,000	-	-
Makana	1,000	-	-	1,000	1,000	-	1,000	-	-
Makhado	1,926	-	-	1,926	1,926	-	1,926	-	-
Makhuduthamaga	966	-	-	966	966	-	966	-	-
Maletswai	1,000	-	-	1,000	1,000	-	1,000	-	-
Maluti-A-Phofung	8,062	-	5,044	13,106	13,106	-	13,106	-	-
Mamusa	1,000	-	809	1,809	1,809	-	1,809	-	-
Mangaung	5,914	-	-	5,914	5,914	-	5,914	-	-
Mantsopa	1,000	-	-	1,000	1,000	-	1,000	-	-
Maquassi Hills	1,000	-	-	1,000	1,000	-	1,000	-	-
Maruleng	1,000	-	-	1,000	1,000	-	1,000	-	-
Masilonyana	1,169	-	-	1,169	1,169	-	1,169	-	-
Matatiele	3,430	-	-	3,430	3,430	-	3,430	-	-
Matjhabeng	882	-	505	1,387	1,387	-	1,387	-	-
Matzikama	1,058	-	-	1,058	1,058	-	1,058	-	-
Mbashe	1,000	-	-	1,000	1,000	-	1,000	-	-
Mbizana	1,000	-	-	1,000	1,000	-	1,000	-	-
Mbombela	2,954	-	-	2,954	2,954	-	2,954	-	-
Merafong City	1,762	-	-	1,762	1,762	-	1,762	-	-
Metsimaholo	1,395	-	-	1,395	1,395	-	1,395	-	-
Mhlontlo	1,058	-	-	1,058	1,058	-	1,058	-	-
Midvaal	1,000	-	-	1,000	1,000	-	1,000	-	-
Mkhondo	1,000	-	998	1,998	1,998	-	1,998	-	-
Mnquma	1,172	-	-	1,172	1,172	-	1,172	-	-
Modimolle	912	-	-	912	912	-	912	-	-

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER			Re-allocations by National Treasury or National Department %
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000			
Mogalakwena	1,755	-	-	1,755	1,755	-	1,755	-	-
Mogale City	1,891	-	194	2,085	2,085	-	2,085	-	-
Mohokare	1,000	-	-	1,000	1,000	-	1,000	-	-
Molemole	1,000	-	-	1,000	1,000	-	1,000	-	-
Molopo-Kagisano	1,000	-	-	1,000	1,000	-	1,000	-	-
Mookgopong	1,000	-	-	1,000	1,000	-	1,000	-	-
Mopani District Municipality	3,808	-	-	3,808	3,808	-	3,808	-	-
Moghaka	1,259	-	-	1,259	1,259	-	1,259	-	-
Moretele	2,169	-	-	2,169	2,169	-	2,169	-	-
Moses Kotane	1,428	-	38	1,466	1,466	-	1,466	-	-
Mossel Bay	2,461	-	-	2,461	2,461	-	2,461	-	-
Mpofana	1,000	-	-	1,000	1,000	-	1,000	-	-
Msinga	1,000	-	-	1,000	1,000	-	1,000	-	-
Msukaligwa	1,056	-	-	1,056	1,056	-	1,056	-	-
Msunduzi	1,501	-	-	1,501	1,501	-	1,501	-	-
Mthonjaneni	1,000	-	-	1,000	1,000	-	1,000	-	-
Musina	1,000	-	-	1,000	1,000	-	1,000	-	-
Mutale	1,000	-	-	1,000	1,000	-	1,000	-	-
Nala	1,166	-	-	1,166	1,166	-	1,166	-	-
Naledi (FS)	1,000	-	-	1,000	400	600	400	600	-
Naledi (NW)	1,000	76	439	1,515	1,515	-	1,515	-	-
Nama Khoi	1,000	-	-	1,000	1,000	-	1,000	-	-
Namakwa District Municipality	1,000	-	-	1,000	1,000	-	1,000	-	-
Ndlambe	1,000	-	-	1,000	1,000	-	1,000	-	-
Nelson Mandela Bay	14,696	-	-	14,696	14,696	-	14,696	-	-
Newcastle	1,875	-	-	1,875	1,875	-	1,875	-	-
Ngaka Modiri Molema District Municipality	1,000	-	21	1,021	1,021	-	1,021	-	-
Ngqushwa	1,000	-	-	1,000	1,000	-	1,000	-	-

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER			Re-allocations by National Treasury or National Department %
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000			
Ngqiza Hill	1,894	823	-	2,717	2,717	-	2,717	-	
Ngwathe	993	-	-	993	993	-	993	-	
Nkandla	1,000	-	-	1,000	1,000	-	1,000	-	
Nkangala District Municipality	1,214	-	-	1,214	1,214	-	1,214	-	
Nketoana	1,000	-	-	1,000	1,000	-	1,000	-	
Nkomazi	1,366	-	6,371	7,737	7,737	-	7,737	-	
Nkonkobe	1,181	-	-	1,181	1,181	-	1,181	-	
Nongoma	1,000	-	-	1,000	1,000	-	1,000	-	
Nquthu	1,000	-	-	1,000	1,000	-	1,000	-	
Ntabankulu	1,000	-	-	1,000	1,000	-	1,000	-	
Ntambanana	1,000	-	-	1,000	1,000	-	1,000	-	
Nxuba	1,000	-	-	1,000	1,000	-	1,000	-	
Nyandeni	1,000	462	-	1,462	1,462	-	1,462	-	
OR Tambo District Municipality	9,139	-	-	9,139	9,139	-	9,139	-	
Oudtshoorn	2,350	-	-	2,350	2,350	-	2,350	-	
Overberg District Municipality	1,000	-	-	1,000	1,000	-	1,000	-	
Overstrand	1,000	-	332	1,332	1,332	-	1,332	-	
Phokwane	1,000	-	-	1,000	1,000	-	1,000	-	
Pixley Ka Seme	1,488	-	2,258	3,746	3,746	-	3,746	-	
Pixley Ka Seme District Municipality	1,000	-	-	1,000	1,000	-	1,000	-	
Polokwane	5,446	-	-	5,446	5,446	-	5,446	-	
Port St Johns	1,000	-	-	1,000	1,000	-	1,000	-	
Prince Albert	1,000	-	-	1,000	1,000	-	1,000	-	
Ramotshere Moiloa	1,000	-	459	1,459	1,459	-	1,459	-	
Randfontein	1,000	-	-	1,000	1,000	-	1,000	-	
Ratlou	1,000	-	53	1,053	1,053	-	1,053	-	
Renosterberg	1,000	-	-	1,000	1,000	-	1,000	-	

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			Re-allocations by National Treasury or National Department
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	%	
	R'000	R'000	R'000	R'000	R'000	R'000		
Rustenburg	7,837	-	-	7,837	7,837	-	-	
Sakhisizwe	1,000	-	-	1,000	1,000	-	-	
Saldanha Bay	1,997	-	-	1,997	1,997	-	-	
Sedibeng District Municipality	1,000	39	-	1,039	1,039	-	-	
Senqu	1,857	-	-	1,857	1,857	-	-	
Setoto	1,090	-	-	1,090	1,090	-	-	
Sisonke District Municipality	3,028	-	1,566	4,594	4,594	-	-	
Siyanda District Municipality	1,000	-	-	1,000	1,000	-	-	
Siyathemba	1,000	-	-	1,000	1,000	-	-	
Sol Plaatje	7,659	-	2,919	10,578	10,578	-	-	
Stellenbosch	1,041	-	-	1,041	1,041	-	-	
Steve Tshwete	1,646	-	-	1,646	1,646	-	-	
Sundays River Valley	1,000	-	-	1,000	1,000	-	-	
Swartland	1,000	-	-	1,000	1,000	-	-	
Swellendam	1,000	-	-	1,000	1,000	-	-	
Thaba Chweu	1,000	-	-	1,000	1,000	-	-	
Thabazimbi	1,514	-	-	1,514	1,514	-	-	
Thabo Mofutsanyana District Municipality	1,737	-	-	1,737	1,737	-	-	
Theewaterskloof	994	-	-	994	994	-	-	
Thembelihle	1,000	-	-	1,000	1,000	-	-	
Thembisile	991	-	1,872	2,863	2,863	-	-	
Thulamela	1,378	-	-	1,378	1,378	-	-	
Tlokwe	1,000	-	-	1,000	1,000	-	-	
Tokologo	1,444	-	-	1,444	1,444	-	-	
Tsantsabane	1,000	-	-	1,000	1,000	-	-	
Tsolwana	1,000	-	-	1,000	1,000	-	-	
Tswaing	1,000	422	-	1,422	1,422	-	-	

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER			Re-allocations by National Treasury or National Department %
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000			
Tswelopele	1,000	-	-	1,000	1,000	-	-	-	
Ubuhlebezwe	1,000	-	-	1,000	1,000	-	-	-	
Ubuntu	1,000	-	-	1,000	1,000	-	-	-	
Ugu District Municipality	1,000	-	-	1,000	1,000	-	-	-	
Ukhahlamba District Municipality	1,940	-	-	1,940	1,940	-	-	-	
Ulundi	1,000	-	-	1,000	1,000	-	-	-	
Umdoni	1,000	-	-	1,000	1,000	-	-	-	
Umgungundlovu District Municipality	1,000	-	-	1,000	1,000	-	-	-	
Umhlabuyalingana	1,000	-	-	1,000	1,000	-	-	-	
Umhlathuze	1,493	-	-	1,493	1,493	-	-	-	
Umjindi	1,000	-	82	1,082	1,082	-	-	-	
Umkhanyakude District Municipality	1,000	-	-	1,000	1,000	-	-	-	
Umlalazi	1,000	-	-	1,000	1,000	-	-	-	
Umsobomvu	1,000	-	-	1,000	1,000	-	-	-	
Uzimkhulu	1,000	-	-	1,000	1,000	-	-	-	
Uzimvubu	1,417	-	-	1,417	1,417	-	-	-	

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2013

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER			Re-allocations by National Treasury or National Department %
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000			
Umzinyathi District Municipality	1,765	-	-	1,765	1,765	-	-	-	
Uphongolo	1,000	-	-	1,000	1,000	-	-	-	
Uthukela District Municipality	2,874	-	-	2,874	2,874	-	-	-	
Uthungulu District Municipality	2,651	-	1,304	3,955	3,955	-	-	-	
Ventersdorp	1,000	-	-	1,000	1,000	-	-	-	
Vhembe District Municipality	4,862	-	-	4,862	4,862	-	-	-	
Waterberg District Municipality	1,000	-	-	1,000	1,000	-	-	-	
West Coast District Municipality	1,000	63	-	1,063	1,063	-	-	-	
West Rand District Municipality	1,000	-	-	1,000	1,000	-	-	-	
Westonaria	1,000	-	-	1,000	1,000	-	-	-	
Witzenberg	1,000	-	-	1,000	1,000	-	-	-	
Xhariep District Municipality	1,000	45	-	1,045	1,045	-	-	-	
Zululand District Municipality	1,000	-	4,207	5,207	5,207	-	-	-	
	599,240	17,395	45,500	662,135	661,535	600			

The Department certifies that all transfers were in terms of the DORA Act and deposited into the primary bank account of the province or municipality.

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2011/12 R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Municipality R'000	Amount Spent by Municipality R'000		% of Available Funds Spent by Municipality %
!Kai!Garib	1,000	-	-	1,000	1,000	-	-	1,000	382	38%	-
!Kheis	1,000	-	-	1,000	1,000	-	-	1,000	597	60%	-
//Khara Hais	1,000	-	-	1,000	1,000	-	-	1,000	41	4%	-
Abaqulusi	1,000	-	-	1,000	1,000	-	-	1,000	-	-	357
Aganang	1,066	-	-	1,066	1,066	-	-	1,066	67	6%	357
Albert Luthuli	1,386	-	-	1,386	1,386	-	-	1,386	678	49%	966
Alfred Nzo District Municipality	9,604	-	-	9,604	9,604	-	-	9,604	51,307	534%	9,530
Amahlati	1,000	-	-	1,000	1,000	-	-	1,000	214	21%	609
Amajuba District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	1,346	135%	966
Amatole District Municipality	6,022	-	-	6,022	6,022	-	-	6,022	-	-	7,803
Ba-Phalaborwa	1,000	-	-	1,000	1,000	-	-	1,000	901	90%	357
Baviaans	1,471	1,286	-	2,757	2,757	-	-	2,757	1,485	54%	966
Beaufort West	1,000	-	-	1,000	1,000	-	-	1,000	1,056	106%	357
Bela Bela	1,000	-	-	1,000	1,000	-	-	1,000	768	77%	357
Bergivier	896	-	-	896	896	-	-	896	1,087	121%	357
Bitou	1,000	-	-	1,000	1,000	-	-	1,000	271	27%	357
Blouberg	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	483
Blue Crane Route	1,000	-	-	1,000	1,000	-	-	1,000	929	93%	357
Bojanala Platinum District Municipality	1,412	-	-	1,412	1,412	-	-	1,412	748	53%	1,301
Breede Valley	1,000	-	-	1,000	1,000	-	-	1,000	525	53%	357

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

NAME OF MUNICIPALITY	GRANT ALLOCATION						TRANSFER			SPENT		2011/12
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Municipality	Amount Spent by Municipality	% of Available Funds Spent by Municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
Buffalo City	1,484	-	-	1,484	1,484	-	-	1,484	498	34%	1,512	
Bushbuckridge	3,380	-	-	3,380	3,380	-	-	3,380	2,412	71%	1,251	
Cacadu District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	1,393	139%	-	
Camdeboo	1,000	-	-	1,000	1,000	-	-	1,000	864	86%	966	
Cape Agulhas	1,000	-	-	1,000	1,000	-	-	1,000	1,355	136%	357	
Cape Winelands District Municipality	1,214	-	-	1,214	1,214	-	-	1,214	1,214	100%	-	
Capricorn District Municipality	2,924	-	-	2,924	2,924	-	-	2,924	454	16%	4,269	
Cederberg	1,000	-	162	1,162	1,162	-	-	1,162	2,419	208%	357	
Central Karoo District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	590	59%	357	
Chris Hani District Municipality	9,835	-	-	9,835	9,835	-	-	9,835	4,100	42%	16,400	
City of Cape Town Metro	20,205	9,279	-	29,484	29,484	-	-	29,484	17,077	58%	16,989	
City Of Johannesburg	140,615	-	-	140,615	140,615	-	-	140,615	50,817	36%	191,011	
City of Matielosa	1,840	-	-	1,840	1,840	-	-	1,840	1,840	100%	7,334	
City Of Tshwane	10,151	-	-	10,151	10,151	-	-	10,151	12,849	127%	7,682	
Delmas	1,138	-	1,394	2,532	2,532	-	-	2,532	1,160	46%	357	
Dihlabeng	1,000	-	-	1,000	1,000	-	-	1,000	797	80%	367	
Dikgatlong	1,000	-	-	1,000	1,000	-	-	1,000	-	-	-	
Dipaleseng	967	-	-	967	967	-	-	967	-	-	966	
Ditsobotla	2,488	-	-	2,488	2,488	-	-	2,488	-	-	966	
Dr JS Moroka	1,000	-	875	1,875	1,875	-	-	1,875	354	19%	1,788	
Dr Kenneth Kaunda Municipality	1,000	-	-	1,000	1,000	-	-	1,000	-	-	357	

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER			SPENT		2011/12
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Municipality	Amount Spent by Municipality	% of Available Funds Spent by Municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Dr Ruth Segomtsi Mompoti Municipality	2,350	-	336	2,686	2,686	-	-	2,686	2,686	100%	4,765
Drakenstein	1,000	-	-	1,000	1,000	-	-	1,000	309	31%	357
Eden District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	417	42%	-
Edumbe	1,000	-	-	1,000	1,000	-	-	1,000	856	86%	357
Ehlanzeni District Municipality	1,000	-	407	1,407	1,407	-	-	1,407	3,506	249%	563
Ekurhuleni Metro	14,382	-	-	14,382	14,382	-	-	14,382	2,979	21%	6,222
Elias Motsoaledi	1,000	-	-	1,000	1,000	-	-	1,000	963	96%	2,661
Elundini	1,000	-	753	1,753	1,753	-	-	1,753	1,151	66%	357
Emakhazeni	1,000	-	-	1,000	1,000	-	-	1,000	462	46%	357
Emalahleni (EC)	1,358	-	-	1,358	1,358	-	-	1,358	956	70%	1,625
Emalahleni (MP)	1,000	-	1,881	2,881	2,881	-	-	2,881	2,494	87%	966
Emfuleni	1,036	-	4,802	5,838	5,838	-	-	5,838	7,001	120%	7,693
Emnambithi/Ladysmith	937	1,726	1,447	4,110	4,110	-	-	4,110	1,055	26%	357
Empraim Mogale	1,000	-	-	1,000	1,000	-	-	1,000	634	63%	357
Emthanjeni	1,000	-	-	1,000	1,000	-	-	1,000	697	70%	357
Engcobo	1,000	-	-	1,000	1,000	-	-	1,000	2,106	211%	609
Ethekwini	42,356	-	-	42,356	42,356	-	-	42,356	14,954	35%	72,084
Fetakgomo	1,012	-	-	1,012	1,012	-	-	1,012	1,014	100%	357
Fezile Dabi District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	50	5%	966
Frances Baard District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	1,012	101%	6,588
Gamagara	1,000	-	-	1,000	1,000	-	-	1,000	424	42%	-
Gariep	1,000	-	-	1,000	1,000	-	-	1,000	231	23%	357
Ga-Segonyana	1,000	-	-	1,000	1,000	-	-	1,000	130	13%	966
George	1,736	-	1,637	3,373	3,373	-	-	3,373	1,333	40%	1,585

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

NAME OF MUNICIPALITY	GRANT ALLOCATION						TRANSFER			SPENT		2011/12	
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Municipality	Amount Spent by Municipality	% of Available Funds Spent by Municipality	Division of Revenue Act	R'000	R'000
Gert Sibande District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	676	68%	3,420		
Govan Mbeki	1,959	-	-	1,959	1,959	-	-	1,959	3,255	166%	1,574		
Great Kei	1,000	-	-	1,000	1,000	-	-	1,000	738	74%	-		
Greater Giyani	1,000	-	-	1,000	1,000	-	-	1,000	1,122	112%	357		
Greater Kokstad	1,000	-	-	1,000	1,000	-	-	1,000	529	53%	357		
Greater Letaba	1,142	-	176	1,318	1,318	-	-	1,318	902	62%	2,643		
Greater Sekhukhune District Municipality	3,124	-	-	3,124	3,124	-	-	3,124	2,882	92%	12,333		
Greater Taung	1,000	-	-	1,000	1,000	-	-	1,000	902	90%	966		
Greater Tubatse	1,000	-	-	1,000	1,000	-	-	1,000	-	-	1,284		
Greater Tzaneen	935	-	74	1,009	1,009	-	-	1,009	1,262	125%	911		
Hantam	1,000	-	-	1,000	1,000	-	-	1,000	993	99%	-		
Hessequa	1,000	-	-	1,000	1,000	-	-	1,000	800	80%	357		
Hibiscus Coast	1,000	-	-	1,000	1,000	-	-	1,000	500	50%	966		
Ikwezi	1,000	-	-	1,000	1,000	-	-	1,000	525	53%	357		
Ilembe District Municipality	1,000	-	168	1,168	1,168	-	-	1,168	-	-	7,067		
Impendle	1,000	-	-	1,000	1,000	-	-	1,000	720	72%	-		
Inkwanca	1,000	-	-	1,000	1,000	-	-	1,000	1,002	100%	357		
Intsika Yethu	1,000	-	-	1,000	1,000	-	-	1,000	711	71%	966		
Inxuba Yethemba	1,000	-	-	1,000	1,000	-	-	1,000	1,226	123%	357		
Joe Morolong	1,000	-	-	1,000	1,000	-	-	1,000	231	23%	357		
Joe Grabi District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	231	23%	3,476		
John Taolo Gaetsewe District Municipality	-	-	-	-	-	-	-	-	-	50%	7,113		
Kannaland	1,000	-	-	1,000	1,000	-	-	1,000	541	54%	357		

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

Division of Revenue Act	GRANT ALLOCATION						TRANSFER				SPENT		2011/12
	R'000	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Municipality	Amount Spent by Municipality	% of Available Funds Spent by Municipality	Division of Revenue Act	R'000	
NAME OF MUNICIPALITY	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Kareeberg	1,000	-	-	1,000	1,000	-	-	1,000	-	-	-	-	
Kgatelopele	1,000	-	-	1,000	1,000	-	-	1,000	763	76%	-	-	
Kgetlengrivier	1,000	-	-	1,000	1,000	-	-	1,000	-	-	357	-	
King Sabata Dalindyebo	1,000	-	-	1,000	1,000	-	-	1,000	1,352	135%	609	-	
Knysna	1,000	-	-	1,000	1,000	-	-	1,000	220	22%	-	-	
Kopanong	1,000	-	-	1,000	1,000	-	-	1,000	1,147	115%	357	-	
Kouga	1,224	602	542	2,368	2,368	-	-	2,368	499	21%	1,251	-	
Kou-Kamma	1,000	-	-	1,000	1,000	-	-	1,000	1,085	109%	357	-	
Kwa Sani	1,000	-	-	1,000	1,000	-	-	1,000	142	14%	-	-	
Kwadukuza	1,000	-	-	1,000	1,000	-	-	1,000	-	-	-	-	
Lejweleputswa District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	96	10%	966	-	
Laingsburg	1,000	-	-	1,000	1,000	-	-	1,000	-	-	-	-	
Langeberg	1,000	-	-	1,000	1,000	-	-	1,000	142	14%	-	-	
Lesedi	1,000	-	-	1,000	1,000	-	-	1,000	402	40%	-	-	
Lekwa	1,757	-	-	1,757	1,757	-	-	1,757	-	-	966	-	
Lekwa-Teemane	1,000	-	-	1,000	1,000	-	-	1,000	819	82%	357	-	
Lepelle-Nkumpi	1,260	-	-	1,260	1,260	-	-	1,260	-	-	966	-	
Lephalale	1,052	-	532	1,584	1,584	-	-	1,584	13	1%	2,554	-	
Letsemeng	1,000	-	74	1,074	1,074	-	-	1,074	259	24%	357	-	
Lukhanji	2,844	-	-	2,844	2,844	-	-	2,844	1,561	55%	966	-	
Madibeng	1,411	-	769	2,180	2,180	-	-	2,180	2,180	100%	3,417	-	
Mafikeng	3,232	2,572	-	5,804	5,804	-	-	5,804	9,353	161%	966	-	
Mafube	1,024	-	-	1,024	1,024	-	-	1,024	-	-	357	-	
Magareng	1,000	-	-	1,000	1,000	-	-	1,000	1,242	124%	-	-	
Makana	1,000	-	-	1,000	1,000	-	-	1,000	347	35%	357	-	
Makhado	1,926	-	-	1,926	1,926	-	-	1,926	719	37%	609	-	

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

NAME OF MUNICIPALITY	GRANT ALLOCATION						TRANSFER			SPENT		2011/12
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Municipality	Amount Spent by Municipality	% of Available Funds Spent by Municipality	Division of Revenue Act	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
Makhuduthamaga	966	-	-	966	966	-	-	966	-	-	1,492	
Maletswai	1,000	-	-	1,000	1,000	-	-	1,000	1,835	184%	357	
Maluti-A-Phofung	8,062	-	5,044	13,106	13,106	-	-	13,106	5,941	45%	6,706	
Mamusa	1,000	-	809	1,809	1,809	-	-	1,809	1,809	100%	357	
Mangaung	5,914	-	-	5,914	5,914	-	-	5,914	221	4%	5,713	
Mantsopa	1,000	-	-	1,000	1,000	-	-	1,000	305	31%	357	
Maquassi Hills	1,000	-	-	1,000	1,000	-	-	1,000	1,189	119%	966	
Maruleng	1,000	-	-	1,000	1,000	-	-	1,000	878	88%	966	
Masilonyana	1,169	-	-	1,169	1,169	-	-	1,169	1,333	114%	357	
Matatiele	3,430	-	-	3,430	3,430	-	-	3,430	875	26%	1,934	
Matjhabeng	882	-	505	1,387	1,387	-	-	1,387	-	-	3,335	
Matzikama	1,058	-	-	1,058	1,058	-	-	1,058	1,116	105%	357	
Mbhashe	1,000	-	-	1,000	1,000	-	-	1,000	-	-	-	
Mbizana	1,000	-	-	1,000	1,000	-	-	1,000	423	42%	-	
Mbombela	2,954	-	-	2,954	2,954	-	-	2,954	1,126	38%	1,911	
Merafong City	1,762	-	-	1,762	1,762	-	-	1,762	-	-	3,952	
Metsimaholo	1,395	-	-	1,395	1,395	-	-	1,395	1,562	112%	357	
Mhlontlo	1,058	-	-	1,058	1,058	-	-	1,058	889	84%	966	
Midvaal	1,000	-	-	1,000	1,000	-	-	1,000	819	82%	357	
Mkhondo	1,000	-	998	1,998	1,998	-	-	1,998	1,474	74%	966	
Mnquma	1,172	-	-	1,172	1,172	-	-	1,172	1,044	89%	357	
Modimolle	912	-	-	912	912	-	-	912	360	39%	357	
Mogalakwena	1,755	-	-	1,755	1,755	-	-	1,755	475	27%	1,693	
Mogale City	1,891	-	194	2,085	2,085	-	-	2,085	1,139	59%	2,709	
Mohokare	1,000	-	-	1,000	1,000	-	-	1,000	748	75%	357	
Molemole	1,000	-	-	1,000	1,000	-	-	1,000	-	-	-	
Molopo-Kagisano	1,000	-	-	1,000	1,000	-	-	1,000	-	-	357	

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

NAME OF MUNICIPALITY	GRANT ALLOCATION						TRANSFER			SPENT		2011/12
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Municipality	Amount Spent by Municipality	% of Available Funds Spent by Municipality	Division of Revenue Act	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
Mookgopong	1,000	-	-	1,000	1,000	-	-	1,000	760	76%	-	
Mopani District Municipality	3,808	-	-	3,808	3,808	-	-	3,808	3,187	84%	7,746	
Modhaka	1,259	-	-	1,259	1,259	-	-	1,259	1,559	124%	1,726	
Moretele	2,169	-	-	2,169	2,169	-	-	2,169	-	-	1,759	
Moses Kotane	1,428	-	38	1,466	1,466	-	-	1,466	185	13%	1,242	
Moshaweng	1,000	-	-	1,000	1,000	-	-	-	-	-	357	
Mossel Bay	2,461	-	-	2,461	2,461	-	-	2,461	2,018	82%	609	
Mpofana	1,000	-	-	1,000	1,000	-	-	1,000	-	-	-	
Msinga	1,000	-	-	1,000	1,000	-	-	1,000	629	63%	-	
Msunduzi	1,501	-	-	1,501	1,501	-	-	1,501	1,421	95%	1,512	
Msukaligwa	1,056	-	-	1,056	1,056	-	-	1,056	638	6%	357	
Mthonjaneni	1,000	-	-	1,000	1,000	-	-	1,000	528	53%	-	
Musina	1,000	-	-	1,000	1,000	-	-	1,000	237	24%	-	
Mutale	1,000	-	-	1,000	1,000	-	-	1,000	952	95%	1,621	
Nala	1,166	-	-	1,166	1,166	-	-	1,166	209	18%	357	
Naledi (FS)	1,000	-	-	1,000	400	600	-	400	500	125%	357	
Naledi (NW)	1,000	76	439	1,515	1,515	-	-	1,515	1,515	100%	966	
Nama Khoi	1,000	-	-	1,000	1,000	-	-	1,000	250	25%	-	
Namakwa District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	992	99%	4,405	
Ndlambe	1,000	-	-	1,000	1,000	-	-	1,000	862	86%	357	
Nelson Mandela Bay	14,696	-	-	14,696	14,696	-	-	14,696	1,046	7%	8,923	
Newcastle	1,875	-	-	1,875	1,875	-	-	1,875	5,846	312%	966	
Ngaka Modiri Molema District Municipality	1,000	-	21	1,021	1,021	-	-	1,021	1,171	115%	1,955	
Nggushwa	1,000	-	-	1,000	1,000	-	-	1,000	73	7%	-	
Ngguzi Hill	1,894	823	-	2,717	2,717	-	-	2,717	1,543	57%	357	

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

Division of Revenue Act	GRANT ALLOCATION						TRANSFER			SPENT		2011/12
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
NAME OF MUNICIPALITY	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Municipality	Amount Spent by Municipality	% of Available Funds Spent by Municipality	Division of Revenue Act		
Ngwathe	993	-	993	993	-	-	993	730	74%		975	
Nkandla	1,000	-	1,000	1,000	-	-	1,000	-	-		-	
Nkangala District Municipality	1,214	-	1,214	1,214	-	-	1,214	893	74%		3,242	
Nketoana	1,000	-	1,000	1,000	-	-	1,000	583	58%		357	
Nkomazi	1,366	6,371	7,737	7,737	-	-	7,737	1,010	13%		1,092	
Nkonkobe	1,181	-	1,181	1,181	-	-	1,181	731	62%		357	
Nongoma	1,000	-	1,000	1,000	-	-	1,000	443	44%		357	
Nquthu	1,000	-	1,000	1,000	-	-	1,000	-	-		-	
Ntabankulu	1,000	-	1,000	1,000	-	-	1,000	355	36%		966	
Ntambanana	1,000	-	1,000	1,000	-	-	1,000	614	61%		-	
Nxuba	1,000	-	1,000	1,000	-	-	1,000	223	21%		-	
Nyandeni	1,000	462	1,462	1,462	-	-	1,462	261	18%		-	
Or Tambo District Municipality	9,139	-	9,139	9,139	-	-	9,139	12,262	134%		7,792	
Oudtshoorn	2,350	-	2,350	2,350	-	-	2,350	2,747	117%		1,359	
Overberg District Municipality	1,000	-	1,000	1,000	-	-	1,000	941	94%		357	
Overstrand	1,000	332	1,332	1,332	-	-	1,332	1,009	76%		357	
Phokwane	1,000	-	1,000	1,000	-	-	1,000	375	38%		357	
Pixley Ka Seme	1,488	2,258	3,746	3,746	-	-	3,746	1,258	34%		9,477	
Pixley Ka Seme District Municipality	1,000	-	1,000	1,000	-	-	1,000	460	46%		-	
Polokwane	5,446	-	5,446	5,446	-	-	5,446	1,866	34%		10,244	
Port St Johns	1,000	-	1,000	1,000	-	-	1,000	199	20%		966	
Prince Albert	1,000	-	1,000	1,000	-	-	1,000	-	-		-	

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

NAME OF MUNICIPALITY	GRANT ALLOCATION						TRANSFER			SPENT		2011/12
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Municipality	Amount Spent by Municipality	% of Available Funds Spent by Municipality	Division of Revenue Act	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
Ramotshere Moilola	1,000	-	459	1,459	1,459	-	-	1,459	-	-	609	
Randfontein	1,000	-	-	1,000	1,000	-	-	1,000	-	-	2,009	
Ratlou	1,000	-	53	1,053	1,053	-	-	1,053	1,602	152%	609	
Renosterberg	1,000	-	-	1,000	1,000	-	-	1,000	122	12%	966	
Rustenburg	7,837	-	-	7,837	7,837	-	-	7,837	7,362	94%	8,315	
Sakhisizwe	1,000	-	-	1,000	1,000	-	-	1,000	1,073	107%	357	
Saldanha Bay	1,997	-	-	1,997	1,997	-	-	1,997	1,979	99%	-	
Sedibeng District Municipality	1,000	39	-	1,039	1,039	-	-	1,039	613	59%	357	
Senqu	1,857	-	-	1,857	1,857	-	-	1,857	2,900	156%	966	
Setoto	1,090	-	-	1,090	1,090	-	-	1,090	3,205	294%	7,095	
Sisonke District Municipality	3,028	-	1,566	4,594	4,594	-	-	4,594	513	11%	1,975	
Siyanda District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	712	71%	8,888	
Siyathemba	1,000	-	-	1,000	1,000	-	-	1,000	1,053	105%	966	
SolPlaatje	7,659	-	2,919	10,578	10,578	-	-	10,578	10,170	96%	16,087	
Stellenbosch	1,041	-	-	1,041	1,041	-	-	1,041	230	22%	-	
Steve Tshwete	1,646	-	-	1,646	1,646	-	-	1,646	371	23%	1,259	
Sundays River Valley	1,000	-	-	1,000	1,000	-	-	1,000	722	72%	-	
Swartland	1,000	-	-	1,000	1,000	-	-	1,000	1,000	100%	-	
Swellendam	1,000	-	-	1,000	1,000	-	-	1,000	739	74%	357	
Thaba Chweu	1,000	-	-	1,000	1,000	-	-	1,000	4,976	498%	966	
Thabazimbi	1,514	-	-	1,514	1,514	-	-	1,514	1,058	70%	357	
Thabo Mofutsanyana Dist Municipality	1,737	-	-	1,737	1,737	-	-	1,737	155	9%	1,347	

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

NAME OF MUNICIPALITY	GRANT ALLOCATION										TRANSFER			SPENT		2011/12				
	Division of Revenue Act	R'000	Roll Overs	R'000	Adjustments	R'000	Total Available	R'000	Actual Transfer	R'000	Funds Withheld	R'000	Re-allocations by National Treasury or National Department	R'000	Amount Received by Municipality	R'000	Amount Spent by Municipality	R'000	% of Available Funds Spent by Municipality	Division of Revenue Act
Theewaterskloof	994	-	-	-	994	994	-	994	-	-	-	-	994	-	994	2,197	221%	1,134		
Thembelihle	1,000	-	-	-	1,000	1,000	-	1,000	-	-	-	-	1,000	-	1,000	419	42%	-		
Thembisile	991	-	1,872	-	2,863	2,863	-	2,863	-	-	-	-	2,863	-	2,863	1,206	42%	966		
Thulamela	1,378	-	-	-	1,378	1,378	-	1,378	-	-	-	-	1,378	-	1,378	1,378	100%	2,291		
Tlokwe	1,000	-	-	-	1,000	1,000	-	1,000	-	-	-	-	1,000	-	1,000	414	41%	966		
Tokologo	1,444	-	-	-	1,444	1,444	-	1,444	-	-	-	-	1,444	-	1,444	486	34%	357		
Tsantsabane	1,000	-	-	-	1,000	1,000	-	1,000	-	-	-	-	1,000	-	1,000	841	84%	357		
Tsolwana	1,000	-	-	-	1,000	1,000	-	1,000	-	-	-	-	1,000	-	1,000	892	89%	357		
Tswaing	1,000	422	-	-	1,422	1,422	-	1,422	-	-	-	-	1,422	-	1,422	-	-	966		
Tswelopele	1,000	-	-	-	1,000	1,000	-	1,000	-	-	-	-	1,000	-	1,000	500	50%	357		
Ubuhlebezwe	1,000	-	-	-	1,000	1,000	-	1,000	-	-	-	-	1,000	-	1,000	220	22%	-		
Ubuntu	1,000	-	-	-	1,000	1,000	-	1,000	-	-	-	-	1,000	-	1,000	479	48%	357		
Ugu District Municipality	1,000	-	-	-	1,000	1,000	-	1,000	-	-	-	-	1,000	-	1,000	-	-	1,802		
Ukhahlamba District Municipality	1,940	-	-	-	1,940	1,940	-	1,940	-	-	-	-	1,940	-	1,940	259	13%	-		
Ulundi	1,000	-	-	-	1,000	1,000	-	1,000	-	-	-	-	1,000	-	1,000	-	-	-		
Umdoni	1,000	-	-	-	1,000	1,000	-	1,000	-	-	-	-	1,000	-	1,000	2,838	284%	-		
Umgungundlovu District Municipality	1,000	-	-	-	1,000	1,000	-	1,000	-	-	-	-	1,000	-	1,000	189	19%	-		
Umhlabuyalingana	1,000	-	-	-	1,000	1,000	-	1,000	-	-	-	-	1,000	-	1,000	-	-	-		
Umhlabuthuze	1,000	-	-	-	1,000	1,000	-	1,000	-	-	-	-	1,000	-	1,000	22	2%	-		
Umkhanyakude District Municipality	1,493	-	-	-	1,493	1,493	-	1,493	-	-	-	-	1,493	-	1,493	1,154	77%	357		
Umlalazi	1,000	-	82	-	1,082	1,082	-	1,082	-	-	-	-	1,082	-	1,082	-	-	17,369		
Umsobomvu	1,000	-	-	-	1,000	1,000	-	1,000	-	-	-	-	1,000	-	1,000	784	78%	-		
Umzimkhulu	1,000	-	-	-	1,000	1,000	-	1,000	-	-	-	-	1,000	-	1,000	218	22%	-		
Umzimvubu	1,417	-	-	-	1,417	1,417	-	1,417	-	-	-	-	1,417	-	1,417	2,894	204%	966		

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

Division of Revenue Act	GRANT ALLOCATION						TRANSFER			SPENT		2011/12
	R'000	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Municipality	Amount Spent by Municipality	% of Available Funds Spent by Municipality	Division of Revenue Act	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
NAME OF MUNICIPALITY												
Umzinyathi District Municipality	1,765	-	-	1,765	1,765	-	-	1,765	600	34%	3,537	
Uphongolo	1,000	-	-	1,000	1,000	-	-	1,000	-	-	357	
Uthukela District Municipality	2,874	-	-	2,874	2,874	-	-	2,874	51	2%	11,153	
Uthungulu District Municipality	2,651	-	1,304	3,955	3,955	-	-	3,955	931	24%	4,868	
Ventersdorp	1,000	-	-	1,000	1,000	-	-	1,000	883	88%	966	
Vhembe District Municipality	4,862	-	-	4,862	4,862	-	-	4,862	3,187	66%	6,011	
Waterberg District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	400	40%	966	
West Coast District Municipality	1,000	63	-	1,063	1,063	-	-	1,063	21	2%	357	
West Rand District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	210	21%	989	
Westonaria	1,000	-	-	1,000	1,000	-	-	1,000	1,924	192%	4,682	
Witzenberg	1,000	-	-	1,000	1,000	-	-	1,000	100	10%	-	
Xhariep District Municipality	1,000	45	-	1,045	1,045	-	-	1,045	52	5%	357	
Zululand District Municipality	1,000	-	4,207	5,207	5,207	-	-	5,207	1,960	38%	1,217	
	599,240	17,395	45,500	662,135	661,535	600	-	661,535	400,755	-	679,583	

The Department certifies that all transfers were in terms of the DORA Act and deposited into the primary bank account of the province or municipality.

ANNEXURE 1B

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT		2011/12
	Amount R'000	Roll Overs R'000	Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	% Of Available Funds Trans- ferred %	Amount Received by Municipal- ity R'000	Amount Spent by Municipal- ity R'000	% Of Available Funds Spent by Municipal- ity %	Total Available R'000
City of Cape Town	8	-	-	8	1	13%	1	1	100%	1
Sol Plaatjie	6	-	-	6	2	33%	2	2	100%	-
Mangaung	5	-	-	5	1	20%	1	1	100%	1
City of Tshwane	7	-	-	7	2	29%	2	2	100%	1
	26	-	-	26	6	-	6	6	-	3

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION			TRANSFER		2011/12 Appropriation Act R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
Construction Industry Development	66,882	-	732	67,614	67,614	100%
Council for the Built Environment	27,438	-	708	28,146	28,146	100%
Property Management Trading Entity	646,849	-	-	646,849	646,849	100%
Construction SETA	2,606	-	-	2,606	1,260	48%
Parliamentary Village Management Board	7,771	-	-	7,771	7,771	100%
	751,546	-	1,440	752,986	751,640	

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

ANNEXURE 1D

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE			2011/12	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Capital R'000	Current R'000	Appropriation Act R'000
Public Corporations									
Transfers									
Independent Development Trust	-	-	50,800	50,800	50,800	100%	-	-	150,000
TOTAL	-	-	50,800	50,800	50,800		-	-	150,000

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION			EXPENDITURE			
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	2011/12 Appropriation Act R'000
Transfers							
Common Wealth	19,441	-	(500)	18,941	15,436	81%	14,389
Total	19,441	-	(500)	18,941	15,436		14,389

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

ANNEXURE 1F

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	TRANSFER ALLOCATION			EXPENDITURE		2011/12	
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds transferred %	Appropriation Act R'000
NON-PROFIT INSTITUTIONS							
Transfers							
NPI: Non State Sector	282,724	-	-	282,724	282,724	100%	154,370
AGRÉMENT SA	-	-	-	-	9,903	-	-
Total	282,724	-	-	282,724	292,627		154,370

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2011/12	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Appropriation Act R'000	
HOUSEHOLDS								
Transfers								
Households	4,028	-	550	4,578	11,875	259%	3,968	
Total	4,028	-	550	4,578	11,875	259%	3,968	

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

ANNEXURE 1H

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2012/13	2011/12
		R'000	R'000
Received in cash			
Travel with Flair	Contribution towards strategic planning session	-	5
Hlatswanane	Contribution towards strategic planning session	-	5
Maexecutive	Contribution towards strategic planning session	-	1
		-	11
Received in kind			
HAT Specialist	2800 of 500ml Still water (R8260.00) was donated for Inter-Regional sport tournament hosted by PLK in Sept 2012	8	-
Maunga Projects	Soccer and netball kits	-	9
Tsepa Consulting	Tracksuits	-	11
Tokologo	Dinner	-	4
Mahesh-Koosal & Associates	Tracksuits	-	12
Eyethu Engineers	Soccer and netball kits	-	9
SAIBA Engineers	Netball and volleyball kits	-	3
All the sponsor	Sponsors and Department's Logos printing	-	5
Kasus	Cakes donated for Prestige team building session	-	-
Subtotal		8	53
Total		8	64

ANNEXURE 11

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2012/13	2011/12
	R'000	R'000
Paid in cash		
Omega Old Age Home in Bloemfontein (Blankets and Catering)	17	-
Mandela Day at Mmabatho with Lonely Park Creche Learners	3	-
TOTAL	20	-

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2013 – LOCAL

Guarantor Institution	Guarantee in Respect of	Original Guaranteed Capital Amount	Opening Balance 1 April 2012	Guarantees Draw Downs During the Year	Guarantees Repayments/Cancelled/Reduced/Released During the Year	Revaluations	Closing Balance 31 March 2013	Guaranteed Interest for Year Ended 31 March 2013	Realised Losses Not Recoverable i.e. Claims Paid Out
	Motor vehicles								
Stannic		299	582	-	582	-	-	-	-
	Subtotal Housing	299	582	-	582	-	-	-	-
Standard Bank		21	293	-	271	-	22	-	-
Nedbank (Cape of Good hope)		-	10	-	10	-	-	-	-
Nedbank Limited		18	186	-	168	-	18	-	-
First Rand Bank		87	411	-	324	-	87	-	-
ABSA		212	484	-	272	-	212	-	-
Unique Finance		-	11	-	11	-	-	-	-
Old Mutual Finance		-	17	-	17	-	-	-	-
Peoples Bank FB		-	84	-	84	-	-	-	-
Nedbank LTD (NBS)		104	176	-	72	-	104	-	-
FNB Former Saambou		48	82	-	35	-	47	-	-
Old Mutual (Ned/Perm)		31	283	-	252	-	31	-	-
VBS Mutual Bank		-	15	-	15	-	-	-	-
NP Develop Corp		-	83	-	83	-	-	-	-
NHFC (Masikheni)		-	19	-	19	-	-	-	-
	Subtotal	521	2,154	-	1,633	-	521	-	-
	TOTAL	820	2,736	-	2,215	-	521	-	-

ANNEXURE 2A (continued)

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2013 – FOREIGN

Guarantor Institution	Guarantee in Respect of	Original Guaranteed Capital Amount	Opening Balance 1 April 2012	Guarantees Drawn Down During the Year	Guarantees Repayments/Cancelled/Reduced/Released During the Year	Revaluations	Closing Balance 31 March 2013	Guaranteed Interest for Year Ended 31 March 2013	Realised Losses Not Recoverable i.e. Claims Paid Out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
SA Institute of Architecture	Housing of UIA Conference	5,445	2,355	-	845	256	1,766		
Total		5,445	2,355	-	845	256	1,766		

Opening balance

Opening balance has been restated as indicated in note 18.

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2013

Nature of Liability	Opening Balance 1 April 2012 R'000	Liabilities Incurred During the Year R'000	Liabilities Paid/ Cancelled/ Reduced During the Year R'000	Liabilities Recoverable (Provide Details Hereunder) R'000	Closing Balance 31 March 2013 R'000
Claims against the Department					
Merchant West Asset: Claim for Arrears on Lease of a photocopier	55	-	-	-	55
CJ Coetzee: Claim for damages caused by fire	8,691	-	-	-	8,691
Muller: Motor collision	256	109	-	-	365
Ismyline PTY LTD: Damage as a result of fire	2,906	-	-	-	2,906
Ubuntu Brands: Breach of contract	-	282	-	-	282
T.J Phihlela: Motor vehicle accident	-	21	-	-	21
TG Naidoo: Damages to vehicle	-	39	-	-	39
Rebecca Seefane: Claim for damages	-	275	-	-	275
TOTAL	11,908	726	-	-	12,634

Opening balance

Opening balance has been restated as indicated in note 18.

CLAIMS RECOVERABLE

Government Entity	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		Total	
	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000
Department						
Agriculture	-	-	-	22	-	22
Cooperative Government and Traditional Affairs	-	-	-	42	-	42
Correctional Services	19	-	-	27	19	27
Defence	-	-	904	904	904	904
Environmental	-	-	-	62,232	-	62,232
Health	1,374	-	-	1,374	1,374	1,374
Home Affairs	-	14	18	-	18	14
Labour	-	-	27	17	27	17
Other Claims: National Departments	-	-	-	3,507	-	3,507
Provincial Departments	216	-	123,916	6,098	124,132	6,098
Science and Technology	5	-	-	5	5	5
Social Development	-	-	39	39	39	39
Statistics South Africa	-	-	-	357	-	357
The Presidency	76	-	6	7	82	7
Transport	96	-	-	-	96	-
Treasury	-	-	-	2	-	2
Water Affairs	-	2	35	39	35	41
Woman and Children	-	-	3	27	3	27
Energy	-	-	19	-	19	-
	1,786	16	124,967	74,699	126,753	74,715
Other Government Entities						
Public Works (PMTE)	61,895	7,627	20	108	61,915	7,735
	61,895	7,627	20	108	61,915	7,735
TOTAL	63,681	7,643	124,987	74,807	188,668	82,450

ANNEXURE 4

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		TOTAL	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Defence	504	-	-	-	504	-
Trade and Industry	-	-	-	86	-	86
Government Printing Works	118	-	50	28	168	28
Justice and Constitutional Development	6,024	2,214	-	2,277	6,024	4,491
National Treasury	-	-	6	-	6	-
Public Service and Administration	-	-	-	13	-	13
Office of Public Service Commission	148	-	-	-	148	-
Rural Development and Land Reform	10	-	-	-	10	-
Social Development	22	-	-	-	22	-
Transport	14	-	-	-	14	-
Eastern Cape Sport, Recreation, Arts and Culture	-	-	1	-	1	-
Palama	-	-	756	-	756	-
Eastern Cape Health	-	-	24	-	24	-
Gauteng Department of Roads and Transport	-	-	459	-	459	-
Total	6,840	2,214	1,295	2,404	8,135	4,618
OTHER GOVERNMENT ENTITY						
Current						
Property Management Trading Entity (PMTE)	78,229	148,945	5,236	36,296	83,465	185,241
IDT	508	-	-	-	508	-
AGSA	4,178	-	-	-	4,178	-
Total other government entities	82,914	148,945	5,236	36,296	88,150	185,241
TOTAL INTERGOVERNMENTAL	89,754	151,159	6,531	38,700	96,286	189,859

INVENTORY

Inventory	Quantity	2012/13 R'000	Quantity	2011/12 R'000
Opening balance	580,803	5,674	662,628	8,321
Add/(less) adjustments to prior years balances	-	4	932	(114)
Add: Additions/Purchases – Cash	1,064,142	38,129	910,007	36,125
Add: Additions - Non-cash	6,698	184	24,600	416
(Less): Disposals	(41)	(2)	(5,011)	(5)
(Less): Issues	(961,535)	(31,833)	(1,004,676)	(30,798)
Add/(Less): Adjustments	5,582	456	(7,678)	(8,271)
Closing balance	695,649	12,612	580,802	5,674

Note

Comparative figure

Comparative figure has been restated as the weighted average price variance of the prior year which was not taken into account. This resulted in a decrease of inventory amounting to R6,675 million.

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

ANNEXURE 6

MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2013				
	Opening Balance R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Non-residential buildings	11,299,864	713,003	-	12,012,867
TOTAL	11,299,864	713,003	-	12,012,867

Annexures to the Annual Financial Statements

for the year ended 31 March 2013

ANNEXURE 7A

INTER-ENTITY ADVANCES PAID (note 11)

	Confirmed Balance		Unconfirmed Balance		Total	
	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000
PUBLIC ENTITIES						
Independent Development Trust	26,576	33,992	-	-	26,576	33,992
Government Communication Information Systems	1,072	-	-	-	1,072	-
TOTAL	27,648	33,992	-	-	27,648	33,992

INTER-ENTITY ADVANCES RECEIVED (note 18 AND note 19)

	Confirmed Balance		Unconfirmed Balance		Total	
	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000
NATIONAL DEPARTMENTS						
Current						
Higher Education and Training	46,806	-	-	47,019	46,806	47,019
Other	-	-	-	23	-	23
Defence	-	-	-	82	-	82
PMTE	-	-	-	1	-	1
Social Development	-	-	-	13	-	13
Water Affairs	-	-	-	5,008	-	5,008
Subtotal	46,806	-	-	52,146	46,806	52,146
PROVINCIAL DEPARTMENTS						
Eastern Cape Department of Roads and Public Works						
Eastern Cape	10,000	-	-	-	10,000	-
Gauteng	-	-	-	2	-	2
Kwazulu Natal	-	-	-	222,596	-	222,596
Limpopo	-	-	-	1	-	1
Mpumalanga	-	-	-	29	-	29
North West	-	-	-	120	-	120
Northern Cape	-	-	-	164	-	164
Western Cape	-	-	-	47	-	47
Subtotal	10,000	-	-	222,979	10,000	222,979
PUBLIC ENTITIES						
Independent Development Trust						
Other	674	-	-	742	674	742
Parliamentary Village	-	-	-	7	-	7
Subtotal	674	-	-	86	674	86
TOTAL	57,480	-	-	275,960	57,480	275,960

Notes to the Annual Financial Statements

for the year ended 31 March 2013



PART B

PROPERTY MANAGEMENT TRADING ENTITY

Annual Financial Statements

for the year ended 31 March 2013

Index

The reports and statements set out below comprise the financial statements:

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Statement of Comparison of Budget and Actual Amounts	287
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The financial statements set out on pages 283 to 328, which have been prepared on the going concern basis, were approved by on 31 May 2013:



Mr. Mziwonke Dlabantu

Director-General

Report of the Auditor-General to Parliament on the Property Management Trading Entity

Report on the financial statements

Introduction

1. I was engaged to audit the financial statements of the Property Management Trading Entity set out on pages 283 to 328, which comprise the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Irregular expenditure

4. Section 38(1)(a)(iii) of the PFMA requires the entity to implement and maintain an appropriate procurement and provisioning system that is fair, equitable, transparent, competitive and cost-effective. Furthermore, section 40(3)(b)(i) of the PFMA requires the entity to include particulars of all irregular expenditure that had occurred during the financial year in its financial statements.
5. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure as the entity did not have an adequate system for identifying and recognising all irregular expenditure. I was unable to confirm the irregular expenditure amount by alternative means. Consequently, I was unable to determine whether any adjustment relating to irregular expenditure stated at R2 609 711 000 (2012: R1 410 817 000) in note 22 to the financial statements was necessary.

Fruitless and wasteful expenditure

6. Section 40(3)(b)(i) of the PFMA requires the entity to include particulars of all fruitless and wasteful expenditure that had occurred during the financial year in its financial statements.
7. I was unable to obtain sufficient appropriate audit evidence for fruitless and wasteful expenditure as the entity did not have an adequate system for identifying and recognising all fruitless and wasteful expenditure. I was unable to confirm the fruitless and wasteful expenditure amount by alternative means. Consequently, I was unable to determine whether any adjustment relating to fruitless and wasteful expenditure stated at R254 514 000 (2012: R239 311 000) in note 21 to the financial statements was necessary.

Report of the Auditor-General to Parliament on the Property Management Trading Entity (continued)

Receivables and revenue from exchange transactions

8. I was unable to obtain sufficient appropriate audit evidence that management had properly charged and accounted for receivables and revenue for accommodation charges: leasehold due to the status of the accounting records. Some of the lease agreements were not available for audit purposes. Furthermore, the amounts disclosed are based on data from the Property Management Information System (PMIS), which did not agree with information per actual signed lease agreements.
9. In addition, I was unable to obtain sufficient appropriate audit evidence regarding construction revenue because the entity was unable to provide sufficient appropriate audit evidence in support of the amount recorded.
10. I was unable to confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment to the following items in the financial statements was necessary:
 - Accommodation charges: leasehold receivable stated at R473 509 000 (2012: R450 400 000) in note 3.
 - Prepaid expenses stated at R339 082 000 (2012: R88 490 000) in note 3.
 - Construction contracts receivables stated at R292 497 000 (2012: R396 378 000) in note 5.
 - Accommodation charges: leasehold revenue stated at R3 113 217 000 (2012: R2 968 905 000) in note 14.
 - Construction revenue stated at R2 351 326 000 (2012: R3 017 957 000) in note 14.

Operating lease assets and associated liabilities

11. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for operating lease assets and associated liabilities as well as operating lease commitments due to the status of the accounting records. Some of the lease agreements were not available for audit purposes. Furthermore, the amounts disclosed are based on data from the Property Management Information System (PMIS), which did not agree with information per actual signed lease agreements.
12. I was unable to confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment to the following items in the financial statements was necessary:
 - Operating lease assets and liabilities stated at R892 499 000 (2012: R859 393 000) in note 6.
 - Operating lease commitments stated at R7 154 054 000 (2012: R8 642 128 000) in note 6.
 - Accruals stated at R 1 112 729 000 (2012: R905 187 561 000) in note 9.
 - Operating leases expenditure stated at R3 341 967 000 (2012: R3 315 087 000) in note 16.

Retention liability

13. The entity did not correctly recognise all outstanding amounts meeting the definition of a liability in accordance with Generally Recognised Accounting Practice, GRAP 1, *Presentation of financial statements*. Consequently, retention liability is misstated by an estimated amount of R156 142 482 (2012: R282 778 068). There is also a consequential impact on construction expenditure and the accumulated surplus.

Disclaimer of opinion

14. Because of the significance of the matter described in the Basis for disclaimer of opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Report of the Auditor-General to Parliament on the Property Management Trading Entity (continued)

Emphasis of matter

15. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Going concern

16. Note 1.6 to the financial statements indicates that as of 31 March 2013, the PMTE is in a net liability position. This condition, along with other matters as set forth in note 1.6, indicates the existence of a material uncertainty that may cast significant doubt on the trading entity's ability to operate as a going concern.

Restatement of corresponding figures

17. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2012 have been restated as a result of errors discovered during 2013 in the financial statements of the Property Management Trading Entity at, and for the year ended, 31 March 2012.

Material impairments

18. As disclosed in note 3 to the financial statements, material impairments to the amount of R82 971 000 were provided for as a result of irrecoverable receivables.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

19. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Compliance with laws and regulations

20. I performed procedures to obtain evidence that the entity had complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations, as set out in the general notice issued in terms of the PAA, are as follows:

Strategic planning and performance management

21. The accounting officer of the Department of Public Works did not finalise and approve the business case for running the trading entity and consequently did not formulate a policy and reporting framework for the head of the trading entity in accordance with the requirements of Treasury Regulation 19.3.1.

Annual financial statements, performance and annual reports

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 40(1)(a) and (b) of the PFMA.

Material misstatements of accruals and expenditure identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer of audit opinion.

Report of the Auditor-General to Parliament on the Property Management Trading Entity (continued)

Procurement and contract management

23. Goods and services with a transaction value of below R500 000 were in certain instances procured without obtaining the required number of price quotations, as required by Treasury Regulation 16A6.1.
24. Goods and services of a transaction value of above R500 000 were in certain instances procured without inviting competitive bids, as required by Treasury Regulations 16A6.1. A number of deviations were approved even though it was not impractical to invite competitive bids, in contravention of Treasury Regulation 16A6.4.
25. Construction projects were not always registered with the Construction Industry Development Board (cidb), as required by section 22 of the cidb Act and cidb regulation 18.
26. Persons in service of the trading entity who had a private or business interest in contracts awarded by the trading entity failed to disclose such interest, as required by Treasury Regulation 16A8.4 and Public Service Regulation 3C.
27. Persons in service of the trading entity who had a private or business interest in contracts awarded by the trading entity participated in the process relating to that contract, in contravention of Treasury Regulation 16A8.4.
28. Allegations of fraud, corruption, improper conduct and failure to comply with the supply chain management system made against officials and role players in the supply chain management system were not in all instances investigated as required by Treasury Regulation 16A9.1(b).
29. Appropriate action was not in all instances taken against officials and role players in the supply chain management system where investigations proved fraud and corruption, improper conduct and failure to comply with the supply chain management system, as required by Treasury Regulation 16A9.1(b)(i).
30. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements as the entity did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to evaluate compliance.

Expenditure management

31. The accounting officer did not take effective steps to prevent irregular and fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1.
32. Effective and appropriate disciplinary steps were not taken against officials who made or permitted irregular expenditure, as required by section 38(1)(h)(iii) of the PFMA and Treasury Regulation 9.1.3.

Revenue management

33. The accounting officer did not develop and implement appropriate processes that provide for the identification, collection, recording, reconciliation and safeguarding of information about revenue to ensure that all money due to the trading entity was collected as per the requirements of section 38(1)(c)(ii) of the PFMA and Treasury Regulation 7.2.1.
34. The accounting officer did not take effective and appropriate steps to collect all money due, as required by section 38(1)(c)(i) of the PFMA and Treasury Regulations 11.2.1, 15.10.1.2(a) and 15.10.1.2(e).

Report of the Auditor-General to Parliament on the Property Management Trading Entity (continued)

Financial misconduct

35. Investigations were not conducted into all allegations of financial misconduct committed by officials, as required by Treasury Regulation 4.1.1.
36. Investigations into allegations of financial misconduct against officials were not instituted within 30 days of discovery thereof, as required by Treasury Regulation 4.1.2.
37. Disciplinary hearings were not held for financial misconduct committed by officials, as required by Treasury Regulation 4.1.1.

Banking and cash management

38. The entity's main bank account was overdrawn throughout the reporting period, in contravention of Treasury Regulation 19.2.3.

Internal control

39. I considered internal control relevant to my audit of the financial statements and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for disclaimer of opinion and the findings on compliance with laws and regulations included in this report.

Leadership

40. Certain critical appointments were only made in the last quarter of the financial year, thus instability in key leadership positions for the first part of the financial year had a negative impact in providing effective leadership in the department.
41. Leadership did not exercise effective oversight of financial and performance reporting and compliance and related internal controls.
42. Leadership did not apply effective consequence management for transgressions with regard to non-performance and non-compliance throughout the financial year.
43. Leadership did not in all instances establish and communicate policies and procedures to enable and support the understanding and execution of internal objectives, processes and responsibilities.

Financial and performance management

44. Proper record keeping was not always implemented in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial and performance reporting.
45. Implemented controls over daily and monthly processing and reconciling of transactions were not effective in all instances.
46. Regular, accurate and complete financial and performance reports supported and evidenced by reliable information were not prepared throughout the year.
47. The review and monitoring of compliance with applicable laws and regulations were ineffective.

Report of the Auditor-General to Parliament on the Property Management Trading Entity (continued)

Governance

48. Risk management activities, including the consideration of IT risks and fraud prevention, were not effectively conducted. A risk strategy to address identified risks was not developed and monitored throughout the financial year.
49. The internal audit unit was not adequately resourced to ensure that it could effectively assist in identifying internal control deficiencies and developing recommendations in respect of corrective action to be taken to address the internal control deficiencies identified. This has also resulted in the continued backlog in internal investigations.

OTHER REPORTS

Investigations

50. Numerous internal allegations, mainly relating to transgressions with respect to supply chain management, potential fraud and financial misconduct, are investigated on an ongoing basis.
51. An ongoing investigation is being conducted to probe the alleged abuse of urgent and emergency procurement as well the utilisation of sole suppliers. The investigation aims to establish whether there was collusion between officials and service providers and to determine any reckless spending of funds. The investigation is being conducted in phases, with nine reports having been finalised to date, while the majority were still ongoing at the reporting date. The department is in the process of instituting disciplinary action in respect of the finalised reports.

Auditor-General

Pretoria

16 / 9 / 2013



A U D I T O R - G E N E R A L
S O U T H A F R I C A

Auditing to build public confidence

Statement of Financial Position

as at 31 March 2013

	Note	2013 R'000	Restated 2012 R'000
Assets			
Current Assets			
Receivables from exchange transactions	3	2 062 804	1 527 646
Receivables from non-exchange transactions	4	1 730	1 445
Construction contracts receivables	5	292 497	396 378
Operating lease assets	6	892 499	859 393
Cash and cash equivalents	8	829	1 399
		3 250 359	2 786 261
Non-Current Assets			
Finance lease receivables	7	33 548	30 803
Total Assets		3 283 907	2 817 064
Liabilities			
Current Liabilities			
Operating lease liabilities	6	892 499	859 393
Payables from exchange transactions	9	1 548 024	1 422 356
Bank overdraft	8	1 402 323	1 254 988
Retention liabilities	10	75 798	68 240
Employee benefit obligations	11	1 730	1 445
		3 920 374	3 606 422
Non-Current Liabilities			
Retention liabilities	10	264 759	268 063
Provisions	12	34 029	34 029
Finance lease obligations	13	33 548	30 803
		332 336	332 895
Total Liabilities		4 252 710	3 939 317
Total Net Liabilities		(968 803)	(1 122 253)
Net Assets			
Reserves			
Accumulated deficit		(968 803)	(1 122 253)
Net Assets		(968 803)	(1 122 253)

Statement of Financial Performance

for the year ended 31 March 2013

	<i>Note</i>	2013	Restated
		R'000	2012
			R'000
Revenue			
Revenue from exchange transactions	14	9 072 859	9 417 889
Revenue from non-exchange transactions	15	673 233	649 357
Total revenue		9 746 092	10 067 246
Expenses			
Operating expenses	16	9 570 713	10 788 275
Finance costs	17	4 060	3 988
Employee costs	18	17 869	12 893
Total expenses		9 592 642	10 805 156
Surplus / (deficit) for the year		153 450	(737 910)

Statement of Changes in Net Assets

for the year ended 31 March 2013

	<i>Note</i>	Accumulated deficit R'000	Total net assets R'000
Opening balance as previously reported		128 134	128 134
Prior year adjustments	29	(512 473)	(512 473)
Balance at 01 April 2011 as restated		(384 339)	(384 339)
Changes in net assets			
Prior period error	29	(1 015 423)	(1 015 423)
Surplus for the year as previously stated		277 513	277 513
Total changes: Surplus for the year as restated		(737 910)	(737 910)
Balance as at 1 April 2012 previously reported		405 647	405 647
Adjustments			
Prior period error	29	(1 527 900)	(1 527 900)
Balance as at 1 April 2012 restated		(1 122 253)	(1 122 253)
Changes in net assets			
Surplus for the year		153 450	153 450
Balance at 31 March 2013		(968 803)	(968 803)

Cash Flow Statement

for the year ended 31 March 2013

	Note	2013 R'000	Restated 2012 R'000
Cash flows from operating activities			
Receipts			
Accommodation charges - freehold		3 424 556	3 301 804
Accommodation charges - lease hold		2 718 328	2 565 199
Augmentation		646 849	630 189
Contractor fines		7 125	5 077
Recoveries		18 650	12 362
Municipal services management fee		157 622	140 074
Interest received		21 055	16 659
		6 994 185	6 671 364
Payments			
Finance costs		(308)	(541)
Bank charges		(122)	(67)
Bursaries and advisory services		(4 291)	(4 560)
Cleaning and gardening		(158 380)	(165 436)
Municipal services		(242)	(58)
Operating leases		(3 109 723)	(2 896 859)
Planned maintenance (capital)		(550 284)	(557 281)
Planned maintenance (current)		(166 075)	(149 718)
Property rates		(788 675)	(513 222)
Rent on land		(12 221)	(10 848)
Security		(38 439)	(40 807)
Tender advertisements		(41)	(72)
Thefts and losses		(22 554)	(26 692)
Unplanned maintenance		(2 290 735)	(2 221 677)
		(7 142 090)	(6 587 838)
Net cash flows from operating activities	19	(147 905)	83 526
Cash flows from financing activities			
Finance lease payments		(1 007)	(938)
Finance lease receipts		1 007	938
Net cash flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(147 905)	83 526
Cash and cash equivalents at the beginning of the year		(1 253 589)	(1 337 115)
Cash and cash equivalents at the end of the year	8	(1 401 494)	(1 253 589)

Statement of Comparison of Budget and Actual Amounts

for the year ended 31 March 2013

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
	R'000	R'000	R'000	R'000	R'000
Statement of Financial Performance					
Revenue					
Management fees on municipal services recovery	124 155	22 705	146 860	157 622	10 762
Fines	-	7 125	7 125	7 125	-
Accommodation charges - freehold properties	3 429 892	-	3 429 892	3 424 556	(5 336)
Accommodation charges - leasehold properties	3 171 275	(48 071)	3 123 204	2 718 328	(404 876)
Augmentation	646 849	-	646 849	646 849	-
Recoveries	-	18 650	18 650	18 650	-
Interest received	5 000	(3 978)	1 022	21 055	20 033
Total revenue	7 377 171	(3 569)	7 373 602	6 994 185	(379 417)
Expenditure					
Advisory services	7 000	(5 000)	2 000	1 929	(71)
Bank charges	70	55	125	122	(3)
Bursaries	7 000	-	7 000	2 362	(4 638)
Cleaning and gardening	223 771	(46 793)	176 978	158 380	(18 598)
Computer services	-	99 510	99 510	-	(99 510)
Interest paid	3 000	(2 680)	320	308	(12)
Municipal services	3 000	(2 750)	250	242	(8)
Operating leases	3 155 170	(44 833)	3 110 337	3 109 723	(614)
Planned maintenance (capital)	887 712	(85 159)	802 553	550 284	(252 269)
Planned maintenance (current)	1 552 777	65 952	1 618 729	166 075	(1 452 654)
Property rates	716 876	72 054	788 930	788 675	(255)
Rent on land	16 105	(3 405)	12 700	12 221	(479)
Security	49 505	(9 505)	40 000	38 439	(1 561)
Tender advertisements	85	(42)	43	41	(2)
Thefts and losses	-	23 000	23 000	22 554	(446)
Unplanned maintenance	755 100	(63 973)	691 127	2 290 735	1 599 608
Total expenditure	(7 377 171)	3 569	(7 373 602)	(7 142 090)	231 512
Cash deficit	-	-	-	(147 905)	(147 905)

Refer to note 30 for reconciliations and explanations for budget differences.

Accounting Policies

for the year ended 31 March 2013

1. Presentation of Financial Statements

1.1 Statement of Compliance

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice ("GRAP") including any interpretations and directives issued by the Accounting Standards Board ("ASB").

1.2 Adoption of GRAP

The Property Management Trading Entity ("PMTE") adopted GRAP for the first time in the current financial year in accordance with Directive 9, issued November 2011 by the ASB. The adoption of GRAP resulted in the reclassification and remeasurement of certain items. The PMTE applied Statements of Generally Accepted Accounting Practice ("SA GAAP") previously. Refer to notes 28 and 29.

The Standards of GRAP included in Annexure G of Directive 5 were applied in developing appropriate accounting policies for PMTE in so far as the Standards are applicable to the transactions of the PMTE.

In addition to the Standards that have to be applied, the PMTE early adopted the amendments to the Standards made as a result of the improvements projects of the ASB in so far as it is applicable to the transactions of the PMTE. The applicable Standards, effective from 1 April 2013 are listed below:

GRAP 1	Presentation of Financial Statements
GRAP 3	Accounting Policies, Change in Accounting Estimates and Errors
GRAP 7	Investments in Associates
GRAP 9	Revenue from Exchange Transactions
GRAP 12	Inventories
GRAP 13	Leases
GRAP 17	Property, Plant and Equipment

1.3. Standards of GRAP issued but not yet effective

The following Standards of GRAP that have been issued by the ASB, but where the Minister of Finance has not determined an effective date, have not been adopted by the PMTE:

1.3.1 Standard utilised in developing accounting policies

The PMTE utilised GRAP 25 - Employee Benefits in developing its accounting policies.

As a result, there will be no impact on the measurement of employee benefits when the Standard becomes effective.

1.3.2 Standards utilised in developing disclosures

The PMTE has utilised GRAP 20 - Related Party Disclosure.

As a result, there will be no impact on the disclosure of related parties when the Standard becomes effective.

Accounting Policies

for the year ended 31 March 2013

1.3.3 Standards not yet applicable

Accounting policies have not been developed for the following Standards as the transactions and events within the scope of these Standards were not yet applicable:

GRAP 18 - Segment reporting.

GRAP 105 - Transfer of functions between entities under common control.

GRAP 18:

Segments are identified by the way in which information is reported to management, both for purpose of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the PMTE. The major classifications of activities identified in budget documentation will usually reflect the segments for which the PMTE reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of the PMTE that provides specific outputs or achieves particular operating objectives that are in line with the PMTE's overall mission. Geographical segments relate to specific outputs generated or particular objectives achieved, by the PMTE within a particular region.

The adoption of this Standard is not expected to have an impact on the results of the PMTE, but may result in more disclosure than is currently provided in the financial statements.

Directive 2, containing the transitional provisions applicable to the PMTE, does not require comparative segment information on initial adoption of this Standard.

This Standard has been approved by the ASB but its effective date has not been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

GRAP 105:

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.

It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of transfer of functions.

It furthermore covers definitions, identifying the acquirer and transferor, determining the transfer date, assets acquired or transferred and liabilities assumed or relinquished, accounting by the acquirer and transferor, disclosure, transitional provisions as well as the effective date of the Standard.

The PMTE is expecting, as a result of the planned transfer of functions from the Department of Public Works ("DPW") to the PMTE, to recognise the associated assets and liabilities, income and expenses from these functions in its 31 March 2014 financial statements. The expected impact is not yet determinable.

It is unlikely that the following Standards and/or amendments to Standards, that has been issued but are not yet effective, will have a material impact on the financial statements of the PMTE once they become effective:

Accounting Policies

for the year ended 31 March 2013

GRAP 106	Transfer of functions of entities not under common control
GRAP 107	Mergers
IGRAP 11	Consolidation - Special purpose entities
IGRAP 12	Jointly controlled entities - Non monetary contributions by ventures
GRAP 6 (as revised 2010)	Consolidation and separate financial statements
GRAP 7 (as revised 2010)	Investments in associates
GRAP 8 (as revised 2010)	Interest in joint ventures
GRAP 31 (as revised 2012)	Intangible assets (replaces GRAP 102)
GRAP 27 (as revised 2012)	Agriculture (replaces GRAP 101)
IGRAP 16	Intangible assets website costs

Based on an analysis of the transactions of the PMTE, these Standards will not have an impact the PMTE.

1.4 Basis of Preparation

The financial statements are prepared on the accrual basis using historical cost as a measurement basis, unless another measurement basis is required by the Standard of GRAP. The significant accounting policies applied are set out below.

1.5 Functional Currency

The financial statements are prepared in South African Rand ("R") which is also the functional currency of the PMTE. Where values are rounded, they are rounded to the nearest thousand ("R'000") and indicated as such.

1.6 Going Concern

The financial statements have been prepared on the going concern basis. Although the PMTE is in a net liability position and has a bank overdraft of R1 402 000 for the period ended 31 March 2013, management maintains their assessment that the PMTE is able to continue on a going concern basis into the foreseeable future. The PMTE operates under the control and support of the National Department of Public Works ("NDPW") and National Treasury is aware of the PMTE's overdraft position. Management has implemented a strategy to ensure the turnaround of the entity.

1.7 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.8 Comparative figures

Comparative figures have been adjusted to correct errors identified in the current year but relating to prior years and to conform to changes in presentations as a result of the adoption of GRAP. The effect of the restatements is disclosed in note 29.

Accounting Policies

for the year ended 31 March 2013

1.9 Significant judgements and sources of estimation uncertainty

1.9.1 Initial measurement of financial assets

Short-term financial assets have been measured initially at the transaction price unless there was an indication that the transaction was provided at terms that were longer than 30 days for all receivables. Interest was charged on debt outstanding exceeding the normal credit terms at the rate applicable to debt owed to the State, except for debt owed by Government institutions. The PMTE is unable to determine the interest free period granted to these Government institutions for initial measurement purposes and as a result the transaction price is assumed to be the fair value. The effect of payment outside of the 30 day period is considered during the impairment assessment (refer to note 1.9.2 below).

The applicable discount rate for 2013 is 8.5% (2012: 8.5%).

1.9.2 Impairment of financial assets

An impairment is recognised for estimated losses firstly on individually significant receivables and secondly on a group of receivables with the same credit risk that are assessed to be impaired based on objective evidence as a result of one or more events that occurred during the reporting period. For debtors which have defaulted management made judgements based on history. Should the financial condition of the customer change actual write-offs could differ significantly from the impairment losses recognised. The current year's provision for impairment is based on management's best estimate of the expected cashflows for amounts that are outstanding for longer than the normal payment terms discounted at the current rate of debt out to the state. A full provision was made for receivables where we expect payment but cannot determine the exact future payment date.

1.9.3 Commitments

Commitments based on orders relating to capital projects where the goods/services have not been delivered, and are subsequently recovered from client departments, have not been disclosed in the financial records of the entity. The reason for this is that the underlying immovable assets are recognised in the accounting records of client departments which includes the DPW.

1.9.4 Contingent assets, contingent liabilities and provisions

Contingent assets, contingent liabilities and provisions have been based on the best estimate available. Contingent liabilities relating to litigation has been based on the assessment of the estimated claim against the PMTE as at 31 March 2013.

1.9.5 Maintenance costs, construction revenue and construction receivables

The PMTE incurs expenditure relating to the maintenance and upgrading of buildings under the custodianship of the DPW. Where capital projects are funded by the different client departments and the DPW through their respective capital budgets, the PMTE classifies this revenue as revenue from exchange transactions (construction revenue). Where capital projects are funded partly from the augmentation grant and partly from the accommodation charge on State-owned property, these are expensed and disclosed as a related party transaction to the DPW. Expenditure on maintenance is funded from the accommodation charge on State-owned property and is expensed and disclosed as a related party transaction to the DPW.

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for the year ended 31 March 2013

1.9.6 Classification of accommodation charges as lease revenue

The PMTE provides property management services to DPW and in return receives the right to charge users an accommodation fee (lease revenue). As the intention of the PMTE is to provide accommodation at values that are directly equal to the value of the service being delivered, the PMTE categorises all accommodation charges as revenue from exchange transactions notwithstanding the fact that this revenue may or may not equal the value of the service delivered. Furthermore, accommodation charges on State-owned leases are classified as lease revenue notwithstanding the fact that the PMTE has no custodianship of the underlying asset. The intention is that the PMTE will obtain custodianship once the functions relating to asset management is transferred to the PMTE (see note 14).

1.9.7 Classification of leases

The PMTE classifies lease agreements in accordance with risks and rewards incidental to ownership. Where the lessor transfers substantially all the risks and rewards to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases. Determining whether the risks and rewards of ownership has been transferred to a lessee is a matter of professional judgement. In exercising this judgement, the PMTE considered the following indicators:

- Ownership is transferred to the lessee at the end of lease term;
- Lease term is for major part of economic life of asset;
- At the inception of the lease, the present value of the minimum lease payments amount to, at least, substantially all the fair value of the leased asset;
- The leased asset is of a specialised nature that only the lessee can use it without major modifications;
- The leased asset is not easily replaceable by another asset;
- If the lessee can cancel the lease, the lessee will carry any loss that will be incurred by the lessor as a result of modification; and
- At the end of the initial lease, the lessee has an option to extend the lease at a rent that is substantially lower than the market rent.

Where the PMTE has assessed itself to be a lessee to a finance lease arrangement, it recognises a finance lease liability and a related leasehold asset, which would be disclosed as part of property plant and equipment and depreciated over its useful life. The PMTE enters into these finance leasehold agreements on behalf of its client departments and therefore the assumption is made that all finance lease costs incurred are fully recoverable. The PMTE will in its role as finance lease lessor, derecognise this previously recognised leasehold asset (property, plant and equipment) and recognise a finance lease asset (see note 2.4).

1.9.8 Related party disclosures

The Standard of GRAP provides exemption from detailed disclosures where those transactions are on:

- Normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the PMTE to have adopted if dealing with that individual entity or person in the same circumstances; and
- Terms and conditions within the normal operating parameters established by our mandate.

Due to the fact that the PMTE has not adopted a final business case, and in the absence of a pricing strategy for leases, certain assumptions were made to avoid disclosures of transactions that would not have been disclosed if the business case has been finalised. In addition, many services have been rendered in-kind to the PMTE stemming from its relationship with the DPW. Due to the nature of these transactions, where amounts could not be measured reliably,

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only a narrative disclosure was made. This is in line with the principle of not recognising certain services-in-kind as it is difficult to measure the value of these services and they are usually consumed within the period contained in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (GRAP 23). Where amounts could be reliably measured, these have been recognised.

2. Significant accounting policies

2.1 Revenue

When the PMTE receives value in the form of an asset and directly provides approximate equal value in exchange, the PMTE classifies revenue received or receivable as revenue from exchange transactions. All other revenue is classified as revenue from non-exchange transactions. Revenue is measured at the fair value of the consideration received or receivable, net of any trade discounts and volume rebates and recognised when it became due to the PMTE.

2.1.1 Revenue from non-exchange transactions

The PMTE recognises the inflow of resources from a non-exchange transaction as revenue, except in cases when a liability is recognised in respect of that inflow. These liabilities are classified as payables from non-exchange transactions until the conditions relating to the liability has been satisfied.

Where services are received in-kind and a reliable estimate can be made, the PMTE recognises the related revenue. In all other cases, the PMTE only discloses the event.

2.1.2 Revenue from exchange transactions

Accommodation charges are recognised either based on the cost of leasing in (in the case of privately owned building) or in the case of state accommodation on the budget devolution as agreed upon with the client departments. The latter is increased annually based on the budget assumptions in a given year. Revenue earned from accommodation charges is classified as lease revenue.

Revenue from construction contracts is classified for disclosure purposes as revenue from exchange transactions (refer to 2.5.) recognised by reference to the stage of completion of the contract when the outcome of a construction contract can be estimated reliably. When the outcome of the construction contract cannot be estimated reliably, construction revenue is recognised to the extent of contract costs incurred that are likely to be recoverable in the period in which they are incurred. An expected loss on a contract is recognised immediately in the surplus or deficit in the period in which it was incurred.

The PMTE pays municipal services on behalf of the client departments and earns 5% commission on the value of the invoice. A receivable is recognised for the amounts due from the client departments.

The commission earned is recognised as revenue from exchange transactions in the surplus or deficit and any amounts owed or overpaid on the commission is recognised either as a receivable or payable as appropriate from exchange transactions.

Interest is recognised using the effective interest method.

Other revenue from exchange transactions is recognised in the surplus or deficit when the revenue becomes due to the PMTE.

Accounting Policies

for the year ended 31 March 2013

2.1.3 Revenue earned for the recovery of expenses on behalf of third parties

The PMTE pays municipal services on behalf of the client departments and earns 5% commission on the value of the invoice. A receivable is recognised for the amounts due from the client departments.

The commission earned is recognised as revenue from exchange transactions in the surplus or deficit and the amount owed/paid on the commission is recognised in receivables/payables from exchange transactions.

2.2 Expenditure

Expenditure is classified in accordance with the nature of the expenditure.

The PMTE recognises expenditure in the Statement of Financial Position when a decrease in future economic benefits or service potential relates to a decrease in an asset or an increase in a liability, other than those relating to distributions to owners, has risen, that can be measured reliably.

The PMTE recognises expenses immediately in the surplus or deficit when expenses produce no future economic benefits or service potential or when and to the extent that, future economic benefits or service potential do not qualify or cease to qualify for recognition in the Statement of Financial Position as an asset.

The PMTE also recognises expenses in the surplus or deficit in those cases when a liability is incurred without the recognition of an asset, for example, when a liability under a court ruling arises.

Finance cost is recognised as an expense in the surplus or deficit in the period in which it is incurred, using the effective interest method.

2.3 Employee benefits

2.3.1 Short-term employee benefits

The PMTE recognises an undiscounted amount of short-term benefits due to employees in exchange for the rendering of services by employees as follows:

- As a liability in cases where the amounts have not yet been paid. Where the amount paid exceeds undiscounted amount of the benefits due, the PMTE recognises the excess as an asset to the extent that the overpayment will lead to a reduction of future payments or a cash refund.
- As an expense, unless the PMTE uses the services of employees in the construction of an asset and the benefits received meet the recognition criteria of an asset, at which stage it is included as part of the cost of the related property, plant and equipment or intangible asset item.
- A related receivable is recognised as the PMTE recovers the expenditure from the DPW.

2.3.2 Leave benefits

The PMTE recognises the expected cost of short-term employee benefits in the form of compensated absences (paid leave) when the employees render service that increases their entitlement to future compensated absences.

The expected cost of accumulating compensated absences is measured as the additional amount that the PMTE expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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2.3.3 Performance and service bonuses

The PMTE recognises the expected cost of performance or service bonus payments where there is a present legal or constructive obligation to make these payments as a result of past events and a reliable estimate of the obligation can be made. A liability for service bonus is accrued on a proportionate bases as services are rendered and a liability for performance bonus is raised on the estimated amount payable in terms of the incentive schemes which is based on the employee's performance in the applicable year. The PMTE considers the present obligation to exist when it has no realistic alternative but to make the payments related to performance bonuses.

2.3.4 Retirement and medical benefits

Payments to the defined contribution plan are charged to the surplus or deficit in the year to which they relate. Once the contributions are paid, the PMTE has no further payment obligations. The contribution paid is charged to employee expenses in the same year as the related service is provided.

2.4 Leases

2.4.1 PMTE as a lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term where the lease term exceeds one month. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue. The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. Income for leases is disclosed as revenue from exchange transactions in the surplus or deficit.

The PMTE recognises finance lease receivables resulting from finance leases as assets on the Statement of Financial Position. Such assets are presented as a receivable at an amount equal to the net investment in the lease. Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the PMTE's net investment in the finance lease.

The asset and the liability in the Statement of Financial Position are initially recognised at amounts equal to the fair value of the leased property or if lower, the present value of the minimum lease payments.

2.4.2 PMTE as a lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term where the lease term has been determined. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The PMTE recognises finance lease liabilities resulting from finance lease as a liability on the Statement of Financial Position. Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. Such liabilities are presented as a payable at an amount equal to the net obligation of the lease. Finance costs are recognised based on the effective interest implicit in the finance lease.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.5 Construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work. The stage of completion is based on the cost to date and is assessed based

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for the year ended 31 March 2013

on surveys of work performed. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of the construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

2.6 Financial instruments

2.6.1 Initial recognition and classification

The PMTE classifies financial instruments or their component parts, on initial recognition as financial asset, financial liability or a residual interest in accordance with the substance of the contractual arrangement.

Financial instruments are recognised initially when the PMTE becomes party to the contractual provisions of the instruments and the PMTE funds are committed or the PMTE receives the related benefits.

The PMTE does not offset a financial asset and a financial liability unless a legally enforceable right to offset the recognised amounts currently exist, the PMTE intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

Interest relating to a financial instrument or a component of a financial instrument is recognised as revenue or expense in the surplus or deficit.

2.6.2 Initial measurement

Financial instruments are initially measured at fair value.

2.6.3 Transaction costs

Transaction costs on financial instruments at fair value are recognised in the surplus or deficit. Transaction costs on other financial instruments are included in the cost of the instrument.

2.6.4 Subsequent measurement

All non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding instruments that has been designated at fair value or are held for trading, are measured at amortised cost. Instruments that does not meet the definition of financial assets or financial liabilities measured at amortised cost are measured at fair value.

Amortised cost is calculated based on the effective interest method.

Net gains or losses on the financial instruments includes transaction costs, interest and foreign exchange gains or losses. A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in the surplus or deficit.

2.6.5 Impairment of financial assets

At each reporting date the PMTE assesses all financial assets, other than those at fair value through the surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

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The inability to redeem amounts due based on the current stream of payments, and default of payments are considered to be indicators of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Impairment losses are recognised in the surplus or deficit as expenses.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed does not exceed the carrying amount that would have been recognised had the impairment not been recognised.

2.6.6 Derecognition

Financial assets

The PMTE derecognises financial asset using trade date accounting. The PMTE derecognises a financial asset only when:

- The contractual rights to the cash flows from the financial asset expire, are settled or waived;
- The PMTE transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- The PMTE, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the PMTE:
 - Derecognise the asset; and
 - Recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights and obligations retained and those transferred on the basis of their relative fair value at the transfer date. Newly created rights and obligations are measured at that date. Any differences between the consideration received and the amounts recognised and derecognised is recognised in the surplus or deficit in the period of the transfer.

Financial liabilities

The PMTE removes a financial liability (or a part of the financial liability) from its Statement of Financial Position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expire or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the surplus or deficit. Any liabilities that are waived, forgiven or assumed by the PMTE by way of a non- exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (taxes and transfers).

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for the year ended 31 March 2013

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially measured at fair value, and subsequently at amortised cost.

2.8 Receivables from exchange transactions

Receivables from exchange transactions measured at amortised cost arise from transactions with service providers and trade debtors. Prepayments and advances consist of amounts paid to contractors and employees for which future goods and services are expected to be received. Prepayments and advances are not classified as financial instruments.

2.9 Receivables from non-exchange transactions

Receivables from non-exchange transactions are recognised when the PMTE has a right to receive the monies due to it, which are allocated in terms of the legislation or are due in accordance with an agreement in which the PMTE is receiving non-exchange revenue. Receivables from non-exchange transactions are initially measured at fair value and subsequently measured at amortised cost or cost.

2.10 Payables from exchange transactions

The PMTE recognises payables from exchange transactions where liabilities result in counter performance by respective parties.

Payables from exchange transactions are initially measured at fair value, and are subsequently measured at amortised cost.

The PMTE recognises in payables an amount for accruals where an estimate is made of the amounts due for goods or services that have been received or supplied, but the invoice is outstanding or a formal agreement with the supplier has not been concluded.

2.11 Provisions

Provisions are liabilities, excluding accruals that are recognised where the PMTE has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the amount to settle the present obligation at the reporting date, discounting to present value where time value of money is expected to be material.

2.12 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 20.

2.13 Reserves

The PMTE's reserves are made up of accumulated reserves.

Accumulated reserves are mainly built up to ensure adequate rehabilitation and maintenance of State-owned infrastructure and future infrastructure development.

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2.14 Budget information

The budget is prepared on a cash basis. The PMTE budgets for revenue including the transfer payment received through the DPW. Expenditure incurred exceeding the transfer payment and other revenue is defrayed from accumulated reserves. The PMTE budget is part of the overall DPW vote.

2.15 Related parties

Parties are considered to be related if one party has the ability to control the other party, exercise significant influence over the other party or jointly controls the other party. Specific information with regard to related party transactions is included in note 23.2.

2.16 Irregular, fruitless and wasteful expenditure and material losses through criminal conduct

Irregular, fruitless and wasteful expenditure and material losses through criminal conduct is recognised as expenditure in the surplus or deficit according to the nature of the payment and disclosed separately in notes 21 to 22. When the amount is subsequently recoverable, it is recognised as revenue in the surplus or deficit. Any receivable recognised as a result of irregular, fruitless and wasteful expenditure or material losses through criminal conduct, are subject to an annual impairment assessment.

Notes to the Annual Financial Statements

for the year ended 31 March 2013

3. Receivables from exchange transactions

Financial assets

	2013 R'000	Restated 2012 R'000
Accommodation debtors - leasehold	1 178 777	1 106 541
Provision for impairment	(705 268)	(656 141)
Net accommodation debtors - leasehold	473 509	450 400
Accommodation debtors - freehold	18 189	24 746
Provision for impairment	(17 972)	(22 734)
Net accommodation debtors - freehold	217	2 012
Construction receivable	571 770	354 191
Provision for impairment	(177 818)	(225 924)
Net construction receivables	393 952	128 267
Debt account	115 743	60 999
Provision for impairment	(60 923)	(393)
Net debt account	54 820	60 606
Revenue accrual	250 005	295 743
Municipal deposits	8 824	6 811
Other debtors	20	20
	1 181 347	943 859
Non-financial assets		
Municipal services	824 969	751 709
Provision for impairment	(282 594)	(256 412)
Net municipal services	542 375	495 297
Prepaid expenses	339 082	88 490
	881 457	583 787
	2 062 804	1 527 646

Trade and other receivables past due but not impaired

There were no debtors past due that were not impaired.

Trade and other receivables impaired

As of 31 March 2013, trade and other receivables of R2 062 804 (2012: R1 527 646) were considered for impairment. The total amount of the provision was R1 244 575 as of 31 March 2013 (2012: R1 161 604).

Included in the accommodation debtors-leasehold balance of R1 178 777 (2012: R1 106 541) are invoices, relating to the period from April 2006 to March 2011, amounting to R561 490 (2012: R605 477) that cannot be traced to and substantiated with lease agreements, thus the specific invoices were included in the impairment provision.

Notes to the Annual Financial Statements

for the year ended 31 March 2013

	2013	Restated 2012
	R'000	R'000

3. Receivables from exchange transactions (continued)

Reconciliation of provision for impairment

Opening balance	1 161 604	749 150
Provision for impairment	82 971	412 454
	1 244 575	1 161 604

Impairment provision consists of the following:

Accommodation debtors - leasehold	705 268	656 141
Accommodation debtors - freehold	17 972	22 734
Construction receivable	177 818	225 924
Debt account	60 923	393
Municipal charges	282 594	256 412
	1 244 575	1 161 604

4. Receivables from non-exchange transactions

Department of Public Works (services in-kind)	1 730	1 445
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The receivable above relates to the outstanding employee benefits paid by the Department on behalf of the PMTE (refer to note 11).

5. Construction contracts receivables

Construction work-in-progress	292 497	396 378
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The amount of construction work-in-progress represents the gross amount due from customers for contract work.

6. Operating lease asset/liability

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	1 666 996	1 920 067
- in second to fifth year inclusive	4 206 213	4 673 551
- later than five years	1 280 845	2 048 510
	7 154 054	8 642 128

Operating lease liability

	892 499	859 393
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The total future minimum sublease payment expected to be received under non-cancellable sublease

	7 154 054	8 642 128
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Notes to the Annual Financial Statements

for the year ended 31 March 2013

	2013	Restated 2012
	R'000	R'000

6. Operating lease asset/liability (continued)

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	1 666 996	1 920 067
- in second to fifth year inclusive	4 206 213	4 673 551
- later than five years	1 280 845	2 048 510

7 154 054 **8 642 128**

Operating lease asset

892 499 **859 393**

The above operating leases are sub-lease agreements with various client departments and are on the same terms as those applicable to the lease agreements entered into with the landlords on leasehold property.

7. Finance lease receivables

Gross investment in the lease due

- within one year	1 071	996
- in second to fifth year inclusive	5 194	4 811
- later than five years	9 028 624	9 030 069

9 034 889 **9 035 876**

Less: unearned finance revenue

(9 001 341) **(9 005 073)**

33 548 **30 803**

Present value of minimum lease payments due

- within one year	(3 003)	(2 746)
- in second to fifth year inclusive	(15 113)	(13 815)
- later than five years	51 664	47 364

33 548 **30 803**

The above finance leases are sub-lease agreements with various client departments and are on the same terms as those applicable to the lease agreements entered into with the landlords on leasehold property (refer to note 13).

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	829	1 399
Bank overdraft	(1 402 323)	(1 254 988)

(1 401 494) **(1 253 589)**

Current assets

829 1 399

Current liabilities

(1 402 323) (1 254 988)

(1 401 494) **(1 253 589)**

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash held with banks. The average effective interest rate on short term bank deposit is 3.7% (2012: 4.0%).

Notes to the Annual Financial Statements

for the year ended 31 March 2013

	2013	Restated 2012
	R'000	R'000

9. Payables from exchange transactions

Financial liabilities

Accrued expenses	1 112 729	905 187
Other payables	33 400	518
Tender deposits	3 341	3 341

Non-financial liabilities

Unallocated deposits	358 400	425 609
Debtors with credit balances	40 154	87 701
	1 548 024	1 422 356

10. Retention liability

Construction retention liabilities	169 217	167 352
Other retention liabilities	171 340	168 951
	340 557	336 303

Non-current liabilities	264 759	268 063
Current liabilities	75 798	68 240
	340 557	336 303

Retention liabilities that are recognised on capital projects from client departments are referred to as construction retention liability. Retention liabilities recovered on capital projects are not recovered from client departments and are disclosed as other retention liabilities.

11. Employee benefit obligations

The amounts recognised in the Statement of Financial Position are as follows:

Provision for performance bonus

Carrying amount	108	204
Current service cost	230	137
Benefits utilised	(120)	(234)
	218	107

Provision for leave

Carrying amount	973	649
Current service cost	1 906	1 437
Benefits utilised	(1 743)	(1 113)
	1 136	973

Notes to the Annual Financial Statements

for the year ended 31 March 2013

	2013 R'000	Restated 2012 R'000
Provision for service bonus		
Carrying amount	365	219
Current service cost	828	697
Benefits utilised	(817)	(551)
	376	365
Total employee benefit obligation	1 730	1 445

12. Provisions

Legal proceedings	34 029	34 029
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Provisions consist of claims and litigations or payables where services have been delivered without an indication of the timing of settlement or the amount of settlement. The provision for claims and litigation is based on the amounts confirmed by the legal advisors of the PMTE.

There is a restatement of an amount of R1 298 000 for legal provisions raised by the PMTE which did not meet the requirements for the recognition of provisions in the prior year.

There were no additional provisions raised in the current year and the restated prior year provision amount outstanding at year end remains.

13. Finance lease obligations

Minimum lease payments due		
- within one year	1 071	996
- in second to fifth year inclusive	5 194	4 811
- later than five years	9 028 624	9 030 069
	9 034 889	9 035 876
Less: future finance charges	(9 001 341)	(9 005 073)
Present value of minimum lease payments	33 548	30 803

Present value of minimum lease payments due		
- within one year	(3 003)	(2 746)
- in second to fifth year inclusive	(15 113)	(13 815)
- later than five years	51 664	47 364
	33 548	30 803

The total future minimum sub-lease payment expected to be received under non-cancellable sub-lease	9 034 890	9 035 875
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Finance leases consist of those leases that have an overall lease period exceeding 50 years. Due to the long term nature of the finance leases (i.e. most are 99 years), and specifically for those leases that have escalation rates, the interest of the balance exceeds the payment to be made for a large portion of the lease term.

The present value of the lease obligations were calculated based on the applicable rate for State-owned debt at the inception date. The rates vary between 6% and 17% on various contracts from 1958 to 2012.

Notes to the Annual Financial Statements

for the year ended 31 March 2013

	2013	Restated 2012
	R'000	R'000

14. Revenue from exchange transactions

Accommodation charges - leasehold	3 113 217	2 968 905
Accommodation charges - freehold	3 417 999	3 268 441
Management fees on municipal services	146 860	130 118
Construction revenue	2 351 326	3 017 957
Finance income*	24 807	20 106
Recovery of over payments	18 650	12 362
	9 072 859	9 417 889

*Finance income includes the following:

Interest received from debtors	20 487	16 630
Interest received from finance leases	3 752	3 447
Interest from bank balances	568	29
	24 807	20 106

15. Revenue from non-exchange transactions

Augmentation	646 849	630 189
Contractor fines	7 153	5 050
Services in-kind	19 231	14 118
	673 233	649 357

16. Operating surplus/(deficit)

Operating surplus/(deficit) for the year is stated after accounting for the following:

Operating leases	3 341 967	3 315 087
Property maintenance	3 084 430	3 133 269
Construction cost	2 351 326	3 017 957
Rates and taxes	483 798	696 277
Cleaning and gardening	170 181	141 038
Impairment on receivables	82 971	412 454
Security	42 675	40 434
Thefts and losses	8 492	28 835
Bursaries	3 346	1 127
Admin/other indirect costs	1 364	1 225
Bank charges	122	67
Advertising	41	19
Loss on construction	-	486
	9 570 713	10 788 275

Notes to the Annual Financial Statements

for the year ended 31 March 2013

	2013	Restated 2012
	R'000	R'000
17. Finance costs		
Interest on finance leases	3 752	3 447
Interest paid	308	541
	4 060	3 988

18. Employee related costs

Basic salary and non-pensionable salary	13 382	9 435
Performance bonus	231	137
Medical aid contributions	710	486
Leave payout	163	331
Pension fund contributions	1 520	1 149
Overtime	441	386
Service bonus	828	697
Housing allowances	591	270
Bargaining council	3	2
	17 869	12 893

The following contributions have been incurred and expensed:

Government Employees Pension Fund ("GEPF")	1 520	1 149
Medical aid contributions	710	486
Total defined contributions	2 230	1 635

19. Cash (used in)/generated from operations

Surplus/(deficit)	153 450	(737 910)
Adjustments for:		
Interest income	3 752	3 447
Finance costs	(3 752)	(3 447)
Debtors impairment loss	82 971	412 454
Movements in retirement benefit obligation	285	373
Operating lease asset	(29 354)	643 411
Operating lease liability	29 354	(643 411)
Changes in working capital:		
Receivables from exchange transactions	(618 131)	(24 695)
Receivables from non-exchange transactions	(285)	(373)
Construction contracts receivables	103 881	(125 845)
Payables from exchange transactions	125 670	372 747
Retention liabilities	4 254	186 775
	(147 905)	83 526

Notes to the Annual Financial Statements

for the year ended 31 March 2013

2013	Restated 2012
R'000	R'000

20. Contingencies

20.1 Contingent liabilities

Municipal rates and taxes

202 119

207 287

Numerous invoices for rates and taxes which were received from municipalities across all regions are currently being disputed by the PMTE. The PMTE are disputing the accuracy of these invoices. These invoices are all dated prior to 1 April 2008. No assessment has been performed to date to conclude on the accuracy of these invoices and whether the PMTE indeed have an obligation to settle these amounts.

R174.5 million of the 2012 outstanding balance was paid during April 2012 to March 2013 and has been raised as an Accrual in the 2012 financial statements.

R5.2 million of the 2013 outstanding balance was paid during April 2013 and May 2013 and has been raised as an Accrual in the 2013 financial statements.

Claims relating to municipal property rates prior to 1 April 2008 were received from municipalities across all regions in which the PMTE operates. The invoices supporting these claims require extensive investigations to ensure that the PMTE only settles valid claims. The values disclosed above, represent an estimation relating to the outstanding invoices which still require assessment by the PMTE to conclude on their validity and whether the PMTE does have an obligation to settle.

Claims against the PMTE

13 475

20 479

The claims against the PMTE arising from capital projects with different third party service providers. The entity's legal advisors are handling the claims on behalf of the PMTE. They have assessed the probability of each claim in determining the total amount of the legal contingent liability. The outflow of the economic benefits is possible as at reporting date.

There is a restatement for an amount of R20 000 for a legal claim against the PMTE which was erroneously not disclosed in the 2012 financial year.

Total contingent liabilities

215 594

227 766

Notes to the Annual Financial Statements

for the year ended 31 March 2013

	2013	Restated 2012
	R'000	R'000

20. Contingencies (continued)

20.2 Contingent assets

Claims by the PMTE	77 178	74 746
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The claims by the PMTE arise from various activities with service providers and are being handled by the entity's legal advisors. They have assessed the probability of each claim in determining the total amount of the legal contingent asset. The inflow of the economic benefits is possible as at reporting date.

There is a restatement for an amount of R2.4 million for a legal claim by the entity which was erroneously disclosed within the PMTE instead of the DPW as at 31 March 2012.

Total contingent assets	77 178	74 746
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21. Fruitless and wasteful expenditure

21.1 Reconciliation of fruitless and wasteful expenditure

Opening balance	239 311	6 772
Less: Amounts condoned	(14)	(5 582)
Incurred during the year	15 217	238 121
	254 514	239 311

21.2 Analysis of current year's fruitless and wasteful expenditure

Occurrence

Interest/penalties	3 064
Inappropriate mark-up on goods and services	1 189
VAT incorrectly charged	14
Expenses incurred without proper needs analysis	9 302
Overpayment from the initial contract amount	630
Payment for unoccupied building	1 018
	15 217

No disciplinary steps have been taken as a consequence of the above expenditure.

22. Irregular expenditure

22.1 Reconciliation of irregular expenditure

Opening balance	1 410 817	658 704
Less: Amounts condoned	-	(555 428)
Incurred during current year	1 165 424	1 057 111
Incurred in prior years detected in current year	33 470	250 430
	2 609 711	1 410 817

Notes to the Annual Financial Statements

for the year ended 31 March 2013

2013

R'000

22. Irregular expenditure (continued)

22.2 Details of irregular expenditure – current year

Incorrect procurement process followed	797 275
Appropriate approval not obtained by the properly delegated official or committee	37 474
Deviations were incorrectly approved	2 073
No original tax clearance certificate	15 216
Award of a contract to a supplier who does not meet the relevant requirements	51 728
Evaluation criteria used to evaluate quotation or bids does not match original criteria	5 939
Failure to disclose interest on contract	270
Incorrect evaluation performed in the procurement process	108 937
Awards made to suppliers NOT registered on the applicable databases	6 542
Payments in excess of quoted amount	20
Payments made in excess of quoted amount without proper approval	5 816
Incorrect procurement process followed for leases	134 134
	<hr/>
	1 165 424

22.3 Details of irregular expenditure – prior years detected in current year

Incorrect procurement process followed	11 123
Incorrect evaluation performed in the procurement process	993
Incorrect procurement process followed for leases	20 284
Payment in excess of quoted amount	1 070
	<hr/>
	33 470

23. Related party transactions and outstanding balances

Related party relationships and outstanding balances

The PMTE is controlled through the NDPW at National Government level. As a result of the constitutional independence of the three spheres of government in South Africa, only parties within the national sphere of government, and entities reporting to National Departments because they are subject to common control, will be considered to be related parties. The PMTE performs property maintenance services for the State-owned and leasehold immovable assets occupied by National Departments, and recognises and recovers accommodation charges from all National Departments.

The PMTE operates within the administration of the NDPW and as such all contracts are entered into in the name of the NDPW. The liabilities and obligations arising from these transactions are accounted for by the PMTE if it relates to the PMTE operating activities as these liabilities will be settled using the PMTE funds and resources.

Notes to the Annual Financial Statements

for the year ended 31 March 2013

	2013	Restated 2012
	R'000	R'000

23. Related party transactions and outstanding balances (continued)

23.1 National Department of Public Works

Revenue

Revenue from exchange transactions

Freehold accommodation	36 086	31 379
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Revenue from non-exchange transactions: Services in-kind

Overhead services in-kind	17 868	12 893
Augmentation	646 849	630 189
	664 717	643 082

Expenditure

Municipal property rates	788 675	513 223
Property maintenance	3 007 094	2 928 676
Cleaning, gardening and security	76 878	84 762
Bursary payments	3 346	7 638
	3 875 993	3 534 299

Receivables relating to the above

Prepayments on municipal property rates	139 212	20 356
Services in-kind	1 730	1 445
	140 942	21 801

Payables relating to the above

Municipal property rates accruals	6 191	205 649
Property maintenance accruals	140 349	149 177
Cleaning, gardening and security	6 714	3 609
Bursary accruals	984	7 627
	154 238	366 062

Commitments relating to the above

Property maintenance commitments	3 517 168	3 700 586
Cleaning, gardening and security	16 745	6 482
	3 533 913	3 707 068

The PMTE provides the following free services to the DPW:

As a trading entity of the DPW, the PMTE incurs expenditure relating to the immoveable assets of the DPW. These expenses include payments for municipal property rates, maintenance, cleaning, gardening and security services. The PMTE also pays certain of these costs relating to the leasehold properties that is occupied by the Departments employees. The PMTE does not recover these costs from the Department.

The PMTE has made payments relating to external and internal bursary recipients on behalf of the Department.

Notes to the Annual Financial Statements

for the year ended 31 March 2013

23. Related party transactions and outstanding balances (continued)

The PMTE receives free services from the DPW. The Department paid the following overhead costs for the day-to-day running of the PMTE:

- Employee costs
- Goods and services
- Interest and rent on land
- Transfers and subsidies
- Office and computer equipment.

These overhead costs can be measured reliably and have been included in revenue from non-exchange transactions. These costs are not recovered by the Department from the PMTE. The office and computer equipment has not been recognised as property, plant and equipment in the PMTE's financial records due to the immateriality of the amount.

Other overhead costs include the sharing of corporate services between the DPW and the PMTE. Due to the nature of these transactions and the operational structures between the PMTE and the Department the value of these shared costs cannot be reliably measured. These costs, paid by the Department on behalf of the PMTE and not recovered, include the following corporate shared services:

- Supply Chain Management ("SCM");
- Internal Audit;
- Human Resources (HRM, HROD);
- Gender, people with disabilities, youth and children;
- Marketing and Communication;
- Information Services;
- Legal Services;
- Security Management;
- Monitoring and Evaluation;
- Strategic Management Unit (SMU); and
- Labour Relations.

In addition, the Department and the PMTE share the service cost of certain special interventions entered into in support of the turn around strategy. These cannot be reliably measured.

The PMTE receives an augmentation of funds from National Treasury via the Department to fund its operations.

23.2 Other related parties

The PMTE incurs property maintenance costs relating to cleaning, gardening and security services for leasehold properties occupied by client departments. These costs are not recovered from client departments, and therefore considered a free service.

The PMTE recognises accommodation revenue on State-owned building based on the amount budgeted by client departments. The level of service delivery relating to this accommodation charge is not linked to the value received, it is likely that some clients may benefit to the disadvantage of others. It is not possible to identify the extent of benefit or disadvantage received. The full amount of the transaction is disclosed.

Notes to the Annual Financial Statements

for the year ended 31 March 2013

2013	Restated 2012
R'000	R'000

23. Related party transactions and outstanding balances (continued)

Revenue from exchange transactions: State-owned accommodation

Agriculture, Forestry and Fishing	56 770	49 365
Arts and Culture	23 101	20 088
Communications	575	500
Correctional Services	828 579	720 504
Defence and Military Veterans	939 957	1 104 261
Higher Education	481	419
Environmental Affairs	11 598	10 086
Government Communications	19	16
Health	8 968	7 798
Health (Civitas)	56 002	58 132
Home Affairs	27 675	24 065
Human Settlement	294	255
Independent Complaints Directorate	308	268
Justice and Constitutional Development	296 343	257 690
Labour	32 518	28 276
Rural Development and Land Reform	15 857	13 789
Minerals	1 797	1 563
National Treasury	3 366	2 927
National Treasury - SARS	19 061	16 575
Public Service and Administration	171	148
SA Police Services	980 352	852 480
Social Development	313	273
Sports and Recreation	7	6
Statistics SA	809	704
Trade and Industry	21	18
Water Affairs	76 886	66 858
	3 381 828	3 237 064

State-owned accommodation receivable less impairment

Communications	-	109
Defence and Military Veterans	215	-
Higher Education	-	4
Environmental Affairs	-	1 705
Public Service and Administration	-	32
Sports and Recreation	1	-
Statistics SA	-	162
Trade and Industry	-	(4)
	216	2 008

Notes to the Annual Financial Statements

for the year ended 31 March 2013

2013	Restated 2012
R'000	R'000

23. Related party transactions and outstanding balances (continued)

Impairment relating to receivable

Agriculture, Forestry and Fishing	393	393
Communications	-	16
Defence and Military Veterans	21	-
Environmental Affairs	1 230	1 230
International Relations and Cooperation	7 258	7 258
Health	-	245
Home Affairs	-	4 503
Justice and Constitutional Development	9 070	9 070
Rural Development and Land Reform	1	1
Public Service and Administration	-	5
Statistics SA	-	14
	17 973	22 735

Gardening, cleaning and security expense paid

Agriculture, Forestry and Fishing	852	2 268
Correctional services	168	74
Defence and Military Veterans	2 557	2 679
Home Affairs	475	1 119
Human Settlement	-	119
Justice and Constitutional Development	110 696	109 912
Labour	450	330
SA Police Services	4 671	4 948
Statistics SA	-	31
Water Affairs	71	-
	119 940	121 480

Gardening, cleaning and security accruals

Arts and Culture	74	97
Correctional Services	15	3
Defence and Military Veterans	223	114
Home Affairs	42	48
Human Settlement	-	5
Justice and Constitutional Development	9 668	4 680
Labour	39	14
SA Police Service	408	211
Statistics SA	-	1
Water Affairs	6	-
	10 475	5 173

Notes to the Annual Financial Statements

for the year ended 31 March 2013

	2013	Restated 2012
	R'000	R'000

23. Related party transactions and outstanding balances (continued)

Gardening, cleaning and security commitments

Arts and Culture	186	173
Correctional Services	37	6
Defence and Military Veterans	557	205
Home Affairs	104	86
Human Settlement	-	6
Justice and Constitutional Development	24 111	8 405
Labour	98	25
SA Police Services	1 017	378
Statistics SA	-	2
Water Affairs	15	-
	26 125	9 286

The PMTE provides the following services to all National Departments on a cost recovery basis:

- The PMTE project manages major capital projects on behalf of the DPW, the custodian of state immoveable assets. The actual construction is performed by a third party and is paid by the PMTE. The PMTE recovers this cost from client departments who receive the budget to fund these projects. Construction revenue raised relating to this service amounts to R2 351 326 480 for the period (2012: R3 017 957 012).
- Where the accommodation needs of client departments cannot suitably be met through the State-owned properties available, leasehold contracts are entered into to meet these needs. The PMTE pays the leasehold costs and recovers these costs incurred from the various client departments. Leasehold revenue raised amounted to R3 113 216 622 for the current period (2012: R2 968 905 627). Certain leasehold facilities are leased from other government institutions and entities at no or below market value for certain client departments. These services in-kind have not been recognised as they cannot be reliably measured.
- The PMTE also pays municipal service charges (water and electricity) incurred by client departments occupying both state and other facilities leased on their behalf. These costs are recovered from the client departments. This is a direct cost recovery and is not recognised as revenue. A 5% management fee is charged by the PMTE to client departments for this service. Revenue raised relating to this service amounts to R146 859 676 for the period (2012: R130 118 207).

Management remuneration

Management of the PMTE is defined as being individuals with the responsibility for planning, directing and controlling the activities of the entity. Individuals on Chief Director level of the PMTE, as well as members of the Executive Committee and MINTOP of the DPW main account are considered management.

Notes to the Annual Financial Statements

for the year ended 31 March 2013

23. Related party transactions and outstanding balances (continued)

Designation	Name
*Department of Public Works Minister	Hon. Thulas Nxesi
*Department of Public Works Deputy Minister	Hon. Jeremy Cronin
*Director-General	Mziwonke Dlabantu
*Acting Deputy Director-General: CS (Seconded from DPSA)	Kenny Govender
*Acting Deputy Director-General: AIM	Peter Chiapasco
*Deputy Director-General: Regional Coordination	Butcher Matutle
*Deputy Director-General : ICR	Sasa Subban
*Deputy Director-General: EPWP	Stanley Henderson
*Deputy Director-General: Projects (Seconded from CBE)	Mfezeko Gwazube
*Deputy Director-General: KAM	Mandla Mabuza
*Deputy Director-General: Policy	Lydia Bici
*Chief Financial Officer	Cox Mokgoro
*Chief Director: Security Services	Zwiitani Rambau
*Chief Director: IGR	Adam Mthombeni
*Chief Director: FM and PM	Pinkie Modisane
*Chief Director: Internal Audit and Investigations	Tebby Tukisi
*Acting Chief Director: M and E	Lwazi Mahlangu
*Chief Director: Communications	Lucky Mochalibane
*Chief Director: Director General's Office	Manthekeleng Monama
*Chief Director: SMU	Mandisa Fatyela
*Team Leader: Turn Around Strategy	Mahalingum Govender
*Minister's Advisor	Jon Lewis
*Minister's Advisor	Phillip Masilo
*Chief of Staff	George Mudumela
*Administrator: Limpopo (Seconded from National Treasury)	Mbuyi Dondashe
*Director: DM's Office	Deon Viljoen
*Ministry	Sabelo Mali
Chief Director : Office of the Chief Financial Officer	Kenosi Selane
Chief Director : Financial Planning and Reporting	Juanita Prinsloo

* These management members are either members of EXCO or MINTOP or both. These officials are paid either by the DPW or by other government institutions that they are seconded from (i.e. Independent Development Trust). The Chief Directors mentioned below constitute management falling within the PMTE itself.

Notes to the Annual Financial Statements

for the year ended 31 March 2013

24. Management emoluments

Executive

2013

	Basic salary	Non-pensionable salary	Performance bonus	Other benefits	Total
	R'000	R'000	R'000	R'000	R'000
Chief Director: Office of the Chief Financial Officer	244	106	-	-	350
Chief Director: Financial Planning and Reporting	513	219	44	91	867
	757	325	44	91	1 217

2012

	Basic salary	Non-pensionable salary	Performance bonus	Other benefits	Total
	R'000	R'000	R'000	R'000	R'000
Chief Director: Financial Planning and Reporting	508	208	42	88	846

2013	Restated 2012
R'000	R'000

25. Financial instruments

Categories of financial instruments

Financial assets at amortised cost

Finance lease receivable	33 548	30 803
Receivables from exchange transactions	2 062 804	1 527 646
Cash and cash equivalents	829	1 399
	2 097 181	1 559 848

Financial liabilities at amortised cost

Finance lease obligation	33 548	30 803
Bank overdraft	1 402 323	1 254 988
Payables from exchange transactions	1 548 024	1 422 356
Retention liability	340 557	336 303
	3 324 452	3 044 450

Notes to the Annual Financial Statements

for the year ended 31 March 2013

26. Risk management

Financial risk management financial risk factors

The PMTE's activities exposes it to variety of financial risks, which include market risk (including interest rate risk), credit risk and liquidity risk.

The Director-General is responsible for strategic risk management within the PMTE and tasks the Audit Committee with ensuring effective risk management within the PMTE. The PMTE has a risk management strategy that has been developed in terms of the Treasury Regulation 28.1. The purpose of the PMTE risk management strategy is to identify the risks and ensure that the overall risk profile remains at acceptable levels. The risk management strategy provides reasonable, but not absolute, assurance that risks are being adequately managed.

The PMTE risk policy sets out the minimum standards of risk management to be adopted and adhered to by all the units within the PMTE. The risk policy is established to identify and analyse the risks faced by the PMTE, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the PMTE activities. The risk management strategy contains processes for identifying both the impact and likelihood of such a risk occurring. Risks that have been identified as having a potentially severe impact on the PMTE are regarded as unacceptable and where possible will be avoided.

Responsibility for adherence to the PMTE risk management strategy rests with the Risk Management Unit together with the Internal Audit and Compliance Unit who engage with the Audit Committee and members of the Executive Committee ("EXCO") regularly.

Liquidity risk

The PMTE manages liquidity risk through ongoing review and assessment of client department's commitment to settle their accounts.

All payments are due within 30 days except tender deposits and retentions which are due when the related contracts expire. These tender deposits are considered immaterial in managing the cash flows of the PMTE and have been excluded from the maturity analysis below:

2013	1 month	1-3 months	3-12 months	1-5 years	Total
Retentions	916	3 772	71 110	264 759	340 557
Other payables	33 400	-	-	-	33 400
Accrued expenses	919 214	-	-	-	919 214
	953 530	3 772	71 110	264 759	1 293 171

2012	1 month	1-3 months	3-12 months	1-5 years	Total
Retentions	2 190	4 948	61 102	268 063	336 303
Other payables	518	-	-	-	518
Accrued expenses	878 493	-	-	-	878 493
	881 201	4 948	61 102	268 063	1 215 314

Notes to the Annual Financial Statements

for the year ended 31 March 2013

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The PMTE is exposed to limited interest rate risk as it sweeps transactions through commercial accounts to the Reserve Bank account.

The PMTE has no significant interest bearing assets, thus the entity's income and operating cash flows are largely independent of changes in the market interest rates.

Credit risk

Credit risk is the risk of financial loss to the PMTE if a client department or counterparty defaults on its contractual obligations to the PMTE. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position.

The PMTE may have financial assets arising out of transactions with suppliers due to overpayments and non-delivery.

The PMTE manages this risk by requiring retentions and or guarantees before contract work commences.

The credit risk of financial assets arising out of lease contracts as it relates to transactions with other government departments and institutions is actively managed where there are disagreements about inter governmental debt.

The PMTE first engages with the respective client to resolve the issue and if required involves National Treasury to mediate the situation. These various government institutions have no independent credit ratings.

Outstanding debt is assessed for impairment and amounts are not written off unless the authorised process is followed. However as a result of client department's inability to accumulate savings to settle debt, a considerable amount of time may expire before the amount is collected.

The PMTE makes provision for this in the impairment calculation by discounting the expected future cash flows taking into account the expected period of payment.

The PMTE does not enter into additional leases with any client departments without first assessing the current outstanding debt of the client department.

Amounts that are neither past due nor impaired are considered to be recoverable as it relates to the current invoices not outstanding later than 30 days.

The nature of the PMTE's exposure to credit risk and its objectives, policies and processes for managing credit have not changed significantly from the prior period.

	2013	Restated 2012
	R'000	R'000

Exposure to credit risk

Cash and cash equivalents
Receivables

829	1 399
1 181 347	943 859

Notes to the Annual Financial Statements

for the year ended 31 March 2013

The carrying values of the above financial assets are net of any impairments and approximate their fair value.

None of the amounts disclosed above have been pledged as security or collateral for liabilities or contingent liabilities nor have any amounts been renegotiated or have been defaulted on.

Foreign exchange risk

The foreign currency risk of the PMTE is limited to the amount included in payables in foreign currency. The PMTE does not enter into any hedging transactions and does not trade in foreign currencies. The PMTE is currently unable to provide a reliable estimate of the foreign exchange losses included in the surplus / deficit for the year. Neither can it make a reliable estimate of the outstanding balances relating to payables in foreign currency. The loss is considered to be insignificant.

27. Subsequent events

Although National Treasury approved the establishment of the trading entity in 2006, the Department did not meet all the establishment requirements of Treasury and as such the business case for the formation of the PMTE was never formally approved. On the 28 March 2013 an interim business case was approved by the accounting officer to effectively transfer the property management functions and immoveable asset register of the DPW to the trading entity as at 1 April 2013. The recognition of the associated assets, liabilities, income and expenditures from this transfer of functions will be disclosed in the PMTE's 31 March 2014 annual financial statements for the first time. The expected impact of this transfer is not yet determinable.

28. Changes in accounting policy

28.1 Employee benefits

2013	Restated 2012
R'000	R'000

The adoption of GRAP 23 had the following impact:

Increase in assets	1 730	1 445
Decrease in liabilities	(1 730)	(1 445)
Increase/(decrease) in net assets/(reserves)	-	-
Increase in revenue from non-exchange transactions	19 231	14 118
Increase in employee costs	(17 868)	(12 893)
Increase in operating expenses	(1 363)	(1 225)
Effect on surplus/(deficit)	-	-
Effect on opening accumulated reserves	-	-

In the current financial year the PMTE has decided to early adopt GRAP 23 and the financial statements were prepared in such a way to meet the disclosures of GRAP 23. This has resulted in the GRAP 23 being applied retrospectively from the year ended 31 March 2012.

Notes to the Annual Financial Statements

for the year ended 31 March 2013

	2013	Restated 2012
	R'000	R'000

28.2 Reclassification of prior year amounts

In order to comply with the presentation requirements of GRAP 1, certain items have been reclassified. These reclassifications did not impact reserves.

Decrease in trade and other receivables	(1 473 717)	(3 876 685)
Decrease in prepayments	(339 082)	(310 658)
Decrease in trade payables	1 507 870	2 492 781
Increase in receivables from exchange-transactions	1 812 799	4 187 343
Increase in payables from exchange transactions	(1 507 870)	(2 492 781)
Decrease in revenue	6 678 076	6 450 852
Decrease in other income	25 803	17 439
Decrease in finance income	24 807	16 659
Decrease in government grants	646 849	630 189
Increase in revenue from exchange transactions	(6 721 533)	(6 479 874)
Increase in revenue from non-exchange transactions	(654 002)	(635 265)
Effect on reserves	-	-

29. Prior period errors

Material errors relating to prior years were adjusted and the prior year financial statements have been restated to this effect. The impact of these errors are summarised below and the details are shown below:

Decrease in assets	(1 373 123)
Increase in liabilities	(154 777)
Decrease in net assets	(1 527 900)

Represented by:

Increase in accumulated surplus:

Increase in revenue	2 651 749
Increase in expenses	(3 667 172)
Effect on deficit	(1 015 423)
Effect on opening reserves	(512 477)
	(1 527 900)

29.1 Legal provisions incorrectly recognised

Legal provisions were incorrectly recognised in the prior year due to some provisions not meeting the requirements for the recognition of a provision.

Decrease in provisions	1 297
Decrease in operating expenditure	37
Increase in opening accumulated reserves	1 260
	1 297

Notes to the Annual Financial Statements

for the year ended 31 March 2013

Restated
2012
R'000

29. Prior period errors (continued)

29.2 Disallowances incorrectly disclosed as an asset

Disallowances were incorrectly disclosed as receivables which were reclassified to expenditure.

Decrease in receivables from exchange transactions	(222 151)
Increase in operating expenditure	(1 855)
Decrease in opening accumulated reserves	(220 296)
	<u>(222 151)</u>

29.3 Recognition of loss on construction cost

An amount previously disclosed as a debtor is not recoverable, due to the inability to continue the building resulting from an incorrect assessment of the soil type, on a construction contract as we appointed the subcontractors. PMTE became liable for the loss.

Decrease in receivables from exchange transactions	(60 086)
Increase in operating expenditure	(486)
Decrease in opening accumulated reserves	(59 600)
	<u>(60 086)</u>

29.4 Retention payables not recognised previously

The PMTE did not recognise retention amounts due as a payable in prior year financial statements

Increase in payables from exchange transactions	(336 303)
Increase in operating expenditure	(336 303)

29.5 Impairment corrections to apply to GRAP

The private lease debtors were restructured and the policy for impairment was updated to ensure compliance with GRAP.

Increase in provision for impairment on financial assets	(730 469)
Increase in operating expenditure	(201 615)
Decrease in opening accumulated reserves	(528 854)
	<u>(730 469)</u>

Notes to the Annual Financial Statements

for the year ended 31 March 2013

Restated
2012
R'000

29. Prior period errors (continued)

29.6 Operating lease asset and liability incorrectly recognised

The entity has corrected its financial statements to comply with the requirement of GRAP 13. Leases were recalculated for both the operating lease (straight-lining) and finance lease.

Decrease in operating lease asset	(874 311)
Decrease in revenue	(143 590)
Decrease in opening accumulated reserves	(730 721)
	<u>(874 311)</u>
Decrease in operating lease liability	874 311
Decrease in operating expenditure	143 590
Increase in opening accumulated reserves	730 721
	<u>874 311</u>

29.7 Finance lease receivable not in accordance with GRAP

The entity has corrected its financial statements to comply with the requirement of GRAP 13 – Leases regarding the accounting of certain leases as finance leases based on the substance of the underlying lease agreements (leases over 50 years). This has resulted in a prior period error due to non-compliance with the standard. The impact and details of these errors are summarised below:

Increase in finance lease receivable	30 803
Increase in revenue from exchange transactions	3 447
Increase in accumulated reserves	27 356
Decrease in opening accumulated reserves	<u>30 803</u>
Increase in finance lease obligation	(30 803)
Increase in operating expenditure	(3 447)
Decrease in accumulated reserves	(27 356)
Increase in opening accumulated reserves	<u>(30 803)</u>

Notes to the Annual Financial Statements

for the year ended 31 March 2013

Restated
2012
R'000

29. Prior period errors (continued)

29.8 All outstanding invoices not yet paid not considered for accruals

Invoices were identified that were recognised in the incorrect period.

Increase in payables from exchange transactions	(613 271)
Increase in receivables from exchange transactions	131 759
Decrease in opening accumulated reserves	(481 512)
Increase in operating expenditure	(546 042)
Decrease in revenue from non-exchange transactions	(27)
Increase in opening accumulated reserves	64 557
Decrease in opening accumulated reserves	(481 512)

29.9 Prepayment on leases determined based on an estimate

The lease prepayment balance was determined based on an estimate that was performed. The full operating lease balance was divided by 12 assuming that the March payment for all leases were made for the April charge. Adequate support did not exist for this estimate.

Decrease in receivables from exchange transactions	(246 372)
Decrease in operating expenditure	(246 372)

29.10 Construction projects not accounted for in accordance with GRAP

A WIP construction debtor was not recognised for the amounts that were accrued for (i.e. invoiced but not yet paid) and therefore also not yet billed. According to the Standard of GRAP on Construction Contracts (GRAP 11), construction revenue should be recognised to the extent that costs can be recovered. As the expense is recognised for the accrual the corresponding revenue should be recognised against the WIP construction debtor.

Increase in construction work-in-progress	400 225
Increase in revenue from exchange transactions	3 017 957
Increase in operating expenditure	(2 607 322)
	410 635

29.11 Write-off of municipal services to tie into ageing

There was an unaccounted amount which had no supporting documentation on the municipal services recoverable account. The write-off amount was done to tie to the ageing analysis.

Decrease in receivables from exchange transactions	(4 710)
Increase in operating expenditure	(4 710)

Notes to the Annual Financial Statements

for the year ended 31 March 2013

Restated
2012
R'000

29. Prior period errors (continued)

29.12 Prepayments on municipal rates and taxes not recognised

Payments made in advance were not considered for municipal rates and taxes. Investigation revealed that these payments are made annually in advance for the period July - June. A prepayment was recognised for the three months (April - June) following year end.

Increase in receivables from exchange transactions	20 356
Decrease in operating expenditure	20 356

29.13 Incorrect off-setting

There was an incorrect off-setting of capital construction costs to state-owned accommodation.

Increase in revenue from exchange transactions	684 483
Increase in operating expenditure	(684 483)

29.14 Fruitless expenditure included as a payable in error

The fruitless expenditure was incorrectly accounted for as a debt receivable income (credit balance) in prior year. Was cleared

Decrease in payables from exchange transactions	76
Increase in opening accumulated reserves	76

29.15 Restatement of prior year private leases receivable balance due to reconstruction

There was a restatement of the prior year private leases receivable balance due to the reconstruction of the balance that was

Increase in receivables from exchange transactions	246 470
Increase in payables from exchange transactions	(87 701)
	158 769
Decrease in revenue from exchange transactions	(948 138)
Decrease in operating expenditure	811 890
Increase in opening accumulated reserves	295 017
	158 769

Notes to the Annual Financial Statements

for the year ended 31 March 2013

Restated
2012
R'000

29. Prior period errors (continued)

29.16 Revenue recognised in the incorrect period

Revenue was incorrectly recognised in the prior year as amounts received related to revenue for the 2012/13 financial year.

Increase in payables from exchange transactions	(37 617)
Decrease in revenue from exchange transactions	(37 617)

29.17 Restatement of prior year construction receivable balance due to reconstruction

There was a restatement of the prior year PACE and CA receivable balances due to the reconstruction of the balances that was performed.

Increase in receivables from exchange transactions	64 637
Increase in opening accumulated reserves	64 637

2013
R'000

30. Budget information

Reconciliation of budget to actual

Net cash flows from operating activities	(147 905)
Net decrease in cash and cash equivalents per cash flow statement	(147 905)
Cash surplus/(deficit) per statement of comparison of budget and actual amounts	(147 905)
	(147 905)
Cash surplus/(deficit) per statement of comparison of budget and actual amounts	(147 905)
Surplus per statement of financial performance	153 450
Difference	5 545

The difference between the cash surplus per the Statement of Comparison of Budget and Actual Amounts and the Statement of Financial Performance relates to non-cash movement (see note 19).

Explanations of the variances between the actual amount and final budgeted amount:

Accommodation charges leasehold

The revenue projection is based on the invoices issued, while the actual represents the amount received in the bank account. The balance of the amount not received will be recognised as debtors.

Notes to the Annual Financial Statements

for the year ended 31 March 2013

Municipal services management fees

This amount is estimated based on the invoices issued on the use of municipal services. The amount will change based on the actual consumption by the client departments.

Bursaries

An amount of R7 million was made available to DPW in accordance to the agreement with the Department, but only R2.4 million was claimed by the Department.

Cleaning and gardening

The expenditure is based on payments made to suppliers contracted to deliver these services. Of the amount outstanding at year-end, R12 million represent accruals where the service was delivered, but not yet paid for.

Computer services

The entity received permission to acquire its own billing and accounting system. It has been decided to look at more than just the basic system, but also to include functionality in terms of the immovable asset register, lease register and other related property management functions. The acquisition was delayed due to the change in requirements.

Planned maintenance (capital)

The budget is based on the cash flow projection of hundreds of projects. These cash flows changes constantly due to SCM processes, conditions on site, etc. Although the fluctuations are managed as much as possible during the year, through interventions where necessary, the situation might change during the last week of the financial year. It also has to be noted that the business system on which these projects are managed (WCS) closed for payments on 27 March 2013 to allow for the changes that had to be implemented in terms of the new SCOA structure.

Details on changes from the approved budget to the final budget

Accommodation charges leasehold

The capital portion of the revenue and expenditure was off-set in prior years and the ENE figures therefore excludes the capital. The amount is R694 million. The private lease budget is based on what the PMTE expects to pay and receive (equal in and out) for private leases based on the information at any given time. The PMTE allow for renewal of leases, but this estimate cannot be accurate before the actual renewal is done. This budget moves during the year as new leases are entered into and others expire. At the beginning of the year (3 months after ENE is finalised) it was known that the leases would be less and adjusted the figures accordingly. This is not an appropriated amount and can fluctuate. The difference between the budget in the ENE and the beginning of the year is R53 million.

Fines

This cannot be accurately predicted as it is based on the actual penalties against contractors. Only a nominal amount is budgeted for.

Interest received

This cannot be accurately predicted as it is based on the interest earned on the bank account on deposits and receivables made into the commercial account. A nominal amount is budgeted for.

Notes to the Annual Financial Statements

for the year ended 31 March 2013

Municipal services management fees

The management fee is based on 5% of the accounts handled. As accounts are based on actual consumption by users, the amount will adjust during the year.

Recoveries

These are amounts recovered in subsequent years (overpayments to contractors, etc.) and cannot be predicted unless the amount is known.

Advisory services

An amount was budgeted for intervention on the financial statements for PMTE. This project grew to include DPW and SCM and is being funded by DPW through their turnaround budget.

Bank charges

Nominal amount that cannot be predicted in advance.

Cleaning and gardening

The budget is based on contracts in place and new contracts. Not all contracts were renewed as some facilities were taken over by EPWP.

Computer services

Budgeted amount for an Accounting and Billing system for the PMTE. Recent discussions have indicated that a system should be looked at that can include all the PMTE functions.

Interest paid

Nominal amount that cannot be predicted in advance.

Municipal services

Nominal amount that cannot be predicted in advance.

Operating leases

See accommodation charges leasehold and note the relationship between revenue and expenditure on this item.

Planned maintenance (current and capital)

The budget is based on a project list (implementation plan). Due to the nature of these projects and the different variables in terms of SCM etc. the budget is re-aligned on a quarterly basis to ensure optimum expenditure at the end of the year.

Property rates

The increase in this budget was due to arrear rates accounts reconciled and paid by the Regions. The PMTE is still responsible for provincial accounts that might be in arrears from the period prior to the devolution of this budget.

Notes to the Annual Financial Statements

for the year ended 31 March 2013

Rent on land

See accommodation charges lease hold as rent on land forms part of private leases.

Security

This item relates to security at vacant properties and can change during the year depending on the number of vacant properties and the period of vacancy.

Tender adverts

Nominal amount that cannot be predicted in advance.

Thefts and losses

This item is not budgeted for at the beginning of the year, but funds are made available as savings are realised during the year.

Unplanned maintenance

The nature of this item makes it difficult to forecast as expenditure is based on actual breakdown calls. The budget is assessed during the year and funds are moved to other items if and when necessary.

Appendix A

List of Acts

Short Title of the Act	Purpose of the Act
Before Union (prior to 1910)	
Cape Outspans Act 17 of 1902	Resumption of unused Outspans, and cancellation and delimitation of Outspan Servitudes.
Pretoria and Military Supply Ordinance, 1905	To render certain Crown Land to the Municipality of Pretoria upon certain conditions.
During Union (1910 – 1961)	
Rhodes Will (Groote Schuur Devolution) Act 09 of 1910	To provide for the surrender of the Groote Schuur Estate to the government of the Union of South Africa in accordance with the Will of the late Cecil John Rhodes and for the release of the Trustees.
Agricultural Holding (Transvaal) Registration Act 22 of 1919	To approve the division and registration of land in formed Transvaal as an agricultural holding and to cancel such certificates at request for owner.
Bethelsdorp Settlement Act 34 of 1921	To provide for the settlement of certain matters in dispute at Bethelsdorp between the London Missionary Society and its successors, the Congregational Union Church Aid and Missionary Society of South Africa and the Bethelsdorp Board of Supervisors.
Mooi River Township Lands Act 05 of 1926	To provide for the granting of certain land to the Local Board of Township of Mooi River and matters incidental therefore.
Carnarvon Outer Commonage Sub-division Act 17 of 1926	To provide for the cancellation of the title issued under section 14 of Act No 19 of 1913 to the Committee of Management of the Carnarvon Outer Commonage, the sale of certain sowing lands on the said Commonage, the subdivision and allocation of the remaining extent of the said Commonage among the owners of 'opstallen' and persons having grazing and sowing rights thereon and the issue of individual titles to such owners and persons, the disposal of certain other lands owned by the said Committee, and matters incidental thereto.
Payment of Quitrent (Cape) Act 14 of 1927	To regulate the payment of quitrent by part-owner of land, subject to payment of quitrent and situated in the province of the Cape of Good Hope.
Marburg Immigration Settlement (Social Board of Management) Act 43 of 1927	To provide for the constitution of a local Board of Management for the Marburg Immigration Settlement, County of Alfred, in the Province of Natal and certain incidental matters.
Cape Outspans Act 17 of 1937	To provide for the issue of deeds of grant to divisional and municipal councils in respect of Outspans consisting of Crown Land situated in the Cape of Good Hope.
Municipal Lands (Muizenberg) Act 09 of 1941	To make better provision for attaining the object of certain lands adjoining False Bay that are vested in the Council of the City of Cape Town.
Cape Town Foreshore Act 26 of 1950	To provide for the management, control and development of the Cape Town foreshore and to that end, to establish a board in respect of the said foreshore and to define its functions and to provide for through the incidental matters.
Republic (1961 – 1994)	
State Land Disposal Act 48 of 1961	To provide for the disposal of certain State Land and for matters incidental thereto, and to prohibit the acquisition of State Land by prescription.
Paarl Mountain Act 83 of 1970	To provide for the transfer of the ownership of certain land to the Paarl Municipality for certain purposes and the expropriation of certain rights in such land; to empower the said Municipality to donate a portion or portions of the said land to the State for the purpose of a Language Monument, and to provide for other incidental matters.
Marburg Immigration Settlement Regulation Act 50 of 1971	To provide for the subdivision of commonages within the Marburg Immigration Settlement situated in the County of Alfred, province of Natal and the allocation of the relevant portions to, and the dividing of the other assets of the Marburg Immigration Settlement Board, among registered owners of lots within the said Settlement, for matters incidental thereto.

Short Title of the Act	Purpose of the Act
Church Square, Pretoria, Development Act 53 of 1972	To provide for the management and upkeep of Church Square in Tshwane.
General Law Amendment Act 102 of 1972	Section 34. Certain conditions of title applying in respect of immovable property owned by the State to lapse in certain circumstances.
The Lake Areas Development Act 39 of 1975	To provide for the establishment of lake areas under the control of a Lake Areas Development Board, and for matters incidental thereto.
Expropriation Act 63 of 1975	To provide for the expropriation of land and other property for public and certain other purpose and for matters incidental thereto.
Rating of State Property Act 79 of 1984	To repeal certain Acts granting exemption in respect of certain State property from rates levied on immovable property by local authorities; provided that such rates may, notwithstanding certain other exemptions, be levied on other State property, make provision for rebates in respect of such rates levied on State property, and provide for matters such rates levied on State property, and provide for matters incidental thereto.
Transfer of Powers and Duties of the State President Act 97 of 1986	To amend certain laws so as to vest certain functions presently assigned to the State President, in the respective Ministers of State who are charged with the administration of those laws; and to provide for incidental matters.
Land Affairs Act 101 of 1987	To provide for the determination of amounts of compensation, purchase prices or rents in respect of immovable property expropriated, purchased or leased by DPW and Land Affairs for public purposes and providing advice with regard to the value of land and purchase prices or rent in respect of certain immovable property; for that purpose to make provision for the establishment of a Land Affairs Board; and to provide for incidental matters.
Commonwealth War Graves Act 08 of 1992	To prohibit the desecration, damage or destruction of Commonwealth War Graves, to regulate the disinterment, removal, reinterment or cremation of Commonwealth war burial and the removal, alteration, repair or maintenance of Commonwealth War Graves and to provide for matters connected therewith.
South Africa (1994 to date)	
Parliamentary Village Management Board Act 96 of 1998	To provide for the establishment of a Parliamentary Villages Management Board and matters incidental thereto.
Construction Industry Development Board Act 38 of 2000	To provide for the establishment of the Construction Industry Development Board, and matters incidental thereto.
Council for the Built Environment Act 43 of 2000	To provide for the establishment of the Council for the Built Environment and matters incidental thereto.
Architectural Profession Act 44 of 2000	To provide for the establishment of the Council for the Architectural Profession and matters incidental thereto.
Landscape Architectural Professional Act 45 of 2000	To provide for the establishment of the Council for the Landscape Architectural Profession and matters incidental thereto.
Engineering Profession of South Africa Act 46 of 2000	To provide for the establishment of the Council for the Engineering Profession and matters incidental thereto.
Property Valuers Profession Act 47 of 2000	To provide for the establishment of the Council for the Property Valuers Profession and matters incidental thereto.
Project and Construction Management Profession Act 48 of 2000	To provide for the establishment of the Council for the Project and Construction Management Profession and matters incidental thereto.
Quantity Surveying Profession Act 49 of 2000	To provide for the establishment of the Council for the Quantity Surveying Profession and matters incidental thereto.
Government Immovable Asset Management Act 19 of 2007	The purpose of the Act is to provide for a uniform framework for the management of an immovable asset that is held or used by a national or provincial department to ensure the coordination of the use of an immovable asset with the service delivery objectives of a national or provincial department; to provide for issuing of guidelines and minimum standards in respect of immovable asset management by a national or provincial department.



DPW Women's Day celebration

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