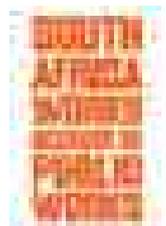


ANNUAL REPORT 2011 / 2012



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA





DEPARTMENT OF PUBLIC WORKS
ANNUAL REPORT
2011 | 2012

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 2011 to 31 March 2012

A handwritten signature in black ink, appearing to read 'M Fatyela-Lindie'.

Ms M Fatyela-Lindie
Acting Director-General
25 September 2012

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Chapter 1

General Information



Vision

The vision of the Department of Public Works is: “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:

- efficiently manage the asset 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; and
- 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

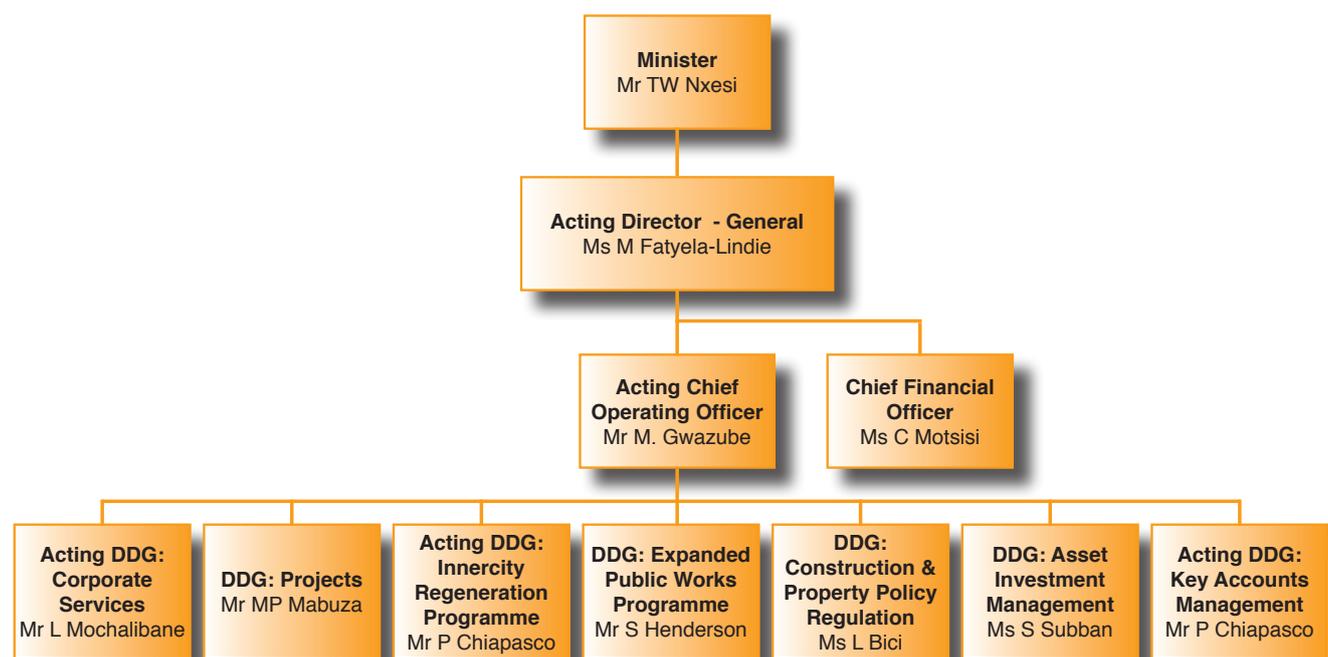
All aspects of our work are guided by the need to improve service delivery to both internal and external clients.

Team Work

Every employee has a specific task/role to perform and the sum of all our actions defines our destiny (success or failure).



Organisational structure



Turnaround strategy project team

The team comprises: Acting COO: Mr M Gwazube, Task Team Leader: Mr M Govender, Financial Technical Advisers: Mr C Mogoro and Mr T Moir, Communication Specialist: (vacant), Executive Director: Technical Support (vacant), Monitoring and Evaluation Specialist (seconded from Ministry): Mr L Mahlangu

Limpopo intervention team

The team comprises: Team Leader: Mr B. Matutle and officials from the following business units – Projects and Professional Services, Finance and Supply Chain Management, Corporate Services, Property and Facilities Management and Intergovernment Relations.

Legislative mandate

In terms of the Constitution of the Republic of South Africa of 1996 grants, the President grants the powers and functions relating to Public Works at national level 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 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 further 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 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 1 provides a list of various Acts that outline key responsibilities placed on DPW).

Entities reporting to the Minister

The Department has four entities that report to the Minister of Public Works. These entities are intended to assist the Department to deliver its objectives and achieve the broader government goals, especially in the construction and property industries. Key to attaining these objectives is a long term drive towards transformation.

The following entities report to the Minister of Public Works

Institution	Accountability arrangements	Legislation on establishment of the entity	Mandate of the entity
1. Council for the Built Environment (CBE)	Strategic plan Quarterly reports Annual reports	Act No 43 of 2000	Transform the built environment professions and protect the public in South Africa from unsafe practices by built environment professionals and ensure good governance in the provision of professional services related to the built environment by practitioners in both the public and private sector.
2. Construction Industry Development Board (CIDB)	Strategic plan Quarterly reports Annual reports	Act No 28 of 2000	Provide strategic direction for sustainable growth, reform and improvement of the construction sector and its improved role in the economy. Promote an enabling regulatory and development framework for effective infrastructure delivery, improved industry performance, sustainable growth and transformation.
3. Agrément South Africa (ASA)	Quarterly reports Annual reports Strategic plan	Established through Minister's delegation of authority	Facilitate the introduction, application and utilisation of satisfactory innovation and technology development within the construction industry by providing assurance of fitness-for-purpose for such technologies to optimize resource utilisation and realise cost savings in industry.
4. Independent Development Trust (IDT)	Strategic plan Shareholder compact Quarterly reports Annual reports	Deed of Trust	The primary goal of the Trust is to use its resources, together with strategic partners, in ways which, in the opinion of the Trustees, will best serve to enable poor communities in the Republic of South Africa to access resources and recognise and unlock their potential so as to continuously improve their quality of life.



The Minister's statement



The core business of the Department is to be the custodian of national government's immovable assets, the provision and management of accommodation, land as well as infrastructure needs. Furthermore, the Department leads and directs the implementation of the national EPWP and promotes economic growth, job creation and transformation in the construction and property industries.

In being responsive to the equitable access of services, the Department embarked on making 51 State-owned buildings accessible to people with disabilities in 2011/12. These included signage, ramps, ablution and parking facilities. About 70 projects that were commissioned in 2011/12 will be completed in 2012/13.

The Department has been reporting repeatedly on its fragile and often criticised asset register. This tended to erode the credibility of the Department as the state of the nation's assets was not known. I am pleased to announce that the first phase, which is a desktop data capturing and cleansing of the asset register, has been completed. The second phase, which is physical verification of the collected data, has begun and this process is expected to continue until 31 March 2014. At that stage, it is envisaged that the Department should be able to present an immovable asset register that is updated, reliable, credible and compliant with the GIAMA.

The approval of the Green Building Strategy deepened the Department's commitment towards improving energy efficiency and reducing its contribution to greenhouse gas emissions in the development and maintenance of its property portfolio. Meanwhile, the approval of the Revised Contractor Incubator Programme in September 2011 confirms and strengthens the Department's contribution to contractor development.

Service delivery is the central focus of the Department. Through its building programme, the DPW enables other stakeholders to deliver essential services to the community. Consequently, the following key projects were completed in the period under review - the forensic laboratory in Parow, the correctional facility in Brandvlei, Supreme Court of Appeal in Bloemfontein, the Pietermaritzburg Magistrate Building and the Pietermaritzburg colonial building for the Department of Justice. The two buildings in Pietermaritzburg are essential for the restoration of South African architectural heritage assets.

In addition, the Department has upgraded the Marion Island Research Station to ensure that the country remains competitive in marine and environmental research. This upgrade complies with the environmental sustainability parameters of high standard set for conducting research work in this complex area. Government remains committed to the objectives of addressing poverty, unemployment and inequality. More than 2 million work opportunities have been created since the introduction of the second phase of the EPWP in 2009. The programme seeks to create 4,5 million work opportunities by 2014 as a contribution to the Millennium Development Goals and Outcome 4 of Government's priorities. As a result, the current figure of over 2 million work opportunities created thus far reflects a positive outlook and the likelihood of achieving the set target.

In managing the accommodation needs of the State, the Department has initiated an approach that shifts focus away from leases to occupation of State-owned buildings. The lease approach has become a source of irregularities for the Department. A number of irregularities have been identified in the leasing portfolio and this has prompted a review of controls to mitigate the identified irregularities. A joint programme with National Treasury has been initiated to audit current leases with the view of identifying irregular leases, collection of monies owed to the Department, establishment of a reliable lease register, reviewing and strengthening of systems that relate to lease management, and appropriate training and capacitating of staff.

Numerous irregularities have been picked up by the SIU (Special Investigations Unit), which have already led to the suspension of some officials, disciplinary hearings, and registering of criminal cases. This process is ongoing. We have instructed lawyers to approach the courts to nullify irregular leases.

A clean audit is one of our primary goals. Fundamental and positive substantial changes will be visible in the 2012/13 financial year audit outcome. Moreover, additional capacity has been put into place to manage the first phase of interventions to stabilise key areas. The outcome of this process will be visible by mid-year, when interim audit reports are presented. In addition to the above, critical appointments and secondments from public entities and other departments have taken place to provide immediate support.

The financial year 2011/12 was marked by negative reports from the Auditor-General, the Public Protector and the SIU. The priority in the coming year is to address these shortcomings. The initial diagnostic measures have been undertaken – we know what the problems are. A turnaround strategy has been developed and additional capacity brought on board. Also, the process to mobilise the entire staff in the DPW has commenced, with visits scheduled to all offices. The task that remains now is to implement these interventions.

In December 2011, the Department took over responsibility for the running of the Limpopo Provincial Department of Public Works when five departments of the provincial government were placed under partial administration by Cabinet.

The Department approached this task in the spirit of the national turnaround strategy. We have sought to work with colleagues in the province to ensure that they are empowered to continue after the national support team leaves.

We continued to support the day-to-day business of the Provincial Department whilst seeking to stabilise and improve the performance of the department. The priority has been to audit transactions and improve financial controls so as to turn off opportunities for fraud and corruption.

We need to recognise the hard work and commitment of the dedicated team from NDPW who have commuted to Limpopo since December 2011 to lead this process.

More generally, there is good cooperation between the Department and Provincial Departments of Public Works, with MINMEC agreeing on a number of future initiatives:

- To clarify and concretise the notion of concurrent powers;
- To develop standard performance monitoring guidelines;
- To establish a joint structure to expedite land transfers;
- To jointly develop a minimum skills basket needed for a properly run public works function, and to share skills;
- To share experiences and best practices – such as the use of alternative construction methods.

As we are committed to improved service delivery, we will in the coming financial year reconfigure our operations to respond to client needs interaction with client departments will be intensified and efforts will be made to achieve enhanced service delivery.



MR TW Nxesi
Public Works Minister



Accounting Officer's overview

The National Department of Public Works is mandated to provide functional, office and residential accommodation to national departments and political office bearers. The Department is also responsible for promoting the growth and transformation of the construction and property industries in the country as well as coordinating the EPWP for the creation of job opportunities through the infrastructure, social, non-state as well as the environment and culture sectors.

Currently, the Department is managing a building programme, which has over 500 projects with a total value exceeding R6 billion, and 200 projects were completed by end of the financial year. During the period under review, the Department successfully concluded key projects that will enable the Security Cluster to provide the essential services, which include the Departments of Defence; Military Veterans; Justice and Constitutional Development; Correctional Services; and the South African Police Service (SAPS), which are the key users of the Department's property portfolio. The Department completed the commissioned Government Printing Warehouse, which will house sophisticated web printing machines to enable the Department of Home Affairs to produce smart identity documents not only for South Africa, but for other countries.

In its bid to reduce dependency on leasing, the Department embarked on enhancing the condition of State-owned buildings, thereby increasing the value of State immovable assets through the rehabilitation programme. To date, 11 State-owned buildings that will house various government departments have been rehabilitated.

The Department committed to the reconstruction of the immovable asset register (IAR), whose key deliverable is the IAR operation model intended to ensure the maintenance of a compliant asset register. During the period under review, a service provider was appointed to assist with the management of the IAR. Once completed the project will ensure that audit findings are addressed, and that compliance with relevant prescripts and guidelines is implemented. Reconciliation of various data sources, including the deeds register was conducted to ascertain completeness. In addition, contract workers were appointed to conduct desktop analysis and confirm data by reference to the deeds records.

Against the background of a country that hosted the 17th United Nations Conference of Parties on Climate Change (COP 17), the Department continued to play a significant role in reducing greenhouse gas emissions. Energy saving devices were retrofitted in 71 State-owned buildings, which resulted in saving 8 025 752 kilowatts per hour (kw/h).

An initiative to reduce water consumption in State-owned buildings was also introduced and implemented in some buildings through shared savings model. This has resulted in a total reduction of 8 398 255 kilolitres (kl) of water in 42 buildings, in comparison with 6 016 943 kilolitres (kl) of water saving in 2010/11.

The Department continued to lead the coordination of the EPWP to enable government to create 4,5 million labour intensive work opportunities over the five-year period (2009-2014). At the end of the fiscal year, the EPWP reported that 843 459 work opportunities were created. For the period 2010/2011, 271 out of 278 municipalities signed protocol agreements that commit municipalities to specific EPWP targets. This is a positive indication of cooperation and coordination across the spheres of Government.

In executing its mandate, the Department continued to provide accommodation requirements of 51 user departments comprising national government departments, entities, agencies and commissions as well as the Prestige Portfolio. A total of 22 service level agreements (SLAs) have been signed with the users to foster improved operating practices and service delivery (see appendix 2 – list of user Departments including those that have signed the SLAs).

To comply fully with the prescripts of the Government Immovable Asset Management Act, (GIAMA), 25 user departments were supported in compiling user asset management (UAMPs) templates. The UAMPs form the basis for developing the custodial asset management plans (CAMP) of the Department. Through the assistance and support of National Treasury, all 51 user departments are expected to provide their UAMPs, which will in turn inform the CAMP.

During the year under review, the Department through the Inner City Regeneration programme, continued to enhance its partnership with the City of Tshwane by jointly developing a comprehensive urban development framework. The transfer of Salvokop to the State was completed in November 2011 and the design of a multi-use precinct, including a major Government Head Office Campus, has commenced for the area to inform the establishment of a formal township. The vacancy rate was significantly reduced by filling 1 286 positions. This constitutes 19% of 6 818 of the total staff establishment and the figure included new appointments, internal promotions and transfers, albeit the Department's continued inability to attract and retain technical skills. Upon filling these positions, the vacancy rate reduced to 14,2% (from the baseline of 20,68% in 2010/11).

As part of stabilising the environment, the process of critically analysing the internal and external environment through systematic reviews is underway to develop an appropriate turnaround strategy.

The Department has had a fair share of negative publicity in terms of operations, systems and audit outcomes. Such has resulted in a rapid review of the Department as a whole and a proposal to rethink its operations to deliver better services to user Departments and the public. The Minister announced a turnaround strategy that seeks to improve the operational performance and influence organisational culture in the Department. This turnaround strategy will, for the next 24 months, focus on three key areas: stabilisation, systemic review and identification of issues for transformation.

Under the turnaround strategy, the Department has committed to improving services rendered to clients, thereby stabilising the following key focal areas – IAR, review of the leasing portfolio, operations management and continuously alleviate poverty and unemployment through work opportunities created.

On 5 December 2011, Cabinet announced the decision to invoke Section 100 (1) (b) of the Constitution (No 108 of 1996) in Limpopo Province due to its failure to manage its provincial finances as per the requirements of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA). Section 100 (1) (b) prescribes that when a province cannot or does not fulfil its obligations in terms of the Constitution or any other legislation, the National Executive may intervene by taking any appropriate steps to ensure fulfilment of that obligation, including assuming responsibility for the relevant obligation. Five provincial departments were identified as being dysfunctional in various levels, hence Cabinet's decision to place them under administration. The Limpopo Department of Public Works (LDPW) was among these five departments.

The National Minister of the DPW is also the Executive Authority for the LDPW. All the delegations assigned to the Member of the Executive Committee (MEC) became the delegations of the Minister. The Minister has appointed an administrator to take over the running of the LDPW as an accounting officer. The administrator is assisted by a team of managers in financial management, supply chain management, human resource management and property management.

At 31 March 2012, the intervention had achieved its initial brief, which was to arrest the financial situation that led to the cash crisis. Through application of strict cash management principles, the LDPW managed to contribute R40 million back to the provincial coffers.

During the same period the administration was engaged in the diagnosis of the root causes of some of the problems that led to the intervention. The next phase of the intervention is to develop turnaround plans, which will help implement sustainable interventions that will prevent the recurrence of the cash crisis, at least in the near future.



MS M Fatyela-Lindie
Acting Director-General

Chapter 2

Information on predetermined objectives



INFORMATION ON PREDETERMINED OBJECTIVES

Overall performance

Voted funds

Table 2.1 Voted funds

MAIN APPROPRIATION R` 000	ADJUSTED APPROPRIATION R` 000	ACTUAL AMOUNT SPENT R` 000	(OVER/UNDER EXPENDITURE) R` 000
7,819,256	7,829,744	7,061,437	768,307
Responsible Minister	Mr TW Nxesi (MP)		
Administering Department	Department of Public Works		
Accounting Officer	Acting Director General: Ms Mandisa Fatyela-Lindie		

Aim of vote

- To provide and manage the accommodation, housing, land and infrastructure needs of national departments;
- To lead and direct the implementation of the national EPWP and
- To promote growth, job creation and transformation in the construction and property industries

Programme Structure

Programme 1: Administration

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

Programme 2: Immovable asset management

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

Programme 3: EPWP

Purpose: To ensure the creation of work opportunities and the provision of training (in targeted sub-programmes) for unskilled, marginalised and unemployed people of South Africa by coordinating the implementation of the EPWP.

Programme 4: Property and construction industry policy regulation

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

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. To meet the protocol responsibilities for State functions.



Strategic Outcome-oriented goals

Table 2.2 Strategic outcome-oriented goals

Strategic Outcome-oriented goal: Outcome 4 (Create decent employment through inclusive economic growth)	<ol style="list-style-type: none"> 1. More labour absorbing growth; 2. Expansion of EPWP; 3. Clear, detailed and costed strategy to reduce youth unemployment; and 4. Analysis of high-cost structures in the built environment.
Goal statement	<ol style="list-style-type: none"> 1. Improve employment conditions for beneficiaries of EPWP; 2. Increase full-time equivalent jobs within EPWP through the implementation of fiscal incentive; and 3. Implement proposed programmes to increase work opportunities in the social, infrastructure, non-State and environmental and cultural sectors
Strategic outcome-oriented goal: Outcome 5 (a skilled and capable workforce to support an inclusive growth path)	Investment in core skills development both within the Department and externally.
Goal statement	<ol style="list-style-type: none"> 1. Revive workshops facilitating the absorption of artisans; 2. Increase intake of interns, learners on learnerships and young professionals; 3. Increase participation of emerging contractors in the National Contractor Development Programme (NCDP); and 4. Provide training to the Department's engineers on labour-intensive technology.
Strategic outcome-oriented goal: Outcome 6 (an efficient, competitive and responsive economic infrastructure network)	Improve the condition of the State's immovable Assets to ensure operational efficiency
Goal statement	<ol style="list-style-type: none"> 1. Reduce the maintenance backlog; 2. Reduce the lease portfolio of the state; and 3. Accelerate the implementation of the rehabilitation programme.
Strategic outcome-oriented goal: Outcome 8 (sustainable human settlements and an improved quality of household life):	<ol style="list-style-type: none"> 1. Efficient utilisation of land for human settlements; 2. Mobilisation of well-located public land for low income and affordable income housing with increased densities on this land in general.
Goal statement	Release land and buildings vested nationally and provincially for human settlement development.
Strategic Outcome Oriented Goal: Outcome 12 (an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship)	Service delivery quality and access to Government services.
Goal statement	<ol style="list-style-type: none"> 1. Ensure that user departments occupy accommodation that meets their financial, technical and social requirements to enable them to effectively deliver services to all citizens; and 2. The DPW as the custodian of all immovable State assets ensures that immovable assets owned and/or utilised for delivering various government services yield functional, economic and social benefits to the State for improved service delivery.

Overview of the service delivery environment for 2011/12

The DPW, through its mandate, promotes Government's policy objectives and manages the asset lifecycle of immovable assets. It further provides expert advice to all three spheres of Government and State-owned Entities on the management of immovable assets. In response to the mandate that informs outcomes 4, 8 and 12, (5 and 6), the following key strategic projects were undertaken and are reflected as key highlights and achievements during the period under review:

Custodian asset management plans (CAMPs)

In complying with the Government Immovable Asset Management Act (GIAMA) and ensuring that State-owned properties are efficiently and effectively managed throughout their lifecycle, the custodian asset management plan (CAMP) has been completed and will be submitted to National Treasury in the next financial year (2012/13) for budget allocation.

Energy efficiency

Contributing to the reduction of carbon emissions and the promotion of the green economy, 71 State-owned buildings were retrofitted with the energy saving devices during the period under review. The above resulted in a saving of 8 025 752 kilowatts hour (kWh).

Water efficiency

The initiative to reduce water consumption in State-owned buildings has been implemented in certain buildings through shared savings model. This has resulted in a total reduction of 4 324 210 kilolitres (kl) in 42 buildings during the period under review, in comparison with a saving of 6 016 943 kl in 2010/11. The impact assessment of the shared savings model will be undertaken in 2012/13.

Rehabilitation programme

With a view to reducing leasing dependency and enhancing the value and condition of State immovable assets, the Department, through its rehabilitation programme, rehabilitated 11 State-owned buildings, which will house various user departments.

Accessibility

Access to buildings for persons with disabilities (PWD) is a priority for the Department. The Department ensures that maintenance programmes are in support of service delivery and that State-owned buildings are made accessible to all citizens. During the period under review, a total of 121 State-owned buildings were prioritised, 11 more than the target. The installations included signage, ramps, ablution and parking facilities. Consequently, 51 buildings were made accessible to persons with disabilities (PWD) and 70 projects are within the construction life cycle towards completion in 2012/13.

Construction projects

The Department has concluded key projects that would enable the security cluster departments to provide much needed services to the communities. The Department has completed the forensic laboratory in Parow, the correctional facility in Brandvlei, the Supreme Court of Appeal in Bloemfontein, the Pietermaritzburg Magistrate Building and the Pietermaritzburg colonial building for the Department of Justice. The two buildings in Pietermaritzburg are essential for the restoration of South African architectural heritage assets.



The Department has completed and commissioned the Government Printing Warehouse for the web printing Machines. The operation of this printing warehouse will enable the State to build printing capacity for identity documents for South Africa and other countries.

For South Africa to remain competitive on marine and environmental research, facilities should be provided. Since researchers rely on world-class facilities to conduct research work, the Department has upgraded the Marion Island Research Station, which complies with the environmental sustainability parameters of high standard.

Lease portfolio

A key function of the Department is to provide office accommodation to National Departments. This accommodation is provided through the letting of own stock and leasing from the private sector. The budgets for the leased accommodation were devolved to each National Department in 2006. The Department currently manages a portfolio of approximately 4 000 leased properties on behalf of clients nationally and internationally from various landlords, the main clients being the National Departments.

The Department is currently developing a leasing policy which is aimed at addressing the challenges that have emerged in the leasing environment. The policy will be finalised in the coming financial year. As part of the turnaround strategy, the Department is also prioritising the lease audit, which will assist to enhance the systems and processes of this portfolio.

EPWP

During the period under review the EPWP reported over 843 459 work opportunities created. It should be noted that 271 out of 278 municipalities signed the protocol agreements, which is a good indication of the agreed basis for cooperation and coordination between the parties. The EPWP hosted two annual events, namely the Kamoso Awards and the Municipal Summit. The Kamoso Awards are held annually to recognise best performing public bodies, whilst the Summit engages municipalities on how best to deliver on the EPWP using labour-intensive methods

Department of Public Works' turnaround strategy

During the period under review, the Department started confronting concerns around poor performance, noting the disclaimer received during the 2010/11 reporting cycle. In pursuance of operations improved, intervention strategies are currently underway to address the existing problems and stabilise the environment. As a mitigating factor, the Department is putting in place a turnaround strategy that seeks to improve the operational performance of the Department. The processes undertaken include the establishment of the following committees:

- The **Inter-Ministerial Committee** will provide advice and political support to the Department. This will consist of Ministers of Finance, Home Affairs, Public Service and Administration, Rural Development and Land Reform and Performance Monitoring and Evaluation in the Presidency.
- The **Technical Advisory Committee** will include members of National Treasury's Technical Assistance Unit and other suitably experienced officials from relevant Departments, together with representatives from Ministry and the Department to provide technical assistance, operational experience and best practice.
- A **support team** will be appointed as experts in general fields of management, reporting to the Office of the Director-General. The team is responsible for managing the change process, for the purposes of both stabilisation and long-term transformation.

The envisaged turnaround strategy will focus on improving internal controls and enhancing service delivery to client departments.

Key account management

During the year under review, the Department continued to service the accommodation requirements of 51 user departments comprising national departments, entities, agencies and commissions as well as the Prestige Portfolio. In doing so, it signed 22 service level agreements (SLAs) with users to foster improved operating practices and improve on service delivery. In the 2012/13 financial year, it is envisaged that interaction with user departments, at both strategic and operational level, will be intensified and every effort made to conclude the remaining SLAs to achieve further service delivery enhancements.

The Departments of Defence, Justice and Constitutional Development, Correctional Services and SAPS are the largest users of the Department's property portfolio. Owing to the size of the portfolio, and challenges in meeting the requirements with current internal capacity levels, the Department commenced with the conceptualisation of client-specific service delivery enhancements to service and deliver on the accommodation needs of key departments. These will be developed further for implementation in the 2012/13 financial year and may include the dedication of specific capacity to service the largest users.

In working towards full GIAMA compliance, the Department continued to provide support to user departments in the form of compilation of user asset management templates and assisted 25 departments. As UAMPs form the basis upon which the Department's CAMP is developed, the Department, supported by National Treasury, will expect that all 51 user departments provide their individual UAMPs to inform the CAMP moving forward.

Inner City Regeneration programme

During the year under review, the Department, through the Inner City Regeneration programme, continued to enhance its partnership with the City of Tshwane by contributing to the building of a developmental state and comprehensive urban and rural development framework. This was enhanced through the draft development of proposals for the improvement of pedestrian flow in the city. In pursuance of the said objective, the Department continued to work closely with the City Council by identifying the best locations for Government Offices including the identification of the catalyst projects to stimulate tourism. The Tshwane Inner City Status Quo research and city condition analysis was completed in 2011/12.

Moreover, the government asset location investigations were completed for Durban, Mthatha, Mmabatho, Nelspruit, Polokwane, Johannesburg, Kimberley, Bloemfontein and Mount Frere. Site-specific feasibility studies were also completed for government accommodation needs in Nelspruit, Mmabatho, Durban, Tswane Salvokop (the Department of Correctional Services's new head office) and Tswane Salvokop (the Department of Arts and Culture's new head office).

Overview of the organisational environment for 2011/12

In 2011/12, the Department continued to operate with an unstable top management structure characterised by a number of acting positions in certain key business areas, including the Director-General, Operations, Inner City Regeneration and Corporate Services. Inevitably, these acting arrangements affected the value chain downstream; to reduce the vacancy rate, about 1 286 positions were filled and these included new appointments, internal promotions and transfers into the organisation. This had a significant effect in bringing down the vacancy rate. Despite this achievement, the Department continued to experience challenges with the attraction and retention of technical skills. As part of the turnaround strategy and to address the lopsided structure in terms of core versus the non-core skills, an organisational redesign exercise will be conducted.



Key policy developments and legislative changes

In the year under review, the Department saw the approval of the Green Buildings Strategy by the Minister in October 2011 on the eve of COP 17 as an emphasis of the Department's commitment towards improving South Africa's energy efficiency and reducing its contribution to greenhouse gas emissions in the development and maintenance of its property portfolio. This indicates that more work is to be done in the future. The approval of the revised Contractor Incubator Programme (CIP) in September 2011 also confirms and strengthens the Department's contribution to transformation through contractor development.

Departmental revenue

Table 2.3 Collection of Departmental revenue

	2008/09 Actual R'000	2009/10 Actual R'000	2010/11 Actual R'000	2011/12 Actual R'000	2012/13 Target R'000	% Deviation from target
Non-tax revenue	28,510	32,691	33,743	36,388	32,261	41%
Sale of goods and services other than capital assets	28,510	32,691	33,743	36,388	32,261	
Sales of capital assets	940	3,062	1,071	3,154	1,454	110%
Buildings and other fixed structures	-	-	-	3,154	-	
Land and sub-soil assets	-	-	1,071		-	
Machinery and equipment	940	3,062			1,454	
Financial transactions (recovery of loans and advances)	2,382	3,839	5,017	35,538	2,516	1072%
TOTAL DEPARTMENTAL RECEIPTS	31,832	39,592	40,042	75,195	36,231	143%

Departmental expenditure analysis

The financial performance of the Department showed spending of R7.061 billion representing 90% spending of the allocation. Underspensing in budget allocation is attributable to unspent funds in capital infrastructure and incentives grant to provinces and municipalities. A synopsis of the overall Departmental performance is provided in the tables below, which show the overall budget and expenditure as well as spending per economic classification.

Overall expenditure analysis – DPW

Table 2.4 Overall expenditure analysis

	2011/12	2010/11
	R'000	R'000
Budget allocation	7,829,744	7,364,797
Actual expenditure	7,061,437	6,615,083
Spending as a percentage	90%	90%
Unspent funds	768,307	749,714
Unspent funds as a percentage	10%	10%

Spending per economic classification

Table 2.5 Expenditure per economic classification

Economic classification	2011/12				2010/11		
	Final Appropriation	Actual Expenditure	Variance	Exp.	Final Appropriation	Actual Expenditure	Exp.
	R'000	R'000	R'000	%	R'000	R'000	%
Compensation of employees	1,252,469	1,269,579	-17,110	101%	1,112,717	1,089,693	98%
Goods and services	1,034,900	1,032,905	1,995	100%	883,003	818,595	93%
Interest and rent on land	1,586	1,567	19	99%	8,848	8,848	100%
Transfers and subsidies	4,010,396	3,656,222	354,174	91%	3,788,130	3,302,542	87%
Buildings and other fixed structure	1,436,745	1,011,408	425,337	70%	1,375,982	1,255,873	91%
Machinery and equipment	84,984	81,162	3,822	96%	139,023	82,479	60%
Software and intangible assets	6,639	6,569	70	99%	2,258	2,217	98%
Payment for financial assets	2,025	2,025	-	100%	54,836	54,836	100%
Total	7,829,744	7,061,437	768,307	90%	7,364,797	6,615,083	90%



Compensation of employees. Expenditure for compensation of employees was R1,270 billion which amounted to 101% against the budgeted allocation. The Department has overspent compensation of employees by R17,110 million and overspending is in both programme one and two. The overspending on compensation of employees is classified under unauthorised expenditure.

Goods and services. Expenditure for goods and services was R1,033 billion and expenditure is equivalent to 100% of the allocation. Programme two is overspending on goods and services and this is due to the energy efficiency project where funding was not sufficient to cover the commitment. The overspending of goods and services is classified under unauthorised expenditure.

Transfers and subsidies. Expenditure under transfers and subsidies for the year end was R3,656 billion and expenditure was equivalent to 91% of the total allocation. Underspending in transfers and subsidies relates to fund budgeted for the EPWP incentives to provinces and municipalities not being fully spent. Programme four is overspending on transfers and subsidies and overspending is classified under unauthorised expenditure.

Payments for capital assets: Capital infrastructure. Expenditure for infrastructure was R1,011 billion and expenditure was equivalent to 70% of the total allocation. Underspending in infrastructure was equal to R425 million.

Payments for capital assets: Machinery and equipment. Expenditure under machinery and equipment (including software) was R87,7 million and expenditure was equivalent to 96% of the total allocation. Underspending in machinery and equipment was equal to R3,9 million.



Transfer payments

Table 2.6 Transfer payments

Type	Narrative	Amount transferred R'000
Property Management Trading Entity (PMTE)	The purpose is to ensure the long-term sustainability of the Department and the immovable assets it manages within the requirements of the PFMA to reflect the full cost of service of the budget for the user.	630,189
Construction Industry Development Board (CIDB)	<p>The main objective of the Board is to provide strategic direction for sustainable growth, reform and improvement of the construction sector and its role in the economy. It seeks to promote an enabling regulatory and development framework for effective infrastructure delivery, improved industry performance, sustainable growth and transformation.</p> <p>Funds are transferred to augment the operations of the Board as captured in its strategic plan. The Department has put in place monitoring mechanisms, which include quarterly performance reviews by the Executive Committee of the Department.</p> <p>Written assurance in line with Section 38(1) (j) of the PFMA was duly complied with.</p>	65,959
Independent Development Trust (Non-State Sector)	<p>This non-State sector wage subsidy is meant to increase job creation through involvement of civil society organisations. The wage component of projects implemented by civil society groups is funded through this fund.</p> <p>This fund further assists these groups to provide services at grassroots level and to sustain the work. The beneficiaries are paid a stipend of R60 a day.</p> <p>Of note is the intention of government to involve the non-governmental organisation (NGO) sector to make use of existing service implementation capacity in non profit organisations (NPOs) and, through the application of a wage subsidy, encourage implementers to engage as many poor and unemployed people as possible in work.</p>	154,370



Type	Narrative	Amount transferred R'000
Independent Development Trust (intermediary)	<p>The non-State sector is implemented through the Independent Development Trust (idt), which acts as the intermediary. The intermediary is responsible for contracting with Non-Profit Organisations (NPOs), disbursement of funds, capacity building of community-based organisations (CBOs) and monitoring of performance. Its principal activity is the implementation of social infrastructure programmes and it is also involved in community development programmes.</p> <p>The allocation of R150 million during the 2011/12 financial year was to enable the idt to transform its operation from a largely centralised operation to one that was decentralised with its core and support functions closer to the communities in which it operates.</p> <p>The transformation process is scheduled to move into its second phase in the 2012/13 financial year when the organisation will see the benefits of the new business model.</p>	9,180
Council for the Built Environment (CBE)	<p>Its main role is to oversee the six built environment professional councils that regulate the professions of architects, engineers, landscape architects, quantity surveyors, project and construction managers as well as property valuers.</p> <p>Funds are transferred to augment the operations of the Council as captured in its strategic plan. The Department has put in place monitoring mechanisms which include quarterly performance reviews by the Executive Committee of the Department.</p> <p>Written assurance in line with Section 38(1) (j) of the PFMA was duly complied with.</p>	28,659
Parliamentary Villages Management Board	<p>The Parliamentary Villages Management Board Act of 1998 established the Board. The purpose of the Act is to provide for the establishment, functions and funds of the Parliamentary Villages Management Board and to provide for matters connected therewith.</p> <p>The Department provides support in terms of transport from and to the Parliamentary villages for Members of Parliament and sessional officials.</p>	7,401
Construction SETA	<p>The Sector Education and Training Authority (SETA) aims to influence training and skills development throughout the construction industry.</p>	278
Provinces (devolution of property rates)	<p>Facilitate the transfer of property rates fund grant to provinces and enable provincial accounting officers to be accountable for expenditure and payment of provincial property rates for provincially owned and deemed to be owned properties. This is done in compliance with Section 17 and 18 of Division of Revenue Act (DoRA).</p>	1,803,230

Type	Narrative	Amount transferred R'000
Provinces (EPWP social sector)	<p>This is a Schedule 5 conditional grant. It is a wage grant allocated to provincial Departments of Social Development and Health for payment of home community based care caregivers working in NGOs.</p> <p>The grant is meant for payment of stipends to existing non-stipend caregivers in NGOs to achieve the notion of decent work creation.</p>	200,358
Provinces (EPWP infrastructure incentives)	<p>This is a Schedule 8 conditional grant that is meant to incentivise provinces to increase labour-intensive employment through programmes that maximise job creation and skills development as encapsulated in the EPWP Incentive Grant for Provinces and Municipalities (EPWP) guidelines.</p>	225,461
Municipalities (EPWP Infrastructure Incentives)	<p>This is a Schedule 8 conditional grant meant to incentivise Municipalities to increase labour intensive employment through programmes that maximise job creation and skills development as encapsulated in the Expanded Public Works Programme incentive grant for provinces and municipalities guidelines.</p>	363,913
Assistance to organisations for preservation of national memorials	<p>The Commonwealth War Graves Commission was established by the Royal Charter of 21 May 1917 - the provisions of which were amended and extended by a Supplemental Charter of 8 June 1964.</p> <p>Its duties are to mark and maintain the graves of members of the forces of the Commonwealth who died during World War I and II, to build and maintain memorials to the dead whose graves are unknown, and to keep records and registers.</p> <p>The cost is shared by partnered governments, including Australia, Canada, India, New Zealand, South Africa and the United Kingdom, in proportions based on the number of graves.</p>	12,956



Public entities

Table 2.7 Public entities

Name of public entity	Strategic targets for 2011/12	Progress on strategic targets
Council for the Built Environment (CBE)	Establish an efficient, effective and compliant CBE – availability of an approved CBE corporate governance framework aligned to governance prescripts	Corporate governance framework approved. One corporate governance review session held.
	Availability of an updated and compliance with all critical milestones of the risk management plan for the current year	Risk management plan and strategy approved by Council. Risk register reviewed and updated – submitted to Audit and Risk Committee. Continuous monitoring of recommendations from the auditors.
	Provision of funding to support deserving students to study towards built environment (BE) qualifications	Intake of seven students achieved, all previously disadvantaged individuals. A total of 45 students are on the CBE bursary scheme.
	Facilitation of accreditation of BE programmes at tertiary institutions	Progress has been made by professional councils in accrediting non-accredited programmes as per the timetable agreed with CBE. Of 13 planned visits since 2010, nine programmes have been accredited. And four programmes still hold conditional accreditation and will be finalised during 2012/13.
	Improved cooperation with sector partners locally and internationally	Stakeholder management strategy approved by Council. Draft memorandum of understanding (MoU) with Zambian counterparts submitted to the Department. Memoranda of agreement (MoAs) finalised and signed with the following professional councils: landscape architects, project and construction managers, property valuers and quantity surveyors.
	Strengthening of the public protection role through developing regulations on Identification of Work	Identification of Work and regulations for the architects, landscape architects, construction and project managers, property valuers and quantity surveyors were developed and all exemptions submitted to the Competition Commission. Much progress has been made in addressing the outstanding identification of work for Engeneering Council of South Africa (ECSA) and it is anticipated that this will be concluded during the 2012/13 financial year.
Total amount transferred to CBE for 2011/12 financial year:	R28,659 million	

Name of public entity	Strategic targets for 2011/12	Progress on strategic targets
Construction Industry Development Board (cidb)	National Contractor Development Programme (NCDP) framework posted on cidb website and emailed to all participating public sector clients and voluntary contractor associations in all provinces by 31 July 2011	NCDP framework guidelines for implementing NCDP were emailed to the participating public sector clients and stakeholders by September 2011.
	Nine Provincial and one National roadshows and/or workshops to train public sector clients and contractors on the NCDP framework in each of the nine provinces, by 31 December 2011	Client capacity building workshops held in all provinces. The National Contactor Development workshop with public sector clients held on 26 and 27 October 2011.
	95% compliance with over-the-counter registration and 48 hour activation from April 2011.	99% compliance with over-the-counter registration and 48 hour turnaround times were achieved.
	One construction industry indicators (CIIs) published by end January 2012	Summary report published on cidb website.
	Quarterly monitors published quarterly	Quarterly monitors were published and communicated widely to stakeholders.
	one status report published by June 2011.	Construction quality report published and communicated by June 2011.
	Evaluation of the impact of the cidb toolkit by March 2012.	Evaluation of the impact of the cidb toolkit achieved by March 2012.
	Review the strategy to monitor, evaluate and report on compliance to cidb regulations by May 2011	Revised strategy to monitor, evaluate and report on compliance to the cidb regulations achieved by March 2012.
	Investigations and quarterly reporting on cases of fraud and corruption from first quarter of 2011/12.	The case law reports were published quarterly.
	Registration of grade 2-9 contractors completed within a maximum of 21 working days based on all compliant applications.	The 21 working days turnaround time was achieved for Grade 2-9 registrations.
Total amount transferred to CIDB for 2011/12 financial year:	R65,959 million	



Name of public entity	Strategic targets for 2011/12	Progress on strategic targets
Independent Development Trust (idt)	65 women contractors will be supported	378 women contractors were supported.
	Clean audit report	100% compliance achieved.
	100% recovery on value of project managed fees	All project management fees have been recovered
	14 days payment turnaround time from receipt of invoice	All invoices were settled within 14 days from receipt of invoice.
	Recruitment turnaround time of 120 days will be maintained	Turnaround time reduced to 54 days.
	Hold all Board meetings planned for the year	All Board meetings planned for the year were held.
	Establish/provide support to 116 cooperatives/NGOs/CBOs	142 cooperatives/NGOs/CBOs were supported/established.
Total amount transferred to idt for 2011/12 financial year	Transformation of the idt	Costs to include consultancy fees, employment costs and general overheads relating to the transformation process.
Total amount transferred to IDT for 2011/12 financial year:		R150 million



Name of public entity	Strategic targets for 2011/12	Progress on strategic targets
Agrément SA	12 Agrément South Africa certificate applications will be received for technical assessment of fitness for purpose of innovative construction products and building systems.	36 applications for technical assessments were received during the year under review
	12 Agrément South Africa technical assessment offers will be issued for technical assessment of fitness for purpose of innovative construction products and building systems.	33 technical assessment offers were issued during the year under review
	12 Agrément South Africa certificates will be accepted for technical assessment of fitness for purpose of innovative construction products and building systems.	16 applications were accepted for technical assessments during the year under review
	12 Agrément South Africa certificates will be issued for technical assessment of fitness for purpose of innovative construction products and building systems.	20 Agrément South Africa certificates were issued during the year under review
	20 certificate holders will be subjected to quality audit for technical assessment of fitness for purpose of innovative construction products and building systems.	22 certificate holders were subjected to quality audit during the year under review
	Eight certificate holders will be subjected to three-yearly quality audits for technical assessment of fitness for purpose of innovative construction products and building systems.	10 certificate holders were subjected to quality audit during the year under review.
	86 is the target number of approved building products under the custodianship of Agrément South Africa.	The total of 94 approved building products was processed under the custodianship of Agrément South Africa during the year under review.
	95 is the target number of approved building systems under the custodianship of Agrément South Africa.	The total number of 102 approved building systems was processed under the custodianship of Agrément South Africa during the year under review.
	15 is the target number of approved roads products systems under the custodianship of Agrément South Africa.	The total number of 16 approved roads products systems was processed under the custodianship of Agrément South Africa during the year under review.
Total amount transferred to Agrément SA for 2011/12 financial year	R9,431 million	



Conditional grants and earmarked funds

Devolution of property grant to provinces

Table 2.8 Devolution of property rates to provinces

Name of grant	Devolution of property rates grant to provinces
Purpose	<p>The grant is allocated to the provinces for the payment of property rates to various municipalities.</p> <p>To facilitate the transfer of property rates responsibility to provinces and to enable provincial accounting officers to be fully accountable for the expenditure and payment of provincial property rates.</p>
Expected output	Payment of property rates for provincially owned and deemed to be owned properties as per the verified invoices submitted by relevant municipalities.
Were transfers made to the provinces as scheduled?	The Department withheld some funds from the following provinces: Free State, Northern Cape, Western Cape, North West and KwaZulu-Natal due to slow spending and funds were re-allocated to other provinces where there is a shortfall to comply with Section 17 and 18 of DoRA.
Was any part of grant retained by the Department for administration costs?	No.
Spending trends for grants	Property rates fund grant: An adjustment budget of R1,929 billion was made available to the Provinces to pay property rates and R1,867 billion (96,9%) was spent in the financial year. The Department monitors expenditure and performance of the provinces monthly, quarterly and annually to comply with DoRA and PFMA requirements.
Indicate the extent to which the outputs were achieved, providing a comparative analysis of provincial performance against their targets.	<p>The Department managed to transfer 100% of the allocated funds and the provinces spent 97% of the allocated budget in the 2011/12 financial year compared to 2010/11 financial year where the adjusted budget was R1,985 billion and only R1,618 billion was spent (81%) by the Provinces.</p> <p>This shows a significant improvement in the spending of the grant and results in the effective management of the properties by provincial departments.</p>
Compliance to DoRA	Both the Department and the receiving spheres complied with DoRA.

Social Sector EPWP incentive grant for provinces

Table 2.9 Social sector incentive grant for provinces

Name of grant	Social Sector EPWP Incentive Grant for Provinces
Purpose	To incentivise provincial social sector departments identified in the 2011 social sector epwp Logframe to increase job creation by focusing on the strengthening and expansion of social service programmes that have employment potential.
Expected Output	<ul style="list-style-type: none"> • Increased number of people employed and receiving income through the EPWP; • Increased duration of work opportunities created; • Increased number of households or beneficiaries to which services are provided; and • Increased income per EPWP beneficiary.
Were transfers made to the provinces as scheduled?	Transfers were made quarterly to compliant public bodies and withheld from non-compliant ones. The transfers were, however, made once the non-compliant public bodies met the requirements.
Was any part of grant retained by the Department for administration costs?	No.
Spending trends for grants	Total allocation for provincial departments was R200 million, and it was all transferred to eligible provincial departments. By year end, a total of R175 million was spent by Provinces, which is 88% of what was transferred by the Department to the provinces.
Indicate the extent to which the outputs were achieved, providing a comparative analysis of provincial performance against their targets.	<p>99,7% of the incentive grant was disbursed to Provincial Departments.</p> <p>Public bodies have achieved 10,683 (92%) of the set overall work opportunities equivalent target of 10,442 for financial year 2011/12</p>
Compliance to DoRA	The Department achieved good compliance to the DoRA except delayed provincial transfers. This was due to some provinces delaying submission of business plans and incentive grant agreements, non-compliance to DoRA on stipend amounts and delayed submission of reports. Grant payments were withheld from Western Cape (Department of Health), KwaZulu-Natal (Department of Social Development) and Free State (Department of Health) for the reasons stated above.



Integrated EPWP incentive grant to provincial departments and municipalities (infrastructure and environment and culture sector)

Table 2.10 EPWP incentive grant to provinces

Name of grant	Integrated EPWP incentive grant to Provincial Departments and Municipalities (infrastructure and environment and culture sector)
Purpose	The intention of the EPWP incentive grant is to increase work creation efforts by public bodies by providing a financial performance reward. The more work created, the higher the portion of the incentive reward that will be disbursed.
Expected output	To improve the labour intensity of the EPWP programmes through labour-intensive employment and the expansion of job creation in line with EPWP guidelines
Were transfers made to public bodies as scheduled?	The transfers were made quarterly but were not always made on the scheduled dates. This was due to delays by public bodies in signing agreements or the need for extra verification of reports.
Was any part of grant retained by the Department for administration costs?	No
Spending trends for grants	<ul style="list-style-type: none"> • For provincial departments, R226 million out of R267 million (82%) was earned; and • For municipalities, R378 million out of R679 million (55%) was earned.
Indicate the extent to which the outputs were achieved, providing a comparative analysis of provincial performance against their targets.	25% of the full time equivalent (FTE) target was achieved for provinces while 73% of the FTE target was achieved by municipalities.
Compliance to DoRA	The Department has complied with DoRA requirements. Public bodies generally do not report on their expenditure once the incentive is paid to them.

Capital investment, maintenance and asset management plan

(i) Capital investment

a) Building projects that are currently in progress and when are they expected to be completed

During the year under review, the Department managed a building programme consisting of more than 500 projects with a combined value exceeding R6 billion. At the end of the financial year, more than 200 projects were completed. Major projects under construction for the Department and user departments for the period 2011-2014 are:

Table 2.11 Projects under construction

No	Programmes/activities	Indicators of performance – 2011/12 output/outcome	Service delivery targets – 2012- 2014 output/outcome
1	Golela port of entry, construction of residential complex	The facilities will accommodate officials of various Government departments serving at the port of entry	To be completed in 2012/13
2	Government printing phase 2, fitting of the second Printing Web	The installation of the second printing works will increase operational capacity of the Printing Division	To be completed in 2012/13
3	Waterkloof runway 0624	Increase landing and take-off capacity of Waterkloof Airbase Airport	To be completed in 2012/13
4	Major refurbishment of army bases: <ul style="list-style-type: none"> • Middelburg 4 SAI • Johannesburg Doornkop 21 SAI • Mafikeng 10 SAI • Uppington 8 SAI • Lohatla SACTC • Simonstown • Wonderboom bungalow upgrade • Thaba Tshwane Nurses College (SAMHS) 	The facilities will address the army/navy accommodation challenges	To be completed in 2012/13



No	Programmes/activities	Indicators of performance – 2011/12 output/ outcome	Service delivery targets – 2012- 2014 output/ outcome
5	Construction of Tzaneen Prison	The facility will accommodate 494 inmates when completed	To be completed in 2012/13
7	Matola Raid Project (Mozambique)	The project commemorates the victims of cross border raid by old South African Defence Force (SADF)	To be completed in 2012/13

(b) Plans to close-down or downgrade any current facilities

The Department does not have any plans to close down or downgrade any facilities or any facilities occupied by user departments.

(c) The current maintenance backlog and how the Department plans to deal with such over the Medium-term expenditure framework (MTEF) period:

The Department is addressing maintenance backlog through the planned maintenance implementation programme, including rehabilitation programme and day-to-day maintenance. It should be noted that the maintenance backlog cannot be accurately quantified in the absence of condition assessments. The CAMP was completed by end-March 2012, wherein high level condition assessments were conducted. In the previous financial year, funding was requested from National Treasury to conduct condition assessments, but was not allocated. The strategy going forward is to reprioritise the maintenance budget to make provision for the condition assessments. Condition assessments will be conducted on a phased approach targeting the properties that are rated C1 (very poor) and C2 (poor).

(d) Developments relating to the above that are expected to impact on the Department's current expenditure:

Through the maintenance programme, 1 672 projects have been funded and 90% of the allocated budget was expended during the period under review. With the high level condition assessments completed through CAMP compilation, more projects have been identified for implementation and it is anticipated that expenditure will exponentially increase over the MTEF period.

(ii) Asset management - movable assets

(a) Details of how asset holdings have changed over the period under review, including

information on disposals, scrapping and loss due to theft

Table 2.12 Closing balance of movable assets

Reporting column	Opening balance	Additions	Adjustments	Disposal	Closing balance
	R` 000	R` 000	R` 000	R` 000	R` 000
Heritage assets	2,475	0	53,792 ⁽¹⁾	(57)	56,210
Transport assets	3,544	19	-	-	3,563
Computer equipment	54,405	43,661	(1,385)	(26,247)	70,434
Furniture and office equipment	182,938	26,783	(3,187)	(8,671)	197,863
Other machinery	30,527	4,431	194	(1,846)	33,306
Intangible assets	44,739	6,671	(25)	(-21)	51,364
Totals	318,628	81,565	49,389	(36,842)	412,740

Explanatory notes to disclosed figures

- (1) The adjustment column for the heritage assets show high amount due to fair valuing of the assets.
- (b) Measures taken to ensure that the Department's assets register remained up to date during the period under review.

The Department's movable asset register comprises major assets to the value of R361 million, minor assets to the value of R164 million and intangible assets to the value of R51 million. The asset register includes movable assets for Ministerial and Director-General (DG) offices, Ministerial houses, Parliamentary villages, DG flats, VIP residence and Departmental offices.

The Department has in the past two years embarked on a comprehensive asset verification project to address the following:

- Accuracy and completeness by ensuring that;
 - all assets are barcoded and updated on the asset register (getting the basics right in line with the broad implementation plan)
 - asset register meets the minimum requirements of National Treasury
 - integrity of data on the asset register and compliance with the recognition criteria (all assets procured before 2002 without supporting documents are recorded at a R1 value)



- after 2002 without supporting documentation are recorded at fair value and assets with supporting documents are recorded at cost).
- Identification, reclassification and fair valuing of heritage assets;
- Alternative recording and fair valuing of curtains, scatter cushions and Persian carpets. The Department is continuously working on enhancing the movable asset register and ensuring that the asset register is updated at all times and also meets the minimum requirements of National Treasury;
- Asset Management Unit will ensure;
 - Life cycle management of all assets in the asset register
 - Optimal utilisation of all assets and increased lifespan of assets to prioritise and allocate available resources to other service delivery programmes.
 - The number of assets on the asset register, both major and minor, is 192, 107.

(c) The current state of the Department's movable asset stock

Table 2.13 Condition of movable assets

Condition of movable assets				
Number and Percentage	Good	Fair	Poor	Total
Number of assets	153,686	28,816	9,605	192,107
Percentage	80%	15%	5%	100%

- The consultants were appointed for the first and second phases of the verification project. The project for phase three is in progress for three years. The first year of the project entailed curtains, heritage and independent annual verification (quality assurance). The second and third phase entails independent annual verification (quality assurance).

Asset management plans

All new acquisitions, maintenance/operational and disposal will be aligned and monitored against the approved asset management plans, which are also aligned with the budget allocation for the period under review.

Asset management - immovable assets

- (a) **Details as to how immovable asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft**
- (i) Four properties measuring 13,2047 hectares have been disposed for socioeconomic activities and one property measuring 1,7 hectares has been disposed for human settlement purposes.
- (b) **Measures taken to ensure that the Department's IAR remained up-to-date during the period under review**
- (i) As a basis on which to conduct physical verification of immovable assets under the Department's

custodianship, the Department appointed a service provider in October 2011 to assist with the management of the IAR project. The main objective of the project is to address audit findings and management assertions as well as compliance with relevant prescripts and guidelines. Reconciliation of various data sources, including deeds register, was conducted to ascertain completeness of IARs. The Department appointed contract workers to conduct desktop analysis and confirm data by reference to deeds records.

- (ii) Based on the initial gap analysis and the volume of work, it is estimated that the desktop cleansing and investigations will be completed by August 2012. Physical verification is set to be completed in 2013/14.
- (iii) In addition to data enhancement, the Department has developed the vesting position paper to fast track vesting of state land for national and provincial custodians.

(c) The current state of the Department's capital stock

Table 2.14 Condition of State-owned buildings

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%	274	30%	490	54%	96	11%	51	5%	912	100%
Correctional Services	1	0%	11	6%	151	80%	20	11%	5	3%	188	100%
Justice	4	0%	146	22%	461	69%	51	8%	10	1%	672	100%
Other clients combined	7	2%	86	23%	250	68%	21	6%	6	2%	370	100%
SAPS	39	3%	142	10%	952	66%	254	18%	9	1%	1,396	100%
Unutilised	-	-	-	-	-	-	-	-	394	100%	394	100%
TOTALS	52	1%	659	18.2%	2304	67.4%	442	11%	475	18.5%	3,932	100%

- The table above represents a number of buildings in the Department's portfolio for which property strategies, including high-level condition assessments, were concluded in the year under review.
- Property strategies excluded residential accommodation except for Defence portfolio.
- Condition rating for Defence is derived from the draft UAMP and it includes residential units.
- SAPS portfolio includes condition ratings for devolved police stations. Unutilised buildings comprise offices, residential units and other structures, some of which are within the complexes.

(d) Major maintenance projects undertaken during the period under review.



- (i) There were a total of 1,718 planned maintenance projects for the 2011/12 financial year. Some 75 projects were completed during the period under review and 19 are still in construction. The following are some of the examples:

Table 2.15 Planned maintenance projects

No	Programmes/activities	Indicators of performance - 2011/2012 Output/ outcome	Service delivery targets – 2012- 2014 Output/ outcome
1	Pretoria Central Government, Heritage - upgrading: Phase 2	Heritage – upgrading of facilities	Completed in 2011
2	Benoni Prison: RAMP	Repair and maintenance of mechanical and electrical installation	To be completed in 2012/2013
3	East London Fort Glamorgan: repairs and renovations	Painting of 49 houses	Was completed in 2011
4	Potchefstroom: married quarters	Repair and renovation of married quarters	To be completed in 2012/13
5	Umtata Police Complex, repairs and renovation to Ngcobo Police Complex	Repairs and renovation of Ngcobo Police Complex	To be completed in 2012/13

(e) Facilities closed down or downgraded during the period under review

- (i) No facilities were closed down or downgraded during the period under review.

(f) Projects that will be carried forward to the forthcoming financial year

- (i) 356 capital projects and 357 planned maintenance projects in construction were carried forward from the 2011/12 financial year to the 2012/13 financial year. The major projects carried forward are:

Table 2.16 Projects carried forward

No.	Programmes/activities	Indicators of performance – 2011/2012 Output/ outcome	Service delivery targets – 2012- 2014 Output/ outcome
1	Golela port of entry, construction of residential complex	The facilities will accommodate officials of various Government departments serving at the port of entry	To be completed in 2012/13

No.	Programmes/activities	Indicators of performance – 2011/2012 Output/ outcome	Service delivery targets – 2012- 2014 Output/ outcome
2	Waterkloof runway 0624	Increase landing and take-off capacity of Waterkloof Airbase Airport	To be completed in 2012/13
3	Major refurbishment of army bases: <ul style="list-style-type: none"> • Middelburg 4 SAI • Johannesburg Doornkop 21 SAI • Mafikeng 10 SAI • Upington 8 SAI • Lohatla SACTC • Simonstown • Wonderboom bungalow Upgrade • Thaba Tshwane Nurses College (SAMHS) 	When completed, this programme will address the army/navy accommodation challenges	To be completed in 2012/13
4	Construction of Tzaneen Prison	When completed, the facility will accommodate 494 inmates	To be completed in 2012/13
5	Upgrade of Agrivaal office (Pretoria)	The project is at tender adjudication stage. When completed it will add 16 000 square meters of office space	To be completed in 2013/14
6	Matola Raid Project (Mozambique)	The project commemorates the victims of cross border raid by old SADF	To be completed in 2012/13

(g) **New projects that are scheduled for implementation are 490. The table below indicates the prioritised projects: -**

Table 2.17 New Projects scheduled for implementation

No.	Programmes/activities	Indicators of performance – 2011/2012 Output/ outcome	Service delivery targets – 2012- 2017 Output/ outcome
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1	Pretoria, residential	Prestige, facilities management contract	To be completed in 2016/17
2	Durban North Police Station	Repair and renovation of police station	To be completed in 2015/16
3	Caledon Helderstroom Prison	Repair and maintenance of prison buildings and related services	To be completed in 2015/16
4	Johannesburg, Norwood, SAPS Married Quarters	Repair and renovations of official married quarters	To be completed in 2016/17
5	Pretoria, Baviaanspoort Prison	Repair and maintenance of prison building	To be completed in 2016/17
6	Worcester Magistrate Court	Internal and external repairs and renovations to magistrate court building	To be completed in 2016/17
7	Caledon Helderstroom Prison	Repair of houses and related services	To be completed in 2015/16

(h) 296 new capital projects prioritised for implementation in the forthcoming financial years

Table 2.18 Capital projects prioritised

No	Programmes/activities	Indicators of performance - 2012 Output/ outcome	Service delivery targets – 2012- 2017 Output/ outcome
1	Violsdrift and alexander bay land ports of entry	Appointment of consultants and contractors	To be completed in 2016/17
2	Sani Pass, border post	Appointment of consultants and contractors	To be completed in 2016/17
3	Pretoria, Bryntirion, Eastwood street entrance roads and parking	Refurbishment of Eastwood street entrance roads and parking	To be completed in 2015/16
4	Pretoria, Old Magistrate Court	Restoration of old Magistrate Court	To be completed in 2015/16
5	Pretoria, Justice College	Upgrading and refurbishment of Justice College	To be completed in 2014/15
6	Durban Regional Office old building	Upgrading of Durban Regional Office old building	To be completed in 2015/16
7	Rustenburg, Magistrate Office	Repairs and renovations of Magistrate office	To be completed in 2015/16
8	Pretoria, Thaba Tshwane, Swartkop Air Force Base	Upgrading of wet services	To be completed in 2016/17

(i) Processes in place for the tendering of projects

- Processes involved in the tendering of projects commence with the inclusion of the relevant project in the procurement plan of the Department that is also submitted to National Treasury. The actual procurement starts with obtaining and granting of permission to begin the procurement process by Key Account

Management (KAM).

- Bid/tender specifications including bills of quantities and a procurement strategy indicating how the market will be approached. The evaluation methods and criteria that will be followed are then crafted by the duly appointed Bid Specification Committee and approved by the relevant Bid Adjudication Committee.
- The procurement process of the Department is regulated by the PFMA and PPPFA.

(j) Maintenance – immovable assets

- (i) How the actual expenditure compares to what the Department planned to spend on maintenance

Table 2.19 Maintenance expenditure 2011/12

Programme	Allocation	Expenditure	Balance	Expenditure
	R`000	R`000	R`000	%
Planned maintenance	2,205,830	2,016,748 464	189,082	91%
Rehabilitation	182,533	149,718	32,815	82%
TOTAL	2,388,363	2,166,466	221,897	

- (i) Whether the expenditure is more or less than the property industry norms
- (ii) The Department's capital and maintenance expenditure is not aligned to industry norms pertaining to function-specific accommodation (ie prisons, military bases, magistrate courts and police stations); as a result, it is difficult to compare expenditure trends. The Industry Research section will be in a position to produce the base information within the next MTEF.
- (iii) Progress made in addressing the maintenance backlog during the period under review, for example, has the backlog grown or become smaller? Is the rate of progress according to plan? If not, why not, and what measures were taken to keep on track?
- In the absence of the condition assessments, it cannot be concluded whether the maintenance backlog has grown or become smaller. In the previous financial year, funding was requested from National Treasury to conduct condition assessments, but was not allocated. The strategy going forward is to reprioritise the maintenance budget to make provision for the condition assessments. Condition assessments will be conducted on a phased approach targeting properties that are rated C1 (very poor) and C2 (poor).

Programme Performance

The activities of the DPW are organised in the following programmes:

Programme 1: Administration

Programme 2: Immoveable Asset Investment Management

Programme 3: EPWP

Programme 4: Construction and Property Policy Regulation

PROGRAMME 1: ADMINISTRATION

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



Finance and supply chain management (SCM)

Strategic Objectives: Ensure effective corporate governance and sound resource management.

Table 2.20 Performance indicators and targets

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
% Revenue collected	R4,5 billion	95% collection	150% revenue recieved	
Reduced debtors book	62% achieved (R1,3 billion of the R2 billion)	50% reduction	Debtors book has increased	The Department has ensured that all debts are managed to avoid debtors managed as suspense accounts. The focus in 2012/13 will be to improve recovery

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Developed/ reviewed policies and procedures	7 policies	10 Policies developed/ reviewed	<p>SCM policy reviewed</p> <p>Unauthorised, irregular and fruitless expenditure policy reviewed</p> <p>Reviewed finance delegations;</p> <p>Reviewed SCM delegations;</p> <p>Developed policies on accounts receivables; capital and current commitments; bank and cash; contingent liabilities; lease accounting; related parties; revenue management; trade and other payables;</p> <p>Approved framework on Financial Statements</p> <p>Approved Directives:</p> <p>Records Management, Postal and Courier Services, Travel and Subsistence, Stores and Inventories, Entertainment and Catering, Cellular Telephones/Data Cards</p> <p>Four circulars:</p> <p>Circular 22 of 2011: enhancing compliance and improving accountability in SCM</p> <p>Circular 33 of 2011: Withdrawal of procurement delegations</p> <p>Circular 34 of 2011: Amendments to delegation in respect of approval for deviations from SCM processes</p> <p>Actual Expenditure in respect of subsistence</p>	Significant time was spent on the finalisation of the 2010/11 financial statements
Compliance with the budget cycle timeframes	100%	100% compliance	100% compliance	



Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Zero overspending/ unauthorised expenditure	90%	98% spending	90% spending on voted funds Programme 1 and 4 had unauthorised expenditure	Department overspent on compensation of employees under programme 1 Transfers and subsidies under programme 4 (transfers to Agreement SA)
Turnaround times (procurement of goods and services)	New indicator	Open bids 45 days	18% bids awarded within validity period	Delays on PA21 (evaluation reports on tenders), risk assessment reports and presentations/ interviews Delays experienced in confirmation of budget to finalise term contracts
		Quotations and closed bids 14 days	82% awarded within extended validity period	

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
30 day maximum time (payment turnaround time)	New indicator	14 days	30 days on goods, services and works 35 days on day-to-day maintenance	System downtime due to month and year end batch runs Delays from cost centres and works managers with regard to certification of invoices No existing banking details of service providers
Black economic empowerment (BEE) Targets	82,69%	80% spent from goods and services budget	72,05%	Inability to accurately quantify spent for Q4 due to the NT database being changed and the change in legislation from HDI to broad-based black economic empowerment (BBBEE)
		80% from the Infrastructure budget	79,3% capex/procurement spent on Historically disadvantaged individuals (HDI)	Inability to accurately quantify spent for Q4 due to the NT database being changed and the change in legislation from HDI to BBBEE
Number of trained interns	Four trained interns	100 trained interns	24 interns trained	76 interns could not be trained due to budgetary constraints



Corporate services

Performance indicators and targets:

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Approved structure aligned to strategy and budget	6,369 within DPW Filled = 5,006 Vacant = 1,363 ¹	Structure 70% complete	Structure not fully aligned to budget and strategy	Structure affected by operational imperatives
Reduce vacancy rate	Vacancy rate reduced to 20,68%	70% of 1,375 ¹ vacant positions filled	1,286 of 1,375 positions filled (constituting 93.52% - target exceeded) Vacancy rate reduced to 14.2% (6,818 within DPW and 5,849 filled positions) A draft Human Resources (HR) plan reviewed	
Improved skills levels in the Department	930 (17,4%) personnel trained	20% skills improvement ²	a total number of 2,121 (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	

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Human resource legislation/prescripts consistently applied	100% compliance to human resource legislation/prescripts	100% compliance to human resource legislation/prescripts	100% compliance in terms of transactions on persal are aligned to the relevant prescripts: Conditions of service management: 1,627 (includes appointments, transfers, promotions and service benefits as well as National Youth Service (NYS) Beneficiaries) Leave and records management: 12,505 (all leave records captured) Payroll management – transactions: 8,078 (transaction related to payments, deductions, allowances) SCC's registered – 72	
Reduction in backlog of legal cases	Matters finalised - 45 matters pending - 188 New matters - 61	40% reduction	68,2% of backlog cleared Matters finalised - 56 Matters received - 82 Matters pending - 210	
Number of employees vetted Number of companies vetted	78 personnel vetted 413 companies screened	360 employees per year 1,080	286 vetting files for prioritized officials were completed 733 companies were vetted	Slow progress due to logistical constraints
Integrated communications and marketing programmes, plans, and activities giving effect to the programme of action of Government	60% implementation of the developmental communication strategy	100% implementation of the approved communication plans and programmes	90% implementation of communication plans and programmes	Due to budget constraints



Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Enterprise data visibility An integrated asset management system	100% reporting of BAS and EPWP on BI system	100% BI on existing systems	60% BAS and EPWP warehoused, strategic performance management scorecards defined and development, Persal mapping completed	Server hosting the application crashed and work had to be redone
Unified communications		30% facilities management module	10% draft business case completed for facilities management	Facilities management is finalising its business processes
Scalable, secured information technology infrastructure		30% construction project management 100% billing system	No progress on construction project management 20% billing and accounting system user requirements completed. tender process has commenced	No clear business process for construction project management Tender process in progress
		Implementation of internet protocol telephony (IPT) system and video conferencing for six regions 40% desktop, applications and servers virtualization 100% migration of desktop productivity tools	60% headoffice, Bloemfontein; Cape Town completed for IPT and video conferencing at Head Office and Cape Town Ministry Parliament office All training room desktops run on virtual machines. All Departmental servers have been virtualized All desktops have been migrated to Microsoft 2010	Funds not available for video conferencing in all regions

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Skills transfer programmes linked to international agreements	31 Cuban technical advisers 59 beneficiaries on the skills transfer programme	250 beneficiaries	56 beneficiaries enlisted for skills transfer	Intake of additional beneficiaries was dependent on further recruitment of Cuban technical assistants, which did not materialise as envisaged due to delays in finalisation of protocols
Employment statistics for people with disabilities	New indicator	1.5% of staff establishment	1.01% Staff compliment of PWD	Lack of comprehensive recruitment and retention strategy

Monitoring and Evaluation

Performance indicators and targets:

Performance indicator	Baseline (actual output) 2010/11	actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Policy implementation	Monitoring and evaluation (M&E) policy developed, approved and implemented (100%)	50%	Institutionalisation of M&E – interaction with all branches and business units on reporting requirements (50%)	
Developed an integrated framework	Development and implementation of an M&E framework (not achieved)	100%	No progress	The framework could not be developed internally due to capacity and financial challenges
Framework implementation		30%	No progress	



Performance indicator	Baseline (actual output) 2010/11	actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Improved buy-in and compliance to reporting requirements	New indicator	100%	<p>One-on-one engagements with branches and business units on quarterly reporting framework</p> <p>All business units complied with the reporting template circulated for quarterly reporting (60%)</p>	Planned workshops could not be held due to capacity constraints
Mandatory periodic report (quarterly)	New indicator	100%	<p>Performance reports were collated from all business units against the strategic and business plans (100%)</p> <p>The process entailed the analysis, consolidation, approval and submission to the Auditor-General's Office, National Treasury and Parliament.</p> <p>Coordinated and consolidated the management performance assessment tool (MPAT) inputs for submission to Presidency</p>	<p>Late submission of quarterly reports</p> <p>Inconsistencies in some of the quarterly performance reported</p>
Validated data submitted as portfolio of evidence (PoE) for improved data integrity	New indicator	80%	PoF submitted by branches/business units was validated to confirm alignment to the reported information (60%)	<p>Non submission or late submission of PoE by some business units</p> <p>Misalignment of PoE against the reported information</p>

Performance indicator	Baseline (actual output) 2010/11	actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Integrated information systems that will support effective decision making	New indicator	30% implementation	M&E and information services (IS) are working on the strategic performance monitoring system (SPM) to manage the Department's performance information (10%)	Project delays encountered
Prescribed terms of reference	New indicator		The business case for the acquisition of the system was jointly developed with IS	





Strategic Management Unit

Performance indicators and targets:

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Strategic plan(SP) completed by February	SP completed and tabled in Parliament on 5 April 2011	100% compliance with PFMA	SP and annual performance plan (APP) were tabled in Parliament on 7 March 2012 and presented on 13 March 2012 to the Portfolio Committee	
Alignment with national plan	No performance. The National plan was published by National Planning Commission (NPC), only at the end of November 2011		A paragraph illustrating the contribution DPW makes and will make into the NDP was included in both SP and APP under the strategic overview	
Approved strategy/policy	Risk management strategy approved.	60% compliance	Reviewed the approved Integrated risk management strategy/policy. Risk management reports submitted to Audit & Risk Management Committee (ARMC) Risk Registers completed for all units for 2011/12 Risk monitoring reports signed off for 2011/12 (100% completed)	

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
100% of all strategic information from all regions uploaded on the knowledge base system (KBS)	Uploaded 100% of information received.	Four Regions and one head office information uploaded	<p>129 documents were catalogued into the KBS. 106 records were added into the online library catalogue</p> <p>Valuations Unit has nominated three content managers. They were all trained on how to catalogue information into the KBS</p> <p>Statutory Compliance and strategic planning content managers were trained on KBS.</p> <p>Security and input screen on confidential database was finalized and uploaded on the intranet</p>	
IP strategy developed	New indicator	100% IP strategy developed	100% IP strategy developed	
Three case studies developed	New indicator	One case study developed	Case study not developed	Project reprioritised due to budgetary constraints
Timely completion of the analysis report and its dissemination to the relevant units	Target not achieved – Only desktop study completed	One socioeconomic impact assessment report by December 2011	A MoU between Department of Public Works (EPWP) and Development Bank of Southern Africa was developed	Project reprioritised due to budgetary constraints



Internal Audit and Investigation Services

Performance indicators and targets:

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Internal Audit plan developed by target date	Internal Audit plan was developed and approved by ARMC on 24 May 2010	Internal Audit plan approved by May 2011 by ARMC	Internal Audit plan approved on 27 May 2011 by ARMC	
Reports issued quarterly to EXCO and Audit & Risk Management Committee (ARMC)	78.5% of the audit plan achieved, completed reports were presented to EXCO and ARMC quarterly	Internal Audit reports issued quarterly to EXCO and Audit & Risk Management Committee	75.5% completion of approved planned audits 7 reports issued to Audit & Risk Management Committee	Delays in securing exit and Region Steering Committee meetings for adoption of reports Insufficient capacity at management level delays internal planning and reporting timeframes Information not provided on time despite follow-ups by auditees
Reviewed and updated fraud prevention strategy	The fraud prevention plan was reviewed and updated. it was presented and adopted by Exco on 9 December 2010	Awareness workshops conducted quarterly in regional offices and head office	20 awareness workshops conducted in the following regional offices – Johannesburg, Kimberley, Pretoria, Mthatha, Port Elizabeth, Bloemfontein and Cape Town	
Fraud awareness workshops conducted and publications in all regional offices and head office branches	12 fraud awareness workshops were conducted at four regional offices. Four articles were published in WorxNews.	Awareness articles published quarterly in the Department's internal media.	five articles published (four in the WorxNews and one through the Communications Directorate email)	

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Quarterly fraud investigation progress reports submitted to management and ARMC	Four ARMC meetings held quarterly per annum and investigation progress reports were presented	Progress reports on reported cases being investigated and submitted quarterly to management and ARMC	<p>Four progress reports submitted to ARMC quarterly</p> <p><i>Status of reported cases:</i></p> <p>18 investigations completed and reports/ memos issued to management</p> <p>10 investigations completed; they are at internal reporting stages</p> <p>six investigations currently underway (four outsourced and two conducted internally)</p>	
Unit report tabled and discussed at the meeting	Unit reports presented quarterly to ARMC. Four meetings were held	Reports presented quarterly to ARMC meetings	Five ARMC meetings were held as follows and reports presented - 27 May 2011, 31 August 2011, 28 October 2011, 27 January 2012 and 30 March 2012	
Number of work opportunities created for personnel/ interns	No baseline (new indicator)	Five job opportunities created	<p>11 job opportunities created with the following successes: -</p> <p>Two admin interns absorbed in other units in the Department;</p> <p>Three interns absorbed as senior internal auditors in the Directorate;</p> <p>One intern secured a permanent job as a senior internal auditor prior to end of contract in the public service;</p> <p>Three additional new interns recruited from Jan 2011 for training and development (new intake)</p>	



Intergovernmental Relations

Performance indicators and targets:

Performance indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12)	
Scheduled intergovernmental meetings and public participation involving Ministry and the Department	Nine meetings coordinated with intergovernmental structures	12 meetings coordinated with spheres of government per annum (Three per quarter)	43 meetings involving spheres of government were coordinated 13 consultative meetings as part of ministerial public participation programme were facilitated	
Parliamentary meetings and oversight visits involving Department and entities facilitated	18 meetings, including oversight visits	15 meetings and five oversight visits per annum (5 per quarter)	25 meetings pertaining to DPW engagements with Parliamentary committees for briefing purposes on a range of policy issues were coordinated Seven oversight visits (FS, NC, WC, EC) by Parliamentary committees were coordinated	
Parliamentary documents pertaining to Department and entities tabled as per PFMA requirements (SPs, bills, annual reports and Parliamentary questions)	113 approved parliamentary documents	50 documents per annum (Q1 - five Strategic Plans Q2 - five Annual Reports) 15 questions per quarter	Five SPs and APPs (DPW and Public Entities) were tabled on 7 March 2012 Five Annual reports (DPW and Entities) were tabled 30 September 2011 120 Parliamentary questions were received and processed.	

Performance indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12)	
Performance reports for entities monitored	Two meetings conducted	16 quarterly reports per annum presented to Exco and Executive Authority (EA) for approval (Four reports and Four meetings per quarter)	16 Quarterly performance reports were coordinated from Four DPW Public Entities and presented to the EA for performance monitoring 2011/12 first quarterly performance report was presented by DPW to the Portfolio Committee on Public Works on 30 August 2011 A special meeting between Minister and four DPW Entities and six Built Environment Professional Councils regarding the strategic vision of DPW was coordinated	
Appointment of board/council members and filling of vacancies facilitated	Two Boards were appointed for ASA and CBE	One Board/Councils appointed per annum (Q3 - 1 Board appointment) Filling of vacancies: ongoing	Inauguration of CIDB and ASA Boards on 13 June 2011 and 29 July 2011 respectively Calls for nominations for the new Board of IDT were advertised twice during November 2011 and March 2012 and 198 nominations were received	



Performance indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12)	
Coordination and secretariat support to top governance structures of the Department	33 internal top governance structure meetings coordinated	29 meetings per annum Four Minmec (one per quarter) 16 Exco (four per quarter) Eight Heads of Departments (HODs) Forum (two per quarter) One DPW Lekgotla per annum	Governance structures meetings were coordinated as follows: Four Minmec 28 ExcOs and eight Special ExcOs Five HOD's Forum 11 Mintop Three TMCs One MANCO One DPW Lekgotla	



PROGRAMME 2: IMMOVABLE ASSET INVESTMENT MANAGEMENT

Purpose: To manage national government's immovable property portfolio in support of government's social, economic, functional and broad policy objectives

Strategic objectives: Provide strategic leadership in effective and efficient immovable asset management and in the delivery of infrastructure programmes

Asset Register Management**Performance indicators and targets:**

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Percentage of asset register information fields populated with essential data out of the present 108,562 properties	82% (Cumulative) 89,620 properties	90% populated 97,705 properties	86% (93,692 out of 108,562 properties)	Capacity constraints and change of strategy Focus was on presentation and disclosure for 2011/12 financial year and gap analysis of custodial database The appointment of a service provider will improve the quantity of essential information Reconciliation of DPW IAR against deeds download and other national and provincial custodians' IAR was conducted



Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
				<p>An analysis of the IAR fields of information was performed against requirements for relevant legislation and NT guidelines. The DPW IAR (35,895 land parcels) was verified to the Aktex Deeds web which resulted in the following categories: 21,448 deemed DPW land parcels based on the ownership information field, 6,027 ring-fenced for further investigation on ownership, and 8,420 reflect ownership as either private, provincial and other national state custodians</p> <p>1,336 additional land parcels were identified from devolved file that makes reference to national Government as per the Aktex, and should be part of DPW IAR</p>

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
				<p>5,354 land parcels identified on deeds are not accounted for by any other custodian</p> <p>The devolved 50,364 land parcels were verified against Aktex which resulted in different work packages that are being followed up to identify the correct custodian as per NT specific guide</p> <p>Identified regional coordinators to monitor and evaluate the work done by the secondary service provider (SSP)</p> <p>The programme manager was appointed in October 2011 as a result of a change in strategy</p>
		<p>Approximately 22 posts for contract workers (ASD level) in the regions to monitor and evaluate the work done by the programme manager</p> <p>Two contract workers at head office to manage the work done in regions and programme manager</p> <p>Service provider to appoint approximately 150 graduates to collect, verify and update data on immovable assets (24 months contract)</p>	<p>Not achieved</p> <p>Not achieved</p> <p>Not achieved</p>	<p>DPW appointed 21 contract workers in December 2011 as Management Trainees for the Asset Register Project</p> <p>Change of Strategy</p> <p>The SSP will be appointed to conduct physical verification. The SSP will appoint relevant graduates</p>



Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Vested State land	23.4% (cumulative) 8,388 land parcels	70% 25,022 land parcels 52 posts for vesting contract works (one year renewable until vesting is completed in 2012)	13,116 Item 28(1) certificates issued Department of Rural Development and Land Reform (DRDLR) 37% out of 35,562 land parcels Not achieved	High staff turnover on appointed contract workers and no replacements Unsurveyed land parcels A vesting position paper and strategy has been developed to fast track the vesting of land parcels. Appointments made at different periods, high staff turnover, and no replacements
Approved amnesty call strategy and campaign	100% completed Strategy	Strategy completed and launched 100% of cases reported verified and updated on AR Six posts for call centre operators (six month contract) Twelve investigators (6months contract renewable)	Strategy completed and launched No cases reported Achieved Not achieved	Intensify public awareness of the campaign Identified land parcels that have been transferred to private individuals and State entities for investigation as part of the Operation Bring Back Appointments made at different periods, high staff turnover and no replacements

* In February 2011, DPW invited proposals (RFP) from service providers to manage the enhancement of the asset register. It was proposed that DPW will hire contract workers to promote job creation. However, the RFP was elapsed and DPW took another decision to appoint the programme manager and SSP to conduct physical verification. The decision was done to ensure that physical verification yields desired outcomes. The programme manager was appointed in October 2011 and the physical verification is set to be completed in 2013/14. In December 2011, DPW appointed 21 contract workers as management trainees for the asset register project.

Key Account Management (KAM)

Performance indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12)	
Populated templates for 26 national departments and seven entities	90% target achieved. 34 GVAMP templates completed for 2010/11	90% complete	75,7% UAMP Templates were completed for 25 national departments and public entities	Strategic accommodation needs not received from some national departments and entities that compile their own UAMPs
Approved and signed-off implementation programmes (Capital Works Implementation Program - CWIP and Planned Maintenance Implementation Programme - PMIP)	100% target achieved. CWIP for 2011/12 signed by nine affected national departments	100% approved and signed-off	100% All nine affected national Departments signed off the CWIP for 2011/12 Departmental sign off of the PMIP	
Signed SLA by 30 national departments and 11 entities	16 out of 43 SLAs signed with user departments	Monitor delivery of 50% Service delivery standards (SDS) for 41 users	53% - 22 user departments signed the SLA document	User departments do not all respond to the call for signing of governing SLAs and executive intervention has been solicited Capacity challenges on monitoring the delivery of SDS



Portfolio Performance and Monitoring (PP&M)

Performance indicators and targets:

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Completed portfolio strategies	59% achieved on property portfolio strategies development	100% of property portfolio strategies developed	100% of property portfolio strategies developed	
Approved CAMP document addressing user and custodian objectives	45% of CAMPs developed	80% CAMPs completed	100% of CAMPs completed	
Approved and funded PMIP	100% target was achieved and the implementation programmes (CWIP and PMIP) for 2011/12 was signed by CBC	100% approved and signed-off implementation programmes for 2011/12 30,384 work opportunities from prioritised and funded projects	PMIP and DPW CWIP approved and signed off 5,157 work opportunities were created	The number of work opportunities created was an estimate based on the budget allocation
Signed agreements	An investment strategy has been completed and is undergoing internal consultations	20% revenue increase on leased out State-owned properties	10,9% in revenue increase	Delays in the implementation of initiatives by Regional offices Non-appointment of the Land Affairs Board (LAB) The revenue increase is calculated by comparing the expected rental amount for 2010/11 and 2011/12. The increase is as a result of various initiatives implemented during 2011/12

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Reduced energy consumption on retrofitted state-owned buildings	206,134,499 kilowatts used	7% reduction on kilowatts/hour used on identified State-owned buildings (65,000 KW/H)	Over 100% (8,025, 752 KW/H) energy saving was achieved in buildings retrofitted by idt for 2011/12	
Reduced water consumption on retrofitted State-owned buildings	10% achieved on the reduction of water consumption	4% reduction on kilolitres consumed on identified State buildings	22% reduction on kilolitres was achieved in Bloemfontein and Johannesburg. The above is a cumulative value from April 2011	
Accessible buildings to PWD	64 buildings identified and made accessible	110 buildings identified and made accessible	51 buildings completed	Delays in procurement processes (eg non responsive quotations)
Rehabilitated buildings	seven out of 64 buildings were completed during the period under review	20 buildings identified for the implementation of rehabilitation programme within MTEF	11 projects completed in the first year of the MTEF	
Approved disposal program	six properties were disposed during the period under review, while seven properties were identified for disposal	four foreign properties identified for disposal	The four properties identified but not disposed of	The process of disposing of the identified four properties can commence only once the disposal of seven Namibian properties has been finalised
	14 properties approved for disposal by Minister for commercial purposes	37 properties to be disposed of for commercial purposes	Approval for disposal of four properties obtained for socioeconomic development	Delays in appointment of LAB 24 properties for servitudes and economic development in process of approval
Letters of release to Regional Land Claims Commission	34 out of 55 properties were disposed of for land reform purposes	55 properties to be disposed of for land reform purposes	No properties disposed of	33 properties in the process of approval



Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
* MOUs signed with RD&LR, Human Settlement, Agriculture, * List of properties sent to relevant Departments * Signed agreements to release land	1,031 hectares of land released for human settlements	2,000 hectares of land parcels for human settlements	1,7 hectares released Seven properties measuring 926 hectares for human settlement in the process of being finalised	Land released based on request
Rural areas offices		Three office precincts planned as per IDPs / SDFs	Inputs provided into the development of precinct - Balfour, Cofimvaba, Engcobo and Mount Frere	



Portfolio Analysis (PA)

Performance indicators and targets

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Completed and approved analyses with recommendations for the DPW immovable asset portfolio, properties and projects	86 feasibility assessments conducted	50% completion of requests for feasibility studies	113% requests for feasibility studies completed (49)	
Accepted inputs into the accounting framework, strategies and policies	100% of required inputs	100% of required inputs	100% of required inputs submitted	
Approved market valuations for the acquisition and disposal of properties	190 market Valuations approved	75% completion of valuation requests	97% completed market valuations (139)	
Successful negotiation with local authorities on municipal valuations to realise a reduction in municipal rates and taxes	22 municipal valuations appraised	50% of valuations on the annual Municipal valuation calendar appraised and negotiated	100% municipal valuations appraised (481)	
Approved range of delivery models for construction projects	New indicator	Appointment of consultants by April 2011 Toolkit completed by March 2012	Target not achieved	Significant work has been done by CIDB Duplication of projects being assessed
Completed pilot study in Pretoria for PPS on 10 State-owned buildings	10 buildings in the Pretoria CBD	100% complete	100% completion Laboria House, Civitas Building, New Library, Pretoria Police Station, Pretoria High Court, Pretoria Prison, Home Affairs Marabastad, Police Barracks Arcadia, Forensic Laboratories Arcadia and Waterkloof Air Force Base Project ready for handover to PP&M for rollout and implementation	



Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Trained learners, Interns and young professionals absorbed into the staff establishment	20 trainees	20 trainees	Four young professionals, two management trainees and six Interns for valuation services were recruited	Budgetary constraints and lack of skills



Prestige Management

Performance indicators and targets

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Condition surveys	100% achieved	60% implementation of maintenance plan	70% implementation of the maintenance plan achieved	
Allocated assets	90% achieved	80% utilisation	91% buildings utilized	
Reduction of clients' complaints	50% achieved	60% reduction of complaints	Target not achieved (1,84% reduction achieved in client complaints (28,655 calls logged in 2010/11 vs 28,129 calls logged in 2011/12 - reduction of 526)	Old building stock requires ongoing day-to-day maintenance





Projects and Professional Services

Performance indicators and targets:

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Precincts development in Pretoria, and other prioritised rural towns	A team of consultants appointed jointly by DPW and City of Tshwane to develop a town planning scheme.	Bulk infrastructure development of precincts, including Salvokop, Church Square ³ and others	Planning for the bulk infrastructure commenced by ICR and City of Tshwane Salvokop fencing project started, to be completed in 2012/13 financial year	Master planning that must inform bulk infrastructure development for Tshwane Inner City is work in progress for completion in 2012/13
Effective and efficient response to customer varying needs	Expenditure on the infrastructure budget is 90% on all programmes.	Monthly reports on progress, challenges experienced in delivering their projects	The overall performance of expenditure for infrastructure budget is 79% on all programmes in line with monthly expenditure reports There was an adjustment allocation of R261 million from Department of Correctional Services (DCS) Capital	Fewer than anticipated tenders/projects awarded
Appointment of HDI, Cooperatives and ABE as main contractors or/ and as sub-contractors through contract participation goal (CPG) programme	R471 million was awarded to HDIs	Minimum of 35% of project value should be subcontracted to ABE – this should translate to 35% of allocated budget	R884 million (19.9%) was awarded through CPG provision and accrued to ABE sub-contractors	Commitment on awarded contracts represents the value proportion
	Sustainable financial and procurement control environment	Reduction in legal challenges on awarded tenders to 5%	324 projects awarded. three legal challenges received (0,9%)	Improved procurement processes

Operations Management

Regional Operations Management

Performance indicators and targets:

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Completion of capital and refurbishment projects in accordance with the CWIP	Number of funded projects = 1,133 Expenditure: 90%	100% completion of projects within time, cost and quality in line with socioeconomic objectives of Government	Number of projects completed are 162, and 297 continues to 2012 at construction stage Budget: R 3,770 billion Expenditure: R2.742 billion (72,7%)	Fewer than anticipated tenders/projects awarded
Completion of maintenance projects in accordance with the PMIP	Number of funded projects = 773 Expenditure: 100%	100% completion of projects within time, cost and quality in line with socioeconomic objectives of Government	Number of projects completed are 75 and 353 continue at construction stage in 2012 Budget: R2,388 billion Expenditure: R2,120 billion (89%)	Fewer than anticipated tenders/projects awarded
Acquisition of state property and conclusion of new leases, renewals and management of existing leases in accordance with the leasing implementation programme	Number of leases = 3181 Expenditure: R2 729 373 689 100%	80% of leases managed within time, cost and prescripts in line with socioeconomic objectives of Government	No of leases: 2, 263 Budget: R2.932 billion Expenditure: R2,911 billion (99%)	Withdrawal of delegations from regions to tighten control measures on leases



Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Letting, cleaning services, day-to-day maintenance	<p>CLEANING</p> <p>Number of contracts = 593</p> <p>Expenditure: R169 million (100%)</p> <p>DAY TO DAY</p> <p>Number of projects = 25,635</p> <p>Expenditure: R767 million 100%</p>	80% of prescript requirements and contractual obligations met	<p>CLEANING AND GARDENING</p> <p>Number of contracts: 1,054</p> <p>Budget: R205 million</p> <p>Expenditure: R165 million</p> <p>81% spend</p> <p>DAY TO DAY Maintenance</p> <p>Number of projects: 28,287</p> <p>Budget: R832 million</p> <p>Expenditure: R823 million 99% spend</p>	
Payment of municipal services	<p>Municipal services</p> <p>Number of payments = 64,979</p> <p>Expenditure: R 2.232 billion 100%</p>	100% payment of current invoices within 30 days	<p>Municipal Services</p> <p>115%</p> <p>Number of payments: 91,457</p> <p>Expenditure: R2.618 billion 100%</p>	
	<p>RATES AND TAXES</p> <p>Expenditure: R583 million 96%</p>		<p>RATES AND TAXES</p> <p>87%</p> <p>Number of payments: 8,834</p> <p>Expenditure: R514 million 79%</p>	Result of payments not effected due to invoices not approved in time in Nelspruit, PE and Pretoria regional offices

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Improved revenue and debtors management on Property management trading entity (PMTE)	90 days and above ageing period according to the debtors age analysis report	Reduced debtors book Collected revenue	Debtors' book has increased 150% Revenue received (R7,1 billion)	The Department has ensured that all debts are managed to avoid debtors managed as suspense accounts. The focus in 2012/13 will be to improve recovery
Utilisation and disposal of State-owned property	82% (cumulative 89,620 properties)	100% compliance for asset register updating	86% (93,692 out of 108,562 properties).	
Vesting, condition assessments, and asset register updating	23,4% cumulative 8 388 land parcels	100% compliance for asset register updating	13, 116 Item 28(1) certificates issued (DRDLR) - 37% out of 35,562	IAR is in the process of being updated A vesting position paper and strategy have been developed to fast track the vesting of land parcels
Provision of security in accordance with prescripts and contractual obligations	No baseline	80% of prescript requirements and contractual obligations met	Number of payments: 1,575 Expenditure: R42 million All contracts paid	
Building inspections conducted on State owned and leased accommodation	Number of inspected buildings 795 880 building inspections reports	Regional: • 880 per cycle • 220 per quarter • 20 per region	No of building inspected State: 795 Leased: 899 TOTAL: 1,694	Non-submission of monthly reports Capacity challenges and limited resources to meet set objectives
Project inspection conducted on State-owned property	Number of running projects inspected 250	Project inspection conducted on State owned property	No of running projects inspected: 587	



Operations Management - Inner City Regeneration

Performance indicators and targets:

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Sites identified aligned to local authorities' IDPs	100% of selected sites investigated for its alignment to IDPs and compliant sites shortlisted for projects	100% of complaint sites identified, aligned to IDP, client requirements and needs permitting	100% sites identified Investigations completed for Durban, Mthatha, Mmabatho, Nelspruit, Polokwane, Johannesburg, Kimberley, Bloemfontein and Mount Frere	
Feasibility studies and projects on all prioritised towns, sites and projects	Three Feasibility studies completed for implementation in collaboration with town planning services	Feasibility studies on three prioritised towns/ sites	Feasibility studies completed for Nelspruit, Mmabatho, Durban, Salvakop DCS, and Salvakop Department of Arts and Culture (DAC)	
Precinct planning for Pretoria prioritising Salvokop	The status quo research on the city and its analysis was completed as scheduled and reports submitted	The development of the precinct plan project for Pretoria inner city, and the completion of Salvokop precinct	Tshwane precinct master planning has commenced and completion is due in the third quarter of 2012/13 Project inception report completed Inner city status quo report completed Draft schedule for project completed Salvokop interim development guidelines produced Salvokop site location produced and presented to DCS Location report for statssa produced and implemented Salvokop precinct plan commenced and completion is scheduled for Q3 (2012/13)	

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Partnerships and MoUs with Metros to improve or to find alternative utilisation of identified facilities in line with inner city regeneration	SLA closed with City of Tshwane and implemented	Agreements with three cities	Western Cape Department of Economic Development and Tourism MoU implementation is work in progress. Completion is due Q2 2012/13 Salvokop infrastructure SLA with City of Tshwane is work in progress; completion is due Q4 (2012/13) MoU with Durban Metropolitan is work in progress; completion is due Q2 (2012/13)	
Reconciled budget reports	100% compliance achieved	100% expenditure and no under/over expenditure on allocated budgets	Monthly budget reviews performed, no over-expenditure on overall budget	
Signed workplans and performance agreements	100% compliance achieved	100% performance agreements/ work plans and assessment reports	100% compliance	
No payment outside of 30-day rule without proper reason	100% compliance achieved	100% of accounts, properly due and correct, paid within 30 days	100% compliance	
Posts suitably filled and human resource management reports submitted	Objective not met	- 100% posts filled - 100% reports submitted in time	Target not achieved - no appointments made 100% human resources report submitted	Procurement of ICR resources on hold pending directive from management Funding deficiencies
Work opportunities for candidate town and regional planners	Objective not met	Two candidates	100% compliance	
Approved risk register	Control measure implemented successfully	100% of risks identified and control measures implemented	100% compliance	



Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
250 students accommodated and 583 jobs	No baseline	Completed design documentation Project by 70%	Building measured and provisional bills of quantities done	Project is cancelled – executives of Free State Province and DPW jointly decided to discontinue the project due to the space being required for other purposes of the Department of Health
		350 jobs	No jobs were created	
180 students accommodated and 533 jobs	No baseline	Completed design documentation. The project is 70% complete	Designs and tender documentation completed until work stage 4 Site stripping 100% Site establishment 100% Project has been halted	Project put on hold by DPW Exco to review the use of the building for offices. Review not finalised
		300 jobs	52 jobs created	Project put on hold – no further jobs were created. After the project was put on hold, the opportunity to create further jobs than 52 became impossible

PROGRAMME 3: EPWP

Purpose: To ensure creation of work opportunities for poor and unskilled people in South Africa by coordinating the implementation of the programme and providing overall strategic leadership across the three spheres of Government

Strategic objectives: Promote an enabling environment for the creation of both short and longer-term work opportunities so as to contribute to the national goals of job creation and poverty alleviation

Performance indicators and targets:

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Work opportunities and Fulltime equivalent (FTE)	607,612 work opportunities 203,690 FTEs	868,000 work opportunities and 361,739 FTEs	843,459 work opportunities 251,127 FTEs	296 projects were excluded due to poor data quality based on data validation procedures Lack of capacity in public bodies to implement projects labour intensively Poor and under-reporting by implementing public bodies



Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Annual designated group targets: • 55% women • 40% youth • 2% PWD	62% Women 51% Youth 0.45% PWD	- 55% women - 40% youth - 2% PWD	• 60% Women • 50% Youth • 0.19% PWD	The demographics targets have been met with an exception of PWD The nature of many EPWP projects limits the participation of PWD. This includes occupational health and safety issues



Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Percentage of wage incentive disbursed	59% of the incentive disbursed	65% disbursement across all sectors	73% of the integrated incentive paid out.	The disbursement of the incentive is dependent on eligible bodies meeting their annual threshold and reporting their data properly





PROGRAMME 4: CONSTRUCTION AND PROPERTY POLICY REGULATION

Purpose: To regulate and promote growth and transformation in the construction and property industries;

To promote uniformity and best practice in the construction sector and in the immovable asset management in the public sector

Strategic Objectives: Ensure transformation and regulation of the Construction and Property industries to ensure economic growth and development

Performance indicators and targets:

Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Strategy 1 approved by Minister for publication	No baseline	Annual report published	No progress	Project reprioritised due to budgetary constraints
Develop green building framework document	Draft green building framework developed.	Green building strategy developed and completed	Green building framework approved in October 2011.	



Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Enactment and successful implementation of revised Expropriation Act	Internal approval for the continuation of review of Expropriation Act, 1975	Promulgation of Expropriation Act, 2011	Draft regulatory impact assessment (RIA) developed. Comprehensive presentations made to relevant internal authorities. Expropriation Bill (draft 7) released to DRDLR for comment (February 2012)	The Draft Expropriation Bill still undergoing internal consultation (and consultation with DRDLR)
ASA listed as a public entity in terms of the PFMA	Internal approval of draft business case	Table draft ASA Bill in Parliament	Revised business case routed in november 2011 for internal approval for submission to NT. Business case subsequently withdrawn in January 2012 and currently being further revised to remove regulatory role of ASA	ASA Bill to be drafted after approval of the business case by NT
Review 2 approved by Minister	Internal approval of the discussion document for consultation	Review completed and report submitted to Minister	Review completed	As per the recommendations of the review, an analysis of the options to address challenges in the built environment professions to be finalised in 2012/13
Immovable asset life cycle management guidelines for national and provincial users and custodians covering: <ul style="list-style-type: none"> • Planning • Acquisition; • Management • Maintenance and • Disposal 	No baseline	Guidelines developed and approved	Draft Immovable asset lifecycle management guidelines developed	Policy options and areas of particular concern (identified during interaction with national and provincial custodians and users) require further internal engagement before guidelines can be submitted for approval



Performance indicator	Baseline (actual output) 2010/11	Actual performance against target		Reason for variance
		Target (2011/12)	Actual (2011/12)	
Progress report on development of regulatory framework and rollout plan 1	No baseline	Regulatory framework developed	Detailed analysis undertaken of most appropriate approach to extend the principles of GIAMA to Local Government	The project has not progressed as envisaged and will be revitalised through further interaction with DCoG
Review 2 approved by Minister	No baseline	Review of white papers 100% completed	The review of the white papers could not be completed	Project reprioritised due to budgetary constraints



Chapter 3
Financial Statements
for the year ended 31 March 2012





Part 1

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

ANNUAL FINANCIAL STATEMENTS

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2012.

Audit Risk Management Committee Members and Attendance at 31 March 2012

The Committee consists of the members listed hereunder and meets at least three times per annum as per its approved terms of reference. During the financial year ended 31 March 2012, five meetings were held.

Name of Member	Number of Meetings Attended
1. Ms V Zitumane: Chairperson	5
2. Ms VF Memani-Sedile	4
3. Advocate OC Mabaso	3
4. Commissioner B Seruwe	3
5. Ms N Noxaka	5

The Department had five Audit Committee members in place during the financial year, under the chairmanship of Ms V. Zitumane. All the members are independent and external from the Department.

The Accounting Officer and Executive Management Team do not attend all the Committee meetings and are sometimes not in a position to respond to pertinent questions raised by the Committee in its deliberations. Due to the instability of the Department during the year under review, there has been more than three Acting Director Generals, and this has negatively affected the effectiveness of the institution in dealing with previous audit queries.

The Chief Audit Executive and the Office of the Auditor General for the Department attend all the meetings. Observers from National Treasury and the Ministry's Office of the Department have permanent invitation to the Committee meetings.

Audit and Risk Management Committee Responsibilities

The Committee reports that it has complied with its responsibilities arising from section 38 (1) (a) of the PFMA, and Treasury Regulation 3.1.13. The Committee further reports that it has adopted appropriate formal terms of reference (Audit and Risk Management Committee Charter), and has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

Internal Audit

The Committee is responsible for ensuring that the Department's Internal Audit function is independent and has the necessary resources, standing and authority within the Department to enable it to discharge its duties. The Committee considered and approved the Internal Audit Charter, the Internal Audit Annual Audit Plan and Three Year Strategic Plan. Internal Audit reports administratively to the Accounting Officer and functionally to this Committee and is responsible for reviewing and providing assurance on the adequacy of the internal control environment across all of the Department's operations. The Chief Audit Executive has direct access to the Committee, primarily through the Chairperson.

The effectiveness of Internal Control

During the year under review, risk assessment was conducted and the strategic risks were presented to the Committee and adopted by Management. The Committee however, noticed that the risk structures were not



functioning optimally and urged Management to commit fully to Risk Management Processes which would result in improved controls and governance. Risk Management was therefore prioritised by the Committee and was made a standing agenda item for the meetings to ensure proper monitoring.

From the various reports submitted by the Department's Internal Audit and Investigations, there are clear indications that the systems of internal control were not fully effective. Lack of business processes and compliance to policies and procedures was a major concern as well as inadequate action by the Department to deal decisively with those who were not complying. This non-compliance culture resulted amongst others in high irregular expenditure by the Department and ineffective Leasing management. The Committee commissioned the assessment of the whole information communication technology (ICT) environment as it is critical in supporting the Department to achieve its objectives effectively. The Committee has consistently reminded Management about the need for improved control and governance systems, as well as compliance to the legislation, policies and procedures. The emphasis was further on ensuring accountability by incorporating some governance responsibilities in Senior Management's performance contracts.

The Committee has noted and reviewed the action plan developed by the Department to address the previous year's negative disclaimer opinion by the Auditor General. The action plan was made a standing agenda item for the Committee to monitor implementation thereof. The Committee was however not satisfied with the slow progress made. Internal Audit can provide independent reasonable assurance to the Committee as to whether management is indeed implementing corrective action as reflected in the plan; therefore it should perform regular follow-up to assist the Committee to play its monitoring role effectively. This should be factored in their annual plan.

The Committee has noted the frequent changes in leadership and numerous acting positions especially at Executive Management levels. This instability and lack of continuity contributed negatively to the performance of the Department. The Committee welcomes initiatives by the new Leadership to turnaround the Department which we believe will bring about stability, an improved audit report and consequently clean administration.

The Committee has noted progress in the area of Asset Investment Management which is a key function of the Department. External resources have been mobilised to assist the Department and the Committee emphasised sustainability and skills transfer. We believe the outcome will be a credible Immovable Asset Register.

Inadequate capacity across the Department and specifically in the CFO's office and Internal Audit is of great concern to the Committee. Management should give this matter serious attention if it needs to achieve better audit results as well as improved organisational performance. The Committee however, acknowledges the steps the Department has already initiated in addressing the matter.

Property Management Trading Entity (PMTE) has been a matter of serious concern for the Committee during the year under review as well as prior years. Lack of Financial systems on this entity to produce GAAP compliant Financial Statements and approved policies and procedures will continue to result in a negative audit opinion every year. A decision needs to be taken by the leadership in consultation with National Treasury on what form should this PMTE take and finality be reached as a matter of priority to avoid a perpetual negative audit opinion. The Committee however has noted the initiative taken by the Department to address this burning issue and engagements with relevant stakeholders that are at an advanced stage.

The Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the Department during the year under review. The Committee emphasised proper planning and monitoring to avoid over or under expenditure of the budget.

Evaluation of Annual Financial Statements

The Audit and Risk Management Committee has reviewed the Annual Financial Statements before submission to Accounting Officer and Auditor General South Africa. The Committee emphasised the importance of completing the financials on time and allowing the quality review thereof by the Department's Internal Audit before submission to the Committee in reasonable time to allow for proper preparation.

The Audit and Risk Management Committee has

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor General and the Accounting Officer,
- Reviewed the Auditor General's management letter and management's response thereto,
- Reviewed changes in accounting policies and practices, and
- Reviewed significant adjustments resulting from the audit.

The Audit and Risk Management Committee concurs and accepts the Auditor General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor General.

The Committee has however, raised its concern about the disclaimer that the Department has received for both DPW and PMTE. The Committee has advised the Department to have a robust action plan in place to address the current weaknesses as identified. It is envisaged that the turnaround strategy that the Department has developed and is in the process of implementing; will adequately address the current status of affairs in the Department regarding the systems of internal control, governance and risk management processes.



V. ZITUMANE

Chairperson of the Audit and Risk Management Committee

31 March 2012



Report by the Accounting officer

General Review of the State of financial affairs

The Department is configured across five (5) programmes comprising: Administration, Immovable Asset Management, EPWP, Property and Construction Industry Policy Regulation, Auxiliary and Associated Services, for which a total adjusted budget of R7.830 billion was allocated during the 2011/12 financial year

(a) Important policy decisions & strategic issues facing the Department

Immovable Asset Management

For the year under review the Asset Register Enhancement Project remained a priority. A budget of R30 million was allocated to build capacity for the project.

In giving effect to GIAMA legislation towards efficient asset management, portfolio strategies for all user Departments were completed resulting in the first Custodian Asset Management Plan (CAMP) being produced for national government. This will provide impetus into planning and budgeting for immovable assets.

Eleven (11) buildings were successfully upgraded through the Rehabilitation Programme, contributing to an improvement in the conditions and utilization of immovable assets within DPW's portfolio. The Department further prioritised hundred and ten (110) buildings over the construction cycle to be made accessible for people with disabilities. With the budget allocation of R25 million, approximately 51 buildings were completed in the year under review.

The Department contributed towards the state energy efficiency programme and achieved a reduction in energy consumption by retrofitting 71 state-owned buildings, in collaboration with the Independent Development Trust (IDT).

Projects and Professional Services

DPW is responsible for the implementation of no fewer than 6,000 capital and maintenance projects on behalf of national government Departments. In the execution of projects, 141 pieces of legislation impact on the implementation of projects, with the National Environmental Management Act (NEMA) having a significant impact.

In accordance with the Act all developments must comply with the Environmental Management Regulations necessitating the Department to employ additional capacity in the form of environmental practitioners. This is an additional cost and time requirement for the Department considering the number of projects that the Department implements per year.

The planning and implementation of accommodation programmes was delayed owing to prolonged process for the acquisition of land from private sector, municipalities, parastatals, and traditional leadership (communal land). Furthermore, the implementation of projects required existence of bulk infrastructure services in the form of electricity, water, and sewerage, a challenge for many rural places where these services are mostly required.

The Department of Water Affairs introduced the Green Drop Certification Programme for waste water treatment plants. The Department of Public Works is affected by this process as it operates waste water purification plants within Prisons, Military Bases, as well as police station that are not connected to municipal services. The parameters of compliance are set very high, Public Works would be required to upgrade the entire waste water purification plants in the coming two years, and employ qualified operators to achieve the required level of effluent (green drop).

The approval of the Green Building Framework by the Minister of Public Works in October 2011 increased awareness and DPW's commitment to construct, refurbish and maintain Government immovable assets in an environmentally conscientious manner.

Expanded Public Works Programme

The Expanded Public Works Programme has a target of creating 4,5 million short and on-going work opportunities for poor and unemployed people (over a five year period) so as to contribute to halving unemployment by 2014. Since 2009 at least 2 million work opportunities have been created, 843,459 of which were created in the 2011/12 financial year.

The key purpose of the Expanded Public Works Programme remains to mobilise all spheres of government, as well as the non-State sector to optimise the creation of work opportunities for poor unemployed people of the country.

To ensure that public bodies deliver on the broader mandate, DPW has entered into an agreement with the municipalities to establish an agreed framework for cooperation and coordination between the implementing public bodies. This will confirm the municipalities' agreement and commitment to achieving the targeted number of work opportunities and full-time equivalents. It is significant that 271 out of 278 (97%) municipalities have signed these protocol agreements.

The table below depicts Expanded Public Works Programme (EPWP) performance per sector in 2011/12

Table 3.1 EPWP Incentives

Sector	Targeted work opportunities	Work opportunities reported	% achieved
Infrastructure	440 000	374 591	85%
Environment	200 000	164 475	82%
Social	132 000	164 662	125%
Non-profit organisations	38 400	39 552	103%
Community works	57 600	100 179	174%
TOTAL	868 000	843 459	97%

The table below depicts the number of Protocols signed by municipalities as at 31st March 2012:

Table 3.2 Number of protocols

Province	No of Munis	Munis that have signed	Munis still to sign	% Munis that signed
Eastern Cape	45	45	-	100%
Free State	24	24	-	100%
Gauteng	12	12	-	100%
KwaZulu-Natal	61	56	5	92%
Limpopo	30	30	-	100%
Mpumalanga	21	21	-	100%
Northern Cape	32	32	-	100%
North West	23	23	-	100%
Western Cape	30	28	2	93%
Total	278	271	7	97%

**(b) Comment on significant events that have taken place during the year**

The Minister of Public Works launched the DPW Green Building Framework in December 2011 during COP 17 as a contribution to the Green Economy discourse. In November 2011 DPW hosted the annual Expanded Public Works Programme (EPWP) Municipal Summit. The Summit resolved that EPWP institutional arrangements would be strengthened through the continued formation of Expanded Public Works Programme (EPWP) District Steering Committee's and the development of EPWP municipal policies. The Expanded Public Works Programme (EPWP) incentive grant model was also revised to ensure that especially rural municipalities would have easier access in order to intensify employment-intensive programmes and projects.

(c) Major projects undertaken or completed during the year

- Under the Inner City Regeneration Programme, the master planning of Tshwane commenced through a partnership operation between DPW and the City of Tshwane.
- The SAPS Forensic Laboratory in Parow.
- Extension to the Supreme Court of Appeal (Appellate Division) in Bloemfontein

(d) Spending trends

The financial performance of the Department showed spending of R7.061 billion representing 90% spending of the allocation. Under spending in budget allocation is attributable to unspent funds in capital infrastructure and incentives grant to provinces and municipalities.

A synopsis of the overall Departmental performance is provided in the tables below which show the overall budget and expenditure as well as spending per economic classification.

OVERALL EXPENDITURE ANALYSIS – DPW

Table 3.4: OVERALL EXPENDITURE ANALYSIS – DPW

	2011/12	2010/11
	R'000	R'000
Budget allocation	7,829,744	7,364,797
Actual expenditure	7,061,437	6,615,083
Spending as a percentage	90%	90%
Unspent funds	768,307	749,714
Unspent funds as a percentage	10%	10%

Table 3.5: Spending per economic classification

Economic classification	2011/12				2010/11		
	Final Appropriation	Actual Expenditure	Variance	Exp.	Final Appropriation	Actual Expenditure	Exp.
	R'000	R'000	R'000	%	R'000	R'000	%
Compensation of employees	1,252,469	1,269,579	(17,110)	101%	1,112,717	1,089,693	98%
Goods and services	1,034,900	1,032,905	1,995	100%	883,003	818,595	93%
Interest and rent on land	1,586	1,567	19	99%	8,848	8,848	100%
Transfers and subsidies	4,010,396	3,656,222	354,174	91%	3,788,130	3,302,542	87%
Buildings and other fixed structure	1,436,745	1,011,408	425,337	70%	1,375,982	1,255,873	91%
Machinery and equipment	84,984	81,162	3,822	96%	139,023	82,479	60%
Software and intangible assets	6,639	6,569	70	99%	2,258	2,217	98%
Payment for financial assets	2,025	2,025	-	100%	54,836	54,836	100%
Total	7,829,744	7,061,437	768,307	90%	7,364,797	6,615,083	90%

- **Compensation of employees.** Expenditure for compensation of employees was R1,270 billion which amounted to 101% against the budgeted allocation. The Department has overspent compensation of employees by R17,110 million and overspending is in both programme one and two. The overspending on compensation of employees is classified under unauthorised expenditure.
- **Goods & Services.** Expenditure for goods and services was R1,033 billion and expenditure is equivalent to 100% of the allocation. Programme two is overspending on goods and services and this is due to energy



efficiency project where funding was not sufficient to cover the commitment. The overspending of goods and services is classified under unauthorised expenditure.

- **Transfers and subsidies.** Expenditure under transfers and subsidies for the year end is R3,656 billion and expenditure is equivalent to 91% of the total allocation. Underspending in transfers and subsidies relates to fund budgeted for the Expanded Public Works Programme (EPWP) incentives to provinces and municipalities not being fully spent. Programme four is overspending on transfers and subsidies and overspending is classified under unauthorised expenditure.
- **Payments for capital assets: Capital infrastructure.** Expenditure for infrastructure is R1,011 billion and expenditure is equivalent to 70% of the total allocation. Under-spending in infrastructure is equal to R425 million.
- **Payments for capital assets: Machinery and equipment.** Expenditure under machinery and equipment (including software) is R87,7 million and expenditure is equivalent to 96% of the total allocation. Under-spending in machinery and equipment is equal to R3,9 million.

Virement

Virement was made as follows for the programmes:

Table 3.6: Virement for 2011/12

	P1	P2	P3	P4	P5	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	- -	9,997	(7,205)	(2,792)	- -	--
Goods and services	18,716	44,793	(48,094)	- -	(215)	15,200
Interest and rent	- -	- -	- -	- -	- -	--
Transfers and subsidies	- -	- -	- -	- -	- -	--
Capital assets	22,898	(38,707)	609	- -	- -	(15,200)
Financial assets	- -	- -	- -	- -	- -	--
Total	41,614	16,083	(54,690)	(2,792)	(215)	--

- Programme one was increased by R41,614 million from programme two and three to offset over spending on goods and services and payment for capital assets.
- Programme two was increased by R16,083 million to offset current payments (compensation of employees and goods and services). The amount of R16,083 million is the net effect of R51,998 million virement of current payments from programme three, R2,792 million for compensation of employees from programme three, and R23,508 million to programme one and three for machinery and equipment. The virement also includes an amount of R15,200 million approved by Treasury to move funds from payment for capital asset to goods and services.
- Programme three was reduced by the net effect of R54,690 million to offset goods and services in programme one and Two, The R54,690 million is the net effect of current payment of R55,2 million to programme one and two and R609,000 from programme two machinery and equipment.
- Programme four was reduced R2,792 million for compensation of employees to programme two.
- Programme five was reduced by R215,000 to offset overspending of goods and services in programme two.

The shortfalls in the respective programme were as a result of the following;

Programme one: High expenditure in goods and services was as a result of increase in costs for computer services, relocation costs to CGO Building, review of the Information System unit. High expenditure in payments for capital assets was as the result of implementation of the latest Microsoft programme and payment for new computers and furniture.

Programme two: High expenditure in under goods and services was as a result of payments relating to energy efficiency project and for compensation of employees high expenditure was due to additional filling of posts under Asset Investment Management, Projects and Operations management.

Programme three: Over spending in machinery and equipment under programme three was due to high expenditure under capital assets procured for implementation of Expanded Public Works Programme (EPWP) Phase two.

Capacity Constraints

Resource constraints and inadequate capacity in the Departments' key service delivery programmes, *inter alia* Professional Services, Asset Management, Projects and Professional Services, Finance and SCM, Property Management and Internal Audit hampered performance. This has resulted in the Department functioning with a number of officials acting in key positions which had an impact on continuity and accountability. The Department will fast-track the finalization of the pending disciplinary cases and the filling of critical positions at top management level. Already a dedicated Key Accounts Management and Property Management structure was established

The Department competes with the private sector and other infrastructure related government Departments for the already limited skills in both the property and construction industries. Although the implementation of the Occupation Specific Dispensation (OSD) has impacted on retention of technical skills, the Department continues to experience challenges in the recruitment in the scarce skills categories. The Department has continued with the implementation of the skills and graduate recruitment programmes aligned to the skills requirements of the Department.

Owing to limited funds the Department has maintained high vacancy rate over the years. Whilst significant strides have been made through the implementation of the recruitment drive, the Department's vacancy rate remains above the acceptable norm due to a number of unfunded vacancies. The Department shall as part of the turn-around strategy, embark on an organizational redesign programme with the view of redirecting, refocusing and prioritization of certain positions.

During the period under review the Department embarked on a recruitment drive of One thousand two hundred and eighty six (1,286) made up of new appointments, promotions and transfers into the Department.

In an effort to nurture the skills pipeline the Department appointed six hundred and fourteen (614) trainees in the various skills and graduate recruitment programmes.

Trading Entities and Public Entities

Property Management Trading Entity

The Property Management Trading Account (PMTE) has its origins in the devolution of budget and the introduction of accommodation charges.

The purpose was to ensure the long term sustainability of the Department and the immovable assets it manages, within the requirement of the Public Finance Management Act (PFMA) to reflect the full cost of a service on the budget of a user. During 2006, the Department devolved its maintenance budget to the clients 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 clients as users of the accommodation.



Revenue and expenses

The Department is still operating the entity without the relevant financial systems that are critical for enabling compliance with the Generally Accepted Accounting Principles (GAAP). Although compliance was not maintained throughout the year, at the time of compiling the financial statements significant measures had been put in place to enable improved reporting. Unfortunately the concerted efforts put in place did not yield positive results as some of the opening balances could not be adequately substantiated due to previous incorrect data in the system. The other challenge related to technical GAAP compliance issues of discounting payables and debtors which could not be fully achieved without a proper system and information from previous years.

Table 3.6: Statement of Comprehensive Income

	2011/12 R'000	2010/11 R'000
Revenue	7,115,139	5,051,663
Operating Expenses	(6,837,626)	(4,863,057)
Surplus for the year	277,513	188,606

Revenue is generated from the leasing of state owned, private leases, government grants and management fees. The revenue has increased by 41% compared to the previous year as a result of reclassification of capital expenditure and normal price escalations in terms of lease agreements. The finance unit has put in place intervention strategy that has improved revenue management which resulted in a surplus. The deficit in the previous financial year has been reversed due to restatements of prior period errors.

The entity currently runs on an overdraft. The overdraft is caused by timing difference between the date that the entity pays and the date that it recovers from client department. Currently the entity pays on behalf of client department for municipal services and major projects and recovers the costs plus 5% management fee, only in the case of municipal services, from client department. On average it takes about 90 days between the date the entity incur the expenditure and the date that client departments pay.

The business case of the entity has not been finalised and the entity is operating in the manner in which the department was operating prior to devolution of funds to client departments. The deficit will be addressed once the business case is finalised.

Leasing of state owned accommodation

Different tariffs are used for different facility types. The average tariff is R11.35 per square meter which represents about 20% of the full cost of ownership of these facilities. This amount is increased by 15% on an annual basis and should reach the level of self-sustainability by 2017.

Management fees

A 5% management fee is charged on all invoices paid and claimed from client Departments for municipal services.

Department of Public Works – Vote 7

An amount of R630.189 million was transferred to the PMTE to augment the revenue received from the Department.

Sale of tender documents

The Department charges varying fees for the sale of tender documents to bidders. The purpose of the fees is basically to recover the costs of the print material. The structure of the fees is determined by the National Treasury. The entity does not offer any free service. All activities are done in line with the mandate of the Department.

Public Entities

The Construction Industry Development Board (CIDB)

The main objective of the board is to provide strategic direction for sustainable growth, reform and improvement of the construction sector and its role in the economy. It seeks to promote an enabling regulatory and development framework for effective infrastructure delivery, improved industry performance, sustainable growth and transformation. CIDB was established in terms of Act No.38 of 2000. During the year under review the total allocated amount of R 65,959 million was transferred to the Public Entity. The budget allocation was based on a comprehensive business plan submitted by the entity.

The Council for the Built Environment (CBE)

CBE's main role is to oversee the six built environment professional councils who regulate the professions of Architects, Engineers, Landscape Architects, Quantity Surveyors, Project and Construction Managers as well as Property Valuers. CBE was established in terms of Act No.43 of 2000. During the year under review the total allocated amount of R28,659 million was transferred to the Public Entity. The budget allocation was based on a comprehensive business plan submitted by the entity.

Agrément South Africa

Agrément S.A was established by the Minister of Public Works in 1969 as an independent organization to bring impartial judgment to the evaluation of innovative construction products and systems in the interest of the consumer.

Its purpose is to support and promote the process of socio-economic development in South Africa as it relates to the construction industry by facilitating the introduction, application and utilization of satisfactory innovation and technology development in a manner which will add value to the process and by so doing, enhance the entity's position as the internationally acknowledged and objective South African centre for the assessment and certification of non-standardised construction products.

During the year under review the Department transferred R 9.431 million to the entity as financial assistance to their operations. The budget allocation was based on a comprehensive business plan submitted by the entity. This amount will continue to be budgeted for under the goods and services budget until the entity is fully recognized through the PFMA.

The Independent Development Trust (IDT)

The IDT was established in 1990 as an independent, temporary grant-making agency with a R2 billion government grant. In March 1997 Cabinet endorsed a recommendation on the redefinition of the role of the IDT: *"The IDT must be transformed into a government development agency that will implement projects which are commissioned by government Departments. It must cease to be a civil society organization, an independent agency or a funding agency"*. Hence the Deed of Trust was amended in 1998. The trust has been listed as a schedule 2 Public Entity since 1998/99.

An amount of R154,370 million was transferred to IDT for the non-state sector wage incentive grant.

As reported in the previous financial year, the entity required urgent recapitalization to ensure ongoing operations and sustainability. As part of this recapitalization, an amount of R150 million was transferred to the entity during the year under review.

Parliamentary Villages Board

Parliamentary Villages Management Board Act of 1998 established the Board. The Act commenced on the 2 November 1998. The purpose of the Act is to provide for the establishment, functions and funds of the Parliamentary Villages Management Board and to provide for matters connected therewith.



In accordance with the purpose of the act, an amount of R7,401 million was transferred to the board during the period under review. The Department provided support in terms of transport from and to the parliamentary villages for Members of Parliament and sessional officials.

The Sector Education Training Authority

Sector Education and Training Authorities aim to influence training and skills development throughout the industries. An amount of R278,000 was transferred to the relevant Sector Education and Training Authority for the purpose of training and skills development in the construction industry.

Public Private Partnerships (PPP)

The National Department of Transport appointed Phakisa World as a PPP Fleet Service Provider to respective Government Departments. The PPP Contract expired on 30 November 2011 but was extended for an additional 2 years until 31 October 2013. The amount spent by the Department on a PPP Contract for 2011/2012 financial year is R37,3 million.

Corporate Governance Arrangements

Risk Management

The Risk Management Policy (approved in 2009) declares the Department's commitment to risk management. Of importance, the resultant strategy which has been approved for implementation, articulates high level plans of action to be taken to improve the Department's risk profile have been developed and approved for implementation. The strategy involves regular risk assessments, reporting to Audit and Risk Management Committee and upkeep of Departmental risk registers. An internal Risk Management Committee has been established to act as an oversight structure and monitor the Department's performance with regards to risk management

Audit and Risk Management Committee (ARMC)

The Department has an Audit and Risk Management Committee in place which performs its oversight role as articulated in its Charter. Meetings were held during the year under review where the following issues were discussed amongst others –

- Internal Audit Reports
- Investigation Reports
- Strategic Risks of the Department
- Financial Performance

The Committee provided advice to the Department regarding the improvement of controls, risks and governance issues which would contribute towards a clean audit.

Fraud Awareness and Investigation Services (FAIS)

DPW Fraud Prevention Plan recognizes basic fraud and corruption measures, which are already in place within DPW. Furthermore, it identifies fraud and corruption risks that must be addressed and which could jeopardies the successful implementation of the strategy and achievement of the DPW goals.

The Strategy is rolled out across the DPW mainly via the fraud awareness workshops that are aimed at:

- encouraging a culture within DPW where all employees continue to behave ethically in their dealings with the public and other stakeholders;
- improving accountability, efficiency and effective administration within DPW;

- improving the application of systems, policies, procedures and regulations; and
- encouraging all employees to strive towards the prevention and detection of fraud and corruption.

There has been a significant improvement in the number of cases reported for investigations within DPW, which can largely be attributed to the effectiveness of the roll-out of the Fraud Prevention Plan.

The Department conducted investigations on the reported allegations of fraud and corruption, it was however not possible to investigate all matters reported for the fiscal year due to capacity issues. As an interim measure three (3) external service providers were appointed to deal with the backlog as well as the current cases being reported.

Internal Audit and Computer Audits

The Department has an Internal Audit function in place which is responsible for providing assurance on the effectiveness of Governance, Internal Controls and Risk Management processes.

The unit developed risk based audit plans which were executed and presented to DPW management and the Audit and Risk Management Committee. Although the plan could not be fully executed, the reports presented provided the Department with recommendations on areas where shortcomings were identified for corrective action to be taken to improve controls and operations.

The Department is addressing capacity issues within Internal Audit and an IT Audit Manager was appointed. Furthermore areas around the IT environment (systems) were reviewed and recommendations for improvements were provided to management.

Two Audit Manager positions were also added as part of capacitating the unit. .

Implementation of a code of conduct, and safety, health and environmental issues facing the organisation:

Code of conduct

- Developed by the Public Service Commission (PSC), the code is applicable for the entire public service
- The DPW uses the code of conduct as applied
- The code is regularly reprinted for distribution to all employees in the Department
- Currently the PSC is in the process of reviewing the code

Implementation of Occupational Health & Safety Act, 85 of 1993 - Compliance on State & Leased buildings:

Unavailability of the certificates of compliance for the following:-

- Electrical certificates of compliance for all installations
- Certificates of compliance for mechanical equipment(Lifts, Boilers, Incinerators, stand-by generators, Fire equipment system)
- Requirements on accessibility as indicated on the building regulation.
- Certificate of Occupancy prior to occupation to the building.

Projects:

- Failure to comply with the construction regulation in all Projects.
- Non-compliance on completed accessibility projects



- Timeous reporting of incidents occurring at the construction sites.
- Not being notified of current running projects
- Outsourcing of Occupational Health and Safety Function to Agents

Other Facilities:

- Non-compliance of sewage plants as per the Water Act and National environmental Management Act.
- Lack of risk assessment for the facility and medical surveillance on plant operators.
- Non-compliance on water reticulation plants.

Asset Management

Immovable Assets

(a) Provide reasons if all assets have not been captured in the asset register

The Department has captured all known immovable assets in the electronic asset register (Property Management Information System – PMIS) since 1995. Furthermore the Department announced the Amnesty Initiative (Operation Bring Back) in February 2011 to encourage members of the public to come forward and declare state immovable assets that are presumed to be unaccounted for to update the asset registers of all State custodians including State Owned Enterprises (SOEs).

(b) Reasons why compliance with the minimum requirements have not been achieved and date when this is expected to be achieved.

The immovable asset register requires continues enhancement to keep real time data on immovable assts. Reconciliation of information fields with relevant data sources by the previous immovable asset register enhancement programmes did not focus on all minimum requirements. Currently, the Department has commenced with the immovable asset register enhancement project to ensure compliance to minimum requirements, GRAP, PFMA, GIAMA, NT Sector Specific Guide, NT Chapter 9 – accounting for capital assets as well as management assertions on existence, completeness, rights and obligations, accuracy, valuation and allocation, presentation and disclosure. The project is envisaged to end on 31 March 2014.

(c) Reasons why compliance with the Asset Management Reforms (AMR) milestones has not been achieved and date when this is expected to be achieved.

Previous Immovable Asset Register Enhancement Programmes by the Department focused on specific immovable assets and identified information fields. The emphasis was mainly on property information and not on meeting financial accounting requirements for a compliant immovable asset register..

(d) Indicate the problems being experienced regarding the asset management reform

The Department did not have an efficient and effective operating model to manage the immovable asset register, resulting in the establishment of the Asset Register Management Unit in 2009. The Operating Model for Immovable Asset Register is currently being reviewed to ensure adequate capacity, systems and business processes.

Movable Assets

The movable assets of the Department are managed through the LOGIS asset register. Major strides have been made in ensuring that assets are correctly captured in the register. Physical verification for all the movable assets was conducted during the year and the asset register was updated accordingly. However the recent relocation of head office to its new buildings has resulted in the assets not being updated timeously. As reported in the previous financial year, the movable assets policy was approved and implemented during the year under review.

Attention has been given to increasing capacity for the function. The organizational structure for movable asset management was approved in the previous year and implemented in the current financial year.

Information on Predetermined Objectives

The 2011/12 Strategic Plan was tabled by DPW in Parliament on 04 April 2011, followed by a detailed Business Plan. The Strategic Plan is aligned to three (3) Sector Outcomes as the Performance Agreement of the Minister of Public Works. The Strategic Plan is used as a basis for evaluating performance on per-determined objectives on a quarterly basis.

Performance information aligned to the strategic and business plans is reported on a quarterly basis by reporting branches and business units. Any delays would compromise compliance on reporting requirements and create delays in reporting to Oversight Committees.

The quarterly reports were collated and analyzed manually. The M&E unit with the assistance of Chief Directorate Information Services is in the process of acquiring a Strategic Performance Monitoring System (SPM). The business case for the system was developed.

Standing Committee on Public Accounts (SCOPA) Resolutions

FINDINGS	SUBJECT	PROGRESS
<p>The Department did not provide sufficient and appropriate audit evidence to confirm the completeness, existence, rights, valuation and allocation of properties recorded Scopa Resolutions: DPW in the immovable asset register of the Department stated at R3 498 747 000 in note 34 to the financial statements;</p>	<p>Immovable Tangible Capital Assets</p>	<p>DPW appointed a Programme Manager for the enhancement of the immovable asset register. The reconciliation is complete. We are currently addressing identified discrepancies largely relating to the devolved properties.</p>
<p>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</p>		<p>A desktop team has been set up to deal with the master file desktop processing i.e. updating the Aktex/ Title Deeds information to address the Accuracy of the IAR.</p>
<p>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.</p>		<p>The team leaders are currently validating the information captured. Discrepancies are cleared as and when identified. Meetings with the AG and OAG are being held to ensure transparency of the IAR process & ensure uniform valuation and capitalization of expenses. A valuation methodology is currently being reviewed to comply with chapter 9 of the National Treasury Reporting Framework.</p>



FINDINGS	SUBJECT	PROGRESS
<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>	<p>Irregular and Other Expenditure</p>	<p>The Department commenced in February to impress upon Regions to report all deviations and awards. The first report was submitted to the acting DG in March. All regional offices, Head Office chief user clerks, Finance and SCM officials have been workshopped on irregular expenditure policy during the months of February and March 2012.</p>
<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>		<p>As from April 2012 all deviations to be reported to National Treasury will be signed off by the acting DG before submission to NT. The report March 2012 report will form part of the monthly reports to the Executive Authority. We have reported all Regions which did not report deviations to the Chief Operations Officer for disciplinary processes to commence. Some of the cases have been submitted for further investigation by Internal Audit.</p> <p>DDGs will have to take responsibility for any irregular expenditure or deviation originated in their areas. This means they must take full accountability for the procurement plans submitted and ensure that there is proper planning for procurement to be done on time. They must begin to question reasons for delays in the SCM processes as affects them meeting their targets.</p>

FINDINGS	SUBJECT	PROGRESS
<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>We have updated the SCM policy with all the circulars that have been issues by National Treasury and internal instructions.</p> <p>The policy will be submitted to the acting DG for approval by the 08 May 2012 to enable finalization and approval before the second month of the new financial year.</p> <p>A separate submission for the overhaul of the SCM is under discussion. As part of the turnaround strategy of the Department, this area will receive intense attention as it has contributed immensely to the reported irregular expenditure in the Department.</p> <p>The Department has requested the SIU to confirm all batches and files in their possession. Same will be submitted to the AG during the month of May 2012.</p>
		<p>The Department is considering enhancing the structure of the Unit to ensure that it is adequately and appropriately resourced. Recruitment process for some of the approved proposed position is underway. Appropriate proposed structure for the unit still under consideration.</p> <p>The service provider is assisting in some instances as a short term measure.</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>



FINDINGS	SUBJECT	PROGRESS
Audit evidence could not be obtained for the restatement of the comparative for operating leases of R115 039 000;	Lease Commitments	We have already obtained all the source documents required for the comparative and current figures. The restatements will be done during the preparation of the 2012 AFS.
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;		We have already received all supporting documents with regard to operating leases from all regional offices. The opening balances are being adjusted to reconcile to the source documents.
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.		Training with Regional Offices has been conducted. We have scheduled teams to assist Regions that are not coping. The registers will be validated at Head Office before submission to AG. Where serious challenges are experienced the matters will be escalated to the COO and Accounting Officer on time.
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;	Contingent Liabilities	Training was undertaken with the legal services managers. All the cases have been assessed by legal service, however, we are still validating and confirming the outcome of the assessment. At this stage we are confident that by the time we finalize the Annual Financial Statements the process would be complete. We have also impressed upon the legal services team that the assessments must be done quarterly in the new financial year.
Contingent liabilities were understated by R3 636 000 due to unconfirmed inter-Departmental balances not being included in disclosure note 20 to the financial statements.		We are working closely with the PMTE to clear claims and accruals between PMTE and DPW. The CFO will check all information before the end of April 2012.

FINDINGS	SUBJECT	PROGRESS
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	Public-Private Partnership	The disclosure note will be included with the comparative figures before mid-May 2012.
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;		We have compiled schedules of all lease commitments of the Department. We have also realized that DPW is responsible for other Departments where the accommodation budgets were never devolved. The list will be corroborated with the PMTE to ensure completeness.
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.		The compiled list will support completeness of information.

SCOPA Resolutions: PMTE

FINDINGS	SUBJECT	PROGRESS
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	<p>We are continuing to workshop all the Regions and Head Office on the irregular expenditure Policy and procedures.</p> <p>Information Systems unit is currently developing a system that will improve reporting of deviations that may lead to irregular expenditure.</p> <p>At this stage completeness is still a challenge as it has been proven that not all the Regions are reporting to Head Office.</p> <p>We are in the process of appointing compliance officials in the Regions who will conduct quality control before payments are made.</p> <p>We anticipate having these units in all Regions by end of May 2013.</p>



FINDINGS	SUBJECT	PROGRESS
<p>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.</p>		<p>Reporting on deviations has now been made compulsory irrespective of the amount. We have a monthly report which shows all tenders awarded. The compliance units will scrutinize the trends and report anomalies. The project of cleaning the supplier database will reduce the number of non-compliance on the sourcing of three quotations. Stringent measures have been put in place since March 2012.</p>
		<p>From March 2012 deviations, irregular expenditure and fruitless expenditure will form part of the monthly reports to the Executive authority.</p> <p>Delegations for approving Variation orders have already been centralized to the Accounting Officer.</p>
		<p>The revised policy is being submitted for management review and approval. The implementation of compliance and inspectorate units will further strengthen controls. Managers will be subjected to training on the SCM before the end of the second quarter to ensure that they understand the consequences of their decisions.</p>
		<p>The Department is considering enhancing the structure of the Unit to ensure that it is adequately and appropriately resourced.</p> <p>Recruitment process for some of the approved proposed position is underway.</p> <p>Appropriate proposed structure for the unit still under consideration. The service provider is assisting in some instances as a short term measure.</p>
		<p>The policy has been approved. We have commenced with the process of appointing a service provider to assist with the rolling out of a new approved filing systems to the Region that should be completed by 30 November 2013 There is also a task team which is exploring comprehensive records management system. This team will produce a comprehensive report by end of May 2012.</p>

FINDINGS	SUBJECT	PROGRESS
<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>The Department did not produce the report monthly as expected. However, since November 2011, the reporting to National Treasury was done monthly.</p> <p>There current comprehensive project of cleaning the asset register and achieving completeness, rights and obligations on properties and land will also provide credible report of unutilized buildings. This information will then be used to make informed decisions the future use of some of the properties. At this stage we are on a small scale acting on those that are brought to our attention or identified by ourselves.</p>
<p>The Auditor-General reported that the entity did not apply the principles contained in SA Statements of GAAP, IAS 39 (AC 133) <i>Financial Instruments: Recognition and Measurement</i> 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>	<p>Bank Overdraft</p>	<p>The Department is currently reviewing the form, structure and accounting requirements of the entity. In the interim contract workers will be employed to increase capacity within the entity.</p> <p>We have scheduled a team that will be assisting the CFO to review both sets of Financial Statements for DPW and PMTE. The team includes seconded trainees from the National Treasury. This approach will eliminate some of the challenges experienced in the previous financial year.</p>
<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>	<p>Other Commitments</p>	<p>We have already engaged project managers to return all files to the registry sections as evidence to the information on the systems is in most cases in hard copies in the files.</p> <p>The current task team assigned to look at best practice for filing will develop systems that will track missing files from Registry. Security will also be improved to safeguard the files. The project should commence before the end of the third quarter of the new financial year.</p> <p>The newly developed records management policy and procedures are very explicit on roles and responsibilities for records management. The approved file plan will also enable easy retrieval of files.</p>



FINDINGS	SUBJECT	PROGRESS
<p>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;</p>	<p>Contingent Liabilities</p>	<p>Training was undertaken with the legal services managers. All the cases have been assessed by legal services however; we are still validating and confirming the outcome of the assessment. At this stage we are confident that by the time we finalize the Annual Financial Statements the process would be complete. We have also impressed upon the legal services team that the assessments must be done quarterly in the new financial year</p>
<p>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.</p>		<p>The team has started to separate the PMTE cases from DPW. Legal service has also been assisted to understand the separation of cases according to the two entities. The list will be reviewed by the CFO before submission to AG. Any adjustment to the opening balances will be fully motivated.</p>

FINDINGS	SUBJECT	PROGRESS
<p>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.</p>	<p>Operating Lease Commitments</p>	<p>We have scheduled a team that will be assisting the CFO to review both sets of Financial Statements for DPW and PMTE. The challenges of the corrupt information captured in the Property Management system will continue to impact on the correctness of information included in the AFS.</p> <p>The Department will only be able to recruit contract workers in April as the compensation of employees budget did allow creation of additional posts. Employment agencies will be used to facilitate getting qualified personnel. This will also alleviate the burden on the compensation budget as employment agencies can be paid from the goods and services budgets.</p> <hr/> <p>We have scheduled a team that will be assisting the CFO to review both sets of Financial Statements for DPW and PMTE. The challenges of the corrupt information captured in the Property Management system will continue to impact on the correctness of information included in the AFS.</p> <p>The Department will only be able to recruit contract workers in April as the compensation of employees budget did allow creation of additional posts. Employment agencies will be used to facilitate getting qualified personnel. This will also alleviate the burden on the compensation budget as employment agencies can be paid from the goods and services budgets.</p>



FINDINGS	SUBJECT	PROGRESS
<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>	<p>Related Parties</p>	<p>The matter will not be adequately resolved for the reporting period 2011/12 as the shortcoming resulting from lack of an accounting system are not yet resolved.</p> <p>The process of acquiring a system is already in place. The tender for the acquisition of a system will close mid April 2012. It is anticipated the acquisition will be finalized by Mid May 2012.</p> <p>The team assembled for the quality control of the AFS will check all the comparatives and ensure that supporting documents are attached.</p> <p>The team will start from mid April to review the previous year's restated figures.</p> <p>There is significant work in progress on this matter. The related party challenges will be fully resolved once all the receivables are fully reconciled. At this stage we are still finalizing the reconciliations of the related parties.</p> <p>The register is in place for client Departments. The challenge is currently the fact that as long as the receivable accounts are not completely reconciled the related parties will remain a challenge. The reconciliation of the Private leases is not yet completed as some of the contracts are not available. There is a concerted effort from the finance team finalize the reconciliation and enter into discussions with National Treasury to write off the old outstanding balances before migration to the new financial accounting system</p>
<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>	<p>Restatement of Comparative Amount</p>	<p>The team assembled for the quality control of the AFS will check all the comparatives and ensure that supporting documents are attached.</p> <p>The team will start from mid-April to review the previous year's restated figures.</p> <p>The team assembled for the quality control of the AFS will check all the comparatives and ensure that supporting documents are attached.</p> <p>The team will start from mid-April to review the previous year's restated figures.</p>

FINDINGS	SUBJECT	PROGRESS
<p>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.</p>	<p>Investigations</p>	<p>The investigation has been finalised and report to be issued before end of March 2012.</p>
<p>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.</p>		<p>Three investigations on leasing to be handed over to be SIU in terms of their mandate as stipulated in Proclamation of 38 of 2010. The scheduled meeting to hand over the reports was postponed and now being re-scheduled. Investigation on Irregular awarding of tender and incapacity of contractor to fulfill his duties has been completed and report issued.</p>
<p>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.</p>		<p>Matter with Special Investigations Unit (SIU)</p>
<p>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>		<p>Matter with SIU</p>

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Prior Modifications to Audit Reports

Prior qualifications to the audit report: DPW

No	Nature of qualification	FY in which it first arose	Progress made in clearing/ resolving the matter
1	<p><u>Immovable assets</u></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>	2008/2009	The Department has appointed Ernst & Young to assist with immovable assets.
2	<p><u>Irregular Expenditure</u></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>	2009/2010	<p>The policy on irregular expenditure has been reviewed to address all shortcomings identified. Officials have been trained on identifying irregular expenditure. The Department has embarked on a project to check all payments processed from financial year 2009/10 to 2011/2012. It is anticipated that the project will be completed and submitted to the Auditor-General together with the annual financial statements.</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 and it is anticipated all regions will be fully capacitated in June 2012. The unit is also performing post-audit for payments processed.</p>
3	<p><u>Other expenditure</u></p> <p>Unable to obtain audit evidence for expenditure for expenditure transactions with an estimated value of R154 648 753.</p>	2010/2011	All supporting documents are available and will be provided to the AG. The information was provided to the AGSA by the SIU.

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No	Nature of qualification	FY in which it first arose	Progress made in clearing/ resolving the matter
4	<p><u>Lease commitments</u></p> <p>The Department erroneously did not include operating lease commitments in the prior year financial years</p> <p>Information Technology (IT) finance leases entered into in April 2009 were not included in the finance lease commitments during the prior year</p>	2010/2011	<p>Documents have been obtained from all regional offices and will be submitted to the AG together with the annual financial statements.</p> <p>Documents have been made available and will be submitted to the AG together with the annual financial statements.</p>
5	<p><u>Contingent liabilities</u></p> <p>Claims against the Department were not included in the contingent liabilities disclosed.</p> <p>Unconfirmed balances were not included in disclosure note 20 to the financial statements</p>	2010/2011	<p>Finance, legal service and support team officials will review the litigation report and assess the merit of each case and provide most likely amount to be paid as per the financial statement disclosure notes .All schedules will be signed off and supporting documents will be made available to AG on the submission date of Annual financial statement.</p> <p>Annexure 5 will be completed as per received confirmation letters as at 31/03/2012</p>
6	<p><u>Public-private partnership</u></p> <p>Neither lease expenditure nor lease commitments have been included in the disclosure note.</p>	2010/2011	<p>All schedules will be signed by the compiler and the reviewer and functions performed by the compiler and the reviewer are summarized on the financial statement</p> <p>All supporting documents in relation to PPP including the obligation and signed schedules will be properly referenced and made available on the submission of 31 March 2012 financial statement</p>

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Prior qualifications to the audit report: PMTE

No	Nature of qualification	FY in which it first arose	Progress made in clearing/ resolving the matter
1	<p><u>Irregular Expenditure</u></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>		<p>The policy on irregular expenditure has been reviewed to address all shortcomings identified. Officials have been trained on identifying irregular expenditure. The Department has embarked on a project to check all payments processed from the financial year 2009/10 to 2011/2012. It is anticipated that the project will be completed and submitted to the Auditor-General together with the annual financial statements.</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 and it is anticipated all regions will be fully capacitated in June 2012. The unit is also performing post-audit for payments processed.</p>
2	<p><u>Fruitless and wasteful expenditure</u></p> <p>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.</p> <p>The entity 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>		<p>The entity is reviewing the standard lease agreement where Client Departments move after the commencement date.</p> <p>A policy on fruitless expenditure is being reviewed</p>

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No	Nature of qualification	FY in which it first arose	Progress made in clearing/ resolving the matter
3	<p><u>Trade and other receivables</u></p> <p><i>Debtors reconciliations</i> Reconciliations were not done for Claims Recoverable Claims Recoverable PACE Claims Recoverable CA, Disallowances, Accommodation Debtors Private Leases and Municipal Deposits.</p>		<p><u>State Accommodation</u> Reconciliations done.</p> <p><u>PACE:</u> Reconciliations done, however, the unit is still trying to access supporting documents relating to the periods 2006-2008.</p> <p><u>Current Account:</u> Reconciliation not yet completed, validation of information still in progress.</p> <p>Previously the claims were managed by the regions. This process has since been centralized at Head Office to enable better management of source documents.</p> <p><u>Municipal Services:</u> Reconciliations done. Currently resolving queries emanating from disputed properties and corrections are being made on the age analysis. We are busy analyzing the differences between the trial balance and the reconciled figures to ensure that we can account for all the transactions.</p> <p><u>Private Leases:</u> Reconciliations not yet completed. The process of validating information is still in progress.</p> <p>We have changed the billing method for Private leases from estimates to actual to enable improved accuracy and correctness of invoices.</p> <p>We are continuing with one on one meeting with clients to resolve old outstanding balances.</p> <p>The data on the PMIS remains a challenge as the information is not always correct.</p> <ul style="list-style-type: none"> • Monthly reconciliations are conducted on all accounts that are fully reconstructed. • We have addressed the issue of reviewing of reconciliations by management by structuring the directorates to focus on specific items within the receivables and claims recoverable. One Director under the Billing Section is responsible for the Private Leases and PACE, while the other Director is responsible for Municipal Services and CA. • A Debtors management unit has been established. There is now a special attention on debtors management • All these initiatives were implemented during the last quarter of the financial year after all the posts were filled.

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No	Nature of qualification	FY in which it first arose	Progress made in clearing/ resolving the matter
4	<p><i>Provision for Impairment (System)</i></p> <ul style="list-style-type: none"> The impairment provision not in accordance with IAS 39 (AC 133). Due to the lack of an accrual accounting system journals are passed at year-end to account for the movement for the year in "Trade and Other Payables" in the BAS to SA GAAP trail balance for the preparation of the Annual Financial Statements. This entry adjusts the opening balance brought forward from the 2009/10 Annual Financial Statements to the closing balance presented in the 2010/11 Annual Financial Statements. <p><i>Provision for Impairment</i> NO Impairment Policy in place for the period under review.</p> <p><i>Discounting of Accounts Receivable (IFRS 9 Financial Instruments)</i> The assumptions applied for the discount rate and period could not be substantiated to assist us in performing sufficient audit work on the methodology applied.</p>		<p>The Procurement Strategy for the acquisition of an accounting system was approved in December 2011. While there are still ongoing discussions around the form and future of the PMTE, we have gone ahead with the advertisement for the acquisition of a new system. The advert closed on the 24nd April 2012 and is in the process of awarding.</p> <p>The acquisition will not be finalized until the above decision is made.</p> <p>Revenue and receivables policy completed Although it was previously reported that the Policies would be finalized by end January. 5 policies were signed in March after closing gaps that needed to be addressed.</p>
5	<p><u>Revenue</u></p> <ul style="list-style-type: none"> Revenue: Accommodation Charges: State Owned has been understated due to offsetting of "planned maintenance apparently of a capital nature". The "Planned Maintenance of a Capital Nature" offsetting were not capitalised and depreciated over the economic useful life of the improvements. <p>Accordingly this results in an understatement of Property, Plant and Equipment and an unquantified understatement of depreciation for the period on the assets capitalised.</p>		<p>Interaction with National Treasury is ongoing.</p> <p>The discussions with National Treasury on the form and structure of the entity will determine the success in resolving this matter.</p> <p>The Immovable Assets Capital Policy currently under development by Ernst & Young will also assist in resolving this problem.</p>

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No	Nature of qualification	FY in which it first arose	Progress made in clearing/ resolving the matter
6	<p><u>Trade and other payable</u></p> <p>No supporting documentation were provided to verify the movements and adjustments made in the “Advance Account” (which has been included as part of Trade and Other Payables).</p>		<p>We have centralised access to Head Office to enable proper control and monitoring of the transactions. Regions are no longer able to pass transactions without supporting documents.</p> <p>The finance team is currently finalizing the full reconciliation of the account.</p>
7	<p><u>Operating expenses</u></p> <p><i>Amortizations of receivables, payables and bank overdraft (IFRS 9 Financial Instruments)</i></p> <p>The assumptions applied for the discount rate and period could not be substantiated to assist us in performing sufficient audit work on the methodology applied</p> <p><i>Leases</i></p> <p>Incorrect straight lining of leases</p>		<p>Although it was previously reported that the Policies would be finalized by end January. 5 policies were signed in March after closing gaps that needed to be addressed.</p> <p>This remains a challenge as the data is not consistently monitored. The problem is also compounded by the outdated system (PMIS) used by the Department. It was reported previously that the finance team will conduct random checks on the PMIS information. The accounts analyzed have shown that the information is still corrupt and not updated.</p> <p>The Property managers in the Regions are not reviewing information continuously and ensuring that all expired contracts are renewed on time.</p> <p>The problem is also exacerbated by non-cooperation from client Departments.</p> <p>At this stage given the high number of expired lease it will be difficult to address the audit query adequately.</p> <p>Although it was previously reported that the Policies would be finalized by end January. 5 policies were signed in March after closing gaps that needed to be addressed.</p>
8	<p><u>Bank overdraft</u></p> <p>The Property Management Trading Entity has a bank overdraft which constitutes non-compliance with Treasury Regulations 19.2.3</p>		

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No	Nature of qualification	FY in which it first arose	Progress made in clearing/ resolving the matter
9	<p><u>Other commitments</u></p> <p>Schedules supporting the information disclosed for other commitments specifically pertaining to some of the regional offices were not provided to ascertain the completeness, accuracy and validity of the underlying detailed transactions.</p>		
10	<p><u>Contingent liabilities</u></p> <p>Contingent liabilities are not accounted for in terms of SA GAAP.</p>		Policy has been finalized and approved.
	Legal counsel did not assess the probability of the “outflow of future economic benefits”.		Policy has been finalized and approved and will be work shopped with regions and Legal services.
	Opening balances do not agree to the closing balances of the prior year The Litigations and claims per the representation from Legal services differ from the Contingent liabilities per the financial statements.		The completeness of information provided was achieved during the compilation of the AFS. The only matter outstanding is the assessment of the individual cases which will be done by the 15 th of April.
11	<p><u>Related parties</u></p> <p>Lack of proper accounting system for trade receivables and unreconciled individual trade receivable balances at year end</p>		
12	<p><u>Restatement of comparatives</u></p> <p>The note for the restatement of comparatives is factually incorrect and has not been disclosed in terms of by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.</p>		<p>The Department is in the process of appointing an audit firm that will assist with the GAAP technical issues.</p> <p>Restatement of comparatives will be finalised at the end of the financial year.</p> <p>The 2010/11 year end journals were submitted to AG in March 2012. The journal entries inevitably affect the opening balances.</p> <p>The preparation of GAAP compliant AFS will remain a challenges as the Department does not have systems to manage the huge number of transaction processed by the PMTE.</p> <p>The manual process involved in compiling the Financial Statements also makes it impractical to produce the monthly reports that are GAAP compliant.</p>



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Exemptions and deviations received from the National Treasury

The Department did not receive any exemption from the National Treasury in the financial year under review.

Interim Financial Statements

Interim Financial Statements were prepared and submitted to the National Treasury as prescribed. In the year under review Department are expected to prepare and submit four (4) quarterly interim financial statements to the National Treasury. While the Department has welcomed and embraced with gusto the era of interim financial statements, however this has impacted negatively on the limited capacity that the Department has at its disposal

Other

The President appointed the Honourable Minister T.W Nxesi, as Minister of Public Works in October 2011. Minister Nxesi took over from former Minister Gwen Mahlangu-Nkabinde. Ms M Fatyela-Lindie was appointed acting Director-General in January 2012.

Approval

The Annual Financial Statements set out on pages 49 to 178 have been approved by the Accounting Officer(s).



Ms M Fatyela-Lindie

Acting Director-General

31/05/2012

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 7: THE DEPARTMENT OF PUBLIC WORKS

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the financial statements of the Department of Public Works, which comprise the statement of financial position as at 31 March 2012, the statements of financial performance, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 129 to 211.

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 the financial statements based on conducting the 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

Immovable tangible capital assets

4. The National Department of Public Works is required *inter alia* to record:
 - all un-surveyed or surveyed but unregistered state land in the former territory of the Republic of South Africa (pre April 1994) which is not vested in the name of a province or where custodial powers have not been assigned to another national department in terms of section 4 of the Government Immovable Asset Management Act (GIAMA);
 - all land in the former territory of the Republic of South Africa (pre 27 April 1994) registered in the name of the *National Government of the Republic of South Africa*, where custodial powers have not been assigned to another national department in terms of section 4 of the GIAMA;
 - all land in the former territory of the Republic of South Africa (pre 27 April 1994) registered in the name of any of the historical holders of state land before the advent of the democratic dispensation in 1994, that vest or is deemed to vest in the national government, where custodial powers have not been assigned to another national department in terms of section 4 of the GIAMA;



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- all land vested with national government and situated in the former TBVC states and Self Governing Territories occupied by a national department in support of its service delivery objectives and where DPW performs the custodial functions (barring the disposal thereof) in terms of section 4 of the GIAMA;
 - all former South African Development Trust land, which by proclamation vest with DPW; and
 - all properties acquired by DPW for the discharge of its mandate.
5. I was unable to obtain sufficient and appropriate audit evidence to satisfy myself as to the completeness, existence, rights, valuation and allocation of properties recorded in the immovable asset register of the department stated at R4,113,644 000 (2011: R3,498,747,000) in note 34 to the financial statements.

Irregular expenditure

6. 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.
7. The department was not able to provide sufficient appropriate evidence for awards amounting to R27,633,88 resulting in a limitation of scope in determining whether these awards were made in line with supply chain management prescripts and whether resultant payments were regular or not.
8. The department did not have an adequate system for identifying and recognising all irregular expenditure and there were no satisfactory alternative procedures that I could perform to obtain reasonable assurance that all irregular expenditure had been properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of irregular expenditure relating to the current year stated at R171,127,000 (2011: R1,396,000) in note 25 to the financial statements.

Fruitless and wasteful expenditure

9. Section 40(3)(b)(i) of the PFMA requires the department to include particulars of all fruitless and wasteful expenditure that had occurred during the financial year in its financial statements.
10. The department did not have an adequate system for identifying and recognising all fruitless and wasteful expenditure and there were no satisfactory alternative procedures that I could perform to obtain reasonable assurance that all fruitless and wasteful expenditure had been properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of fruitless and wasteful expenditure of R69,269,000 as stated in note 26 to the financial statements.

Operating leases

11. I was unable to obtain sufficient appropriate audit evidence for operating lease expenditure transactions with an estimated value of R48 513 867. As the department's records did not permit the application of alternative auditing procedures, I was not able to satisfy myself as to the occurrence, completeness, accuracy, cut off and classification of operating leases stated at R189,504,000 in note 4 to the financial statements.

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Receivables for departmental revenue

12. The department does not have an adequate system 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 department's immovable asset register. Furthermore, as indicated in paragraph 5 above I was not able to satisfy myself as to the completeness of the immovable asset register.
13. Consequently, I was unable to satisfy myself as to the completeness of receivables for departmental revenue stated at R15,679,000 in note 24 to the financial statements. The department's records did not permit the application of alternative procedures.

Lease commitments: Operating lease revenue

14. The department compiled the supporting schedule for lease commitments: operating lease revenue from the Property Management Information System (PMIS) and was not able to supply the actual lease agreement in all instances resulting in an inability to conclude on the fair presentation of operating lease revenue commitments amounting to an estimated value of R6,467,470 (2011: R7,599,906).
15. Furthermore, in instances where lease agreements were provided, audit testing revealed an estimated understatement of the operating lease revenue commitments of R20,654,251 (2011: R17,792,580).
16. However, in the absence of a complete and accurate immovable asset register I am not able to determine whether the department has completely accounted for operating lease revenue commitments – stated at R83,916,000 (2011: R112,397,000) in note 23 to the financial statements with respect to all state-owned properties currently rented out by the department.

Commitments

17. The department was unable to supply sufficient appropriate audit evidence to substantiate contract price adjustment provisions (CPAP) amounting to R128,619,136. The department's records did not permit the application of alternative procedures and as a result I was unable to satisfy myself as to the existence, completeness, obligations, valuation and allocation of commitments, stated at R2 034,131,000 in note 20 to the financial statements.

Related party transactions

18. The *Departmental Financial Reporting Framework Guide* issued by the National Treasury requires a department to disclose those related party transactions between itself and the public entities falling under its Minister's portfolio (excluding transfers and subsidies paid to public entities where these have been included in the annexures to the financial statements), however where a department transacts with another party other than those and these transactions were not at arms-length then the relationship and the transaction must be disclosed.
19. In line with the aforementioned requirement, the department disclosed indirect costs incurred on behalf of the Property Management Trading Entity. The department was unable to supply sufficient appropriate audit evidence in support of the assumptions used to determine indirect costs. As a result, I was unable to verify the occurrence, completeness, accuracy, cut-off and classification of payments to the value of R105,180,068 (2011: R80,871,635) and employee costs to the value of R105,000,000 (2011: R86,000,000) included in the related party disclosure, note 27 to the financial statements.



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Disclaimer of opinion

20. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, 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.

Emphasis of matters

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

Restatement of corresponding figures

22. As disclosed in notes 1, 4, 12, 14, 16, 17, 19, 20, 23, 24, 27 and 29 to the financial statements, the corresponding figures for 31 March 2011 have been restated as a result of errors discovered during 2012 in the financial statements of the Department of Public Works at, and for the year ended, 31 March 2011.

Material impairments

23. As disclosed in note 30 to the financial statements, material impairments to the amount of R109,867,000 were raised as a result of receivables that are considered to be irrecoverable.

Material underspending of the Vote and Conditional grants

24. As disclosed in the appropriation statement, the department has materially underspent the budget on programme 2, immovable asset management, to the amount of R424,879,000 and programme 3, expanded public works programme (EPWP), to the amount of R357,493,000. As a consequence, the department has not achieved its objectives of infrastructure delivery with respect to programme 2. In terms of the EPWP, the bulk of the underexpenditure was due to the infrastructure grant to provinces and municipalities not being transferred due to the under-reporting and poor performance by the reporting bodies eligible for the incentive grant.

Additional matters

25. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

26. The supplementary annexures set out on pages 212 to 233 do not form part of the financial statements and is presented as additional information. I have not audited these annexures and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

27. 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.

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Predetermined objectives

28. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 16 to 83 of the annual report.
29. 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 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).

30. The material findings are as follows:

Usefulness of information

31. The National Treasury *Guide for the preparation of the annual report* requires that explanations for major variances between the planned and reported (actual) targets should be provided in all instances and should also be supported by adequate and reliable corroborating evidence. Adequate and reliable corroborating evidence could not be provided for 65% of major variances as disclosed in the annual performance report. This was due to the absence of adequate information systems. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the validity, accuracy and completeness of the reasons for major variances.
32. A total of 39% of major variances between planned and actual achievements were not explained in the annual performance report for the year under review as per the National Treasury annual report preparation guide. This was due to a lack of documented and approved internal policies and procedures to address reporting processes and events pertaining to performance management and reporting and limited review of the presentation of the annual performance report by management and audit committee.
33. The National Treasury *Framework for managing programme performance information (FMPPi)* requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 23% of the targets relevant to programmes 2 and 4 were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management did not timeously implement corrective action on prior year audit findings raised in this regard.
34. The National Treasury *Framework for managing programme performance information (FMPPi)* requires that performance targets be measurable. The required performance could not be measured for a total of 39% of the targets relevant to programmes 2 and 4. This was due to the fact that management did not timeously implement corrective action on prior year audit findings raised in this regard.
35. The National Treasury *Framework for managing programme performance information (FMPPi)* requires that indicators should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 80% of the indicators relevant to programmes 2 and 4 were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management did not receive the necessary training to enable application of the principles.



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36. The National Treasury *Framework for managing programme performance information (FMPPi)* requires that it must be possible to validate the processes and systems that produce the indicator. A total of 78% of the indicators relevant to programmes 2 and 4 were not verifiable in that valid processes and systems that produce the information on actual performance did not exist.

Reliability of information

37. The National Treasury *Framework for managing programme performance information (FMPPi)* requires that processes and systems which produce the indicator should be verifiable. A total of 29% of the actual reported performance relevant to the selected programmes was not valid when compared to the evidence provided. This was due to a lack of standard operating procedures for the recording of actual achievements and a lack of monitoring and reviewing by senior management and internal audit.
38. The National Treasury *Framework for managing programme performance information (FMPPi)* requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. A total of 30% of the actual reported indicators relevant to programmes 2 (immovable asset management), 3 (EPWP) and 4 (Property and Construction Industry policy regulations) were not accurate when compared to source information. This was due to a lack of standard operating procedures for the recording of actual achievements and a lack of monitoring and reviewing by senior management and internal audit.
39. The National Treasury *Framework for managing programme performance information (FMPPi)* requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained. Source information for 30% of the actual reported performance, for the selected programmes, was not completely recorded. This was due to an inadequate document management system with regard to actual performance achievements.

Additional matters

40. I draw attention to the matters below. My opinion is not modified in respect of this matter..

Achievement of planned targets

41. Of the total number of planned targets, only 36 were achieved during the year under review. This represents 54% of total planned targets that were not achieved during the year under review. This was as a result of the department not considering relevant systems and evidential requirements during the annual strategic planning process and an underspending of the budget on programmes 2 and 3.

Material adjustments to the annual performance report

42. Material audit adjustments in the annual performance report were identified during the audit, of which some were corrected by management and those that were not corrected are included in the material findings reported above.

Compliance with laws and regulations

43. 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:

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Annual financial statements, performance and annual report

44. 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 Public Finance Management Act.
45. Material misstatements identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer of audit opinion.

Asset management

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

Budgets

47. The budget for compensation of employees was exceeded, in contravention of Treasury Regulation 8.3.2.
48. Transfers that were not originally budgeted for were made without the approval of national treasury, as required by Treasury Regulations 6.3.1(b) and 6.3.1(d).

Expenditure management

49. 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 Public Finance Management Act and Treasury Regulation 9.1.1.
50. 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 Public Finance Management Act and Treasury Regulation 9.1.3.

Financial misconduct

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

Human resources management

54. Appointments were made in posts which were not approved and funded, as required by Public Service Regulation 1/III/ F.1(a) and (d).
55. Funded vacant posts were not filled within 12 months as required by Public Service Regulation 1/VIII/ C.1A.2.



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56. Persons in charge at pay points did not always certify that the employees receiving payment were entitled thereto as required by TR 8.3.4.
57. An organisational structure was not in place that are based on the department's strategic plan as required by Public Service Regulation 1/III/B.2(a).

Internal audit

58. 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.

Procurement and contract management

59. Goods and services with a transaction value below R500,000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.
60. Goods and services of a transaction value above R500,000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1. Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of Treasury Regulation 16A6.4.
61. Contracts were awarded to bidders who did not submit 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 16A9.1.
62. Employees of the department performed remunerative work outside their employment in the department without written permission from the relevant authority as required by section 30 of the Public Service Act.
63. Allegations of fraud, corruption, improper conduct and failure to comply with the supply chain management system laid 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).
64. Appropriate action was not always taken against officials and role players in the supply chain management system where investigations proved fraud and corruption and improper conduct and failure to comply with the supply chain management system, as required by Treasury Regulation 16A9.1(b)(i).
65. Persons in service of the department whose close family members, partners or associates had a private or business interest in contracts awarded by the department failed to disclose such interest, as required by Treasury Regulation 16A8.4.
66. The accounting officer did not in all instances report within 10 working days to the Auditor-General all cases where goods and services above the value of R1 million (VAT included) had been procured in terms of Treasury Regulation 16A6.4 as required by National Treasury Practice Note 6 of 2007/2008.
67. 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.

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Revenue management

68. 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 Public Finance Management Act and Treasury Regulations 11.2.1, 15.10.1.2(a) and 15.10.1.2(e).
69. Immovable state property was sold at below mark-related values in contravention of Treasury Regulation 16A7.3.
70. 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.

Strategic planning

71. The accounting officer did not ensure that the department had and maintained an effective, efficient and transparent 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.

Internal control

72. 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

73. Instability in key leadership positions had a negative impact in providing effective leadership in the department.
74. Leadership is not enforcing the message of accountability for actions and outcomes. There is a lack of consequences for poor performance and transgressions in the department.
75. Leadership did not exercise effective oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.
76. 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.
77. There is a high level turnaround strategy for the department however it did not timeously translate into a comprehensively documented audit action plan with deadlines and short and long term milestones and deliverables to sustainably address internal control deficiencies. The various action plans in existence throughout the year under review were not effectively managed and therefore improvement on the audit outcome was not realised.
78. Leadership did not ensure that the information technology environment was adequate to assist the entity in maintaining a complete, valid and accurate immovable asset register.

Financial and performance management

79. 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.

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FOR THE YEAR ENDED 31 MARCH 2012

80. Implemented controls over daily and monthly processing and reconciling of transactions were ineffective.
81. The accounting officer did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.
82. There is no adequate discipline in preparing credible monthly financial, performance and compliance reports to enable effective decision making by leadership and timeous corrective action where required. This is further compounded by a lack of financial and performance management skills in the department.
83. The reviewing and monitoring of compliance with applicable laws and regulations were ineffective.
84. The designed and implemented formal controls over the information technology system were inadequate to ensure the reliability, availability and accuracy of information pertaining to immovable assets. Furthermore, the system used for generating performance information was not adequate to facilitate the preparation of complete actual performance information.

Governance

85. 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.
86. The accounting officer did not ensure that the internal audit unit was adequately resourced to ensure that the unit 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 a significant backlog on internal investigations.

OTHER REPORTS

Investigation

87. An 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 was still ongoing at the reporting date.

Performance audit

88. 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 was finalised in August 2012.

Auditor - General



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

NATIONAL DEPARTMENT OF PUBLIC WORKS

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APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

APPROPRIATION PER PROGRAMME											
APPROPRIATION STATEMENT	2011/12						2010/11				
	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	750,835	-	18,716	769,551	787,564	(18,013)	102.3%	653,238	653,238		
Transfers and subsidies	594	-	-	594	565	29	95.1%	2,366	2,366		
Payment for capital assets	26,092	-	22,898	48,990	48,990	-	100.0%	23,839	23,839		
Payment for financial assets	-	-	-	-	-	-	-	12	12		
	777,521	-	41,614	819,135	837,119	(17,984)		679,455	679,455		
2. IMMOVABLE ASSET MANAGEMENT											
Current payment	1,206,484	-	54,790	1,261,274	1,265,521	(4,247)	100.3%	1,081,856	1,023,346		
Transfers and subsidies	2,688,693	-	-	2,688,693	2,688,775	(82)	100.0%	2,577,575	2,577,575		
Payment for capital assets	1,515,368	-	(38,707)	1,476,661	1,047,453	429,208	70.9%	1,489,732	1,313,041		
Payment for financial assets	-	-	-	-	-	-		54,559	54,558		
	5,410,545	-	16,083	5,426,628	5,001,749	424,879		5,203,722	4,968,520		
3. EXPANDED PUBLIC WORKS PROGRAMME											
Current payment	271,584	-	(55,299)	216,285	216,285	-	100.0%	230,856	212,923		
Transfers and subsidies	1,301,630	-	-	1,301,630	944,137	357,493	72.5%	1,181,466	698,556		
Payment for capital assets	1,984	-	609	2,593	2,593	-	100.0%	3,461	3,461		
	1,575,198	-	(54,690)	1,520,508	1,163,015	357,493		1,415,783	914,940		

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APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

APPROPRIATION PER PROGRAMME									
APPROPRIATION STATEMENT	2011/12					2010/11			
	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
4. PROPERTY AND CONSTRUCTION INDUSTRY POLICY REGULATIONS									
Current payment	34,776	(2,106)	(2,792)	29,878	22,715	7,163	76%	29,808	18,819
Transfers and subsidies	-	81	-	81	9,513	(9,432)	11,744.4%	8,982	8,982
Payment for capital assets	124	-	-	124	100	24	80.6%	231	228
Payment for financial assets	-	2,025	-	2,025	2,025	-	100%	-	-
	34,900	-	(2,792)	32,108	34,353	(2,245)	-	39,021	28,029
5. AUXILIARY AND ASSOCIATED SERVICES									
Current payment	12,182	-	(215)	11,967	11,967	-	100%	8,810	8,810
Transfers and subsidies	19,398	-	-	19,398	13,234	6,164	68.2%	17,741	15,064
Payment for financial assets	-	-	-	-	-	-	-	265	265
	31,580	-	(215)	31,365	25,201	6,164	-	26,816	24,139
TOTAL	7,829,744	-	-	7,829,744	7,061,437	768,307	90.2%	7,364,797	6,615,083

The department and Higher Education entered into Memorandum of Understanding to implement training programme through Expanded Public Works Programme (EPWP) for an amount of R100 million which was appropriated to Higher Education. The aforementioned amount and expenditure of R451 000 was incorrectly reported as Statutory Appropriation, both transactions have been restated as payables. The restatement has affected Statement of Performance, Position, Cash flow and notes to the financial statements of the prior year.

NATIONAL DEPARTMENT OF PUBLIC WORKS

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APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

	2011/12		2010/11	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward)				
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	75,195		-	
Actual amounts per statement of financial performance (total revenue)	7,904,939		7,404,839	
Actual amounts per statement of financial performance (total expenditure)		7 061 437		6,615,083

The Department and Higher Education entered into memorandum of understanding to implement training programme through Expanded Public Works Programme (EPWP) for an amount of R100 million which was appropriated to a Higher Education. The aforementioned amount and expenditure of R451 000 was incorrectly reported as Statutory Appropriation, both transactions have been restated as payables.

NATIONAL DEPARTMENT OF PUBLIC WORKS

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APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

APPROPRIATION PER ECONOMIC CLASSIFICATION											
2011/12											2010/11
	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
Current payments											
Compensation of employees	1,252,550	(81)	-	1,252,469	1,269,579	(17,110)	101,4%	1,112,717	1,089,693		
Goods and services	1,007,969	11,731	15,200	1,034,900	1,032,905	1,995	99,8%	883,003	818,595		
Interest and rent on land	15,342	(13,756)	-	1,586	1,567	19	98,8%	8,848	8,848		
Transfers and subsidies											
Provinces and municipalities	2,950,465	(14)	-	2,950,451	2,592,965	357,486	87,9%	2,866,804	2,383,893		
Departmental agencies and accounts	734,690	-	-	734,690	732,486	2,204	99,7%	711,482	710,342		
Foreign governments and international organisations	16,915	-	-	16,915	12,956	3,959	76,6%	15,399	13,863		
Public corporations and private enterprises	150,000	-	-	150,000	150,000	-	100%	-	-		
Non-profit institutions	154,370	-	-	154,370	163,801	(9431)	106,1%	188,793	188,793		
Households	3,875	93	-	3,968	4,012	(44)	101,1%	5,579	5,578		
Gifts and donations	-	2	-	2	2	-	100%	73	73		
Payments for capital assets											
Buildings and other fixed structures	1,443,945	-	(7,200)	1,436,745	1,011,408	425,337	70,4%	1,375,982	1,255,873		
Machinery and equipment	94,222	-	(9,238)	84,984	81,162	3,822	95,5%	139,023	82,479		
Software and other intangible assets	5,401	-	1,238	6,639	6,569	70	98,9%	2,258	2,217		
Payments for financial assets											
	-	2,025	-	2,025	2,025	-	100,0%	54,836	54,836		

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

APPROPRIATION PER ECONOMIC CLASSIFICATION									
2011/12					2010/11				
	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
Total	7,829,744	-	-	7,829,744	7,061,437	768,307	90,2%	7,364,797	6,615,083

The Department restated goods and services for an amount of R451 000 relating to NSF and the aforementioned amount has been restated as payables.

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

Appropriation per economic classification										
Program 1 Per Economic classification	2011/12					2010/11				
	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	181,392	-	-	181,392	199,405	(18,013)	109,9%	169,058	169,058	
Goods and services	557,452	11,781	18,716	587,949	587,949	-	100,0%	483,800	483,800	
Interest and rent on land	11,991	(11,781)	-	210	210	-	100,0%	380	380	
Transfers and subsidies										
Provinces and municipalities	10	(1)	-	9	1	8	11,1%	3	3	
Households	584	-	-	584	563	21	96,4%	2,363	2,363	
Gifts and donations	-	1	-	1	1	-	100%	-	-	
Payments for capital assets										
Machinery and equipment	20,842	-	21,660	42,502	42,502	-	100,0%	22,224	22,224	
Software and other intangible assets	5,250	-	1,238	6,488	6,488	-	100,0%	1,615	1,615	
Payments for financial assets										
Total	777,521	-	41,614	819,135	837,119	(17,984)	102,2%	679,455	679,455	

Minister and Deputy Minister expenditure for last financial year was reported separately and for 2011/12 expenditure is classified as Minister. Ministry budget and expenditure for 2010/11 has been restated in line with the changes made by National Treasury.

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

Detail per sub-programme	2011/12						2010/11		
	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	36,069	(11,476)	-	24,593	24,593	-	100,0%	3,336	3,336
Transfers and subsidies	-	41	-	41	41	-	100,0%	-	-
Payment for capital assets	199	441	-	640	640	-	100,0%	-	-
1.2 MANAGEMENT									
Current payment	64,911	(13,509)	-	51,402	51,402	-	100,0%	80,165	80,165
Transfers and subsidies		325	-	325	325	-	100,0%	1,222	1,222
Payment for capital assets	834	(513)	-	321	321	-	100,0%	4,664	4,664
1.3 CORPORATE SERVICES									
Current payment	246,311	44,159	18,716	309,186	327,199	(18,013)	105,8%	256,604	256,604
Transfers and subsidies	594	(366)		228	199	29	87,3%	1,144	1,144
Payment for capital assets	25,059	72	22,898	48,029	48,029	-	100,0%	19,175	19,175
Payment for financial assets	-	-	-	-	-	-	-	12	12
1.4 OFFICE ACCOMODATION									
Current payment	403,544	(19,174)		384,370	384,370		100,0%	313,133	313,133
Total	777,521	-	41,614	819,135	837,119	(17,984)	102,2%	679,455	679,455

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

Programme 2 per Economic classification	2011/12						2010/11		
	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	960,043	-	9,997	970,040	970,320	(280)	100,0%	853,773	850,120
Goods and services	243,176	2,004	44,793	289,973	293,939	(3,966)	101,4%	224,114	169,256
Interest and rent on land	3,265	(2,004)	-	1,261	1,261	-	100,0%	3,969	3,969
Transfers and subsidies to:									
Provinces and municipalities	1,803,245	(13)	-	1,803,232	1,803,232	-	100,0%	1,865,231	1,865,231
Departmental agencies and accounts	732,208	-	-	732,208	732,208	-	100,0%	709,141	709,141
Public cooperation and private enterprises	150,000	-	-	150,000	150,000	-	100,0%	-	-
Households	3,240	12	-	3,252	3,333	(81)	102,5%	3,203	3,203
Gifts and donations	-	1	-	1	1	-	100,0%	-	-
Payment for capital assets									
Buildings and other fixed structures	1,443,945	-	(7,200)	1,436,745	1,011,408	425,337	70,4%	1,375,982	1,255,873
Machinery and equipment	71,272	-	(31,507)	39,765	35,966	3,799	90,4%	113,606	57,065
Software and other intangible assets	151	-	-	151	81	70	53,6%	144	103
Payments for financial assets									
Total	5,410,545	-	16,083	5,426,628	5,001,749	424,879	92,2%	5,203,722	4,968,520

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

Programme 2 per Economic classification	2011/12						2010/11		
	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
2.1 INFRASTRUCTURE (PUBLIC WORKS)									
Payment for capital assets	1,443,945	-	(7,200)	1,436,745	1,011,408	425,337	70,4%	1,375,982	1,255,874
2.2 PROPERTY MANAGEMENT									
Transfers and subsidies	1,803,230	-	-	1,803,230	1,803,230	-	100,0%	1,865,227	1,865,227
2.3 STRATEGIC ASSET INVESTMENT ANALYSIS									
Current payment	245,564	(112,531)	23,789	156,822	160,788	(3,966)	102,5%	172,460	115,742
Transfers and subsidies	154	(154)	-	-	956	-	-	313	313
Payment for capital assets	7,747	-	(6,791)	956	956	-	100,0%	3,000	1,525
Payment for financial assets	-	-	-	-	-	-	-	48,279	48,278
2.4 OPERATION MANAGEMENT									
Current payment	884,490	58,547	31,001	974,038	974,319	(281)	100,0%	852,078	851,472
Transfers and subsidies	3,101	121	-	3,222	3,222	-	100,0%	2,757	2,757
Payment for capital assets	29,616	-	(6,376)	23,240	22,794	446	98,1%	36,063	23,094
Payment for financial assets	-	-	-	-	-	-	-	6,255	6,255
2.5 PRESTIGE MANAGEMENT									
Current payment	39,495	16,510	-	56,005	56,005	-	100,0%	38,558	38,558
Transfers and subsidies	-	9	-	9	9	-	100,0%	137	137
Payment for capital assets	29,000	-	(17,731)	11,269	11,269	-	100,0%	66,207	31,911
Payment for financial assets	-	-	-	-	-	-	-	25	25

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

Programme 2 per Economic classification	2011/12						2010/11		
	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
2.6 SPECIAL PROJECTS									
Current payment	36,935	37,474	-	74,409	74,409	-	100,0%	18,760	17,574
Transfers and subsidies	-	24	-	24	106	(82)	441,7%	-	-
Payment for capital assets	5,060	-	(609)	4,451	1,026	3,425	23,1%	8,480	637
2.7 CONSTRUCTION INDUSTRY DEVELOPMENT BOARD									
Transfers and subsidies	65,959	-	-	65,959	65,959	-	100,0%	63,665	63,665
2.8 COUNCIL FOR THE BUILT ENVIRONMENT									
Transfers and subsidies	28,659	-	-	28,659	28,659	-	100,0%	25,527	25,527
2.9 PARLIAMENTARY VILLAGE BOARD									
Transfers and subsidies	7,401	-	-	7,401	7,401	-	100,0%	6,982	6,982
2.10 AUGMENTATION OF THE PROPERTY MANAGEMENT TRADING ENTITY									
Transfers and subsidies	630,189	-	-	630,189	630,189	-	100,0%	612,967	612,967
2.11 INDEPENDENT DEVELOPMENT TRUST									
Transfers and subsidies	150,000	-	-	150,000	150,000	-	100,0%	-	-
Total	5,410,545	-	16,083	5,426,628	5,001,749	424,879	92,2%	5,203,722	4,968,520

The Department and Higher Education entered into a memorandum of understanding to implement training programme through Expanded Public Works Programme (EPWP) for an amount R100 million which was appropriated to Higher Education. The aforementioned amount and expenditure of R451 000 was incorrectly reported as Statutory Appropriation also included under goods and services in programme three, both transactions have been restated as payables. The restatement has affected expenditure for goods and services for programme three.

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

Appropriation per economic classification											
Program 3 Per Economic classification	2011/12						2010/11				
	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	99,110	-	(7,205)	91,905	91,905	-	100,0%	79,174	64,081		
Goods and services	172,410	(29)	(48,094)	124,287	124,287	-	100,0%	147,200	144,361		
Interest and rent on land	64	29		93	93	-	100,0%	4,482	4,482		
Transfers and subsidies											
Provinces and municipalities	1,147,210	-	-	1,147,210	789,732	357,478	68,8%	1,001,570	518,659		
Non-profit institutions	154,370	-	-	154,370	154,370	-	100,0%	179,811	179,811		
Households	50	-	-	50	35	15	70,0%	12	12		
Gifts and donations	-	-	-	-	-	-	-	73	73		
Payments for capital assets											
Machinery and equipment	1,984	-	609	2,593	2,593	-	100,0%	2,962	2,962		
Software and other intangible assets	-	-	-	-	-	-	-	499	499		
Total	1,575,198	-	(54,690)	1,520,508	1,163,015	357,493	76,5%	1,415,783	914,940		

The department restated goods and services for an amount of R451 000 relating to NSF and the aforementioned amount has been restated as payables.

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

Detail per sub-programme	2011/12						2010/11		
	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	262,404	-	(55,299)	207,105	207,105	-	100,0%	220,341	202,408
Transfers and subsidies	50	-	-	50	35	15	70,0%	-	-
Payment for capital assets	1,984	-	609	2,593	2,593	-	100,0%	3,461	3,461
3.2 PERFORMANCE BASED INCENTIVE ALLOCATION									
Current payment	9,180	-	-	9,180	9,180	-	100,0%	10,515	10,515
Transfers and subsidies	1,301,580	-	-	1,301,580	944,102	357,478	72,5%	1,181,466	698,556
Total	1,575,198	-	(54,690)	1,520,508	1,163,015	357,493	76,5%	1,415,783	914,940

The expenditure for the performance based incentive allocation has been restated with the creation of additional sub programme. The sub-programme for performance incentive was implemented in the 2011 ENE and resulted in the restatement of the expenditure for the programme.

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

Program 4 Per Economic classification	2011/12						2010/11		
	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	12,005	(81)	(2,792)	9,132	7,949	1,183	87%	10,712	6,434
Goods and services	22,749	(2,025)	-	20,724	14,763	5,961	71,2%	19,079	12,368
Interest and rent on land	22	-	-	22	3	19	13,6%	17	17
Transfers and subsidies									
Non-profit institutions	-	-	-	-	9,431	(9,431)	0	8,982	8,982
Households	-	81	-	81	81	-	100,0%	-	-
Payments for capital assets									
Machinery and equipment	124	-	-	124	101	23	81,5%	231	228
Payments for financial assets									
		2,025	-	2,025	2,025	-	100,0%		
Total	34,900	-	(2792)	32,108	34,353	(2,245)	107,0%	39,021	28,029

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

Detail per sub-programme	2011/12						2010/11		
	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
4.1 CONSTRUCTION INDUSTRY DEVELOPMENT PROGRAMME									
Current payment	23,111	(3,142)	(2,792)	17,177	10,014	7,163	58,3%	17,905	6,916
Transfers and subsidies	-	-	-	-	9,432	(9,432)	0%	8,982	8,982
Payment for capital assets	114	(73)	-	41	17	24	41,5%	94	91
Payment for financial assets	-	2,025	-	2,025	2,025	-	100%	-	-
4.2 PROPERTY INDUSTRY DEVELOPMENT PROGRAMME									
Current payment	11,665	1,036	-	12,701	12,701	-	100,0%	11,903	11,903
Transfers and subsidies	-	81	-	81	81	-	100,0%	-	-
Payment for capital assets	10	73	-	83	83	-	100,0%	137	137
Total	34,900	-	(2,792)	32,108	34,353	2,245	107,0%	39,021	28,029

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

Program 5 Per Economic classification	2011/12						2010/11		
	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	12,182	-	(215)	11,967	11,967	-	100,0%	8,810	8,810
Transfers and subsidies									
Departmental agencies and accounts	2,482	-	-	2,482	278	2,204	11,2%	2,341	1,201
Foreign governments and international organisations	16,915	-	-	16,915	12,956	3,959	76,6%	15,399	13,863
Households	1	-	-	1	-	1	-	1	-
Payments for financial assets									
	-	-	-	-	-	-	-	265	265
Total	31,580	-	(215)	31,365	25,201	6,164	80,3%	26,816	24,139

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

Detail per sub-programme	2011/12						2010/11		
	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	2,062	(1,848)	(214)	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	265	265
5.2 DISTRESS RELIEF									
Current payment	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	16,915	-	-	16,915	12,956	3,959	76,6%	15,399	13,863
5.5 STATE FUNCTIONS									
Current payment	10,119	1,848	-	11,967	11,967	-	100,0%	8,810	8,810
5.6 SECTOR EDUCATION AND TRAINING AUTHORITY									
Transfers and subsidies	2,482	-	-	2,482	278	2,204	11,2%	2,341	1,201
Total	31,580	-	(215)	31,365	25,201	6,164	80,3%	26,816	24,139

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

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	819,135	837,119	(17,984)	(2%)

Expenditure variance in programme one is due to overspending on compensation of employees under corporate services sub-programme.

**Immovable Assets
Management**

5,426,628	5,001,749	424,879	8%
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Expenditure variance in programme two is due to under spending on payments to capital assets for infrastructure. Slow spending on buildings and other fixed structures contributed to under spending mainly delay in completion of site clearance process and implementation of procurement instruction

**Expanded Public
Works Programme**

1,520,508	1,163,015	357,493	24%
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Expenditure variance in programme three is due to under spending on transfers and subsidies on payments relating to Expanded Public Works Programme (EPWP) incentives grants to provinces and municipalities.



NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

**Property and
Construction
Industry Policy
Regulations**

32,108	34,353	(2,245)	(7)%
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Expenditure variance in programme four is due to over spending on transfers and subsidies. Programme four is overspending on transfers and subsidies due to payment made Agreement South Africa.

**Auxiliary and
Associated Services**

31,365	25,201	6,164	20%
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Expenditure variance in programme five is due to under spending on transfers and subsidies for the payments relating to sector educational and training authority and foreign government and international organisation

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	1,252,469	1,269,579	(17,110)	(1%)
Goods and services	1,034,900	1,032,905	1,995	0%
Interest and rent on land	1,586	1,567	19	1%
Transfers and subsidies				
Provinces and municipalities	2,950,451	2,592,965	357,486	12%
Departmental agencies and accounts	734,690	732,486	2,204	0%
Public corporations and private enterprises	150,000	150,000	-	0%
Foreign governments and international organisations	16,915	12,956	3,959	23%
Non-profit institutions	154,370	163,801	(9,431)	(6%)
Households	3,968	4,012	(44)	(1%)
Gifts and donations	2	2	-	0%
Payments for capital assets				
Buildings and other fixed structures	1,436,745	1,011,408	425,337	30%
Machinery and equipment	84,984	81,162	3,822	4%
Software and other intangible assets	6,639	6,569	70	1%
Payments for financial assets				
	2,025	2,025	-	0%

Expenditure variance is due to under spending on infrastructure and Expanded Public Works Programme (EPWP) incentives to provinces and municipalities. Infrastructure under spending is classified under programme two whilst Expanded Public Works Programme (EPWP) incentive spending is classified under programme three.

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2012

PERFORMANCE	Note	2011/12 R'000	2010/11 R'000
REVENUE			
Annual appropriation	<u>1</u>	7,829,744	7,364,797,
Departmental revenue	<u>2</u>	75,195	40,042,
TOTAL REVENUE		7,904,939	7,404,839
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>3</u>	1,269,578	1,089,693,
Goods and services	<u>4</u>	1,032,906	818,595,
Interest and rent on land	<u>5</u>	1,567	8,848
Total current expenditure		2,304,051	1,917,136,
Transfers and subsidies			
Transfers and subsidies	<u>7</u>	3,656,222	3,302,542,
Total transfers and subsidies		3,656,222	3,302,542,
Expenditure for capital assets			
Tangible capital assets	<u>8</u>	1,092,570	1,338,352,
Software and other intangible assets	<u>8</u>	6,569	2,217
Total expenditure for capital assets		1,099,139	1,340,569,
Payments for financial assets	<u>6</u>	2,025	54,836,
TOTAL EXPENDITURE		7,061,437	6,615,083
SURPLUS/(DEFICIT) FOR THE YEAR		843,502	789,756

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2012

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		768,307	749,714,
Annual appropriation		768,307	749,714
Departmental revenue and NRF Receipts	<u>15</u>	75,195	40,042,
SURPLUS/(DEFICIT) FOR THE YEAR		843,502	789,756,

The department and Higher Education entered into Memorandum of Understanding to implement training programme through Expanded Public Works Programme (EPWP) for an amount R100 million which was appropriated to Higher Education. The aforementioned amount has resulted to the following restatement:

- Statutory appropriation R'0 and Total revenue R7,4 billion
- Goods & Services R451,000, total current expenditure R1,9 billion and Total expenditure R6,6 billion
- Surplus for the year R789,8 million, Voted funds to be surrendered R749,7 million and Surplus for the year R789,8 million.

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2012

POSITION	Note	2011/12 R'000	2010/11 R'000
ASSETS			
Current assets		1,093,024	,942,864,
Unauthorised expenditure	<u>9</u>	83,082	58,495
Cash and cash equivalents	<u>11</u>	825,603	555,905
Prepayments and advances	<u>12</u>	38,600	176,055
Receivables	<u>13</u>	145,739	152,409
TOTAL ASSETS		1,093,024	942,864,
LIABILITIES			
Current liabilities		1,087,966	939,303,
Voted funds to be surrendered to the Revenue Fund	<u>14</u>	792,914	749,722,
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>15</u>	7,560	6,118,
Payables	<u>16</u>	287,492	183,463,
TOTAL LIABILITIES		1,087,966	939,303,
NET ASSETS		5,058	3,561,
Represented by:			
Recoverable revenue		5,058	3,561
TOTAL		5,058	3,561

The Department and Higher Education entered into a memorandum of understanding to implement training programme through Expanded Public Works Programme (EPWP) for an amount R100 million which was appropriated to Higher Education. The aforementioned amount has resulted to the following restatements:

- Voted funds to be surrendered R749,7 million
- Payables R183,5 million

**NATIONAL DEPARTMENT OF PUBLIC WORKS
VOTE 7**

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2012

NET ASSETS	<i>Note</i>	2011/12	2010/11
		R'000	R'000
Recoverable revenue			
Opening balance		3,561	1 410
Transfers:		1,497	2,151
Debts raised		1,497	2,151
Closing balance		5,058	3,561
TOTAL		5,058	3,561

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

CASH FLOW	<i>Note</i>	2011/12 R'000	2010/11 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		7,901,785	7,403,768
Annual appropriated funds received	<u>1.1</u>	7,829,744	7,364,797
Departmental revenue received	<u>2</u>	72,041	38,971
Net (increase)/decrease in working capital		223,567	(208,883)
Surrendered to Revenue Fund		(823,455)	(399,443)
Current payments		(2,279,464)	(1,917,136)
Payments for financial assets		(2,025)	(54,836)
Transfers and subsidies paid		(3,656,222)	(3,302,542)
Net cash flow available from operating activities	<u>17</u>	1,364,186	1,520,928
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>8</u>	(1,099,139)	(1,340,569)
Proceeds from sale of capital assets	<u>2.4</u>	3,154	1,071
Net cash flows from investing activities		(1,095,985)	(1,339,498)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		1,497	2,151
Net cash flows from financing activities		1,497	2,151
Net increase/(decrease) in cash and cash equivalents		269,698	183,581
Cash and cash equivalents at beginning of period		555,905	372,324
Cash and cash equivalents at end of period	<u>18</u>	825,603	555,905

The department and Higher Education entered into Memorandum of Understanding to implement training programme through Expanded Public Works Programme (EPWP) for an amount R100 million which was appropriated to Higher Education. The aforementioned amount has resulted to the following restatements in the cash flow statement:

- Statutory appropriation received R'0
- Net (increase)/ decrease in working capital (R208,9 million)
- Current payments R1,9 billion

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

The Financial Statements have been prepared in accordance with the following policies, which 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, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which 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 become effective.

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



NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Any amount due from the National/Provincial 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/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial 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.

2.3 Direct Exchequer receipts

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

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

2.4 Direct Exchequer payments

All direct exchequer payments are recognised in the statement of financial performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

2.5 Aid assistance

Aids assistance is recognised as revenue when received

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year)

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments effected on the system (by no later than 31 March of each year)

Inappropriately expensed amounts using CARA funds are recognised as payables in the statement of financial position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the revenue fund.

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

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 derecognised in the statement of financial performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the statement of financial performance.

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*.

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.



NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

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 amounts.

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 of approval.

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.

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.

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

4.2 Other financial assets

Other financial assets are carried in the statement of financial position at cost.

4.3 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.

4.4 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.

4.5 Investments

Capitalised investments are shown at cost in the statement of financial position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.6 Loans

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

4.7 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.

4.8 Capital assets

4.8.1 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.



NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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

4.8.2 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.

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.

4.8.3 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. These payables are carried at cost in the statement of financial position.

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

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.

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 an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability is 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.



NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

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.

7. Net Assets

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

7.2 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/Provincial 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.

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.

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

1. Annual Appropriation

1.2 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:

		2011/12		2010/11
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration	819,135	777,521	41,614	679,455
Immovable asset management	5,426,628	5,410,545	16,083	5,203,722
Expanded public Works Programme	1,520,508	1,575,198	(54,690)	1,415,783
Property and construction industry policy regulations	32,108	34,900	(2,792)	39,021
Auxiliary and associated services	31,365	31,580	(215)	26,816
Total	<u>7,829,744</u>	<u>7,829,744</u>	<u>-</u>	<u>7,364,797</u>

An amount of R100m has been restated to payables, it was incorrectly disclosed as Statutory Appropriation in a prior year.
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NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

2. Departmental revenue

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
Sales of goods and services other than capital assets	2.1	36,388	33,743
Fines, penalties and forfeits	2.2	12	19
Interest, dividends and rent on land	2.3	103	192
Sales of capital assets	2.4	3,154	1,071
Transactions in financial assets and liabilities	2.5	35,538	5,017
Departmental revenue collected		<u>75,195</u>	<u>40,042</u>

2.1 Sales of goods and services other than capital assets

	<i>2</i>		
Sales of goods and services produced by the department		36,353	33,743
Sales by market establishment		411	414
Administrative fees		2	-
Other sales		35,940	33,329
Sales of scrap, waste and other used current goods		35	-
Total		<u>36,388</u>	<u>33,743</u>

2.2 Fines, penalties and forfeits

	<i>2</i>		
Fines		12	19
Total		<u>12</u>	<u>19</u>

2.3 Interest, dividends and rent on land

	<i>2</i>		
Interest		103	192
Total		<u>103</u>	<u>192</u>

NATIONAL DEPARTMENT OF PUBLIC WORKS

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

2.4 Sale of capital assets

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
Tangible assets		3,154	1,071
Buildings and other fixed structures	35	3,154	-
Land and subsoil assets	35	-	1,071
Total		3,154	1,071

2.5 Transactions in financial assets and liabilities

	2		
Receivables		372	648
Other Receipts including Recoverable Revenue		35,166	4,369
Total		35,538	5,017

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

3. Compensation of employees

3.1 Salaries and Wages

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
Basic salary		866,062	737,514
Performance award		15,912	13,871
Service Based		2,228	56,529
Compensative/circumstantial		16,414	11,817
Periodic payments		5,854	2,434
Other non-pensionable allowances		191,498	119,903
Total		1,097,968	942,068

3.2 Social contributions

Employer contributions

Pension		107,304	91,936
Medical		63,948	55,420
Bargaining council		358	269
Total		171,610	147,625
Total compensation of employees		1,269,578	1,089,693
Average number of employees		5,849	7,462

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

4. Goods and services

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
Administrative fees		439	321
Advertising		20,218	14,371
Assets less than R5,000	4.1	11,848	10,588
Bursaries (employees)		24	339
Catering		3,122	2,389
Communication		29,236	33,918
Computer services	4.2	48,466	39,095
Consultants, contractors and agency/outsourced services	4.3	285,953	226,501
Entertainment		1,084	666
Audit cost – external	4.4	40,916	31,475
Fleet services		19,970	-
Inventory	4.5	35,788	48,247
Operating leases		189,504	175,968
Property payments	4.6	199,511	140,707
Travel and subsistence	4.7	110,077	75,787
Venues and facilities		9,937	3,753
Training and staff development		13,492	9,548
Other operating expenditure	4.8	13,321	4,922
Total		1,032,906	818,595

An amount of R819 million has been restated as R818.5 million due to R451 000 expenditure incurred which was reduced from note travel and subsistence (R112 000) and training & staff development (R339 000) that has been restated to reduce an amount of R100 million that was received from Higher Education for National Skills Fund.

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

4.1 Assets less than R5,000

	<i>Note</i>	2011/12 R'000	2010/11 R'000
	4		
Tangible assets		11,843	10,588
Machinery and equipment		11,843	10,588
Intangible assets		5	-
Total		11,848	10,588

4.2 Computer services

	4		
SITA computer services		19,965	19,395
External computer service providers		28,501	19,700
Total		48,466	39,095

4.3 Consultants, contractors and agency/outsourced services

Business and advisory services		38,036	129,727
Infrastructure and planning		10,343	7,012
Legal costs		6,063	6,511
Contractors		154,763	47,078
Agency and support/outsourced services		76,748	36,173
Total		285,953	226,501

4.4 Audit cost – External

	4		
Regularity audits		40,916	31,475
Total		40,916	31,475

NATIONAL DEPARTMENT OF PUBLIC WORKS

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

4.5 Inventory

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
	4		
Learning and teaching support material		44	29
Food and food supplies		8	10
Fuel, oil and gas		7,621	24,200
Other consumable materials		12,774	14,333
Materials and supplies		1,323	1,224
Stationery and printing		14,018	8,429
Medical supplies		-	22
Total		35,788	48,247

4.6 Property payments

	4		
Municipal services		190,264	133,829
Property management fees		8,241	6,218
Other		1,006	660
Total		199,511	140,707

4.7 Travel and subsistence

Local		105,521	71,505
Foreign		4,556	4,282
Total		110,077	75,787

The department and Higher Education entered into Memorandum of Understanding to implement training programme through Expanded Public Works Programme (EPWP) for an amount R100 million which was appropriated to Higher Education. The aforementioned amount has resulted to the following restatement:

- Travel and subsistence – local R71,5 million and total R75,8 million

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4.8 Other operating expenditure

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
	4		
Learnerships		5,680	1,761
Professional bodies, membership and subscription fees		1,373	1,174
Resettlement costs		3,630	722
Other		2,638	1,265
Total		13,321	4,922

5. Interest and rent on land

Interest paid		1,567	8,848
Total		1,567	8,848

6. Payments for financial assets

Other material losses written off	6.1	2,025	48,668
Debts written off	6.2	-	6,168
Total		2,025	54,836

6.1 Other material losses written off

Nature of losses	<i>6</i>		
Fruitless expenditure written off-relating to prior years		-	389
Claims Recoverable		-	48,279
Recoverable expenditure		2,000	-
Prepayments		25	-
Total		2,025	48,668

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6.2 Debts written off

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
	6		
Nature of debts written off			
Irrecoverable debts		-	6,168
Total		<u>-</u>	<u>6,168</u>
Total debt written off		<u>-</u>	<u>6,168</u>

7. Transfers and subsidies

Provinces and municipalities	<i>Annex 1A, Annex 1B</i>	2,592,965	2,383,894
Departmental agencies and accounts	<i>Annex 1C</i>	732,486	710,342
Foreign governments and international organisations	<i>Annex 1F</i>	12,956	13,863
Public corporations and private enterprises	<i>Annex 1E</i>	150,000	-
Non-profit institutions	<i>Annex 1G</i>	163,801	188,793
Households	<i>Annex 1H</i>	4,012	5,577
Gifts, donations and sponsorships made	<i>Annex 1K</i>	2	73
Total		<u>3,656,222</u>	<u>3,302,542</u>

Unspent funds transferred to the above beneficiaries

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8. Expenditure for capital assets

	<i>Note</i>	2011/12 R'000	2010/11 R'000
Tangible assets		1,092,570	1,338,352
Buildings and other fixed structures	8.1	1,011,407	1,255,873
Machinery and equipment	8.1	81,163	82,479
Software and other intangible assets		6,569	2,217
Computer software	8.1	6,569	2,217
Total		<u>1,099,139</u>	<u>1,340,569</u>

8.1 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	<u>1,099,139</u>	-	<u>1,099,139</u>

8.2 Analysis of funds utilised to acquire capital assets – 2010/11

Tangible assets	1,338,352	-	1,338,352
Buildings and other fixed structures	1,255,873	-	1,255,873
Machinery and equipment	82,479	-	82,479
Software and other intangible assets	2,217	-	2,217
Computer software	2,217	-	2,217
Total	<u>1,340,569</u>	-	<u>1,340,569</u>

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9. Unauthorised expenditure

9.1 Reconciliation of unauthorised expenditure

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
Opening balance		58,495	58,495
Unauthorised expenditure – discovered in the current year		24,587	-
Unauthorised expenditure awaiting authorisation/ written off		83,082	58,495
Analysis of awaiting authorisation per economic classification			
Current		76,508	58,495
Capital		82	-
Transfers and subsidies		6,492	-
Total		83,082	58,495

9.2 Analysis of unauthorised expenditure awaiting authorisation per type

Unauthorised expenditure relating to overspending of the vote or a main division within a vote	83,082	58,495
Total	83,082	58,495

9.3 Details of unauthorised expenditure - current year

Incident	Disciplinary steps taken/criminal proceedings	2011/12
		R'000
Over spending on compensation of employees		18,013
Over spending on payments for capital assets		82
Overspending on property and construction industry policy regulation		2,245
Over spending on Transfers and Subsidies		4,247
Total		24,587

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10. Fruitless and wasteful expenditure

10.1 Reconciliation of fruitless and wasteful expenditure

	<i>Note</i>	2011/12 R'000	2010/11 R'000
Opening balance			389
Less: Amounts condoned			(389)
Current		-	(389)
Fruitless and wasteful expenditure awaiting condonement		<u>-</u>	<u>-</u>

11. Cash and cash equivalents

Consolidated Paymaster General Account	825,426	555,621
Disbursements	(2)	15
Cash on hand	179	269
Total	<u>825,603</u>	<u>555,905</u>

12. Prepayments and advances

Staff advances	1	1
Travel and subsistence	433	908
Prepayments	4,174	5,141
Advances paid to other entities	33,992	170,005
Total	<u>38,600</u>	<u>176,055</u>

An amount of R170 million for IDT has been reclassified as advances paid to other entities which is an appropriate disclosure note, it was erroneously disclosed as prepayments.

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13. Receivables

	<i>Note</i>	2011/12			2010/11	
		R'000	R'000	R'000	R'000	R'000
		Less than one year	One to three years	Older than three years	Total	Total
Claims recoverable	<u>13.1</u>	13,932	2,493	66,025	82,450	87,612
	<i>Annex 4</i>					
Recoverable expenditure	<u>13.2</u>	2,302	34,164	13,811	50,277	55,722
Staff debt	<u>13.3</u>	1,578	2,102	9,332	13,012	9,075
Total		17,812	38,759	89,168	145,739	152,409

13.1 Claims recoverable

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
	<i>13</i>		
National departments		76,352	81,443
Provincial departments		6,098	6,169
Total		82,450	87,612

13.2 Recoverable expenditure (disallowance accounts)

	<i>13</i>		
Disallowance		48,179	53,851
Private telephone		28	15
Salary accounts		2,070	1,856
Total		50,277	55,722

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13.3 Staff debt

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
	<i>13</i>		
Personnel debt		13,012	9,075
Total		<u><u>13,012</u></u>	<u><u>9,075</u></u>

14. Voted funds to be surrendered to the Revenue Fund

Opening balance	749,722	360,985
Transfer from statement of financial performance	768,307	749,714
Add: unauthorised expenditure for current year	24,587	-
Paid during the year	(749,702)	(360,977)
Closing balance	<u><u>792,914</u></u>	<u><u>749,722</u></u>

An amount of R849 million has been restated as R749 million due to R99.5 million payable which has been restated relating to R100 million that was received from Higher Education for National Skills Fund.

15. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

Opening balance	6,118	4,542
Transfer from Statement of Financial Performance	75,195	40,042
Paid during the year	(73,753)	(38,466)
Closing balance	<u><u>7,560</u></u>	<u><u>6,118</u></u>

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16. Payables – current

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
Advances received	16.1	275,960	179,478
Clearing accounts	16.2	1,397	462
Other payables	16.3	10,135	3,523
Total		287,492	183,463

An amount of R79.9 million has been restated as R179.5 million due to R99.5 million balance of the National Skill Fund which was classified as Statutory Appropriation in the prior year. The restatement relate to an amount of R100 million that was received from the Department of Higher Education for National Skills Fund.

16.1 Advances received

	<i>16</i>		
National Departments		52,147	166,582
Public Entities		834	12,896
Provincial Departments		222,979	-
Total		275,960	179,478

16.2 Clearing accounts

	<i>16</i>		
Salary Cleaning Account		1,397	462
Total		1,397	462

16.3 Other payables

	<i>16</i>		
Claims and others payables		9,760	2,028
EBT Rejection		-	255
Cancel Cheque/Reissue		-	9
Tender deposit		295	1,231
Rental deposit		80	-
Total		10,135	3,523

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17. Net cash flow available from operating activities

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		843,502	789,756
Add back non cash/cash movements not deemed operating activities		520,684	731,172
(Increase)/decrease in receivables – current		6,670	22,011
(Increase)/decrease in prepayments and advances		137,455	(170,942)
(Increase)/decrease in other current assets		-	389
Increase/(decrease) in payables – current		104,029	(60,341)
Proceeds from sale of capital assets		(3,154)	(1,071)
Expenditure on capital assets		1,099,139	1,340,569
Surrenders to Revenue Fund		(823,455)	(399,443)
Net cash flow generated by operating activities		1,364,186	1,520,928

The department and Higher Education entered into Memorandum of Understanding to implement training programme through Expanded Public Works Programme (EPWP) for an amount R100 million which was appropriated to Higher Education. The aforementioned amount has resulted to the following restatements:

- Net surplus/ (deficit) as per the statement of financial performance R789,8 million
- Add back non cash/ cash movements not deemed operating activities R731,2 million
- Increase/ (decrease) in payables – current (R60,3 million)

18. Reconciliation of cash and cash equivalents for cash flow purposes

Consolidated Paymaster General account	825,426	555,621
Disbursements	(2)	15
Cash on hand	179	269
Total	825,603	555,905

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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.

19. Contingent liabilities and contingent assets

19.1 Contingent liabilities

Liable to	Nature	<i>Note</i>	2011/12	2010/11
			R'000	R'000
Motor vehicle guarantees	Employees	<i>Annex 3A</i>	582	283
Housing loan guarantees	Employees	<i>Annex 3A</i>	2,154	2,689
Other guarantees		<i>Annex 3A</i>	3,681	4,487
Claims against the department		<i>Annex 3B</i>	11,928	9,031
Other departments (interdepartmental unconfirmed balances)		<i>Annex 5</i>	38,700	55,846
Total			57,045	72,336

An amount of R29 million has been restated to R9 million after performing assessment to determine the most likely amount that the department might settle in case the court rules in favour of the claimants.

19.2 Contingent assets

Nature of contingent asset

Damage to rental motor vehicle where the state has assumed the risk of damage	66	66
Damage to state property	25	25
Total	91	91

This is a restatement of an amount of a contingent asset which was erroneously not disclosed in the prior year (2010/11).

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20. Commitments

	<i>Note</i>	2011/12 R'000	2010/11 R'000
Current expenditure			
Approved and contracted		87,377	104,738
Approved but not yet contracted		41	-
		<u>87,418</u>	<u>104,738</u>
Capital expenditure			
Approved and contracted		1,946,708	1,710,922
Approved but not yet contracted		5	-
		<u>1,946,713</u>	<u>1,710,922</u>
Total Commitments		<u>2,034,131</u>	<u>1,815,660</u>

Included in the amount of commitments is an amount of R1.9 billion relating to projects running under PMTE on behalf of DPW. Most projects are multi-year projects.

21. Accruals

Listed by economic classification

	30 Days	30+ Days	Total	Total
Goods and services	150,186	10,671	160,857	70,883
Interest and rent on land	-	-	-	66
Transfers and subsidies	4	-	4	3,318
Capital assets	110,819	343	111,162	48,959
Other	30	19	49	469
Total	<u>261,039</u>	<u>11,033</u>	<u>272,072</u>	<u>123,695</u>

Listed by programme level

Programme 1		232,232	50,613
Programme 2		16,411	57,383
Programme 3		23,350	5,709
Programme 4		30	9,521
Programme 5		49	469
Total		<u>272,072</u>	<u>123,695</u>
Confirmed balances with other departments	<i>Annex 5</i>	2,214	-
Confirmed balances with other government entities	<i>Annex 5</i>	148,945	51,412
Total		<u>151,159</u>	<u>51,412</u>

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22. Employee benefits

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
Leave entitlement		48,694	43,206
Service bonus (Thirteenth cheque)		35,081	29,510
Capped leave commitments		69,384	68,219
Other		1,140	1,727
Total		154,300	142,662

Included in the leave entitlement of R48 million there are credit amounts amounting to R2 million in the current financial year. The leave credits are caused by leave advances which are not accrued in the public service but are advanced to employees. Included in the capped leave commitments of R69 million there are capped leave amounting to R25 000.

23. Lease commitments

23.1 Operating leases expenditure

2011/12	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	98,999	-	98,999
Later than 1 year and not later than 5 years	-	-	208,530	-	208,530
Later than five years	-	-	31,186	-	31,186
Total lease commitments	-	-	338,715	-	338,715

2010/11	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	113,001	-	113,001
Later than 1 year and not later than 5 years	-	-	256,727	-	256,727
Later than five years	-	-	81,988	-	81,988
Total lease commitments	-	-	451,716	-	451,716

The department has restated operating lease commitment which was incorrectly disclosed, the restatement includes leases that the department is funding on behalf of other government departments and leases that were not verified as at 31 March 2011.

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23.2 Finance leases expenditure**

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
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	8,275	8,275
LESS: finance costs	-	-	-	447	447
Total present value of lease liabilities	-	-	-	7,828	7,828

2010/11	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	17,586	17,586
Later than 1 year and not later than 5 years	-	-	-	2,420	2,420
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	20,006	20,006
LESS: finance costs	-	-	-	2,031	2,031
Total present value of lease liabilities	-	-	-	17,975	17,975

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23.3 Operating leases revenue

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2011/12					
Not later than 1 year	-	-	24,774	-	24,774
Later than 1 year and not later than 5 years	-	-	51,466	-	51,466
Later than five years	-	-	7,676	-	7,676
Total operating lease revenue receivable	-	-	83,916	-	83,916

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2010/11					
Not later than 1 year	-	-	28,482	-	28,482
Later than 1 year and not later than 5 years	-	-	71,624	-	71,624
Later than five years	-	-	12,291	-	12,291
Total operating lease revenue receivable	-	-	112,397	-	112,397

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24. Receivables for departmental revenue

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
Interest, dividends and rent on land		3,687	141
Other		11,992	9,479
Total		15,679	9,620

The department earned interest from IDT as a result of the advances paid to IDT. An amount of R141 000 has been restated. The department restated an amount of R966 000 which was erroneously not disclosed.

24.1 Analysis of receivables for departmental revenue

Opening balance	9,620	7,470
Less: amounts received	29,519	27,825
Add: amounts recognised	35,640	30,653
Less: amounts written-off/reversed as irrecoverable	62	678
Closing balance	15,679	9,620

The department has restated an amount of R678 000 written off which was not a requirement in the previous financial year.

24.2 Receivables for department revenue written off

Nature of losses

Loss of revenue	62	678
Total	62	678

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25. Irregular expenditure

25.1 Reconciliation of irregular expenditure

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
Opening balance		26,266	30,809
Add: Irregular expenditure – relating to prior year		56,225	-
Add: Irregular expenditure – relating to current year		122,065	1,396
Less: Amounts condoned		(22,780)	(5,939)
Irregular expenditure awaiting condonation		181,776	26,266

Analysis of awaiting condonation per age classification

Current year	117,743	8
Prior years	64,033	26,258
Total	181,776	26,266

An amount of R51,7 million for current financial year and an amount of R1,1 million relates to the previous financial year it relate to the irregular expenditure incurred by the PMTE and transferred to the Department who incurs the expenditure.

25.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2011/12
		R'000
Procurement processes & delegations not followed	Cases currently being investigated	114,902
Transfer payments Agreement South Africa		7,163
Total		122,065

25.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2011/12
		R'000
Procurement processes not followed	Chief Financial Officer	22,780
Total		22,780

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25.4 Details of irregular expenditures under investigation

	2010/11 R'000
Incident	
Procurement processes not followed	114,902
Total	114,902

26. Fruitless and wasteful expenditure

26.1 Reconciliation of fruitless and wasteful expenditure

	<i>Note</i>	2011/12 R'000	2010/11 R'000
Opening balance		-	-
Fruitless and wasteful expenditure – relating to prior year		69,172	-
Fruitless and wasteful expenditure – relating to current year		97	2
Less: Amounts condoned		-	-
Less: Amounts transferred to receivables for recovery		-	(2)
Fruitless and wasteful expenditure awaiting condonement		69,269	-

26.2 Analysis of awaiting condonation per economic classification

Current	372	-
Capital	68,897	
Total	69,269	-

26.3 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2011/12 R'000
No show booking	Cases still being investigated	1
Interest paid to GEPP	Cases still being investigated	66
Expensive equipment purchased	Cases still being investigated	7
Levy fee account paid	Cases still being investigated	2
Procurement outside RT contract	New matter discovered during audit	9
Inflated process	New matter discovered during audit	12
Total		97

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27. Related party transactions

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
Payments made			
Goods and services		691,799	536,477
Interest and rent on land		628	1,880
Purchases of capital assets		1,025,940	1,280,035
Transactions in financial assets and liabilities		-	839
Total		<u>1,718,367</u>	<u>1,819,231</u>
Year end balances arising from revenue/payments			
Receivables from related parties		45,555	169,680
Payables to related parties		149,687	52,689
Total		<u>195,242</u>	<u>222,369</u>
Other			
Guarantees issued/received			
<i>List other contingent liabilities between department and related party</i>			
<i>Commitments</i>		1,950,349	1,756,208
<i>Lease Commitments</i>		338,715	451,716
Total		<u>2,289,064</u>	<u>2,207,924</u>

List related party relationships

Independent Development Trust (IDT) - Government development agency to implement projects commissioned by government.

Parliamentary Village Board - To provide transport from and to the parliamentary villages for residents (Parliamentarians and sessional officials) who are in Cape Town

Agreemnt South Africa (ASA) - Promote and support the process of integrated socio-economic development in SA

Council for the Built Environment (CBE) - Oversee built environment professional councils.

Construction Industry Development Board (CIDB) - Provide strategic direction for sustainable growth, reform and improvements of the construction sector and its role in the economy.

Property Management Trading Entity (PMTE) - To manage devolved accommodation-related costs and user charge.

Direct cost compensation of employees is not a standard line item disclosure under "payments made" amount to R 468 million for 2011/12 and R 411 million for 2010/11. Indirect cost compensation of employees is not a standard line item disclosure under "payments made" amount to R 105 million for 2011/12 and R 86 million for 2010/11

The PMTE pays planned and unplanned maintenance costs on immovable assets being reflected in the annual financial statements of the department (note 34). The planned maintenance amounted to R707 million (2010/11: R2 billion) while the unplanned maintenance amounted to R2,2 billion (2010/11: R813 million). These costs are not recovered from by PMTE from DPW. An amount of R 365 million (2011/10 R 565,3 million) was committed for planned and unplanned maintenance by PMTE on behalf of DPW.

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28. Key management personnel

	No. of Individuals	2011/12 R'000	2010/11 R'000
Political office bearers (provide detail below)	3	3,027	4,580
Officials:			
Level 15 to 16	10	12,118	10,957
Level 14 (incl. CFO if at a lower level)	39	37,841	33,064
Family members of key management personnel	2	683	692
Total		53,669	49,293

29. Public Private Partnership

	<i>Note</i>	
Contract fee paid	37,349	35,316
Fixed component	10,279	18,902
Indexed component	27,070	16,414
Analysis of indexed component	27,070	16,414
Goods and services (excluding lease payments)	25,999	14,380
Operating leases	679	1,273
Interest	392	761
Capital/ (Liabilities)	10,279	18,902
Tangible rights	10,279	18,902
Other	7,621	10,121
Other obligations	7,621	10,121

Any guarantees issued by the department are disclosed in Note 19.1

Included in the total of R35 million for 2010/11 is a restatement of R16 million inclusive of interest, finance lease and operating lease expenditure. Restated other obligation of R7 million as commitments. Included in the amount for other obligation is an accrual amount of R5 million.

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30. Impairment

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
Impairment			
Debtors		10,500	6,958
Other		99,367	92,010
Total		109,867	98,968

31. Provisions

Performance awards		16,859	16,691
Total		16,859	16,691

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32. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance R'000	Curr Year Adjust- ments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
HERITAGE ASSETS	2,475	53,792	-	57	56,210
Heritage assets	2,475	53,792	-	57	56,210
MACHINERY AND EQUIPMENT	271,414	(4,378)	74,894	36,763	305,167
Transport assets	3,544	-	19	-	3,563
Computer equipment	54,405	(1,385)	43,661	26,246	70,435
Furniture and office equipment	182,938	(3,187)	26,783	8,671	197,863
Other machinery and equipment	30,527	194	4,431	1,846	33,306
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	273,889	49,414	74,894	36,820	361,377

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32.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	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
MACHINERY AND EQUIPMENT	81,163	21,820	(29,987)	1,898	74,894
Transport assets	19				19
Computer equipment	32,302	10,243		1,116	43,661
Furniture and office equipment	15,438	10,395		950	26,783
Other machinery and equipment	33,404	1,182	(29,987)	(168)	4,431
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	81,163	21,820	(29,987)	1,898	74,894

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32.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash Received Actual R'000
HERITAGE ASSETS	-	57	57	-
Heritage assets	-	57	57	-
MACHINERY AND EQUIPMENT	-	36,763	36,763	-
Computer equipment	-	26,246	26,246	-
Furniture and office equipment	-	8,671	8,671	-
Other machinery and equipment	-	1,846	1,846	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	36,820	36,820	-

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32.3 Movement for 2010/11

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
HERITAGE ASSETS	3,285	-	810	2,475
Heritage assets	3,285	-	810	2,475
MACHINERY AND EQUIPMENT	226,458	76,442	31,486	271,414
Transport assets	2,274	1,774	504	3,544
Computer equipment	50,546	9,558	5,699	54,405
Furniture and office equipment	153,269	49,354	19,685	182,938
Other machinery and equipment	20,369	15,756	5,598	30,527
TOTAL MOVABLE TANGIBLE ASSETS	229,743	76,442	32,296	273,889

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32.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2012

	Spe- cialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	76	782	158,099	6	158,963
Current Year Adjustments to Prior Year balances	-	-	409	1,676	(6)	2,079
Additions	-	5	-	11,704	-	11,709
Disposals	-	-	16	9,158	-	9,174
TOTAL MINOR ASSETS	-	81	1,175	162,321	-	163,577

Number of R1 minor assets	-	3	86	7,211	-	7,300
Number of minor assets at cost	-	12	1,051	317,446	-	318,509
TOTAL NUMBER OF MINOR ASSETS	-	15	1,137	324,657	-	325,809

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2011

Opening balance	-	76	782	158,099	6	158,963
TOTAL MINOR ASSETS	-	76	782	158,099	6	158,963

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FOR THE YEAR ENDED 31 MARCH 2012**33. Intangible Capital Assets****MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012**

	Opening balance	Current Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	44,239	(25)	6,659	21	50,852
SERVICES AND OPERATING RIGHTS	500	-	12	-	512
TOTAL INTANGIBLE CAPITAL ASSETS	44,739	(25)	6,671	21	51,364

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33.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2012

	Cash R'000	Non-Cash R'000	(Develop- ment work in progress – current costs) R'000	Received current year, not paid (Paid current year, received prior year) R'000	Total R'000
COMPUTER SOFTWARE	6,557	-	-	102	6,659
SERVICES AND OPERATING RIGHTS	12	-	-	-	12
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	6,569	-	-	102	6,671

33.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31
MARCH 2012

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash Received Actual R'000
COMPUTER SOFTWARE	-	21	21	-
TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS	-	21	21	-

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33.3 Movement for 2010/11

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31
MARCH 2011**

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	41,927	2,591	279	44,239
SERVICES AND OPERATING RIGHTS	500	-	-	500
TOTAL INTANGIBLE CAPITAL ASSETS	42,427	2,591	279	44,739

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34. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance R'000	Curr Year Adjust- ments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance 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 CAPITAL ASSETS	3,498,747	-	618,051	3,154	4,113,644

During the current year DPW spent R1 billion and PMTE spent R885 million on capital expenditure.

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34.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	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	617,649	-	-	-	617,649
Non-residential buildings	617,649	-	-	-	617,649
LAND AND SUBSOIL ASSETS					
Land	402	-	-	-	402
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	618,051	-	-	-	618,051

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34.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash Received Actual R'000
LAND AND SUBSOIL ASSETS	3,154		3,154	3,154
Land	3,154	-	3,154	3,154
TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS	3,154	-	3,154	- 3,154

The property disposed is at R1.00 value in the asset register.

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NARRATIVE ON THE STATUS QUO OF DPW'S IMMOVABLE ASSET REGISTER 2011/12 AS AT 31 MAY 2012

In November 2011, the Department embarked on a Programme to re-build the Immovable Asset Register ("IAR") given that it contains unverified information and does not meet business and regulatory requirements. The Department has embarked on a programme to enable it to be in a position to present a complete and accurate IAR which is compliant with the applicable accounting framework and relevant legislation by 31 May 2013.

The programme includes the following key milestones which coincide with the 2011/12 reporting deadline;

- Reconciliation of the number of properties contained in DPW's asset register to Deeds, IAR's of other custodians and the nine Provinces.
- Confirmation of land parcel details to Aktex records in order to establish the Registered Owner, extent and other required descriptions
- Development of a custodian framework that is compliant with Government Immovable Asset Management Act ("GIAMA") and other legislation, and the Departmental Financial Reporting Framework prescribed by National Treasury.
- Ensuring that the number of properties to be reflected by National DPW and the Provinces is in line with the requirements of the National Treasury Sector Specific Guide.

For the sake of comparability, Note 34 reflects the cumulative capital expenditure incurred on properties in line with past capitalisation practises, as contained in the current asset register system (PMIS). Such capitalisation practises have in the past not been applied consistently, nor have they been technically correct when compared to relevant accounting frameworks. Consequently, as at 31 March 2012, Note 34 cannot be reconciled to the IAR.

The DPW programme to reconstruct the IAR intends to apply fair value to all properties as part of the IAR Programme by May 2013 as a means of establishing a more meaningful, consistent and reliable base cost at that stage. The current carrying values in Note 34 will be adjusted to reflect fair value as soon as such model has been applied. DPW does maintain a cumulative list of improvements but this cannot be reconciled to financial records given that a capitalisation policy was not consistently applied in the past. In the meantime this list of improvements has been linked to the land parcels to the extent that this is possible in order to provide a more realistic view of the properties as contained in the IAR presented for the 2011/12 year. This is a step towards the fully reconstructed asset register that is planned for the 2012/13 year. The proposed physical verifications will confirm and update the completeness of such improvements by 31 May 2013.

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The following table reflects a summary of the progress made on the IAR program:

Item	Number of land parcels as reported as at 31 March 2011***	Revised number of land parcels based on Programme outcomes**	Difference	Key reasons for the differences include
Land – National functions				
State land under DPW's custodianship	35 895	21 448****	14 447	8,420 land parcels excluded as these properties are classified as Provincial, Private, or other State Departments according to Aktex records. 6,027 land parcels on PMIS, the majority of which consist of properties with no registered owner details in Aktex. Further analysis and verification is required to confirm the final number of properties to be disclosed by National DPW.
Improvements – National functions				
Residential improvements	33 056	33 056	-	No change as physical verification has not yet commenced
Non-residential improvements	40 342	40 342	-	
Land – Provincial functions				
State land that constitutes provincial properties that are required to be disclosed in National DPW's records in terms of the National Treasury Sector Specific Guide, given that such properties have not yet been vested by the Provinces **	-	15 878	15 878	Further analysis and verification is required to confirm the final number of properties belonging to Provinces that should be disclosed by National DPW as required by the National Treasury Sector Specific Guide.

* Work performed to 31 May 2012

**In April 2008 DPW commenced with an initiative to devolve relevant properties to the Provinces. The DPW Programme is in the process of confirming the exact number of such properties that were meant to be devolved and accounted for by National and Provinces in terms of the National Treasury Sector Specific Guide.

*** The programme used the PMIS asset register at the beginning of the 2011/12 financial year as a reference point for all work done.

**** This balance excludes 6 690 land parcels that are reflected on Deeds (not on PMIS) as being state land. These may form part of National DPW's IAR pending further analysis.

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34.3 Movement for 2010/11

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	2,192,382	1,247,580	-	3,439,962
Dwellings	231,061	271,848	-	502,909
Non-residential buildings	1,960,760	975,732	-	2,936,492
Other fixed structures	561	-	-	561
HERITAGE ASSETS	-	4,547	-	4,547
Heritage assets	-	4,547	-	4,547
LAND AND SUBSOIL ASSETS	59,216	13,139	18,117	54,238
Land	59,216	13,139	18,117	54,238
Mineral and similar non-regenerative resources	-	-	-	-
TOTAL IMMOVABLE TANGIBLE ASSETS	2,251,598	1,265,266	18,117	3,498,747

34.4 Immovable assets valued at R1

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

	Buildings and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Total R'000
R1 Immovable assets	73	-	36	109
TOTAL	73	-	36	109

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2011

R1 Immovable assets	73	-	36	109
TOTAL	73	-	36	109

The department has corrected amounts which were incorrectly disclosed as millions instead of thousands.

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35. STATEMENT OF CONDITIONAL GRANTS PAID TO THE PROVINCES

NAME OF PROVINCE / GRANT	GRANT ALLOCATION			TRANSFER			SPENT			2010/11 Division of Revenue Act 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 %	Amount received by department R'000	Amount spent by department R'000		% of available funds spent by department %
Eastern Cape	197,779	-	-	197,779	197,779	-	-	197,779	235,674	119%	299,557
Free State	235,502	-	20,247	255,749	255,749	-	20,247	255,749	251,852	98%	25,291
Gauteng	305,623	-	-	305,623	305,623	-	-	305,623	299,230	98%	42,216
KwaZulu-Natal	548,854	-	(55,000)	493,854	493,854	-	(55,000)	493,180	516,858	105%	66,855
Limpopo	62,386	-	-	62,386	62,386	-	-	62,386	53,223	85%	87,094
Mpumalanga	87,371	-	-	87,371	87,371	-	-	87,371	84,814	97%	265,650
Northern Cape	55,644	-	25,000	80,644	80,644	-	25,000	80,644	71,076	88%	227,378
North West	202,414	-	(27,000)	175,414	175,414	-	(27,000)	175,414	166,396	95%	192,556
Western Cape	308,015	-	36,753	344,768	344,768	-	36,753	344,768	356,433	103%	715,267
	2,003,588	-	-	2,003,588	2,003,588	-	-	2,002,914	2,035,556		1,921,864

National Departments are reminded of the DORA requirements to indicate any re-allocations by the National Treasury or the transferring department, certify that all transfers in terms of this Act were deposited into the primary bank account of a province or, where appropriate, into the CPD account of a province as well as indicate the funds utilised for the administration of the receiving officer.

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36. STATEMENT OF UNCONDITIONAL GRANTS PAID TO THE PROVINCES

NAME OF PROVINCE / GRANT	GRANT ALLOCATION			TRANSFER		SPENT		2010/11 Division of Revenue Act R'000		
	Amount R'000	Roll Overs R'000	Other Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Trans- ferred %	Amount received by depart- ment R'000		Amount spent by depart- ment R'000	% of available funds spent by depart- ment %
Eastern Cape	30,431	-	-	30,431	20,702	68%	20,702	-	-	60,354
Free State	10,606	-	-	10,606	11,976	113%	4,814	-	-	13,767
Gauteng	44,210	-	-	44,210	435	1%	435	5	1%	39,154
KwaZulu-Natal	129,837	-	-	129,837	149,520	115%	126,942	130,414	103%	169,470
Limpopo	9,545	-	-	9,545	27,963	293%	27,963	6,215	-	2,903
Mpumalanga	9,486	-	-	9,486	12,979	137%	12,979	2,555	-	18,074
Northern Cape	4,809	-	-	4,809	758	16%	76	-	-	1,167
North West	5,758	-	-	5,758	-	-	-	-	-	2,897
Western Cape	22,587	-	-	22,587	1,128	5%	1,128	16,391	1453%	23,218
	267,269	-	-	267,269	225,461		195,039	155,580		331,004

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37. STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION						TRANSFER		
	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		
Abaqulusi	357	-	-	357	-	-	-		
Aganang	357	-	-	357	685	-	-		
Albert Luthuli	966	-	-	966	1 919	-	580		
Alfred Nzo District Municipality	9 530	-	-	9 530	11 067	-	34 470		
Amahlathi	609	-	-	609	757	-	580		
Amajuba District Municipality	966	-	-	966	871	-	8 025		
Amathole District Municipality	7 803	-	-	7 803	9 253	-	13 724		
Ba-Phalaborwa	357	-	-	357	763	-	-		
Baviaans	966	-	-	966	2 064	-	580		
Beaufort West	357	-	-	357	693	-	-		
Bela Bela	357	-	-	357	98	-	-		
Bergrivier	357	-	-	357	581	-	-		
Bitou	357	-	-	357	502	-	-		
Blouberg	483	-	-	483	477	-	-		
Blue Grane Route	357	-	-	357	253	-	-		
Bojanala Platinum District Mu	1 301	-	-	1 301	1 062	-	913		
Breede Valley	357	-	-	357	551	-	-		
Buffalo City	1 512	-	-	1 512	-	-	1 433		
Bushbuckridge	1 251	-	-	1 251	5 084	-	1 374		
Camdeboo	966	-	-	966	958	-	580		
Cape Agulhas	357	-	-	357	437	-	-		
Capricorn District Municipality	4 269	-	-	4 269	1 108	-	5 762		
Cederberg	357	-	-	357	611	-	-		
Central Karoo District Municipality	357	-	-	357	615	-	-		
Chris Hani District Municipality	16 400	-	-	16 400	11 988	-	19 013		
City of Cape Town	16 989	-	-	16 989	9 279	-	19 263		
City of Johannesburg	191 011	-	-	191 011	88 725	-	141 486		

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NAME OF MUNICIPALITY	GRANT ALLOCATION						TRANSFER		
	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		
City of Matlosana	7 334	-	-	7 334	880	-	7 865		
City of Tshwane	7 682	-	-	7 682	-	-	5 809		
Delmas(Victor Khanye)	357	-	-	357	1 366	-	-		
Dihlabeng	367	-	-	367	47	-	-		
Dipaleseng	966	-	-	966	1 132	-	580		
Ditsobotla	966	-	-	966	3 414	-	580		
Dr JS Moroka	1 788	-	-	1 788	515	-	1 647		
Dr Kenneth Kaunda District Municipality	357	-	-	357	36	-	-		
Dr Ruth Segomotsi Mompoti District Municipality	4 765	-	-	4 765	1 147	-	3 785		
Drakenstein	357	-	-	357	177	-	500		
Eden District Municipality	-	-	-	-	69	-	-		
eDumbe	357	-	-	357	-	-	-		
Ehlanzeni District Municipality	563	-	-	563	1 372	-	-		
Ekurhuleni	6 222	-	-	6 222	-	-	1 433		
Elias Motsoaledi	2 661	-	-	2 661	893	-	2 194		
Elundini	357	-	-	357	433	-	-		
Emakhazeni	357	-	-	357	547	-	-		
Emalahleni	966	-	-	966	641	-	913		
Emalahleni (EC)	1 625	-	-	1 625	492	-	1 318		
Emalahleni (Mpumalanga)	-	-	-	-	-	-	-		
Emfuleni	7 693	-	-	7 693	3 397	-	7 500		
Emnambethi-Ladysmith	357	-	-	357	-	-	-		
Emthanjeni	357	-	-	357	48	-	-		
Engcobo	609	-	-	609	951	-	580		
Ephraim Mogale	357	-	-	357	56	-	-		
eThekweni	72 084	-	-	72 084	-	-	60 258		
Fetakgomo	357	-	-	357	729	-	-		
Fezile Dabi District Municipality	966	-	-	966	222	-	580		

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NAME OF MUNICIPALITY	GRANT ALLOCATION						TRANSFER		
	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		
Frances Baard District Municipality	6 588	-	-	6 588	134	-	8 545		
Gariep	357	-	-	357	350	-	-		
Ga-Segonyana	966	-	-	966	302	-	580		
George	1 585	-	-	1 585	2 541	-	1 942		
Gert Sibande district Municipality	3 420	-	-	3 420	483	-	5 095		
Govan Mbeki	1 574	-	-	1 574	2 255	-	1 822		
Greater Giyani	357	-	-	357	274	-	-		
Greater Kokstad	357	-	-	357	448	-	-		
Greater Letaba	2 643	-	-	2 643	991	-	1 905		
Greater Sekhukhune District Municipality	12 333	-	-	12 333	2 742	-	16 305		
Greater Taung	966	-	-	966	441	-	580		
Greater Tubatse	1 284	-	-	1 284	614	-	580		
Greater Tzaneen	911	-	-	911	1 906	-	580		
Hessequa	357	-	-	357	626	-	580		
Hibiscus Coast	966	-	-	966	-	-	580		
Ikwezi	357	-	-	357	58	-	-		
iLembe District Municipality	7 067	-	-	7 067	410	-	6 245		
Inkwanca	357	-	-	357	522	-	-		
Intsika Yethu	966	-	-	966	1 244	-	994		
Inxuba Yethemba	357	-	-	357	284	-	-		
Joe Grabi District Municipality	3 476	-	-	3 476	-	-	-		
John Taolo Gaetsewe District Municipality	7 113	-	-	7 113	-	-	8 768		
Kannaland	357	-	-	357	370	-	-		
Kgetlengrivier	357	-	-	357	-	-	-		
King Sabata Dalinyebo	609	-	-	609	633	-	580		
Knysna	357	-	-	357	-	-	333		
Kopanong	357	-	-	357	459	-	-		

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

NAME OF MUNICIPALITY	GRANT ALLOCATION						TRANSFER		
	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		
Kouga	1 251	-	-	1 251	776	-	580		
Kou-kamma	357	-	-	357	409	-	-		
Kungwini	-	-	-	-	-	-	580		
Lejweleputswa District Municipality	966	-	-	966	436	-	580		
Lekwa	966	-	-	966	3 317	-	580		
Lekwa-Teemane	357	-	-	357	-	-	-		
Lepelle-Nkumpi	966	-	-	966	1 294	-	580		
Lephalale	2 554	-	-	2 554	1 372	-	2 051		
Letsemeng	357	-	-	357	389	-	-		
Lukhanji	966	-	-	966	2 504	-	913		
Madibeng	3 417	-	-	3 417	3 518	-	2 588		
Mafikeng	966	-	-	966	3 975	-	580		
Matube	357	-	-	357	773	-	-		
Makana	357	-	-	357	74	-	-		
Makhado	609	-	-	609	1 083	-	913		
Makhuduthamaga	1 492	-	-	1 492	541	-	580		
Maletswai	357	-	-	357	604	-	-		
Maluti a Phofung	6 706	-	-	6 706	10 990	-	9 381		
Mamusa	357	-	-	357	-	-	-		
Mangaung	5 713	-	-	5 713	-	-	7 359		
Mantsopa	357	-	-	357	308	-	-		
Maquassi Hills	966	-	-	966	391	-	580		
Maruleng	966	-	-	966	592	-	580		
Masilonyana	357	-	-	357	734	-	-		
Matatiele	1 934	-	-	1 934	5 320	-	580		
Matjhabeng	3 335	-	-	3 335	1 592	-	3 705		
Matzikama	357	-	-	357	1 001	-	-		
Mbombela	1 911	-	-	1 911	5 848	-	3 974		
Merafong City	3 952	-	-	3 952	2 394	-	3 050		

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

NAME OF MUNICIPALITY	GRANT ALLOCATION						TRANSFER		
	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		
Metsimaholo	357	-	-	357	1 116	-	-		
Mhlonhlo	966	-	-	966	1 252	-	580		
Midvaal	357	-	-	357	378	-	-		
Mkhondo	966	-	-	966	942	-	580		
Mnquma	357	-	-	357	714	-	-		
Modimolle	357	-	-	357	2 093	-	-		
Mogalakwena	1 693	-	-	1 693	2 549	-	1 089		
Mogale City	2 709	-	-	2 709	1 506	-	890		
Mohokare	357	-	-	357	154	-	-		
Molopo	357	-	-	357	-	-	-		
Mopani District Municipality	7 746	-	-	7 746	6 338	-	6 479		
Moghaka	1 726	-	-	1 726	1 295	-	1 304		
Moretele	1 759	-	-	1 759	1 926	-	580		
Moses Kotane	1 242	-	-	1 242	2 296	-	913		
Moshaweng	357	-	-	357	-	-	-		
Mossel Bay	609	-	-	609	3 663	-	913		
Motho District Municipality	-	-	-	-	-	-	580		
Msukaligwa	357	-	-	357	1 149	-	-		
Msunduzi	1 512	-	-	1 512	-	-	1 433		
Mutale	1 621	-	-	1 621	290	-	1 544		
Nala	357	-	-	357	1 607	-	-		
Naledi	966	-	-	966	576	-	580		
Naledi	357	-	-	357	-	-	-		
Namakwa District Municipality	4 405	-	-	4 405	212	-	7 518		
Ndlambe	357	-	-	357	137	-	-		
Nelson Mandela Bay	8 923	-	-	8 923	5 123	-	8 492		
Newcastle	966	-	-	966	2 643	-	580		
Ngaka Modiri Molema District Municipality	1 955	-	-	1 955	586	-	1 854		

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

NAME OF MUNICIPALITY	GRANT ALLOCATION						TRANSFER		
	R'000	R'000	R'000	R'000	R'000	R'000	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
Ngqiza Hill	357	-	-	357	470	-	-	-	-
Ngwathe	975	-	-	975	143	-	-	-	-
Nkangala district Municipality	3 242	-	-	3 242	137	-	-	-	4 725
Nketoana	357	-	-	357	323	-	-	-	-
Nkomazi	1 092	-	-	1 092	3 155	-	-	-	580
Nkonkobe	357	-	-	357	3 297	-	-	-	-
Nokeng tsa Taemane	-	-	-	-	-	-	-	-	580
Nongoma	357	-	-	357	-	-	-	-	-
Ntabankulu	966	-	-	966	285	-	-	-	580
O.R Tambo District Muni	7 792	-	-	7 792	12 910	-	-	-	1 946
Oudtshoorn	1 359	-	-	1 359	4 615	-	-	-	913
Overberg District Municipality	357	-	-	357	182	-	-	-	-
Overstrand	357	-	-	357	777	-	-	-	-
Phokwane	357	-	-	357	86	-	-	-	-
Pixley Ka Seme	9 477	-	-	9 477	3 698	-	-	-	12 765
Polokwane	10 244	-	-	10 244	2 743	-	-	-	7 035
Port St Johns	966	-	-	966	989	-	-	-	580
Gaukeni (formerly Ingquza Hill)	-	-	-	-	-	-	-	-	333
Ramotshere Moiloa	609	-	-	609	415	-	-	-	580
Randfontein	2 009	-	-	2 009	1 339	-	-	-	1 573
Ratlou	609	-	-	609	295	-	-	-	580
Renosterberg	966	-	-	966	366	-	-	-	580
Rustenburg	8 315	-	-	8 315	7 159	-	-	-	9 281
Sakhisizwe	357	-	-	357	392	-	-	-	662
Sedibeng District Municipality	357	-	-	357	-	-	-	-	-
Senqu	966	-	-	966	2 713	-	-	-	580
Setsoto	7 095	-	-	7 095	2 718	-	-	-	6 417
Sisonke District Municipality	1 975	-	-	1 975	5 135	-	-	-	580
Siyanda District Municipality	8 888	-	-	8 888	490	-	-	-	11 490
Siyathemba	966	-	-	966	543	-	-	-	580

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

NAME OF MUNICIPALITY	GRANT ALLOCATION						TRANSFER		
	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		
Sol Plaatje	16 087	-	-	16 087	2 746	-	12 338		
Steve Tshwete	1 259	-	-	1 259	2 489	-	580		
Swellendam	357	-	-	357	262	-	-		
Thaba Chweu	966	-	-	966	331	-	580		
Thabazimbi	357	-	-	357	849	-	-		
Thabo Mofutsanyana district	1 347	-	-	1 347	961	-	914		
Theewaterskloof	1 134	-	-	1 134	984	-	2 174		
Thembisile	966	-	-	966	1 267	-	580		
Thulamela	2 291	-	-	2 291	2 633	-	1 842		
Tlokwe	966	-	-	966	604	-	580		
Tokologo	357	-	-	357	1 225	-	-		
Tsantsabane	357	-	-	357	-	-	-		
Tsolwana	357	-	-	357	325	-	1 486		
Tswaing	966	-	-	966	-	-	580		
Tswelopele	357	-	-	357	520	-	-		
Ubuntu	357	-	-	357	-	-	-		
Ugu District Municipality	1 802	-	-	1 802	100	-	1 377		
Ukhahlamba District Municipality	-	-	-	-	2 526	-	6 062		
Umjindi	357	-	-	357	1 752	-	333		
Umkhanyakude District Muni	17 369	-	-	17 369	-	-	23 394		
Umzimkhulu	357	-	-	357	-	-	-		
Umzimvubu	966	-	-	966	1 519	-	580		
Umzinyathi District Muni	3 537	-	-	3 537	197	-	3 567		
Uphongolo	357	-	-	357	116	-	-		
Uthukela district Municipality	11 153	-	-	11 153	2 096	-	9 543		
uThungulu District Municipality	4 868	-	-	4 868	2 444	-	6 562		
Ventersdorp	966	-	-	966	162	-	580		
Vhembe District Municipality	6 011	-	-	6 011	4 365	-	4 423		
Waterberg district Municipality	966	-	-	966	171	-	913		

NATIONAL DEPARTMENT OF PUBLIC WORKS

VOTE 7

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

NAME OF MUNICIPALITY	GRANT ALLOCATION						TRANSFER		
	R'000	R'000	R'000	R'000	R'000	R'000	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
West Coast Ldistrict Municipality	357	-	-	357	63	-	580	-	580
Westonaria	4 682	-	-	4 682	755	-	4 616	-	4 616
Westrand District Munic	989	-	-	989	-	-	580	-	580
Xhariep District Municipality	357	-	-	357	-	-	-	-	-
Zululand District Municipality	1 217	-	-	1 217	1 244	-	1 470	-	1 470
	679 583	-	-	679 583	363 913	-	624,156	-	624,156

ANNEXURES

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				2010/11
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Abaqulusi	357	-	-	357	-	-	-	-	
Aganang	357	-	-	357	685	-	-	-	
Albert Luthuli	966	-	-	966	1 919	-	-	580	
Alfred Nzo District Municipality	9 530	-	-	9 530	11 067	-	-	34 470	
Amahliathi	609	-	-	609	757	-	-	580	
Amajuba District Municipality	966	-	-	966	871	-	-	8 025	
Amathole District Municipality	7 803	-	-	7 803	9 253	-	-	13 724	
Ba-Phalaborwa	357	-	-	357	763	-	-	-	
Baviaans	966	-	-	966	2 064	-	-	580	
Beaufort West	357	-	-	357	693	-	-	-	
Bela Bela	357	-	-	357	98	-	-	-	
Bergrivier	357	-	-	357	581	-	-	-	
Bitou	357	-	-	357	502	-	-	-	
Blouberg	483	-	-	483	477	-	-	-	
Blue Grane Route	357	-	-	357	253	-	-	-	
Bojanala Platinum District Mu	1 301	-	-	1 301	1 062	-	-	913	
Brede Valley	357	-	-	357	551	-	-	-	
Buffalo City	1 512	-	-	1 512	-	-	-	1 433	
Bushbuckridge	1 251	-	-	1 251	5 084	-	-	1 374	
Camdeboo	966	-	-	966	958	-	-	580	
Cape Agulhas	357	-	-	357	437	-	-	-	
Capricorn District Municipality	4 269	-	-	4 269	1 108	-	-	5 762	
Cederberg	357	-	-	357	611	-	-	-	

ANNEXURES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			2010/11
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Central Karoo District Municipality	357	-	-	357	615	-	-	-
Chris Hani District Municipality	16 400	-	-	16 400	11 988	-	-	19 013
City of Cape Town	16 989	-	-	16 989	9 279	-	-	19 263
City of Johannesburg	191 011	-	-	191 011	88 725	-	-	141 486
City of Matlosana	7 334	-	-	7 334	880	-	-	7 865
City of Tshwane	7 682	-	-	7 682	-	-	-	5 809
Delmas(Victor Khanye)	357	-	-	357	1 366	-	-	-
Dhlabeng	367	-	-	367	47	-	-	-
Dipaleseng	966	-	-	966	1 132	-	-	580
Ditsobotla	966	-	-	966	3 414	-	-	580
Dr JS Moroka	1 788	-	-	1 788	515	-	-	1 647
Dr Kenneth Kaunda District Municipality	357	-	-	357	36	-	-	-
Dr Ruth Segomotsi Mompoti District Municipality	4 765	-	-	4 765	1 147	-	-	3 785
Drakenstein	357	-	-	357	177	-	-	-
Eden District Municipality	-	-	-	-	69	-	-	500
eDumbe	357	-	-	357	-	-	-	-
Ehlanzeni District Municipality	563	-	-	563	1 372	-	-	-
Ekurhuleni	6 222	-	-	6 222	-	-	-	1 433
Elias Motsoaledi	2 661	-	-	2 661	893	-	-	2 194
Elundini	357	-	-	357	433	-	-	-
Emakhazeni	357	-	-	357	547	-	-	-
Emalaheni	966	-	-	966	641	-	-	-
Emalaheni (EC)	1 625	-	-	1 625	492	-	-	1 318
Emalaheni (Mpumalanga)	-	-	-	-	-	-	-	913
Emfuleni	7 693	-	-	7 693	3 397	-	-	7 500
Emnambethi-Ladysmith	357	-	-	357	-	-	-	-
Emthanjeni	357	-	-	357	48	-	-	-
Engcobo	609	-	-	609	951	-	-	580

ANNEXURES

NAME OF MUNICIPALITY	GRANT ALLOCATION						TRANSFER				2010/11
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act			
								R'000	R'000		
Ephraim Mogale	357	-	-	357	56	-	-	R'000	-		
eThekweni	72 084	-	-	72 084	-	-	-	R'000	60 258		
Fetakgomo	357	-	-	357	729	-	-	R'000	-		
Fezile Dabi District Municipality	966	-	-	966	222	-	-	R'000	580		
Frances Baard District Municipality	6 588	-	-	6 588	134	-	-	R'000	8 545		
Gariep	357	-	-	357	350	-	-	R'000	-		
Ga-Segonyana	966	-	-	966	302	-	-	R'000	580		
George	1 585	-	-	1 585	2 541	-	-	R'000	1 942		
Gert Sibande district Municipality	3 420	-	-	3 420	483	-	-	R'000	5 095		
Govan Mbeki	1 574	-	-	1 574	2 255	-	-	R'000	1 822		
Greater Giyani	357	-	-	357	274	-	-	R'000	-		
Greater Kokstad	357	-	-	357	448	-	-	R'000	-		
Greater Letaba	2 643	-	-	2 643	991	-	-	R'000	1 905		
Greater Sekhukhune District Municipality	12 333	-	-	12 333	2 742	-	-	R'000	16 305		
Greater Taung	966	-	-	966	441	-	-	R'000	580		
Greater Tubatse	1 284	-	-	1 284	614	-	-	R'000	580		
Greater Tzaneen	911	-	-	911	1 906	-	-	R'000	580		
Hessequa	357	-	-	357	626	-	-	R'000	580		
Hibiscus Coast	966	-	-	966	-	-	-	R'000	580		
Ikwezi	357	-	-	357	58	-	-	R'000	-		
iLembe District Municipality	7 067	-	-	7 067	410	-	-	R'000	6 245		
Inkwanca	357	-	-	357	522	-	-	R'000	-		
Intsika Yethu	966	-	-	966	1 244	-	-	R'000	994		
Inxuba Yethemba	357	-	-	357	284	-	-	R'000	-		
Joe Grabi District Municipality	3 476	-	-	3 476	-	-	-	R'000	-		
John Taolo Gaetsewe District Municipality	7 113	-	-	7 113	-	-	-	R'000	8 768		
Kannaland	357	-	-	357	370	-	-	R'000	-		

ANNEXURES

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER			2010/11
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	
								R'000	R'000
Kgetlengrivier	357	-	-	357	-	-	-	-	
King Sabata Dalinyebo	609	-	-	609	633	-	-	580	
Knysna	-	-	-	-	-	-	-	333	
Kopanong	357	-	-	357	459	-	-	-	
Kouga	1 251	-	-	1 251	776	-	-	580	
Kou-kamma	357	-	-	357	409	-	-	-	
Kungwini	-	-	-	-	-	-	-	580	
Lejweleputswa District Municipality	966	-	-	966	436	-	-	580	
Lekwa	966	-	-	966	3 317	-	-	580	
Lekwa-Teemane	357	-	-	357	-	-	-	-	
Lepelle-Nkumpi	966	-	-	966	1 294	-	-	580	
Lephalale	2 554	-	-	2 554	1 372	-	-	2 051	
Letsemeng	357	-	-	357	389	-	-	-	
Lukhanji	966	-	-	966	2 504	-	-	913	
Madibeng	3 417	-	-	3 417	3 518	-	-	2 588	
Matikeng	966	-	-	966	3 975	-	-	580	
Matube	357	-	-	357	773	-	-	-	
Makana	357	-	-	357	74	-	-	-	
Makhado	609	-	-	609	1 083	-	-	913	
Makhuduthamaga	1 492	-	-	1 492	541	-	-	580	
Maletswai	357	-	-	357	604	-	-	-	
Maluti a Phofung	6 706	-	-	6 706	10 990	-	-	9 381	
Mamusa	357	-	-	357	-	-	-	-	
Mangaung	5 713	-	-	5 713	-	-	-	7 359	
Mantsopa	357	-	-	357	308	-	-	-	
Maquassi Hills	966	-	-	966	391	-	-	580	
Maruleng	966	-	-	966	592	-	-	580	
Masilonyana	357	-	-	357	734	-	-	-	
Matatiele	1 934	-	-	1 934	5 320	-	-	580	

ANNEXURES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				2010/11
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	
									R'000
Matjhabeng	3 335	-	-	3 335	1 592	-	-	3 705	
Matzikama	357	-	-	357	1 001	-	-	-	
Mbombela	1 911	-	-	1 911	5 848	-	-	3 974	
Merafong City	3 952	-	-	3 952	2 394	-	-	3 050	
Metsemaholo	357	-	-	357	1 116	-	-	-	
Mthonhlo	966	-	-	966	1 252	-	-	580	
Midvaal	357	-	-	357	378	-	-	-	
Mkhondo	966	-	-	966	942	-	-	580	
Mnquma	357	-	-	357	714	-	-	-	
Modimolle	357	-	-	357	2 093	-	-	-	
Mogalakwena	1 693	-	-	1 693	2 549	-	-	1 089	
Mogale City	2 709	-	-	2 709	1 506	-	-	890	
Mohokare	357	-	-	357	154	-	-	-	
Molopo	357	-	-	357	-	-	-	-	
Mopani District Municipality	7 746	-	-	7 746	6 338	-	-	6 479	
Moghaka	1 726	-	-	1 726	1 295	-	-	1 304	
Moretele	1 759	-	-	1 759	1 926	-	-	580	
Moses Kotane	1 242	-	-	1 242	2 296	-	-	913	
Moshaweng	357	-	-	357	-	-	-	-	
Mossel Bay	609	-	-	609	3 663	-	-	913	
Motheo District Municipality	-	-	-	-	-	-	-	580	
Msukaligwa	357	-	-	357	1 149	-	-	-	
Msunduzi	1 512	-	-	1 512	-	-	-	1 433	
Mutale	1 621	-	-	1 621	290	-	-	1 544	
Nala	357	-	-	357	1 607	-	-	-	
Naledi	966	-	-	966	576	-	-	580	
Naledi	357	-	-	357	-	-	-	-	
Namakwa District Municipality	4 405	-	-	4 405	212	-	-	7 518	
Ndlambe	357	-	-	357	137	-	-	-	
Nelson Mandela Bay	8 923	-	-	8 923	5 123	-	-	8 492	

ANNEXURES

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER			2010/11
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	
								R'000	R'000
Newcastle	966	-	-	966	2 643	-	-	580	
Ngaka Modiri Molema District Municipality	1 955	-	-	1 955	586	-	-	1 854	
Ngqiza Hill	357	-	-	357	470	-	-	-	
Ngwathe	975	-	-	975	143	-	-	-	
Nkangala district Municipality	3 242	-	-	3 242	137	-	-	4 725	
Nketoana	357	-	-	357	323	-	-	-	
Nkomazi	1 092	-	-	1 092	3 155	-	-	580	
Nkonkobe	357	-	-	357	3 297	-	-	-	
Nokeng tsa Taamane	-	-	-	-	-	-	-	580	
Nongoma	357	-	-	357	-	-	-	-	
Ntabankulu	966	-	-	966	285	-	-	580	
O.R Tambo District Municipality	7 792	-	-	7 792	12 910	-	-	1 946	
Oudtshoorn	1 359	-	-	1 359	4 615	-	-	913	
Overberg District Municipality	357	-	-	357	182	-	-	-	
Overstrand	357	-	-	357	777	-	-	-	
Phokwane	357	-	-	357	86	-	-	-	
Pixley Ka Seme	9 477	-	-	9 477	3 698	-	-	12 765	
Polokwane	10 244	-	-	10 244	2 743	-	-	7 035	
Port St Johns	966	-	-	966	989	-	-	580	
Gaukeni (formerly Ingqiza Hill)	-	-	-	-	-	-	-	333	
Ramotshere Moiloa	609	-	-	609	415	-	-	580	
Randfontein	2 009	-	-	2 009	1 339	-	-	1 573	
Ratlou	609	-	-	609	295	-	-	580	
Renosterberg	966	-	-	966	366	-	-	580	
Rustenburg	8 315	-	-	8 315	7 159	-	-	9 281	
Sakhisizwe	357	-	-	357	392	-	-	662	
Sedibeng District Municipality	357	-	-	357	-	-	-	-	
Senqu	966	-	-	966	2 713	-	-	580	
Setsotho	7 095	-	-	7 095	2 718	-	-	6 417	

ANNEXURES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				2010/11
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Sisonke District Municipality	1 975	-	-	1 975	5 135	-	-	580	
Siyanda District Municipality	8 888	-	-	8 888	490	-	-	11 490	
Siyathemba	966	-	-	966	543	-	-	580	
Sol Plaatje	16 087	-	-	16 087	2 746	-	-	12 338	
Steve Tshwete	1 259	-	-	1 259	2 489	-	-	580	
Swellendam	357	-	-	357	262	-	-	-	
Thaba Chweu	966	-	-	966	331	-	-	580	
Thabazimbi	357	-	-	357	849	-	-	-	
Thabo Mofutsanyana district	1 347	-	-	1 347	961	-	-	914	
Theewaterskloof	1 134	-	-	1 134	984	-	-	2 174	
Thembisile	966	-	-	966	1 267	-	-	580	
Thulamela	2 291	-	-	2 291	2 633	-	-	1 842	
Tlokwe	966	-	-	966	604	-	-	580	
Tokologo	357	-	-	357	1 225	-	-	-	
Tsantsabane	357	-	-	357	-	-	-	-	
Tsolwana	357	-	-	357	325	-	-	1 486	
Tswaing	966	-	-	966	-	-	-	580	
Tswelopele	357	-	-	357	520	-	-	-	
Ubuntu	357	-	-	357	-	-	-	-	
Ugu District Municipality	1 802	-	-	1 802	100	-	-	1 377	
Ukhahlamba District Municipality	-	-	-	-	2 526	-	-	6 062	
Umjindi	357	-	-	357	1 752	-	-	333	
Umkhanyakude District Municipality	17 369	-	-	17 369	-	-	-	23 394	
Umzimkhulu	357	-	-	357	-	-	-	-	
Umzimvubu	966	-	-	966	1 519	-	-	580	
Umzinyathi District Municipality	3 537	-	-	3 537	197	-	-	3 567	
Uphongolo	357	-	-	357	116	-	-	-	
Uthukela district Municipality	11 153	-	-	11 153	2 096	-	-	9 543	
uThungulu District Municipality	4 868	-	-	4 868	2 444	-	-	6 562	

ANNEXURES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				2010/11
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Ventersdorp	966	-	-	966	162	-	-	-	580
Vhembe District Municipality	6 011	-	-	6 011	4 365	-	-	-	4 423
Waterberg district Municipality	966	-	-	966	171	-	-	-	913
West Coast Ldistrict Municipality	357	-	-	357	63	-	-	-	580
Westonaria	4 682	-	-	4 682	755	-	-	-	4 616
Westrand District Munic	989	-	-	989	-	-	-	-	580
Xhariep District Municipality	357	-	-	357	-	-	-	-	-
Zululand District Municipality	1 217	-	-	1 217	1 244	-	-	-	1 470
	679 583	-	-	679 583	363 913	-	-	-	624 156

ANNEXURE 1B

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2010/11
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
City of Tshwane	1	-	-	1	1	100%	-	-	-	-
City of Cape Town	1	-	-	1	1	100%	-	-	-	-
City of Mangaung	1	-	-	1	1	100%	-	-	-	1
	3	-	-	3	3		-	-		1

ANNEXURES

ANNEXURE 1C
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2010/11 Appropriation Act R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
	Construction Industry Development Board	65,959	-	-	65,959	65,959	
Council For the Build Environment	28,659	-	-	28,659	28,659	100%	25,527
Property Management Trading Entity	630,189	-	-	630,189	630,189	100%	612,967
Construction Seta	2,482	-	-	2,482	278	11%	1,201
Parliamentary Village Man Board	7,401	-	-	7,401	7,401	100%	6,982
	734,690	-	-	734,690	732,486		710,342

ANNEXURE 1D

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE			2010/11	
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
Transfers	-	-	-	-	-	-	-	-	-
Independent Development Trust (IDT)	150,000	-	-	150,000	150,000	100%	-	-	-
Subsidies	-	-	-	-	-	-	-	-	-
Total	150,000	-	-	150,000	150,000	-	-	-	-

ANNEXURES

ANNEXURE 1E

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2010/11
	Adjusted	Roll overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Commonwealth War Graves	14,389	-	-	14,389	12,956	90%	13,863
Total	14,389	-	-	14,389	12,956	-	13,863

ANNEXURE 1F

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	TRANSFER ALLOCATION				EXPENDITURE		2010/11 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %	
NON-PROFIT INSTITUTIONS							
Transfers							
IDT	154,370	-	-	154,370	154,370	100%	179,811
CSIR (Agreement SA)		-	-	-	9,431	-	8,982
Total	154,370			154,370	163,801		188,793

ANNEXURES

ANNEXURE 1G

STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2010/11 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
HOUSEHOLDS							
Transfers							
HOUSEHOLDS	3,968	-	-	3,968	4,012	101%	5577
Total	3,968	-	-	3,968	4,012	-	5577

ANNEXURES

ANNEXURE 1H

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2011/12	2010/11
		R'000	R'000
Received in cash			
Motsa Interiors	Donations for Prestige Team building	-	1
Mosebetsi	Donations for Prestige Team building	-	-
Isfahan	Donations for Prestige Team building	-	1
Posh Curtains	Donations for Prestige Team building	-	-
Classic Rivals	Donations for Prestige Team building	-	1
Wunders	Donations for Prestige Team building	-	1
Travel With Flair	Contribution towards Strategic Planning session	5	-
Hiatswanare	Contribution towards Strategic Planning session	5	-
Maexecutive	Contribution towards Strategic Planning session	1	-
Subtotal		11	4
Received in kind			
Maunga Projects	Soccer and netball kits	9	-
Tshepa 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	Sponsor & Dept's Logos Printing	5	-
Subtotal		53	-
TOTAL		64	4

ANNEXURES

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)	2011/12	2010/11
	R'000	R'000
Paid in cash		
Sponsorship-Ooga Junior Secondary School (Support for Nelson Mandela Week)	-	73
TOTAL		73

ANNEXURES

ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2012 – LOCAL

Guarantor institution	Guarantee in respect of	Original guarantee capital amount R'000	Opening balance 1 April 2011 R'000	Guarantees draw downs during the year R'000	Guarantees repayments/cancelled/reduced/released during the year R'000	Revaluations R'000	Closing balance 31 March 2012 R'000	Guaranteed interest for year ended 31 March 2012 R'000	Realised losses not recoverable i.e. claims paid out R'000
0356 STD BANK VEHICLE	Motor vehicles	-	283	713	414	-	582	-	-
	Subtotal	-	283	713	414	-	582	-	-
0001 STANDARD BANK	Housing	-	397	-	104	-	293	-	-
0002 NEDBANK (CAPE O		-	36	-	26	-	10	-	-
0003 NEDBANK LIMITED		-	212	-	26	-	186	-	-
0004 FIRSTRAND BANK:		-	395	16	-	-	411	-	-
0017 ABSA		-	895	-	411	-	484	-	-
0031 UNIQUE FINANCE		-	11	-	-	-	11	-	-
0041 OLD MUTUAL FIN.		-	17	-	-	-	17	-	-
0052 PEOPLES BANK FB		-	61	23	-	-	84	-	-
0053 NEDBANK LTD (NBS		-	84	92	-	-	176	-	-
0054 FNB - FORMER SA		-	69	13	-	-	82	-	-
0055 OLD MUT (NEDB/P		-	395	-	112	-	283	-	-
0136 VBS MUTUAL BANK		-	15	-	-	-	15	-	-
0324 NP DEVELOP. COR		-	83	-	-	-	83	-	-
0530 NHFC (MASIKHENI		-	19	-	-	-	19	-	-
	Subtotal	-	2 689	144	679	-	2 154	-	-
	TOTAL	-	2,972	857	1,093	-	2,736	-	-

ANNEXURES

ANNEXURES

ANNEXURE 2A (continued)

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2012 – FOREIGN

Guarantor institution	Guarantee in respect of	Original guarantee capital amount R'000	Opening balance 1 April 2011 R'000	Guarantees draw downs during the year R'000	Guarantees repayments/cancelled/reduced/released during the year R'000	Revaluations R'000	Closing balance 31 March 2012 R'000	Guaranteed interest for year ended 31 March 2012 R'000	Realised losses not recoverable i.e. claims paid out R'000
	Other								
SA Institute of Architecture	Hosting of UIA Conference in 2014		4,487		806		3,681		
Total			4,487		806		3,681		

ANNEXURE 2B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2012

Nature of Liability	Opening Balance 1 April 2011	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2012
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Merchant West Assent-Claim for arrers on lease of a photocopier	55	-	-	-	55
CJ Coetzer: claim for damages caused by fire	8,691	-	-	-	8,691
Steg Kruger: accident claim	29	-	29	-	-
Muller: motor collision	256	-	-	-	256
Ismyline PTY LTD: Damage as a result of fire	-	2,906	-	-	2,906
Ziwekhaya IT Solutions	-	20	-	-	20
Subtotal	9,031	2,926	29		11,928
TOTAL	9,031	2,926	29		11,928

ANNEXURES

ANNEXURE 3

CLAIMES RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Agriculture	-	-	22	-	22	-
Cooperative Govt and Traditional Affairs	-	-	42	16	42	16
Correctional Services	-	-	27	5	27	5
Defence	-	-	904	723	904	723
Education	-	-	-	1,110	-	1,110
Environmental	-	-	62,232	63,088	62,232	63,088
Health	-	-	1,374	3,271	1,374	3,271
Home Affairs	14	-	-	13	14	13
Justice & Constitutional Development	-	-	-	17	-	17
Labour	-	-	17	-	17	-
Other Claims: National Departments	-	-	3,507	12,732	3,507	12,732
Provincial Departments	-	-	6,098	6,169	6,098	6,169
Public Service & Administration	-	-	-	1	-	1
Public Works (PMTE)	-	-	-	-	-	-
Rural Development and Land Reform	-	-	-	10	-	10
Science and Technology	-	-	5	-	5	-
Social Development	-	-	39	-	39	-
Statistics South Africa	-	-	357	357	357	357
The Presidency	-	-	7	43	7	43
Transport	-	-	-	46	-	46
Treasury	-	-	2	-	2	-
Water Affairs	2	-	39	-	41	-
Women and Children	-	-	27	-	27	-
	16	-	74,699	87,601	74,715	87,601
Other Government Entities						
Public Works (PMTE)	7,627	-	108	12	7,735	12
Sub Total	7,627	-	108	12	7,735	12
TOTAL	7,643	-	74,807	87,613	82,450	87,613

ANNEXURE 4

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Agriculture, Forestry and fishery	-	-	-	1,941	-	1,941
Limpopo Provincial Government	-	-	-	6	-	6
Eastern Cape Health	-	-	-	7	-	7
Mpumalanga Provincial Government	-	-	-	20	-	20
Environment Affairs	-	-	-	1,059	-	1,059
Department of Transport and Public Works	-	-	-	483	-	483
Department of Trade and Industry	-	-	86	-	86	-
Department of Justice and Constitutional Development	2,214	-	2,277	-	4,491	-
Government Printing Works	-	-	28	-	28	-
Department of Public Service and Administration	-	-	13	-	13	-
Total	2,214		2,404	3,516	4,618	3,516
OTHER GOVERNMENT ENTITY						
Current						
Property Management Trading Entity (PMTE)	148,945	51,412	36,296	52,330	185,241	103,742
Total	148,945	51,412	36,296	52,330	185,241	103,742

ANNEXURES

ANNEXURE 5

INVENTORY

Inventory	Note	2011/12		2010/11	
		Quantity	R'000	Quantity	R'000
Opening balance		662,628	8,321	782	22,947
Add/(Less): Adjustments to prior year balance		932	(114)	53	(10,557)
Add: Additions/Purchases – Cash		910,007	36,125	959	28,510
Add: Additions - Non-cash		24,600	416	53	-
(Less): Disposals		(5,011)	(5)	(74)	-
(Less): Issues		(1,004,676)	(30,798)	(1,092)	2,820
Add/(Less): Adjustments		(7,688)	(1,597)	(17)	(9)
Closing balance		580,792	12,349	664	43,711

ANNEXURES



PROPERTY MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Part 2

PROPERTY MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

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, which comprise the statement of financial position as at 31 March 2012, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 245 to 288

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 South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) 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 the financial statements based on conducting the 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. The entity did not have an adequate system for identifying and recognising all irregular expenditure and there were no satisfactory alternative procedures that I could perform to obtain reasonable assurance that all irregular expenditure had been properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of irregular expenditure relating to the current year, stated at R1 307 541 000 (2011: R430 309 000) in note 15 to the financial statements.

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.



PROPERTY MANAGEMENT TRADING ENTITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

7. The entity did not have an adequate system for identifying and recognising all fruitless and wasteful expenditure and there were no satisfactory alternative procedures that I could perform to obtain reasonable assurance that all fruitless and wasteful expenditure had been properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of fruitless and wasteful expenditure of R239 311 000 (2011: R6 772 000) as stated in note 15 to the financial statements.

Trade and other receivables

8. The entity could not provide sufficient appropriate audit evidence to support the trade and other receivables balance of R3 876 685 000 (2011: R3 662 716 000, 2010: R3 040 642 000) included in note 3 to the financial statements. Moreover, trade and other receivables are understated by an estimated amount of R224 443 312.
9. Paragraph 64 of SA Statements of GAAP, IAS 39 (AC133) *Financial instruments: Recognition and measurement* requires that an entity first assess whether objective evidence of impairment exists individually for financial assets that are individually significant. The provision for impairment of R431 135 000 (2011: R220 296 000, 2010: R296 488 000) , as disclosed in note 3 to the financial statements, and the debtors impairment/reversal, stated at R210 839 000 (2011: R76 192 000) in the statement of comprehensive income, were not supported by sufficient appropriate audit evidence.
10. Furthermore, SA Statements of GAAP, IAS 39 (AC 133) *Financial instruments: Recognition and measurement* requires that when a financial asset is recognised, an entity shall measure it at amortised cost, plus transaction costs that are attributable to the issue of the financial asset, using the effective interest method. The entity did not apply the principles contained in IAS 39 correctly and was unable to provide sufficient appropriate audit evidence for the assumptions used in determining the amortised cost of trade and other receivables. As a result I was unable to determine the effect on trade and other receivables, revenue or interest received.
11. The entity's records did not permit the application of alternative audit procedures for the matters described in paragraphs 8, 9 and 10 above due to a lack of proper accounting systems in place for accounts receivable and unreconciled individual trade receivable accounts. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation of and rights pertaining to trade and other receivables.
12. SA Statements of GAAP, IAS 17: *Leases*, requires that lease income from operating leases shall be recognised in income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Included in receivables was an amount of R1 733 704 000 (2011: R1 506 251 000, 2010: R921 813 000) pertaining to the straight-lining of leases reflected in note 3 to the financial statements. The calculation in support of the straight-lining of leases was performed incorrectly as it was based on information extracted from the Property Management Information System (PMIS) , which did not agree with information per actual signed lease agreements and used the incorrect escalation rate. Consequently, the operating lease debtor reflected in note 3 to the financial statements and revenue derived from accommodation charges in respect of private leases, included at R3 736 776 000 (2011: R3 318 740 000) in note 9 to the financial statements, were misstated as follows: estimated overstatements of R314 120 670 and R66 935 372 for the financial years ended 31 March 2012 and 31 March 2010 respectively, and an estimated understatement of R1 077 298 727 for the financial year ended 31 March 2011.

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Prepayments

13. I was unable to obtain sufficient appropriate audit evidence to support prepayments stated at R310 658 000 (2011: R272 679 000, 2010: R202 604 000) in the statement of financial position as the values disclosed are based on an estimate of prepaid operating lease expenditure. There were no satisfactory alternative procedures that I could perform to satisfy myself as to the existence, completeness, rights, valuation and allocation of the prepayments.

Revenue

14. SA Statements of GAAP, IAS 1 (AC101) *Presentation of financial statements*, prohibits the offsetting of any assets, liabilities, income or expense, unless required or permitted by another statement of SA GAAP. Capital expenditure of R706 998 509 (2011: R2 011 052 565) incurred on planned maintenance at state-owned buildings was erroneously offset against revenue, stated at R6 450 852 000 (R4 437 990 000) in note 9 to the financial statements.

Trade and other payables

15. The entity could not provide sufficient appropriate audit evidence to support the trade and other payables balance of R2 492 781 000 (2011: R2 434 857 000, 2010: R1 636 907 000) included in note 6 to the financial statements.
16. I was unable to verify whether the advance account amounting to R463 227 888 (2011: R638 439 000) , included as part of trade creditors in note 6 to the financial statements, was fairly stated due to the entity not having been able to provide sufficient appropriate audit evidence in support of the amount recorded.
17. In addition, SA Statements of GAAP, IAS 39 (AC 133) *Financial instruments: Recognition and measurement* requires financial liabilities to be measured at amortised cost using the effective interest method. The entity did not apply the principles contained in IAS 39 correctly and was unable to provide sufficient appropriate audit evidence for the assumptions used in determining the amortised cost of trade and other payables. As a result, I was unable to determine the effect on trade and other payables or operating expenditure, including interest paid.
18. Furthermore, the entity did not have an appropriate information system, or compensating manual system, in place to ensure the complete recording of accruals – stated at R291 914 000 in note 6 to the financial statements – resulting in an estimated understatement of R503 014 510. The entity was also unable to provide evidence in support of accruals to an estimated value of R61 665 296.
19. The entity's records did not permit the application of alternative audit procedures for the matters described in paragraphs 16, 17 and 18 above due to a lack of proper accounting systems in place for accounts payable. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation of and obligations pertaining to trade and other payables.
20. SA Statements of GAAP, IAS 17 *Leases* requires that lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit. Included in trade creditors is an amount of R1 733 704 000 (2011: R1 506 251 000, 2010: R921 813 000) pertaining to the straight-lining of leases. The calculation in support of the straight-lining of leases was performed incorrectly as it was based on information extracted from the PMIS, which did not agree with information per actual signed lease agreements and used the incorrect escalation rate.



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21. Consequently, the trade creditors reflected in note 6 to the financial statements and lease rentals on operating lease included in the statement of comprehensive income were misstated as follows: estimated overstatements of R314 120 670 and R66 935 372 for the financial years ended 31 March 2012 and 31 March 2010, respectively, and an estimated understatement of R1 077 298 727 for the financial year ended 31 March 2011.

Lease rentals on operating lease

22. The entity incorrectly allocated refurbishment costs to lease rentals on operating lease and did not capitalise the amount to accommodation debtors (private leases), resulting in lease rentals on operating lease expenditure being overstated and accommodation debtors for private leases – included in note 3 to the financial statements – being understated by an estimated amount of R93 404 859.
23. Furthermore, the entity could not provide sufficient appropriate audit evidence to support transactions amounting to R57 528 215 included in lease rentals on operating lease.
24. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that the transactions had been properly recorded. Consequently, I could not satisfy myself as to the occurrence, completeness, accuracy, cut off and classification of lease rentals on operating lease stated at R3 689 922 000 in the statement of comprehensive income.

Municipal rates and taxes

25. I was unable to obtain sufficient appropriate audit evidence for municipal rates and taxes expenditure amounting to an estimated value of R44 318 273. Furthermore, in the absence of an accurate and complete immovable asset register for state-owned properties under the control of the National Department of Public Works, I was unable to perform alternative procedures to obtain reasonable assurance that municipal rates and taxes expenditure is fairly stated. As a result I could not satisfy myself as to the occurrence, completeness, accuracy, cut off and classification of municipal rates and taxes expenditure stated at R512 854 000 in the statement of financial performance.

Other commitments

26. The entity could not provide sufficient appropriate audit evidence to support commitments to an estimated value of R1 776 360 963 (2011: R1 271 080 802). Furthermore, commitments are overstated with an amount of R173 126 514 due to errors contained in the schedules supporting the amount disclosed in the financial statements. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all commitments had been properly recorded. Consequently, I could not obtain sufficient appropriate audit evidence to satisfy myself as to the occurrence, obligations, completeness, classification and accuracy of commitments stated at R 8 962 468 000 (2011: R9 475 435 000) in note 12 to the financial statements.

Operating lease commitments

27. I was unable to obtain sufficient appropriate audit evidence supporting operating lease commitments to an estimated value of R663 110 996. Furthermore, the calculation of the operating lease commitment was based on the straight-line lease payments instead of taking the minimum lease payments into account as per the requirements of SA Statements of GAAP, IAS 17 (AC 105) : *Leases* resulting in an estimated overstatement of R2 480 864 074 (2011: estimated understatement of R2 651 698 215).

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28. I was unable to perform satisfactory alternative procedures and consequently was unable to satisfy myself as to the occurrence, obligations, completeness, classification and accuracy of operating lease commitments from the perspective of both the lessee and the lessor, stated at R13 966 225 000 (2011: R12 521 880 000) in note 12 to the financial statements.

Contingent assets

29. SA Statements of GAAP, IAS 37: *Provisions, Contingent Liabilities and Contingent Assets* defines a contingent asset as *a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity*. IAS 37 requires the entity to assess whether the inflow of economic benefits is probable before a contingent asset is disclosed in the financial statements.
30. The entity did not assess the probability of the inflow of future economic benefits in respect of claims by the entity. I was therefore not able to determine whether contingent assets had been accurately valued and whether, based on the probability of the inflow of future economic benefits, in certain instances an asset should have been raised. I was unable to perform satisfactory alternative procedures and, consequently, was not able to satisfy myself as to the occurrence, rights, classification and valuation of contingent assets stated at R77 185 000 (2011: R65 991 000) in note 13 to the financial statements.

Related parties

31. SA Statements of GAAP, IAS 24 (AC 126) *Related party transactions* requires that all related party balances and transactions should be disclosed. Due to the lack of a proper accounting system for trade receivables, unreconciled individual trade receivable balances at year-end and the entity not being able to supply sufficient appropriate audit evidence in support of indirect costs disclosed as having been incurred by the Department of Public Works on behalf of the Property Management Trading Entity, I was unable to verify 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 14 of the financial statements. The entity's accounting records did not permit the application of alternative procedures to verify related party disclosures.

Disclaimer of opinion

32. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, 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.

Emphasis of matter

33. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

34. As disclosed in note 10 to the financial statements, the corresponding figures for 31 March 2011 have been restated as a result of errors discovered during 2012 in the financial statements of the Property Management Trading Entity at, and for the year ended, 31 March 2011.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

35. 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

36. The entity does not report separately on performance against pre-determined objectives; this is included in the report of the Department of Public Works.

Compliance with laws and regulations

37. 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:

Strategic planning

38. 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

39. 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.
40. Material misstatements identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided. However, the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer of audit opinion.

Expenditure management

41. 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.
42. The accounting officer did not ensure that effective internal controls were in place for payment approval and processing, as required by Treasury Regulation 8.1.1.
43. 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.

PROPERTY MANAGEMENT TRADING ENTITY
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Financial misconduct

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

Procurement and contract management

47. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.
48. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R500 000 were procured by means of inviting competitive bids and that deviations approved by the accounting officer were only if it was impractical to invite competitive bids, as required by Treasury Regulations 16A6.1 and 16A6.4.
49. Invitations for competitive bidding were not always advertised in at least the government tender bulletin, as required by Treasury Regulation 16A6.3(c) .
50. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of 21 days, as required by Treasury Regulation 16A6.3(c) .
51. Sufficient appropriate audit evidence could not be obtained that awards were only made to suppliers who 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 16A9.1
52. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers whose tax matters have been declared by the South African Revenue Service to be in order as required by Treasury Regulation 16A9.1 (d) and the Preferential Procurement Regulations.
53. Contracts and quotations were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding and quotations, in contravention of Treasury Regulation 16A6.3 (b) and the Preferential Procurement Regulations.
54. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.
55. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded only to bidders who submitted a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with Treasury Regulation 16A8.3.
56. 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.



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57. Allegations of fraud, corruption, improper conduct and failure to comply with the supply chain management system laid 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)
58. 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) .
59. The accounting officer did not in all instances report within ten working days to the Auditor-General, all cases where goods and services above the value of R 1 million (VAT included) had been procured in terms of Treasury Regulation 16A6.4, as required by National Treasury Practice Note 6 of 2007/2008.
60. 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.

Revenue management

61. 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.
62. 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 Regulation 11.2.1, 15.10.1.2(a) and 15.10.1.2(e) .
63. Sufficient appropriate audit evidence could not be obtained that interest was charged on debts, as required by Treasury Regulation 11.5.1.

Banking and cash management

64. The entity's main bank account was overdrawn throughout the reporting period in contravention of the requirements of Treasury Regulation 19.2.3.

Internal control

65. 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 arising from the audit of compliance with laws and regulations included in this report.

Leadership

66. Instability in key leadership positions had a negative impact in providing effective leadership at the entity.
67. Leadership is not enforcing the message of accountability for actions and outcomes. There is a lack of consequences for poor performance and transgressions at the entity.
68. Leadership did not exercise effective oversight responsibility regarding financial reporting and compliance as well as related internal controls.

PROPERTY MANAGEMENT TRADING ENTITY

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69. Leadership did not establish and communicate policies and procedures to enable and support the understanding and execution of internal objectives, processes and responsibilities. There were no documented policies and procedures, year-end closure plans or initiatives to ensure compliance with SA Statements of GAAP throughout the reporting period.
70. Leadership did not implement effective human resource management to ensure that adequate and sufficiently skilled resources were in place and that performance was monitored.
71. There is a high level turnaround strategy for the Property Management Trading Entity; however, it did not timeously translate into a comprehensively documented audit action plan with deadlines and short- and long-term milestones and deliverables to sustainably address internal control deficiencies. The various action plans in existence throughout the year under review were not effectively managed and therefore improvement on the audit outcome was not realised.
72. The leadership did not ensure that the information technology environment was adequate to assist the entity in maintaining a secure and reliable property information system. Furthermore, appropriate information systems were not implemented to facilitate accrual accounting.

Financial and performance management

73. 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 reporting.
74. Implemented controls over daily and monthly processing and reconciling of transactions were ineffective.
75. The accounting officer did not prepare regular, accurate and complete financial reports that were supported and evidenced by reliable information.
76. There is no adequate discipline in preparing credible monthly financial and compliance reports to enable effective decision making by the leadership and timeous corrective action where required. This is further compounded by a lack of financial and performance management skills at the department.
77. The reviewing and monitoring of compliance with applicable laws and regulations were ineffective.
78. The designed and implemented formal controls over the PMIS were inadequate to ensure the reliability, accuracy and protection of information regarding leases.

Governance

79. 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.
80. The accounting officer did not ensure that the internal audit unit was adequately resourced to ensure that the unit 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 a significant backlog on internal investigations.



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OTHER REPORTS

Investigations

81. An 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 was still ongoing at the reporting date.

Auditor-General

Pretoria

17 September 2012



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

PROPERTY MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

STATEMENT OF FINANCIAL POSITION

	Notes	2012 R '000	2011 (Restated) R'000	2010 (Restated) R '000
ASSETS				
CURRENT ASSETS				
Trade and other receivables	3	3 876 685	3 662 716	3 040 642
Prepayments	2	310 658	272 679	202 604
Cash and cash equivalents	4	1 399	2 158	8 997
Total Assets		4 188 742	3 937 553	3 252 243
ACCUMULATED FUNDS AND LIABILITIES				
Retained Income (Accumulated loss)		405 647	128 134	(60 472)
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	6	2 492 781	2 434 857	1 636 907
Provisions	5	35 326	35 289	363
Bank overdraft	4	1 254 988	1 339 273	1 675 445
		3 783 095	3 809 419	3 312 715
Total Accumulated Funds and Liabilities		4 188 742	3 937 553	3 252 243

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STATEMENT OF COMPREHENSIVE INCOME

	Notes	2012 R '000	2011 Restated R '000
Revenue	9	6 450 852	4 437 990
Other income		17 439	24
Finance income		16 659	682
Government grants		630 189	612 967
		664 287	613 673
Operating expenses			
Other operating expenses		(72 973)	(102 790)
Rent on land		(10 868)	(10 769)
Debtors impairment/reversal		(210 839)	76 192
Gardening services		(77 136)	(61 642)
Cleaning services		(62 733)	(129 312)
Property maintenance		(2 199 760)	(847 834)
Lease rentals on operating lease		(3 689 922)	(3 202 079)
Municipal rates and taxes		(512 854)	(583 083)
		(6 837 085)	(4 861 317)
Operating profit (loss)		278 054	190 346
Finance costs		(541)	(1 740)
Profit (loss) for the year		277 513	188 606
Other comprehensive income		-	-
Total comprehensive income (loss)		277 513	188 606

PROPERTY MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

STATEMENT OF CHANGES IN EQUITY

	Retained income / Accumulated losses (Restated) R '000	Total equity (Restated) R '000
Balance at 01 April 2010	(60 472)	(60 472)
Changes in equity		
Total comprehensive income for the year	188 606	188 606
Total changes	188 606	188 606
Balance at 01 April 2011	128 134	128 134
Changes in equity		
Total comprehensive income for the year	277 513	277 513
Total changes	277 513	277 513
Balance at 31 March 2012	405 647	405 647

PROPERTY MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

STATEMENT OF CASH FLOWS

	Notes	2012 R '000	2011 (Restated) R '000
CASH FLOWS FROM OPERATING ACTIVITIES		7 092 480	5 050 981
Cash receipts and government grants			
Cash paid to suppliers		(6 814 233)	(4 796 782)
Cash generated from operations	11	278 247	254 199
Finance income		16 659	682
Finance costs		(541)	(1 740)
Net cash from operating activities		294 365	253 141
CASH FLOWS FROM INVESTING ACTIVITIES			
Movement in impairment of debtors		(210 839)	76 192
CASH FLOWS FROM FINANCING ACTIVITIES			
Total cash movement for the year		83 526	329 333
Cash at the beginning of the year		(1 337 115)	(1 666 448)
Total cash at end of the year	4	(1 253 589)	(1 337 115)

ACCOUNTING POLICIES

1. BASIS OF PREPARATION

The Property Management Trading Entity (PMTE) is a trading entity consolidated for reporting purposes within the Department of Public Works (DPW) and is domiciled in South Africa. The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice (SAGAAP) and in the manner required by the Public Finance Management Act No. 1, 1999 (PFMA). The financial statements have been drafted under the historical cost convention, except where specifically indicated otherwise in the accounting policies below, where certain items, such as certain financial assets and financial liabilities are stated at fair value through the statement of comprehensive income.

The preparation of the financial statements in conformity with SA GAAP requires the use of estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates and judgements made.

The following new standards or amendments were not considered to be relevant to the PMTE's operations and would therefore have had no impact on the entity when they became effective:

IFRS 1 First time adoption of IFRS (effective 1 January 2010)

Amendments relating to oil and gas assets and determining whether an arrangement contains a lease.

Amendments permit the use of carrying amounts under previous SA GAAP as deemed cost for operations subject to rate regulation. Standard amended do provide guidance for entities emerging from severe hyperinflation and resuming presentation of IFRS.

IFRS 2 Share based payments (effective 1 January 2010)

Amendments relating to group cash-settled share-based payment transactions.

IFRS 3 Business Combinations (effective 1 January 2011)

Contingent considerations are measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the measurement period. All other subsequent adjustments are recognised in Statement of Comprehensive Income. Amendments to transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS. Clarification on the measurement on non- controlling interests. Additional guidance provided on un-replaced and voluntarily replaced share-based payment awards.

Amendments IFRS 5: Non-current assets held for sale and discontinued operations:

Clarification that disclosure requirements in Standards other than IFRS 5 do not generally apply to non-current assets classified as held for sale and discontinued operations.

IFRS 8 Operating Segments (effective 1 January 2011) : Disclosure of information about segment assets.

Amendments IAS 34 Interim financial reporting (effective 1 January 2011) :



PROPERTY MANAGEMENT TRADING ENTITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Clarification of disclosure requirements around significant events and transactions including financial instruments.

Interpretation IFRIC 13 Customer loyalty programmes:

Clarification on the intended meaning of the term “fair value” in respect of credit awards on loyalty programmes.

The following accounting standards, interpretations and amendments to existing standards have been published and are mandatory for the PMTE’s accounting period beginning on or after 1 January 2011 or later periods, have not been adopted in the current year.

Amendments IFRS 1 First-time adoption of IFRS (1 January 2011)

The amendment clarifies the changes in accounting policies in the year of adoption fall outside the scope of IAS 8. Further amendment permits the use of revaluation carried out after the date of transition as a basis for deemed costs.

Amendments IFRS 7 Financial Instruments disclosure (1 January 2011)

The amendment clarifies the intended interaction between qualitative and quantitative disclosures and the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading.

Amendments IFRS 7 Financial Instruments disclosure (1 July 2011)

The amendments require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Amendments require entities to disclose gross amounts subject to rights offset, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. The disclosure will address set off in the statement of financial position and the effects of rights set off on the entity’s rights and obligation.

IFRS 9: Classification and measurement of financial assets

IFRS 9 addresses the classification and measurement of financial assets in determining whether they are measured at amortised cost or at fair value and how an entity manages its financial instruments and its contractual cash flow characteristics of the financial asset. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39.

Amendments IAS 1 Presentation of financial statements (1 January 2011) Clarification of statement of changes in equity

Amendments IAS 24: Related party disclosure

Simplification of the disclosure requirements for government-related entities and the clarification of the definition of a related party.

Amendments to IAS 7: Statement of Cash Flows

The amendments specify that only expenditures that result in a recognised asset in the Statement of Financial Position can be classified as investing activities in the Statement of Cash Flows.

PROPERTY MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

UNDERLYING CONCEPTS

Accounting policies are the specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements. Changes in accounting policies are accounted for in accordance with the transitional provisions in the standard. If no such guidance is given, they are applied retrospectively. However, if it is impracticable to apply the change retrospectively, the change is applied prospectively. Except as otherwise disclosed, these accounting policies are consistent with those applied in previous years.

The preparation of financial statements in conformity with South African Statements of Generally Accepted Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying PMTE accounting policies. For the areas where assumptions and estimates are significant further disclosure is made in the notes to the financial statements. These changes in accounting estimates are adjustments to assets or liabilities or the amounts of periodic consumption of assets that result from new information or new developments. Such changes are recognized through profit or loss in the period they occur.

Prior period errors are omissions and/or misstatements in the financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when the financial statements for those periods were authorized for issue and could reasonably be expected to have been obtained. Such prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively. Retrospective restatement is correcting the recognition, measurement and disclosure of the comparative amounts as if a prior period error had never occurred.

Accounting policies are not applied when the effect of applying them is immaterial, i.e. if individually or collectively they would not influence the economic decisions of the users of the financial statements.

The financial statements, including the notes, have been rounded off to the nearest thousand Rand except where stated otherwise in the body of the notes.

RECOGNITION OF ASSETS AND LIABILITIES

An asset, being a resource, controlled by PMTE, as a result of a past event, is recognised when it is probable that future economic benefits associated with it will flow to PMTE and its cost or fair value can be measured reliably.

A liability, being a present obligation of the PMTE arising from a past event, is recognized when it is probable that future economic benefits associated with it will flow from PMTE and its cost or fair value can be measured reliably.

DERECOGNITION OF ASSETS AND LIABILITIES

Financial assets are derecognised, i.e. removed from the Statement of Financial Position, when the contractual rights to

receive the cash flows have been transferred or have expired or if substantially all the risks and rewards of ownership have passed. .

Financial liabilities are derecognised when the relevant obligation has either been discharged or cancelled or has expired.

MEASUREMENT CURRENCY

The financial statements are presented in South African Rands, which is the measurement currency of PMTE.



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TRANSACTIONS AND BALANCES

Transactions in currencies other than PMTE's measurement currency are recognised at the exchange rate ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the exchange rate ruling at the Statement of Financial Position date. Gains and losses on exchange differences are recognised through the Statement of Comprehensive Income.

LEASES

OPERATING LEASES

Leases of assets where a significant portion of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease costs are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

FINANCE LEASES

Leases that transfer substantially all the risk and rewards of ownership of the underlying asset to PMTE are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value or the present value of the minimum lease payments. The capital element of future obligations under the leases is included as a liability in the Statement of Financial Position. Lease payments are allocated using the effective interest rate method to determine the finance lease expense, which is charged to the Statement of Comprehensive Income, and the capital repayment, which reduces the liability to the lessor.

FINANCIAL INSTRUMENTS

Financial instruments carried on the Statement of Financial Position include cash and cash equivalents, trade and other receivables and trade and other payables.

Financial assets are recognized when PMTE has rights or other access to economic benefits. Such assets consist of cash or a contractual right to receive other financial assets. Financial assets are classified into the following specified categories: financial assets at fair value through the Statement of Comprehensive Income (FVTPL), and loans and receivables.

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in assets, which are classified as current assets. Receivables are initially recognised at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Loans and receivables comprise trade and other financial receivables, cash and cash equivalents.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the Statement of Comprehensive Income. Financial assets other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

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Objective evidence of impairment of receivables could include past experience of recovering amounts due, an increase in the number of delayed payments passed the average collection period, as well as observable changes in national or local economic conditions that correlate with default receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the assets carrying amount and the present value of estimated future cashflows, discounted at the financial assets effective interest rate. The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables. When a trade receivable is considered unrecoverable, it is written off through the Statement of Comprehensive Income to other expenses. Subsequent recoveries of amounts previously written off are credited against other income.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavorable terms.

Financial liabilities include trade and other payables and borrowings. These financial liabilities are initially recognised at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method, with interest expense recognised on an effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

The recognition and measurement criteria for each of these financial instruments are separately disclosed under their respective accounting policies. The face values of financial assets and liabilities with a maturity of less than one year approximate their fair values.

A financial instrument, being a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity, is recognized when PMTE becomes a party to the contractual provisions of the instrument.

TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the PMTE will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor are considered an indicator that the trade receivable maybe impaired. The amount of the loss is the difference between the carrying amount and the recoverable amount of the asset, being the present value of the estimated future cash flows, discounted at an effective interest rate. This loss is recognised in the Statement of Comprehensive Income. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Comprehensive Income.

TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.



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FINANCIAL RISK MANAGEMENT FINANCIAL RISK FACTORS

PMTE's activities expose it to a variety of financial risks, which include market risk (currency risk, fair value interest rate risk), credit risk and liquidity risk. The management of these risks is disclosed under note 16 to the financial statements.

The Director General is responsible for strategic risk-management within PMTE and tasks the Audit Committee with ensuring effective risk-management. The purpose of 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.

PMTE risk policy sets out the minimum standards of risk-management to be adopted and adhered to by all Units within PMTE. The risk policy is established to identify and analyse the risks faced by 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 PMTE activities. The risk-management strategy contains processes for identifying both the impact and likelihood of such risk occurring. Risks that have been identified as having a potentially severe impact on PMTE are regarded as unacceptable and, where possible, will be avoided.

Responsibility for adherence to PMTE risk-management strategy rests with the Risk Management Unit who have access to the Audit Committee and members of the Executive Committee (EXCO).

MANAGEMENT'S RESPONSIBILITIES

Management is responsible for the identification, assessment and control of all key risks facing PMTE, functions and processes under their control. In addition, management is required to manage all risks under their control that contribute to PMTE's risk profile.

The official responsible for risk is required to monitor the status of risk within PMTE and to report on any material changes to the risk profile and any losses incurred as a result thereof. Management is expected to put in place appropriate controls for these risks and provide assurance that such controls perform as intended.

PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when 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 present value of the expected future outflows of economic benefit required to settle the obligation.

REVENUE

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised only when the amount can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to PMTE.

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REVENUE COMPRISES OF:

Management Fees

Management fees are earned from the administration services rendered to Client Departments. The services entail the payment of municipal charges on behalf of Client Departments. A management fee of 5% is levied on the municipal charge paid on behalf of the Client Department. The management fee is recognised on payment of the municipal charges on behalf of the client departments.

Government Grants

Government grants are recognised at fair value when there is reasonable assurance that the PMTE will comply with the conditions attached to the grants to be received. The grant is income received from Department of Public Works (DPW) to enable PMTE to deliver on its mandate of property management.

Accommodation Charges

Accommodation charges are collected on both government owned buildings rented to Client Departments and privately owned buildings rented on behalf of Client Departments from private landlords. Accommodation charges are recognized when PMTE becomes entitled to the income in terms of the lease entered into between PMTE and the respective Client Departments.

There was a change in the classification of the underlying related expenditure for state-owned accommodation from the 2010/2011 financial year to the 2011/2012 financial year which resulted in a 150% increase in the reported revenue. The entity does not consider this to be a change in accounting policy nor a prior period error, thus the entity did not make any disclosure in relation to a change in accounting policy, nor restated the entity's comparative figures. A comparative increase occurred in the expenditure for property maintenance due to the reclassification of this expenditure.

OTHER INCOME

Other income comprise of contractor fines and penalties and recoupmets on expenditure incurred.

FINANCE INCOME

Finance income is recognised when it is probable that the economic benefits will flow to the PMTE and the amount of revenue can be measured reliably. Interest revenue is accrued on a time-proportion basis using the effective interest method. When a receivable is impaired, PMTE reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate and treats the unwinding of the discount until settlement date as interest revenue.

FINANCE COSTS

Finance costs comprise interest levied by suppliers on overdue accounts.

ACCUMULATED FUND

The Accumulated Fund is the residual interest in the assets after deducting all liabilities.



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POST BALANCE SHEET EVENTS

Recognised amounts in the financial statements are adjusted to reflect events arising after the Statement of Financial Position date that provide evidence of conditions that existed at Statement of Financial Position date. Events after the reporting date that are indicative of conditions that arose after the reporting date are dealt with by way of a note.

RELATED PARTY TRANSACTIONS

Parties are considered to be related to PMTE if either one party directly or indirectly has the ability to control or jointly control or exercise significant influence over the other party in making financial and operational decisions or is an official in the employ of PMTE.

FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. National Treasury 2011/2012 Departmental Financial Reporting Framework Guide prescribe that fruitless and wasteful expenditure remains within the expenditure line item and the asset is created on

- a) Completion of the investigation and b) liability can be determined.

All fruitless and wasteful expenditure where the above two criteria have not been met, have been expensed through the statement of comprehensive income.

IRREGULAR EXPENDITURE

Irregular expenditure means expenditure, other than unauthorized expenditure, incurred in contravention of, or that is not in accordance with, a requirement of any applicable legislation. National Treasury 2011/2012 Departmental Financial Reporting Framework Guide prescribe that irregular expenditure remains within the expenditure line item and the asset is created on

- a) completion of the investigation and b) liability can be determined.

All irregular expenditure where the above two criteria have not been met, have been expensed through the statement of comprehensive income.

CONTINGENT LIABILITIES

A contingent liability is a probable obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of PMTE or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognized as liabilities in the Statement of Financial Position.

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CASH AND CASH EQUIVALENTS

Cash and cash equivalents are initially measured at fair value and subsequently measured at amortised cost. For the purposes of the Statement of Financial Position, cash and cash equivalents comprise cash-on-hand and deposits held on call with banks. For the purposes of the Statement of Cash Flow, cash and cash equivalents comprise cash-on-hand, deposits held on call with banks less bank overdrafts which form part of PMTE's cash management.

COMPARATIVE FIGURES

Comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results as set out in the affected notes to the financial statements. Comparative figures are restated in the event of a change in accounting policy or prior period error.

1.1 ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

In the application of the PMTE's accounting policies, which are described above, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates will, by definition, rarely equal the actual results achieved. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities are discussed below. Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

These estimates and assumptions do however affect the reported amounts of assets and liabilities at the Statement of Financial Position date, as well as the reported income and expenditure recorded in the Statement of Comprehensive Income. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions and judgments concerning the future, that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities within the next financial year;

WRITE OFF OF ACCOUNTS RECEIVABLE

A significant degree of judgement is applied by management when considering whether a debt is recoverable or not. The following factors are taken into account when considering whether a Client Department is impaired:

- 1) History of the specific Client Department with PMTE;
- 2) Indications of financial difficulties or funds committed to other commitments by the Client Department;
- 3) General economic conditions and the ability of the client department to obtain Government funding based on their Medium Term Expenditure Framework (MTEF) submissions to National Treasury.

FAIR VALUE DETERMINATION

The carrying values of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair value.



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1.2 FINANCIAL INSTRUMENTS

DEFINITIONS

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expense) for each class of financial asset and financial liability are disclosed in the accounting policies above. The entity classifies financial assets and financial liabilities into the following categories:

- Loans and receivables at amortised cost
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

2. PREPAYMENTS

Prepayments are amounts paid in advance to private Landlords in respect of private leases. The contractual arrangement is such that payments must be made in advance.

The disclosed amount is estimated in line with details as set out in the accounting policy.

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	2012	2011	2010
		Restated	Restated
	R '000	R '000	R '000
Debt account and fruitless expenditure	60 629	97	68
Claims recoverable - PACE	425 700	447 740	742 696
Claims recoverable - CA	348 957	231 124	267 459
Disallowances	222 544	220 313	199 890
Debtor operating lease	1 733 704	1 506 251	921 813
Accommodation debtors - State owned	24 746	61 311	63 974
Accommodation debtors - Private leases	860 071	551 336	381 089
Debtors - Municipal services	624 658	858 436	756 019
Municipal deposits	6 811	6 404	4 122
Provision for impairment	(431 135)	(220 296)	(296 488)
	3 876 685	3 662 716	3 040 642

Trade and other receivables disclosed above are classified as loans and receivables. No interest is charged on any of the outstanding balance due to PMTE.

None of the account receivable is pledged as security or collateral for Liability or contingent liability nor have any terms been renegotiated. Carrying amounts approximate their fair value (FV) because of the short term to maturity. The quality of trade receivable is discussed further in note 16.

Impairment review is done regularly and where in the opinion of management, the recovery is doubtful the impairment is written off through the statement of comprehensive income. Although certain of the accounts receivables amounts are passed due, management is of the opinion that the amounts due are recoverable. The expected further recovery period is not more than 12 months and is therefore still considered recoverable.

Trade and other receivables which are fully performing relate to Client Departments that have a good track record with the entity in terms of recoverability. The total amount of trade and other receivables above are exposed to credit risk. The only significant concentration of credit risk relates to an amount for municipal services of R148 million (2011: R92 million) owing by Department of Justice and Constitutional Development. This balance constitutes 24% (2011: 11%) of the total municipal services trade receivables.

The carrying value of trade and other receivables reflects the approximate fair value at year end.

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Receivables ageing 31 March 2012

	Less than 1 year	1 to 3 years	Older than 3 years	Total
Debt account and fruitless expenditure	60 553	76	-	60 629
Claims recoverable - PACE	374 554	51 146	-	425 700
Claims recoverable - CA	128 857	220 100	-	348 957
Disallowances	18 041	186 033	18 470	222 544
Debtors operating lease	1 733 704	-	-	1 733 704
Accommodation debtors - State owned	2 292	2 328	20 126	24 746
Accommodation debtors - Private leases	697 895	157 228	4 948	860 071
Debtors - Municipal services	286 827	237 419	100 412	624 658
Municipal deposits	2 363	2 885	1 563	6 811
Provision for impairment	-	(285 616)	(145 519)	(431 135)
	3 305 086	571 599	-	3 876 685

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Receivables ageing 31 March 2011

	Less than 1 year	to 3 years	Older than 3 years	Total
Debt account and fruitless expenditure	21	76	-	97
Claims recoverable - PACE	447 740	-	-	447 740
Claims recoverable - CA	104 381	126 743	-	231 124
Disallowances	18 183	190 497	11 633	220 313
Debtors operating lease	1 506 251	-	-	1 506 251
Accommodation debtors - State owned	31 627	11 907	17 777	61 311
Accommodation debtors - Private leases	221 955	241 101	88 280	551 336
Debtors - Municipal services	679 396	179 040	-	858 436
Municipal deposits	2 282	4 122	-	6 404
Provision for impairment	(18 166)	(148 279)	(53 851)	(220 296)
	2 993 670	605 207	63 839	3 662 716

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3. TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables ageing 31 March 2010

	Less than 1 year	1 to 3 years	Over than 3 years	Total
Debt account and fruitless expenditure	68	-	-	68
Claims recoverable - PACE	742 696	-	-	742 696
Claims recoverable - CA	210 221	57 238	-	267 459
Claims recoverable - Disallowances	112 033	66 223	21 634	199 890
Debtors operating lease	921 813	-	-	921 813
Accommodation debtors -				
State owned	37 927	13 753	12 294	63 974
Accommodation debtors -				
Private leases	218 199	129 329	33 561	381 089
Debtors - Municipal services	346 246	409 773	-	756 019
Municipal deposits	4 122	-	-	4 122
Provision for impairment	(199 890)	(30 770)	(65 828)	(296 488)
	2 393 435	645 546	1 661	3 040 642

	2012	2011	2010
	R '000	R '000	R '000

Provision for impairment

Opening balance	220 296	296 488	130 471
Raised during the year	210 839	-	166 017
Utilised/Reversed during the year	-	(76 192)	-
	431 135	220 296	296 488

Receivables are reviewed for impairment and significant judgement is applied by management in determining whether trade receivables are to be impaired. A number of factors are taken into account when this assessment is made.

The following factors that are taken into account when considering whether a debt is impaired are as follows:

- Default of payments by Client Department;
- History of the Client Department;
- Indication of financial difficulties of the specific Client Department and
- General economic conditions.

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	2012	2011	2010
	R '000	R '000	R '000
4. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of cash on hand and balance with banks:			
Cash on hand	1 399	2 158	8 997
Bank overdraft	(1 254 988)	(1 339 273)	(1 675 445)
	(1 253 589)	(1 337 115)	(1 666 448)
Current assets	1 399	2 158	8 997
Current liabilities	(1 254 988)	(1 339 273)	(1 675 445)
	(1 253 589)	(1 337 115)	(1 666 448)

For the purposes of the statement of cash flows, cash and cash equivalents include cash held with banks.

Cash and cash equivalent at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position. Cash and cash equivalent are placed with reputable financial institutions. No guarantees were issued in favour of lessors for the renting of office premises.

The average effective interest rate on short term bank deposit 4.0% (2011: 4.0%)

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5. PROVISIONS

Reconciliation of provisions - 2012

	Opening balance	Additions	Total
Legal proceedings	35 289	37	35 326

Reconciliation of provisions - 2011

	Opening balance	Additions	Total
Legal proceedings	363	34 926	35 289

Reconciliation of provisions - 2010

	Opening balance	Additions	Total
Legal proceedings	-	363	363

The provision relates to legal claims against PMTE which have a probability of being settled in favour of the claimant. The outcome of the different lawsuits against PMTE will determine if there will be cash outflows or not.

6. TRADE AND OTHER PAYABLES

	2012	2011	2010
	R '000	R '000	R '000
Trade creditors	2 197 008	2 144 690	1 274 474
Other payables	518	11 093	9 965
Accruals	291 914	279 074	352 468
Deposits received (guarantees)	3 341	-	-
	2 492 781	2 434 857	1 636 907

Fair value of trade and other payables

There were no defaults on any amounts payable nor were there any amounts renegotiated with suppliers of the entity.

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	2012	2011	2010
	R '000	R '000	R '000

7. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables @ amortised cost	Loans and receivables @ amortised cost	Loans and receivables @ amortised cost
Trade and other receivables	3 876 685	3 662 712	3 040 638
Cash and cash equivalents	1 399	2 158	8 997
	3 878 084	3 664 870	3 049 635

8. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Financial liabilities @ amortised cost	Financial liabilities @ amortised cost	Financial liabilities @ amortised cost
Trade and other payables	2 492 781	2 434 856	1 636 879
Bank overdraft	1 254 988	1 339 273	1 675 445
	3 747 769	3 774 129	3 312 324

9. REVENUE

Accommodation charges - State Owned	2 583 958	1 007 691
Accommodation charges - Private Leases	3 736 776	3 318 740
Management fees	130 118	111 559
	6 450 852	4 437 990

The amount in revenue includes:

Income collected in respect of state owned immovable property.	2 583 958	1 007 691
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The immovable property is disclosed in the financials of DPW.

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10. PRIOR PERIOD ERRORS

	2011 R '000 Previously Reported	2011 R '000 Restatement	2011 R '000 Restated Amount
Trade and other receivables	2 035 134	1 627 485	3 662 619
Claims recoverable	113 515	(113 515)	-
<i>Expenditure classified in the prior year has been corrected in the current financial year.</i>			
Claims recoverables - PACE	216 595	231 145	447 740
<i>Reversal of discounting entries.</i>			
Claims recoverable - CA	143 911	87 213	231 124
<i>Expenditure that was classified in the prior financial year has been corrected in the current financial year.</i>			
Debtor operating lease	443 059	1 063 192	1 506 251
<i>Lease expenditure that was incorrectly straight-lined has been subsequently corrected.</i>			
Accommodation Debtors - State Owned	57 296	4 015	61 311
<i>Reversal of discounting entries and correction of differences identified in the opening balance.</i>			
Accommodation Debtors - Private Leases	515 267	36 069	551 336
<i>Reversal of discounting entries.</i>			
Debtors - Municipal services	539 070	319 366	858 436
<i>Expenditure that was incorrectly classified in the prior financial year has been corrected in the current financial year.</i>			
Debt account and claims	-	20	20
<i>Expenditure that was incorrectly classified in the prior financial year has been corrected in the current financial year.</i>			
Fruitless expenditure	-	76	76
<i>Expenditure that was incorrectly classified in the prior financial year has been corrected in the current financial year.</i>			
Prepayments	-	272 679	272 679

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	2011 R '000 Previously Reported	2011 R '000 Restatement	2011 R '000 Restated Amount
<i>Prepaid lease expenditure not previously recognised as prepayments.</i>			
Trade and other payables	1 187 203	1 247 654	2 434 857
Trade creditors	894 291	1 250 399	2 144 690
Advance account	451 232	187 207	638 439
<i>Reversal of 2011 manual adjustments.</i>			
Lease creditor	443 059	1 063 192	1 506 251
<i>Lease expenditure that was incorrectly straight-lined has been subsequently corrected.</i>			
Other payables			
<i>Reversal of discounting entries.</i>	10 349	744	11 093
Deferred Income	572	(572)	-
<i>Income that was incorrectly classified in the prior financial year has been corrected in the current financial year.</i>			
Suspense account	2 917	(2 917)	-
<i>Correction of amount not processed in BAS.</i>			
Bank overdraft	1 254 763	84 510	1 339 273
<i>Reversal of discounting entries.</i>			
Provisions	-	35 289	35 289
<i>Probable liability on claims previously not recognised as provisions.</i>			
Retained income	(404 674)	532 808	128 134
Total Income	4 878 983	172 680	5 051 663

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10. PRIOR PERIOD ERRORS (CONTINUED)

	2011 R '000 Previously Reported	2011 R '000 Restatement	2011 R '000 Restated Amount
Accommodation Charges - State Owned	948 403	59 288	1 007 691
<i>Reversal of duplicate accruals.</i>			
Accommodation Charges - Private Leases	3 058 138	260 602	3 318 740
<i>Correction of operating lease straight-lining calculation.</i>			
Management fees	135 818	(24 259)	111 559
<i>Income that was erroneously reported in the prior financial year has been subsequently corrected.</i>			
Other Income	-	24	24
<i>Income that was incorrectly classified in the prior financial year and subsequently corrected.</i>			
Finance income	123 657	(122 975)	682
<i>Income that was incorrectly classified in the prior financial year has been subsequently corrected.</i>			
Operating expenses	4 920 318	(59 001)	4 861 317
Other operating expenses	392 416	(289 626)	102 790
<i>Reversal of advance account and discounting entries.</i>			
Rent on land	-	10 769	10 769
<i>Expenditure that was incorrectly classified in the prior financial year was corrected in the current financial year.</i>			
Gardening services	67 238	(5 596)	61 642
<i>Adjustment to 2010 accruals which were duplicated in 2011.</i>			
Property maintenance	812 909	34 925	847 834
<i>Reclassification of probable liability on claims previously not recognised as provisions.</i>			
Lease rentals on operating lease	3 011 552	190 527	3 202 079
<i>Correction of operating lease straight-lining calculation and adjustments for prepaid lease rental.</i>			
Finance costs	-	1 740	1 740
<i>Expenditure that was incorrectly classified in the prior financial and subsequently corrected.</i>			
Profit for the year	(41 335)	229 941	188 606

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	2010 R '000 Previously Reported	2010 R '000 Restatement	2010 R '000 Restated Amount
Accommodation Debtors	63 970	4	63 974
<i>Amount incorrectly reflected as owing to DTI.</i>			
Trade and other receivables	2 238 045	802 521	3 040 566
Claims recoverable	577 047	(577 047)	-
<i>Expenditure that was incorrectly classified in the prior financial year has been corrected in the current financial year.</i>			
Debtor operating lease	119 224	802 589	921 813
<i>Lease expenditure that was incorrectly straight-lined and subsequently corrected.</i>			
Debtor's Municipal services	179 040	576 979	756 019
<i>Expenditure that was incorrectly classified in the prior financial year has been corrected in the current financial year.</i>			
Debt account and fruitless	-	68	68
<i>Expenditure that was incorrectly classified in the prior financial year has been corrected in the current financial year.</i>			

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	2010 R '000	2010 R '000	2010 R '000
	Previously Reported	Restatement	Restated Amount
10. PRIOR PERIOD ERRORS (CONTINUED)			
Prepayments	-	202 604	202 604
<i>Prepaid lease expenditure not previously recognised as prepayments.</i>			
Trade and other payables	934 936	701 971	1 636 907
Trade creditors	568 148	706 322	1 274 470
<i>Reversal of discounting and corrections of arithmetic error in the schedule.</i>			
Advance account	448 924	(96 267)	352 657
<i>Reversal of 2010 manual adjustments to advance account.</i>			
Lease creditor	119 224	802 589	921 813
<i>Lease expenditure that was incorrectly straight-lined has subsequently been corrected.</i>			
Accruals	351 035	1 433	352 468
<i>Correction of journals passed in error.</i>			
Deferred income	5 786	(5 786)	-
<i>Income that incorrectly classified in the prior financial year has been corrected in the current financial year.</i>			
Provisions	-	363	363
<i>Reclassification of potential liability on claims previously not recognised as provisions.</i>			
Accumulated loss	(363 339)	302 867	(60 472)

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	2012	2011
	R '000	R '000
		Restated
11. CASH GENERATED FROM OPERATIONS		
Profit for the year	277 513	188 606
Adjustments for:		
Finance income	(16 659)	(682)
Finance costs	541	1 740
Movements in provisions	37	34 926
Movement in debtors impairment	210 839	(76 192)
Changes in working capital:		
Trade and other receivables	(213 969)	(622 125)
Prepayments	(37 979)	(70 075)
Trade and other payables	57 924	797 977
Claims recoverable	-	24
	278 247	254 199

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	2012	2011
	R '000	R '000
12. COMMITMENTS		
12.1 OTHER COMMITMENTS		
Current	156 423	172 050
Capital (WCS)	8 806 045	9 303 385
	8 962 468	9 475 435

Current commitments cover day to day maintenance which is not of a capital nature.

Capital commitments represent contractual commitments made with third party service providers for capital projects. The capital projects are undertaken on behalf of different Client Departments. The capital projects involve the construction and maintenance of facility structures and projects.

12.2 OPERATING LEASES – AS LESSEE (EXPENSE)

Minimum lease payments due

- within one year	2 674 904	2 861 090
- in second to fifth year	6 249 868	5 889 510
- later than five years	5 041 453	3 771 280
	13 966 225	12 521 880

12.3 OPERATING LEASES – AS LESSOR (INCOME)

Minimum lease payments due

- within one year	2 674 904	2 861 090
- in second to fifth year	6 249 868	5 889 510
- later than five years	5 041 453	3 771 280
	13 966 225	12 521 880

PMTE has entered into various non-cancellable operating lease agreements in respect of rented and owned premises. Leases are contracted for periods up to 99 years. Leases have varying terms, escalation clauses and renewal rights, but lessees have no option to purchase the leased properties at the expiry of the lease period.

The basis on which rent is determined by PMTE is based on the existing rental markets. There are no onerous restrictions imposed on the leases on any of the buildings leased. The lease income and expenditure is straight lined and charged to the statement of comprehensive income.

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	2012	2011
	R '000	R '000

13. CONTINGENT LIABILITIES AND ASSETS

13.1 ASSESSED CLAIMS AGAINST THE ENTITY	20 458	19 418
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The contingent liability is made up of claims against PMTE arising from capital projects with different third party service providers. The entity's legal advisors are handling the following claims on behalf of PMTE:

Plaintiff	Nature of claim	Amount
Kwinda Construction CC	Claim for services rendered	107 680
Kwinda Construction CC	Claim for services rendered	176 800
Puma Logistics CC	Claim for services rendered	1 075 746
Bonga Commercial	Contract payment	133 380
Kwinda Construction	Claim for services rendered	124 198
Transnet Limited	Arrear rental	39 656
Appolis Builders	Damages	9 600 000
Tiro Projects	Final certificate payment	5 675 710
Sakiya Building Construction	Claim for services rendered	3 245 417
Ertec (Pty) Ltd	Claim for services rendered	293 767
JC Glassing	Repair costs	88 137
Bongiwe Construction	Breach of contract	698 801
Atlantic Air Conditioning CC	Claim for services rendered	12 005 969
Hardstone Mthethwa	Claim for services rendered	252 421
Yusuf Stemmet t/a S&S Builders)	Breach of contract	1 319 159
Boiler and Stoker Spares CC	Payment certificate	4 823 991
Mpeko Trading Enterprise CC	Claim for services rendered	166 483
Henk Bakker	Professional services	142 820
Cecilia Lubbe t/a Esrellita Dev (Pty) Ltd	Professional services	202 893
M Manong & Associates (Pty Ltd	Breach of contract	1 893 344
CJ Roestorff	Damages	860 850
Galane Fencing	Breach of contract	68 604
Virtual Consulting Engineering (Pty) Ltd	Breach of contract	489 940

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		2012	2011
		R '000	R '000
Trillium investment	Breach of contract	1 077 046	
Doc Bro Properties (Pty) Ltd	Claim for services rendered	318 640	
Sean Dobson	Damages	550 000	
Water Pump Services	Claim for services rendered	37 197	
Piet Khoza Electrical CC	Repair and maintenance	4 168 646	
13.2 CLAIMS BY THE ENTITY		77 185	65 991

The contingent assets are made up of claims by the PMTE arising from various activities with service providers and are being handled by the entity's legal advisors.

Defendant	Nature of claim	Amount
Meenawathi Ethwar	Overpayment of fraudulent claims	1 577 060
City of Tshwane (CoT)	Damages from CoT pipe	2 289 824
Davis & Hinch	Breach of contract	28 596 380
Gurardrisk Insurance (Pty) Limited	Claim against construction guarantee	7 978 288
M Manong & Associates	Breach of contract	11 116 513
Puma Logistics	Overpayment by DPW	450 551
TG Bosch -Badenhorst	Rental overpayment	1 081 935
Leeukop Golf Club	Arrear rental	1 297 182
Vision Direct 137 CC	Rental overpayment	60 667
Changing Tides 74 (Pty) Ltd	Breach of lease agreement	20 303 176
ECDC & Another	Claims for poor work performance	1 770 443
KE & Sons Investment	Unjust enrichment	89 518
McGuire Construction	Breach of contract	130 281
Old Mutual Property (Pty) Ltd	Counterclaim from rental paid	78 855
Bonga Commercial	Overpayment of fraudulent claims	174 525
Jasper Cornelius Applegryn	Damages to police station	190 789

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14. RELATED PARTIES

Other National Departments and Public Entities reporting to the National Departments because they are subject to common control. National Departments operate together to achieve a common objective determined by Cabinet/ Provincial Legislature.

14.1 RELATED PARTY BALANCES

National Department	Accommodation charges	Private lease	Municipal charges	Project Accelerated expenses	Current assets	31 March 2012 Total debt
	R '000	R '000	R '000	R '000	R '000	R '000
Agriculture, Forest and Fisheries	392	22 129	45 470	3 641	-	71 632
Arts and Culture	-	9 731	2 045	19 809	-	31 585
Communications	125	7 766	1 986	-	-	9 877
Correctional Services	-	8 203	112	29 946	2 525	40 786
Defence	-	19 296	59 426	44 925	178 351	301 998
Co-op Governance and Traditional Affairs	-	1 014	1 128	-	-	2 142
Environmental Affairs	1 230	10 155	2 852	-	1 507	15 744
Inter relations and Cooperation	7 258	2 828	15 581	-	60 055	85 722
Inter relations and Cooperation (PAP)	-	5 445	-	-	-	5 445
Gender Equality Commission	-	6 108	675	-	-	6 783
Government Communications	4	7 301	158	-	-	7 463
Government Printing	-	-	-	-	53 851	53 851
Higher Education and Training	-	13 318	3 860	-	875	18 053
Health	1 950	34 347	12 096	2 634	-	51 027
Home Affairs	4 503	48 033	20 962	1 757	-	75 255
Human Settlements	-	22 705	893	-	-	23 598
Human Rights Commission	-	(368)	736	-	-	368
Independent Complaints Directorate	-	29 082	232	-	-	29 314

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National Department	Accommodation charges	Private lease	Municipal charges	Project Accelerated expenses	Current assets	31 March 2012 Total debt
	R '000	R '000	R '000	R '000	R '000	R '000
Justice and Constitutional	9 070	217 110	148 106	107 601	95	481 982
Labour	-	44 457	9 161	525	2 993	57 136
Minerals Resources	-	25 578	9 041	-	-	34 619
Energy	-	6 347	53	-	-	6 400
National Prosecuting Authority	-	20 871	3 961	-	815	25 647
National Treasury	-	19 131	7 634	-	-	26 765
Parliament	-	1 726	-	-	2 392	4 118
Public Enterprises	-	1 580	615	-	-	2 195
Public Protector	-	2 163	1 048	-	67	3 278
Public Service and Admin	37	7 548	348	-	-	7 933
Public Service Commission	-	(460)	277	-	-	(183)
Public Works	-	51 432	26 910	103 228	5 395	186 965
Rural Development and Land Reform	1	-	820	1 942	1 940	4 703
SAMDI/PALAMA	-	11 091	2 542	-	-	13 633
SA Police Services	-	(5 279)	11 166	78 461	3 932	88 280
SARS	-	-	494	-	-	494
SASSA	-	61 980	7 607	-	99	69 686
Science and Technology	-	1 439	101	-	-	1 540
Social Development	-	-	4 778	-	-	4 778
Sports and Recreation	-	14 150	7 767	-	-	21 917
Statistics SA	176	81 516	4 820	-	-	86 512
Tourism	-	3 419	123	-	-	3 542
Trade and Industry	-	2 113	-	-	-	2 113
Transport	-	15 706	773	-	-	16 479
Water Affairs	-	20 452	5 138	-	6	25 596

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National Department	Accom- modation charges	Private lease	Municipal charges	Project Accele- rated expenses	Current assets	31 March 2012 Total debt
	R '000	R '000	R '000	R '000	R '000	R '000
Financial and Fiscal Commission	-	3 048	1 757	-	-	4 805
SAMAF	-	83	56	-	-	139
Presidency	-	-	-	-	725	725
Women, Children and People with Disabilities	-	5 774	-	-	-	5 774
No Projects	-	-	-	-	7	7
TOTAL	24 746	860 068	423 308	394 469	315 630	2 018 221

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14. RELATED PARTIES (continued)

National Department	Accommodation charges	Private lease	Municipal charges	Project Accelerated expenses	Current assets	31 March 2011 Total debt
	R'000	R'000	R'000	R'000	R'000	R'000
Agriculture, Forest and Fisheries	393	4 457	21 000	-	-	25 850
Arts and Culture	-	6 190	1 509	18 375	-	26 074
BCIP	-	-	-	-	912	912
Communications	-	351	1 388	-	-	1 739
Correctional Services	-	8 114	14	18 209	-	26 337
Defence	-	2 247	88 690	6 107	81 663	178 707
Cooperative Governance and Traditional Affairs	-	3 018	2 180	-	9 455	14 653
Higher Education	77	10 761	3 192	-	875	14 905
Environmental Affairs	2 459	1 432	2 208	-	2 987	9 086
Inter relations and co-op	7 258	-	13 941	-	59 614	80 813
Gender Equality Commission	-	5 483	1 740	-	14	7 237
Government Communications	-	7 301	54	-	-	7 355
Government Printing Works	-	-	-	-	48 549	48 549
Health	30 251	32 151	3 910	2 634	-	68 946
Home Affairs	8 020	69 138	40 480	-	-	117 638
Human Settlement	-	469	142	-	-	611
Human Rights Commission	-	3 701	252	-	-	3 953
Independent Complaints Commission	-	29 796	680	-	393	30 869
Justice and Constitutional	9 070	51 506	92 221	146 306	-	299 103
Labour	-	24 224	8 819	1 740	(67)	34 716
Rural Development and Land Reform	1	-	(74)	-	1 648	1 575

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National Department	Accommodation charges	Private lease	Municipal charges	Project Accelerated expenses	Current assets	31 March 2011 Total debt
	R'000	R'000	R'000	R'000	R'000	R'000
Mineral Resources	3 620	42 985	8 903	-	-	55 508
National Prosecuting Authority	-	18 821	2 193	-	1 133	22 147
National Treasury	-	12 324	5 223	-	-	17 547
SARS	-	-	5 153	-	86	5 239
Parliament	-	1 542	-	-	3 881	5 423
Public Enterprises	-	-	624	-	-	624
Public Protector	-	8 360	1 185	-	43	9 588
Public Service and Admin	-	7 671	690	-	-	8 361
Public Works	-	42 417	28 375	23 129	4 569	98 490
SAMDI/PALAMA	-	4 951	3 079	-	-	8 030
SA Police Services	-	284	174 806	158 430	-	333 520
SASSA	-	85 775	3 594	-	-	89 369
Science and Technology	-	1 439	101	-	-	1 540
Social Development	-	129	477	-	-	606
Sports and Recreation	9	11 084	5 480	-	-	16 573
Statistics SA	130	37 961	2 397	-	-	40 488
Trade and Industry	23	1 794	848	-	-	2 665
Tourism	-	-	628	-	-	628
Transport	-	11 145	403	-	44	11 592
Water Affairs	-	-	9 123	-	-	9 123
Financial and Fiscal Comm	-	2 305	1 210	-	-	3 515
Presidency	-	-	-	-	77	77
SITA	-	-	2 232	-	-	2 232
TOTAL	61 311	551 336	539 070	374 930	215 876	1 742 513

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	2012	2011
	R '000	R '000
14.2 RELATED PARTY TRANSACTIONS		
14.2.1 Management fees		
Agriculture, Forestry & Fisheries	932	860
Arts and Culture	1 311	1 156
Basic Education	2	-
Communications	65	110
Correctional Services	31 780	28 127
Defence	30 883	28 063
Higher Education	206	184
Energy	3	-
Environmental Affairs	584	556
Financial and Fiscal Commission	25	18
International Relations	458	352
Gender Equality Commission	31	18
Government Communications (GCIS)	164	49
Health	669	591
Home Affairs	2 850	2 311
Human Settlements	204	69
Human Rights Commission	24	15
Independent Complaints Directorate	102	92
Justice and Constitutional Development	9 749	8 109
Labour	1 465	1 333
Rural Development and Land Reform	1 310	1 029
Minerals Resources	131	157
National Prosecuting Authority	494	345
National Treasury	659	644
Parliament	3	2
Co-op Gov and Traditional Affairs	392	307
Public Enterprises	61	51
Public Protector	115	112

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	2012	2011
	R '000	R '000
Public Service and Administration	247	176
Public Works	8 452	7 388
PALAMA	109	45
SA Macro Apex Fund	6	-
South African Revenue Services	299	424
South African Social Security Agency	628	400
Social Development	122	95
South African Police Services	32 948	26 256
Sport & Recreation South Africa	82	124
Statistics South Africa	864	561
The Presidency	415	353
Trade and Industry	40	35
Transport	47	56
Tourism	56	-
Water Affairs	1 131	1 010
TOTAL	130 118	111 583

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	2012	2011
	R '000	R '000
14.2.2 Accommodation charges - State Owned		
Agriculture, Forestry & Fisheries	49 365	13 752
Arts and Culture	20 088	5 596
Communications	500	139
Correctional Services	720 504	200 718
Defence	1 104 261	352 010
Education	419	117
Environmental Affairs	10 086	2 810
Government Communications	16	4
Health	7 798	11 864
Health (Civitas)	64 132	-
Home Affairs	24 065	6 704
Human Settlement	255	71
Independent Complaints Directorate	268	75
Justice and Constitutional Development	257 689	71 787
Labour	28 276	3 841
Rural Development and Land Reform	13 789	435
Mineral Resources	1 563	815
National Treasury	2 927	4 617
National Treasury - SARS	16 575	14 413
Public Service and Administration	148	41
Public Works	31 379	8 742
SA Police Services	852 480	237 483
Social Development	273	76
Sport and Recreation	6	2
Statistics SA	704	196
Trade and Industry	18	5
Water Affairs and Forestry	66 857	18 625
TOTAL	3 274 441	954 938

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	2012	2011
	R '000	R '000
14.2.3 Accommodation charges - Private Leases		
Agriculture, Forestry & Fisheries	72 582	59 098
Arts and Culture	17 309	19 650
Communications	8 327	10 301
Correctional Services	72 921	82 013
Defence and Military Veterans	207 678	188 583
Co-operative Governance and Traditional Affairs	18 520	24 951
Energy	6 347	-
Higher Education	15 345	25 210
Environmental Affairs	39 749	21 128
Financial and Fiscal Commission	742	1 122
International Relations	18 051	53 470
International Relations (PAP)	34 047	-
Gender Equality Commission	626	1 799
Government Communications	11 708	14 240
Health	4 786	29 504
Home Affairs	184 639	173 453
Human Settlements	39 031	17 163
Human Rights Commission	(4 068)	578
Independent Complaints Directorate	21 578	40 627
Justice and Constitutional Dev	314 791	263 939
Labour	112 232	122 865
Rural Development and Land Reform	112 198	88 839
Mineral Resources	9 145	18 589
National Prosecuting Authority	3 229	29 744
National Treasury	32 240	30 554
Parliament	307	244
Public Enterprises	6 772	4 263
Public Protector	4 800	4 018
Public Service and Administration	23 808	30 964
Public Service Commission	10 530	6 278
Public Works	163 492	183 319

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	2012	2011
	R '000	R '000
PALAMA	15 357	14 384
SA Police Services	855 868	837 162
SAMAF	1 170	744
SASSA	87 027	77 737
Science and Technology	-	26
Social Development	21 704	19 860
Sports and Recreation	6 605	6 913
Statistics SA	152 317	95 901
Trade and Industry	1 798	3 130
Transport	28 792	14 851
Tourism	54 790	504
Women, Children and People with Disabilities	7 508	-
Water Affairs	132 865	116 590
TOTAL	2 929 263	2 734 305

14.2.4 Government grant

Department of Public Works	630 189	612 967
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14.3 RELATED PARTY OFFICIALS IN BUSINESS WITH PMTE

Officials within the employ of PMTE who have relationship with suppliers of PMTE.

Official	Relationship with supplier	Nature of Transaction	Value of award(s)	Balance owing as at 31/03/2012
Kabinde J	Spouse	Cleaning Services	11	0
Lekgothoane MR	Self	Unplanned Maintenance	80	0
Murphy M	Parent	Unplanned Maintenance	300	300
Scharneck SM	In-laws	Cleaning Services	670	167
van der Hoven NC	Spouse	Capital Projects	3 632	2 746
Wiese M	Self	Unplanned Maintenance	2	0

14.4 EXPENDITURE INCURRED BY DPW ON BEHALF OF THE PMTE

National Department of Public Works expenditure incurred on behalf of PMTE R 732 million (2011- R 622 million)

	2012	2011
	R '000	R '000
Direct Costs		
Component		
Compensation of employees	468 179	411 487
Good and services	34 434	36 663
Interest and rent on land	700	538
Transfers and subsidies	1 780	1 767
Payments for capital assets	1 743	3 749
Total Direct Costs	506 836	454 204
Indirect Cost		
Component		
Compensation of employees	114 406	86 247
Good and services	100 158	75 613
Interest and rent on land	243	1 441
Transfers and subsidies	392	747
Payments for capital assets	9 986	3 772
Total Indirect costs	225 185	167 820

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	2012	2011
	R '000	R '000
15. LOSSES THROUGH CRIMINAL CONDUCT OR UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE (Losses through unauthorised, irregular and fruitless and wasteful expenditure)		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	6 772	6 772
Less: amounts condoned	(5 582)	-
Incurred during the year	238 121	-
Closing balance	239 311	6 772
Analysis of fruitless and wasteful expenditure - 2012		
<i>Occurrence</i>	R '000	
Rent paid for unoccupied buildings	229 900	
Parking bays not utilised	2 243	
Interest/penalties	5 961	
Utilities paid for unoccupied buildings	17	
Grand Total	238 121	
Reconciliation of irregular expenditure		
Opening balance	658 704	267 163
Less: amounts condoned	(555 428)	(38 768)
Incurred during the current year	1 057 111	138 637
Incurred in prior years and detected in current year	250 430	291 672
Closing balance	1 410 817	658 704
Analysis of irregular expenditure - 2012		
<i>Occurrence</i>		
Three (3) quotations not obtained.	27 169	
Bids not fully advertised.	299 533	
Delegations not followed.	80 279	
Treasury SCM documentation not on hand	263 765	
No valid contract in place.	386 365	
Grand Total	1 057 111	

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	2012	2011
	R '000	R '000

16. RISK MANAGEMENT

Financial risk management

PMTE's activities expose it to a variety of financial risks: market risks (interest rate and currency risk), credit risk and liquidity risk. Risk management relating to each of these risks is discussed under the headings below:

Interest rate risk management

The funds are only invested with reputable financial institutions and are used primarily for cash handling purposes. The entity 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.

Currency risk management

PMTE's operating activities are not exposed to fluctuation in currency.

Credit risk management

Credit risk is the risk of financial loss to PMTE if a Client Department or counterparty defaults on its contractual obligations to PMTE. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position. The carrying value for trade and other receivables, net of impairment amount to R3 816 million (2011 R3 662 million). PMTE only transacts with various Government Institutions who have no independent rating.

PMTE does not have collateral or other credit enhancements for its credit risk exposure from financial assets during the current or prior year. The nature PMTE's exposure to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior period.

Exposure to credit risk

Cash and cash equivalents	1 399	2 158
Trade and other receivables	3 876 685	3 662 691

The carrying values of the above financial assets are net of any impairment 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.

Liquidity risk

Liquidity risk is managed by ensuring that sufficient cash to pay suppliers is maintained. The entity manages liquidity risk through ongoing review and assessment of Client Department's commitment to settle their accounts.



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TRADE AND OTHER PAYABLES

PMTE has no significant exposure on Finance Leases where the increase in interest rates could impact the amount owed. The carrying amount approximates fair value because of the short period of settlement.

FAIR VALUE OF FINANCIAL ASSET AND LIABILITIES

Except as detailed in the table under Note 1.1, management considers that the carrying amounts of financial assets and liabilities recognised at amortised cost in the financial statements approximate their fair value.

17. POST BALANCE SHEET EVENTS

There were no material events that occurred after the reporting date.

Chapter 4

Human Resource Management



HUMAN RESOURCE MANAGEMENT

Service delivery

Table 4.1 – Main services provided and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Construction of new facilities and renovation of existing facilities	User Departments	Communities serviced by the National Department	Accessibility, and within reach by normal mode of transport	The selection of sites for new development is informed by accessibility and availability of Bulk Services. All new sites developed meet the basic parameters set by town planners
Contracting with Service Providers	Contractors & Consultants	Professionals employed to service the Department	As provided for by the Professional Councils and CIDB	All facilities complies to National Standard and National Building Regulations
Provision of accommodation infrastructure	National User Departments, their entities or agencies and commissions	Provincial Departments and other state owned enterprises on a demand basis	User Departments accommodated appropriately as per SLAs and SDS	22 SLAs signed with user Departments
Coordination of Expanded Public Works Programme (EPWP)	Municipalities	Municipalities and Provincial Departments currently not reporting on the Expanded Public Works Programme (EPWP)	Protocols outlining the roles and responsibilities of NDPW and Municipalities in terms of collaboration on the implementation of EPWP Incentive Agreements signed with Provincial Departments and municipalities	271 Municipalities signed Protocols agreeing on EPWP targets for Phase 2 195 Municipalities and 53 Provincial Departments signed Incentive Agreements

**Table 4.2 – Consultation arrangements with customers**

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
Public Participation for Environmental Impact Assessment/ Studies	Communities around the sites identified for construction	Interest Groups	All EIA record of decisions complied with National Environmental Management Act
Attendance of Municipal Integrated Development Plan	Municipalities	Communities	Secured potential sites for development of Police Stations and others
Institutional arrangements for implementing the Expanded Public Works Programme (EPWP)	Provinces and Municipalities	Bodies not implementing the Expanded Public Works Programme (EPWP) as yet	9 existing Provincial Steering Committees operational. 11 existing Municipal District Steering Committees operational and 8 newly established Municipal District Steering Committees.
Scheduled and non-scheduled liaison meetings with user Departments	National Departments, Agencies, Entities and Commissions	Provincial Departments and other State-owned Enterprises on a demand basis	Frequent engagement with user Departments at strategic and operational level

Table 4.3 – Service delivery access strategy

Access Strategy	Actual achievements
Departmental representation in all provinces spanning all areas of the accommodation provision services	Departmental representation exists through eleven regional offices based in the nine Provinces to ensure accommodation services are delivered within the heartbeat of the customer
Expanded Public Works Programme (EPWP) staff decentralized to Regional Offices	Liaising with Provincial EPWP Coordinating Departments, as well as with Municipal District Steering Committees to expedite implementation of the Expanded Public Works Programme (EPWP)

Table 4.4 – Service information tool

Types of information tool	Actual achievements
Service Level Agreements between the Department and its user Departments	Service Level Agreements with 22 of the 51 user Departments
Departmental web site	Updated Departmental website
Incentive Agreements with provincial Departments and Municipalities	Incentive Agreements signed with 195 Municipalities and 53 Provincial Departments
Expanded Public Works Programme (EPWP) Reporting System	More than 19 720 projects reported across all 3 Spheres of Government, as well as across 4 sectors of the Expanded Public Works Programme (EPWP)
EPWP Management Information Systems for Infrastructure, Social and Environment and Culture Sectors	At least 843 459 work opportunities reported on the EPWP reporting systems by the end of the 4 th quarter of the 2011-12 financial year

Table 4.5 – Complaints mechanism

Complaints Mechanism	Actual achievements
Departmental Call Centres for various disciplines on accommodation infrastructure	Functional call centres that receive complaints in respect of accommodation infrastructure faults and maintenance requirements
Talk to the Minister hotline (Minister's cell phone)	Hotline is active and in use
Presidential Hotline	Active and in use
EPWP Reporting System Help Desk	Queries and problems raised on Web-Based Reporting System addressed

Expenditure

TABLE 4.6 – Personnel costs by programme, 2011/12

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Profession and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)	Employment
Administration	837,119	199,405	2,917	18,341	23.8%	291	686
Immovable Asset Management	5,001,749	970,320	2,800	3,350	19.4%	198	4,905
Expanded Public Works Programme	1,163,015	91,905	7,747	22,403	7.9%	380	242
Property and Construction Industry Policy Regulations	34,353	7,949	28	4,206	23.1%	497	16
Auxiliary and Associated Services	25,201	0	0	0	0	0	0
Total	7,061,437	1,269,579	13,492	48,300	18%	217	5,849

**TABLE 4.7 – Personnel costs by salary bands, 2011/12**

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)	Number of Employees
Lower skilled (Levels 1-2)	134,543	10.6%	86	1,573
Skilled (Levels 3-5)	172,032	13.6%	122	1,415
Highly skilled production (Levels 6-8)	328,266	25.9%	212	1,550
Highly skilled supervision (Levels 9-12)	498,588	39.3%	433	1,152
Senior management (Levels 13-16)	124,750	9.8%	785	159
Periodical Remuneration	7,329	1%	3	2,374
Abnormal Appointment	4,071	0%	9	431
TOTAL	1,269,579		147	8,654

TABLE 4.8 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme 2011/12

Programme	Salaries		Overtime		Home Owners Allowance (HOA)		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Programme 1 Administration	141,572	71%	2,465	1.2%	6,021	3%	6,145	3.1%
Programme 2 Immovable Asset Management	653,927	67.4%	9,723	1	38,274	3.9%	49,525	5.1%
Programme 3 EPWP	62,422	67.9%	9	0%	2,075	2.3%	2,263	2.5%
Programme 4 Property & Construction Industry Policy Regulation	6,401	80.5%	0	0%	203	2.6%	218	2.7%
TOTAL	864,322	68.1%	12,197	1%	46,573	3.7%	58,151	4.6%

Salaries are reflected as paid through PERSAL during this period.

TABLE 4.9 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2011/12

Salary Bands	Salaries		Overtime		Home Owners Allowance (HOA)		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Lower skilled (Levels 1-2)	84,508	62.8%	472	0.4%	9,627	7.2%	12,055	9%
Skilled (Levels 3-5)	105,683	61.4%	5,051	2.9%	10,868	6.3%	12,602	7.3%
Highly skilled production (Levels 6-8)	222,611	67.8%	4,320	1.3%	10,223	3.1%	17,722	5.4%
Highly skilled supervision (Level 9-12)	357,936	71.8%	2,324	0.5%	10,795	2.2%	13,915	2.8%
Senior management (Levels 13-16)	93,568	75%	30	0%	5,060	4.1%	1,857	1.5%
Periodical Remuneration	0	0%	0	0%	0	0%	0	0%
Abnormal Appointment	15	0.4%	0	0%	0	0%	0	0%
Total	864,321	68.1%	12,197	1%	46,573	3.7%	58,151	4.6%

Salaries are reflected as paid through PERSAL during this period.



Employment and vacancies

TABLE 4.10 – Employment and vacancies by programme, 31 March 2012

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Programme 1 Administration	807	686	15	88
Programme 2 Immovable Asset Management	5,704	4,905	14	344
Programme 3 EPWP	282	242	14.2	26
Programme 4 Property & Construction Industry Policy Regulation	25	16	36	2
TOTAL	6,818	5,849	14.2	460

Vacancy rate is a revolving target. 14.2% is the vacancy rate at a specific point in time.

TABLE 4.11 – Employment and vacancies by salary bands, 31 March 2012

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	1,762	1,573	10.7	293
Skilled (Levels 3-5)	1,536	1,415	7.9	25
Highly skilled production (Levels 6-8)	1,882	1,550	17.6	88
Highly skilled supervision (Level 9-12)	1,450	1,152	20.6	51
Senior management (Levels 13-16)	188	159	15.4	3
Total	6,818	5,849	14.2	460

Vacancy rate is a revolving target. 14.2% is the vacancy rate at a specific point in time.

TABLE 4.12 – Employment and vacancies by critical occupation, 31 March 2012

Critical occupants	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Architects town and traffic planners	48	36	25	14
Engineers and related professionals	312	189	39.4	38
Quantity surveyors & related professionals not class elsewhere	44	30	31.8	7
Senior managers	188	159	15.4	2

Job evaluation

TABLE 4.13 – Job Evaluation, 1 April to 31 March 2012

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	1,762	0	0%	0	0%	0	0%
Skilled (Levels 3-5)	1,536	4	0.3%	0	0%	0	0%
Highly Skilled production (Levels 6-8)	1,882	7	0.4%	46	657.1	0	0%
Highly Skilled supervision (Levels 9-12)	1,450	9	0.6%	1	11.1	0	0%
Senior Management Service Band A	128	4	3.1%	0	0%	0	0%
Senior Management Service Band B	48	1	2.1%	0	0%	0	0%
Senior Management Service Band C	10	0	0%	0	0%	0	0%
Senior Management Service Band D	2	0	0%	0	0%	0	0%
Total	6,818	25	0.4%	47	188	0	0%



TABLE 4.14 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April to 31 March 2012

Beneficiaries	African	Asian	Coloured	White	Total
Female	1	0	0	0	1
Male	2	0	0	0	2
Total	3	0	0	0	3
Employees with a disability					

TABLE 4.15 – Employees whose salary level exceed the grade determined by job evaluation, April 2011 to 31 March 2012 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None				
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2011/12				0
Percentage of total employment				0

TABLE 4.16 – Profile of employees whose salary level exceed the grade determined by job evaluation, April 2011 to 31 March 2012 (in terms of PSR 1.V.C.3)

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
Total number of employees whose salaries exceeded the grades determined by job valuation in 2011/12					0

Employment changes

TABLE 4.17 – Annual turnover rates by salary band for the period 01 April 2011 to 31 March 2012

Salary Band	Number of employees per band as on 1 April 2011	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (Levels 1-2)	1,225	553	102	8.3
Skilled (Levels 3-5)	1,297	157	105	8.1
Highly Skilled production (Levels 6-8)	1,329	219	64	4.8
Highly Skilled supervision (Levels 9-12)	1,047	73	63	6
Senior Management Service Band A	91	7	9	9.9
Senior Management Service B and B	40	1	1	2.5
Senior Management Service B and C	9	0	2	22.2
Senior Management Service B and D	4	0	2	50
Total	5,042	1,010	348	6.9

5,042 is the number of filled positions as at 1 April 2011.

**TABLE 4.18 – Annual turnover rates by critical occupation for the period 1 April 2011 to 31 March 2012**

Occupation	Number of employees per occupation as 1 April 2011	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Architects town and traffic planners, Permanent	23	10	3	13
Engineers and related professionals, Permanent	181	33	37	20.4
Quantity surveyors & related professionals not classified elsewhere, Permanent	35	3	4	11.4
Senior Managers, Permanent	144	7	10	6.9

Table 4.19 – Reasons why staff are leaving the Department

Termination Type	Number	% of total
Death, Permanent	45	12.9%
Resignation, Permanent	83	23.9%
Resignation, Temporary	1	0.3%
Expiry of contract, Permanent	127	36.5%
Discharged due to ill health, Permanent	1	0.3%
Dismissal-misconduct, Permanent	10	2.9%
Retirement, Permanent	81	23.3%
TOTAL	348	

Table 4.20 – Promotions by critical occupation

Occupation	Employees as at 1 April 2011	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Architects town and traffic planners	23	3	13%	19	82.6%
Engineers and related professionals	181	9	5%	121	66.9%
Quantity surveyors & related professionals not classified elsewhere	35	2	5.7%	19	54.3%
Senior Managers	144	10	6.9%	2	1.4%

Table 4.21 – Promotions by salary band

Salary Band	Employees 1 April 2011	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	1,225	0	0%	585	47.8%
Skilled (Levels 3-5)	1,297	22	1.7%	1,391	107.2%
Highly Skilled production (Levels 6-8)	1,329	134	10.1%	942	70.9%
Highly Skilled supervision (Levels 9-12)	1,047	127	12.1%	767	73.3%
Senior Management (Levels 13-16)	144	17	11.8%	14	9.7%
Total	5,042	300	6%	3,699	73.4%

5,042 is the number of filled positions as at 1 April 2011.



Employment equity

Table 4.22 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2012

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	52	3	1	11	36	3	3	5	114
Professionals	250	43	19	115	219	7	4	28	685
Technicians and associate professionals	505	27	7	37	649	41	11	76	1,353
Clerks	195	27	1	25	360	23	11	97	739
Service and sales workers	70	10	0	4	30	0	0	0	114
Craft and related trades workers	156	55	13	74	34	0	0	1	333
Plant and machine operators and assemblers	41	11	1	0	3	1	0	1	58
Elementary occupations	864	257	9	22	1141	152	3	5	2,453
Total	2,133	433	51	288	2,472	227	32	213	5,849
Employees with disabilities	17	9	0	14	9	3	0	7	59

Table 4.23 – Total number of employees (Including employees with disabilities) in each of the following occupational bands as on 31 March 2012

Occupational categories	Male				Female			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Top Management (L15-L16)	5	2	0	0	2	0	1	0
Senior Management (L13-L14)	62	1	2	15	57	3	4	5
Professionally qualified experienced specialists and mid-management	479	64	30	174	334	15	9	47
Skilled technical and academically qualified workers, junior management, supervisors, foremen	487	64	6	71	710	44	13	155
Semi-skilled and discretionary decision making	611	224	9	22	462	81	2	4
Unskilled and defined decision making	489	78	4	6	907	84	3	2
Total	2,133	433	51	288	2,472	227	32	213





Table 4.24 – Recruitment for the period 1 April 2011 to 31 March 2012

Occupational Bands	Male				Female			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Senior Management	5	0	0	0	3	0	0	0
Professionally qualified and experienced specialists and mid-management	27	13	0	8	23	0	1	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	99	2	1	1	111	4	0	1
Semi-skilled and discretionary decision making	54	2	3	0	93	3	1	1
Unskilled and defined decision making	206	5	1	1	332	8	0	0
Total	391	22	5	10	562	15	2	3
Employees with disabilities	1	0	0	0	0	0	0	0



Table 4.25 – Promotions for the period 1 April 2011 to 31 March 2012

Occupational Bands	Male				Female			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Top Management	2	0	0	0	0	0	0	0
Senior Management	10	0	1	9	7	0	1	1
Professionally qualified and experienced specialists and mid-management	354	46	30	139	255	14	8	48
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	298	48	3	63	477	35	15	137
Semi-skilled and discretionary decision making	551	213	6	20	533	95	1	3
Unskilled and defined decision making	185	26	3	2	332	34	3	0
Total	1,400	333	43	233	1,604	178	28	189
Employees with disabilities	10	7	0	13	5	2	0	6

**Table 4.26 – Terminations for the period 1 April 2011 to 31 March 2012**

Occupational Bands	Male				Female			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Top Management	1	0	1	0	2	0	0	0
Senior Management	5	2	0	1	2	0	0	0
Professionally qualified and experienced specialists and mid-management	16	1	0	30	11	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	25	6	0	7	19	0	0	7
Semi-skilled and discretionary decision making	51	17	1	4	28	3	0	1
Unskilled and defined decision making	32	2	1	0	63	4	0	0
Total	130	28	3	42	125	7	0	13
Employees with disabilities	0	1	1	2	0	0	0	0

Table 4.27 – Disciplinary action for the period 1 April 2011 to 31 March 2012

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	46	5	0	5	37	4	1	0	98

Table 4.28 – Skills development for the period 1 April 2011 to 31 March 2012

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	29	29	0	10	25	27	0	12	132
Professionals	47	28	0	12	42	28	0	12	169
Technicians and associate professionals	30	22	1	23	40	20	0	25	161
Clerks	58	32	9	5	53	34	15	7	213
Service and sales workers	3	2	0	0	4	2	0	0	11
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	4	3	2	1	2	2	1	1	16
Elementary occupations	39	8	1	4	19	7	2	2	82
Total	210	124	13	55	185	120	18	59	784
Employees with disabilities	0	0	0		0	0	0	0	0



Performance rewards

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 4.29), salary bands (table 4.30) and critical occupations (Table 4.31).

TABLE 4.29 – Performance Rewards by race, gender, and disability, 1 April 2011 to 31 March 2012

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee (R'000)
African, Female	1,282	2,463	52.1%	6,265	5
African, Male	993	2,116	46.9%	4,988	5
Asian, Female	22	32	68.8%	200	9
Asian, Male	28	51	54.9%	215	8
Coloured, Female	137	224	61.2%	715	5
Coloured, Male	201	424	47.4%	1,126	6
White, Male	159	206	77.2%	1,358	9
White, female	94	274	34.3%	790	8
Employees with a disability	27	59	45.8%	133	5
Total	2,943	5,849	50.3%	15,792	5

TABLE 4.30 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2011 to 31 March 2012

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	802	1,570	51.1%	2,138	3	1.59%
Skilled (Levels 3-5)	878	1,416	62%	2,867	3	1.67%
Highly skilled production (Levels 6-8)	795	1,551	51.3%	5,011	6	1.53%
Highly skilled supervision (Levels 9-12)	457	1,153	39.6%	5,538	12	1.11%
Total	2,932	5,690	51.5%	15,554	5	1.37%

TABLE 4.31 – Performance Rewards by critical occupations, 1 April 2011 to 31 March 2012

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee (R'000)
Engineers and related professionals	8	189	4.2%	111	13,875
Architects town and traffic planners	1	36	2.8%	4	4,000
Quantity surveyors & related professional not classified elsewhere	5	30	16.7%	68	13,600
Senior Managers	11	159	6.9%	237	21,546

The Senior Managers indicated were Deputy Directors who were promoted to SMS during the period; therefore the stats indicated as if it was Senior Managers who received a performance bonus. No SMS was paid Performance bonus during this period

TABLE 4.32 – Performance related rewards (cash bonus) , by salary band, for Senior**Management Service**

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee (R'000)	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A	11	109	10.1%	237	21,546	0.3%
Band B	0	40	0%	0	0	0%
Band C	0	8	0%	0	0	0%
Band D	0	2	0%	0	0	0%
Total	11	159	6.9%	237	21,546	0.3%

The Senior Managers indicated were Deputy Directors who were promoted to SMS during the period; therefore the stats indicated as if it was Senior Managers who received a performance bonus. No SMS was paid Performance bonus during this period



Foreign workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

TABLE 4.33 – Foreign Workers, 1 April 2011 to 31 March 2012, by salary band

Salary Band	1 April 2011		31 March 2012		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	2	5.1%	3	11.5%	1	-0.1
Skilled (Levels 3-5)	0	0%	0	0%	0	0
Highly skilled production (Levels 6-8)	0	0%	0	0%	0	0
Highly skilled supervision (Levels 9-12)	34	87.2%	20	76.9%	-14	1.1
Senior management (Levels 13-16)	3	7.7%	3	11.5%	0	0
Total	39	100%	26	100%	-13	100

TABLE 4.34 – Foreign Worker, 1 April 2011 to 31 March 2012, by major occupation

Major Occupation	1 April 2011		31 March 2012		Change	
	Number	% of total	Number	% of total	Number	% change
Elementary occupations	2	5.1%	2	7.7%	0	0
Other occupations	0	0%	1	3.8%	1	-7.7
Professionals and managers	37	94.9%	23	88.5%	-14	107.7
Total	39	100%	26	100%	-13	100

Leave utilisation for the period 1 January 2011 to 31 December 2011

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 4.35) and disability leave (Table 4.36). In both cases, the estimated cost of the leave is also provided.

TABLE 4.35 – Sick leave, 1 January 2011 to 31 December 2011

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)
Lower skilled (Levels 1-2)	6,802	86	895	22%	8	1,610
Skilled (Levels 3-5)	7,994	82	994	25%	8	2,338
Highly skilled production (Levels 6-8)	9,248	78	1,207	30%	8	5,394
Highly skilled supervision (Levels 9-12)	5,877	79	833	21%	7	8,351
Senior management (Levels 13-16)	595	77	108	3%	5	1,682
Total	30,516	81	4,037	100%	8	19,375

Leave cycle is from 1 January to 31 December of a particular year and not in line with the financial year.

TABLE 4.36 – Disability leave (temporary and permanent) , 1 January 2011 to 31 December 2011

Salary Band	Total days taken	% 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)	918	100%	28	25%	33	218
Skilled (Levels 3-5)	770	100%	27	24%	29	226
Highly skilled production (Levels 6-8)	856	100%	32	28%	27	561
Highly skilled supervision (Levels 9-12)	970	100%	24	21%	40	1,659
Senior management (Levels 13-16)	80	100%	3	3%	27	236
Total	3,594	100%	114	100%	32	2,900



Leave cycle is from 1 January to 31 December of a particular year and not in line with the financial year.

Table 4.37 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

TABLE 4.37 – Annual Leave, 1 January 2011 to 31 December 2011

Salary Bands	Total days taken	Average days taken per employee
Lower skilled (Levels 1-2)	22,816.68	19
Skilled Levels 3-5)	29,929.68	20
Highly skilled production (Levels 6-8)	28,025.92	19
Highly skilled supervision(Levels 9-12)	22,444	20
Senior management (Levels 13-16)	3,042	20
Total	106,258.28	19

Leave cycle is from 1 January to 31 December of a particular year and not in line with the financial year.

TABLE 4.38 – Capped leave, 1 January 2011 to 31 December 2011

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2011
Lower skilled (Levels 1-2)	143	6	44
Skilled Levels 3-5)	494	5	67
Highly skilled production (Levels 6-8)	257	5	42
Highly skilled supervision(Levels 9-12)	229	7	56
Senior management (Levels 13-16)	7	2	49
Total	1,130	6	56

TABLE 4.39 – Leave payouts for the period 1 April 2011 to 31 March 2012

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

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee (R'000)
Leave pay out for 2010/11 due to non-utilisation of leave for the previous cycle	113	8	14
Capped leave pay outs on termination of service for 2010/11	2,033	211	10
Current leave pay-out on termination of service for 2010/11	770	58	13
Total	2,916	277	11

HIV and AIDS & health promotion programmes

TABLE 4.40 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	Employee workshops
	Wellness Committees
	Establishment of sport committees
	Establishment of Peer educators
	Information sessions and Dialogues on sexuality, reproductive health and HIV and AIDS
	HIV Counselling and Testing
	Condom distribution



TABLE 4.41 – Details of Health Promotion and HIV and 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		Director: Organizational Development, Ms Lindiswa Skhosana
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being 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		<ul style="list-style-type: none"> HIV Advocacy and Support Unit : 1 DD & 1 ASD Employee Health and Wellness Unit: 1 DD and 3 ASDs the Directorate OD includes HIV advocacy, employee health and wellness as well as job evaluation and HRIS. Total budget for OD on Good Services R1 250million
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes		<ul style="list-style-type: none"> Proactive programs aimed at preventative and awareness related to health and wellness issues Responsive aimed at addressing already existing 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		<p>Employee Health and wellness committees established in all regions</p> <p>Sports committees established to encourage physical exercises</p> <p>Peer Educations structures are established in 4 Regions</p>
5. Has the Department reviewed its employment policies and practices 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		<p>HIV and AIDS Policy is very clear on human rights issues and fair labour practices.</p> <p>An integrated mainstreaming guideline (focusing on gender, disability, youth and human rights) is in place to guide internal and external mainstreaming processes.</p> <p>The Department is in the process of aligning the HIV and AIDS policy to the New National Strategy on HIV, TB and STIs 2012 – 2016.</p>
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		<p>The Departmental HIV and AIDS Policy address human rights issues;</p> <p>Use of peer educators as stigma busters;</p> <p>Knowledge, attitudes and Practices Surveys conducted to assess level of awareness of stigma;</p> <p>Dialogues and information sessions are held regularly to enhance understanding of HIV related stigma and the impact it has on work performance.</p>

Question	Yes	No	Details, if yes
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved	Yes.		The Department collaborates with Government Employees Medical Aid Schemes and NGOs in providing in-house opportunities for HIV Counselling and Testing.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators	Yes		Utilisation rate of Health and Wellness services; Statistics obtained from health screening events; Attendance rate of health and wellness workshops conducted; Reports on trends, referrals and feedback from employees; Sick leave utilisation (reduction or increase) .

Labour relations

The following collective agreements were entered into with trade unions within the Department.

TABLE 4.42 – Collective agreements, 1 April 2011 to 31 March 2012

Total collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

TABLE 4.43 – Misconduct and disciplinary hearings finalised, 1 April 2011 to 31 March 2012

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	4	4
Written warning	43	44
Final written warning	33	34
Suspended without pay	8	8
Fine	0	0
Demotion	0	0
Dismissal	10	10
Not guilty	0	0
Case withdrawn	0	0
Total	98	100

**TABLE 4.44 – Types of misconduct addressed at disciplinary hearings**

Type of misconduct	Number	% of total
Absent from work without reason or permission	15	15
Sexual harassment	0	0
Steals, bribes or commits fraud, nepotism	5	5
Use of abusive language	0	0
Undertake remunerative work outside official duties without permission	2	2
Poor management and poor performance	7	7
Gave false information	2	2
Failure to disclose financial interest	16	16
Displayed disrespectful, disgraceful and unacceptable behaviour	4	4
Assault	2	2
Abuse of state vehicle	5	5
Gross negligence of duty	2	2
Failure to comply with policy or procedures	7	7
Drinking on duty	1	1
Failure to carryout lawful instruction and insubordination	30	31
Total	98	100

TABLE 4.45 – Grievances lodged for the period 1 April 2011 to 31 March 2012

Grievances	Number	% of Total
Number of grievances resolved	56	84
Number of grievances not resolved	11	16
Total number of grievances lodged	67	100

TABLE 4.46 – Disputes lodged with Councils for the period 1 April 2011 to 31 March 2012

	Number	% of Total
Number of disputes upheld	9	82
Number of disputes dismissed	2	18
Total number of disputes lodged	11	100

TABLE 4.47 – Strike actions for the period 1 April 2011 to 31 March 2012

Total number of person working days lost	27
Total cost (R'000) of working days lost	R 8 089.20
Amount (R'000) recovered as a result of no work no pay	R 8 089.20

TABLE 4.48 – Precautionary suspensions for the period 1 April 2011 to 31 March 2012

Precautionary Suspensions	
Number of people suspended	7
Number of people whose suspension exceeded 30 days	7
Average number of days suspended	214
Cost (R'000) of suspensions	1 568

Skills development

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

Table 4.49 – Training needs identified 1 April 2011 to 31 March 2012

Occupational Categories	Gender	Number of employees as at 1 April 2011	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	47	13	107	48	155
	Male	67	16	92	36	128
Professionals	Female	258	33	179	118	297
	Male	427	30	161	92	253
Technicians and associate professionals	Female	777	67	198	116	314
	Male	576	56	190	113	303
Clerks	Female	491	200	130	51	181
	Male	248	106	80	32	112
Service and sales workers	Female	30	20	19	14	33
	Male	84	30	12	8	20
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	35	3	0	0	0
	Male	298	28	0	0	0
Plant and machine operators and assemblers	Female	5	0	30	24	54
	Male	53	0	15	14	29
Elementary occupations	Female	1 301	78	81	28	109
	Male	1 152	34	46	17	63
Sub Total	Female	2 944	414	744	399	1 143
	Male	2 905	300	596	312	908
Total		5 849	714	1 340	711	2 051



Training identified in terms of the totals on the side in this table excludes Learnerships

Table 4.50 – Training provided 1 April 2011 to 31 March 2012

Occupational Categories	Gender	Number of employees as at 1 April 2011	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	47	13	12	10	35
	Male	67	16	14	12	42
Professionals	Female	258	33	157	39	229
	Male	427	30	161	32	223
Technicians and associate professionals	Female	777	67	14	1	82
	Male	576	56	23	1	80
Clerks	Female	491	200	367	4	571
	Male	248	106	156	1	263
Service and sales workers	Female	30	20	15	0	35
	Male	84	30	29	0	59
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	35	3	2	1	6
	Male	298	28	39	0	67
Plant and machine operators and assemblers	Female	5	0	1	0	1
	Male	53	0	11	1	12
Elementary occupations	Female	1 301	78	150	0	228
	Male	1 152	34	160	0	194
Sub Total	Female	2 944	414	718	55	1 181
	Male	2 905	300	593	47	940
Total		5 849	714	1 311	102	2 127

Training provided includes in this table the learnerships as part of total training provided as calculated on the side totals

Injury on duty

The following tables provide basic information on injury on duty.

TABLE 4.51 – Injury on duty, 1 April 2011 to 31 March 2012

Nature of injury on duty	Number	% of total
Required basic medical attention only	22	81%
Temporary Total Disablement	5	19%
Permanent Disablement	0	0
Fatal	0	0
Total	27	100%

Utilisation of Consultants

Table 4.52 – Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Appointment of a service provider for accelerated forensic investigation audit	7	2 Years	487,766.00
Appointment of a service provider for accelerated forensic investigation audit	4	2 years	543,840.00
Appointment of a service provider for accelerated forensic investigation audit	5	2 years	497,999.80
Appointment of a Service Programme Manager for Immovable Asset Register Enhancement (DPW)	12	2 years	8,709,372.00
Procurement of a service provider for the enterprise architecture for the National Department of Public Works	32	1 year	6,779,728.80
Appointment of a service provider to conduct an Annual Independent Asset Verification for the National Department of Public Works for the period of three years and once off Recording and Valuation of Curtains, Scatter Cushions, Carpets and Persian Rugs for Cape Town, Durban and Pretoria Regional Office	21	15 Months	13,999,238.00
iE-Works	8	1 year	3,698,667.30
WCS	1	1 year	962,188.51
Paper trail(2) /WCS(2)	4	1 year	3,774,845.54
PMIS	1	1 year	780,308.27
Development of Asset Life Cycle Management Guidelines for NDPW	5	1 Year	2,668,237.00



Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
11	100	15 years 3 months	42,902,191.22

Table 4.53 – Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Appointment of a service provider for accelerated forensic investigation audit	26.78%	26.78%	0
Appointment of a service provider for accelerated forensic investigation audit	98%	98%	3
Appointment of a service provider for accelerated forensic investigation audit	59.39%	59.39%	1
Appointment of a Service Programme Manager for Immovable Asset Register Enhancement (DPW)	0%	0%	8
Procurement of a service provider for the enterprise architecture for the National Department of Public Works	0%	0%	22
Appointment of a service provider to conduct an Annual Independent Asset Verification for the National Department of Public Works for the period of three years and once off Recording and Valuation of Curtains, Scatter Cushions, Carpets and Persian Rugs for Cape Town, Durban and Pretoria Regional Office	100%	100%	20
iE-Works	100%	100%	8
WCS	25.01%	25.01%	1
Paper trail(2) /WCS(2)	30%	30%	4
PMIS	100%	100%	1
Development of Asset Life Cycle Management Guidelines for NDPW	0%	0%	2

GLOSSARY

FULL DESCRIPTION	ACRONYM
Annual Financial Statements	AFS
Agrément South Africa	ASA
Asset Management Reforms	AMR
Annual Performance Plan	APP
Audit & Risk Management Committee	ARMC
Built Environment Professionals	BEP
Asset Register Management	ARM
Basic Accounting System	BAS
Black Economic Empowerment	BEE
Broad-Based Black Economic Empowerment	BBBEE
Built Environment Professions	BEPs
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
Contract Participation Goal	CPG
Council for the Built Environment	CBE
Custodian Asset Management Plan	CAMP
Department of Cooperative Governance	CoGTA
Capital Works Implementation Programme	CWIP
Department of Correctional Services	DCS
Limpopo Department of Education	LDOE
Limpopo Department of Health	LDOH
Department of International Relations and Cooperation	DIRCO
Limpopo Department of Public Works	LDPW
Department of Public Works	DPW
Department of Water Affairs	DWA
Department of Roads and Transport	LDRT
Department of Rural Development and Land Reform	DRDLR
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
Construction Industry Indicators	CIIIs
Estimates of National Expenditure	ENE
Employment Skills Development Agency	ESDA
Expanded Public Works Programme	EPWP
Executive Management Committee	EXCO
Full Time Equivalent	FTE
Facilities Management	FM
Financial Year	FY
Fraud Awareness and Investigation Services	FIAS
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
Information Communication & Technology	ICT
Integrated Financial Management System	IFMS
Information Technology	IT
Infrastructure Delivery Improvement Programme	IDIP
Information Technology Acquisition	ITAC
Information Technology Procurement	ITP
Inner City Regeneration Programme	ICRP
Institute of Internal Auditors	IIA
Key Account Management	KAM
Kilolitres	KL
Kilowatts per hour	KW/H
Land Redistribution Agricultural Development	LRAD
Land Affairs Board	LAB
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
Municipal Infrastructure Grant	MIG
Management Information System	MIS
Minister and Members of the Executive Council	MINMEC
Non-Governmental Organisations	NGO
Non-Profit Organizations	NPO
National Contractor Development	NCD
National Contractor Development Programme	NCDP
National Economic Development And Labour Council	NEDLAC
National Infrastructure Maintenance Strategy	NIMS
National Youth Service	NYS
National Environment Management Act	NEMA
Occupation Specific Dispensation	OSD
Occupational Health and Safety Act	OHSA
Parliamentary Villages	PV
Performance Based Building	PBB
Performance Management and Development System	PMDS
People with Disabilities	PwD
Planned Maintenance Implementation Programme	PMIP
Portfolio Performance and Monitoring	PPM
Property Charter Council	PCC
Property Incubator Programme	PIP
Property Management Information System	PMIS
Property Management Trading Entity	PMTE
Property Performance Standards	PPS
Public Management Finance Act	PFMA
Public Private Partnership	PPP
Regulatory Impact Assessment	RIA
Recognition of Prior Learning	RPL
SA Council for the Architectural Profession	SACAP
SA Council for the Landscape Architectural Profession	SACLAP
SA Council for the Quantity Surveying Profession	SACQS
SA Council for the Property Valuers Profession	SACVP



Sector Education and Training Authority	SETA
SA Council for the Project and Construction Management	SACPCM
South African Local Government Association	SALGA
South African Police Services	SAPS
Supply Chain Management	SCM
Service Delivery Improvement Programme	SDIP
Senior Management Services	SMS
Service Delivery Standards	SDS
Service Level Agreement	SLA
Strategic Plan	SP
Strategic Performance Management	SPM
State-owned Entities	SOE's
Spatial Development Framework	SDF
Special Investigations Unit	SIU
User Asset Management Plan	UAMP
International Union of Architects	UIA
User Requirement Specification	URS
Virtual Private Network	VPN
Web Based Reporting System	WBS
Workplace Skills Plan	WSP
Works Control System	WCS

APPENDIX 1

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 grant 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 issue 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 titled 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 are vested in the Council of the City of Cape Town.



Short Title of the Act	Purpose of the Act
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 situate 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.
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.

Short Title of the Act	Purpose of the Act
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 the giving of 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, damaging 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.



Short Title of the Act	Purpose of the Act
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.

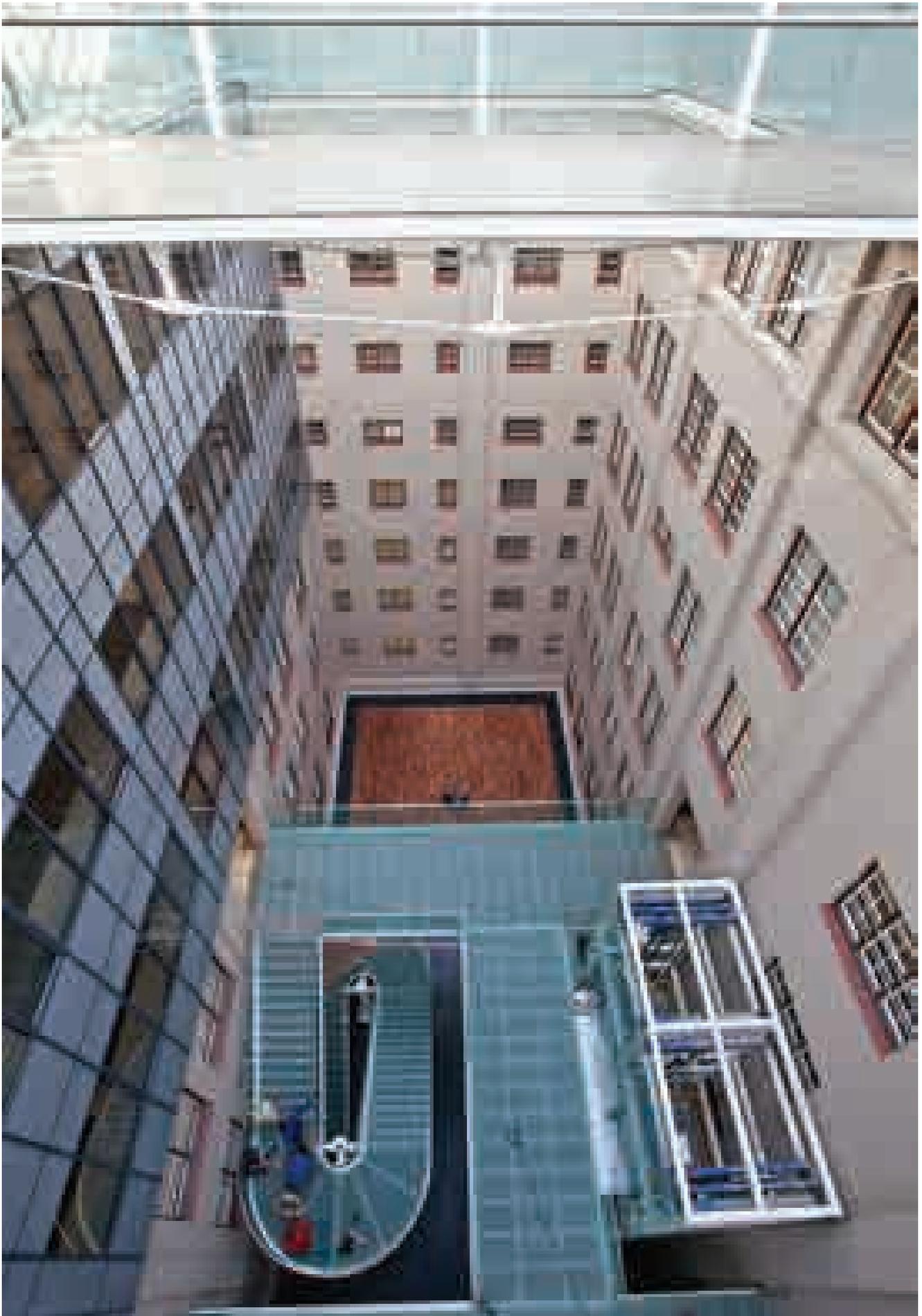
APPENDIX 2

LIST OF USER DEPARTMENTS INCLUDING THOSE THAT SIGNED SLAs IN 2011/12

CLIENT DEPARTMENTS		SIGNED SLAs	NOT SIGNED SLAs
1.	Department of Basic education	√	
2.	Department of Defence		X
3.	Department of Health		X
4.	Department of Higher Education	√	
5.	Department of Human Settlement	√	
6.	Department of Military Veterans		X
7.	Department of Rural Development	√	
8.	Department of Science & Technology	√	
9.	Department of Social Development	√	
10.	Department of Sport & Recreation	√	
11.	South African social agency	√	
12.	Department of Trade & Industry		X
13.	Department of Transport	√	
14.	Department of Justice & Constitutional Development		X
15.	Human Rights Commission	√	
16.	Commission for Gender Equality	√	
17.	Public Service Commission	√	
18.	Public Protector		X
19.	Financial and Fiscal Commission		X
20.	National Youth Development Agency		X
21.	National Prosecuting Agency		X
22.	Department of Correctional Services		X
23.	Department of Public Service and Administration		X
24.	PALAMA	√	
25.	Department of Public Enterprise	√	
26.	Department of National Treasury		X
27.	Statistics SA		X
28.	Government communications & information system		X
29.	BCOCC		X
30.	Department of agriculture, Forestry and Fisheries	√	
31.	Department of Environmental Affairs	√	
32.	Department of Tourism	√	
33.	Department of Labour		X



CLIENT DEPARTMENTS		SIGNED SLAs	NOT SIGNED SLAs
34.	Department of Water Affairs	√	
35.	Department of Mineral Resources		X
36.	Department of Communications		X
37.	Government Printing works		X
38.	Department of Home Affairs		X
39.	Department of Energy	√	
40.	Department of Co-operative Governance		X
41.	Department of Women, Children and Disabilities	√	
42.	Films and Publications Control Board		X
43.	Department of Traditional Affairs		X
44.	Department of Public Works		X
45.	Department of International Relations & Cooperate Gov		X
46.	South African Police Services	√	
47.	Independent Police Investigative Directorate	√	
48.	Independent Communication Authority of South Africa		X
49.	South African Revenue Service		X
50.	State Information Technology Agency		X
51.	Department of arts and culture		X
TOTAL		22	29



SOUTH AFRICA WORKS BECAUSE OF PUBLIC WORKS

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