

# ANNUAL REPORT 2013/14



COUNCIL FOR THE BUILT ENVIRONMENT







# ANNUAL REPORT

## 2013/2014

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# PART A

## GENERAL INFORMATION





# PART A: GENERAL INFORMATION

## 1.1 COUNCIL FOR THE BUILT ENVIRONMENT'S GENERAL INFORMATION

<b>REGISTERED NAME:</b>	COUNCIL FOR THE BUILT ENVIRONMENT
<b>PHYSICAL ADDRESS:</b>	121 Muckleneuk Cnr Middel and Florence Ribeiro Street Nieuw Muckleneuk Brooklyn 0027
<b>POSTAL ADDRESS:</b>	P.O. Box 915 Groenkloof 0027
<b>TELEPHONE NUMBER/S:</b>	+27 12 346 3985
<b>FAX NUMBER:</b>	+27 12 346 3986
<b>EMAIL ADDRESS:</b>	registrar@cbe.org.za
<b>WEBSITE ADDRESS:</b>	www.cbe.org.za
<b>EXTERNAL AUDITORS:</b>	Auditor General of South Africa
<b>BANKERS:</b>	Standard Bank
<b>COUNCIL SECRETARY</b>	Renette Boucher





## 1.2 LIST OF ABBREVIATIONS/ACRONYMS

<b>APP</b>	Annual Performance Plan
<b>AGSA</b>	Auditor General of South Africa
<b>BE</b>	Built Environment
<b>BEE</b>	Black Economic Empowerment
<b>BEP</b>	Built Environment Profession
<b>BEPC</b>	Built Environment Professional Council
<b>CBE</b>	Council for the Built Environment
<b>CC</b>	Competition Commission
<b>CHE</b>	Council for Higher Education
<b>CI</b>	Construction Industry
<b>CIIP</b>	Centre of Innovation and Integrated Planning
<b>Council</b>	The appointed members of the Council of the CBE
<b>DHET</b>	Department of Higher Education and Training
<b>DPW</b>	Department of Public Works
<b>HEI</b>	Higher Education Institutions
<b>ICT</b>	Information and Communications Technology
<b>IDoW</b>	Identification of Work
<b>The Minister</b>	Minister of Public Works
<b>MoU</b>	Memorandum of Understanding
<b>MoA</b>	Memorandum of Agreement
<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTSF</b>	Medium Term Strategic Framework
<b>PFMA</b>	Public Finance Management Act, 1999 (Act 1 of 1999)
<b>QCTO</b>	Quality Council for Trades and Occupations
<b>RPL</b>	Recognition of Prior Learning
<b>SADC</b>	Southern African Development Community

## 1.3 FOREWORD BY THE MINISTER OF PUBLIC WORKS

### Mr Thembelani Nxesi - Minister of Public Works



Closing the infrastructure deficit will steer South Africa towards a higher developmental growth trajectory. Infrastructure delivery is recognised as being of strategic importance by the government as expressed in the National Development Plan, the State of the Nation address by the President and the budget speech by the Minister of Finance.

Built environment professionals are key in driving infrastructure investment through their skills and competence in planning, design, procurement, construction, maintenance and decommissioning of infrastructure. There is also a deeper dimension to the built environment and its relation to development. The built environment spaces and objects created by built environment professionals, is the innermost mediator of the cultural, psychological and spiritual aspirations of a people, and is the core determinant within contemporary understanding of development which looks beyond meeting the material needs of a people to address their higher order needs of self actualisation, psychological wellness and spiritual meaning.

Furthermore, the design of infrastructure needs to be not only fit for purpose, but also it must contribute to sustainable development. On the infrastructure procurement side, there needs to be a fair, equitable, transparent, competitive and cost effective procurement regime that promotes sustainable development objectives. These include minimizing costs of procurement, harmful side effects on environment, encouraging the use of sound construction materials

and promoting construction technologies and methodologies that increase employment and contribute to alleviation of poverty.

To a large extent the successful delivery of the infrastructure projects depends on the availability of skills and this puts the spotlight back on regulatory bodies such as the CBE and the built environment professional councils.

The 2013/14 CBE Annual Report indicates that one of the key challenges within the CBE and the six built environment professional councils, remains, the slow pace of transformation of the built environment professions (architects, engineers, landscape architects, project and construction managers, property valuers and quantity surveyors); in terms of race and gender composition.

In the coming year, the focus of the CBE will be redirected to ensure effective alignment to government priorities. The CBE will deepen its partnerships with key sector stakeholders to drive the agenda of a built environment that is responsive to the needs and priorities of the country; including supporting initiatives for the strengthening of built environment technical capacity for the State and the country. Also, driving





and supporting built environment professional councils and industry, in undertaking transformation initiatives at schools, tertiary institutions and undertaking quality assured workplace training programmes to increase the throughput of registered professionals.

In relation to the Built Environment Professionals Bill, there is a need to finalise consultations and engagements on the proposed Built Environment Policy. The proposed amendments will be guided by the realisation that the built environment professionals are a key factor both in unlocking infrastructure spend, and in expanding the skills base – especially of formerly disadvantaged groups.

I would like to thank the CBE Council and the management team for all their efforts in ensuring that the CBE continued to operate normally at the time when the organisation was facing some challenges.

Thembelani Nxesi  
Minister of Public Works

## 1.4 FOREWORD BY THE CHAIRPERSON

Ms Portia Tau-Sekati - CBE Council Chairperson



The end of the 2013/14 financial year presents an opportunity to reflect not only on the achievements of the Council for the Built Environment (CBE), but also to highlight the work of the Council during its term at the helm of the CBE. The review of the Strategic Plan presented the Council with the prospect to redirect the focus of the CBE, with the aim of ensuring alignment to government priorities. This move enabled the CBE to establish partnerships with key sector stakeholders to drive the agenda of a sustainable built environment and its professions. Strategic partnerships played a key role in delivering on the mandate of the CBE, including initiatives with the following stakeholders: Department of Labour on Health and Safety issues; the Department of Higher Education and Training on skills development; Construction Education and Training Authority on training programmes for candidates and interns; and establishing relationships with various countries in Africa with special interest in improving the built environment.

Skills development in the sector remained a critical area of focus during the year under review, with the transformation agenda constantly positioned as a priority for the Council. I trust that the finalisation of the Transformation Framework will yield more benefits in the years to come as the CBE continues to partner with the Professional Councils in its implementation. The slow pace of transformation in the built environment, remained an area of concern for the Council.

I take comfort in the fact that despite the many challenges encountered in the operations of the Council during the year, the overall organisational performance for 2013/14 indicates an improvement in the delivery of the Annual Performance Plan (APP) as compared to previous years.

As we approach the year ahead, the CBE will intensify its initiatives that contribute to the skills development in the country, with full cognisance of the government's plan to roll out infrastructure. In addition to that, the groundwork undertaken on health and safety during the year under review will be expanded in an effort to ensure compliance with all requisite regulations by the Built Environment Professions (BEPs), thus reducing construction related accidents.

I thank all the Council members for their contribution and support during this financial year. I attribute improvement in the overall organisational performance of the CBE for the tireless efforts of the team under the leadership of the CEO.

A handwritten signature in black ink, appearing to read 'Portia'.

Portia Tau-Sekati  
Council for the Built Environment  
(30 May 2014)

## 1.5 CHIEF EXECUTIVE OFFICER'S OVERVIEW

Ms Gugu Mazibuko - CBE Chief Executive Officer



### General financial review of the CBE

During the 2013/14 financial year, the CBE delivered on its strategic goals and the Annual Performance Plan (APP) through its four Programmes namely Administration, Built Environment Academy Programme, Centre for Innovation and Integrated Planning, and Public Protection and Education in the Built Environment.

The purpose of Programme 1 was to ensure that the CBE has the capacity and capability to respond to government's development priorities in the built environment. The purpose of Programme 2 was to drive and facilitate skills development within the built environment to support national goals and transformation. The aim of Programme 3 was to provide research, knowledge and information on built environment issues. Lastly, the key purpose of Programme 4 was the promotion and protection of public interest within the built environment.

For the 2013/14 financial year, the CBE successfully achieved 86% of its targets, against 71% of targets that were successfully achieved in 2012/13 and 59% successfully achieved in 2011/12.

Some of the CBE's highlights for 2013/14 included the following:

- Six Built Environment Professional Councils (BEPCs) co-signed the Construction Health and Safety Accord;
- CBE co-championed the Skills Plan for the government's infrastructure roll-out programme

under the leadership of the Department of Higher Education and Training;

- Research projects were undertaken on application of labour intensive construction techniques locally and internationally, as well as research on the state of technical built environment skills in the thirteen largest municipalities in South Africa;
- A workplace training model for built environment graduates was formulated to enhance competency and promote professional registration; and
- The legal appeals backlog was eliminated and all appeals presented in 2013/14 were processed within the legislated 60 days.

For the year under review, the CBE was allocated R37.9 million by the Department of Public Works (DPW) and together with additional revenue from bank interest, levies and insurance claims etc, the CBE had a total budget of R39.8 million. The CBE utilised this allocation to deliver on planned projects as per the APP, as well as other priority projects identified during the year. The detailed financial performance is outlined in the annual financial statements for 2013/14.

With regard to overall expenditure, 49% of the total



expenditure was incurred under Programme 1; 15% under Programme 2; 26% under Programme 3 and 10% under Programme 4. The direct expenditure items as disclosed in the annual financial statements shows that the CBE spent 48% of its total budget on personnel costs, 4% on auditors' remuneration, and 11% on occupancy costs for lease rentals, 4% on travel and accommodation and 12% on consulting fees on research.

### **Capacity constraints and challenges facing the public entity**

During the year under review, the CBE encountered capacity challenges, mainly as a result of vacant executive positions. This relates directly to the vacancy of the Chief Operations Officer (COO), of which remained vacant during the year due to secondment the incumbent to the DPW and subsequent resignation of the Acting COO. In the last quarter of the financial year, a resignation was received from the Chief Financial Officer (CFO) who was replaced by an Acting CFO. These executive positions were not filled immediately on the advice of the Executive Authority that the process should await the appointment of the 4th term Council, as the term of current 3rd term Council was coming to an end during the first quarter of the new financial year. Various temporary and project linked appointments were made within the Programmes to supplement capacity within the organisation.

### **Requests for roll-over of funds**

A request for a roll-over of accumulated funds from the 2012/2013 financial year was submitted to the National Treasury together with the projects and activities for which the funds will be utilised. The roll-over approvals were granted late in the year, therefore the projects were not completed during the 2013/2014 financial year. Arrangements were made with National Treasury and the request will be resubmitted with the current year's accumulated surplus.

### **Supply chain management**

The CBE has an approved Supply Chain Management (SCM) policy, which is in line with treasury transcripts. The CBE established systems, processes and

procedures that are aligned with the SCM policy to enable it to deliver on its strategy. No unsolicited bids were awarded during the 2013/14 financial year.

### **Audit report on matters from the previous year**

During the year under review, the CBE established an audit finding matrix to monitor the implementation of recommendations made on the issues raised by the Auditor General and internal auditors. The matrix was tabled and reviewed by the Audit and Risk Committee. The dashboard review of internal controls was also performed quarterly by the Auditor General to monitor the implementation of the recommendations and improvements.

### **Outlook/ Plans for the future to address financial challenges**

The pending review of the built environment (BE) legislative framework will contribute to addressing the financial challenges that the CBE experienced in implementing its legislative mandate.

### **Events after the reporting date**

There are no events to report on under this section.

### **Economic viability**

The current CBE council term will be coming to an end in June 2014. The operation of the CBE as an operational entity continues to be a concern.

### **Conclusion**

I wish to thank the CBE Council and the CBE staff for their continued commitment to the success of the organisation.

Gugu Mazibuko  
Chief Executive Officer  
Council for the Built Environment





## 1.6 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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To the best of my knowledge and belief, I confirm the following:

All the information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions. The annual report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.

The Annual Financial Statements (Part E) were prepared in accordance with the GRAP standards applicable to the public entity. The accounting authority is responsible for the preparation of the annual financial statements

Yours faithfully

Chief Executive Officer  
Gugu Mazibuko

and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance on the integrity and reliability of the performance information, the human resources information and the annual financial statements. The external auditors are required to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2014.

Chairperson of the Council  
Portia Tau-Sekati





## 1.7 STRATEGIC OVERVIEW

### 1.6.1 Vision

An environment built to meet people's needs and aspirations.

### 1.6.2 Mission

Implementing projects and programmes that address built environment issues and add value to the built environment professions, government and the general public.

### 1.6.3 Values

The following values are the principles that bind and guide the CBE in its continuous effort towards service delivery improvement:

#### ***Integrity***

We will carry out our responsibility in a manner that preserves and enhances the integrity of the organisation.

#### ***Transparency***

We recognise the CBE as a public entity and commit to providing reliable information to all our stakeholders.

#### ***Excellence***

We will endeavour to achieve the best possible standards in all we do.

#### ***Innovation***

We will continuously seek and employ better and more affordable solutions to meet the needs of our stakeholders.

## 1.8 LEGISLATIVE MANDATE

### ***1.7.1 The objective of the CBE as per Section 3a-i of the CBE Act of 2000, are:***

1. Promote and protect the interest of the public in the built environment;
2. Promote and maintain a sustainable built environment and natural environment;
3. Promote ongoing human resources development in the built environment;
4. Facilitate participation by the built environment professions in integrated development in the context of national goals;
5. Promote appropriate standards of health, safety and environmental protection within the built environment;
6. Promote sound governance of the built environment professions;
7. Promote liaison in the field of training in the Republic and elsewhere and to promote the standards of such training in the Republic;
8. Serve as a forum where the built environment professions can discuss relevant issues; and
9. Ensure uniform application of norms and guidelines set by the Professional Councils throughout the built environment.

### ***1.7.2 Functions, Powers and Duties of the Council (CBE Act of 2000, Section 4 a-z):***

The council may -

- a. advise government on any matter falling within the scope of the built environment, including resource utilisation, socio-economic development, public health and safety and the environment, and for this purpose carry out such investigations as it or the relevant Minister deems necessary;



- b. communicate to the Minister information on matters of public importance acquired by the council in the course of the performance of its functions under this Act;
- c. make recommendations to the Minister on the composition, functions, assets, rights, employees or financing of the council;
- d. advise the Minister with regard to the amendment of this Act, if necessary, in order to support the norms and values of the built environment professions;
- e. facilitate interministerial co-operation concerning issues relating to the built environment;
- f. provide advice and consultation on national policy that could impact on the built environment, human resource development in relation to the built environment professions, and the recognition of new professions;
- g. comment, if necessary, on all proposed legislation impacting on health and safety in the built environment;
- h. direct communication from the Minister or the relevant Minister to the councils for the professions;
- i. advise the councils for the professions on matters of national importance where the needs of State as communicated to the council through the relevant Minister, require joint and co-ordinated action by the built environment professions:
- j. coordinate the establishment of mechanisms for professionals to gain international recognition;
- k. ensure the consistent application of policy by the councils for the professions with regard to
  - i. accreditation;
  - ii. the registration of different categories of registered persons;
  - iii. key elements of competence testing of registered persons;
  - iv. codes of conduct to be prescribed by the councils for the professions;
  - v. the principles upon which the councils for the professions must base the determination of fees which registered persons are entitled to charge in terms of any of the professions' Acts, and in accordance with any legislation relating to the promotion of competition;
  - vi. standards of health, safety and environmental protection within the built environment;
  - vii. the recognition of voluntary associations for the built environment professions, by approving the framework for that recognition submitted by the councils for the professions, taking due cognizance of the characteristics of each built environment profession;
- l. investigate or initiate investigations into matters pertaining to its functions and policies with regard to the built environment and, if necessary, recommend legislation in this regard;
- m. act as an appeal body with regard to matters referred to it in terms of the law regulating the built environment professions;
- n. in consultation with councils for the professions, obtain recognition for the councils for the professions as bodies responsible for the establishment of education and training standards in terms of the South African Qualifications Authority Act, 1995 (Act No. 58 of 1995);
- o. ensure the consistent application of policy throughout the built environment by encouraging coordination between the councils for the professions;



- p. promote coordination between the Council on Higher Education and the councils for the professions in relation to the accreditation of education institutions;
- q. liaise with the Competition Commission, established in terms of the Competition Act, 1998 (Act No. 89 of 1998), on behalf of the councils for the professions regarding the identification of work for the built environment professions;
- r. review fees published by the councils for the professions to ensure the consistent application of the principles regarding such fees; charge
  - i. membership fees in the prescribed manner from the councils for the professions, calculated pro rata to the number of persons registered with that council;
  - ii. fees payable for appeals in terms of section 21; and
  - iii. any other fee it considers necessary.
- s. institute legal proceedings to recover all outstanding membership fees payable under this Act;
- t. consider proposals from the councils for the professions with regard to the determination of policy contemplated in paragraph (k);
- u. receive and assimilate the annual reports of the councils for the professions and submit a summary to the Minister;
- v. purchase, hire or otherwise acquire or dispose of property, borrow money on the security of the assets of the council or accept and administer any trust or donation;
- w. subject to this Act, approve standing orders for the regulation of its proceedings and of all other matters relating to the management, powers and duties of the council;

- x. perform such functions as may be prescribed; and generally, do all such things as the council deems necessary or expedient to achieve the objectives of this Act.

## 1.9 OTHER LEGISLATIVE MANDATES

The scope of the CBE and Professional Councils in the built environment value chain is to regulate built environment professions who conceptualise, design, build, maintain and transfer social and economic infrastructure. The CBE executes its mandate derived from the CBE Act 43 of 2000 and is further informed and attentive to a variety of other legislations, regulations and policies, which are the following among others:

Short Title of the Act	Purpose of the Act
The Constitution of the Republic of South Africa, 1996.	The Constitution is the supreme law of the land. No other law or government action can supersede the provisions of the Constitution.
Council for the Built Environment Act 2000	To provide for the establishment of the Council for the Built Environment and matters incidental thereto.
Consumer Protection Act 2011	To promote a fair, accessible and sustainable marketplace for the consumer.
Construction Industry Development Board Act, 2000	To provide for the establishment of the Construction Industry Development Board; and matters incidental thereto.
Architectural Profession Act, 2000	To provide for the establishment of the Council for the Architectural Profession and matters incidental thereto.
Landscape Architectural Professional Act, 2000	To provide for the establishment of the Council for the Architectural Profession and matters incidental thereto.
Engineering Profession Act of South Africa, 2000	To provide for the establishment of the Council for the Engineering Profession and matters incidental thereto.

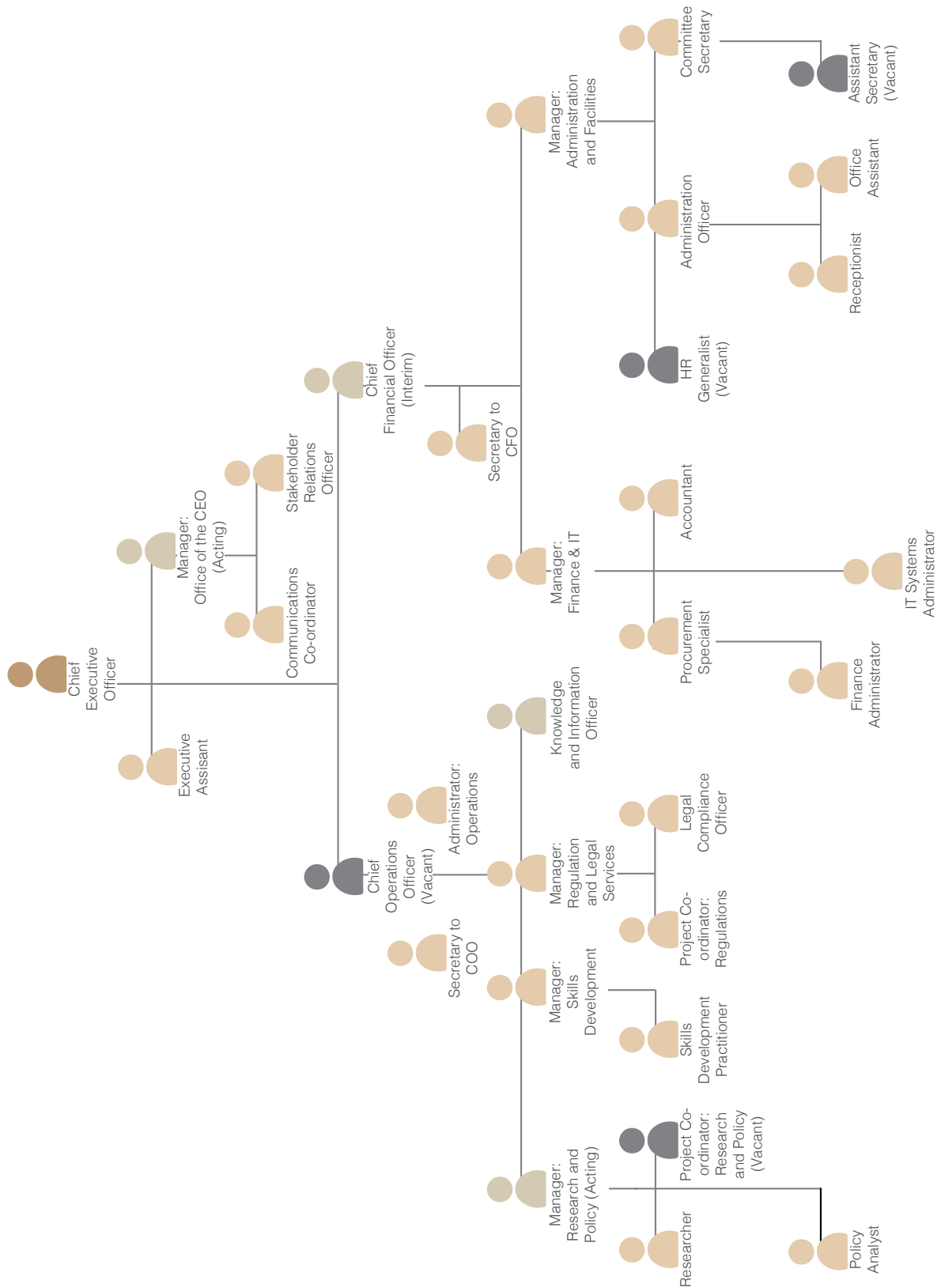


Short Title of the Act	Purpose of the Act
Project and Construction Management Profession Act, 2000	To provide for the establishment of the Council for the Project and Construction Management Profession and matters incidental thereto.
Quantity Surveying Profession Act, 2000	To provide for the establishment of the Council for the Quantity Surveying Profession and matters incidental thereto.
Property Valuers Profession Act, 2000	To provide for the establishment of the Council for the Property Valuation Profession and matters incidental thereto.
Public Finance Management Act, 1999	To regulate financial management and to ensure that all revenue, expenditure, assets and liabilities of Government departments or entities are managed efficiently and effectively.
Skills Development Act 97, 1998	To govern training, education and skills development in the workplace.
Employment Equity Act	Applies to all employers and workers and protects workers and job seekers from unfair discrimination, and also provides a framework for implementing affirmative action.
Promotion of Administrative Justice Act, 2000	To give effect to the right to administrative action that is lawful, reasonable and procedurally fair and to the right to written reasons for administrative action as contemplated in section 33 of the Constitution of the Republic of South Africa, 1996; and to provide for matters incidental thereto.
Minimum Information Security Act	(1) Maximises the degree to which unclassified geographic information from various sources can be made electronically compatible and accessible; and

Short Title of the Act	Purpose of the Act
	(2) Promotes the development of interoperable geographic information systems technologies that shall— (a) allow widespread, low-cost use and sharing of geographic data by National, Provincial, local governments and state entities, and the public; and (b) enable the enhancement of services using geographic data.
Occupational Health and Safety Act	The Occupational Health and Safety Act aims to provide for the health and safety of persons at work and for the health and safety of persons in connection with the activities of persons at work and to establish an advisory Council for occupational health and safety.
National Treasury Regulations	These regulations are issued on a regular basis by the National Treasury and are applicable to all public entities as listed on Schedules 2, 3B and 3D. These regulations are also applicable to public entities listed on Schedules 3A and 3C.
National Archives of South Africa Act, 1996	Provides for the proper management and care of the records of governmental bodies; and the preservation and use of a national archival heritage.
Construction Charter	Provides a framework for the construction sector to address BBBEE, enhance capacity and increase productivity in the sector to meet global best practice.
Property Charter	Promote the BBBEE Act as these relate to the property sector



## 1.10 ORGANISATIONAL STRUCTURE





# PART B

## PERFORMANCE INFORMATION





# PART B: PERFORMANCE INFORMATION

## 1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor General of South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings reported under the Predetermined Objectives heading in the Report on Other Legal and Regulatory Requirements section of the auditor's report.

Refer to pages 83-85 of the Auditors Report, published as Part E: Financial Information.

## 2. SITUATIONAL ANALYSIS

### 2.1. Service Delivery Environment

From a global point of view, the 2014 Medium Term Expenditure Framework (MTEF) period represented a period of economic challenges. The potential decline in economic growth will impact on the growth prospects and employment in key sectors such as the construction sector and residential property market within which the built environment professions largely operate. The South African government has adopted a developmental state approach with the implementation of a National Development Plan. The recent announcement by the Minister of Finance of the State's intention to roll out a comprehensive infrastructure development programme is one such example. The role of regulatory bodies such as the CBE and Built Environment Professional Councils (BEPCs), becomes even more significant in providing leadership and direct professional expertise to the most urgent priorities of the country.

The CBE views the period between 2014 and 2018 as a time to consolidate and position the BEPs, who are important contributors to the development priorities of the government. Key CBE priorities included

- enhancing internal systems, controls and capabilities to enable the organisation to deliver on its mandate and strategic goals and to be responsive to government's strategic priorities in the built environment;
- aligning the policy planning and reporting processes of BEPCs to the government's planning cycles and the government's priorities;
- strengthening monitoring and regulatory work on delegated public functions of the BEPCs;
- stepping up mechanisms to drive transformation and ensuring adequate representation of women and black people within the built environment (BE);
- establishing a structured candidacy programme to address bottlenecks in the skills pipeline;
- supporting workplace training of BE graduates/candidates and interns to deepen competencies and to promote professional registration;
- establishing and strengthening ties with equivalent bodies within the African continent, with specific focus on the Southern African Development Community (SADC) region;
- Promoting and protecting the interest of the public in the built environment.



## 2.2. Organisational environment

As the CBE continued to make strides in having an impact in the built environment sector, growth in the organisational structure has been inevitable. The organisation has reflected on issues that affect the delivery of its mandate and measures have been put in place to enhance delivery. In ensuring an effective operation of the CBE, the organisation re-visited the naming of the three programmes to ensure that they relate to the focus of the organisation.

The mandate and strategic goals of the CBE as set by the Council continued to guide and inform the operations and processes of the organisation. Aligned with this, the CBE identified strategic and operational risks together with mitigation strategies to ensure valuable functioning of the organisation.

Over and above these, the CBE recognised the changing international and domestic economic environment, including government's policy priorities, and aligned its operations appropriately.

## 2.3. Key policy developments and legislative changes

No revisions were made to the CBE legislation during the financial year. However, the Ministry of Public Works has introduced a policy discussion paper on the review of the BEPs legislative framework which, if accepted, will lead to the review of the CBE Act.

## 2.4. Strategic Outcome Oriented Goals

The strategic goals listed below were derived from the policies and priorities of government and DPW, the CBE Act and the government's Medium Term Strategic Framework (MTSF). They were then synthesised to guide the work of the CBE and to coordinate work with the respective Professional Councils:

### *Strategic Goal 1: Support government priorities in relation to built environment matters*

<b>Goal statement</b>	Support government development priorities in relation to various built environment initiatives, including the infrastructure delivery programme, health and safety in construction, environmental sustainability and job creation.
<b>Goal Summary</b>	A capacitated CBE that is responsive to government priorities within the built environment, including the infrastructure delivery programme, health and safety in construction, environmental sustainability and job creation, projects and programmes.

### *Strategic Goal 2: Competent and transformed built environment professions*

<b>Goal statement</b>	Drive the development of skilled professionals through skills programmes, while ensuring a transformed built environment sector.
<b>Goal Summary</b>	Implement skills development programmes to ensure production of competent, dynamic and transformed professionals in the built environment.

### *Strategic Goal 3: A centre of excellence for the built environment*

<b>Goal statement</b>	To provide research, knowledge and information on built environment issues, as well as issues of national priority and to serve as a forum where built environment professions can discuss relevant issues.
<b>Goal Summary</b>	Establish CBE as a leader in production of relevant research outputs and expert advice on built environment issues. Create local and international platforms for knowledge and information dissemination.



**Strategic Goal 4: Strengthen public protection and educate the public in relation to the built environment**

<b>Goal statement</b>	To promote and enforce high standards of professional ethics and conduct within the built environment and to provide information on built environment matters to the general public.
<b>Goal Summary</b>	Facilitation of the implementation of the IDOW (scope of work that can only be undertaken by appropriately qualified and registered professionals) within the six BEPCs and development of best practice model for Appeals Disciplinary proceedings within the built environment, formulation of a corporate governance framework for professional councils and establishment of a platform for public interface and general public awareness on built environment issues.

### 3. PERFORMANCE INFORMATION BY PROGRAMME/OBJECTIVE

During the 2013/14 financial year, the CBE implemented its Annual Performance Plan (APP) by means of four programmes namely: Administration; Built Environment Academy Programme; Centre for Innovation and Integrated Planning and Public Protection and Education in the Built Environment.

#### 3.1. Programme 1: Administration

Programme 1 directly responds to the CBE’s strategic objective of ensuring that the CBE has the necessary capacity and capability to support government’s development priorities within the built environment, with specific focus on: the infrastructure delivery programme, health and safety in construction, environmental sustainability and job creation. During the year under review, Programme 1 had seven annual

targets. Five targets were successfully achieved and two targets were not achieved, as follows:

1. 100% achievement of the quarterly targets – target was not achieved.

The CBE aimed to achieve all of its annual targets set for the year by setting this target. However, mainly due to capacity constraints within the organisation, only 86% of the targets were achieved. To address targets that were not successfully achieved, the CBE has implemented temporary measures to supplement existing capacity through engaging fixed term contract staff and temporary appointments.

2. Unqualified audit report. (Proper financial management and sound internal control environment)- target was achieved.

This target relates to the overall performance of the CBE, including compliance with all relevant statutory regulations, proper financial management and a sound internal control environment. The final assessment of the CBE’s performance and financial state by the AGSA forms a critical part of deciding whether this target was achieved or not achieved. In 2013/14, the CBE obtained an unqualified audit opinion.

3. Projects to support government’s infrastructure delivery established by 31 March 2014 - target was achieved.

The objective of this target was to contribute to ensuring that there are meaningful and sustainable built environment human resources and the necessary skills development initiatives in the country to deliver on government infrastructure projects. During the 2013/14 financial year, the CBE undertook various skills development initiatives to support the skills plan for the delivery of government infrastructure projects. These included the completion of a report on contract conditions to support skills





development in construction contracts in line with the Construction Industry Development Board (CIDB)'s best practice standard for skills development. Based on the recommendations of this report, the CBE will develop an implementation plan in consultation with the CIDB.

Another achievement for the CBE in this regard, was its appointment by the Department of Higher Education and Training (DHET) as the convener and coordinator of occupational teams for professionals and associate professionals in the built environment. A report was compiled to highlight the scarce skills and designated professions in the BE and submitted to DHET for final submission to the Presidential Infrastructure Coordinating Commission (PICC).

4. Partnerships and projects on health and safety in construction established by 31 March 2014 - target was achieved.

The focus of this target was linked to the mandate of the CBE to promote appropriate standards of health and safety within the built environment, as defined in the CBE Act No 43 of 2000. This target had two sub-targets, namely the signing of the Health and Safety in Construction Accord by the Engineering Council of South Africa (ECSA), South African Council of the Architectural Profession (SACAP) and South African Council of Project Management and Construction Management Professions (SACPCMP). The Construction Health and Safety Accord was successfully signed by both the Department of Labour and Public Works, Organised Labour, Organised Business and co-signed by all six BEPCs. The second sub-target produced a research report that analysed the extent of health and safety content of BE programmes at Higher Education Institutions (HEI). The assessment of health and safety content in academic curricula found that most of the BE programmes do not

include sufficient scope and coverage of health and safety aspects in their academic curricula. In the 2014/15 financial year, the CBE will engage with the affected HEIs to prepare a roadmap for the review of curricula to include adequate coverage of health and safety aspects in BE academic programmes.

5. Partnerships and projects on environmental sustainability within the BE established by 31 March 2014 – target was achieved.

This target was aimed at ensuring continuous involvement of the CBE on environmental sustainability issues locally and internationally.

During the year, the CBE participated in the United Nations Environmental Programme (Sustainable Buildings and Climate Initiative), with specific interest in the education of built environment professions on sustainable development. Also, the CBE partnered with the DPW Construction Policy Regulation department and CIDB on the development of the DPW Green Building Policy by participating in stakeholder consultation meetings and submission of inputs. In the coming year, the CBE will have a more visible role in the implementation of this policy, especially in the education area through Continuous Professional Development (CPD) and BE academic curricula.

6. Joint initiatives and projects on job creation established by 31 March 2014 - target was achieved.

This target looked at deepening the understanding and implementation of labour intensive construction methodologies by Built environment professions (BEPs) in order to contribute to job creation in South Africa. During the period under review, the CBE produced a research report on comparative analysis of labour intensive models on the African continent and internationally. Furthermore, the CBE initiated





a partnership with the DPW Expanded Public Works Programme (EPWP) unit to explore options of implementing labour intensive techniques by the built environment professions, in support of the EPWP. An action plan was developed and will be implemented in the next financial year.

7. Established an operational strategic projects office by 31 March 2014 - target was not achieved.

The establishment of the strategic projects office was put on hold by Council during the first quarter of the financial year, mainly due to the financial resources the establishment of the office may require.

**Programme 1 – Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements**

**\*Projects** indicating a zero budget were executed as part of the normal course of business. Their budgets are reflected in the staff remuneration costs.

<b>Programme/activity/objective:</b>					
Strategic objectives	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
To ensure that the CBE has the necessary capacity and capability to support government's development priorities within the built environment, including the infrastructure delivery programme, health and safety in construction, environmental sustainability and job creation.	This indicator was not applicable in 2012/13.	<b>Seven (7)</b>	<b>Five (5)</b>	<ul style="list-style-type: none"> <li>▪ Not all targets for all quarters were met 100%.</li> <li>▪ Strategic office was not established as per the APP target.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Only 79% of targets were achieved.</li> <li>▪ The establishment of the strategic projects office was put on hold by the Council.</li> </ul>

**Programme 1 – Key Performance Indicators, Planned Targets and Actual Achievements**

<b>Programme/activity/objective: To ensure that the CBE has the necessary capacity and capability to support government's development priorities within the built environment including the infrastructure delivery programme, health and safety in construction, environmental sustainability and job creation</b>					
Strategic objectives	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Percentage of targets achieved as per the Annual Performance Plan.	This indicator was not applicable in 2012/13.	100% achievement of targets as per the Annual Performance Plan.	<b>Not Achieved</b>	Not all planned annual targets were achieved during the year.	21% of the targets could not be achieved, mainly due to capacity constraints.



**Programme/activity/objective: To ensure that the CBE has the necessary capacity and capability to support government's development priorities within the built environment including the infrastructure delivery programme, health and safety in construction, environmental sustainability and job creation**

Strategic objectives	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Unqualified audit (Performance and compliance audit).	This indicator was not applicable in 2012/13.	Unqualified audit report (Proper financial management and sound internal control environment).	<b>Achieved</b> Refer to the AGSA report in Annexure E.	None	None
Date of establishment and implementation of joint initiatives and projects to support government's infrastructure delivery.	This indicator was not applicable in 2012/13.	Projects to support government's infrastructure delivery established by 31 March 2014.	<b>Achieved</b> Report completed on inputs into contract conditions to support skills development for BEPs in the Skills Plan for Presidential Infrastructure projects.	None	None
Date of establishment and implementation of joint initiatives and projects on health and safety in construction.	This indicator was not applicable in 2012/13.	Partnerships and projects on health and safety in construction established by 31 March 2014.	<b>Achieved</b> Report presented by the CEO at the launch of Construction Health and Safety Regulations by the Department of Labour.	None	None



Programme/activity/objective: To ensure that the CBE has the necessary capacity and capability to support government's development priorities within the built environment including the infrastructure delivery programme, health and safety in construction, environmental sustainability and job creation					
Strategic objectives	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Date of establishment of joint initiatives and projects on environmental sustainability within the BE.	This indicator was not applicable in 2012/13.	Report on CBE's participation in environmental sustainability initiatives and DPW greening of state buildings projects.	<b>Achieved</b> Report has been prepared on the CBE's participation in environmental sustainability initiatives and DPW greening of state buildings projects and involvement in the UN Environmental Programme on Sustainable Buildings and Climate Initiative.	None	None
Date for establishment of joint initiatives and projects to support government's job creation priorities.	This indicator was not applicable in 2012/13.	Joint initiatives and projects on job creation established by 31 March 2014.	<b>Achieved</b> Research report on labour intensive construction models in Uganda and internationally compiled in collaboration with the ILO in Geneva and published on the CBE website.	None	None
Date of establishment and implementation of the strategic projects office.	This indicator was not applicable in 2012/13.	Established and operational strategic projects office by 31 March 2014.	<b>Not Achieved</b>	The establishment of the strategic projects office was put on hold during the first quarter of the financial year.	The strategic projects office is to be replaced by a Strategic Planning and Monitoring & Evaluation unit, as well as a Transformation Office.

**Programme 1: Linking performance with budget**

Programme/activity/ objective	2012/2013			2013/2014		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
Percentage of achievement of targets as per the Annual Performance Plan.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	0	0	0	0
Unqualified audit (Performance and compliance audit).	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	0	0	0	0
Date of establishment and implementation of joint initiatives and projects to support government's infrastructure delivery.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	500	356	144
Date of establishment and implementation of joint initiatives and projects on health and safety in construction.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	80	122	(42)
Date of establishment of joint initiatives and projects on environmental sustainability within the BE.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	0	0	0





Programme/activity/ objective	2012/2013			2013/2014		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
Date for establishment of the strategic projects office and implementation of strategic projects.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	<b>70</b>	<b>59</b>	<b>11</b>
Date of establishment and implementation of the strategic projects office.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	<b>0</b>	<b>0</b>	<b>0</b>



### 3.2 Programme 2: Built Environment Academy Programme

Programme 2 corresponds to the CBE's strategic objective of driving and facilitating skills development and transformation within the BE. This Programme had nine annual targets for the 2013/14 financial year, of which seven were achieved and two were not achieved, as detailed below:

1. 200 schools reached in two provinces by the CBE's career awareness campaign by 31 March 2014 – target was achieved.

The objective of this target was to reach out to high school learners in various provinces to introduce and educate them on the various career options in the BE. During the financial year, the CBE reached a total of 299 schools in Limpopo, Eastern Cape, Northern Cape, Gauteng and North West.

2. 150 students benefiting from Maths, Science and Technology support programmes at school level by 31 March 2014 - target was not achieved.

The objective of this target was to improve the quality of Maths and Science of selected learners at school level. The Maths and Science support classes had either not commenced or had just commenced by 31 March 2014. During the year, the CBE signed contracts with four service providers to implement the programme by providing extra lessons on Saturdays and during school holidays in the Limpopo, Gauteng, North West and Free State provinces. The intended outcome of this programme was to enable learners to improve their performance on Maths and Science as key entry subjects for built environment qualifications. The Maths and Science support classes had either not commenced or had just commenced by 31 March 2014. The programme will be continued in the new financial year.

3. 120 top performing Maths and Science girls participating in the Girl Engineering events by 31 March 2014 - target was achieved.

This target was aimed at supporting initiatives that attract women to the built environment professions. In the year under review, the CBE partnered with a non-governmental organisation named WomenEng, which focuses on attracting women to the built environment professions. The CBE supported Girl Engineering Initiatives which were run in the Limpopo, Gauteng, Western Cape and KwaZulu-Natal provinces and reached 240 girl learners.

4. Structured candidacy framework and envisaged programme submitted for quality assessment and accreditation to the Quality Council for Trades and Occupations (QCTO) by 31 March 2014 – target was achieved.

This target was aligned with the objective of transforming the built environment professions by establishing a structured candidacy programme where candidates can gain experiential training to enable them to register with the respective BEPCs. During the year under review, the CBE developed and submitted a Structured Candidacy Framework to the QCTO. The positive outcome of the meeting was that the QCTO requested the CBE to formally apply for the development of an occupational qualification. However, the QCTO subsequently suspended the development of new occupational qualifications until further notice. In line with this target, the CBE entered into an agreement with the Construction Education and Training Authority (CETA) to provide support for 50 candidates to undergo a candidacy training programme and the placement of 100 learners for workplace experiential training.



5. Feasibility research report on workplace training completed by 31 March 2014 – target was achieved.

During the financial year, the CBE developed a workplace training model and tested its feasibility with potential training partners. One of the key recommendations of this report was that it is critical to rotate candidates in different workplaces to enable exposure to different competency areas. Furthermore, going forward, the model seeks to ensure alignment of the training plans of the candidates/new graduates to the competency assessment requirements of the BEPCs. In the coming financial year, the CBE will start testing the implementation of this workplace training for the built environment.

6. Three BEPCs' CPD programmes aligned to the CBE's policy framework by 31 March 2014 – target was achieved.

The aim of this target was to assess the alignment of the CPD policies of the BEPCs to CBE's policy framework. During the financial year, the CBE hosted a workshop attended by five Councils where it was established that the policies of the ECSA, SACAP and the South African Council for the Quantity Surveying Profession (SACQSP), together with the South African Council for the Property Valuers Professions (SACPVP) and South African Council for Project and Construction Management (SACPCMP) were aligned to the CBE policy framework.

7. Monitoring report on accreditation of learning sites completed and submitted by 31 March 2014 – target was achieved.

The CBE recognised that non-accreditation of built environment academic programmes was one of the key risks in the effective supply of BEPs in the country. In light of this, the CBE established a process of participating in the accreditation visits undertaken by the BEPCs to HEI offering BE programmes. During the financial year under

review, the CBE participated in six accreditation visits to the following institutions: The University of Cape Town, The Cape Peninsula University of Technology, The University of the Free State, The Central University of Technology, The University of Pretoria and Wits University.

8. One monitoring report on implementation of the registration function (including RPL) by one BEPC (SACPCMP) submitted to Council by 31 March 2014 – target was achieved.

The aim of this target was to establish that all the BEPCs have functional registration and Recognition of Prior Learning (RPL) policies in place, with specific focus on the SACPCMP. Initial research by the CBE found that the BEPCs apply diverse methods of professional registration and RPL. In the next financial year, the CBE will continue to ensure consistent application of policies with regard to professional registration with the respective Professional Councils.

9. Transformation targets signed off by all six BEPCs by 31 March 2014 – target was not achieved

A consolidated target of an 8% increase in the number of Black, Indian and Coloured registered professionals was suggested to BEPCs. Not all BEPCs could commit to this target nor provide alternative transformative targets. In the next financial year, the CBE will re-engage all BEPCs to set targets and programmes for transformation.

**Programme 2: Strategic objectives, performance indicators planned targets and actual achievements**

<b>Programme/activity/objective: Drive and facilitate skills development and transformation within the built environment.</b>					
Strategic objectives	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned target to Actual Achievement for 2013/2014	Comment on deviations
Drive and facilitate skills development and transformation within the Built Environment.	This indicator was not applicable in 2012/13.	<b>Nine (9)</b>	<b>Seven (7)</b>	(78%) Four of the BEPCs did not commit to transformation targets.	Further negotiations with BEPCs that have not signed off transformation targets will be concluded in 2014/15 financial year.

**Programme 2: Key performance indicators, planned targets and actual achievements**

<b>Programme/activity/objective: Drive and facilitate skills development and transformation within the Built Environment</b>					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned target to Actual Achievement for 2013/2014	Comment on deviations
Number of schools reached through the CBE's career awareness campaigns.	This indicator was not applicable in 2012/13.	200 schools reached in two provinces by the CBE's career awareness campaign by 31 March 2014.	<b>Achieved</b> 299 schools were reached during the financial year.	None	None
Number of students benefiting from Maths, Science and Technology support programmes at school level.	This indicator was not applicable in 2012/13.	150 students benefiting from Maths, Science and Technology support programmes at school level by 31 March 2014.	<b>Not Achieved</b>	2013/14 CBE financial year does not correspond with 2013/14 school academic year.	Contracts signed with Service Providers to commence with project in 2014/15 school academic year.



Programme/activity/objective: Drive and facilitate skills development and transformation within the Built Environment						
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations	
Number of girls that participate in the Girl Engineering projects.	This indicator was not applicable in 2012/13.	120 top performing Maths and Science girls participating in the Girl Engineering events by 31 March 2014.	<b>Achieved</b> 240 Maths and Science girl learners from 4 Provinces were reached.	None	None	
Date of implementation of a quality assured structured candidacy programme for the six BEPCs.	This indicator was not applicable in 2012/13.	Structured candidacy framework and envisaged programme submitted for quality assessment and accreditation to the Quality Council for Trades and Occupations (QCTO) by 31 March 2014.	<b>Achieved</b> Structured candidacy framework was submitted to QCTO.	None	None	
Date for completion of feasibility research report on workplace training model.	This indicator was not applicable in 2012/13.	Feasibility research report on workplace training completed by 31 March 2014.	<b>Achieved</b> Feasibility research report on workplace training was completed	None	None	
Number of Continuous Professional Development (CPD) programmes of all six BEPCs aligned to the CBE's policy framework.	This indicator was not applicable in 2012/13.	Three BEPCs' CPD programmes aligned to the CBE's policy framework by 31 March 2014.	<b>Achieved</b> A total of five BEPCs policies aligned including the targeted three BEPCs CPD Policies.	None	None	





**Programme/activity/objective: Drive and facilitate skills development and transformation within the Built Environment**

Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Number of monitoring reports on accreditation of learning sites.	This indicator was not applicable in 2012/13.	Monitoring report on accreditation of learning sites completed and submitted by 31 March 2014.	<b>Achieved</b> A report was submitted and accreditation visits undertaken to six different tertiary institutions.	None	None
Number of monitoring reports on implementation of registration function (including Recognition of Prior Learning (RPL)).	This indicator was not applicable in 2012/13.	One monitoring report on implementation of the registration function (including RPL) by one BEPC (Project and Construction Managers) submitted to Council by 31 March 2014.	<b>Achieved</b> A full monitoring and assessment report with data collected from all six BEPCs on their registration and RPL Policies was submitted to Council's EduRes Committee.	None	None
Date of finalisation and implementation of transformation targets for all six BEPCs.	This indicator was not applicable in 2012/13.	Transformation targets signed off by all six BEPCs by 31 March 2014.	<b>Not Achieved</b>	Four BEPCs did not commit to transformation targets.	Further negotiations with BEPCs that have not signed off the transformation target will be concluded during the 2014/15 Financial Year.

**Programme 2: Linking performance with budgets**

Programme/activity/ objective	2012/2013			2013/2014		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
Number of schools reached by the CBE's career awareness campaigns.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	215	570	(355)
Number of students benefiting from Maths, Science and Technology support programmes at school level.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	2 000	1 321	679
Number of girls that participate in the Girl Engineering projects.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	265	265	0
Date of implementation of a quality assured structured candidacy programme for the six BEPCs.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	1 000	106	894
Date for completion of feasibility research report on workplace training model .	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	120	42	78
Number of Continuous Professional Development (CPD) programmes of all six BEPCs aligned to the CBE's policy framework.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	50	0	50



Programme/activity/ objective	2012/2013			2013/2014		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
Date of submission of monitoring report on accreditation of learning sites.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	<b>150</b>	<b>31</b>	<b>119</b>
Date of submission of monitoring report on implementation of registration of function (including Recognition of Prior Learning (RPL)).	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	<b>20</b>	<b>1</b>	<b>19</b>
Date of finalisation and implementation of transformation targets for all six BEPCs.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	<b>0</b>	<b>0</b>	<b>0</b>



### 3.3 Programme 3: Centre for Innovation and Integrated Planning

Programme 3 corresponds to the CBE's strategic objective to provide research, knowledge and information on built environment (BE) issues pertinent to professionals, DPW, BE issues impacting on service delivery and those BE issues impacting on the economy.

Programme 3 had five deliverables for the 2013/2014 financial year and they were all achieved as follows:

1. Needs Analysis Report on establishment of research hub (infrastructure and resources) platform for BE issues by 31 March 2014 - target was achieved.

The aim of this target was to produce a needs analysis report to inform the establishment of a research hub to cater for the various built environment stakeholders.

2. Two research reports on issues that are of priority to the six Built Environment Professional Councils (BEPCs) by 31 March 2014 – target was achieved.

The aim of this target was to produce two research reports on issues important to the BEPCs. The Professional Councils were requested to identify research issues to develop a medium-term research agenda for the BEPCs. The following two topics were chosen by the BEPCs as priority research areas for the 2013/14 financial year: 1) Research on possible gaps between BE graduate competencies and expectations of BE professions employers. This research report was completed and the report has been submitted for publication in the South African Institute of Civil Engineering journal. 2) The role and contribution of BEPs to sustainable human settlements development.

3. One Research report on issues that are of importance to DPW by 31 March 2014 - target was achieved.

The aim of this target was to ensure that the CBE as an entity of DPW contributes to the priorities of the Department. During the year, the CBE undertook a high-level research review

of strategic developments within the built environment professions (BEPs) industry in order to uncover key developments and possible strategic policy responses. The CBE aims to continue communication with the Department on the issues raised in this research.

4. Research agenda on BE issues hampering service delivery formulated by 31 March 2014 - target achieved.

This target was a follow-up on the research that was undertaken by the CBE in 2012, which assessed and identified deficiencies in the capacity of local government to undertake the ongoing and planned infrastructure investment drive of government. The recommendations of the research formed the basis of the research agenda for service delivery. This research agenda was also supplemented by recommendations and areas of focus for improving the capacity of the state for delivery of infrastructure in the National Development Plan (NDP).

5. Research agenda on BE issues impacting on the economy developed by 31 March 2014 - target was achieved.

This target sought to establish a research agenda for BEPs employers or firms. For this research report, the CBE interacted with the key employer representatives/voluntary associations to identify relevant research priority issues, which were further supplemented by policy issues that had been identified in the CBE's 2009 State of BE Report, as well as the Built Environment INDABA platforms. A research agenda was developed and finalised in this regard. Research issues identified will be investigated in the coming years.

**Programme 3: Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements**

<b>Programme/activity/objective:</b>					
Strategic objectives	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned target to Actual Achievement for 2013/2014	Comment on deviations
To provide research, knowledge and information on BE issues pertinent to the BE professionals, DPW and BE issues impacting on service delivery.	This indicator was not applicable in 2012/13.	<b>Five (5)</b>	<b>Five (5)</b>	<b>None</b>	<b>None</b>

**Programme 3: Key performance indicators, planned targets and actual achievements**

<b>Programme/activity/objective: To provide research, knowledge and information on built environment issues pertinent to professionals, DPW, built environment issues impacting on service delivery and those impacting on the economy.</b>					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned target to Actual Achievement for 2013/2014	Comment on deviations
Date for establishment and implementation of research hub for BE issues.	This indicator was not applicable in 2012/13.	Needs Analysis Report on establishment of research hub (infrastructure and resources) platform for BE issues by 31 March 2014.	<b>Achieved</b> Needs analysis report was completed.	None	None







Programme/activity/objective: To provide research, knowledge and information on built environment issues pertinent to professionals, DPW, built environment issues impacting on service delivery and those impacting on the economy.					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Number of research reports on issues that are of priority to the six BEPCs (eg curricula; candidates - workplace training; unemployed graduates; qualified BE graduates who are not registered with the six BEPCs; CPD programmes; professional fees; etc).	This indicator was not applicable in 2012/13.	Two research reports on issues that are of importance to the six BEPCs by 31 March 2014.	<b>Achieved</b> 1. Research report on the identification of possible gaps between BE graduate competencies and expectations of BE professions employers. 2. Report on contribution of BEPs to the sustainable human settlements development.	None	None
Number of research projects on issues that are of priority to DPW (skills development issues, transformation issues, public-interest issues e.g. regulatory matters, labour intensive construction, green buildings, etc).	This indicator was not applicable in 2012/13.	One Research report on issues that are of priority to DPW by 31 March 2014.	<b>Achieved</b> Report completed on issues of priority to DPW.	None	None

**Programme/activity/objective: To provide research, knowledge and information on built environment issues pertinent to professionals, DPW, built environment issues impacting on service delivery and those impacting on the economy.**

Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Date for the formulation of research agenda on BE issues that impact on service delivery (technical capacity of municipalities and the public sector to deliver on the infrastructure programme).	This indicator was not applicable in 2012/13.	Research agenda on BE issues hampering service delivery formulated by 31 March 2014.	<b>Achieved</b> Research Agenda was completed.	None	None
Date for the development of research agenda on BE issues impacting on the economy (e.g. state of the BE).	This indicator was not applicable in 2012/13.	Research agenda on BE issues impacting on the economy developed by 31 March 2014.	<b>Achieved</b> Report on research agenda on built environment issues impacting on the economy was completed.	None	None

**Programme 3: Linking performance with budgets**

Programme/activity/ objective	2012/2013			2013/2014		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
Date for establishment and implementation of research hub for BE issues.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	<b>451</b>	<b>152</b>	<b>299</b>
Number of research reports on issues that are of priority to the six BEPCs (e.g. curricula; candidates- workplace training; unemployed graduates; qualified BE graduates who are not registered with the six BEPCs; CPD programmes; professional fees; etc).	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	<b>324</b>	<b>21</b>	<b>303</b>



Programme/activity/ objective	2012/2013			2013/2014		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
Number of research projects on issues that are of importance to DPW (skills development issues, transformation issues, public interest issues e.g. regulatory matters, labour intensive construction, green buildings, etc).	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	<b>135</b>	<b>52</b>	<b>83</b>
Date for the formulation of research agenda on BE issues that impact on service delivery (technical capacity of municipalities and the public sector to deliver on the infrastructure programme).	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	<b>60</b>	<b>6</b>	<b>54</b>
Date for the development of research agenda on BE issues impacting on the economy (e.g. state of the BE).	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	<b>100</b>	<b>33</b>	<b>67</b>



### 3.4 Programme 4: Public protection and education in the built environment

Programme 4 directly responds to the mandate of the CBE to promote and protect the interests of the public in the built environment. The CBE's responsibility regarding public protection refers to Identification of Work, the hearing of appeals, corporate governance and best practice by BEPCs and the public and government awareness on built environment issues. This Programme had eight targets for the financial year, and all were achieved.

1. The decision of the CC on IDoW exemption implemented – target was achieved.

The Identification of Work (IDoW) function is regulated by section 26 of the Professions' Acts and section 20 of the Council for the Built Environment Act, 2000 (Act No. 43 of 2000). IDoW means work that requires the skill and expertise associated with the built environment professions and which, if not performed by such a professional, has the potential to cause harm to the public or the environment. The CBE applied for exemption from Chapter 2 Part(A) section 4(1)(a) of the Competition Act and Chapter 2 Part (A) section 5(1) of the Competition Act for Identification of Work on behalf of the following Professions:

- South African Council for the Project and Construction Management Professions (SACPCMP),
- South African Council for the Property Valuers Professions (SACPVP),
- South African Council for the Quantity Surveying Professions (SACQSP),
- South African Council for the Landscape Architectural Professions (SACLAP) and
- South African Council for the Architectural Professions (SACAP).

The decisions of the Competition Commission (CC) regarding the five BEPCs IDoW exemption applications were all implemented by the CBE.

2. Submit the IDoW of the Engineering Council of South Africa (ECSA) to the Competition Commission (CC) by March 2014 – target achieved.

The aim of this target was to finalise the IDoW of the engineering profession and file the exemption with the CC. ECSA IDoW recommendations were accepted by the CBE Council and submitted to the CC for the exemption application during March 2014.

3. Appeal cases finalised (within 60 days) from the date of lodgement – target was achieved.

The aim of this target was to protect the interest of the public by hearing all appeals within 60 days from the date of lodgement as prescribed in terms of Section 21 of the Council for the Built Environment Act. The CBE Act 43 of 2000 ("the Act"), read together with Section 4 paragraph (m) thereof, the Council for the Built Environment ("the CBE") is empowered and obliged to hear an appeal launched by a party aggrieved by a decision of any of the councils for the professions and in terms of the profession's Act. The Appeals Committee was established as a response to the provisions of section 21 of the CBE Act (Act 43 of 2000), which stipulates that any person who is aggrieved by a decision of any of the councils for the professions may upon payment of the prescribed fee and within 30 days from that person becoming aware of such decision, in writing appeal to the council, and the council must consider and decide the appeal. All appeal cases for the 2013/14 financial year were finalised. At the end of the financial year, there were no outstanding appeal cases.





4. Best practice model for holding disciplinary proceedings implemented by March 2014 - target achieved.

The aim of this target was to ensure that the appeals processes of the six BEPCs are conducted in line with acceptable principles. A Best Practice Model was developed and adopted for implementation by all six BEPCs during the last quarter of the financial year under review. The implementation of the model will be continued in the next financial year to ensure an improved appeals process.

5. Expanded CBE website to create a public interface platform by 31 March 2014 and posting of two key BE issues for the general public - target was achieved.

The aim of this target was to enhance the existing CBE website so that it can be a platform to provide continuous engagement on built environmental issues to stakeholders. A public interface platform was created on the CBE current website and two articles were placed on the website during the year.

6. Two public awareness and education campaigns (on citizens rights and recourse) within the BE held by 31 March 2014 – target was achieved.

The public awareness programme entailed the compilation of the Codes of Conduct and Acts of the six BEPCs and the distribution of these to BEPCs and recognised voluntary associations within the built environment. These were distributed to the BEPCs and to the South African Local Government Association (SALGA) and the Consulting Engineers South Africa (CESA) Congresses.

7. Three awareness and education campaigns targeting government departments and municipalities held by 31 March 2014 - target was achieved.

The aim of this target was to enhance the CBE's public awareness programme in order to establish relationships and to provide the necessary information to key stakeholders within government institutions on the importance and roles of the six built environment professions in the infrastructure development life cycle.

The awareness campaigns included direct engagement with institutions, including the City of Johannesburg's Building Control Department Management Team, the National Home Builders Regulatory Council (NHBRC) and SALGA. Engagements with these bodies discussed issues including the mandate of the CBE and BEPCs, the CBE's Appeal function and BEPCs function to regulate BEPs professional conduct. The progress on the importance, implication and status of the IDoW was also discussed.

8. Corporate governance framework for BEPCs completed by March 2014 - target was achieved.

The objective of this target was for the CBE to develop a Corporate Governance Framework to assist BEPCs in enhancing good governance in their operations. The Framework was developed and was approved by Council as a working document. All professional councils were consulted on this framework during the year and its implementation will be effected in the new financial year.

**Programme 4: Strategic objectives, Planned targets, Actual Achievements**

<b>Programme/activity/objective:</b>					
Strategic objectives	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
To protect public interest and raise public awareness on rights and recourse in the built environment.	This indicator was not applicable in 2012/13.	<b>Eight (8)</b>	<b>Eight (8)</b>	<b>None</b>	<b>None</b>

**Programme 4: Key performance indicators, planned targets and actual achievements**

<b>Programme/activity/objective: To protect public interest and raise public awareness on rights and recourse in the built environment</b>					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Date by which the IDoW for the six BEPC's is implemented and regulatory impact report developed.	This indicator was not applicable in 2012/13.	Decision of Competition Commission on five BEPC IDoW implemented by 31 March 2014.	<b>Achieved</b> The decision of the CC on IDoW exemption was implemented.	None	None
One scope of work completed by 31 March 2013 (IDoW).	Achieved.	Submit the IDoW of the Engineering Council of South Africa (ECSA) to the Competition Commission by March 2014.	<b>Achieved</b> ECSA IDoW recommendation was accepted by the CBE Council and was submitted to CC for exemption application.	None	None
Turnaround time for finalisation of appeal cases.	Not achieved.	Appeal cases finalised (within 60 days) from date of lodgement.	<b>Achieved</b> All appeal cases for the 2013/14 financial year were finalised within the legislated 60 days.	None	None



Programme/activity/objective: To protect public interest and raise public awareness on rights and recourse in the built environment					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Date by which the best-practice model for holding appeals and disciplinary proceedings within BE is adopted and implemented.	This indicator was not applicable in 2012/13.	Best practice model for holding disciplinary proceedings implemented by March 2014.	<b>Achieved</b> Best Practice Model was adopted and implemented by the Registrars.	None	None
Date for completing a corporate governance framework for BEPCs by 31 March 2014.	This indicator was not applicable in 2012/13.	Corporate governance framework for BEPCs completed by March 2014.	<b>Achieved</b> Corporate Governance Framework was approved by Council.	None	None
Date for establishment of a platform for public interface on BE issues.	This indicator was not applicable in 2012/13.	Expanded CBE website to create a public interface platform by 31 March 2014 and posting of two key BE issues for the general public.	<b>Achieved</b> A public interface platform was created on the CBE current website and two articles were posted on the website.	None	None
Number of public awareness and education campaigns on citizens' rights and recourse with the BE.	This indicator was not applicable in 2012/13.	Two public awareness and education campaigns (on citizens rights and recourse within the BE held by 31 March 2014.	<b>Achieved</b> Two awareness campaigns were held.	None	None
Number of awareness and education campaigns targeted at government departments and municipalities.	This indicator was not applicable in 2012/13.	Three awareness and education campaigns targeting government departments and municipalities held by 31 March 2014.	<b>Achieved</b> Consultative and information sharing meetings held with City of Johannesburg Building Control Department, SALGA and CESA.	None	None

**Programme 4: Linking performance with budgets**

Programme/activity/ objective	2012/2013			2013/2014		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
Date by which the IDoW for the six BEPCs is implemented and regulatory impact report developed.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	<b>382</b>	<b>461</b>	<b>(78)</b>
One scope of work completed by 31 March 2014 (IDoW).	<b>185</b>	<b>136</b>	<b>49</b>	<b>195</b>	<b>104</b>	<b>91</b>
Turnaround time for finalisation of appeal cases.	<b>280</b>	<b>355</b>	<b>(75)</b> Overspending was due to unforeseen cost related to preparatory work and complexity of some of the appeal cases being handled.	<b>902</b>	<b>909</b>	<b>(7)</b>
Date by which the best practice model for holding appeals and disciplinary proceedings within BE is adopted and implemented.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	<b>90</b>	<b>12</b>	<b>78</b>
Date for completing a corporate governance framework for BEPCs by 31 March 2014.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	<b>12</b>	<b>0</b>	<b>12</b>



Programme/activity/ objective	2012/2013			2013/2014		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
Date for establishment of a platform for public interface on BE issues.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	<b>0</b>	<b>0</b>	<b>0</b>
Number of public awareness and education campaigns on citizens rights and recourse with the BE.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	<b>302</b>	<b>231</b>	<b>71</b>
Number of awareness and education campaigns targeted at government departments and municipalities.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	This indicator was not applicable in 2012/13.	<b>138</b>	<b>0</b>	<b>138</b>



## 4. SUMMARY OF FINANCIAL INFORMATION

CBE receives funding from the National Treasury via the Department of Public Works for its operations. During the reporting period, the CBE was able to meet all its administrative obligations with the allocated amount of R37.9 million.

The CBE's baseline budget allocation covers operational costs and core business projects, which entails cost of employment, occupational costs in terms of the rental, audit fees, travel and accommodation expenses and consulting fees as the main cost drivers. The Council also receives levy income from the built environment professions who contribute R42 per professional and R21 per candidate registered with the relevant built environment professional council. This amount is too little to cover the CBE's operations.

### Revenue collection

The table below provides a breakdown of the sources of revenue:

Sources of revenue	2013/2014			2012/2013		
	Estimates R'000	Actual amount collected R'000	(Over)/ Under collection R'000	Estimate R'000	Actual amount collected R'000	(Over)/ Under collection R'000
Government Grant from DPW	37 959	37 959	-	30 648	28 146	2 502
Levies received	1 717	1 840	(123)	1 635	1 784	(149)
Interest received	140	3	137	190	268	(78)
MERSETA grant	-	200	(200)	-	-	-
Other operating income	-	15	(15)	-	54	(54)
<b>Total</b>	<b>39 816</b>	<b>40 017</b>	<b>(201)</b>	<b>32 473</b>	<b>30 252</b>	<b>2 221</b>



#### **4.1 Income received**

The levy income for the 2013/14 financial year was R1.840 million (2012/13: R1.784 million). The 3.1% increase was as a result of new professionals and candidates who registered with the Built Environment Councils during the year.

There was also income that was realised from SETA's grant for Strategic Integrated Projects (SIPs) of R200 000.

Other income of R18 000 consisted of:

- R3 000 interest received from the bank on the current account,
- R7 000 insurance recovery for the loss of 3 laptops,
- R8 000 donations (non-exchange revenue) recognised in the current year.

##### **4.1.1 Reasons for the (Over)/under collection**

#### **Government grant from Department of Public Works**

The CBE allocation is pre-determined over the MTEF period. The letter of allocation indicated that the CBE was expected to receive an amount of R37 959 million for the current year, and this amount was received as indicated in the allocation letter. The entity had no control over the amount received as it was pre-determined by the National Treasury and ring-fenced in the DPW vote. The allocation was received from the DPW on a six months basis. The budget was based on the allocation letter, and there was no deviation from the estimate to the actual amount collected.

#### **Levies received**

The Levy income from non-exchange transactions was higher than the budgeted figure. The entity collected 3.1% more than what was budgeted for. The Levy income increase in the current year is in line with the increase in the number of professionals and candidates

who registered with the different built environment councils during the period under review.

#### **Interest Income**

There was an over-estimate on the amount of interest income of R137 000 due to the CBE closing the investment account in line with treasury regulations and therefore could not earn any interest during the year.

#### **Other Operating Income**

The following amounts were not anticipated and therefore not budgeted for:

- R7 000 insurance recovery for the loss of a laptop,
- R8 000 donations of furniture by service providers (5 bins and patio table) recognised as non-exchange revenue in the current year.

The CBE exceeded the projected revenue collection for the 2013/14 financial year, by collecting 0.50% more than what was budgeted.

#### 4.2. Programme Expenditure

Programme Name	2013/2014			2012/2013		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Administration	17 342	17 226	116	16 364	15 451	913
Built Environment Skills Development	7 410	4 937	2 473	3 024	3 069	(45)
Centre for Innovation and Integrated Planning	10 242	8 244	1 998	8 776	7 484	1 292
Public protection and education in the built environment	3 433	3 271	162	2 461	2 175	285
<b>Total</b>	<b>38 427</b>	<b>33 799</b>	<b>4 628</b>	<b>30 625</b>	<b>28 179</b>	<b>2 446</b>
Assets (additions)	1389	1865	(476)	856	893	(37)
Total (including assets additions)	<b>39 816</b>	<b>35 664</b>	<b>4 152</b>	<b>31 481</b>	<b>29 072</b>	<b>2 409</b>

##### 4.2.1 Reasons for (Over)/under expenditure

#### Administration

Programme 1 actual expenditure variance was R116 000 under-spending on allocated budget, which was attributable to recruitment that was halted and computer expenses that were not realised.

#### Built Environment Skills Development Programme

Programme 2 actual expenditure variance was R2 473 000 under-spending on allocated budget This variance arose from the Maths and Science project funds which could not be spent in the financial year due to the school academic year not being aligned to the CBE financial year. The commitments have been made so that the Maths and Science project can be finalised in the new financial year.

### **Centre for Innovation and Integrated Planning**

Programme 3 actual expenditure variance was R1 998 000 under-spending on allocated budget. This was mainly due to the vacancy of the COO, which caused the administrative budget allocated in that area to move slowly.

### **Public protection and education in the built environment**

Programme 4 actual expenditure variance was R41 000 under-spending on allocated budget. This was due to the public awareness projects that were amended from the initial plan and executed in a different manner than originally planned.

The table below indicates that the CBE did not have any infrastructure projects during the current and prior years:

	2013/2014			2012/2013		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Infrastructure projects	R'000	R'000	R'000	R'000	R'000	R'000
None	None	None	None	None	None	None

No major maintenance projects were undertaken during the period under review, nor were any maintenance backlogs experienced during the financial year.

### **4.3. Capital investment**

The CBE does not have any capital investment. The assets that the entity has are limited to property, plant and equipment in the form of computer equipment, furniture and fittings and office equipment. These assets are recorded in the asset register of the entity and are depreciated according to the accounting policy of the entity. During the current financial year, three laptops were lost through theft with a book value of R7000. An insurance recovery of R7000 was received and three software packages with a book value of R1000 were written off because they were outdated. The asset register of the CBE was updated on a monthly basis, including calculation of depreciation values for each asset category and incorporation of additions as required and disposals.

# PART C

## GOVERNANCE







# PART C: GOVERNANCE

## INTRODUCTION

Corporate governance embodies the processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance. Parliament, the Executive and Accounting Authorities of the public entity are responsible for corporate governance.

### 1. EXECUTIVE AUTHORITY

The Minister of the DPW is the executive authority of the CBE.

### 2. THE ACCOUNTING AUTHORITY/ COUNCIL

#### *The role of the Council*

The role and responsibilities of the Council are to:

1. Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, BEPCs, the DPW, the Ministry of Public Works and other stakeholders of the organisation along sound corporate governance principles.
2. Appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
  - a. Contributing to and approving the strategy.
  - b. Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management.
3. Provide effective leadership on an ethical foundation.
4. Ensure that the organisation is and is seen to be a responsible corporate citizen by having regard for not only the financial aspects of the business of the organisation, but also the impact that the business operations have on the environment and the society within which it operates.
5. Ensure that the organisation's ethics are managed effectively.
6. Ensure that the organisation has an effective and independent audit committee.
7. Be responsible for the governance of risk.
8. Be responsible for information technology (IT) governance.
9. Ensure that the organisation complies with applicable laws and considers adherence to non-binding rules and standards.
10. Ensure that there is an effective risk-based internal audit.
11. Appreciate that stakeholder's perceptions affect the organisation's reputation.



12. Ensure the integrity of the organisation's quarterly and annual reports.
13. Act in the best interests of the organisation by ensuring that members:
  - a. Adhere to legal standards of conduct.
  - b. Are permitted to take independent advice in connection with their duties, following an agreed procedure.
  - c. Disclose real or perceived conflicts to the Council and deal with them accordingly.
  - d. Deal in securities only in accordance with the policy adopted by the Council.
14. Commence business rescue proceedings as soon as the organisation is financially distressed.
15. Appoint and evaluate the performance of the Chief Executive Officer.

The Council should do everything necessary to fulfil its role as set out above.

The following prescripts of the Council Charter resulted in challenges during the financial year:

- Clause 8(2)(d) stipulates that a member of the Council must vacate his or her office if he or she has, without leave of Council, been absent from more than two consecutive meetings of Council. The Chairperson served a number of members with notification letters regarding their poor attendance of Council meetings. Attendance of Council and Committees meetings was at 67% for the year.
- A round robin resolution in writing approved by all the Council members, being not less than a majority of the Council members than in office, shall be valid and effectual as if it had been passed at a meeting of the Council duly called and constituted. The round robin resolution shall be noted and ratified at the next Council meeting. Round robin resolutions never

succeeded as the majority of members do not respond within a reasonable time.

- Council members must be fully prepared for Council meetings to be able to provide appropriate and constructive input on matters for discussion. This remained an issue requiring attention throughout the year.
- Council members must be committed to attend Council meetings and remain for the full duration of the meeting as indicated in the agenda. This remained a challenge as some members did not stay for the duration of Council meetings.
- Council members must provide comments, inputs and documentation in line with deadlines set in meetings.
- The provision of comments and inputs within the deadlines set remained a challenge throughout the year.
- The evaluation of the Council and its committees, including the Chairperson, must be performed annually.
- The evaluation of Council and the majority of the Committees was not done during the year. Only the Audit and Risk Committee annually undertook self-assessment of its performance.

### ***Composition of the Council***

The CBE Act stipulates that Council comprises of twenty (20) members (non-executive) appointed by the Minister of Public Works consisting of:

- a. One representative from the department;
- b. Not more than three persons nominated by state departments within whose functional areas the professions are also practised;
- c. Two representatives nominated by each Council for the Professions; and



- d. Not more than four persons nominated by the public.
- e. Members are appointed through a formal process as stipulated in the Act. In terms of the Act, the Minister of Public Works appoints the Chairperson and Deputy-Chairperson of Council.
- f. Members are appointed for a period of four years.

The Chief Operations Officer and Chief Financial Officer attend meeting of Council and relevant Committees.

During the financial year under review, there were no movements in Council with regards to new appointments or resignations.

### Composition of the Council

Name	Designation (in terms of the Public Entity Council structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee/ committee/ Ministerial task team)	No. of Meetings attended
P Tau-Sekati (Chairperson)	5(2)(c) SACPVP	3 June 2010	-	BA(Hons); PDM	Transformation		Presidential Broad-Based Black Economic Empowerment Advisory Subcommittee; Black Economic Empowerment Annual Reporting Committee; Randburg Chamber of Commerce and Industry	31
P Mashabane (Deputy Chairperson)	5(2)(c) SACAP	3 June 2010	-		B Arch; LLB; Dip in Proj. Management; Cert in Arbitration; Adv. Cert. in Alternative Dispute Resolution; M.Sc in Knowledge and Project Management – (in progress) Architecture, Heritage and Conservation Architecture; Arbitration & Dispute Resolution	Principal at Mashabane Rose Architects Board Chairperson - Gold of Africa - Barbier Mueller Museum; Director - Apartheid Museum; Trustee - Jhb Heritage Trust. President SACAP (to 2014)		19

Name	Designation (in terms of the Public Entity Council structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee/ Ministerial task team)	No. of Meetings attended
G Chaane	5(2)(c) SACQSP	3 June 2010	-	Bachelor of Science degree in Education; Bachelor of Science in Quantity Surveying; Master's degree in Project Management				6
C Gamede	5(2)(c) ECSA	11 November 2012	-	BSc(Eng); MSc(Eng); MBA		Mnsini Holdings		3
C Israelite	5(2)(c) SACPCMP	3 June 2010	-	BSc. Build Hons (Wits) PICPM; MACPM	Construction Project Management	SIP Project Managers (Pty) Ltd; Erf 870 Woodmead (Pty) Ltd; Remainder 3rd Floor Parklane (Pty) Ltd; Okafala Trust (Trustee)	Councillor SACPCMP; Chairman PROCSA; ACPM Representative BEP Committee	9
F Johnson	5(2)(a) DPW	3 June 2010	-	National Higher Diploma in Construction Supervision and Post School Education				6
M Klapwijk	5(2)(c) SACLAP	3 June 2010	-	Bachelor of Science (Landscape Architecture); Diploma in Environmental Impact Assessment	Environmental planning, construction rehabilitation and control, visual impact assessment and landscape site design			11



Name	Designation (in terms of the Public Entity Council structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee/ Ministerial task team)	No. of Meetings attended
M Kubuzie	5(2)(c) SACPVP	3 June 2010	-	Diploma in Project Management; Diploma in Personal Computing; Certificate in Commercial Property; National Diploma in Real Estate; BA (Education); B.Ed; B Tech (Real Estate; MBA				4
E Kula- Ameyaw	5(2)(d) Public	3 June 2010	-	BComm; MBA	Business Support; Transformation			16
V Mdwara	5(2)(b) Infrastructure Department	3 June 2010	-	Bachelor of Science degree in Land Surveying; Professional Certificate in Public Management; Master of Philosophy in Futures Studies			South African Committee for Spatial Information (CSI), South African Geographical Names Council (SAGNC) South African Council for Professional and Technical Surveyors	6



Name	Designation (in terms of the Public Entity Council structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee/ Ministerial task team)	No. of Meetings attended
L Molobela	5(2)(d) Public	3 June 2010	-	B Administration; Post Graduate Diploma in Public Health, Certificate in Human Resource Management and Masters Degree in Public Administration	Public Administration and Strategic Planning		Tender Committee Member (Department of Health) Departmental Bursary Committee (Department of Health) Chairperson of the Departmental Disposal Committee (DCSR) Chairperson of the Departmental Workplace Skills Development Committee (DCSR) Chairperson of the Departmental Transport Committee (DCSR) Chairperson of the Departmental A member of the Provincial Task Team on Hospital Services and Management A member of the Provincial Task Team on Improvement of Pharmaceutical Services	17

Name	Designation (in terms of the Public Entity Council structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee/ Ministerial task team)	No. of Meetings attended
Z Mvusi	5(2)(c) SACPCMP	3 June 2010	-	Bachelor of Science degree in Civil Engineering; Bachelor of Commerce; Diploma in Project Management				6
S Ngxongo	5(2)(d) Public	3 June 2010	-	BCom, MBL				7
D Nkhwashi	5(2)(d) Public	3 June 2010	-	BProc	Commercial Law		Advisory Forum of National Regulator for Compulsory Specifications; Limpopo Online Foundation; Strategy and Operations of Blue Apple Investment Holdings; SA Revenue Service Tax Appeal Board; Limpopo Rental Housing Tribunal	7
A Peters	5(2)(c) ECSCA	11 November 2012	-	BSc(Eng); MBA; GDE	Engineering	ECSCA; Peters Family Trust		6
E Pieterse	5(2)(c) SACQSP	3 June 2010	-	BSc (QS); MSc (QS)	Quantity Surveying	EIP Consulting (Pty) Ltd Fringe's Investments CC	SACQSP	7
P Scott	5(2)(c) SACAP	3 June 2010	-	National Higher Diploma in Architecture				10
H van der Hoven	5(2)(c) SACLAP	3 June 2010	-	BL(Landscape Architecture); Master of Philosophy (Housing Development and Management)	Landscape Architect and Environmental Planner			10



## **Committees**

The following Committees were established and mandated by Council to assist in the delivery of its mandate:

### ▪ **Executive Committee**

The Executive Committee was established in terms of clause 12 of the Council for the Built Environment (CBE) Act, (Act 43 of 2000) to:

- a. Ensure that the resolutions of the Council are carried out.
- b. Consider any matter delegated to it by the Council in terms of any law and advise the council in connection therewith.
- c. Prepare estimates of revenue and expenditure of the Council.
- d. Control the expenditure of monies voted by Council in its approved estimates and all other monies or funds made available by the council.
- e. Exercise or perform any power, duty or function delegated to it by the Council and such other powers as may be delegated to it by council in terms of clause 16 of the CBE Act.
- f. Report at every ordinary meeting of the Council on the activities of the committee.
- g. Establish an annual work plan to ensure that all relevant matters of the committee's roles and responsibilities are covered.

### ▪ **Transformation Committee**

The Transformation Committee was established in terms of clause 14 of the Council for the Built Environment (CBE) Act, (Act 43 of 2000) to:

- a. Oversee the development and facilitation of transformation initiatives in the various areas of the CBE and influence the Built Environment Professional Councils (BEPCs).
- b. Consolidate the work of the different Committees and ensure that there is synergistic collaboration between them.

- c. Report at every ordinary meeting of the Council on the activities of the committee.
- d. Establish an annual work plan to ensure that all relevant matters of the committee's roles and responsibilities are covered.

### ▪ **Audit and Risk Committee (ARC)**

In terms of section 38 of the Public Finance Management Act, No. 1 of 1999, as amended, and the Treasury Regulations (May 2002), the accounting authority complied with the compulsory establishment of an effective internal audit function and an ARC to monitor the scope and effectiveness of the Internal Audit function within the CBE, as follows:

- a. The ARC has decision-making authority in regard to its statutory duties and is accountable in this respect to both Council and other stakeholders. To this end the Chairperson of ARC must be present at all annual general meetings. The ARC makes recommendations on all responsibilities delegated to it by Council outside of the statutory duties for approval by Council.
- b. The ARC acts in accordance with its statutory duties and the delegated authority of Council as recorded in this terms of reference. It has the power to investigate any activity within the scope of its terms of reference.
- c. The ARC, in the fulfilment of its duties, may call upon the Chairperson of the other Council sub-committees, any of the Executive Management, the CBE officers, company secretary or assurance providers, as well as the Minister and Auditor-General to provide it with information subject to Council approved process.
- d. The ARC has reasonable access to the CBE's records, facilities, employees and any other resources necessary to discharge its duties and responsibilities subject to following Council approved process.



- e. The ARC may form and delegate authority to sub-committees and may delegate authority to one or more designated members of ARC.
- f. The ARC has the right to obtain independent outside professional advice to assist with the execution of its duties, at the CBE's cost, subject to Council approved process being followed.

#### ▪ **Finance Committee**

The Finance Committee was established in terms of clause 14 of the CBE Act, (Act 43 of 2000) to:

- a. Consider matters of financial strategy and policy, including procurement and supply chain management, risk management and insurance as they relate to the operation of the CBE, in particular the optimum use of available and potential financial resources (including internal investment options and their rate of return).
- b. Consider and assess all investment opportunities available to the CBE with respect to all funds that it administers and determine the manner and extent to which funds are to be invested with a view to ensuring both security and optimisation of income.
- c. Review the annual financial statements of the CBE in conjunction with the Audit and Risk Committee, and make recommendations to Council.
- d. Receive and consider budget proposals from the Executive and recommend to Council the annual operating and capital budgets.
- e. Monitor compliance with PFMA in respect of matters relating to the Act.
- f. Review the adequacy of the working capital by comparing cash focus against the actual.
- g. Receive reports on fraud relating to the CBE.
- g. Report at every ordinary meeting of the Council on the activities of the committee.
- h. Establish an annual work plan to ensure that all

relevant matters of the committee's roles and responsibilities are covered.

#### ▪ **Human Resources Committee**

The Human Resources Committee was established in line with clause 14 of the Council for the Built Environment (CBE) Act, (Act 43 of 2000) to:

- a. Consider and make recommendations on human resources strategy that will ensure that CBE is able to attract, retain and develop the best possible talent to support business performance.
- b. Consider and make recommendations on the creation or review of an organisational culture, structure and processes that seek to support the development of staff and optimisation of their potential, particularly those who have been previously disadvantaged, so as to address any existing inequalities in staff profiles and organisational practice.
- c. Ensure compliance with all employment legislation such as Employment Equity Act, Labour Relations Act and Basic Conditions of Employment Act, etc.
- d. Consider and make recommendations on a formal and transparent procedure for developing a policy on remuneration, with particular reference to Senior Management.
- e. Make recommendations to the Council on new appointments of Senior Management.

#### ▪ **Education and Research Committee**

The Education and Research Committee was established in terms of clause 14 of the Council for the Built Environment (CBE) Act, (Act 43 of 2000) to:

- a. Identify issues relating to education and training that are common to all Professional Councils and which need to be addressed.
- b. Advise the CBE on research issues that affect the built environment with particular reference to





research impinging on factors affecting the built environment policy, including those that affect the gathering of information.

- c. Advise the CBE on how best to implement its strategic research agenda.
- d. Advise the CBE on priorities related to the type of comparative policy-research based on the strategic directions established by the Council, and to prepare a statement advising on the priority policy-research activities. These will include proposals for research themes to be highlighted during the council meeting, as well as suggestions for special workshops and seminars.
- e. Adopt assessment, monitoring, and evaluation methods that are appropriate for the type of research proposals that the committee will be required to consider.
- f. Determine and advise on key CBE stakeholders, their interests and terms of engagement.
- g. Where required, review policy research proposals based on the following factors:
  - their scientific and technical merit;
  - their policy relevance; and
  - formulation of Terms of Reference for policy research.
- h. Report at every ordinary meeting of the Council on the activities of the committee, progress and findings of research project.
- i. Establish an annual work plan to ensure that all relevant matters of the committee's roles and responsibilities are covered.
- j. Organise an efficient and professional review process that may include the establishment of peer review panels for the purpose of assessing scientific and technical merit, as well as other factors detailed in the proposal and final results.

#### ▪ **Identification of Work Committee**

The Identification of Work Committee was established in terms of clause 14 of the Council for the Built Environment (CBE) Act, (Act 43 of 2000) to:

- a. Assess the work being done by the Professional Councils in this regard.
- b. Determine how consistent the various Professional Councils are in determining the scope of work of their registered persons.
- c. Determine the potential areas of conflict between the categories of registered persons of the various Professional Councils.
- d. Determine if the various Professional Councils' clause 20(1) recommendations were done in accordance with the CBE's determined policy.
- e. Submit to the Council the committee's finding on the issue.
- f. Determine the effectiveness of the implementation and delivery of IDoW policy.
- g. Report back to the Council with concrete recommendations that could form the basis of a legislative agenda in line with section 4 (q) of the CBE Act and ensure that the benefits of Identification of Work are maximised.
- h. Report at every ordinary meeting of the Council on the activities of the committee.
- i. Establish an annual work plan to ensure that all relevant matters of the committee's roles and responsibilities are covered.

#### ▪ **Ad Hoc Professional Fees Committee (PFC)**

The Ad Hoc Professional Fees Committee was established in terms of clause 14 of the CBE Act, (Act 43 of 2000). The Committee was mandated by Council to investigate guideline professional fees.



### **Schedule of meetings**

<b>Committee</b>	<b>No. of meetings held</b>	<b>No. of members</b>	<b>Names of members</b>
Executive Committee	5	5	P Tau-Sekati (Chairperson) P Mashabane (Deputy-Chairperson) E Kula-Ameyaw L Molobela D Nkhwashu
Transformation Committee	4	7	P Tau-Sekati (Chairperson) P Mashabane (Deputy-Chairperson) E Kula-Ameyaw L Molobela D Nkhwashu C Israelite M Klapwijk
Audit and Risk Committee	6	5	D Coovadia M Mothiye F Gustin (Contract terminated 20 January 2014) Z Mvusi V Mdwarra
Finance Committee	5	4	E Kula-Ameyaw F Johnson P Mashabane (Deputy-Chairperson) S Ngxongo
Human Resources Committee	4	3	L Molobela P Tau-Sekati (Chairperson) V Mdwarra
Education and Research Committee	4	4	M Klapwijk P Mashabane (Deputy-Chairperson) G Chaane A Peters
Identification of Work Committee	4	7	D Nkhwashu C Israelite C Gamede M Kubuzie E Pieterse P Scott H van der Hoven
Ad Hoc Professional Fees Committee	2	6	C Israelite D Nkhwashu P Scott H van der Hoven

### Remuneration of Council members

The Minister of Public Works approved the remuneration rate for Council on 22 January 2013 as Category Classification A2 (Part time members) according to National Treasury and adjusted on an annual basis.

The following members are not remunerated for attendance of meetings, either by choice or in terms of their public service designation:

- C Israelite
- C Gamede
- F Johnson
- V Mdwara
- E Pieterse

Council received a specific claim amount and were reimbursed for parking, travel and toll fees. Remuneration paid to Council:

Designation	Per Day	Per Hour
Chairperson	R3,648	R456
Deputy Chairperson	R3,104	R388
Chairpersons of Committees	R3,104	R388
Members of Council/Committees	R2,880	R360

Name	Remuneration	Other allowance	Other re-imbursments	Total
P Tau-Sekati (Chairperson)	R89,952	-	R11,162.07	R101,114.07
P Mashabane (Deputy Chairperson)	R50,200	-	R15,015.70	R65,215.70
G Chaane	R17,280	-	R3,769.71	R21,049.71
C Gamede	-	-	-	-
C Israelite	-	-	-	-
F Johnson	-	-	R1,646.95	R1,646.95
M Klapwijk	R29,472	-	-	R29,472
M Kubuzie	R11,520	-	R1,073.35	R12,593.35
E Kula-Ameyaw	R40,552	-	R4,685.04	R45,237.04
V Mdwara	-	-	R1,409.29	R1,409.29
L Molobela	R41,440	-	R52,844.31	R94,284.31
Z Mvusi	R14,400	-	-	R14,400
S Ngxongo	R20,160	-	R1,254.79	R21,414.79
D Nkhwashu	R18,448	-	-	R18,448
A Peters	R26,327	-	R3,947.30	R30,274.30
E Pieterse	-	-	-	-
P Scott	R25,920	-	R4,662.56	R30,582.56
H van der Hoven	R23,040	-	R10,438.38	R33,478.38
D Coovadia (Audit Committee External Member)	R70,818	-	R7,858.59	R78,676.59
M Mothipe (Audit Committee External Member)	R57,624	-	-	R57,624
	<b>R537,153</b>	-	<b>R119,768.04</b>	<b>R656,921.04</b>



### 3. RISK MANAGEMENT

The Audit and Risk Committee reviewed and recommended the Fraud Prevention Strategy, Policy and Plan approved by the Council. The Fraud Prevention Plan outlined the process and activities for fraud prevention and comprised four pillars namely: prevention, detection, investigation and resolution. It covered issues on training and awareness on fraud, anti-fraud and corruption combating programmes, investigations, understanding of the fraud triangle, as well as reporting.

### 4. INTERNAL CONTROLS

During the year, the CBE strengthened its internal control environment with the following interventions:

- The appointment of a new internal audit firm, Ngubane and Co, in October 2013, replacing SEMAIRS whose contract came to an end in August 2013.
- The monitoring of the audit finding matrix for implementation through an action plan.
- Approval of the internal audit plan and review of the audit reports from both the internal and external auditors by ARC.
- Audit and Risk Committee was appointed in December 2010 and consists of the following members:
  - Mr D Coovadia (Independent Chairperson)
  - Ms. M Mothipe (Independent member)
  - Mr. F Gustin (Independent member)
  - Mr. V Mdwara (Council member)
  - Ms. M Mvusi (Council member)

### 5. INTERNAL AUDIT AND AUDIT COMMITTEES

The role of the internal audit function is to review the CBE's risk management, control and governance processes as designed and as represented by management to see that it is adequate and functioning in a manner that ensures that:

- Risks are appropriately identified and managed;
- Interactions with the various governance groups occurs as needed;
- Significant financial, managerial and operating information is accurate, reliable and timely; and
- Quality and continuous improvement are fostered in the CBE's control process;

Opportunities for improving internal controls, risk management and governance processes, service delivery and the CBE's image may be identified during the execution of audits. Such will be communicated to the appropriate level of management during the conduct of audits.

The scope of the Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organisation's system and internal control structure, risk management and governance processes and the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. It includes:

- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- Reviewing the systems established, including computer information systems, to ensure compliance with those policies, plans, procedures, laws and regulations which could have significant impact on operations and report on whether the organisation is in compliance;



- Reviewing the means of safeguarding the assets against possible loss due to fraud, irregularities, wastage and insufficient administrative practices and verifying the existence of such assets;
- Reviewing the acquisition of resources to ascertain that they were acquired economically, used efficiently and adequately safeguarded;
- Appraisal of the economic and efficient application of resources (assets and financial) of the organisation and the effective performance of the organisation's functions;
- Reviewing operations or programs to ascertain whether the results are consistent with the established objectives and goals and whether operations or programs are carried out as planned;
- Keeping abreast of the latest technological development and best practice in internal auditing, risk management and corporate governance;
- Reviewing the CBE's internal control, risk management and governance processes to ensure that quality and continuous improvements are fostered;
- Providing management and Audit and Risk Committee with appropriate reports, analyses, recommendation, counsel and information concerning activities reviewed;
- Reviewing specific operations at the request of management, audit committee and/or the Council, as appropriate;
- Consulting services, e.g. advisory role, facilitation, training, research services, with regard to related internal controls, risk management and governance process. Internal audit should, however, not develop and install procedures, or engage in activities, which would normally be reviewed by them;
- Evaluating the organisation's governance processes;
- Systematically analysing and evaluating business processes and associated controls;
- Providing a source of information as appropriate regarding instances of fraud, corruption, unethical behaviour and irregularities;
- Providing general annual written assessment of the effectiveness of the system of internal controls, risk management and governance processes to the audit committee, on financial, operations, compliance and sustainable issues;
- Providing general annual written assessment on the effectiveness of internal controls to senior management and Council via the Audit and Risk Committee;
- Internal audit should play a pivotal role in the combined assurance model by providing independent assurance over systems of internal controls, risk management and governance processes. Contributors predominantly include internal audit, risk management, compliance officers, quality assurance, external auditors and management; and
- The Internal Audit function, generally through the Audit and Risk Committee, should ensure the Council has provided combined assurance for the organisation to optimise costs, avoid duplication and prevent overload and assessment fatigue.

### **5.1. Key activities and objectives of the Audit Committee**

The Audit Committee is constituted in terms of Section 77 of the PFMA, read with Chapter 9 of the Treasury Regulations. The Audit and Risk Committee consists of three (3) independent experts and two (2) council members. The Audit and Risk Committee Chairperson is one of the independent experts serving on the committee. The Audit and Risk Committee





has satisfied itself of the expertise, resources and experience of the CBE finance, supply chain management, procurement and internal audit function. The Audit and Risk Committee has a charter that outlines its terms of reference.

The Audit Committee performed its functions as contemplated in the PFMA, namely oversight of integrated reporting by the CBE, which includes financial reporting, internal controls, internal and external audit processes, the risk management process, sustainability issues and the ICT governance process. The Audit Committee Chairperson reported to Council on a quarterly basis or as and when required.

The ARC performed the following role and activities during the year in assisting the Council to ensure that:

- the CBE has implemented an effective policy and plan for risk management that will
- enhance the CBE's ability to achieve its strategic objectives; and
- the disclosure regarding risk is comprehensive, timely, and relevant;
- review the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive information and prospectuses, trading statements and similar documents;
- comment on the annual financial statements, the accounting practices and the effectiveness of the internal financial controls;
- review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information;
- recommend to Council the engagement of an external assurance provider on material sustainability issues;

- recommend the integrated report for approval by Council;
- consider the frequency for issuing interim results;
- consider whether the external auditor should perform assurance procedures on the interim results;
- review the content of the summarised information for whether it provides a balanced view; and
- engage the external auditors to provide assurance on the summarized financial information.





The table below discloses relevant information on the audit committee members

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
D Coovadia	CA	External member		6 December 2010	Active	7
M Mothipe	CA	External member		8 February 2013	Active	7
F Gastin	CA	External member		6 December 2010	20 January 2014 (contract terminated)	0
Z Mvusi		Internal	CBE Council Member	29 July 2010	Active	4
V Mdwara		Internal	CBE Council Member	29 July 2010	Active	2

## 6. COMPLIANCE WITH LAWS AND REGULATIONS

The Audit and Risk Committee monitored all legal issues faced by the CBE so as to ensure that they were resolved. Management presented the non-compliance issues on a quarterly basis to the Audit and Risk Committee, Executive Committee and the Council to ensure that the CBE complied with all laws and regulations. The combined assurance framework and plan will be considered in the coming financial year.

## 7. FRAUD AND CORRUPTION

The Audit and Risk Committee reviewed and recommended the Fraud Prevention Strategy, Policy and Plan that were approved by the Council. An initial workshop was conducted with employees on the Fraud Prevention Policy and Plan. Further workshops are planned with employees on the Fraud Prevention Policy and Plan to enable them to be well educated on risk and fraud related matters.

During the approval of the Fraud Prevention Plan, a resolution was taken by Council that the CBE should include the six BEPCs in the government established

fraud reporting hotline at the Public Service Commission (PSC).

Meetings were held with all six BEPCs to discuss the joint fraud awareness campaign and the details around partnering with the PSC, wherein the following issues were noted:

- The status quo of the BEPCs regarding fraud prevention policies and the enforcement thereof;
- The suggestion of a joint fraud campaign to BEPCs once or twice a year; and at functions held by BEPCs where a larger group including the professionals could be targeted;
- A comprehensive summary of the fraud awareness campaign was identified as necessary in order to outline the roles and responsibilities of the BEPCs and CBE;
- A concern regarding the financial implications of the campaign especially co-branding was raised by all BEPCs.

Overall, the Professional Councils were positive about the joint fraud awareness campaigns and the PSC



hotline and its objectives. The initiative will be finalised during the new financial year.

During the year under review, the CBE introduced the following measures:

- Use of the PSC hotline to report fraud and/or suspicious fraudulent activities;
- Establishment of an anonymous e-mail to report fraud and/or suspicious fraudulent activities.

The following additional measures will be introduced early in the new financial year:

- Fraud questionnaires will be developed and a fraud survey is to be conducted bi-annually;

All suspected fraud and corruption will be rigorously investigated and in cases where the use of forensic investigators is warranted, such action will be instituted to determine the extent of the fraud and/or corruption. Human Resource disciplinary procedures will be instituted in line with the approved Human Resources Policy and disciplinary procedures in instances of fraud or corruption. Losses to the CBE as a result of fraud will be recovered from the perpetrator/s. Stringent controls will also be put in place to prevent re-occurrences based on lessons learned and a register of fraud incidents will be developed and maintained for regular updating.

## **8. MINIMISING CONFLICT OF INTEREST**

The criteria for the declaration of any conflict of interest, together with a conflict of interest register for the Council, Executive Committee, Audit and Risk Committee and other committees is in place. Attendance and declaration of interest registers was presented at all meetings of the Council. Annual conflict of interest registers are provided and signed by members of Council and other CBE committees.

The CBE regularly updates details related to close family of Council or committee members, as well as staff members. CBE SCM follows a due diligence process with CIPC to determine any conflicts of interest. This practice is not mandatory in terms of Treasury

regulations, but has been established as a good practice to prevent any potential conflict of interest.

## **9. CODE OF CONDUCT**

All employees and Council members signed the annual declaration indicating that they will abide by the approved code of conduct policy of the organisation.

## **10. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES**

The CBE complies with the Health and Safety Act by ensuring a safe and conducive working environment through awareness posters and bi-annual emergency evacuation drills. Health and Safety representatives received training during the year under review.

## **11. SOCIAL RESPONSIBILITY**

During 2013/14 financial year, the CBE partnered with ECSA and SACPV as well as media platforms to support a local primary school in Atteridgeville as part of the Mandela Day initiative.

## **12. AUDIT COMMITTEE REPORT**

We are pleased to present our report for the financial year ended 31 March 2014.

### **Audit Committee Responsibility**

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.



Name of members	Number of meetings attended
Mr D Coovadia (Chairperson) (External member)	7
Mr F Gastin (External member)	0 (Contract terminated 20 January 2014)
Ms K Mothiye (External member)	7
Mr V Mdwara (CBE Council)	2
Ms Z Mvusi (CBE Council)	4

Meetings held requiring Audit (External Members) involvement:	
Audit and Risk Committee	6
Council Risk Workshop	1
Selection Panel 4th Term of Office Council	1

### **The Effectiveness of Internal Control**

Our review of the findings of the Internal Audit work based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity.

The system of internal control was partially effective for the year under review. Several deficiencies in the system of internal control, including deviations from it, were reported by the internal auditors and the Auditor-General South Africa. The audit committee however, based on the reports of internal and external auditors, is of the opinion that the internal control system continues to improve.

The newly appointed internal auditors commenced with their work in December 2013.

The following internal audit work was completed during the year under review:

- Audit follow-up of AGSA and internal audit findings;
- Finance management;
- Supply chain management

- Audit of performance information; and
- Information technology infrastructure

The following were areas of concern:

- Inability to adhere to and enforce policies and procedures;
- IT environment

### **In-Year Management and Monthly/Quarterly Report**

The public entity has reported monthly and quarterly to the Executive Authority and Treasury as is required by the PFMA. The Audit Committee reports its satisfaction with the content and quality of monthly and quarterly reports prepared and submitted by the CBE during the year under review to the Executive Authority.

### **Evaluation of Financial Statements**

The Audit Committee have reviewed the annual financial statements prepared by the public entity:

- and discussed the audited financial statements to be included in the Annual Report, with the AGSA and management;
- the AGSA's management report and management's response thereto;
- significant adjustments resulting from the audit.

### **Auditor's Report**

The Audit Committee reviewed the CBE's implementation plan for audit issues raised in the prior year and is satisfied that the matters are being adequately resolved.

The Audit Committee concurs and accepts the conclusions of the external auditor 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.

*Dawood Coovadia*

**Dawood Coovadia CA (SA)**  
**Chairperson of the Audit Committee Council for the Built Environment**  
**31 May 2014**



# PART D

## HUMAN RESOURCE MANAGEMENT







# PART D: HUMAN RESOURCE MANAGEMENT

## 1. INTRODUCTION

The primary purpose of the Human Resources function is to ensure that the organisation has an adequate complement of relevant and key competencies to achieve its strategic objectives as reflected in its Strategic Plan. This is achieved by the alignment of the Human Resources Plan to the organisational strategy through:

- recruitment and selection of competent employees;
- provision of employee relations support;
- provision of HR support to managers with respect to all policy and procedure related matters;
- provision of employee wellness programme; and
- facilitating an integrated learning and development culture to enhance continuous professional development.

A number of priorities were set as critical to achieve the key strategic objective of ensuring a capacitated organisation. A key initiative was the development of the organisation's succession plan and implementation of various training and development initiatives.

The succession plan identified the following strategic issues for the sustainable capacitation of the organisation:

- **Strengthen resource planning through:**
  1. Redesign and capacitating the structure to meet requirements of the identified key delivery areas;
  2. Filling all funded positions in the current structure;

3. Training and re-skilling of existing professionals in the five identified key delivery areas;
4. Strengthening the remuneration and retention strategy.

### Employee performance management framework

Performance Management is aimed at improving employee performance towards achievement of organisational goals. The alignment of individual key performance areas with organisational objectives was achieved.

There was 96% compliance with the submission of performance agreements. Non-payment of performance rewards during the period under review caused despondence amongst staff regarding the whole performance system and has resulted in poor submission of performance reviews. Non-financial incentives were introduced in the latest Performance Management policy.

### Employee wellness programmes

The Employee Wellness Programme continues to assist in the enhancement of employee wellbeing. Health and wellness awareness was promoted through the use of posters, articles and initiatives. Wellness day activities such as World Aids Day and hosting of basic health screening and administration of preventative vaccines were held during the period under review.

### Policy development

The organisation has a set of 20 Human Resources related policies that are reviewed periodically to incorporate industry norms while ensuring alignment with updated legislation and gaps identified throughout the year. All reviewed and tabled human resources policies were approved within set timeframes.



### Highlight achievements

Management Development and Labour Relations training has proved to be effective and efficient. No labour relations cases have been brought to the attention of Human Resources.

All staff training planned was undertaken successfully.

### Challenges faced by the public entity

The limited and hierarchical nature of the current organisational structure has proved to be unsuitable to finalise an implementable succession plan. The secondment of one of the senior managers to the Executive Authority is seen as a good gesture in support of the National Department of Public Works. However, this has resulted in a shortage of executive capacity within the organisation. A number of internal movements have occurred owing to the non-finalisation of the recruitment of a fixed term Chief Operations Officer. A few fixed term support positions were also created to capacitate delivery of projects, particularly in the areas of Research and Skills Development,

which are projects addressing the strategic objective of supporting the government's development priorities within the built environment.

### Future HR plans /goals

1. Improvement of the current human resources delegation of authority. A review of the current delegation of authority has been proposed.
2. Strengthening of resource planning. Lack of human resources capacity was identified during the strategic and performance planning.
3. Periodical review of organisational structure and implementation in line with the strategic plan. Restructuring of the organogram is underway.
4. Filling of all funded positions in the approved organisational structure. Review of job grading for all positions is underway.
5. Finalise implementation of the training plan. Needs have been identified and training has commenced.

## 2. HUMAN RESOURCE OVERSIGHT STATISTICS

### Personnel Cost by programme/ activity/ objective

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Administration	16 705	5 898	35%	13	492
Built Environment Academy	4 917	1 517	31%	2	758
Centre for Innovation and Integrated Planning	8 874	5 085	57%	10	508
Public Interest	3 259	1 622	50%	3	541
Special Project's Personnel (Temporary Staff)		1 212	0%	5	242
<b>Total</b>	<b>33 755</b>	<b>15 333</b>	<b>45%</b>	<b>32</b>	<b>2 541</b>



### Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	2 133	14%	2	1067
Senior Management	4 468	29%	6	745
Professional qualified	5 403	35%	10	540
Skilled	1 098	7%	3	366
Semi-skilled	879	6%	5	176
Unskilled	140	1%	1	140
Special Project's Personnel	1 212	8%	5	242
<b>TOTAL</b>	<b>15 333</b>	<b>100%</b>	<b>32</b>	<b>479</b>

### Performance Rewards

Programme//activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	14	2 133	1%
Senior Management	51	4 468	1%
Professional qualified	102	5 403	2%
Skilled	16	1 098	2%
Semi-skilled	8	879	1%
Unskilled	0	140	0%
Special Projects Personnel	0	1 212	0%
<b>TOTAL</b>	<b>193</b>	<b>15 333</b>	<b>1%</b>



## Training Costs

Programme//activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Administration	5 898	410	7%	12	31
Built Environment Academy	1 517	64	4%	2	32
Centre for Innovation and Integrated Planning	5 085	238	5%	8	30
Public Interest	1 622	94	6%	3	31
Special Projects Personnel (Temporary staff)	1 212	0	0%	0	0
<b>TOTAL</b>	<b>15 333</b>	<b>806</b>	<b>5%</b>	<b>25</b>	<b>27</b>

## Employment and vacancies

Programme/activity/objective	2012/2013 No. of Employees	2013/2014 Approved Posts	2013/2014 No. of Employees	2013/2014 Vacancies	% of vacancies
Administration	13	13	12	1	0.08
Built Environment Academy	2	2	2	0	0.00
Centre for Innovation and Integrated Planning	10	10	8	2	0.22
Public Interest	3	3	3	0	0.00
<b>TOTAL</b>	<b>28</b>	<b>28</b>	<b>25</b>	<b>3</b>	<b>0.11%</b>

Programme/activity/objective	2012/2013 No. of Employees	2013/2014 Approved Posts	2013/2014 No. of Employees	2013/2014 Vacancies	% of vacancies
Top Management	3	3	1	2	0.50
Senior Management	6	6	5	1	0.18
Professional qualified	10	10	10	0	0.00
Skilled	3	3	3	0	0.00
Semi-skilled	5	5	5	0	0.00
Unskilled	1	1	1	0	0.00
<b>TOTAL</b>	<b>28</b>	<b>28</b>	<b>25</b>	<b>3</b>	<b>0.11%</b>



Attempts to appoint a Chief Operations Officer on a fixed term basis was delayed due to non-approval from the Accounting Authority. The nature of the organisational structure creates limitations in terms of internal movement. The position has remained unfilled for a period of nine months since vacated. The matter is receiving attention at the Executive and Accounting Authority level.

### Employment changes

There were three terminations and one appointment during the period. The COO and CFO positions became vacant as a result of an extension of secondment and two resignations. A Regulations and Legal Services Manager was appointed.

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	0	2	1
Senior Management	6	1	1	6
Professional qualified	10	0	0	10
Skilled	3	0	0	3
Semi-skilled	5	0	0	5
Unskilled	1	0	0	1
Special Projects Personnel (Temporary staff)	1	4	1	4
<b>Total</b>	<b>29</b>	<b>5</b>	<b>4</b>	<b>30</b>

### Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	2	0.07%
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	0	0
Secondment	1	0.04%
<b>Total</b>	<b>3</b>	<b>0.11%</b>

Terminations have occurred as a result of resignations. All executive management recruitment has been halted pending the appointment of the new Council.





### Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	0
Dismissal	0

### Equity Target and Employment Equity Status

The CBE has not yet developed an equity plan. The analysis presented below is based on statistics South Africa information on employment equity.

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	1	0	0	0	0	0	0
Senior Management	1	2	1	1	0	0	1	1
Professional qualified	6	6	0	0	0	0	1	1
Skilled	0	3	0	0	0	1	0	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>7 (70.0)</b>	<b>12(79.8)</b>	<b>1 (10.0)</b>	<b>1(8.9)</b>	<b>0 (0.00)</b>	<b>1(2.6)</b>	<b>2 (20.0)</b>	<b>2 (8.7)</b>



Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	2	0	0	0	0	0	0
Senior Management	2	2	0	0	0	0	0	0
Professional qualified	2	2	0	1	0	1	1	1
Skilled	5	5	0	0	0	0	1	0
Semi-skilled	0	0	1	1	0	0	0	0
Unskilled	1	1	0	0	0	0	0	0
<b>TOTAL</b>	<b>11 (80.0)</b>	<b>12(79.8)</b>	<b>1 (6.7)</b>	<b>2(9.1)</b>	<b>0 (0.0)</b>	<b>1(2.4)</b>	<b>2 (13.3)</b>	<b>1(8.7)</b>

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>





## GENERAL INFORMATION

<b>Country of incorporation and domicile</b>	<b>South Africa</b>
<b>Legal form of entity</b>	Schedule 3A
<b>Nature of business and principal activities</b>	Built Environment Regulator
<b>Members</b>	Portia Tau - Sekati (Chairperson) Eugenia Kula Ameyaw Frederick Brian Johnson Menno Klapwijk Molefi Kubuzie Victor Vuyisile Mdwara Lucky Welcome Molobela Zanele Mvusi Sindisiwe Ngxongo Elma Inge Pieterse Lula Paraksevy Scott Hendrikus Van Der Hoven Dinga Rammy Nkwashu Phill Mashabane (Deputy Chairperson) Godfrey Thamaga Chaane Charles Israelite Gamede Cyril Vuyani Peters Adrian Michael
<b>Registered office</b>	121 Muckleneuk Nieuw Muckleneuk 0027
<b>Business address</b>	121 Muckleneuk Nieuw Muckleneuk 0027
<b>Postal address</b>	PO Box 915 Groenkloof 0027
<b>Auditors</b>	Auditor General of South Africa

## INDEX

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The reports and statements set out below comprise the financial statements presented to the parliament:

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## ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The CBE Council is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the CBE Council to ensure that the financial statements fairly present the state of affairs of the CBE as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The CBE Council acknowledge that they are ultimately responsible for the system of internal financial control established by the CBE and place considerable importance on maintaining a strong control environment. To enable the CBE Council to meet these responsibilities, the Accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the CBE and all employees are required to maintain the highest ethical standards in ensuring the CBE's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the CBE is on identifying, assessing, managing and monitoring all known forms of risk across the CBE. While operating risk cannot be fully eliminated, the CBE endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The CBE Council is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The CBE Council has reviewed the CBE's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, they are satisfied that the CBE has or has access to adequate resources to continue in operational existence for the foreseeable future.

The CBE is mainly dependent on the Government grant for continued funding of operations. The financial statements are prepared on the basis that the CBE is a going concern and that the CBE has neither the intention nor the need to liquidate or curtail materially the scale of the CBE.

The accounting authority is primarily responsible for the financial affairs of the CBE.

The external auditors are responsible for independently reviewing and reporting on the CBE's financial statements. The financial statements were examined by the Auditor-General and their report is presented on pages 83 to 85.

The financial statements set out on pages 86 to 122, which have been prepared on the going concern basis, were approved by the accounting authority on 29 May 2014 and were signed on its behalf by:

**Portia Tau - Sekati (Chairperson)**  
**Chairperson of Council**



# REPORT OF THE AUDITOR-GENERAL TO THE PARLIAMENT ON THE COUNCIL FOR THE BUILT ENVIRONMENT

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the financial statements of the Council for the Built Environment set out on pages 86 to 122 which comprises the statement of financial position as at 31 March 2014, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform

the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council for the Built Environment as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.



# REPORT OF THE AUDITOR-GENERAL TO THE PARLIAMENT ON THE COUNCIL FOR THE BUILT ENVIRONMENT

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, noncompliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2014:
- Programme 1: Administration on pages 20-27;
  - Programme 2: Built Environment Skills Development Programme on pages 28-34;
  - Programme 3: Centre for Innovation and Integrated Planning on pages 35-40.
9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I

further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for Managing Programme Performance Information (FMPPI)*.

11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
12. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

### Additional matters

13. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matters:

### Achievement of planned targets

14. Refer to the annual performance report on pages 18 to 46 for information on the achievement of the planned targets for the year.

### Adjustment of material misstatements

15. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for Programme 2. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.



## REPORT OF THE AUDITOR-GENERAL TO THE PARLIAMENT ON THE COUNCIL FOR THE BUILT ENVIRONMENT

### Compliance with legislation

16. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

### Annual financial statements, performance and annual report

17. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA. Material misstatements of revenue, employee cost and the statement of comparison of budget and actual amounts identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### Internal control

18. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report.

### Financial and performance management

19. Management has not established sufficient controls to ensure the completeness and accuracy of the financial statements and the annual performance report.

*Auditor-General*

Pretoria  
31 July 2014



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

		2014	2013
	Note(s)	R '000	R '000
<b>Assets</b>			
Current Assets			
Trade and other receivables from exchange transactions	5	124	128
Trade and other receivables from non-exchange transactions	6	261	71
Cash and cash equivalents	7	11,916	6,474
		<b>12,301</b>	<b>6,673</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	2,944	1,537
Intangible assets	4	441	490
		<b>3,385</b>	<b>2,027</b>
<b>Total Assets</b>		<b>15,686</b>	<b>8,700</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	8	3,289	2,685
Provisions	9	165	234
Deferred operating lease liability	24	684	452
		<b>4,138</b>	<b>3,371</b>
<b>Total Liabilities</b>		<b>4,138</b>	<b>3,371</b>
<b>Net Assets</b>		<b>11,548</b>	<b>5,329</b>
<b>Net Assets</b>			
Accumulated surplus		11,548	5,329



## STATEMENT OF FINANCIAL PERFORMANCE

		2014	2013
	Note(s)	R '000	R '000
<b>Revenue</b>			
Other operating income		15	54
Revenue from non-exchange transactions	10	39,999	29,930
Revenue from exchange transactions	11	3	268
<b>Total revenue</b>		<b>40,017</b>	<b>30,252</b>
<b>Expenditure</b>			
Personnel costs	12	(16,228)	(13,707)
Administrative expenses	13	(9,549)	(9,408)
Depreciation and amortisation	14	(500)	(331)
MERSETA project expense	15	(74)	-
Operating expenses	16	(7,447)	(4,733)
<b>Total expenditure</b>		<b>(33,798)</b>	<b>(28,179)</b>
<b>Operating surplus</b>		<b>6,219</b>	<b>2,073</b>
<b>Surplus for the year</b>		<b>6,219</b>	<b>2,073</b>



## STATEMENT OF CHANGES IN NET ASSETS

	<b>Accumulated surplus</b>	<b>Total net assets</b>
	<b>R '000</b>	<b>R '000</b>
<b>Balance at 01 April 2012</b>	<b>3,256</b>	<b>3,256</b>
Changes in net assets		
Surplus for the year	2,073	2,073
Total changes	<u>2,073</u>	<u>2,073</u>
<b>Balance at 01 April 2013</b>	<b>5,329</b>	<b>5,329</b>
Changes in net assets		
Surplus for the year	6,219	6,219
Total changes	<u>6,219</u>	<u>6,219</u>
<b>Balance at 31 March 2014</b>	<b><u>11,548</u></b>	<b><u>11,548</u></b>

## CASH FLOW STATEMENT

		2014	2013
	Note(s)	R '000	R '000
<b>Cash flows from operating activities</b>			
<b>Receipts from:</b>			
Grants		37,959	28,146
Interest income		3	268
Cash receipts from customers		1,806	1,839
Other cash receipts	26	1,453	-
		41,221	30,253
<b>Payments to:</b>			
Employee costs		(16,505)	(13,362)
Suppliers		(17,410)	(15,965)
		(33,915)	(29,327)
<b>Net cash flows from operating activities</b>	18	<b>7,306</b>	<b>926</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(1,747)	(596)
Purchase of other intangible assets	4	(117)	(295)
<b>Net cash flows from investing activities</b>		<b>(1,864)</b>	<b>(891)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,442</b>	<b>35</b>
Cash and cash equivalents at the beginning of the year		6,474	6,439
<b>Cash and cash equivalents at the end of the year</b>	7	<b>11,916</b>	<b>6,474</b>

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
R '000	R '000	R '000	R '000	R '000	R '000

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Other operating income	-	-	-	7	7
Revenue from non-exchange transactions	39,676	-	39,676	39,999	323
<b>Revenue from exchange transactions</b>	<b>140</b>	<b>-</b>	<b>140</b>	<b>3</b>	<b>(137)</b>

##### Total revenue from exchange transactions

<b>39,816</b>	<b>-</b>	<b>39,816</b>	<b>40,009</b>	<b>193</b>
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#### Expenditure

Personnel costs	(17,582)	880	(16,702)	(16,348)	354
Administrative expenses	(9,869)	179	(9,690)	(9,310)	380
MERSETA project expense	-	-	-	(74)	(74)
Operating expenses	(12,035)	-	(12,035)	(7,447)	4,588

##### Total expenditure

<b>(39,486)</b>	<b>1,059</b>	<b>(38,427)</b>	<b>(33,179)</b>	<b>5,248</b>
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##### Surplus before taxation

<b>330</b>	<b>1,059</b>	<b>1,389</b>	<b>6,830</b>	<b>5,441</b>
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##### Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement

<b>330</b>	<b>1,059</b>	<b>1,389</b>	<b>6,830</b>	<b>5,441</b>
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#### Reconciliation

##### None cash movements

Depreciation	(500)
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Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	R '000
Provision for leave	-	-	-	51		
Provision for bonus	-	-	-	69		
Write offs	-	-	-	(7)		
Operating lease smoothing	-	-	-	(232)		
Donations received				8		
<b>Actual Amount in the Statement of Financial Performance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,219</b>		

**Statement of Financial Position**

**Assets**

**Non-Current Assets**

Property, plant and equipment	(220)	(1,051)	(1,271)	(1,736)	(465)	
Intangible assets	(110)	(8)	(118)	(117)	1	
	<b>(330)</b>	<b>(1,059)</b>	<b>(1,389)</b>	<b>(1,853)</b>	<b>(464)</b>	
<b>Total Assets</b>	<b>(330)</b>	<b>(1,059)</b>	<b>(1,389)</b>	<b>(1,853)</b>	<b>(464)</b>	
<b>Net Assets</b>	<b>(330)</b>	<b>(1,059)</b>	<b>(1,389)</b>	<b>(1,853)</b>	<b>(464)</b>	





## ACCOUNTING POLICIES

### 1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations and directives, issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the CBE.

#### 1.2 Going concern assumption

These financial statements have been prepared based on the expectation that the CBE will continue to operate as a going concern for at least the next 12 months.

#### 1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant

## ACCOUNTING POLICIES

and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fittings	10 years
Office equipment	8 years
Computer equipment	6 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected

from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.



## ACCOUNTING POLICIES

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### 1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the CBE.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

## ACCOUNTING POLICIES

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

### 1.5 Financial instruments (continued)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or

at the time of the contribution; or

- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

#### *Initial recognition*

The entity recognises a financial asset or a financial liability in its statement of financial position when the





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entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

### **Initial measurement of financial assets and financial liabilities**

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

### **Derecognition**

#### **Financial assets**

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity must recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

### **Financial liabilities**

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

### **Presentation**

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

## **1.6 Judgements made by management**

### **Intangible assets**

#### **Computer software**

If the computer hardware can operate without the software then the software is recognised as intangible assets and not property plant and equipment.

#### **Property plant and equipment**

At reporting date all assets were reviewed for their useful life as follows:



## ACCOUNTING POLICIES

- Computer equipment over a two to three-year period
- Office equipment over a two to three-year period

### **Receivables**

Receivables are assessed at each reporting period if they are impaired or doubtful.

### **Impairment Testing**

All assets and liabilities are tested for impairment based on the available information at the time of testing and management's assessment of the assets and liabilities.

### **Provisions**

Provisions are raised and or adjusted based on the available information at the time of testing. Management base their estimates on the probability of the event happening, the available information and past experience.

### **1.7 Budget information**

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the CBE shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/04/2013 to 31/03/2014.

The financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the financial statements. Refer to note 17.

### **1.8 Related parties**

The CBE operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the CBE, including those charged with the governance of the CBE in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the CBE.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

### **1.9 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.



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### **Finance leases - lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

### **Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### **1.10 Impairment of non-cash-generating assets**

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:

- a. the period of time over which an asset is expected to be used by the entity; or
- b. the number of production or similar units expected to be obtained from the asset by the entity.

### **Identification**

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

## ACCOUNTING POLICIES

The CBE assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the CBE estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

### 1.11 Employee benefits

Employee benefits are all forms of consideration given by the CBE in exchange for service rendered by employees. Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from the CBE's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the CBE has indicated to other parties that it will accept certain responsibilities and as a result, the CBE has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

### *Short-term employee benefits*

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid and



## ACCOUNTING POLICIES

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The CBE measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

### 1.11 Employee benefits (continued)

The entity recognise the expected cost of bonus, incentive and performance related payments when the CBE has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### **Post-employment benefits**

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

#### **Post-employment benefits: Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the CBE pays fixed contributions into a separate Provident fund (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the CBE during a reporting period, the CBE recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the CBE recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

### 1.12 Provisions and contingent liabilities

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;



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- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

### 1.12 Provisions and contingent liabilities (continued)

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the CBE settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is:

- a possible 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 control of the entity; or
- a present obligation that arises from past event but is not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are disclosed in note 23.

### 1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the CBE provides assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.





## ACCOUNTING POLICIES

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### **Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

### **Interest, royalties and dividends**

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

### **1.13 Revenue from exchange transactions (continued)**

Investment Income is recognised on a time proportion basis using the effective interest method.

### **1.14 Revenue from non-exchange transactions**

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the CBE, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the CBE can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the CBE either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

### **Recognition**

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

## ACCOUNTING POLICIES

### **Measurement**

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

### **1.15 Comparative figures**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### **1.16 Fruitless and wasteful expenditure**

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### **1.17 Irregular expenditure**

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- a. this Act; or
- b. the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- c. any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.



## ACCOUNTING POLICIES

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Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. New standards and interpretations

#### 2.1 New standards

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2014 or later periods but are not relevant to its operations:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
▪ GRAP 18: Segment Reporting	01 April 2016	The statement is not relevant to the CBE operations
▪ GRAP 105: Transfers of functions between entities under common control	01 April 2014	The statement is not relevant to the CBE operations
▪ GRAP 106: Transfers of functions between entities not under common control	01 April 2014	The statement is not relevant to the CBE operations
▪ GRAP 107: Mergers	01 April 2014	The statement is not relevant to the CBE operations
▪ GRAP 20: Related parties	01 April 2014	The standard does not have a material impact on the financial statements. The CBE has during the financial year disclosed all related parties and transactions in line with the standard
▪ GRAP32: Service Concession Arrangements: Grantor	01 April 2015	The statement is not relevant to the CBE operations
▪ GRAP108: Statutory Receivables	01 April 2015	The statement is not relevant to the CBE operations

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Property, plant and equipment

	2014			2013		
	R '000			R '000		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1,691	(654)	1,037	1,154	(574)	580
Office equipment	1,075	(514)	561	858	(412)	446
Computer equipment	1,875	(529)	1,346	940	(429)	511
<b>Total</b>	<b>4,641</b>	<b>(1,697)</b>	<b>2,944</b>	<b>2,952</b>	<b>(1,415)</b>	<b>1,537</b>

#### Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Transfers	Write offs	Depreciation	Total
Furniture and fixtures	580	537	1	-	(81)	1,037
Office equipment	446	217	(1)	-	(101)	561
Computer equipment	511	993	-	(7)	(151)	1,346
	<b>1,537</b>	<b>1,747</b>	<b>-</b>	<b>(7)</b>	<b>(333)</b>	<b>2,944</b>

#### Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Write offs	Depreciation	Total
Furniture and fixtures	511	142	(7)	(66)	580
Office equipment	296	230	(17)	(63)	446
Computer equipment	400	224	(32)	(81)	511
	<b>1,207</b>	<b>596</b>	<b>(56)</b>	<b>(210)</b>	<b>1,537</b>

#### Pledged as security

None of the CBE's property, plant and equipment has been pledged as security for any liability or contingent liability.

The residual values of property, plant and equipment have been assessed to be negligible, as a result they have not been considered in the calculation of the depreciable amount.



## NOTES TO THE FINANCIAL STATEMENTS

### 4. Intangible assets

	2014 R '000			2013 R '000		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,146	(705)	441	1,102	(612)	490

#### Reconciliation of intangible assets - 2014

	Opening balance	Additions	Write offs	Amortisation	Total
Computer software	490	117	(1)	(165)	441

#### Reconciliation of intangible assets - 2013

Computer software	364	295	(49)	(120)	490
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None of the CBE's intangible assets has been pledged as security for any liability or contingent liability. The residual values of intangible assets have been assessed to be negligible, as a result they have not been considered in the calculation of the depreciable amount.

2014 R '000	2013 R '000
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### 5. Trade and other receivables from exchange transactions

Trade and other receivables from exchange transactions	1	5
Rental Deposits	123	123
	<u>124</u>	<u>128</u>

Trade and other receivables from exchange transactions approximates their fair values.

### 6. Trade and other receivables from non-exchange transactions

Levies	261	71
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None of the trade and other receivables from non - exchange transactions has been pledged as security for any liability or contingent liability.

Trade and other receivables from non-exchange transactions approximates their fair values.



## NOTES TO THE FINANCIAL STATEMENTS

2014	2013
R '000	R '000

### 7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4	6
Bank balances (current account)	11,912	2,041
Call account (Investments)	-	4,427
	<b>11,916</b>	<b>6,474</b>

None of the cash balances has been pledged as security to any liability or contingent liability.

Credit quality of cash at bank and short term deposits, excluding cash on hand.

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating		
F1 (ZAF) Fitch rating	-	4,427
F1 + Fitch Rating	11,916	2,047
	<b>11,916</b>	<b>6,474</b>

### 8. Trade and other payables from exchange transactions

Trade and other payables from exchange transactions	1,097	1,446
Leave payable	612	663
Accruals	1,580	576
	<b>3,289</b>	<b>2,685</b>

The CBE has not defaulted on any of its payables

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Provisions

#### Reconciliation of provisions - 2014

	Opening Balance	Utilised during the year	Reversed during the year	Total
Provision for bonus payment	234	(26)	(43)	165

#### Reconciliation of provisions - 2013

	Opening Balance	Additions	Utilised during the year	Total
Provision for bonus payment	234	12	(12)	234

#### Provision for bonus payment

During the current year the CBE raised a provision for bonus payment in relation to performance bonus for the performance period April 2013 to March 2014. Provision for bonus payment is prepared on the basis of prior year's actual performance which was 2% of the basic annual salary and management is of the view that the amount will be adequate to cover the performance bonus of the organisation for the 2013/2014 financial year.

2014	2013
R '000	R '000

### 10. Revenue from non-exchange transactions

Government grant from Department of Public Works	37,959	28,146
Levies received	1,840	1,784
MERSETA Grant	200	-
	<b>39,999</b>	<b>29,930</b>

### 11. Revenue from exchange transactions

#### Interest revenue

Interest received	3	268
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## NOTES TO THE FINANCIAL STATEMENTS

2014	2013
R '000	R '000

### 12. Personnel costs

Basic	9,262	8,148
PAYE	3,740	2,924
Provident fund contributions	1,706	1,533
Medical aid contributions	603	567
UIF	102	85
Employee benefits provisions	(51)	143
Staff training	847	258
Staff welfare	88	49
Bonus	(69)	-
	<b>16,228</b>	<b>13,707</b>

#### Remuneration of Chief Financial Officer (M Sedite)

Annual Remuneration	952	890
Contributions to UIF, Medical Aid, Pension Funds	81	81
Subsistence and Travel	4	-
Telephone reimbursement	10	-
	<b>1,047</b>	<b>971</b>

Included in the Personnel cost above is the Chief Financial Officer's remuneration as broken down under remuneration of chief financial officer for the period 1 April 2013 to 28 February 2014.

#### Remuneration of Acting Chief Executive Officer (M Ralephata)

Annual Remuneration	-	<b>114</b>
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Included in the Personnel cost above is the Acting Chief Executive Officer's remuneration as broken down under remuneration of Acting Chief Executive officer for period 1 April 2012 to 30 April 2012.

#### Remuneration of Acting Chief Operations Officer (L Zepe)

Annual Remuneration	243	755
Contributions to UIF, Medical and Pension Funds	17	65
Subsistence and Travel	5	-
	<b>265</b>	<b>820</b>

Included in the Personnel cost above is the Acting Chief Operations Officers remuneration as broken down under remuneration of Acting Chief Operations Officer for the period 1 April 2013 to 30 June 2013.

## NOTES TO THE FINANCIAL STATEMENTS

	<b>2014</b>	<b>2013</b>
	<b>R '000</b>	<b>R '000</b>
<b>Remuneration of Chief Executive Officer (G Mazibuko)</b>		
Annual Remuneration	986	842
Contributions to UIF, Medical and Pension Funds	91	78
Subsistence and Travel	10	-
	<b>1,087</b>	<b>920</b>

Included in the Personnel cost above is the Chief Executive Officer's remuneration as broken down under Remuneration of Chief Executive Officer for the period 1 April 2013 to 31 March 2014.

### 13. Administrative expenses

Administrative expenses include the following

Auditors remuneration	1,418	1,006
Internal audit fees	233	856
Advertising	632	826
Lease rentals on operating lease	3,718	3,225
Telephone and fax	424	352
Computer expenses	1,026	1,218
Council expenses **	719	841
Training	-	49
Catering	82	62
Conferences and seminars	7	17
Building Cost and Consumables	926	617
Printing and stationery	124	127
Insurance	219	187
Bank charges	21	25
	<b>9,549</b>	<b>9,408</b>

\*\* Included in administrative fees above is the Council, Council sub committees and Audit committee members remuneration.

Below is a breakdown of individual members:





## NOTES TO THE FINANCIAL STATEMENTS

### 13. Administrative expenses (continued)

Member	Council meetings	Other committee's meetings attended	Claim for attendance in R'000	Subsistence and travel in R'000	Total claim in R'000 2013/2014	Total claim in R'000 2012/2013
P Tau - Sekati (Chairperson)	5	27	90	11	101	114
P Mashabane (Deputy Chairperson)	3	16	50	15	65	39
T Majozi (Former Deputy Chairperson)	-	-	-	-	-	3
C Campbell	-	-	-	-	-	4
GT Chaane	2	4	17	4	21	20
C Israelite	4	5	-	-	-	-
F Johnson	4	2	-	2	2	1
M Klapwijk	3	7	29	-	29	20
M Kubuzie	2	2	12	1	13	17
EX Kula - Ameyaw	4	12	40	5	45	33
VV Mdwara	3	3	-	1	-	-
LW Molobela	3	14	41	53	94	68
Z Mvusi	2	4	14	-	14	9
S Ngxongo	3	4	20	1	21	28
DR Nkhwashu	2	5	18	-	18	25
EI Pieterse	4	3	-	-	-	-
CV Gamede	1	2	-	-	-	-
PE Scott	5	5	26	5	31	34
HJ Van der Hoven	4	6	23	10	33	37
AM Peters	4	2	26	4	30	-
D Coovadia (Audit Committee Chairperson)	-	7	71	8	79	79
T Sihlaba (Audit Committee member)	-	-	-	-	-	9
F Gustin (Audit Committee Member)	-	-	-	-	-	35
M Mothipe (Audit Committee member)	-	7	58	-	58	18
P Radebe	-	-	-	-	-	60
	<b>58</b>	<b>137</b>	<b>535</b>	<b>120</b>	<b>654</b>	<b>653</b>

## NOTES TO THE FINANCIAL STATEMENTS

2014	2013
R '000	R '000

### 14. Depreciation and amortisation

**Depreciation and amortisation expenditure include the following:**

Property, plant and equipment	334	211
Intangible assets	166	120
	<b>500</b>	<b>331</b>

### 15. MERSETA project expense

Included in MERSETA project expense are the following:

Bank Charges	1	-
Catering	26	-
Travel and Accommodation	47	-
	<b>74</b>	<b>-</b>

### 16. Operating expenses

**Operating expenses include the following:**

Travel and accommodation	1,459	812
Consulting fees	4,116	1,406
Assets written off	7	105
Subscriptions and membership fees	2	338
Bursary Scheme (Bursaries)	844	1,840
Catering for projects	74	40
Awareness and Publications	796	44
Events and Workshops	149	148
	<b>7,447</b>	<b>4,733</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 17. Comparison of Budget and Actual amounts

For the financial year 2013/2014 the CBE prepared its budget on a cash basis and its financial reports on accrual basis.

Below is the reasons for the variance on the CBE actual performance to the budget for the year ended 31 March 2014

**Grant Income:** total grant was received as planned.

**Levies:** The CBE recovered more levies than originally estimated this resulted in an over recovery of R123,000.

**Other receipts:** constitute unplanned revenue resulting from insurance claims and the grant from MERSETA to assist with the SIP's project.

**Interest:** the CBE did not earn interest due to the closure of the investment account with Investec.

**Employee costs:** The variance is due to seconded employee's reimbursements which was set off against employee costs, vacant posts that remains unfilled.

#### **Goods and Services:**

The variance is due to some targets that were not achieved in the annual performance of the organisation as reported in the performance report. The reasons for the non achievement of the target are reported in the performance report. below are the reasons for the variances in the areas:

- (i) the bursary scheme line item in the operating expenses was underspent with the maths and science project covering the period January 2014 to December 2014. The detailed reasons for the non achievement of the target are reported in the performance report.
- (ii) the information technology (COP) project was underspent with the MSP project delayed. A contract has been engaged with the service provider and work had began at year end. The detailed reasons for the non achievement of the target are reported in the performance report.
- (iii) the internal audit expense was underspent due to the late start of the internal audit contract, the work still outstanding expected to be completed in May 2014. A contract has been engaged with the service provider and work had began at year end. The detailed reasons for the non achievement of the target are reported in the performance report.
- (iv) the research expense was underspent due to work that was performed internally by staff and therefore resulted in a savings in this area during the year. The detailed reasons for the non achievement of the target are reported in the performance report.

**Depreciation and amortisation:** The CBE uses the cash based budget which excludes budgeting for depreciation and amortisation.

**Fixed assets additions:** The fixed assets variance is due to purchases of assets that were required to maintain the CBE IT infrastructure and furniture and fittings that was required to host the additional capacity that the CBE requires.

## NOTES TO THE FINANCIAL STATEMENTS

	2014	2013
	R '000	R '000
Surplus	6,219	2,073
<b>Adjustments for:</b>		
Depreciation and amortisation	500	331
Movements in Deferred operating lease liability	232	31
Movements in provisions	(69)	-
Adjustments, losses and writeoffs	7	105
Other non-cash items	(3)	(3)
<b>Changes in working capital:</b>		
Trade and other receivables from exchange transactions	4	(3)
Increase in trade and other receivables from non-exchange transactions	(190)	(28)
Trade and other payables from exchange transactions	606	(1,580)
	<b>7,306</b>	<b>926</b>

### 18. Cash generated from operations

### 19. Irregular expenditure

Opening balance	-	40
Add: Irregular Expenditure - current year	352	-
Less: Amounts condoned	-	(40)
	<b>352</b>	<b>-</b>

#### Details of irregular expenditure – current year

	Details	
Tax Clearance Certificates	Procurement for assets was made from a supplier whose tax clearance certificate has expired	274
Procurement without three quotations	Services were procured without obtaining three quotations	77
		<b>351</b>

The CBE had during the year procured a server and software from a supplier whose tax clearance had expired. The new tax clearance was subsequently obtained. This resulted in irregular expenditure of R274,710.13. The CBE will investigate the matter and corrective steps will be taken.

During the current financial year the CBE had procured services of advertisements from newspapers without obtaining 3 quotes due nature of the service and preference of the media to be used. This has resulted in irregular expenditure of R77,367.24.

## NOTES TO THE FINANCIAL STATEMENTS

2014	2013
R '000	R '000

### 20. Fruitless and wasteful expenditure

Opening balance	215	215
Fruitless and wasteful expenditure incurred during the year	-	-
	<b>215</b>	<b>215</b>

During the 2011/2012 financial year the CEO's recruitment process was cancelled by the CBE Council, the process was re- initiated and new service provider was sourced. The previous service provider was already remunerated for the work performed at the time of cancellation amounting to R215,360.00 which was not utilised in the new process. An inquiry into the previous recruitment has been instituted by the CBE Council and was not yet completed by the end of the financial year. There is a possible contingent liability amounting to R40,000.00 should the service provider enforce the contractual obligation.

### 21. Financial Instruments

#### Interest rate risk

Interest rate risk arises primarily from the CBE's investment in cash and cash equivalents. The exposure in terms of cash and cash equivalents are tabled under notes on credit and liquidity risk. Due to the nature of accounts payables and payments being made within 30 days in terms of the PFMA, accounts payables does not attract interest rate risk.

A 1% change in the market interest rate on the outstanding balances of the following instruments at year-end will have the following effect per year:

Change in interest rate

	Change in interest rate	Upward change R'000	Downward change R'000
Cash in current banking institutions	1.00 %	119	119

#### Credit risk

The financial assets that potentially subject the CBE to the risk of non-performance by counter-parties and thereby subject the CBE to concentrations of credit risk, consist mainly of cash and cash equivalents and receivables. The credit risk is controlled through the application of approved regulations, limits and monitoring procedures.

The CBE limits its counter-party exposure by only dealing with well-established financial institutions with high credit ratings assigned by international credit-rating agencies. Credit risk with respect to receivables is limited, due to the nature of the CBE's revenue transactions. The CBE does not have any significant exposure to any individual customer or counter-party. Accordingly, the CBE does not consider having any significant concentration of credit risk, which had not been adequately provided for. At year end receivables are not considered to be impaired or past due date.



## NOTES TO THE FINANCIAL STATEMENTS

Financial assets exposed to credit risk at year end were as follows:

	2014 R '000	2013 R '000
<b>Financial instrument</b>		
Receivables - unrated	385	199
Cash and Cash Equivalents: F1 (Fitch rating)	11,912	6,474

### Liquidity risk

The CBE manages liquidity risk through proper management of working capital, capital expenditure and cash flow; and by variance reports between actual and budgeted amounts.

### Exposure to liquidity risk

The following are the maturities and contractual cash flows of other financial liabilities which have been discounted.

### Financial liabilities

Within one year	2,677	2,022
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### Fair values

The CBE's financial instruments consist mainly of cash and cash equivalents, receivables and payables. No financial asset was carried at an amount in excess of its fair values could be reliably measured for all financial assets. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

### Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

Cash and cash equivalents are invested with reputable financial institutions with maturity of three months or less.

### Receivables

The carrying amount of receivables net of provision for impairment approximates fair value due to the relatively short-term maturity of this financial assets.

### Financial liabilities

The carrying amount of payables approximates fair value due to the relatively short-term maturity of this financial liability.

The carrying amount of financial instruments is per category is as follows:

Financial Assets	12,301	6,673
Financial Liabilities	2,667	2,022

## NOTES TO THE FINANCIAL STATEMENTS

### 22. Related parties

#### Relationships

Council members	Refer to accounting authorities report
Executive Authority	National Department of Public Works (DPW)
Professional Council	South African Council for the Architectural Profession (SACAP)
Professional Council	Engineering Council of South Africa (ECSA)
Professional Council	South African Council for the Quantity Surveying Profession (SACQSP)
Professional Council	South African Council for the Project and Construction Management Profession (SACPCMP)
Professional Council	South African Council for the Property Valuers Profession (SACPVP)
Professional Council	South African Council for the Landscape Architectural Profession (SACLAP)

The transactions with executive authority are in respect of Grant and the reimbursement for the secondment of the COO to DPW. The balances with DPW are in relation to the reimbursement for the secondment of the COO.

The above related parties did not have any transactions which were not at arms length with the CBE during the financial year 2013/2014.

Receipts from professional councils are in respect of levies in terms of section 17(1)(a) of the CBE Act 43 of 2000.

The payments made by the CBE were in relation to the administrative support provided to the professional councils which required administrative assistance.

Balances due or payable are in relation to levies transactions and administrative support provided.

During the financial year there were no related party transactions with key management or any of the immediate families or any organisation in which they have significant influence.

2014	2013
R '000	R '000

#### Related party balances

##### Related party Balances

South African Council for the Architectural Profession (SACAP)	9	10
Engineering Council of South Africa (ECSA))	-	(53)
South African Council for the Quantity Surveying Profession (SACQSP)	-	2
South African Council for the Project and Construction Management Profession (SACPCMP)	17	1
South African Council for the Property Valuers Profession (SACPVP)	6	1
National Department of Public Works (DPW)	228	110

## NOTES TO THE FINANCIAL STATEMENTS

2014	2013
R '000	R '000

### 22. Related parties (continued)

#### Related party transactions

##### Related Party Receipts

South African Council for the Architectural Profession (SACAP)	344	379
Engineering Council of South Africa (ECSA)	1,102	1,166
South African Council for the Quantity Surveying Profession (SACQSP)	116	110
South African Council for the Project and Construction Management Profession (SACPCMP)	129	135
South African Council for the Property Valuers Profession (SACPVP)	70	77
South African Council for the Landscape Architectural Profession (SACLAP)	8	8
National Department of Public Works (DPW)	39,212	29,365

##### Related Party Payments

South African Council for the Quantity Surveying Profession (SACQSP)	-	7
South African Council for the Project and Construction Management Profession (SACPCMP)	-	79
South African Council for the Landscape Architectural Profession (SACLAP)	-	502
National Department of Public Works (DPW)	-	1,226

The transactions with the six professional councils are for the levies paid by the professional councils to the CBE on members' registration or renewal.

[Disclose the relationship of the individual if not a member or senior management]

#### Key management information

Class	Description	Number
Non-executive board members (Refer to Accounting Authorities report and note 13)	Council members	18
Audit Committee (Refer to note 13)	Audit Committee external members	3
Executive management (Refer to note 12)	Senior management	3

## NOTES TO THE FINANCIAL STATEMENTS

### 23. Contingent liability and Commitments

#### 23.1 Contingent liabilities

##### 23.1.1 Accumulated Surplus

In terms of section 53(3) of the PFMA of 1999, the CBE has to obtain approval from National Treasury to retain accumulated surplus funds at year-end. The budget relating to the 2013/2014 has been utilised. Of the R11,548 million in accumulated funds to date, R3,385 million represents the book value of the assets capitalised which will be realised over time through use of the assets.

Below is the reconciliation of the accumulated surplus.

##### Accumulated surplus reconciliation

	Surplus as per Net Assets	Carrying Value of Non Current Assets	Reconciled surplus for the Year
	(R'000)	(R'000)	(R'000)
Accumulated surplus for 2014	11,548	(3,385)	8,163

##### 23.1.2 Contractual obligation

There is a possible contingent liability amounting to R40 000 resulting from a contractual obligation that is still under review based on the fruitless expense that has been incurred.

#### 23.2 Commitments

At the end of the financial year the CBE had commitments under non-cancelable agreements with suppliers to the value of R2,955 million for the four maths and science project and the Master Systems Plan project of which have been entered into but work has not been completed.

Supplier	Project	Contract Amount in R'000	Amount Utilised in R'000	Closing amounts in R'000
Isabelo Learning	Maths and Science Project	1,086	(326)	760
Khula-Nathi Foundation Center	Maths and Science Project	901	(270)	631
Programme for Technological Careers	Maths and Science Project	1,130	(339)	791
The CUT Services and Enterprises Trust	Maths and Science Project	652	(326)	326
Odirile IT Holdings PTY LTD	Master Systems Plan	597	(150)	447
		<b>4,366</b>	<b>(1,411)</b>	<b>2,955</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 24. Operating lease commitments

Operating lease payments represent rentals payable by the CBE for its office accommodation. The lease was negotiated for an average of three year and no contingent rent is payable.

The operating lease expenses are smoothed on a straightline basis over the lease period. Any overpayments or under payments as a result of the smoothing is recognised into the statement of financial position as a liability until the time that the payments in the future reverses the smoothing to zero by the end of the lease period.

The office lease was due to end on 31 July 2014, the CBE has extended the term by an additional 12 months while engaging the process to source office accommodation with the Department of Public Works.

#### Minimum lease payments due

Payable within one year	3,895	3,541
Payable within two to five years	1,339	1,217
	<b>5,234</b>	<b>4,758</b>

### 25. Auditors' remuneration

External audit fees	1,418	1,006
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### 26. Other cash receipts

Included in the other cash items is the following:

Re imbursement of Seconded COO	1,246	-
Insurance claims	7	-
MERSETA Grant	200	-
	<b>1,453</b>	<b>-</b>

### 27. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The executive authority continue to provide the grant funding as indicated in the MTEF for the MTEF period year for the ongoing operations for the CBE. The CBE's total liabilities are below its assets by R8,163.

### 28. Events after the reporting date

No significant event took place after the reporting sheet date that would have significant effect on the financial statements.





## NOTES TO THE FINANCIAL STATEMENTS

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### 29. Change in estimate

#### **Provision for deferred lease liability**

During the year the CBE extended its lease for office buildings by an additional 12 months. This resulted in a change in total lease amount payable and the lease term changing from the original agreement.

The basis for the lease smoothing has therefore changed from three years to four years and resulted in an increase in the current year deferred lease liability of R 211,712

#### **Provision for bonus payment**

The CBE has during the current financial year revised its basis for provision for performance bonus. In prior years the CBE used the budgeted amount to provide for performance bonus. Management has reviewed and adopted new method which it believes that will approximated the better basis for providing for performance bonus.

Performance bonus is now provided for using the historical performance as a basis for provision. The effect of this change in estimate resulted in a decrease in performance bonus provision of R 58,377 in the statement of financial position.



PART F  
SUMMARY OF THE ACTIVITIES OF  
THE SIX BUILT ENVIRONMENT  
PROFESSIONAL COUNCILS



# PART F: SUMMARY OF THE ACTIVITIES OF THE SIX BUILT ENVIRONMENT PROFESSIONAL COUNCILS

## INTRODUCTION

The CBE is required by Section 4 (v) of the CBE Act of 2000 (hereafter referred to as the CBE Act) to receive and assimilate the annual reports of the councils for the professions and submit a summary to the Minister. In this regard, the CBE has formulated reporting templates intended to collate quarterly information on how Built Environment Professional Councils (BEPCs) have implemented their public functions delegated to them by their respective Acts.

The role of the BEPCs will come under increasing scrutiny given the centrality of infrastructure investment as a key socio-economic development policy instrument of government, the demand for transformation of the professions, and the demands of sustainable development as a 21 st century growth and development imperative. The performance of the BEPCs against these demands is a national development imperative and the discharge of their public functions should ultimately be assessed and seen as responding to these imperatives. Their performance should also be premised on sound and binding governance principles as they are statutory creations. In this regard, the CBE has developed a corporate governance framework for the BEPCs in line with section 3(f) of the CBE Act of 2000, which impels it to promote sound governance of the built environment professions.

### LEGISLATIVE AND REGULATORY FRAMEWORK OF THE BEPCs

The Built Environment Professions Acts mandate the BEPCs to perform inter alia the following functions, which are concurrently shared with the CBE:

- Establishment of a standards generating bodies (SGBs) and development of competency standards.
- Conduct accreditation visits to any educational

institution that has a department, school or faculty of the relevant built environment profession and conditionally or unconditionally grant, refuse or withdraw accreditation to educational institutions and educational programmes.

- Register persons in professional categories who have demonstrated competency against the standards determined by the BEPC for the relevant categories and have passed any additional examination that may be determined by the BEPC.
- Prescribe specified categories of registration and register persons in these categories.
- Enter into agreements with any person or body of persons, within or outside the Republic, with regard to any examination or qualification for the purposes of the relevant BEPC Act.
- Develop and administer a Code of Conduct.
- Investigate complaints and probable instances of improper conduct against registered persons and charge registered persons with improper conduct accompanied by appropriate sanctions.
- Annually determine guideline professional fees and publish those fees in the Government Gazette.
- Recognise voluntary associations (VAs);
- Recommend to the CBE the type of work which may be performed by persons registered in any of the categories of registration of that profession (IDoW).

The following table summarises the above concurrent functions into 13 functions clustered into four key thematic areas:



**Table: CBE Thematic areas**

THEMATIC AREA	Governance of professional councils	Public Protection	Sustainable and integrated development	Human Resource Development
<b>ENABLING POLICY</b>	<ol style="list-style-type: none"> <li>1. Codes of Conduct and Practice for the professions</li> <li>2. Recognition of voluntary associations</li> </ol>	<ol style="list-style-type: none"> <li>3. Appeal body and procedures</li> <li>4. IDoW – in line with the Competition Act of 1998</li> </ol>	<ol style="list-style-type: none"> <li>5. Determination of guideline for professional fees in line with the Competition Act, 1998 (Act 89 of 1998)</li> <li>6. Recognition of new professions</li> </ol>	<ol style="list-style-type: none"> <li>7. International recognition of professions</li> <li>8. Accreditation of education institution's programmes</li> <li>9. Registration of different categories of registered persons</li> <li>10. Competency standards for registration</li> <li>11. Establish standard generating bodies in line with SAQA to align qualifications to the NQF</li> <li>12. Recognition of prior learning</li> <li>13. Continuous Professional Development</li> </ol>

Source: CBE Act No 43, 2000





## GOVERNANCE OF PROFESSIONAL COUNCILS

This thematic area will report on the implementation of the Code of Conduct and Practice and the recognition of Voluntary Associations (VAs) by BEPCs.

### Code of Conduct of BEPs

The Code of Conduct and Practice is developed by BEPCs to ensure that professionals demonstrate uttermost professional conduct in the discharge of their professional skill and competence. It is therefore an important policy instrument for the regulation of professionals as it ensures that they act within the prescripts of acceptable professional practice and applicable built environment laws and regulations to protect the interests of the public while also promoting the needs of the state (public interest argument) and therefore Constitutional imperatives. The CBE has developed a policy framework on Code of Conduct to which the BEPCs will need to align their existing Conduct of Conduct policies.

## VOLUNTARY ASSOCIATIONS (VAs)

In South Africa, VAs cover any association that has been recognised as such by the BEPCs. An association is broadly defined to include an institute, institution, association, society or federation established by the built environment practitioners to promote their collective professional and/or business interests. Their initial and continuing recognition is dependent on their adherence to the policy prescripts of BEPC on VAs.

VAs are an important constituent part of the built environment professional milieu as they are mainly a repository of profession specific technical knowledge and are also highly involved in CPD activities and in qualifications development. Their recognition is important and should be encouraged since they play the following other critical roles apart from the aforementioned CPD and qualification development roles.

- provide a pool of practitioners to serve on

professional council's committees;

- play the role of competency assessment (assessors) in the registration process;
- provide a pool of mentors for candidate professionals; and
- serve as members of evaluation committees for programme accreditation at Higher Education Institutions that offer BE qualifications.

**Table: No of VAs recognized as at 31st March 2014**

	Total number of recognised VAs					Total number of recognised VAs
	2009	2010	2011	2012	2013	
SACPVP	3	4	4	3	3	3
SACQSP	0	1	0	1	3	3
ECSA	39	42	42	44	45	45
SACAP	11	11	11	12	12	12
SACPCMP	10	10	10	10	10	10
SACLAP	0	1	1	1	1	1
<b>TOTAL</b>	<b>63</b>	<b>69</b>	<b>68</b>	<b>71</b>	<b>72</b>	<b>74</b>

Source: Professional Council fourth quarter reports

The table above shows that only 1 new VA was recognised by ECSA. Given that VAs provide important services identified above, it is disconcerting that the number of unrecognised VAs stands at 12 against static VA recognition numbers. This might be a reflection that the total limit of available VAs has been reached and those that are not recognised do not meet the recognition criteria and policy of the BEPCs.

In the next reporting round, the BEPCs will be requested to provide reasons for the non - recognition of those VAs in order to dispel the widely accepted innuendo





that BEPCs act as gate keepers to the professions. The importance of the recognition of VAs is further occasioned by the pending recognition of new specified categories by various BEPCs discussed below. The CBE policy framework on the recognition of new professions stipulates as one of the conditions of recognising new professions or specified categories that there must be an existing and recognised professional association representative of the new profession or specified category. Furthermore, the Competition Commission in discussions around the exemption of Identification of Work (IDoW) from Competition Act prescript; raised the issue of increasing barriers to entry to the professions as an important policy issue. The recognition of VAs should therefore be encouraged and is a very serious policy issue with regard to possible barriers to entry to the professions concern and the widely held suspicion of gate keeping.

### **SUSTAINABLE AND INTEGRATED DEVELOPMENT PROFESSIONAL FEES**

BEPs are empowered by law to charge stipulated fees for their services, which are determined and published by the respective BEPC. The stipulation of professional fees is inherently un-competitive as they are not determined by the free play of market forces. In South African competition law, this practice is prohibited by Section 4 of the Competition Act and BEPCs need to apply for exemption from Section 4. In this regard, the CC raised concerns regarding the publication of the se fees in line with Section 4 and advised the CBE that BEPCs should not publish guideline fees without applying for exemption from Section 4. ECSA, SACPCMP, SACQSP and SACPVP have submitted applications for exemptions to the Competition Commission, while SACAP have prepared their respective exemption applications.

### **RECOGNITION OF NEW SPECIFIED CATEGORIES**

Changing legislative requirements together with new commercial operating environment demands such

health and safety, climate change and environmental degradation imperatives; require appropriate responses from BEPs.

#### **SACPCMP**

- Professional Construction Health and Safety Agents.
- Construction Health and Safety Manager.
- Construction Health and Safety Officer.

#### **SACPVP**

- Machinery and Equipment Valuers.

#### **SACLAP**

- Landscape Construction Project Manager
- Horticulturists – awaiting confirmation of categories

#### **SACQSP**

- The Registered Construction Quantity Surveyor - will be limited to providing professional services to building contractors only and not to the general public.
- Registered Quantity Surveyor Technician - trained QS technician who works within a PrQS office.

### **PROTECTION OF PUBLIC INTEREST**

#### **IDENTIFICATION OF WORK (IDoW)**

The six BEPCs Acts, stipulate different categories of registration for professionals, thereby specifying the scope of professional practice. The IDoW policy formalises this specification of the scope of professional practice through section 26 of the six BEPCs' Acts and section 20 of the CBE Act.



Whilst the IDoW can be conceived as a professional practice scope boundary management system, it has other intended objectives, the primary one being the protection of the public by ensuring that only suitably competent and registered professionals practice within the South African built environment can undertake specific categories of work. An unintended consequence of IDoW is that it effectively guarantees and protects the commercial fortunes of BEPs and is a restrictive commercial practice, which is prohibited by Chapter 2 Part(A) section 4(1)(a) and Part (A) section 5(1) of the Competition Act requiring the CBE to apply for exemption on behalf of the BEPCs to the CC.

In the 2013/14 financial year, the CBE applied to the CC for exemption on behalf of the following five Professions with a final exemption decision expected in 2014:

- South African Council for the Project and Construction Management Professions (SACPCMP),
- South African Council for the Property Valuers Professions (SACPVP),
- South African Council for the Quantity Surveying Professions (SACQSP),
- South African Council for the Landscape Architectural Professions (SACLAP) and
- South African Council for the Architectural Professions (SACAP).

The exemption application of ECSA was delayed by the initial IDoW policy that was submitted by ECSA, which was found to be generic and not specific to the nine engineering professional specialisations and therefore required re-working. The final ECSA IDoW policy was submitted to the Competition Commission on the 25th March 2014 by the CBE.

## DISCIPLINARY CASES

The following table shows that since 2008 there has been a declining trend in the number of improper conduct cases brought before the BEPCs. The number of cases fell by 60% from 257 cases in 2008 to 120 cases in 2012, with an average 176 cases for the period. However, this trend was reversed in 2013 with a spike in reported cases to 211 from 120 in 2012, which is significantly above the trend established over the past five years.

The rise in disciplinary cases will be closely monitored going forward against the backdrop of the pending implementation of IDoW regulations, which will make it compulsory for practising individuals to register. The challenges faced by BEPCs in expediting their disciplinary cases is discussed below. It is concerning that all the cases reported by ECSA, involve competency deficiency issues. This is a very serious issue since design errors by design professionals have dire health and safety consequences for the public. This situation gives credence to the signing of the Health and Safety Accord in Construction by ECSA, SACAP and SACPCMP, which the CBE facilitated. The CBE has also developed an indicative Accord implementation framework which has not been finalised with the three BEPCs and will be prioritised in the 2014/15 financial year.



**Table: Number and trend of new disciplinary cases per Council**

	2008	2009	2010	2011	2012	2013	Change in the number of infringements between 2008 and 2012	Average number of infringements	
SACPVP	23	14	19	14	5	31	-360%	15	9%
SACQSP	19	11	19	19	14	29	-36%	16	9%
ECSA	79	13	57	51	35	58	-126%	47	27%
SACAP	136	120	62	86	61	91	-123%	93	53%
SACPCMP	0	0	10	2	5	2	100%	3	1,8%
SACLAP	0	0	0	0	0	0	0%	1	0%
<b>TOTAL</b>	<b>257</b>	<b>158</b>	<b>171</b>	<b>172</b>	<b>120</b>	<b>211</b>	<b>-114%</b>	<b>176</b>	
<b>% change</b>	<b>0</b>	<b>-39%</b>	<b>8,2%</b>	<b>0,6%</b>	<b>-30%</b>	<b>76%</b>			

Source: Professional Council Quarterly Reports, 2008/09, 2009/10, 2010/11, 2011/12, 2012/13, 2013/14

The following challenges in carrying out disciplinary cases have been identified by BEPCs:

- Lack of human resources within their Legal and Compliance Units to deal with the volume of complaints received, which leads to high case backlogs.
- Lack of case management systems reflected in stipulated case completion time - frames not reflecting problems.
- Poor cooperation by complainants and respondents and the tracing of complainants/ respondents.
- High cost of conducting disciplinary hearings.

### **PROMOTION OF HEALTH AND SAFETY IN THE BUILT ENVIRONMENT**

Section 3 (e) of the CBE Act impels it to promote appropriate standards of health, safety and environmental protection within the built environment. The CBE Act does not, however, specify specific policy instruments for the achievement of appropriate standards of health and safety and environmental

protection as these lie with other government line functions such as the Department of Labour (Construction Regulations) and the Department of Environmental Affairs and of Trade and Industry (SABS and NRCS). This limits the role of the CBE to a facilitative one. However, the CBE has a direct role in influencing the knowledge base of BEPs through the curricula of the BE programmes and CPD programmes to incorporate substantive health and safety and environmental sustainability knowledge in order to increase their competency in these areas. Another important policy instrument is the disciplinary procedures of the various BEPC's Acts, which empower them to prosecute instances of malfeasance with regards to health and safety and environmental sustainability malpractice. The BEPCs have reported the following deficiencies with regard to health and safety which will both be addressed by the Health and Safety Accord:

- Lack of monitoring and reporting mechanisms for health and safety.
- Lack of an awareness and promotion of built environment health and safety issues.

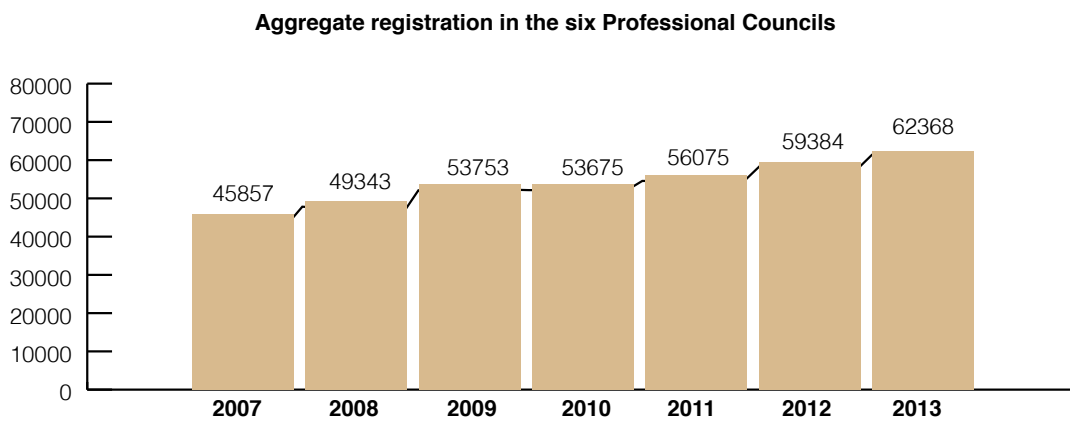


## HUMAN RESOURCE DEVELOPMENT

Transformation of the BEPs is an important policy imperative and this section focuses on the demographic make-up of the professions.

### *Aggregate registration*

The following graph analyses the change in annual registration. It shows that after peaking in 2009, registration numbers entered a downward trend in 2010 but this improved from 2011.



Source: Professional Council fourth quarter reports

The following table analyses the total annual registration per BEPC. It shows that ECSA or the engineering profession accounts for the highest number of registrations, contributing 70% of total registrations, followed by SACAP (architects) at 14,5%, SACQSP (quantity surveyors) at 5,7%, SACPCMP (project and construction managers) at 5,4%, SACPVP (property valuers) at 3,4% and lastly SACLAP (landscape architects) at 0,3%.

**Table: Aggregate number of professional registration per BEPC**

Council	2007	2008	2009	2010	2011	2012	2013
ECSA	26789	28221	33245	34664	38495	41094	43939
SACPCMP	3276	3418	3624	3103	3144	3211	3388
SACLAP	104	144	159	187	198	212	230
SACQSP	2666	2537	2687	2900	3049	3476	3559
SACPVP	2557	2536	2375	2304	2238	2189	2161
SACAP	10465	12487	11663	10517	8951	9202	8919
<b>TOTAL</b>	<b>45857</b>	<b>49343</b>	<b>53753</b>	<b>53675</b>	<b>56075</b>	<b>59384</b>	<b>62368</b>

Source: Professional Council fourth quarter reports

The following table analyses the change in annual registration. It shows that after peaking in 2009, registration numbers entered a downward trend in 2010 but this improved in 2011.



**Table: Numbers change in annual registrations per BEPC**

Council	2007	2008	2009	2010	2011	2012	2013
ECSA	0	1432	5024	1419	3831	2599	2845
SACPCMP	0	142	206	-521	41	67	177
SACLAP	0	40	15	28	11	14	18
SACQSP	0	-129	150	213	149	427	83
SACPVP	0	-21	-161	-71	-66	-49	-28
SACAP	0	2022	-824	-1146	-1566	251	-283
<b>TOTAL</b>	<b>0</b>	<b>3486</b>	<b>4410</b>	<b>-78</b>	<b>2400</b>	<b>3309</b>	<b>2984</b>

Source: Professional Council fourth quarter reports

The change and fall in registration numbers was expected and is a reflection of its reliance of Gross Fixed Capital Formation (GFCF), which is the total capital investment in the economy. It has been stagnant since 2010, especially investment in building and construction, which is a major source of income for the BEPs and therefore the driver of the demand for the professional services of BEPs. The following table and graph show that building and construction peaked in the 1970s, followed by falling investment in the 1980s and 1990s, which spiked again in the 2000s and has been stagnant since 2010.

**Table: Numbers change in public and private sector building and construction investment**

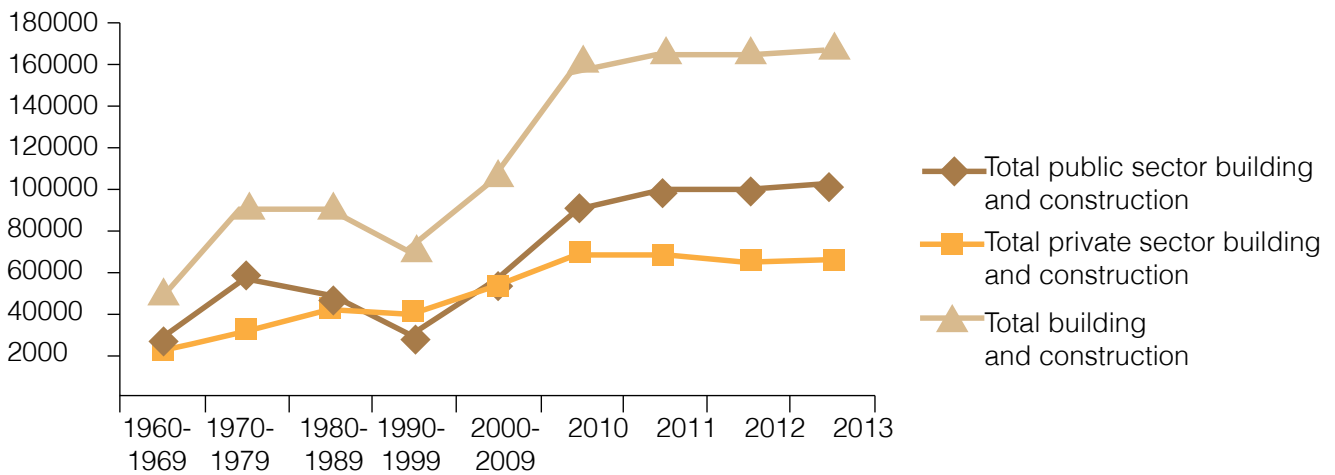
	1960-1969	1970-1979	1980-1989	1990-1999	2000-2009	2010	2011	2012	2013
Total public sector building and construction	26863	58204	47104	29423	54274	91626	98292	100052	101025
Total private sector building and construction	22213	33195	42118	40222	52084	68690	66915	65121	65239
Total building and construction	49076	91398	89222	69645	106358	160316	165207	165173	166264

Source: SARB online data series





**Figure: Total building and construction investment (1960-2013)**



Source: SARB online data series

The volatility in GFCF and building and construction investment will influence the demand of BEP services by employers. Lowitt (2007) states that employment in the built environment professions is highly reliant on the construction industry's fluctuations as the industry suffers from cyclical periods of boom and bust. This is a general feature of the construction industry as elaborated by other researches (Merrifield 1994, Lawless 2005) who show that construction companies deal with periods of low demand by laying off workers, retarding salary growth and offering early retirement. This volatility will also affect the supply of BEPs from universities with Lowitt (2007) showing that in 1975, South African universities were graduating 6,000 engineers per annum which later fell to 1,400 per annum in 2004. Lawless (2003) further identifies migration both outside the country and to other professions where the remuneration is better as other factors that drive fluctuating employment and consequent registration numbers of BEPs. It is therefore imperative that the general level of GFCF improves in the country, while attention should also be focussed on removing impediments that hamper the spending of public sector infrastructure budgets to ensure the sustainable growth of BEPs.

The following table identifies other factors identified by BEPCs that lead to deregistration apart from the structural issues of construction industry volatility as a major determinant of registration numbers:



**Table: Total number of de-registrations in 2013 for all 6 BEPCs**

<b>Cancellations and Deregistration</b>	<b>Total</b>	<b>%</b>
Deceased	<b>300</b>	3%
Retired	<b>143</b>	1%
Non-practicing	<b>132</b>	1%
Suspensions	<b>385</b>	4%
Resigned	<b>316</b>	3%

1. Merrifield A (1994) *The Performance and Capacity of the Construction Industry in the early 1990's*, Paper prepared for the National Housing Forum
2. Lawless, A. (2003) *Capacity in the Civil Engineering Industry*, Johannesburg: SAICE

Removals (due to default)	<b>8876</b>	87%
Overseas	<b>50</b>	0.5%
Unemployed	<b>12</b>	0.1%
<b>TOTAL</b>	<b>10214</b>	100%

Source: Professional Council fourth quarter reports

The above table uncovers some statistics for consideration. The first notable observation is the high number of un-registered professionals at 10 214, with absolute or terminal de-registrations (death, retirement, overseas and unemployed) comprising a low figure of 505 or 5% of total de-registrations. A second important observation is that the majority of de-registrations are due to default on payment (87% of de-registrations) of professional fees, giving credence to the structural issues hypothesis of de-registrations identified above, further highlighting the importance of ensuring that GFCF increases in the economy and that government spends its budgets and the removal of those barriers that hamper the spending of government budgets, especially at local government level where the bulk of infrastructure budgets remain unspent.



The following table shows the total number of new registrations in 2013

**Table: Total number of new applications**

Council	Total new applications received	Accepted	Pending (awaiting further info)	Rejected
ECSA	5146	3067	2079	23
SACPCMP	819	819	0	0
SACLAP	37	37	0	0

3. The total numbers in the three categories will not tally to the total mainly due to the number of pending applications, which will be included in accepted applications in subsequent years

SACQSP	541	392	0	391
SACPVP	419	391	0	28
SACAP	591	555	29	8
<b>TOTAL</b>	<b>7553</b>	<b>5260</b>	<b>2108</b>	<b>450</b>
<b>%</b>	<b>100%</b>	<b>70%</b>	<b>28%</b>	<b>6%</b>

Source: Professional Council fourth quarter reports

The table above paints a much more optimistic picture, showing that there were 5260 (70%) accepted applications for registration in 2013, with a further 2108 (28%) registrations pending and likely to be approved. However, the table also shows that 450 (6%) of registration applications were rejected. The rejection of application might be due to failing of competency assessment for registration as reflected in the following figures:

- SACAP - 62 failed competency assessment from 638 applicants who wrote the examination (9,7% failure rate).
- SACPVP - 50 failed competency assessment from 146 applicants who wrote the examination (35% failure rate).
- SACLAP - 1 failed competency assessment from 10 applicants who wrote the examination (10% failure rate).
- SACPCMP - 100% pass rate, 1 candidate sat for the examination and passed.
- The SACQSP introduced the 18 Professional Skills Module programme of distance learning as a replacement to the Competency Exams Part 1 and 2 in March 2013. With an 50% - 70% increase in pass rate.
- ECSA does not conduct examinations.

All BEPCs need to be engaged with regard to their failure rates to uncover the reasons for failure and to develop strategies to ameliorate it.



### **Demographic transformation of BEPs**

Transformation of the BEPs remains an elusive reality that is laden by green shoots mainly stemming from the demographic change in candidate registration numbers, which constitute a future pool of practising BEPs. The following sections will discuss the demographic transformation of the BEPs, starting with aggregate (professionals and candidates) performance followed by performance at candidate level.

The following tables show that BEPs are still predominantly White, showing that in 2013 the total registered professional cohort was made up of 61% White, 28% African, 7% Indian and 3% Coloured. It further shows that on average, the professions are still far from being transformed, especially Architects, Landscape Architects and Property Valuers.

**Table: Number of aggregate registrations of both professionals and candidates per race in the 6 BEPCs**

<b>Council</b>	<b>African</b>	<b>White</b>	<b>Indian/Asian</b>	<b>Coloured</b>	<b>Total</b>
ECSA	13233	26291	3394	1021	<b>43939</b>
SACAP	1419	6275	629	596	<b>8919</b>
SACPVP	469	1497	97	98	<b>2161</b>
SACQSP	1206	1958	299	96	<b>3559</b>
SACPCMP	1128	2011	151	98	<b>3388</b>
SACLAP	11	211	4	4	<b>230</b>
<b>Total</b>	<b>17521</b>	<b>38334</b>	<b>4585</b>	<b>1928</b>	<b>62368</b>

Source: Professional Council fourth quarter reports

**Table : Number (in %) of aggregate registrations of both professionals and candidates per race in the 6 BEPCs**

<b>Council</b>	<b>African</b>	<b>White</b>	<b>Indian/Asian</b>	<b>Coloured</b>	<b>Total</b>
ECSA	30%	60%	8%	2%	100%
SACAP	16%	70%	7%	7%	100%
SACPVP	22%	69%	4%	5%	100%
SACQSP	34%	55%	8%	3%	100%
SACPCMP	33%	59%	4%	3%	100%
SACLAP	5%	92%	2%	2%	100%
<b>Total</b>	<b>28%</b>	<b>61%</b>	<b>7%</b>	<b>3%</b>	<b>100%</b>

Source: Professional Council fourth quarter reports

Looking at professional registration (excluding candidates) statistics, the transformation challenge becomes more evident. The following tables reveal that registered BEP professionals are overwhelmingly White, with African, Indian and Coloured numbers barely reaching 24% (15+6+3%) in all six professions. In 2013, professional registrations (excluding candidates) show that Whites constituted 76% of total professional registrations (excluding candidates) followed by Africans at 15%, Indians at 6% and lastly Coloureds at 3%.



**Table: Total Professional registration (2013/14)**

Professional Council	Professionals	African	White	Indian	Coloured
ECSA	<b>27695</b>	4436	21003	1689	567
SACAP	<b>7258</b>	946	5294	505	513
SACPVP	<b>1401</b>	166	1129	55	51
SACQSP	<b>1897</b>	332	1383	149	33
SACPCMP	<b>2231</b>	282	1782	106	61
SACLAP	<b>167</b>	1	163	2	1
<b>Total</b>	<b>40684</b>	<b>6183</b>	<b>30752</b>	<b>2513</b>	<b>1236</b>

Source: Professional Council fourth quarter reports

**Table: Professional registration in % (2013/14)**

Professional Council	Professionals	African	White	Indian	Coloured
ECSA	<b>68%</b>	16%	76%	6%	2%
SACAP	<b>18%</b>	13%	73%	7%	7%
SACPVP	<b>3%</b>	12%	81%	4%	4%
SACQSP	<b>5%</b>	18%	73%	8%	2%
SACPCMP	<b>5%</b>	13%	80%	5%	3%
SACLAP	<b>0%</b>	1%	98%	1%	1%
<b>Total</b>	<b>100%</b>	<b>15%</b>	<b>76%</b>	<b>6%</b>	<b>3%</b>

Source: Professional Council fourth quarter reports





## CANDIDATE REGISTRATIONS

The following tables candidate registration in 2013/14, which were made up African (52%), Indian (10%), Coloured (3%) and White 35%, exhibiting the green shoots alluded to above.

**Table: Demographic profile of Candidates per Professional Council (31st March 2014)**

Professional Council	Candidate	African	White	Indian	Coloured
ECSA	<b>16244</b>	8797	5288	1705	454
SACAP	<b>1661</b>	473	981	124	83
SACPVP	<b>760</b>	303	368	42	47
SACQSP	<b>1662</b>	874	575	150	63
SACPCMP	<b>1157</b>	846	229	45	37
SACLAP	<b>63</b>	10	48	2	3
<b>Total</b>	<b>21684</b>	<b>11338</b>	<b>7582</b>	<b>2072</b>	<b>692</b>

Source: Professional Council fourth quarter reports

**Table: Demographic profile of Candidates per Professional Council in % (31st March 2014)**

Professional Council	Candidate	African	White	Indian	Coloured
ECSA	<b>75%</b>	54%	33%	10%	3%
SACAP	<b>8%</b>	28%	60%	7%	5%
SACPVP	<b>4%</b>	40%	48%	6%	6%
SACQSP	<b>8%</b>	53%	35%	9%	4%
SACPCMP	<b>5%</b>	73%	20%	4%	3%
SACLAP	<b>0.3%</b>	16%	76%	3%	5%
<b>Total</b>	<b>100%</b>	<b>52%</b>	<b>35%</b>	<b>10%</b>	<b>3%</b>

Source: Professional Council fourth quarter reports

The above table also reveals that some of the professions candidates are still predominantly White, with Architectural and Landscape Architectural professions being the least transformed:

- Landscape Architects – 76% White
- Architects – 60% White
- Property Valuers – 48% White
- Quantity Surveyors – 35% White
- Engineers – 33% White
- Project and Construction Managers – 20% White

### Aggregate growth in candidate registrations

The following table analyses the cumulative growth in candidate numbers and shows that from 2008 to 2013, a total of 101 873 new candidates were registered, with an annual average of 16 978. The candidate registration numbers show that in 2010 a tipping point was reached where registrations trended above the 16 978 average. Registrations however, started falling from 16% in 2011 to 9% in 2013.

PROFESSIONAL COUNCIL	TOTAL REGISTERED CANDIDATES 2008	TOTAL REGISTERED CANDIDATES 2009	TOTAL REGISTERED CANDIDATES 2010	TOTAL REGISTERED CANDIDATES 2011	TOTAL REGISTERED CANDIDATES 2012	TOTAL REGISTERED CANDIDATES 2013	CUMULATIVE GROWTH IN CANDIDATE REGISTRATION
ECSA	6753	9064	10751	13361	14781	16244	70954
SACAP	3091	1868	1841	1564	1784	1661	11946
SACPCMP	910	717	791	864	1019	1157	5458
SACQSP	872	941	1101	1248	1522	1662	7346
SACPVP	1300	1085	962	962	798	760	5867
SACLAP	30	40	56	56	57	63	302
<b>TOTAL</b>	<b>12956</b>	<b>13715</b>	<b>15502</b>	<b>18055</b>	<b>19961</b>	<b>21684</b>	<b>101873</b>
<b>Annual % change</b>	<b>0%</b>	<b>9%</b>	<b>10%</b>	<b>16%</b>	<b>11%</b>	<b>9%</b>	

Source: Professional Council fourth quarter reports

### GENDER REPRESENTATION WITHIN THE PROFESSIONS

Gender transformation, like racial transformation, remains even a more critical challenge for the BEPs as reflected by the table below, which shows that in 2013 the consolidated percentage of both registered professionals and candidates was only 14% females. The transformation targets of BEPCs should address this issue and should be accompanied by a gender transformation strategy as a non-negotiable.

#### Aggregate female registration (2009 – 2013) SACAP Female 2013-1988

	2009	2010	2011	2012	2013
Female	6256	6256	7097	8100	8891
% of total registration	12%	12%	13%	15%	14%
<b>Total registration</b>	<b>53537</b>	<b>53675</b>	<b>56075</b>	<b>53477</b>	<b>62368</b>

Source: Professional Council fourth quarter reports



## CONTINUOUS PROFESSIONAL DEVELOPMENT (CPD)

The purpose of the CPD is to ensure that professionals' knowledge and competencies are continuously developed to keep abreast of new developments (changes in knowledge, practices and technology) in their respective fields. The following table shows the level of CPD compliance within the six BEPCs, the picture generally shows high levels of CPD uptake, averaging 69% compliance by BEPs.

**Table 30: Percentage of Registered Professionals that Comply With CPD requirements**

PROFESSIONAL COUNCIL	% of Registered Professionals that Comply With CPD Requirements
ECSA	76%
SACQSP	91,9%
SACAP	65%
SACPVP	80%
SACPCMP	The SACPCMP reported that the current policy framework is under review to ensure inclusion of all registration categories in terms of the CPD activities that all registered persons need to engage in. The amendments, inclusive of CHS, have been presented to Council on 30 November 2013 and March 2014
SACLAP	100%

Source: Professional Councils quarterly reports, third 2013/2014

However, BEPCs report the following challenges with regarding to CPD compliance:

1. Registered persons not adhering to deadlines for submission of CPD portfolio of evidence.
2. Registered persons not complying with the requirements of all the Categories of the CPD system. Registered persons need to undertake CDP in a number of specified knowledge areas.
3. The high cost of CDP (financially and in terms of time off from professional responsibilities) for professionals and the location (affects accessibility) of CPD learning sites further adding to the cost of CPD compliance.
4. The SACQSP introduced in 2013 compulsory CPD for candidates who have been registered in excess of 5-years.
5. High administrative burden of managing CPD by BEPCs. The CPD management system is still manual and paper based, and is being gradually replaced by an electronic system.
6. The SACQSP is the only Council that has implemented a fully integrated on-line CPD recordal system, with each individuals records validated and audited. The SACQSP formally de-registered 183 registered professionals for being non-CPD complaint.

The SACPCMP for the past three years has experienced problems in finalizing its CPD policy. In pursuance of its finalization, it has embarked on Provincial Workshops targeting registered persons and Service Providers to solicit their inputs on a draft policy that was submitted to their Council in November 2013 for approval in March 2014. It reports that it has developed an online CPD Management system as a mechanism to increase CPD compliance. BEPCs will be encouraged to migrate to electronic based CPD system.



## RECOGNITION OF PRIOR LEARNING (RPL)

The RPL is a tool and mechanism to increase occupational mobility for those practising professionals who do not possess formal academic qualifications for recognition as admitted professionals under the respective statutory-determined professional registration category. The following table shows varied RPL outcomes for the professions. It generally shows that for the five professions, barring ECSA, RPL is not encouraged by the BEPCs. The CBE in previous years has lamented this state of affairs and will in 2014/15 require the BEPCs to undertake research into the level of RPL needed within their specific professions. This will then translate into RPL targets within the broad transformation targets of the BEPCs.

**Table: Number of successful RPL cases**

	2008	2009	2010	2011	2012	2013
SACPVP	0	0	0	0	0	0
SACQSP	35	0	23	3	5	6
ECSA	622	257	158	216	174	13
SACAP	16	6	1	0	0	0
SACPCMP	0	0	3	2	1	2
SACLAP	0	0	0	0	0	9
<b>TOTAL</b>	<b>673</b>	<b>263</b>	<b>185</b>	<b>221</b>	<b>180</b>	<b>148</b>

Source: Professional Council fourth quarter reports

The general RPL malaise is further reflected by the following individual BEPC outcomes:

1. The SACPCMP reports that two RPL applications were received in 2013 of which only one was accepted.
2. The SACQSP received six incomplete applications and it is awaiting supporting documentation.
3. The SACLAP reported that nine RPL applications were accepted during the reporting period.
4. The SACAP reported that it does not register persons through RPL. The SACAP needs to explain itself on this state of affairs as its constituting Act requires that it uses RPL as one of the mechanisms of registration.
5. The ECSA reported that 131 applications were received for RPL during the reporting period.
6. The SACPVP reported that no applications were received for RPL during the reporting period.

## ACCREDITATION

Accreditation of BE programmes is the cornerstone of ensuring that the competence of BEPs is of a world-class standard that will ensure that their academic training will provide them with the competencies required for candidate and professional registration.

The number of unaccredited programmes has continued to fall, with only four reported unaccredited programmes in



2013, three at publicly funded Higher Education Institutions and one at a private college as reflected in the following table.

**Table: Number of non-accredited built environment programmes**

2009	2010	2011	2012	2013
23	10	9	7	4

The unaccredited programmes are the following:

#### **SACAP**

- Programmes at Inscape College are not accredited. SACAP also highlighted the challenge it faces with private institutions offering unaccredited architectural qualifications and/or not being registered with Council for Higher Education (CHE), requesting accreditation e.g. African Academy.

#### **SACLAP**

- Tshwane University of Technology's BTech Landscape and Landscape Technology was not accredited because of the new programme structure and course content.

#### **SACPVP**

- The University of the Witwatersrand's valuation programme is still to be accredited as its curriculum was changed.

#### **SACQSP**

- The University of Kwa-Zulu Natal accreditation will be withdrawn in 2014 as it has not taken on new students since 2012 and negotiations are underway to reinstate the programme from 2014. UKZN confirmed CETA funding to resuscitate the QS programme in 2014.



**Table 31: List of institutions with built environment programmes and their accreditation status**

The programmes are colour-coded to denote the following accreditation status:

<b>Green</b> Full Accreditation	<b>Red</b> Not Accredited	<b>Orange</b> Partial Accreditation	<b>Black</b> Accreditation status not determined as information was not provided
<b>INSTITUTION</b> University of Cape Town	<b>SACQSP</b> Bachelor of Quantity Surveying Bachelor or Science (BSc) (Hons) in Quantity Surveying	<b>SACPVP</b> BSc in Property Studies together with BSc (Hons) in Property Studies MSc in Property Studies Postgraduate Diploma in Property Studies	<b>SACPCMP</b> BSc (Hons) in Construction Management National Diploma: Building Bachelor of Technology: Construction Management
		<b>SACLAP</b> Master of Landscape Architecture (MLArch)	<b>SACAP</b> Bachelor of Architectural Studies (BAS) BAS (Hons) Master of Architecture PHD in Architecture
			<b>ECSA</b> Bachelor of Engineering in – Civil – Chemical – Electrical – Mechanical – Electrical and Electronic – Material – Electro-mechanical – Mechatronic – Electrical and Computer



INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
University of the Free State	<i>Bachelor of Quantity Surveying BSc (Hons) in Quantity Surveying</i>	<i>Master of Land Property Development (MPROP Property Valuation)</i>	<i>BSc in Construction Management Bachelor of Quantity Surveying and Project Management (QCP) Certificate; Bachelor of Science: (Hons) Construction Management: Masters of Land and Property Management (MLPM)</i>	<i>N/A</i>	<i>Bachelor of Architectural Studies BAS (1<sup>st</sup> 3 yrs) BAS (Hons) Masters of Architecture Masters of Architectural Profession Master of Architecture Research PHD Architecture Doctor of Architecture</i>	<i>N/A</i>
University of KwaZulu-Natal	<i>Bachelor of Quantity Surveying BSc (Hons) in Quantity Surveying Accreditation is to be withdrawn in 2014 as no new students have been take on since 2012 and negotiations are underway to re-instate the programme from 2014</i>	<i>N/A</i>	<i>BSc (Hons) in Construction Management</i>	<i>N/A</i>	<i>BAS Master of Architecture PHD in Architecture (All until 2012)</i>	<i>BSc (Eng) – Electrical – Agricultural – Chemical – Electronic – Civil – Mechanical – Computer Engineering</i>



INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
University of Pretoria	<p><b>Bachelor of Quantity Surveying</b></p> <p><b>BSc (Hons) in Quantity Surveying</b></p>	<p><b>MSc in Real Estate Property Valuation</b></p> <p><b>BCom and B Com (Hons)</b></p>	<p><b>BSc (Hons) in Construction Management</b></p> <p><b>Bachelor of Science: Construction Studies</b></p> <p><b>Masters of Science (Project Management)</b></p>	<p><b>BSc Landscape Architecture</b></p> <p><b>BL (Hons)</b></p>	<p><b>BSc in Architecture</b></p> <p><b>M.Arch.Prof</b></p> <p><b>BSc in Architecture</b></p> <p><b>M.Arch Prof</b></p> <p><b>BSc (Hons) in Architecture</b></p> <p><b>ML (Prof)</b></p>	<p><b>Bachelor of Engineering in Industrial and Systems</b></p> <p><b>Chemical</b></p> <p><b>Electrical, Electronic and Computer</b></p> <p><b>Mechanical and Aeronautical</b></p> <p><b>Material Science and Metallurgical</b></p> <p><b>Mining</b></p> <p><b>Civil</b></p>
University of the Witwatersrand	<p><b>Bachelor of Quantity Surveying</b></p> <p><b>BSc (Hons) in Quantity Surveying</b></p>	<p><b>BSc (4 years) in Property Studies (programme is still to be accredited as it has been re-curriculated)</b></p>	<p><b>BSc (Hons) in Construction Management;</b></p> <p><b>Bachelor of Science: Construction Studies;</b></p> <p><b>Bachelor of Science: (Hons) Construction Management</b></p>	N/A	<p><b>BAS</b></p> <p><b>BAS (Hons)</b></p> <p><b>M. Arch (Prof)</b></p> <p><b>M.Arch (Research) (All until 2012)</b></p>	<p><b>Bachelor of Engineering in Chemical and Metallurgical</b></p> <p><b>Civil and Environmental</b></p> <p><b>Electrical and Information</b></p> <p><b>Mechanical, Industrial and Aeronautical</b></p> <p><b>Mining</b></p>



INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
Nelson Mandela Metropolitan University	<p><b>Bachelor of Quantity Surveying</b></p> <p><b>BSc (Hons) in Quantity Surveying</b></p>	<p><b>MSc in Built Environment Facilities Management</b></p> <p><b>MSc in Built Environment Property Economics and Valuation</b></p>	<p><b>BSc (Hons) in Construction Management</b></p> <p><b>BTech, BSc, Hons, Masters in Construction Studies</b></p> <p><b>Postgraduate Diploma in Construction Management</b></p> <p><b>BSc in Construction Economics</b></p> <p><b>BSc in Construction Economics and Computer Science</b></p> <p><b>Msc in Built Environment Project Management</b></p> <p><b>Msc in Built Environment Construction Management</b></p> <p><b>DTech in Construction Management</b></p> <p><b>PhD in Construction Management</b></p>	N/A	<p><b>M.Arch (Professional)</b></p> <p><b>M.Arch (Research)</b></p> <p><b>D.Arch</b></p> <p><b>ND</b></p> <p><b>Architectural Technology</b></p> <p><b>BTech</b></p> <p><b>Architectural Technology</b></p> <p><b>BAS</b></p> <p><b>MTech (Architectural Technology)</b></p>	<p><b>NDip and BTech Engineering</b></p> <p><b>Civil</b></p> <p><b>Electrical</b></p> <p><b>Industrial</b></p> <p><b>Operations Management</b></p> <p><b>Quality</b></p> <p><b>Mechanical</b></p> <p><b>B.Eng</b></p> <p><b>Mechatronics</b></p>



INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
University of Johannesburg	<i>BTech in Quantity Surveying</i> <i>ND: Building</i>	<i>ND in Real Estate Property Valuation (discontinued)</i> <i>BCom and BCom (Hons)</i>	<i>BTech. MTech in Construction Management</i> <i>National Diploma: Building; Bachelor of Technology: Construction Management</i>	N/A	<i>National Diploma – Architectural Technology (part 1)</i> <i>B.Tech – Architectural Technology – Applied Design (part 1)</i> <i>M.Tech (Thesis based)</i>	<i>BTech in Engineering</i> – <i>Extraction Metallurgy</i> – <i>Computer Systems Mining</i> – <i>Chemical</i> – <i>Civil</i> – <i>Electrical</i> – <i>Industrial</i> – <i>Mechanical</i> – <i>Metallurgy</i> – <i>Mineral Resource Management</i> <i>Bachelor of Engineering</i> – <i>Civil</i> – <i>Mechanical</i> – <i>Electrical and Electronic with Informational Technology</i> – <i>Electrical and Electronic</i> – <i>Mechanical</i> – <i>Mechanical (Information Technology)</i>
Walter Sisulu University of Technology	<i>ND in Building</i>	N/A	<i>National Diploma: Building</i>	N/A	N/A	<i>BTech and ND in Engineering</i> – <i>Civil</i> – <i>Mechanical</i> – <i>Electrical, Electronic and Computer</i> <i>Chemical</i>





INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
Stellenbosch University	N/A	N/A	N/A	N/A	N/A	<b>B.Eng</b> – Chemical (with option Minerals Processing) – Civil – Electrical and Electronic – Electrical and Electronic with Computer Science – Industrial – Mechatronic – Mechanical
North West University (Potchefstroom)	N/A	N/A	N/A	N/A	N/A	<b>B.Eng</b> – Chemical – Electrical and Electronic – Electrical and Electronic with Computer Engineering – Mechanical – Nuclear Science and Engineering
UNISA	N/A	<b>ND in Real Estate Property Valuation (programme to be discontinued in 2011)</b>	N/A	<b>ND in Landscape Technology</b>	N/A	<b>BTech and ND in Engineering</b> – Civil (environmental) – Chemical – Electrical – Industrial – Information Technology – Mechanical – Mining



INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
Cape Peninsula University of Technology	<b>Bachelor of Technology in Quantity Surveying</b>	<b>ND in Real Estate (Property Valuation)</b>	<b>BTech in Construction Management</b> <b>MTech in Construction Management National Diploma: Building</b>	<b>ND and BTech in Landscape Technology</b> <b>(The programme is being restructured)</b>	<b>BTech (Bachelor of Architectural Technology)</b> <b>ND in Architecture</b> <b>MTech (Thesis based)</b>	<b>BTech and ND in Engineering</b> – <b>Civil</b> – <b>Chemical</b> – <b>Computer Systems</b> – <b>Industrial</b> – <b>Electrical</b> – <b>Mechanical</b>
Central University of Technology	<b>BTech Quantity Surveying</b> <b>Received Candidate accreditation for 12 months subject to outstanding issues to be resolved</b>	N/A	<b>National Diploma in Building</b>	N/A	N/A	<b>BTech and ND in Engineering</b> – <b>Chemical</b> – <b>Civil</b> – <b>Electrical</b> – <b>Industrial</b> – <b>Mechanical</b> – <b>Mechatronics</b> – <b>Operations Management</b> – <b>Quality</b> – <b>Transportation &amp; Water</b>
Durban University of Technology	<b>N/A</b>	<b>N/A</b>	<b>National Diploma: Building</b> <b>Bachelor of Technology: Construction Management</b>	<b>ND in Landscape Technology</b> <b>(Programme terminated in 2011)</b>	<b>ND in Architecture</b> <b>BTech</b> <b>Higher Diploma in Architectural Technology</b> <b>(All until 2012)</b>	<b>ND in Engineering</b> – <b>Computer Systems</b> – <b>Electronic</b> – <b>Chemical</b> – <b>Civil</b> – <b>Electrical</b> – <b>Mechanical</b>
Mangosuthu University of Technology	<b>ND: Building</b> <b>NDip in Surveying</b>	<b>N/A</b>	<b>National Diploma: Building</b>	<b>N/A</b>	<b>N/A</b>	<b>BTech and ND in Engineering</b> – <b>Civil</b> – <b>Electrical</b> – <b>Mechanical</b> – <b>Chemical</b>



INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
Tshwane University of Technology	<b>Bachelor of Technology in Quantity Surveying</b>	<b>Building Science</b>	<b>National Diploma: Building</b> <b>Bachelor of Technology: Construction Management</b>	<b>ND in Landscape Technology</b> <b>BTech in Landscape Technology</b>	<b>B. Tech (Prof)</b> <b>M. Tech (Prof)</b> <b>B. Tech (Technology)</b> <b>M. Tech (Technology)</b>	<b>BTech and ND in Engineering</b> – <b>Chemical and Metallurgical</b> – <b>Civil</b> – <b>Electrical</b> – <b>Industrial</b> – <b>Mechanical</b> – <b>Mechatronics</b> – <b>Operations Management</b> – <b>Quality</b> – <b>Computer Systems</b>
Vaal University of Technology	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>BTech and ND in Engineering</b> – <b>Chemical</b> – <b>Electrical</b> – <b>Civil</b> – <b>Industrial</b> – <b>Mechanical</b> – <b>Computer Systems</b> – <b>Metallurgical</b>
Centurion Academy						<b>ND: Engineering: Electronic</b>
Inscape					<b>Certificate in Architectural Draughting</b>	



## Challenges with accreditation

The following challenges were reported by BEPCs:

1. The availability of suitably experienced persons who have the time to undertake the accreditation visits.
2. The cost of undertaking accreditation visits. However, these costs are recovered from the relevant institution.

## INTERNATIONAL RECOGNITION

The CBE and BEPC Act/s has formulated specific requirements for the maintenance of the international benchmarking and transferability of South African BE qualifications. In this regard, BEPCs have entered into the following international agreements:

**Table 33: International accords and organisations that govern BE qualifications**

ECOSA	SACPCMP	SACAP	SACQSP	SACPVP	SACLAP
<ul style="list-style-type: none"> <li>▪ Washington Accord</li> <li>▪ Sydney Accord</li> <li>▪ Dublin Accord</li> <li>▪ Engineers Mobility Forum</li> <li>▪ Engineering Technologists Mobility Forum</li> <li>▪ Mutual Exemption Agreement with the Institution of Civil Engineers (ICE) (UK)</li> <li>▪ Mutual Exemption Agreement with Engineers Ireland</li> <li>▪ African Engineering Organisation s (FAEO)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Has entered into a MOU with CIOB</li> </ul>	<ul style="list-style-type: none"> <li>▪ Member of the Commonwealth Association of Architects</li> <li>▪ Submitted an application to be member of Canberra Accord</li> </ul>	<ul style="list-style-type: none"> <li>▪ Entered into Partnership agreement with RICS</li> <li>▪ Negotiations initiated with the Australian/ Pacific Institute of Quantity Surveyors</li> </ul>	<ul style="list-style-type: none"> <li>▪ RICS has applied for recognition as a VA.</li> <li>▪ Member International Valuation Standards Council</li> <li>▪ Member of African Real Estate Society</li> <li>▪ Assisting the Namibian Government to convert existing valuation council into a regulatory body.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Opened negotiations with International Federation for Landscape Architects (IFLA)</li> </ul>



ECSA	SACPCMP	SACAP	SACQSP	SACPVP	SACLAP
<ul style="list-style-type: none"> <li>▪ ECSA Council granted approval for ECSA to be a signatory to the Southern African Federation of Engineering Organisation (SAFE) Agreement</li> </ul>					

Source: Professional Council fourth quarter reports

The CBE has finalised a policy framework on international agreements with the objective of ensuring that the international agreements entered into by the BEPCs support the foreign policy of the country. Most important is the CBE's drive for an African Agenda initiative that should see South Africa playing an important role in the development of Africa's infrastructure and its professionals.

## CONCLUSION

The CBE's performance for the 2013/14 financial year indicates a successful achievement of 86% of all its targets and an unqualified audit report.

For the six BEPCs, the report indicates that the numbers of candidates in terms of demographics are encouraging, but the aggregated statics for race of registered professionals still reflect the dominance of Whites at 75%, Africans are 15%, Indians comprises 6% and Coloureds are at 4%. Males constitute 86% of all registered built environment professionals and females are at 14%.

Transformation is being stifled due to financial constraints due to ultra-competitive tender retirements, plus a lack of skills training funding from the Construction CETA.

The key strategic issue that started to feature prominently is the formulation of a new BE policy by DPW. This proposed BE policy seeks to change the regulatory framework for the BEPs and suggests the repeal of the CBE Act. The developments regarding this policy matter will continue to be monitored and to feature prominently in the coming 2014/15, financial year.









COUNCIL FOR THE BUILT ENVIRONMENT