



DEVELOPMENT THROUGH PARTNERSHIP

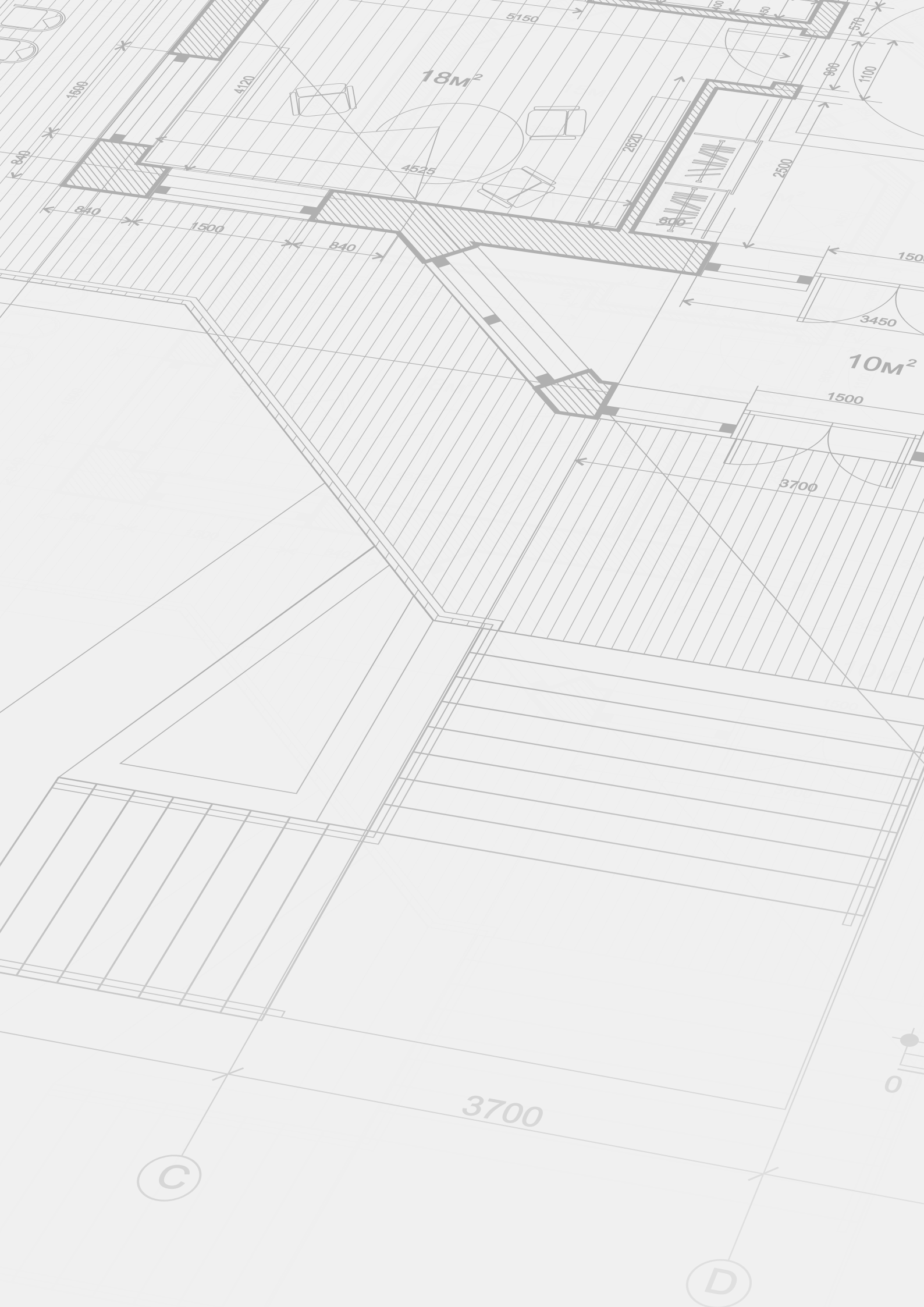
ANNUAL REPORT
2013/2014



Vision – 2017 and Beyond

A dynamic, innovative and development

organisation that provides *strategic leadership* and an *efficient service to stakeholders*, leading to a transformed and *competitive construction industry* that delivers *quality infrastructure*, promotes *economic growth*, and an *organisation that is caring for its employees*.





Mission

To direct and drive an integrated construction industry development strategy that transforms

the role of industry and stakeholders for *sustainable growth, improved delivery, performance and value* to public and private sector clients, and investors through *strategic partnerships*; to strategically and deliberately *promote the empowerment of small, medium and micro enterprises* to improve their capability and *grow the economy*; to develop employees to be *meaningful* participants in the organisation.



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LIST OF ABBREVIATIONS

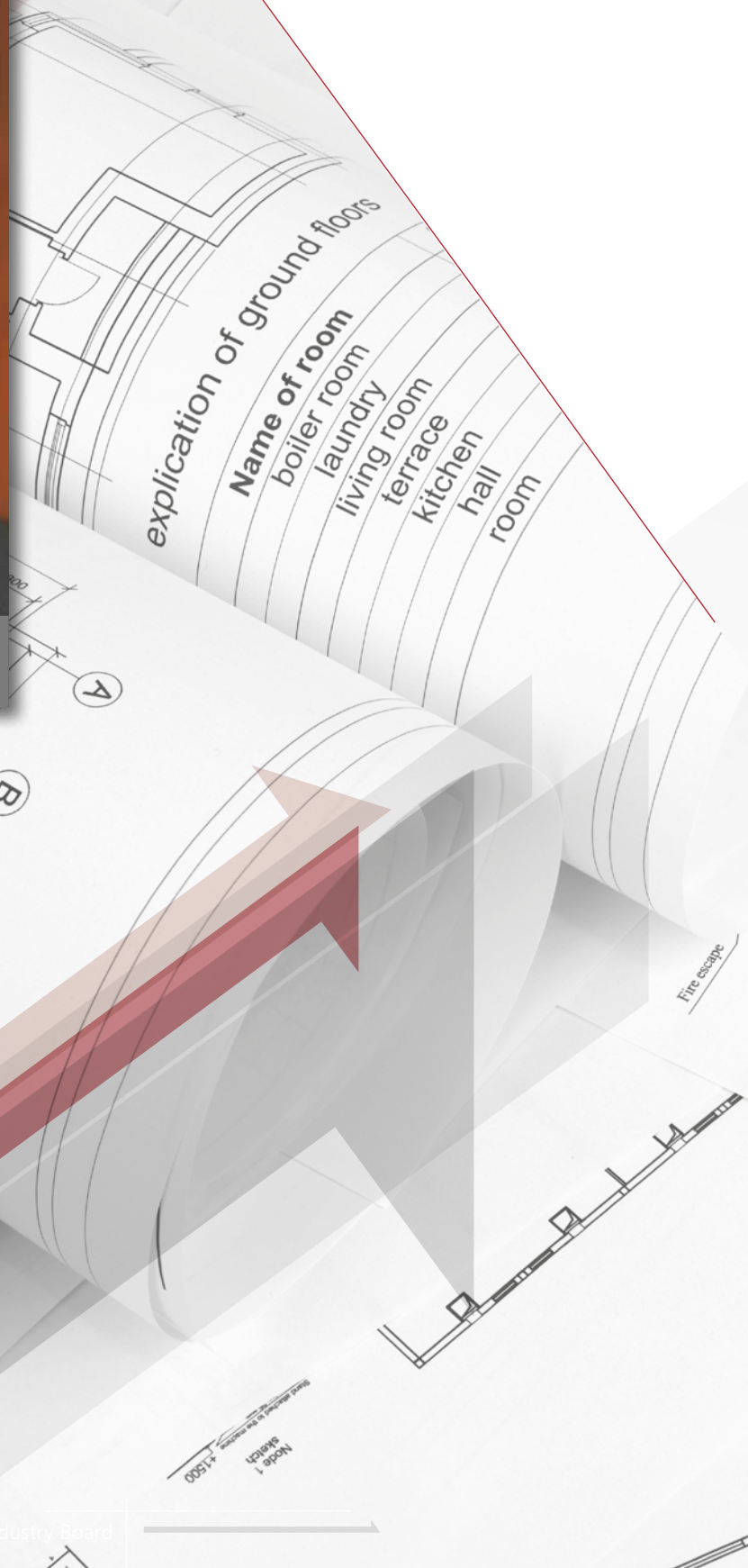


AG	Auditor-General	IDMS	Infrastructure Delivery Management System
BAC	Bid Adjudication Committee	IDIP	Infrastructure Delivery Improvement Programme
BBCBE	Black Business Council in the Build Environment	IDT	Independent Development Trust
BEC	Bid Evaluation Committee	IDZ	Industrial Development Zone
B-BBEE	Broad Based Black Economic Empowerment	ILO	International Labour Organisation
BER	Bureau for Economic Research	ISO	International Organisation for Standardisation
BPCRS	Best Practice Contractor Recognition Scheme	IT	Information Technology
CCC	Construction Contact Centres	JBCC	Joint Building Contracts Committee
CCTV	Closed-circuit television	JV	Joint Venture
CD	Contractor Development	KZN	KwaZulu-Natal
CDP	Contractor Development Programme	LP	Limpopo
CE	Civil Engineering	MBSA	Master Builders Association South Africa
CEO	Chief Executive Officer	MoU	Memorandum of Understanding
CETA	Construction Education and Training Authority	MP	Mpumalanga
cidb	Construction Industry Development Board	M&E	Monitoring and Evaluation
CID	Construction Industry Development	NC	Northern Cape
CIFOZ	Construction Industry Federation of Zimbabwe	NCDP	National Contractor Development Programme
CIOB	Chartered Institute of Building	NCV	National Certificate Vocational
CII	Construction Industry Indicators	NEC	National Executive Council
CONQUAS	The Construction Quality Assessment System	NEF	National Empowerment Fund
CPOs	Construction Procurement Officers	NSF	National Stakeholder Forum
CPUT	Cape Peninsula University of Technology	NW	North West
CMS	Construction Management System	OHS	Occupational Health and Safety
CRM	Construction Registers Management	OHSAS	Occupational Health and Safety Advisory Services
CRS	Contractor Registers Services	OHSC	Occupational Health and Safety Committee
CT	Cape Town	PAP	Procurement Advisory Panel
DBSA	Development Bank of Southern Africa	PCDF	Provincial Contractor Development Forum
DPW	Department of Public Works	PDP	Performance Development Plan
EC	Eastern Cape	PDM	Procurement and Delivery Management
ECDC	Eastern Cape Development Programme	PG	Post Graduate
EDMS	Electronic Document Management System	PSLMs	Provincial Stakeholder Liaison Forums
EPIN	European Policy Institutes Network	PPP	Public Private Partnership
EPWP	Expanded Public Works Programme	RFP	Request for Proposals
ESDA	Employment Skills Development Agency	RIA	Regulatory Impact Assessment
EWP	Employee Wellness Programme	RoC	Register of Contractors
FET	Further Education and Training	RoPSP	Register of Professional Service Providers
FHU	Fort Hare University	RPL	Recognition of Prior Learning
FIDIC	Fédération Internationale Des Ingénieurs-Conseils (International Federation of Consulting Engineers)	SABS	South African Bureau of Standards
FS	Free State	SDA	Skills Development Agency
GB	General Building	SADC	Southern African Development Community
GBCSA	Green Building Council of South Africa	SAFCEC	South African Federation of Civil Engineering Contractors
GCC	General Conditions of Contract	SALGA	South African Local Government Association
GCD	Growth and Contractor Development	SAWIC	South African Women in Construction
GDP	Gross Domestic Product	SBSA	Standard Bank of South Africa
GP	Gauteng	SCM	Supply Chain Management
GRAP	General Recognised Accounting Practice	SEDA	Small Enterprise Development Agency
HR	Human Resources	SETA	Sector Education and Training Authority
H&S	Health and Safety	SME	Small and Medium Enterprises
HoD	Head of Department	UIF	Unemployment Insurance Fund
ICAS	Independent Counselling and Advisory Services	WC	Western Cape
IDC	Industrial Development Corporation		

MINISTER'S FOREWORD



Hon. Thembelani Thulas Nxesi
Minister of Public Works



Financial Year 2013/14 ends on a significant note as South Africa marks twenty years of democracy. It is a period that has been marked by unprecedented levels of Government investment in infrastructure as the catalyst for economic growth. The Construction Industry Development Board (cidb) is central to Government's efforts to improve the performance of the construction industry for efficient infrastructure delivery in order to raise the industry's contribution to social and economic development.

I am encouraged by the strides achieved by the cidb in various aspects of construction industry development during the period under review. Key among these is the continuous support to build infrastructure delivery capacity through improvement of the Infrastructure Delivery Improvement Toolkit (IDIT) and the Infrastructure Delivery Management System (IDMS) as the knowledge backbone for IDIP. Through this knowledge Government aims to transform the way we deliver infrastructure beyond just the three provincial departments currently participating in IDIP to ensure that all levels of Government are able to spend allocated infrastructure budgets efficiently and effectively.

During the period under review the cidb initiated its own investigation into construction cartels, starting with the 15 companies which admitted to collusion to the Competition Commission. Once more collusion in construction has highlighted the urgency for strong enforcement of compliance to the cidb regulations and the Code of Conduct for parties involved in construction procurement. It also underscores the central role of governance in procurement in construction and the need for transparency and integrity in this area. These issues have been topmost on cidb's programme during Financial Year 2013/14.

In the aftermath of the Competition Commission's findings on collusion in construction, I look forward to the development of tighter measures by the cidb with increased focus in regulating the construction industry in line with its legislative mandate. It is hoped that the renewed focus shall go a long way to mitigate re-occurrence of such collusive practices in construction, including addressing the violations of the cidb Code of Conduct.

I am also mindful of the importance of the Register of Projects for effective monitoring, not just of transparency and integrity in construction procurement but also for infrastructure delivery, infrastructure contribution to transformation and for performance improvement. I am pleased that the cidb has increased emphasis on enforcing compliance to the Register of Projects and to i-tender in the period under review.

During this period the cidb brought to implementation the amended criteria for registration of contractors, which have

improved chances for emerging contractors to qualify for higher grades. These will go a long way towards increasing contractors' ability to grow. More however, needs to be done to transform the industry in order to bring about radical changes and ensure that the construction industry reflects the demographics of our society. The cidb Register of Contractors must play a critical role to support transformation and to ensure that emerging contractors are also able to access opportunities. The role of the cidb Board is therefore critical to provide leadership and oversight to ensure that the cidb delivers on its mandate, in line with Government priorities.

The cidb also initiated standards aimed at improving the capacity of emerging contractors to grow and to deliver value to clients. These measures are significant given the prevailing difficult conditions for business and the high levels of competition within which emerging contractors, in particular, operate.

I would like to thank the immediate past Board of the cidb under the chairmanship of Mr Bafana Ndendwa for its contribution to the work of the cidb during the year under review. I also wish to congratulate the new Board of the cidb under the leadership of Ms Lindelwa Myataza and to wish them well as they take the organisation forward. I look forward to working with them.



Hon. Thembelani Thulas Nxesi
Minister of Public Works

31st July 2014

STATEMENT BY THE BOARD CHAIRPERSON



Lindelwa Myataza
Board Chairperson

Vision 2017 commits the cidb to strive towards a transformed construction industry that delivers value to clients and stakeholders. This is a mammoth task that requires the efforts of all players in the construction industry. The Annual Report 2013/2014 outlines the progress achieved by the cidb towards this vision and highlights the challenges ahead.

It is a pleasure to present this Annual Report, on behalf of the immediate past Board of the cidb as well as for the new Board. A number of commitments during Financial Year 2013/2014 set the scene for the work of the cidb and the Board going forward.

During this period the cidb stepped up efforts to boost clients' compliance with its prescripts, in particular, the advertising of construction tenders on i-tender and award of projects on the Register of Projects. This is critical for effective monitoring of Government spending on infrastructure budgets. It also ensures transparency in procurement and builds the industry's understanding of how Government expenditure impacts transformation.

During the period under review the Minister approved critical amendments to the Construction Industry Development (CID) Regulations, which facilitate better alignment of the cidb Register of Contractors to development needs of the emerging sector whilst maintaining the risk management role of the Register. Much more work remains to be done to improve the capacity of the Register to support the emerging sector. The cidb is gearing up for consultation on further amendments to the Register of Contractors in the period ahead.

The cidb also conducted extensive engagement with stakeholders at various levels, provincially and nationally. The engagements have highlighted a number of industry challenges and a need to redouble our efforts to, amongst others, facilitate and support visible and sustainable transformation in the construction industry, improve enforcement of cidb prescripts in public sector clients, promote access to work by the emerging sector in the construction industry, increase efforts to fight corruption within construction procurement, and implement discernible contractor development measures.

On behalf of the Board I thank the Minister of Public Works Honourable T Nxesi MP for his leadership and unstinting support to the cidb, the Deputy Minister Honourable Jeremy Cronin for his guidance on various cidb interventions, the Parliamentary Portfolio Committee for leadership and oversight over the cidb, and the Department of Public Works at various levels of management.

I also thank the CEO, executive and staff for their contribution and hard work during the year under review.



Mme Lindelwa Myataza

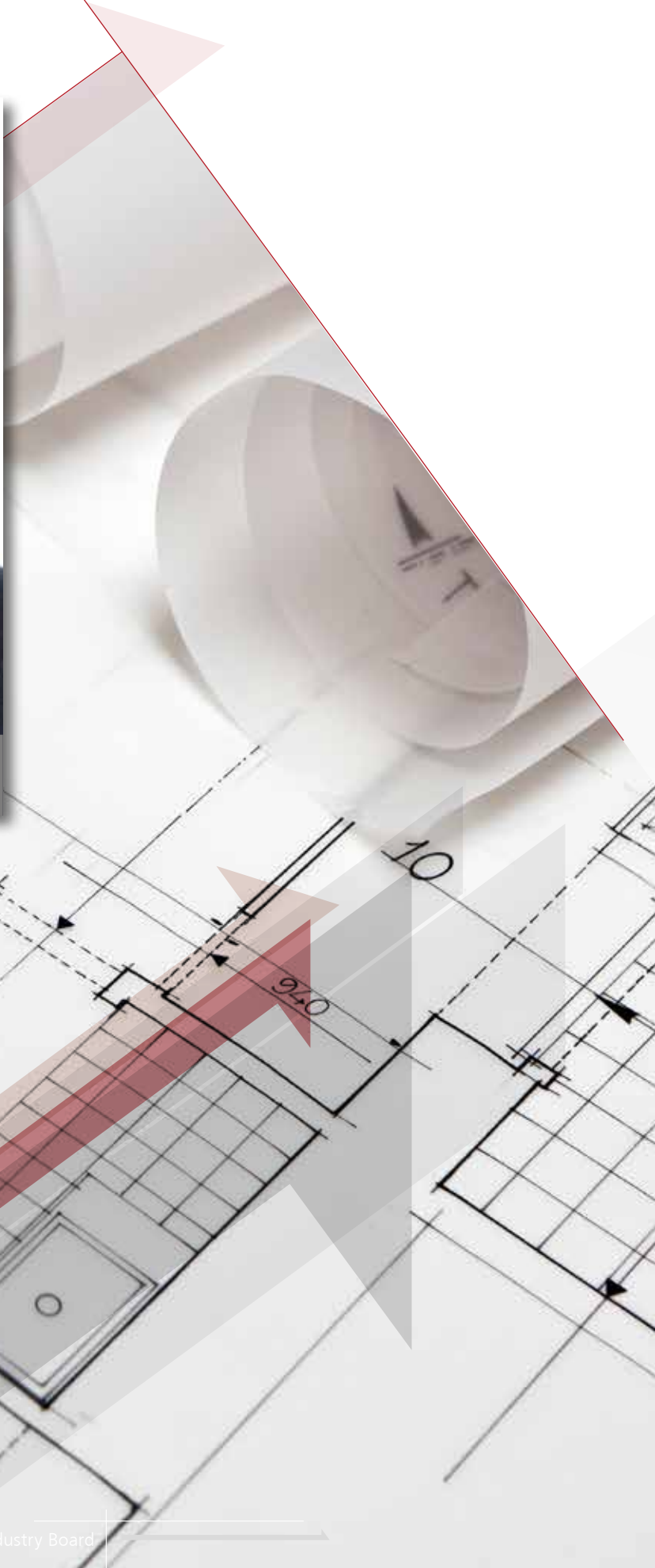
Board Chairperson

31st July 2014

CHIEF EXECUTIVE OFFICER'S REPORT



Mzwandile Sokupa
Chief Executive Officer



I am pleased to present this Annual Report of the Construction Industry Development Board (cidb) for the 2013/2014 Financial Year. The end of the period under review also marks the end of the term for the Board that was appointed by the Minister in 2011, and whose footprint has left a positive legacy built on improved relations between the cidb and construction industry stakeholders. The Board was also instrumental in providing oversight that has resulted in an improved relationship with the Attorney General underpinned by a further unqualified audit report, as well as improved relationships with the cidb branch of Nehawu. I wish to thank the outgoing Board members individually and collectively in this regard.

I also welcome the new Board, and wish them well in their term of office. On behalf of the cidb management and staff, I look forward to working as a team with the new Board as we continue to take the mandate of the cidb forward.

As we celebrate 20 years of democracy and the gains that we have attained under the current dispensation, we are mindful of the challenges that still lie ahead. The cidb is also mindful of the challenges facing the construction industry, and the challenges facing us as an organisation. Key amongst these is the transformation of the industry as well as enhancing the role of all the participants in the construction industry in the delivery of infrastructure to support the roll-out of the National Development Plan (NDP).

This Annual Report celebrates the gains that we have achieved. As highlighted in this Annual Report, the key milestones that the cidb has achieved include the ongoing focus on public sector procurement reform, including ongoing capacitation of public sector clients and raising public sector compliance to cidb prescripts. Of significance is the partnership between the cidb, the National Treasury and the University of Pretoria to create a course for Government officials and departments focusing on the Infrastructure Delivery Management System (IDMS).

The cidb Register of Contractors is central to the services provided by the cidb, and central to public sector infrastructure procurement. In July 2013, the Minister published amendments to the Construction Industry Development Regulations that better align the Register of Contractors with developments in the construction industry, and in particular with the state of development of the emerging sector. The cidb also achieved a marked improvement in the processing of contractor applications, supported through improved business processes, additional human resource capacity and improved staff training.

The cidb continued to focus on contractor development and capacity improvement. Key amongst these has been the cidb focus on enhancing the roll-out of the National Contractor Development Programme (NCDP), capacitation of municipal client departments and the mainstreaming of NCDP in procurement processes going forward. The cidb also completed consultations on the draft Competence Standard for Contractors in 2013/2014, which establishes minimum standards to which contractors should be developed.

It is worth mentioning that work continued on the cidb Project Assessment Scheme in 2013/2014, and the Board published the cidb Standard for Contractor Performance Reports in August 2013. The cidb also completed draft Standards for Health and Safety Management Plans, and for Minimum Requirements for Engaging Subcontractors on Construction Works Contracts.

I also wish to highlight the role and contribution of the cidb's Corporate Services that focuses on the delivery of support services, critical for the smooth running of the cidb. The cidb Corporate Services plays a critical role in promoting internal compliance with statutory requirements and remains the engine of corporate governance. Key highlights include an unqualified audit report and adoption of the Patterson Grading System as the cidb's job grading system.

This report would not be complete without mention of the issue of collusion in the construction industry. As a regulator within the construction industry, the cidb initiated investigations into the construction companies that were found guilty of collusive behaviour by the Competition Commission. We have initiated legal processes against the affected contractors in terms of the cidb Code of Conduct and the Construction Industry Development (CID) Regulations of 2004 as amended.

Going forward, the key focus will be to take bold steps towards advancing, implementing and delivering on the cidb's mandate, aligning our actions to government outcomes, priorities and plans.

Our strategic intent is to deliver on the cidb's mandate, including our commitment to fight corruption in the construction sector, supporting the development of emerging enterprises, including driving transformation of the construction industry, and ensuring an industry that delivers quality infrastructure.

I am grateful to our Minister Thulas Nxesi MP, the Department of Public Works, as well as the political leadership provided by the Portfolio Committee on Public Works and for the strategic direction and leadership provided by the Board. The cidb will continue to strengthen the established partnership with stakeholders towards transformation of the construction landscape as the legacy left by the outgoing Board.

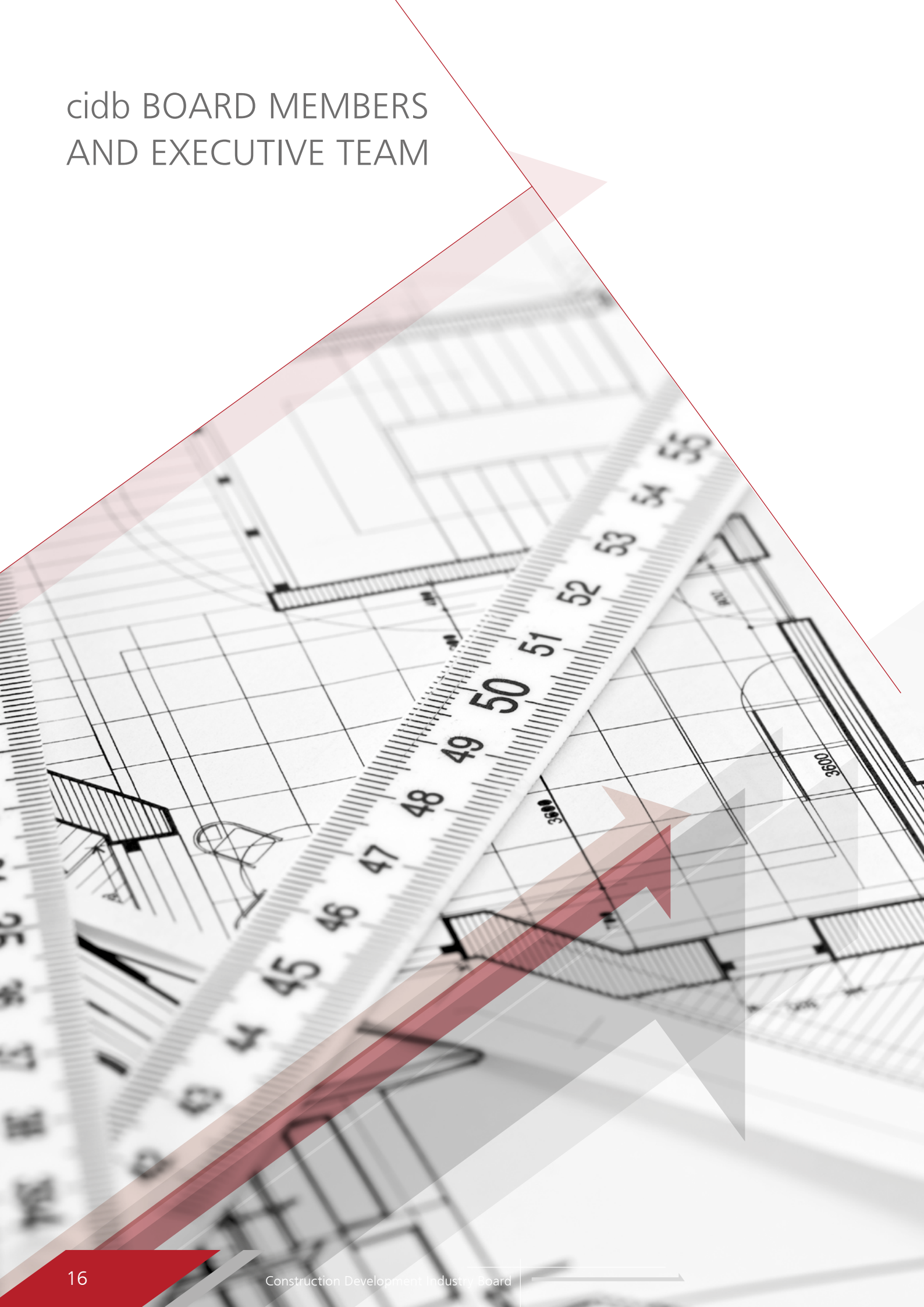
I wish to acknowledge the devotion of the Executive, Management and staff of the cidb to the work at hand, which is greatly appreciated. I also wish to thank specifically Ms Hlengiwe Khumalo for her role as Acting Chief Executive Officer for a significant part of the period under review.



Mzwandile Sokupa
Chief Executive Officer

31st July 2014

cidb BOARD MEMBERS AND EXECUTIVE TEAM



cidb Board Members



Ms Lindelwa Myataza
Board Chairperson



Mr Christopher Sipiwe Jiyane
Deputy Chairperson



Ms Nazreen Sekao Pandor
Board Member



Mr Gonasagran Maduray
Board Member



Ms Nomsa Jacobs-Skweyiya
Board Member



Mr Siphon Abednego Mosai
Board Member



Mr Lefadi Lucas Makibinyane
Board Member



Ms Natalie Carol Skeepers
Board Member



Mr Selaelo Michael Makhura
Board Member



Ms Vuyiswa Victoria Sidzumo
Board Member



Ms Mandisa Fatyela-Lindie
Board Member



Mr Hareesh Lakha Patel
Board Member



Mr Nico Maas
Board Member

cidb
Executive Team



Mr M. Sokupa
CEO



Ms. H. Khumalo
CFO



Dr R. Milford
*Programme Manager:
Construction Industry
Performance (CIP)*



Ms I. Thumbiran
*Programme Manager:
Procurement and Delivery
Management (PDM)*



Mr G. Naidoo
*Programme Manager:
Provincial Offices and
Contractor Development (PCD)*



Mr E. Moola
*Programme Manager:
Contractor Registers
Services (CRS)*

PUBLIC SECTOR PROCUREMENT REFORM



1. Public sector procurement reform

The Construction Industry Development Board (CIDB) Act 38 of 2000 mandates the cidb to promote procurement reform and to, within the framework of the policy of Government, promote the standardisation of the procurement process with regards to the construction industry.

To further the objectives of the CIDB Act the cidb has established:

- The Standard for Uniformity in Construction Procurement which establishes uniform systems, processes, procedures and documentation across the public sector;
- The Register of Contractors (RoC) which grades and categorises contractors according to capability to carry out construction projects;
- i-tender providing for mandatory advertising of construction tenders on the cidb website;
- The Register of Projects (RoP) providing for the mandatory registration of construction contracts awards on the cidb website; and
- The Code of Conduct for all parties engaged in construction procurement.

Together, these instruments constitute the cidb prescripts.

1.1 CAPACITATION OF CLIENTS

Raising public sector compliance to cidb prescripts was a key priority in the 2013/2014 Financial Year. The cidb sought to improve clients' knowledge and understanding of its prescripts as well as the application of these prescripts in construction procurement. This was conducted through client capacitation workshops building onto work that was initiated in the previous years.

Capacitation sessions are provided to clients on demand and free of charge. Among the learning outcomes of the cidb client capacitation efforts are knowledge and understanding of:

a) Legislative requirements for construction procurement and how to

- Apply these requirements in supply chain management; and
- Comply with the required ethical standards applied in public sector supply chain management.

b) SCM powers and functions

- Delegation of supply chain management powers and functions; and
- Roles and responsibilities of the various supply chain management committees.

c) Procurement documents for construction and engineering projects and how to

- Develop and evaluate a supply chain management policy for the organisation;

- Prepare construction and engineering documents that meet the requirements of the cidb Standard for Uniformity in construction procurement documentation;
- Develop various types of contractual arrangements; and
- Conduct supply chain risk management.

d) Solicitation of tender offers

- Soliciting tender offers in accordance with the cidb Register of Contractors and Register of Projects.

e) Evaluation of tender offers and how to

- Evaluate tender offers from tenderers in accordance with the prescripts; and

f) Implementation and management of infrastructure projects

- Implementation and management of construction and engineering projects in accordance with the CIDB Act.

1.2 KNOWLEDGE SHARING IN CONSTRUCTION PROCUREMENT

The cidb established Construction Procurement Officers (CPOs) Forums in the 2012/2013 Financial Year. The purpose of the CPOs is to facilitate knowledge sharing on procurement best practices, procurement and contractor development, the construction industry legislative and regulatory framework as well as to promote compliance to cidb prescripts.

CPO Forums bring together Government officials who operate as heads of procurement. They are a catalyst for knowledge sharing and for building procurement networks around compliance to cidb prescripts. They also promote transparency in procurement as well as continuous improvement of procurement processes and procedures.

1.3 DEVELOPING CONSTRUCTION PROCUREMENT COMPETENCE STANDARDS

In 2013/2014 the cidb began the drafting of Standards for Construction Procurement Competence as part of the strategy to build construction procurement skills within the public sector. The draft standards establish a standardised approach to construction procurement training and education. It is an important element of the cidb's effort to address knowledge and skills deficiencies among procurement practitioners and to set a benchmark for assessment of training outcomes.

It is important to identify what skills are needed for construction procurement officials to efficiently and effectively manage and deliver infrastructure. The establishment of standards will enable Government to assess the existing skills in procurement and to identify the skill gaps so that appropriate capacity can be created.

The finalisation of the Standard will be completed in the next Financial Year

1.4 MONITORING COMPLIANCE TO i-tender/REGISTER OF PROJECTS

Compliance monitoring formed a critical aspect of improving enforcement of the cidb prescripts during the year under review. The cidb focused, among others, on the monitoring of clients' compliance

to i-tender/Register of Projects in:

- Select national and provincial infrastructure departments;
- Public entities;
- Metropolitan councils; and
- High capacity local municipalities.

The statistics on the level of compliance per province appear in Table 1 below.

Table 1: Compliance statistics on tender notices per province

	National and SOC	Provincial	Metropolitan Councils	High Capacity Municipalities	Total Compliance %
	72%		-		
NW		98%	-	100%	99%
FS		92%	96%	96%	94%
WC		95%	87%	86%	89%
LP		89%	-	57%	79%
GP		78%	67%	84%	73%
EC		84%	50%	61%	70%
NC		58%	-	50%	57%
MP		32%	-	62%	57%
KZN		23%	60%	54%	37%
Sub-total	72%	63%	66%	70%	
Total			67%		

1.5 COMPLIANCE TO THE cidb CODE OF CONDUCT

The Construction Industry Development (CID) Regulations of 2004, as amended mandate the cidb to investigate cases of transgressions of the Code of Conduct for all parties engaged

in construction procurement. These include fraud against the Register of Contractors, procurement fraud and non-compliance to the cidb prescripts. Table 2 below sets out categories of transgressions per province investigated against cidb registered contractors as well as employers.

Table 2: Provincial statistics on fraud investigation

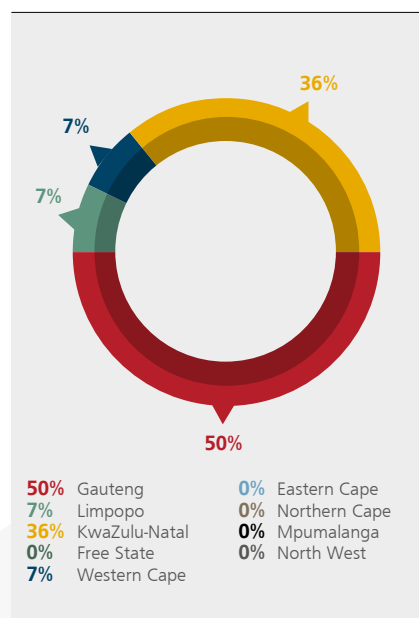
Period	Statistics per Province									Total Nature of Complaints
	GP	MP	NW	KZN	Limpopo	NC	FS	EC	WC	
April 2013 – March 2014										
Tax Clearance Certificate	2			2	1					5
Track Record	3			4	1					8
Financial Statements				1	1					2
Professionals				1						1
Non-compliance to the Standard for Uniformity	1			1		1		2	3	8
Award to non-registered contractor	8	1		2		1	1			13
Total	14	1	0	11	3	2	1	2	3	37

Please note: The total number of the categories of complaints investigated will differ from the total number of investigations received, because one contractor/employer has been investigated for more than one category of transgression.

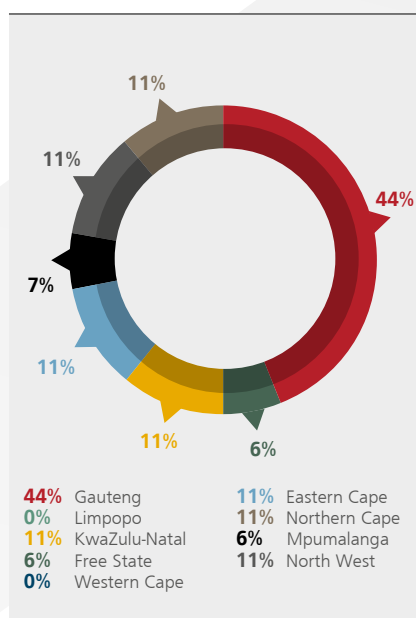
Summary of investigations concluded against contractors and employers. The formal enquiries instituted against contractors and employers in terms of chapter 29 of the Construction Industry Development Regulations, 2004 (as amended) after the conclusion of the investigations are set out in the Table

below. The investigation concluded against contractors and employers, and the formal enquiries instituted against contractors and employers in terms of regulation 29 of the Construction Industry Development Regulations, 2004 (as amended) after the conclusion of the investigations are summarised below.

Contractor investigations concluded



Employer investigations concluded



Hearings instituted and concluded

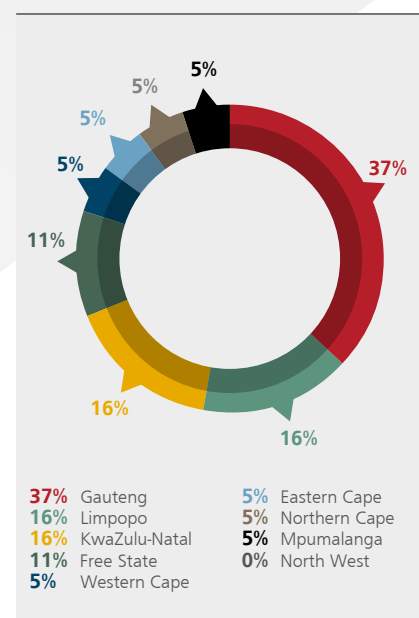


Table 3: Outcome of formal enquiries

Period	Statistics per Province									Totals
	GP	MP	NW	KZN	Limpopo	NC	FS	EC	WC	
Of the finalised cases, the number of respondents guilty	4	1		3	3	1	2	1	1	16
Of the finalised cases, the number of respondents acquitted										0
Of the finalised cases, the number of cases withdrawn	3									3
Totals	7	1	0	3	3	1	2	1	1	19

As at March 2014, 18 hearings were pending finalisation.

1.6 COLLUSION IN THE CONSTRUCTION INDUSTRY

The cidb regulatory framework and Code of Conduct (the Code) applies to all parties engaged in construction procurement. For this reason the cidb has initiated its own investigations into the construction cartels, starting with the 15 companies which admitted to collusion to the Competition Commission. Going forward the cidb must intensify efforts to regulate the construction industry in line with its legislative mandate and renewed focus to mitigate re-occurrence of collusive practices in construction. The guilty finding of the Competition Commission implies a violation of the cidb Code of Conduct. For this reason, the cidb has initiated its own investigation into the alleged transgression to its prescripts.

Going forward the cidb must intensify efforts to regulate the construction industry in line with its legislative mandate and renew focus to mitigate the re-occurrence of collusive practices in construction.

1.7 DRAFT REGULATIONS FOR PROMPT PAYMENT AND DISPUTE RESOLUTION

The cidb developed a strategy to deal with the continuing crippling effects of payment delays in the construction industry. Payment is regarded as the remuneration for work or services properly carried out. Prompt payment relates to the contractual terms for the discharge of the payment obligation whilst endorsing fair payment practices. Poor payment practices in the construction industry give rise to substantial additional financing and transaction costs for both clients and contractors.

Draft regulations in support of prompt payment were developed. These regulations seek to provide greater certainty on payment to service providers and to optimise on payment periods to minimise interest charges for clients. The draft regulations recognise that contractors have the right to receive full payment as and when it is due and therefore seek to protect contractors against late or non-payment. Deliberate late payment or unjustifiable withholding of payment is ethically unacceptable.

Dealing with payment issues is part of the wider agenda of government to improve cooperation with clients and the construction industry. The draft regulations address some of the major causes of late payment, contractual issues and disputes, including the rights and obligations of each party. Furthermore, it proposes solutions to mitigate lengthy court battles and works on the premise that as long as all parties

to a contract understand the requirements of a project, there will be fewer disputes.

Numerous consultations were held with industry stakeholders to finalise the regulations on dispute resolution and prompt payment.

1.8 cidb PRACTICE NOTES

The cidb Inform Practice Notes provide guidance to clients on procurement issues. During the year under review, the cidb produced the following Inform Practice Notes:

Practice Note 30: Blacklisting of Contractors for Non-Performance (May 2013)

This Practice Note guides public sector clients on how to deal with non-performance by contractors. The Practice Note states that non-performance should first be dealt with in terms of the contractual procedures between the employer and the contractor. Thereafter it must be referred to the cidb in terms of a potential breach of the cidb Code of Conduct and not as blacklisting of the contractor on the National Treasury database of restricted suppliers in terms of Section 13 of the Preferential Procurement Regulations (June 2011).

Practice Note 31: Requirements for Registered Professionals on Construction Works Contracts (February 2014)

The July 2013 cidb Regulation Amendments (Government Gazette No. 36629 of 2 July 2013) removed the requirement for "qualified persons" (or registered professionals) as a contractor registration requirement. The clients must now determine and specify the specific technical resource requirements on projects based on the scope of work, complexity and size of the project. This Practice Note provides guidelines to clients to specify eligibility requirements for registered professionals to undertake the management of the construction works contract.

2. Register of Contractors

The Construction Registers Service comprises the Register of Contractors and the Register of Projects which have been established in terms of the CIDB Act (Act 38 of 2000). The Register of Contractors grades and categorises contractors according to financial and works capability. It is mandatory for public sector clients to apply the register when considering construction works tenders. The Register of Contractors facilitates public sector procurement and promotes contractor development.

2.1 REGULATION AMENDMENTS

Registration criteria are based on financial and construction works requirements. The cidb considered submissions from stakeholders through the National Stakeholder Forums and provincial stakeholder workshops and identified improvements to registration requirements.

On 2 July 2013 and after three years of consultation, the Minister of Public Works, Minister Thulas Nxesi, published amendments to the Construction Industry Development Regulations. The new amendments came into effect on 1 August 2013. The revised Regulations were designed to better align the Register of Contractors with developments in the construction industry, and in particular with the state of development of the emerging sector.

The amendments included:

- Removal of the requirement for contractors to have registered professionals in their employ;
- Reduction in the annual turnover requirements;
- Reduction in the track record requirements;
- Provision for review of the tender value limits;
- Removal of the Method B registration option where enterprises are registered with high financial capacity but no track record; and
- Improvement to the grading calculation of joint ventures.

The cidb has commenced work on the next phase of regulation amendments including:

- A review of Grade 1 registration requirements;
- Requirements for contractor registration renewal for Grades 2 to 9;
- Requirements for submission of the B-BBEE recognition level together with the individual scorecard elements of a contractor;

- A demerit system for contractors based on reportable health and safety (H&S) incidents on construction works contracts;
- Mandating the use of cidb registered subcontractors on public sector contracts; and
- To provide for the use of cidb registered contractors on homebuilding contracts.

Thereafter the focus will move to a complete review of the registration classes of work as well as assessing other improvements based on stakeholder input.

2.2 REGISTRATIONS PROCESSING

During the 2013/2014 Financial Year the cidb achieved a marked improvement in the processing of contractor applications. In the first quarter of the Financial Year only 50% of the 4,093 applications were processed within the targeted turnaround time of 21 working days for compliant applications in Grades 2 to 9. This figure increased to 98% in the fourth quarter of the year under review.

The improvements were attributable to improved business processes, additional human resource administration capacity and improved staff training. During the year under review 3,885 registration queries were received. The Resolutions Team administered all queries within the 48 hour turnaround target.

The Construction Registers Management System which was implemented in 2012/2013 allows for electronic movement of files across provinces in order to achieve optimal use of staff resources. This enabled the re-distribution of work to optimise capacity, and alleviate backlogs. The workload reallocation is based on electronic movement of scanned files which allows data capturing and quality control to be done from any province regardless of where it originated.

3. Strengthening Infrastructure Delivery Capacity

3.1 INFRASTRUCTURE DELIVERY IMPROVEMENT PROGRAMME (IDIP)

The Infrastructure Delivery Improvement Programme (IDIP) is a partnership programme of National Treasury, Department of Public Works, Development Bank of Southern Africa (DBSA) and the cidb. The programme is primarily aimed at improving infrastructure delivery in the education, health and public sectors at national and provincial levels.

The IDIP has continued to support provincial departments to improve infrastructure planning, alignment of infrastructure delivery cycle with the budgeting cycle, and to clarify roles and responsibilities between the client departments and the implementing agents. The key performance areas that IDIP influences are:

- The development of capacity for infrastructure planning and delivery management (people, skills and systems);
- Service delivery agreements that provide clear measures of performance for both the client departments and the implementing agents;
- Infrastructure plans that indicate the demand, supply, backlogs and project priorities; and
- Improvement in the quality of reporting on the infrastructure projects.

The IDIP has had a positive impact on public sector infrastructure delivery with much success being reported at the quarterly Technical Committee meetings hosted by the cidb. In addition, the cidb produces the annual Impact Evaluation Report of the Infrastructure Delivery Management Toolkit. The report details the impact of the application of the Infrastructure Delivery Management Toolkit at provincial level by the departments of Basic Education, Health and Public Works in an effort to entrench a culture of continuous improvement within the departments.

The National Treasury contracted a Review Team consisting of three independent evaluation experts to conduct a comprehensive review of the Programme from September to December 2013. This included work done by the cidb through the various Technical Committee meetings held quarterly. The Review was based on IDIP's well-documented evaluation methodology. It recommended that the focus and central thrust of the IDIP in the next three years should be on the full institutionalisation and capacitation of the

Infrastructure Delivery Management System (IDMS) in both the National and Provincial spheres of Government and the implementation of the Infrastructure Progression Model to promote performance based infrastructure grants.

3.2 TECHNICAL SUPPORT AND TRAINING ON THE IDMS

During the 2013/2014 Financial Year the cidb provided the requisite support and maintenance of the Infrastructure Delivery Management System (IDMS) which is the backbone and the body of knowledge provided for in the IDIP methodology. The cidb has dedicated resources that receive and respond to queries on the IDMS whilst constantly looking at ways to improve the functionality and application of the IDMS.

A Memorandum of Understanding was signed between the National Treasury and the University of Pretoria, for the University to create an IDMS course for Government officials and departments participating in IDIP. The cidb was tasked with the pivotal role of developing the course material with the University of Pretoria.

The Executive Course was successfully piloted in October 2013 based on the draft course material. A total of 47 delegates identified from National and Provincial Departments of Health, Education, Public Works, Treasury, DBSA and the cidb attended the course. The pilot was very successful with the course achieving the following outcomes:

- Understanding the IDMS within the context of other government processes;
- Executives better understanding of the value-add of the IDMS to infrastructure prioritisation, planning, budgeting, delivery, monitoring and reporting; and
- Improved leadership alignment and support for the IDMS across implementing agents.

Final accreditation of the course material will be completed in the 2014/2015 Financial Year.

4. Contractor Development and Capacity Improvement

More than 400 contractors were trained in skills including business planning and financial management. The training was conducted through partnerships with provincial clients and contractor associations and beneficiaries were targeted through these structures.

A process is underway to develop an electronic monitoring and evaluation system for contractor development. The automated system will be incorporated into the Construction Registers Management (CRM) system and will interface with the RoC and RoP. Currently the statistics are collected manually and the Provincial Contractor Development Programme statistics are reported quarterly to Public Works Provincial Heads of Department (HoDs) and MECs.

Currently there are in excess of 1,500 contractors participating in approximately 20 Contractor Development Programmes. Of these, about 900 contractors are in the two KwaZulu-Natal development programmes.

The cidb has developed web-based guidelines for contractor development programmes. The online training system will further capacitate client departments on design and implementation of Contractor Development Programmes and thereby ensure that there is uniform design and application of all CDPs.

A key focus in 2013/2014 was municipal client capacitation. In this regard SALGA participation structures (LED and Infrastructure Working groups) were utilised, and councilors and officials were engaged. The SALGA National Executive Council (NEC) and COGTA MinMEC adopted the National Contractor Development Programme (NCDP) framework in 2013. This paved the way for municipal road shows throughout the nine provinces.

4.1 STANDARDS IN SUPPORT OF CAPACITY IMPROVEMENT

The CIDB Act (Act 38 of 2000) requires the Board to establish Best Practice Contractor Recognition Scheme. The Contractor Recognition Scheme must:

- a) Enable organs of state to manage risk on complex contracting strategies; and
- b) Promote contractor development in relation to best practice standards and guidelines developed by the Board.

During the period under review the cidb completed draft Best Practice Standards towards implementation of the Contractor Recognition Scheme. The following draft standards support contractor development:

- cidb Competence Standard for Contractors;
- cidb Best Practice; Construction Management Systems; and
- cidb Standard for Contractor Performance Reports.

The cidb Standards are currently subject to a Regulatory Impact Assessment (RIA), before ongoing development and roll-out.

Contractor Performance Reports

The cidb Standard for Contractor Performance Reports for use on Construction Works Contracts (Grades 2 to 9) was published by the Board in Government Gazette number 36760 of August 2013.

The Standard provides for a uniform and consistent method of assessment of the performance of a contractor with respect to the following project parameters:

- Time, cost and quality management;
- Health and safety management;
- Management of site conditions; and
- Management of subcontractors (including payment).

The contractor performance reports will also include a record of any breaches of contract (including those resulting in the termination and/or cancellation of a contract) as well as non-compliance with mandatory cidb Standards and the cidb Code of Conduct.

It is envisaged that implementation of the Standard could result in around:

- 10% reduction in cost of poor quality; and
- R350 million per annum in improvements in quality of infrastructure.

Construction Management Systems

To promote and recognise performance improvement by contractors in, typically, Grades 5 to 7, the cidb has developed a customised Standard for Construction Management Systems (CMSs) based on recognisable construction industry minimum standards covering:

- Health and safety management;
- Quality management; and
- Environmental management (covering air, water, land and waste).

This cidb Standard allows for expansion and conversion to meet ISO or OHSAS requirements in the future. The Standard has been developed in collaboration with industry, has also

been endorsed by industry and subsequently released by the SABS in December 2013 as SANS 1393 Construction Management Systems; Requirements.

4.2 STANDARDS IN SUPPORT OF PERFORMANCE IMPROVEMENT

The CIDB Act (Act 38 of 2000) requires the Board to establish Best Practice Project Assessment Scheme. The aim of the Project Assessment Scheme is to promote improvements in the procurement process, the delivery process, and the construction process.

In addition to the cidb Standard for Developing Skills through Infrastructure Contracts and the cidb Standard for Indirect Targeting for Enterprise Development that were published in 2013, the cidb completed the following draft Standards during the period under review towards implementation of the Project Assessment Scheme:

- cidb Standard for Health and Safety Management Plans;
- cidb Minimum Requirements for Engaging Subcontractors on Construction Works Contracts.

The cidb Standards are currently subject to a Regulatory Impact Assessment (RIA), before ongoing development and roll-out.

Although not yet mandatory, the cidb Standards were launched by the Minister of Public Works, Minister Thembelani Nxesi on 26 November 2013. The Minister encouraged stakeholders to adopt the cidb Standards before being made mandatory.

5. Skills Development

The cidb Standard for Developing Skills through Infrastructure Contracts was published by the Board in Government Gazette number 36760 of August 2013. The Standard is a collaborative effort between the cidb, the Departments of Public Works, the Department of Higher Education and Training and the Department of Economic Development after extensive consultation with industry.

For engineering and construction works, design and build, supply and services contracts, the Standard provides for a minimum contract participation goal of 0.5% of the tender value of general building (GB) contracts and 0.25% of the tender value of civil engineering contracts (CE) to be allocated to workplace training on public sector contracts in tender Grades 7 to 9. For professional services contracts, the number of skills development hours shall be not less than the professional fees in millions of Rand multiplied by 150.

It is envisaged that implementation of the Standard will result in around:

- R380 million spend on workplace training per year;
- 6,000 learning opportunities per year for FET learners/artisans; and
- 1,500 learning opportunities for candidates.

5.1 THE cidb EMPLOYMENT SKILLS DEVELOPMENT AGENCY (ESDA) PILOT

In 2006 the National Department of Labour invited applications for the registration of employment skills intermediaries to assist the SETAs with the attainment of the National Skills Development Strategy targets.

Specifically the ESDAs were intended to:

- Ensure continuity of learning across different workplaces for learnership candidates and apprentices to ensure completion of their training contracts;
- Improve the quality of training available to learners by assessing and managing workplaces;
- Help bring Small Micro and Medium Enterprises (SMMEs) into the regulated training environment; and
- Provide employment services for SMMEs that did not have the capacity to manage their own learnerships, while committed to providing high quality recognised training to unemployed learners.

In line with the cidb's focus on construction skills and to support the roll-out of the cidb Standard for Developing Skills through Infrastructure Contracts, the cidb applied for and was granted ESDA status. The cidb ESDA application was supported by private industry in the form of BBCBE, MBSA and SAFCEC who committed to providing workplace training opportunities for the ESDA learners.

The cidb successfully piloted the ESDA implementation model in partnership with Tshwane South FET College. Twenty two learners were placed with construction companies and have completed their workplace training in terms of the pilot project. The learners have undergone their respective outcomes tests – summative assessments in the case of the civil learners and bricklaying trade test for the building learners. 22 learners graduated from the pilot cidb ESDA on 26 November 2013.

Based on the lessons learned from the ESDA pilot, the cidb is presently establishing a Skills Development Agency (SDA) to facilitate implementation of the cidb Standard for Developing Skills through Infrastructure Contracts.



Honourable Minister Thembelani Nxesi, cidb's Ntebo Ngozwana and ESDA Graduates



Honourable Minister Nxesi, Gregory Mofokeng of BBCBE and cidb's German Mphahlele, Hlengiwe Khumalo, Bafana Ndendwa (Board Chairperson), Kotli Molise, Ntebo Ngozwana and Lwandile Kona

6. Monitoring Industry Performance

The cidb has developed a suite of products to monitor and evaluate the performance of the industry and to support contractor development, including:

- Sector specific status reports;
- The cidb Construction Industry Indicators (CIIs);
- The cidb Quarterly Monitor;
- The cidb SME Business Conditions Survey; and
- The cidb Compliance Monitor

Collectively, these products provide a base for a detailed understanding of the industry.

6.1 CONSTRUCTION INDUSTRY INDICATORS (CIIS)

The cidb Construction Industry Indicators (CIIs) are measured annually, and measure the performance of the industry focusing on clients, the client's agent/consultant and contractors. The aim of the CIIs is to identify areas of possible poor or under-performance, to track trends over time and to inform the cidb's strategy and interventions.

Performance of contractors

The 2013 CIIs show that overall contractors are able to deliver construction works contracts to the requirements of and to the satisfaction of clients. However, clients were neutral or dissatisfied with the performance of contractors on 12% of the projects surveyed in 2013. Around 8% of the projects surveyed had levels of defects which are regarded as inappropriate. This is often attributable to clients not adequately matching capability of the contractor to the requirements of the construction works contract as a key requirement of a well-functioning procurement system. Enhancing the risk management capability of clients is a key focus within the cidb, and includes the publishing of the cidb Standard for Contractor Performance Reports for use on Construction Works Contracts (Grades 2 to 9) in July 2013.

Performance of clients

On the other hand, the CIIs show that contractors were neutral or dissatisfied with the performance of clients on 21% of the projects surveyed, and were neutral or dissatisfied with the quality of tender documents and specifications obtained from clients on around 22% of the projects surveyed. Of ongoing concern is delayed payments within the industry, and 43% of payments to contractors were made in 30 days or longer after invoicing. The ongoing delayed payments in the construction industry impacts negatively on the development and sustainability of the construction industry. In response to this the cidb is preparing Regulation amendments to encourage prompt payment.

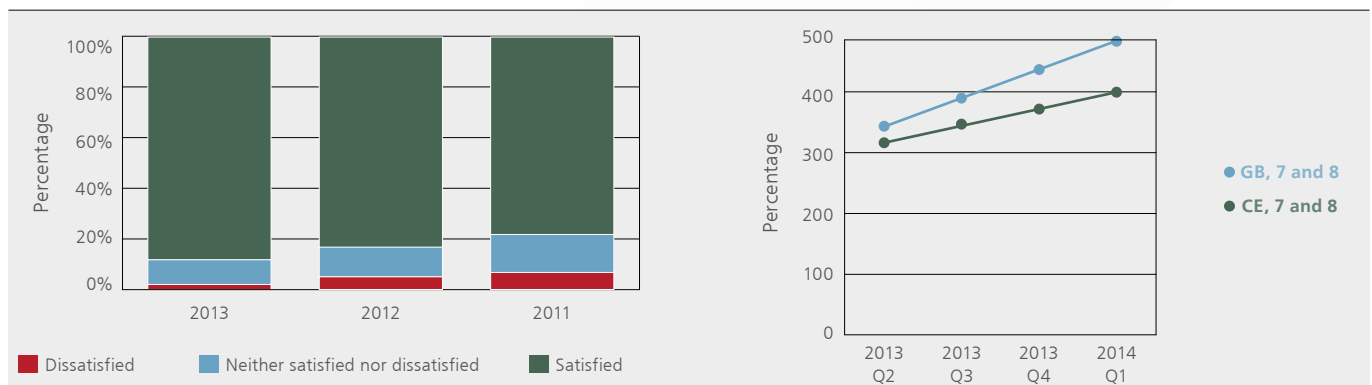
6.2 BUSINESS CONDITIONS

The sustainability and development of contractors is inextricably linked to the business conditions experienced by contractors, including access to work opportunities, tendering competition, access to credit and access to skills. The cidb closely monitors the business conditions being experienced by contractors through the cidb Quarterly Monitor and the cidb SME Business Conditions Survey so as to identify possible areas of required intervention.

The business conditions for the Financial Year 2013/2014 have been difficult, with less than 50% of Grade 3 to 8 General Building (GB) and Civil Engineering (CE) contractors rating the prevailing business conditions as satisfactory. A business confidence index of less than 50% indicates an industry in distress. Key factors contributing to the difficult business conditions include an insufficient demand for work, which is attributable in part to Government under-expenditure of around R8 billion at the municipal level and around R3 billion at the provincial level at the respective Financial Year ends.

Key responses by the cidb to the difficult business conditions being experienced by contractors include capacitation of public sector officials through the Infrastructure Delivery Improvement Programme (IDIP) and the cidb's call for enhanced roll-out and broadening of the National Contractor Development Programme (NCDP) to provincial and municipal level.

Client Satisfaction with Construction Quality



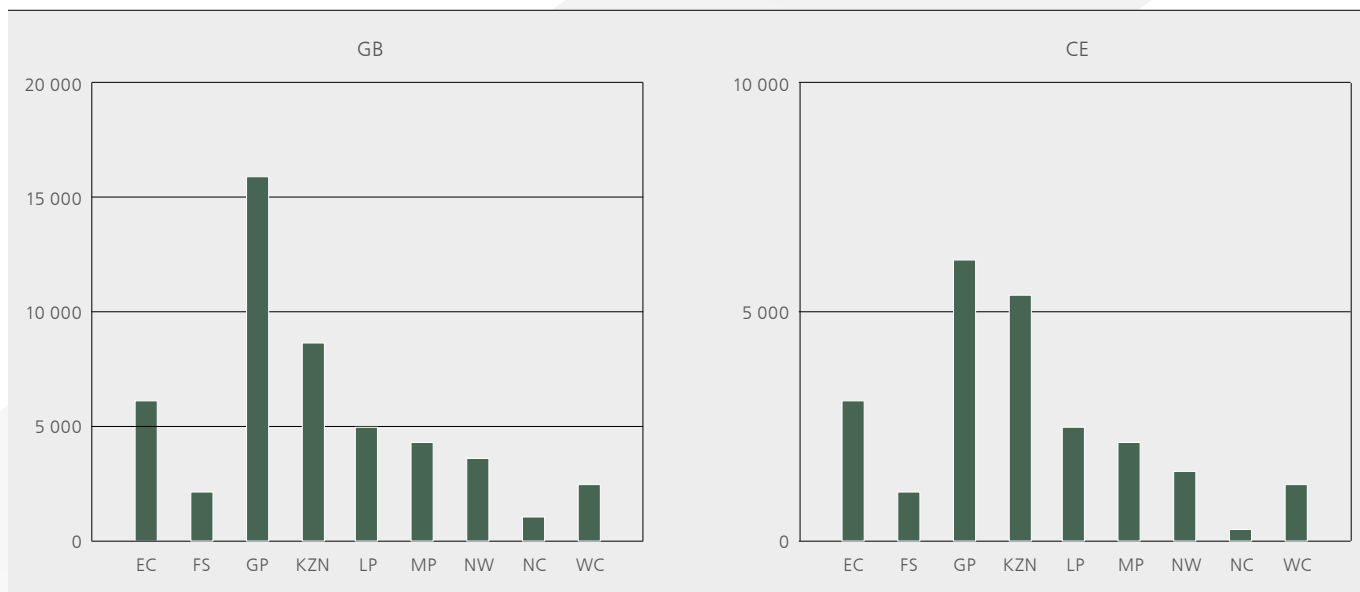
6.3 STATISTICS FROM THE REGISTER OF CONTRACTORS

The cidb Register of Contractors reflects the nature, size and distribution of contractors operating in the industry. It also provides indicators for transformation and empowerment. The following trends were experienced during the 2013/2014 Financial Year:

Grade 1

The absolute number of Grade 1 contractors per province is shown in the following figure. It is seen that the number of registered Grade 1 General Building (GB) and Civil Engineering (CE) contractors in KwaZulu-Natal and the Eastern Cape appears to be disproportionately high, especially compared to the GDP or construction spend per province.

Supply: Grade 1 (Absolute)

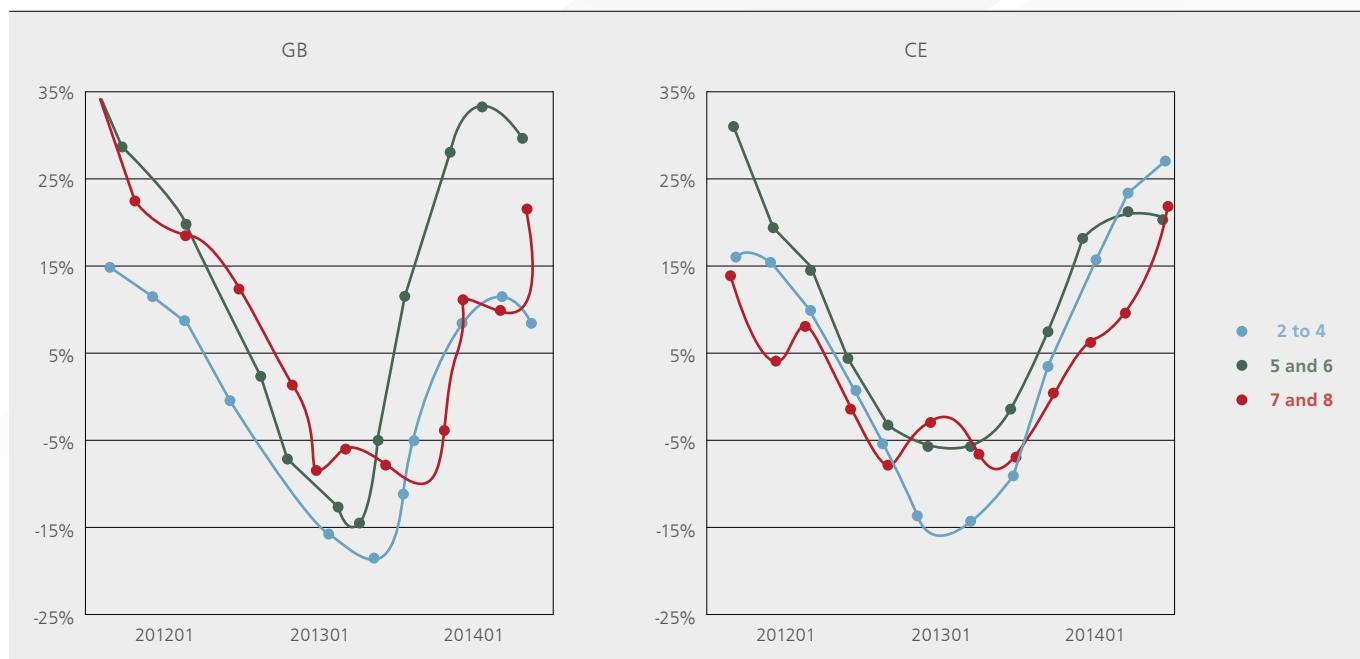


Growth in Registrations

The year-on-year growth in registrations for Grades 2 to 8 in General Building (GB) and in Civil Engineering (CE) is shown in the figure below. The overall growth in registrations continued

to increase from around 15% to 35% in Quarter 1 of the 2014 calendar year. The high growth rates in the number of registrations surpass the growth rates of the construction economy.

Growth in Registrations (year-on-year): 2011Q2 to 2013Q1



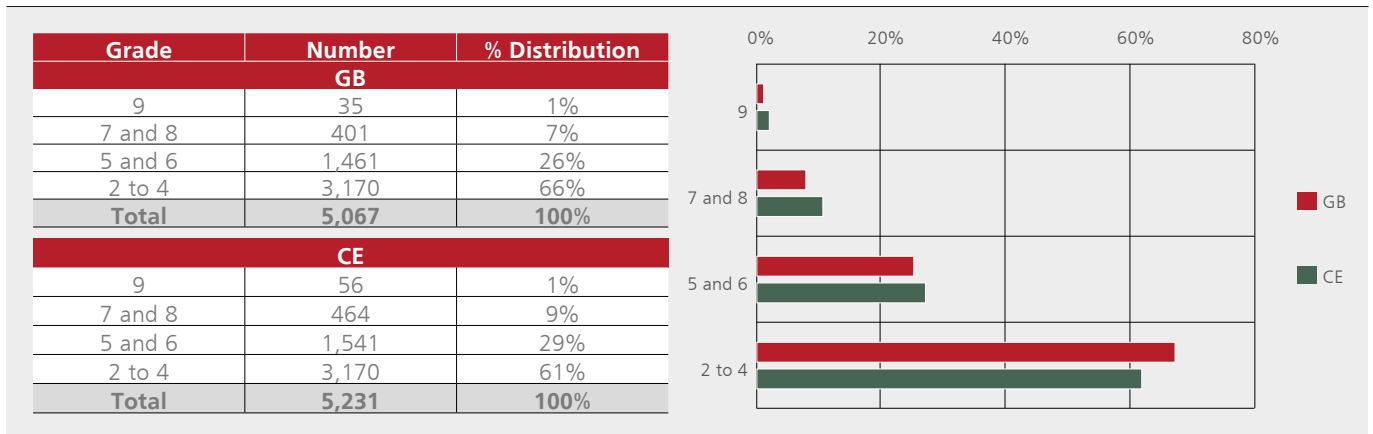
Grade 2 to 9

Details of the distribution of the total number of registrations in Grades 2 to 9 in General Building (GB) and Civil Engineering (CE) for South Africa are shown in the following figures together with the total number of registrations over the past three years.

Overall, it is seen that the number of registrations in Grades 2 to 4 account for around 65% to 70% of the total registrations in

Grades 2 to 9, whereas the number of registrations in Grades 7 to 9 account for around 7% of the total number of registrations. Year on year Grades 7 and 8 have shown growth rates in excess of 30%. This is due largely to contractor upgrades, new entrants and contractors retaining their existing grades as a result of the 2013 Regulation amendments.

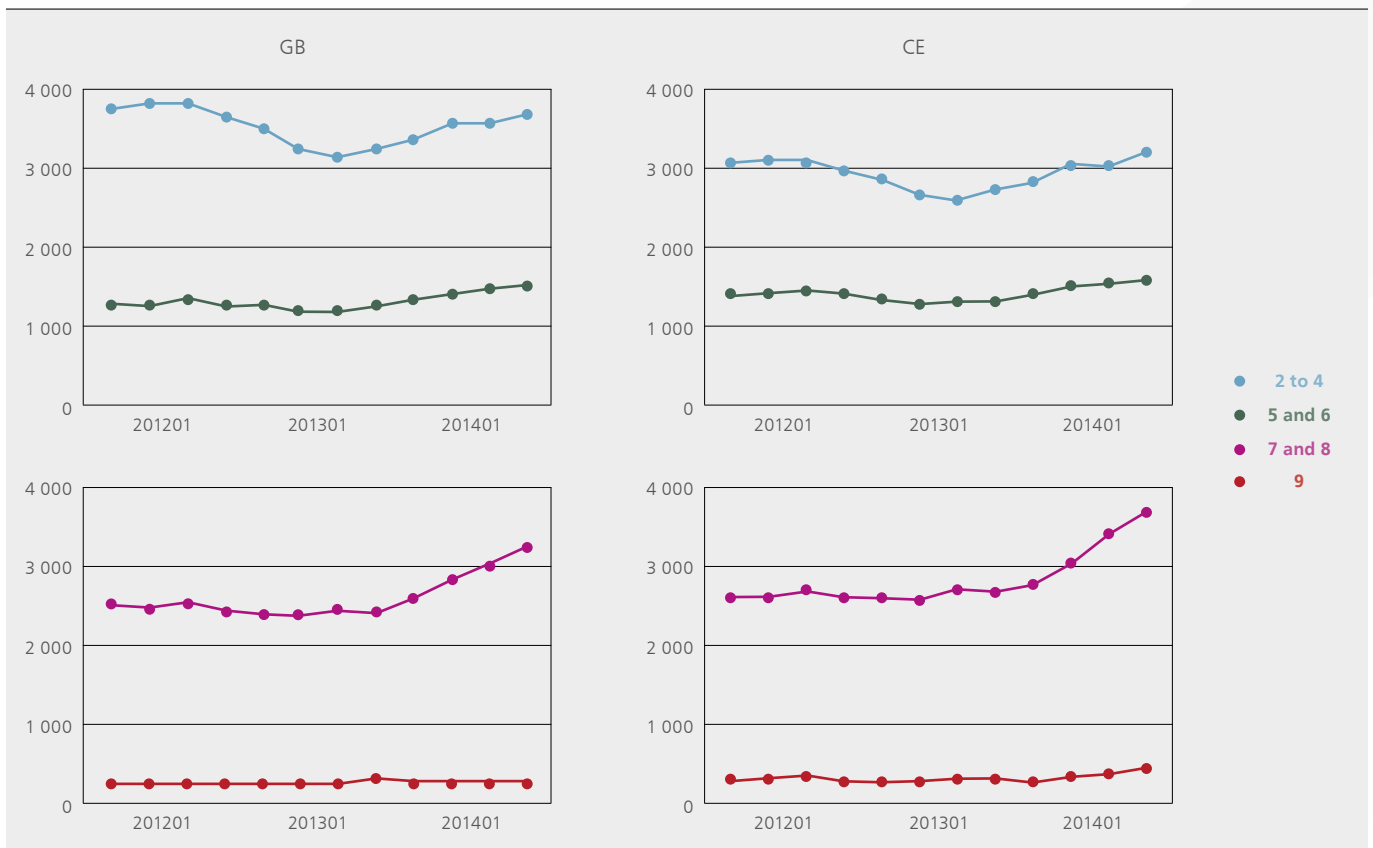
Supply: Registrations per Grade (% Grades 2 to 9): 201401



There was an ongoing increase in the number of registrations in Grades 7 and 8 in particular, with around 100 new GB and CE registrations over the past year. The increase in registrations

could be attributable to the new Regulation amendments which came into effect on 1 August 2013.

Supply: Number of Registrations: 201102 to 201401



Upgrades

The table below shows details of the upgrading of contractors in General Building (GB) and in Civil Engineering (CE) for the 2013/2014 Financial Year. The average rate of contractor upgrades per year is seen to vary between 5% to 10% for Grades 5 to 8 and 17% for Grades 2 to 4. Upgrades for Grades 2 to 4 is around the average of 17%. At around 3% average the rate of upgrading for Grade 1 contractors is significantly lower.

There was a significant increase in the rate of upgrades per year in Grades 2 to 6 in both General Building (GB) and Civil Engineering (CE), as can be seen in the table below. This could be attributable to the new Regulation amendments which came into effect on 1 August 2013.

Upgrades: 201302 to 201401

From	2 to 4	5 and 6	7 and 8	9	Total	Registrations	%
GB							
7 and 8	0	0	13	5	18	401	4%
5 and 6	0	108	86	0	194	1,438	13%
2 to 4	278	252	10	0	540	3,617	15%
1	955	102	0	0	1,060	50,828	2%
Total	1,233	462	109	5	1,812	56,284	3%
CE							
7 and 8	0	0	20	10	30	463	6%
5 and 6	0	113	116	0	229	1,532	15%
2 to 4	307	256	7	0	570	3,175	18%
1	789	120	0	0	918	23,906	4%
Total	1,096	489	143	10	1,747	29,076	6%

6.4 TRANSFORMATION OF THE CONTRACTING SECTOR

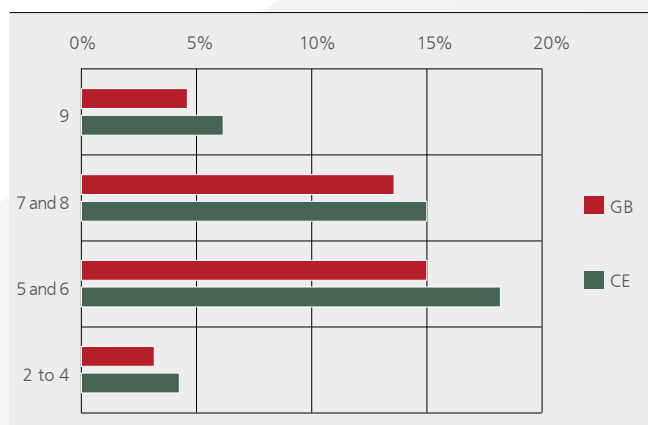
The cidb Quarterly Monitor captures the state of transformation of the contracting sector, by (amongst others) monitoring the B-BBEE level of contractors, black-ownership, and access by black-owned contractors to public sector contracts. All indicators show that while progress is being made in terms of black-ownership, the pace of transformation is lacking, and transformation is more concentrated at the lower contractor grades.

As highlighted in this Annual Report, enhancing transformation of the contracting sector underpins all of the cidb’s initiatives, including the cidb’s focus on access to work opportunities through enhanced procurement and delivery management, the National Contractor Development Programme, improving the performance of contractors, and skills development.

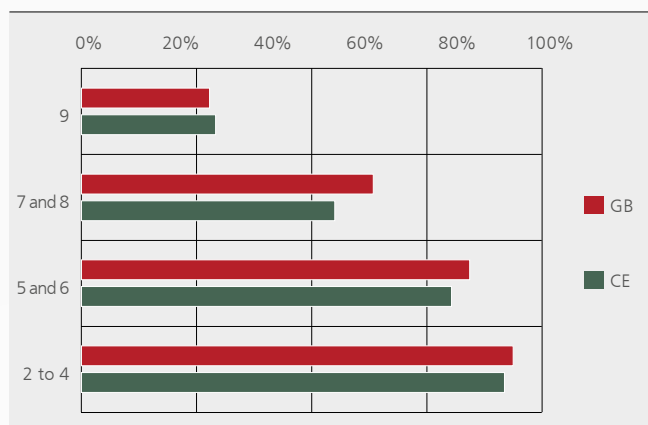
Black Ownership

Details of Black ownership of cidb registered contractors (defined as ownership control of 50% or more) for South Africa is shown in the figures on the right. It can be seen that around 90% of cidb registered Grade 2 to 4 General Building (GB) and Civil Engineering (CE) contractors are Black owned. Furthermore, around 80% of all Grade 5 and 6 General Building (GB) and Civil Engineering (CE)

B-BBEE Level of Contractors



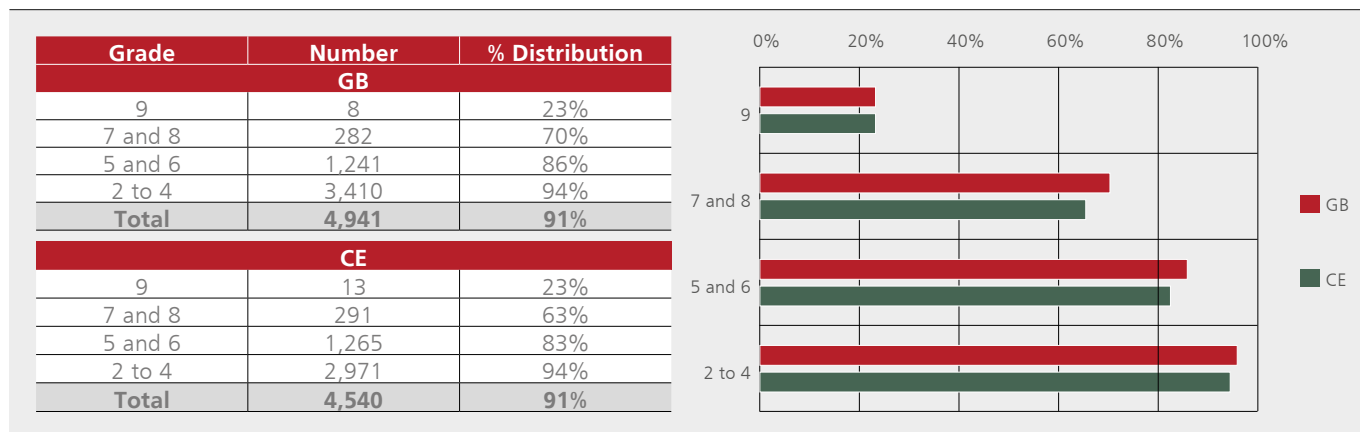
Black Ownership (50% +)



contractors are Black owned, while around 70% of all Grade 7 and 8 General Building (GB) contractors are Black

owned. Black ownership of Civil Engineering (CE) contractors in Grades 7 and 8 is however slightly lower at around 63%.

Supply: Black Ownership: 2014Q1



It is significant to note that the proportion of Black owned companies at the higher grades has increased over the past year (end of 2013 Quarter 1 versus end of 2014 Quarter 1) as follows:

Table 4: Increase in proportion of Black owned companies in higher Grades GB

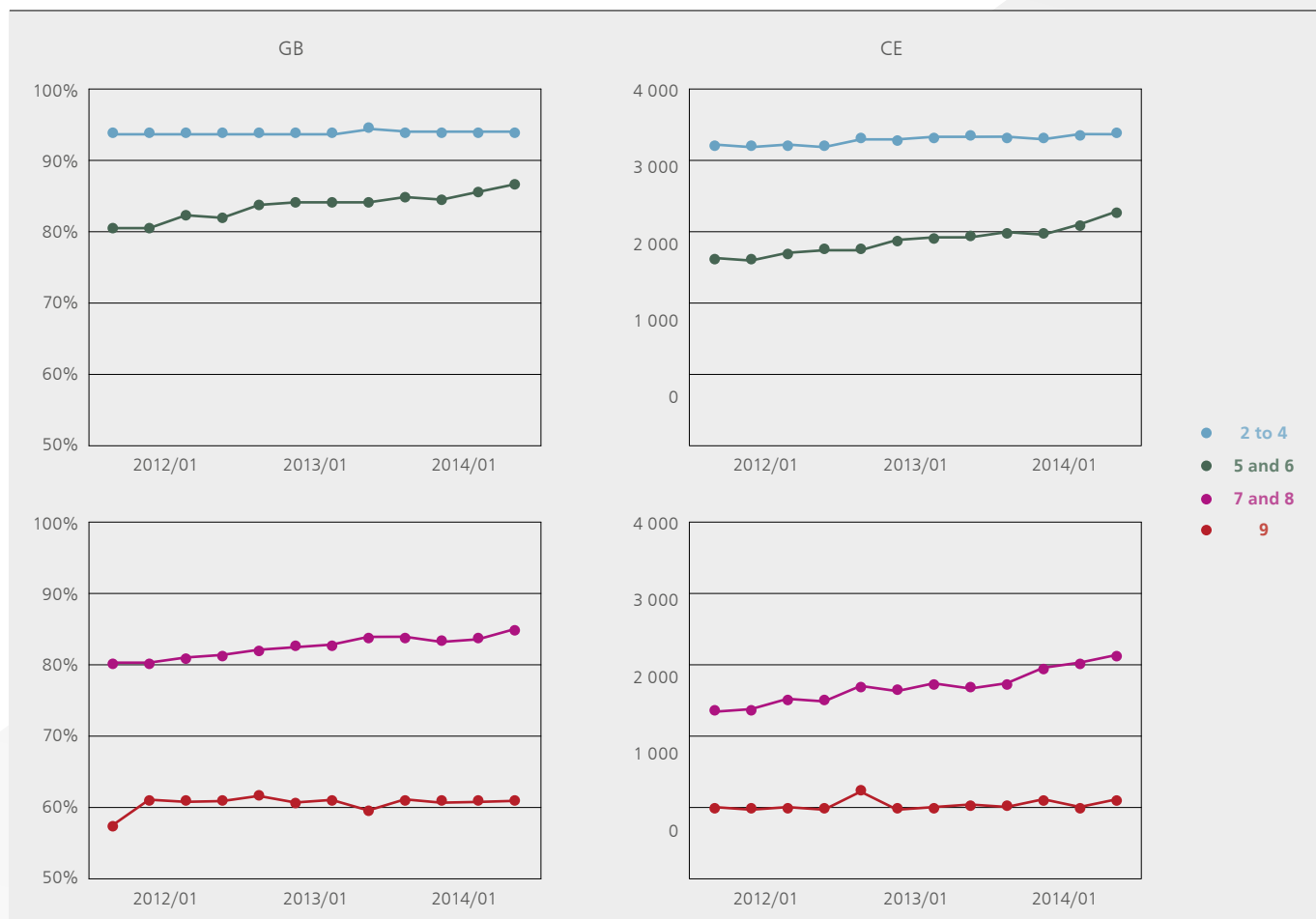
Grade	General Building	
	Black (%) 2013 Q1	Black (%) 2014 Q1
9	18%	23%
7 and 8	68%	70%
5 and 6	84%	86%
2 to 4	94%	94%

Table 5: Increase in proportion of Black owned companies in higher Grades CE

Grade	Civil Engineering	
	Black (%) 2013 Q1	Black (%) 2014 Q1
9	19%	23%
7 and 8	58%	63%
5 and 6	78%	83%
2 to 4	93%	94%

The history profile of Black ownership for South Africa is also shown in the following figures. Of concern is that, overall, Black ownership representation has not significantly increased over the past three years.

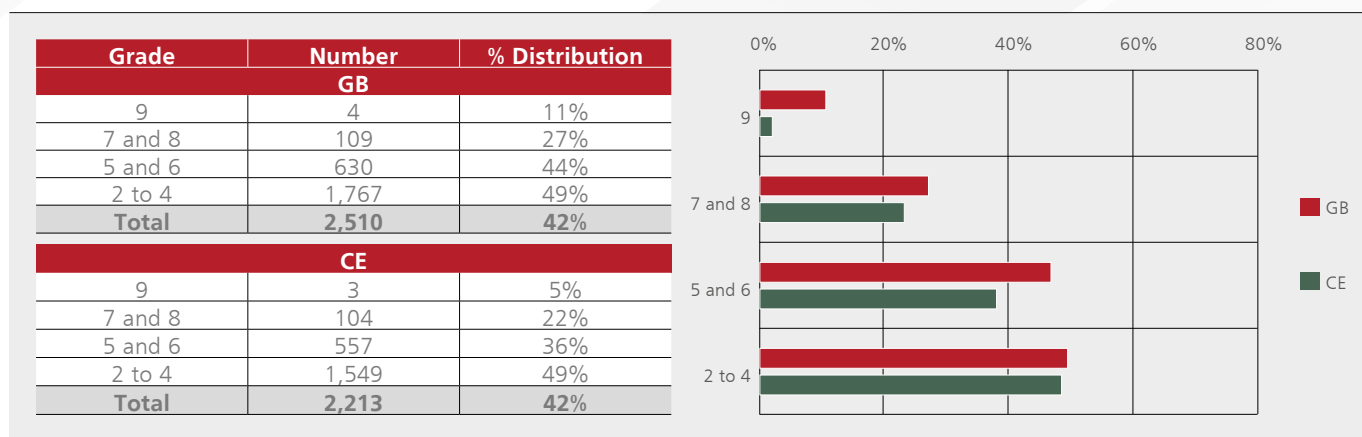
Supply: Black Ownership: 2011/02 to 2014/01



Women Ownership

The following figures show details of women ownership of cidb registered contractors (defined as ownership control of 50% or more) for South Africa.

Supply: Woman Ownership: 2014/01



On average, around 40% of all Grade 2 to 4 contractors are women owned whereas their ownership from Grades 5 and above is typically less than 30% in Civil Engineering (CE) at around 30% to 40% in General Building (GB). It is to be noted that the proportion of Women Owned construction companies

has declined from 47% in General Building and 49% in Civil Engineering at the end of the first quarter of 2013 to 42% in General Building and 42% in Civil Engineering at the end of the first quarter of 2014.

7. Stakeholder Engagements

The CIDB Act 38 of 2000 enjoins the cidb to facilitate communication between construction industry stakeholders, all spheres of Government and statutory bodies. The cidb motto 'development through partnership' embodies the cidb values to involve stakeholders in finding solutions to common construction industry challenges.

The cidb promotes dialogue with stakeholders through a number of forums including the National Stakeholder Forum (NSF), the Provincial Stakeholder Liaison Forums (PSLMs), the Provincial Construction Development Forums (PCDFs) and the Construction Procurement Officer's (CPO) forums.

7.1 NATIONAL STAKEHOLDER FORUM

The National Stakeholder Forum is a legislated forum mandated by the CIDB Act 38 of 2000. The Act requires the cidb to constitute the Forum at least once every two years and to convene meetings of the forum at least once a year. The purpose of the meetings is to discuss with the Minister matters affecting the construction industry raised by the Stakeholder Forum or the Board.

During the year under review, the cidb held two meetings of the National Stakeholder Forum in July 2013 and February 2014. The meetings reviewed progress on the work of the existing Forum task teams on:

- Contractor development and cidb contractor registration grading review;
- Balancing delivery development and empowerment;
- Skills for infrastructure;
- Integrity management in construction procurement;
- The Construction Charter and Broad Based Black Economic Empowerment; and
- Monitoring public sector infrastructure delivery.

7.2 PROVINCIAL CONSTRUCTION INDUSTRY DEVELOPMENT FORUMS

A total of 36 PCDF's were held in Financial Year 2013/2014. The meetings were attended by Government departments, parastatals, contractor associations, municipalities, material suppliers, financial institutions, professional associations and other industry stakeholders. A variety of issues in the construction industry were discussed including procurement, transformation and growth of the industry.

7.3 cidb POST GRADUATE CONFERENCE

The 8th cidb Postgraduate Conference was hosted with the University of the Witwatersrand on 10 and 11 February 2014. Themed "Advancing construction industry development through innovative research and new thinking" the conference was very well-attended by both national and international participants. It served as a great opportunity for postgraduate students and industry role players to discuss developments and issues affecting the construction industry.

Addressing the conference participants Vice-Chancellor and Principal of Wits University, Professor Adam Habib stressed the importance of partnerships between industry and academia stating that "it remains [vital] that we have national and international higher education and industry partnerships, because, if the university system dies, then, [ultimately], so will industry."

8. Corporate Services

The main purpose of the Corporate Services Programme is to provide reliable support services to all cidb departments so they can carry out their strategic objectives and fulfill cidb's mandate. The Corporate Services is geared towards ensuring the improved and efficient use of resources. Accordingly, it places great emphasis on the internal development of skills at all levels.

The strategic objectives of the Corporate Services Programme are to:

- Provide an enabling environment which ensures that the skills, knowledge and attributes of employees are applied to realise maximum benefits;
- Oversee the statutory and regulatory compliance, including financial management;
- Ensure effective and efficient implementation of supply chain management processes; and
- Ensure existence of information technology infrastructure necessary to achieve the organisation's strategic objectives.

The Programmes's key performance areas are to

- Develop and enhancement of organisational capacity by facilitating the attendance of all identified staff to developmental programmes and workshops; and
- Provide quality and timely reporting to the Department of Public Works as per the funding arrangement.

Corporate Services comprises of Human Resources, Supply Chain, Finance, Information Technology and Facilities management. These key support services substantially contribute to and help guide the strategic management and operational efficiency of the organisation. They are committed to delivering an integrated support service geared towards assisting the organisation's line departments to achieve their strategic goals.

Corporate Services' day-to-day activities are focused on the delivery of essential services, critical for the smooth running of the organisation as a whole. The contribution made by the Programme's units to create an enabling environment is acknowledged and greatly appreciated. Corporate Services plays a critical role in promoting compliance with statutory requirements. It remains the engine of corporate governance from an internal control perspective.

The Programme plays a proactive role in ensuring absolute accountability to the Shareholder, the Department of Public Works. This is achieved through the submission of financial reports which effectively reflect the prudent utilisation of available financial resources.

8.1 PERFORMANCE HIGHLIGHTS

Human Resources

Employees remain a strategic asset of the organisation and the management of human resources forms a critical part of the organisation's overall strategy. This aims to ensure the recruitment and selection of staff sharing the strategic objectives of the organisation. cidb's staff profile is represented by a myriad of skilled and professional incumbents. The organisation's recruitment and selection process is biased towards attracting incumbents displaying organisational fit to maintain staff retention.

A staff development plan ensures up-skilling and improved production efficiencies while reducing the skills gap. Included is a reimbursive study assistance arrangement and the organisation's support in terms of staff obtaining further qualifications.

The organisation also subscribes to a comprehensive wellness programme and this is a contributory factor towards improving productivity. Human Resources activities are aimed at ensuring that cidb remains an attractive organisation to work for. The organisation offers market-related remuneration packages to maintain competitiveness. This was affirmed through the results of the Job Evaluation exercise which was finalised, approved and adopted during the period under review and which led to implementation of the Patterson Grading System as the cidb's job grading system henceforth.

Supply Chain

The Supply Chain Management Unit provides for a coherent approach to the acquisition of goods and services within the organisation.

The effective functioning of this unit leads to sound and improved financial management. The cidb's supply chain management processes are aligned to the National Treasury's requirements. The organisation maintains close working relations with the National Treasury, with the aim of following and maintaining best practice.

Finance

Budget monitoring remains at the forefront of the organisation's operations. The primary responsibility of the Finance Unit is to ensure effective and efficient management of funds in such a manner as to accomplish the objectives of the organisation. The Unit constantly interacts with both the Department of Public Works and National Treasury to report the financial position of the organisation and implements interventions, where required, to ensure the organisation remains financially stable. The Unit has exercised its responsibility to monitor expenditure against the organisation's budget allocation. It also leads engagements with both the Internal Auditors and the Auditor-General. It has contributed significantly towards the organisation consistently achieving an unqualified audit report.

Information Technology

In terms of good governance, information technology remains a top priority for the organisation.

The cidb is enhancing its information technology function to drive the organisation's strategic and business processes, through the amplification of the Unit's function to include other focus areas namely, governance and security. The information technology environment has been strengthened so as to drive the governance of information communication technology at a senior strategic level. A number of information technology governance policies were also developed in the year under review.

The signing of a new contract with Telkom in the previous year, for the provision of network support, has resulted in the improved performance of the contractor registration system. This is largely as a result of the provision of a larger bandwidth that allows for a more efficient service delivery. All old cidb servers and equipment have been replaced so as to enhance the IT infrastructure support, delivery and performance.

Facilities

The Facilities Unit provides for auxiliary services that include the management of leases for office rental and printing services. The Unit also commenced with the cidb space planning project which is due for completion and implementation in the new Financial Year. The project of standardising cidb's furniture and fittings also commenced in the year under review. This included the enhancement of the look and feel of all public spaces so as to align with the newly revised cidb branding and image. The project of having a unified communication system as well as a new document management centre was also commenced

towards improving the cidb's telephony system and management of records.

The State Security Agency was engaged to conduct a security assessment of cidb's building infrastructure. This report will be used to inform cidb's future security requirements including the resuscitation of CCTV cameras. The management of travel services and the insurance policy that covers all assets of the cidb were both effectively carried out during the period under review.

8.2 REVIEW OF POLICIES

The development of new policies and regular review of the existing policies remain a critical necessity and therefore seen as a strategic priority for Corporate Services. This is due to the fact that policies remain the cornerstone of deliverables of Corporate Services as they guide business operations. Furthermore, the cidb delegations of authority was reviewed and approved by the Board in January 2014.

8.3 TRAINING WORKSHOPS ATTENDED

To provide an enabling environment which ensures that employees' skills, knowledge and attributes are applied to realise maximum benefits for the cidb. Continuous learning and improvement remain a priority focus area for the cidb. As such, the organisation continues to identify training interventions which are both relevant and appropriate to cidb's business and deliverables.

8.4 TIMELY SUBMISSION OF FINANCIAL REPORTS

To oversee statutory and regulatory compliance, including financial management, quarterly financial reports are submitted. These include the submission of statutory returns for tax and UIF to the relevant institutions. Such reporting ensures absolute accountability on the part of cidb and provides for an effective monitoring system designed to ensure prudent and efficient management of finances.

Table 7: New recruits and terminations

Position	Department	Date Vacated	Date Filled
Chief Executive Officer	CEO's Office	May 2013	December 2013
Board Secretariat	CEO's Office	August 2013	Outsourced
Manager: Finance	Corporate Services	April 2013	August 2013
Manager: Information Technology	Corporate Services	March 2013	August 2013
Chief Accountant	Corporate Services	February 2013	May 2013
Financial Accountant	Corporate Services	May 2013	March 2014
SCM Practitioner	Corporate Services	March 2013	April 2014
Payroll Officer	Corporate Services	May 2013	In Progress
Refunds Officer	Corporate Services	New	June 2013
Programme Assistant – CFO	Corporate Services	February 2013	June 2013
Manager: Strategic Planning	Registers Service	January 2013	Not Filled
Process Quality Assurance	Registers Service	New	August 2013
Process Quality Control Officer	Registers Service	August 2013	Not Filled
Admin Clerk 2	Registers Service	July 2013	August 2013
Admin Clerk 2	Registers Service	July 2013	Not Filled
Call Centre Agent	Registers Service	New	June 2013
Call Centre Agent	Registers Service	January 2012	May 2013
Programme Assistant	Industry Performance	June 2012	September 2013
Manager: Infrastructure Delivery	Procurement and Delivery	March 2014	In Progress
National Manager: Provinces	Provincial Offices and CD	June 2013	Not Filled
Provincial Manager: MP	Provincial Offices and CD	September 2013	In Progress
Data Capturer: EC	Provincial Offices and CD	February 2014	Not Filled
Data Capturer: FS	Provincial Offices and CD	New	June 2013
Data Capturer: KZN	Provincial Offices and CD	June 2013	October 2013
Data Capturer: EC	Provincial Offices and CD	November 2012	May 2013
Data Capturer: Provinces X10	Provincial Offices and CD	New	May 2013

Table 8: Vacancies

Department	Vacancies (Funded)	Vacancies (Unfunded)
CEO's Office	1	3
Corporate Services	8	7
Registration Services	6	0
Industry Performance	2	0
Procurement and Delivery Management	1	1
Provincial Offices and Contractor Development	3	7

Table 9: Occupational levels

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	0	2	1	1	0	1	0	0	0	6
Senior management	7	1	0	0	4	0	0	0	0	0	12
Professionally qualified, experienced specialists and mid-management	12	1	2	1	9	0	0	1	0	0	26
Skilled technical and academically qualified	13	1	0	0	19	2	0	1	0	1	37
Semi-skilled and discretionary decision-making	28	2	1	1	47	6	1	3	0	2	91
Unskilled and defined decision-making	0	0	0	0	2	0	0	0	0	0	2
Total Permanent	61	5	5	3	82	8	2	5	0	3	174
Total Fixed-Term Contract	5	1	0	0	8	1	0	0	0	0	15
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0
Temporary employees	4	0	0	0	8	1	1	1	0	0	15
Grand Total	70	6	5	3	98	10	3	6	0	3	204
Percentage (%)	34	3	2.5	1.5	48	5	1.5	3	0	1.5	100%

A African

C Coloured

I Indian

W White

Table 10: Summary staff breakdown

	Number of Staff	Representative %
Males	84	41%
Females	120	59%
People with disability	0	0%
Total staff	204	100%

8.5 EMPLOYMENT EQUITY STATISTICS

The employment equity levels at the cidb show a huge concentration of African females in the lower ranks than in the higher ranks. Furthermore, the higher ranks show not

only a lower concentration of female employees but also lower levels of African candidates in general. There is an urgent need to address the employment of female employees in higher ranks. There are no disabled employees employed at the cidb and this situation needs to be addressed.

Table 11: Staff complement

Staff complement	Period ended 31 March 2014
Permanent Staff	173
Full Time Contract Staff	16
Temporary staff	15
Total	204

8.6 EMPLOYEE RELATIONS

Table 12: Misconduct and disciplinary actions:

Nature Of Disciplinary Action	Number
Verbal Warning	0
Written Warning	5
Final Written Warning	2
Dismissal	3

8.7 NATIONAL EDUCATION, HEALTH AND ALLIED WORKERS' UNION MEMBERSHIP

The National Education, Health and Allied Workers' Union (NEHAWU) remains the only recognised Union in the cidb as per the recognition agreement entered into in May 2012.

Table 13: NEHAWU membership statistics

Number of Union Membership Qualifying Staff	183
Number of Unionised Employees	145
Union Representation Percentage	79%
Recognition Agreement Signed	Yes

8.8 WELLNESS AT cidb

The cidb launched an Employee Wellness Program (EWP) in April 2013. This program is managed by ICAS. The program aims to assist with achieving a healthy work-life balance and is available to all staff and their immediate family members. The cidb EWP consists of independent, professional counselling and advisory services. These services are offered free of charge to all our permanent employees and their immediate families.

8.9 TRAINING AND STAFF DEVELOPMENT

The cidb has spent an amount in excess of R1 million on training and employee development during the period under review. Training and development of employees has been identified as an area of priority for 2014/2015 onwards.

8.10 JOB GRADING SYSTEM

The cidb has finalised, formally adopted and implemented Paterson as its Job Grading System to be used for all posts. All jobs have been evaluated in terms of the approved job profiles and graded accordingly. The cidb will now be in a position to differentiate between members in the Bargaining Unit and those who are outside of the Bargaining Unit.



5
A-12
TYP.

4
A-6

1
A-5

3
A-12

2
A-12

M. BATH

KIT

DINING ROOM

BEDROOM

LIVING ROOM

2x4 POST FASTENED TO SIDING TO WHICH PORCH RAIL SHOULD BE FASTENED

2x4 POST FASTENED TO SIDING TO WHICH PORCH RAIL SHOULD BE FASTENED

MANUFACTURER AND
MODELING

UNLESS INDICATED RED HALL CORNER
DOORS, ALL DOORS
SHOULD BE OPEN TO THE RIGHT

ANNUAL FINANCIAL STATEMENTS



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for the year ended 31 March 2014

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
REGISTERED OFFICE	Block N, R & Z SABS Campus No 2 Dr. Lategan Road Groenkloof Pretoria 0027
POSTAL ADDRESS	P.O. Box 2107 Brooklyn Square Pretoria 0075
BANKERS	Standard Bank of South Africa Limited Investec Limited
AUDITORS	Auditor-General South Africa
SECRETARY	iThemba Governance and Statutory Solutions Proprietary Limited

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for the year ended 31 March 2014

Statement of Responsibility

The accounting authority is required by the Public Finance Management Act No.1 of 1999, to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the accounting authority to ensure that the Annual Financial Statements fairly present the state of affairs of cidb as at the end of the financial year and the results of its operations and cash flows for the period then ended. The Auditor-General South Africa is engaged to express an independent opinion on the Annual Financial Statements and given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting authority acknowledges that it is ultimately responsible for the system of internal financial control established by cidb and place considerable importance on maintaining a strong control environment. To enable the accounting authority 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 cidb and all employee are required to maintain the highest ethical standards in ensuring cidb's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in cidb is on identifying, assessing, managing and monitoring all known forms of risk across cidb. While operating risk cannot be fully eliminated, cidb endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting authority 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 Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting authority has reviewed cidb's cash flow forecast for the year ended at 31 March 2015 and, in the light of this review and the current financial position, the accounting authority is satisfied that cidb has access to adequate resources to continue in operational existence for the foreseeable future.

The cidb is largely dependent on the Department of Public Works (DPW) for continued funding of operations. The Annual Financial Statements are prepared on the basis that cidb is a going concern and that the Department of Public Works (DPW) has neither the intention nor the need to liquidate or curtail materially the scale of cidb.

The Annual Financial Statements for the year ended 31 March 2014, set out on page 59 to 97, which have been prepared on the going concern basis, were approved by the accounting authority in terms of section 51(1)(f) of the Public Finance Management Act No.1 of 1999, as amended and are signed on its behalf by:



MZWANDILE SOKUPA
Chief Executive Officer



LINDELWA MYATAZA
Chairperson: cidb Board

31 July 2014

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Corporate Governance Report

Corporate governance expresses the processes and systems by which the corporates are directed, controlled and held to account. The cidb strives to achieve high standards of good governance by embracing the four core values that underpin good governance that is: fairness, accountability, transparency and responsibility. In ensuring compliance to the principles of governance, a compliance programme has been put in place in cidb to assess adherence to the principles of good governance and to identify areas that require improvements on a regular basis.

The Board of cidb provides oversight role in ensuring that the operations of cidb are run efficiently, effectively and promote the cidb's values.

Governance Processes

Governance processes of cidb are assessed on a regular basis to highlight the extent of compliance with the principle of good governance, legislative and regulatory framework changes and to be aligned with best practices. The following governance processes were put in place in 2013/2014:

- Board and employees were required to declare any conflict of interest on a regular basis;
- The code of ethics were communicated to the employees and suppliers;
- The Board and Committee Charters were reviewed and updated timeously to comply with best practices;
- A governance review was performed to identify areas of improvement; and
- Fraud awareness was implemented to all employees as to minimise unethical behaviour.

Ethics and Values

The Board governs the cidb by using the principles of good governance and also directs the business to live according to the cidb's values. The values of cidb are communicated through the Code of Conduct that has been approved by the Board and prescribed to all employees.

The Code of cidb sets out the tone and gives guidance to all employees on how they should conduct their business internally and when interacting with all stakeholders. The Code is communicated to all employees on an annual basis as part of the drive to strengthen compliance and promote awareness.

The cidb has implemented various policies which employees are required to comply with.

A Fraud Prevention Policy clearly describes the strategy of cidb in detecting, preventing and combating fraud and corruption. The policy also outline what is not acceptable and tolerated at cidb in terms of conduct and behaviour. The policies also give practical tips, for example, in terms of handling or accepting gifts and declaration of interest, fraud and corruptions.

Whistle-Blowing

Employees are encouraged to report suspected fraudulent or unethical behaviour via a fraud hotline that has been set and managed by an external service provider. All reported cases are investigated and a register is maintained to monitor the progress of the reported incidents.

Board

The Minister is responsible to appoint the Board at an interval of three years. This is done to ensure that there is balance of skills, experience and technical expertise on a continuous basis. The induction and orientation programmes are in place for the new members including explanation of their fiduciary duties and principle of good governance.

The cidb has a Board that comprises of 11 members. The term of current Board expired on 19 March 2014, however the Minister extended their term by a further period of not more than three months. The extension officially came to an end on 6 June 2014 when the Minister appointed a new cidb Board comprising of thirteen members. The term of the new Board officially starts on 1 August 2014.

The Board is the Accounting Authority in terms of the PFMA and is obliged to comply with the fiduciary duties as set out in the PFMA. The Board has a collective responsibility to provide effective corporate governance that involves a set of relationships between the CEO, the Board, its shareholder and relevant stakeholders.

Furthermore, a Board Charter sets out the roles and responsibilities of the Board and it is reviewed annually. The Charter provides members full and unrestricted access to any relevant information

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for the year ended 31 March 2014

Corporate Governance Report (continued)

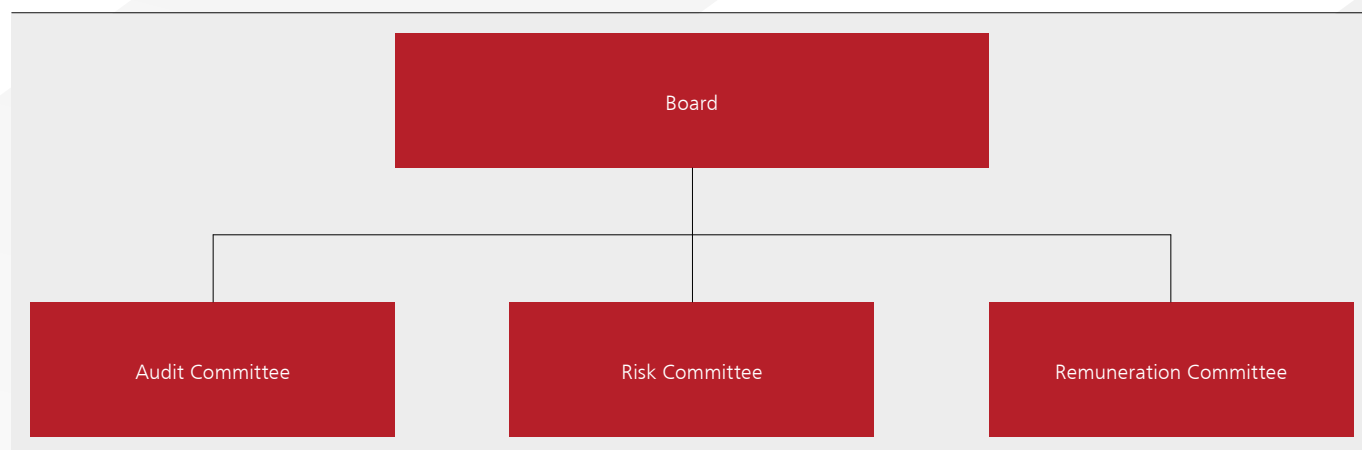
and allows them to appoint any independent advisors to assist them in discharging their duties where necessary.

The cidb's Board has a clear division of responsibilities between itself and the executive management. The roles of Chairperson and the Chief Executive Officer are formalised and clearly defined in the Act and Charter. This division of responsibilities ensures that there is a balance of authority and power between their roles.

The Board performance was assessed during the financial year by an independent person using questionnaires and the results of assessment were discussed with the Board members.

The Board meets at least five times a year and special meetings were also arranged where necessary.

Overview of the Board



Board and Committee Structure

The Board has delegated specific functions to the sub-committees in discharging its oversight role. These committees have their own

terms of reference and charters that describe their responsibilities. The documents are reviewed on an annual basis to ensure that they align with best practices. All Board committees are chaired by an independent or non executive members.

Number of Board and committee meetings held in 2013/2014

Details	Board	Risk	Audit	REMCO
Number of meetings	7 Meetings	4 Meetings	6 Meetings	3 Meetings

Audit Committee

COMPOSITION

The Audit Committee is comprised of four members that are independent and non-executive. All members of the committee are appropriately qualified and experienced.

ROLE

The role of the Committee is to provide an independent assurance and assistance to the Board on control, governance and risk management. The Committee does not replace established management responsibilities and delegations. The Committee provides the Board with prompt and constructive reports on its

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Corporate Governance Report (continued)

findings, especially when issues are identified that could present a material risk to the institution

FUNCTIONS

The Committee is accountable to the Board for the exercise of its responsibilities. The Committee carries out the following responsibilities:

FINANCIAL STATEMENTS

- Review the appropriateness of accounting policies;
- Review the appropriateness of assumptions made by management in preparing the financial statements;
- Review the significant accounting and reporting issues, and understand their impact on the financial statements;
- Review the annual financial statements, and consider whether they are complete, consistent with prescribed accounting and information known to Committee members;
- Obtain assurance from management with respect to the accuracy of the financial statements;
- Review with management and the external auditors, the results of external audit, including any significant issues identified; and
- Review the annual report and related regulatory fillings before release and consider the accuracy and completeness of the information.

INTERNAL CONTROL

- Review the adequacy of the internal control system, including information technology security and control;
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses;
- Review whether relevant policies and procedures are in place and up to date, and whether they are complied with; and
- Review whether the financial internal controls are operating efficiently, effectively and economically.

PERFORMANCE MANAGEMENT

- Review the Institution's compliance with the performance management and reporting systems;

- Review whether performance management systems reflect the Institution's purpose and objectives; and
- Review whether the performance reporting and information uses appropriate targets and benchmarks.

INTERNAL AUDIT

- Review the Internal Audit Charter, budget, activities, staffing, skills and organisational structure of the Internal Audit;
- Review and approve the Internal Audit plan, its scope and any major changes to it, ensuring that it covers the key risks and that there is appropriate co-ordination with the External Auditor (Auditor-General);
- Review and concur in the appointment, replacement, or dismissal of the Chief Audit Executive (CAE) or Internal Audit Function;
- Resolve any difficulties or unjustified restrictions or limitations on the scope of Internal Audit work;
- Resolve any significant disagreements between Auditors and Management;
- Review significant findings and recommendations by Internal Audit and Management responses thereof;
- Review implementation of Internal Audit recommendations by Management;
- Review the effectiveness of the Internal Audit function, including compliance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing; and
- Meet separately with the Internal Audit to discuss any issues that the Committee or Internal Audit believes should be discussed privately.

EXTERNAL AUDIT

- Review the external auditors' proposed audit scope, approach and audit fees for the year;
- Review the findings and recommendations by External Auditor and Management responses thereof;
- Review implementation of External Auditor's recommendations by Management;
- Review the performance of External Auditors;
- Ensure that there is proper coordination of audit efforts between Internal and External Auditors; and
- Meet separately with the External Auditors to discuss any

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for the year ended 31 March 2014

Corporate Governance Report (continued)

matters that the Committee or External Auditors believe should be discussed privately.

REPORTING RESPONSIBILITIES

- Regularly report to the Accounting Officer/Authority about Committee activities, issues, and related recommendations;
- Report annually to the Accounting Officer/Authority, describing the Committee's composition, responsibilities and how they were discharged, and any other information required, including approval of non-audit services;
- Submit a summary of its activities for inclusion in the annual report; and
- Review any other reports the Institution issues that relate to Committee responsibilities.

OTHER RESPONSIBILITIES

- Perform other activities related to this Charter as requested by the Accounting Officer/Authority.
- Safeguard all the information supplied to it within the ambit of the law;
- Investigate matters within its powers as identified in this Charter; and
- Confirm annually that all responsibilities outlined in this Charter have been carried out.

Risk Committee

COMPOSITION

The Committee consist of three (3) non-executive and Board members. The Chairperson of the Committee is appointed by the Board.

ROLE

The Committee is constituted to assist the Board in the discharge of its duties and responsibilities in this regard:

- Assessing, and providing oversight to management relating to the identifications and evaluation of major strategic, operational, regulatory, information and external risks inherent in the business of cidb and the control process with respect of such risks;

- Overseeing the risk management, compliance and control activities of cidb; and
- Overseeing the integrity of the system of internal controls regarding legal and regulatory compliance.

FUNCTIONS

To assist the Board in the execution of its risk management accountabilities, the Committee is charged with the following general responsibilities:

- Assist the Board in setting risk strategy policies in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting;
- Review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed;
- Review and assess the nature, role, responsibility and authority of the risk management function within the cidb and outline the scope of risk management work;
- Ensure that the cidb has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the cidb's appetite or tolerance for risk;
- Ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually for the purpose of making its public statement on risk management, including internal control;
- Oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes;
- Review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level;
- Review the report of significant changes to the Institution's risk register;
- Review the report on risk management culture of the Institution;
- Liaise with Management to ensure that there is a common understanding of the key risks to the Institution;
- Review and recommend disclosures on matters of risk and risk management in the annual report;

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Corporate Governance Report (continued)

- Review whether Management has considered legal and compliance risks as part of the Institution's risk assessments;
- Review the effectiveness of the system for monitoring compliance with laws and regulations;
- Review the findings of any examinations by regulatory agencies, and any auditor observations;
- Review the process for communicating the code of conduct to the Institution's personnel, and for monitoring compliance therewith;
- Obtain regular updates from Management regarding compliance matters;
- Monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts; and
- Provide an independent and objective oversight and view of the information presented by Management on corporate accountability and specifically associated risk, also taking account of reports by Management and the Audit Committee to the Board on all categories of identified risks facing the cidb.

Remuneration Committee (REMCO)

COMPOSITION

The Committee consist of three (3) non-executive and Board members. The Chairperson of the Committee is appointed by the Board.

ROLE

The Committee role is to:

- Support the board with advice and thought leadership on the direction, pace and progress of transformation within the cidb;
- Assist the Board in fulfilling its obligations relating to human resources, and remuneration matters;
- Review the ongoing appropriateness and relevance of the remuneration process;
- Determine and recommend to the Board the framework of the remuneration of the CEO; and
- Make recommendations on matters specifically delegated to the Committee by the Board.

FUNCTIONS

- Advise the Board on emerging issues, opportunities and potential problem areas on functional and/or organisational perspectives likely to affect the Cidb transformation and Human Resources activities;
- Deliberate and make recommendations on reports in connection with employment matters;
- Make recommendations on the training and development and learnership programmes;
- Monitor that all unresolved grievance and disciplinary actions dealt with;
- Monitor the effectiveness and applicability of all human resources policies and practices;
- Mandate the CEO from time to time, to negotiate remuneration, conditions of employment, matters of transformation and skill development and other related matters with recognised unions or Workplace Forums as approved by the cidb;
- Ensure that appropriate remuneration governance process are applied;
- Review Human Resources plans and strategies against set targets;
- Consider any structural changes proposed by the CEO;
- Review the organisational structure, performance management systems, compensation guidelines and human resources policies;
- Make proposals for the appointment of the CEO and Executives;
- Conduct exit interviews in respect of individuals and leaving executive positions; and
- Ensure that cidb complies with best practices regarding the remuneration of the executive management and members of staff and that it conforms to the requirements set by the government.

INDEPENDENT ASSURANCE

To further enhance and strengthen the governance oversight, the board has mandated the establishment of independent assurance functions that operates within the CEO's office to evaluate, assist in improving the operation's performance and assess the adequacy and effectiveness of the risk management, internal controls and governance.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Corporate Governance Report (continued)

INTERNAL AUDIT

The Board has approved that this function be fully outsourced for the next three years with the following conditions:

- A clear audit mandate;
- The independence of the outsourced firm;
- A clearly defined scope;
- Reporting responsibilities; and
- The integrity and objectivity of the outsourced firm.

INTERNAL AUDIT FUNCTION HAS THE RESPONSIBILITY TO:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the audit committee for review and approval as well as periodic updates;
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by management and the Audit Committee;
- Maintain professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter;
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion;
- Issue periodic reports to the Audit Committee and management summarising results of audit activities;
- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing;
- Provide a list of significant measurement goals and results to the Audit Committee;
- Assist in the investigation of significant suspected fraudulent activities within the cidb, and notify management and the Audit Committee of the results; and
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the cidb at a reasonable overall cost.

GOVERNANCE FOCUS AREAS FOR 2014/2015

The coverage plan for 2014/2015 has been developed to monitor and improve performances of the governance process and the areas of focus are:

- Strategic risk assessment that will be given priority;
- Board performance assessment will be conducted on an annual basis;
- Control self assessment concepts will be promoted;
- Governance process will be monitored and reviewed by the Internal audit;
- Fraud and ethical awareness will be provided to all employees; and
- Continual identification and analysis of gaps within governance process will be undertaken to ensure appropriate action is taken.

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for the year ended 31 March 2014

Report of the Audit Committee

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

Audit Committee Members and Attendance

The audit committee consists of the members listed hereunder and meets at least twice a year as per its approved terms of reference.

Special meetings of the Audit Committee (AC) may be convened as required. During the current year, one special meeting and five ordinary meetings were held. The special meeting was held to consider all outstanding internal audit reports as the term of the Internal Audit service provider expired on 31 March 2014.

Audit Committee Members

Name of Member	Number of meetings attended
Shelley Thomas CA(SA) – Chairperson <i>Independent member</i>	6
Nala Mhlongo CA(SA) <i>Independent member</i>	4
Victor Nondabula <i>Independent member</i>	0
Marten Govender	4
Lwandile Kona	5

In terms of the rotation policy relating to the AC members, Victor Nondabula's term came to an end as of 31 July 2013.

The external auditors, Chief Executive Officer, internal auditors as well as the Chief Financial Officer have a standing invitation to the AC meetings and have attended most of the meetings during the year under review.

The AC comprises of five members, all of whom are from the private sector and two of whom are members of the Board.

AC Responsibility

The AC reports that it has complied with its responsibilities arising from Treasury Regulations 27.1.7 and 27.1.10(b) and (c) issued in terms of the Public Finance Management Act 1 of 1999 (PFMA), as amended by Act 29 of 1999.

The AC also reports that it has adopted appropriate formal terms of reference as its committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Report on Performance Information

Whilst the Board has additional responsibility as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present its performance against predetermined objectives, it is the AC's opinion that performance information is appropriately reported.

The Effectiveness of Internal Control

During the year under review, instances of non-compliance were reported by the internal and external auditors. These areas of non-compliance are being dealt with by the AC.

There will be continued focus on the findings of the internal and external auditors. There will also be a continued focus on performance information systems and controls and the compliance with laws and regulations.

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for the year ended 31 March 2014

Report of the Audit Committee (continued)

The Quality of Management and Monthly/Quarterly Reports Submitted in terms of the PFMA

The AC has reviewed and commented on the content and quality of monthly and quarterly reports prepared and issued by the Board during the year under review and provided input if any was required.

Internal Audit

The Board has adopted the option of an outsourced service provider. The Board has recently appointed new internal auditors. During the year under review the Board did have an effective internal audit function and the areas covered for internal audit were in terms of a three year rolling plan. The AC has reviewed the adequacy of the coverage and is satisfied therewith.

Evaluation of Annual Financial Statements

The AC has:

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

Appreciation

The AC concurs with and accepts the Auditor-General's conclusions on the Annual Financial Statements and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.



Ms Shelley Thomas CA(SA)

Signed on behalf of the Audit Committee
31 July 2014

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Report of the Risk Committee

The Risk Committee is a sub-committee established to assist the Board with an oversight role and it is accountable to the Board. The committee operates in line with the Risk Committee Charter and complies with the requirements of PFMA, Protocol on Corporate Governance in the Public Sector and it is aligned with the requirements of King III.

Responsibilities

The responsibilities of the Risk Committee were:

Risk Management

- Assist the Board with risk governance at cidb;
- Review the Risk Committee Charter;
- Review the risk management strategy, methodology and policy;
- Review the fraud prevention plan;
- Monitor the risk management implementation plan;
- Monitor the fraud risk management policy at cidb;
- Review and critique cidb's risk appetite and risk tolerance;
- Review the completeness of the risk assessment process implemented by management to ensure that all possible categories of risks, both internal and external, have been identified during the risk assessment process, including the awareness of emerging risks;
- Review the risk profile and management action plans to address the risks;
- Review the adequacy of adopted risk responses;
- Monitor the progress of the management action plans;
- Review progress made with regards to the implementation of the risk management framework at cidb;
- Review the process implemented by management on fraud prevention and ensures that all fraud related incidents have been followed up appropriately; and
- Provide regular feedback to the Board on the effectiveness of risk management process. Implemented at cidb.

Compliance with cidb Prescripts

- Review the effectiveness of the system for monitoring compliance with cidb prescripts;

- Review the findings of any Legal and compliance report and any other observations;
- Review the process of communicating the code of conduct to the Institution's personnel, and for monitoring compliance therewith; and
- Obtain regular updates from Management regarding compliance matters.

Membership/Composition

The Risk Committee comprised of three independent non-executives and is in compliance with the PFMA requirements:

Shereen Malebye	– Chairperson
Zanele Ntombela	– Board member
Hareesh Patel	– Board member
* Victor Nondabula	– Independent member

** Mr V. Nondabula's services as an independent member of the Risk Committee came to an end as of 31 July 2013. The Board had not appointed a replacement member as at 31 March 2014 as the Board took a decision that a new member must be appointed by the new Board as their term was due to expire by end of March 2014.*

Committee Meetings

Meetings were held on a quarterly basis and the committee met four times during the year under review.

Committee Activities

The committee attended the following:

- Provided an oversight role as mandated by the Board on a quarterly basis;
- Reviewed and approved all the policies and procedures submitted to the committee;
- Monitored and evaluated the risk management methodology and plan using a checklist;
- Evaluated the emerging risks that were identified on a quarterly basis including incident reports;
- Reviewed the adequacy and completeness of strategic risk registers and monitored the action plans that are implemented;

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for the year ended 31 March 2014

Report of the Risk Committee (continued)

- Reviewed and analysed the risk appetite and tolerance report and assessed whether the risks were within the appetite parameters;
- Evaluated and assessed the effectiveness of the Fraud Prevention Plan and implementation thereof;
- Analysed the Legal and Compliance Report;
- Assessed the performance of the Risk Management Function; and
- Provided feedback to the Board on the Risk Management Process.

Overall opinion on the effectiveness of the Risk Management

Based on the process and assurances obtained, the committee is of the opinion that the Risk Management processes were adequate and effective for the year under review.



Mr Mzwandile Sokupa

Signed on behalf of the Risk Committee
31 July 2014

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Report of the Auditor-General

Report of the Auditor-General to Parliament on the Construction Industry Development Board

Report on the Financial Statements

INTRODUCTION

1. I have audited the financial statements of the Construction Industry Development Board (cidb) set out on pages 59 to 97, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making

those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 cidb 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.

EMPHASIS OF MATTER

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

RESTATEMENT OF CORRESPONDING FIGURES

8. As disclosed in note 17 to the financial statements, the corresponding figures for 31 March 2014 have been restated as a result of a provision for performance bonuses incorrectly raised in the previous Financial Year's financial statements and discovered during the year ended 31 March 2014 in the financial statements of the cidb at, and for the year ended, 31 March 2013.

Report on Other Legal and Regulatory Requirements

9. 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

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Report of the Auditor-General (continued)

selected objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each sub-heading 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

10. 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: Construction Registers Services, on pages 99
 - Programme 3: Procurement and Delivery Management, on pages 102 to 105
 - Programme 4: Provincial Offices and Contractor Development, on pages 106 to 109
11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
12. 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 objectives. 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.
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

ADDITIONAL MATTERS

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

ACHIEVEMENT OF PLANNED TARGETS

16. Refer to the annual performance report on pages 98 to 110 for information on the achievement of planned targets for the year.

ADJUSTMENT OF MATERIAL MISSTATEMENTS

17. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for programme 1: Construction Registers Services 3: Procurement and Delivery Management. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

COMPLIANCE WITH LEGISLATION

18. 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:

EXPENDITURE MANAGEMENT

19. The Accounting Authority did not take effective steps to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA.

FINANCIAL STATEMENTS, PERFORMANCE REPORT AND ANNUAL REPORT

20. The financial statements submitted for auditing were not in all instances prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA. Material misstatements of the cash flow statement identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Report of the Auditor-General (continued)

CONSEQUENCE MANAGEMENT

21. Sufficient appropriate audit evidence could not be obtained that effective and appropriate disciplinary steps had been taken against officials who incurred or permitted irregular expenditure in the prior year, as required by section 51(1)(e)(iii) of the PFMA.
22. Investigations were not conducted into allegations of financial misconduct by officials in the prior year, as required by Treasury Regulation 33.1.1.

INTERNAL CONTROL

23. 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 the annual performance report and the findings on non-compliance with legislation included in this report.

FINANCIAL AND PERFORMANCE MANAGEMENT

24. Management did not adequately monitor adherence to the requirements of the Treasury regulations relating to deviations from supply chain management processes, resulting in irregular expenditure.
25. Management did not adequately review the financial statements and the annual performance report for completeness and accuracy prior to their submission for audit purposes.

Other Reports

INVESTIGATIONS

25. During the year, the cidb instituted an investigation into the registration of contractors at the cidb. The investigation was still in progress at the date of this report.

Auditor-General



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Pretoria

31 July 2014

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Report of the Accounting Authority

The Construction Industry Development Board (cidb) is a Schedule 3A public entity established in terms of the CIDB Act 38 of 2000 to provide strategic leadership to stakeholders to stimulate sustainable growth, reform and improvement of the construction sector. The cidb is under the Executive Authority of the Department of Public Works (DPW).

General overview of the state of affairs

For the Financial Year 2013/2014, the cidb received a grant of R72 361 000.00 (2012/2013: R67 614 000 000.00) from DPW.

A further amount of R59 562 652.00 (2012/2013: R42 568 508.00) was received in the form of registers' revenue; as well as other income of R5 529 104.00 (2012/2013: R4 981 796.00). Thus, the total income for the cidb was R137 452 756.00 (2012/2013: R115 164 305.00). The net surplus for the Financial Year was R12 977 248.00 (2012/2013: R3 084 835.00 re-stated deficit). After taking into account the re-stated opening accumulated surplus of R55 600 693.00, this has resulted in the increase of accumulated surplus to R68 577 935.00 at the end of the financial year.

In October 2013 the representative of the Department of Public Works (DPW) on the cidb Board, Ms Nyeleti Makhubele resigned from the Department and as such ceased to be a member of the Board. Ms Makhubele was consequently replaced by Ms M. Fatyela-Lindie (also from DPW) at the end of November 2013.

The Committees of the Board continued to play their oversight roles and are constituted as follows:

- Audit Committee;
- Risk Committee; and
- Remuneration Committee.

The terms of reference of the Board Committees remained the same throughout the year under review and are detailed in the Corporate Governance Report. The cidb's performance plan was, to a large extent, implemented satisfactorily. Further details are contained under the section dealing with performance information.

Business Address

Registered office: Block N, R & Z, SABS Campus

No. 2 Dr Lategan Road

Groenkloof, 0027

Pretoria

Postal address: P.O. Box 2107

Brooklyn Square

0075

Bankers: Standard Bank of SA Limited

Investec Bank Limited

External Auditors: Auditor-General

Internal Auditors: KPMG Services (Pty) Ltd

There were no new activities embarked upon during the period under review. Furthermore, there are no proposed activities for the upcoming financial year.

Events after Reporting Date

The members are not aware of any matter or circumstance arising since the end of the financial year.

Performance Information

The cidb must develop an annual performance plan (APP); the APP must provide clear indication of goals and objectives for the planning period. Such a plan was developed for the 2013/2014 financial year. Progress reports were tabled at each Board and Committee meeting of the cidb.

Furthermore, the cidb reported to DPW on a quarterly basis regarding progress towards the achievement of the stated outputs and objectives, in line with the funding arrangement between the two parties.

A detailed report on the activities of the cidb is included under a separate section of the Annual Report.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Report of the Accounting Authority (continued)

Approval

The Annual Financial Statements for the year ended 31 March 2014, set out on pages 59 to 97 were approved by the Accounting Authority in terms of section 51(1)(f) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended and are signed on its behalf by:



Mzwandile Sokupa
Chief Executive Officer

31st July 2014



Ms Lindelwa Myataza
Board Chairperson

31st July 2014

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Statement of Financial Performance

	Note	2014 R	2013 Restated R
Revenue			
Assessment fees	11	28,685,850	24,213,359
Other income	12	1,211,581	840,092
Finance income	13	4,317,523	4,141,704
Government grants	11	72,361,000	67,614,000
Contractor fines		60,000	210,150
Annual fees	11	30,816,802	18,145,000
Total revenue		137,452,756	115,164,305
Expenditure			
Employee Benefit Cost	21	(73,258,292)	(69,110,808)
Members' emoluments	25	(961,205)	(1,189,574)
Depreciation and amortisation		(4,122,857)	(3,335,350)
Finance costs	22	(587,449)	(2,272)
Bad debt written off	23	(549,970)	(228,764)
Operating expenses	24	(43,343,042)	(43,948,271)
Total expenditure		(122,822,815)	(117,815,039)
Operating surplus/(deficit)		14,629,941	(2,650,734)
Loss on disposal of property, plant and equipment		(1,647,475)	(316,458)
Loss on disposal of intangible assets		(5,218)	(117,643)
		(1,652,693)	(434,101)
Surplus/(deficit) for the year		12,977,248	(3,084,835)
<i>Attributable to:</i>			
Owners of controlling entity		12,977,248	(3,084,835)
		12,977,248	(3,084,835)

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Statement of Financial Position

	Note	2014 R	2013 Restated R
ASSETS			
CURRENT ASSETS			
Receivables from exchange transactions	5	1,527,257	1,919,437
Cash and cash equivalents	6	98,501,419	77,527,077
		100,028,676	79,446,514
NON-CURRENT ASSETS			
Property, plant and equipment	3	15,138,911	13,904,042
Intangible assets	4	8,266,283	8,755,194
		23,405,194	22,659,236
Total Assets		123,433,870	102,105,750
LIABILITIES			
CURRENT LIABILITIES			
Finance lease obligation	7	1,004,515	-
Payables from exchange transactions	8	12,972,998	13,404,678
Provisions	9	2,382,490	1,807,500
Income received in advance	10	36,645,075	31,292,879
		53,005,078	46,505,057
NON-CURRENT LIABILITIES			
Finance lease obligation	7	1,850,857	-
Total Liabilities		54,855,935	46,505,057
NET ASSETS ATTRIBUTABLE TO OWNERS OF CONTROLLING ENTITY			
Accumulated surplus		68,577,935	55,600,693
Total Net Assets		68,577,935	55,600,693

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Cash Flow Statement

	Note	2014 R	2013 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Registers income		59,954,833	42,154,586
Grants received		72,361,000	67,614,000
Finance income		4,317,523	4,141,704
Other receipts		1,208,931	840,092
		137,842,287	114,750,382
Payments			
Compensation to employees		(68,868,569)	(68,738,438)
Payments to suppliers and others		(43,745,785)	(44,646,315)
		(112,614,354)	(113,384,753)
Net cash flows from operating activities	16	25,227,933	1,365,629
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(2,739,268)	(2,729,667)
Purchase of other intangible assets	4	(392,704)	(1,179,942)
Net cash flows from investing activities		(3,131,973)	(3,909,610)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payment – capital		(534,170)	(90,133)
Finance lease payments – finance cost		(587,448)	(2,272)
Net cash flows from financing activities		(1,121,618)	(92,405)
Net increase/(decrease) in cash and cash equivalents		20,974,342	(2,636,386)
Cash and cash equivalents at the beginning of the year		77,527,077	80,163,463
Cash and cash equivalents at the end of the year	6	98,501,419	77,527,077

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Balance at 01 April 2012	58,685,528	58,685,528
Deficit for the year – Restated	(3,084,835)	(3,084,835)
Total changes – Restated	(3,084,835)	(3,084,835)
Balance at 01 April 2013 – Restated	55,600,687	55,600,687
Surplus for the year	12,977,248	12,977,248
Total changes	12,977,248	12,977,248
Balance at 31 March 2014	68,577,935	68,577,935

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Notes
Statement of Financial Performance						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Assessment fees	28,685,850	-	28,685,850	28,685,850	-	11
Other income	-	-	-	1,211,581	1,211,581	12
Finance income	3,078,000	-	3,078,000	4,317,523	1,239,523	13
Total revenue from exchange transactions	31,763,850	-	31,763,850	34,214,954	2,451,104	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TAXATION REVENUE						
Government grants and subsidies	72,361,000	-	72,361,000	72,361,000	-	11
TRANSFER REVENUE						
Contractor fines	-	-	-	60,000	60,000	11
Annual fees	18,762,150	-	18,762,150	30,816,802	12,054,652	11
Total revenue from non-exchange transactions	91,123,150	-	91,123,150	103,237,802	12,114,652	
Total revenue	122,887,000	-	122,887,000	137,452,756	14,565,756	
EXPENDITURE						
Personnel	(77,756,472)	-	(77,756,472)	(73,258,292)	4,498,180	21
Depreciation and amortisation	-	-	-	(4,122,857)	(4,122,857)	3 and 4
Finance costs	-	-	-	(587,449)	(587,449)	22
Bad debt written off	-	-	-	(549,970)	(549,970)	23
Operating Expenses	(45,130,528)	-	(45,130,528)	(44,304,247)	826,281	24
Total expenditure	(122,887,000)	-	(122,887,000)	(122,822,815)	64,185	
Operating surplus	-	-	-	14,629,941	14,629,941	
Loss on disposal of assets	-	-	-	(1,652,693)	(1,652,693)	3 and 4
Surplus before taxation	-	-	-	12,977,248	12,977,248	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	12,977,248	12,977,248	31

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Notes
RECONCILIATION						
BASIS DIFFERENCE						
Depreciation and amortisation				4,122,857		3 and 4
Finance costs				587,449		17
Bad debt written off				549,970		15
Loss on disposal of assets				1,652,693		3 and 4
Actual Amount in the Statement of Financial Performance				19,890,217		

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Accounting Policies

1. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Public Finance Management Act No.1 of 1999.

These Annual 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.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

These accounting policies are consistent with the previous financial year.

1.1 PRESENTATION CURRENCY

These Annual Financial Statements are presented in South African Rand and are not rounded off.

1.2 GOING CONCERN ASSUMPTION

The cidb is largely dependent on the Department of Public Works (DPW) for continued funding of operations. DPW has neither the intention nor the need to liquidate or materially curtail the scale of cidb.

The accounting authority in line with DPW's intention, considers that cidb has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing cidb's Annual Financial

Statements. The accounting authority has satisfied itself that cidb is in a sound financial position and that it has access to sufficient cash resources to meet its foreseeable cash requirements.

These Annual Financial Statements have been prepared based on the expectation that cidb will continue to operate as a going concern in the year(s) ahead.

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATING UNCERTAINTY

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Use of available information and the application of judgement is inherent in the formation of estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements.

Impairment of property, plant and equipment and finite life intangible assets

Consideration is given each financial position date to determine whether there is any indication of impairment of the carrying amounts of property, plant and equipment and finite intangible assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on the time value of money and the specific risk.

Assets that suffered an impairment are tested for possible reversal of impairment at each reporting date if indications exist that impairment losses recognised in prior periods no longer exist or have decreased.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Accounting Policies (continued)

Assessment of useful lives

The residual value and useful life of an asset are regarded as accounting estimates and intrinsically have an element of uncertainty associated with them. As such they are based on information available at the time that they are estimated.

It is therefore expected that these estimates will differ at various stages of an asset's life depending on economic times and management's intentions. Useful lives and residual amounts are reviewed and assessed at each financial year end.

Such review and assessment take into consideration the nature of the assets, their intended use and technical obsolescence. The residual value and useful life of an asset is reviewed, and revised, if necessary, at each financial year end.

Bad debts written off

On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Leave provision

Employees' entitlement to annual leave is recognised when it accrues. A provision is made on the estimated liability for annual leave as a result of services rendered by employees up to the amount of the obligation.

Provision for performance

Employees' entitlement to performance bonus is recognised when the Board has approved a bonus percentage for the year. The provision becomes actual after being qualified by the results of the performance measurement tool applied. Payment of performance bonuses is the sole discretion of the Board and dependent on the availability of funds. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

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 cidb; 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. 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.

Where an asset is acquired at no cost, or for a nominal cost, 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, its 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.

1.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Accounting Policies (continued)

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

Assets acquired under finance leases are capitalised and depreciated in accordance with cidb's policy on property, plant and equipment unless the lease term is shorter. Leasehold assets are depreciated as below.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fittings	10 to 16 years
Office equipment	8 to 16 years
Computer equipment	3 to 16 years
Leasehold assets	3 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.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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.

1.5 INTANGIBLE ASSETS

An asset is identified as an intangible asset when it:

- Is separable, i.e. is capable of being separated or divided from cidb 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 contractual rights or other legal rights, regardless whether those rights are transferable or separate from entity or from other rights and obligations.

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 cidb; and
 - The cost or fair value of the asset can be measured reliably.
- Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Intangible assets initially carried at cost and subsequently 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.

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for the year ended 31 March 2014

Accounting Policies (continued)

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, other	1 to 16 years

Intangible assets are derecognised:

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

1.6 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 cidb's statement of financial position.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a

shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, cidb shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), cidb shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

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 cidb.

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 cidb.

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 cidb in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Accounting Policies (continued)

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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 cidb after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- Equity instruments or similar forms of unutilised 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 cidb'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 cidb.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if cidb had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- The cidb designates at fair value at initial recognition; or
- 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.

Classification

The cidb has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The cidb has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Income received in advance	Financial liability measured at fair value
Payables from exchange transactions	Financial liability measured at fair value

Initial recognition

The cidb recognises a financial asset or a financial liability in its statement of financial position when the cidb becomes a party to the contractual provisions of the instrument.

The cidb recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The cidb 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.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Accounting Policies (continued)

The cidb measures a financial asset and financial liability initially at its fair value .

Subsequent measurement of financial assets and financial liabilities

The cidb measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value;
- Financial instruments at amortised cost; and
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

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.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the cidb currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.7 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.

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 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. Assets acquired under finance leases are capitalised and depreciated in accordance with cidb's policy on property, plant and equipment unless the lease term is shorter.

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.

1.8 ACCRUALS

Accrual liabilities represent expenses already incurred but not yet paid.

1.9 COMMITMENTS

Commitments are contractual agreements with the suppliers of goods and services, where delivery has not yet taken place. Commitments are disclosed in the notes to the Annual Financial Statements at nominal value of the contractual agreement.

1.10 EMPLOYEE BENEFIT

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave and performance bonuses are recognised in the period in which the service is rendered and are not discounted).

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Accounting Policies (continued)

The expected cost of compensated absences (leave provision) 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 expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

A defined contribution plan is a pension plan under which cidb pays fixed contributions into a separate entity which administers the fund. The cidb has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The cidb currently contributes towards the insurance portion of the fund on behalf of its employee. The insurance contributed by cidb covers guaranteed benefits on disability and death.

Provident Fund

The cidb operates a provident fund on behalf of its employees, the provident fund is administered by a single pension fund that is legally separated from cidb. The cidb has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all eligible employees the benefits. Membership of the provident fund is compulsory for all employees who joined cidb after 01 September 2010 and optional for all employees who joined cidb before the said date.

The cidb employee benefit structure is on the total cost to company and as such do not directly contribute towards the provident fund on behalf of its employees who are members of the provident fund and only employees contribute towards the provident fund.

Contributions to the Provident fund operated for employees are charged against income as incurred.

1.11 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- cidb has a present obligation as a result of a past event;
- 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.

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 cidb 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 in "profit and loss".

A provision is used only for expenditures for which the provision was originally recognised.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Accounting Policies (continued)

Provisions are not recognised for future losses.

If cidb has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 19.

1.12 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 cidb receives 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.

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.

Registers income

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the reporting date can be measured reliably; and

- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Finance income

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

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.13 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

Revenue from non-exchange transactions refers to the transactions where cidb receives revenue from another entity without directly giving approximately equal value in exchange.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Accounting Policies (continued)

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the cidb 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.

Revenue from the non-exchange transaction takes the form of grants from the Department of Public Works and is received on an annual basis and raised as revenue on receipt

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 cidb 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.

Measurement

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

When, as a result of a non-exchange transaction, cidb 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.

Fines

Fines are economic benefits or service potential received or receivable by cidb from an individual or other entity, as determined by the outcome of the hearing, as a consequence of the individual or other entity breaching the requirements of cidb regulations. The cidb is empowered to impose fines on individuals or entities considered to have breached the cidb regulations. The payment is recognised as a fine.

1.14 FINANCE INCOME

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

1.15 FINANCE COSTS

Finance costs are recognised as an expense in the period in which they are incurred.

1.16 COMPARATIVE FIGURES

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

1.17 UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

- Overspending of a vote or a main division within a vote; and
- Expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised 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.

1.18 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.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Accounting Policies (continued)

1.19 IRREGULAR EXPENDITURE

Irregular expenditure as defined in the Public Finance Management Act No.1 of 1999 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 Public Finance Management Act 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 Annual Financial Statements must also be recorded appropriately in the irregular expenditure register.

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.

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

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 bad debt written off and disclose such in the relevant note to the Annual 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 Annual Financial Statements and updated accordingly in the irregular expenditure register.

1.20 RELATED PARTIES

The cidb 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 public entities with the ability to control or jointly control cidb or exercise significant influence over cidb, or vice versa, or entities that are subject to common control, or joint control within the national sphere of government are considered to be related parties.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of cidb, directly or indirectly, including any director (whether executive or otherwise) of cidb. The cidb regards all individuals at senior management per definition of the financial reporting standards as key management.

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

All transactions with related parties are disclosed.

1.21 BUDGET INFORMATION

The cidb is typically subjected 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 cidb 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.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Accounting Policies (continued)

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

The Annual 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 Annual Financial Statements. Refer to note 31.

Annual Financial Statements are authorised for issue. The cidb accounts for those events after the reporting period that provide evidence of the condition that existed at the end of the reporting period by adjusting the Annual Financial Statements, all other material events that are indicative of the condition that arose after the reporting period are disclosed in the notes to the Annual Financial Statements.

1.22 EVENTS AFTER THE REPORTING PERIOD

Events after the reporting date are those events that occur between the end of the reporting period and the date the

2. New Standards and Interpretations

2.1 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The cidb has not applied the following standards and interpretations, which have been published and are mandatory for cidb's accounting periods beginning on or after 01 April 2014 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after
GRAP 105: Transfers of functions between entities under common control	01 April 2014
GRAP 106: Transfers of functions between entities not under common control	01 April 2014
GRAP 107: Mergers	01 April 2014
GRAP 20: Related parties	01 April 2014
IGRAP 11: Consolidation – Special purpose entities	01 April 2014
IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2014
GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2014
GRAP 7 (as revised 2010): Investments in Associates	01 April 2014
GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2014
GRAP32: Service Concession Arrangements: Grantor	01 April 2015
GRAP108: Statutory Receivables	01 April 2015
IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2015

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements

3. Property, Plant and Equipment

	2014			2013		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	7,392,950	(3,055,684)	4,337,266	7,195,077	(2,657,932)	4,537,145
Office equipment	7,857,801	(2,888,126)	4,969,675	5,902,996	(2,889,815)	3,013,181
Computer equipment	9,323,063	(3,491,093)	5,831,970	11,325,236	(4,971,520)	6,353,716
Total	24,573,814	(9,434,903)	15,138,911	24,423,309	(10,519,267)	13,904,042

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2014

	Opening balance	Additions	Disposals	Reclassification	Depreciation	Total
Furniture and fixtures	4,537,145	362,194	(74,470)	-	(487,603)	4,337,266
Office equipment	3,013,181	3,831,453	(570,739)	-	(1,304,220)	4,969,675
Computer equipment	6,353,716	1,825,271	(1,002,266)	(172,221)	(1,172,530)	5,831,970
	13,904,042	6,018,918	(1,647,475)	(172,221)	(2,964,353)	15,138,911

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2013

	Opening balance	Additions	Disposals	Reclassification	Depreciation	Total
Furniture and fixtures	4,968,464	193,948	(91,791)	-	(533,476)	4,537,145
Office equipment	3,389,893	393,571	(117,981)	-	(652,303)	3,013,181
Computer equipment	5,451,635	2,142,148	(106,686)	-	(1,133,380)	6,353,716
	13,809,992	2,729,667	(316,458)	-	(2,319,159)	13,904,042

ASSETS SUBJECT TO FINANCE LEASE (NET CARRYING AMOUNT)

	2014	2013
Office equipment	2,550,839	-
Computer software, other	85,468	-
	2,636,307	-

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

4. Intangible Assets

	2014			2013		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	10,941,123	(2,674,840)	8,266,283	10,337,363	(1,582,169)	8,755,194

RECONCILIATION OF INTANGIBLE ASSETS – 2014

	Opening balance	Additions	Disposals	Reclassification	Amortisation	Total
Computer software, other	8,755,194	502,591	(5,217)	172,221	(1,158,506)	8,266,283

RECONCILIATION OF INTANGIBLE ASSETS – 2013

	Opening balance	Additions	Disposals	Reclassification	Amortisation	Total
Computer software, other	8,709,083	1,179,942	(117,642)	-	(1,016,188)	8,755,194

5. Receivables from Exchange Transactions

	2014	2013
Trade receivables	331,353	1,421,061
Prepayments	1,195,904	498,376
	1,527,257	1,919,437

TRADE AND OTHER RECEIVABLES IMPAIRED

As of 31 March 2014, trade and other receivables written off of R217,934 (2013: R92,525) were impaired and provided for.

The amount of the provision was R530,549 as of 31 March 2014 (2013: R198,514).

Provision for bad debt has been determined by reference to cidb's policy of debt management, past default experience and the current economic environment.

The cidb considers the carrying amount of receivables to approximate their fair value.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

6. Cash and Cash Equivalents

Cash and cash equivalents consists of:

	2014	2013
Cash on hand	18,538	31,646
Bank balances – Call Deposits	1,553,254	300,021
Bank balances – Maturity Deposits	96,929,627	77,195,410
	98,501,419	77,527,077

7. Finance Lease Obligation

Minimum lease payments due

– within one year	1,682,423	-
– in second to fifth year inclusive	2,243,200	-

3,925,623 -

less: future finance charges (1,070,251) -

Present value of minimum lease payments 2,855,372 -

Present value of minimum lease payments due

– within one year	1,004,515	-
– in second to fifth year inclusive	1,850,857	-

2,855,372 -

Non-current liabilities 1,850,857 -

Current liabilities 1,004,515 -

2,855,372 -

At the reporting date, cidb had a lease agreement in respect of office equipments as detailed above. The lease agreement is not renewable at the end of the lease term and cidb does not have any option to acquire the leased photocopying machines at the end of the lease term.

The lease of the the photocopying machines have been entered into under a finance lease agreement term of 36 months.

The average effective borrowing rate of of the lease agreement of the photocopying machines is 22%.

Interest rates are as at the contract date. The lease agreemet has fixed repayment terms and no arrangements have been entered into for contingent rent. The lease agreement does not impose any restrictions on cidb.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

8. Payables from Exchange Transactions

	2014	2013
Trade payables	2,960,410	2,153,678
Unallocated deposits	4,609,301	5,822,296
Trade accruals	2,873,306	3,257,204
Other payroll accruals	434,570	559,048
Payroll liabilities	2,095,411	1,612,452
	12,972,998	13,404,678

9. Provisions

RECONCILIATION OF PROVISIONS – 2014

	Opening Balance	Additions	Utilised during the year	Total
Leave provision	1,807,500	2,352,551	(1,853,561)	2,306,490
Provision for termination	-	76,000	-	76,000
	1,807,500	2,428,551	(1,853,561)	2,382,490

RECONCILIATION OF PROVISIONS – 2013

	Opening Balance	Additions	Utilised during the year	Total
Leave provision	1,585,033	1,485,535	(1,263,068)	1,807,500

Leave provision is calculated at current salary rate multiplied by number of available leave credits. There are no uncertainties envisaged that may affect the above provisions.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

10. Income Received In Advance

	2014	2013
Contractors not assessed (work-in-progress)	36,645,075	31,292,879

11. Revenue

Registers revenue	28,685,850	24,213,359
Other income	1,211,581	840,092
Finance income	4,317,523	4,141,704
Government grants	72,361,000	67,614,000
Contractor fines	60,000	210,150
Annual fees	30,816,802	18,145,000
	137,452,756	115,164,305

The amount included in revenue arising from exchanges of goods or services are as follows:

Assessment fees	28,685,850	24,213,359
Other income	1,211,581	840,092
Finance income	4,317,523	4,141,704
	34,214,954	29,195,155

The amount included in revenue arising from non-exchange transactions is as follows:

Government grants	72,361,000	67,614,000
Contractor fines	60,000	210,150
Annual fees	30,816,802	18,145,000
	103,237,802	85,969,150

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

12. Other Income

	2014	2013
Proceeds from insurance claims	70,742	46,998
Sundry income	1,140,839	793,094
	1,211,581	840,092

13. Finance Income

Interest revenue

Bank	4,317,523	4,141,704
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14. Income Tax Exemption

The cidb is exempt from Income Tax in terms of section 10(1)(cA)(i) of the Income Tax Act.

15. Audit Fees

External audit fees	1,228,597	1,026,142
Internal audit fees	575,903	724,343
	1,804,500	1,750,485

16. Cash Generated from Operations

Surplus (deficit)	12,977,248	(3,084,835)
Adjustments for:		
Depreciation and amortisation	4,122,857	3,335,350
Loss on assets written off	1,652,693	434,101
Finance costs	587,449	2,272
Debt impairment	549,970	228,764
Movements in provisions	574,990	-
Changes in working capital:		
Receivables from exchange transactions	392,180	(413,920)
Reversal of bad debts provision	(549,970)	(228,761)
Payables from exchange transactions	(431,680)	(2,624,420)
Income received in advance	5,352,196	3,717,078
	25,227,933	1,365,629

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

17. Restatement

To conform with the principle of fair presentation of these Annual Financial Statements as outlined in the statement of GRAP, cidb reclassified certain assets which were previously classified incorrectly to its applicable asset category.

As a result of a prior year error, a provision for performance bonus was incorrectly raised in the previous financial year's Annual Financial Statements. The provision has been correctly reversed in this financial year thus resulting in the restatement of both the Statement of Financial Performance and Statement of Financial Position for period ended 31 March 2013.

Furthermore, computer warranties were incorrectly classified as computer equipment instead of Intangible assets. These assets have been reclassified to the correct category and the corresponding accumulated depreciation and amortisation adjusted.

This is restated prospectively as management believe that such disclosure will provide more useful information to the users of these Annual Financial Statements.

The below restatement did not have any impact on the surpluses for the periods.

The restatement results in adjustments as follows:

Statement of financial position

	2014	2013
Computer equipment	(245,174)	-
Accumulated depreciation	(72,953)	-
Computer software, other	245,174	-
Accumulated amortisation	72,953	-
Provision for performance bonus	-	3,934,529
Statement of Financial Performance		
Performance bonus	-	(3,934,529)

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

18. Commitments

Authorised capital expenditure

	2014	2013
Already contracted for but not provided for		
• Outstanding contractual obligations as at year-end	48,959,741	41,992,644
Operating leases – as lessee (expense)		
Minimum lease payments due		
– within one year	-	1,042,026

Operating lease payments represent rentals payable by cidb to SABS for its office properties in Pretoria. The operating lease expired on 30 June 2013. The cidb engaged the Department of Public Works to take over the lease agreement negotiations with SABS as per Government Immovable Asset Management Act 19 of 2007 which mandates DPW to manage leases of government departments and public entities. A letter was received from the DPW granting cidb permission to continue with the leasing of SABS properties on a month-to-month basis until the procurement process has been completed and a new lease procured.

19. Contingencies

Contingent liabilities

Liable to:

National Treasury	12,977,248	-
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The accumulated surplus of R12,977,248 has been classified as a contingent liability at 31 March 2014 as there is no approval received as yet to retain the surplus funds. In terms of PFMA Section 53 (3) entities are not allowed to accumulate surpluses unless approved by National Treasury. An approval was granted on 8 February 2013 by National Treasury to retain the surplus of R58,685,521. The retained funds were reduced to R55,600,693 as at 31 March 2013. The cidb is obliged to repay to National Treasury any amount of the surplus not granted for retention. The cidb is of the opinion that National Treasury will grant the approval for the retention of R12,977,248 which arose as a result of over-collection of contractor registration fees during the period under review.

Liable to:

Public Administration Leadership and Management	-	18,240
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ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

20. Related Parties

- National Department of Public Works
- Provincial Department of Public Works
- Eastern Cape Department of Roads and Public Works
- Western Cape Department of Transport and Public Works
- KwaZulu-Natal Department of Public Works
- Free State Department of Police, Roads and Transport
- Mpumalanga Department of Public Works
- Limpopo Department of Public Works
- North West Department of Public Works, Roads and Transport
- Northern Cape Regional Development of Roads and Public Works

The cidb has entered into an arrangement with the Provincial department of Public Works whereby the departments will provide office space for the cidb operations for free. The cidb operates out of the offices mentioned above.

	2014	2013
Related party balances		
Amounts included in Trade receivable regarding related parties		
Z Ntombela (Board member)	-	23,109
Related party transactions		
The following is a summary of transactions with DPW		
Department of Public Works	72,361,000	67,614,000
Income received from DPW for secondment of a staff member		
Inba Thumbiran	1,191,523	788,244

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

21. Employee Benefit Cost

	2014	2013
Basic	56,786,780	54,159,382
Bonus	4,178,269	3,903,185
UIF	316,133	267,262
Group Life company contribution	283,705	260,210
Leave payment	769,055	372,370
Provident fund contributions	2,482,214	1,885,678
	64,816,156	60,848,087
Remuneration of executives		
Annual Remuneration	7,963,438	7,860,674
Performance Bonuses	478,698	402,047
	8,442,136	8,262,721
Total		
Employee Benefit Cost	73,258,292	69,110,808

22. Finance Costs

Finance leases	587,449	2,272
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23. Bad Debt Written Off

Bad debts written off	217,935	92,275
Provision for bad debts	530,549	198,514
Reversal of bad debts provision	(198,514)	(62,025)
	549,970	228,764

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

24. Operating Expenses

	2014	2013
Audit fees	1,804,500	1,750,485
Bank charges	436,843	377,684
Other maintenance, repairs and running cost	804,917	823,289
Consulting and professional fees	11,512,564	12,552,109
Audit committee remuneration	209,685	725,856
Insurance	676,921	545,269
Computer expenses and consumables	1,574,127	871,077
Lease rentals – Buildings	4,677,441	3,910,645
Lease rentals – Other	925,032	1,040,932
Sponsorships	111,400	91,172
Courier and delivery charges	331,031	300,807
Printing and stationery	4,461,274	4,831,210
Security	1,527,314	1,468,541
Training and staff development	1,207,530	2,133,714
Subscriptions and membership fees	46,471	104,567
Telephone and fax	2,941,522	3,087,599
Travel and subsistence – local	5,158,219	5,854,560
Electricity	1,386,819	971,977
Advertising	1,660,590	1,088,077
Legal fees	110,053	392,119
Penalties and fines	21,314	4,384
Venue expenses	1,757,475	1,022,198
	43,343,042	43,948,271

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

25. Members' Emoluments

BOARD

2014

Designation	Scheduled meetings	Other meetings	Other activities	Scheduled meetings	Other meetings	Other activities	Travel Allowance	Total
B. Ndendwa	7	44	16	43,320	182,915	90,533	136,360	453,128
L. Myataza								
Deputy Chairperson	5	19	7	26,293	70,013	33,192	66,348	195,846
N. Maas	6	13	1	27,266	21,851	3,207	13,954	66,278
L. Kona	7	15	3	27,267	49,323	9,621	21,754	107,965
G. Martins #	3	1	-	-	-	-	-	-
M. Govender	5	15	-	25,661	56,515	-	152,837	235,013
H. Patel	6	16	3	35,283	69,744	8,820	151,876	265,723
A. Naidu	-	1	-	3,208	-	-	168	3,376
S. Malebye	5	11	2	24,058	37,694	6,414	4,596	72,762
Z. Ntombela	7	20	2	41,298	62,898	4,811	183,019	292,026
N. Makhubele # (Member until 31 October 2013)	3	2	-	-	-	-	-	-
M. Fatyela-Lindie # (Member since 27 November 2013)	3	-	-	-	-	-	-	-
Total emoluments – Board				253,654	550,953	156,598	730,912	1,692,117

2013

Total emoluments – Board

503,299 653,586 32,689 689,811 1,879,656

G. Martins, N. Makhubele and M. Fatyela-Lindie are not entitled to remuneration as they are public servants. Furthermore, N. Makhubele (as a DPW representative) resigned from the department in October 2013. She was replaced by M. Fatyela-Lindie who is also from the DPW in November 2013.

Members' emoluments for the Board, in respect of all meetings and activities amounted to a total of R961,205 (2013: R1,189,574).

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

25. Members' Emoluments (continued)

Other meetings include:

National and regional meetings as well as events, parliamentary meetings, road shows, other stakeholder meetings, any board and sub-committee meetings including but not limited to strategic plan meetings with the Executive Committee etc.

Other activities include:

Attendance/participation at any other events or meetings as determined from time to time.

Scheduled meetings include:

- Statutory meetings, all pre-scheduled Board/Exco and committee meetings for the year;
- All provincial stakeholder liaison meetings; and
- All the national stakeholder forums.

Appointment of a new cidb Board

On 6 June 2014, the Minister of Public Works appointed a new cidb Board comprising of 13 members as follows:

Ms Lindelwa Myataza – as Board Chairperson (previously the Deputy Chairperson from 2011 to 2014); and
Mr Christopher Jiyane – as Deputy Chairperson.

New members: Ms Vuyiswa Sidzumo, Ms Nomsa Jacobs-Skweyiya, Mr Selaelo Makhura, Ms Natalie Skeepers, Mr Siphos Mosai, Ms Nasreen Pandor, Mr Gonasagran Maduray and Mr Lefadi Makibinyane.

Members re-appointed for a second term: Mr Hareesh Patel, Mr Nico Maas and Ms Mandisa Fatyela-Lindie (representing Department of Public Works).

The details about the new Board must be read in conjunction with Note 28 of the Annual Financial Statements. The new Board, as recently appointed and constituted has not been paid any fees by the cidb.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

25. Members' Emoluments (continued)

EXECUTIVES

2014

	Designation	Salary	Acting Allowance	Performance Bonus	Total
U. Ntsubane (CEO from 01 April 2012 to 31 August 2013)	CEO	451,750			451,750
M. Sokupa (CEO from 01 December 2013 to date)	CEO	483,333			483,333
H. Khumalo	CFO	1,151,982	135,512	80,639	1,368,133
G. Naidoo	Prog Manager	1,140,267		79,819	1,220,086
R. Milford	Prog Manager	1,274,254		89,198	1,363,452
I. Thumbiran (Seconded to DPW until February 2014)	Prog Manager	1,137,241		79,607	1,216,848
	Acting Prog Manager				
K. Ntiisa (Acting until 28 February 2014)	Manager	807,537	234,934	69,171	1,111,642
E. Moola	Prog Manager	1,146,628		80,264	1,226,892
Total emoluments – Executives		7,592,992	370,446	478,698	8,442,136
2013					
Total emoluments – Executives		7,595,709	264,965	402,047	8,262,721

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

25. Members' Emoluments (continued)

AUDIT COMMITTEE

2014

	Designation	Scheduled meetings	Other meetings	Scheduled meetings	Other meetings	Travel Allowance	Total
S. Thomas: CA(SA)	Chairperson	6	-	120,965	-	1,936	122,901
V. Nondabula*	Member	-	1	-	17,592	928	18,520
N. Mhlongo: CA(SA)	Member	4	-	65,424	-	2,840	68,264
Total emoluments – Audit committee				186,389	17,592	5,704	209,685

2013

Total emoluments – Audit committee

557,616 147,207 21,033 725,898

* V. Nondabula was a member of both the Audit Committee and Risk Committee. V. Nondabula's services for both committees came to an end as of 31 July 2013. The Board had not appointed a replacement member as at 31 March 2014 as the Board took a decision that a new member must be appointed by the new Board as their term was due to expire in March 2014.

OTHER BOARD COMMITTEES

The members' emoluments paid in respect of other committees of the Board (i.e. Remuneration Committee and Risk Committee), have been included in the members' emoluments paid to Board members as these committees are constituted by Board members only; with the exception of the Risk Committee which included an independent member in the name of V. Nondabula. Members' emoluments disclosed here-above in respect of the Audit committee, only represent the emoluments paid to independent members.

26. Change in Estimate

PROPERTY, PLANT AND EQUIPMENT

In terms of the requirements of GRAP 17 Property, Plant and Equipment which states that the useful lives of assets must be reviewed at each balance sheet date, management revised the estimated useful lives of computer equipment, office equipment and furniture and fittings. In prior periods, management had estimated the useful lives of computer equipment and office equipment to be twelve years. The effect of this revision has reduced the depreciation charges for the current and future periods by R183,785.71.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

27. Risk Management

LIQUIDITY RISK

Liquidity risk is the risk that cidb would not have sufficient funds available to cover future commitments. The cidb regards this risk to be low; taking into consideration the cidb's current funding structures and availability of cash resources.

2014

	Carrying amount	Contractual cash flows	Contractual cash flow with 1 year	Contractual cash flow between 1 and 5 years
Trade and other payables	12,972,998	12,972,998	12,972,998	-
Income received in advance	36,645,075	36,645,075	36,645,075	-
Finance lease	2,855,372	2,855,372	1,004,515	1,850,857

2013

	Carrying amount	Contractual cash flows	Contractual cash flow with 1 year	Contractual cash flow between 1 and 5 years
Trade and other payables	13,404,678	13,404,678	13,404,678	-
Income received in advance	31,292,879	31,292,879	31,292,879	-

The following table shows the classification of the cidb's principal instruments together with their carrying value:

Financial instrument	Classification	Carrying Value 2014	Carrying Value 2013
Cash and cash equivalents	Loans and receivables	98,501,419	77,527,077
Receivables	Loans and receivables	331,353	1,421,061
Trade and other payables	Financial liabilities	12,972,998	13,404,678
Income received in advance	Financial liabilities	36,645,075	31,292,879
Finance lease	Financial liabilities	2,855,372	-

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

27. Risk Management (continued)

The following table presents the total net gains or losses for each category of financial assets and financial liabilities:

2014	Loans and Receivables	Financial Liabilities at amortised cost	Total
Interest income	4,317,523	-	4,317,523
Finance charges	-	(587,449)	(587,449)
	4,317,523	(587,449)	3,730,074

2013	Loans and Receivables	Financial Liabilities at amortised cost	Total
Interest income	4,141,704	-	4,141,704
Finance charges	-	(2,274)	(2,274)
	4,141,704	(2,274)	4,139,430

INTEREST RATE RISK

The cidb is exposed to interest rate changes in respect of returns on its investments with financial institutions and interest payable on finance lease contracted with external party.

The cidb's exposure to interest risk is managed by investing, on short term basis, in current accounts and the call accounts.

2014	Change investments (%)	Upward Change	Downward Change
Cash and cash equivalents	1	985,014	(985,014)

2013	Change investments (%)	Upward Change	Downward Change
Cash and cash equivalents	1	775,271	(775,271)

CREDIT RISK

Credit risk consists mainly of cash and cash equivalents and trade and other receivables. The cidb only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. The cidb trades only with recognised, creditworthy third parties and monitors receivable balances on an ongoing basis with the result that the cidb's exposure to bad debts is not significant.

With respect to credit risks arising from the other financial assets of the cidb, which comprises cash and cash equivalents, the cidb's exposure to credit risk arises from default of the counter-party, with a maximum exposure equal to the carrying amount of these instruments. The cidb's cash and cash equivalents are placed with high credit quality financial institution therefore the credit risk with respect to cash and cash equivalents is limited.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

27. Risk Management (continued)

Trade and other receivables, cidb is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consists of a large number of customers in various industries and geographical areas within South Africa. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good. Management evaluated credit risk relating to customers on an ongoing basis. No credit limits were exceeded during the reporting period and management does not expect any deficits from non-performance by these counterparties. The maximum exposure to credit risk of trade and other receivables is represented by the carrying amount in the statement of financial position after taking into account that all receivable services are paid for in advance. None of the cidb's financial assets are secured by collateral or other credit enhancements such as guarantees.

EXPOSURE TO CREDIT RISK

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

Financial instrument	2014	2013
Cash and cash equivalents	98,501,419	77,527,577
Trade and other receivables	331,353	1,421,061

AGEING OF FINANCIAL ASSETS

The following tables provide information regarding the credit quality of financial assets which may expose the cidb to credit risk:

2014	Neither past due nor impaired	Past due but not impaired – less than 2 months	Past due but not impaired – more than 2 months	Carrying Value
Cash and cash equivalents	98,501,419	-	-	98,501,419
Trade and other receivables	-	-	331,353	331,353
	98,501,419	-	331,353	98,832,772

2013	Neither past due nor impaired	Past due but not impaired – less than 2 months	Past due but not impaired – more than 2 months	Carrying Value
Cash and cash equivalents	77,527,077	-	-	77,527,077
Trade and other receivables	-	-	1,421,061	1,421,061
	77,527,077	-	1,421,061	78,948,138

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

27. Risk Management (continued)

CONCENTRATION OF CREDIT RISK

The maximum exposure to credit risk for financial assets at the reporting date by Fitch credit rating category was as follows:

2014

Cash and cash equivalents
Other receivables

	BBB-	BBB+	Unrated
Cash and cash equivalents	81,924,687	16,567,711	9,021
Other receivables	-	-	331,353
	81,924,687	16,567,711	340,374

2013

Cash and cash equivalents
Other receivables

	BBB-	BBB+	Unrated
Cash and cash equivalents	67,427,351	10,081,096	18,630
Other receivables	-	-	1,421,061
	67,427,351	10,081,096	1,439,691

28. Events after the Reporting Date

The term of office of the cidb Board officially came to an end as of 6 June 2014 when the Minister appointed a new cidb Board (details reflected as part of Note 25). The initial date of the end of term for the previous Board was 19 March 2014; however, this date was extended by the Minister by a further period of not more than three months.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

29. Fruitless and Wasteful Expenditure

	2014	2013
i. Fraudulent request for a refund by a contractor	30,297	-
ii. Cell phone airtime paid for stolen cell phone	151,026	-
iii. Interest penalty	3,833	4,384
	185,156	4,384

- i. Fraudulent request for a refund by a contractor
- ii. Cell phone airtime paid for stolen cell phone
- iii. Interest penalty

In terms of section 55(2)(b)(i) of the Public Finance Management Act No.1 of 1999 the Annual Financial Statements must include particulars of any irregular and fruitless and wasteful expenditure. Fruitless and wasteful expenditure is expenditure made in vain and would have been avoided had reasonable care been exercised. All unauthorised, irregular, fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

- i. The fraudulent refund arose as a result of a fraudulent request for a refund by a person purporting to be a cidb contractor which was received and processed on 21 December 2012. The said cidb registered contractor was indeed due for a refund of R20,750.00 but this was requested by a fraudster and subsequently paid by cidb.

In about April 2013, the fraud was detected when the "real" contractor contacted cidb to follow up on the refund due to him, where it was then discovered that the request and payment processed in December 2012 by cidb was in fact fraudulent.

During October 2013 the contractor proceeded with civil action against the cidb in which the refund amount and legal costs were claimed from the cidb. The cidb and the legal representatives of the contractor reached an out of court settlement agreement that the cidb pays an amount of R30,296.70 including legal fees of R9,546.70. The matter was handed over to Nexus for further investigation.

- ii. The cell phone airtime paid relates to a cost which was incurred by cidb for a cellphone that was stolen in a hijacking incident from the employee and fraudulent data and/or calls were made amounting to R151,026. This transaction took place in 2011 and was expensed but never disclosed as fruitless and wasteful expenditure pending investigation which would have led to recovery of the debt.

The investigation led to a debt write-off as the employee was held at gun point on a Friday night and the matter was duly reported on the Monday following the incident.

- iii. Interest penalty relates to interest charged by SARS on reassessment of an employee's PAYE submissions.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

30. Irregular Expenditure

	2014	2013
Opening balance	7,785,493	11,302,902
Add: Irregular Expenditure – current year	2,881,790	4,942,658
Less: Amounts condoned	(4,712,548)	(8,460,067)
	5,954,735	7,785,493

DETAILS OF CURRENT YEAR IRREGULAR EXPENDITURE – NOT RECOVERABLE

Event	Description	Amount
Contracts awarded where there was no supporting documentation	For two cases no disciplinary action taken because the involved staff had since resigned and the third case is under investigation	359,260
No valid contract in place	The end-users were notified about the status of the contract and the drafting of specifications for the new contract has started.	103,796
Bids awarded where consistent evaluation criteria was not applied	No disciplinary action taken because the involved staff had since resigned	1,183,294
Contracts awarded without following SCM process	In one instance of R1,030,000 a disciplinary action was taken against the staff member concerned. The other matter is under investigation.	1,033,375
Five year lease not initially approved by the National Treasury	No disciplinary action required against any staff member. This was subsequently confirmed by National Treasury that there was no impropriety in the transaction which requires action to be taken against anybody. The condonation was granted by National Treasury	202,065

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

31. Budget Differences

MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

The cidb budget is approved on a cash basis by functional classification. The approved budget covers the period from 1 April to 31 March each year. The Annual Financial Statements and budget documents are prepared for the same period. For the financial year ended 31 March 2014, there is a basis difference: the budget is prepared on a cash basis and the Annual Financial Statements are prepared on the accrual basis. The cidb is not allowed to budget for a surplus; however, for the financial year ended 31 March 2014, revenue collected exceeded the expenditure incurred resulting in a net surplus of R12,977,248.

This under-spending is as a result of over collection of revenue, by R14,565,756 above its budget which was offset by non-cash items of R6,912,969 which were not budgeted for in the allocation for the financial year under review. These non-cash items not budgeted were anticipated to be absorbed and offset in the accumulated surplus of R56 million from previous years as the entity had received approval from the National Treasury to retain the surplus funds.

After taking into account the restated opening accumulated surplus of R55,600,693, this resulted in the increase in the accumulated surplus to R68,577,935 at the end of the financial year. It must further be mentioned that cidb is currently busy with the investigation into the construction cartel stemming from the outcome of the Competition Commission Tribunal. As such, cidb did not allocate this over-collection to any other operational items as it needed to ensure that the investigation into the 15 firms and the additional 22 firms (in terms of the Competition Commission's second phase of investigations) will be provided for. The investigations were still ongoing as at end of March 2014.

2013/2014 PERFORMANCE SUMMARY



Programme 1: Performance Information Construction Registers Service

Purpose	Implement, manage and improve national registration services covering the Register of Contractors (RoC), Register of Projects (RoP) and new Registers that may be implemented in terms of the cidb Act.
Objective Statement	Registration of contractors in a manner that facilitates public sector procurement by ensuring an efficient registrations service and accurate assessments of applications. Facilitate the registration of public sector projects and distribute quarterly reports on client compliance both internally and externally. The registration of projects forms the basis for the implementation of the best practice project assessment schemes designed to drive improved client performance.
Key Policy Priority	Construction Registration Services.
Expected Outcome	Improve the Construction Registers Service through business process excellence.

No	Strategic Objective	Output	Performance Indicator	Annual targets 2013/2014	Performance Progress	Reason for deviation
1.1	Effective and efficient registration service.	Quarterly production report.	Percentage contractor registration within the prescribed 21 working days turnaround time for all compliant applications for Grade 2 to 9 contained in the quarterly production report.	91% compliance with the legislated turnaround time on processing compliant Grade 2 to 9 applications by end of March 2014.	90% compliance of processing of applications was achieved.	The target of 91% was not achieved by 1%. Deviation was due to a backlog of applications due to implementation of the new registration software was brought forward into the first quarter, hence overall performance was not achieved.
		Query Administration report.	Percentage of compliance with the 48 hour turnaround time for the administration of contractor and client registration queries contained in the quarterly production report. Administration of queries involves acknowledgement, investigation and routing of queries for resolution.	95% of contractor and client registration queries to be administered within 48 hours from the time of receipt by end of March 2014.	100% of queries were administered within the stipulated turnaround time of 48 hours.	The target of 95% was exceeded by 5% as the high volumes of queries previously experienced dropped when registration backlogs were cleared.
		RoC data quality management report.	Percentage of data errors on Grade 2 to 9 registrations contained in the quarterly production report rectified within a period of 10 working days turnaround time.	95% of errors identified to be rectified within a period of 10 working days for Grades 2 to 9 by end of March 2014.	96% of data capture errors for processing grade 2 to 9 applications were rectified within a period of 10 working days.	The target of 95% was exceeded by 1% due to an increased focus on staff training which contributed to improved productivity. Additional resources in administration functions also contributed to improved output.

Programme 2: Performance Information: Construction Industry Performance

Purpose	To determine, establish and promote appropriate measures aimed at improved performance and best practice of public and private sector clients, contractors and other participants in the construction delivery process.
Objective Statement	Improved performance and best practice for an industry that delivers reliable value to clients, investors and end-users, information on construction industry indicators to inform cidb strategy, policy makers and stakeholders.
Key Policy Priority	Construction Industry Performance.
Outcome Oriented Goal	Monitoring the Performance of the Construction Industry.

No	Strategic Objective	Output	Performance Indicator	Annual targets 2013/2014	Performance Progress	Reason for deviation
2.1	Monitor and evaluate the performance of the construction industry.	Monitoring reports, and sector specific status reports.	1 x Publication of cidb Construction Industry Indicators (CIIs) Summary Result published in pdf format on cidb Web.	2013 CIIs published in pdf format on cidb web by end-January 2014.	cidb Construction Industry Indicators (CIIs) Summary Result was published in pdf format on cidb Web on 17 January 2014.	
			4x cidb Quarterly Monitor published in pdf format on cidb Web.	4 x cidb Quarterly Monitor published in pdf format on cidb Web in 2013/2014 (end April, July, October, January).	4 x cidb Quarterly Monitor were published in pdf format on cidb Web in April 2013, July 2013, October 2013, and January 2014.	
			4x Quarterly cidb SME Business Conditions Survey published in pdf format on cidb Web.	4 x cidb SME Business Conditions Survey published in pdf format on cidb Web 2013/2014 (end-April, July, October, January).	4 x cidb SME Business Conditions Survey were published in pdf format on cidb web in April 2013, June 2013, September 2013 and December 2014.	
			4 x Quarterly cidb Compliance Monitor published in pdf format on cidb Web.	4 x cidb Compliance Monitor published in pdf format on cidb Web 2013/2014 (end-April, July, October, January).	4 x cidb Compliance Monitor published in pdf format on cidb Web in April 2013, July 2013, October 2013 and January 2014.	
			2 x Stakeholder communications sessions on CIIs, Quarterly Monitor and SME Survey.	2 x Stakeholder Communication Sessions held on CIIs, Quarterly Monitor and SME Survey by end-March 2014.	2 x Stakeholder Communication Sessions on CIIs, Quarterly Monitor and SME Survey were held in KZN on 12 July 2013 and WC 22 August 2013.	
2.2	Develop and promote construction best practice guides.	Construction best practice guides.	1 x cidb Guidelines for Construction Management Systems published in pdf format on cidb Web.	1 x cidb Guidelines for Construction Management Systems published in pdf format on cidb Web by end-December 2013.	Guidelines for Construction Management Systems were published on cidb Web on 3 December 2013 with links to SABS website.	

No	Strategic Objective	Output	Performance Indicator	Annual targets 2013/2014	Performance Progress	Reason for deviation
2.3	Develop and implement the best practice registers in support of improving the performance of the industry.	cidb Best Practice Contractor Recognition Scheme.	1 x cidb Framework for Competence Recognition submitted to cidb Board for approval.	1 x cidb Framework for Competence Recognition submitted to cidb Board for approval by end-September 2013.	The following documents were submitted to Board on 23 September: Doc CIP_4.1 Recommendation to Publish Best Practice Standards Contractor Competence.pdf. Doc CIP_4.2 cidb Board Notice Competence Standard. Doc CIP_6.1 cidb Best Practice Contractor Recognition Scheme Recognition Process Criteria.	
		cidb Best Practice Project Assessment Scheme.	1 x cidb Requirements for Contractor Performance Reports submitted to DPW for endorsement for submission to cidb Board for approval for Gazetting.	1 x cidb Requirements for Contractor Performance Reports for Grades 1 submitted by end-December 2013 to DPW for endorsement for submission to cidb Board for approval for Gazetting.	cidb Requirements for Contractor Performance Reports for Grades 1 was submitted to DPW on 3 December 2013 for endorsement for submission to cidb Board for approval for Gazetting.	
			1 x cidb Requirements for H&S Management Plans submitted to DPW for endorsement for submission to cidb Board for approval for Gazetting.	1 x cidb Requirements for H&S Management Plans submitted to DPW by end-December 2013 for submission to cidb Board for approval for Gazetting.	cidb Requirements for H&S Management Plans were submitted to DPW on 11 December 2013 for endorsement for submission to cidb Board for approval for Gazetting.	
			1x feasibility study for the application of CONQUAS in South Africa.	1x feasibility study for the application of CONQUAS in South Africa completed by end-December 2013.	Feasibility study for the application of CONQUAS in South Africa, with recommendations was completed 19 September 2013.	
2.4	Support the development and promotion of infrastructure delivery skills.	cidb Infrastructure Delivery Skills Strategy document.	1 x cidb Post Graduate (PG) Conference hosted annually.	1 x PG Conference hosted by end-December 2013.	The PG Conference was hosted on 10 and 11 February 2014.	

Programme 3: Performance Information: Procurement and Delivery Management

Purpose	Develop, promote and monitor uniform application of cidb prescripts throughout all organs of state and industry stakeholders including procurement standards, construction procurement reform, improved infrastructure delivery management practices and the cidb Code of Conduct.
Objective Statement	Provide leadership to stakeholders and to stimulate sustainable growth, reform and improvement of the construction sector for effective delivery and the industry's enhanced role in the country's economy.
Key Policy Priority	Provide leadership for enhanced public sector construction procurement and infrastructure delivery management capability of public sector clients delivered within the prescribed framework.
Expected Outcome	Enhanced compliance to construction procurement and infrastructure delivery management.

No	Strategic Objective	Output	Performance Indicator	Annual targets 2013/2014	Performance Progress	Reason for deviation
3.1	Infrastructure Delivery improvement through enhancement of IDMT and monitoring of implementation.	Assessment of the application and maintenance of the Infrastructure Delivery Management Toolkit (IDMT) Report.	1x Assessment report on the application and maintenance of the Infrastructure Delivery Management Toolkit (IDMT) as part of the feedback to the IDIP partners (DBSA, NT, NDPW & cidb) developed.	1 x Assessment report on the application and maintenance of the Infrastructure Delivery Management Toolkit (IDMT) as part of the feedback to the IDIP partners developed for the period 1 April 2013 to 31 March 2014 (available April 2014).	4 quarterly reports on the IDMT and IDIP were produced within a month after the end of each quarter 2013/2014. The report on the IDMT was developed and uploaded on the IDMS website for Infrastructure delivery officials by end end of March 2014.	
		Certified IDMT course material.	1 x IDMT course material to be developed for both public and private sector infrastructure delivery managers.	1 x final and accredited IDMT course material to be developed for both public and private sector infrastructure delivery managers by March 2014.	Not achieved.	The draft course material was prepared and approved by the IDMT Task Team but accreditation would only be commenced in the new financial year.

No	Strategic Objective	Output	Performance Indicator	Annual targets 2013/2014	Performance Progress	Reason for deviation
3.2	Improvement and maintenance of the regulations to enhance procurement reform and delivery management.	Prescripts for construction infrastructure project delivery.	1 x development of prescript for dispute resolution and prompt payment.	1 x development of prescript for dispute resolution and prompt payment by end of March 2014.	Prescripts for Dispute Resolution and prompt payment were developed on 14 February 2014.	
			1 x development of the Standards and Gateway Reviews for Board approval.	1 x development of prescript for Gateway Reviews by end of March 2014.	Not achieved.	Consultation with stakeholders that was finalised in March 2014 delayed the submission of the final draft document to the Board meeting of the n 28 February 2014.
			1 x awareness Forum held in each of the nine provinces on Board approved legislation for the above prescripts.	1 x awareness Forum held in each of the nine provinces on Board approved legislation for the above prescripts by end of March 2014.	Not achieved.	Awareness sessions on approved prescripts have not commenced due to failure to finalise gate reviews standards.
			1 x 2 Year review and revision of cidb prescripts.	1 x 2 year review and revision of cidb prescripts by March 2014.	Not achieved.	Revision and review of cidb's prescripts not finalised as further consultation with stakeholders were underway.
			1 x Established Procurement Advisory Panel for guidance on procurement and delivery legislation, and assessing and monitoring of PAP.	1 x assessment and monitoring report on work done by PAP by Mar 2014.	Not achieved.	The panel was not established due to lack of interest to the RFP. The requirement to assess and provide commentary on cidb legislation has instead been incorporated into the CPO Forums. This initiative has yielded positive results.

No	Strategic Objective	Output	Performance Indicator	Annual targets 2013/2014	Performance Progress	Reason for deviation
3.3	Improving Client (Government Departments and SoE) capability and industry capacity.	Enhanced client capability and industry capacity for procurement and delivery management.	2 x CPO forums per province to build client capability (9 x Construction Procurement Officer (CPO) Forums) and 2 x industry focus group meetings per annum.	2 x CPO forums per province to build client capability per year and 2 x industry focus group meetings per annum by end of March 2014.	19 CPO Forums held in: FS: 11 April 2013 Limpopo: 19 April 2013 WC: 5 April 2013 KZN: 28 June 2013 EC: 10 July 2013 Limpopo: 18 July 2013 NW: 1 August 2013 MP: 2 August 2013 FS: 29 Oct 2013 NC: 29 Oct 2013 GP: 1 Nov 2013 WC: 13 Nov 2013 KZN: 22 Nov 2013 LP: 28 Nov 2013 EC: 3 Dec 2013 MPU: 5 Dec 2013 NW: 14 Feb 2014 MPU: 6 March 2014 GP: 18 March 2014	An additional CPO Forum was held due to client requests.
			1 x Strategy developed for Client Performance Awards.	1 x Strategy developed for Client Performance Awards by end March 2014.	1 x Strategy was developed for Client Performance Awards and completed on 15 February 2014.	
			18 x Training sessions on construction procurement per annum.	18 x Training sessions on construction procurement by Mar 2014.	24 training sessions on construction procurement were held by Mar 2014.	Due to an increase in the requests for Client Support and briefing sessions, 6 more sessions were implemented.
			Provide support to 18 PCD PCDF per annum.	Provide support to 18 PCD PCDF by Mar 2014.	Support was provided to 19 PCD PCDF by March 2014.	Due to increased requests from Clients, the PCD Unit required that support be provided at one additional PCDF than originally estimated.
			4 x Law reports published on the cidb website to share information on court rulings on construction contracts per annum.	4 x Law reports published on the cidb website to share information on court rulings on construction contracts by March 2014.	4 x Quarterly Law Reports were published on the website by 31 March 2014.	
			1 x Practice Notes.	1 x Practice Note on cidb prescripts developed per annum.	1 x Practice Note on cidb prescripts developed per annum by Mar 2014	Practice Note #31 was developed and completed on 10 February 2014.
3.4	Improving construction procurement skills.	Construction Procurement Skills Competence Standards.	1 x draft model for Competence Standard on Construction Procurement developed and submitted for Board approval.	1 x draft model for Competence Standards on Construction Procurement developed by end of March 2014.	Not achieved.	The draft model for the Competence Standard was developed; however, it was not submitted to the last Board meeting for 2014.

No	Strategic Objective	Output	Performance Indicator	Annual targets 2013/2014	Performance Progress	Reason for deviation
3.5	Compliance and Enforcement of cidb Regulations.		4 x Reports on the implementation of Compliance Strategy	4 x Reports on the Implementation of Compliance Strategy on cidb prescripts by March 2014.	4 x Quarterly reports on the implementation of the Compliance Strategy on cidb prescripts were developed by March 2014	
		Improved compliance with the cidb regulations.	4 x Reports on investigations and prosecutions on cases of non-compliance, fraud and corruption.	4 x Reports on investigations and prosecutions on cases of non-compliance, fraud and corruption by March 2014.	4 x Quarterly reports on investigations and prosecutions on cases of non-compliance, fraud and corruption were produced by March 2014.	
		Anti-corruption strategy.	1 x Anti-corruption model developed and implemented to promote transparency and combat corruption in the construction industry.	1 x Final Anti-corruption model developed to promote transparency and combat corruption in the construction industry and submitted to Board by end of March 2014.	Not achieved.	The draft Anti-Corruption model to promote transparency and combat corruption in the construction industry was developed but not submitted to the Board, for approval by end March 2014 due to the ongoing consultation process with took place with stakeholders.

Programme 4: Performance Information: Provincial Offices and Contractor Development

Purpose	To improve the effectiveness and extend the reach of Contractor Development support through outreach and effective and efficient support from provincial partnered cidb offices (Provincial cidb offices CCC's) and to stimulate the role of industry and stakeholders for meaningful empowerment and improved contractor sustainability.
Objective Statement	Provision of leadership and support to the public sector and other stakeholders in the development of previously disadvantaged contractors.
Key Policy Priority	Support to client and contractor development and increased participation of the emerging sector.
Strategic Outcome Oriented Goal	Provide leadership and support towards client support and contractor development through provincial offices.

No	Strategic Objective	Output	Performance Indicator	Annual targets 2013/2014	Performance Progress	Reason for deviation
4.1	Sustainable Growth of Contractors: NCDP Framework implementation	National Contractor Development Programme (NCDP) Framework document.	1 x Revised NCDP Framework focusing on contractor development strategy and implementation plan every two years.	1 x Revised NCDP Framework focusing on updating contractor development strategy and implementation plan approved by NCDP Steering Committee by end of December 2013.	cidb EXCO and NCDP SCM meetings of October and November 2013 respectively, approved, that given provincial participation review inputs, none warranted a revision on the CD strategy/ NCDP in 2013/2014 because most of the stakeholder input issues raised do not affect the substance of the NCDP Framework. Progress/ implementation updates provided on CD/NCDP strategies to DPW Technical MinMEC on 07 March 2014.	

No	Strategic Objective	Output	Performance Indicator	Annual targets 2013/2014	Performance Progress	Reason for deviation
		Client departments generic NCDP awareness and capacitation workshop.	3 x Client awareness and Capacitation workshop inviting 3 Client Departments in each of the nine provinces conducted on NCDP Framework and Guidelines.	3 x Client awareness and Capacitation workshop on NCDP Framework and Guidelines inviting 3 Client Departments in each of the nine provinces by March 2014.	All nine provinces have held NCDP client awareness sessions and/CPO's and/ PCDF's by the end of March 2014 with NCDP framework and Guidelines being presented to a minimum of 3 client departments per province. Municipal outreach with SALGA also contributed to these capacitation and awareness workshops.	
		Provincial Contractor Development Forum (PCDF).	4 x PCDF held in each of the nine provinces with Client departments Stakeholders aligning to NCDP and cidb outreach initiatives.	1 x PCDF held in each of the nine provinces by end of each Quarter. i.e. end of June 2013, Sep, 2013, Dec 2013 and Mar 2014. (within 1 month thereafter). Inviting 3 clients departments, 3 associations and 2 professional bodies. Quarterly CDP Stats reporting to guide NCDP, SCM and Provincial DPW HOD's on Contractor Development. Obtain cidb provincial issues for NSF input.	All nine provinces held their PCDF's for the quarter with standing agenda items on CDP stats reporting, and invited their respective 3 clients, 3 associations and 2 professional bodies.	

No	Strategic Objective	Output	Performance Indicator	Annual targets 2013/2014	Performance Progress	Reason for deviation
	Sustainable Growth of Contractors: Monitoring and Evaluation Framework for the performance CDP's.	CDP M&E progress report.	4 x CDP M&E progress reports submitted to NCDP Steering Committee to analyse NCDP alignment.	4 x CDP M&E report submitted to NCDP Steering Committee to analyse NCDP alignment. i.e. end of June 2013, Sep, 2013, Dec 2013 and Mar 2014 (within one month thereafter).	9 x Provincial quarterly CDP Stats received and consolidated report with alignment/HOD-MEC commentary developed by the end of March 2014, and submitted to MEC's/HOD's and NCDP Steering Committee in April 2014. NCDP M&E progress implementation report also submitted and presented to DPW MinMEC on 07 March 2014.	
	Sustainable Growth of Contractors: Access to information through cidb Provincial Offices.	Report on information sourced from the Provincial cidb offices, through brochures, hard copy publication or from the web using info hub computers.	2 x Statistical reports on information accessed from cidb Provincial offices.	Statistical reports for 6 months to September 2013 and March 2014 on information accessed per Provincial cidb Offices. (within one month thereafter).	Statistical spread sheet consolidated provincial report on documents printing and information use or access per province updated/ completed in March 2014.	
	cidb Provincial Offices Support to Public Sector initiatives on Contractor Development.	Catalytic Contractor Development Project.	1 x Annual Catalytic partnered project per province. (as per NCDP & CCC unit guidelines e.g. Frameworks, Framework management and partner support).	1 x Catalytic partnered project implemented to support contractor development per province by end March 2014.	As at end March 2014, all provinces are implementing their catalytic projects to support provincial contractor development.	

No	Strategic Objective	Output	Performance Indicator	Annual targets 2013/2014	Performance Progress	Reason for deviation
	cidb Provincial Office Support to partners.	Contractor Capacitation sessions.	2 x Business Management capacitation sessions facilitated for at least 20 contractors within CDP's or affiliates of cidb MoU partners per province per session (e.g. Finance, OHS, CMG, Contracts Mgt, etc.).	2 x Business Management capacitation sessions facilitated for at least 20 contractors per province per session per year by end March 2014.	2 Business Management capacitation sessions were facilitated to at least 20 contractors per province by end March 2014.	
		Report on registration service.	Percentage compliance with over the counter registration and activation of compliant Grade 1 applications on the cidb website within 48 hours.	96% compliance with over the counter registration and 48 hours activation of compliant Grade 1 applications reported end of each Quarter i.e. end of June 2013, Sep, 2013, Dec 2013 and Mar 2014. (within one month thereafter).	Not achieved.	KZN, GP, EC and NC experienced operational challenges including staffing, and increased contractors influx. These contributed to the target being not achieved.
		Contractor satisfaction report on CCC support services.	4 x Contractor satisfaction reports with actions and remedial measures for complaints.	4 x quarterly Contractor satisfaction report with actions and remedial measures for complaints. i.e. end of June 2013, Sep, 2013, Dec 2013 and Mar 2014. (within one month thereafter).	Satisfactory score of 82% (1st Quarter), 93% (2nd Quarter), 96%(3rd Quarter), 90% (4th Quarter), was achieved. Follow ups and remedial/corrective actions were done to all complaints and suggestions received.	

Programme 5: CEO's Office

Purpose	Provide strategic leadership to construction industry stakeholders to stimulate sustainable growth, reform and improvement of the construction sector.
Measurable Objective	Marketing, stakeholder consultations and communications.
Key Policy Priority	Overall strategic leadership in support of the stakeholder management driven by the comprehensive communication strategy.
Outcome Oriented Goal	Build, strengthen and maintain relationships with stakeholders.

No	Strategic Objective	Output	Performance Indicator	Annual targets 2013/2014	Performance Progress	Reason for deviation
5.1	Stakeholder Management through National and Provincial Stakeholder Forums.	Relationship with industry stakeholders.	2 x National Stakeholder Forum (SF) meetings.	2 x National Stakeholder Forum (SF) meetings held by end of March 2014.	2 x National Stakeholder Forums (NSF) were held on 5 July 2013 and 27 February 2014.	
			9 x Provincial Stakeholder Forums held.	9 x Provincial Stakeholder Forums held by end of March 2014.	9 x Provincial Stakeholder Forums were held by 19 March 2014.	

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ISBN number: 978-0-620-62296-7