Independent Development Trust

Annual Report **2015**

An aerial view of the construction of the Mpumalanga High Court

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Part A

General Information

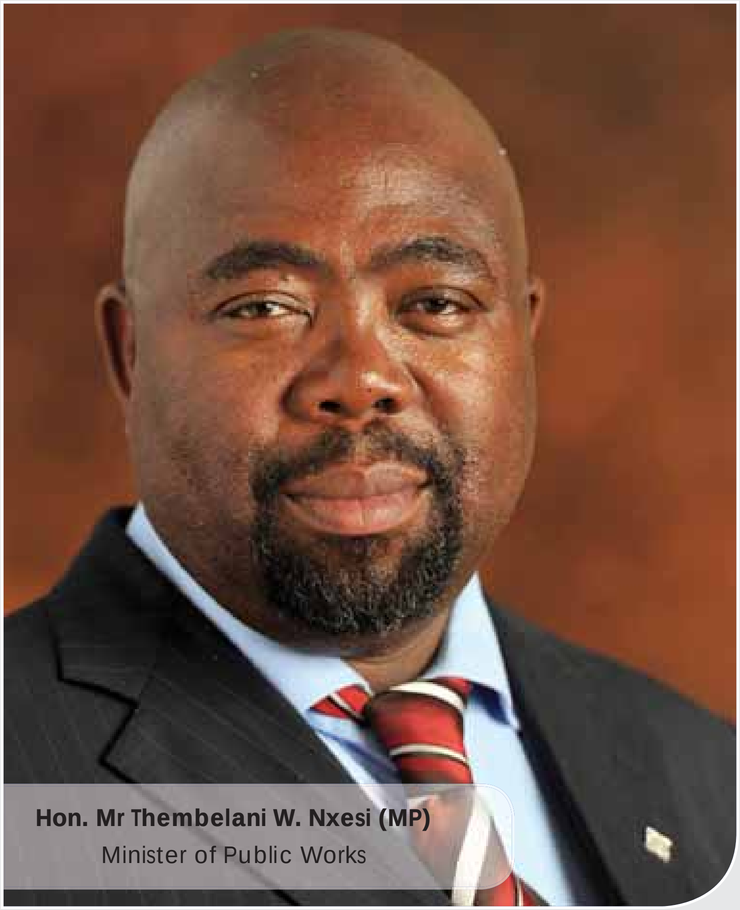
1. Public Entity's General Information

Registered Name	:	Independent Development Trust
Registration Number	:	669/91 (Trust Property Control Act [No. 57 of 1988])
Physical Address	:	Glenwood Office Park Corner Oberon & Sprite Streets Faerie Glen Pretoria 0043
Postal Address	:	PO Box 73000 Lynnwood Ridge 0040
GPS COORDINATES:	:	25°46'49.4"S 28°17'32.0"E
Telephone Number/S	:	+27 12 845-2000
Fax Number	:	+27 12 348 0939
Email Address	:	info@idt.org.za
Website Address	:	www.idt.org.za
External Auditors	:	Auditor-General South Africa
Bankers	:	ABSA - Corporate, Lourie Place Hillcrest Office Park 177 Dyer Road Hillcrest 0083
Company Secretary	:	Vusi Skosana

2. List of Abbreviations / Acronyms

AA	Accounting Authority
ABTs	Alternative Building Technologies
AFS	Annual Financial Statements
A-GSA	Auditor-General of South Africa
APP	Annual Performance Plan
ARCO	Audit and Risk Committee
ASIDI	Accelerated School Building Infrastructure Initiative
BAC	Bid Adjudication Committee
BBBEE	Broad Based Black Economic Empowerment
BEC	Bid Evaluation Committee
CBE	Council for the Built Environment
cidb	Construction Industry Development Board
CBO	Community-Based Organisation
CDP	Contractor Development Programme
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSIR	Council for Scientific and Industrial Research
CSO	Civil Society Organisation
CSU	Corporate Services Unit
DBE	Department of Basic Education
DG	Director-General
DOE	Department of Education
DOL	Department of Labour
DPW	(National) Department of Public Works
DSU	Development Services Unit
EA	Executive Authority
EC	Eastern Cape
ECD	Early Childhood Development
ECDC	Early Childhood Development Centre
EE	Employment Equity
EEP	Employment Equity Plan
EPWP	Expanded Public Works Programme
EPWP: NSS	Expanded Public Works Programme: Non-State Sector
EXCO	Executive Committee
FinCom	Finance Committee
FS	Free State
FY	Financial Year
FSU	Financial Services Unit
GP	Gauteng Province-
HCS	Human Capital Strategy
HR	Human Resources
HRP	Human Resources Plan
IDT	Independent Development Trust
ICT	Information and Communications Technology
IT	Information Technology
King III	The King 3 Report on Corporate Governance
KZN	KwaZulu-Natal
LP	Limpopo
MANCO	Management Committee
M&E	Monitoring and Evaluation
M&E+R	Monitoring, Evaluation and Reporting
MP	Mpumalanga
MTEF	Medium-Term Expenditure Framework
MTERF	Medium-Term Expenditure and Revenue Framework
NC	Northern Cape
NDP	National Development Plan: Vision 2030.
NGO	Non-Governmental Organisation
NIP	National Infrastructure Programme
NPO	Non-Profit Organisation

NW	North West
NSS	Non-State Sector
OCEO	Office of the CEO
PFMA	Public Finance Management Act (PFMA) (Act 1 of 1999), as amended
PIA	Programme Implementation Agency
PIAA	Programme Implementation Agency Agreement
PICC	Presidential Infrastructure Coordinating Committee
PCPW	Portfolio Committee for Public Works
PPPFA	Preferential Procurement Policy Framework Act (No. 5 of 2000)
RMC	Risk Management Committee
SHEQ	Safety, Health, Environment and Quality
SIPs	Strategic Infrastructure Projects
SMME	Small, Medium and Micro Enterprise
SONA	State of the Nation Address
TEC	Tender Evaluation Committee
VAT	Value Added Tax
WC	Western Cape



Hon. Mr Thembelani W. Nxesi (MP)
Minister of Public Works

3. Statement by the Executive Authority

The transformation of organisations is a natural and necessary response to the dynamic operating environment. In general, transformation ensures that organisations remain relevant, retain their competitive edge, provide appropriate service offering to the clientele market and continue to provide appropriate returns to their shareholders. As a state-owned entity, the IDT has continued to seek the best strategic and operational footing to meaningfully contribute to the country's development aspirations. As such, the IDT has been an Organisation in transition for the past five years. After twenty five years of existence spanning from its birth as a grant making trust, the IDT has had to undergo dual transformation. Firstly, in 1997 Cabinet resolved that the agency needed to transform to a programme implementation agency supporting government service delivery through programme delivery management. The second transformation phase, spanning from 2009 is about to reach its end with the impending formal confirmation of a reviewed mandate for the IDT. Transformation, though always futuristic in intent is fraught with operational challenges. The outcome of the 2014/15 audit exercise attests to the fact that the IDT is not immune to challenges.

With much discomfort, I take note that the A-GSA has issued a disclaimer on IDT's financial audit report for the 2014/15 financial year on the basis of four matters, namely:

i. Lack of sufficient appropriate audit evidence regarding balances relating to programme cash and cash equivalents and programme reserves and liabilities.
ii. Lack of sufficient appropriate audit evidence regarding revenue and trade and other receivables.
iii. Lack of sufficient appropriate audit evidence regarding impairment provision for trade and other receivables.
iv. The Material misstatement in financial statements amounting to R7,3 million in expenditure, other income, property plant and equipment and trade and other payables.

The disclaimer comes after eleven consecutive unqualified opinions, spanning 2002/03 to 2012/13. The Organisation received a qualified audit opinion for its 2013/14 results. The 2014/15 audit outcome, a disclaimer, is therefore an indication that the Organisation has moved to an unenviable position. My office is therefore gravely concerned about the incremental gaps and weakening in IDT's financial management and corporate governance, in general. A root-cause analysis of the disclaimer is therefore necessary. My office will work with the IDT Board of Trustees in this regard.

After growing its portfolio by close to 500 per cent over the last seven years, there are 'great expectations' from the IDT by the Shareholder. Over the past two decades, immense achievements have been realised in bringing the fruits of democracy to previously disadvantaged households and communities. As a result, access to basic services has increased dramatically across various sectors. Notwithstanding the cited achievements and massive investments in service delivery, public social infrastructure backlogs are still pervasive in a number of communities. Such backlogs mean that large numbers of our people have still not fully realised the fruits of democratic governance. It is against such realities that government expects the IDT to sharpen its operational tools to enhance government efforts to deliver quality social infrastructure across the country. In so doing, government expects full accountability for the public resources bestowed on the IDT.

The Accounting Authority will institute a number of targeted interventions aimed at strengthening financial management and governance. These measures will include a comprehensive overhaul of the procurement processes, procedures and systems to bring total alignment and compliance with applicable prescripts. Two additional Board members, with extensive experience in the built environment and financial management were appointed by the Executive Authority to strengthen Board's oversight capacity. Furthermore, the Department is strengthening its oversight, firstly by reviewing the Shareholder Compact and secondly through the development of and implementation of key governance instruments, namely the Protocol on business development and a service level cooperation agreement. These instruments will enhance the Department's oversight over the IDT, ensuring strategic alignment and optimal returns to the Shareholder.

The Ministry commits to supporting the interventions and to institutionalising the instruments cited above in support of the Organisation's drive to restore the IDT to its previous enviable performance and good corporate governance record. The Accounting Authority will provide regular feedback to enable My Office to issue updates on measures to address the identified operational concerns to ensure that the IDT regains its foothold and improves its service offering.

Honourable Mr Thembelani W. Nxesi (MP)

Minister of Public Works

Dr. Somadoda Fikeni
Chairperson: IDT Board of Trustees

4. Foreword by the Chairperson

On behalf of the IDT I present the 2014/15 annual report which outlines work achieved and the state of the Organisation during the stipulated financial year. The IDT continues to deliver the much-needed social infrastructure for various government departments at both national and provincial levels. The protracted uncertainty about its future mandate as well as financial constraints has put a strain on the Organisation's ability to effectively sustain its work.

The process of redefining the new mandate and finalizing the Business Case of the IDT was given impetus by the Shareholder in June 2015 when it was agreed that the IDT will continue for the next three years to deliver social infrastructure in the current format with some changes in the allocation of projects and implementation that will be spelt out by September 2015. It was also agreed that the Business Case would also be concluded during the same period in order to end the debilitating uncertainty that has afflicted the IDT for more than five years. In the meantime, a record of understanding on issues that concern the Shareholder in as far as accounting to the department and relations to its clients and stakeholders is concerned is in the process of being developed. The Shareholder Compact will be strengthened to enhance the relationship with the Shareholder.

The most prominent challenges facing the Organisation during the period under review could be categorised as follows: delayed confirmation of the Organisation's mandate, prolonged transformation process that brought about uncertainty to staff, extended period of employees in acting positions, especially at executive level and loss of critical skills.

The Board, in executing its mandate, encountered a number of challenges mostly rooted in the legacy of the organisation. Thus, it prioritised engagements with both internal and external stakeholders to get a sense of the prevailing issues and concerns, internally through the regional visits and general staff meetings. In addition to regional visits, specific client departments were met to address issues of concern and where appropriate to follow up on specific issues raised. The Board commends the dynamic delivery of the organisation and its contribution to the lives of the South Africans, as per the national outcomes. Thus the IDT's relevance and its competitive edge remain. The engagements with regional staff highlighted that the transformation fatigue and staff morale was low and as such created uncertainties on the future of staff.

During the 2013/14 financial year the Board received some information from a whistle blower on allegations of irregular practices in the Organisation. The Board engaged extensively with members of executive management to uncover some of the issues raised and through the Audit and Risk Committee, subsequently internal investigations were instituted. Unfortunately, the outcomes of the internal investigations confirmed some of the allegations and it became clear for the Board that it was confronted with extraordinary circumstances that would require extraordinary interventions. Subsequently the Board, following the advice of the Audit and Risk Committee, instituted a preliminary forensic investigation of the irregular expenditure incurred by the Organisation during the 2013/14 financial year. Realising the scope of the work and the cost of this exercise, the IDT approached the Office of the Accountant-General at National Treasury, to manage, oversee and expand the forensic investigation which is currently underway. The Board, on the basis of the preliminary forensic investigation report, commissioned a full blown investigation under the leadership of the Office of the Accountant General. This process is underway and will be reported on once completed.

The IDT has had eleven consecutive unqualified audit opinions from 2002/03. The matters of emphasis raised by external audit in recent years can be broadly categorised as follows: procurement / tender issues and funds from programme principals and revenue. A detailed root cause analysis and action plan to address audit findings will be prepared by management for monitoring by the Board as part of its oversight and for reporting to key stakeholders for accountability purposes. The action plan will focus also on issues of leadership changes following the approval of the new organisational structure and filling of executive positions as driven by the Chief Executive Officer.

The positive news on the mandate of the organisation are, however, blighted by Auditor-General's negative audit opinion, which is a cause for concern. Whilst a lot of ground was covered in resolving some of the findings / issues raised by the audit process, we are seriously concerned with this outcome. This has triggered certain drastic interventions by the Board to strengthen its oversight on executive management and these include among other the review of the delegation of authority framework, policy review and reconfiguration of the governance structures. This audit opinion, combined with the outcome of the forensic investigation as well as some cases of irregularities brought to our attention, is receiving urgent attention to ensure that the situation is turned around in the current financial year. The Board working with the new CEO, will ensure that, going forward, these issues are addressed decisively with a greater sense of urgency informed by a well-thought plan, and also to ensure that there are serious consequences for those responsible for bringing the Organisation into this situation.

The IDT is bracing itself for a new season of revamping itself into a vibrant and effective organisation that delivers on its mandate while maintaining good governance. We are moving swiftly to ensure that all issues raised by the Auditor-General are addressed and corrected. The CEO, Mr Pakade, assumed duty on 1 April 2015 and we trust that his arrival and his extensive leadership experience will bring more stability to the Organisation and that he will also implement the turnaround plan of the entity. This entail, among others, business process and systems re-engineering to achieve and maintain effective service delivery and performance management; ensuring financial sustainability, prudent financial management and accountability for the IDT as well as for client funds; strategic positioning of the IDT to ensure that the entity remains a relevant and prized national asset, delivers value for money services, is an employer of choice, retains its envied delivery performance record and brand; and strategy implementation to ensure IDT's vision of being a leading public sector developmental programme implementation and management agency is realized.

I wish to acknowledge the support of the Executive Authority under the leadership of Minister Nxesi, his Deputy Minister, Mr Jeremy Cronin, and the Director-General as well as all the departmental officials who gave valuable support during the reporting period. The IDT is attending to the filling of critical vacancies in order to ensure that it can effectively fulfill its mandate and adhere to good governance practices. Example of some of these critical skills and expertise are in the built environment and financial management.

Last but not least, I wish to express my sincere appreciation to the Deputy Chairperson, fellow Board members and the Independent Chairperson of the Audit and Risk Committee for their support during the reporting period.

Chairperson: IDT Board of Trustees

Mr. Coceko BJ Pakade
Chief Executive Officer

5. Chief Executive Officer's Overview

The IDT has experienced rapid and exponential growth in its portfolio over the past five years. Whilst this has been a positive development, it has put pressure on the performance of the Organisation. The staff establishment and systems have remained largely unchanged and as a result, human resources and systems have taken unprecedented strain. Further to the internal issues, various external factors have influenced the performance of the Organisation.

At a macro level, tight fiscal conditions persisted leading to budget cuts, delayed transfers of programme funds and payments to service providers. The country continued to experience a decline in economic activity resulting in slower than anticipated economic growth and the shedding of jobs in a number of sectors. The Organisation was not spared the impact of the fiscal pressures and saw a decline in its programme activities. The persistent service delivery discontent amongst communities is putting an added impetus on the public sector to intensify efforts to increase the service delivery pace. Infrastructure is, as in the previous 5 years, at the centre of the public sector driven economic growth and development drive of the government. On the positive side, the country celebrated two decades of democratic governance. The country has a rich history of peaceful, free and fair elections, providing a basis for a stable political environment.

Faced with a need to ensure leadership continuity, the Board embarked on a process to fill the CEO position left vacant by the former CEO whose term of office ended in April 2014. For almost one year, the Organisation did not have a substantive CEO. The Board successfully recruited and appointed a new CEO. The incumbent CEO, Mr Coceko BJ Pakade commenced duty as of 1 April 2015. The Board presented the new CEO with the following priority areas to urgently address in order to turn the IDT into a financially viable, well governed and formidable social infrastructure programme delivery agency offering optimal value to the Shareholder:

1. Strategy implementation to ensure IDT's vision of being a leading public sector developmental programme implementation and management agency is realized;
2. Turning around of the IDT in terms of governance, effectiveness and compliance by ensuring the conclusion of the IDT Business Case in conjunction with the Executive Authority and Department of Public Works;
3. Strategic positioning of the IDT to ensure that the entity remains a relevant and prized national asset, delivers value for money services, is an employer of choice and retains its envied delivery performance record and brand;
4. Business process and systems re-engineering to achieve and maintain effective service delivery and performance management; and
5. Ensuring financial sustainability, prudent financial management and accountability for the IDT as well as for client funds.

The results of the audit for the 2014/15 financial year, somehow vindicate the Board's priorities. The Auditor-General's audit pronouncement of a disclaimer serves to highlight the mammoth task that lies ahead for the Organisation. The disclaimed audit opinion, related principally to:

i. Lack of sufficient appropriate audit evidence regarding balances relating to programme cash and cash equivalents and programme reserves and liabilities, subsequently the inability for A-GSA to confirm amounts and to determine whether any adjustments relating to programme cash and cash equivalents stated at R874 million and programme reserves and liabilities stated at R874 million as presented in note 30 of the Annual Financial Statements (AFS) were necessary,

ii. Lack of sufficient appropriate audit evidence regarding revenue and trade and other receivables as the IDT did not recognise revenue due to them from project management fees as required by the International Accounting Standard 18: Revenue, subsequently the inability by A-GSA to confirm amounts and to determine whether any adjustments relating to revenue amounting to R379 million as presented in note 5 of the AFS and other receivables amounting to R310 million as presented in note 20 were necessary,

iii. Lack of sufficient appropriate audit evidence regarding the impairment provision for trade and other receivables, as the IDT did not perform an individual assessment for all trade and other receivables in accordance with the International Accounting Standards 39: Financial Instruments – Recognition and Measurement., subsequently the inability by A-GSA to confirm the impairment provision and to determine whether any adjustment to trade and other receivables stated at R335 million and other losses stated at R40 million in note 20 and 9 to the AFS were necessary,

iv. The financial statements were materially misstated due to the cumulative effect of numerous individually immaterial uncorrected projected misstatements amounting to R7,3 million in expenditure, other income, property plant and equipment and trade and other payables as reflected in the AFS.

The disclaimed audit opinion comes after the 2013/14 financial year audit qualification. Prior to these two financial years, the IDT had received eleven successive unqualified audit opinions from 2002/03 to 2012/13 financial year. The loss of critical staff over the past 4 years due to the prolonged transformation process, has had a telling toll on the Organisation with governance and programme/project management being some of the areas most affected.

The attention of the Organisation's leadership at Board and Executive Management level has been heightened to ensure a non-repeat of the current negative outcome, in next year's audit. The task of the leadership is therefore not to react to the audit outcome but rather to strengthen internal controls, rein in unacceptable behaviour and practices, and recognise as well as replicate existing areas of excellence that provide a formidable basis for working towards a clean audit.

Despite the challenging operating environment, the IDT continues to strive towards making positive contributions to the country's development effort. During the 2014/15 financial year, the Organisation had 12 Key Performance Areas (KPAs), supported by 23 Key Performance Indicators (KPIs) and 27 pre-determined targets. Eleven (11) targets related to Programme 1, that is the service delivery-oriented programme. The remainder – that is 12 targets – under Programme 2 relate to the Organisation's transformation, compliance, efficiency and sustainability. The entity managed to deliver on 19 of its 23 targets. The Organisation performed below the expected level in 5 targets. During the period under review, the value of programme spend on social infrastructure facilities constituted 90% of the R6.371bn. total programme spend. The Scorecard analysis provides more detail on the Organisation's performance for the 2014/15 Financial Year.

Notwithstanding the above, the leadership of the Organisation accepts its role in the previous year's audit outcome and makes a firm undertaking to rise above the challenges. The commitment is to redress the situation, and to retain the confidence of the Shareholder, clients and other stakeholders. As the new CEO, I have, with the support of the Board, developed a Turnaround Strategy and Plan aimed at ensuring that the IDT retains its relevance, regains its good reputation, and above all, becomes a financially viable Organisation that delivers optimal developmental value to the Shareholder and clients. This Strategy is embedded in the following pillars:

a) Financial viability improvements;
b) Organisational integrity, governance, accountability and compliance;
c) Service delivery improvements; and
d) Organisational reconfiguration, professionalisation and image building.

The above-cited pillars are mutually reinforcing towards the success of the turnaround.

In conclusion, I wish to express my gratitude to the Board, the Public Works Ministry and the Office of the Director- General, and the general staff of the IDT for the critical support and leadership. I herewith present the 2014/15 Annual Report of the Independent Development Trust.

Mr. Coceko BJ Pakade
Chief Executive Officer

Learners at the newly built Kuyasa Junior Secondary School in Eastern Cape

IDT National Office in Pretoria

6. Statement of Responsibility and Confirmation of the Accuracy of the Annual Report

The Accounting Authority is responsible for the preparation of the IDT's performance information and for the judgement made in this information.

Further the Accounting Authority is responsible for overseeing the establishment and implementation by the Chief Executive Officer of a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

The performance information fairly reflects the actual achievements against planned objects, indicators and tartgets as per the strategic and Annual Performance Plan of the IDT for the financial year ended 31 March 2015 and this is confirmed by the Auditor-General of South Africa (A-GSA).

The Independent Development Trust's performance information for the year ended 31 March 2015 as set out on Page 29 to Page 38 was approved by the Board on 27 May 2015 and has been examined by the A-GSA whose report is presented on Page 82 to 86.

Mr Coceko BJ Pakade
Chief Executive Officer

Dr Somadoda Fikeni
Chairperson: IDT Board of Trustees

7. Strategic Overview

In the context of South Africa and all its challenges, the IDT submits that at the heart of Social Infrastructure is the building of strong and sustainable communities. As such the IDT defines and approaches social infrastructure development as an integrated process which entails all the necessary measures, facilities and networks required to prepare communities to initiate, receive, own, manage and sustain their own development.

The cited strategic posture of the IDT is encapsulated below.

7.1. Vision

To be a leading public sector developmental programme implementation and management agency.

7.2. Mission

The IDT manages and delivers integrated quality social infrastructure programmes on behalf of government on time, cost effectively and through a people-centred approach.

7.3. Our Approach

The IDT's approach to social infrastructure development entails all the necessary facilities and networks required to prepare communities to receive, participate in, own and sustain their own development.

7.4. Strategic Pillars

The IDT's strategy and related actions are built to reinforce the continuous interplay and realisation of the following results:

- Quality, speedy and cost effective service delivery;
- Integrated programme delivery service underpinned by social facilitation and community empowerment; and
- A financially sustainable organisation.

7.5. Organisational Values

Values	Operating Principles
People Centred	• We improve the lives of people • We work together as a team • We put people first
Integrity	• We are open and honest in our communications • We believe in the integrity of our data and reports • We treat one another with dignity and respect • We conduct our business in a lawful, honest and ethical manner
Professionalism	• We approach work in a systematic manner • Our service complies with best practice • We deliver quality results
Accountability	• We have responsibility to communities, stakeholders and one another for our actions • We are accountable to our clients, stakeholders and one another
Innovative	• We approach our work in a creative manner • We explore and implement innovative solutions to foster sustainable development practices and outcomes

8. Legislative and Other Mandates

The IDT was re-constituted as a development agency and public entity in 1997 to support all spheres of government. At its sitting in March 1997, Cabinet resolved that the IDT should be "… transformed into a government development agency that will implement projects which are commissioned by government departments."[1] The organisation was integrated into the public service delivery system in 1999 with the promulgation of the Public Finance Management Act (PFMA) (Act 1 of 1999), as amended, and listed as a Schedule 2 Major Public Entity.

The 1997 mandate of the IDT is still in place. The IDT reports to Parliament through the Minister of Public Works, the Shareholder Representative and Executive Authority. The IDT's work contributes to the vision of the Department of Public Works. In realising this vision, the Department of Public Works plays four important roles as defined by its mandate. These include:

- The custodianship and management of national government's immovable assets;
- The leadership of the Expanded Public Works Programme (EPWP);
- The regulation of the industries and associated professions falling under its jurisdiction; and,
- The transformation of the construction and property sector.

The IDT is part of the Department of Public Works family and plays a major role in ensuring that the Department delivers on its mandate particularly pertaining to the building of immovable assets and eradication of social infrastructure backlogs. As part of the Department, the IDT subscribes to and works towards complementing the mother body's contribution to the national socio-economic development imperatives including the eradication of poverty, job creation, and broad-based black economic empowerment. IDT's strategy is aligned to the government's MTSF, which has two over-arching strategic themes – radical economic transformation and improving service delivery.

1 Structural Relationships between government and Civil Society Organisations." A report by the Advisory Committee to the Deputy President, as adopted by Cabinet in March 1997. Page 3.

The IDT takes a special interest in policy positions against which to test the relevance of its mandate and the appropriateness of its corporate strategy. Currently, the most pertinent policy directive is the National Development Plan (NDP): Vision 2030. The NDP is Government's *"development blueprint" which "sets out various methods to tackle unemployment, poverty, inequality and other challenges facing our country."*[2] Furthermore, the IDT takes cognisance of and actively aligns its work to the National Infrastructure Programme (NIP) approved by Cabinet in 2012. The NIP is in the custody of the Presidential Infrastructure Coordinating Commission (PICC), a body established by Cabinet to integrate and coordinate the long-term (20-year project pipeline) infrastructure build and its eighteen (18) Strategic Infrastructure Projects (SIPs). The PICC Terms of Reference (ToR) emphasise the strategic role of infrastructure in the physical and socio-economic development of the country.

To this end, the IDT's track record, experience and capacity favour its interest in and suitability for contributing towards the following SIPs:

- SIP 6: Integrated Municipal Infrastructure Project
- SIP 12: Revitalisation of Public Hospitals and other Health Facilities
- SIP 13: National School Build Programme.
- SIP 14: Higher Education Infrastructure.

An analysis of the NDP and the NIP, clearly shows that infrastructure, besides meeting the physical needs of the country's citizens, has a major socio-economic role, inter-alia:

- Fostering balanced economic development;
- Unlocking economic opportunities;
- Promoting mineral extraction and beneficiation;
- Promoting job creation; and
- Facilitating the integration of human settlements and economic development.

2 Statement of the National Executive Committee on the occasion of the 101st anniversary of the African National Congress (ANC), 8 January 2013, Page 3.

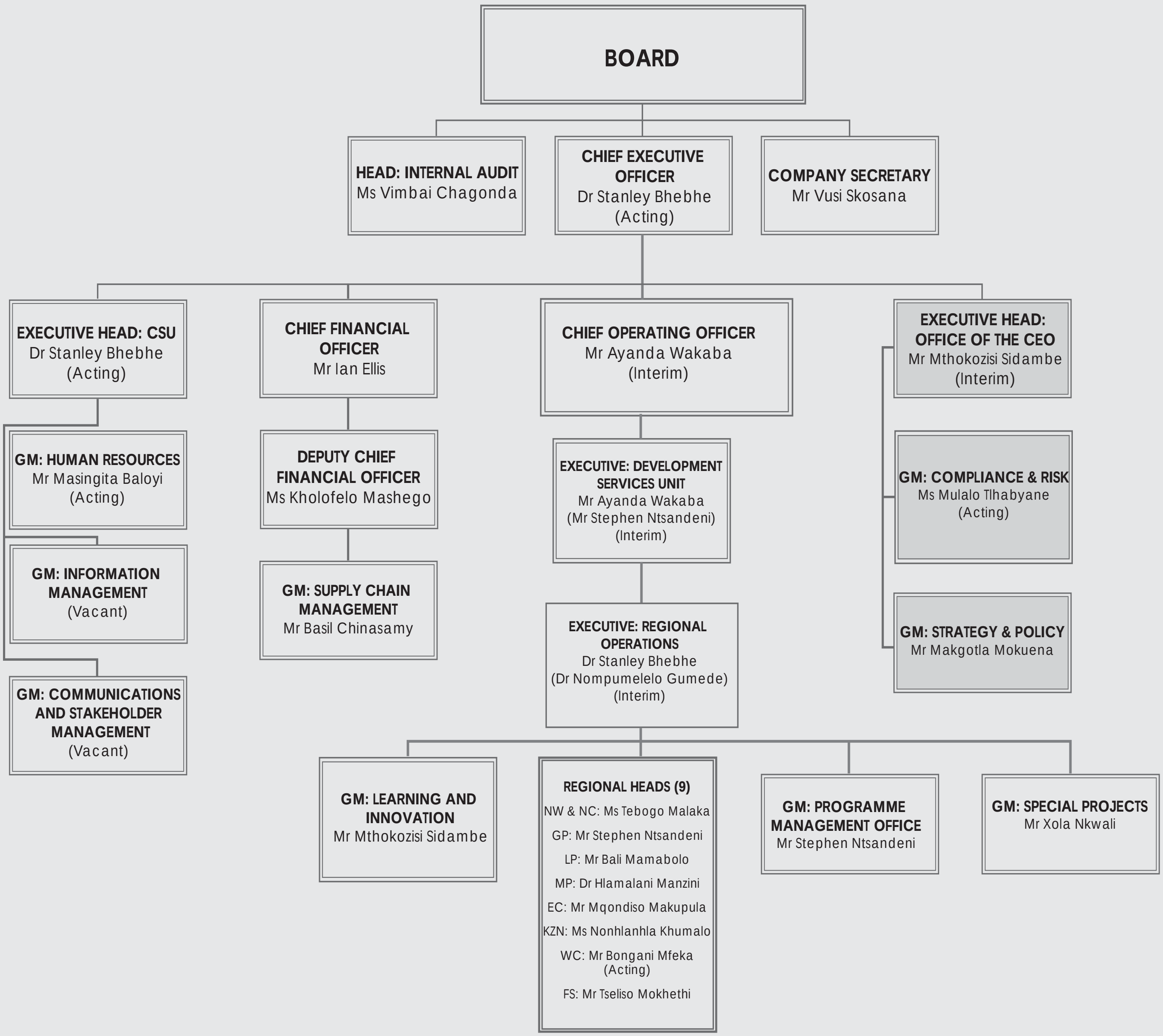
It is projected that the Executive Authority will finalise the IDT's Business Case on the long-term sustainability towards the end of the 2015/16 financial year. The conclusion of the Business Case and the review of the mandate would create an enabling framework, provide a basis for revised institutional arrangements in line with the PFMA, and bring about greater financial stability. The combined effect of the above will ensure IDT's continued contribution to the national development efforts, in the realm of infrastructure development, and particularly in terms of social infrastructure construction management and delivery.

The newly renovated Medical High Care Unit at Kimberley Hospital, Northern Cape

9. Organisational Structure

Over the past 5 years, the Organisation has operated mainly with an 'interim' structure to facilitate the transformation process. A number of positions are, as a result of the intervening arrangements, filled through acting and interim appointments as reflected in Figure 1. The figure only reflects the top 4 levels in the Organisation.

Figure 1: High Level Organisational Structure as at 31 March 2015



Polokwane High Court in Limpopo

Part B

Performance Information

EXECUTIVE COMMITTEE

Mr CBJ Pakade
Chief Executive Officer

Mr M Sidambe
Acting Executive Head:
Office of the CEO

Mr A Wakaba
Interim Chief Operating Officer

Mr I Ellis
Chief Financial Officer

Dr S Bhebhe
Acting Executive Head: CSU

Mr S Ntsandeni
Interim Executive Head:
Development Services Unit

Dr N Gumede
Acting Executive:
Regional Operations

Ms K Mashego
Deputy Chief Financial Officer

1 Situational Analysis

1.1 Service Delivery Environment

The State faces persistent pressure from its citizens to deliver and sustain socio-economic transformation, growth and development. The following constitutes some of the service delivery and capacity challenges of the State:

- Demographic shifts impacting on high levels of urbanization and neglect of rural areas;
- High demand for jobs and economic opportunities in general and in amongst the previously disadvantaged communities especially in townships predominantly occupied by blacks, rural areas, informal urban, peri-urban and mining settlements;
- Pressure for new and high demand for social infrastructure especially in areas cited above;
- Growing demand for green social infrastructure programmes;
- Growing demand for community health/lifestyle facilities;
- Need for integrating connectivity of social infrastructure such as schools, libraries and community centres;
- Low levels of industry-specific skills;
- Eradication of the remaining backlogs in terms of human settlements and ancillary social infrastructure;
- Demand for post-settlement support and facilities such as farming infrastructure e.g. fencing and pack houses;
- Community demands for localisation of development benefits e.g. emphasis on local procurement of supplies for programmes, including use of local suppliers, creation and extension of job opportunities to local community members first;
- Demand for programmes targeting participation of women, youth and people with disabilities, e.g. Contractor Development Programme, as vehicles for promoting meaningful, inclusive and sustainable intra-generational prosperity;
- Infrastructure damage or destruction exacerbated by climate change and extreme events challenging development practitioners to develop climate change resilient social infrastructure; and
- Shortages and increased costs of construction materials (leading to reduction in the quantity and quality of social infrastructure that can be delivered)

It is recognized that infrastructure roll out is at the heart of Government's New Economic Growth Path. Infrastructure development has become one of the lead sectors for developing the necessary economic linkages to drive inclusive economic growth and social development. It is through this sector that the legacy of apartheid spatial planning could be addressed especially the integration of rural and urban African areas which have been excluded in the past from national economic development. Infrastructure is not only important for fostering economic growth and higher employment, but, also for promoting inclusive growth by providing citizens with the means to improve their own lives and boost their income. Finding innovative ways to respond to the development priorities and transformation agenda of government especially those that focus on job creation and building sustainable enterprises remains key.

1.2 Organisational Environment

The IDT has transformed tremendously over the past five years, shedding off non-core functions and focussing on providing world-class programme and project management services to its clients. The IDT has also defined social infrastructure as its niche market, with social facilitation as its differentiator to all other organisations involved in construction management. The entity has also managed to build - and continues to do so – a formidable built-environment programme management team of professionals, while retaining an optimal small team of development impact specialists to ensure that IDT's work contributes to the national priority outcomes. The successful recruitment of a new CEO who assumed duty on 01 April 2015 after about a year of vacancy, provides an added impetus that the IDT will continue to work towards retaining its position as a leading national social infrastructure programme management agency.

The Organisation has a role to play in contributing to the national development agenda in terms of eradication of poverty, closing the social equality gap and attainment of the transformation agenda in the country. The IDT is one of the state-owned entities established to create value in the lives of the people of South Africa by ensuring that it creates and delivers high quality services and sustainable development in an efficient way.

Development opportunities for public entities together with their respective departments include leveraging public funded programmes, such as the existing Expanded Public Works Programme to promote integrated development and partnerships in the maintenance of government buildings and properties. These government initiatives could contribute to the transformation of the state of youth employment and economic empowerment by introducing them into businesses that deliver on sanitation, human settlements, road maintenance, property preservation and renovation including engineering works.

To remain relevant in the South African development landscape, the IDT is sharpening its focus to not only deliver ready-made development projects, but to pioneer and/or adapt innovative and sustainable solutions to meet the huge development challenges that have been identified in the National Plan: Vision 2030 and many other key strategic policies of government. The results of the recent environmental scan suggest that through the transformed IDT- better synergies can be attained between government development priorities and the efforts of the IDT.

The following specific measures are being implemented to ensure that the Organisation continues to be relevant to the development aspirations of the people of South Africa:

- Facilitating strategic conversations around the organisational service model.
- Migrating the business model from value extraction to value proposition, that is move to creating value for clientele and communities.
- Adopting a new strategic posture, that is focused on being the best and the first in the market.
- Continually challenging the status quo, asking the tough questions and working towards continuous improvement.
- Renewing and shifting the foundations of the Organisation's strategy: continuous review of the strategy and going back to the basics in order to focus on the core competencies valued by the development agency's clients.
- Becoming more conscious and deliberate in going about what the IDT does best as this determines the Organisation's impact, influence and leverage.

1.3 Key Policy Developments and Legislative Changes

The State's policy thrust indicates continued commitment to economic transformation. The 2014, as well as the 2015, State of the Nation Addresses (SONA) signalled a shift to radical economic policies or greater urgency around transformation.

Two statutory instruments with direct impact on the work of the IDT were signed into law by President Zuma, namely:

i. Infrastructure Development Act No. 23 of 2014 enacted with the main intent of speeding up procurement for SIPs such as education and health facilities; and

ii. Minerals and Petroleum Resources Development Amendment Act 49 of 2008 which transfers all custodianship and ownership of mineral and petroleum resources to the State (with further amendements as of 7 December 2014).

The proposed amendments to the Restitution of Land Rights No. 22 of 1994 will have the effect of reopening 379 000 new land claims. Furthermore, the Promotion and Protection of Investment Bill of 2015 which sets to provide a framework for the promotion and protection of all investments, if passed into law will support the PICC in roll out of strategic projects and speed land reform by getting around Section 25 property clause of the constitution.

The impact of the identified instruments will be strongly felt in the long-run, in terms of increased demands for the IDT services. The sovereign credit rating undertaken by global finance rating agencies, is however a cause of concern. The previous year's protracted industrial disputes in the mining sector and the uncertainty on the sustainability of the generation capacity of ESKOM's electricity facilities present a bleak outlook. The sentiments of the global economic performance rating agencies present a picture of South Africa as a risky investment climate underpinned by a weak growth rate of less than 2% per annum.

This has the effect of increasing the cost of government borrowing from global financial institutions, thereby putting a squeeze on the public fiscus and, consequently reducing the national budget share towards social infrastructure. The ripple effects go beyond depressed investment in physical asset (infrastructure facilities) building - in the long run leading to high costs of maintaining the assets – to stifling job creation, with further negative effects on the social-transformation targets, such as reduction in poverty and inequality all of which are good contributory factors to social cohesion.

The laundry area at Bainsvlei combined Boarding School in the Free State

2 Strategic Outcome Oriented Goals

2.1 Description of Each Programme/Activity/Objective

2.1.1 Programme 1: Integrated Service Delivery

Strategic Outcome Oriented Goal 1: The IDT enhances the State's delivery capacity. The Organisation does this through programme managing the delivery of multi-sectoral development programmes – predominantly social infrastructure – on behalf of client government departments, state institutions, municipalities, and in some cases the private sector.

Goal Statement 1: The IDT provides integrated development programme in a cost effective manner within time, scope and to the required quality

Strategic Objective 1: Deliver quality social infrastructure on time, within budget and scope

Objective Statement 1: IDT distinctive developmental approach to social infrastructure empowers communities to initiate, receive, own, manage and sustain their own development delivery.

Table 1: IDT's Contribution and Alignment to National Development Priority Outcome Areas with Respect to Programme 1

OUTCOME AREAS	IDT CONTRIBUTION
Improved quality of basic education	Enhancing the quality of life by creating assets and improving access to functional school infrastructure
A long and healthy life for all South Africans	Enhancing the quality of life by creating assets and improving access to health infrastructure
Decent employment through inclusive economic growth	Enabling economic inclusion and job creation through IDT's integrated service delivery model
Vibrant, Equitable and Sustainable Rural Communities and Food Security for all	Contribute towards the provision of assets and facilitate community capacity to participate in agricultural activities and thus promote food and nutrition security by households and communities
Sustainable human settlements and improved quality of household life	Contribute towards the provision of facilities that enable households and communities to access basic services and lead productive lives
Environmental assets and natural resources that are well protected and continually enhanced.	Participate in the implementation of programmes focused on preservation and protection of environmental assets to ensure sustainable development

Budget Dedicated towards Programme 1: 70% of total operating budget

2.1.2 Programme 2: An effective and Efficient Administration

Strategic Outcome Oriented Goal 1: An effective and efficient administration. Effectiveness relates to the IDT's ability to make meaningful difference to the lives of the country's citizens, and thus meet the objectives of the Shareholder in a cost-efficient manner and as a responsible corporate citizen.

Goal Statement 1: The IDT is an effective, efficient and development orientated Organisation.

Strategic Objective 1: A compliant, results-based, efficient and focused Organisation.

Table 2: IDT's Contribution and Alignment to National Development Priority Outcome Areas with Respect to Programme 2

OUTCOME AREAS	IDT CONTRIBUTIONS
An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	Encouraging organisational efficiency, effectiveness and compliance
A skilled and capable workforce to support an inclusive growth path	Direct and support continuous and targeted human capital development to service the organisation and also to impact on the country's development path

Budget dedicated towards Programme 2: 30% of total operating budget

2.2 Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements

2.2.1 Strategic Objectives, Performance Indicators and Planned Targets

The Organisation had 12 Key Performance Areas, supported by 23 Key performance indicators and 27 pre-determined targets as shown below. Eleven (11) targets related to Programme 1, that is the outward-focused deliverables to the Country. The remainder – that is Twelve (12) targets – were inward looking. The number of Programme 2 targets reflects that the organisation, is transforming itself into a relevant, efficient and substantially sustainable entity.

Security features at Harrismith Correctional Centre in the Free State

3 Performance Scorecard

Table 3 presents the 2014/15 organisational performance against the predetermined objectives and targets, and provides reasons for variance in performance where applicable.

Table 3: Organisational performance against the predetermined objectives and targets

PROGRAMME NAME : ***Integrated Service Delivery***		
STRATEGIC OBJECTIVE 1	**Deliver quality social infrastructure on time, within budget and scope**	
OBJECTIVE STATEMENT 1	***IDT distinctive developmental approach to social infrastructure delivery empowers communities to initiate, receive, own, manage and sustain their own development***	
ALIGNMENT TO NATIONAL DEVELOPMENT OUTCOMES	OUTCOME AREAS	IDT CONTRIBUTIONS
	Improved quality of basic education	Enhancing the quality of life by creating assets and improving access to functional school infrastructure
	A long and healthy life for all South Africans	Enhancing the quality of life by creating assets and improving access to health infrastructure
	Decent employment through inclusive economic growth	Enabling economic inclusion and job creation through IDT's integrated service delivery model
	Vibrant, Equitable and Sustainable Rural Communities and Food Security for all	Contribute towards the provision of assets and facilitate community capacity to participate in agricultural activities and thus promote food and nutrition security by households and communities
	Sustainable human settlements and improved quality of household life	Contribute towards the provision of facilities that enable households and communities to access basic services and lead productive lives
	Environmental assets and natural resources that are well protected and continually enhanced.	Participate in the implementation of programmes focused on preservation and protection of environmental assets to ensure sustainable development

Key Performance Area	Key Performance Indicators	Baseline	Annual Target	Actual Performance	Variance	Performance Level (Relative to YTD Target)	Comments
Enhancing government's delivery capacity	No. of government departments supported.	32	40	44	4	110%	The target was exceeded. However, challenges remain in the conclusion of PIAAs with client departments.

Key Performance Area	Key Performance Indicators	Baseline	Annual Target	Actual Performance	Variance	Performance Level (Relative to YTD Target)	Comments
Enhancing government's delivery capacity	Value of programme spend	R 5.6bn	R7bn	R6,371,655,476	- R628,344,524	91%	Programme expenditure was severely affected by the withdrawal of programmes in three provinces. This affected a number of related targets like CDP, and new schools.
	No. of new/ replacement schools completed	30	50	42	8	84%	The number of completed schools was severely affected by the drastic reduction in the budgets in certain provinces which adversely affected implementation.
Integrated Social Infrastructure Development	No. of work opportunities created through IDT portfolio	30,000	35,000	20,983	-14,017	60%	The underachievement, largely due to the reduction in social development programmes, was exacerbated by the withdrawal of programmes and budget cuts in 3 provinces.
	% of BBBEE spend	65%	65% (R4.13bn)	67% (R4. 287bn)	3% (R 157m)	103%	The concerted efforts of ensuring contractors have valid BBBEE certificates are beginning to pay off as indicated by the achievement.

Key Performance Area	Key Performance Indicators	Baseline	Annual Target	Actual Performance	Variance	Performance Level (Relative to YTD Target)	Comments
Integrated Social Infrastructure Development	No. of EPWP-NSS work opportunities created	43,000	50,000	53,268	3,268	106.5%	The process of identification and appointment of NPOs was fast-tracked leading to the early start of the programme. This in turn has translated into an over achievement of the EPWP job opportunities, and an above average performance for entities supported.
	No. of EPWP cooperatives, NPO's and CBOs supported	270	320	378	58	118%	
	Value of contracts awarded to women contractor as a percentage of programme spend	22%	20% (R1.4bn)	27% (R1.72bn)	23% (R327m)	123%	Performance in terms of the value of contracts awarded to women and youth contractors was above the target at 123%, and 103% respectively. The partnerships with women and youth construction advocacy organisations have contributed to this performance.
	Value of contracts awarded to youth contractor as a percentage of programme spend	12%	15% (R1.05bn)	17% (R1.08bn)	3% (R38m)	103%	

Key Performance Area	Key Performance Indicators	Baseline	Annual Target	Actual Performance	Variance	Performance Level (Relative to YTD Target)	Comments
Contractor Development	Percentage of women contractors participating in the Contractor Development Programme	65%	75%	67%	-8%	89%	67% of CDP participants were women contractors. This signals a need for more efforts to attract and retain women-owned companies under the CDP as part of IDT's engendered development approach.
	Percentage of contracts awarded to contractor development participants as a percentage of programme spend	None	4% (R280m)	3.5% (R225m)	-20% -(R55m)	80%	The allocation to the CDP participants was relatively slow due to the delays in the transfer of programme funds, and in some cases the reduction of programme values.

STRATEGIC OUTCOME ORIENTED GOAL 2	An effective and efficient administration	
GOAL STATEMENT	IDT is an effective, efficient and development orientated organisation	
PROGRAMME NAME: ADMINISTRATION		
STRATEGIC OBJECTIVE 2	A compliant, results-based, efficient and focused organisation	BUDGET: 30% of total operating budget
OBJECTIVE STATEMENT 2	Maintaining a clean administration which is geared to the efficient application of resources, compliance with regulations and legislation and which is accountable.	
ALIGNMENT TO NATIONAL DEVELOPMENT OUTCOMES	**OUTCOME AREAS**	**IDT CONTRIBUTIONS**
	An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	Encouraging organisational efficiency, effectiveness and compliance
	A skilled and capable workforce to support an inclusive growth path	Direct and support continuous and targeted human capital development to service the organisation and also to impact on the country's development path

Key Performance Area	Key Performance Indicators	Baseline	Annual Target	Actual Performance	Variance	Performance Level (Relative to YTD Target)	Comments
Compliance	Compliance with relevant legislation and regulations	Compliant	Compliant	Inadequate compliance.	Assessed performance variance of 12%	Assessed performance level at 88%	Compliance culture identified as needing strengthening. Remedial actions to address the identified challenges to be implemented as of 2015/16.

Key Performance Area	Key Performance Indicators	Baseline	Annual Target	Actual Performance	Variance	Performance Level (Relative to YTD Target)	Comments
Performance planning and Management	Effective financial and non-financial performance management	Unqualified Audit	Unqualified Audit	Disclaimed audit opinion.	Assessed performance variance of 50%	Assessed performance level at 50%	Disclaimed audit opinion, relate to the following matters: Programme cash and cash equivalents and programme reserves and liabilities Revenue and trade and other receivables Trade and other receivables and other losses Aggregation of immaterial uncorrected misstatements in the current year
Risk Management	Effective risk management	Risk Management (RM) Framework in place	Risk Management (RM) Framework implemented	RM Plan implemented	Assessed performance variance of 10%	Assessed performance level at 90%	The Organisation has operational risk management instruments. Room still exists to enhance the effectiveness of the instruments.

Key Performance Area	Key Performance Indicators	Baseline	Annual Target	Actual Performance	Variance	Performance Level (Relative to YTD Target)	Comments
Corporate Governance	Sound governance	Functioning and Effective Board and Committees	Functioning and Effective Board and Committees	Functioning and Effective Board and Committees	Nil	Assessed performance level at 100%	Board and Committees function effectively.
Organisational Culture	Effective Human Capital management	Human Resource (HR) Plan in place	Human Resource Plan reviewed and Implemented	HR Plan Implemented	Assessed performance variance of 14%	Assessed performance level at 86%	HR Strategy was operationalized, albeit within the organisation uncertainty remained as a result of delayed confirmation of the reviewed mandate.

Key Performance Area	Key Performance Indicators	Baseline	Annual Target	Actual Performance	Variance	Performance Level (Relative to YTD Target)	Comments
Sustainability	IDT's sustainability safeguarded through internal reforms, improvement and re-organisation.	IDT's Sustainability not confirmed	Internal organisational refocus and streamlining plan approved and implemented	Internal organisational refocus and streamlining plan approved and implemented	Assessed performance variance of 12%	Assessed performance level at 88%	Consideration, and therefore, approval of the interim organisational refocus and streamlining plan, was duly delayed in anticipation of confirmation of mandate.
			Cost containment strategy approved and implemented	Cost containment strategy approved and implemented	Assessed performance variance of 10%	Assessed performance level at 90%	High level of cost containment has been achieved against the backdrop of delayed recruitment of (sometimes very crucial) skills and also largely due to reduced spending on consultancy.
			Improvement in cost recovery levels	The management fees billed decreased from R402,852 in 2013/14 to R376,408 in 2014/15 i.e. 3.3% decrease. Performance determined to be at 70% level.	Assessed performance variance of 30%	Assessed performance level at 70%	The 3.3% reduction was due to client re-negotiated fees and mix of projects within the portfolio. The average rate of recovery is expected to improve in subsequent years.

Key Performance Area	Key Performance Indicators	Baseline	Annual Target	Actual Performance	Variance	Performance Level (Relative to YTD Target)	Comments
Operational Efficiency	% Efficiency ratio	6.6%	6.5%	6%	Assessed performance variance of 8%	Assessed performance level at 108%	The 6% efficiency ratio while impressive in cost measurement terms, signals an over stretching of the organisation's human resource capacity and thus presents a performance risk for the organisation.
	Average management fee	4%	5%	5.9%	Assessed performance variance of 18%	Assessed performance level at 118%	The 5.9% average management fee rate is a significant improvement but is still under the full cost recovery threshold projected at between 7% and 7.5%.
Communications	Effective Communications and Stakeholder Management Strategy	Effective Communications and Stakeholder Management Strategy Approved	Effective Communications and Stakeholder Management Strategy Implemented	Effective Communications and Stakeholder Management Strategy Implemented	Nil	Assessed performance level at 100%	Despite severe under-capacitation in the Communications Unit, the Organisation managed to perform relatively well in both proactive and responsive communication.

Key Performance Area	Key Performance Indicators	Baseline	Annual Target	Actual Performance	Variance	Performance Level (Relative to YTD Target)	Comments
Monitoring and Evaluation	No of comprehensive strategic and operations research projects	3	5	5	Nil	Assessed performance level at 100%	Despite severe under-capacitation in the Research, Monitoring and Evaluation Unit, the Organisation managed to perform relatively well through focused programme evaluations, impact assessments and strategic research in support of business intelligence, organisational positioning and business development.

An aerial view of Metz Mamahlola Primary School in Limpopo

3.1 Actual Performance against the Predetermined Targets

3.1.1 Performance Overview

Despite the harsh operating environment, the IDT continued to strive for excellent delivery as highlighted in Figure 2. The entity achieved on 18 (78,3%) and underperformed in 5 of its 23 targets (i.e.18%), i.e. performed below the expected performance level. Figure 2 shows the Scorecard analysis of the Organisation's performance for the 2014/15 Financial Year.

In 2014/15, the value of programme spend on social infrastructure facilities constituted 90% of the R6,371,655,476 total programme spend as highlighted in Figure 3. Programme expenditure for 2014/15 fell below that of the previous financial year though the month to month spend followed the general trend of the previous three years as shown in figure 4. The persistent service delivery discontent amongst communities is putting an added impetus on the public sector to intensify efforts to increase service delivery outputs. Infrastructure is, as in the previous 5 years, at the centre of the public sector driven economic growth and development drive of the government.

Figure 2: Overall Corporate Performance Summary

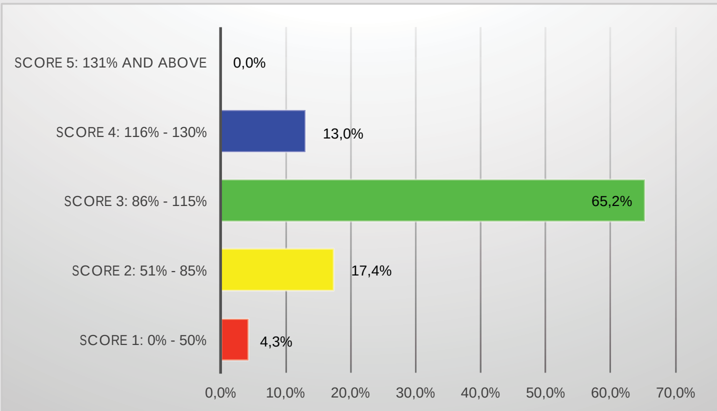
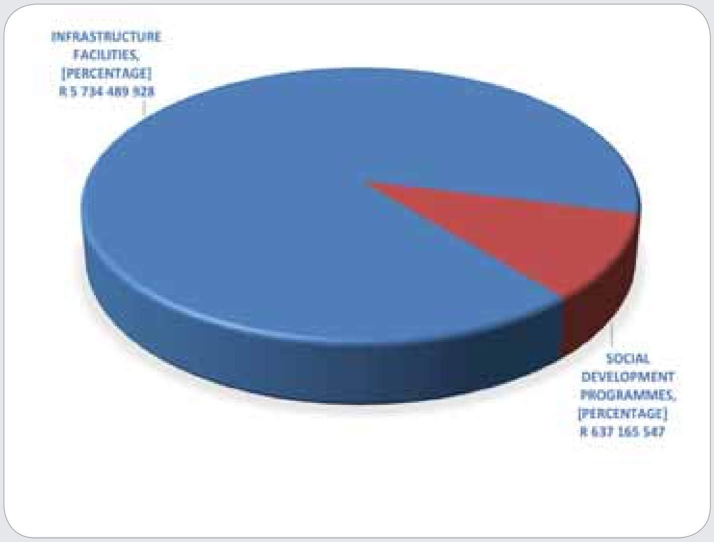


Figure 3: Programme Spend by Portfolio Type, 2014/15 FY



3.1.2 Strategic Objective 1

Of the 11 targets for objective 1, achievements have been recorded with respect to the following 9 targets:

- Number of governments departments supported: 44 out of the targeted 40, representing a 110% achievement level;
- Value of programme spend: R6.371bn. out of the targeted R7bn., representing a 91% achievement level;
- Percentage of BBBEE spend: 67% (R4.287bn) relative to the target of 65% (R4.13bn), representing 103% of expected performance level.
- Number of EPWP-NSS work opportunities created: 53,268 relative to the target of 50,000, representing a 106.5% achievement level;
- Number of EPWP cooperatives, NPO's and CBOs supported: 378 out of a target of 320, representing a 118% achievement level;
- Value of contracts awarded to women contractors as a percentage of actual programme spend: R1,72bn. out of a target of R1.4bn. (translating to 27% relative to a target of 20% of value of contracts awarded), representing a 123% level of achievement;
- Value of contracts awarded to youth contractors as a

percentage of actual programme spend: R1,08bn. out of a target of R1,05bn. (translating to 17% relative to a target of 15% of value of contracts awarded), representing a 113% level of achievement;

- Percentage of women contractors participating in the Contractor Development Programme: 67% out of the targeted 75% level of women participation in the CDP, representing an 89% achievement level; and
- Percentage of contracts awarded to contractor development participants as a percentage of programme spend: 3.5% (R225m) relative to the target of 4% (R280m), representing an 87.5% level of achievement.

Figure 4: Expenditure Performance Trend: 20011/12 – 2014/15 Financial Years

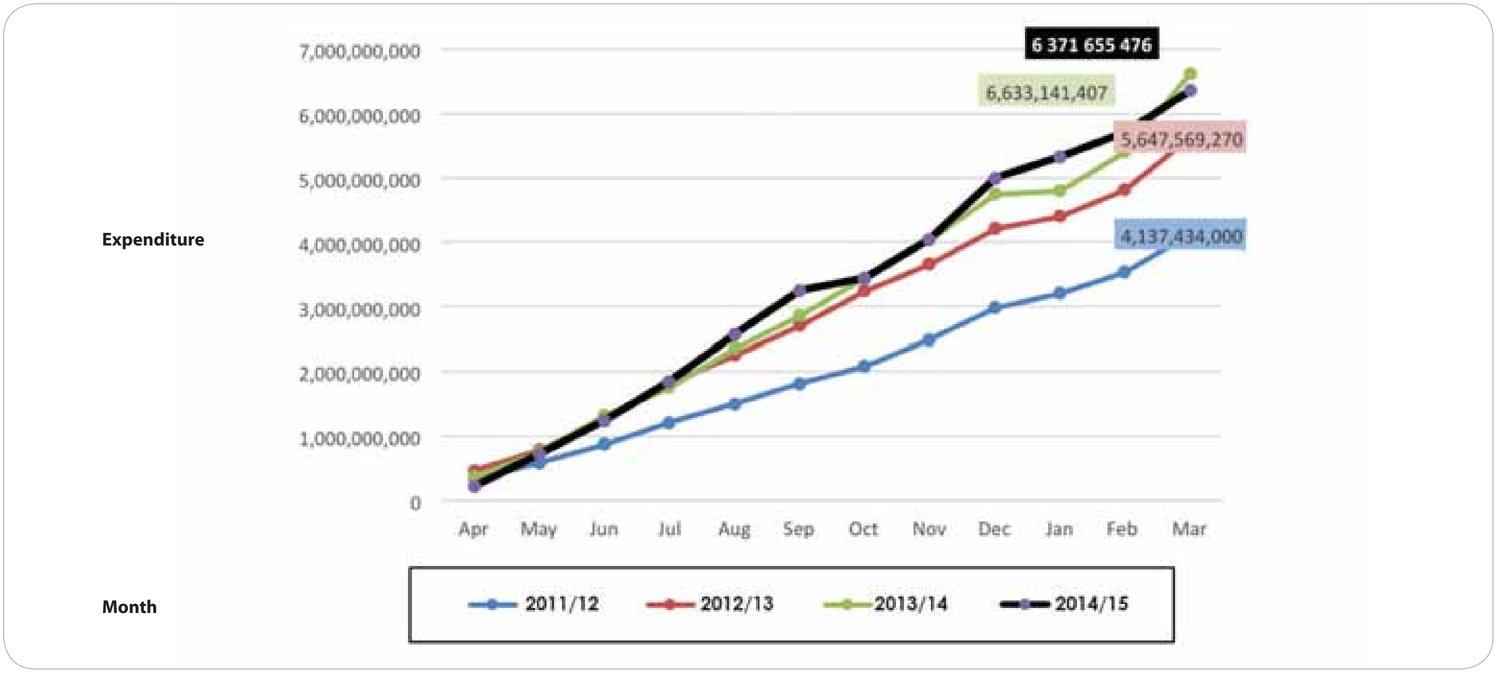


Figure 5 provides a summary in terms of the portfolio programme delivery diversity.

The IDT has a diversified portfolio indicating the organisation's clientele base. Through the diversified portfolio, the entity is in a position to impact on national priorities outcome areas.[3]

3 Government has 14 national priorities for the 2014/15 - 2018/19 Administration period

Figure 5:Porfolio of Diversity for 2014/15 FY

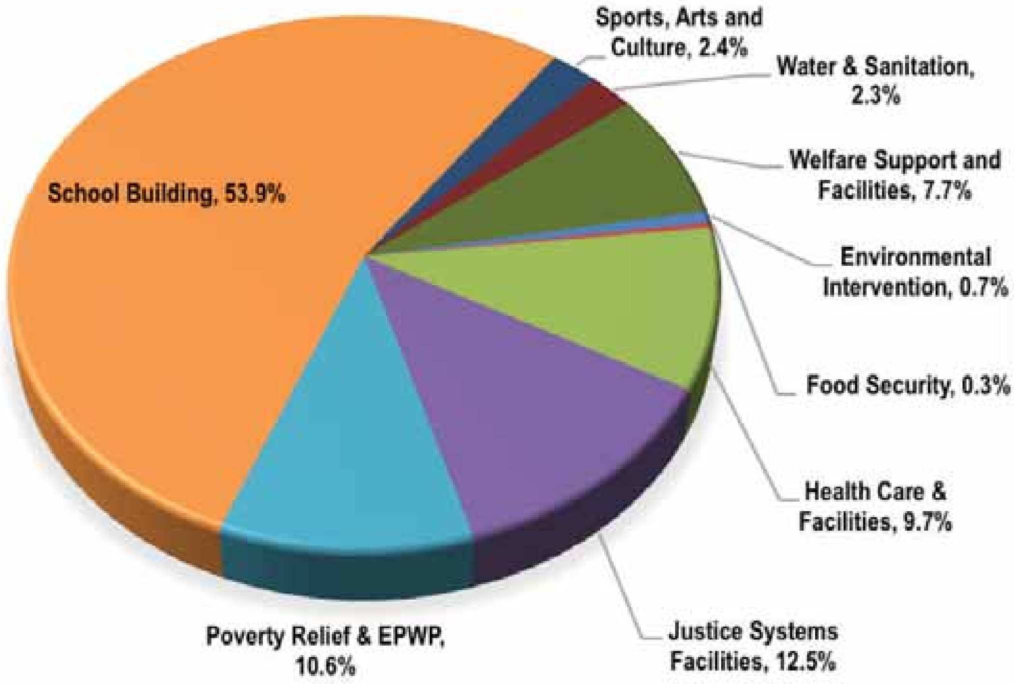


Table 4: Expenditure Performance within Programme Categories

PROGRAMME CATEGORIES	EXPENDITURE (R)
Environmental Intervention	45,013,744
Food Security	21,513,655
Health Care & Facilities	618,972,170
Justice Systems Facilities	795,980,144
Poverty Relief & EPWP	673,061,129
School Building	3,433,821,863
Sports, Arts and Culture	149,736,537
Water & Sanitation	145,267,335
Welfare Support and Facilities	488,288,899
Grand Total	**6,371,655,476**

Two (2) under-achievements have been recorded with respect to the following targets:

- Number of new/replacement schools: 42 relative to the target of 50, representing a 84% achievement level;
- Number of work opportunities created through the IDT portfolio: 20,983 out of a target of 35,000, representing a 60% achievement level; and
- Percentage of contracts awarded to contractor development participants as a percentage of programme spend: R225 million (3.5%) value of contracts awarded against a target of R280 million (4%) representing an 80% level of achievement;

3.1.3 Strategic Objective 2

The Organisation performed relatively well with respect to all, but two of its twelve (12) targets under Strategic Objective 2, as recorded below:

- Fully compliant organisation: Disclaimed audit opinion;

- Risk Management (RM) Framework implemented: Effective performance level;
- Functioning and Effective Board and Committees: Effective performance level;
- Human Resource Plan Reviewed and Implemented: Effective performance level;
- Internal organisational refocus and streamlining plan approved and implemented: Plan reviewed and considered by the Board, incremental decisions made. Represents effective performance.
- Cost containment strategy approved and implemented: R129 million savings, representing effective performance level;
- Efficiency level: 6% out of a targeted 6.5%, representing a 108% performance level;
- Average Management fees billed: 5.9% out of targeted 5%, representing 118% performance level;
- Communications and Stakeholder Management Strategy Implemented: Effective performance; and
- No of comprehensive strategic and operations research projects Comprehensive research projects completed: 5 out of 5 reports produced, representing a 100% achievement level. Effective performance.

Under-achievements have been recorded with respect to the Two (2) targets:

- Unqualified Audit: Disclaimed audit opinion; and
- Improvement in cost recovery levels: The recovery rate moved from 6.1% in 2013/14 (R402,852) to 5.9% in 2014/15 (R376,408) signalling a 3.3% decrease in average management fees billed due to renegotiated fees by Clients subsequent to the issuing of the National Treasury Instruction No. 4 of 2014/15.

The process of programme reconciliations, timeous billing and systematic follow up and collection of management fees is critical towards the realisation of the long-term financial sustainability of the Organisation.

3.2 Strategy to Overcome Areas of Under Performance

Areas of underperformance have been cited in 3.1.2 and 3.1.3 . Table 5 outlines measures that will be undertaken to address underperformance highlighted in Section 3.2.

Table 5: Measures Employed to Address Under-Performance With Respect to Specific Targets

No.	Target	Measures
1	Number of new/ replacement schools: 50	The Organisation will engage with National Treasury to formulate a strategy that addresses the diversion, cutting and withdrawal of programme funds after contracting. This is intended at protecting the delivery of programme targets.
2	Number of work opportunities created through the IDT Portfolio: 50,000	The Organisation is actively engaging client departments to commit to job creation objectives of the State. IDT's social facilitation team has undergone capacity enhancement to continue supporting programme delivery to focus on and deliver on socio-economic targets, job creation being one of the main ones.
3	Percentage of contracts awarded to contractor development participants as a percentage of programme spend.	Concerted effort will be directed towards getting client departments to fully support the contractor development programme. The programme will also be evaluated and improvements effected if neccesary.
4	Unqualified audit opinion.	A Comprehensive Audit Action Plan will be developed by management to address the disclaimed audit opinion.

No.	Target	Measures
5	Improvement in cost recovery levels	All new PIAAs are to be based on the rates of management fees approved by National Treasury to ensure viable and improved cost recovery from 2015/16 and beyond.

The Organisation continuously invests in enhancing its corporate delivery competencies and the stakeholder management function as the success of the remedial measures hinges on the interplay of these factors.

3.3 Changes to Planned Targets

The Annual Performance Plan was presented as part of the 2014/15 Strategy to the Portfolio Committee on the 26th of August 2014. Part of the deliberations with the Committee challenged the Organisation to reconsider the quarterly scheduling of the targets. The concern of the Committee largely related to the fact that the delivery of some of the targets was heavily skewed towards the year-end. Management refined the quarterly scheduling of targets and tabled the same to the Board for ratification. Table 6 reflects the refinements. The changes are reflected in blue print in Table 6. None of the annual targets were affected as the refinements merely relate to quarterly scheduling.

Table 6: Refined Quarterly Scheduling Undertaken after Presentation of the Annual Performance Plan to the Portfolio Committee for Public Works

Key Performance Area	Performance Indicators	Baseline	2014/15 Targets (Cumulative)				
			Year-end	Q1	Q2	Q3	Q4
Enhancing government's delivery capacity	No. of government departments supported	32	40	35	35	35	40
	Value of programme spend	R 5.6bn	R7bn	R1.05bn	R2.8bn	R4.9bn	R7bn
	No. of new/replacement schools completed	30	50	8	15	20	50
Integrated social infrastructure development	No. of work opportunities created through IDT portfolio	30 000	35 000	5 000	10 000	15 000 **25 000**	35 000
	% of BBBEE spend	65%	65%	65%	65%	65%	65%
	No. of EPWP-NSS work opportunities created	43 000	50 000	10 000	15 000	20 000 **45 000**	50 000
	No. of EPWP cooperatives, NPO's and CBOs supported	270	320	100	100 **200**	100 300	320
	Value of contracts awarded to women contractor as a percentage of programme spend	22%	20% R1.4bn	20% R 262m	20% R 700m	20% R1.2 bn **R980m**	20% R1.4bn
	Value of contracts awarded to youth contractor as a percentage of programme spend	12%	15% R1.05bn	15% R200m	15% R700m	15% R1bn **R735m**	15% R1.05bn

Key Performance Area	Performance Indicators	Baseline	2014/15 Targets (Cumulative)				
			Year-end	Q1	Q2	Q3	Q4
CONTRACTOR DEVELOPMENT	Percentage of women contractors participating in the Contractor Development Programme	65%	75%	75%	75%	75%	75%
	Percentage of contracts awarded to contractor development participants as a percentage of programme spend	None	4% R280m	4% R42m	4% R112m	4% R196m	4% R280m

3.4 Linking Performance with Budgets

The Organisation's total overhead expenditure amounted to R339,6 million of which approximately 70% and 30% was spent with respect to Programme 1 and 2 respectively, to deliver programmes worth R6,371 billion as shown in Table 7.

Table 7: Budgets and Expenditure by Organisational Strategic Objectives as at 31 March 2015

Strategic Objective	Ratio	Actual March 2015 R'000	Budget March 2015 R'000
1. Deliver quality social infrastructure on time, within budget and scope	70%	237 740	298 282
2. A compliant, results-based, efficient and focused organisation	30%	101 888	127 835
Total	**100%**	**339 628**	**426 117**

The five main cost drivers behind the overhead expenditure are summarised in Table 8. The relative quantum of the spread of the overhead expenditure is in line with the nature of the core business of the Organisation. The IDT provides and is paid for specialist skills, mainly programme and project management, supply chain management and project accounting.

Table 8: Major Areas of Overhead Investment (based on preliminary figures):

Cost category	YTD Actual (R'000)	Percentage of Overhead
Salaries	212,494	62.6%
Consultancy fees	30,357	8.9%
Travel	17,163	5.1%
Litigation	8,341	2.5%
Rental of offices	10,619	3.0%
Total Expenditure on identified items	**278,974**	**82.1%**
Total Operational Expenditure	**339,628**	**100%**

Operational expenditure is stated before:

- Other losses including impairment in trade receivables and provision for doubtful debts total R40 057 00;
- Fruitless and wasteful expenditure total R255 00.

The cost-drivers shown in table 9 account for over 82% of the total overhead expenditure. Overhead expenditure is therefore the investment that the Organisation makes in order to deliver the multi-billion worth of programmes. The efficiency ratio of 6%, expresses total overhead costs as a percentage of total programme expenditure, demonstrates the extreme level of efficiency with which the IDT undertakes its business.

4 Revenue Collection

The main source of funding for the 2014/15 financial year has been in the form of management fees. Management fees are based on the IDT's standard schedule of fees which are calculated on a sliding scale dependant on the value of the underlying projects. A realistic level of management fees, based on the social infrastructure programmes undertaken by the IDT on behalf of client departments, is an essential element of the financial sustainability of the IDT. The fees negotiated with departments a number of years ago, particularly in respect of multi-year programmes, were not sustainable. The new programme implementation agency agreements signed from the 2013/14 financial year and into the current financial year have, where possible, been adjusted accordingly.

National Treasury's Instruction No 1 of 2014/2015 on Management Fees payable to the IDT has provided support to the IDT in the raising of management fees to a sustainable level. Management fees calculated for the year amount to R 376,4 million. Recovery of management fees as at end of reporting period was R 255,7 million. Billed management fees represent a 5.9% average management fee level. Table 9 and 10 provide a summary of Management Fees billed relative to total programme expenditure.

Table 9: Management Fees Billed 1 April 2014 - 31 March 2015:

Period	Programme Expenditure R'000	Management fees R'000
April 2014 – March 2015	6,371,655	376,408

A further R2,9 million in management fees was raised in respect of retentions which is recoverable on the completion of the relevant programmes.

Table 10: Management Fees Billed and Recovered as of 31 March 2015

	R'000
Balance as at 31 March 2014	189,390
Management Fees for 2014/15 Financial Year Inclusive of VAT	429,105
Recovered	(271,364)
Provision for doubtfull debts	37,060
Balance outstanding as at 31 March 2015	310,072

The IDT has reviewed the levels of its management fees, based on the resources and skills required to deliver on its contractual obligations. It is a concern that the current uncertainty continues to impact negatively on client confidence. Staff morale is also under pressure as personnel is currently being stretched beyond optimal limits to perform in order to meet the current increased portfolio and high quality standards. The Organisation will continue to interact with the Shareholder and Treasury in order to achieve a long term solution.

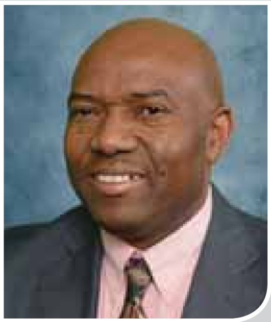
Solar equipment provides alternative energy at the newly built Dalibango Senior Primary School in the Eastern Cape

Part C

Governance

BOARD OF TRUSTEES

Dr S Fikeni
Chairperson of the Board



Mr T Motswaledi
Deputy Chairperson of the Board

Dr G Zulu-Kabanyane

Ms Z Mdhladhla

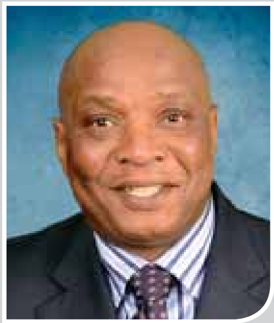
Mr Z Zitha

Mr R Patel

Ms T Mpumlwana

Ms P Nkomo

Mr B Matutle



Mr M Mlengana

1 Introduction

An effective governance system is perceived as not just a compliance matter within the IDT, but an indication of the entity's commitment to be an accountable corporate citizen to the Shareholder and the country's citizens. The following sections are indicate highlights of the Organisation's efforts towards maintaining and strengthening its governance practices in line with statutory parameters, the Deed of Trust, the Shareholder's Compact and the underlying corporate values.

2 Portfolio Committee

The IDT reports to Parliament through the Portfolio Committee on Public Works (PCPW). The compliance record of the Organisation is covered under Section 6.

3 Executive Authority

The IDT is wholly owned by Government and the Shareholder representative is the Minister of Public Works. The IDT accounts for and reports directly for its affairs to Parliament through the Minister of Public Works as its Executive Authority.

Whilst there were continuous engagements at a technical level in the development of the IDT Business Case for the long-term sustainability of the Organisation, the Board engaged at executive level with the Minister and Deputy Minister of Public Works. The last engagement was in March 2015 when the Board Chairperson introduced the incoming CEO to the Minister.

4 The Board

4.1 Introduction

In compliance with the Public Finance Management Act (of 1999, as amended), and the Shareholder Compact, the Minister appointed the current Board of Trustees with effect from 1 July 2012. The Board is the Accounting Authority as defined by the PFMA. On an annual basis and to formally give direction and outline responsibilities, obligations and expectations, the Executive Authority and the Accounting Authority enter into a Compact Agreement. The Compact Agreement for 2014/15 was formally signed on 8 March 2013.

Since its appointment, the primary objective of the Board has been to speed up the process of bringing the certainty of mandate and funding of the IDT to conclusion. The Board and its Committees met as planned as per Table 9. However, there were more engagements by the Board Exco, mainly to closely drive and manage the recruitment of a CEO for the Organisation. The recruitment process was concluded during the fourth quarter when the Cabinet endorsed the appointment of Mr Pakade on 18 February 2015. The Acting CEO, Dr Stanley Bhebhe as well as Executive Management, supported by the Board, steered the entity over the past eleven (11) months ensuring business continuity during the transition period pending the conclusion of the search for the new CEO. The assumption of duty by the new CEO on 01 April 2015 is significant and an added impetus towards the conclusion of the Business Case, as well as resolving the outstanding strategic issues as highlighted in the CEO's report.

The Board has, as part of enhancing its understanding of the business of the IDT and the interaction with key stakeholders, undertook regional visits where all regions, except Gauteng were visited.

Table 11: Board Meetings; 1 April 2014 – 31 March 2015

Board or Board committee	No. of Scheduled Meetings	No. of Meetings held	Dates
Board of Trustees	4	4	28 May 2014 22 August 2014 27 November 2014 25 February 2015
Total (meetings)	**4**	**4**	
Board Workshop With DPW	0	1	17 June 2014
Board Policy Workshop	0	1	8-9 December 2014
Total (Including workshops)	**4**	**6**	

Formal bilateral meetings between the Board Chairperson and the Acting CEO were undertaken focusing on pertinent matters during the reporting period. The bilaterals supplement management's participation by invitation at the Board EXCO meetings.

Table 12: Consolidated Board Attendance Record (Meetings and Workshops): 1 April 2014 to 31 March 2015

Trustees	Scheduled Board Meetings				Board Workshops	
	28/05/14	22/08/14	27/11/14	25/02/15	With DPW on Business Case: 17/06	Policy Workshop: 8-9/12
Dr S Fikeni	P	P	P	P	P	N/A
Mr T Motswaledi	P	P	P	P	P	P
Mr Z Zitha	P	P	P	P	P	P
Ms T Mpumlwana	P	A	P	P	P	P
Mr B Matutle[4]	P	P	P	P	P	N/A
Mr M Mlengana	P	P	P	P	P	N/A
Ms P Nkomo	P	P	P	A	A	P
Mr R Patel	P	P	P	P	P	P
Ms Z Mdhladhla	P	P	P	P	P	P
Dr G Zulu-Kabanyane	P	P	P	P	P	P
Ms S Boulton[5]	P	P	P	P	P	P

4 Executive Authority Representative.

5 Independent Chairperson of the Audit and Risk Committee.

4.2 Board Charter

The Board and its sub-committees operate within up to date and approved charters. The Board Charter outlines the purpose of the Board, in line with Sections 50 and 51 of the PFMA dealing with the Fiduciary Duties and General Responsibilities of the Accounting Authorities, respectively, as well as the Shareholder Compact. Drawing from the purpose, the Board's primary responsibilities are to determine the IDT's purpose and values and giving strategic direction to the IDT, identifying key risk areas and key performance indicators of the IDT's business, monitoring investment decisions, considering significant financial matters and risk, and reviewing the performance of Executive management against defined objectives and, where applicable, industry standards.

The Charters of the Board Committees have been developed to ensure that the structures help to accentuate in a practical manner the oversight role of the Board. The Charters are reviewed on an annual basis, a process which was successfully undertaken and concluded during the financial year.

4.3 Composition of the Board

The Board consists of non-executive Trustees who are drawn from diverse backgrounds and bring in a pool of varied competencies. The current Board, appointed for a four year term consists of the following members:

- Dr Somadoda Fikeni; Board Chairperson
- Mr Tlhotse Motswaledi; Deputy Chairperson and Chairperson of the Human Resources and Corporate Services Committee
- Mr Butcher Matutle; Executive Authority representative
- Ms Thoko Mpumlwana; Chairperson of the Strategic Planning and Programmes Committee
- Mr Zakhele Zitha; Chairperson of the Finance Committee
- Ms Zandile Mdhladhla
- Mr Rashid Patel
- Mr Michael Mlengana
- Ms Phelisa Nkomo
- Dr Gcwalisile Zulu-Kabanyane

4.4 Board Committees

The Board transacts its business through 5 key Committees, outlined below in terms of their activities and impact during the year, before considering and resolving on refereed matters.

4.4.1 Strategic Planning & Programmes Committee

The Strategic Planning and Programmes Committee (SP&P) has the responsibilities in respect of overseeing the IDT's strategic planning and programmes. The Committee met as planned and as per the approved corporate calendar, and executed its business in line with its terms of reference. (Table 13) The agenda of its meetings included the following:

- Recommendation for Board's approval of the 2013/14 year-end Corporate Performance Report.
- The review and approval of the mid-year 2014/15 performance reports of the Development Services Unit (DSU) and the Office of the CEO which were subsequently approved together with their respective performance scores.
- Consideration of 2015/16 Environmental Scan Report and draft Strategy Proposals which were recommended to the Board and subsequently approved.
- Considering the draft 2015/16 – 2019/20 Strategic Plan and the 2015/16 Annual Performance Plan and subsequently recommending the same for Board approval. The 2015/16 – 2019/20 Strategic Plan, encompassing the 2015/16 Annual Performance Plan and the 2015/16 – 2017/18 Budget, was subsequently approved and submitted to the Executive Authority and National Treasury, and thereafter presented to the Parliamentary Portfolio for Public Works.

The newly built Bainsvlei combined Boarding School in the Free State

Table 13: Strategic Planning and Programmes Committee Meeting Attendance; 1 April 2014 to 31 March 2015

Committee Members	15/05/14	7/08/14	14/11/14	20/02/15
Ms T Mpumlwana (Chairperson)	P	P	P	P
Ms P Nkomo	P	P	P	P
Mr M Mlengana	A	A	A	P
Dr G Zulu-Kabanyane	P	P	P	P
Mr B Matutle	A	A	A	A

The committee revisited and advised on the reporting format with respect to the depth and coverage of information pertaining to all Programmes. The refined reporting format, to be instituted as of the first quarter of the 2015/16 financial year, provides greater scope for interrogation of data and therefore early warning signs for strategic guidance and support, if necessary, of the Committee or the Board.

4.4.2 Finance Committee

The Finance Committee (FinCom) provided the necessary oversight during the reporting period, examining and providing strategic guidance towards the performance of the Financial Services Unit and related financial activities. (Table 14) These included the oversight on the cost containment strategy. The financial review, which provides an update on the actual spending against the approved budgets with explanations for the deviations, was considered on a quarterly basis. The Committee recommended the approval of the Estimates of National Expenditure submission by the Board.

Table 14: Finance Committee Meeting Attendance; 1 April 2014 to 31 March 2015

Committee Members		Joint Meetings with the Finance Committee						
	14/05/14	27/05/14	17/06/14/	29/07/14	6/08/14	15/09/14	13/11/14	11/02/15
Mr Z Zitha (Chairperson)	P	P	P	P	P	P	P	P
Mr M Mlengana	P	A	P	A	P	P	P	P
Ms P Nkomo	A	P	A	P	P	A	P	P
Mr B Matutle	P	A	P	P	A	A	A	A
Ms Z Mdhladhla	P	A	P	A	P	P	P	A

In order to address the capacity constraints experienced by the Financial Services Unit, some of which were the contributors to the qualified audit opinion related to the 2013/14 financial year, the Committee considered the capacity review submission. The Committee recommended to the Board the need for enhancement of human resources in the FSU. The Board approved and mandated the acting CEO to expedite the human capital enhancement in the FSU.

4.4.3 Human Resources and Corporate Services Committee

The Human Resources and Corporate Services Committee met as planned (Table 15) and considered the 2013/14 year-end performance report, and the first mid-year and third quarter report of the corporate services year 2014/15 quarterly reports of the Corporate Services Unit. The Committee, on a quarterly basis recommended and advised the Board on the filling of programme related positions, critical non-programme positions and creation of new roles to ensure that operations as well as compliance and other critical functions are properly resourced to execute their respective mandates. This was to assist the Board and its Executive Committee to oversee the capacitation of the organisation. Capacity had been stretched due to the non-filling of positions due to concerns over the financial viability of the Organisation and uncertainty as a result of the prolonged conclusion of the revised Business Case of the IDT.

The Committee directed executive management to conduct the skills inventory of senior management of the organisation, later cascaded down to all levels in the organisation. This exercise was useful in assisting the Board to understand the skills mix of the Organisation against the profile of its deliverables to identify gaps in the staff establishment. As a result, the organisational structure review was initiated based on the current staff establishment. It is envisaged that the organisational structure review process will be completed in the first half of the 2015/16 financial year, including the related skills inventory profiling.

Table 15: Human Resources and Corporate Services Committee Meeting Attendance; 1 April 2014 to 31 March 2015

Committee Member	15/05/14	07/08/14	25/09/14	14/11/14	12/02/15
Mr T Motswaledi (Chairperson)	P	P	P	P	P
Ms T Mpumlwana	P	A	P	P	P
Mr R Patel	P	P	A	P	P
Dr G Zulu-Kabanyane	P	P	P	P	A
Ms Z Mdhladhla	P	P	P	P	A

The Committee met to consider HR Policies and directed a Board Policy Workshop aimed at guiding the formulation of the framework for the IDT policy on policies. The framework is critical in guiding policy development, management and governance. The recommendations of the workshop will be considered and incrementally implemented as from the first half of the 2015/16 financial year.

4.4.4 Audit and Risk Committee

The Audit and Risk Committee (ARCO), which provides oversight of the combined assurance providers, that is, the external audit, internal audit and management, met as per the approved Corporate Calendar and provided oversight of the compliance imperatives applicable for the 2014/15 financial year in line with the approved charter and its schedule of duties. (Table 16). The Independent Chairperson participated in the regional visits together with Trustees and followed up on matters assigned by the Board for investigation and review.

Table 16: Audit and Risk Committee Meeting Attendance; 1 April 2014 to 31 March 2015

Committee Members		Joint Meetings with the Finance Committee						
	16/05/14	27/05/14	17/06/14	29/07/14	06/08/14	14/08/14	13/11/14	11/02/15
Ms S Boulton (Chairperson)	P	P	P	P	P	P	P	P
Mr Z Zitha	P	P	P	P	P	A	P	P
Ms P Nkomo	P	P	A	P	P	P	P	P
Mr R Patel	P	P	P	P	P	P	P	P
Dr G Zulu-Kabanyane	P	P	P	P	P	P	P	P

The Committee attended to the quarterly reporting on risk management, the litigation report and the quarterly Executive Authority Report which is submitted to the Department of Public Works. The Committee enhanced its oversight by considering the Information Technology (IT) Governance report as well as monitored the implementation of the audit action plan. The Plan was used to track progress in implementing action plans to address audit findings raised by the Auditor-General South Africa in the 2013/14 regulatory audit.

4.4.5 Board Executive Committee

The recruitment of a new CEO was facilitated through an executive search agency by the Board Executive Committee. The selected agency managed the shortlisting of suitable candidates together with the Board EXCO, who subsequently conducted interviews on 24 and 31 October 2014. The Board Exco members constituted the panel and in addition, there was a shareholder (DPW) representative appointed by the Minister – Ms M Fatyela-Lindie as well as an invited panelist, Dr Terence Nombembe who is the current CEO of the South African Institute of Chartered Accountants and former Auditor-General (A-G SA).

The number of Board-EXCO meetings (Table 17) was high, relative to the annual target, due to the seriousness of the issues under consideration.

Table 17: Attendance of Board EXCO meetings

Trustees	03/04/14	09/06/14	24/06/14	16/07/14	25/07/14	30/07/14	21/08/14	1/10/14	24/10/14	31/10/14	19/11/14	8/12/14	20/03/15
Dr S Fikeni	P	P	P	P	P	P	P	P	P	P	P	P	P
Mr T Motswaledi	P	P	P	P	P	P	P	P	P	P	P	P	P
Mr Z Zitha	P	A	P	P	P	P	P	P	P	P	P	P	P
Ms T Mpumlwana	P	P	P	P	P	P	P	A	P	P	P	P	P
Ms S Boulton	-	-	P	-	P	-	P	P	-	-	P	P	P

The Board Exco met to institute action on various matters within its direct purview and those brought to its attention through other sources. Some of these matters were investigated internally and others externally and progress reports were considered accordingly.

4.4.6 Executive Management Committee and Other Management Committees

During the period under review, the Management Executive Committee (EXCO), Management Committee (MANCO) and various governance-related committees met as per the approved corporate calendar. EXCO held formal meetings on a fortnight basis and informal meetings called "Same Page" also on a fortnight basis. MANCO met two (2) times, the Extended EXCO (which comprises Executive and General Management) met two (2) times. In addition, the Policy Management Committee met three (3) times to consider and recommend to the appropriate governance structure policies for approval. The Risk Management Committee, Chaired by the Acting CEO and reporting to the Audit and Risk Committee, met four (4) times to recommend to the Audit and Risk Committee the risk reports as per its approved charter. The Risk Management Committee had the responsibility to regularly review the organisation's Risk Management Strategy and implementation thereof.

4.5 Remuneration of Board Members

The remuneration of the Board of Trustees takes into consideration the Trustees' required competencies and the scope of work of the Board, including the number of meetings. Trustees receive fixed quarterly remuneration (a retainer). The Chairperson and Deputy Chairperson receive slightly higher amounts based on their extended duties on the Board. In addition to the fixed remuneration, Trustees receive a fee for attendance of scheduled and ad-hoc meetings arranged on a need basis.

Expenses in connection with Board and Committee meetings are reimbursed on submission of valid claims and in line with approved IDT policies. The Board remuneration is disclosed in the Annual Report, as stipulated by Treasury, in the Annual Report. Board remuneration details are provided on page 133 of this Annual Report.

4.6 Company Secretary

The Board of Trustees have access to the advice and guidance of the company secretary who guides the directors on how to execute their duties, responsibilities and powers in line with applicable legislative and regulatory framework and in the interests of the organisation and its stakeholders. The company secretary is also responsible for induction of new trustees ensure that they understand their fiduciary duties and other directors' responsibilities. The induction also includes a briefing on the organisation's governance structure, operations, policies and operational matters, in order to enable them to fulfil their duties and responsibilities.

5 Risk Management

The IDT being guided by the PFMA, King III Code on Corporate Governance and the Public Audit Act developed the Enterprise Risk Management Policy and Framework which addresses the structures, processes and standards that are implemented to manage risks in the organisation. The Audit and Risk Committee of the Board of Trustees has the overall responsibility to ensure that the organisation has identified the key risks facing the IDT and that a strategy to manage those risks is implemented. The outcome of the risk assessment informs the rolling three year as well as the annual internal audit plans that are approved and monitored by the Audit and Risk Committee.

The Organisation's Risk Management Strategy is an essential instrument for managing risks. The objectives of the Risk Management Strategy are to:

i) Implement, entrench and continuously enhance effective and efficient risk management process and culture,

ii) Ensure effective communication of the purpose, role and processes of risk management to stakeholders and ensure accessibility of the services of the risk unit,

iii) Ensure that risk management consistently aligns with corporate strategic direction and any environmental factors as applicable, and

iv) Ensure ongoing compliance with risk management standards of performance

The Risk Management Committee, chaired by the Chief Executive Officer and reporting to the Audit and Risk Committee, has the responsibility to review the organisation's Risk Management Strategy. The Compliance and Risk Office is tasked with the responsibility of ensuring that constant monitoring and reporting on progress made in mitigating risks within the organisation is done. During the reporting period, the key risks highlighted below were identified.

A. Lack of a Confirmed Reviewed Mandate

Lack of a confirmed reviewed mandate has led to delays in the conclusion of a review of the business model for the Organisation. While there is a clear understanding that the Executive Authority would like to see the IDT playing a lead role in social infrastructure delivery, the lack of a firm decision on the matter creates difficulties with respect to the business portfolio of the Organisation. Furthermore, the prolonged transformation has created anxiety amongst some of the client departments who are uncertain about the future of the Organisation, giving rise to the following:

i) Impaired organisational performance

ii) Low organisational esteem/ reputation

iii) Negative impact on long term strategic planning

To counter the above consequences, the following measures have been implemented to address the negative repercussions:

a) Provision of technical support to the Department of Public Works in the development of a long term sustainability Business Case, including formulation of protocols to govern allocation of an annual business portfolio to the IDT;

b) Development of a strategy to refocus the organisation and to safeguard immediate to long term financial viability of the Organisation; and

c) Participation of the Board Chair and Deputy Chair in the task team convened by the Executive Authority to address IDT's long term sustainability.

The new CEO was appointed on 01 April 2015 and amongst his priorities as per the Board's brief, is to conclude the prolonged transformation process of the IDT.

B. Loss of Clients and Business Portfolio

Uncertainty over the IDT's future has had far reaching repercussions in terms of the security of business portfolio. Some provincial clients have incrementally withheld or withdrawn their business portfolio. Faced with uncertainty, the staff turnover rate has increased from approximately 7% five years ago to 20 per cent in the 2014/15 financial year. This has had a ripple effect as programme management capacity has been reduced leading to below expected programme and project management service standards compelling some clients to withdraw business. To avert or reduce the damage to the image of the Organisation and to safeguard operational viability, the Organisation is reviewing its service delivery process to address concerns from the client departments and provincial leadership. Interventions in this regard include:

i) Dedicated stakeholder management support to support regions by Executives;

ii) Active participation of the Board in client relations management and in business development; and

iii) Improving SCM processes to maximise local beneficiation and strengthening of local empowerment.

iv) Review of key delivery function processes to improve on cost efficiency and effectiveness.

C. Disclaimed Audit Opinion

The Organisation's stretched capacity due to the growth in programme portfolio over the years without a corresponding review of human resource and systems resulted in an adverse effect on financial governance and internal controls. To address the concerns, the following measures among other will be instituted:

i) Implementation and closely monitoring of the Audit action plan;

ii) Review of the financial services processes and procedures; and.

iii) Addressing human resources capacity constraints in critical functions, e.g. SCM, Finance and Compliance and Risk management.

6 Compliance with Laws and Regulations

As a Public Entity the IDT is committed to sound governance and compliance with the legislative requirements of the country. Table 18 provides a summary of the compliance with respect to submission of various material and presentation to appropriate accountability fora.

The IDT hosted members of the Portfolio Committee on Public Works on 24 November 2014 who were taken on a tour at the IDT's National Office as well as Gauteng Provinces' Project sites, one a school constructed using the alternate construction method and the other being the part of the Extended Public Works Programme (EPWP). During the reporting period, the IDT was invited and participated at the Limpopo High Court visit by the Parliamentary Committee on Justice. IDT representatives briefed the Committee on various technical and other issues relating to the Limpopo High Court construction project.

Table 18: Compliance Record for the 2014/15 FY

Dates	Document	Submitted /Presentation To
30 April 2014	2013/14 IDT Year-end Performance Report to the Executive Authority	Office of the Minister of Public Works
30 May 2014	2013/14 IDT Unaudited Annual Financial Statements	Auditor-General South Africa for regulatory and performance auditing, National Treasury and Department of Public Works for information and compliance
22 August 2014	Inputs – Draft Budget, Strategic Objectives - into the DPW 2015/16 Draft Strategic Plan	Department of Public Works
26 August 2014	2014/15 Strategic Plan	Presentation of the 2014/15 Strategic Plan to Parliament
29 August 2014	2013/14 Annual Report	2013/14 Annual Report submission to the Executive Authority for onward submission to Parliament
30 October 2014	2014/15 IDT Mid-year Performance Report to the Executive Authority	Office of the Minister of Public Works
28 October 2014	2013/14 Annual Report	Presentation of the IDT's 2013/14 Annual Report to the Parliamentary Portfolio Committee on Public Works
24 November 2014	Presentation to the Committee about the IDT and visit to Gauteng Project Sites	Oversight visit by the Portfolio Committee on Public Works
23 December 2014	Draft 2015/16 IDT Strategic Plan	Presentation to Department of Public Works
28 February	2014/15 IDT Quarter 3 Performance Report to the Executive Authority	Office of the Minister of Public Works
28 February 2015	2015/16 Strategic Plan	2015/16 Strategic Plan submission to the Executive Authority for onward submission to Parliament
25 March 2015	2015/16 Strategic Plan	2015/16 Strategic Plan presentation to the Parliamentary Portfolio Committee for Public Works

7 Fraud and Corruption

In April 1999, the National Treasury issued the Treasury Regulations to the Public Finance Management Act ("PFMA"), and these were formally operative from June 2000. Treasury Regulation 29.1.1 (amended April 2001) requires a Public Entity such as the Independent Development Trust ("the IDT") to develop a corporate plan that must include a Fraud Prevention Plan. The IDT is also guided by the Prevention and Combating of Corrupt Activities Act, 12 of 2004, the Prevention of Organised Crime Act, 121 of 1998 (POCA), and the Protected Disclosures Act, 26 of 2000. These pieces of legislation provide the regulatory basis for the fraud prevention plan

The Independent Development Trust (IDT) is committed to the eradication of unethical behaviour, fraud and corruption in the work environment, and ensuring that the public funds it is entrusted with are wholly and properly applied in the pursuit of its mandate. The IDT has zero tolerance to fraud. The fraud policy and fraud prevention is being implemented to ensure that a fraud and corruption free environment is created and sustained. All fraudulent activities are investigated and followed up by the application of all remedies available within the law. Stern action is taken, including the implementation of appropriate prevention and detection controls.

Six (6) cases were reported to the IDT fraud hotline and three (3) cases were reported internally during the reporting period. Of these cases, four cases were relating to alleged corruption, three cases procurement irregularities, one case fraudulent claims and one appointment irregularities. Of these cases, two cases have been finalised and referred to Employee Relations to institute disciplinary process. For two cases final reports were concluded and the outcome is due to be presented by Internal Audit to CEO and Audit and Risk Committee Chairperson. Two cases are still under investigation with three new cases referred for investigations.

8 Minimising Conflict of Interest

Following the review of the Code of Ethics and Business conduct in May 2014, declaration of interest has become a standard agenda item in all meetings of the Board, Board Committees, and Management structures such as EXCO, MANCO, Bid Adjudication committees and all meetings of IDT with an agenda.

Employees and the Board of Trustees are expected to complete declaration of interest forms indicating potential business conflict, financial and private interests and any other activities that should be declared. Employees who fail to declare will be subjected to disciplinary measures.

During the financial year, three cases were reported of employees who did not declare the financial interests held by their associates in companies that have done business with the IDT. These matters have been investigated resulting in all three matters being subjected to disciplinary process. To curtail such misconduct, a new system to be linked to the CIPC and SARS is being developed. The system will enable the identification and linking of family members and associates of IDT employees thereby enabling the Organisation to proactively detect potential conflict of interest where such parties attempt to enter into business with the IDT.

9 Code of Conduct

The Code of Ethics and Business Conduct is reviewed annually to ensure that it adheres to relevant legislations and regulations. The awareness is continually conducted annually to ensure that employees understand and adheres to the required practice according to the code of ethics and also new employees are inducted and the code is the standing item in all induction workshops for new employees. The non-compliance on the code has been reported under section 10 which are mainly due to conflict of interest.

10 Health, Safety and Environmental Issues

The IDT has an operational Safety, Health and Environment Policy that provides the umbrella framework for dealing with the subject matter. Due to the unique nature of each construction project and the related project site, each site has a specific Safety, Health, Environment and Quality (SHEQ) Plan. The Plans align to the Occupational Health and Safety Act (85 of 1993) and related regulations. IDT's clients and its agents on its behalf are responsible for the preparation and implementation of the SHEQ plans, and monitoring and reporting therefrom.

11 Social Responsibility

The IDT is an organisation that works with the vulnerable/poverty-stricken people who are located in the rural and marginalised communities. The IDT's Corporate Social Investment (CSI) practice is built upon the principles of fairness, social responsibility and accountability, transparency, accountability, and "Ubuntu". Furthermore, the organisation is committed to building a caring and nurturing society that looks after those who are less fortunate. These principles are also alluded to in the organisational values and the operating principles which state that the IDT is a people-centred Organisation. These operating principles state that the Organisation:

- improves the lives of people;
- works together as a team
- puts people first; and
- is focused on its stakeholders

Based on these operating principles, the organisation undertakes concrete Corporate Social Responsibility Investment aimed at community building and empowerment. The overall objective of the IDT's CSI practice ensures that the Organisation is viewed as a caring, giving and responsible organisation that nurtures and supports the poor members of the community. Furthermore, IDT's CSI activities seek to achieve the following sub-objectives:

- To contribute to the improvement of the socio-economic environment of South African citizens;
- To improve the living conditions of the members of the communities the organisation serves thus promoting corporate citizenship;
- Demonstrate the organisation's and employees compassion and contributing to social good;
- To enhance the company's reputation and credibility in the communities it serves
- Increase stakeholder goodwill and loyalty;
- Improving the relationship the organisation has with the communities;
- Build brand equity and identity in the communities; and
- Putting into practice the organisational values and operating principles.

During the financial year under review, the Organisation invested approximately 10 per cent of its operational expenditure throughout the country in undertakings focused on uplifting and improving the lives of the vulnerable and poverty-stricken people, namely children from disadvantaged backgrounds (orphaned, abandoned, poor and disabled), women (especially those in rural and marginalised areas), people with disabilities (physically and psychologically), youth and the elderly.

A view of the Old and the newly built Kuyasa Junior Primary School in the Eastern Cape

Part D

Human Resources Management

1 Introduction

The IDT's Human Capital strategy like that of other business operations is informed by the complexity of a largely stagnant world economy and the global competition for scarce skills on the one hand and the increasing social volatility and its accompanying demands for rapid service delivery and social change on the other. As noted In the Workplace Relationship Development Indicator of February 2011, the reality of the aftermath of the Global Financial Crisis is that, "configuring and then having a workforce that is accessible, skilled, motivated and efficiently deployed will increasingly be a key differentiator of business performance and financial success" going into the future.

To continue to perform successfully in this complex environment the organisation has embraced a Human Capital strategy that positions Human Capital as the centrepiece of the organisation's competitor strategy. This Human Capital approach rests on three pillars:

- Talent Optimisation
- Learning Agility
- Innovation Capabilities

2 Human Resources Oversight Statistics

2.1 Personnel Cost by Salary Band

Table 19 provides a summary of the personnel costs according to each grade level. Due to the nature of the work that the IDT does, it has 60 programme managers and administrators (17 percent of its staff complement) who occupy the specialist level (grade 6). The specialists are supported by 105 para-specialists (29.5 percent of its staff) who largely occupy grade 9. In terms of expenditure on salaries, the specialists and para-professionals respectively account for 25.5 percent and 24.6 percent of salary costs. When all specialists and para-professionals (i.e. levels 5 – 9) across the organisation are added together, they total 219 which constitute 62 percent of the total workforce.

This translates to 71 percent of total salary costs excluding bonuses. The salary costs reflected in table 19 include both the 350 active employees as at 13 March 2015, and all those employees who exited the organisation throughout the year. One such case is that of the late former CEO who left the IDT at the end of April 2014. The total salary cost paid to her for 2014/15 was R517,365 comprising of the April 2014 salary, annual leave pay of 25 days, and a bonus payment of R176,706 all totalling to R694,071.

Table 19: Personnel Cost by Levels, 2014/15 FY

Level	Number of Employees	Cost to company excluding bonus	Percentage contribution	Bonus	Percentage contribution	Cost to company including bonus	Percentage contribution
1	1	R 517,365	0.27	R 176,706	1.31	R 694,072	0.34
2	2	R 3,737,741	1.97	R 234,303	1.73	R 3,972,045	1.95
3	1	R 1,796,455	0.95	R 96,344	0.71	R 1,892,800	0.93
4	11	R 15,277,482	8.05	R 799,686	5.91	R 16,077,169	7.91
5	20	R 20,006,133	10.54	R 1,356,574	10.02	R 21,362,708	10.51
6	60	R 48,923,180	25.78	R 3,153,474	23.29	R 52,076,655	25.62
7	14	R 8,625,739	4.55	R 528,598	3.90	R 9,154,337	4.50
8	20	R 10,706,191	5.64	R 799,604	5.91	R 11,505,795	5.66
9	105	R 47,292,668	24.92	R 3,542,281	26.17	R 50,834,950	25.01
10	22	R 6,998,087	3.69	R 503,009	3.72	R 7,501,096	3.69
11	71	R 21,161,373	11.15	R 1,988,907	14.69	R 23,150,280	11.39
12	1	R 238,376	0.13	R 20,689	0.15	R 259,065	0.13
13	17	R 3,108,980	1.64	R 202,504	1.50	R 3,311,485	1.63
18	11	R 1,371,157	0.72	R 135,413	1.00	R 1,506,571	0.74
Total	356	R 189,760,933	100	13,538,099	100	R 203,299,032	100

2.2 Performance Rewards

In the period under review the Board approved the payment of a reduced bonus award to all qualifying employees albeit with a bias towards middle and lower level employees. A total of R13,538,099 was paid out in bonus payments to 291 qualifying employees. As reflected in the Organisation's financial statements, a bonus provision of R34m had been made for bonus payments for all employees in the event of the Organisation meeting all its performance targets and all employees qualifying for a bonus payment. However due to the organisation receiving a qualified financial audit the Board re-assessed this position.

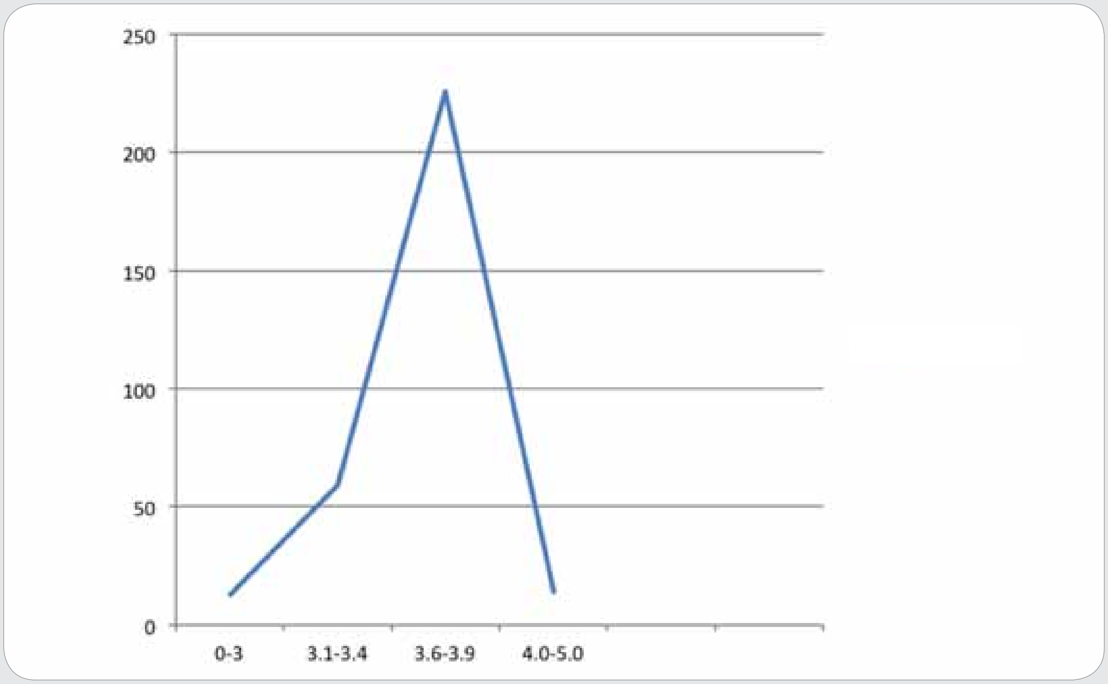
Among the key issues that the Board took into cognisance in its re-assessment was the severe challenges under which the Organisation had been operating. These included but were not limited to the prolonged transformation process and the pending review of the organisation's mandate. As a result of this transformation a moratorium on employment of new staff was agreed to with the Unions at the bargaining forum and this in turn resulted in staff capacity being overstretched in the midst of an environment of prolonged uncertainty due to the transformation. The unqualified finding on the performance audit was also taken into consideration. Subsequent to this re-assessment the Board resolved to approve the payment of the reduced bonus to all qualifying employees. To maintain the sanctity of holding management accountable for the overall performance of the Organisation the bonus payments were heavily biased towards lower level employees in light of the organisation's qualified audit.

In accordance with the IDT performance policy 13 employees (4.1%) who received individual performance scores of 3 and below did not receive a bonus payment. A total number of 14 employees (4.4) received individual scores of 4 and above. The bulk of employees 285 or 91% received performance scores between 3.1 1 and 3.9.

Table 20: Participating Staff Members and Average Performance scores per grade

Rating scale / scores	Salary grade 7- 18 (235)	%	Salary grade 5-6 (62)	%	Salary grade 1-4 (15)	%
0-3	11	4.6%	2	3.2%	-	0%
3.1-3.4	39	16.6%	9	14.5%	11	78%
3.5-3.9	173	73.6%	51	82.2%	2	13.3%
4.0-5	12	5.1%	0	0%	2	13.3%

Figure 6: Average Performance across the Workforce; in 2013/14

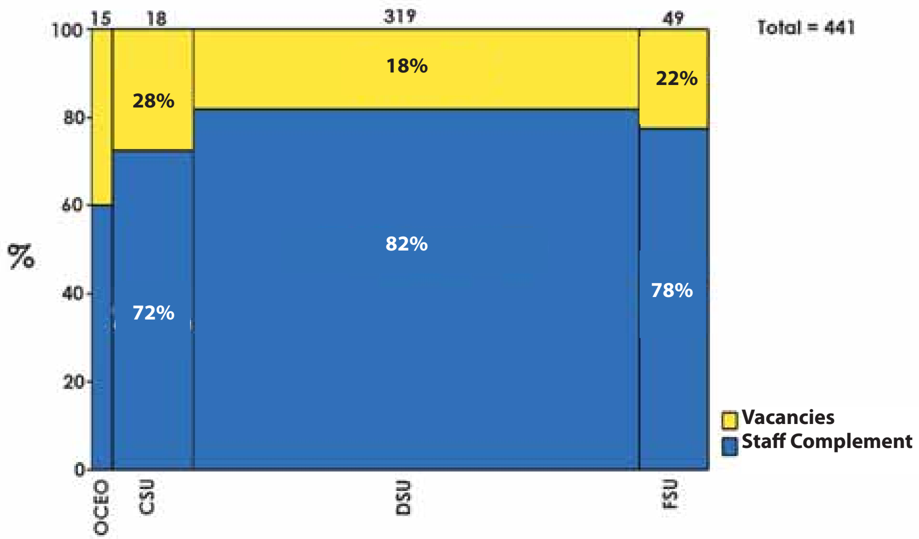


The overall curve of the performance by IDT employees is reflected above. The total number of employees excluding those that could not participate due to resignations or being on short term contracts was 312, thirteen (13) of the 312 could not participate due to receiving individual performance scores below 3.1 as per the organisation's policy which states that only employees who receive an individual score of 3.1 and above shall participate in the bonus award.

2.3 Staff Establishment Status

The IDT's staff establishment for the financial year 2014/15 was 441. The average occupancy rate for the year was 79% which equals an average of 350 active employees throughout the year. As at March 31 2015, there were 350 active employees, four (4) of whom were none establishment employees. The high vacancy rate of 21 percent is largely a result of uncertainties triggered by transformation factors. Figure 7 shows that by the financial year end, the Development Services Unit (DSU) had the lowest vacancy rate at 18 percent when compared to other business units. The Office of the CEO (OCEO) had the highest vacancy rate at 40 percent, followed by the Corporate Services Unit (CSU) at 28 percent, and the Financial Services Unit (FSU) at 22 percent.

Figure 7: Staff Establishment Status



2.4 Employment Changes

On a year to year comparison the Organisation's vacancy head count grew from 67 to 91 as at the end of 2014/15. Figure 8 reflects the staff complement and vacancies across the Units. Movements in terms of occupancy levels are reflected per business Unit in terms of number of personnel entering and exiting the Organisation, in Table 19 and 20 respectively.

Figure 8: Staff Movement during 2014/15 FY

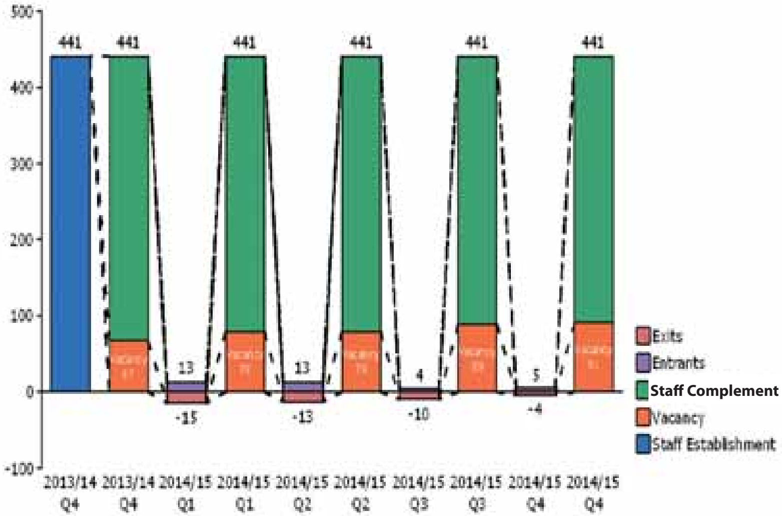


Table 21: New Employees per Grade 2014/15 FY

Grade	Functions	Q1	Q2	Q3	Q4	Total
PG01	CEO	-	-	-	-	-
PG02	Executive	-	-	-	-	-
PG04	General Managers	-	1	-	-	1
PG05	Senior Managers, Portfolio Managers	3	-	1	-	4
PG06	Programme Managers , Legal Advisers, Managers	6	3	1	-	10
PG07	Compliance Officer, and a Costing Engineer	-	-	1	1	2
PG08	Personal Assistants, Researchers	1	1	-	-	2
PG09	Programme Implementation Managers	-	5	-	-	5
PG10	Programme employees (e.g. administrators)	-	2	-	3	5
PG11	Administrators e.g. Programme Implementation Assistants; Admin Assistants	1	-	-	1	2
PG13	Receptionists, Filing clerks, Data Capturers	2	-	1	-	3
PG12	Admin Assistants	-	-	-	-	-
PG18	Office Attendants , Cleaners	-	1	-	-	1
Total		**13**	**13**	**4**	**5**	**35**

Table 22: Terminations per Grade 2014/15 FY

Grade	Functions	Q1	Q2	Q3	Q4	Total
PG01	CEO	1	-	-	-	1
PG02	Executive	-	-	-	-	-
PG04	General Managers	-	-	-	-	-
PG05	Senior Managers, Portfolio Managers	2	1	1	-	4
PG06	Programme Managers , Legal Advisers, Managers	4	2	3	-	9
PG07	Compliance Officer, and a Costing Engineer	1	-	-	1	2
PG08	Personal Assistants, Researchers	1	4	-	-	5
PG09	Programme Implementation Managers	3	2	3	-	8
PG10	Programme employees (e.g. administrators)	-	-	-	2	2
PG11	Administrators e.g. Programme Implementation Assistants; Admin Assistants	3	2	2	1	8
PG13	Receptionists, Filing clerks, Data Capturers	-	2	1	-	3
PG12	Admin Assistants	-	-	-	-	-
PG18	Office Attendants , Cleaners	-	-	-	-	-
Total		**15**	**13**	**10**	**4**	**42**

The greatest movements occurred in the specialist and para-professional levels i.e. levels 6, 8, 9 and 11 where in total 22 people left the Organisation. This category of employees includes Program Managers, Legal Advisers, Personal Assistants, Researchers, Programme Implementation Managers and Program Implementation Administrators.

2.5 Reasons for Staff Leaving

Resignations and terminations due to expired Contract expiry were the largest contributors to staff attrition with each being responsible for 20 exits which totals 47 percent of all exits. The major concern with the level of resignations is the continued loss of experienced programme and project management professionals, mainly in the built-environment disciplines. Table 23 reflects all the staff exits for the period under reporting

Table 23: Terminations by Reason 2014/15 FY

Termination Reason	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Contract Expired	6	6	4	4	20
Death	-	-	-	-	-
Dismissed	-	-	2	-	2
Resignation	9	7	4	-	20
Retirement	-	-	-	-	-
Grand Total	**15**	**13**	**10**	**4**	**42**

2.6 Labour Relations: Misconduct and Disciplinary Action

A total of 12 disciplinary cases (Figure 9) were attended to during this financial year. All but three were finalized. The misconducts necessitating the disciplinary actions related to insubordination, financial misconduct and non-disclosure of allegations of fraud in previous employment. (Figure 10) A total of R1.8m for was spent on legal costs and support and presiding Chairpersons, for the cited cases. Eleven (11) CCMA referrals were handled in 20914/15. Only one employee was dismissed in the financial year under review, and the affected employee took the matter to the CCMA. By the end of the financial year, the matter was still in progress. Settlements, totalling R1.043m were paid to minimise legal costs to the Organisation.

Figure 9: Disciplinary Cases per Regional Office; 2014/15 FY

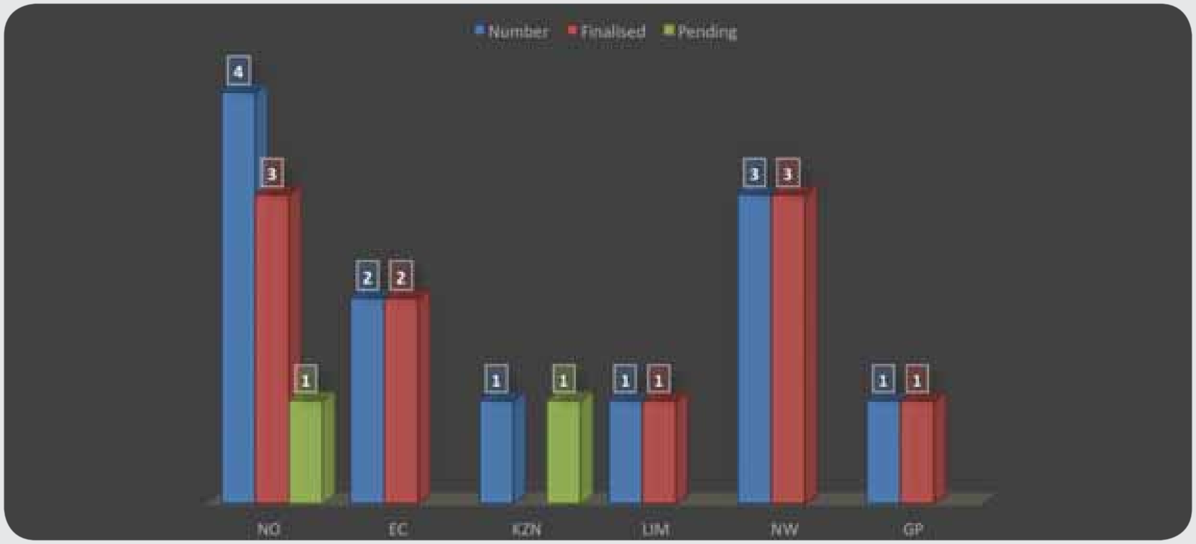


Figure 10: Misconduct Cases; 2014/15 FY

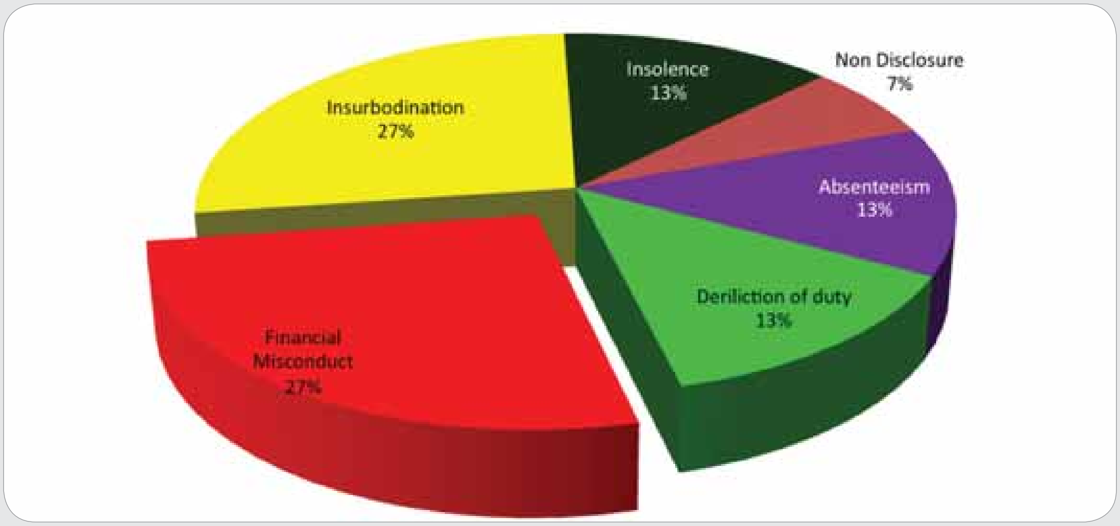
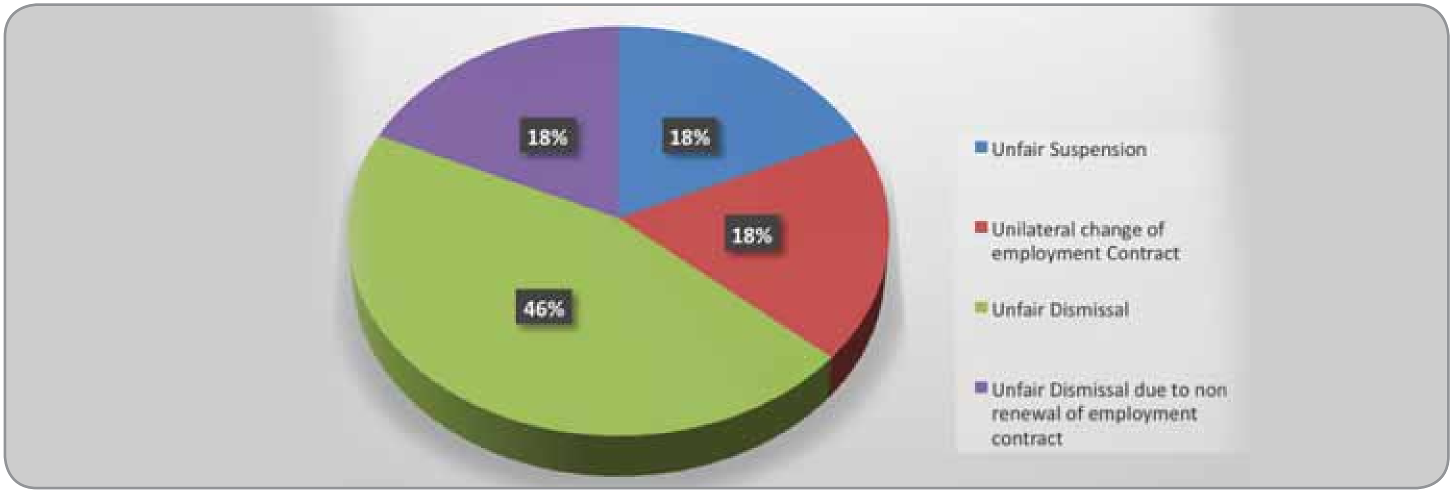


Figure 11: CCMA Referrals during 2014/15 FY



The Organisation continues to invest resources in improving systems and internal controls to curtail potential financial misconduct as well as creating and maintaining a conducive workplace environment to reduce other employee relations problems.

2.7 Equity Target and Employment Equity Status

Over the years, the IDT has consciously paid attention to the recruitment and retention of skilled staff with females constituting the majority at 52% of the total staff complement. Resignations at Senior Management level in the year under review coupled with the existing moratorium on engagement of new staff pending the finalisation of the Business Case of the Organisation has severely diluted the balance of female representation at executive management level. The organisation has however remained seized with taking strategic measures to identify and appoint more women into top management positions as the departure of the former CEO created an Employment Equity (EE) gap. Equity targeted recruitment is still somewhat inhibited by ongoing transformation due to the non-conclusion of the Organisation's Business Case.

Figure 12: Employment Equity Status for 2014/15 FY

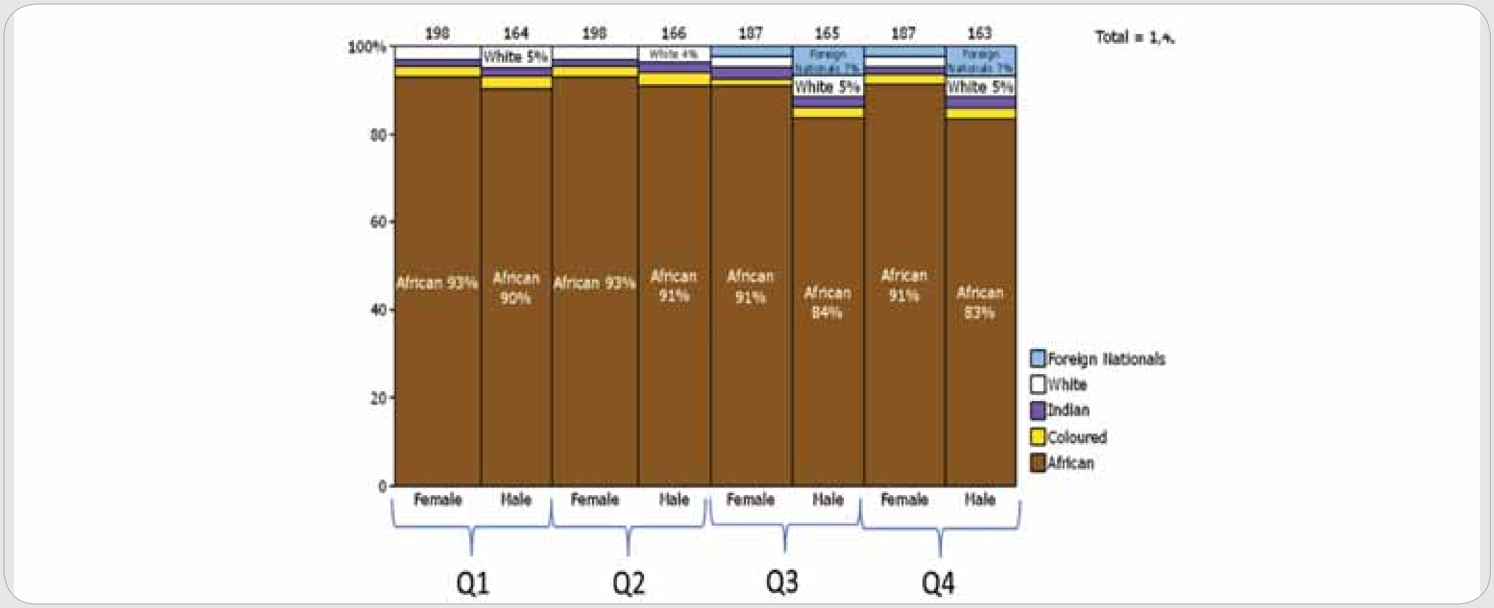


Table 25 presents the Workforce Profile for the Organisation.

Table 25: IDT Workforce Profile (Expressed in Percentage Terms)

Category		Total No of current employees	Percentage @ 441 staff establishment	Total No	Total Percentage @ 441 Staff Establishment	Total Percentage on National Demographics (Stats@2013)
White	Male	8	1.9%	13	**3%**	**8.9%**
	Female	5	1.1%			
Coloured	Male	4	1.1%	8	**2%**	**9.1%**
	Female	4	1.1%			
Indian	Male	4	1%	7	**1.70%**	**3%**
	Female	3	.70%			
Black	Male	136	31.30%	306	**69.96%**	**79%**
	Female	170	39.5%			
Foreigners	Male	11	2.5	15	**3.5%**	
	Female	4	1%			
		350	**79%**	**350**	**79%**	
	Vacancies	**91**	**21%**	**91**	**21%**	

public works
Department:
Public Works
REPUBLIC OF SOUTH AFRICA

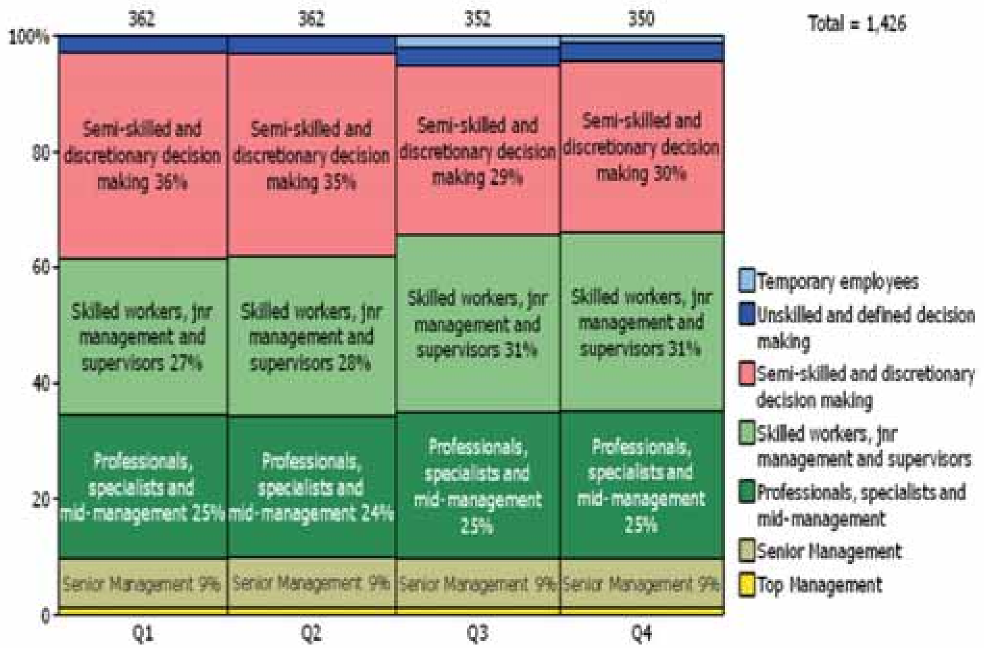
Employment Equity by occupational groups highlights that despite the high level of women employees, mostly, i.e. 80 (23% of total workforce of 350) are in semi-skilled positions. This translates to 77% of the 104 semi-skilled personnel being female employees. Table 23 below illustrates the detail breakdown of race and gender for each occupational levels as prescribed the Department of Labour (DOL) reporting structure. The picture tips in favour of males as the profile moves towards the professionals, managers and Executive levels.

Table 23: Current IDT Employment Equity Stats

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	3	-	-	1	-	-	-	-	-	-	4
Senior management	13	-	1	2	8	-	-	1	4	1	30
Professionally qualified and experienced specialists and mid-management	42	2	3	4	30	2	1	-	4	1	89
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	52	2	-	1	47	-	-	2	3	1	108
Semi-skilled and discretionary decision making	23	-	-	-	74	2	2	2	-	1	104
Unskilled and defined decision making	1	-	-	-	10	-	-	-	-	-	11
Total: Permanent	134	4	4	8	169	4	3	5	11	4	345
Total: Temporary Tenure	2	-	-	-	2	-	-	-	-	-	4
GRAND TOTAL: RACE	136	4	4	8	171	4	3	5	11	4	**350**
GRAND TOTAL: GENDER	**152**				**183**				**15**		

Figure 13 shows a positive move to increase the competency profile and levels within the IDT. Skilled and junior management occupancy increased from 27% to 31% during the 2014/15 financial year. This partly presents one of the reasons for the short term deviation from meeting EE targets due to the urgency and scarcity of skills needed in the built environment.

Figure 13: Staffing Per Occupational Groups during the 2014/15 Financial Year



The Organisation is fully cognisant of the extremely low level of participation of personnel with disability, currently at 1.1 per cent. (Table 24) Increasing the recruitment of people with disability remains a priority focus for the IDT; targeted recruitment will be pursued in general and also with respect to certain positions across the Organisation.

The new Employment Equity Plan (EEP) will provide a mechanism for monitoring and measuring the Organisation's degree of addressing the low levels of participation and to ensure that the minimum thresholds are attained within the MTEF.

Table 24: Disabled Employees within the Workforce

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	-	-	-	-	-	-	-	-	-	1
Senior management	-	-	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	1	-	-	-	-	-	-	-	-	-	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	-	-	-	-	-	-	-	-	-	1
Semi-skilled and discretionary decision making	-	-	-	-	1	-	-	-	-	-	1
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-	-	-
TOTAL PERMANENT	3	-	-	-	1	-	-	-	-	-	4
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	3	-	-	-	1	-	-	-	-	-	4

Construction of the Mpumalanga High Court in Nelspruit

Part E

Financial Information

1. Chief Executive Officer: Financial Review Report

General Financial Overview

During the year under review, the IDT delivered programmes to the value of R 6,371 billion, some 3% lower than the programme spend in the 2013/14 financial year. During the period, the Department of Public Works, the IDT's parent department commenced a detailed Business Case exercise aimed at redefining the mandate of the IDT and focusing on the long term sustainability of the organisation.

The main focus of the IDT is on the delivery of social infrastructure, which includes largely schools for the national and provincial departments of Education, hospitals and clinics for the departments of Health, and court buildings for the departments of Justice. The IDT also provides a service which supplements the physical construction in that it provides a social facilitation service which, inter alia, prepares and mobilises the communities to receive, participate in and own the facilities constructed and thereby ensures that the infrastructure delivered is accepted by the communities in which the IDT operates.

The IDT's programme management model involves the procurement of goods and services, the payment of service providers, management of the dedicated programme bank accounts, monitoring and reporting. The National Treasury issued an Instruction Note enabling the IDT to charge management fees on its programme implementation services rendered to client departments. The Instruction became effective in August 2014 and reinforced the management fees clauses contained in the Agreements entered into between the IDT and the various client departments. The IDT is now focussing in the recovery of the fees in order to produce an income stream which will enable it to be financially sustainable in the future.

The most notable change in the annual financial statements of IDT for the year ended 31 March 2015 is the full disclosure, for the first time, of the programme assets and liabilities on the face of the statement of financial position. This has increased the total asset value by R874 million to R 1 356 billion. This necessitated the restatement of prior year figures in the annual financial statements.

Audit outcome for the current financial year

The A-GSA issued a disclaimed audit opinion for the financial year ended 31 March 2015.. The basis for the disclaimer are:

1. **Programme cash and cash equivalents and programme reserves and liabilities:** 2014/15 is the first year in which the organisation has disclosed the programme bank accounts and liabilities on the face of the statement of financial position. The A-GSA reported that it was unable to obtain sufficient appropriate audit evidence due to the status of the underlying accounting records not being fully reconciled. Accordingly, the A-GSA was unable to determine whether any adjustments were necessary to the balances disclosed in the statement of financial position in the amount of R 874 million.

2. **Revenue and trade and other receivables:** The A-GSA was unable to obtain sufficient appropriate audit evidence regarding revenue and trade and other receivables as the IDT did not recognise revenue due to it from management fees as required due to inadequate controls to identify and accurately record all invoices in the correct financial years for services rendered by suppliers and retentions withheld relating to programme expenditure which forms the basis on which management fees is charged.

The IDT adopts the accrual basis of accounting and the receipt of invoices from service providers' months after the end of the financial year remains a challenge. In future, regular statements will be required from service providers so that invoices can be identified at an early stage and the relevant accruals made.

3. **Trade and other receivables and other losses:** The A-GSA was unable to obtain sufficient appropriate audit evidence regarding the impairment provision for trade and other receivables, as the IDT did not perform an individual assessment of all trade and other receivables in accordance with IAS 39: Financial Instruments: Recognition and Measurement.

The IDT provided an amount of R 37 million for doubtful debts based on a number of client departments. A comprehensive assessment of all balances was not undertaken, largely due to a lack of resources and time constraints.

4. Aggregation of immaterial uncorrected misstatements in the current year: the financial statements were materially misstated due to the cumulative effect of numerous individually immaterial uncorrected projected misstatements amounting to R 7,3 million in the following items: other income, property and equipment and trade and other payables as included in the statement of financial position, the statement of financial performance and the notes to the financial statements.

The major misstatements relate to:

- Other income, where the projected errors amounted to R212,674
- Leave provision and leave paid out, acting allowances and subsistence and travelling where the projected errors amounted to R 2,616,536
- Adjustments to trade and other payables, relating largely to the leave provision, with the errors projected of R 3,261,505
- Property and equipment with a projected error of R 300,996
- Administration expenditure projected to R 100,628
- Reclassification of other expenditure projected to R 378,842.

Management had devoted considerable time and effort to addressing the three areas which gave rise to the audit qualifications in the 2014 financial year and a number of new issues identified by the A-GSA. The qualifications pertaining to other income and to the leave pay accrual were satisfactorily addressed and these items were reflected as part of the individually immaterial misstatements referred to above. The qualification arising in respect of Funds due from programme principals is covered by the reference to Programme cash and cash equivalents and programme reserves and liabilities.

Management is extremely mindful of its responsibilities in terms of the Public Finance Management Act, No. 1 of 1999, as amended, and is putting in place a detailed audit action plan to ensure that all the gaps in controls and systems are identified and addressed. Steps to correct the matters addressed by the A-GSA will include early engagements with the A-GSA in the new financial year, the appointment of required skills and a focussed internal audit plan for the new financial year.

Irregular and Fruitless & Wasteful expenditure

The organisation identifies transactions which are of an irregular and fruitless & wasteful nature through the Bid Adjudication Committee and at payment stage. Submissions are made where ex post facto transactions are identified and assessed. Where required, the Accounting Authority is approached and submissions made for the condonation of such expenditure.

The organisation is in the process of enhancing its Supply Chain Policy and Procedures in order, more closely, to align to National Treasury's framework and guidelines for identifying and reporting irregular expenditure. This will include conducting investigations if misconduct has been identified and taking relevant disciplinary actions against transgressors.

Conflict of interest

The A-GSA raised findings on conflict of interest by persons employed within the IDT who were associates of bidding entities. These instances are being investigated by Internal Audit and appropriate action will be taken where individuals are found guilty of failing to declare any conflict of interest,

The Supply Chain Policy requires all members of Bid Committees to declare any interest and to withdraw from participating in the procurement process if potentially conflicted. Engagements with the A-GSA have taken place on conducting conflict of interest checks using the CAATS system on a regular basis.

Expenditure trends

The organisation continues to implement a policy of cost containment aimed at enhanced efficiencies and improved utilisation of all resources. Only those vacant positions which are vital to programme delivery and the direct support services have been filled. This has resulted in certain operational activities and initiatives being curtailed during the year pending the completion of the Business Case exercise being concluded in the coming financial year.

Employment costs constitute approximately 62.5% (64.0% in the 2013/14 year) of operational expenses, excluding other losses and expenses. This reflects the nature of the business of the IDT being the offering of professional and other skills. Employment costs total R 212.5 million, compared with R 232.9 million in the prior financial year.

Capacity constraints and challenges facing the IDT

The financial constraints that have been referred to, have had an impact of the delivery capacity of the organisation. The vacancy level at the end of the financial year under review is approximately 20% while the values of programme delivery is approximately R 6,4 billion this masks the stretching of all resources, both direct and indirect.

Without an increase in resources in the near future it is clear that further growth in the portfolio will not be possible.

Outlook

The future of the organisation is largely dependent on the conclusion of the Business Case which is being prepared in conjunction with the Department of Public Works.

Events after the reporting date

There are no events that have occurred after the year end which have an impact on the annual financial statements.

Acknowledgements

The Board appointed Dr Stanley Bhebhe to provide the caretaker CEO role after the departure of the previous CEO in March 2014. He provided the needed leadership until the assumption of the new CEO, Mr Coceko Pakade on 1 April 2015. Dr Bhebhe's leadership and contribution during the intervening period is greatly appreciated.

Mr. Coceko BJ Pakade
Chief Executive Officer

A newly built Little Big Early Childhood Development Centre in KZN

2. Report of the Auditor-General to Parliament on the Independent Development Trust

Report on the financial statement

Introduction

1. I was engaged to audit the financial statements of the Independent Development Trust set out on pages 92 to 141 which comprise the statement of financial position as at 31 March 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999)(PFMA), and for such internal control as the accounting authority determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

i. Programme cash and cash equivalents and Programme reserves and liabilities

4. I was unable to obtain sufficient appropriate audit evidence regarding all balances relating to Programme cash and cash equivalents and Programme reserves and liabilities, due to the status of the underlying accounting records not being fully reconciled.

5. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustments relating to Programme cash and cash equivalents stated at R874 million (2013-14: R1 764 million) and Programme reserves and liabilities stated at R874 million (2013-14: R1 764 million, 2012:13 R1 410 million) as presented in note 30 to the financial statements were necessary.

ii. Revenue and trade and other receivables

6. I was unable to obtain sufficient appropriate audit evidence regarding revenue and trade and other receivables as the IDT did not recognise revenue due to them from project management fee as required by the Internal Accounting Standard 18: Revenue, due to inadequate controls to identify and accurately record all invoices in the correct financial years for services rendered by suppliers and retention withheld relating to programme expenditure, which forms the basis on which the management fee revenue is charged.

7. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustments relating to revenue amounting to R379 million (2013-14: R408 million) as presented in note 5 to the financial statements and other receivables amounting to R310 million (2013-14: R189 million) as presented in note 20 was necessary.

iii. ***Trade and other receivables and other losses***

8. I was unable to obtain sufficient appropriate audit evidence regarding the impairment provision for trade and other receivables, as IDT did not perform an individual assessment for all trade and other receivables in accordance with the International Accounting Standard 39: Financial Instruments: Recognition and Measurement

9. I was unable to confirm the impairment provision by alternative means. Consequently, I was unable to determine whether any adjustments to trade and other receivables stated at R335 million (2013-14: R214 million) and other losses stated at R40 million (2013-14: R47 million) in note 20 and 9 to the financial statements, were necessary.

iv. Aggregation of immaterial uncorrected misstatements current year

10. The financial statements were materially misstated due to the cumulative effect of numerous individually immaterial uncorrected projected misstatements amounting to R7,3 million in the following items: expenditure, other income, property plant and equipment and trade and other payables as included in the statement of financial position, the statement of financial performance and the notes to the financial statements.

Disclaimer of opinion

11. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

Emphasis of matters

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

a. Restatement of corresponding figures

13. As disclosed in note 27, to the financial statements, the corresponding figures for 31 March 2014 have been restated as a result of an error discovered during 31 March 2014 and 31 March 2015 in the financial statements of the Independent Development Trust at, and for the year ended, 31 March 2014.

b. Material impairments

14. As disclosed in note 9 to the financial statements, material impairment to the amount of R40,057 million were incurred as a result of an impairment of trade and other receivables.

c. Report on other legal and regulatory requirements

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

16. 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 Independent Development Trust for the year ended 31 March 2015:

- Programme 1 – Integrated service delivery on pages 29 to 32

17. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

18. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

19. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

20. The material findings in respect of the selected programmes 1 are as follows:

Reliability of reported performance information

21. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Overall, 30% of the significantly important targets were not reliable because I was unable to obtain sufficient appropriate audit evidence for 15% significantly important targets. In addition, 15% of the significantly important targets were not valid, accurate and complete when compared to the source information or evidence provided.

Additional matters

22. I draw attention to the following matter:

Achievement of planned targets

23. Refer to the annual performance report on pages 29 to 38 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraph 21 of this report.

Compliance with legislation

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

Annual financial statements, performance and annual reports

25. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1) (a) and (b) of the Public Finance Management Act. Material misstatements of revenue, expenditure, employee cost, trade and other receivables and trade other payables and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer audit opinion.

Procurement and contract management

26. The procurement processes did not comply with the requirements of a fair supply chain management system as per section 51(1)(a)(iii) of the PFMA, in that invitations for competitive bidding were not advertised for a minimum period as prescribed in the SCM policy.

27. Contracts were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.

28. Persons in service of the entity whose close family members, partners or associates had a private or business interest in contracts awarded by the entity failed to disclose such interest, as required by PFMA section 50(3)(a).

29. Persons in service of the entity whose close associates had a private or business interest in contracts awarded by the entity participated in the process relating to that contract in contravention of PFMA section 50(3)(b).

30. Sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements as accurate contract register and tenders selected for testing could not be provided for audit purposes.

Expenditure management

31. The accounting authority did not take effective steps to prevent irregular expenditure and fruitless and wasteful expenditure, as required by section 51(1)(b)(ii) of the Public Finance Management Act.

Consequence management

32. Effective and appropriate disciplinary steps were not taken against officials who incurred irregular expenditure and fruitless and wasteful expenditure, as required by section 51(1)(e)(iii) of the Public Finance Management Act.

Revenue management

33. Effective and appropriate steps were not taken to collect all money due, as required by section 51(1)(b)(i) of the Public Finance Management Act.

Strategic planning and performance management

34. Effective, efficient and transparent systems of risk management and internal controls with respect to performance information and management was not maintained as required by section 51(1)(a)(i) of the PFMA.

Internal control

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

Leadership

36. Leadership's oversight and monitoring responsibility in terms of financial and performance reporting and compliance with laws and regulations were not adequate.

37. Slow response by management in addressing internal control weaknesses.

Financial and performance management

38. Proper record keeping was not always implemented in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial and performance reporting.

39. Implemented controls over daily and monthly processing and reconciling of transactions were not effective in all instances.

40. The review and monitoring of compliance with applicable laws and regulations were ineffective.

Other reports

Investigations

41. Various investigations in progress by internal audit and external service providers. These investigations were initiated based on allegation of possible fraud, corruption and procurement irregularities covering various periods. The outcome of these investigations is uncertain.

Auditor - General

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Pretoria

20 August 2015

Part F

Annexures

MS S BOULTON
Chairperson: Audit and Risk Committee

Annexure 1: Report of the Audit & Risk Committee for the year ended 31 March 2015

We are pleased to present our report for the financial year ended 31 March 2015.

This report is presented in accordance with the requirements of the Public Financial Management Act, No 1 of 1999, as amended, and the recommendations contained in the King III Report on Governance for South Africa and the King Code of Governance Principles.

AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE

The Audit & Risk Committee consists of five (5) independent non-executive members. Four (4) of the members are Trustees of the Board, with the Chairperson being independent of the Board.

The Committee meetings were held as frequently as the Committee considered appropriate, but not less than four times a year as per the approved terms of reference as contained in the Audit & Risk Committee Charter.

The table below details the members of the Committee and the meetings held during the year under review:

Name of Member	Number of Ordinary Meetings attended	Joint Meetings with the Finance Committee Meetings
Ms. S Boulton (Independent Chairperson)	5 of 5	3 of 3
Mr. Z. Zitha	4 of 5	3 of 3
Ms. P. Nkomo	5 of 5	2 of 3
Mr. R. Patel	5 of 5	3 of 3
Dr. GC Zulu-Kabanyane	5 of 5	3 of 3

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit & Risk Committee reports that is has complied with its responsibilities arising from Section 51 (1) (a) of the PFMA and Treasury Regulation 3.1 and 27.1.

The Audit & Risk Committee also reports that it has appropriate Terms of Reference as its charter, reviewed annually and duly approved by the Board. The Committee has regulated its affairs in compliance with the charter and has discharged all its responsibilities as contained therein. The Committee monitored its activities on a quarterly basis using the approved schedule of duties that is aligned to the approved charter.

THE EFFECTIVENESS OF INTERNAL CONTROL

The Independent Development Trust has a system of internal control to provide cost effective assurance that its goals will be economically, effectively and efficiently achieved. Consequentially, the system of controls is also designed to provide reasonable assurance that assets are safeguarded and that liabilities and working capital are effectively managed.

From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management letter of the Auditor-General, the committee noted with concern that significant and material noncompliance with prescribed policies and procedures have been reported. We therefore report that the system of internal control for the period under review was not entirely effective.

The committee highlights and draws attention to the following areas of concern:

- Some of the previous year's (2013/14) audit qualification matters as raised by the A-GSA, management has failed to remediate as detailed in their action plan,
- The A-GSA has issued a disclaimer on IDT's financial audit report for the 2014/15 financial year. The basis of the disclaimer are:
    - o Lack of sufficient appropriate audit evidence regarding all balances relating to Programme cash and cash equivalents and Programme reserves and liabilities, subsequently the inability for the A-GSA to confirm amounts and to determine whether any adjustments relating to Programme cash and cash equivalents stated at R874million and Programme reserves and liabilities stated at R874 million as presented in note 30 of the AFS were necessary,
    - o Lack of sufficient appropriate audit evidence regarding revenue and Trade and other receivables as the IDT did not recognize revenue due to them from Project management fee as required by the Internal Accounting standard 18: *Revenue,* subsequently the inability by the A-GSA to confirm amounts and to determine whether any adjustments relating to revenue amounting to R379 million as presented in note 5 of the AFS and other receivables amounting to R310 million as presented in note 20 were necessary,
    - o Lack of sufficient appropriate audit evidence regarding the impairment of the Provision for Trade and other receivables, as the IDT did not perform an individual assessment for all Trade and other receivables in accordance to the International Accounting Standards 39: *Financial Instruments –Recognition and Measurement.*, subsequently the inability by the A-GSA to confirm the impairment provision and to determine whether any adjustment to Trade and other receivables stated at R335 million and other losses stated at R40 million in note 20 and 9 to the AFS were necessary,
    - o The financial statements were materially misstated due to cumulative effect of numerous individually immaterial uncorrected projected misstatements amounting to R7,3 million in expenditure, other income, property plant and equipment and trade and other payables as reflected in the AFS

THE EFFECTIVENESS OF INTERNAL AUDIT

The Committee has approved the Internal Audit Charter as well as the annual operational plan for the financial year ended 31 March 2015.

The Internal Audit Activity (IAA) resides within the IDT's National Office and uses a co-sourced model as it carries out its responsibility for reviewing and providing independent assurance on the adequacy of the internal control environment across the IDT's operations. The Committee has received and reviewed a wide variety of audit reports (conducted using a risk-based approach) from Internal Audit and is of the opinion that it is effective and is fulfilling its mandate.

Despite noting the limited capacity (staff) in-house, the team in partnership with its co-sourced partners was able to address the needs of the entity and ensured the Activity fully services the Entity. A Corporate Governance review which includes compliance with the requirements of the King III on Corporate Governance was not reviewed by Internal Audit as per the year plan. This was rescheduled for the next year as the Board has undergone an external evaluation and the report was still to be finalised. The IAA was subjected to and independent full quality assurance review process conducted by The Institute of Internal

Auditors of South Africa (IIA).

The Committee has noted with appreciation the recommendations of the quality assurance review and is confident that the recommended remedial action will be achieved as per the set target dates.

RISK MANAGEMENT EFFECTIVENESS

The Risk Management Committee (RMC) ensures that risks are managed within the IDT; this is facilitated through the Compliance & Risk sub-unit whose responsibility is to ensure the Enterprise Risk Management is developed, implemented and monitored.

The Audit & Risk Committee plays an oversight role delegated by the Board through the sub-unit reporting quarterly to the Committee and through the membership and attendance of a member of the Committee at the RMC.

The Committee however notes that risk management is progressing towards maturity and as such continuous improvement is required to ensure that the entity's system of risk management is fully effective, efficient and transparent and the objectives of the entity are met.

On a regular basis the RMC shares its reports with the Audit & Risk Committee. A risk register is kept and updated continuously to ensure that all the major risks facing IDT are recorded and noted.

THE QUALITY OF IN YEAR MANAGEMENT QUARTERLY PERFORAMANCE REPORTS SUBMITTED TO THE EXECUTIVE AUTHORITY

The Committee has reviewed and noted the quarterly reports that have been submitted to the Executive Authority addressing achievements of targets and where targets have not been achieved a review of measures to address the gaps and who the responsible officials would be and is satisfied with the quality thereof.

INTERGRITY OF THE ANNUAL REPORT

The Audit and Risk Committee notes with concern the disclaimer by the A-GSA and the dissatisfaction expressed with regards to the usefulness, relevance and reliability of the IDT's annual performance information. The Audit and Risk Committee commits to delegate Internal Audit and the Compliance & Risk Units to incorporate a monitoring plan to asses and evaluate the effort applied by management in remediating the matters that resulted to the entities disclaimer.

AUDITOR'S REPORT

The Audit and Risk Committee is yet to review, in light of the disclaimer issued by the A-GSA, the management action plan and the nature of the remediation activities to be embarked on to ensure the plan in place would be achievable.

Also it has become imperative that the Committee gains a clear understanding of the nature of the issues raised and their root causes in their entirety, not only those relating to the disclaimer but the entire A-GSA management report issues as raised. It has become evident that emerging issues have a high probability and likelihood to escalate to matters of materiality if not monitored closely. The Committee is geared to a rigorous scrutiny to ensure management commits, remediates successfully and the controls environment is turned around.

EVALUATION OF FINANCIAL STATEMENTS

The committee has:

- Reviewed and discussed the annual financial statements to be included in the annual report, with the A-GSA, the Accounting Officer and Management;
- Reviewed the Auditor-General's interim and final management reports and audit reports, as well as, management's response thereto;
- Reviewed possible changes in accounting policies and practices;
- Reviewed IDT's compliance with legal and regulatory provisions;
- Reviewed the information on predetermined objectives to

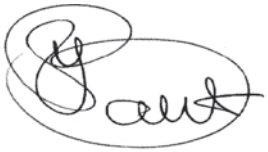
be included in the annual reports; and

- Reviewed the significant adjustments resulting from the audit.

Based on the information provided to the Audit & Risk Committee, the Committee concurs and accepts the Auditor-General's disclaimer of opinion on the Audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

CONCLUSION

The Committee extends its appreciation to the Board of the IDT, Chief Executive Officer, Executive Committee and staff for their efforts and support.



MS S BOULTON

CHAIRPERSON: AUDIT AND RISK COMMITTEE

INDEPENDENT DEVELOPMENT TRUST

PRETORIA

Participants of the EPWP Non-State Sector Programme

Independent Development Trust

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2015

	Note(s)	2,015 R'000	2014 R'000 Restated
Revenue	5	429,325	507,996
Investment revenue	6	7,974	7,917
Interest revenue	7	910	1,201
Other income	8	2,562	5,395
Other losses	9	(40,057)	(47,455)
Employment expense	10	(212,494)	(222,582)
Depreciation and amortisation expense	10	(3,783)	(5,373)
Administration expense	10	(112,762)	(124,904)
Finance expense	11	(10,589)	(1,647)
Fair value gains on investments	12	760	(854)
Other expenses	13	(253)	(70)
SURPLUS FOR THE YEAR		**61,593**	**119,625**
TOTAL COMPREHENSIVE SURPLUS FOR THE YEAR		**61,593**	**119,625**

Independent Development Trust

STATEMENT OF FINANCIAL POSITION

as at 31 March 2015

	Note(s)	31 March 2015 R'000	31 March 2014 R'000 Restated	1 April 2013 R'000 Restated
ASSETS				
Non-current assets		**42,522**	**56,220**	**72,364**
Property and equipment	17	33,493	36,037	36,984
Intangible assets	18	51	143	78
Investments with financial institutions	19	8,978	20,040	35,302
Current assets		**1,314,041**	**2,145,692**	**1,645,165**
Investments with financial institutions	19	57,797	151,981	134,426
Trade and other receivables	20	335,052	213,618	83,155
Funds due from programme principals	21	-	-	13,881
Programme cash and cash equivalents	30	873,707	1,764,863	1,410,231
Cash and cash equivalents	22	47,485	15,230	3,472
TOTAL ASSETS		**1,356,563**	**2,201,912**	**1,717,529**
EQUITY AND LIABILITIES				
MAIN FUND	23	**412,476**	**350,882**	**230,347**
INITIAL FUNDING		2,025,000	2,025,000	2,025,000
ACCUMULATED DEFICIT		(1,612,524)	(1,674,118)	(1,794,653)
LIABILITIES				
Non-current liabilities				
Finance leases	24	1,291	1,660	503
Current liabilities		**942,796**	**1,849,370**	**1,486,679**
Short term portion on finance leases	24	567	798	577
Programme reserves and liabilities	30	873,707	1,764,863	1,410,231
Trade and other payables	25	68,521	83,709	75,871
TOTAL LIABILITIES		**944,087**	**1,851,030**	**1,487,182**
TOTAL EQUITY AND LIABILITIES		**1,356,563**	**2,201,912**	**1,717,529**

Independent Development Trust

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2015

	Note(s)	INITIAL FUNDING R'000	ACCUMULATED DEFICIT R'000	MAIN FUND (Total) R'000
Balance at 1 April 2013		**2,025,000**	**(1,800,934)**	**224,066**
Prior year adjustments (material)			6,281	6,281
Restated balance as at 1 April 2013		**2,025,000**	**(1,794,653)**	**230,347**
Prior year adjustments (not material)	27		911	911
Total comprehensive surplus for the year		-	119,625	119,625
Balance at 31 March 2014	23	**2,025,000**	**(1,674,117)**	**350,883**
Prior year adjustments (not material)	27		-	-
Total comprehensive surplus for the year		-	61,593	61,593
Total Main Fund as at 31 March 2015	23	**2,025,000**	**(1,612,524)**	**412,476**

Independent Development Trust

STATEMENT OF CASH FLOWS

for the year ended 31 March 2015

	Note(s)	2015 R'000	2014 R'000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		307,536	377,784
Cash paid to suppliers and employees		(377,771)	(362,304)
Cash utilised in operations	28	(70,235)	15,480
Investment revenue	6	7,974	7,917
Interest revenue	7	910	1,201
Finance expense	11	(10,589)	(1,647)
Net cash outflows from operating activities		(71,940)	22,951
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment	17	(1,215)	(4,198)
Intangible assets	18	(9)	(197)
Proceeds on disposal of:		-	-
Property and equipment	17	12	-
Investments:			
(Increase)/Decrease in investments with approved institutions		106,006	(8,175)
Net cash inflows from investing activities		104,794	(12,570)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in :			
Finance lease obligations		(600)	1,378
Net cash inflows from financing activities		(600)	1378
Net increase/ (decrease) in cash and cash equivalents		**32,254**	**11,759**
Cash and cash equivalents at the beginning of the year		15,230	3,472
Cash and cash equivalents at end of the year	22	**47,485**	**15,231**

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Independent Development Trust is a Trust domiciled in South Africa. The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice as prescribed by the Accounting Standards Board. The financial statements have been drafted under the historical cost convention, except where specifically indicated otherwise in the accounting policies below, where certain items, such as certain financial assets and financial liabilities are measured at fair value through profit and loss.

The preparation of the financial statements in conformity with South African Statements of Generally Accepted Accounting Practice as prescribed by the Accounting Standards Board requires the use of estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on managements best knowledge of current events and actions, actual results may ultimately differ from those estimates and judgements made.

The financial statements have been prepared on a going concern basis which assumes that the organisation will be able to meet its obligations as they become due. As at 31 March 2015, current assets exceeded current liabilities by R 366 708 thousand. Management acknowledges that uncertainty remains over the ability of the organisation to receive sufficient funding from the shareholder department (Public Works) in the ensuing years to enable it to meet future operational needs. On the basis of new agreements concluded with various client departments, management has reasonable expectation that it will recover sufficient management fees to cover for the projected operational costs.

During March 2012 it was announced that the South African Statements of Generally Accepted Accounting Practice will be withdrawn and will cease to apply in respect of financial years commencing on or after 01 December 2013. National Treasury and the Public Sector Accounting Standards Board are in the process of considering proposed changes to the Treasury Regulations to take account of the withdrawal of SA GAAP. Following the result of the above process the IDT will start the process of conversion to the relevant accounting practice. The IDT has consequently for this year prepared its financial statements in accordance with South African Statements of Generally Accepted Accounting Practice as prescribed by the Accounting Standards Board.

UNDERLYING CONCEPTS

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

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

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

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

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

1.2 MEASUREMENT CURRENCY

The financial statements are presented in South African Rand, which is the presentation currency of the IDT.

TRANSACTIONS AND BALANCES

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

1.3 PROPERTY AND EQUIPMENT

All property and equipment are initially recognised at historical cost and subsequently stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the assets carrying amount, or recognised as a separate asset, only when it is probable that the future economic benefits associated with the item will flow to the IDT and the cost of the item can be measured reliably.

When plant and equipment comprise significant components in relation to the specific asset with different useful lives, these components are depreciated separately over their estimated useful lives.

Owner-occupied property represents property held for administrative purposes. The owner-occupied property is carried at cost less accumulated depreciation and any impairment losses where the residual value of the asset is estimated to be lower than its carrying amount. Currently the residual value of the owner occupied property has increased to a value greater than it's carrying amount.

Depreciation of an asset begins when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of, the date the asset is classified as held for sale or impaired and the date that the asset is derecognised. Depreciation is calculated on the straight line method to write off the cost of each asset to its residual values over its estimated useful life. The method of depreciation and useful lives are reviewed annually. The depreciation rates applicable to each category of property and equipment are shown in note 17 of the annual financial statements. Land is not depreciated.

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate, any changes are applied prospectively.

Property and equipment are tested for impairment whenever there is an indication that the asset may be impaired in accordance with the requirements of IAS 36 - Impairment of Assets.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the Statement of Comprehensive Income.

Assets, which are subject to financial lease agreements, are capitalised at the lowest of the net present value of future lease payments or fair value and the corresponding liabilities are recognised. Finance lease charges are included in interest expenditure on the effective interest basis.

1.4 INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are initially recognised at historical cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when an asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation ceases at the earlier of the date that the asset is impaired and the asset is derecognised. Assets are amortised over their useful lives to their residual values using the straight line basis. The useful lives of the assets are reviewed at each reporting date. Intangible assets are tested for impairment if there is an indication that they may be impaired. Amortisation for the year is included in the Statement of Comprehensive Income. IDT does not have any assets with an indefinite useful life.

Research costs, being the original and planned investigation undertaken with the prospect of gaining new technical knowledge and understanding, are recognised in the Statement of Comprehensive Income as an expense as they are incurred.

Development costs, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, processes, systems or services before starting production or use, are capitalised if it meets the recognition criteria. An internally generated intangible asset arising from development is recognised if, and only if, all of the following have been demonstrated:

The technical feasibility of completing the intangible asset so that it will be available for use or sale;

The intention to complete the intangible assets and use or sell it;

The ability to use or sell the intangible asset;

How the intangible asset will generate probable future economic benefits;

The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

The ability to measure reliably the expenditure attributable to the intangible assets during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. If not, development expenditure is charged to the Statement of Comprehensive Income in the period in which it was incurred.

1.5 IMPAIRMENT OF ASSETS

An impairment loss is the amount by which the carrying amount of an asset (i.e. the amount recognised on the Statement of Financial Position after deducting any accumulated depreciation and accumulated impairment losses), exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset.

At each reporting date the carrying amount of property, equipment and intangible assets are assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. In assessing value in use the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessment of the time value of money and risks specific to the asset for which the cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to the higher of its recoverable amount and zero. Impairment losses are recognised in the Statement of Comprehensive Income. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate the remaining carrying amount over its remaining useful life.

If an impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

All references to assets applies equally to cash generating units.

1.6 LEASES

OPERATING LEASES

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

FINANCE LEASES

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

1.7 FINANCIAL INSTRUMENTS

Financial instruments carried on the Statement of Financial Position include cash and cash equivalents, investments with financial institutions, trade and other receivables, trade and other payables and borrowings.

Financial assets are recognised, using trade date accounting, when the IDT has rights or other access to economic benefits. Such assets consist of cash or a contractual right to receive other financial assets. Financial assets are classified into the following specified categories: financial assets at fair value through profit and loss (FVTPL), and loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months from the reporting date, which are classified as non-current assets. Loans and receivables are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised in the Statement of Comprehensive Income by applying the effective interest rate on the balance. Short-term receivables with no stated interest rate are not discounted where the effect would be immaterial. Loans and receivables comprise trade and other financial receivables, cash and cash equivalents.

The effective interest method is a method of calculating the amortised cost of financial assets and allocating interest income over the life of the financial asset. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets.

Financial assets at FVTPL are initially and subsequently stated at fair value, with any gains or losses arising on remeasurement recognised in the Statement of Comprehensive Income. Financial assets other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cashflows of the investment will not be fully recovered.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment of receivables could include past experience of recovering amounts due, an increase in the number of delayed payments past the average collection period, as well as observable changes in national or local economic conditions that correlate with default receivables.

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

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

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

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

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

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

TRADE AND OTHER RECEIVABLES

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

TRADE AND OTHER PAYABLES

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

FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The IDT's activities expose it to a variety of financial risks, which include market risk (currency risk, fair value risk, interest rate risk), credit risk and liquidity risk. The management of these risks is disclosed under note 4 to the financial statements.

1.8 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the IDT has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expected future outflows of economic benefits required to settle the obligation.

1.9 INVESTMENT REVENUE

Investment revenue comprises of returns earned on amounts invested with financial institutions. Interest is recognised as revenue on the effective interest method.

1.10 REVENUE

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

a) Management Fees

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

b) Grant received

Government grants are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that they will be received and that the organisation will comply with the conditions attached to them. Grants that compensate the organisation for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the organisation for the cost of an asset are recognised in as revenue on a systematic basis over the useful life of the asset.

1.11 INTEREST REVENUE

Interest revenue is recognised when it is probable that the economic benefits will flow to the IDT and the amount of revenue can be measured reliably. Interest revenue is the unwinding of the discounting of loans and receivables

1.12 MAIN FUND

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

1.13 FINANCE EXPENSE

Finance expense includes interest and other expenditure incurred in connection with the borrowing of funds. Finance expenses directly attributable to the acquisition or production of qualifying assets are added to the cost of those assets. Finance expense not incurred on qualifying assets are expensed in the period in which they are incurred. Finance expenses comprise of interest on obligations under finance leases, and interest incurred on financial liabilities. Finance expense are recognised on a time-proportion basis using the effective interest method.

1.14 POST REPORTING DATE EVENTS

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

1.15 RELATED PARTY DISCLOSURES

Parties are considered to be related to the IDT if either one party directly or indirectly has the ability to control or jointly control or exercise significant influence over the other party in making financial and operational decisions or is a member of the key management of the IDT. For details of related parties refer to note 26.

1.16 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. It is recognised as an asset until such time as the expenditure is recovered, based on the probability of it being recovered, or written off as irrecoverable in the Statement of Comprehensive Income.

1.17 IRREGULAR EXPENDITURE

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with, a requirement of any applicable legislation. It is disclosed in the notes to the annual financial statements.

1.18 NON-CURRENT ASSETS HELD FOR SALE

Non current assets are classified as non-current assets held for sale if the carrying amount will be recovered principally through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the non current assets are available for immediate sale in their present condition and management is committed to the sale which should be expected to qualify for recognition as a sale within one year from the date of classification.

Immediately prior to being classified as non-current assets held for sale, the carrying amount of the item is measured in accordance with the applicable standard. After classification as held for sale it is measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognised in the Statement of Comprehensive Income for any initial and subsequent write-down of the asset to fair value less costs to sell. A gain for any subsequent increase in fair value less costs to sell is recognised in the Statement of Comprehensive Income to the extent that it is not in excess of the cumulative impairment loss previously recognised.

1.19 EMPLOYEE BENEFIT EXPENSE

Employee benefit costs include all forms of consideration given in exchange for services rendered by employees. The cost of providing employee benefits is recognised in the Statement of Comprehensive Income in the period in which the related services are rendered by employees. The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments. Contributions to defined contribution plans are expensed as they accrue. IDT has no defined benefit plan for employees.

Expenses for wages and salaries and annual leave expected to be settled within twelve months of the reporting date, are recognised as liabilities as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Termination benefits are payable whenever an employee's employment is terminated before normal retirement date or when ever an employee accepts voluntary redundancy in exchange for these benefits. The IDT recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

1.20 CONTINGENT LIABILITIES

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

1.21 CASH AND CASH EQUIVALENTS

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

1.22 CONSTRUCTON CONTRACT

IAS 11: Construction Contracts defines a construction contract as a contract specifically negotiated for the construction of assets and does prescribe the accounting treatment thereof. The IDT as an agent acting on behalf of the principal, has a role to facilitate the delivery of infrastructure programme by offering programme management services and development advisory services and it is therefore concluded that IAS 11: Construction Contracts is not applicable to the IDT.

1.23 FUNDS DUE TO/FROM PROGRAMME PRINCIPALS

When, in the processing of transactions relating to the delivery of programmes, the IDT expends its own funds prior to the reimbursement from the dedicated programme funds, such timing difference will result in a claim against the programme principals by the IDT. When programme funds are expended before due date, this will result in funds being due to the programme principals.

1.24 COMPARATIVE FIGURES

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

	Notes	2015 R'000	2014 R'000

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the IDT's accounting policies, which are described in note 1 above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates will, by definition, rarely equal the actual results achieved. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities are discussed below. Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Critical assumptions and judgements in applying accounting policies

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

2.1 Useful life and residual value of property, equipment and intangible assets

The IDT depreciates or amortises its assets over their estimated useful lives, as more fully described in the accounting policies for property and equipment and intangible assets. The estimation of the useful lives of assets is based on historic performances as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The actual useful lives of these assets can vary depending on a variety of factors, including technological innovation and repairs and maintenance. When determining the residual value for property and equipment the following factors are taken into account

1) External residual value undertaken by an independant sworn appraiser for the building;
2) An Internal review of the condition of equipment being used.

During the review, management determined that the useful lives of certain equipment should be lengthened, due to the condition and the continous use of certain of the assets. The financial effect of this assessment, assuming the assets are held until the end of their revised estimated useful lives, is to reduce the depreciation expense in the current financial year. The annual depreciation charge will be adjusted for any changes in these estimates (refer to note 17). These estimates are based on management's experience, knowledge and current expectations.

2.2 Average discount rate used on financial assets and liabilities

In accordance with IAS 39- Financial Instruments:recognition and measurement, financial assets and liabilities are discounted to present value using the average yield on the investment portfolio of the IDT. The IDT bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The IDT has consistently used the average yield on the investment portfolio for the last five financial years in discounting financial assets and liabilities.

2.3 Impairment of assets

Property and equipment and intangible assets are assessed for impairment at least annually, as more fully described in the accounting policy in respect of impairment and notes 9 and 17. The market conditions and the expected lives of each of these assets are discussed in more detail in the notes to the annual financial statements.

2.4 Write off of funds recoverables

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

1) History of the specific client department with the IDT;

2) Indications of financial difficulties or funds committed to other commitments by the client department;

3) General economic conditions and the ability of the client department to obtain Goverment funding based on their MTEF submissions to National Treasury.

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2.5 Fair value determination

The carrying values of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair value when the impact of discounting is not material.

	Notes	2015 R'000	2014 R'000

3 CATEGORIES OF FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expense) for each class of financial asset and financial liability are disclosed in the accounting policies above.

	Classification	2015	Restated 2014
Financial Assets			
Investments with financial Institutions - Non Current	Fair value through profit and loss	8,978	20,040
Investments with financial Institutions - Current	Fair value through profit and loss	57,797	151,981
Trade and other receivables	Loans and receivable at amortised cost	312,846	195,098
Funds due from programmeme principals	Loans and receivable at amortised cost	-	-
Cash and cash equivalents	Financial assets at fair value through profit and loss.	47,485	15,230
Financial Liabilities			
Long term portion of finance leases	Financial liabilities at amortised cost	1,291	1,660
Short term portion finance leases	Financial liabilities at amortised cost	567	780
Trade and other payables (including accrued expenditure)	Financial liabilities at amortised cost	68,521	83,709

The carrying amounts reflected above represents the IDT 's maximum exposure to credit risk for loans and receivables

4 MANAGEMENT OF RISK

4.1 General

The IDT has exposure to the following risks: market, interest rate, credit and investment risk. The Board of Trustees is responsible for strategic risk-management within the IDT and tasks the Audit and Risk Committee with ensuring effective risk-management. The purpose of the IDT risk-management strategy is to identify the risks and ensure that the overall risk profile remains at acceptable levels. The risk-management strategy provides reasonable, but not absolute, assurance that risks are being adequately managed.

The IDT risk policy sets out the minimum standards of risk-management to be adopted and adhered to by all units within the IDT. The risk policy are established to identify and analyse the risks faced by the IDT, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and IDT activities. The risk-management strategy, which has been reviewed and updated in the current year, contains processes for identifying both the impact and likelihood of such risk occurring. Risks that have been identified as having a potentially severe impact on the IDT are regarded as unacceptable and, where possible, will be avoided.

Responsibility for ensuring adherence to the IDT risk-management strategy is headed by the Acting GM Compliance, who has access to the Audit and Risk Committee and members of the Executive Committee.

4.2 Managements responsibilities

Management is responsible for the identification, assessment and control of all key risks facing the IDT, functions and processes under their control. In addition, management is required to manage all risks under their control that contribute to the IDT's risk profile. A documented formal policy framework has been put in place in order to achieve the following:

- Place accountability on Management for designing, implementing and monitoring the process of risk management
- Place responsibility on Management for integrating the risk management process into the day to day activities and operations of the IDT
- Ensure that the risk strategy is communicated to all stakeholders.

To assist the IDT's Risk Committee in discharging its responsibilities, it has;

- assigned risk management responsibilities to certain members of the Risk Committee: and
- appointed a Risk Champion to develop, communicate, co ordinate and monitor risk.

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

	Notes	2015 R'000	2014 R'000

4.3 Financial risk profile

Risk management relating to each of these risks is discussed under the headings below. The financial risk the IDT primarily faces are market risk (interest rate risk), investment risk and credit risk.

4.3.1 Market risk management

The IDT's activities expose it primarily to the financial risks of changes in interest rates. There has been no change to the IDT exposure to market risk or the manner in which it manages and measures the risk.

4.3.2 Interest rate risk management

Interest rate risk arises primarily from IDT's investment strategy to ensure capital preservation in line with IDT's investment policy. As a result of this exposure to interest rate risk, Fund Managers manage the investments according to their investment mandate (refer to sensitivity analysis below). Performances of each Fund Manager is reviewed on a monthly basis by an outside independent expert. The nature of IDT's exposure to interest rate risk and its objectives, policies and procedures for managing interest rate risk have not changed significantly from the prior period.

Fund Managers returns for the year	**2015 %**	**2014 %**
Momentum Asset Management (formerly RMB)	7.47	7.99
Returns for the year	**7.47**	**7.99**
Fund benchmark	**7.13**	**6.25**

Sensitivity analysis

In managing interest rate risk, the Investment Committee of the IDT reviews the investment strategy on a regular basis to ensure that the highest returns are achieved within the mandate which is risk adverse. The funds will only be invested with reputable financial institutions. It is estimated that by increasing the returns by 100 basis points on the amounts invested will result in a further R 1 169 thousand being earned in investment income in the Statement of Comprehensive Income. As capital is applied in pursuit of the mandate of the organisation, the amount available will gradually diminish which will reduce the sensitivity to interest rates as the main fund diminishes over time.

	Notes	2015 R'000	2014 R'000

4.3.3 Investment risk management

IDT funds are invested in money market financial instruments and in government, parastatal and corporate bonds as defined in the investment strategy which, due to their liquid nature, allows immediate access to these funds. Money market instruments are invested in institutions which have at least an A+ rating to ensure capital preservation in line with the IDT's investment strategy. It's not the intention of the IDT to hold the bonds to maturity but to allow for flexibility in order to maximize yield. An independent expert monitors the performance of the Fund Managers to ensure that the returns are achieved within the parameters of the IDT cash requirements (refer above to Fund Managers returns on investments).

4.3.4 Credit risk management

Credit risk is the risk of financial loss to the IDT if a customer or counterparty defaults on its contractual obligations to the IDT. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position. The carrying value for trade and other receivables, net of impairment amount to R 335 million (2014 R 214 million). The IDT only transacts with various Goverment Institutions who have no independent rating. Trade and other receivables consist of management fees in the amount of R310 million (2014 R189 million). The IDT does not have any significant credit risk exposure to any single counterparty having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Government departments have no independent rating, however based on historical experience and other factors none of the amounts due to the IDT are impaired.

IDT 's key areas of exposure to credit risk in the current financial year include:

Amounts due from programmemes for management fees;

Funds due from programmeme principals
Amounts due from SARS in respect of VAT; and

Cash and cash equivalents held with financial institutions.

	Notes	2015 R'000	2014 R'000

4.3.4 The nature of IDT's exposure to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior period.

Exposure to credit risk

	2015 R'000	2014 R'000
Cash and cash equivalents	47,485	15,230
Investments held with financial institutions	66,775	172,021
Trade and other receivables	335,052	213,618
Funds due from pragramme principals	-	-

Cash and cash equivalents held with reputable financial institutions are used for investing and cash handling purposes. The carrying values of the above financial assets are net of any impairment and approximate their fair value.
None of the amounts disclosed above have been pledged as security or collateral for liabilities or contingent liabilities nor have any amounts been renegotiated or have been defaulted on.

4.4 INVESTMENTS WITH APPROVED INSTITUTIONS

	%	2015 R'000	2014 R'000
Money Market and Bonds with a maturity date of less than 1 year	85.4	57,027	151,981
Bonds with a maturity date of:			
1-3 years	1.1	750	1,255
3-7 years	2.2	1,444	2,357
7-12 years	4.9	3,274	9,238
12 + years	6.4	4,280	7,190
	100.0	66,775	172,021

Funds are invested in money market financial instruments and in government, parastatal and corporate bonds issued by local reputable financial institutions. Whilst the bonds have a maturity period in excess of 1 year, they are all highly liquid instruments.

	Minimum stand alone rating	Portfolio market value limit
Bills, bonds and securities issued by Government	N/A	No limit
Deposits with and balances in current and savings account		
Bills, bonds and securities issued or guaranteed by Local Authorities Utilities (per issuer) or major banks	AAA	35%

	Notes	2015 R'000	2014 R'000

4.5 AGEING OF FINANCIAL ASSETS

4.5.1 Trade and other receivables

	%	Carrying amount	Carrying amount
Current	71%	41,267	189,244
30-60 Days	13%	43,643	-
60-90 Days	4%	12,232	-
Greater 90 days	71%	237,910	24,374
	100.0	**335,052**	**213,618**

The amounts above represent management fees due from programmeme principals and VAT refundable from SARS

IDT does not have collateral or other credit enhancements for its credit risk exposure from financial assets during the current or prior year.

The carrying amount approximates fair value because of the short period of recovery.

4.5.2 Funds (recoverable from)/ due to programmeme

	%	Carrying amount	Carrying amount
Current	100.0	-	-
	100.0	-	-

IDT does not have collateral or other credit enhancements for its credit risk exposure from financial assets during the current year or prior year. Amounts due from programmeme principals are spread across various departments. Based on expectations at the end of the reporting period, the IDT considers it highly unlikely that the amounts will be recoverable.

	Notes	2015 R'000	2014 R'000

4.6 TRADE AND OTHER PAYABLES

The maximum exposure to liquidity risk:

The fair value of borrowings, together with the carrying amounts shown in the Statement of Financial Position is as follows:

	%	Carrying amount	Restated Carrying amount
Current	100.40%	68,795	83,709
30-60 Days	0.03%	19	9
60-90 Days	(0.43%)	(293)	1,407
Greater than 90 days	0.00%	-	-
	100.0%	**68,521**	**85,125**

IDT has significant exposure on finance leases where the increase in interest rates could impact the amount owed. The carrying amount approximates fair value because of the short period of settlement.

4.7 DETERMINATION OF FAIR VALUES

Except as detailed in the table under note 3 above, management consider that the carrying amounts of financial assets and liabilities recognised at amortised cost in the financial statements approximate their fair value when the impact of discounting is not material. The valuation techniques and assumptions applied for the purposes of measuring fair value are determined as follows:

Property, equipment and Intangible assets

The fair value of property is based on market valuation. The market value of the IDT property was determined based on an independent valuation, which conforms to the valuation standards based on the income capitalisation method of valuation.

Investments

The carrying value of investments with financial institutions are carried at fair value.

Trade and other receivables and payables

The carrying value of trade receivables and payables are assumed to approximate their fair values. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash outflows and inflows at the average yield on the investment portfolio.

Borrowings

For finance leases the market rate of interest is determined by reference to similar lease agreements.

Notes to the Annual Financial Statements

for the year ended 31 March 2015

	Notes	2015 R'000	2014 R'000
5 REVENUE			
Grants received		50,000	100,000
Management fees - retention		2,917	5,144
Management fees		376,408	402,852
		429,325	**507,996**

The grant was received from the shareholder department to fund the operating activities.

Management fees are earned from the implementation of programmemes on behalf of various government departments. The IDT has entered into arrangements with various client departments wherein it acts on behalf and for the benefit of the client departments in delivering programmemes committed in their various votes. IDT derives management fees from services rendered on behalf of client departments.

6 INVESTMENT REVENUE			
Money market		6,917	7,917
Bond market		1,057	-
		7,974	**7,917**

The amounts represent gains derived on financial assets invested with financial institutions held at fair value through profit and loss.

Fees charged by Fund Managers to administer the funds on behalf of the IDT amount to R 230 thousand (2014: R270 thousand) included under administrative expenditure in note 10.

7 INTEREST REVENUE			
Interest revenue		905	1,114
Interest (calculated using the effective interest method) on financial liabilities not held at fair value and adjusted through the Statement of Comprehensive Income.		5	87
		910	**1,201**

The amounts represent actual gains derived on financial assets held with financial institutions at fair value through profit and loss.

Notes to the Annual Financial Statements

for the year ended 31 March 2015

		Notes	2015 R'000	2014 R'000
8	**OTHER INCOME**			
	Sale of tender documents to tenders		2,559	5,295
	Other income		3	100
			2,562	**5,395**
9	**OTHER LOSSES**			
	Loss on disposal of equipment		66	73
	Impairment of funds due from programmeme principals		-	19,226
	Impairment of trade receivables		2,931	11,945
	Provision for doubtful debts		37,060	16,211
			40,057	**47,455**

Loss on disposal of equipment represents loss on disposal of property, plant and equipment carried at cost less accumulated depreciation and impairment losses. Impairment of funds due from programmeme principals and trade receivables arose from the write-off af account balances to their recoverable amount.

10 EXPENSES FOR THE YEAR

Deficit for the year has been arrived at after taking into account the following:

	Notes	2015 R'000	2014 R'000
DEPRECIATION AND AMORTISATION EXPENSE			
Depreciation on equipment			
- Computer equipment		1,456	1,786
- Canteen		28	28
- Furniture and fittings		876	906
- Leased equipment		530	1,095
- Office equipment		1,264	1,293
- Mechanical equipment		15	15
- Motor vehicles		74	110
Amortisation of computer software		101	140
Change in estimate		(561)	-
		3,783	**5,373**
EMPLOYMENT EXPENSE			
Wages and salaries		**176,927**	**187,151**
- Remuneration		176,927	197,489
- Prior year error - Provision for 13th cheque & provision for leave		-	(10,338)
- Performance awards		-	-
Third party contributions		**35,567**	**35,431**
- Medical		9,355	9,353
- UIF		1,243	1,268
- Official unions and associations		103	112
- Retirement benefits - defined contribution plan		24,866	24,698
Total employment expense		**212,494**	**222,582**

Notes to the Annual Financial Statements

for the year ended 31 March 2015

	Notes	2015 R'000	2014 R'000
10 EXPENSES FOR THE YEAR *(Continue)*			
ADMINISTRATION EXPENSES			
Catering, meals and entertainment		1,448	3,207
Contruction costs		69	1,459
Consultancy fees		30,357	26,349
Development initiatives		1,636	2,418
External audit fees		4,895	4,338
Fund management fee		230	270
Insurance		1,046	1,058
Internal audit		2,155	1,076
IT expenses		8,361	7,091
Leasehold improvements		373	238
Legal fees		8,341	8,751
Maintenance and repairs		2,155	2,518
Media communications		2,710	3,156
Other		5,230	12,858
Printing and stationery		3,035	3,314
Rentals in respect of operating leases - Buildings		10,619	9,962
Staff Training		2,362	2,705
Telephone		3,385	4,551
Travel and accommodation		17,163	22,050
Trustees remuneration		2,494	1,819
Water, rates and electricity		3,787	3,145
Workshop, conferences and seminars		911	2,571
		112,762	**124,904**

Notes to the Annual Financial Statements

for the year ended 31 March 2015

		Notes	2015 R'000	2014 R'000
11	**FINANCE EXPENSES**			
	Interest on obligations under finance lease		259	309
	Interest (calculated using the effective interest method) for financial assets that are not at fair value through profit or loss		10,330	1,338
			10,589	**1,647**
12	**FAIR VALUE GAINS / (LOSSES) ON INVESTMENTS**			
	Unrealised profits on money market		(35)	(73)
	Unrealised profits on bonds		(381)	(2,520)
	Realised losses on money market		32	53
	Realised profits on bonds		1,144	1,686
			760	**(854)**

These are realised and unrealised profit and losses recognised on investments invested in the bond and money markets and include fair value adjustments incurred in the relevant assets.

		Notes	2015 R'000	2014 R'000
13	**OTHER EXPENSES**			
	Fruitless and wasteful expenditure		253	70
			253	**70**

Refer to note 15 on fruitless and wasteful expenditure.

14 TAXATION

No provision is made for taxation as the IDT was exempted from income tax in terms of section 10(1)(cN) of the Income Tax Act, 1962, as amended. The IDT has been approved as a Public Benefit Organisation in terms of section 30 of the Act.

15 FRUITLESS AND WASTEFUL EXPENDITURE AND IRREGULAR EXPENDITURE

15.1 Fruitless and wasteful expenditure

	Notes	2015 R'000	2014 R'000
Opening balance		70	-
Written off		(70)	
The expenditure relates to penalties and interest relating to interest in respect of late payments of office rentals; telephone rentals and outstanding amouts owed by employees who left the employment.		253	70
		253	**70**

The IDT is undertaking a process of formalising a committee to adjudicate on disciplinary steps to be taken against employees who allow fruitless and wasteful expenditure. No disciplinary steps have been taken as a consequence of the above expenditure.

	Notes	2015 R'000	2014 R'000
15.2 Irregular Expenditure			
Opening Balance (restated)		21,215	-
Calculation of 80/20 exclusive of VAT		197	-
Non compliance with tax clearance certificate and B-BBEE certification requirements		1,152	
Incorrect calculation on score card		-	135
Preference point system not used		-	468
Deviation from procument processes(restated)		13,632	20,612
		36,196	21,215
Condoned during the year		(4,789)	-
		-	-
Awaiting condonation from the Board of Trustees		**31,407**	**21,215**

Calculation of 80/20 exclusive of VAT

The IDT, with consideration that it is a VAT vendor, used amounts exclusive of VAT to compute the 80/20 preference point on quotations where there was a mix of VAT vendors and non-VAT vendors. This resulted in incorrect appointments.

The preference points will be calculated on a VAT inclusive values going forward. The transaction still requires condonation from the Board.

Non compliance with tax clearance certificate and B-BBEE certification requirements

Original certified copies of tax clearance certificate and B-BBEE certificate were not provided, but verified with SANAS

Incorrect calculation on score card

A scorecard with incorrect calculation of the 80/20 preference point system was used, and the quotations were awarded to incorrect supplier.

The scorecard has since been corrected and recirculated. Condonation had been granted by the Board.

Preference point system not used

Expenditure was incurred without using the preference point system. The transactions occurred during period of migration to full compliance treasury regulations. Condonation had been granted by the Board.

Deviation from procument processes

Office rental expenses from inception of lease contract; document storage services; cleaning services and HR recruitment agency services specialising in built industry candidates were procured without following approved procurement processes.

The deviation should have been approved by the tender adjudication committee. Condonation had been granted by the Board.

		Notes	2015 R'000	2014 R'000
16	**CONTINGENT LIABILITY**			
A	IDT is a defendant in a legal action where a third party has instituted summons against the IDT for work done and has been subsequently placed on hold. The IDT will defend the matter.		17,604	200
B	IDT is a defendant in a legal action where a third party has instituted summons against the IDT for non payment. IDT disputes the quantum or has reffered the matter to the relevant client department and will defend this matter.		2,790	180
C	IDT is a defendant in a legal action where a third party has instituted summons against the IDT for alleged repudiation of the agreement with the IDT. IDT has not entered into any agreement with the third party, and neither has the third party rendered any services to the IDT. IDT will defend this matter.		93	800
D	IDT is a defendant in a legal action where a third party has instituted summons against the IDT. The IDT will defend this matter.		9,422	1,634
E	IDT is a defendant in a legal action where a third party has instituted summons against the IDT for alleged sale and delivery of goods to the IDT. The IDT believes this claim to be fraudulent and will defend the matter.		1,657	255
F	IDT is a defendant in a legal action where a third party has instituted summons against the IDT for alleged services rendered where the IDT is alleging breach of contract and/or non delivery. The IDT will defend this matter.		1,544	12,691
G	IDT is a defendant in a legal action where a third party has instituted summons against the IDT for alleged services rendered. There has been part settlement of the matters and the IDT needs to close account with legal representatives.		572	14,240
H	IDT is disputing rates charged by a service provider. The negotiations with the supplier are ongoing.		-	16,218
I	IDT had past practice of effecting forfeiture of leave only when an employee left the employment contrary to leave policy. The practice gave rose to an expectation. The practice was discontinued in the subsequent year of disclosure.		-	2,697
			33,684	48,914

Notes to the Annual Financial Statements

for the year ended 31 March 2015

17 PROPERTY AND EQUIPMENT

	Notes	2015 R'000	2014 R'000
Cost		62,140	68,500
Prior year's adjustments		206	366
Impairment		-	-
Disposals		(77)	(279)
Change in estimate		561	-
Accumulated depreciation		(29,337)	(32,756)
Net carrying amount		33,493	35,831
Canteen equipment		128	148
Furniture and fittings		3,741	4,306
Computer equipment		3,509	3,975
Leased Office equipment		1,753	1,829
Mechanical Equipment		181	193
Office equipment		5,778	6,956
Motor Vehicles		70	91
Land		4,000	4,000
Owner occupied building		14,333	14,333
Net carrying amount		33,493	35,831
Restated net book valaue			
Net carrying amount			35,831
Add Prior year adjustment			206
			36,037

17 PROPERTY AND EQUIPMENT *(Continue)*

	Canteen equipment	Furniture and fittings	Computer equipment	Office equipment	Leased Office equipment	Mechanical Equipment	Motor vehicles	Land	Owner occupied building	Totals
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Cost										
Balance at 1 April 2013	255	9,386	16,215	15,622	1,652	364	613	4,000	16,400	64,507
Prior year's adjustments	-	-	16	-	350	-	-	-	-	366
Reclassifications	20	-	(5)	(15)		-	-	-	-	-
Additions	23	656	1,325	196	1,793	-	-	-	-	3,993
Disposals	(5)	(441)	(3,472)	(2,371)	(1,652)	-	-	-	-	(7,941)
Balance at 31 March 2014	293	9,601	14,079	13,432	2,143	364	613	4,000	16,400	60,925
Prior year's adjustments	1	-	14	-	281	-	-	-	-	296
Additions	9	224	626	92	264	-	-	-	-	1,215
Disposals	(20)	(201)	(5,572)	(663)	-	-	-	-	-	(6,456)
Balance at 31 March 2015	283	9,624	9,147	12,861	2,688	364	613	4,000	16,400	55,980
Accumulated depreciation and impairment										
Reinstated balance as at 1 April 2013	103	4,736	11,645	7,533	871	156	412	-	2,067	27,523
Depreciation	28	906	1,786	1,293	1,095	15	110	-	-	5,233
Reclassifications	19	-	(4)	(15)	-	-	-	-	-	-
Disposals	(5)	(347)	(3323)	(2335)	(1652)	-	-	-	-	(7,662)
Change in estimate	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2014	145	5,295	10,104	6,476	314	171	522	-	2,067	25,094
Depreciation	28	876	1,456	1,264	530	15	74			4,243
Disposals	(18)	(192)	(5,511)	(658)	-	-	-			(6,379)
Prior year's adjustments		0	0	1	91	-3	1			90
Change in estimate	-	(96)	(411)	-	-	-	(54)	-	-	(561)
Balance at 31 March 2015	155	5,883	5,638	7,083	935	183	543	-	2,067	22,487
Carrying amount										
As at 31 March 2014	148	4,306	3,975	6,956	1,829	193	91	4,000	14,333	35,831
As at 31 March 2015	128	3,741	3,509	5,778	1,753	181	70	4,000	14,333	33,493

	Notes	2015 R'000	2014 R'000

17 PROPERTY AND EQUIPMENT *(Continue)*

As required by IAS 16: Property, Plant and Equipment, IDT has reviewed the useful lives and residual values of property and equipment. The review resulted in an adjustment to the residual values and useful lives of equipment in the current year. There were no indication of impairment noted in the current year and comparative period last year.

The IDT no longer depreciates the owner-occupied building until such time as the residual value decreases below the carrying amount in accordance with IAS 16: Property, Plant and Equipment par 54.

Estimates and judgments are evaluated annually and are based on historical experience and other factors. Management has considered the impact of IAS 16: Property, Plant and Equipment on the annual financial statements for the year ended 31 March 2015 and the assumptions made in respect to useful life on property and equipment are as follows:

With the continuous changes in technology, computer equipment is replaced on average every five years. The straight line method is still deemed to be a true reflection of the write off period. However, computer equipment with a remaining useful life of less than 1 year, which is still currently being used by the IDT will be extended by a further 3 years. Where computer equipment whose useful life was extended by a further 3 years and is still in use will be extended by a further 2 years and thereafter will be either impaired or extended by a further year.

A significant portion of furniture and fittings have been on the asset register for a period exceeding its initial useful life expectancy. Furniture and fittings with a remaining useful life of less than 1 year, still in good condition and currently still being used by the IDT will be extended by another 3 years. Where furniture and fittings whose useful life was extended by a further 3 years and is still in use will be extended by a further 2 years and thereafter will be either impaired or extended by a further year.

The motor vehicle which has a remaining useful life of less than 1 year which is still in good condition and is still currently being used by the IDT will be extended by a further 3 years.

Management has reviewed the useful life on both office and canteen equipment and believe that the straight line method of 10 years is still deemed to be a true reflection of the write off period.

Equipment is tested for impairment whenever there is an indication that the asset may be impaired in accordance with the requirements of IAS 36: Impairment of Assets. The impairment losses have been included in the line item other expenses in the Statement of Comprehensive Income.

None of the property or equipment has been pledged as security or collateral for liabilities.

The estimation of the useful lives of equipment is based on historical performance as well as expectations about future use and therefore requires a significant degree of judgment to be applied by management. These depreciation rates represents managements current best estimate of the useful lives of the assets.

Freehold land and buildings carried at fair value

An independent valuation of the IDT's land and buildings was performed by Val-co to determine the residual value and useful life of the land and buildings. The valuation, which conforms to the valuation standards, was determined by reference to the income capitalisation method of valuation. The effective date of the valuation was 28 May 2015.

	Notes	2015 R'000	2014 R'000

17 PROPERTY AND EQUIPMENT *(Continue)*

The depreciation period applicable to each category of property and equipment are as follows:

- Canteen equipment	10 years
- Computer equipment	5 - 10 years
- Furniture and fittings	10 - 15+ years
- Motor Vehicles	8 years
- Office Equipment	3 - 10 years
- Owner occupied building	50 years
- Mechanical equipment	20 - 25 years
- Leased office equipment	3 - 5 years

	Notes	2015 R'000	2014 R'000
18 INTANGIBLE ASSETS		**Computer Software**	**Computer Software**
Cost			
Balance at 1 April 2013 (2012)		474	462
Additions		197	12
Disposals		-	-
Balance at 1 April 2014 (2013)		671	474
Additions		9	197
Prior year's adjustments		-	-
Balance at 31 March 2015 (2014)		680	671
Accumulated amortisation and impairment			
Balance at 1 April 2013 (2012)		396	173
Amortisation		140	211
Prior year's adjustments		(8)	16
Disposals		-	(4)
Balance at 1 April 2014 (2013)		528	396
Amortisation		101	140
Change in accounting estimate		-	-
Prior year's adjustments			(8)
Balance at 31 March 2015 (2014)		629	528
Carrying amount			
As at 31 March 2014 (2013)		**143**	78
As at 31 March 2015 (2014)		**51**	143

Computer software is amortised over its useful life using the straight-line method (finite useful life). The amortisation expense has been included under the line item Depreciation and amortisation expense in the Statement of Comprehensive Income.

Management has reviewed the useful life on computer software and believe that the straight line method of two years is still deemed to be a true reflection of the write off period. The estimation of the useful lives of software is based on historical performance as well as expectations about future use. The amortisation rate represents managements current best estimate of the useful lives of the assets.

- Intangible Asset	2 years

	Notes	2015 R'000	2014 R'000
19 INVESTMENTS WITH FINANCIAL INSTITUTIONS			
Cash and short-term investments (maturity less than one year)		57,797	151,981
Long-term fixed interest		8,978	20,040
		66,775	**172,021**
	Percentage of total investments		
		%	%
Cash and short-term investments (maturity less than one year)		86.6	88.4
Long-term fixed interest		13.4	11.6
		100.0	**100.0**

The funds are invested in money market financial instruments and in government, parastatal and corporate bonds issued by reputable local financial institution which, due to their liquid nature, allows immediate access to the funds. The duration of the portfolio is determined by the term of the fixed interest bonds. It is not the intention of the IDT to hold the bonds to maturity but to allow for flexibility in order to maximise yield.

The average duration of the portfolio is 1 year which is in line with the approved mandate. The average yield on the portfolio for the year ended 31 March 2015 is 7.47% (2014 7,99 %). An independent expert monitors the performance of the fund managers and confirms the fair value of the investments at year end.

None of the investments has been provided as security or collateral for liabilities or contingent liabilities or is past due. Fair value gains and losses on the underlying investments are disclosed separately in the Statement of Comprehensive Income and notes to the financial statements (refer note 12).

	Notes	2015 R'000	2014 R'000
20 TRADE AND OTHER RECEIVABLES			
VAT refundable		3,290	10,804
Trade receivables		310,072	189,390
Programmeme Payroll		18,916	7,716
Other receivables		2,774	5,708
		335,052	**213,618**

Trade and other receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. No interest is charged on any outstanding balance due. Included in trade and other receivables is an amount of R 310 million (2014: 189 million) which represents the balance of management fees to be recovered from programmemes.

Trade and other receivables disclosed above that are past due includes an impairment of R 22 544 thousand (2014: R 6 801) and a provision for doubtful debts of R 53 270 thousand (2014: R 16 211 thousand) based on the objective evidence available at year end that the IDT might not be able to collect the amount due.

None of the Trade or other receivables has been pledged as security or collateral for liabilities or contingent liabilities nor have any terms of any receivable been renegotiated.

The carrying amount approximates fair value because of the short period to maturity. The ageing of amounts past due and quality of trade receivables are discussed further under note 4.5

21 FUNDS DUE FROM(TO) ProgrammeME PRINCIPALS		-	-

The balance represents funds due from/ (to) programmeme principals for expenses relating to programmeme delivery which were already registered in the accounting records as at year end. Impairment reviews are conducted annually at each year end and where, in the opinion of management, the recovery is doubtful it is written off through profit and loss.

None of the funds recoverable from programmemes has been pledged as security or collateral for liabilities or contingent liabilities nor have any terms of any receivable been renegotiated or amounts owed have been defaulted on.

22 CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks and money held in call accounts and belongs to the IDT. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows;

Current accounts and cash		**47,485**	**15,230**

Cash and cash equivalents are placed with reputable financial institutions. Guarantees, issued in favor of lessors for the renting of office premises, are neither negotiable nor transferable, and are further restricted to the payment of the sum of money limited to the guaranteed amount of R 124 thousand (2014: R299 thousand).

Notes to the Annual Financial Statements

for the year ended 31 March 2015

	Notes	2015 R'000	2014 R'000

23 MAIN FUNDS

Balance at the beginning of year		350,883	230,347
Prior year's adjustments		-	911
Surplus/(Deficit) for the year		61,593	119,625
Balance at the end of the year		**412,476**	**350,883**

(Refer to Note 28 for prior period adjustments)

24 FINANCE LEASES

Obligations under finance leases

Finance leases relate to printers with a lease term of 3 years. IDT does not contractually have the option to buy the equipment for a nominal amount at the conclusion of the lease agreement.

Reconciliation of minimum lease payments

Minimum lease payments		2,117	2,767
No later than one year		826	1,107
Later than one year and not later than five years		1,291	1,660
		-	-
Finance expense		259	309
Present value of minimum lease payments		1,858	2,458
No later than one year		567	798
Later than one year and not later than five years		1,291	1,660

The weighted average interest rate applicable to the finance leases did not exceed 11% (2014:11%)

The underlying assets are considered to be security for the finance lease liability. There were no defaults or breaches of the contractual terms of the finance leases during the financial year. The carrying amounts of the finance lease were not materially different from the fair values of equipment at year end (refer to note 17)

	Notes	2015 R'000	2014 R'000
25 TRADE AND OTHER PAYABLES			
Trade payables		30,311	25,482
Accrued leave pay		11,658	11,610
Performance bonus accrual		21,121	34,135
Other payables		5,431	12,481
		68,521	**83,709**

The IDT recognises trade payables at fair value and subsequently measures at amortised cost using the effective interest method. In accordance with IAS 39:Financial Instruments Recognition and Measurement trade payables are to be discounted. An interest rate of 7.47% (2014: 7,99%) was used for discounting taking into account the date of purchase by the IDT to the date of expected payment. There were no defaults on any amounts payable nor were there any amounts re-negotiated with suppliers of the IDT.

Accrued leave pay represents annual leave and vested long service leave entitlements accrued to employees. Performance bonus accruals are based on the application of a three-tier performance management system. Performance bonuses are paid when approved by the Board of Trustees.

26 RELATED PARTY TRANSACTION

The IDT acts as a programmeme implementation manager on behalf of a number of Government Departments. The IDT is a public entity whose Executive Authority is the Minister of Public Works and which reports to parliament through the Department of Public Works. Accordingly, departments at national level are generally considered to be related parties. However in terms of IAS 24:Related Party Disclosures paragraph 11 public utilities, departments and agencies of a government that does not control, jointly control or significantly influence the reporting entity, simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process) are deemed not to be related parties.

	2015 R'000	2014 R'000
26.1 The value of work undertaken on behalf of the Department of Public Works:		
Department of Public Works	538,729	424,289
26.2 Management fees charged for the year included under Revenue:		
Department of Public Works	50,136	14,981
26.3 Management fees outstanding at year end included under other receivables:		
Department of Public Works	44,610	4,469
	44,610	**4,469**
26.4 Recoveries charged for staff secondments:		
Department of Public Works	3,358	3,350
	3,358	**3,350**

	Notes	2015 R'000	2014 R'000

26.5 Remuneration of Trustees and Executives

Board of Trustees	Appointed	Trustees fees
Dr S Fikeni (Chairperson)	1 July 2012	413
Mr T Motswaledi (Deputy Chairperson and HR & CS -Committee Chairperson)	1 July 2012	303
Mr M Matutle	1 July 2012	-
Ms T Mpumlwana (Chairperson SP&P)	1 July 2012	208
Ms Z Mdhladhla	1 July 2012	126
Mr M Mlengana	1 July 2012	109
Mr R Patel	1 July 2012	150
Ms P Nkomo	1 July 2012	161
Mr Z Zitha (Chairperson FinCom)	1 July 2012	313
Ms G Zulu-Kabanyane	1 July 2012	217
Independent Chairperson of the Audit & Risk Committee		
Ms S Boulton	10 September 2013	494
		2,494
Comparative for 2014		**1,819**

26.6 Executive management

	Salary R'000	Provident fund contributions R'000	Acting Allowance R'000	Performance bonus R'000	Leave Encashment R'000	Total R'000
Ms T Nwedamutswu (CEO) (to 30 April 2014)	235	34	-	177	248	694
Dr S Bhebhe (Acting CEO)(From 1 May 2014)	1,527	269	180	96	-	2,072
Mr A Wakaba	1,743	249	-	128	-	2,120
Mr I Ellis	1,432	314	-	106	-	1,852
Mr M Sidambe	1,036	138	191	56	-	1,421
	5,973	**1,004**	**371**	**563**	**248**	**8,159**
Comparative for 2014	**8,393**	**1,456**	**96**	**938**	**-**	**10,883**

27 PRIOR PERIOD ADJUSTMENTS

27.1 Prior Period Errors that did not result in a restatement to the previously disclosed amounts

	Notes	2015 R'000	2014 R'000
27.1.1 Property and Equipment			
In reviewing the opening balances of fixed assets, assets had been understated and have subsequently been corrected.		-	366
27.1.2 Intangible assets			
In reviewing the opening balances of intangible assets, assets had been understated and have subsequently been corrected.		-	8
27.1.3 Finance leases			
In reviewing the opening balances of finance leases, liabilities had been overstated and have subsequently been corrected.		-	
27.1.4 Revenue			
Revenue accruals that was understated in the prior financial year has been corrected in the current financial year.		-	(644)
27.1.5 Interest revenue			
Movement in the discounting of accounts payable that was incorrectly accounted for in the prior year has been subsequently corrected.		-	-
27.1.6 Finance expenses			
Movement in the discounting of accounts receivable that was incorrectly accounted for in the prior year has been subsequently corrected.		-	-
27.1.7 Administrative expenditure			
Administrative expenditure that was incorrectly classified in the prior financial year has been corrected in the current financial year.		-	1,181
Total prior year adjustments		**-**	**911**

27.2 Prior period errors that resulted in a restatement to the previously disclosed amounts

Below is the description of each material prior period error followed by illustration on its effect to the amounts previously disclosed:

	Notes	2015 R'000	2014 R'000

27.2.1 Accrued expense on 13th cheque due to employees not expensed upon realisation

When the 13th cheque due to employees was paid the amount already expensed as provision was not reversed to reflect the utilisation. The accrual has been corrected and 2013/14 amounts restated accordingly.

The effect of this adjustment on the prior year amounts disclosed is as follows:

	2015 R'000	2014 R'000
Adjustments affecting the statement of comprehensive income		
Decrease in wages and salaries	-	(7,641)
Adjustments affecting the statement of changes in equity		
Increase in comprehensive income from prior year		(6,281)
Adjustments affecting the statement of financial position		
Decrease in other payables	-	13,922

27.2.2 Annual leave accrual reinsatement

The amount accrued as leave due to employees did not take into account days which had to be forfeited in line with the leave policy. The accrual has been corrected and 2013/14 amounts restated accordingly.

The effect of this adjustment on the prior year amounts disclosed is as follows:

	2015 R'000	2014 R'000
Adjustments affecting the statement of comprehensive income		
Decrease in wages and salaries	-	(2,697)
Adjustments affecting the statement of financial position		
Decrease in other payables	-	2,697

27.2.3 Other Income: Tender deposit

Other income: tender deposits was overstated with VAT

The effect of this adjustment on the prior year amounts disclosed is as follows:

	2015 R'000	2014 R'000
Adjustments affecting the statement of comprehensive income		
Decrease in other income	-	517
Adjustments affecting the statement of financial position		
Decrease in other receivables VAT refund	-	(517)

	Notes	2015 R'000	2014 R'000

27.2.4 Revenue

Revenue from programmeme retention liability was not accrued in the prior years

The effect of this adjustment on the prior year amounts disclosed is as follows:

	2015 R'000	2014 R'000
Adjustments affecting the statement of comprehensive income		
Increase in revenue		(5,144)
Increase in impairment of assets		5,144
Adjustments affecting the statement of financial position		
Increase in trade and other receivables		5,144
Increase in impairment of trade and other receivables		(5,144)
	-	-

27.2.5 Property; plant and equipment

Leased office equipment was incorrectly derecognised and computer equipment acquired in the prior year was not recognised in the prior year

The effect of this adjustment on the prior year amounts disclosed is as follows:

	2015 R'000	2014 R'000
Adjustments affecting the statement of comprehensive income		
Decrease in asset disposal account	-	(206)
Adjustments affecting the statement of financial position		
Increase in Property; plant and equipment	-	206

27.2.6 Finance leases

Finance lease liabilities had been overstated by and have subsequently been corrected.

The effect of this adjustment on the prior year amounts disclosed is as follows:

	2015 R'000	2014 R'000
Adjustments affecting the statement of comprehensive income		
Increase in interest expense	-	(18)
Adjustments affecting the statement of financial position		
Increase in finance lease liability	-	18

	Notes	2015 R'000	2014 R'000
27.2.7 Discounting of trade receivables and trade payables			
The prior year discounting was not reversed upon revision of fair value of assets and liabilities			
The effect of this adjustment on the prior year amounts disclosed is as follows:			
Adjustments affecting the statement of comprehensive income			
Increase in other expenses		-	943
Adjustments affecting the statement of financial position			
Increase in trade payable			(1,196)
Increase in trade receivables		-	253
27.2.7 Administrative expenses			
Administrative expenditure was incorrectly accounted for			
The effect of this adjustment on the prior year amounts disclosed is as follows:			
Adjustments affecting the statement of comprehensive income			
Decrease in other expenses		-	(1,081)
Adjustments affecting the statement of financial position			
Decrease in sundry payables		-	1,081
27.2.8 Trade and other receivable			
Prepayments made on rental of office bulidings was recognised in an incorrect accounting period			
The effect of this adjustment on the prior year amounts disclosed is as follows:			
Adjustments affecting the statement of comprehensive income			
Decrease in rental expense		-	(363)
Adjustments affecting the statement of financial position			
Decrease in sundry debtors			(302)
Decrease in VAT			(93)
Decrease in trade and other payables		-	758

27 (Cont)

Statement of comprehensive income for the year ended 31 March 2014

	Balance as previously reported R'000	Prior period error R'000	Reclassified R'000	Restated balance R'000
Revenue	502,852	5,144	-	507,996
Investment revenue	7,917	-	-	7,917
Interest revenue	1,201	-	-	1,201
Other income	5,912	(517)	-	5,395
Other losses	(42,516)	(4,938)	-	(47,454)
Employment expense	(232,920)	10,338	-	(222,582)
Depreciation and amortisation expense	(5,373)	-	-	(5,373)
Administration expense	(123,244)	(1,661)	-	(124,905)
Finance expense	(1,630)	(17)	-	(1,647)
Fair value gains on investments	(854)	-	-	(854)
Other expenses	(70)	-	-	(70)
SURPLUS / (DEFICIT) FOR THE YEAR	**111,276**	**8,349**	**-**	**119,625**
TOTAL COMPREHENSIVE SURPLUS / (DEFICIT) FOR THE YEAR	**111,276**	**8,349**	**-**	**119,625**

Statement of financial position as at 31 March 2014

	Balance as previously reported R'000	Prior period error R'000	Reclassified R'000	Restated balance R'000
ASSETS				
Non-current assets	56,014	206	-	56,220
Property and equipment	35,831	**206**	-	36,037
Intangible assets	143	-	-	143
Investments with financial institutions	20,040	-	-	20,040
Current assets	381,488	1,764,204	-	2,145,692
Investments with financial institutions	151,981	-	-	151,981
Trade and other receivables	214,277	(659)	-	213,618
Funds due from programmeme principals	-	-	-	-
Programmme cash and cash equivalents	-	1,764,863		1,764,863
Cash and cash equivalents	15,230	-	-	15,230
TOTAL ASSETS	**437,502**	**1,764,410**	**-**	**2,201,912**
EQUITY AND LIABILITIES				
MAIN FUND	**336,252**	**14,630**	**-**	**350,882**
INITIAL FUNDING	2,025,000	**-**	-	2,025,000
ACCUMULATED DEFICIT	(1,688,748)	**14,630**	-	(1,674,118)
LIABILITIES				
Non-current liabilities				
Finance leases	1,660	-	-	1,660
Current liabilities	99,590	1,749,780	-	1,849,370
Short term portion on finance leases	780	**18**		798
Programmeme reserves and liabilities	-	**1,764,863**		1,764,863
Trade and other payables	98,810	**(15,101)**		83,709
TOTAL LIABILITIES	101,250	1,749,780	-	1,851,730
TOTAL EQUITY AND LIABILITIES	437,502	1,764,410	-	2,201,912

	Notes	2015 R'000	2014 R'000

28 CASH GENERATED FROM/(UTILISED IN) OPERATIONS

		2015 R'000	2014 R'000
Surplus/(Deficit) for the year		61,593	119,625
Investment income		(7,974)	(7,917)
Interest received		(910)	(1,201)
Interest paid		10,589	1,648
Non-cash movements/working capital changes		(133,533)	(96,675)
Depreciation		4,243	5,233
Amortisation		101	140
Change in estimate		(561)	-
Fair value gains and losses on investments		(760)	854
Loss on disposal		66	278
Increase in payables		(15,188)	7,839
Decrease /(increase)in funds from programmeme		-	13,880
Decrease /(increase)in programmeme cash and cash equivalents		(891,156)	354,632
increase/(decrease) in programmeme reserves and payable		891,156	(354,632)
Prior year's adjustments movement		-	5,564
(Increase) in receivables		(121,434)	(130,463)
Net cash flows from operating activities		**(70,235)**	**15,480**

29 OPERATING LEASE ARRANGEMENTS

Lessee

Payments recognised as an expense
At the reporting date the IDT had outstanding commitments under non-cancelable operating leases, which fall due as follows:

		2015 R'000	2014 R'000
Up to 1 year		10,727	8,121
1 to 5 years		4,261	3,164
		14,988	**11,285**

The IDT has entered into various non-cancellable operating lease agreements in respect of rented premises. Leases are contracted for periods up to 5 years. The leases have varying terms, escalation clauses and renewal rights, but the IDT has no option to purchase the leased buildings at the expiry of the lease period. The basis on which rent is determined by the Lessor is based on the existing rental market. There are no restrictions imposed by the Lessors on any of the buildings leased. The lease expenditure is straight lined and charged to the Statement of Comprehensive Income (refer to note 9).

30 ProgrammeME ASSETS AND LIABILITIES

The IDT has entered into binding arrangements with various client departments wherein it acts on behalf and for the benefit of the client departments in delivering programmemes committed in their various votes. Such arrangements requires of the IDT to undertake transactions with third parties.

	2015 R'000	2014 R'000	2013 R'000
ASSETS			
Programmeme assets			
Programmeme cash and cash equivalents	873,707	1,764,863	1,410,231
	873,707	1,764,863	1,410,231
EQUITY AND LIABILITIES			
Programmeme reserves and liabilities			
Programmeme trade and other payables	(1,138,769)	(1,009,750)	(742,115)
Programmeme retention liability	(232,089)	(181,527)	(122,193)
Programmeme trust accounts	497,152	(573,586)	(545,924)
	(873,706)	(1,764,863)	(1,410,232)

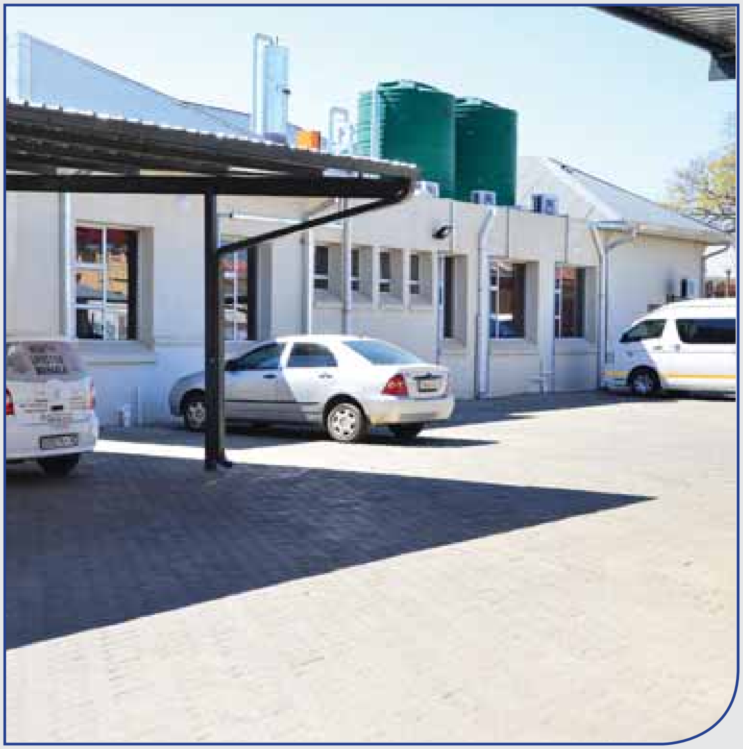
Programmeme cash and cash equivalents represent the balance of the programmeme bank account held on behalf of client departments as at year-end. The use of cash balances is restricted to programmeme delivery. IDT does not derive any economic benefit from the bank balances except for management fees due to the IDT for the services it had rendered as an agent.

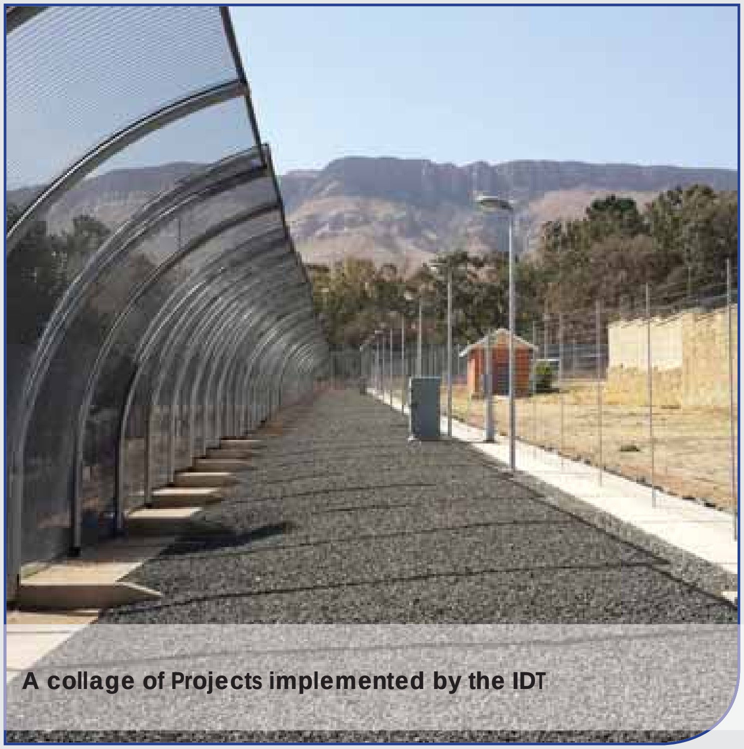
Programmeme trade and other payables represents balances due to programmeme contractors and suppliers for the services rendered in delivery of programmemes.

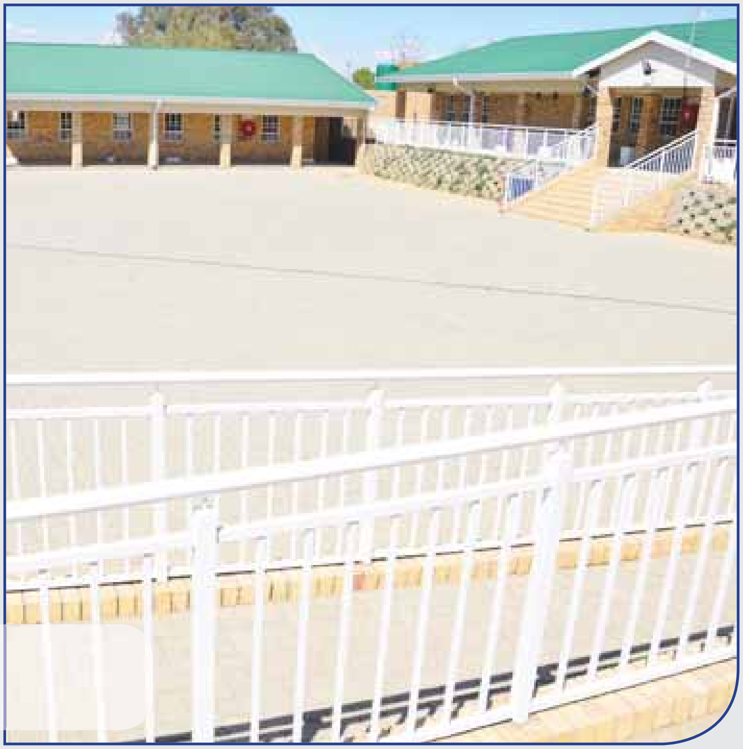
Programmeme retention liability represents amounts withheld from contractors payments until the lapse of the defects liability period. The liability is paid once the final account is certified and an invoice is issued by the service provider.

Programmeme trust accounts (debits/(credits)) represents total programmeme funds movement, including interest earned on programmeme bank accounts less programmeme expenditure since the inception of the programmeme.

	2015	2014	2013
Programmeme expenditure incurred during the financial year, excluding retentions	6,371,655	6,633,141	5,647,569
Management fees thereon	376,408	402,852	188,906
Management fees - retention	2,917	5,144	-







A collage of Projects implemented by the IDT

A collage of Projects implemented by the IDT

Notes

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