



DEVELOPMENT THROUGH PARTNERSHIP

Presentation to the Parliamentary Portfolio Committee on Public Works – Annual Report 2015/16

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Acting CEO

08 November 2016

Presentation layout

- Legislative Mandate**
- Priorities, achievements and challenges in 2015/16**
- Employment equity, vacancies and disciplinary cases**
- Governance matters**
- Financial report**
- Audit outcomes and Corrective Action Plan**



DEVELOPMENT THROUGH PARTNERSHIP

Legislative Mandate

Legislative Mandate

- **Strategic leadership to stimulate sustainable growth, reform and improvement of the construction sector**
- **Sustainable growth and participation of the emerging sector in the industry**
- **Improved performance and best practice**
- **Uniform application of policy and ethical standards, construction procurement reform, improved procurement and delivery management**
- **Monitoring and regulating the performance of the industry, including the Registration of Projects and Contractors**

Note: Simplified Mandate



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Strategic goals - Priorities

Strategic Goals - Priorities

- 1) Strengthen and enhance **compliance** with cidb **regulations** to reduce construction risk, all forms of fraud and corruption in the sector
- 2) Build and capacitate the industry to **deliver quality** infrastructure
- 3) Enhance **transformation** of the construction industry
- 4) Position the cidb as a knowledge **authority** in the industry
- 5) Maintain financial **sustainability**
- 6) Provide an **excellent service** to the contractors and clients nationally
- 7) Optimise **organisational design** that supports the effective delivery of the mandate
- 8) Strengthen and maintain good relationship with stakeholders through **effective communication**



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Achievements

Strategic Goal 1: Strengthen and enforce regulations (i) PDM

- ❑ A Client Integrity Management Standard requiring transparency of procurement information in an effort to limit and promote anti-corruption practices was approved in March 2016, to be incorporated into the cidb Standard for Uniformity for Construction Procurement.
- ❑ A report on the implementation of the Compliance Strategy was finalised on 31 March 2016 to further improve the levels of compliance to the cidb regulations, and to effectively deal with non-compliance and transgressions to the prescripts.

Strategic Goal 1: Strengthen and enforce regulations (ii) CRS

- ❑ The cidb proposed amendments designed to improve the Register of Contractors. These covered:
 - Introduction of substantive registration requirements for Grade 1;
 - Tender Value Limit Adjustments to increase tender limits across the grades taking into account inflationary impact;
 - Registration of sub-contractors;
 - Introduction of a rail engineering registration class of work;
 - Mandatory submission of B-BBEE ratings when applying for registration with the cidb to improve monitoring of B-BBEE; and
 - Registration Fee adjustments, including differentiated fees for foreign firms.

Strategic Goal 1: Strengthen and enforce regulations (iii) CIP

❑ cidb framework of *Professional Services Providers*:

- Submitted to DPW for endorsement for submission to Board – DPW requested further consultations

Grade	Estimated Maximum Capacity for Professional Fees Value (Rm)	Available Capital (Rm)	Best Annual Turnover (Rm)
P1	≤ R 0,5 million		
P2	> R 0,5 million and ≤ R 5 million	R 0,25m	R 4,5m
P3	> R 5 million and ≤ R 13 million	R 0,5m	R 6m
P4	> R 13 million	R 1m	R 9m

Strategic Goal 1: Strengthen and enforce regulations (iv) CIP

□ cidb framework of *Professional Services Providers*:

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Designation	Grade	Number of Registered Prof.	Grade	Number of Registered Prof.	Grade	Number of Registered Prof.
CE or SE or EE or ME or ET	P1 & 2	1 off : Pr.Eng or Pr.Tech.En g	P3	2 off: Pr.Eng and/or Pr.Tech.En g	P4	1 off: Pr.Eng and 2 off: Pr.Eng and/or Pr.Tech.Eng
CP	P1 & 2	1 Pr.CPM	P3	2 Pr.CPM	P4	3 Pr. CPM

Strategic Goal 1: Strengthen and enforce regulations (v) CIP

❑ Compliance Monitor:

- indicators of level of compliance and non-compliance with the cidb iTender/Register of Projects by client bodies
- cidb follows up with all clients with less than 60% compliance
- quarterly presentations at MinMec on compliance levels within National and Provincial Works Departments
- overall, positive response from clients

Strategic Goal 1: Strengthen and enforce regulations (vi) CIP

- ❑ **Compliance Monitor; Tender Notices; 95% compliance or more:**
 - **National Department of Public Works**
 - **Department of Public Works: Free State**
 - **Department of Transport and Public Works: Western Cape**
 - **Department of Public Works, Roads and Transport: Mpumalanga**
 - **Department of Public Works, Roads and Transport: North West**

Strategic Goal 1: Strengthen and enforce regulations (vii) CIP

- **Compliance Monitor; Tender Notices; 60% compliance or less:**
 - **Department of Infrastructure Development: Gauteng**
 - **Department of Public Works: Limpopo**
 - **Department of Public Works: KwaZulu-Natal**

Strategic Goal 2: Build and Capacitate PDM

- ❑ **Annual report on Construction Procurement Officers (CPO) Forums held during the year was finalised by end of March 2016. Emphasis on:**
 - ❑ Forums held in all provinces for public sector clients
 - ❑ Platform/network for discussions on construction procurement challenges of clients; aimed at building the capacity of the client
 - ❑ Supported and attended by a range of stakeholders including Provincial Treasuries and the Office of the AG

- ❑ **Annual report was prepared for the roll out of the IDMS Toolkit as at end of March 2016**
 - ❑ Report focused on the application of the IDMS at provincial level only, as the cities' IDMS Toolkit will only be released in the next financial year
 - ❑ cidb is the host of the IDMS via the website; also provide online support and maintenance of the Toolkit in partnership with National Treasury

Strategic Goal 3: Transformation CEO

Grade	23 March 2016		Year-End Target	
	Black Ownership (50%+)	Women Ownership (30%+)	Black Ownership (50%+)	Women Ownership (30%+)
9	28%	25%	28%	18%
7 & 8	69%	40%	65%	37%
5 & 6	82%	42%	83%	47%

Strategic Goal 4: Knowledge Authority (i)

PDM

- **Annual report on Training and capacitation sessions for Public Sector Clients on cidb prescripts was prepared by end of March 2016**
 - The cidb provides training and capacitation of Clients on cidb and general procurement prescripts for National, Provincial, Local authorities and SOC's - this service is provided at no cost to the client
 - Training and capacitation is conducted through the cidb Provincial Offices. The cidb strategy for capacitation of the client is two-fold
 - Proactive and planned capacitation sessions – based on a scheduled training plan
 - Reactive capacitation sessions are provided for as a response to a specific request eg. where clients are deemed to have transgressed specific regulations

Strategic Goal 4: Knowledge Authority (ii) CIP

- ❑ **SME Business Condition Survey:**
 - January 2016

- ❑ **Construction Monitor:**
 - Transformation (Q4)
 - January 2016

- ❑ **Construction Industry Indicators:**
 - January 2016

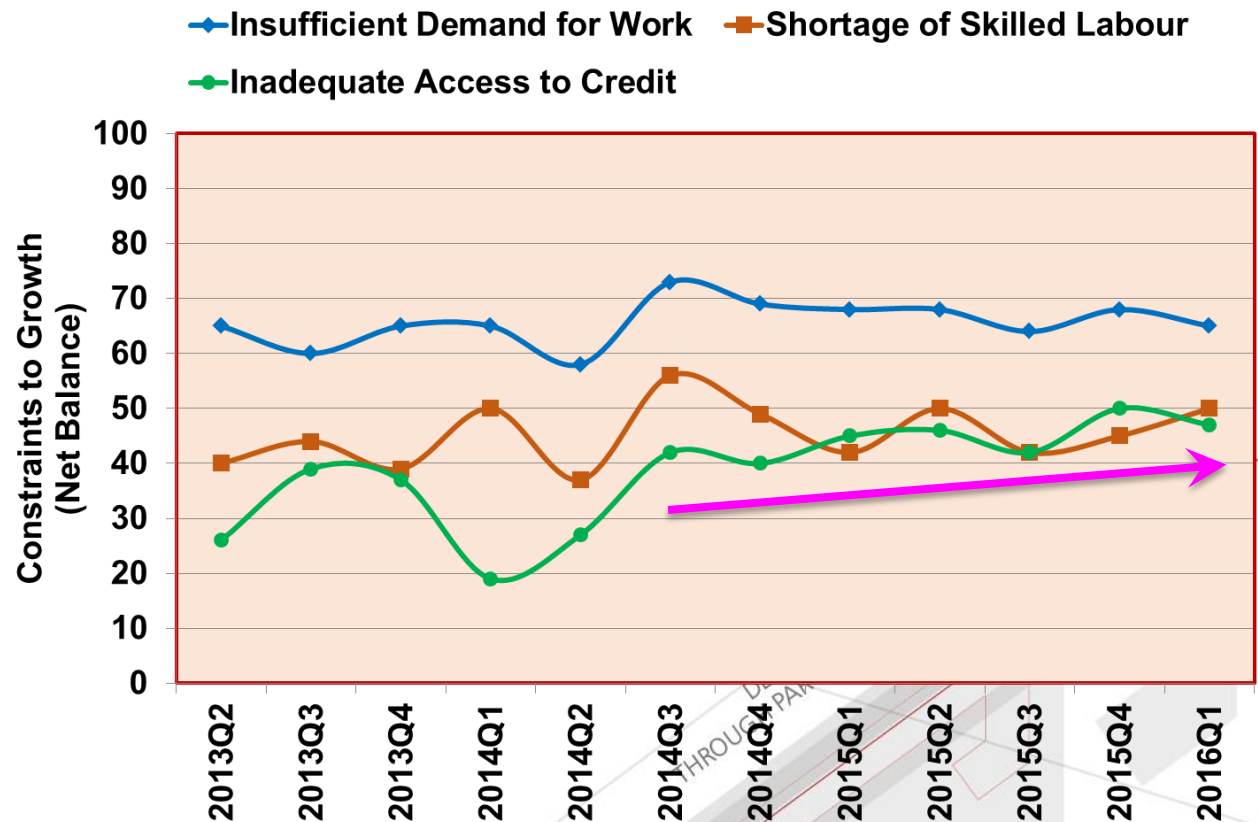


Strategic Goal 4: Knowledge Authority

(iii) CIP

❑ SME Business Conditions;

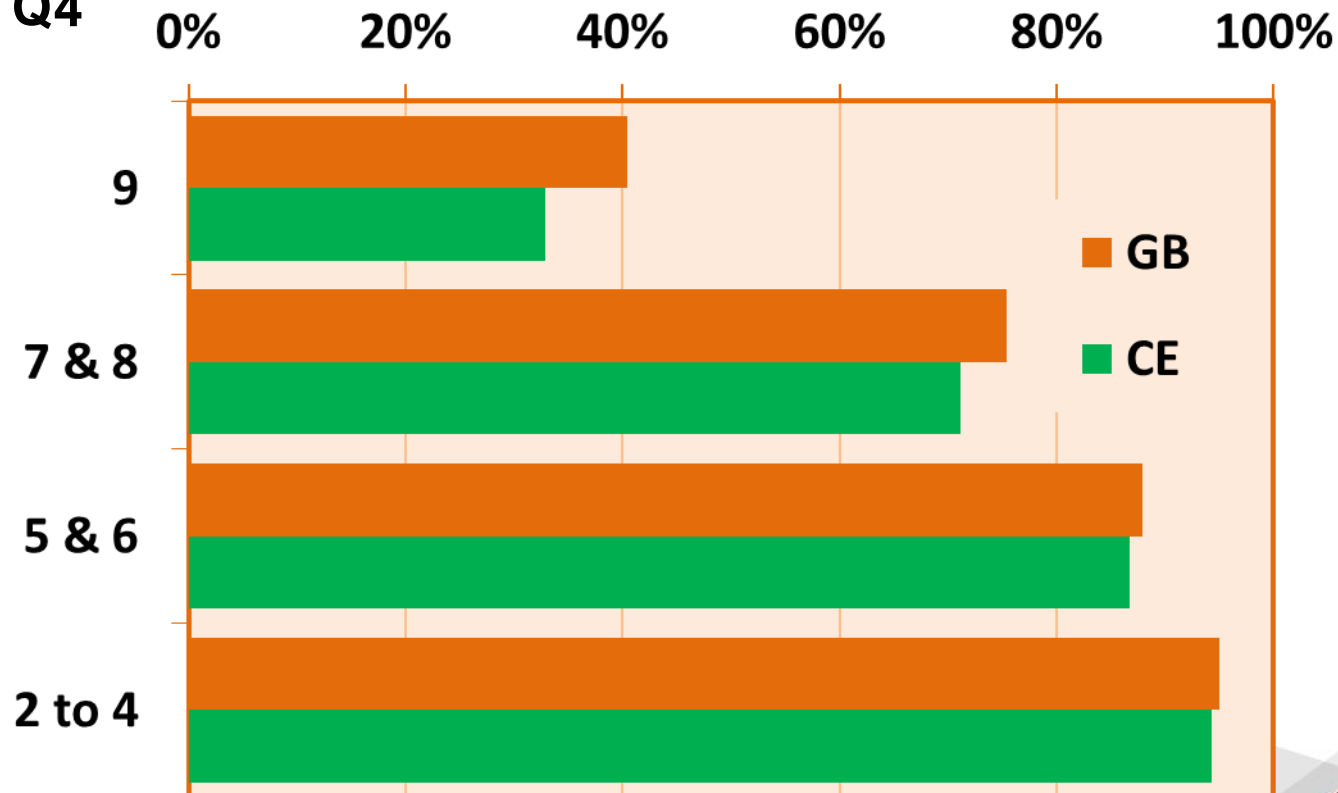
- Grades 3 & 4; CE – inadequate access to credit is becoming a noticeable constraint to business



Strategic Goal 4: Knowledge Authority

(iv) CIP

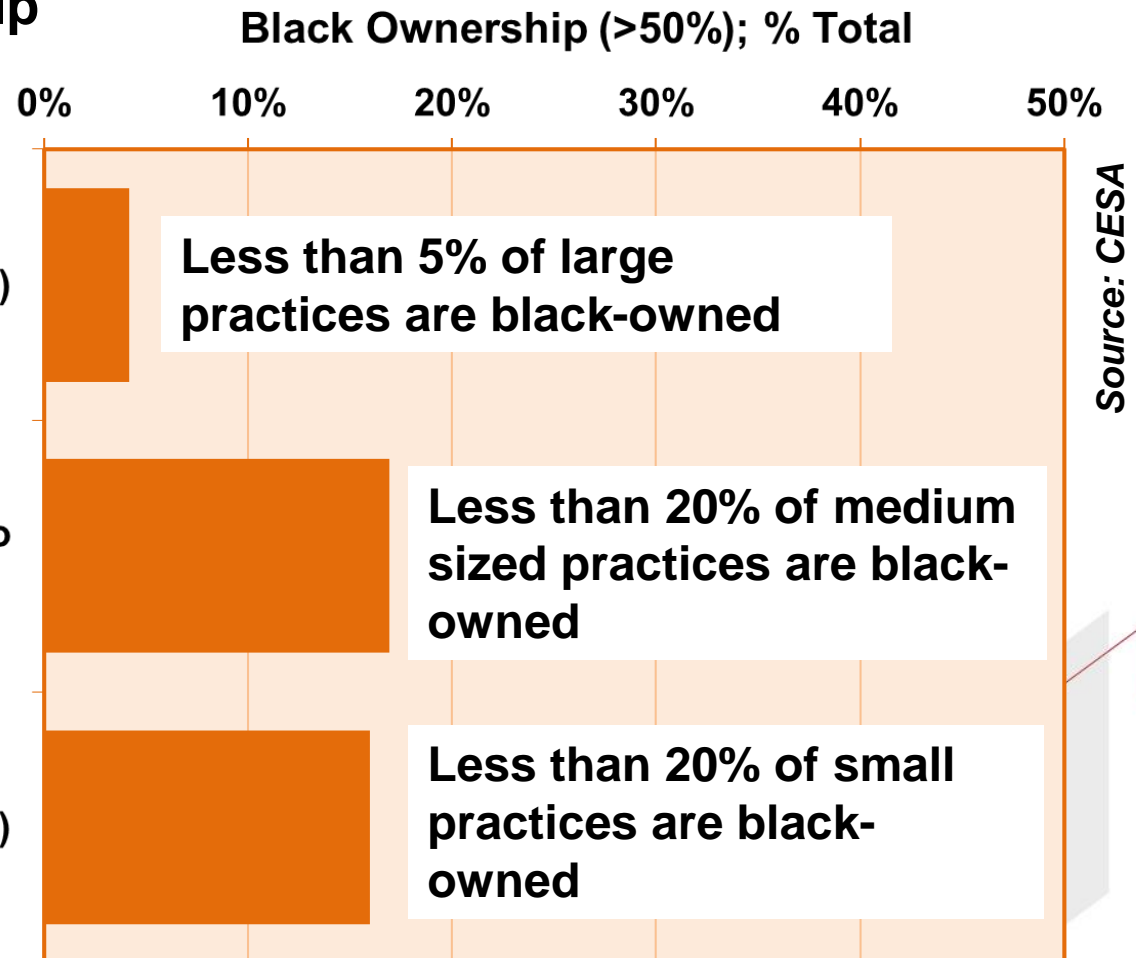
- Transformation; Black-Ownership (50%+) Contracting Sector, 2015 Q4



- Higher levels of black-owned firms at lower grades
- Less than 41% of Grade 9 contractors are black-owned

Strategic Goal 4: Knowledge Authority (v) CIP

- Transformation; Consulting Engineers, 2015 Q4
 - CESA membership

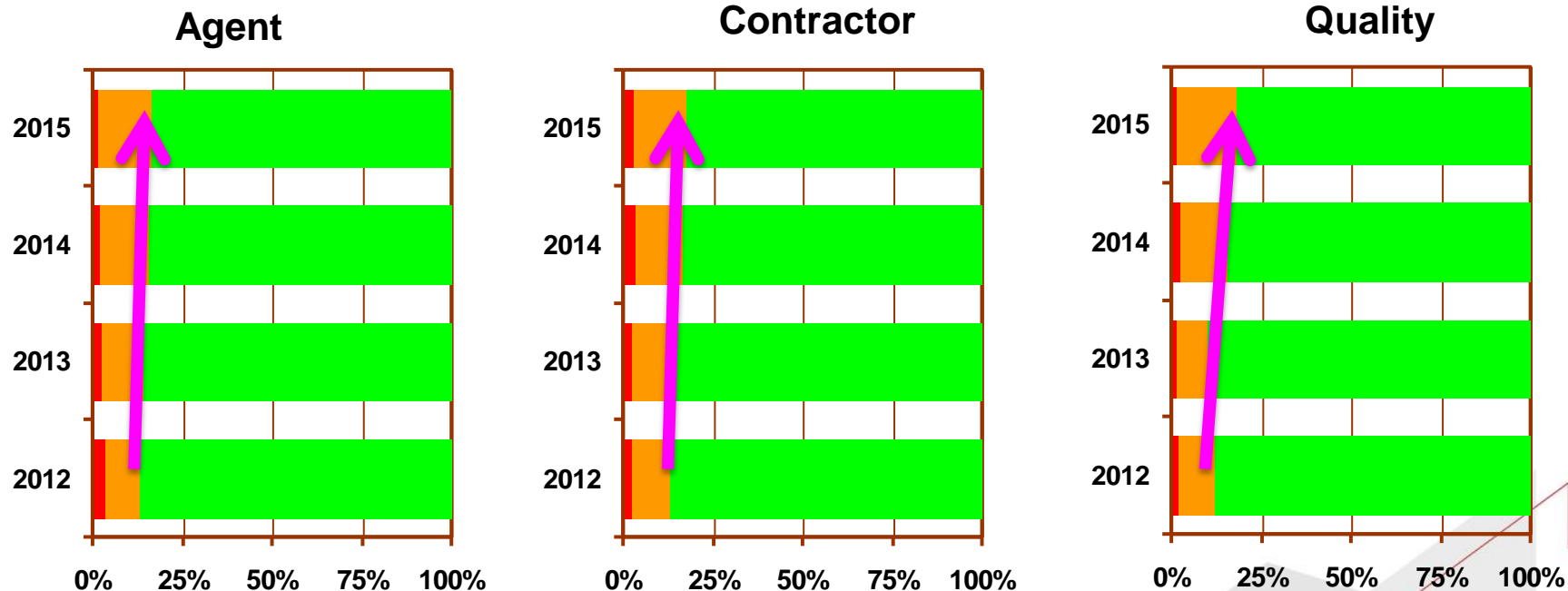


Strategic Goal 4: Knowledge Authority

(vi) CIP

❑ Construction Industry Indicators (CIIs):

- decreasing client satisfaction



Decreasing satisfaction is likely to be due to decrease availability of work, increased competition and decreasing profits

Strategic Goal 4: Knowledge Authority

(vii) CIP

- ❑ cidb hosted the 2016 Postgraduate Conference at Cape Town University's (Department of Construction Economics and Management). The theme of the conference was "Emerging trends in construction organisational practices and project management knowledge areas".
- ❑ A total of 121 abstracts were received from eight countries including Egypt, Ghana, Hong Kong, Netherlands, New Zealand, Nigeria, South Africa and the United Kingdom.
- ❑ 55 full papers were accepted and presented at the conference.

Strategic Goal 5: Financial Sustainability

CRS & CIP – Planned Developmental Interventions (subject to Board approval)

Item	Total; Rm 5 yr	Total; 5 yr	%
Industry Development			
Construction Management Systems (CMS)	102	2 040 contractors	18%
Assessment of prior learning (APL)	23	4 600 contractors	4%
Top-Up training in line with cidb Competence Standard	17	2 125 contractors	3%
Mentoring on CDPs	207	1 380 contractors	36%
Contractor Performance Reports; Adjudication	5	100 contractors	1%
Sponsorship of Construction Mentor training (CMentor)	5	179 mentors	1%
WorldSkills	67	2 700 learners/yr ave	12%
Centres of Excellence	59	4 CoE/yr ave	10%
Sub-Total	485		83%
Operations			
Compliance Monitoring	48	24 persons/yr ave	8%
Provincial Services	24	12 persons/yr ave	4%
Staff HO	25	12 persons/yr ave	4%
Sub-Total	97		17%
Total	582		100%

Strategic Goal 6 : Service Excellence (i)

CRS & PCD

- ❑ There were 44,160 Grade 1 applications activated in this financial year of which 41,353 applications were processed within a period of 2 working days amounting to 94% achievement.
- ❑ There were 7,638 enquiries received in the 2015/16 financial year. These were administered within the stipulated turnaround time of two working days from the time of receipt. This equates to a 100% achievement
- ❑ There were 573 queries received in the 2015/16 financial year and all were administered within the stipulated turnaround time of two working days which equates to a 100% achievement

Strategic Goal 6 : Service Excellence (ii)

CRS & PCD

- ❑ 13 out of 16 (81%) recognised CDP's in the Public Sector were registered on the cidb's Electronic Monitoring System.
- ❑ Overall satisfaction survey results for the year = 96 % (585 complaints of 14603 surveys).
- ❑ PCDF's for all provinces were held at least once over the last 2 quarters and twice per province for the year.

Strategic Goal 7 : Optimal Organisational culture CS

- **Cidb has a training and career development policy which came into effect in April 2015.**
- **To date this policy has benefited 32 employees who are in pursuit of their respective studies i.e.**
 - **MBA/L**
 - **Project Management**
 - **Marketing**
 - **Accounting**
 - **Corporate Governance**
- **Total investment of R401 133.00 has been spent on this training and career development initiative.**

Strategic Goal 8 : Stakeholder Engagements - CEO

- The National Stakeholder Forum (NSF) was held on 29th March 2016. A Transformation Framework:
 - **GOVERNANCE**: Policy, legislation and regulations. Enforcement, monitoring and evaluation;
 - **BUSINESS CONDITIONS**: procurement environment, client capacity, access to work opportunities, ownership & control, contractor registration;
 - **BUSINESS FACTORS**: quality of delivery, access to finance and internal governance within enterprises;
 - **CONSTRUCTION SKILLS & COMPETENCIES**: professional; artisanal: skilled and semi-skilled;
 - **DEVELOPMENTAL SUPPORT**: CDPs, training, access to information.



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Performance Summary

Challenges and Non- Achievements

(January – March 2016)

Non-Achievements

No.	Target	Progress Report and reason for deviation
1	1 x Assessment Report on the state of implement of the prescripts for Gateway Reviews by end March 2016	Work incomplete: The annual report on the implementation of the Gateway Reviews was not finalised. Prescriptions for Gateway Reviews have been published as part of the National Treasury Standard for Infrastructure Procurement and Delivery Management. The implementation of this initiative will have to be done in conjunction with the Office of the Chief Procurement Officer at the National Treasury to limit any confusion by the clients in the implementation thereof.
2	Annual report on the pilot programme for the roll out of construction competence standards by end March 2016	Work incomplete: The Annual Report on the Pilot of the Construction Competence Standards was not achieved. The Competence Standards will be reviewed in the next financial year in relation to the prescriptions for procurement in the National Treasury Standards for Infrastructure Procurement and Delivery Management. Roll out of the reviewed standard will be in conjunction with the OCPO at National Treasury.

Non-Achievements

No	Target	Progress Report and reason for deviation
3	<ul style="list-style-type: none"> 83% of contractors; Grades 5 & 6, registered on cidb Register of Contractors are black-owned (50%+), as at end-March 2016 47% of contractors; Grades 5 & 6, registered on cidb Register of Contractors are women-owned (30%+), as at end-March 2016. 	<p>Work not achieved: 82% of contractors; Grades 5 & 6, registered on cidb Register of Contractors are black-owned (50%+),</p> <p>42% of contractors; Grades 5 & 6, registered on cidb Register of Contractors are women-owned (30%+), as at end-March 2016</p>
4	1 x Assessment report on the investigation of a procurement model for limited tender opportunities by end March 2016	Work incomplete: Bid Specification Committee took place on 8 January 2016 to evaluate the submissions, only one tender received, which was not suitable.
5	93 % compliance with the legislated turnaround time on processing compliant Grade 2-9 applications by end of March 2016	<p>Work backlog: There were 22,287 Grade 2 to 9 applications activated in the financial year of which 16,024 applications were processed within a period of 21 working days equating to 72% compliance with the legislated turnaround time.</p> <p>All backlogs have been subsequently cleared. Organisational design project underway in order to optimally structure the institution for improved delivery.</p>

Challenges

- ❑ During the period under review the cidb proposed regulations on prompt payment and adjudication, which the Department of Public Works published for comment in Government Gazette of 29 May 2015. The draft regulations were widely applauded and welcomed by stakeholders, but were subsequently withdrawn to ensure that they are appropriately aligned to the CIDB Act.



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Staffing and Vacancies

Occupational Level

The status as at 31 March 2016

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
	Top management	0	0	2	1	1	0	1	0	0	
Senior management	6	1	0	0	3	0	0	0	0	0	10
Professionally qualified and experienced specialists and mid-management	13	0	2	1	6	0	0	1	0	0	23
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	15	0	1	0	25	2	0	1	0	0	44
Semi-skilled and discretionary decision making	26	2	1	1	45	4	1	3	0	3	86
Unskilled and defined decision making	0	0	0	0	1	0	0	0	0	0	1
TOTAL PERMANENT	60	3	6	3	81	6	2	5	0	3	169
FIXED TERM CONTRACT	3	1	0	0	21	0	0	0	0	0	25
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0
Temporary employees	0	0	0	0	1	0	1	0	0	0	2
GRAND TOTAL	63	4	6	3	103	6	3	5	0	3	196

Employment Equity

Summary Staff Breakdown

	No. of Staff	Representative %
Males	76	39%
Females	120	61%
People with disability	0	0%
Total staff	196	100%

- The current employment equity targets and strategy is under review.
- HR will use targeted recruitment strategies where under representation exists.

Vacancies

DEPARTMENT	VACANCIES (funded)
CEO's Office	4
Corporate Services	5
Registration Services	9
Construction Industry Performance	0
Procurement & Delivery Management	1
Provincial Offices and Contractor Development	5

Disciplinary and misconduct

NATURE OF SANCTIONS	NUMBER
Verbal Warning	1
Written Warning	8
Final Written Warning	1
Suspension	1
Dismissals	6
CCMA referrals	3
CCMA review	1



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Governance Matters

Governance Matters

- ❑ A new Chairperson was appointed
- ❑ Board and its Committees meet as per Board schedules
- ❑ Members' emoluments for the Board meetings and activities amounted to a total of R1,598,880



DEVELOPMENT THROUGH PARTNERSHIP

2015/16 Financial report

Audited Financial Performance – 2015/16

	BUDGET	ACTUAL	VARIANCE	ACTUAL
	(R'000)	(R'000)	(R'000)	(R'000)
	2015/16	2015/16	2015/16	2014/15
Revenue				
Government grant	65,626	65,626	-	66,320
Registration fees	70,904	74,928	4,024	77,212
Finance Income	8,568	9,352	784	7,200
Other Income		535	535	822
Total revenue	145,098	150,441	5,343	151,554
Expenditure				
Administrative Expenditure	64,144	57,149	6,995	53,053
Personnel Expenditure	80,954	76,145	4,809	77,042
Total current expenditure	145,098	133,294	11,804	130,095
Operating surplus		17,147	17,147	21,459
Loss on disposal	-	926	926	274
Surplus for the year	-	16,221	16,221	21,185

Budget per programme

Programme	Adjusted Appropriation (R'000)	Medium-term Expenditure Estimates (R'000)		
	2015/16	2016/17	2017/18	2018/19
Construction Registers Services (CRS)	29,607	22,236	26,335	27,915
Construction Industry Performance (CIP)	11,170	9,708	11,497	12,188
Procurement & Delivery Management (PDM)	11,225	11,041	13,078	14,019
Provincial Offices & Contractor Development (PCD)	29,870	29,380	35,029	37,131
CEO's Office	13,329	12,619	14,904	15,798
Corporate Services	49,897	41,013	48,634	51,372
Total	145,098	125,997	149,477	158,423

Budget cut as announced by National Treasury

	Adjusted Appropriation R'000	Medium-term Expenditure Estimates R'000			R'000
	2015/16	2016/17	2017/18	2018/19	Total
Government grants reduction					
Baseline reduction 2015/16 and 2016/17	15,760	23,640			39,400
MTEF revision of 2016/17 – 2018/19		10,000	15,000	20,000	45,000
Total effect of budget cut	15,760	33,640	15,000	20,000	84,400



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AUDIT OUTCOMES & CAP

Auditors General Outcome

- ❑ Unqualified Audit Opinion was received

Area of attention

- ❑ Irregular expenditure (R2,3m) as a result of old contracts

AG – Corrective Action Plans

Monitoring and Evaluation

- The AG has developed a dashboard document which lists the key control matters that the cidb must take care of during the course of the new financial year (2015/16) in order to improve on the audit outcome.
- A Corrective Action Plan (CAP) has been developed to record and monitor progress in addressing findings as detailed in the Management Letter.
- The cidb Internal Audit unit will follow up on the matters raised by the AG in the Management Letter.



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Thank you!