

# **PRESENTATION TO THE DEPARTMENT OF PUBLIC WORKS & INFRASTRUCTURE PARLIAMENTARY PORTFOLIO COMMITTEE**



**Annual Report for the period ended 31 March 2022**

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                         Richard Somanje  
                         Lebogang Madumo**

**12 October 2022**

# Annual Report Presentation Overview

- Mandate.
- Agrément South Africa Act's requirements.
- Alignment to National Development Plan(NDP), National Growth Path (NGP) and Medium-Term Strategic Framework(MTSF).
- Alignment to NDPWI Strategic Outcomes & Government's 7 priorities.
- ASA's Board.
- Vision, Mission & Values.
- External audit report.
- Non-financial performance information
- Financial Performance.

## ASA Mandate

In terms of the Act the objects of ASA are to:

- Provide assurance to specifiers and users of the fitness-for-purpose of non-standardised construction related products or systems;
- Support and promote the process of integrated socio-economic development in the Republic as it relates to the construction industry;
- Support and promote the introduction and use of certified non-standardised construction related products or systems in the local or international market;
- Support policy-makers in minimising the risk associated with the use of a non-standardised construction related product or system; and
- Be an impartial and internationally acknowledged South African center for the assessment and confirmation of fitness-for-purpose of non standardised construction related products or systems.

## Agrément South Africa Act's requirements

- Make rules, determine processes, procedures, and forms as it relate to issuing, amendment, suspension, reinstatement, withdrawal, or renewal of an ASA Certificate;
- Issue a certificate on prescribed form, if it is satisfied that a non-standardized Construction related product or system is fit-for-purpose, subject to the payment of the required fees;
- Monitor such certificates and manage the renewal of all certificates; and
- Establish and maintain a public register of the applications rejected and certificates issued, amended, suspended, reinstated, withdrawn and renewed.

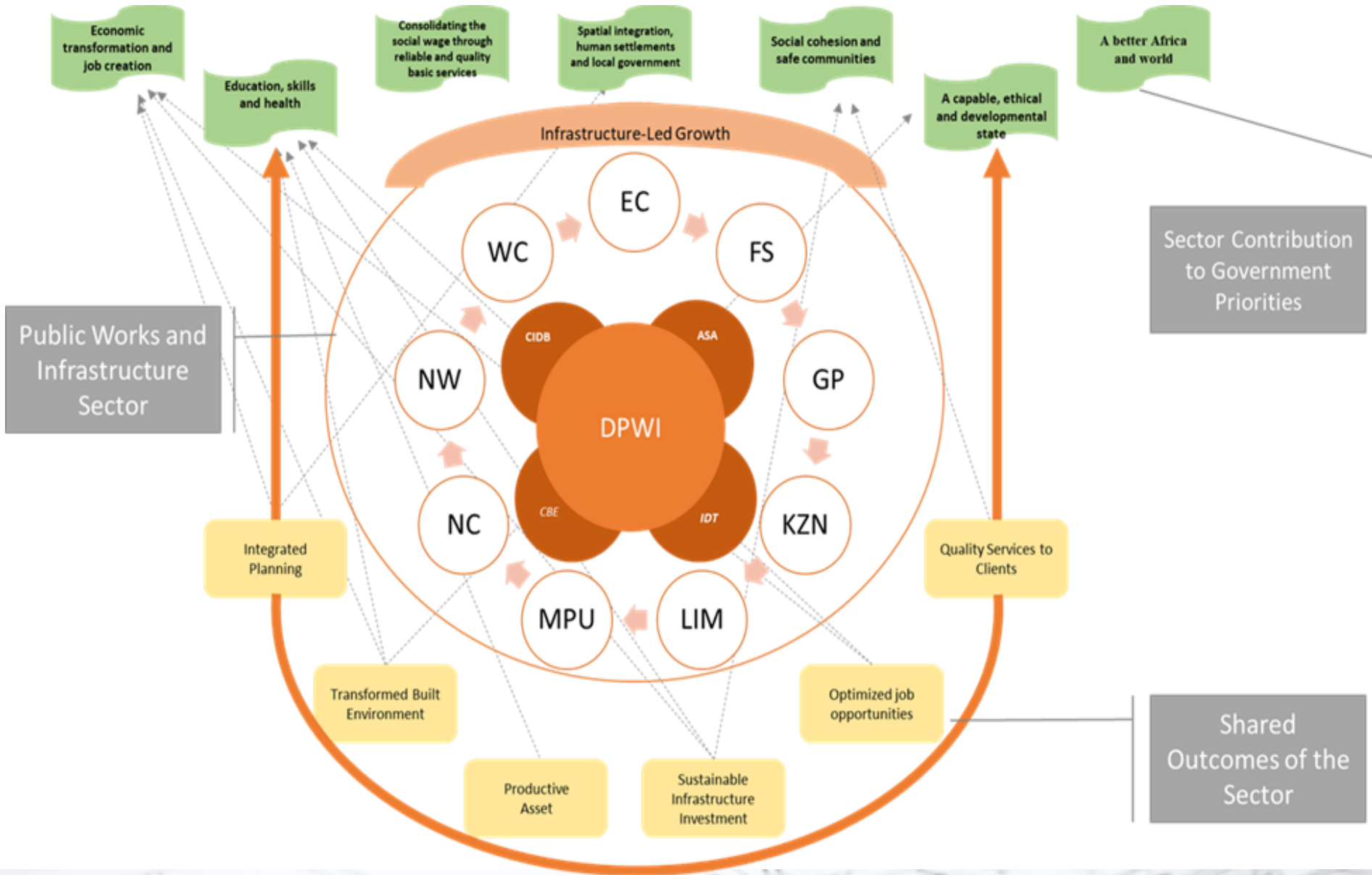
## Alignment to National Development Plan (NDP), NGP and MTSF

The seven priorities that will fast track South Africa's path to prosperity are as follows:

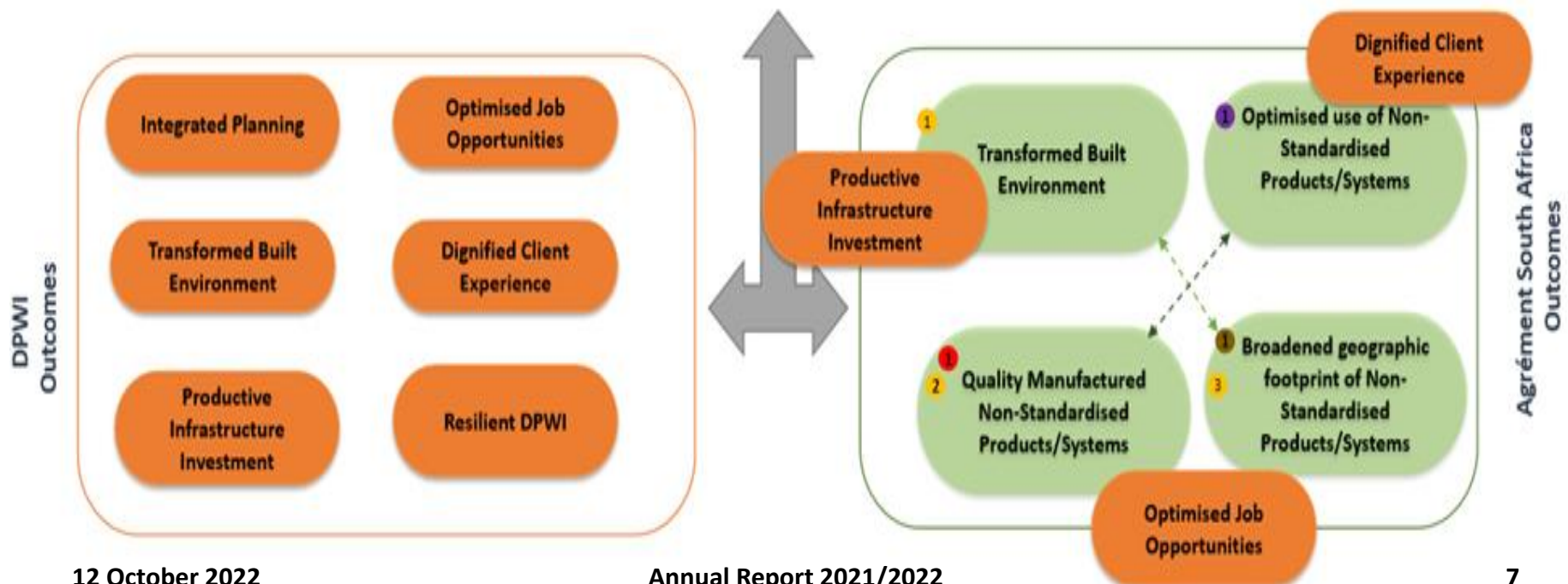
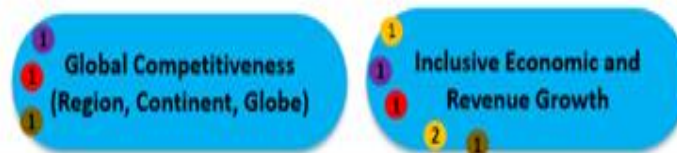
- Economic transformation and job creation;
- Education, skills and health;
- Consolidating the social wage through reliable and quality basic services;
- Spatial integration, human settlements and local government;
- Social cohesion and safe communities;
- A capable, ethical and developmental state; and
- A better Africa and World.

Agrément South Africa (ASA) fully supports these initiatives and believes the fit-for-purpose certificates awarded to the certificate holders will and continue to contribute towards economic development and thereby indirectly support the seven priorities.

# Alignment to National Development Plan (NDP), NGP and MTSF

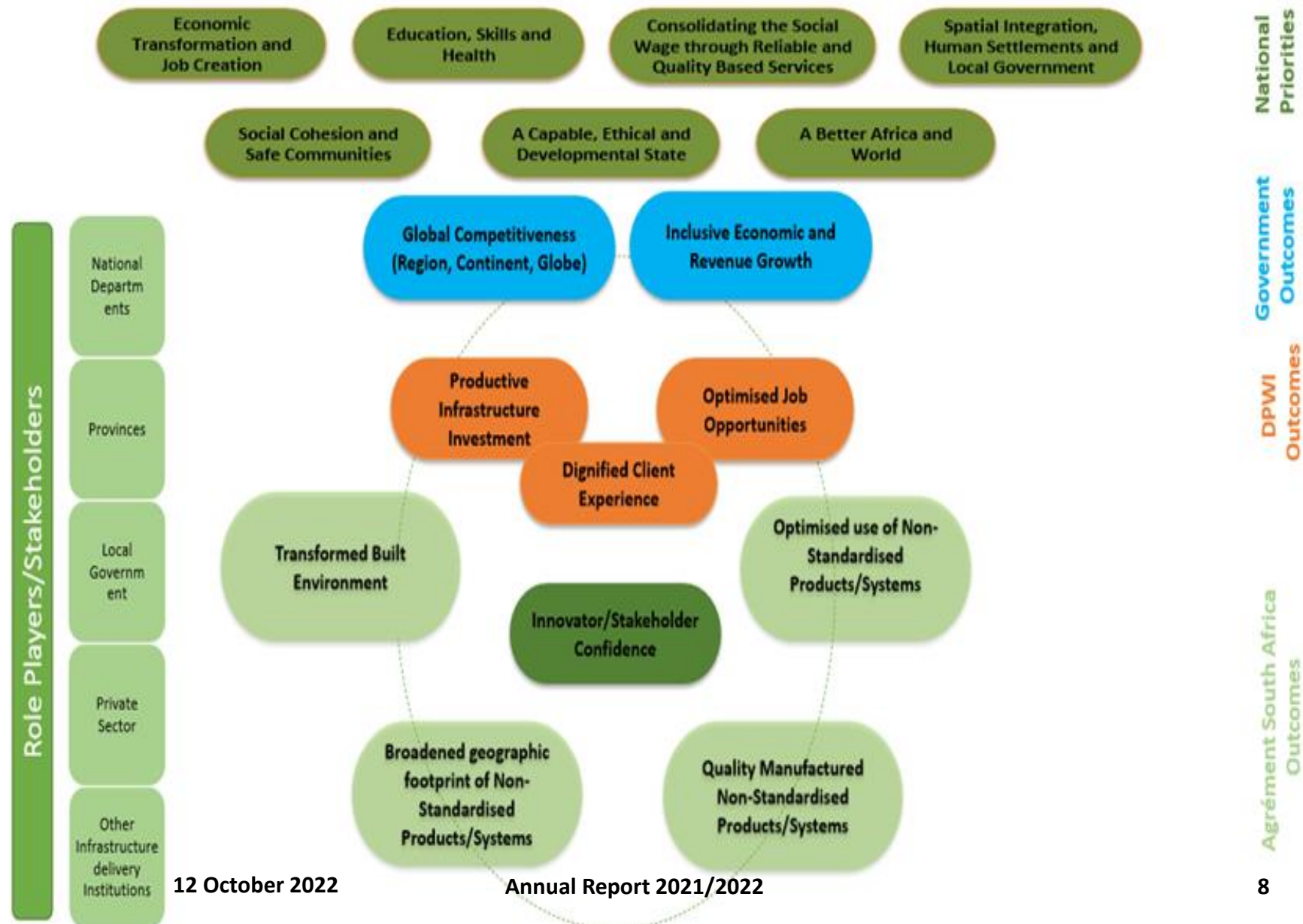


# Agrément South Africa Alignment to NDPWI's Outcomes and 7 Priorities



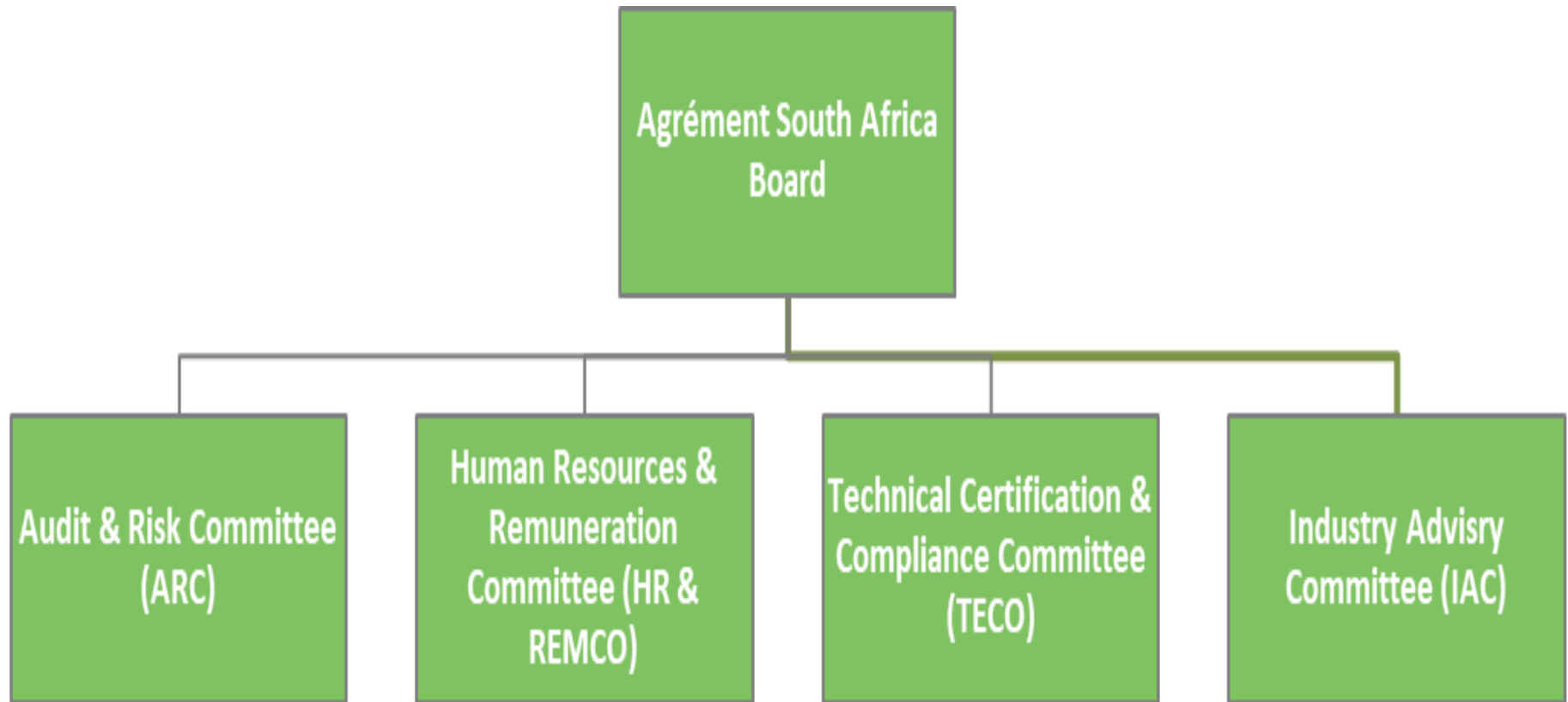


# Agrément South Africa Strategy Map





## ASA's Board



## Agrément South Africa's Vision

To be a centre of excellence for non-standardised construction products and systems.

## Agrément South Africa's Mission

To enhance ASA's position as the internationally acknowledged South African centre of excellence:

- for assessment and confirmation of fitness-for-purpose of non-standardised construction related products or systems.
- Provide assurance to specifiers and users of the fitness-for-purpose of non-standardised construction related products or systems.
- Support and promote the process of integrated socio-economic development in the Republic as it relates to the construction industry.
- Support and promote the introduction and use of certified non-standardised construction related products or systems in the local or international market; and
- Support policy makers to minimise the risk associated with the use of a non-standardised construction related products or systems.

## Agrément South Africa's Values

ASA's values are aligned with the values espoused in the Constitution. The core values that underpin the culture of ASA are:

- **People** – Respecting people for who they are, their knowledge, skills and experience as individuals and team members.
- **Reputation** – Upholding ASA's brand through excellence, integrity and quality.
- **Ingenuity** – Inspiring innovative solutions.
- **Diversity** – Embracing a dynamic and multi-cultural environment that respects the individual.
- **Enthusiasm** – Embracing a positive atmosphere through passion, drive and agility.

# Independent Auditor's Audit opinion

The audit of the annual financial statements and non-financial performance information was completed on 29 July 2022.

ASA achieved unqualified audit opinion with other matters on supply chain management and non-financial performance information on technical services.

88.9% (8 out of 9) external audit recommendations were implemented. The remaining one recommendation on irregular expenditure is pending condonation by National Treasury.

A total of 10 audit findings were recorded in the current year and management put in place a plan to implement these recommendations.

# Non-financial Performance information

Strategic outcome-oriented goals:

- ▶ To promote South African Government's objective of economic development, good governance and raising living standards and prosperity of all population.
- ▶ To promote introduction of innovative non-standardised construction related products and system for which there are no South African National Standards.



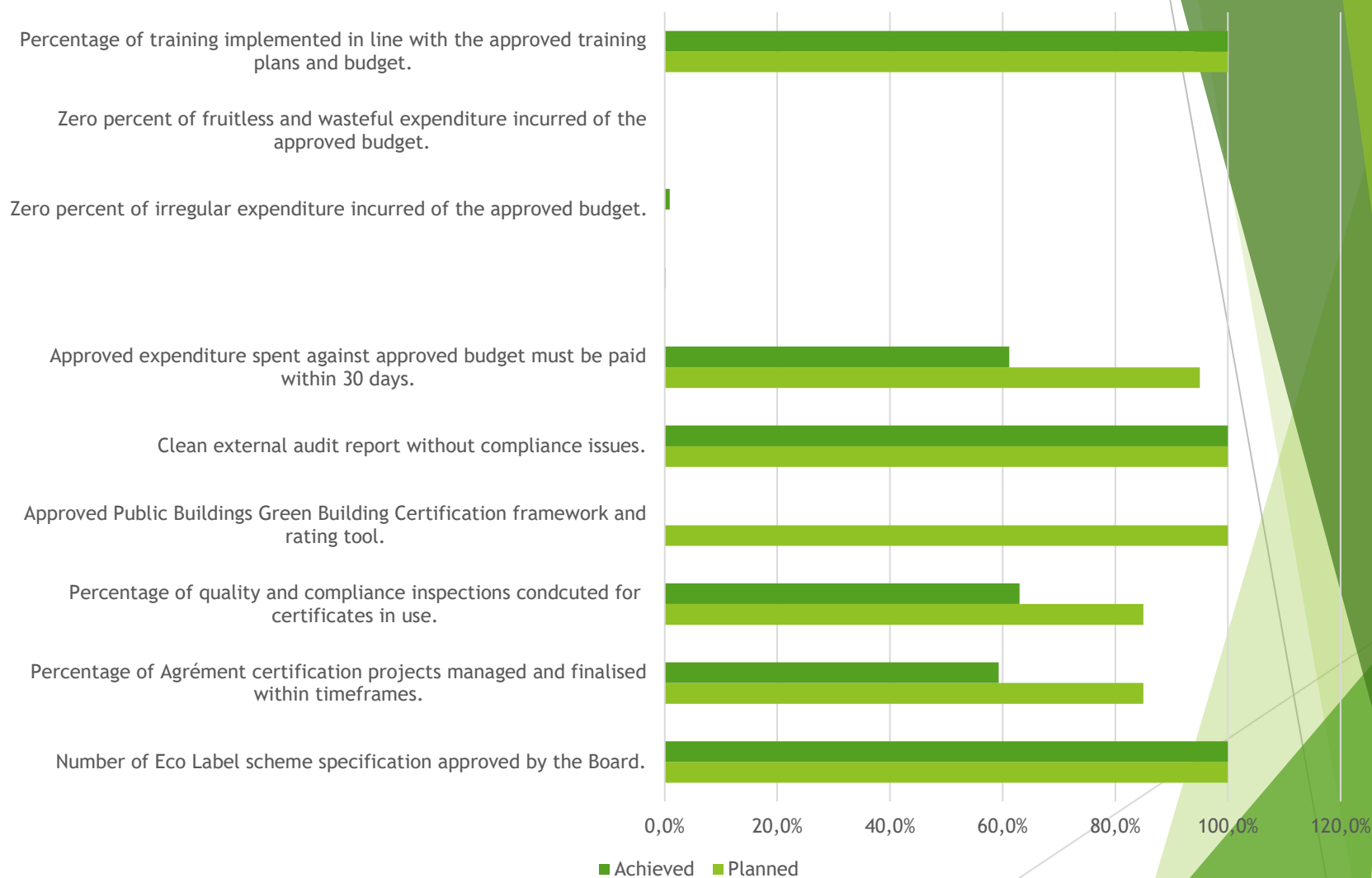
## During the period under review, Agreement South Africa indirectly contributed towards the followings:

- ▶ Supporting government objectives of socio-economic development;
- ▶ Good governance and raising standards of living and prosperity in South Africa;
- ▶ Encouraging and facilitating the use of innovative and non-standardised construction related products and systems; and
- ▶ Providing for certification schemes.

# Planned annual targets versus actual achievements

During the period under review, Agreement South Africa achieved as follows:

## 2022 Performance Targets



# TECHNICAL SERVICES

- ▶ **Purpose of the sub-programme:** Programme comprises the core service delivery functions of ASA. It includes three sub-programmes:
- **Products / Systems Certification:** The purpose of the programme is to promote the introduction and use of innovative and non-standardised construction related products and systems through technical assessment of fitness-for-purpose and subsequent certification.
- **Quality Audits:** The purpose of the programme is to ensure that good-quality materials and satisfactory standards of design, manufacture and where appropriate, erection, installation or application of all ASA's certificate holders and licensees' systems or products are consistently maintained within defined ASA parameters.
- **Research and Development:** The purpose of the programme is to encourage and support business activities of ASA, in partnership with other sector stakeholders, in relation to non-standardised construction related products and systems.

**Strategic Outcome-oriented Goal 1: Optimised use of Non-Standardised construction related products and systems.**  
**Strategic Objective 2: To implement Eco Label Scheme to enable ASA to extend the range of services offered.**

Outcome	Outputs	Output Indicators	Planned annual targets 2021/2022	Actual achievement 2021/2022	Reasons for all deviations
<b>Optimised use of Non-Standardised construction related Products and Systems.</b>	Implementation of Eco Label Scheme.	Number of Eco Label Scheme specification approved by the Board.	3 Eco Label Scheme specification approved by the Board.	Achieved.  3 specifications approved by TECO of 14 December 2021 (wall and ceiling panels, building insulation and adhesives, fillers), and Board.	Not applicable

Outcome	Outputs	Output Indicators	Planned annual targets 2021/2022	Actual achievement 2021/2022	Reasons for all deviations
<b>Optimised use of Non-Standardised construction related Products and Systems.</b>	Agrément certification projects managed and finalised within timeframes.	Percentage of Agrément certification projects managed and finalised within timeframes.	85% of projects assessed and completed as per the project timeframes.	Not achieved. Total number of projects managed and finalised within timeframes are 16, out of a possible 27 (i.e. 59.3%); 15 certificates issued and 01 certificate not approved.	Reasons includes failed tests, outstanding reports and quality manuals from clients.



Outcome	Outputs	Output Indicators	Planned annual targets 2021/2022	Actual achievement 2021/2022	Reasons for all deviations
<b>Quality Assurance.</b>	Quality Assurance on all certificates in use.	Percentage of quality and compliance inspections conducted for certificates in use.	Quality and compliance audits conducted for 85% of certificates in use.	Not achieved. 63% (178 out of 284) quality and compliance inspections conducted for certificates in use).	Targets we set using an incorrect number of certificates in use, therefore quality and compliance inspections for certificates in use were understated by 75 (209 certificates in use instead of 284)

Outcome	Outputs	Output Indicators	Planned annual targets 2021/2022	Actual achievement 2021/2022	Reasons for all deviations
<b>Broadened geographic footprint of Non-Standardised construction related products and systems.</b>	Public Buildings Green Building Certification Framework and Rating tool developed.	Approved Public Buildings Green Building Certification framework and rating tool.	Public Buildings Green Building Certification framework and Rating tool developed and approved by the Board.	Not achieved.	Due to delays in revising the mandate by the DPWI, the framework could not be developed

# FINANCIAL SERVICES

**Purpose of the sub-programme:** To provide overall financial and supply chain management, strategic leadership, operational efficiency and service excellence and providing organisational support services to operate and function as an organisation with a track record of quality, effective delivery and professional service.

Outcome	Outputs	Output Indicators	Planned annual targets 2021/2022	Actual achievement 2021/2022	Reasons for all deviations
<b>Resilient, ethical and capable entity.</b>	To ensure effective implementation of corporate governance across the board.	Clean external audit report without compliance issues.	Clean external audit report without compliance issues.	Unqualified external audit report with other matters.	88.9% (8 out of 9) external audit recommendations have been implemented. One recommendation relating to irregular expenditure remains outstanding.

Outcome	Outputs	Output Indicators	Planned annual targets 2021/2022	Actual achievement 2021/2022	Reasons for all deviations
<b>Resilient, ethical and capable entity.</b>	To monitor compliance with the prescripts of supply chain to ensure approved invoices are paid within 30 days.	Approved expenditure spent against approved budget must be paid within 30 days.	95% of approved expenditure spent of the approved budget must be paid within 30 days.	<p>I. Not achieved. 61.20% (R29.6 m of annual budget of 48.4 m) of approved expenditure spent of the approved budget.</p> <p>II. Not achieved. A total expenditure of R45,519.24 was paid outside 30 days.</p>	<p>Inadequate project management.</p> <p>Non-compliance with supply chain management policy.</p>

Outcome	Outputs	Output Indicators	Planned annual targets 2021/2022	Actual achievement 2021/2022	Reasons for all deviations
<b>Resilient, ethical and capable entity.</b>	To monitor compliance with the prescript of supply chain to ensure zero irregular expenditure in implementing the budget.	Zero percent of irregular expenditure incurred of the approved budget..	95% of approved budget spent with zero irregular expenditure.	Not achieved. 61.20% (R29.6 m of annual budget of R48.4 m) of approved expenditure spent of the approved budget with an amount of R274,242 incurred on irregular expenditure.	Inadequate project management.  Non-compliance with supply chain management policy.



Outcome	Outputs	Output Indicators	Planned annual targets 2021/2022	Actual achievement 2021/2022	Reasons for all deviations
<b>Resilient, ethical and capable entity.</b>	To monitor compliance with the prescript of supply chain to ensure zero percent of fruitless and wasteful incurred of the approved budget.	Zero percent of fruitless and wasteful incurred of the approved budget.	95% of approved budget spent with zero fruitless and wasteful expenditure.	Achieved. 61.20% (R29.6 m of annual budget of R48.4 m) of approved expenditure spent of the approved budget with zero fruitless and wasteful expenditure.	Not Applicable

**Purpose:** To provide overall strategic leadership, operational efficiency and service excellence and providing organisational support services to operate and function as an organisation with a track record of quality, effective delivery and professional service.

Outcome	Outputs	Output Indicators	Planned annual targets 2021/2022	Actual achievement 2021/2022	Reasons for all deviations
A capable, ethical and developmental entity.	Empowered human capital.	Percentage of training implemented in line with the approved training plans and budget.	100% implementation of planned training in line with the approved training plans and budget.	Achieved. 100% implementation of planned training in line with the Annual Training Plan approved by EXCO.	Not Applicable.

# Financial performance for the period ended 31 March 2022

The financial performance reflects movement from 2021 to 2022 financial year in terms of percentage and actual amount.

The following legends are used:

- ↑ Increase in revenue/assets from prior year.
- ↑ Increase in expenses from previous year.
- ↓ Decrease in expenses/liabilities from prior year.
- ↔ No movement from prior year.

# Financial Performance

## STATEMENT OF FINANCIAL PERFORMANCE

	Percent	Movement	Variance	2022	2021
			R	R	R
Rendering of services	175.19%	↑	2,266,549	3,560,339	1,293,790
Recoveries from bad debts and bursaries	107.95%	↑	80,708	155,471	74,763
Interest received	0.78%	↑	9,028	1,168,020	1,158,992
<b>Sub-total</b>	93.15%	↑	2,356,285	4,883,830	2,529,566
Government Grants	13.96%	↑	4,051,000	33,078,000	29,027,000
<b>Total revenue</b>	20.31%	↑	<b>6,407,285</b>	<b>37,961,830</b>	<b>31,554,545</b>
Personnel related costs	5.53%	↑	1,220,106	23,282,658	22,062,552
Depreciation and Amortisation	-49.94%	↓	-1,354,210	1,357,287	2,711,497
Lease rental on operating lease	4.75%	↑	120,713	2,661,797	2,541,084
Debt Impairment	-82.05%	↓	-208,480	45,600	254,080
COVID-19 expenses	-100.00%	↓	-314,120		314,120
Operating expenses	-19.03%	↓	-1,189,686	5,062,321	6,252,007
Total expenditure	-5.06%	↓	-1,725,677	32,409,663	34,135,340
<b>(Deficit) / Surplus for the period</b>	315.13%	↑	<b>8,132,962</b>	<b>5,552,167</b>	<b>-2,580,795</b>

# Financial Position

STATEMENT OF FINANCIAL POSITION	Percent	Movement	Variance	2022	2021
<b>Current Assets</b>					
Receivable from exchange	100.00%	↑	55,911	55,911	0
Cash and cash equivalents	18.35%	↑	4,326,066	27,902,891	23,576,825
	18.59%	↑	4,381,977	27,958,802	23,576,825
<b>Non-current Assets</b>					
Property, plant and equipment	-26.58%		-719,210	1,986,989	2,706,199
Intangible Assets	323.79%	↑	328,837	430,395	101,558
Receivable from non-exchange	0.00%	↔	0	2,783	2,783
Receivable from exchange	0.00%	↔	0	326,292	326,292
	-12.44%		-390,373	2,746,459	3,136,832
<b>Current Liabilities</b>					
Green building rating tool	0.00%	↔	0	496,580	496,580
Payables from exchange	-23.60%	↓	-1,499,841	4,854,243	6,354,084
Provisions	-100.00%	↓	-60,721	0	60,721
<b>Total Liabilities</b>	-22.58%	↓	-1,560,562	5,350,823	6,911,385
<b>Net Assets</b>	28.04%	↑	5,552,166	25,354,438	19,802,272
<b>Reserves</b>					
Revaluations reserves	0.00%	↔	0	1,450,804	1,450,804
Other Non-distributable reserves	0.00%	↔	0	2,976,037	2,976,037
Accumulated surplus	36.11%	↑	5,552,166	20,927,597	15,375,431
<b>Total Net Assets</b>	28.04%	↑	<b>5,552,166</b>	<b>25,354,438</b>	<b>19,802,272</b>

# Conclusion

- Agrément South Africa continues to contribute towards the National imperatives and global Sustainability by undertaking technical assessments of innovative construction products.
- Agrément South Africa provides technical assessment of system performance.
- Facilitates the safe introduction of innovative construction products.
- Facilitates the global acceptance of innovative products or systems.
- Provides independent and authoritative technical assurance of fitness for purpose.



**Thank you**