2024/25 Annual Performance Plan

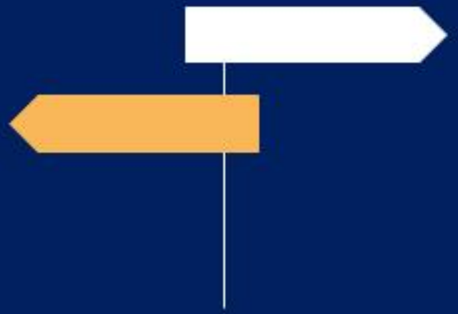
To be presented to the Portfolio Committee on Public Works and Infrastructure: 20 March 2024

Your partner in development

independent development trust

public works & infrastructure

Department:
Public Works and Infrastructure
REPUBLIC OF SOUTH AFRICA



CONTENTS

Your partner in development

Background and Context

Purpose

To present to the Portfolio Committee on Public Works and Infrastructure the 2024/25 Annual Performance Plan of the Independent Development Trust (IDT).

Mission and Vision

Mission

The IDT is a Built Environment project management agency which manages and delivers integrated public infrastructure programmes.

Vision

A commercially driven public sector built environment project management enterprise

Brand Promise

Assured efficient infrastructure delivery

Values

- Thinking like our clients
- Continuous active visibility
- Commercially minded
- Competitive and collaborative
- Innovative and proactive
- Zero tolerance for corruption

Environmental Context

- The IDT Strategic Intent is informed by the following realities:
  - The State continues to experience alarmingly huge capacity deficit to meet the demand for public infrastructure delivery. Disjointed implementation mechanism, non-compliance with established delivery systems, implementation inefficiencies undermine demands for fiscal prudence in the delivery of public infrastructure.
  - Project cost overruns *(delivery inefficiencies)*, overspending *(inflated cost of delivery),* and lack of integration and alignment of public infrastructure delivery lead to significant losses.
  - The IDT remains a valuable asset of the state for public infrastructure and related service delivery. Its competency, experience and institutional memory are intangible assets the state needs to continually maximise and effectively deliver public infrastructure.

The IDT Operational Context

- The entity's past challenges had an adverse impact on its revenue generation and ability to fund its operating costs threatening its going concern status. However; interventions to address these challenges are yielding positive results:
  - Client engagement efforts are bearing positive results - confirmed programme portfolio allocations and agreements (MOAs) with new clients.
  - As a result of these efforts, client confidence has risen and the portfolio has increased to levels last witnessed in the 2015/16 financial year while programme expenditure has also risen to levels last seen in the 2018/19 FY.
  - Efforts towards entity transformation (future form and status) are underway.
  - The entity's obsolete enabling technology (ICT) is being addressed.
  - The entity continues to expedite the acquisition of human resource capacity

Planning Assumptions

External Environment

External conditions necessary for the plan to be successfully executed

- **Long-term sustainability and certainty of mandate**– the IDT retains its mandate and status as a programme implementing agent and an entity of government.
- **Corporate form and identity** – The IDT reconfiguration process is underway. Until this process is concluded and changes in corporate form is introduced, the IDT will remain a Schedule 2 Public Entity. This assumes that introduction of a new corporate form will not significantly affect or alter the role of the entity as a programme implementing agent for government.
- **Going Concern Status** – the IDT will remain a going concern for the next three years. Financial injection will be sourced to fund critical areas of operations to improve efficiencies and a financial surplus or at least breakeven point.
- **Business Portfolio** – The IDT will attract sufficient value of business portfolio year on year. Execution on secured programme portfolio will enable the entity to financially break even and ultimately generate operating surplus.

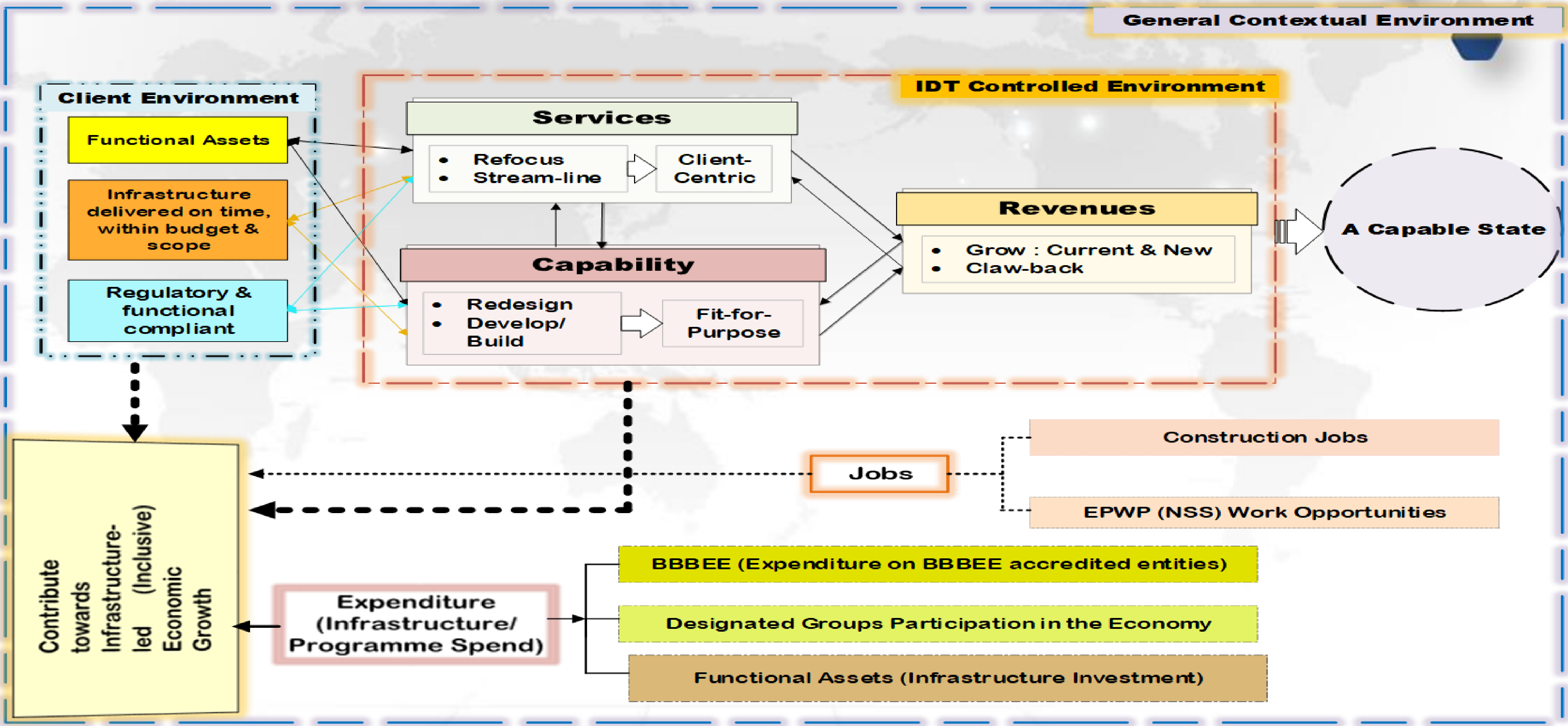
Internal Environment

- Internal (Organisational) conditions necessary for the plan to be successfully executed (outcomes to be achieved)

- **Delivery Capacity** – the IDT will have (source) sufficient capacity and resources (people and finances) to deliver on its mandate – the entity has in the past year increased the number of built environment professionals .
- **Enabling Technology -** the IDT will timeously resource itself with appropriate enabling technology to deliver on its mandate efficiently – processes procure appropriate systems (IT) are underway.
- **Business processes** – The organisation's design, structure and processes are *fit for purpose* (processes institutionalised and diligently implemented).
- **Organisational culture** – The IDT has developed and implemented an appropriate organisational culture that is client-centric and conducive for excellent results (high-performance culture).
- **Quality of personnel** – The IDT is able to attract and retain the right and required skill when and where they are needed.

Strategic Positioning

Pillars of the 3-year Strategy



Pillars of the 3-year Strategy

Build Organisational Capability Fit for Purpose

- Transform the entity into an agile organisation which respond to customer needs ahead of any competitor.
- Design and structure the organisation to deliver on its brand promise ***(assured efficient infrastructure delivery).***
- Gear to a Transformational leadership mind-set.
- Adopt a people supply chain process that delivers talent ahead of demand.

Re-focus and streamline client service offering

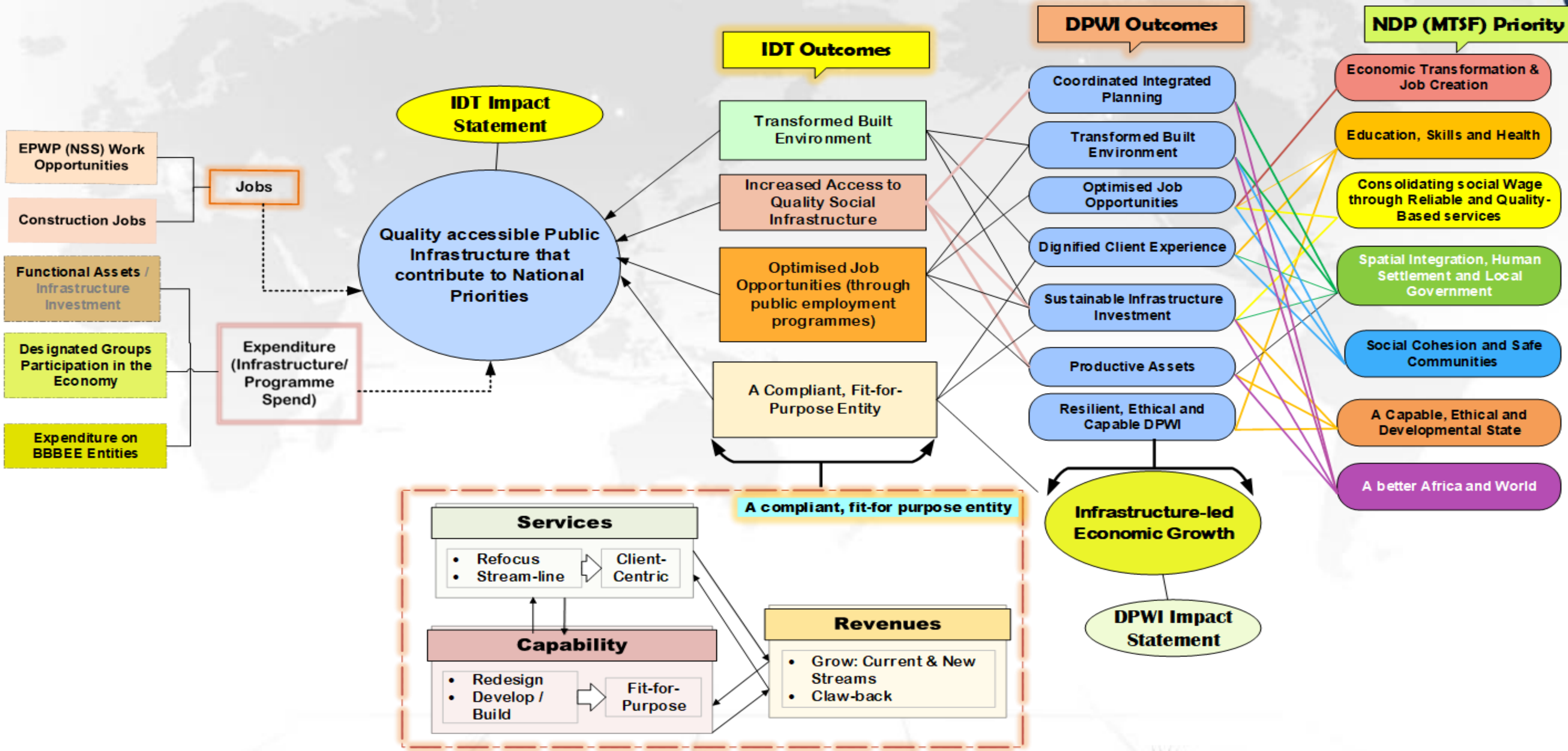
- Develop a portfolio of market segmented services and delivery channels which delivers on customers' value proposition.
- Reconstitute contract management & income stream system and processes.
- Deliver quality social infrastructure on time, within budget and scope.
- Develop a model to drive customer centricity throughout the organisation

Pillars of the 3-Year Strategy

- **Secure the entity's financial sustainability**
  - – Grow revenue streams – current and new streams
  - – Adapt SCM processes to align with client's services and compliance requirements
  - – Implement the reviewed contracting model to ensure financial sustainability
  - – Monitor and adjust cost (of delivery) to sustain long-term viability
    - ***Debtors collection***
    - ***Cost containment / zero budget base / legal cost containment***
    - ***Activity-based costing***
  - – Develop alternative funding models to reverse the adverse balance sheet status

Alignment with MTSF Priorities and Outcomes

Impact, Outcomes & MTSF Priorities Alignment



Your partner in development

APP
Targets
and Budget

Approach to APP Targets

- Balance the need for long-term sustainability and current capacity challenges (finance, enabling technology and human resources).
- Ensure delivery of work-on-hand (current programme commitment) and provide scope for growth to enhance both public infrastructure delivery and the entity's financial performance.
- Target growth of business portfolio supplemented by commitment to increase delivery capacity (enabling technology and human resources – right personnel in right position).
- Allocate resources to align strategy commitment towards growth and effective delivery on current obligations.
- Targets are informed by past performance (baseline), and SMART principles in terms of applicable planning standards and guidelines

Outcomes, Outputs, Performance Indicators and Targets

<table>
<tr><th rowspan="3">Outcome</th><th rowspan="3">Outputs</th><th rowspan="3">Output Indicators</th><th colspan="7">Annual Targets</th></tr>
<tr><th colspan="3">Audited Actual Performance</th><th>Estimated Performance</th><th colspan="3">MTEF Period</th></tr>
<tr><th>2020/21</th><th>2021/22</th><th>2022/23</th><th>2023/24</th><th>2024/25</th><th>2025/26</th><th>2026/27</th></tr>
<tr><td rowspan="3">Increased Access to Quality Social Infrastructure</td><td>Completed Projects (Practical completion)</td><td>Number of infrastructure projects completed (Practical Completion)</td><td>35</td><td>36</td><td>35</td><td>55</td><td>248</td><td>18</td><td>17</td></tr>
<tr><td>Projects completed on time</td><td>Percentage of projects completed on time</td><td>26%</td><td>56%</td><td>22%</td><td>57%</td><td>60%</td><td>65%</td><td>65%</td></tr>
<tr><td>Projects completed within budget</td><td>Percentage of projects completed within budget</td><td>94%</td><td>100%</td><td>75%</td><td>75%</td><td>80%</td><td>85%</td><td>85%</td></tr>
</table>

Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Target						
			Audited Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/2022	2022/2023	2023/2024	2024/25	2025/2026	2026/2027
A Transformed Built Environment	Contracts awarded to Designated groups	Percentage of programme contracts value (weighted rand value) allocated to designated groups	N/A	N/A	N/A	45	40%	45%	45%
	Programme Expenditure on designated groups	Percentage of weighted programme expenditure on designated groups (based on total programme spend)	N/A	N/A	N/A	90	70%	75%	80%
	Projects Contract awards within the CDP	Number of construction projects tender awards within the IDT Contractor Development Programme	N/A	N/A	N/A	N/A	168	21	22

Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Target						
			Audited Actual Performance			Estimated Performance	MTEF Period		
			2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
A Transformed Built Environment	**Projects Contract awards within the CDP**	Percentage of construction projects tender awarded women contractors participating in the IDT CDP	N/A	N/A	N/A	N/A	40%	40%	40%
		Percentage of construction projects tender awarded to youth participating in the IDT CDP	N/A	N/A	N/A	N/A	30%	30%	30%
		Percentage of construction projects tender awarded to persons with disability participating in the IDT CDP	N/A	N/A	N/A	N/A	2%	2%	2%

Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output indicators	Annual Target						
			Audited Actual Performance			Estimated Performance	MTEF Period		
			2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
A Transformed Built Environment	CDP Contractors graduated from the CDP	Number of contractors with improved CIDB grading	N/A	N/A	N/A	N/A	N/A	18%	18%
		Percentage of women contractors with improved CIDB grading	N/A	N/A	N/A	N/A	N/A	40%	40%
		Percentage of youth contractors with improved CIDB grading	N/A	N/A	N/A	N/A	N/A	30%	30%
		Percentage of people with disabilities with improved CIDB grading	N/A	N/A	N/A	N/A	N/A	2%	2%

Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Target						
			Audited Actual Performance			Estimated Performance	MTEF Period		
			2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
Optimised Job Opportunities (through public employment programmes)	Construction work opportunities created	Number of construction work opportunities created (IDT Portfolio)	2 780	3 950	3 187	3 100	3 887	2 075	2 150
	EPWP Work opportunities created	Number of work opportunities created through EPWP (EPWP-NSS excluding IDT programme portfolio)	35 937	100 212	109 871	64 000	80 000	96 000	96 000

Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Target						
			Audited Actual Performance			MTEF Period (R0,00)	MTEF Period (R0,00)		
			2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
A Compliant, Fit for Purpose Entity	Business generated	Value of business portfolio (confirmed programmes)	N/A	N/A	R3,535bn	4 819 905	5 584 215	5 618 719	3 487 237
		Value of new business generated	N/A	N/A	R 1,317bn	2 427 630	2 427 630	R 1 861 000	1 410 000
	Operating Surplus	Value of programmed spend	R2,283 bn	R2,331bn	R3,319bn	4 751 999	6 252 430	5 618 719	3 487 237
		Management fee collection ratio	81% annual managementfee collectionratio	80 % annual managementfee collection ratio	76 % annual management fee collection ratio	90 % annual managementfee collectionratio	90 % annual managementfee collectionratio	90 % annual management fee collection ratio	90 % annual management fee collection ratio
	Human capital strategy implemented	Vacancy rate	N/A	N/A	40%	10%	10%	10%	10%

Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Target						
			Audited Actual Performance			MTEF Period (R0,00)	MTEF Period (R0,00)		
			2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
A Compliant, Fit for Purpose Entity	Percentage ofcompliant programme invoices paid within 30 days of receipt	Percentage of compliant programme invoices paid within 30 days of receipt	35% compliant programme invoices paid within 30days	65% compliant programme invoices paid within 30 days	85% compliant programme invoices paid within 30 days	78% compliant programme invoices paid within 30 days	100% compliant programme invoices paid within 30 days	100% compliant programme invoices paid within 30 days	100% compliant programme invoices paid within 30 days
	Percentage ofcompliant overheads invoices paid within 30 days of receipt	Percentage of compliant overheads invoices paid within 30 days of receipt	84%	83% compliant overheads invoices paid within 30 days	80% compliant overheads invoices paid within 30 days	100% compliant overheads invoices paid within 30 days	100% compliant overheads invoices paid within 30 days	100% compliant overheads invoices paid within 30 days	100% compliant overheads invoices paid within 30 days

Budget Estimates

Your partner in development

public works & infrastructure
Department: Public Works and Infrastructure
REPUBLIC OF SOUTH AFRICA

2024/25 – 2026/27 MTEF Budget Framework...

BUDGET - MTEF 2025: INDEPENDENT DEVELOPMENT TRUST

Details	ACTUAL 2021/22 R'000	ACTUAL 2022/23 R'000	ANNUALISED 2023/24 R'000	BUDGET 2023/24 R'000 2023/24	BUDGET 2024/25- R'000	MTEF 2025/26 '000	MTEF 2026/27 R'000	MTEF 2027/28 R'000	
Programmes	**3 560 070**	**2 457 670**	**4 124 431**	**6 751 999**	**9 040 886**	**8 987 433**	**9 302 711**	**9 603 375**	
Expenditure: Confirmed Programme Contracts	2 535 003	1 920 722	3 072 000	3 808 025	5 200 000	2 139 426	1 186 690	133 767	**Note 1**
Expenditure: Unconfirmed Programme Contracts / New Business					788 456	3 742 956	4 955 718	6 251 289	**Note 1**
EPWP NSS (from DPWI Allocation)	1 025 067	536 948	1 052 431	943 974	1 052 430	1 105 051	1 160 304	1 218 319	**Note 1**
Required Additional DPWI Allocation				2 000 000	2 000 000	2 000 000	2 000 000	2 000 000	**Note 1**
Staffing requirements	**220**	**248**	**247**	**298**	**320**	**320**	**320**	**320**	
Staff Numbers	**220**	**248**	**247**	**298**	**320**	**320**	**320**	**320**	**Note 2**
Average Gross Management Fee Rate	**6%**	**6%**	**6%**	**5%**	**6%**	**6%**	**6%**	**6%**	
Revenue	**235 643**	**311 618**	**348 841**	**390 125**	**633 045**	**634 046**	**654 622**	**687 027**	
Management Fee Revenue: Confirmed Programmes	77 508	123 031	172 032	190 401	329 680	135 639.61	75 236.15	8 480.83	**Note 3**
Management Fee Revenue: EPWP NSS	44 604	89 373	89 457	80 238	85 457	89 929	98 626	99 557	**Note 3**
Management Fee: Unconfirmed Programme Contracts				100 000	182 964	364 103	440 992	523 132	**Note 3**
Cost Recovery - Travel Disbursement Recovery (Projects)				5 986	9 907	11 096	12 379	14 527	**Note 3**
Cost Recovery - Legal Cost Recovery (Projects)				8 500	21 037	29 277	24 389	38 330	**Note 3**
Other Income	20 531	28 914	5 552	5 000	4 000	4 000	3 000	3 000	**Note 5**
Grant Funding	93 000	70 300	81 800		-	-	-	-	**Note 4**

2024/25 – 2026/27 Budget Framework…

Details	ACTUAL 2021/22 R'000	ACTUAL 2022/23 R'000	ANNUALISED 2023/24 R'000	BUDGET 2023/24 R'000 2023/24	BUDGET 2024/25- R'000	MTEF 2025/26 '000	MTEF 2026/27 R'000	MTEF 2027/28 R'000	
Operational Expenditure	**214 013**	**269 561**	**313 945**	**455 194**	**581 372**	**601 260**	**629 513**	**656 311**	
Employment costs	134 524	161 280	196 927	225 503	244 742	286 532	300 859	315 902	**Note 6**
Salary Benchmarking Adjustment					36 711				**Note 6**
Performance Bonus Provision					28 145	28 653	30 086	31 590	
Cuban Technical Resources					4 084	4 102	3 149		**Note 6**
Staff Training	168	1 321	3 333	4 510	7 342	8 596	9 026	9 477	**Note 7**
Internship programme	1 420	11 304	10 151	11 352	8 100	8 100	8 100	8 100	**Note 6**
Internal Audit Graduate Programme					2 500	2 500	1 667	-	**Note 6**
Restructuring costs	5	3	104	5 000	-	-	-	-	**Note 8**
Non-Employment:									
Travel - Projects	6 524	13 372		7 483	13 209	13 870	14 563	15 291	**Note 9**
Travel - Administration			17 273	3 207	26 026	27 327	28 693	30 128	**Note 9**
Litigation fees	17 863	20 439	25 374	24 000	34 854	36 597	38 427	40 348	**Note 10**
Consultants fees	2 182	5 724	2 753	6 668	6 000	6 300	6 615	6 946	**Note 11**
Depreciation - Non Cash item	3 779	3 483	2 313	6 478	6 478	6 802	7 142	7 499	**Note 12**
External Audit Fees	8 159	12 462	11 036	12 000	13 200	13 860	14 553	15 281	**Note 13**
IT Cost (Maintenance and support costs)	656	973	1 308	18 926	11 945	12 542	13 169	13 828	**Note 14**
Communication	1 330	2 816	1 507	11 630	16 675	17 508	18 384	19 303	**Note 15**
Facilities	1 337	1 814	10 357	21 383	28 749	30 187	31 696	33 281	**Note 16**
Leases: Office rental including rent parking	7 440	6 950	7 205	21 278	12 946	14 241	15 665	17 231	**Note 17**
Partnerships and Initiatives - Contractor Development Programme	38		0	0		-	-	-	**Note 18**
Other Operating expenses	18 150	21 483	11 148	47 225	44 203	46 413	48 733	51 170	**Note 18**
Strategy Costs			0	0	-	-	-	-	
Organisational redesign /realignment			0	0	-	-	-	-	
Business Development Costs (Travel and Build IDT Profile)			0	0	-	-	-	-	
New Revenue Streams			0	0	-	-	-	-	
Centralised Cost	**10 438**	**6 137**	**13 155**	**28 550**	**35 462**	**37 130**	**38 987**	**40 936**	
Telephone	5 964	3 278	4 127	10 000	6 692	7 027	7 378	7 747	**Note 19**
Rent photocopiers	4 052	897	489	1 000	720	756	794	833	**Note 20**
Insurance	12	287	1 599	1 650	2 600	2 730	2 867	3 010	**Note 21**
Software Licences and Subscriptions	410	1 675	4 209	12 400	21 150	22 208	23 318	24 484	**Note 22**
Network Data	0	0	2 731	3 500	4 200	4 410	4 631	4 862	**Note 23**
Server Virtualisation / Hosting (19 servers)									
Repairs to Boundary walls (including electric fencing) - Office Park					100				

2024/25-2026/27 Budget Framework...

	ACTUAL 2021/22 R'000	ACTUAL 2022/23 R'000	ANNUALISED 2023/24 R'000	BUDGET 2023/24 R'000 2023/24	BUDGET 2024/25- R'000	MTEF 2025/26 '000	MTEF 2026/27 R'000	MTEF 2027/28 R'000	
Net Operating Surplus / (deficit) for the year before Capex Items	**21 630**	**42 057**	**34 896**	**-65 069**	**51 673**	**32 786**	**25 109**	**30 716**	
Capex Items	**864**	**2 257**	**3 629**	**16 730**	**85 285**	**20 150**	**5 150**	**5 000**	
HR Information System			0	980	980				**Note 24**
Incident Management System - IT			0	2 000	750	150	150		**Note 25**
Team Mate Audit Software			750	750					
Project Management System			0	5 000	50 000	10 000			**Note 26**
Procurement System			0	0	2 000				**Note 26**
Furniture	0	0	80	1 000	2 438				**Note 27**
Finance ERP System Enhancements			0	2 000	2 000				**Note 28**
Travel and Disbursement Recovery System			0		3 000				
IT and other equipment	864	2 257	2 799	5 000	9 116	5 000	5 000	5 000	**Note 29**
Telephone System			0		5 000				**Note 30**
National Office Building Repairs			0		10 000	5 000			**Note 31**
			0						
Net Operating Surplus / (deficit) for the year after Capex Items	**20 766**	**39 800**	**31 267**	**-81 799**	**-33 612**	**12 636**	**19 959**	**25 716**	**Note 32**
Required Additional Critical mass projects to break even				**1 635 971**	**672 241**	**0**	**0**	**0**	**Note 1**

NOTES

Note 1: Programme expenditure is based on estimated confirmed contracted work to be carried out on behalf client departments. The new business portfolio for 2024/25 is R8bn. It is estimated that 75% of this portfolio will be converted to programme expenditure in the financial year. EPWP NSS annual allocation is still to be concluded at the beginning of each financial year. Included in the programme expenditure estimates are client contracts which are yet to be signed. There is a reasonable chance that the contracting will be concluded in the first quarter of the financial year. The outer year estimates include new business generation expenditure and will form the programme expenditure targets in those respective financial years

- There is a further R2 billion-rand allocation required from DPWI in all four budget years, which will include fully funded projects that are ready for implementation on 01 April 2024. The projected surpluses in the subsequent years will be negatively affected if these DPWI allocations are not secured timeously before the beginning of each financial year. The resulting deficit performance may require the organisation to seek grant funding assistance from DPWI and National Treasury in those years.
- The required critical mass programmes refer to required additional programme portfolios for the organisation to implement in order to achieve a break even financial result for the year.

Note 2: Budgeted staff number are indicative of the organisation's resource requirement over the ENE budget cycle. Staff numbers are expected to increase in line with the programme portfolios that the organisation is contracted to implement. The number of new recruits is expected to increase from the current payroll number of 247 to 320 in order to support the core business and other units with the IDT.

Note 3: Management fee revenue is based on an average of 6% of programme work carried out. The rate for EPWP NSS is 8.5% (reduced by R4m per year due to DPWI budget cuts) that is chargeable for implementation of the programme.

- Travel disbursement cost recovery is based on the travel related to projects. The recovery rate is expected to increase year on year (from 75% to 95%) as more programme contracts include a clause for travel cost recovery.
- Legal cost recovery is based on the legal cost that IDT has incurred on behalf of projects where IDT is not at fault for litigation action from contractors and professional service providers. The recovery rate is expected to increase from year on year from 75% recovery to 95% as new programme contracts include a clause for legal cost recovery.

NOTES

Note 4: Grant funding is required to fund the deficit for the financial year. No grant funding has been confirmed for the ENE period by National Treasury and DPWI.

Note 5: Other income comprises of interest income and tender deposits.

Note 6: Employee costs are based on the current payroll and new staff recruits identified for 2024/25 FY. Currently there are 247 staff employed by IDT. The organisation is expected to recruit a further 73 resources to assist with programme implementation and delivery and other support units. Employee costs include salary adjustments of 7.5% for 2024/25 and 5% for the subsequent years. The Public Service Act is not applicable to the IDT in its current legal form and as such DPSA salary agreements cannot be implemented in the organisation.

- The organisation has also provided for a salary benchmarking adjustment to the current payroll. This is an estimated cost of 15% of the budgeted employee cost for the year. A service provider has been contracted to carry the benchmarking exercise. The findings will be presented to Exco and the Board governance structures for review and approval.
- The organisation has provided for performance bonuses at 10% of employee costs. These payments are based on criteria including performance management policy, affordability, milestone achievement and Board approval. Employees last benefited from this payment during 2014/15.
- Four Cuban Technical Resources will assist the organisation over the next three years. This arrangement is in line with the agreement between the South African and Cuban governments. The organisation will fund salaries, accommodation and travel for these resources.
- The organisation will welcome a new cohort of interns in the 2024/25 financial year. IDT has a partnership with Services SETA where SETA contributes R4 500 per intern and IDT will fund the balance of the intern stipends to the value of R7 500. It is expected that 86 interns will join IDT in the financial year.

NOTES

Note 7: The Internal Audit unit will embark on a graduate programme in the financial year. The payment of these graduates are partly subsidized by SACGRA over a three-year term.

Note 8: Staff training is based on 3% of employee costs over the ENE budget cycle.

Note 9: Restructure costs have not been provided for. Once the business case has been approved by Cabinet, the organization will be in a position to assess the cost requirement of such an exercise. It is expected that DPWI will fund this process to completion.

Note 10: Project related travel accounts includes travel by IDT staff to project sites and client meetings. Admin travel relates to National office visits, audit and IT support amongst other contributing factors.

Note 11: The organisation has a high litigation list emanating mostly from the programme work carried out on behalf of client departments. While the litigation list is reducing (year on year), there is still a requirement for legal representation at court proceedings, mediations and meetings with the plaintiff parties. In addition, there are internal legal costs that have been provided for due to the increase in CCMA and disciplinary matters. The budgeted cost for external litigation amounts to R28m and internal legal costs account for R7m. The total budgeted legal fees amount to R35m.

Note 12: Consultant costs are based on strategy implementation and clean audit objective. Also included in this item is the use of consultants in the Risk and Compliance unit. This is a noncash item. Depreciation is based on the organisation's assets over its useful life.

Note 13: The external audit fee takes into account the Auditor General's view of IDT as a high-risk client and as such a high level of substantive testing procedures will be utilized.

NOTES

Note 14: IT costs comprises mainly of IT support and maintenance costs.

Note 15: Communications include branding, publication and event co-ordination activities.

Note 16: Facility costs include cleaning, electricity, facility maintenance and repairs, national office property management fees and security.

Note 17: Lease costs pertain to office and parking rental. This amount has been adjusted by 10% in the outer years. Lease costs relate to Eastern Cape, Free State, KZN, Limpopo, Mpumalanga, North West, Northern Cape and National Office. Western Cape offices are currently accommodated at DPWI provincial offices and the Gauteng Office is accommodated at National Office.

Note 18: Other overhead expenses include bank charges, catering, recruitment fees, resources costs (internal audit), forensic audit fees, stationery and printing costs, storage and trustees' remuneration.

Note 19: Telephone costs are based on expected usage per regional office and units at National office.

Note 20: Photocopier rentals are contractually determined i.e., R2.5m over three years. This line item also includes copier charges.

Note 21: Insurance includes asset cover for buildings, office contents, electronic equipment, motor vehicles, employment practice infringements, Board and committee cover, commercial crimes, third party claims and SASRIA related cover.

Note 22: Software licences and subscription include all IT related software required for the organisation to carry out its function. The following licences are utilized by the organisation: Microsoft EAS, Kaspersky, Symantec, Mimecast, Websense, SSL Certificate, AD Audit Plus, TeamViewer, Quantum I Scalar Tape Library, Microsoft Dynamics Great Plains, Sage and software required to improve the security of the IT environment.

Note 23: Network data is the IT costs pertaining to the IT infrastructure required to support the organisation. Data costs are split according to the following items: VPN Supreme (voice and data), hosting, LAN management and firewall services.

NOTES

- CAPEX includes the following:

Note 24: HR Information System which will automate certain transactional and reporting activities within the unit.

Note 25: Incident Management System - IT Helpdesk system which will improve efficiencies in dealing with user queries and complaints.

Note 26: The project management and procurement systems will improve effectiveness and efficiency related to the core business. The organisation currently does not have a dedicated project management system.

Note 27: Furniture – A provision has been set aside for the purchase of office furniture to replace old and broken furniture in the organisation.

Note 28: Finance ERP enhancements include changes in the financial system to improve efficiencies within the current accounting software to support new requirements in core business as well as reporting standards for audit.

Note 29: IT and other equipment relates mostly to the purchase of computer equipment as tools of trade for the IDT employees.

Note 30: The IDT Telephone system is outdated and requires upgrading. This item includes the acquisition of handsets and software management systems.

Note 31: National Office Building repairs. This item is critical as the building requires urgent maintenance to meet occupational health and safety standards.

Note 32: There is a grant funding requirement of R33.6 million (2024/25). The subsequent years' project surpluses that increase towards the outer years. The project surpluses are based on assumptions including the awarding of programme portfolios at the required levels to break even.

Recommendations

It is recommended that the Portfolio Committee:

- Notes the IDT's Annual Performance Plan for the 2024/25 Financial year

Thank You