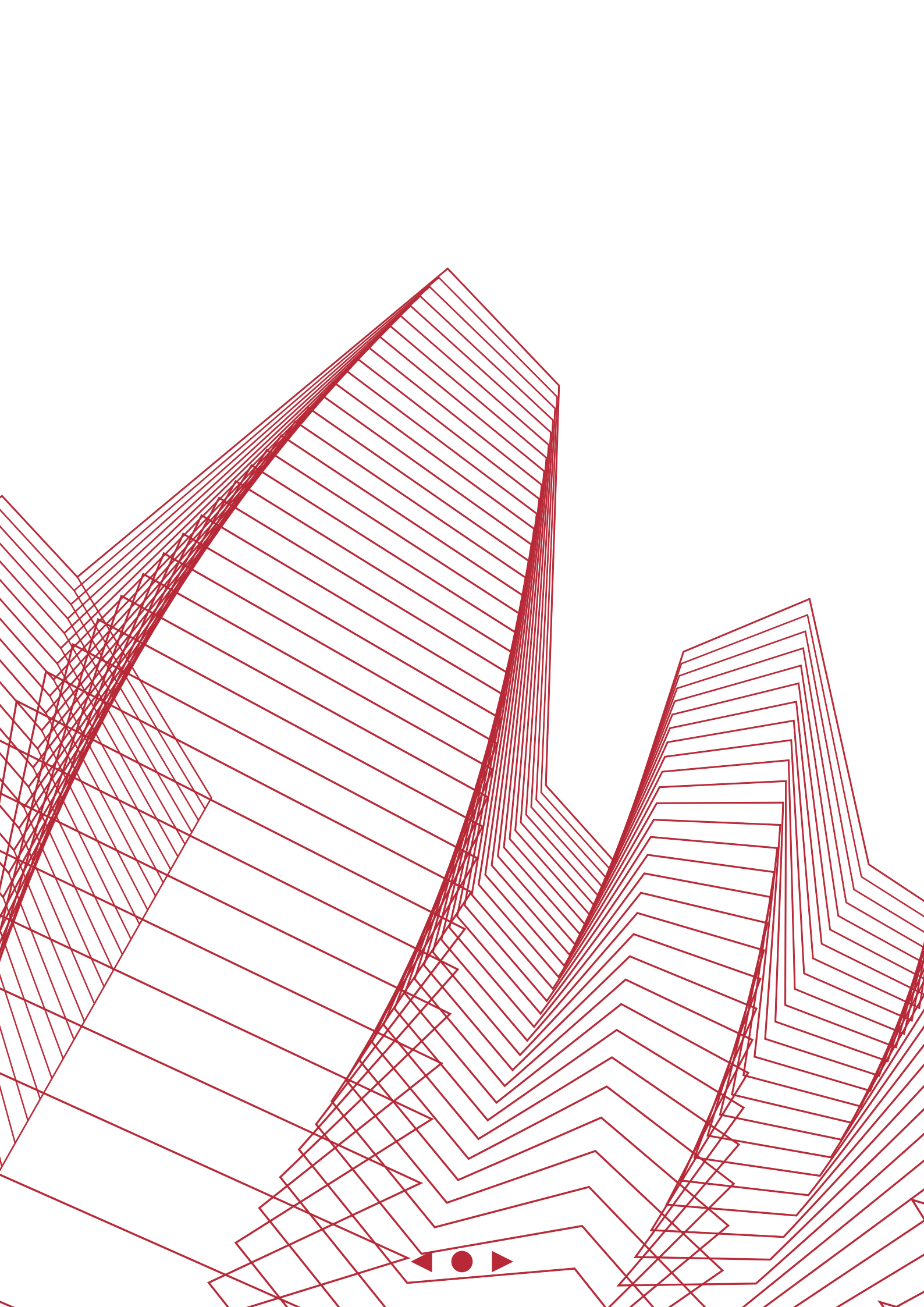




ANNUAL REPORT

2022/2023

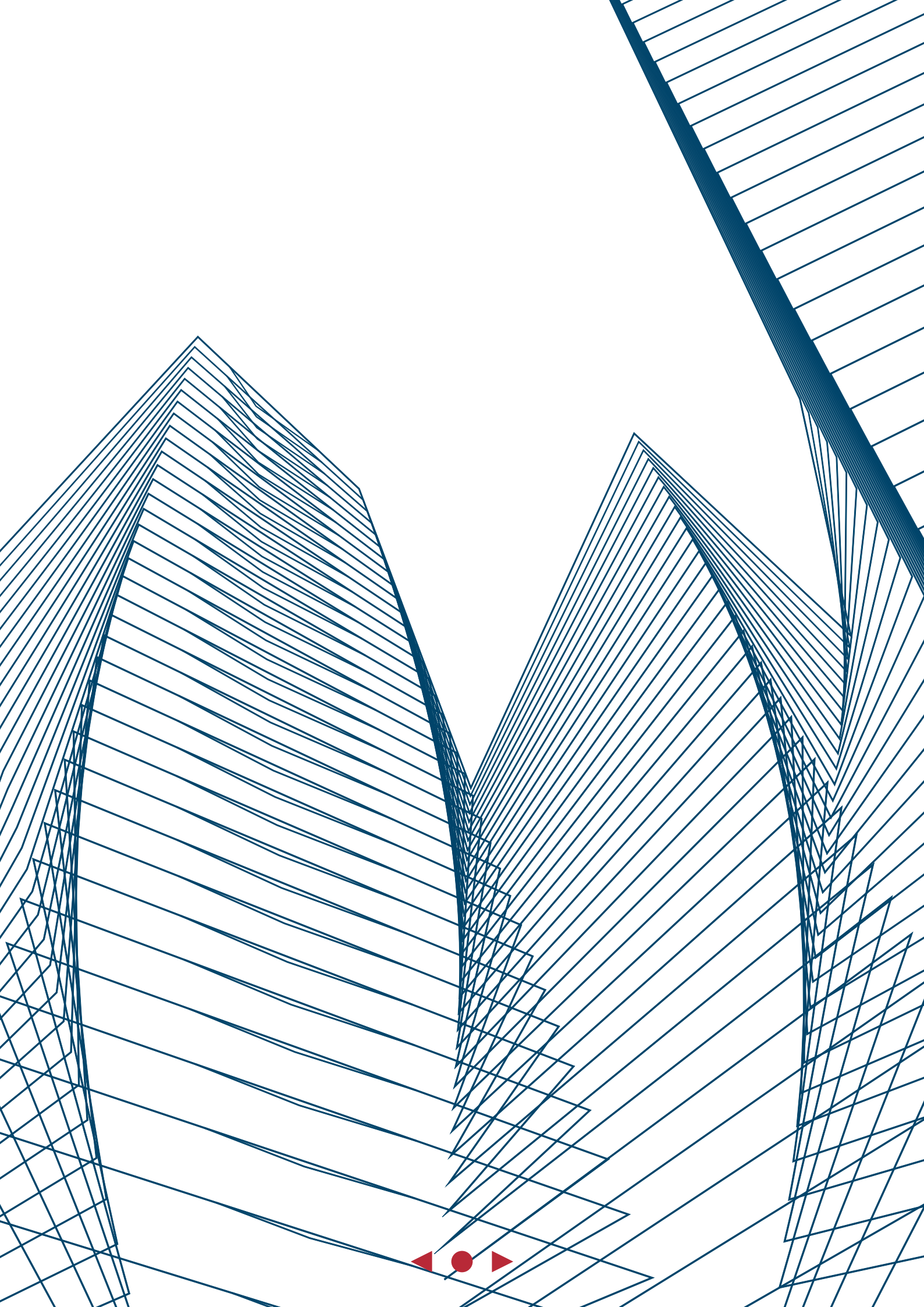




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ACRONYMS

BBBEE	Broad-based black economic empowerment
BER	Bureau for Economic Research
CCSO	Chief Corporate Services Officer
CEO	Chief Executive Officer
CESA	Consulting Engineers South Africa
CFO	Chief Financial Officer
CID	Construction Industry Development (Regulations)
cidb	Construction Industry Development Board
CIO	Chief Information Officer
CoE	Centre of Excellence
COO	Chief Operations Officer
DPWI	Department of Public Works and Infrastructure
ERWIC	Empowerment and Recognition of Women in Construction
GDP	Gross domestic product
GRAP	Generally Recognised Accounting Practice
IDMS	Infrastructure Delivery Management System
IT	Information technology
MP	Member of Parliament
NSF	National Stakeholder Forum
PAA	Public Audit Act
PFMA	Public Finance Management Act
PPPFA	Preferential Procurement Policy Framework Act
RoC	Register of Contractors
RoP	Register of Projects
SARS	South African Revenue Service
SMEs	Small and medium enterprises
SIU	Special Investigating Unit
TVET	Technical and vocational education and training



MINISTER'S FOREWORD



'I have declared South Africa one large construction site to create as many jobs as possible.'

It is my pleasure to introduce the 2022/2023 annual report of the Construction Industry Development Board (cidb) for the first time as Minister of Public Works and Infrastructure.

With projections for construction industry growth ranging from 3% a year for the next four years (the South African Construction Market Report) to 5.8% compound annual growth rate to 2027 (South African Construction Industry Databook Report), there is an air of cautious positivity. Good news is the R157 billion in infrastructure spend announced in the government's 2023/2024 budget.



However, given the challenges faced by the industry, with companies having to close their doors, the site invasion phenomenon and infrastructure spend still woefully short of its promise and the expectations of citizens, the partnership between my department and the cidb has its work cut out for it in the coming years. Never has the cidb's contribution been so crucial, but I'm encouraged by the progress I have noted in recent months.

Cabinet endorsed the appointment of Bongani Dladla as cidb Chief Executive Officer in May 2022 and the cidb is in an increasingly strong position to do justice to its mandate. Key appointments were made to fill gaps in the executive structure.

The organisation is actively promoting the B.U.I.L.D Programme, which will revolutionise development and transformation in the industry if take-up is as expected. It can look forward to increased powers when the revised CIDB Act comes into effect. And the private sector will soon be brought into the mix so that standards of excellence are applied throughout the sector.

I have declared South Africa one large construction site to create as many jobs as possible. During meetings with the members of the executive council responsible for public works and infrastructure in all provinces, it was agreed that everyone involved nationally, provincially and municipally must work together to elevate the infrastructure portfolio.

The Infrastructure Plan will ensure that there is sustainable, efficient, reliable and affordable infrastructure that enables economic growth and boosts job numbers across a swathe of economic sectors, including communications, agriculture and human settlements.

With this intention, the joint commitment my predecessor Patricia de Lille and the cidb made in 2022 to prioritise capacitation of the public sector to accelerate delivery and bring greater urgency and efficiency to implementation couldn't have been better timed.

The Minister noted that government spent 70.6% of the total allocated infrastructure budget in 2019/2020 and that by 2020/2021, this figure had

improved only marginally, to 73%. Believing that capacitation of officials holds the key to improved budget expenditure, the cidb has increased its emphasis on this year on year, with encouraging results.

Given our plans for 2023/2024 to hand over 168 infrastructure sites for construction and complete 109 infrastructure projects, this type of shared commitment will be invaluable in removing the hindrances to progress and streamlining project execution.

I and my team look forward during the coming year to building on the department's close and mutually beneficial work relationship with the cidb. We hope that our vision of 'quality for sustained economic growth' and the cidb's of 'a transformed construction industry that is inclusive, ethical and contributes to a prosperous South Africa and the world' dovetail to uncover the true potential we know exists for the construction sector.



Sihle Zikalala (MP)

Minister of Public Works and Infrastructure

CHAIRPERSON'S REPORT



'Although construction contributes only 3% to GDP, it is a prominent driver of socio-economic development and has the potential to be a key creator of employment.'

The cidb made progress in many of its functional and operational areas during the year under review. The organisational restructure is taking shape as planned.

Effort made to elevate service has strengthened the organisation's position for the challenges it faces in an industry under constant pressure in an underperforming economy.

This annual report reflects a year of persistent activity, which makes us, as the Board, proud.



The macroenvironment

The global economy remains in a slump, with post-Covid-19 recovery taking longer than expected. International supply chain delays endure, exacerbated by the Russia-Ukraine war. Inflation is rising, with many countries, South Africa included, hiking interest rates to contain price increases.

The South African Reserve Bank altered its forecast of 1.1% gross domestic product (GDP) growth for 2023 to 0.3%, also lowering its 2024 and 2025 figures – to 0.7% (from 1.4%) and 1% (from 1.5%) respectively.

Although construction contributes only 3% to GDP, it is a prominent driver of socio-economic development and has the potential to be a key creator of employment.

Unfortunately, though, it seems unable to rise from the economic rubble, having last seen growth in 2017, only to be pumelled by Covid-19 while having to contend with severe public sector underspending against sizeable infrastructure budgets and often-violent site disruptions.

The Bureau for Economic Research (BER) pegs underinvestment from 2012/2013 to 2018/2019 at R147 billion. That could have changed the infrastructure landscape and created thousands of job opportunities so crucial in a country that was grappling with an unemployment rate of 32.9% at the end of the first quarter of 2023, an increase from the 32.7% of the fourth quarter of 2022.

Minister of Finance, Enoch Godongwana, stated in his budget speech of February 2023 that the public sector is projected to spend R903 billion on infrastructure over the medium term. Around R448 billion will be spent by state-owned companies, public entities and through public-private partnerships.

Hopefully the cidb's sustained efforts to capacitate clients through workshops countrywide will help to reverse the underspending trend and improve investment in the built environment. With R351 billion earmarked for roads and R133 to be

channelled into water and sanitation initiatives, to cite just two items on the Minister's to-do list, there is opportunity aplenty for contractors.

Expedited expenditure will also help to stem the tide of worrying liquidations and business failures, reported by Statistics SA to have increased by 32% in 2022, with 94 companies having shut up shop. Compulsory liquidations increased year on year by 56% and voluntary liquidations by 29%.

These are not figures anyone wants to read, particularly in a sector with the mandate and scope to do so much good for the nation.

Board activities

The Board remained stable during the year, which ensured that there was no loss of momentum nor diversion from the focus on issues tabled for decisions. It also preserved the skills and expertise mix so essential for a fully functioning, effective oversight structure. Having such a progressive decision-making body is significant given the industry in which we operate and the transformation targets to which we aspire.

During the year under review, we continued to monitor strategies, policies, procedures and plans of action, assessing the organisation's performance against these. Among them was the action list set by Minister Patricia de Lille to enact diverse development, transformational and regulatory tasks arising from National Stakeholder Forum (NSF) discussions. The organisation acquitted itself well against these imperatives and ongoing issues will be taken forward by the new NSF, which will serve from 2023 to 2025.

We are encouraged by the organisation's progress in linking the online system to National Treasury's Central Supplier Database, which eliminates the need for contractors to duplicate documents when applying for Register of Contractors (RoC) registration, thus alleviating the administrative burden. The system also now allows contractors to register at a higher grade if they have a qualification. We hope this will encourage young graduates to consider construction as a career.



We noted the top risks facing the organisation, including sluggish upgrade of black contractors at the higher cidb level, low participation of women, and client underperformance and failure to comply. We will ensure that the strategy addresses these priorities.

A source of great pride during 2022/2023 was the organisation's performance against its targets for the year, with all 15 objectives met or exceeded. It also received an unqualified audit report, which reflects the hard work of the team, guided by the chief executive and financial officers.

'The B.U.I.L.D Programme is gaining traction and looks set to have a tremendous effect on development in the period ahead.'

The financial year under review also marked the completion of the fourth year of the five-year strategy, with its five pillars of transformation, development, regulation, client capacitation and establishing a performance-driven cidb. The B.U.I.L.D Programme is gaining traction and looks set to have a tremendous effect on development in the period ahead.

The promulgation of the CIDB Amendment Act is progressing, with legal opinions received from the Office of the Chief State Law Adviser, which required further consultations with National Treasury and the Department of Justice and Constitutional Development.

Appreciation

During the year, we bade farewell to Minister de Lille, wishing her well in her new tourism portfolio, and welcomed Minister Zihle Sikalala as our new shareholder representative. We have no doubt that through many forums, including our own NSF, we will forge a rewarding relationship with him and his team, as they have already indicated their commitment to partnering with us to meet our goals.

I thank Chief Executive Officer Bongani Dladla and the cidb team, on behalf of my fellow Board members, for maintaining your energy levels and accomplishing your very crucial work.

I am confident that an industry upturn is on the horizon, with all the benefits that this will bring, and that we will travel a path that will prove prosperous for emerging enterprises as we continue to transform and develop the sector and restore the dynamism of past years.



Khulile Nzo
Board Chairperson

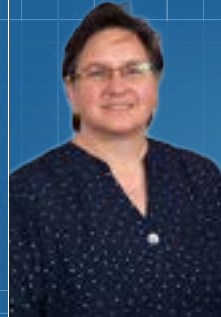




BOARD MEMBERS



Khulile Vuyisile Nzo
Board Chairperson



Professor Susan Bouillon
Deputy Chairperson



Khuliso Kennedy Maimela



Danny Masimene
Ad-hoc Committee Chairperson



Tumelo Gopane



Celeste Margo le Roux





**Attwell Sibusiso
Makhanya**
Human Resources
Committee
Chairperson



Boitumelo Mokgatle



Karabo Siyila
Registration and
Regulatory Compliance
Chairperson



Moloko Rabosiwana
Finance Committee
Chairperson



Yvonne Mbane



Thuthuka Songelwa



Bongekile Zulu
Social, Ethics
and Stakeholder
Committee
Chairperson



CHIEF EXECUTIVE OFFICER'S REPORT



'Construction remains an attractive workspace, with many wanting to share in its potential.'

During the review period the cidb head office and the Gauteng provincial office moved to an eight-storey office in Centurion Central Business District where hundreds of stakeholders are now assisted with registration queries and business advice monthly. The new home will meet our business needs for years to come, as we expand our numbers in keeping with our prominent responsibility for developing and transforming the construction sector to enable it to thrive and play an increasing role in economic growth.



The environment

The built environment is in recovery, having experienced successive waves of adversity in recent years, not least the pandemic, an economy that is limping along and chronic energy issues. There are mixed sentiments about the industry's future, with the more positive predicting a limited but steady growth from 2023 to 2026 riding the coattails of the government's R2.3 trillion infrastructure plans.

Any uptick in construction activity may herald recovery in other sectors, such as manufacturing, retail and technology and is likely to be good news for emerging contractors, black-owned and women-owned enterprises.

The 2023 quarter one cidb Small and Medium Enterprises Business Conditions Survey reveals a slight lift in sentiment among contractors on grades 3 to 8, with both confidence and activity above the long-term average and healthier order books.

The cidb Construction Monitor notes that at the end of 2022, the value of construction projects awarded increased by more than 100% to R128 billion from the R61 billion of 2020. Construction projects were mainly in Gauteng (42%), Free State (19%), KwaZulu-Natal (13%), Western Cape and Eastern Cape (8%). As a result, the project split between public and private sectors stood at 85% and 15% in 2022. Public sector contracts were around R108 billion, a R65 million rise from 2021.

The year in numbers

Activities during 2022/2023 seem to confirm something of a tide turn in the sector.

Notably, we processed 14.25% more applications for contractor registrations than in the previous year, taking the figure to more than 90 000. This indicates construction remains an attractive workspace and that many recognise and want to share in its potential.

The number of tenders advertised in the public sector increased slightly to just over 4 300.

Our balance sheet reflected a healthier year, too. Income from our registers rose from R97 million to almost R140 million, with grants received up marginally, from R78 million to R80 million, and finance income rising by around R3 million. B.U.I.L.D revenue more than doubled, from R62 million to R139 million, which bodes well for the initiative and demonstrates the growing recognition among stakeholders of the pressing need for transformation and professionalism through skills and enterprise development.

No irregular, fruitless nor wasteful expenditure was noted in the year, reflecting an effective internal control system.

Peak performance

The cidb team turned in a commendable performance of 100% achievement against targets, in spite of challenges.

Online applications accounted for 74% of the total during the year, with registration turnaround time improving from 96% in the previous year to 100%. Systems uptime – a crucial aspect for a company that relies on its online capabilities to allow contractors and clients to fulfil their responsibilities – reached 98% against a target of 95%.

The target for implementation of the action plan emanating from NSF discussions was also surpassed. This far-reaching list, agreed with former Minister of Public Works and Infrastructure Patricia de Lille, requires action in key areas such as revisions to the RoC and procurement.

With the consistently high level of underspending on infrastructure budgets hampering activity in the sector, client capacitation continued to be prioritised during 2022/2023. We exceeded the planned number of client departments to be assisted by more than 30, bringing the total to 110.

Seventy-one clients were capacitated on contractor development programmes, double the targeted 36, while 377 grades one to six contractors were provided with development support.



Stakeholder engagement

As is expected of an organisation with so many constituents the length and breadth of the country, the cidb again took to the road during 2022/2023, sharing its messages of regulation, compliance and transformation. Our provincial stakeholder liaison meeting initiative gained momentum during the year and enabled us to reach scores of public sector clients and grades 5 to 9 contractors.

We travelled to nine provinces and hosted two contractor workshops to create awareness of our role and of the criteria for cidb registration.

'Women constitute more than half the population of the country. It is only right that they are allowed the space to claim their equitable share of economic activity.'

One session was held with clients to promote the Infrastructure Delivery Management System (IDMS) and identify and resolve bottlenecks in flow of funds to projects. More recently, the B.U.I.L.D Programme has been given a prominent platform during these encounters, as we encourage clients to comply in the interests of elevating the industry through skills, knowledge and empowerment.

Our NSF for 2021 to 2023, whose two-year tenure expired at the end of the reporting period, remained focused on the issues most important to the industry, convening six meetings of its task teams, which were formed to delve more deeply into priority projects.

The cidb's flourishing flagship event, the Empowerment and Recognition of Women in Construction (ERWIC) awards, staged its third celebration of excellence in August 2022. It is garnering ever-increasing interest from the sector and broader industry for its transformation potential.

Then-Deputy Minister of Public Works and Infrastructure Noxolo Kiviet echoed this sentiment in her speech that evening, stating: 'Women constitute more than half the population of the country. It is only right that they are allowed the space to claim their equitable share of economic activity. The awards show us that, given opportunity, women excel in every sector and area of the economy.'

She urged that the practice of challenging all policies and practices that disempower women continue. 'At the heart of these are the stereotypical thinking that performance excellence in construction has a gender. It has no gender.'

Outlook

We are on the home stretch of our current five-year strategy, which ends on 31 March 2024. It is serving us well and will provide a sound platform for the strategy that will be our 'Agenda 2030'.

Our latest analysis of the risks facing us point to several priorities to be addressed in the coming year, not least lethargic transformation, the cidb's constrained funding, industry non-compliance to cidb prescripts and corruption associated with the registration process.

All activities will take place alongside a culture project intended to meet our strategic objective of being a high-performing organisation and a respected employer.

Acknowledgments

The Board continued during the year to provide the strategic direction that created the conditions for the year's commendable performance, and we are grateful for the time and effort members spent on advising and guiding us through challenges and opportunities.



The cidb team achieved remarkable results in 2022/2023 despite the relocation to Centurion in January 2023. For that the team must be commended for a seamless, smooth transition and sustained service levels.

As we grow in numbers and in stature, we will be able to do more for the sector and better honour our mission to regulate and develop through strategic interventions and partnerships.

I look forward with optimism and confidence, and end on this note from Consulting Engineers South Africa (CESA) chief Chris Campbell, quoted on www.moneyweb.co.za: 'We could make Dubai look like nothing if we got all our ducks in a row and turned the country into a construction site with tower cranes here, there and everywhere.'

Bongani Dladla.

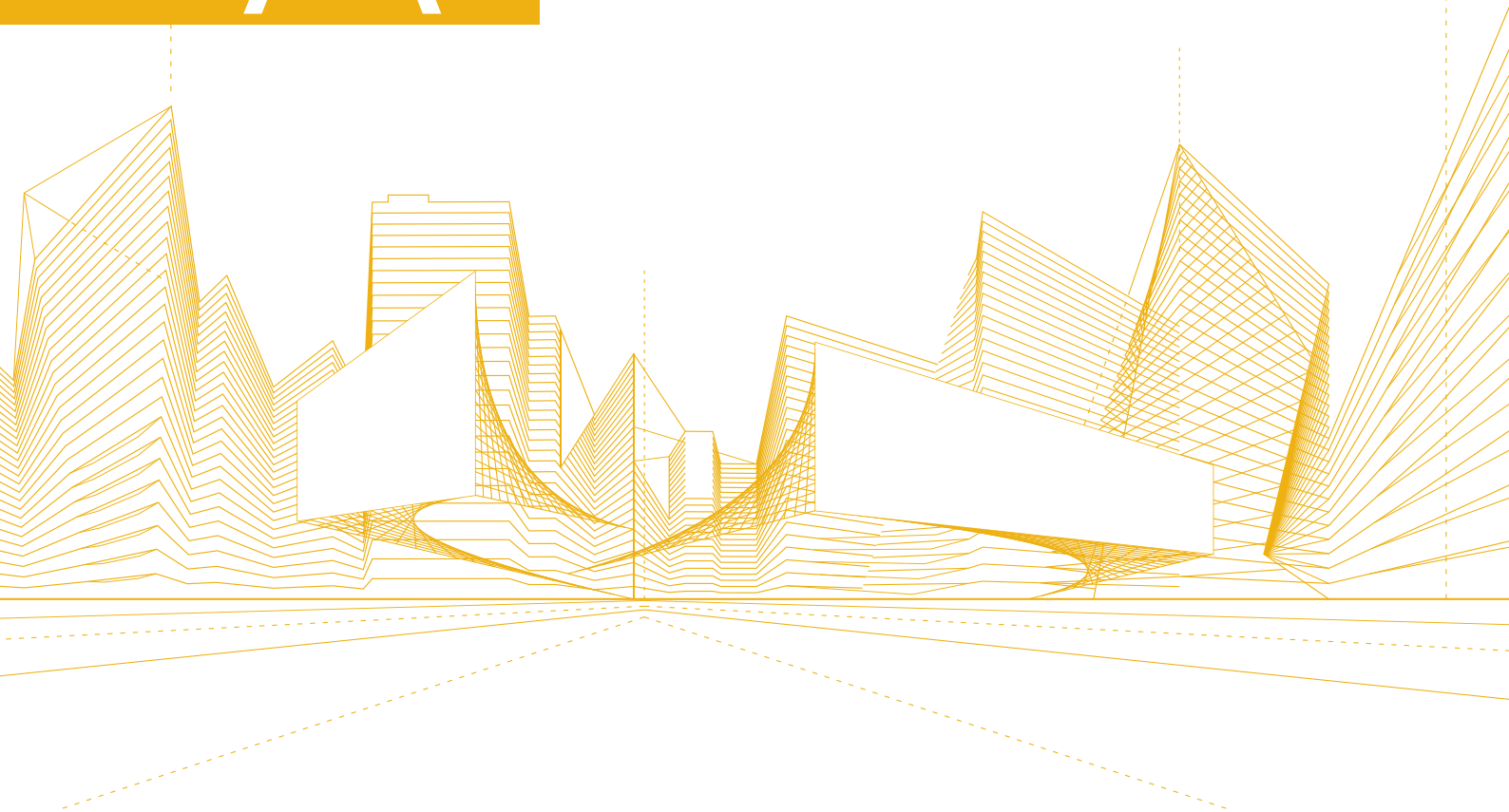
Bongani Dladla
Chief Executive Officer

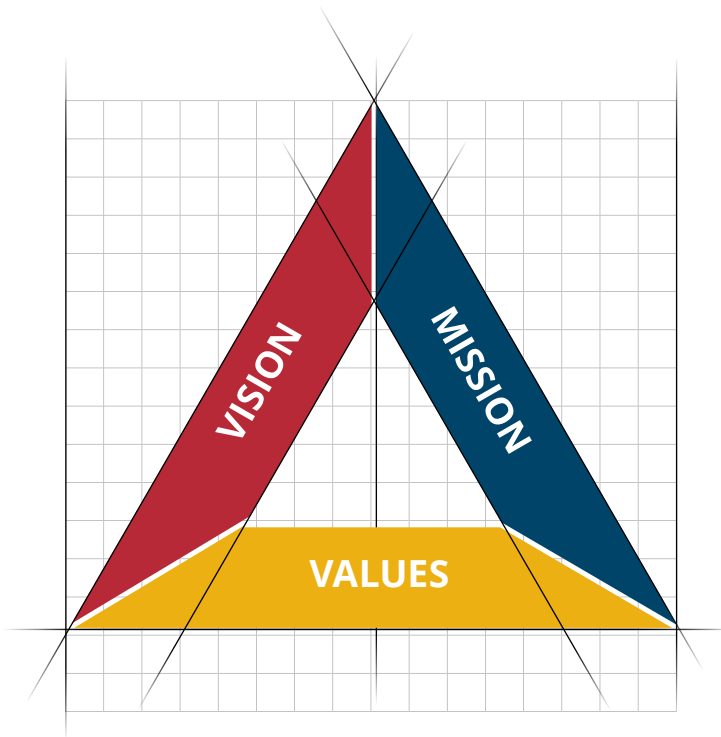


PART

A

STRATEGIC OVERVIEW





VALUES

Core values must support the vision and mission through intrinsic behaviour change within the organisation to support Batho Pele principles. The following values are a credo that needs to be supported with each action, word and deed.

- **Responsive** – interrogate processes to be responsive to industry needs and our mandate
- **Efficient** – focus on the new direction and become efficient in what we do
- **Effective** – focus on the new direction and become effective in what we do
- **Innovative** – be creative in our doing and thinking. We cannot do business as usual
- **Ethical** – stand out as a reputable regulator in which all stakeholders have trust
- **Accessible** – take care of our clients, stakeholders and customers and adjust to their needs
- **Agile** – live in an environment that demonstrates change. Therefore, we need to move quickly to achieve our approaches – with agility

VISION

A transformed construction industry that is inclusive, ethical and contributes to a prosperous South Africa and the world

The vision reflects the importance of the cidb as a catalyst for economic growth and job creation in South Africa. The emphasis is to build an industry that is inclusive and reputable, where all participants equally drive the construction industry.

MISSION

We exist in order to regulate and develop the construction industry through strategic interventions and partnerships

The mission statement emphasises the importance of a new set of strategic interventions that will support the cidb vision. The cidb needs to work with all industry partners to achieve these strategic interventions linked to its legislative mandate, functions and responsibilities.

Legislation and mandate

The cidb is a statutory body established under the Executive Authority of the Department of Public Works and Infrastructure (DPWI) and enabled by the Construction Industry Development Board Act 38 of 2000 (CIDB Act), from which it derives its mandate.

The objects of the Act contextualise the mandate of the cidb and can be summarised as follows:

- Provide strategic leadership to construction industry stakeholders, developing effective partnerships for growth, reform and improvement of the construction sector.
- Promote the sustainable growth of the construction industry and the participation of the emerging sector in the industry.
- Determine, establish and promote improved performance and best practice of public and private sector clients, contractors and other participants in the construction delivery process.

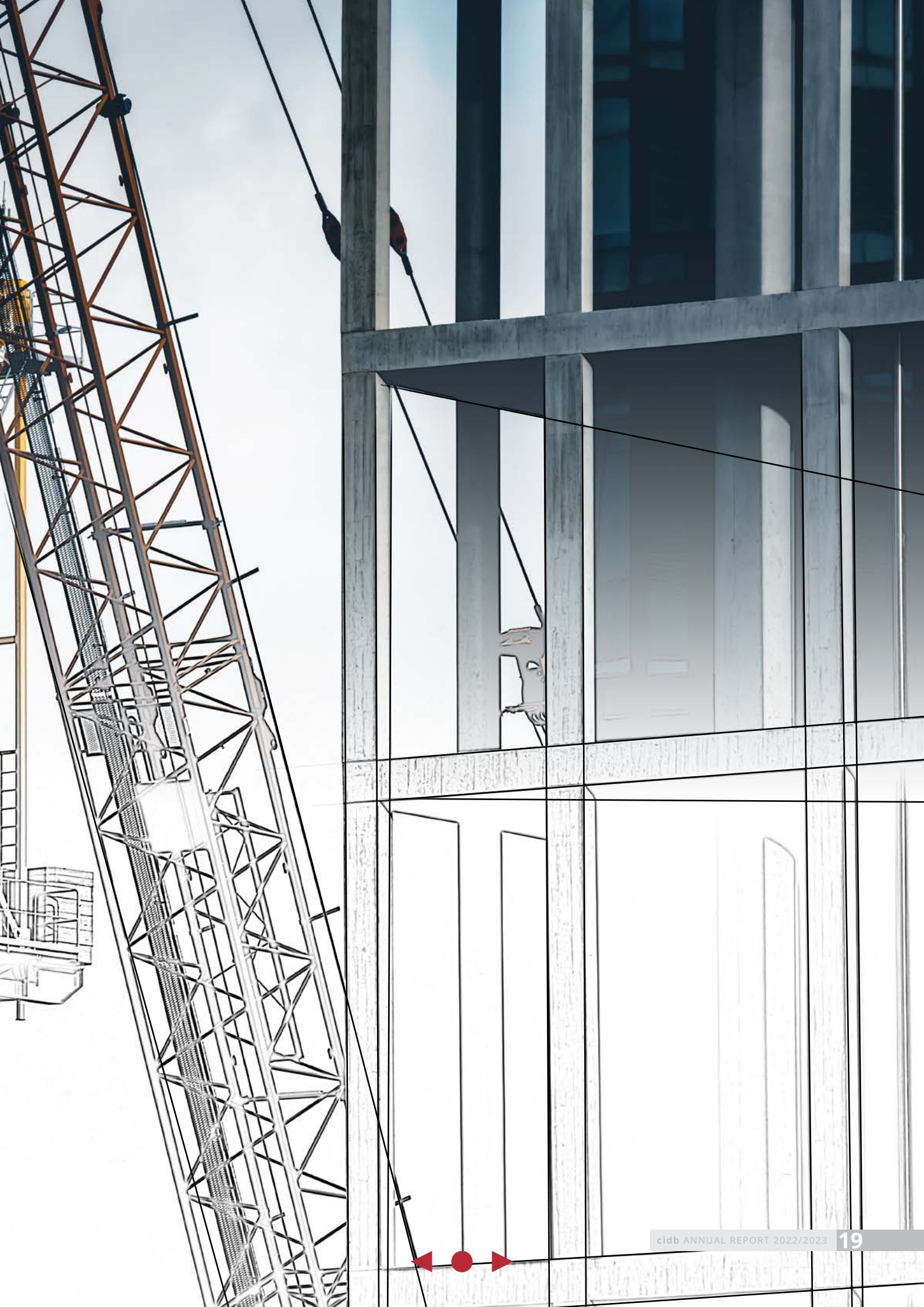


- d. Promote the uniform application of policy throughout all spheres of government and promote uniform and ethical standards, construction procurement reform and improved procurement and delivery management – including a code of conduct.
- e. Develop systematic methods for monitoring and regulating the performance of the industry and its stakeholders, including the registration of projects and contractors. The CIDB Act forms the basis of the cidb strategy and impact statements under the current planning framework.

Other key legislation includes:

- i. Public Finance Management Act, Act No 1 of 1999 (PFMA)
- ii. Broad-based Black Economic Empowerment Act, Act No 53 of 2003
- iii. Municipal Finance Management Act, Act No 56 of 2003 (MFMA)
- iv. Preferential Procurement Policy Framework Act, Act No 5 of 2000
- v. Council for the Built Environment Act, Act No 38 of 2000
- vi. State Land Disposal Act, Act No 48 of 1961
- vii. Expropriation Act, Act No 63 of 1975
- viii. Land Affairs Act, Act No 101 of 1987
- ix. National Environmental Management Act, Act No 107 of 1998
- x. Occupational Health and Safety Act, Act No 181 of 1993
- xi. National Regulations and Building Standards Act, Act No 103 of 1977
- xii. Infrastructure Development Act, Act No 23 of 2014
- xiii. Water Services Act, Act No 108 of 1997
- xiv. Skills Development Act, Act No 1997 of 1998
- xv. Property Sector Transformation Charter 2007
- xvi. Green Building Framework, 2001
- xvii. Public Audit Act, Act No 25 of 2004
- xviii. Labour Relations Act, Act No 66 of 1995
- xix. Employment Equity Act, Act No 55 of 1998
- xx. Basic Conditions of Employment Act, Act No 75 of 1997
- xxi. Protection of Personal Information Act, Act No 4 of 2013





PART

B

CONSTRUCTION
INDUSTRY
REGULATION



The RoC, Register of Projects (RoP) and code of conduct constitute the CIDB Act 38 of 2000 regulatory framework to which the cidb adheres, while the Construction Industry Development (CID) Regulations of 2004, as amended, give effect to these prescripts.

REGISTER OF CONTRACTORS

One of two registers that form the backbone of the cidb's framework, the RoC grades and categorises contractors according to financial and works capabilities. Registration is a passport for all contractors seeking business opportunities with government and for public sector clients awarding construction works tenders. It powers public sector procurement and promotes contractor development.

During the year under review, 90 333 applications were processed on the RoC, an increase of 14.25% over the number of applications in 2021/2022. Registration turnaround time improved from 96% the previous year to 100%.

The table below details applications processed per type:

Number of applications processed from 1 April 2022 to 31 March 2023					
Application type	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Three-year renewal	2 960	4 645	3 226	3 085	13 916
Additional classes of works	2 526	4 082	3 022	3 076	12 717
Annual updates	3 733	4 654	3 134	3 474	14 995
New applications	6 659	8 562	5 987	6 660	27 868
Three-year moratorium	398	1 634	997	1 137	4 671
Confirmation of updates	1 660	2 412	1 768	2 062	7 902
Update of tax clearance certificate	205	1 302	275	382	2 164
Upgrades	1 324	1 881	1 516	1 379	6 100
Total	19 970	29 172	19 936	21 255	90 333

About 7% of these registrations are at entry-level Grade 1, indicating that the industry remains attractive to aspirant competitors. Many, however, do not have sufficient skills and experience to manage contracts. The number of Grade 1 contractors is expected to drop once the proposed changes to the qualifying criteria are introduced, as these will tighten up requirements to ensure that candidates are of high calibre.

The table alongside shows applications processed per province and online. The latter accounted for 74% of applications. The objective is to encourage grades 2 to 9 to perform their annual updates electronically so that the current 23% can be improved and the technology maximised.

Applications processed by provinces

Processing centre	Number of applications processed	%
KwaZulu-Natal	5 050	6%
Eastern Cape	1 812	2%
Free State	1 252	1%
Gauteng	7 081	8%
Limpopo	1 634	2%
Mpumalanga	1 846	2%
North West	1 425	2%
Northern Cape	1 295	1%
Western Cape	1 643	2%
Online	67 295	74%
TOTAL	90 333	100%



REGISTER OF PROJECTS

The second register, the RoP, monitors infrastructure projects nationally, including government and private sector projects. It keeps track of public sector infrastructure projects from tender advertisement and award through to project completion or termination. Currently, public sector projects are the main focus.

Number of tenders advertised

Client type	Number of tenders advertised
District municipality	193
Local municipality	1 134
Metropolitan municipality	118
Municipal entity	46
National department	169
Other	123
Private sector	-
Provincial department	693
State-owned enterprise	1 838
Total	4 314

Number of awards registered

Client type	Number of awards registered
Local municipality	364
District municipality	17
Metropolitan municipality	321
Municipal entity	68
National department	119
Other	15
Provincial department	523
State-owned enterprise	954
Private sector	1
Total	2 382

Although the number of tenders advertised increased slightly from the 4 231 of the previous year, the number of awards entered into the system dropped by about 400. This indicates continuing non-compliance, which is evidenced or supported by a high percentage of construction projects currently underway or completed that are identified as not registered awards on the RoP. Compliance varies across client departments, with 3 000 projects having been identified as unregistered on the RoP during the year.

The trend persisted also for cidb i-tender registration. To remedy the situation, the cidb continued:

- Capacitation of clients
- An initiative to geolocate all construction sites across provinces, identifying and capturing the following:
 - Client and constructor details
 - Project numbers
 - Verification of construction permits where applicable.

It was during this exercise that the unregistered projects were identified. This monitoring strategy will be maintained.

Call management

The call centre routes, tracks, analyses and processes calls. Some 68% of calls were answered successfully. A high % of calls was abandoned in the first two quarters, but performance improved slightly in the third and fourth quarters. The decline in the number of calls answered was due to a shortage of call centre agents in the unit because some of the agents were temporarily moved to other departments.



Calls received during 2022/2023

Calls from 1 April 2022 to 31 March 2023					
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Calls received	31 557	35 645	22 161	25 601	114 964
Calls answered	20 459	20 836	17 114	20 075	78 484
Calls abandoned	11 098	14 809	5 047	5 526	36 479
% of calls received	64.83%	58.45%	77.23%	78.41%	-
% of calls abandoned	35.17%	41.55%	22.77%	21.59%	-

INVESTIGATING NON-COMPLIANCE

During the year under review, 56 cases were investigated for cidb prescript violations. These were received through the anonymous fraud hotline, internal referrals and referrals from law enforcement agencies such as the Hawks and the Special Investigating Unit (SIU).

Breakdown of cases investigated

Source of cases	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
RoP non-compliance	-	-	-	31	31
RoC internal referral	4	1	4	6	15
Hotline	2	5	3	-	10
SIU cases	1	-	-	-	1
Total	6	6	7	37	57

Transgressions included client non-compliance with the RoP and the following actions by contractors applying for grading on the RoC:

- Submission of fraudulent tax clearance certificates
- Falsified track records
- Misrepresentation of financial statements
- Fraudulent bank statements.

Criminal cases

Regulation 30(3) stipulates that the cidb must report to a police official any activity outlined in the Prevention and Combating of Corrupt Activities Act 2004.

The cidb's well-established partnerships with law enforcement agencies such as the South African Police Service (SAPS) and National Prosecuting Authority fast track the investigation and prosecution of criminal cases. During the year under review, seven cases were referred for further investigation in line with 30(1) Any person or organ of state who (a) supplies the cidb with false information to mislead the cidb.



Formal inquiries

During this reporting period, the cidb finalised two formal inquiries. Below is the summary of the decisions and actions taken:

Company name	Facts of case	Date formal inquiry held	Formal inquiry outcome	Sanction imposed	Fine paid (yes/no)	Status of case
Bendolite Trading (Pty) Ltd	The contractor falsified a cidb letter asserting its registration status, which it presented to the Development Bank of Southern Africa in a tender bid	Formal inquiry resumed on 31/01/2022, was postponed to 22/02/2022 and again to 9/06/2022 The verdict was delivered on 30/07/2022	Contractor was found guilty	Fined R40 000, half of which was suspended for two years The R20 000 was due for payment by 12 December 2022, failing which the contractor's registration would be suspended and it would be restricted from submitting new applications	Yes	Closed
Praxos 237 cc	The contractor loaned monies to employees of the Western Cape DPWI, creating compromising relationships to irregularly obtain works packages Further, it attempted to bribe and/or made illicit offers of payment to the department's officials The contractor also failed to pay appointed sub-contractors for services rendered and did not meet statutory and contractual obligations fully and timeously on conditions of employment, occupational health and safety, training and finance	Formal inquiry held on 12/08/2022 Verdict delivered on 15/08/2022	Contractor was found guilty	A cumulative fine of R100 000 was imposed, payable by 25 February 2023 Failure to effect payment shall result in the suspension of the respondent's registration and restriction from submission of further registration/grading applications pending full settlement of the fine Respondent is prohibited from public sector participation for three years, suspended for three years on condition of not being found guilty of a similar transgression during the suspension period	No The contractor's registration has expired and the director has passed away	Closed



Regulation amendments

The cidb consulted extensively with stakeholders on the proposed amendments to the CID Regulations, which include the review of registration criteria. The proposed revisions will better align the RoC with the construction industry, given particularly the state of emerging sector development.

An impact assessment analysis was undertaken on the regulation amendments and the rationale. The proposed changes were also informed by a benchmarking study with other regulators.

Regulation amendments

Regulation amendment	Impact assessment		Reason for the proposed amendment and impact
	Risk assessment	Development	
1. Financial and performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Improve contractors' performance by enabling them to deliver high-quality product on time and within environmental requirements
2. Classes of works	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Create opportunities for contractors that specialise in specific classes, while continuing to mitigate risk for clients
3. Tender limit participation for external/foreign companies	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The proposed amendment will develop the local market because it is aimed at protecting the local market share
4. Transfer of records	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	The amendment does not have any negative impact on contractors
5. Labour-only track record	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Allow certain contractors in Grade 1 to be developed to Grade 2
6. Downraiding	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Ensure that small and medium-sized firms compete fairly against firms of equal size, thus have greater chance of success when tendering for construction work in their respective grades
7. Tender value adjustment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Afford emerging companies the opportunity to participate in projects in higher grading designation than they could in the previous year
8. Grade 1 entry requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	The RoC serves as a risk management tool for the public sector and as a framework for development. The inclusion of competency as a requirement will enhance risk management, resulting in higher levels of quality and reducing rework. It will also enhance the sustainability of Grade 1 contractors that meet registration requirements
9. Registration of sub-contractors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Support the development of sub-contractors for track record using cidb contractor performance reports and facilitate monitoring of sub-contractor growth and development
10. Broad-based black economic empowerment scorecard	N/A	<input checked="" type="checkbox"/>	The sector score assessment will promote industry transformation and development
11. Joint venture	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Regulate currently unregulated joint venture arrangements, which are a risk to clients. This will also develop and grow the gradings of contractors
12. Demographic representation	N/A	N/A	An administrative change that will not negatively affect contractors
13. Registration fees adjustment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Correct fees that were last adjusted in 2008 and improve registration services for contractors
14. Private sector contractor registration	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Transform and develop the emerging sector
15. Registration renewal criteria	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Legalise the current moratorium that is compromising the RoC objective of mitigating risk for procurement clients



Regulatory compliance

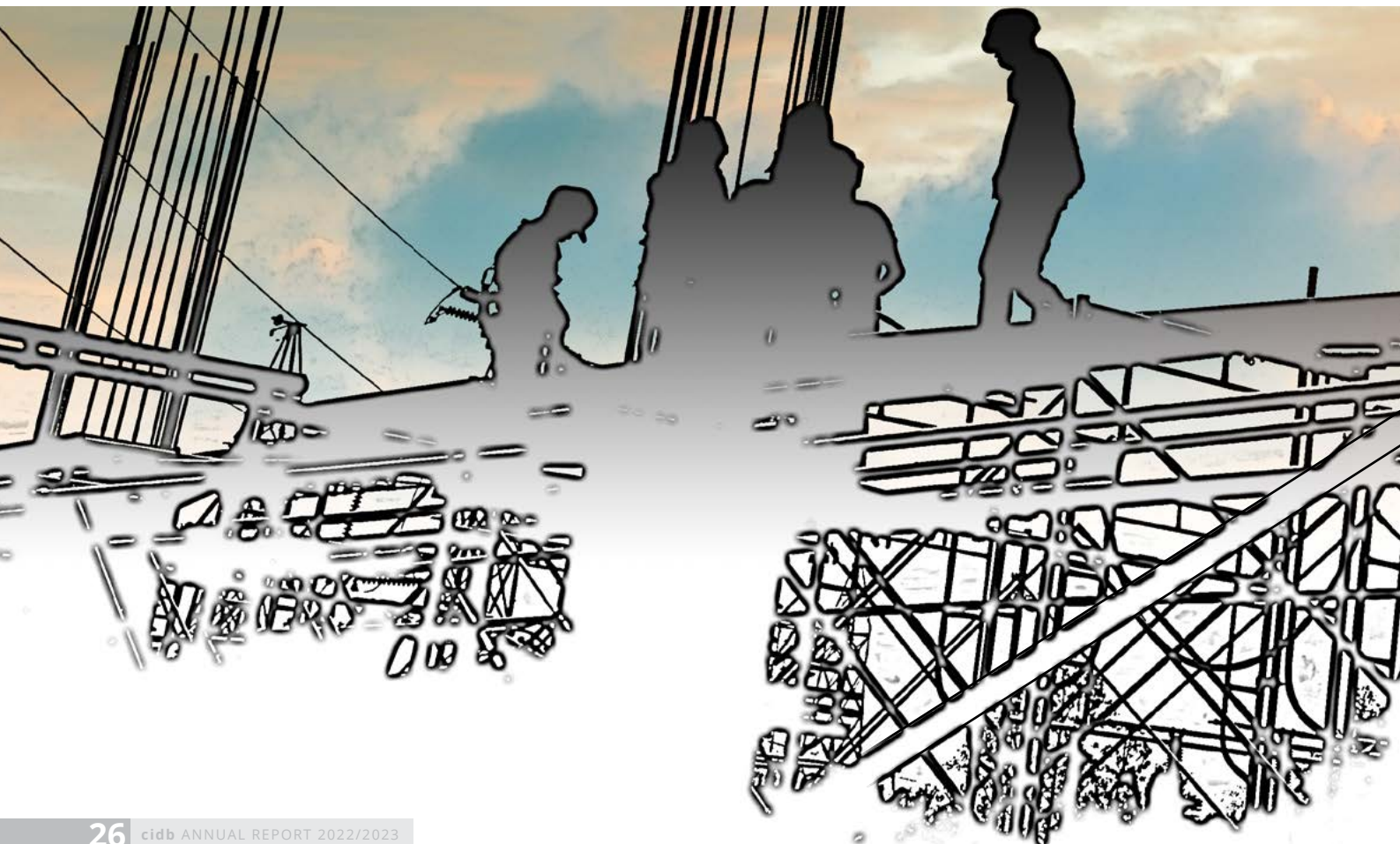
The CIDB Act, 38 of 2000, read with the CID Regulations of 9 June 2004, imposes compliance obligations on employers and clients, which include:

- Solicitation for expression of interests or competitive tenders must be in accordance with the PFMA: Framework for Supply Chain or MFMA: Supply Chain Management Regulations and the cidb Standard for Uniformity in Construction Procurement
- Solicitation of works valued at R30 000 or more must be published/advertised on the cidb website
- Awarded construction works of R200 000 or more for the public sector and R10 million or more for the private sector must be registered with the cidb and PFMA Schedule 2 entities respectively
- Status report for completed or terminated registered projects or arbitration or litigation on the contract.

In monitoring employers' compliance with these prescripts, various tools are used to identify non-complying tenders. For the financial year under review, 62 notices were issued to employers against 2 587 non-complying tenders.

Number of non-compliant tenders

Number of non-compliant clients	62
Number of non-compliant tenders	2 587
Number of contraventions issued	62
Number of clients referred for enforcement	31

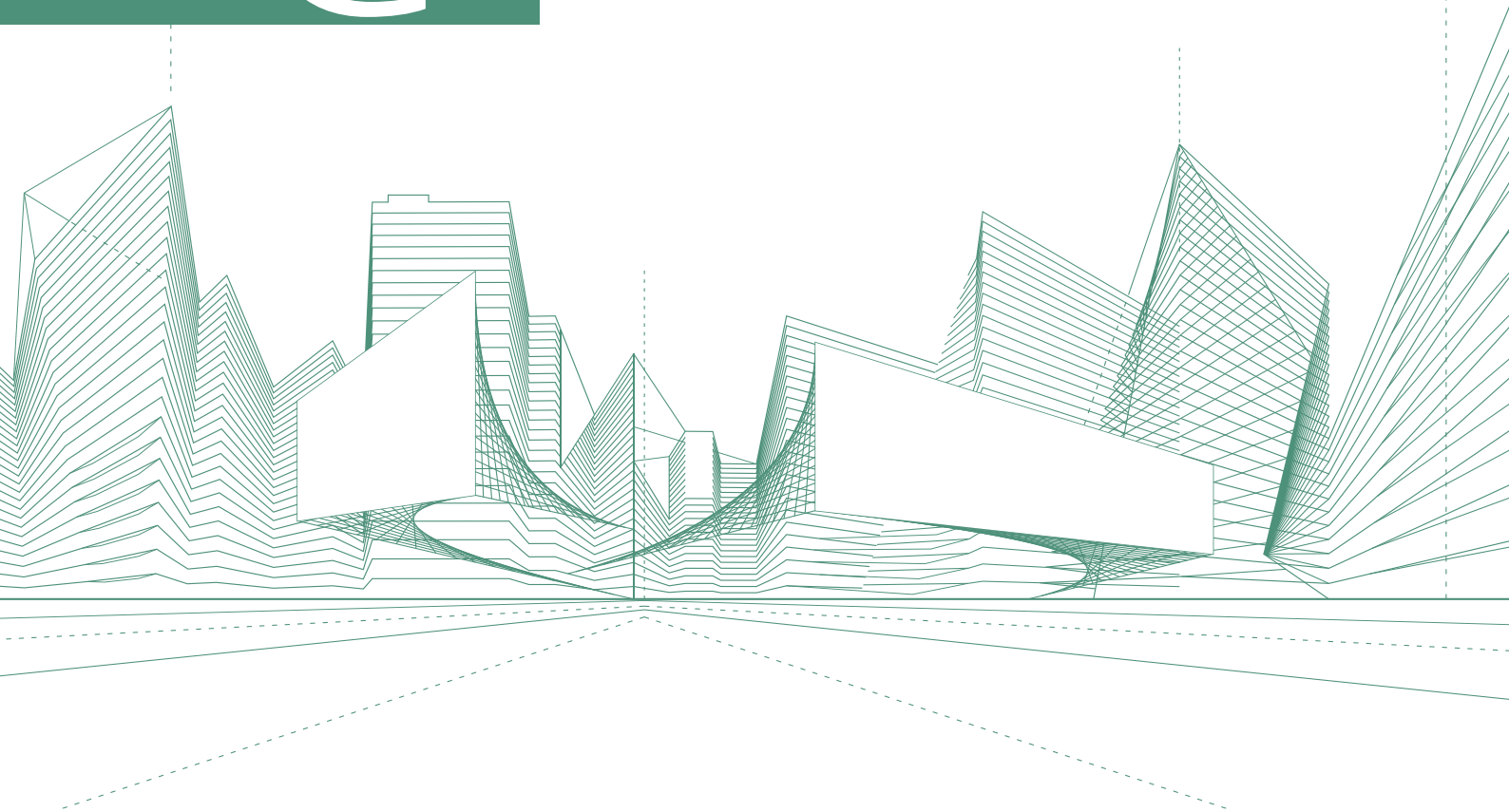




PART

C

INDUSTRY
DEVELOPMENT



B.U.I.L.D PROGRAMME GAINS TRACTION

Efforts to secure buy-in for and compliance with the B.U.I.L.D Programme included a dialogue in October 2022 with key Gauteng stakeholders to discuss collaboration to embed the programme. In attendance were executives from metropolitan municipalities and representatives from various provincial departments. The session was an opportunity to discuss the intentions of the programme and issues of compliance with the cidb's regulatory instruments, notably the RoP, which is crucial to the success of B.U.I.L.D.

In addition, 24 client capacitation sessions were held in four provinces, taking the B.U.I.L.D message to audiences in both urban and more rural areas. These were among 52 capacitation workshops organised during 2022/2023, following the upskilling of 163 public sector clients in the previous year.

To alleviate the administrative burden of compliance on clients, the cidb is currently crafting a development policy that will allow clients to tailor their policies to internal strategies and objectives. This guideline will advise clients on the recruitment of contractors to benefit from the B.U.I.L.D targeted development programme. It will advise also on how to take them along a growth and grade progression path through a succession of projects.

Towards the end of the financial year, the first indication of the value to be gained from the B.U.I.L.D initiative became apparent, when the cidb announced a project to upskill 250 women contractors on RoC grades 5 to 8 using an investment from the B.U.I.L.D Fund.

The group will complete a subsidised 12-month programme geared to impart skills, provide guidance and facilitate systems. The programme comprises construction management systems (CMS) training covering health and safety, quality and environmental aspects.

That 12 months will kick off with a five-day workshop setting the tone and introducing the concepts. Learnings and approaches taught will then be applied in the participating companies, with the candidates being mentored, supported and resourced to obtain maximum value from the B.U.I.L.D buck.

During 2022/2023, the cidb invoiced R139 million in B.U.I.L.D revenue, 17% of which was collected. This was a marked improvement over the R61.7 million of the first year of B.U.I.L.D, which indicates growing acceptance of the initiative and acknowledgement of the benefits it can bring to contractors, clients and the sector.

RESEARCH AND DEVELOPMENT

The cidb continued to support and partner the Centre of Excellence (CoE) at the Department of Construction Management and Quantity Surveying of the University of Johannesburg.

In July 2022, the CoE, working with Walter Sisulu University (WSU) hosted the 12th cidb conference, in East London, themed 'Towards a sustainable construction industry: the role of innovation and digitalisation'. This was the first time that the WSU Faculty of the Built Environment hosted an academic conference.

Student outputs for the year under review included five honours graduates, two masters and a completed PhD, with one more submitted

for the April 2023 graduating period. The CoE has retained the services of three postdoctoral fellows who are being supported to grow their academic careers as co-supervisors of honours and masters students, while carrying out independent research.

The CoE continued to produce accredited research outputs and published books with international scholars. During the period under review, two books were released – 'Construction supply chain management in the era of the fourth industrial revolution' and 'Reskilling human resources for construction 4.0'. The centre produced 16 journals on construction digitalisation, five journal articles about construction employability and an article on construction health and safety.



International developmental partnerships remained firmly in the cidb focus, with meetings and conferences initiated with local and African universities as well as institutions in Australia, the United Kingdom and United States of America for lecturer development and contributions to the development of fourth industrial revolution technologies for the South African construction industry.

During 2022/2023, the cidb conducted a study into the causes and effects on stakeholders of construction tender cancellation. Tender cancellation is costly and time consuming for tenderers, may disrupt service delivery

and is suspected to fuel industry corruption. The study documented the major causes of tender cancellation and provided evidence that contractors in the main bear the greatest burden. A follow-up study established the true costs of tender cancellation and recommended measures to mitigate the impact on contractors. It will be published in 2023/2024.

Research was also conducted on South African professionals' perceptions of building information. The study is a basis for the development of a comprehensive building information modelling implementation framework, which will evolve during 2023/2024.

SKILLS UPLIFTMENT

The cidb's commitment to skills development as the key to professionalising the industry manifested again in support for WorldSkills, the premier global competition for artisans.

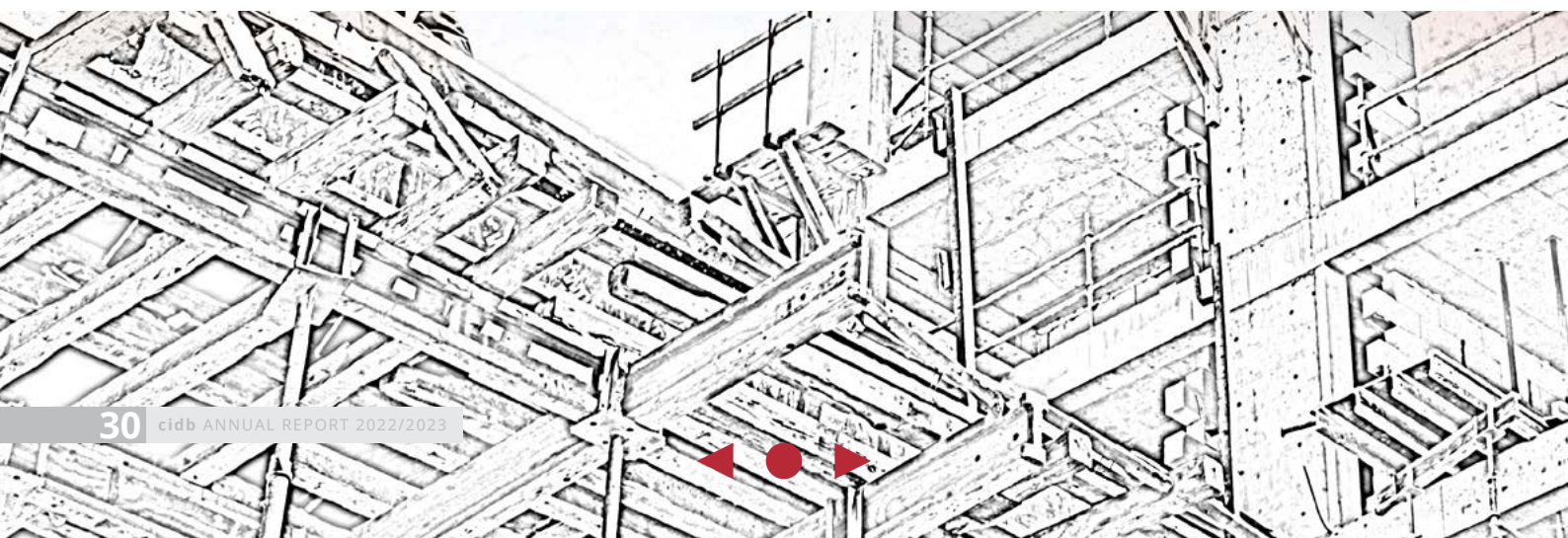
Having seen provincial contestants through the events leading to the national finals at the end of March 2022, it was most encouraging when bricklayer Lungelwa Mtetwa of Coastal Technical and Vocational Education and Training College took gold, warding off competitors from six African countries in the second WorldSkills Africa competition. It was one of five gold medals for the local contingent. Siphesihle Masina from Gert Sibande Technical and Vocational Education and Training College earned gold for plumbing, another cidb-supported category.

WorldSkills International took place in Austria in October 2022 and, although neither Lungelwa nor Siphesihle finished in the medals, they gave their best for their country.

The worth of WorldSkills is evident in previous competitor, Mihle Mvelakubi, who won the local heats in 2017 and then represented South Africa in Abu Dhabi. He went on not only to train Zanco Jantjies, a subsequent WorldSkills national medal winner, but he is now bricklaying facilitator at College of Cape Town, thus continuing to impart his skills to others. He is also the founder of Mvelakubi Civil Engineering and Projects.

During the year, cidb participation in the BRICS Skills Development Group continued, through which South Africa participated in the Future Skills Challenge.

It also actively supported the development of the building information modelling curriculum in partnership with fellow African countries, China and Brazil. This work is ongoing and will be highlighted during the 2023/2024 reporting period.





PART

D

MONITORING
INDUSTRY
PERFORMANCE

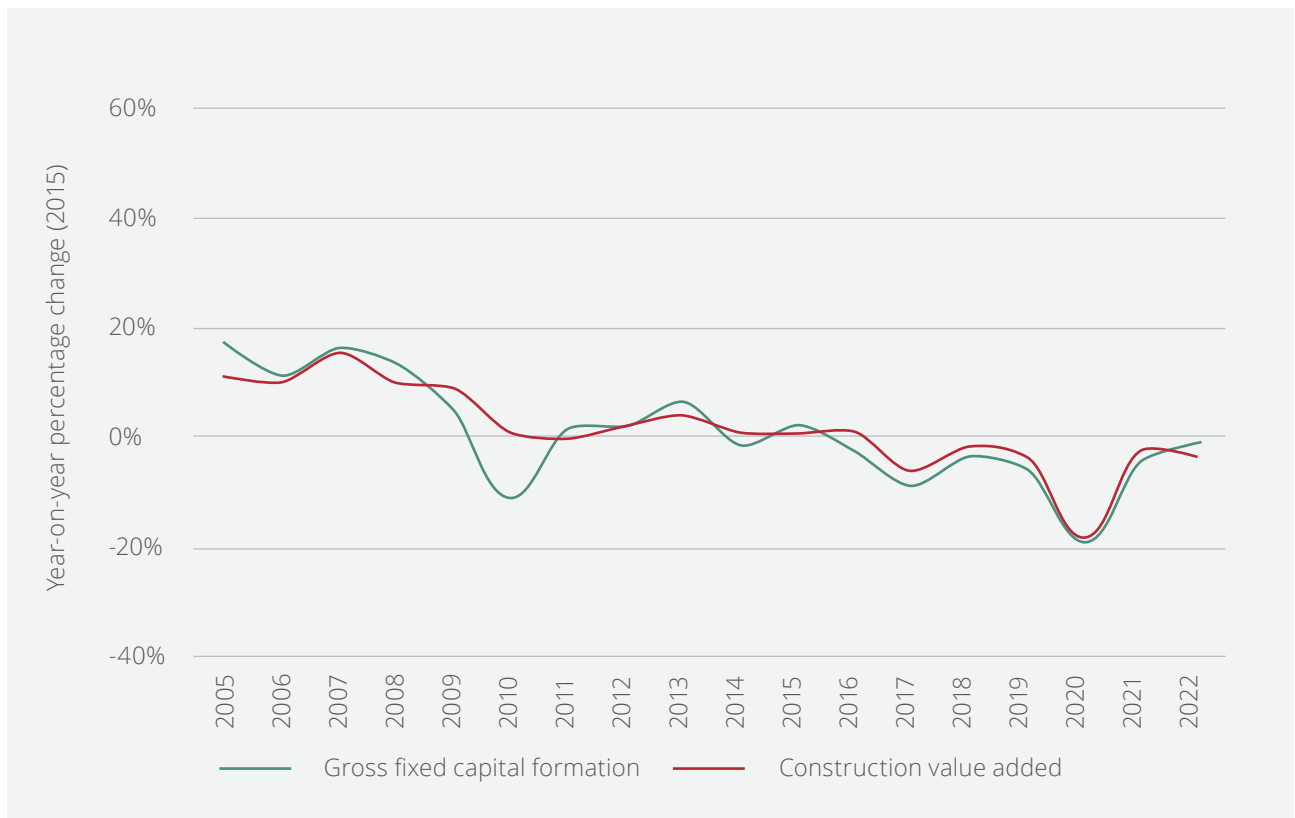


OUR OPERATIONAL CONTEXT

According to Stats SA, the construction industry contributed around 3% to GDP in 2022 and 37% to gross fixed capital formation. The industry is one of the most seriously affected by the economic crisis, having declined for six consecutive years, with output falling to roughly R109 billion in 2022.

Many employment opportunities have also been lost. According to the most recent Stats SA data, the sector shed around 224 000 jobs between 2015 and 2022, yet it remains crucial for job creation given its high labour-intensity. Stats SA data notes that it is among the industries with the highest employment shares against GDP contribution. Using diverse inputs from numerous industries, it has strong backward and forward linkages with other economic sectors and has the potential to create significant economic activity.

The state of the economy, government finances, policy uncertainty and the state's ability to implement projects all influence construction sector demand. Public-sector infrastructure spending has been dented, with investment on public infrastructure in 2019 28% lower than in 2015. Covid-19 aggravated this, reducing spending by 17.5% in 2020, according to BER. In 2020, BER produced a research note examining public-sector infrastructure investment's historical performance and outlook. It estimated that public sector underspending amounted to R147 billion from 2012/2013 to 2018/2019.



Public infrastructure spend



Municipal spending

At the end of the 2021/2022 municipal financial year, the total underspending of municipalities had increased to around R19.7 billion. In 2021/2022, most municipalities had difficulties spending their capital budgets, with 226 of 257

spending lower than 40%. According to National Treasury's analysis of public sector infrastructure spend, the causes were lack of planning, supply chain issues and the impact of lockdown restrictions.

Municipal spending performance

Indicator	2019/2020	2020/2021	2021/2022
Budgeted capital expenditure (Rm)	68 808	69 255	67 249
Actual capital expenditure (Rm)	41 245	55 622	47 529
Underspending (Rm)	-27 563	-13 634	-19 719
Actual capital expenditure as a % of budgeted capital expenditure	60%	80%	71%
Number of metros, municipalities and district municipalities	257	257	257
Those spending below budget	2019/2020	2020/2021	2021/2022
Lower than 100%	251	256	254
Lower than 80%	249	256	253
Lower than 60%	248	252	246
Lower than 40%	243	242	226
Those spending over budget	2019/2020	2020/2021	2021/2022
Greater than 100%	5	1	3
Greater than 150%	5	-	2
Those spending between 40% and 200%	2019/2020	2020/2021	2021/2022
Between 40% and 60%	5	10	20
Between 60% and 80%	1	4	7
Between 80% and 100%	2	-	1
Between 100% and 150%	-	1	1
Between 150% and above	-	-	2

Public-sector infrastructure spending

State-owned companies and public entities collectively account for 39% of the total public infrastructure budget. Municipalities and provincial departments account for 28% and 24% respectively, while national departments and public-private partnerships account for around 9%. State-owned companies' share dropped from 38% in 2020/2021 to 30% in the following year.

Breakdown of infrastructure budget

Underspending improved during 2021/2022. Municipalities were the only category of clients in which expenditure declined. They and state-owned companies spent below 80% of their budgets, while all the other entities spent above 80% of their budgets. Provincial departments made the highest contribution to public infrastructure expenditure, spending 93% (around R56 billion) of their budget and contributing around 29% to total public infrastructure expenditure.

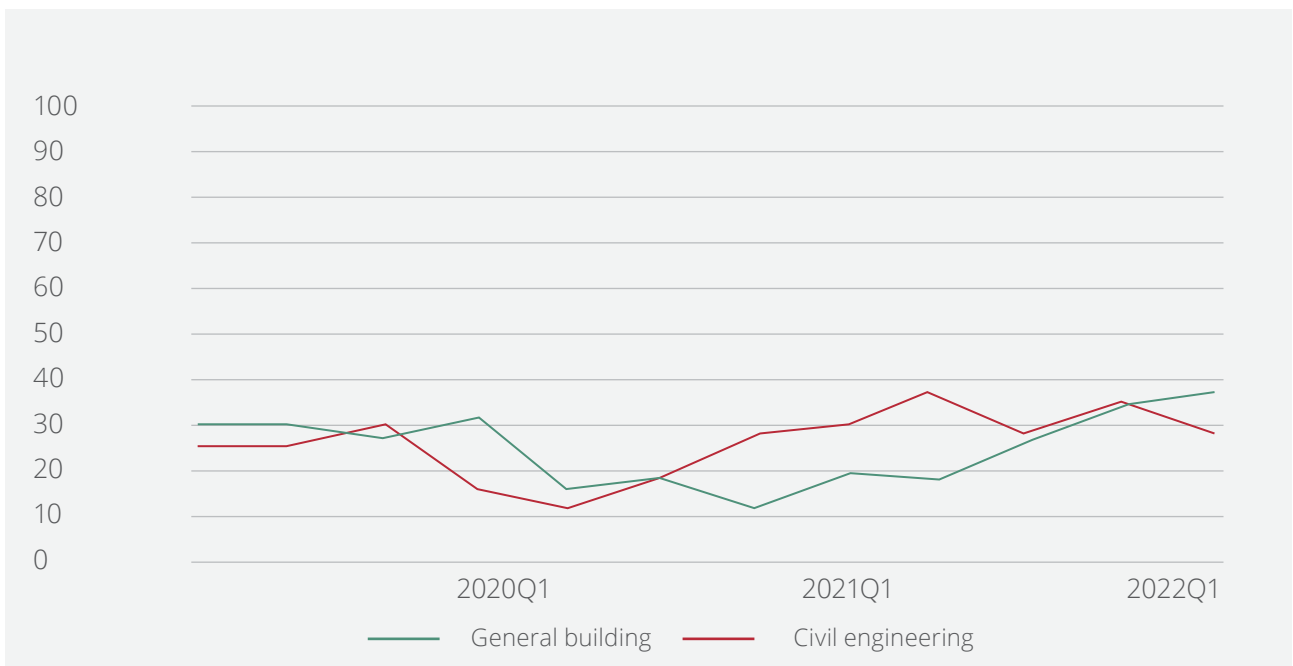


Budget

Entities	R million		Contribution (%)		Expenditure (%)		
	2021/2022	2021/2022	2021/20/22	2021/2022	% Expenditure in 2019/2020	% Expenditure in 2020/2021	% Expenditure in 2021/2022
	Budget	Expenditure	Budget	Expenditure			
State-owned companies	72 709	53 361	30%	27%	50%	65%	73%
Municipalities	69 016	47 665	28%	24%	62%	80%	69%
Provincial departments	60 051	56 021	25%	29%	100%	82%	93%
Public entities	21 147	20 205	9%	10%	86%	48%	96%
National departments	14 469	12 455	6%	6%	90%	73%	86%
Public-private partnerships	6 822	6 546	3%	3%	100%	89%	96%
Total	244 214	196 253	100%	100%	71%	73%	80%

BUSINESS CONDITIONS

Perceptions of business confidence among grades 3 to 8 cidb-registered contractors are presented below:



Business confidence ratings



General building

Despite a slight deterioration in overall activity, both confidence and activity are still above the long-term average. In addition, order books improved.

Confidence of general building contractors rebounded to 43 in 2023Q1 after a nine-point drop to 35 in 2022Q4. Activity also remained well above the long-term average.

Civil engineering

Civil engineering confidence rose to 38 in 2022Q1 despite a deterioration in civil construction activity.

Sentiment among contractors on grades 3 and 4 was the highest despite a decline during this quarter. Contractors on grades 5 and 6 were the most optimistic about future business conditions, compared to grades 7 and 8 enterprises, which remained the least confident, with their rating for insufficient demand also increasing above its long-term average. This implies that larger-scale projects remain scarce.

Provincially, confidence in three provinces, namely Gauteng, Eastern Cape and KwaZulu-Natal, decreased. Confidence in the Western Cape was stable.

TRANSFORMATION

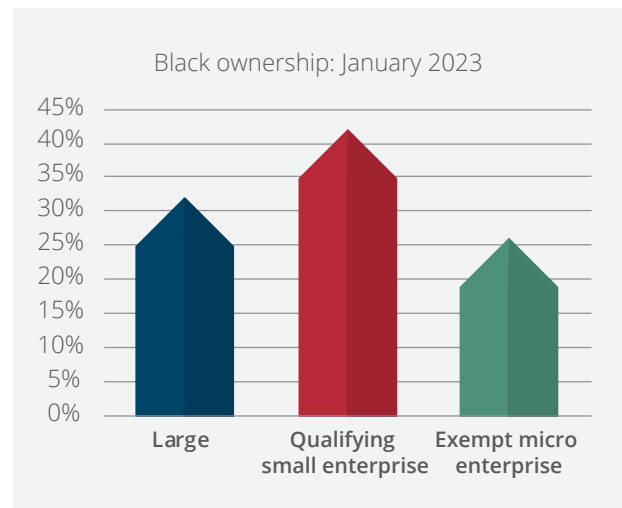
The cidb Construction Monitor assesses transformation of the construction industry, with a focus on consulting engineers (or professional service providers) and contractors. It draws largely on information obtained from the RoC, RoP and CESA.

This annual report presents transformation data to 2022Q4.

Black ownership – professionals

CESA membership in January 2023 shows the percentage of companies that comply with BBBEE codes for the built environment specified in the construction sector codes. The figure alongside shows black ownership by company size.

Black ownership: January 2023	
Size	%
Large	32%
Qualifying small enterprise	42%
Exempt micro enterprise	26%
Total	100%



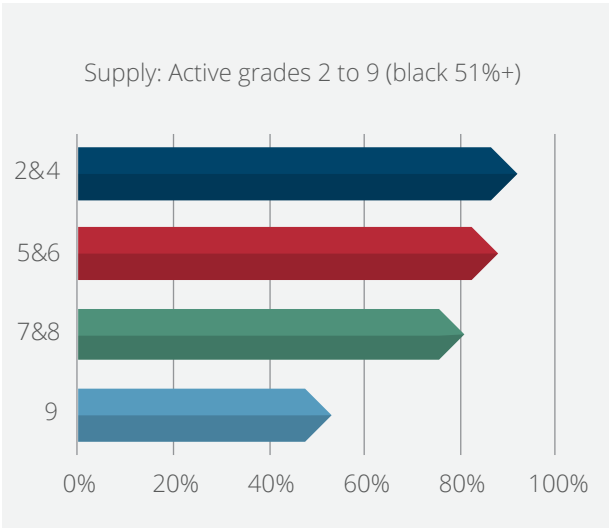
Black-ownership statistics (Source: CESA membership database, www.cesa.co.za, January 2023)

Black ownership – cidb-registered contractors

Details of black ownership of 51% or more appear on the following page, the grade listed being the highest across all registrations for an enterprise.



Supply: Active grades 2 to 9			
Grade	Total number	Number	Black 51%+
9	249	133	53%
7 and 8	2 286	1 855	81%
5 and 6	4 054	3 580	88%
2 and 4	10 498	9 661	92%
Total	17 087	15 229	89%



Highest grades across all registrations

The state of transformation decreases with increasing cidb grade (size of company). Specifically, for ownership of 51% and above, 53% of Grade 9 contractors were black owned in 2022Q4.

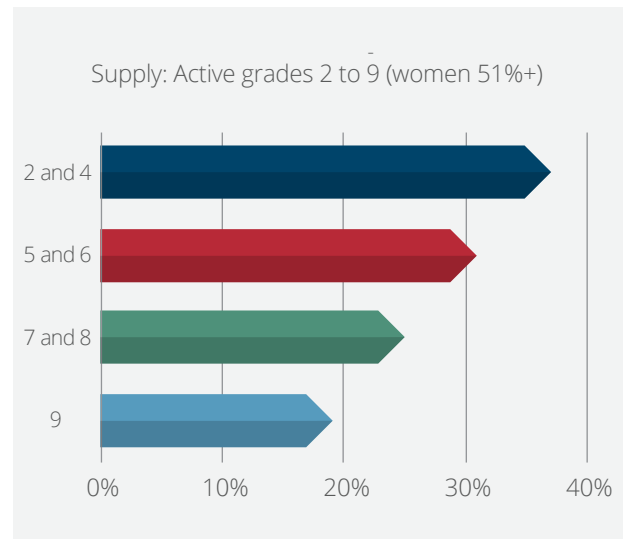
Grade 9 contractor enterprises include public listed companies and wholly owned subsidiaries for which black ownership other than directors is excluded. The impact of excluding listed and international companies from the profile is, however, small. Black ownership in grades 2 to 8 of the RoC is above 80%.

Women ownership – cidb-registered contractors

Details of 51% or more women ownership of cidb-registered contractor enterprises are given alongside, the grade listed being the highest across all registrations for an enterprise.

From the assessment below, it is seen that the state of transformation decreases with increasing cidb grade (size of company) but change with grade is not as pronounced as for black ownership. Specifically, for ownership of 51% and above, women ownership amounts to around 30% of all contracting enterprises.

Supply: Active grades 2 to 9			
Grade	Total number	Number	Women 51%+
9	249	48	19%
7 and 8	2 286	583	25%
5 and 6	4 054	1 245	31%
2 and 4	10 498	3 902	37%
Total	17 087	5 777	34%



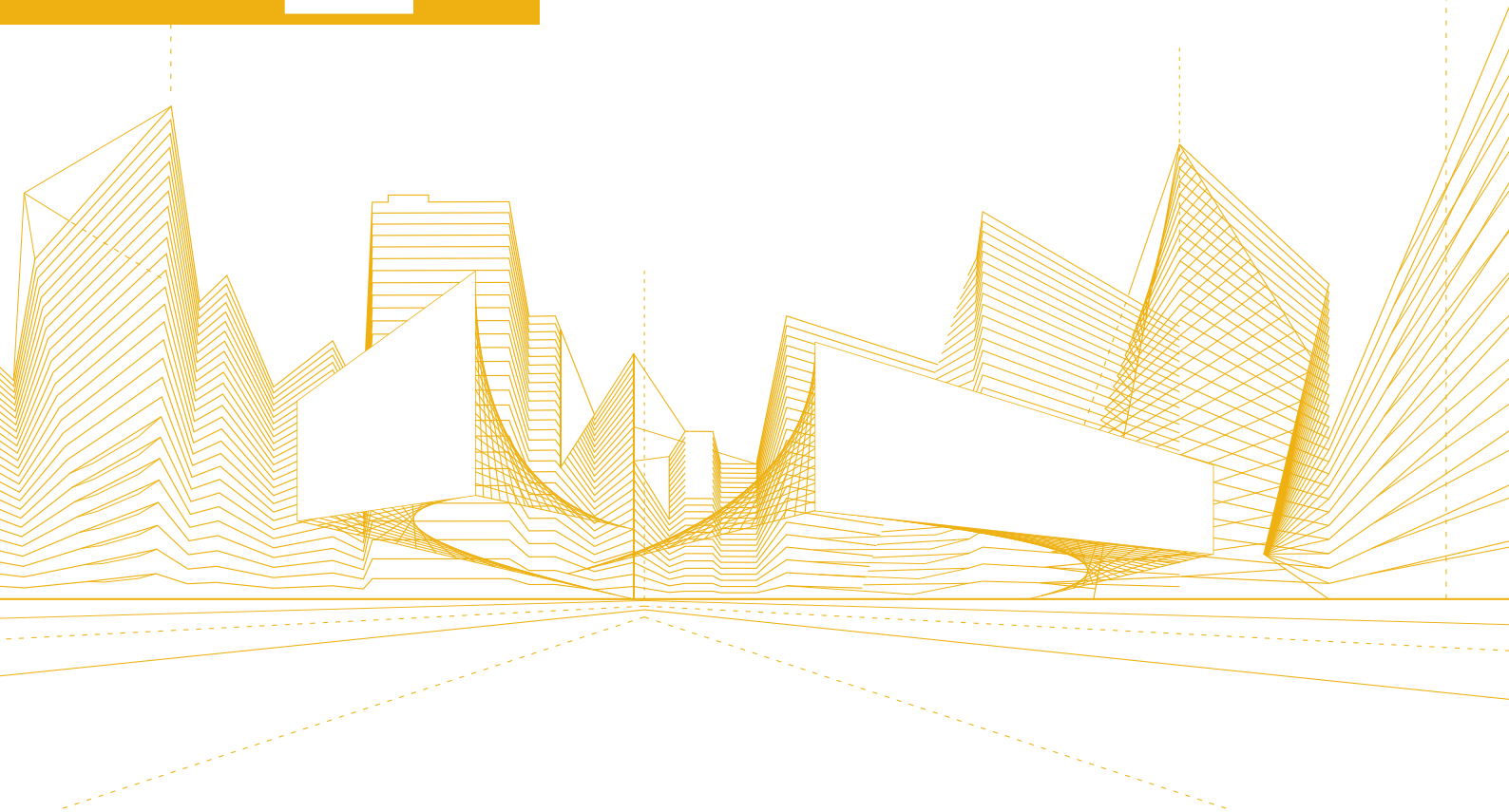
Transformation of women-owned construction companies

Women ownership of 51% and above for 2022Q4 was on average 34%. The fewest women-owned contractors are in Grade 9 at 19%. Women ownership in grades 2 to 6 is above 30%. The cidb has launched initiatives to increase women ownership, including a targeted development policy and construction management systems training programme to upskill women-owned construction companies from grades 5 to 8 in general building and civil engineering.

PART

E

STAKEHOLDER ENGAGEMENT



NATIONAL STAKEHOLDER FORUM

The NSF, a mandated structure of people experienced in varied construction disciplines, continued its work during the year under review, discussing pertinent industry issues, setting action plans and advising the Minister and the cidb Board on matters influencing industry development. It provides input into plans for construction industry development and monitors how the cidb responds to issues and fulfils its mandate.

During the review year, the 2021 to 2023 NSF completed its tenure, paving the way for the appointment of new members that will take its work forward to 2025.

During 2022/2023, discussion points ranged from quality and capability of contractors in the different RoC grades to administrative pressure on contractors, lack of access to work for emerging contractors and inadequate industry

development and transformation. The cidb continues to implement an action plan agreed with the then-Minister, Patricia de Lille, to address industry challenges identified in the NSF.

To complement its forum-level activity, it formed four working groups, which specialised in strengthening and enhancing the value of the RoC, establishing the Register of Professional Service Providers, standardising client procurement and delivery practices and improving contractor development.

Six NSF working group meetings were held during 2022/2023, two each for the contractor development and procurement groups and one each for the RoPSP and RoC groups.

A key focus of the new forum will be the role of procurement in supporting sustainability in the construction sector.

ERWIC AWARDS

The ERWIC Awards – building on the momentum of two successful years and rapidly becoming the premier competition for women in the built environment – announced its 2022 winners on 24 August. The top candidates were singled out in 12 categories that showcased contribution in areas such as project excellence, transformation, mentorship and innovation.

In her keynote speech, then-Department of Infrastructure and Public Works Deputy Minister Noxolo Kiviet stated that the awards should always stand as the clarion call for gender transformation in construction, reflecting the strength of women and serving as a vision of what women can achieve when supported.

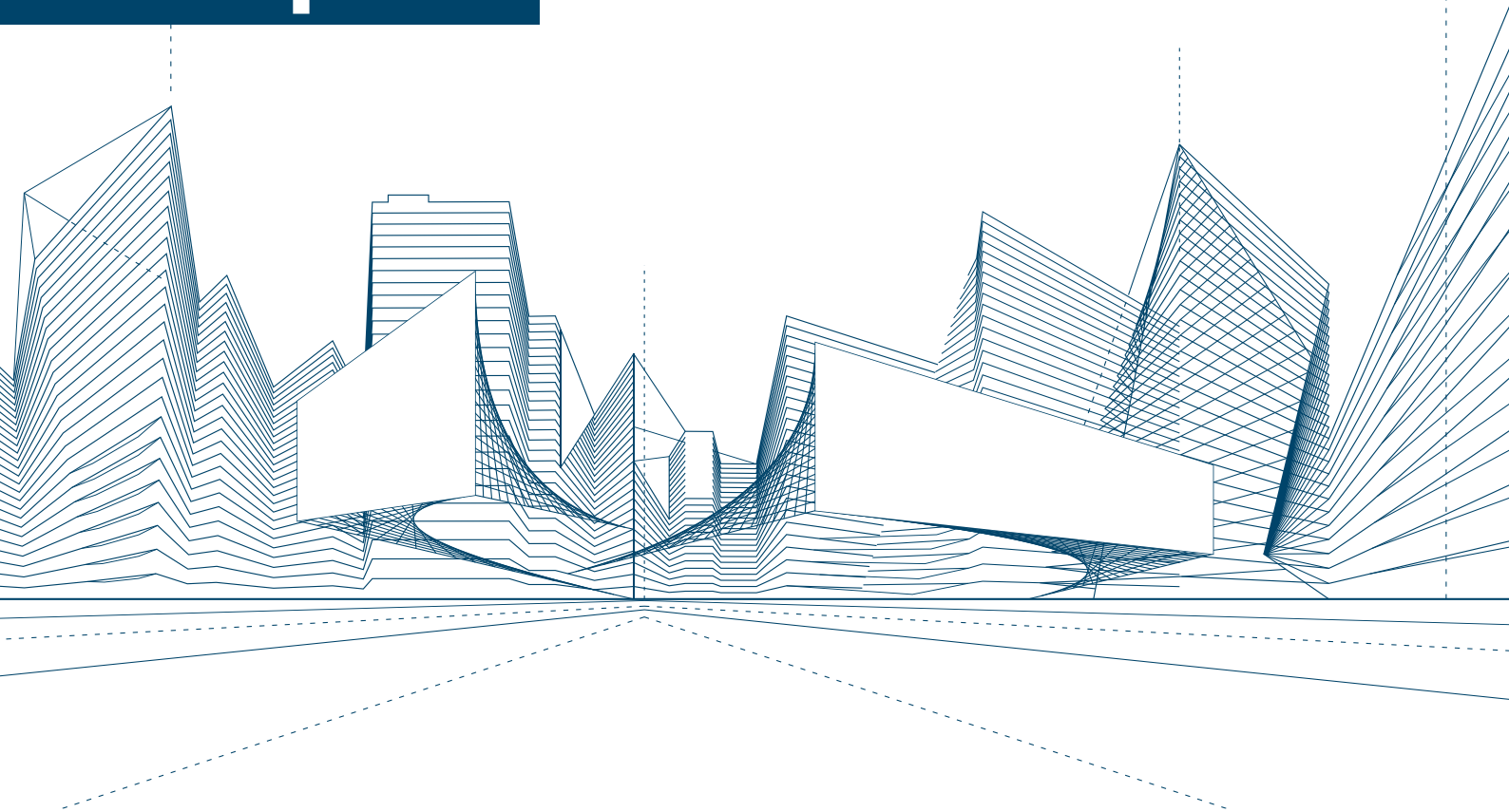
An encouraging spin-off from the ERWIC awards has been the development of a community of like-minded women contractors committed to setting the example for other entrepreneurial women to forge a career in the built environment. The group held its first seminar in August 2022. Speaking at the event, KwaZulu-Natal Premier Nomusa Dube-Ncube told delegates of her plans to unlock opportunities for emerging entrepreneurs, particularly women. She stressed that empowerment is not a part-time activity but a movement and a wave that will eventually shift the ground in the direction of transformation.

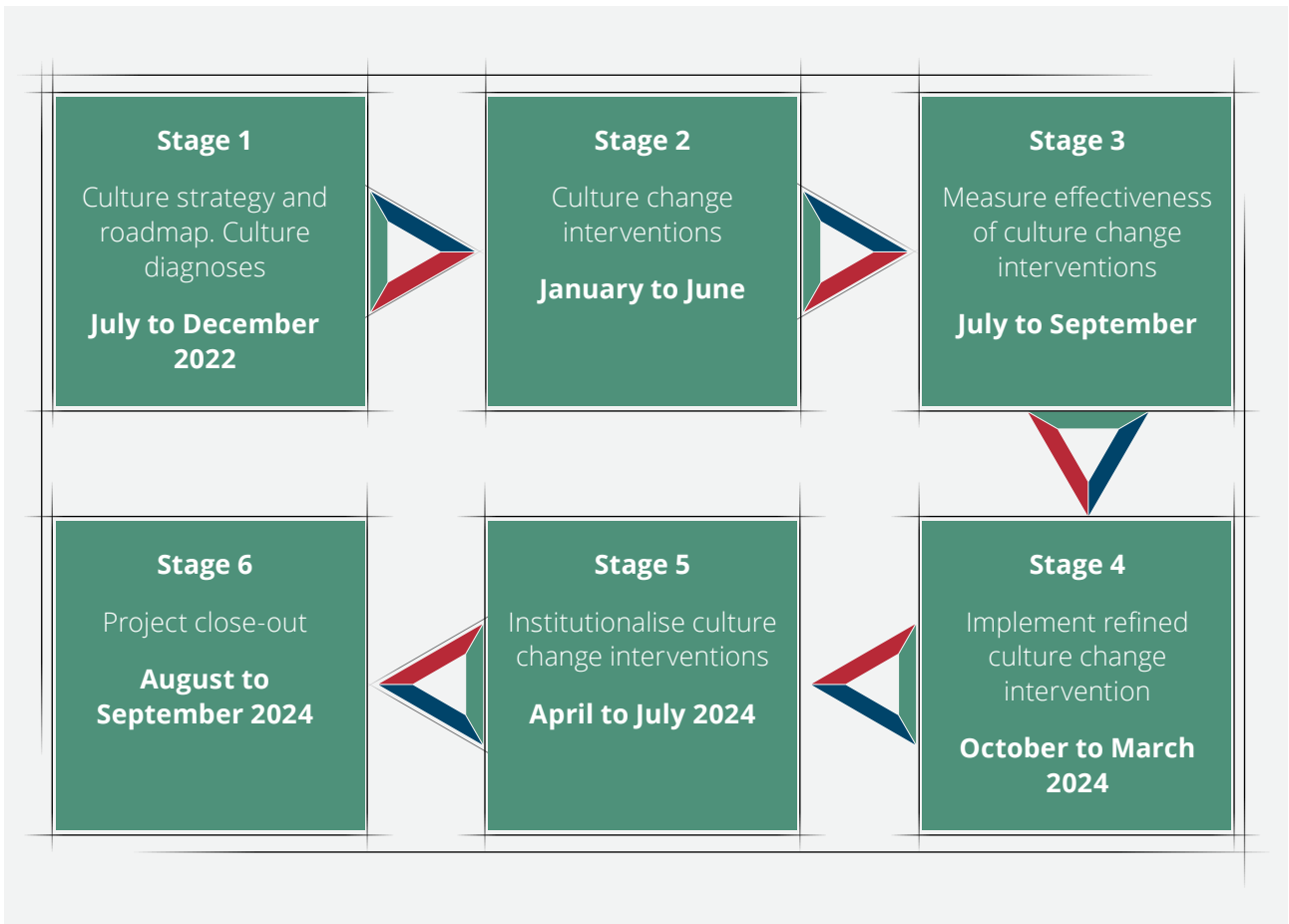


PART

F

INTERNAL CAPACITY





ORGANISATIONAL CULTURE

Culture is crucial in shaping the attitudes, values and behaviours in an organisation. In line with the cidb's commitment to becoming a high-performing entity and being recognised as a preferred employer, an organisation culture improvement initiative was launched during 2022/2023 to foster a positive and inclusive culture conducive to excellence, innovation, collaboration and integrity.

First, the existing culture was assessed, then interventions designed and implemented to close gaps. The project stages are depicted in the graphic above.

In improving how the cidb conducts business internally and externally, great emphasis is placed on employee development across all organisational levels.

Multiyear leadership and management development programmes were instituted in partnership with leading institutions. Investment has also been made in the cidb bursary programme and professional development training.

Other culture-driven activities included an increased focus on employment equity, reflected in the appointment of black female executives in the positions of Chief Operations Officer and Company Secretary, and a robust approach to filling positions at all levels in line with employment equity targets.

Proactive steps have been taken to prevent fraud and corruption, bolstering the existing controls and systems with employee capacitation through information campaigns and awareness sessions.



The culture assessment revealed the need for cohesion across Board, management and employees. This resulted in Board and management engagement with head office and provincial staff to better understand employee issues.

Information-sharing sessions and workshops were introduced to communicate to the team functions

such as annual performance planning, operation planning and performance management. Employee wellness programmes were also conducted.

The programme will continue through 2023/2024 with additional interventions and further culture assessments.

INFORMATION TECHNOLOGY CAPABILITIES

On the continuation of its five-year journey of systems modernisation and digital transformation, the cidb concentrated on implementation of all modules of registration online. All first-time online users can register all grades and classes of work on the system. The RoP was elevated from its aged cloud-incompatible platform. New features to be introduced in the coming year include one-time pin and advanced reporting.

In striving for paperless registration and data normalisation, a data warehouse was established that enables cloud business intelligence development and desktop-based data

visualisation. Integration with National Treasury's Central Supplier Database is advancing, which will ensure systems are updated with reliable data.

During the year, the Sage 300 People payroll and new human resource information system was phased in. This process automated recruitment, leave management, personnel records management, performance management and job requisition. Managers and employees can now access the self-service platform anywhere.

Systems uptime surpassed 95% as planned, despite major security and network disruption in quarters one and three, respectively.

cidb PEOPLE

The cidb must respond swiftly to business changes. Hence, its human resources strategy seeks to support the business plan and strategic direction through transformational change, technology innovations and increased collaboration across cidb business units.

It aims to:

- Attract the right talent in the right place at the right time to enable transformation and growth strategy
- Ensure that the organisational structure is effectively managed to enable the implementation of the organisation strategy
- Create a leadership culture that enables an

- innovative and growing organisation
- Manage talent through performance and succession management, market-related remuneration and rewards strategies, and continuous learning and development to drive organisational objectives
- Create a high-performing organisation by establishing an environment of learning and self-development
- Ensure good corporate governance through advanced policies and procedures in line with the changing world of work
- Create a caring organisation that enables effective communication and work-life balance.



STAFFING

Staff complement

EMPLOYMENT TYPE	On 31 March 2023
Permanent staff	162
Fixed-term contract staff	1
Temporary staff	-
Total	163

Occupancies and vacancies

	Organisational structure
Total staff establishment as per the approved structure	382
Budgeted structure	176
Actual headcount	165
Vacant and budgeted positions	11

Filled positions

Job title	Engagement date
Expenditure Officer	1 August 2022
Communications Specialist	1 September 2022
Director Human Resources	1 October 2022
Company Secretary	1 January 2023
Chief Operating Officer	1 January 2023
Provincial Manager: Eastern Cape	1 January 2023
Manager Skills Development	1 March 2023
Financial Administration Assistant	1 March 2023

The cidb's occupancy rate for the reporting period was 92%, with a vacancy rate of 8%. Calculations are based on only budgeted positions.

Comparison between occupancy rate and vacancies by occupational levels and gender

Occupational Level	Male	Female	Vacancies
Executive	3	2	-
Senior management	6	7	3
Management	14	5	5
Non-management	39	87	5
Total	62	101	13

Terminations

The cidb has a turnover rate of 7%, which has remained constant over the years. There were seven terminations in 2022/2023:

Resigned	Retired	Dismissed	Deceased	Contract ended
6	1	1	1	3



Employment equity

The cidb closed the financial year with 163 employees, 101 of whom are women. The current employment equity plan, introduced in January 2023, runs to December 2025 and details goals, targets and corrective measures.

Employment equity statistics according to occupational job levels on 31 March 2023 end with March 2023 were as follows:

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	3	-	-	-	2	-	-	-	-	-	5
Senior management	4	1	1	-	5	-	1	1	-	-	13
Professionally qualified and experienced specialists and mid-management	12	-	2	-	5	-	-	-	-	-	19
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	16	-	-	-	24	1	-	1	-	-	42
Semi-skilled and discretionary decision making	17	-	-	-	35	1	1	2	-	-	56
Unskilled and defined decision making	5	-	-	1	20	2	-	-	-	-	28
TOTAL PERMANENT	57	1	3	1	91	4	2	4	-	-	163
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
TOTAL	57	1	3	1	91	4	2	4	-	-	163

Skills development

Skills development is informed by employee development plans, which are contained in staff performance contracts signed between the employee and management. The cidb spent R1 022 429.94 on training and development: R319 859.00 on training and R702 570.94 on bursaries.

The bursary scheme produced 10 graduates in the 2022/2023 academic year, five of whom were at postgraduate level.

Training and bursary costs per occupational level (including external training and bursaries) for the year to 31 March 2023 were as follows:

Occupational levels	Training spend
Top management	R28 163.50
Senior management	R159 134.95
Professionally qualified and experienced specialists and mid-management	R29 419.85
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	R236 416.30
Semi-skilled and discretionary decision making	R327 349.59
Unskilled and defined decision making	R241 945.57



Personnel costs

Occupational levels	Personnel expenditure	% of total personnel cost*	Number of employees	Average personnel cost per employee
Top management	R10 937 080.65	10%	5	R2 187 416.13
Senior management	R21 978 533.84	20%	13	R1 465 235.59
Professional, specialised and middle management	R22 507 501.95	21%	22	R1 010 467.79
Skilled technical, junior management, supervisory	R23 250 412.12	21%	44	R553 581.31
Semi-skilled	R20 670 577.66	19%	58	R356 389.27
Unskilled	R8 008 959.53	7%	32	R250 279.99

* Percentages are rounded off to nearest decimal

MATTERS REQUIRED BY NATIONAL TREASURY INSTRUCTION NOTE 4 OF 2022/2023

During the year ended March 2023, an amount of R672 425.00 was confirmed by the entity as irregular expenditure incurred in 2020/2021 and was identified by the Auditor-General during a review of irregular expenditure transactions.

The cidb disputed the finding and escalated the matter to National Treasury and the appeal was finalised only in December 2022.

No incidents of irregular expenditure in line with Instruction Note 4 of 2022/2023 were identified. The previous year's irregular expenditure is as below:

Description	2022/2023	2021/2022
Opening balance	R796 250.38	R796 250.38
Add: Irregular expenditure confirmed	-	-
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	R796 250.38	R796 250.38

Fruitless and wasteful expenditure

No incidents of fruitless and wasteful expenditure in line with Instruction Note 4 of 2022/2023 were identified. The previous year's fruitless and wasteful expenditure is as below:

Description	2022/2023	2021/2022
Fruitless and wasteful expenditure identified	-	R13 162



PART

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ANNUAL
FINANCIAL
STATEMENTS



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The reports and statements set out below comprise the annual financial statements presented to the Board:

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GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Legal form of entity	Schedule 3A Public Entity established in terms of the CIDB Act 38 of 2000
Nature of business and principal activities	Regulatory body for the construction industry
Board members	Nzo K (Chairperson) Bouillon S (Deputy Chairperson) Gopane T Le Roux C Maimela K Makhanya S Masimene D Mbane YD Mokgatle B Rabosiwan B Siyila K Songelwa T Zulu B
Registered office	No 1 Gordon Hood Road Centurion 0157
Bankers	Standard Bank of South Africa Limited Investec Limited
Auditors	Auditor-General South Africa
Secretary	Vaneesha Ravjee



STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

The annual financial statements set out on pages 61 to 95, which have been prepared on the going-concern basis, were approved by the Board on 31 July 2023 and were signed on its behalf by:



Chief Executive Officer
Bongani Dladla



Board Chairperson
Khulile Nzo



CORPORATE GOVERNANCE

Corporate governance combines the processes and systems by which corporates are directed, controlled and held to account. The cidb strives for high standards of governance through fairness, accountability, transparency and

responsibility. Its compliance programme assesses adherence to good governance principles and identifies areas needing regular improvements. It subscribes to the stipulations of the PFMA and the principles of King IV.

ACCOUNTING AUTHORITY

The Minister of Public Works and Infrastructure appoints the Board every three years as per the CIDB Act 2000.

The Board is the accounting authority in terms of the PFMA and must comply with the fiduciary duties set out in the PFMA. The Board must provide effective corporate governance and strategic direction, which involves adhering to the principles of good governance, risk management and internal controls stipulated in the PFMA and Treasury Regulations.

Roles of the Board

- Exercising leadership, enterprise, integrity and judgment in directing the cidb to achieve continuing prosperity and to act in the best interests of the cidb while respecting the principles of transparency and accountability
- Determining the cidb's values and the strategy designed to achieve the cidb's purpose
- Retaining full and effective control of the Board and monitoring the cidb's implementation of Board plans and strategies
- Monitoring and evaluating the implementation of strategies, policies, procedures, processes, management performance criteria and business plans
- Formulating, monitoring and reviewing corporate strategy, major plans of action, financial and risk management and internal control policies, appropriate procurement and provisioning systems, communications policy, annual budgets and business plans
- Ensuring that the cidb complies with laws, regulations, government policies and codes of best business practice, and communicates with its stakeholders openly, transparently and promptly with substance prevailing over form

- Identifying the key risk areas and key performance indicators of the cidb, based on both financial and non-financial aspects such as the socio-political and politico-economic expectations of the shareholder
- Ensuring that technology and systems are adequate for the proper functioning of the cidb through the most efficient and cost-effective use of its assets, processes and human resources
- Ensuring that the shareholder's performance objectives are achieved and that they can be measured in terms of performance of the cidb
- Developing a clear definition of the levels of materiality or sensitivity to determine the scope and delegation of authority and ensure that the Board reserves specific powers and authority for itself. All delegated authority shall be in writing and shall be regularly evaluated
- Ensuring that Board members are granted unrestricted access to accurate, relevant and timely information on the Board and that they act on a fully informed basis, in good faith, with care, skill and diligence and in the best interests of the cidb, while taking the interests of stakeholders into account
- Managing potential conflicts of interest among the CEO, Board members and the shareholder and ensuring that any conflicts of interest, or of independence, are regularly and expeditiously dealt with and resolved
- Maintaining the highest standards of probity, integrity, responsibility and accountability and ensuring that a fair balance is found between conforming to corporate governance principles and the performance of the cidb.

The Board Charter is reviewed regularly.



PORTFOLIO COMMITTEE

The Portfolio Committee of Public Works and Infrastructure oversees the cidb's service delivery, which includes reviewing the financial and non-financial performance information contained in the strategic and annual performance plans.

Three meetings were held with portfolio committees during the financial year.

Portfolio Committee on Public Works and Infrastructure:

Date of meeting	Purpose
13 October 2022	Annual report
22 March 2023	Annual performance plan

Select Committee on Transport, Public Administration, Public Works and Infrastructure:

Date of meeting	Purpose
23 February 2023	Annual report

EXECUTIVE AUTHORITY

The Minister of Public Works and Infrastructure, as the Executive Authority, plays a vital role in ensuring that the cidb operates within legislative mandates. The Minister has the power to appoint and dismiss the Board in terms of the CIDB Act, and continuously monitors and evaluates cidb performance through reports and interactions. During the review year, the cidb submitted the following reports in compliance with the PFMA and Framework for Managing Programme Performance Information.

Date of submission	Type of reports
29 April 2022	Fourth quarter performance report 2021/2022
27 July 2022	First quarter performance report 2022/2023
28 October 2022	First draft annual performance plan
31 January 2023	Second quarter performance report 2022/2023
31 January 2023	Third quarter performance report 2022/2023 Final annual performance plan

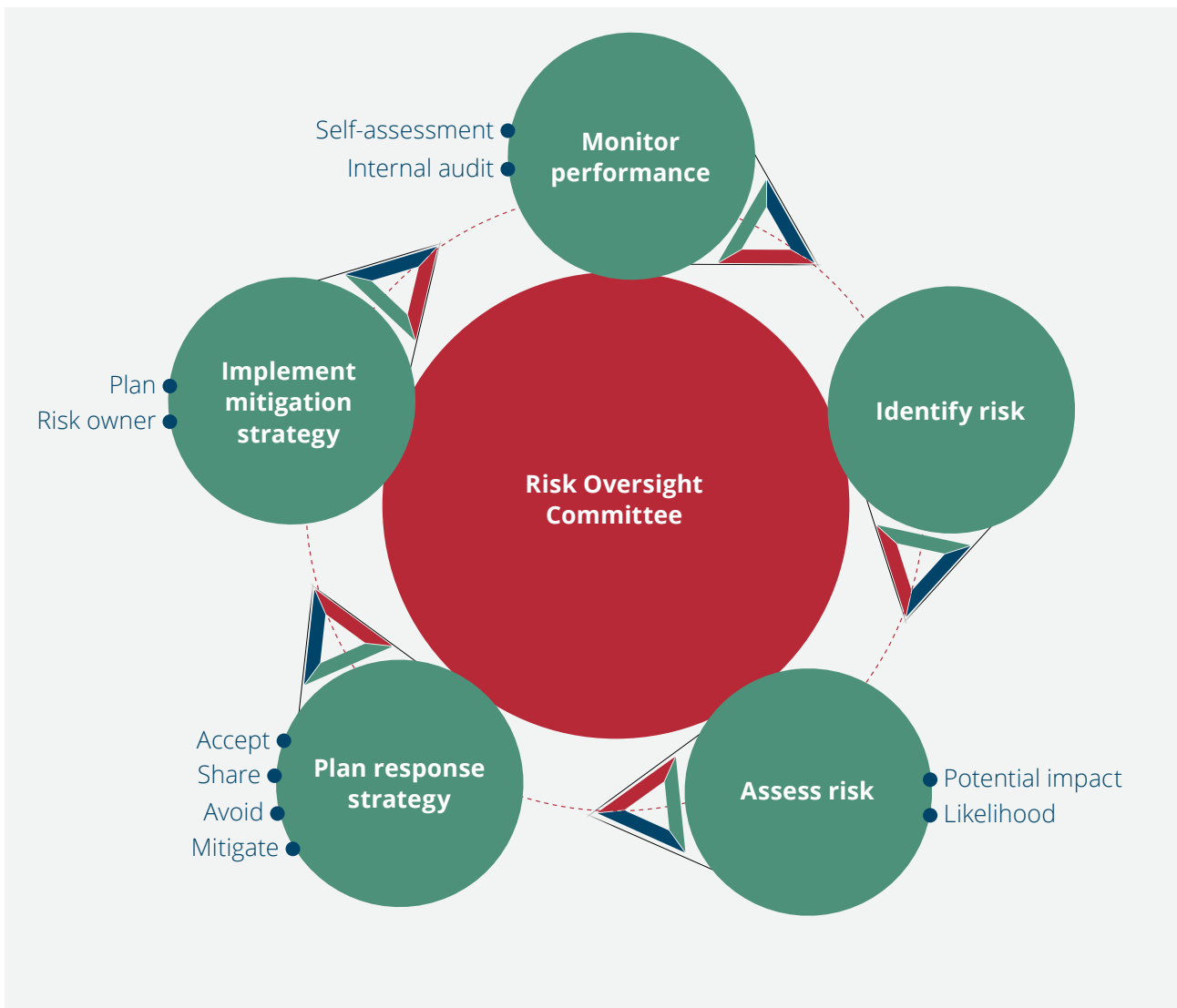


RISK MANAGEMENT

The cidb's risk management policy is reviewed every three years as is its risk management strategy, which details risk-mitigation actions for each financial year. In accordance with the PFMA and King IV, executives and senior management completed the annual strategic risk assessment to uncover new risks to be included in the strategic risks register.

The assessment is run along the enterprise risk management principle, which is defined by the Committee of Sponsoring Organisations as 'a process effected by an entity's board, management and other personnel applied in strategy setting and across the whole organisation'. It identifies events that may affect the entity and manages them to within acceptable levels.

The risks were assessed by applying the risk methodology illustrated below.



The objectives, risks and controls measurement techniques allow management to measure the risk profile, align business processes effectively and efficiently and ensure disciplined management of risks.



Risks were monitored and a report given to the Audit, Risk and Governance Committee for review and oversight. The risk status at the financial year-end was as follows:

Risk	Inherent risk rating	Residual risk rating	Priority
Upgrades of black contractors in cidb grades 7 and 9 moving at a slow pace	20	15	1
Low participation of women in the construction industry	25	15	1
Stakeholders' issues and concerns	25	15	1
Shortage of construction skills	20	12	2
Limited funds for contract development	20	12	3
Poor performance of clients in infrastructure budget executions	20	12	1
Client non-compliance to cidb prescripts (RoP)	20	12	1
Corrupt activities involving contractors and cidb employees	20	10	3
Cybercrime and system hacking	25	9	3
Loss of projected revenue	20	9	3

Key risks are prioritised as follows:

Colours	Responses
Red - priority 1	Management and intervention by Exco and the Board
Yellow - priority 2	Management should constantly monitor the risk and ensure it is not increasing
Green - priority 3	Management will constantly monitor the implementation process of risks action plans

Risk performance

Risks descriptions	Risk appetite indicator	Performance
Budget cuts/loss of revenue – financial performance	<80% of the annual budget	>annual budget
Unavailability of the system due to cybercrime, hacking and system failures – system performance	<95% of system uptime	>98% of the system was achieved
Non-compliance with cidb mandate, not meeting stakeholder expectations and complaints from contractors – compliance	<60% of stakeholder issues unresolved	>60% of stakeholders' issues resolved
Business interruptions caused community unrest, service delivery protest, poor conditions of buildings, electricity and water issues – facility management	Five days not operational	North West, Eastern Cape, Northern Cape and Western Cape water outages KwaZulu-Natal, Mpumalanga, Limpopo, Free State, Eastern Cape, Western Cape, Northern Cape and North West power interruptions
Reputational damages caused by internal fraud	Zero fraud tolerance	No new fraud cases were reported in the year

Additional incidents occurred during the year. Six staff members contracted Covid-19. The offices were closed, sanitised and disinfected before normal business resumed. All six employees recovered. At least 10 Lenovo tablets were stolen while in transit to the new Centurion office. A staff member reprimanded for misbehaviour lodged a claim with the Council for Conciliation, Mediation and Arbitration.



Emerging risks and opportunities

Microsoft's changing of security settings in April 2022 affected RoP functioning, resulting in downtime. The code was recompiled and deployed in May 2022. It was subsequently rewritten, tested and deployed on 7 October 2022. Monkeypox was identified as a potential risk, but the cidb was not affected.

An occupational health and safety inspection conducted in KwaZulu-Natal and Limpopo revealed weaknesses in governance and risk management, and inadequate occupational health and safety controls, which will be attended to in 2023/2024.

INTERNAL AUDIT

A risk-based internal audit plan was developed and the internal auditors assessed the adequacy and effectiveness of internal controls, providing independent assurance on the following audit areas:

- Conduct of business, including adherence to the cidb's policies and procedures
- Safeguarding assets
- Prevention and detection of fraud and errors
- Validity, accuracy and completeness of accounting records
- Timely preparation of reliable financial and performance information

Audit area	Audit date	Opinion
Predetermined objectives for quarter one	July 2022	Some improvement needed
Compliance and governance	September 2022	Major improvement needed
Stakeholder management	September 2022	Some improvement needed
Mid-year strategic review	November 2022	Some improvement needed
Performance bonus review	November 2022	Some improvement needed
Predetermined objectives for quarter two	October 2022	Some improvement needed
Risk management	November 2022	Some improvement needed
Review of annual performance plan	January 2023	Satisfactory
Performance management	January 2023	Satisfactory
Information technology project governance review: Phase 1 Sage 300 People implementation	March 2023	Satisfactory
Supply chain management audits	March 2023	Not finalise
Functional operation	March 2023	Some improvement needed

The audit confirms that internal control systems are adequate and partially effective (some improvement needed). Significant weaknesses were reported to the Audit, Risk and Governance Committee.

Legends

Satisfactory	Controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met
Some improvement needed	Certain control weaknesses were noted, but generally the controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met
Major improvement needed	Numerous weaknesses mean that controls are unlikely to provide reasonable assurance that risks are being managed and objectives should be met
Unsatisfactory	Controls are not adequate, appropriate or effective to provide reasonable assurance that risks are being managed and objectives should be met



AUDIT, RISK AND GOVERNANCE

Audit, Risk and Governance Committee roles include:

- Reviewing and approving the internal audit plan, its scope and any major changes thereto, ensuring that it covers the key risks
- Ensuring there is appropriate coordination between internal audit and the Auditor-General
- Reviewing and concurring with the appointment, replacement or dismissal of the internal audit engagement partner
- Resolving any difficulties or unjustified restrictions or limitations of the scope of the internal audit work
- Resolving any significant disagreements between auditors and management
- Reviewing significant findings and recommendations by internal audit and management's responses
- Reviewing implementation of internal audit recommendations by management

External audit

- Reviewing the external auditor's proposed audit scope, approach and audit fees for the year
- Reviewing the external auditor's findings and recommendations and management's responses
- Reviewing management's implementation of external auditor recommendations
- Ensuring proper coordination of audit efforts between internal and external auditors
- Meeting separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately
- Obtaining regular compliance updates from management

Risk management

- Assisting the Board in setting risk strategy policies in liaison with management and in the discharge of its corporate accountability and associated risk in management assurance and reporting
- Reviewing and assessing the quality, integrity and effectiveness of risk management systems and ensuring that risk policies and strategies are effectively implemented, monitored and managed

- Ensuring that the cidb has an effective ongoing process to identify risk, to measure its potential impact against a broad assumption, to proactively manage risks and to decide the cidb's appetite or tolerance for risk
- Ensuring that a systematic, documented assessment of the processes and outcomes of key risks is undertaken at least annually to make a public statement on risk management, including internal control
- Overseeing formal reviews of activities associated with the effectiveness of risk management and internal control processes
- Reviewing processes and procedures to ensure the effectiveness of internal controls so that decision-making capability and accuracy of reporting and financial results are always optimal

Regulatory compliance

- Reviewing the compliance plan, specifically the procedures for identifying regulatory risks and controlling their impact on the cidb, and ensuring that the cidb policy complies with regulatory and legal requirements
- Ensuring that the cidb's compliance function is adequately resourced and has appropriate standing
- Monitoring compliance with compliance laws, non-binding rules, codes and standards of adherence thereto that would result in good governance and practice, and reviewing all compliance reports
- Considering reports and letters from regulatory authorities or supervisors and management's responses, where these concern compliances and the duties and responsibilities of the Board
- Requesting and considering reports by executive management, particularly finance, on financial and tax-related compliance law, rules and standards; and compliance, in respect of all other compliance, laws, rules and standards, on measures to ensure adherence, and on compliance with related procedures and controls, including accounting systems and recordkeeping controls, information systems and technology controls, internal auditing processes, management information systems and reports applied to the organisation's day-to-day management



- Reviewing the internal control structure, including financial control, accounting systems and reporting, to ensure that compliance with laws, rules, codes and standards is incorporated
- Reviewing the findings of any regulatory agency investigations referred by the committee and auditor observations
- Reviewing communication of the code of conduct to cidb personnel and monitoring the compliance process.

Information technology governance

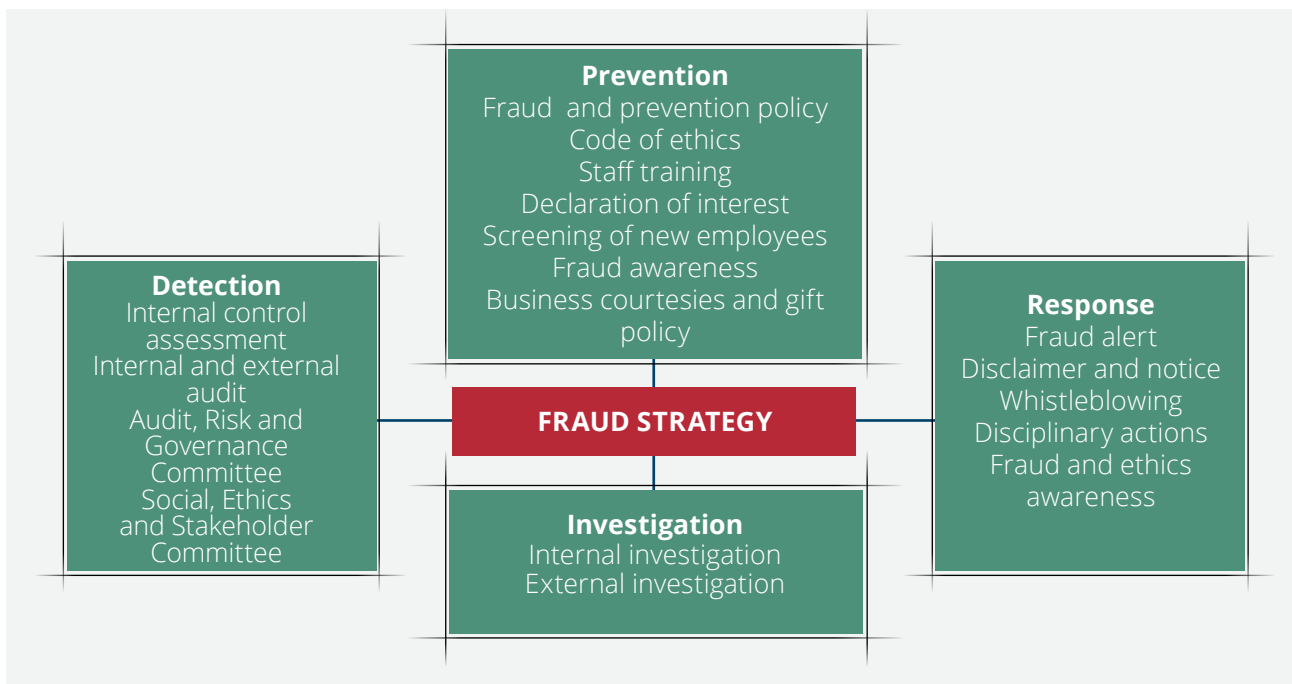
According to King IV principles, the Board is responsible for information and technology governance. The committee shall assist the Board in this by obtaining appropriate assurance that controls are in place and effective to address any risks.

Fraud and corruption

The cidb's fraud prevention plan is approved by the Audit, Risk and Governance Committee each year. Fraud strategy implementation relies on:

- Development of the anti-fraud policy
- Development of the code of ethics and enforcement
- Annual fraud and code awareness campaign involving all staff
- Completion of declaration of interest by all staff
- Staff training
- Pre-screening before employment of new employees
- Internal control reviews/assessment
- Internal audit plan and implementations
- Statutory auditing by the Auditor-General
- Promoting whistleblowing channels and reporting incidents
- Monthly risk management reports and fraud
- Annual risk assessment
- Audit, Risk and Governance Committee oversight
- Social, Ethics and Stakeholder Committee oversight
- Internal disciplinary processes.

The summary is as follows:



Audit, Risk and Governance Committee Chairperson

Lesetja Monama



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE CONSTRUCTION INDUSTRY DEVELOPMENT BOARD

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Construction Industry Development Board set out on pages 61 to 95, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Construction Industry Development Board as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (standards of GRAP) and the requirements of the Public Finance Management act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatements of corresponding figures

7. As disclosed in note 31 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2023

Other matter

National Treasury Instruction Note No 4 of 2022-23: PFMA compliance and reporting framework

8. On 23 December 2022 National Treasury issued Instruction Note No 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements. Only the current-year and prior-year figures are disclosed on page 45 under matters required by National Treasury Instruction Note 4 of 2022/2023. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the Construction Industry Development Board. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination



and under investigation) is now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going-concern basis of accounting unless the appropriate governance structure intends either to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
14. I selected the following material performance indicators related to provincial offices presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Number of client departments capacitated on contractor development
 - Number of grades 1-6 contractors provided with contractor development support
 - Number of client departments capacitated on IDMS
15. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
16. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements



- the targets linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

17. I performed the procedures for the purpose of reporting material findings only.
18. I did not identify any material findings on the reported performance information for the selected material performance indicators

Report on compliance with legislation

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa. This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
21. Through an established Auditor-General process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

22. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance report and annual report

23. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework required by section 55(1)(b) of the PFMA.
24. Material misstatements of receivables from non-exchange transaction and revenue from non-exchange transaction identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information in the annual report

25. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.
26. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation does not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. The other information I obtained prior to the date of this auditor's report are irregular expenditure and fruitless and wasteful expenditure register. The corporate governance report, audit committee report and accounting authority report are expected to be made available to us after 31 July 2023.
29. If, based on the work I have performed on the other information that I obtained prior to the



date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

30. When I do receive and read the corporate governance report, audit committees report and accounting authority report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and reissue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

31. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation. However, my objective was not to express any form of assurance on it.
32. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
33. Management did not develop an action plan to adequately address prior-year findings relating to revenue and receivables from non-exchange transactions, which resulted in the qualification reported in the prior year. Similar completeness issues were identified in the current year that resulted in financial statements submitted for auditing not being fully prepared in accordance with the prescribed financial reporting framework required by section 55(1)(b) of the PFMA.

Other reports

34. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
35. The Special Investigating Unit (SIU) is investigating allegations on the registration of contractors at the Construction Industry Development Board in terms of a presidential proclamation. The investigation covers alleged actions between 1 January 2006 and 15 April 2016. At the date of the audit report, the SIU was still investigating these allegations and the public entity had not received the results of the finalised investigation.

Auditor General

Pretoria
31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



STATEMENT OF FINANCIAL POSITION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022 Restated*
Assets			
Current assets			
Receivables from exchange transactions	5	266 743	960 802
Receivables from non-exchange transactions	6	166 584 932	49 418 484
Prepayments		9 588 192	8 309 792
Cash and cash equivalents	7	202 988 014	174 462 698
		379 427 881	233 151 776
Non current assets			
Property, plant and equipment	3	103 706 772	106 198 298
Intangible assets	4	36 110 017	29 438 002
		139 816 789	135 636 300
Total assets		519 244 670	368 788 076
Liabilities			
Current liabilities			
Finance lease obligation	8	280 902	277 232
Income received in advance	9	97 260 629	97 105 936
Provisions	10	11 113 029	6 873 903
Payables from exchange transactions	11	16 353 653	14 917 558
		125 008 213	119 174 629
Non current liabilities			
Finance lease obligation	8	70 805	351 707
Total liabilities		125 079 018	119 526 336
Net assets			
Accumulated surplus		394 165 652	249 261 740
Total net assets		394 165 652	249 261 740



STATEMENT OF FINANCIAL PERFORMANCE

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Assessment fees		50 125 434	50 537 921
Other income		1 441	371 606
Finance income	13	10 208 646	6 986 443
Total revenue from exchange transactions		60 335 521	57 895 970
Revenue from non-exchange transactions			
Government grants	14	80 012 000	78 166 000
B.U.I.L.D fees	15	139 021 120	61 730 098
Donation received	16	-	250 000
Contractor fines		120 000	-
Annual fees		89 712 568	46 789 628
Service in kind		1 480 706	1 018 739
Total revenue from non-exchange transactions		310 346 394	187 954 465
Total revenue	12	370 681 915	245 850 435
Expenditure			
Employee benefit cost	17	(124 744 318)	(112 577 587)
Members' emoluments	18	(4 738 690)	(3 145 516)
Depreciation and amortisation	19	(4 300 536)	(3 528 195)
Finance costs	20	(6 608)	(7 336)
Debt impairment reversal	21	239 332	180 780
Bad debts written off		(186 805)	(141 014)
Operating expenses	22	(91 198 492)	(74 948 780)
Total expenditure		(224 936 117)	(194 167 648)
Operating surplus	24	145 745 798	51 682 787
Gain/(loss) on disposal of property, plant and equipment		(841 903)	482 643
Surplus for the year		144 903 895	52 165 430



STATEMENT OF CHANGES IN NET ASSETS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	Accumulated surplus	Total net assets
Balance at 1 April 2021	197 096 310	197 096 310
Surplus for the year	52 165 430	52 165 430
Restated* balance at 1 April 2022	249 261 757	249 261 757
Surplus for the year	144 903 895	144 903 895
Balance at 31 March 2023	394 165 652	394 165 652



CASH FLOW STATEMENT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Registers income		139 681 279	96 561 728
Grants received		80 012 000	78 166 000
Finance income		10 208 646	6 986 443
Other receipts		21 947 660	12 934 405
		251 849 585	194 648 576
Payments			
Compensation to employees		(121 005 973)	(109 951 368)
Payments to suppliers and others		(92 711 527)	(69 513 554)
		(213 717 500)	(179 464 922)
Net cash flows from operating activitie	25	38 132 085	15 183 654
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(1 098 527)	(12 391 752)
Proceeds from sale of property, plant and equipment	3	61 019	1 471 502
Purchase of other intangible assets	4	(8 285 421)	-
Net cash flows from investing activitie		(9 322 929)	(10 920 250)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments – capital		(277 232)	628 939
Finance lease payments – finance cost		(6 608)	(7 336)
Net cash flows from financing activiti		(283 840)	621 603
Net increase in cash and cash equivalents		28 525 316	4 885 007
Cash and cash equivalents at the beginning of the year		174 462 698	169 577 691
Cash and cash equivalents at the end of the year	7	202 988 014	174 462 698



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Budget on accrual basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of financial performance						
Revenue						
Revenue from exchange transactions						
Assessment fees	38 326 750	10 336 110	48 662 860	50 125 434	1 462 574	36.2
Other income	-	-	-	1 441	1 441	
Finance income	6 083 000	-	6 083 000	10 208 646	4 125 646	36.4
Total revenue from exchange transactions	44 409 750	10 336 110	54 745 860	60 335 521	5 589 661	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants	80 012 000	-	80 012 000	80 012 000	-	36.3
B.U.I.L.D fees	-	-	-	139 021 120	139 021 120	36.8
Contractor fines	-	-	-	120 000	120 000	
Annual fees	71 178 250	19 195 633	90 373 883	89 712 568	(661 315)	36.2
Service in kind	-	-	-	1 480 706	1 480 706	36.6
Total revenue from non-exchange transactions	151 190 250	19 195 633	170 385 883	310 346 394	139 960 511	
Total revenue	195 600 000	29 531 743	225 131 743	370 681 915	145 550 172	
Expenditure						
Employee benefit cost	(119 972 156)	(5 000 000)	(124 972 156)	(124 744 318)	227 838	36.5
Members' emoluments	(3 150 000)	(3 270 000)	(6 420 000)	(4 738 690)	1 681 310	
Depreciation and amortisation	-	-	-	(4 300 536)	(4 300 536)	36.6
Finance costs	-	-	-	(6 608)	(6 608)	
Debt impairment	-	-	-	239 332	239 332	36.6
Bad debts written off	-	-	-	(186 805)	(186 805)	36.6
Operating expenses	(72 477 844)	(21 261 743)	(93 739 587)	(91 198 492)	2 541 095	36.7
Total expenditure	(195 600 000)	(29 531 743)	(225 131 743)	(224 936 117)	195 626	
Operating surplus	-	-	-	145 745 798	145 745 798	
Loss on disposal of assets	-	-	-	(841 903)	(841 903)	
Surplus of the year	-	-	-	144 903 895	144 903 895	
Actual amount on comparable basis presented in the budget and actual comparative statement	-	-	-	144 903 895	144 903 895	



ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Presentation of annual financial statements

The annual financial statements have been prepared in compliance with the Standards of GRAP, issued by the Accounting standards Board in accordance with Section 91(1) of the PFMA.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost conventions as the basis of measurement.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, is disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the cidb.

1.2 Going-concern assumption

These annual financial statements have been prepared based on the expectation that the cidb will continue to operate as a going concern for the foreseeable future. The cidb receives its funding from the Department of Public Works and Infrastructure and recovers some of its costs through the RoC. There has not been any indication that these financial sources may be significantly affected in the foreseeable future.

1.3 Materiality

In assessing whether an omission or misstatement could influence the decisions of users and so be material, the cidb has considered the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment has taken into account how users with such attributes could be expected to be influenced in making and evaluating decisions.

1.4 Significant judgments and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the statements and related disclosures. Use of available information and the application of judgments are in the formation of estimates. Actual results in the future could differ from these estimates that may be material

to the annual financial statements. Significant judgments include:

Significant judgments, sources of estimation uncertainty and/or relating information have been disclosed in the relating notes.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosures and judgments made of the estimates are included in note 10.

Allowance for doubtful debts

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

Debtors where status has been modified to either cancelled, deregistered, expired, inactive or suspended are considered impaired and are provided for accordingly.

Accounting by principals and agent

The cidb makes assessments on whether it is the principal or agent in principal agent relationships. When the cidb in a principal agent arrangement concludes that it undertakes transactions with the third parties for the benefit of another entity, then it is the agent. If the cidb concludes that it is not the agent, then it is the principal in the transactions.

Additional information is disclosed in note 37.

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the cidb measures an impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables is reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Estimates for B.U.I.L.D revenue

Estimates for B.U.I.L.D revenue determining whether an estimate for B.U.I.L.D revenue requires the application of judgment by management. The nature of transactions of



ACCOUNTING POLICIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

projects qualifying to be recognised for B.U.I.L.D projects is so volatile that it is impractical to provide an estimate that would be reliable and represent a fair value to provide useful information to the users of the annual financial statements. The related revenue can be reliably measured only some time after the taxable event occurs and when applicable projects are identified and known to the cidb.

The cidb applies GRAP 23.71 in recognising revenue and assets relating to B.U.I.L.D revenue and no estimates are provided as management deems it unreliable and not providing useful information to the users.

Assessment of the impacts of Covid-19

Quantifying the impacts of Covid-19 on a non-arbitrary basis may require significant judgment – distinguishing between income and expenses that are part of normal operations versus those that specifically relate to Covid-19.

The cidb will disclose the impact of Covid-19 when there is deemed material uncertainty about the cidb's ability to continue as a going concern.

Useful lives and residual values of assets

Management makes judgments in estimating the useful lives and the residual values of property plant and equipment and intangible assets. This may affect the depreciation/amortisation and the carrying values of the assets. These are reviewed on an annual basis.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

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

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	20 to 100 years
Furniture and fixtures	Straight line	3 to 20 years
Motor vehicles	Straight line	8 to 10 years
Office equipment	Straight line	3 to 20 years
IT equipment	Straight line	3 to 18 years

The cidb assesses at each reporting date whether there is any indication that the cidb expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the cidb revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate. Some of the indicators that the cidb considers are changes in replacement practices and physical conditions of assets.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The cidb separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

The cidb discloses relevant information relating to assets that are not ready for use at reporting date in the notes to the financial statements (see note 3).

1.6 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.



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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	3 to 20 years

1.7 Financial instruments

Financial instruments are recognised when the cidb becomes a party to the contractual agreement of the instrument. Financial instruments carried in the statement of financial position include cash and bank balances, trade and other receivables, finance lease and trade and other payables. These instruments are carried at their amortised cost.

1.7.1 Financial assets

The cidb classifies its financial assets into the category discussed below:

Receivables from exchange transactions

The cidb classifies receivables from exchange transaction as financial assets at amortised costs and measures these using the effective interest method. These financial assets are not quoted in an active market and have fixed or determinable payments as defined in the standards of GRAP.

Interest income is recognised by applying the effective interest rate.

Impairment of financial asset

Financial assets are assessed for impairment at the end of each reporting period. Financial assets are impaired where 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 cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

When a trade receivable is uncollectable, it is written off against the allowance account.

Subsequent recoveries of amounts previously written

off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus or deficit for the year.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances. Cash and cash equivalents include cash on hand and deposits held at call. They are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

1.7.2 Financial liabilities

All financial liabilities of the cidb are classified as financial liabilities at amortised cost. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

Payables from exchange transactions

The cidb has payables from exchange as a class of financial liabilities as reflected on the face of the statement of financial position and in the notes thereto.

Finance cost is recognised by applying the effective interest rate.

1.8 Statutory receivables

Identification

Statutory receivables arise from legislation, supporting regulations or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

Initial recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity.

The transaction amount can be measured reliably on initial measurement.

The cidb initially measures statutory receivables at their transaction amount.

Subsequent measurement

The cidb measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:



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- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Impairment losses

The cidb assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the cidb measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivables is reduced through the use of an allowance account.

The amount of the losses is recognised in surplus or deficit.

In estimating future cash flows, the cidb considers the amount and timing of the cash flows it will receive. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivables for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment was revised.

Accordingly, the amount of any adjustment is recognised as surplus or deficit.

Derecognition

The cidb derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the cidb transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the cidb, despite having retained some significant

risks and rewards of ownership of the receivable, has transferred control of the receivable to another party. As a result, the other party has the practical ability to sell the receivable in its entirety to an unrelated third party.

Moreover, it can exercise that ability unilaterally and without imposing additional restrictions on the transfer. In this case, the entity:

- derecognise the receivable; and
- recognise separately any rights and obligations created or retained in the transfer.

1.9 Tax

The cidb is a Schedule 3, Part A public entity and is therefore exempt from income tax.

1.10 Leases

The cidb has entered into a finance lease agreement for its telephone equipment for a period of 36 months.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Operating leases – lessee

The cidb has entered into a 36-month lease agreement through a National Treasury RT3 2018 contract as a participant and is a party to lease agreements for some of its provincial offices accommodation and tablets used in the provinces. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability, if any.

1.11 Income received in advance

Income received in advance represents both assessment and annual fees received in advance and will be released through surplus or deficit when requisite invoices are raised and processed.



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1.12 Employee benefit

Short-term employee benefits

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months of the end of the reporting period in which the employees render the related employee service; and
- bonuses, incentives and performance-related payments payable within 12 months of the end of the reporting period in which the employees render the related service.

The cidb recognises the expected cost of bonuses, incentives and performance-related payments when it has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the cidb pays fixed contributions into a separate entity. The cidb has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Payments to a defined contribution plan are charged as an expense as they fall due. The cidb currently contributes towards the insurance portion of the fund on behalf of its employees. The insurance contributed by the cidb covers guaranteed benefits on disability and death.

Provident fund

The cidb operates a provident fund on behalf of its employees. The provident fund is administered by a single pension fund that is legally separated from the cidb. The cidb has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all eligible employees the benefits. Membership of the provident fund is compulsory for all employees who joined the cidb after 1 September 2010 and optional for all employees who joined the cidb before the said date. The cidb employee benefits structure is on the basic salary plus benefits for the bargaining unit employees. The non-bargaining-unit employees benefits structure is on total cost to company. The cidb contributes 7.5% of the annual basic

salary towards the provident fund for employees within the bargaining unit and does not directly contribute towards the provident fund for non-bargaining-unit employees who are members of the fund. However, all employees are required to contribute towards the provident fund irrespective of their unit.

1.13 Provisions and contingencies

Provisions are recognised when:

- the cidb has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

1.14 Commitments

The cidb discloses commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or cancellable only at significant cost.

1.15 Revenue from exchange transactions

Measurement

Revenue is measured at the fair value of the consideration received or receivable.

Assessment income

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by



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reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the cidb;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

1.16 Revenue from non-exchange transactions

Revenue from non-exchange transactions takes the form of grants from the Department of Public Works and Infrastructure, annual fees from contractors, fines and fees from the B.U.I.L.D Programme (formerly the Best Practice Project Assessment Scheme).

Measurement

Revenue from a non-exchange transaction is measured at the fair value of the consideration received or receivable by the cidb.

When, as a result of a non-exchange transaction, the cidb recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Fines

Fines are economic benefits or service potential received or receivable by the cidb from an individual or other entity, determined by the outcome of the hearing as a consequence of the individual or other entity breaching the requirements of cidb regulations. The cidb is empowered to impose fines on individuals or entities considered to have breached cidb regulations. Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the cidb.

B.U.I.L.D income

The Minister of Public Works and Infrastructure published the implementation dates for the Standard for Indirect Targeting for Enterprise Development and Standard for Developing Skills through Infrastructure Contracts in Government Gazette 43726. The first implementation phase started on 1 April 2021 for national government departments, public entities and strategic infrastructural projects. Provincial departments and metropolitan municipalities became subject to the B.U.I.L.D Programme this financial year.

All construction contracts above a prescribed tender value are subject to assessment compliance with best practice standards and guidelines as gazetted. Every client that engages in the B.U.I.L.D Programme must pay the cidb 0.2% of the contract value as determined when awarding the contract as a B.U.I.L.D fee.

Chapter four of the CIDB Act of 2000 stipulates that the cidb Board must establish an RoP to gather information on the nature, value and distribution of projects and provide the basis for B.U.I.L.D. The Minister must prescribe the requirements for the registration of projects, taking into account the different sizes and characteristics of projects in the construction industry and the objectives of this Act. All construction contracts above the prescribed tender value must be recorded in the register. On the recommendation of the Board, the Minister may prescribe a fee to be paid to the Board by all clients for the registration of projects. Regulation Gazette 10784 of 2017 further stipulates that B.U.I.L.D fee invoicing will be linked to the registration of the project in terms of the CIDB Act and CID regulations.

Based on the requirements of chapter four of the CIDB Act, clients are required to register their projects on the RoP. On registration of projects on the RoP, the cidb will determine projects qualifying to contribute to B.U.I.L.D in line with the fee prescribed by the Minister.

Based on the stipulated law above, the cidb recognises B.U.I.L.D fees when they satisfy the definition of assets and revenue. Therefore, the future economic benefits will flow to the cidb and the fair value of the assets can be measured reliably. The above are satisfied when a project is registered on the RoP, when the cidb receives a payment from a client in lieu of a qualifying project or when applicable projects are identified and known to the cidb.

Additional information is included in note 15.



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Services in kind

Except for financial guarantee contracts, the cidb recognise services in kind that are significant to its operations and service delivery objectives as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the cidb and the fair value of the assets can be measured reliably.

The cidb receives free shared office space from the DPWI provincial departments for its provincial offices in Eastern Cape, Western Cape, Limpopo, Northern Cape, North West and KwaZulu-Natal. The cidb uses the Rode's Report on the South African market to estimate the value of the services received. Where data of the town or city where the offices are located are not available in the report, the data of the nearest period or similar town are used for the estimate.

1.17 Expenditure

Expenditure is classified in accordance with nature of the expenditure in the period in which it is incurred. The cidb recognises expenditure in surplus or deficit when a decrease in future economic benefits or service potential results in an asset or an increase in a liability, other than those relating to the distributions to government.

The cidb recognises expense immediately in surplus or deficit when no future economic benefits or service potential are expected or when and to the extent that future economic benefits or service potential do not qualify or cease to qualify for recognition as an asset in the statement of financial position. The related costs of providing services recognised as revenue in the current period are included as expenditure.

1.18 Finance income

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

1.19 Comparative figure

When the presentation or classification of items in the financial statements is amended due to better presentation and/or better understandability and/or comparability and/or due to the implementation of a new or amended standard, prior-period comparative amounts are reclassified. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior-year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior-year comparatives are restated accordingly.

1.20 Fruitless and wasteful expenditure

All fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense and where recovered it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Irregular expenditure

The cidb records as irregular expenditure any expenditure that is not incurred in a manner that is prescribed by the PFMA and/or any applicable National Treasury instruction notes and frameworks.

Irregular expenditure that was incurred and identified during the current financial year and that was condoned before year-end and/or before finalisation of the annual financial statements for the year ended 31 March 2023 must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required, with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements. Where irregular expenditure was incurred in the previous financial year and is condoned only in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and that was not condoned by National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.



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1.22 Segment information – entity-wide disclosure

The cidb operates within all South African provinces through its nine provincial offices, with Gauteng provincial office sharing the office space of head office.

The provincial offices are regarded as service centres where the applications would be received for processing at head office. Consequently, the provinces' activities are considered insignificant for decision making.

cidb management does not review the results of the provincial offices to make decisions about resources to be allocated or assess each provincial performance for decision making. The geographical locations are meant to ensure only the geographical footprint of the cidb.

1.23 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1 April 2022 to 31 March 2023.

1.24 Prepayments

A prepaid expense is an expenditure paid for in one accounting period, but for which the underlying asset will not be consumed until a future period. When the asset is eventually consumed, it is charged to expense. If consumed over multiple periods, there may be a series of corresponding charges to expense. Expenditures are recorded as prepaid expenses to more closely match their recognition as expenses with the periods in which they are actually consumed. Prepaid expenses are measured initially at their actual cash paid at date of recognition, then realised in the surplus and deficit statement as and when the cidb incurs the expenses.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the cidb adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/interpretation	Effective date: Years beginning on or after	Expected impact
Guideline on Accounting for Landfill Sites	1 April 2023	Unlikely there will be a material impact
GRAP 103 (as revised): Heritage Assets		
GRAP 25 (as revised): Employee Benefits	1 April 2023	Unlikely there will be a material impact
iGRAP 7 (as revised): Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 April 2023	Unlikely there will be a material impact
Guideline: Guideline on the Application of Materiality to Financial Statements		
GRAP 104 (as revised): Financial Instruments		
iGRAP 21: The Effect of Past Decisions on Materiality	1 April 2023	Unlikely there will be a material impact
GRAP 2020: Improvements to the Standards of GRAP 2020	1 April 2023	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	1 April 2023	Unlikely there will be a material impact



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Building	93 258 786	(621 725)	92 637 061	93 258 786	-	93 258 786
Furniture and fixtures	5 480 447	(4 691 166)	789 281	6 160 089	(4 811 660)	1 348 429
Motor vehicles	180 775	(171 736)	9 039	180 775	(162 698)	18 077
Office equipment	2 473 721	(1 618 280)	855 441	4 257 121	(2 739 967)	1 517 154
IT equipment	13 529 765	(4 113 815)	9 415 950	14 186 579	(4 130 727)	10 055 852
Total	114 923 494	(11 216 722)	103 706 772	118 043 350	(11 845 052)	106 198 298

Reconciliation of property, plant and equipment – 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Building	93 258 786	-	-	(621 725)	92 637 061
Furniture and fixtures	1 348 429	-	(75 555)	(483 593)	789 281
Motor vehicles	18 077	-	-	(9 038)	9 039
Office equipment	1 517 154	59 812	(238 386)	(483 139)	855 441
IT equipment	10 055 852	1 038 715	(587 360)	(1 091 257)	9 415 950
Total	106 198 298	1 098 527	(901 301)	(2 688 752)	103 706 772

Reconciliation of property, plant and equipment – 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Building	88 693 346	4 565 440	-	-	-	93 258 786
Furniture and fixtures	1 755 777	177 840	(62 694)	(27 834)	(494 660)	1 348 429
Motor vehicles	26 212	-	-	-	(8 135)	18 077
Office equipment	1 017 551	1 047 762	(67 544)	(32 186)	(448 429)	1 517 154
IT equipment	5 062 643	6 600 710	(697 965)	-	(909 536)	10 055 852
Total	96 555 529	12 391 752	(828 203)	(60 020)	(1 860 760)	106 198 298



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Pledged as security

The cidb has no assets pledged as security for liabilities and no restrictions have been imposed on any of its assets.

Compensation received for losses on property, plant and equipment – included in operating profit.

	2023	2022
Furniture and fixtures	-	460 276
Office equipment	-	167 905
IT equipment	61 019	843 321
	61 019	1 471 502

Assets subject to finance lease (net carrying amount)

Office equipment	338 527	626 433
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Other information

The following furniture was approved for disposal in 2019/2020, with the anticipation of replacement during the relocation to the new premises. With the delay in the move, it has been impractical to replace the furniture. As a result, this furniture is still in use (carrying value)

Furniture and fittings	-	81 755
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Details of properties

Erf 52 Verwoerdburgstad township

The purchased property in Centurion became ready for management's intended use on 12 December 2022 when the City of Tshwane municipality issued the occupancy certificate.

- Opening balance	93 258 786	88 693 346
- Additions since purchase	-	4 565 440
	93 258 786	93 258 786

Reconciliation of work in progress – 2023

	Included within Building	Total
Opening balance	93 258 786	93 258 786
Transferred to completed items	(93 258 786)	(93 258 786)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
Reconciliation of work in progress – 2022		
	Included within building	Total
Opening balance	88 693 346	88 693 346
Additions/capital expenditure	4 565 440	4 565 440
	93 258 786	93 258 786

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in statement of financial performance

Operational expenses	5 313 001	467 469
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- R5 313 001 was incurred during the year on repairs to and maintenance of property, plant and equipment.
- In the previous financial year, the cidb paid R140 875 and R326 594 for the repair of a burst pipe and roof leak respectively.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4. INTANGIBLE ASSETS

	2023			2022		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	39 970 717	(3 860 700)	36 110 017	32 200 316	(2 762 314)	29 438 002

Reconciliation of intangible assets – 2023

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	29 438 002	8 285 421	(1 622)	(1 611 784)	36 110 017

Reconciliation of intangible assets – 2022

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	31 266 094	-	(160 658)	(1 667 435)	29 438 002

Pledged as security

The cidb has no intangible assets pledged as security for any liabilities and has no restrictions on any of its assets.

Intangible assets in the process of being constructed or developed

	Notes	2023	2022
Cumulative expenditure recognised in the carrying value of intangible assets			
Computer software, other		13 239 767	10 055 671

Intangible assets under development relate to the computer software development costs incurred towards the development of a new system. The development started in 2019 and it was still underway at the reporting date.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2023	2022
Trade debtors	237 370	767 121
Other debtors	29 373	193 681
	266 743	960 802

Trade and other receivables impaired

As of 31 March 2023, trade and other receivables of R237 370 (2022: R1 006 453) were assessed for impairment.

The amount of the provision was R0 as of 31 March 2023 (2022: R239 332).

Provision for bad debts is determined in accordance with the cidb's policy on debt management. The cidb considers the carrying value of its receivables to approximate their fair value

The ageing of these debtors is as follows:

0 to 1 months	237 230	165 436
1 to 3 months	-	103 084
Over 3 months	-	737 934

Reconciliation of provision for impairment of trade and other receivables

Opening balance	239 332	485 891
Provision for impairment/(reversal)	(239 332)	180 780
Amounts written off as uncollectable	-	(141 014)
Unused amounts reversed	-	(286 325)
	-	239 332

6. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

B.U.I.L.D fees	166 584 932	49 418 484
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The cidb had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements has been applied:

B.U.I.L.D fees	166 584 932	49 418 484
Total receivables from non-exchange transactions	166 584 932	49 418 484

Basis used to assess and test whether a statutory receivable is impaired

No impairment, the balance is expected to be fully recoverable.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

7. CASH AND CASH EQUIVALENTS

	2023	2022
Cash and cash equivalents consist of:		
Cash on hand	38 485	19 755
Bank balances	43 547 873	20 199 933
Other cash and cash equivalents	159 401 656	154 243 010
	202 988 014	174 462 698
Cash and cash equivalents held by the entity that are not available for use by the economic entity	40 131 278	18 279 468

The cidb entered into an administrative agreement with the Jobs Fund, an agency of National Treasury. The cidb is administering and monitoring the implementation of the JF8 1709 Construction Industry SME Development Project. An amount of R5 965 228 (2022: R5 966 669) was at the bank at the end of the reporting period, ringfenced for exclusive use by the project.

Another portion of cash and cash equivalents not available for use by the entity is R34 166 050 held for the B.U.I.L.D Programme. The cidb launched the Best Practice Project Assessment Scheme (now B.U.I.L.D) to develop a sustainable construction industry. These funds will be spent exclusively on the B.U.I.L.D Programme.

Other cash and cash equivalents are represented in cash held in call accounts.

8. FINANCE LEASE OBLIGATION

Minimum lease payments due		
- within one year	283 840	283 840
- in second to fifth year inclusive	70 960	354 800
Less: future finance charges	354 800	638 640
	(3 093)	(9 701)
Present value of minimum lease payments	351 707	628 939
Non-current liabilities	70 805	351 707
Current liabilities	280 902	277 232
	351 707	628 939



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

9. INCOME RECEIVED IN ADVANCE

	2023	2022
Income received in advance	97 260 629	97 105 936

Income received in advance represents both assessment and annual fees received in advance and will be released through surplus or deficit when requisite invoices are raised and processed.

10. PROVISIONS

Reconciliation of provisions - 2023

	Opening balance	Additions	Utilised during the year	Total
Provision for leave	5 817 092	3 134 359	(1 782 488)	7 168 963
Provision for performance bonus	1 056 811	3 944 066	(1 056 811)	3 944 066
	6 873 903	7 078 425	(2 839 299)	11 113 029

Reconciliation of provisions - 2022

	Opening balance	Additions	Utilised during the year	Total
Provision for leave	5 469 803	3 474 072	(3 126 783)	5 817 092
Provision for performance bonus	-	1 056 811	-	1 056 811
	5 469 803	4 530 883	(3 126 783)	6 873 903

Employee entitlements to annual leave are recognised when the leave accrues to the employees. A provision is raised for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Provision for leave is calculated at the current salary rate multiplied by number of leave days balance. There are no uncertainties envisaged that may affect the above provision. The provision for leave is expected to be settled within the next 12 months.

The provision for performance bonus is calculated based on a sliding scale of between 7% and 25% of salaries as determined by the cidb remuneration policy. The bonuses are payable to non-bargaining-unit employees who qualify for the performance bonuses. A liability is recognised for an amount expected to be paid if the cidb has a present legal or constructive obligation to pay this amount as a result of a past service rendered by the employees to the cidb and the amount can be measured reliably. A provision for performance bonus is raised on an estimated amount payable based on measurement tools applied by the cidb. This provision is expected to be settled within the next 12 months.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

11. PAYABLES FROM EXCHANGE TRANSACTIONS

	2023	2022
Trade payables	4 017 100	2 905 936
Jobs Fund payable	5 965 228	5 966 669
Trade accruals	4 824 441	3 467 696
Operating lease payables	371 837	139 038
Payroll liabilities	1 173 314	2 438 219
Other creditors	1 733	-
	16 353 653	14 917 558

12. REVENUE

Assessment fees	50 125 434	50 537 921
Other income	1 441	371 606
Interest received investment	10 208 646	6 986 443
Government grants and subsidies	80 012 000	78 166 000
B.U.I.L.D fees	139 021 120	61 730 098
Donations received	-	250 000
Contractor fines	120 000	-
Annual fees	89 712 568	46 789 628
Service in kind	1 480 706	1 018 739
	370 681 915	245 850 435

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

Assessment fees	50 125 434	50 537 921
Other income	1 441	371 606
Interest received – investment	10 208 646	6 986 443
	60 335 521	57 895 970

The amounts included in revenue arising from non-exchange transactions are as follows:

Government grants and subsidies	80 012 000	78 166 000
B.U.I.L.D fee	139 021 120	61 730 098
Donations	-	250 000
Contractor fines	120 000	-
Annual fees	89 712 568	46 789 628
Service in kind	1 480 706	1 018 739
	310 346 394	187 954 465

Nature and type of services in kind are as follows:

Free accommodation for provincial offices in Eastern Cape, Western Cape, Northern Cape, North West, Limpopo and KwaZulu-Natal received from respective provincial departments of public works and infrastructure.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

13. FINANCE INCOME

	2023	2022
Interest revenue		
Bank	10 208 646	6 986 443

The amount included in investment revenue arising from exchange transactions was R10 208 646.

14. GOVERNMENT GRANTS AND SUBSIDIES

Operating grants

Government grant	80 012 000	78 166 000
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Included is revenue from non-exchange transactions received from the DPWI.

15. B.U.I.L.D FEES

Fees	139 021 120	61 730 098
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In September 2020, the Minister of Public Works and Infrastructure gazetted the implementation of the B.U.I.L.D Programme effective from 1 April 2021.

The fee equal to 0,2% of the contract value limited to R2 million is levied by the cidb on all qualifying projects listed the cidb RoP.

16. DONATIONS

Donations	-	250 000
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17. EMPLOYEE-RELATED COSTS

Basic	92 383 935	87 368 438
Bonus	4 629 487	1 630 642
Medical aid – company contributions	1 732 819	1 637 482
Unemployment Insurance Fund	350 675	356 225
Other payroll levies	540 812	495 691
Leave pay provision charge	1 600 394	851 719
Defined contribution plans	9 855 400	8 976 186
Long-service awards	68 500	31 000
Housing benefits and allowances	1 552 255	952 939
	112 714 277	102 300 322



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
Remuneration of executive directors		
Annual remuneration	10 477 202	9 066 226
Other allowance	441 473	417 661
Performance bonuses	440 743	-
	11 359 418	9 483 887

18. MEMBERS' EMOLUMENTS

Members' emoluments	4 738 690	3 145 516
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19. DEPRECIATION AND AMORTISATION

Property, plant and equipment	2 688 752	1 860 760
Intangible assets	1 611 784	1 667 435
	4 300 536	3 528 195

20. FINANCE COSTS

Finance leases	6 608	7 336
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Total interest expense, calculated using the implicit interest rate, on financial instruments not at fair value through surplus or deficit amounted to R6 608

21. DEBT IMPAIRMENT

Debt impairment	(239 332)	(180 780)
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

22. OPERATIONAL EXPENSES

	2023	2022
Advertising	5 068 014	4 519 582
Auditors' remuneration	3 634 377	3 800 354
Bank charges	1 339 968	1 084 275
Cleaning	1 532 353	1 285 961
Consulting and professional fees	15 225 812	15 944 301
Consumables	117 103	365 893
Fines and penalties	-	39 429
Rentals	10 343 735	11 166 153
Insurance	440 552	403 609
IT expenses	21 651 210	14 770 288
Motor vehicle expenses	10 251	17 894
Placement fees	1 126 972	574 000
Postage and courier	624 851	51 510
Printing and stationery	596 787	710 099
Repairs and maintenance	6 240 852	2 127 461
Security	3 692 258	2 916 177
Subscriptions and membership fees	316 560	835 824
Telephone and fax	3 497 358	3 544 937
Training and welfare	1 246 119	1 477 951
Travel – local	4 646 908	1 947 688
Travel – overseas	1 746 683	93 492
Assets expensed	1 950	60 021
Electricity	5 599 633	5 398 508
Storage fees	496 446	567 320
Board expenses	128 599	104 979
Sponsorships	240 936	496 842
Venue expenses	1 632 205	641 547
Other expenses	-	2 685
	91 198 492	74 948 780

23. AUDITORS' REMUNERATION

External audit	2 727 185	3 109 320
Internal audit	907 192	691 034
	3 634 377	3 800 354



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

24. OPERATING SURPLUS

	2023	2022
Operating surplus for the year is stated after accounting for the following:		
(Loss) gain on sale of property, plant and equipment	(841 903)	482 643
Amortisation on intangible assets	1 611 784	1 667 435
Depreciation on property, plant and equipment	2 688 752	1 860 760
Employee costs	124 744 318	112 577 587

25. CASH GENERATED FROM OPERATIONS

Surplus	144 903 895	52 165 430
Adjustments for:		
Depreciation and amortisation	4 300 536	3 528 195
Gain (loss) on sale of assets and liabilities	841 903	(482 643)
Finance costs – finance leases	6 608	7 336
Debt impairment	(239 332)	(180 780)
Bad debts written off	186 805	141 014
Movements in provisions	4 239 126	1 404 100
Small assets	-	60 020
Changes in working capital:		
Receivables from exchange transactions	694 059	510 897
Add back non-cash movement	52 527	39 765
Receivables from non-exchange transactions	(117 166 448)	(49 418 484)
Prepayments	(1 278 400)	(4 118 039)
Payables from exchange transactions	1 436 096	4 596 687
Income received in advance	154 710	6 930 156
	38 132 085	15 183 654



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

26. FINANCIAL INSTRUMENTS DISCLOSURE

Categories of financial instrument

2023

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	266 743	266 743
Cash and cash equivalents	202 988 014	202 988 014
	203 254 757	203 254 757

Financial liabilities

	At amortised cost	Total
Finance lease obligation	351 707	351 707
Trade and other payables from exchange transactions	16 353 653	16 353 653
	16 705 360	16 705 360

2022

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	960 802	960 802
Cash and cash equivalents	174 462 698	174 462 698
	175 423 500	175 423 500

Financial liabilities

	At amortised cost	Total
Finance lease obligation	648 939	648 939
Trade and other payables from exchange transactions	14 917 558	14 917 558
	15 566 497	15 566 497



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

27. COMMITMENTS

	2023	2022
Authorised capital expenditure		
<i>Already contracted for but not provided for</i>		
- Intangible assets	2 409 623	13 092 750
<i>Total capital commitments</i>		
Already contracted for but not provided for	2 409 623	13 092 750
Authorised operational expenditure		
<i>Already contracted for but not provided for</i>		
- Operational expenditure	47 651 551	48 887 989
Total operational commitments		
Already contracted for but not provided for	47 651 551	48 887 989
Total commitments		
<i>Total commitments</i>		
Authorised capital expenditure	2 409 623	13 092 750
Authorised operational expenditure	47 651 551	48 887 989
	50 061 174	61 980 739
Operating leases – as lessee (expense)		
<i>Minimum lease payments due</i>		
- within one year	1 938 544	2 386 856
- in second to fifth year inclusive	705 002	2 958 237
	2 643 546	5 345 093

28. CONTINGENCIES

The cidb has a cash surplus of R254 419 668 (2022: R113 977 147) classified as contingent liability at 31 March 2023 as there is no approval to retain it yet. In terms of PFMA section 53(3), entities are not allowed to accumulate cash surpluses unless approved by National Treasury. The cidb is obliged to repay to National Treasury any amount of the surplus not approved for retention. The cidb is currently in engagements with National Treasury regarding this surplus. In the past three years National Treasury has permitted the cidb to retain the surplus. Management believes that due to the past trend and the strength of the projects committed for the surplus, the cidb won't have to surrender these funds. The surplus below is either committed or earmarked for certain projects and is calculated as follows:



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Retention of surplus

	2023	2022
Cash and cash equivalents for the year	202 988 014	174 462 698
Add: Receivables	176 439 867	58 689 078
Less: Current liabilities	(125 008 213)	(119 174 629)
	254 419 668	113 977 147

Contingent assets

The cidb issued a sanction on a company in terms of regulation 29(18) of the CID Regulations, 2004 (as amended), for issuing a fraudulent letter supposed to have been written by the cidb to the company. The cidb did not suffer any direct loss due to this fraudulent activity.

The cidb investigating committee concluded that the company be fined R40 000, where R20 000 be payable withing three months of date of issue of sanction, failing which the company will be suspended from registration until payment is made in full.

The subsequent R20 000 is suspended for the period of two years on condition that the company is not found guilty of a similar offence during that period.

29. RELATED PARTIES

Relationships

Controlling entity	DPWI
	By virtue of the cidb being a national public entity under control of DPWI, it is considered to be connected to all entities under control of DPWI.
Ultimate controlling party	Minister of Public Works and Infrastructure

Related party balances

Amounts included in trade receivable (trade payable) regarding related parties

DPWI (B.U.I.L.D fees)	4 648 842	2 839 137
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Related party transactions

Interest paid to (received from) related parties

DPWI (transfers and donations)	(80 012 000)	(78 416 000)
DPWI (B.U.I.L.D fees)	(1 809 706)	(2 839 137)

The cidb operates in an economic sector currently dominated by entities directly or indirectly owned by the South African government. As a consequence of the constitutional interdependence of the three spheres of government in South Africa, only public entities with the ability to control or jointly control the cidb or exercise significant control over the cidb, or vice versa or entities that are subject to common control or joint control within the national sphere of government are considered to be related parties.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

30. KEY MANAGEMENT REMUNERATION

Members' emoluments for meetings and activities, which excludes reimbursed travel expenses, subsistence and cellphones allowance, amounted to R4 738 690 (2022: R3 145 516).

Board meetings include:

Statutory meetings, all pre-schedules Board/Exco and committee meetings for the year, including board induction and strategic planning meetings.

All provincial stakeholder liaison meetings

All NSF meetings

Committee meetings include:

All Board committee meetings for the year

Other activities include:

National and regional meetings as well as events, parliamentary meetings, roadshows, other stakeholder meetings, any other meetings attended by members of the Board and attendance/participation at any other events or meetings as determined from time to time.

Retainer:

The retainer is payable to cover any other incidental costs and preparation for activities not provided for.

Executive

2023	Salary	Acting allowance	Other allowances	Performance bonus	Total
Ngwenya M (CCSO)	1 908 000	-	18 000	118 125	2 044 125
Raphiri R (Acting COO December 2019 to February 2023)	1 402 544	290 332	12 000	99 237	1 804 113
Dladla B (CEO) (Acting CEO August 2021 to May 2022)	2 715 118	57 640	23 000	-	2 795 758
Nsibande S (CFO)	2 104 747	-	18 000	223 381	2 346 128
Naka E (CIO)	1 882 348	-	18 000	-	1 900 348
Nyaga N (COO) appointed 16 Jan 2023	464 445	-	4 500	-	468 945
	10 477 202	347 972	93 500	440 743	11 359 417

2022	Salary	Acting allowance	Other allowances	Performance bonus	Total
Ngwenya M (CCSO)	1 050 000	-	10 500	-	1 060 500
Gamede C (CEO)	1 263 250	-	8 000	-	1 271 250
Dladla B (Acting CEO)	1 723 333	202 097	16 500	-	1 941 930
Raphiri R (Acting COO)	1 268 234	132 563	12 000	-	1 412 797
Nsibande S (CFO)	1 985 610	-	18 000	-	2 003 610
Naka E (CIO)	1 775 800	-	18 000	-	1 793 800



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Non-executive

2023	Board meetings	Committees meetings	Other activities	Retainer	Total
Nzo K (Chairperson)	98 063	129 322	201 983	144 036	573 404
Bouillon S (Deputy Chairperson)	78 221	130 776	57 685	122 244	388 926
Masimene D	79 474	171 174	46 778	112 068	409 494
Zulu B	77 251	137 065	37 643	112 068	364 027
Songelwa T	67 247	149 391	30 182	112 068	358 888
Gopane T	25 010	105 902	30 607	112 068	273 587
Maimela K	71 693	94 481	23 201	112 068	01 443
Mbane Y	71 693	109 588	41 023	112 068	334 372
Makhanya S	39 737	124 130	37 646	112 068	313 581
Siyila K	72 829	137 639	53 677	112 068	376 213
Rabosiwana M	60 578	147 276	48 448	112 068	68 370
Mokgatle B	52 798	100 036	32 458	112 068	297 360
Le Roux C	79 474	139 289	29 306	112 068	360 137
Tyandela N (independent Audit, Risk and Governance Committee Chairperson)	18 888	-	-	-	18 888
	892 956	1 676 069	670 637	1 499 028	4 738 690

2022	Board meetings	Committees meetings	Other activities	Retainer	Total
Dlamini M (Deputy Chairperson) #@	37 672	54 450	18 250	75 952	186 324
Masimene D #@	85 262	97 944	30 184	104 436	317 826
Manchidi E @	38 835	21 047	5 400	69 624	134 906
Zulu B #@	78 246	49 377	31 304	104 436	263 363
Ndlazi M @	33 188	29 681	7 829	69 624	140 322
Songelwa T #@	54 503	69 614	15 383	104 436	243 936
Nzo K (Chairperson) #	50 635	-	67 812	44 748	163 195
Skeepers N (Chairperson)	58 265	16 647	76 313	89 496	240 721
Bouillon S (Deputy Chairperson) #	35 907	14 423	33 219	37 976	121 525
Maimela K #@	52 076	50 709	31 305	104 436	238 526
Matolong Y @	32 918	12 951	3 780	69 624	119 273
Mbane Y #	32 378	24 015	11 604	34 812	102 809
Nevhutalu L @	38 853	48 027	9 990	69 624	166 494
Maduray D *	-	-	-	26 109	26 109
Makhanya S #	39 393	15 381	27 660	34 812	117 246
Siyila KJ #	32 918	22 395	6 477	34 812	96 602
Rabosiwana M #	32 918	12 682	21 993	34 812	102 405
Gopane T #	32 378	2 430	27 123	34 812	96 743
Mokgatle E #	37 235	24 553	6 477	34 812	103 077
Le Roux C #	36 694	21 585	8 459	34 812	101 550
Tyandela N (independent Audit, Risk and Governance Committee Chairperson)	34 536	21 318	-	-	55 854
Mbambale Mathobo MM (independent Audit, Risk and Governance Committee member) *	3 110	3 600	-	-	6 710
	877 920	612 829	440 562	1 214 205	3 145 516



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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31. PRIOR-YEAR ADJUSTMENTS

Presented below are items contained in the statement of financial position and changes in net assets. They were as a result of:

Property, plant and equipment were reassessed in the previous financial period. The useful lives and residual values were adjusted in the fixed asset register. However, recalculation of depreciation needed to be appropriately considered. This resulted in an understatement on property, plant and equipment amounting to R204 758.

In another event, lost property, plant and equipment was not written off in the previous financial period. The omission resulted in the overstatement of property plant and equipment with R14 362.

Some B.U.I.L.D projects were awarded in the 2021/22 financial year and declared on the RoP the same year but omitted in the previous year's financial statements. This resulted in an understatement of B.U.I.L.D revenue by R10 001 064 and the understatement of receivables from non-exchange transactions by the same amount.

There were projects awarded before year-end but not declared on the RoP by client departments. These projects were identified by the cidb through other means. Such projects were omitted in the previous year, thereby resulting in an increase in the B.U.I.L.D revenue and an increase in the respective receivable by R8 309 817.58.

Statement of financial position

2022	Note	As previously reported	Correction of error	Restated
Property, plant and equipment		106 007 902	190 396	106 198 298
Receivables from non-exchange transaction		31 107 602	18 310 882	49 418 484
		137 115 504	18 501 278	155 616 782

Statement of financial performance

2022	Note	As previously reported	Correction of error	Restated
Depreciation and amortisation		(3 732 953)	204 758	(3 528 195)
Gain on disposal of assets		497 005	(14 362)	482 643
B.U.I.L.D fees		(43 419 216)	(18 310 882)	(61 730 098)
Surplus for the year		(46 655 164)	(18 120 486)	(64 775 650)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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32. RISK MANAGEMENT

Liquidity risk

Liquidity risk is the risk that the cidb will not be able to meet its financial obligations as they become due. The cidb ensures that adequate funds are available to meet its expected and unexpected financial commitments. The following table provides details of the cidb's remaining contractual liability for its financial liabilities and availability of cash resources. The amounts disclosed in the table are contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Economic entity

At 31 March 2023

	Within one month	Over one to six months	Over six months to 12 months	Over one year
Payables from exchange transactions	16 351 352	-	-	-
Finance lease obligation	23 268	116 722	140 913	70 805

At 31 March 2022

	Within one month	Over one to six months	Over six months to 12 months	Over one year
Payables from exchange transactions	14 917 558	-	-	-
Finance lease obligation	22 964	115 197	139 072	351 707

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The cidb deposits cash only with major banks with high-quality credit standing and limits exposure to any one counterparty. The cidb trades only with recognised, credit-worthy third parties and monitors receivables on an ongoing basis with the result that its exposure to bad debts is not significant.

The cidb's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments. The cidb's cash and cash equivalents are placed with high-credit-quality financial institutions, therefore the credit risk with respect to cash and cash equivalents is limited. Financial instruments exposed to credit risk at year-end were as follows:

Financial instrument	2023	2022
Cash and cash equivalents	202 988 014	174 462 698
Receivables from exchange transactions	266 743	960 802
Payables from exchange transactions	16 351 352	14 917 558



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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Ageing of financial asset

The following tables provide information on credit quality of financial assets that may expose the cidb to credit risk

2023

	Neither past due nor impaired	Past due but not impaired – less than two months	Past due but not impaired – more than two months	Carrying value
Cash and cash equivalents	202 988 014	-	-	202 988 014
Receivables from exchange transactions	266 743	-	-	266 743
	203 254 757	-	-	203 254 757

2022

	Neither past due nor impaired	Past due but not impaired – less than two months	Past due but not impaired – more than two months	Carrying value
Cash and cash equivalents	174 462 698	-	-	174 462 698
Receivables from exchange transactions	165 436	103 084	498 601	767 121
	174 628 134	103 084	498 601	175 229 819

Market risk

Interest rate risk

The entity is exposed to interest rate changes in returns on its investments with financial institutions. The cidb's interest rate profile consists of fixed and floating rate bank balances, which expose the cidb to fair value interest rate risk and cash flow interest rate risk. The cidb's exposure is managed by investing in current accounts, call accounts and short-term maturity accounts with credible financial institutions.

Interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five year
Cash in current banking institutions	3% - 6%	202 988 014	-	-	-	-

33. EVENTS AFTER THE REPORTING DATE

An employee who was dismissed during the year was reinstated after the year-end, resulting in an adjustment of employee cost and the corresponding liability by R117 248.

An adjustment of R21 091 469 was made for the B.U.I.L.D projects that were awarded this financial year but declared before these financial statements were approved. The regulation allows clients 21 working days to declare such projects from the date of award.

There was no material uncertainty about the cidb's ability to continue as a going concern, including the impact of Covid-19.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

34. BUDGET DIFFERENCES

Material differences between budget and actual amounts

- 34.1) The cidb budget is approved on the accrual basis by functional classification. The approved budget covers the reported period from 1 April 2022 to 31 March 2023. The revenue earned exceeded the expenditure incurred, resulting in a net surplus of R144.9 million.
- 34.2) Annual fees were undercollected by R0.6 million, while assessment fees were over by R1.4 million, resulting in a net variance of R0.8 million. This was as a result of improved collection methods employed the cidb during the year.
- 34.3) There were no changes in government subsidies during the period. Transfers were received as projected.
- 34.4) Finance income was overachieved by R4.1 million due to investment strategies employed by management and also a constant rise in the interest rate.
- 34.5) Employee costs were underspent by just over R1 million.
- 34.6) Depreciation and amortisation, debt impairment, loss on sale of assets and service in kind do not have budgets allocated to them because they are non-cash items.
- 34.7) Some of this year's operational expenditure was funded from the previous year's surplus.
- 34.8) B.U.I.L.D income is a fairly new revenue stream and management is planning the activities of the programme.

35. ACCOUNTING BY PRINCIPALS AND AGENTS

The entity is a party to a principal agent arrangement.

Details of the arrangement are as follows:

The cidb entered into an administrative agreement with the Jobs Fund, an agency of National Treasury, through which the cidb is administering and monitoring the implementation of the JF8 1709 Construction Industry SME Development Project. Through the back-to-back agreement signed by the cidb and the implementing agencies, the cidb ceded its rights and risks associated with the project to the implementing agencies.

Entity as agent

Resources held on behalf of the principal, but recognised in the entity's own financial statement

Cash resource amounting to R5 965 228 (2022: R5 966 668) was held at the reporting date. It is ringfenced and held exclusively for the project. This is expected to be disbursed within the next 12 months as the requirements of the project are being met.

Revenue recognised

Revenue to the value of R1 441 together with the corresponding expenditure of R1 441 included under operating expenditure were realised this financial year for the monitoring work facilitated by the cidb for the Jobs Fund.

Liabilities and corresponding rights of reimbursement recognised as assets

A payable amounting to R5 965 228 (2022: R5 966 668) was held at the reporting date. It represents the funds held by the cidb still awaiting the fulfilment of the agreement. They are expected to be settled within the next 12 months as the requirements of the agreement are being met.



PART

H

PERFORMANCE
AGAINST
TARGETS
2022/2023



PERFORMANCE AGAINST TARGETS 2022/2023

15 performance targets were set for 2022/2023 and all were achieved, exceeding the performance of the previous financial year, when 14 of 15 targets were achieved.

PROGRAMME 1: ADMINISTRATION

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Annual Target to Actual Achievement 2022/2023	Reasons for Deviations	Reasons for Revisions to the Outputs/ Output Indicators/ Actual Targets
1.6 Ethical and performance-driven cidb	1.1 Internal corporate fraud workshop	% staff who attended cidb fraud and prevention awareness session	N/A	New	100%	100%	-	N/A	N/A
	1.2 System uptime	% system uptime	98%	99%	95%	98%	3%	N/A - the deviation was not significant	N/A
	1.3 BBBEE compliance report	% expenditure spent with BBBEE-compliant suppliers	94%	96%	92%	97%	5%	The cidb has a BEE-targeted procurement policy. The quotation process has a BEE compliance rate of 97% as supply chain management is able to approach suppliers that are BEE compliant	N/A
	1.4 Age analysis report	% invoices paid within 30 days	93%	100%	100%	100%	-	N/A	N/A
	1.5 National Stakeholder Forum	% progress made against the NSF action plan developed in response to matters raised by stakeholders	N/A	N/A	80%	81%	1%	N/A - the deviation was not significant	N/A



PROGRAMME 2: RESEARCH AND DEVELOPMENT

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Annual Target to Actual Achievement 2022/2023	Reasons for Deviations	Reasons for Revisions to the Outputs/ Output Indicators/ Actual Targets
1.2 Increased black ownership and participation	1.6 Research report	Number of research studies conducted	2	2	2	2	-	N/A	N/A
1.3 Increased woman ownership and participation									
1.3 % youth ownership across all grades									

PROGRAMME 3: CONSTRUCTION INDUSTRY REGULATIONS

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Annual Target to Actual Achievement 2022/2023	Reasons for Deviations	Reasons for Revisions to the Outputs/ Output Indicators/ Actual Targets
1.1 Increased black ownership and participation	1.7 Revised registration criteria recommendation report	Number of reports on revised registration criteria	1	1	1	1	-	N/A	N/A
1.2 Increased woman ownership and participation									
1.3 % youth ownership across all grades									
1.5 Reduced non-compliance and fraud	1.8 List of projects registered on the RoP	Number of non-registered projects identified against the RoP	2 476	1 507	3 000	3 000	-	N/A	N/A-
1.6 Ethical and performance-driven cidb	1.9 Contractors registered on the RoC	% grades 1 to 9 contractors registered within 21 working days for compliant applications	96%	99%	100%	100%	-	N/A	N/A



PROGRAMME 4: CONSTRUCTION INDUSTRY PERFORMANCE

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Annual Target to Actual Achievement 2022/2023	Reasons for Deviations	Reasons for Revisions to the Outputs/ Output Indicators/ Actual Targets
1.1 Increased black ownership and participation. 1.2 Increased woman ownership and participation 1.3 % youth ownership across all grades	1.10 Monitoring and evaluation report on industry performance	Number of industry monitoring and evaluations conducted	4	4	4	4	-	N/A	N/A
1.4 Performance-driven clients	1.11 Report on public sector expenditure	Number of reports on public sector expenditure	1	1	1	1	-	N/A	N/A

PROGRAMME 5: PROCUREMENT AND DEVELOPMENT

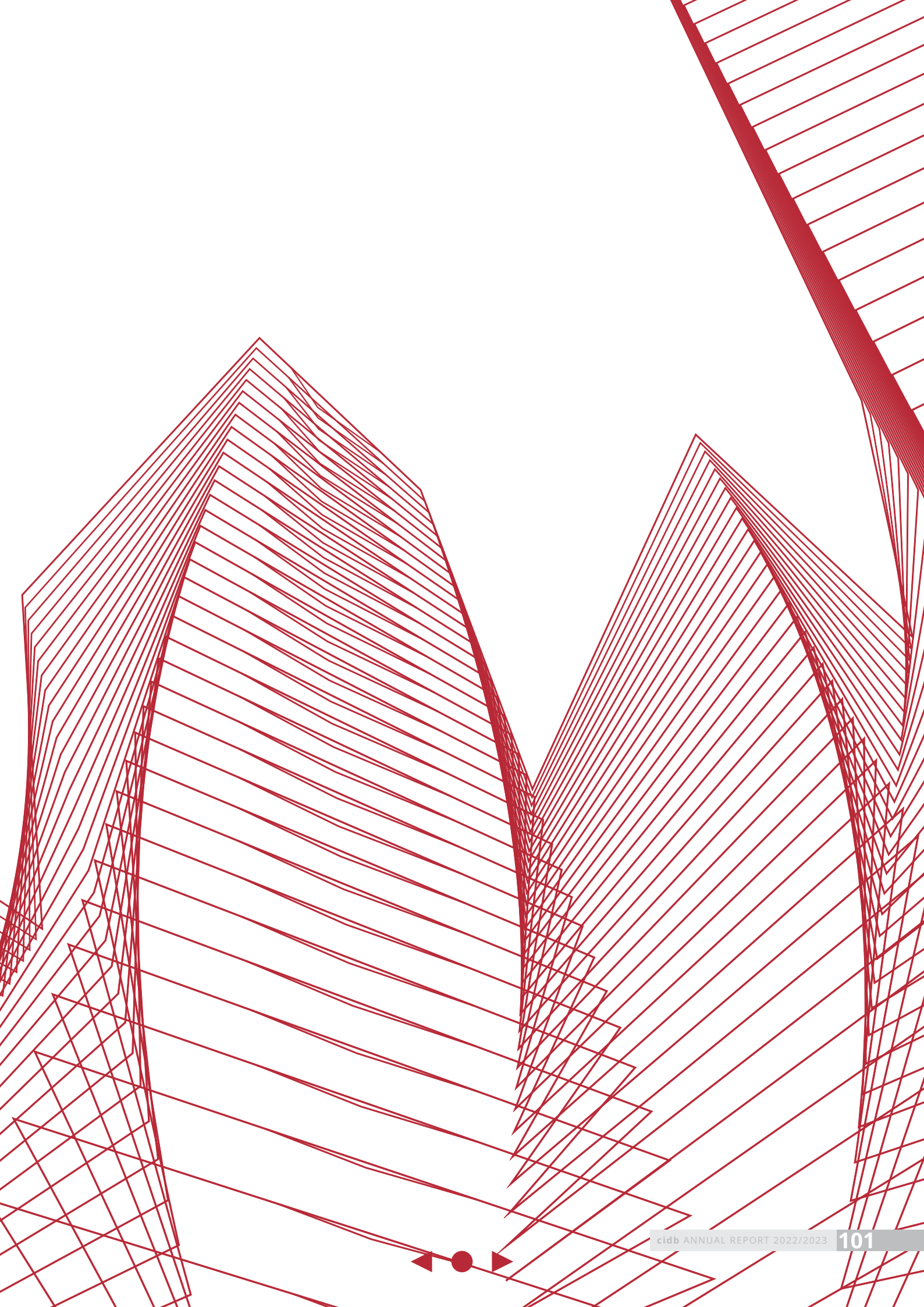
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Annual Target to Actual Achievement 2022/2023	Reasons for Deviations	Reasons for Revisions to the Outputs/ Output Indicators/ Actual Targets
1.4 Performance-driven clients	1.12 Develop or review guidelines or practice notes to assist clients to comply with the B.U.I.L.D Programme	Number of guidelines developed to facilitate compliance with the B.U.I.L.D Programme	N/A	N/A	2	2	-	N/A	N/A



PROGRAMME 6: PROVINCIAL OFFICES

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Annual Target to Actual Achievement 2022/2023	Reasons for Deviations	Reasons for Revisions to the Outputs/ Output Indicators/ Actual Targets
1.3 Contractor development	1.13 Client departments capacitated on contractor development	Number of client departments capacitated on contractor development	-	-	36	71	36	There was a higher-than- anticipated demand for client departments to be capacitated on contractor development programmes. Most clients attended the forums organised by the South African Local Government Association and National Treasury	N/A
	1.14 Contractor development support provided to grades 1 to 6 contractors	Number of grades 1 to 6 contractors provided with contractor development support	283	367	285	377	92	Significant campaign to assist contractors to comply with the registration criteria. This drive experienced positive response and high turnout from contractors wishing to improve their businesses	N/A
1.4 Performance-driven clients	1.15 Client officials capacitated on the Infrastructure Delivery Management System (IDMS)	Number of client departments capacitated on IDMS	90	108	80	110	31	The overachievement was a result of many client departments participating in cidb-facilitated forums, seminars and workshops	N/A







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