



Independent Development Trust

Annual Report, 2022/23

IDT, an entity of the National Department of Public Works

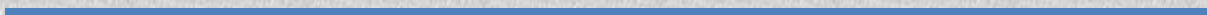
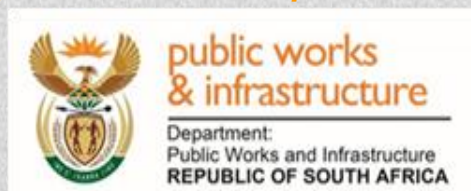


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Part A: General Information

1. Public Entity's General Information

REGISTERED NAME	INDEPENDENT DEVELOPMENT TRUST
REGISTRATION NUMBER	669/91 (TRUST PROPERTY CONTROL ACT [No. 57 OF 1988])
PHYSICAL ADDRESS	GLENWOOD OFFICE PARK CORNER OBERON & SPRITE STREETS FAERIE GLEN PRETORIA 0043
POSTAL ADDRESS OF HEAD OFFICE	PO BOX 73000 LYNWOOD RIDGE 0040
TELEPHONE NUMBER/S	+27 12 845-2000
EMAIL ADDRESS	INFO@IDT.ORG.ZA
WEBSITE ADDRESS	WWW.IDT.ORG.ZA
EXTERNAL AUDITORS	AUDITOR-GENERAL OF SOUTH AFRICA
BANKERS	ABSA - CORPORATE, LOURIE PLACE HILLCREST OFFICE PARK 177 DYER ROAD HILLCREST 0083
COMPANY SECRETARY	MS MASESI KOTO

2. List of Abbreviations /Acronyms

AA	Accounting Authority
ABTs	Alternative Building Technologies
AFS	Annual Financial Statement
AGSA	Auditor General of South Africa
APP	Annual Performance Plan
ARCO	Audit and Risk Committee
ASIDI	Accelerated School Infrastructure Delivery Initiative
BAC	Bid Adjudication Committee
BBBEE	Broad-Based Black Economic Empowerment
BEC	Bid Evaluation Committee
CBE	Council for the Built Environment
Cidb	Construction Industry Development Board
CBO	Community-Based Organisation
CDP	Contractor Development Programme
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSIR	Council for Scientific and Industrial Research
CSO	Civil Society Organisation
CSU	Corporate Services Unit
DBE	Department of Basic Education
DG	Director-General
DOE	Department of Education
DOEL	Department of Employment and Labour
DPWI	(National) Department of Public Works and Infrastructure
DSU	Development Services Unit
EA	Executive Authority
EC	Eastern Cape
ECD	Early Childhood Development
ECDC	Early Childhood Development Centre
EE	Employment Equity
EEP	Employment Equity Plan
EPWP	Expanded Public Works Programme
EPWP: NSS	Expanded Public Works Programme: Non-State Sector
EXCO	Executive Committee
FinCom	Finance Committee
FS	Free State
FSU	Financial Services Unit
GP	Gauteng Province-
HCS	Human Capital Strategy
HRP	Human Resources Plan
IDT	Independent Development Trust
ICT	Information and Communications Technology
IT	Information Technology
King III	The King 3 Report on Corporate Governance
KZN	KwaZulu-Natal

LP	Limpopo
MANCO	Management Committee
M&E	Monitoring and Evaluation
M&E+R	Monitoring, Evaluation, and Reporting
MINMEC	Minister and Members of Executive Council
MP	Mpumalanga
MTEF	Medium-Term Expenditure Framework
MTERF	Medium-Term Expenditure and Revenue Framework
NC	Northern Cape
NDP	National Development Plan: Vision 2030.
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
NW	North West
NSS	Non-State Sector
OCEO	Office of the Chief Executive Officer
OD	Organisational Development
PFMA	Public Finance Management Act (PFMA) (Act 1 of 1999), as amended
PIA	Programme Implementation Administration
PIAA	Programme Implementation Agency Agreement
PICC	Presidential Infrastructure Coordinating Commission
PIM	Programme Implementation Manager
PCPWI	Portfolio Committee on Public Works and Infrastructure
PPPFA	Preferential Procurement Policy Framework Act (No. 5 of 2000)
PM	Programme Manager
RMC	Risk Management Committee
SIP	Strategic Infrastructure Programme
SMME	Small, Medium, and Micro Enterprise
SONA	State of the Nation Address
WC	Western Cape

3. Foreword by the Executive Authority

I am pleased to write these words of introduction to the IDT Annual Report for the 2022/23 financial year. The IDT plays a significant role in the infrastructure delivery value chain of the State. Although the entity has had a few governance and performance-related challenges

in recent years. Its performance during the reporting shows notable improvements in several indicators:

rising levels of public confidence which are reflected in, among others, the increase in the size of the entity's portfolio, as well as rising levels of programme expenditure. This is good, not only for the IDT itself but for the delivery of social infrastructure in the country.

My Department, together with the leadership of the IDT and National Treasury, concluded the first stage in the reconfiguration process by producing a business case for the IDT. The business case suggests among others that there is a need for the IDT to continue to exist as it plays a significant role in the delivery of social infrastructure. The Presidential State-owned Enterprises Council is in the process of assessing the state of the public entity and making recommendations on the future of the IDT based on the presentations it received on the business case. Once the council has expressed its views, I shall make a presentation to Cabinet

“My Department, together with the leadership of the IDT and National Treasury, concluded the first stage in the reconfiguration process by producing a business case for the IDT.”

on the proposed future shape and form of the IDT.

The end of the reporting period also marked a year and a half since the IDT had a fully

functional and quorate board, which upon coming into office in the middle of the 2021/22 financial year, had set ambitious targets to turn the IDT into a *fit-for-purpose* and financially viable organisation. Among the most notable outcomes of the

turnaround efforts by the IDT board and management during the reporting period have been business generation, improvements in governance, and financial management. As a result of these improvements, the IDT has, for the second year in a row, received a relatively positive audit outcome. This is a vast improvement from years of audit disclaimers. This augurs well for the entity and will go a long way towards restoring confidence with both old and new clients and creating more business opportunities for the IDT.

Stability at the governance and management level also has a positive impact on client perception. As part of the turnaround efforts, the board and management filled critical vacant positions and appointed suitably qualified build environment specialists to deliver on the entity's mandate. As a result of

some of these efforts, the reporting period also saw an increase in the size of the IDT's portfolio and levels of programme expenditure. This is a strong indicator of the rising levels of public confidence and trust in the IDT's capabilities in the delivery of public infrastructure in the country. The rising levels of public confidence in the IDT are also reflected in the positive feedback received from IDT clients during a client satisfaction survey carried out during the reporting period.

“The IDT aspires to reduce the infrastructure backlogs by building quality public infrastructure that meets the goals of its clients”.

The IDT aspires to reduce the infrastructure backlogs by building quality public infrastructure that meets the goals of its clients. Inefficiency is at variance with this aspiration and should, therefore, not have a place in service delivery, especially amid the backdrop of enormous infrastructure backlogs in South Africa. As such, completing infrastructure on time, within budget, and to the right quality not only inspires clients' confidence but also prevents wastage and ensures that more people can gain access to such infrastructure speedily. South Africa not only faces public infrastructure backlogs, but it also has a massive maintenance backlog. A reconfigured, fit-for-purpose IDT could play a significant role in reducing such backlogs.

In the coming financial year, I intend to continue working closely with the IDT board and management to rebuild the entity into a financially viable organisation that can deliver on its brand promise and contribute to the reduction of infrastructure backlogs in the country. Although rebuilding the IDT will require time and effort, we need to quickly resolve its challenges. The entity's performance during the reporting hope gives me hope that it is on the road to recovery and still has a role to play in delivering infrastructure.

In conclusion, I thank the Board of Trustees, management, and staff of the IDT for working tirelessly to rebuild the entity. I hope that in the next financial year and beyond, the entity can only go from strength to strength as it delivers infrastructure that meets the expectations of its clients and the South African public.



Mr. S Zikalala, MP

MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE

4. Foreword by the Chairperson of the Board

The end of the past financial year marked eighteen months since the Board came into office. And much was achieved during that period.

This report reflects progress made by the entity in implementing its strategy as determined by the Board during the reporting period. Our performance during the foregoing period reflects the entity's aspiration to cement its place as one of the key players in the social infrastructure delivery value chain of the state. In doing so, we remained mindful of the fact that to be relevant and impactful, we need to deliver

infrastructure on time and to the right quality.

When the board came into office, it was found an

IDT that was in precipitous decline. The Board, as mandated by the Executive Authority immediately put in place measures to arrest the decline and transform and reconfigure the IDT into a fit-for-purpose and financially viable entity. One of the key milestones towards meeting this goal was the reconfiguration process initiated by the Executive Authority at the behest of Cabinet. The board worked closely with the National Treasury team appointed to drive the process. A business case was completed and presented to the board and the executive authority. The

business case recommends that there is a need for the IDT to continue to exist as an implementing agent given the fact that it is a well-known brand with all the necessary expertise and capabilities to deliver social infrastructure. This is particularly significant given the huge infrastructure backlogs in the country. The business case, together with a detailed presentation on the current state of the IDT was also presented to the Presidential State-Owned Enterprises Council. We hope that once concluded, the reconfiguration exercise will provide a clear position on the legal status of the entity.

One of the key challenges faced by the

board when it assumed office was that critical technical staff had left, creating more gaps in the entity's performance. Staff

morale was also low as a result of the uncertain future of the IDT following attempts to dissolve the entity in the 2020/21 financial year. The cumulative impact of these challenges was that the entity could not deliver on its mandate effectively and, in the process, created doubts about its relevance and capability in the court of public opinion. The board, working together with management, worked on strategies to rebuild public confidence in the IDT by among others, filling critical vacant positions and strengthening stakeholder management.

“The business case recommends that there is a need for the IDT to continue to exist as an implementing agent given the fact that it is a well-known brand with all the necessary expertise and capabilities to deliver social infrastructure.”

As a result of these efforts, new business was generated to grow the portfolio while programme expenditure increased to levels last seen in the 2018/19 financial year.

Improving the entity's image is uppermost in our minds as we rebuild the IDT brand; as such, we believe that measuring customer satisfaction levels enables us to identify their needs and expectations, address problems on time, and give practical effect to our client-centric culture.

A notable outcome of a client satisfaction survey carried out during the

reporting period was that a sizable majority (71 per cent) of our clients were happy with the quality of services rendered by the IDT. Ninety-five per cent of the respondents to the survey said they would work with the IDT in future, while 89 per cent said they would recommend the IDT as an implementing agent to other clients. This was a marked improvement in satisfaction levels from the results of two previous surveys. A notable result of these higher customer satisfaction levels has been a more recent allocation of a business portfolio by a growing number of clients. The goal is to ensure that we address all areas of concern raised by the clients.

The board is also pleased with improvements in audit outcomes for the previous financial year which has been

maintained in the current (2022/23) financial year, especially given the fact that the entity had audit disclaimers for five consecutive years. Similarly, the entity reviewed and updated most of its policies to ensure that they are in line with recent developments in legislation and other governance prescripts.

Although business generation activities have gathered momentum, the IDT will still

need support in the form of a steady project pipeline from the Shareholder.

The performance of the entity in the delivery of infrastructure also improved during the reporting period, with more infrastructure units either completed, refurbished or rehabilitated. This will broaden access to social infrastructure to include those who need it the most. We also created a record number of jobs through the mass employment programmes. Mass employment programmes play an important role in ensuring that those without high-level skills can participate in the labour market as well. The delivery of social infrastructure also contributes to the revival of the construction industry, which is one of the critical goals of the Economic Reconstruction and Recovery Plan announced by the President in October 2020.

I wish to thank members of the IDT board, its management, staff, Minister and Deputy Minister for working tirelessly to address the challenges faced by the entity during the reporting period. I hope that in the next financial year and beyond, the board I lead will receive all the necessary support from staff and the shareholder to ensure that the IDT delivers on its value proposition and lives up to its brand promise: *Assured efficient infrastructure delivery!*

A handwritten signature in black ink, appearing to be 'Z. Hill', written over a horizontal line.

Ms. Z. Hill
Chairperson of the Board of Trustees

5. Statement by the Chief Executive Officer

The performance of the IDT as reflected in this report shows that the entity made great strides towards becoming a self-sustainable, fit-for-purpose entity.

Financial Overview

During the reporting period, there was some improvement in the entity's financial state of health. As a result of aggressive business generation activities, the portfolio size exceeded R6.6bn, while programme expenditure at R3.319bn, levels of expenditure last seen in the 2018/19 financial year. This shows growing confidence by clients in the IDT as an implementing agent. However, despite these improvements, the entity still required a capital injection by the Shareholder representative to fund operational costs. Of greater significance for the entity going forward will be for the Shareholder representative to invest in the IDT through additional project allocations to enable the entity to break even financially.

Supply Chain Management: as an implementing agent, most IDT activities revolve around Supply Chain Management. Thus, a responsive, seamless and agile SCM process is critical for quick turnaround times in the delivery of infrastructure. During the reporting period,

the entity strengthened the SCM unit by appointing key personnel to fill positions that had been vacant for a long time. Critical among these was the position of General Manager Supply Chain Management as well as several other positions in the unit. This ensured that SCM systems and policies were reviewed and updated to be in line with changes in legislation and other policy prescripts for SCM. This includes the critical changes to PPPFA regulations which came into being in January 2023. The IDT has revised its policies and targets on empowerment to reflect changes brought about by the new regulations.

Corporate Governance

Several initiatives were undertaken to strengthen governance in the entity. Some of these include the following:

- The appointment of independent experts to serve on some of the board committees.
- The review and update of policies to bring them in line with the latest developments in legislation and other governance prescripts
- Strengthening the capacity of both internal audit and risk and

“The portfolio size exceeded R6.6bn, while programme expenditure exceeded R3.319bn, levels of expenditure last seen in the 2018/19 financial year.”

compliance units by appointing suitably qualified personnel.

- Developing and implementing a litigation strategy to guide management on the best way to reduce litigation cases. As a result of these interventions, litigation cases have been reduced, and the number of problematic projects has been reduced significantly, leading to renewed client confidence in the IDT.

Building a high-performance culture partially depends on the calibre of personnel the organisation attracts into its ranks. During the reporting period, the position of Executive Head of Corporate Services was filled while other positions in critical functions such as Information Technology and Supply Chain Management were also filled.

Responses to COVID-19

Although the entity did not experience any office closures due to COVID-19 cases, the threats posed by the pandemic remained. As a result, the entity continued to implement preventative measures by acquiring the necessary Personal Protective Equipment in offices where such measures were necessary. Although the investments in PPE were relatively minuscule compared to those made at the

height of the pandemic, the outcomes were significant since there were rarely any cases of exposure to the coronavirus. This allowed for seamless execution of functions by IDT staff.

Audit outcomes

Audit outcomes have a significant impact on the brand of any institution and have a bearing on the business allocation decisions by clients. For the second year in a row, the entity received a qualified audit outcome for the 2022/23 financial year, which was a notable departure from more

than five

consecutive

disclaimers. The

audit outcome was

the result of the

implementation of

the audit action plan to address issues emanating from the 2021/22 audit period.

Poor audit outcomes in previous years were also caused by capacity constraints emanating from the departure of many staff

members due to uncertainty about the entity's future. This has since been

resolved through the filling of several vacancies during the period under review.

This puts the entity in a position to improve audit outcomes. Going forward,

investments in critical information technology systems for storing and

transferring essential supporting documents required for audit will also

improve audit outcomes. Similarly, the internal audit unit was capacitated to

“Audit outcomes have a significant impact on the brand of any institution and have a bearing on the business allocation decisions by clients.”

ensure that all audit issues are identified and addressed during the in-year reporting cycle. The unit has conducted several critical audits during the year, and this has provided the necessary assurance on the effectiveness of internal control in the entity.

Client satisfaction survey

The entity conducted a client satisfaction survey during the reporting period. The purpose of the survey was to obtain the views of our clients on their experience of working with the IDT. The survey focused on three dimensions, namely, overall leadership (stakeholder relations, accountability), programme and Project management as well as programme Funds management. The results recorded higher satisfaction levels than anticipated:

seventy-one per cent of respondents were happy with the services of the IDT and said that the entity had met their expectations. Ninety-five per cent of respondents said they would work with the IDT in future, while eighty-nine per cent said they would recommend the IDT to other clients. This is significant as it suggests that some of the clients are likely to allocate more business to the entity and serve as brand ambassadors for the IDT.

“The entity conducted a client satisfaction survey during the reporting period... results recorded higher satisfaction levels than anticipated...ninety-five per cent of respondents said they would work with the IDT in future, while eighty-nine per cent said they would recommend the IDT to other clients.

Some of the concerns raised by the clients include long payment turnaround times and slow project completion rates. The entity will develop detailed action plans to address the concerns raised by the clients.

Corporate Plans

The board approved the 2023/24 corporate plan and submitted it to the Executive Authority and National Treasury and feedback on the plans from the DPWI was incorporated into the plan before it was resubmitted. A new Minister and Deputy Minister came into office before the corporate plan was tabled in parliament, and after an assessment of the plan by the new political principals, the IDT corporate

plan was duly tabled in parliament and presented to the Portfolio Committee on Public Works and Infrastructure.

Reconfiguration:
The IDT, together with the DPWI and

National Treasury, appeared before the Presidential State-Owned Entities Council towards the end of the financial year. The purpose of the appearance was to present to the council, the Business case for the IDT’s reconfiguration and its current state. The entity awaits further feedback on the presentation.

CEO Awards

A happy and engaged workforce is critical to the success of the organisation in the execution of its mandate. During the reporting period, the entity held an award(s) ceremony to recognise top performers in different categories. This was the first time the awards had been held in many years and marked a departure from [the] years of low staff morale and a shift towards a new era in which staff is recognised for the positive contributions it makes in making the IDT a high-performance organisation.

Future Plans

In the next financial year, the IDT will continue implementing several turnaround initiatives started by the board since it came into office. These include, among others, the conclusion of the reconfiguration process aimed at finding the most suitable corporate form and shape for the IDT, growing the IDT business portfolio, and creating a more agile, responsive IDT.

It is my view that a fully capacitated IDT, in whatever form, can continue to play its role in the infrastructure delivery value chain of the country.

In conclusion, I wish to thank the Minister, Deputy Minister and Director-General, and

staff of the Department of Public Works and Infrastructure for their support. I also wish to thank the IDT Board of Trustees, IDT Management team, and all staff members for their dedication and hard work during a challenging financial year. Our loyal clients also deserve a word of thanks for their continued support and confidence in us. I hope the next financial year will be better for the entity.

“In the next financial year, the IDT will continue implementing several turnaround initiatives started by the board since it came into office.”



Ms. T Malaka
Acting Chief Executive Officer

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

To the best of our knowledge and belief, we confirm the following:

- All information and amounts disclosed throughout the Annual Report are consistent with the annual financial statements audited by the Auditor General.
- The Annual Report is complete, accurate, and is free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP, PFMA, and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Authority is responsible for the preparation of the Annual Financial Statements and the judgements made in this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information, and the financial affairs of the IDT for the financial year ended 31 March 2023.

Yours faithfully



Acting Chief Executive Officer
Ms. T Malaka



Chairperson of the Board
Ms Z Hill

7. Strategic Overview

The IDT seeks to deliver quality, accessible social infrastructure that contributes to national priorities expressed in the National Development Plan (NDP). This is also essential to building strong and sustainable communities. As such, the IDT approaches social infrastructure development as an integrated process that entails all the necessary measures, facilities, and networks required to prepare communities to receive, own, manage and sustain their development.

The IDT's approach to delivering infrastructure is encapsulated in its mission, vision, and values outlined below.

Mission

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

Vision

[To be] a commercially driven public sector built environment project management enterprise.

Brand Promise

Assured efficient infrastructure delivery

Our Approach

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

Strategic Pillars

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

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

Values and Operating Principles

Table 1: Values and Operating Principles

Values	Operating Principles
Thinking like our clients	<ul style="list-style-type: none"> • Our services are regulatory compliant • Our client's value chain is our concern • We are committed to sustainable development
Continuous active visibility	<ul style="list-style-type: none"> • We are physically visible on-site • Continued honest reporting
Commercially minded	<ul style="list-style-type: none"> • We create value for our clients and shareholders • We are cost-conscious in delivering services to our clients • We do more with less
Competitive and collaborative	<ul style="list-style-type: none"> • We believe in working together with like-minded business partners, including our competitors, for the good of our clients
Innovative and proactive	<ul style="list-style-type: none"> • We constantly anticipate different scenarios and find solutions for problems before they escalate
Zero tolerance for corruption	<ul style="list-style-type: none"> • We conduct our business in a lawful, honest, ethical, and corrupt-free manner • We mean what we say and say what we mean

8. Legislative and Other Mandates

The IDT was established as a grant-making civil society in 1990. However, in 1997, the entity was re-constituted as a development agency and public entity to support all spheres of government. At its sitting in March 1997, Cabinet resolved that the IDT should be "... transformed into a government development agency that will implement projects which are commissioned by government departments."¹ The organisation was integrated into the public service delivery system in 1999 with the promulgation of the Public Finance Management Act (PFMA) (Act 1 of 1999), as amended, and listed as a Schedule 2 Major Public Entity.

The 1997 mandate of the IDT is still in place. The entity reports to Parliament through the Minister of Public Works and Infrastructure, its Shareholder Representative and Executive Authority. The IDT's work contributes to the vision and mandate of the Department of Public Works and Infrastructure, which include the following:

- Custodianship and management of the national government's immovable assets.
- Leading the Expanded Public Works Programme (EPWP).

- Regulating the industries and associated professions falling under its jurisdiction; and,
- Transforming the construction and property sector.

The IDT takes a special interest in policy positions relevant to its mandate. Currently, the most pertinent policy directive is the National Development Plan (NDP): Vision 2030, the country's blueprint for national development. Its strategy is aligned with the government's Medium-Term Strategic Framework (MTSF) and the seven priorities of the sixth administration. As part of this, the entity's goal is to deliver quality, accessible social infrastructure that contributes to the realisation of national priorities. As part of realising these goals, the entity will focus on the realisation of four outcomes, namely:

- Increased access to quality social infrastructure
- A transformed built environment
- Optimised job opportunities (through public employment programmes).
- A financially sustainable entity

Furthermore, the IDT takes cognisance of, and actively aligns its work to the National Infrastructure Plan (NIP) and directly contributes to the following Strategic Integrated Plans (SIPs) under the NIP:

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

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

Both the NDP and the NIP enjoin the IDT to contribute to the national agenda 2030 by:

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

The following laws constitute the legal framework governing the work of the IDT:

- Constitution of the Republic of South Africa, 1996 (Act No.108 of 1996)

- Public Finance Management Act, 1999 (Act No.1 of 1999).
- Construction Industry Development Board Act, 2000 (Act No. 38 of 2000).
- Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004).
- Labour Relations Act, 1995 (Act No. 66 of 1995).
- Occupational Health and Safety Act, 1993 (Act No. 85 of 1993).
- Employment Equity Act, 1998 (Act No. 55 of 1998).
- Pension Funds Act, 1996 (Act No. 24 of 1996).
- Companies Act, 2009 (Act No. 71 of 2009) as Amended.
- The Trust Property Control Act, 1988 (Act No. 57 of 1988).
- Promotion of Administrative Justice Act 2000 (Act No.3 of 2000).

9. Organisational Structure (Names of incumbents)

The structure presented in Figure1 reflects top management structure positions as at 31 March 2022

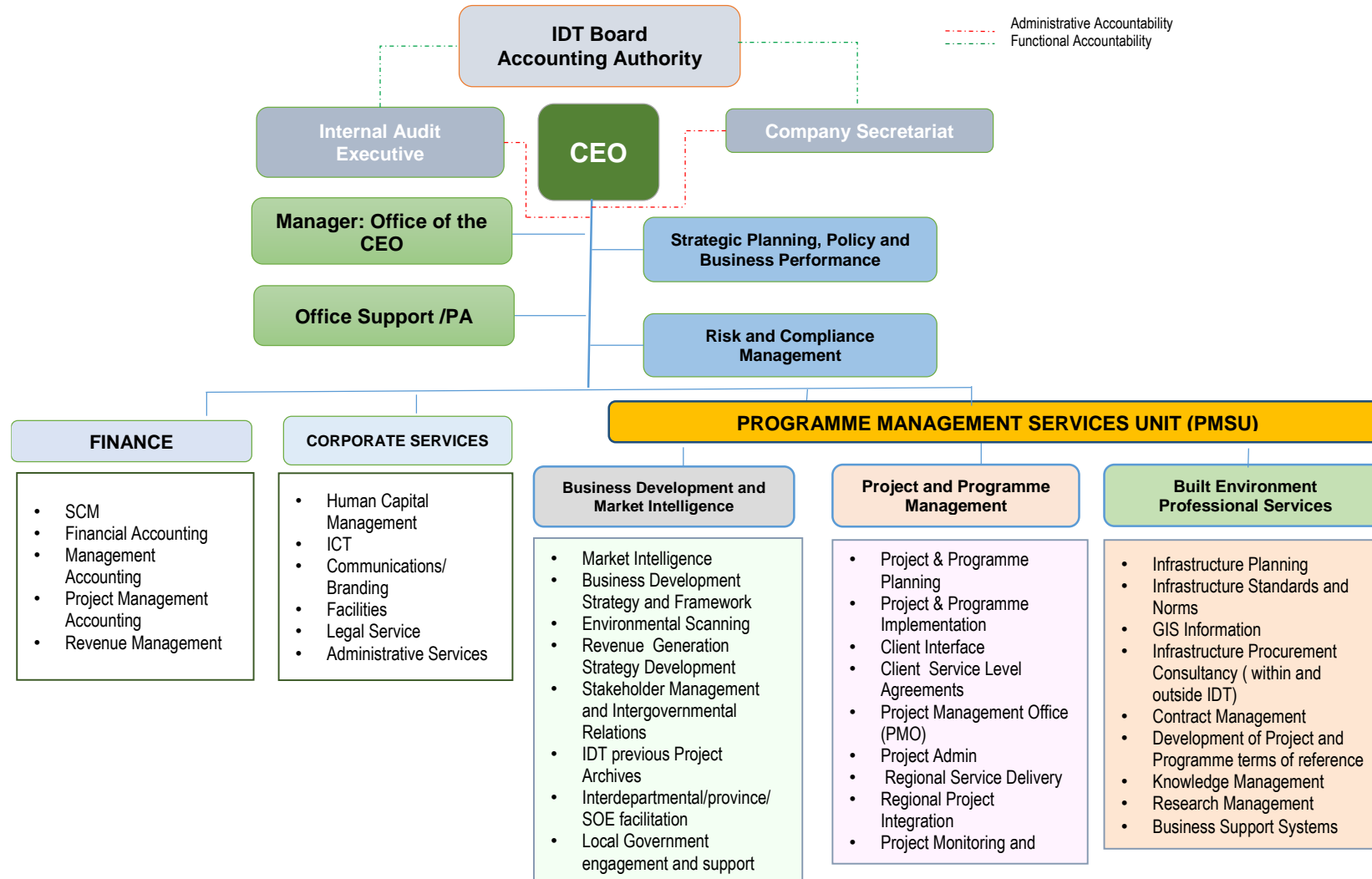


Figure 1: Macro Structure Structure

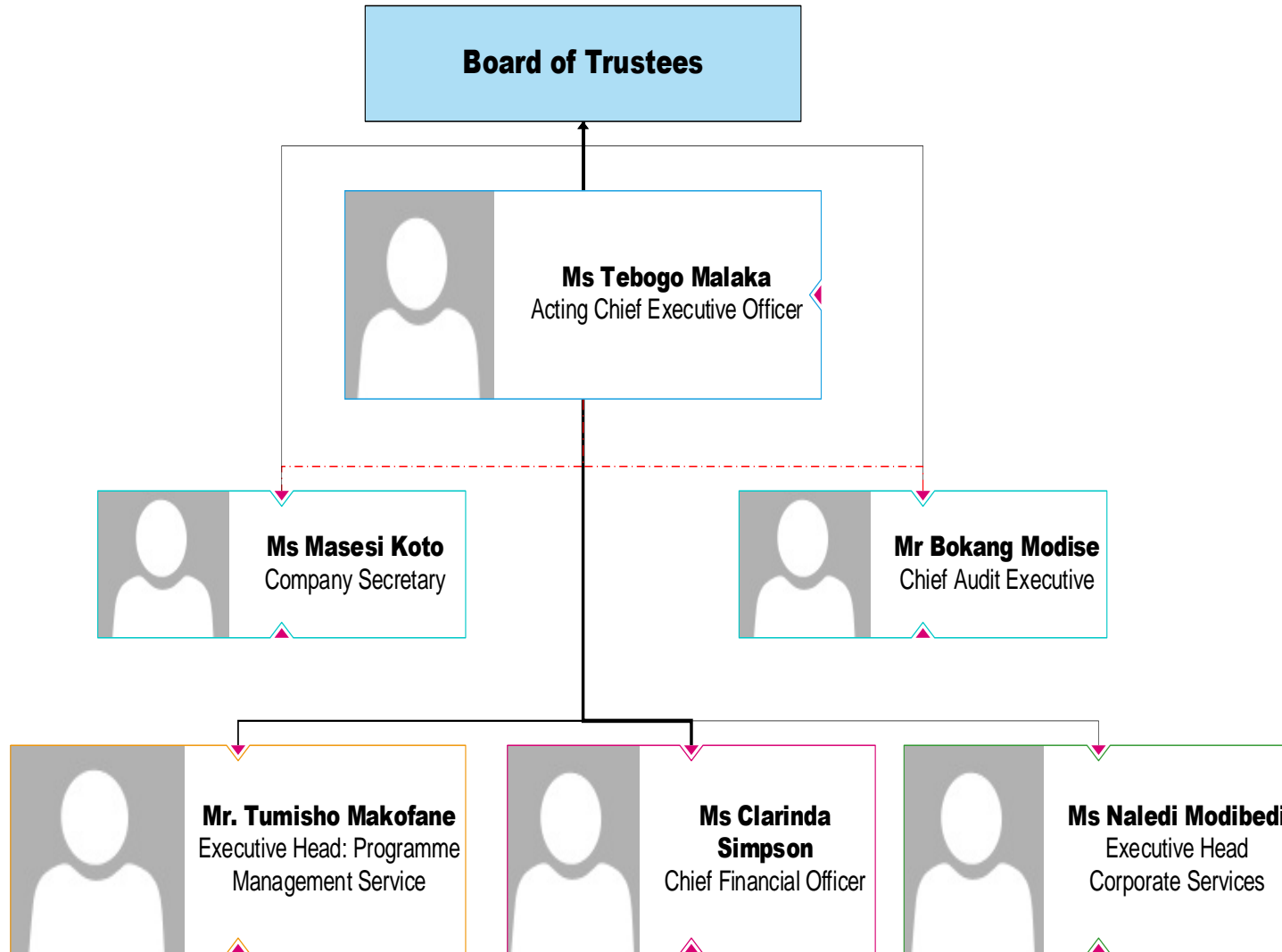


Figure 2: Top Management Structure

Part B: Performance Information

1. Auditor-General's Report: Predetermined Objectives

The Auditor-General South Africa (AGSA) performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the *Predetermined Objectives heading in the Report on other legal and regulatory requirements* section of the Auditor's Report.

Refer to the Report in the Auditor's Report, published as Part F: Financial Information.

2. Overview of Performance

2.1 Service Delivery Environment

The IDT delivers its services in an environment marked by various challenges. Some of the defining features of the service delivery

environment for the reporting period include, among others, the following:

- **Decline in government revenue** in the past few years and the resultant reduction in budgetary allocations to government departments for which the IDT delivers infrastructure.
- **Higher levels of public debt** which gradually limit the scope and ability of the government to increase public investment in economic and social development initiatives.
- **Social Infrastructure backlogs:** According to Infrastructure South Africa (ISA), South Africa has a massive school infrastructure backlog, with approximately 3 225 schools that either need to be built (new) or refurbished. However, due to limited budgetary allocations, [the] government is only able to build 47 schools a year. At this rate, argues ISA, it will take 68 years to clear the current backlog.

The cumulative impact of these challenges is that they invariably negatively affect the size of

the IDT business portfolio, which in turn affects the entity's ability to deliver on its mandate and contribute to the realisation of national priorities.

• **Recovery from the Impact of COVID-19:**

Although the construction sector suffered heavily from closures triggered by the national lockdown related to COVID-19, which led to massive job

losses, the industry is on a trajectory of recovery and growth, which could see it return to pre-pandemic levels. A recent study on key trends and opportunities in the construction industry to 2025 suggests that the industry is forecast to experience average growth rates of 3.1 per cent between 2023 and 2025. This optimism is fuelled by the fact that the need for infrastructure remains strong

- **Construction sector performance:** Infrastructure spending stimulates economic activity and creates jobs.

According to Infrastructure South Africa (ISA), South Africa has a massive school infrastructure backlog, with approximately 3 225 schools that either need to be built (new) or refurbished.

However, without the high levels of public expenditure last seen around 2010, the construction industry has been in decline and contracted by 20 per cent as a result of COVID-19 in 2020. Similarly, several construction projects, including social

infrastructure projects implemented by the IDT, were halted due to the floods in Kwazulu-Natal in April 2022.

• Slow rate of transformation:

Efforts to transform the construction industry have proceeded alongside a reversal in fortunes for emerging contractors. According to the CIDB, several contractors in levels 7-9 have deregistered, owing to some of the following challenges, namely:

- Client department's failure to roll out large-scale infrastructure, which has had a negative impact on CIDB-registered companies.
- Liquidation of some companies due to deteriorating economic conditions.

Other challenges in the operating environment, which have a bearing on infrastructure delivery, include, among others, the following:

- Demand for localisation of development benefits emphasising local procurement supplies for programmes, e.g., using local suppliers, creation and extension of job opportunities to local community members first.
- The proliferation of construction sector 'transformation forums' demanding participation in project implementation through subcontracting, leading to disruption of construction project work schedules.

- Demand for inclusive development approaches, for example, the design of programmes that enhance the role of small contractors, and the participation of women, youth, and people with disabilities.

- Service delivery protests and on-site project-specific community protests escalate the risks of construction projects implementation disruption;

and

- The challenge of ensuring that old and new social infrastructure meet the norms and standards to create a conducive service delivery environment for all.

Within the constraints of the harsh operating environment, the IDT endeavoured to deliver quality social infrastructure to support government development priorities and improve the livelihoods of marginalised communities.

As part of its contribution to the national development plan, the entity reached some milestones in a few targets during the reporting period.

Some of the notable contributions include the following.

Facts and figures

R 6. 649 billion: Value of programme fund under management

R 3.319 billion: Value of total expenditure on projects (programme expenditure)

R0. 905 billion: Benefit accrued to local SMMEs, and subcontractors employed in the construction projects.

Facts and figures

109 871

Number of work opportunities through the Expanded Public Works Programme Non-State Sector (EPWP-NSS) initiative

- Achieving R 3.319 billion in programme expenditure; a 42,4% expenditure increase compared to the 2021/22 financial year (R 2. 331 billion).
- Creating 109 871 work opportunities through the Expanded Public Works

Programme Non-State Sector (EPWP-NSS) initiative

- Spending R 1.494 billion on BBBEE-compliant entities as weighted BBBEE spend²
- 100 project final accounts approved with 75% completed within budget against an annual performance target of 75% of projects completed within the budget.
- Completed 18 new or replacement facilities and 27 non-greenfield facilities during the reporting period.
- Placed 124 contractors under the Contractor Development Programme (CDP) against a target of 60 contractors. 44% and 32% of these contractors are women youth-owned entities respectively. in the programme. All the targets for CDP have been adequately achieved except for people living with disabilities.

All these efforts contribute to the realisation of goals such as increasing access to social infrastructure, transforming the built environment, and creating work opportunities through public employment programmes.

2.2 Organisational Environment

The past financial year saw a remarkable turnaround in the entity's fortunes. Audit outcomes was maintained, policies were reviewed and updated and new business was generated as a result of growing levels of client confidence in the IDT.

The board, together with management, worked hard to ensure that they turned the entity around. Uppermost on the board's list of

priorities was to turn the IDT into a compliant, fit-for-purpose and financially viable entity that can meet client expectations. Some of the notable initiatives set in motion by the board include the following:

- **Business generation:** As part of making the IDT financially viable, the board, together with management, has been working on generating new business for the

entity. As a result of these efforts, new business opportunities have emerged from new and existing clients. The

total value of the business portfolio stood at **R6. 795** billion at the end of the financial year. This is significant as it shows growing confidence by clients in the IDT, especially in view of the fact that the entity's portfolio had shrunk to unsustainable levels in prior years, and in consequence, raised the spectre of the entity's closure.

- **Appointment of new staff:** During the reporting period, several critical positions were filled in functional areas such as finance, corporate services, and programme management services. Of greater significance was the appointment of the Executive Head Programme Management Services, the Executive Head Corporate Services, the Chief Information Officer, and the General Manager Supply Chain Management. The appointment of professionally registered built-environment

Facts and figures

18: Number of new or replacement facilities completed.

27: Number facilities renovated or rehabilitated or upgraded

² Weighted B-BBEE Spend is derived by multiplying total expenditure on a vendor by the vendor's certified BBBEE

percentage level. The total expenditure including expired certificates amounts to R 1.494 billion

professionals remained uppermost in our minds, and during the reporting period, the entity appointed several professionally registered professionals, who will ensure that the entity delivers



infrastructure to the satisfaction of its clients.

2.2.1 Organisational Turnaround and Restructuring

After coming into office, the new board developed a 100-day plan of action to find solutions to some of the entity's teething

“After coming into office, the new board developed a 100-day plan of action to find solutions to some of the entity's teething problems”.

problems. Some of the notable milestones in this regard include, among others, the following:

- Finding the best institutional shape and form for the IDT as part of the reconfiguration process initiated by the Shareholder (reconfiguration).
- Identifying and resolving performance-related problems as they relate to some of the projects managed by the entity.

- Identifying the most suitable management fee regime to enable the entity to generate enough revenue for long-term sustainability.
- Building staff competencies by attracting suitably qualified personnel to boost the entity's ability to deliver infrastructure that meets client expectations.

Reconfiguration process: Notable progress has been made with the process of reconfiguring the IDT by the end of the reporting period. The Executive Authority presented the IDT business case to Cabinet for consideration during the previous quarter. During the reporting period, the team comprised of the IDT Management, the delegated DPWI officials, and the GTAC advisors presented the IDT business case to the Presidential State-Owned Enterprises Council Workstream on Consolidation and Crisis Management. The Commission is considering the business case as a follow-up to the cabinet decision.

- The most notable recommendation of the business case is that there is a need for the IDT to continue to exist as an implementing agent, given the country's current infrastructure challenges.

2.2.2 The Financial State of Health

The entity has witnessed growth in both programme portfolio and programme expenditure. This indicates a positive move towards financial sustainability. Programme expenditure for the year under review shows a positive trend and is the highest since the 2019/20 financial year when trading conditions

were relatively stable since it was before the onset of Covid-19 and its impact on infrastructure delivery.

However, the level of programme portfolio and expenditure remains lower than the required growth to attain the financial breakeven point.

2.2.3 Audit Outcomes and Action Plan

The entity received a qualified audit outcome for the 2021/22 financial year. A detailed audit action plan was developed to address the root causes of the negative audit outcome. Most of the action plan targets were met at the end of the reporting period. Implementation of the action plan is an ongoing process that will continue into the next financial year.

2.2.4 Stakeholder Engagement

Stakeholder management is the bedrock of client satisfaction and retention. Acutely aware of this truism, the board instructed management to develop a stakeholder

management strategy, which was approved during the reporting period. The strategy will enable the IDT to engage, manage, and actively communicate with its stakeholders throughout the project lifecycle. This will allow the entity to identify and analyse stakeholder needs and expectations and address them on time. A notable outcome of stakeholder engagement was a client satisfaction survey carried out towards the end of the financial year. The survey revealed interesting insights on client

“A notable outcome of stakeholder engagement was a client satisfaction survey carried out towards the end of the financial year. The survey revealed interesting insights on client perception and experience with the IDT”

perception and experience with the IDT. Seventy-one per cent of the respondents were satisfied with the quality of services they received from the IDT and reported that the entity met their expectations. Ninety-five per cent of respondents said that they would work with the IDT in future while 89 per cent said they would recommend the IDT to other clients. The entity has committed to developing action plans to improve concerns raised by the clients during the survey. The positive outcome of the survey reflects the turnaround measures put together by management and the board to ensure that the entity reclaims its place as one of the premier Implementing Agents in the country.

In addition, the IDT has made a concerted effort to improve stakeholder relations to secure its long-term sustainability. Some notable efforts include mending broken relations with old clients and building new ties with new clients, especially in regions where the IDT had a limited footprint because of a challenging operating environment occasioned by an unfavourable political climate.

2.2.5 Litigation

The construction industry is highly litigious. As a result, the IDT has several legal claims for and against it emanating from matters related to programme delivery. The entity initiated a legal process to dismiss dormant claims due to a lack of prosecution by the parties that instituted the claims. To curb the flurry of litigation, the IDT introduced a new contracting model during the 2018/19 financial year. The contracting model distributes risk proportionally between the IDT

and clients with performance obligations on all parties.

However, some client departments continued to delay the transfer of programme funds to the IDT. This remained a major concern during the period under review due to the risk of litigation and damage to the entity's reputation. Several client departments have adopted the practice of requiring the service providers' invoices to be submitted directly to them before transferring funds.

This has negatively affected payment turn-around times, negatively affecting the service providers' cash flow, especially small, emerging contractors who can hardly afford payment delays.

Measures to facilitate the settlement of disputes with the support of the State Attorney's Office in resolving litigation matters, which threaten the existence of the entity and small contractors, continued to be implemented during the reporting period.

The board and management have been working on strategies to reduce the number of litigation cases against the IDT. As a result of these efforts, there has been a significant reduction in litigation cases against the IDT.

2.2.6 Resolving Problematic Projects

As part of the new strategic intent to build a client-centric IDT, management has developed plans to resolve problematic projects that have remained incomplete for years. And here, too, significant strides have been made, and regular

interaction with the clients to resolve these issues has yielded positive outcomes in the form of renewed confidence in the IDT.

2.2.7 Corporate Governance

Corporate Governance refers to the rules, practices, and processes through which to govern an organisation. The Board, as part of its oversight role, provided the necessary leadership to ensure that the entity strengthens good governance practices in line with statutory

parameters, the Deed of Trust, the Shareholder's Compact, and the underlying corporate values. Key instruments such as policies were updated while detailed audit action plans were developed and implemented to address issues emanating from the audit process undertaken in the previous financial year. Similarly, the board strengthened some of its committees by inviting independent experts on issues such as Auditing and Human Resources management to serve on the structures.

2.3 Key Policy Developments and Legislative Changes

The most notable policy development, which has positively impacted the IDT, was the completion of a business case as part of the reconfiguration process aimed at finding the most suitable shape and form for the IDT. This was informed by a Cabinet directive that a suitable shape and form for the IDT be found following a hiatus caused by the announcement that the IDT should be closed. A team from the

“Key instruments such as policies were updated while detailed audit action plans were developed and implemented to address issues emanating from the audit process undertaken in the previous financial year.”

National Treasury, working in consultation with officials of the Department of Public Works and Infrastructure and the IDT board drafted a business case with options on the future of the entity. The Business Case was presented to the Executive Authority and the Portfolio Committee on Public Works and Infrastructure. This was also followed by the presentation of the same business case to the Presidential State-Owned Entities

Council. A notable conclusion of the business case is that there is still a need for the

IDT to continue as an Implementing Agent of the State. At the end of the financial year, the entity was still waiting for a conclusion on the reconfiguration process, which is likely to be concluded in the 2023/24 financial year.

“At the end of the financial year, the entity was still waiting for a conclusion on the reconfiguration process, which is likely to be concluded in the 2023/24 financial year.”

3. Progress Towards Achievement Institutional Impact and Outcomes

The IDT, as part of the infrastructure value chain of the state, takes a special interest in policy positions that are relevant to its mandate. The most pertinent policy directives are the seven priorities of the sixth administration contained in the National Development Plan (NDP). The IDT, like other government institutions, has developed its Impact Statement and Outcomes to contribute to the realisation of these priorities.

3.1 IDT Impact Statement

The IDT is part of the service delivery machinery of the state and its targets are informed by and contribute to the realisation of

some of the key delivery targets set by government in the National Development Plan. The entity's impact statement is **Quality, accessible social infrastructure that contributes to National Priorities**. The organisation does this through managing the delivery of multi-sectoral development programmes – predominantly social infrastructure – for and on behalf of client departments, state institutions, and municipalities.

3.2 Outcomes

As part of contributing to the realisation of national priorities, the IDT focuses on the following outcomes:

- Increased access to quality social infrastructure
- A Transformed Built Environment
- Optimised Job Opportunities (through public employment programmes)
- A compliant, Fit-for-Purpose Entity

The IDT has two programmes: Programme 1, Integrated Service Delivery, and Programme 2, Administration. Each programme has its objectives and targets arranged around the four outcomes.

3.2.1 Programme 1: Integrated Service Delivery

Purpose: to provide efficient, effective, and integrated public social infrastructure delivery management services:

- To deliver quality social infrastructure on time, within budget and scope.
- To employ a developmental approach in the delivery of development programmes

on behalf of [the] government to strengthen community ownership and social cohesion; and,

- To manage public employment programmes on behalf of [the] government to strengthen job creation efforts.

This programme ensures that the entity delivers on its core mandate and contributes to the reduction of infrastructure backlogs through the construction of public infrastructure, creating work opportunities through public employment schemes and transforming the built environment.

3.2.2 Programme 2: An Effective and Efficient Administration

The purpose of this programme is to ensure that the Independent Development Trust is a financially viable, complaint, results-based, efficient and focused organisation.

Purpose: A financially viable, compliant, results-based, efficient, and focused organisation.

- Building a sustainable organisation and maintaining a clean administration that is committed to the efficient use of resources, compliant with relevant legislation and regulations, and accountable

Performance indicators and targets under this programme address the entity's delivery capacity, corporate governance, and financial sustainability and are also aligned with the expectations of clients. They enable the entity to contribute to building a capable state and transformation of the built environment by expanding and strengthening its delivery capacity

The table below shows linkages between the IDT's strategic outcomes-oriented goals and its contribution to the NDP outcomes.

Figure 3 indicates IDT's Contribution and Alignment with National Development's (NDP's) Priority Outcome Areas.

Alignment of IDT Goals with National Priorities

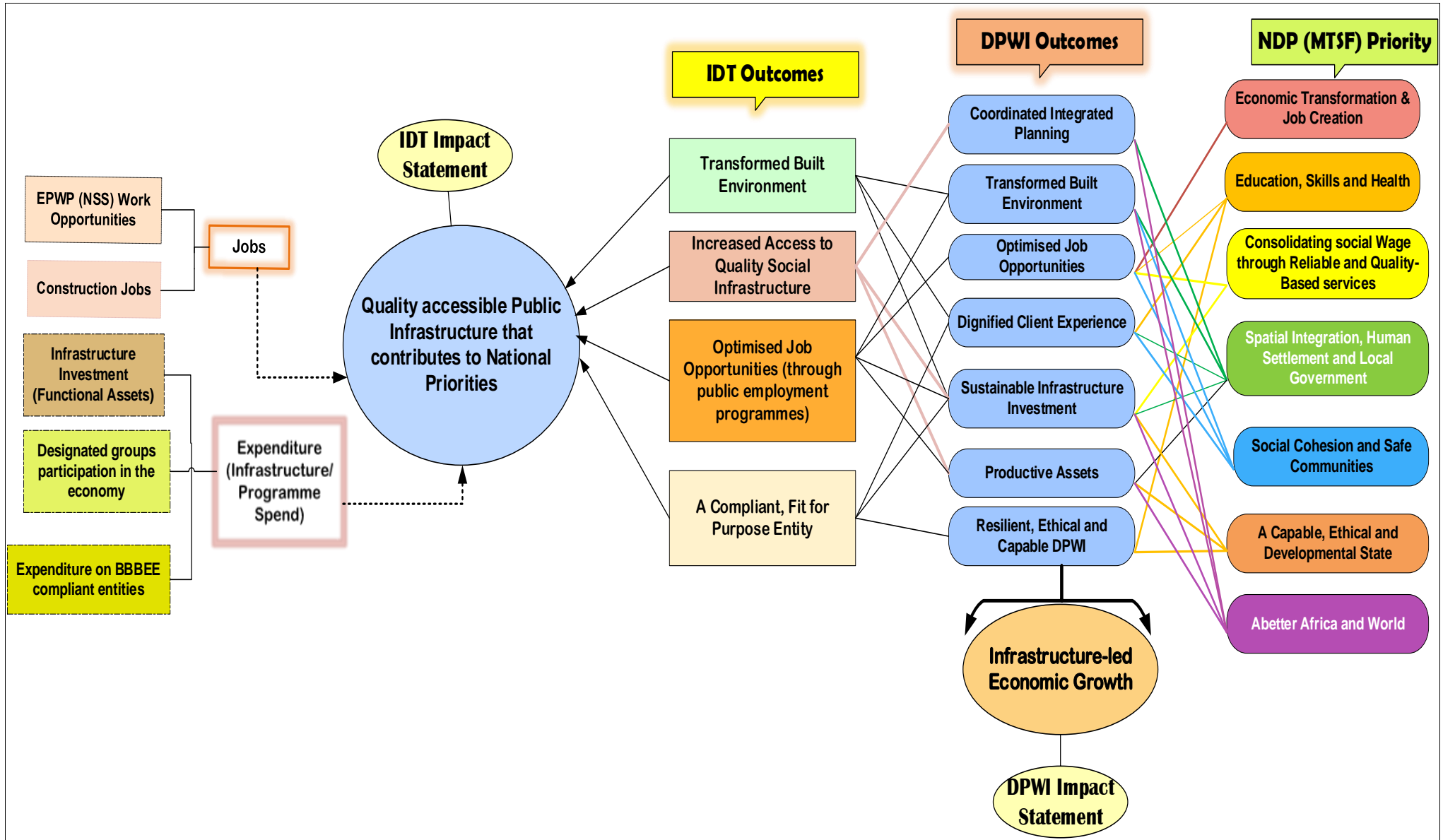


Figure 3: Alignment of IDT Goals with National Priorities

4. Institutional Programme Performance Information

Planning for the year under review was based on some of the following critical success factors:

- i) **Certainty of mandate and long-term sustainability** – the IDT retains its mandate and status as a programme implementing agent and an entity of government.
- ii) **Corporate form and identity** – the IDT will remain a Schedule 2 entity for at least the next three years, irrespective of the proposal for a new corporate form (and possible name). Changes in corporate form may be introduced during this period. However, this will not significantly affect or alter the entity's role as a programme implementing agent for the government.
- iii) **Going concern Status** – the IDT will remain a going concern for the next three years.
- iv) **Business Portfolio** – The IDT will attract a sufficient business portfolio annually. Executing the secured programme portfolio will enable the entity to break even financially and ultimately generate an operating surplus.
- v) **Delivery Capacity** – the IDT will have sufficient capacity and resources (people and finances) to deliver on its mandate.
- vi) **Enabling Technology** - the IDT will timeously resource itself with

appropriate enabling technology to efficiently deliver on its mandate.

- vii) **Business processes** – The organisation's design, structure, and processes are fit for purpose (processes institutionalised and diligently implemented).
- viii) **Organizational culture** – The IDT has developed and implemented an appropriate organisational culture that is client-centric and conducive to achieving excellent results (high-performance culture).
- ix) **Quality of personnel** – The IDT can attract and retain the right and required skills when and where they are needed. This includes additional technical resources required to drive business development and implementation of projects.
- x) The entity will have sufficient resources to manage infrastructure procurement to ensure that projects are fast-tracked to on-site implementation to contribute toward the entity's cash position and manage the cost of infrastructure delivery.
- xi) The plan assumed that the turnaround measures that require funding would be adequately resourced. It also assumed that turnaround measures which do not require funding, for example, the implementation of the revised contracting model, the implementation of cost containment measures, billing and revenue collection strategy, etc., would be effective in reversing financial and programme performance decline.

The entity made progress in implementing less resource-intensive turnaround measures during the period under review. These include implementing the new contracting model, intensifying cost containment measures through centralising critical expenditure items, billing automation, and aggressive revenue collection mechanisms. Although some of these measures could improve the entity's financial performance, they do not enhance programme delivery.

4.1 Performance Overview

The entity had a total of 1 749 active projects at the end of the 2022/23 financial year.

Figure 4 presents the proportion of the total number of projects per infrastructure delivery stage gate. The entity spent R 3 .319 billion on programme delivery.

In the 2022/23 financial year, the IDT had eighteen (18) targets. Eleven (11) of these targets were under Programme 1, and seven (7) under Programme 2. The entity achieved nine (9) out of eighteen (18) targets during the reporting period. This represents a 50 per cent performance level. Seven (7) targets were partially achieved, while two (2) targets, or 11%, were not achieved. Table 2 presents a performance summary for the period under review

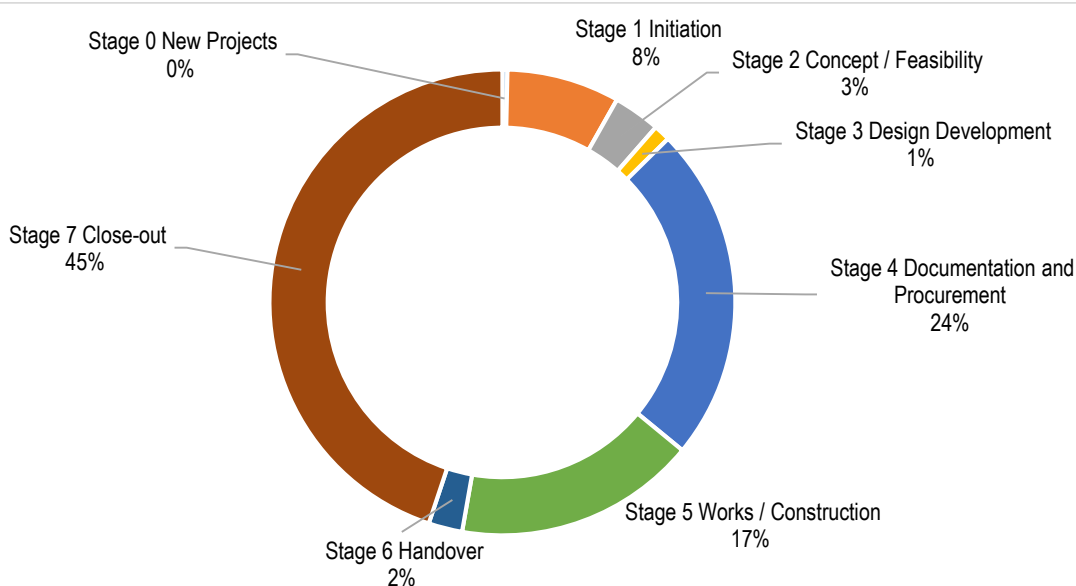


Figure 4: Infrastructure projects per deliver stage gate

Table 2: Corporate Performance Rating

Performance Scores	Relative Performance Level in percentage terms	Strategic Objective 1	Strategic Objective 2	Total	Performance description
1	0-50	2	0	2	Target not achieved
2	51-85	2	5	7	Target Partially achieved
3	86-115	2	1	3	Target Achieved
4	116-130	1	1	2	Target exceeded
5	131+	4	0	4	Target overachieved
Total		11	7	18	

4.1.1 Programme 1: Integrated Service Delivery

The integrated service delivery programme aims to ensure efficient, effective, and integrated public social infrastructure delivery management services to satisfy client requirements and positively impact the government development agenda. The entity recorded a programme performance improvement during the year under review in comparison to the preceding years.

The entity has improved in respect of the value of the business portfolio. It achieved a R 6. 795 billion total value of

programme portfolio for the 2022/23 financial year against an annual target of R 6. 20 billion which represents a 9,5% performance level above the target. The R 6. 795 billion value of the programme portfolio represents a 123% year-on-year increase compared to the value of programme portfolio achieved by the end of the 2021/22 financial year (R 3.041bn)³.

The total programme expenditure achieved by the end of the 2022/23 financial year is R 3, 319 billion against an expenditure target of R 5,27 billion. It is important to note that the annual target of R5,270 billion expenditure included a contribution from the new programme portfolio (additional) that had to

be secured during the 2022/2023 financial year. As a result, the timing of securing the portfolio and concluding service delivery agreements, allocation and transfer of programme funds, and finalisation of service delivery contracts especially where concurrent approvals were required negatively affected progress on potential expenditure the entity could have achieved by the end of the reporting period.

Programme expenditure of R 3, 319 billion recorded during the period under review represents an increase of 42,4 percent compared to the previous financial year (R 2.331). This improvement reflects a

corresponding percentage (123%) growth in programme portfolio from R3.041 billion in 2021/22 to R 6. 795 billion in 2022/23. The growth in value of programme portfolio reflects the heightened client engagement efforts and the growing trust in the entity. However, the withdrawal of projects and project budget scaling down by client departments during the previous financial year, capacity constraints and delays in the transfer of funds continued to undermine efforts to improve the entity's performance.

The following summary reflects the entity's performance under **Programme 1: Integrated Service Delivery.**

“The R 6. 795 billion value of the programme portfolio represents a 123% year-on-year increase compared to the value of programme portfolio achieved by end of the 2021/22 financial year (R 3.041bn)¹.”

³ The value of confirmed programme portfolio achieved by the end of the fourth quarter of the 2021/22 financial year was R 3.041 billion

- A total of 45 projects were completed
- The IDT has targeted to place sixty (60) contractors under the Contractor Development Programme for a period of three years, from 2022/23 to 2024/25. Out of the targeted 60 contractors, 40% are to be women-owned and 30% Youth owned Contractors and 2% must be people with disabilities (PwD).

Facts and Figures

A total of 109,871 work opportunities were created through the EPWP NSS Programme against an annual target of 64 000 work opportunities, which equates to a 72% performance level above the target.

during the period under review. Of these 22% (10 projects) were completed on time against an annual target of 75%. The low achievement is attributed to the late transfer of funds by client departments and devastating floods experienced in large parts of KwaZulu-Natal earlier in the financial year

- Twenty-seven (27) facilities were either upgraded, renovated, or rehabilitated against a target of twenty-five (25) non-green field social infrastructure facilities completed which equates to an 8% performance level above the target.
- Eighteen (18) new facilities were completed against a target of twenty-one (21). This equates to an 86% performance level.
- A total of 100 final accounts for projects were approved by the end of the 2022/23 financial year. Of these, 75 projects were completed within budget. This equates to 75% achievement against a target of 75%.
- A total of R 1.494 billion of programme expenditure was on BBBEE-compliant entities representing 45% of the total programme spend against a target of 75%.

Facts and Figures

- *A total of 45 projects were completed during the period under review.*
- *Twenty-seven (27) facilities were either upgraded, renovated, or rehabilitated against a target of twenty-five (25) non-green field social infrastructure facilities completed which equates to an 8% performance level above the target.*

- During the period under review, 124 contractors were placed in the programme. Of these, 44% (55) are women and 32% (40) are youth. In addition, five regions were completing the contracting process with additional CDP. All the contractors, as a panel in different regions, will be considered for development and project allocation during the 2023/24 financial year. Based on these figures all the targets for CDP have been adequately achieved except for people living with disabilities.
- Targets for construction projects allocated to the CDP programme, percentage of projects awarded to designated groups (women, youth and people with disabilities) as well as the number of CDP contractors who graduate from the IDT CDP including proportion of designated groups graduating from the programme are

provided for in the two outer years of the programme (second and third year).

- By the end of the fourth quarter, 3 187 work opportunities were created through the IDT programmes against a target of 5 100, which equates to a 62% achievement.
- A total of 109,871 work opportunities were created through the EPWP NSS Programme against an annual target of 64 000 work opportunities, which equates to a 72% performance level above the target.

Table 3: Performance Summary (Programme 1)

OUTPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE		ANNUAL TARGETS PERFORMANCE				REASON FOR VARIANCE
		2020/21	2021/22	ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	VARIANCE	PERFORMANCE LEVEL	
Outcome#1: Increased Access to Quality Social Infrastructure								
1. Projects completed on time	1.1 Percentage of projects completed on time	26%	56%	75%	22%	(53%)	29%	Project completion was delayed due to a delayed transfer of funds. Contractors faced cashflow challenges, and devastating floods in KZN also contributed to low performance
2. Projects completed within budget	2.1 Percentage of projects completed within budget	94%	100%	75%	75%	0	100%	
3. New or replaced facilities	3.1 Number of new or replacement facilities that comply with infrastructure norms completed	10	17	21	18	(3)	86%	
4. Non-greenfield social infrastructure facilities	4.1 Number of non-greenfield social infrastructure facilities that comply with infrastructure norms completed	25	19	25	27	2	108%	
Outcomes #2: A transformed built environment								
5. BBBEE expenditure	5.1 Percentage of weighted B-BBEE Spend (Based on total programme spend)	37%	44%	75%	45% ⁴	(30%)	60%	Expenditure on entities with expired BBBEE certificates excluded. This affects the validity of expenditure allocation resulting in underreporting. The BBBEE recognised amount (numerator) excludes expenditure on EPWP NSS..

⁴ The final performance is to be verified after the conclusion of the year's financial closure.

OUTPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE		ANNUAL TARGETS PERFORMANCE				REASON FOR VARIANCE
		2020/21	2021/22	ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	VARIANCE	PERFORMANCE LEVEL	
6. CDP Contractors' panel	6.1 Number of contractors participating in the IDT Contractor Development Programme (CDP) – (CDP Panel)	50	N/A	60	124	64	207%	More qualifying contractors responded to the CDP recruitment drive (Tender for a Panel of CDP Contractors for a period of three years)
	6.2 Percentage of women contractors participating in the IDT Contractor Development Programme	45%	N/A	40%	44%	4%	110%	Increased efforts to recruit women and youth into the programme led to a higher response rate from these groups. The procurement process for additional CDP contractors in the four (4) remaining regions (EC, GP, LM and NW) will be concluded by the first quarter of 2023/24 financial year.
	6.3 Percentage of youth contractors participating in the IDT Contractor Development Programme	N/A	N/A	30%	32%	2%	106%	
	6.4 Percentage of Persons with disabilities participating in the IDT Contractor Development Programme	N/A	N/A	2%	0%	(2%)	0%	Non-response by entities owned by people living with disability
7. Projects allocated to the CDP	7.1 Number of construction projects allocated to the IDT CDP	N/A	N/A	0	0	N/A	N/A	N/A
	7.2 Percentage of construction projects awarded to women contractors participating in the IDT CDP	N/A	N/A	0%	0%	N/A	N/A	

OUTPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE		ANNUAL TARGETS PERFORMANCE				REASON FOR VARIANCE
		2020/21	2021/22	ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	VARIANCE	PERFORMANCE LEVEL	
	7.3 Percentage of construction projects awarded to youth participating in the IDT CDP	N/A	N/A	0%	0%	N/A	N/A	
	7.4 Percentage of construction projects awarded to persons with disability participating in the IDT CDP	N/A	N/A	0%	0%	N/A	N/A	
8. CDP Contractors graduated from the CDP (CIDB higher grades designation)	8.1 Number of CDP contractors who graduate[d] from the IDT CDP	N/A	N/A	0	0	N/A	N/A	N/A ⁵
	8.2 Percentage of women contractors who graduate[d] from the IDT CDP	N/A	N/A	0%	0%	N/A	N/A	
	8.3 Percentage of youth contractors who graduate[d] from the IDT CDP	N/A	N/A	0%	0%	N/A	N/A	
	8.4 Percentage of people with disabilities who graduate[d] from the IDT CDP	N/A	N/A	0%	0%	N/A	N/A	
Outcomes #3: Optimised Job Opportunities (through public employment programmes)								

⁵ Targets for these indicators are planned for execution during the subsequent financial years in the life cycle of the IDT CDP (Programme). As a result, the 2022/23 APP table (table 9) on Outcomes, Outputs, Performance Indicators and Targets for the MTEF has a zero target for these indicators for the 2022/23 financial year.

OUTPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE		ANNUAL TARGETS PERFORMANCE				REASON FOR VARIANCE
		2020/21	2021/22	ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	VARIANCE	PERFORMANCE LEVEL	
9. Construction work opportunities created	9.1 Number of construction work opportunities created (IDT Portfolio)	2 780	3 950	5 100	3 187	(1 913)	62%	The negative achievement has largely been due to under –expenditure
10. EPWP Work opportunities created	10.1 Number of work opportunities created through EPWP (EPWP-NSS excluding IDT programme portfolio)	35 937	100 212	64 000	109 871	45 871	172%	The APP target was based on the 2021/22 financial year MOA which set the work opportunity target at 64 000 The programme performance was accelerated during the last quarter of the financial year by increasing the number of beneficiaries

Strategies to overcome under-performance

Target	Corrective actions
Percentage of projects completed on time	The capacity of most regions at the Programme Management Tech level has been enhanced and will assist to fast track, increasing its visibility on site, and swiftly addressing challenges. Most projects are nearing completion and will continuously be monitored and enforce contractual provisions without creating delays, especially where Contractors and Consultants are not performing. In addition, Client Departments will be encouraged to transfer funds in accordance with the latest arrangements, i.e., Tranche Payments. The poor performance by consultants to finalize Final Accounts will be dealt with in terms of the contract and their future engagements with the IDT reviewed.
Percentage of projects completed within budget	
Number of new or replacement facilities that comply with infrastructure norms completed	
Number of non-greenfield social infrastructure facilities that comply with infrastructure norms completed	
Percentage of weighted B-BBEE Spend (Based on total programme spend)	This target is replaced with contracts awarded and expenditure on designated groups in terms of PPPFA-specific goals in the 2023/24 FY
Number of contractors participating in the IDT Contractor Development Programme (CDP) – (CDP Panel)	Expedited the identification and allocation of projects for implementation through CDP
Percentage of women contractors participating in the IDT Contractor Development Programme	
Percentage of youth contractors participating in the IDT Contractor Development Programme.	
Percentage of People with Disability participating in the IDT Contractor Development Programme	Review the target during the 2023/24 planning season. Engage the relevant associations to establish status of PwD owned entities registration and participation in the construction sector
Number of construction work opportunities created (IDT Portfolio)	Expedite the finalisation of pending project procurement.

4.1.2 Programme 2: Administration

The following reflects performance under the Programme: Administration, during the period under review: -

- The total value of the business portfolio increased by 123,4% from R 3, 041 billion R3.041 billion in at the end of 2021/22 financial year to R6. 795 billion at the end of the 2022/23 financial year. This equates to a 107% performance level against a target of R6.2 billion.
- The entity set an annual target of R2, 665 billion in new business (value of new programmes), of which 36% (R965m) is provincial programmes, and 64% (R1,7bn) is national programmes. A total of R 2,653 billion in the value of new programme portfolio was generated by the end of March 2023. This represents a 99,6% performance level against the annual target. The R 2,653 billion worth of new business generated comprised national and provincial programmes as follows:

- A total of R 824.351 million worth of new business was generated against a target of R 965 million in provincial programmes, equating to 85% performance against the target.

- The value of new business generated (national programmes) amounted to R1. 822 billion against a target of R1,7 billion. This represents a 7% achievement level above the annual target.

- The entity achieved a total programme expenditure of R 3. 319 billion against a target of R5. 270 billion by the end of the fourth quarter of the 2022/23 financial year, which equates to a 63% performance level.
- The management fee collection ratio stood at 76% against a target of 90 per cent collection ratio.

- Sixty-three per cent (63%) of all compliant overhead invoices were paid within 30 days of receipt

against a target of 100 per cent.

- Eighty-five per cent (85%) of all compliant programme invoices were paid within 30 days of receipt against a target of 100 per cent. Failure to pay compliant programme invoices within 30 days is attributable to insufficient programme funds or delays in the transfer of funds by clients, the discontinued practice of tranche payments by client departments, and the adoption of payment per service provider's tax invoice resulting in voluminous claims administration.

Facts and Figures
Eighty-five per cent (85%) of all compliant programme invoices were paid within 30 days of receipt.

Table 4: Performance Summary (Programme 2)

OUTPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE		ANNUAL TARGETS PERFORMANCE				REASON FOR VARIANCE
		2019/20	2020/21	Planned Annual Target 2022/23	Actual Achievement 2022/23	Variance	Performance Level	
Outcome# 4: A Compliant, Fit for Purpose Entity								
4.1 Business generated	4.1.1 Value of business portfolio (confirmed programmes)	N/A	N/A	R3,535bn	R 4,149 bn	R 614 m	117%	Increase in portfolio from provincial education (EC, MP and NW) departments and Free State DPWI programme
	4.1.2 Value of new business generated (Provincial Programmes)	N/A	N/A	R 965m	R 824m	(R 141m)	85%	Non-confirmation of programme allocations and delays in the signing of SDAs by the client department
	4.1.3 Value of new business generated (National Programmes) ⁶	N/A	N/A	R 1,700bn	R 1.822bn	R 122m	107%	Most new programmes were allocated between Oct and January of FY 2022/2023. The unspent allocation will be rolled over to the next financial year.
4.2 Operating Surplus	4.2.1 Value of programme spend	R2.122bn	R2,331 075bn	R5,270bn	R 3,318 920bn	(R 1,951 080bn)	63%	Delay payments to service providers by the client department Projects were delayed due to delayed transfer of funds; contractors faced cashflow challenges, and devastating floods, in KZN also contributed to low performance. Withdrawal of projects and prolonged turnaround time within the internal SCM and on the concurrence by clients

⁶ Value of New Business (National Programmes) relates to total programme allocation from DPWI (Shareholder) in the current financial year.

OUTPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE		ANNUAL TARGETS PERFORMANCE				REASON FOR VARIANCE
		2019/20	2020/21	Planned Annual Target 2022/23	Actual Achievement 2022/23	Variance	Performance Level	
	4.2.2 Management fee collection ratio	80 %	81%	90 % annual management fee collection ratio	76%	(14%)	84%	The collection rate was not achieved due to insufficient programme funds. There are delays in fund transfers from client departments.
4.3 Compliance with legislative requirements and King IV	4.3.1 Percentage of compliant programme invoices paid within 30 days of receipt	35%	65%	100% compliant programme invoices paid within 30 days	85%	(15%)	85%	Insufficient programme funds. Delays in fund transfers from client departments. Transfers take, on average, longer than 30 days to reach the programme bank account for payments to be affected.
	4.3.2 Percentage of compliant overheads invoices paid within 30 days of receipt	65%	83%	100% compliant overheads invoices paid within 30 days	63%	(37%)	63%	Payment of admin invoices is dependent on the availability of cash in the bank.
Strategies to overcome under-performance								
Target		Corrective actions						
Value of new business generated (National Programmes)		<ul style="list-style-type: none"> Engagements of new client departments by several regions will increase allocations for provincial and national programmes National Programmes will increase business generation in the last two quarters of the financial year Confirmation of budgets by client departments to be completed as soon as the SDAs are signed 						
Value of new business generated (Provincial Programmes)								
Value of programme spend		<ul style="list-style-type: none"> Increased capacity on SCM in regions will assist in expediting the turnaround time for project implementation Project monitoring plans and contract management in each region are to be adhered to Implementation of EPWP NSS programme to increase expenditure in the last two quarters Tranche payment requests are currently submitted to the client departments to minimise delays in the payment of service providers 						
Management fee collection ratio		The entity continues to engage client departments on trade debt collection terms.						
Percentage of compliant programme invoices paid within 30 days of receipt		The entity continues to engage client departments on funding. Reviewing and closely monitoring project risk registers to ensure speedy resolution of problem issues affecting project progress.						
Percentage of compliant overheads invoices paid within 30 days of receipt		Continuous engagement with clients and the Executive Authority (DPWI) to address delays in transferring funds.						

4.2 Programme performance Analysis

The organisation has improved in respect of the value of the business portfolio. The entity achieved over R2.653 billion in value of new business portfolio generated from both national and provincial clients. The entity achieved a R 6. 795 billion total value of programme portfolio for the 2022/23 financial. This performance represents a 10% performance level above the R 6. 20 billion target set in the 2022/23 Annual Performance

Plan. It is a 123,4% year-on-year increase compared to the value of programme portfolio achieved by end of the 2021/22 financial year (R 3.041bn)⁷.

The IDT's Medium-Term Expenditure Framework (2022/23 – 2024/25 MTEF) projections suggest that the entity requires a programme portfolio value of at least R6.634 billion to break even. The R 6. 795 billion in total programme portfolio⁸ achieved at the end of 2022/23 financial year is 2.43% above the total programme portfolio expenditure required for the entity to break even⁹ and 26% above the targeted

programme expenditure for the 2022/23 financial year (R 5. 270bn). However, the value of programme portfolio available or confirmed for expenditure during the 2022/23 financial year amounted to R 4.709 billion; 12% below the targeted expenditure level.

These figures demonstrate that although the portfolio value has reached a potential break-even point for the 202/23 financial modelling assumptions, the timing of concluding programme delivery agreements, allocation and approval of programme

expenditure plans has a direct impact on the probability of reaching the target expenditure contribution from new programmes.

The total programme portfolio (pipeline) as the entity starts with the 2023/24 financial year is estimated at R3.137 billion¹⁰; 111,5% below the 2022/23 budget framework brake-even point. This demonstrates that the entity will require over R3.497 billion in additional programme portfolio available for implementation during the 2023/24 financial year to reach a break-even point based on the 2022/23 budgeting assumption. However, the operating

“The IDT’s Medium-Term Expenditure Framework (2022/23 – 2024/25 MTEF) projections suggest that the entity requires a programme portfolio value of at least R6.634 billion to break even.”

⁷ The value of confirmed programme portfolio achieved by the end of the fourth quarter of the 2021/22 financial year was R 3.041 billion

⁸ Confirmed portfolio inclusive of the current portion of the new business generated

⁹ Based on the 2022/23 MTEF budget planning parameters

¹⁰ This figure represents the balance of the total portfolio (R6. 646bn) in 2022/23 FY less total expenditure for the year (R3.509bn)

context and planning assumptions for the 2023/24 period have changed thus increasing the level of the portfolio at which the entity will reach a break-even point.

Table 5 presents social infrastructure expenditure projections and EPWP -NSS expenditure per region and total expenditure achieved by the year end of the financial year. The annual performance targets for programme expenditure remained out of reach owing to a shortfall in the value of the programme portfolio on hand (R4.709bn).

The total programme expenditure achieved by the end of the financial year is R 3, 319 billion against an expenditure target of R 5,27 billion. It is important to note that the annual target of R5,270 billion included

contribution from the new programme portfolio (additional) that had to be secured during the 2022/2023 financial year. As a result, the timing of securing the portfolio and concluding service delivery agreements, allocation and transfer of programme funds, and finalisation of service delivery contracts especially where concurrent approvals were required negatively affected progress on potential expenditure the entity could have achieved by the end of the reporting period.

Social infrastructure contributed 69% of the IDT's total programme expenditure with social development portfolio contributing the remaining 31% as indicated in figure 5 below.

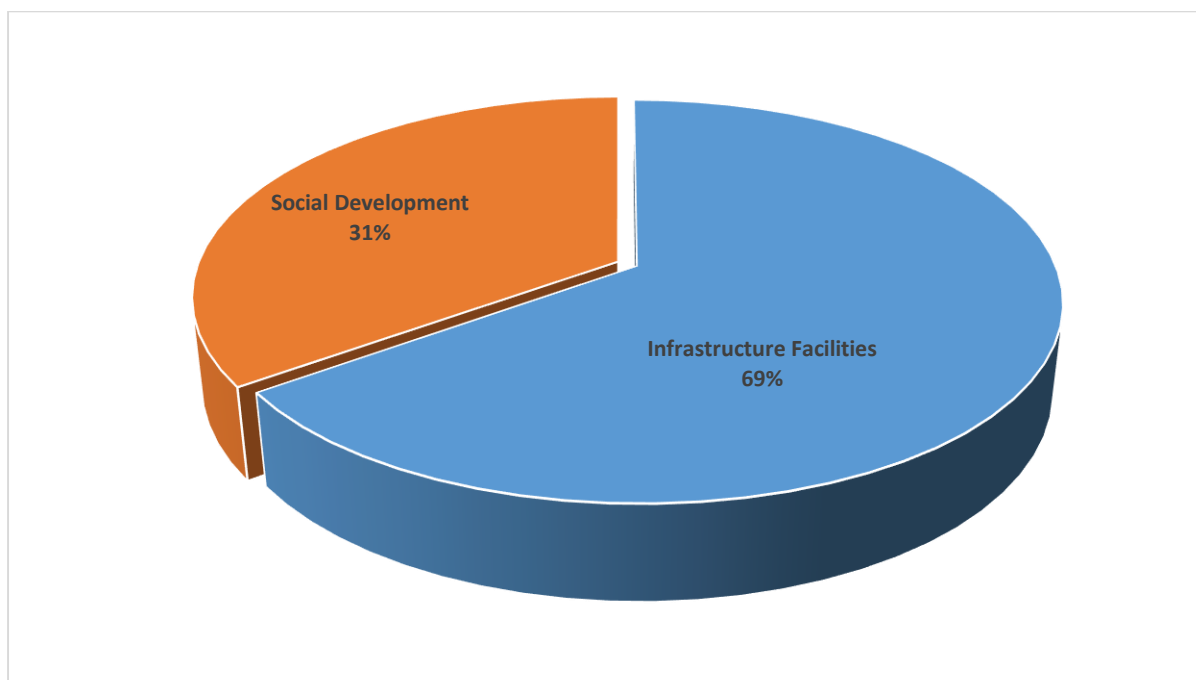


Figure 5: Portfolio split between infrastructure facilities and social development

Table 5: Projected Programme Expenditure per Region

REGION	EPWP NSS			INFRASTRUCTURE			2022/23 TOTAL EXPENDITURE		
	Projected Year-End Expenditure R'000	Expenditure Achieved R'000	% Achieved	Projected Year-End Expenditure R'000	Expenditure Achieved	% Achieved	Total Year End Projection R'000	Total Expenditure Achieved R'000	% Achieved
EC	R 163 816	R162 608	98%	R 409 551	R 370 419	90%	R 573 367	R 517 164	90%
FS	R 84 298	R83 676	100%	R 64 005	R 32 110	50%	R 148 303	R 116 408	78%
GP	R 98 013	R97 290	99%	R 113 760	R 115 597	102%	R 211 773	R 212 815	100%
KZ	R 186 198	R184 824	100%	R 1 075 572	R 1 033 199	96%	R 1 261 770	R 1 219 301	97%
LM	R 150 520	R149 410	97%	R 596 498	R 483 197	81%	R 747 018	R 625 954	84%
MP	R 106 532	R105 746	99%	R 84 415	R 16 516	20%	R 190 947	R 121 657	64%
NC	R 79 777	R79 188	98%	R 205 048	R 207 135	101%	R 284 826	R 284 308	100%
NW	R 74 059	R73 513	100%	R 83 749	R 124 867	149%	R 157 808	R 198 853	126%
WC	R 89 472	R88 812	96%	R 26 489	R 25 904	98%	R 115 961	R 96 547	83%
NA	-	-	-		R 16 629		-	R 16 629	
TOTAL	R 1 032 686	R 1 025 067	99%	R 2 659 087	R 2 293 853	86%	R 3 691 773	R 3 318 920	90%

Figure 6 shows expenditure trends for the past three financial years with the 2022/23 figures for comparative programme expenditure assessment.

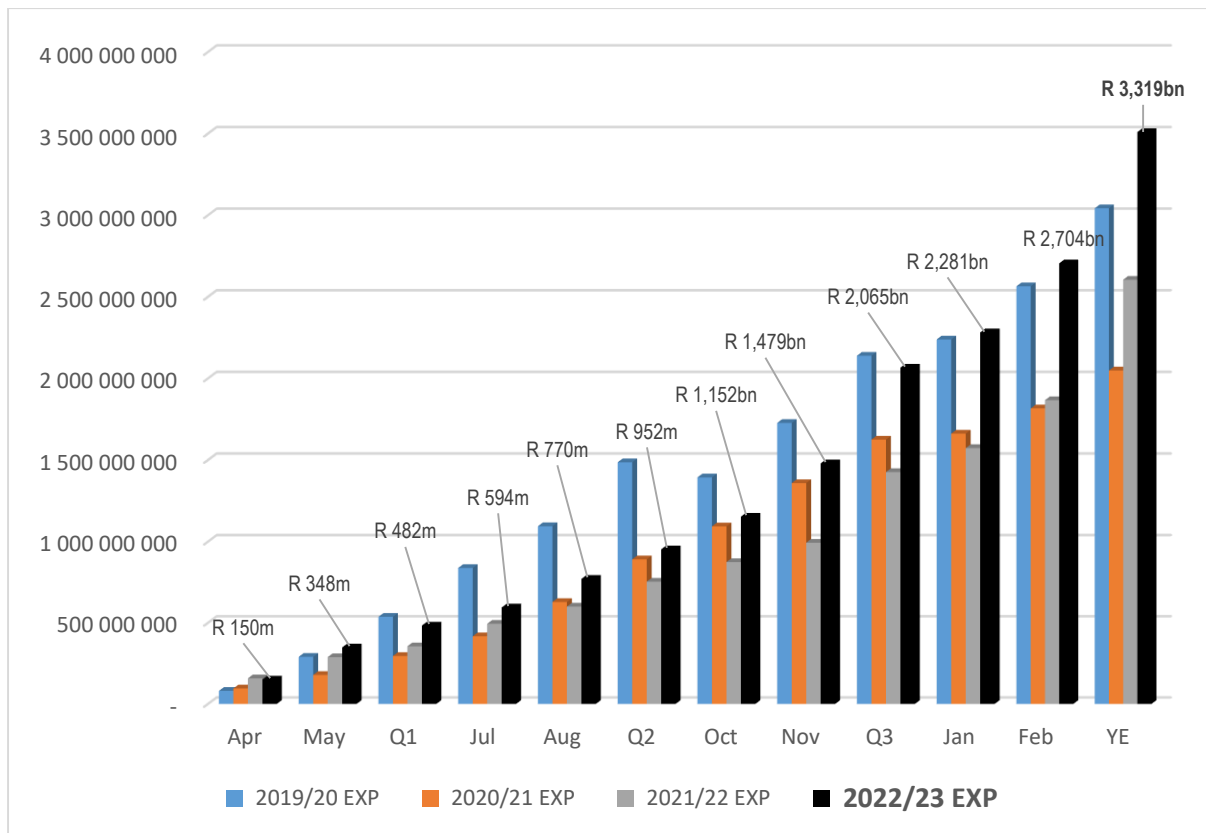


Figure 6: Expenditure Trends

The expenditure trends over the past three financial years indicate that the 2022/23 financial year's expenditure is higher than that of the past three (3) financial years. Although the total expenditure at the end of the 2022/23 financial year is below the targeted R5,27 billion, it is significantly higher than the 2021/22 financial year expenditure. The 2022/23 financial year programme expenditure increased by 42,4% compared to the total

programme expenditure achieved in 2021/22 financial year (R2, 331bn). Although the 2022/23 expenditure recovery emanates from a lower base as a result of the impact of covid pandemic on infrastructure delivery, the total expenditure indicates a positive trend compared to the 2019/20 financial year expenditure. The 2022/23 financial year programme expenditure (R3, 319bn) is 32% higher compared to the 2019/20 expenditure (R2. 514bn) when the

“The expenditure trends over the past three financial years indicate that the 2022/23 financial year’s expenditure is higher than that of the past three (3) financial years.”

“The growth in both programme portfolio and programme expenditure indicates a positive trend moving in the direction of financial sustainability.”

trading conditions were relatively comparable to the current reporting period.

The growth in both programme portfolio and programme expenditure indicates a positive trend moving in the direction of financial sustainability. However, the level of programme portfolio and expenditure achieved by the end of 2022/23 financial year remains lower than the growth required to attain the financial breakeven point.

The entity has plans to initiate improvement processes to mitigate against potential performance below target during the 2023/24 financial year. These include concerted business development initiatives, continuous engagement with the shareholder to allocate programme portfolio worth no less than R2 billion, engaging

clients to adopt programme tranche payment instead of progressive payment certificates; fast-tracking infrastructure project procurement and unlocking existing project contract management bottlenecks; identifying and fast-track the implementation of “quick win” projects; engaging the entity’s delivery intermediary to accelerate the delivery of identified projects, unlocking procurement bottlenecks as well processing variation orders and purchase orders.

4.2.1 Institutional Responses to the COVID-19 Pandemic

The table hereunder present programme expenditure per region in respect of COVID-19 related response

Table 6: IDT responses to the COVID-19 pandemic

Programme / sub-programme	Intervention	Geographic location/ province. / district/ local municipality where applicable	No. of beneficiaries (where possible)	Disaggregation of beneficiaries (where possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to outputs in the APP (where applicable)	Immediate outcomes
IDT Office Accommodation	Sanitisers (Office sensitisation)	National Office			3,174	16,000	No direct contribution	Safe working environment
		Limpopo			4,600	12,000		
	Cleaning Services (Office deep cleaning)	National Office			15,522	96,000		
		Eastern Cape			1,550	20,000		
					24 845	403 560		

4.3 Linking Performance with Budget

The table hereunder links performance with the budget and reported expenditure.

Table 7: Linking performance with budgets

Programme/ activity/ objective	2021/22			2022/23		
	Budget R'000	Actual Expenditure R'000	Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	Under Expenditure R'000
Administration	283 290	207 523	75 767	358,749	245 920	112 829
Programme Expenditure	2 797 904	2 331 075	466 829	4 505 000	3 318 920	1 186 080

5. Revenue collection

The table hereunder presents the entity's revenue collection performance for the period under review.

Table 8: Revenue collection

Source of revenue	2021/22			2022/23		
	Estimate	Actual Amount collected	Over/ under collection	Estimate	Actual Amount collected	Over/ under collection
	R	R	R	R	R	R
Management Fee Revenue	144 344	122 112	22 232	262 475	212 404	50 071

Under collection of management fee revenue is primarily due to insufficient programme bank balances held in trust on behalf of client departments. The client's delay/slowness in transferring funds to the IDT negatively impacts the efficient revenue collection.

Uncollected revenue places severe pressure on the organisation's bank balance and liquidity levels, affecting its ability to pay its staff and suppliers. The entity has a revenue collection methodology/procedure, ranging from the responsible programme manager to the PMSU Executive and CEO. The final resolution step is inter-ministerial intervention.

Part C: Governance

1. Introduction

Corporate governance is a critical element of all organisations as it also, among others, assures stakeholders that the organisation is well-managed and functioning with integrity and accountability.

The Board of Trustees is the Accounting Authority, providing leadership, oversight, and promoting accountability. The IDT has well-established governance structures with clearly approved mandates. Delegated powers were delegated to the Committees of the Board of Trustees and the Chief Executive Officer.

“The IDT has well-established governance structures with clearly approved mandates. Delegated powers were delegated to the Committees of the Board of Trustees and the Chief Executive Officer.”

The Board of Trustees ensures that it complies with good corporate governance by subscribing to relevant legislative prescripts. The two most important are the Public Finance Management Act and [the principles contained in the] King Report IV on Corporate Governance.

2. Portfolio Committee

During the reporting period, the entity participated in several scheduled sessions of the Department of Public Works and Infrastructure. The IDT participated in the following Portfolio Committee meetings:

- Presentation of the IDT Annual Report 2021/22 on 12 October 2022
- Presentation of the IDT Annual Performance Plan (APP) for the 2023/24 financial year on 30 April 2023

3. Executive Authority

The Minister of Public Works and Infrastructure is the Executive Authority (EA) of the IDT. As aforementioned, the EA retained the appointed Interim Board of Trustees as the IDT's Accounting Authority. The Minister holds the Accounting Authority accountable for delivering the entity's mandate through the Shareholder's Compact. During the reporting period, the accounting authority not only submitted the necessary statutory reports and strategic documents as detailed herein, but it held meetings to discuss the performance and challenges of the entity. This is in addition to the Ministry's quarterly performance review sessions with all entities. The following table provides a record of the interaction between the entity and the Executive Authority and the reports that were submitted to the Department for the attention of the Executive Authority:

Submitted 2021/22 4th Quarter Report to National Department and National Treasury	30 April 2022
Submitted the 2021/22 Annual Report to the National Treasury, DPWI, and Auditor General South Africa (AGSA)	31 May 2022
Public Entities' Performance Review meeting for the first Quarter report 2021/22 (chaired by the Deputy Minister of DPWI)	July 2022
First Quarter Report 2022/23 submitted to DPWI, National Treasury	31 July 2022
Presentation of the IDT Business Case to the Portfolio Committee on Public Works and Infrastructure	10 October 2022
Submitted First Draft App 2023/24 and Second Quarter Report 2022.23 to DPWI and National Treasury	31 October 2022
Submitted 3 rd quarter report 2022/23 and Second Draft APP 2023/24 to DPWI and National Treasury	31 January 2023
Appeared before the Presidential State-Owned Entities Council workstream to present the current state of the IDT (together with DPWI and GTAC)	30 March 2023

4. **The Accounting Authority**

As the accounting authority, the Board of Trustees ensures that it complies with its fiduciary duties as required by the Public Finance Management Act. It acts with fidelity, honesty, integrity, and in the best interest(s) of the IDT in managing the financial affairs of

the IDT. The Board of Trustees also discloses, on request from the Department of Public Works and Infrastructure, all

material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the Department.

Twelve (12) trustees were appointed by the Minister of Public Works and Infrastructure on 6 July 2021. The Trustees are appointed

for four years, and a Trustee whose period of office has expired may be reappointed. There is no limit to the number of terms a Trustee may serve. The Board of Trustees must be impartial and perform its function without fear, favour, or prejudice.

The Board of Trustees is the highest decision-making body and is accountable and responsible for the performance and affairs of the IDT. The Board of Trustees may appoint such persons as it considers necessary to perform the functions of the

IDT. The determination of the remuneration and other conditions of service of Trustees is as determined by the Minister of Finance.

As the accounting authority, the Board of Trustees has responsibility in the following areas:

“The IDT has well-established governance structures with clearly approved mandates. Delegated powers were delegated to the Committees of the Board of Trustees and the Chief Executive Officer.”

- Providing Strategic leadership to the IDT.
- Determination of Policy and Procedures and Levels of Materiality to ensure the Integrity of the IDT.
- Approval of IDT policies of a strategic/governance nature
- Approval of Strategic Plan, Annual Performance Plan, and Annual Budget
- The appointment of the Chief Executive Officer in terms of Clause 7.2 of the Trust Deed.
- Approval of the Enterprise Risk Management Framework, Policy, and Strategy.

4.1 Board Charter

The Board of Trustees is committed to upholding good corporate governance in all business dealings with the shareholder, regulatory authorities, and other stakeholders. To this end, the Board adopted the Board Charter and Code of Conduct to regulate how business is conducted in line with the principles of good corporate governance. The Board Charter sets out the individual and collective responsibilities of the Trustees. The Board Charter and Code of Conduct are guided by

“The Board of Trustees is committed to upholding good corporate governance in all business dealings with the shareholder, regulatory authorities, and other stakeholders.”

the King IV Report and established standards of best governance practice and address the role of the Board of Trustees, meetings, Committees, Terms of Reference of Committees, and Code of Conduct.

4.2 Delegation of Authority (DoA)

It is the responsibility of the Board to ensure the Delegation of Authority (DOA) framework is in place and updated. The IDT DoA is updated and in force. The framework outlines:

- The powers and functions of the Board of Trustees in terms of Section 7 of the IDT Deed of Trust (Trust Deed Number 669/91) and Sections 49 and 56 of the Public Finance Management Act.
- The functions delegated by the Board to the Chief Executive Officer of the IDT.
- The functions delegated by the Chief Executive Officer to other officials and structures of the IDT.
 - How the IDT manages delegation of the authority of the Board from the Accounting Authority (the Board of Trustees) to various governance structures, organisational positions, and operational structures of the entity.

Table 9: Composition of the Board of Trustees¹¹

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list the entities)	Other Committees or Task Team	No of meetings attended
Ms. Z Hill	Interim Chairperson (since October 2021)	6 July 2021	N/A	<ul style="list-style-type: none"> • Master of Business Administration – Cass Business School, UK (2008 – 2009) • Postgraduate Diploma in Accountancy – University of the Witwatersrand (2002) • Bachelor of Commerce – University of Natal (1999 – 2001) 	<ul style="list-style-type: none"> • Corporate Governance • Communication & Stakeholder management 	<ul style="list-style-type: none"> • Board Member (Chairperson: Inclusivity and Awareness) – Western Province Preparatory School: 2021 to date • Independent Trustee – Sygnia Umbrella Fund, 2020 to date • Interim Board Member – Social Housing Regulatory Authority, 2019 to date • Trustee – Anglican Church South African Retirement Funds, 2017 to date 	<ul style="list-style-type: none"> • Board Executive Committee • HR, Nominations and Remuneration Committee 	9/10
Ms. K Siyila	Chairperson of Audit, Risk, and Compliance	6 July 2021	N/A	<ul style="list-style-type: none"> • Doctor of Philosophy in Accounting Sciences: University of South Africa (2020 – 2023 - expected). • MCOM in Accounting Sciences: University of Pretoria (2015 - 2016). • Professional Practice Exam (PPE) (2010). • Accounting Professional Training Certificate (ATP) (2010) • Qualifying Exams (QE) (2009) 	<ul style="list-style-type: none"> • Development and implementation of accounting policies. • . Reviewing external financial reports for compliance with IFRS for consistency and accuracy. 	<ul style="list-style-type: none"> • Trustee: Independent Development Trust, July 2021-present • Construction Industry Development Board, Dec 2021-present: Board member, Board member <ul style="list-style-type: none"> - Member of Audit Risk and Governance Committee - Member of Finance Committee 	<ul style="list-style-type: none"> • Audit, Risk, and Compliance Committee • HR, Nominations and Remuneration Committee 	10/10

¹¹ The list excludes Ms PN Sibiyi who serve as independent members of the Audit, Risk, and Compliance Committee and Ms YD Mbane who serve as independent member of the Human Resource, Nominations, and Remuneration Committee.

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list the entities)	Other Committees or Task Team	No of meetings attended
				<ul style="list-style-type: none"> • BCOM Honours (CTA) University of Johannesburg (2008). 		<ul style="list-style-type: none"> - Dec 2022-present: Chair Registration and Regulation Committee • Head of Department: Auditing: University of South Africa (1 January 2021 to date). • Deputy Chairperson of Research Ethics Committee: University of South Africa (February 2018 to date). • Chairperson of Audit and Risk Committee: Sedibeng Water Board (29 May 2020 to date) • Members of the Finance and IT Committee: Sedibeng Water Board (29 May 2020 to date). • Interim Board member Sedibeng Water Board (29 May 2020 – December 2021) • Chairperson of Audit & Risk Committee, Sedibeng Water Board (29 May 2020-Dec 2021) • Member of the Finance and IT Committee: Sedibeng 		

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list the entities)	Other Committees or Task Team	No of meetings attended
						water (29 May 2020-Dec 2021)		
Ms. N Mkhwanazi	Chairperson of Human Resources, Nomination, and Remuneration	6 July 2021	N/A	<ul style="list-style-type: none"> Professional Directors PD (SA): Directors Association (In process). MBA: Wits Business School (March 2018). Postgraduate Diploma in Management: Wits Business School (July 2011). BSC in Microbiology: University of the Witwatersrand (November 2005) 	<ul style="list-style-type: none"> Strategy Development. Partnership Monitoring. Sales Tracking. Margin Monitoring. 	<ul style="list-style-type: none"> Director: Esihlaheni Women Empowerment NPC (October 2017 to date). 	<ul style="list-style-type: none"> Board Executive Committee Social and Ethics Committee HR, Nominations and Remuneration Committee 	9/10
Ms. L Kumalo	Board Member	6 July 2021	N/A	<ul style="list-style-type: none"> Property Development and Investment Certificate: University of Cape Town (2016). BSC Engineering Technology Management: University of Pretoria (2013). BTech (Civil Engineering): (2005). Certificate in Project Management: Damelin College (2002) N.H Dip (Civil Engineering) University of Johannesburg (2000) 	<ul style="list-style-type: none"> Board Leadership and Collaboration. Corporate Governance. Risk Management. Property Development Management. Project Management. 	<ul style="list-style-type: none"> Director: Novare Impact and Investment Partners (Pty) Ltd (2020 to date). Director: Novare Equity Partners (Pty) Ltd (2016 to date) Chairperson: Bluebird Pre-primary School, Dunkeld (2017 to date) 	<ul style="list-style-type: none"> Core Business, Programmes, and Financial Sustainability Committee 	8/10
Ms. R Parker	Board Member	6 July 2021	N/A	<ul style="list-style-type: none"> B. Proc: University of South Africa (1989). 	<ul style="list-style-type: none"> Legal expertise, Commercial, 	<ul style="list-style-type: none"> Director and Founder RKP ATTORNEYS INC). 	<ul style="list-style-type: none"> Audit, Risk, and Compliance Committee 	10/10

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list the entities)	Other Committees or Task Team	No of meetings attended
				<ul style="list-style-type: none"> • Certificate in Labour Law: University of Cape Town (12 January 2000). • Arbitrator: Arbitration Forum (2000). • Certificate in Disability Medicine: Marshall University (July 2009). • Mediation Training Land Rights (2009). • National Land Mediation Training (2009). 	Heritage, labour law, arbitration	<ul style="list-style-type: none"> • Advisory Board Member for the Unit of Applied Law: Cape Peninsula University Technikon (2017 to date). • Director: Woza Awards (Pty) Ltd (a for-profit Awards Company). • Director: Women in Law and Leadership Academy NPC (an NGO providing leadership training). • Director: Women Vuka Foundation (Pty) Ltd (a for-profit company for women entrepreneurs). • Founder and Chairperson: SA Lawyers 4 Change NGO (2015 to date) • Board Member: South African Heritage Resources Agency, June 2022 to date • Board Member: South African Geographic Names Council, December 2021 to date 		
Mr. T Sukazi	Chairperson of Core Business, Programmes, and Financial Sustainability	19 March 2021	N/A	<ul style="list-style-type: none"> • BProc: University of South Africa (1998). • Certificate in practical legal training: University of Cape Town (1998). 	<ul style="list-style-type: none"> • Commercial law 	<ul style="list-style-type: none"> • Tim Sukazi Incorporated (Founder and Director). 	<ul style="list-style-type: none"> • Core Business, Programmes, and Financial Sustainability Committee 	8/10

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list the entities)	Other Committees or Task Team	No of meetings attended
				<ul style="list-style-type: none"> • Bachelor of Laws (LLB): University of South Africa (2002). • Masters of Laws in Commercial Law (LLM): University of Cape Town (2002). 			<ul style="list-style-type: none"> • Board Executive Committee 	
Prof R Nkado	Board Member	6 July 2021	N/A	<ul style="list-style-type: none"> • PMP: Project Management Institute (2014) • MBA cum laude: University of Witwatersrand Business School (1997 - 1999). • PhD in Construction Management: University of Reading (1988 - 1991). • MSc in Construction Management: Ahmadu Bello University (1986 - 1988). • BSc Hons in Quantity Surveying (1st Class): Ahmadu Bello University (1981 - 1985). 	<ul style="list-style-type: none"> • Quantity surveying competencies. • Construction Cost Management • Construction Project Management 	<ul style="list-style-type: none"> • Board Member and Trustee: Arup Education Trust (November 2016 to date). • Founding Director: QualConsul QS. 	<ul style="list-style-type: none"> • Core Business, Programmes, and Financial Sustainability Committee • Social and Ethics Committee 	10/10
Dr. M Sutcliffe	Chairperson of Reconfiguration and Transformation	19 March 2021	N/A	<ul style="list-style-type: none"> • Bachelor of Science (Majors; Geography and Psychology): University of Natal (1973 – 1975). • Bachelor of Science (Honours in Geography, Cum Laude): University of Natal (1976). • Master of Science in Geography, with distinction: University of Natal (1979). 	<ul style="list-style-type: none"> • Corporate governance • Local government 	<ul style="list-style-type: none"> • City Insight (Pty) Ltd (Partner). 	<ul style="list-style-type: none"> • Core Business, Programmes, and Financial Sustainability Committee • Social and Ethics Committee 	10/10

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list the entities)	Other Committees or Task Team	No of meetings attended
				<ul style="list-style-type: none"> PhD. Ohio State University (1984). 				
Adv T Nevondwe	Board Member	6 July 2021	N/A	<ul style="list-style-type: none"> Bachelor of Laws (LLB): University of Venda (2004). Bachelor of Laws (LLM) in Human Rights Law: University of Venda (2005). 	<ul style="list-style-type: none"> Legal and Regulatory Compliance. Governance. Audit and Risk Management. 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Audit, Risk, and Compliance Committee HR, Nominations and Remuneration Committee 	10/10
Mr. K Sukdev	Chairperson of Social and Ethics	6 July 2021	N/A	<ul style="list-style-type: none"> Bachelor of Business Science (Honours): University of Cape Town (1991). Fellow of the Faculty of Actuaries: Faculty of Actuaries (2004). Fellow of the Actuarial Society of South Africa (2005). CPF (Pensions Fellowship): Financial Planning Institute (2004). MBA: Heriot-Watt University (2016). 	<ul style="list-style-type: none"> Actuarial sciences 	<ul style="list-style-type: none"> Independent Actuary: Key protect Cell, Captive Insurance Entity of the Key mix Group (Part-time), (1 August 2020 to date). Non-Executive Director: Landbank Insurance Entities (1 August 2020 to date). Member of the Rustenburg Economic Advisory Council (1 August 2020 to date). Trustee: Ensimini Umbrella Fund (1 August 2020 to date). Independent Trustee: NEHAWU National Provident Fund (1 August 2020 to date). Chairperson: Risk Committee of Mpumalanga Department of Public Works 	<ul style="list-style-type: none"> Audit, Risk, and Compliance Committee Board Executive Committee Social and Ethics Committee 	10/10

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list the entities)	Other Committees or Task Team	No of meetings attended
						and Roads (1 August 2020 to date). <ul style="list-style-type: none"> • Non-Executive Director: Land Bank Life Insurance Company (LBLIC) (Current). • Non-Executive Director: Land Bank Insurance Company (LBIC LBIC) (Current). • Chairperson: Actuarial and Investment Committee (LBIC and LBLIC) (Current) 		
Mr. M Mbambisa	Board Member	6 July 2021	N/A	<ul style="list-style-type: none"> • Bachelor of Science in Chemistry and Mathematics): University of Transkei (1987). • Bachelor of Science in Engineering: University of Natal (1994). • Certificate of Management Studies: Reading University, UK (1996). • Certificate in Project Management: University of Fort Hare (1998). • Construction Management Programme: University of Stellenbosch (1999). • Post Graduate Diploma in Business Management: Graduate School of Business (University of Natal) (2003). 	<ul style="list-style-type: none"> • Built Environment Professional. • Construction Sector. • Development Management. • Human Resources. 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Core Business, Programmes, and Financial Sustainability Committee • Social and Ethics Committee 	10/10

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list the entities)	Other Committees or Task Team	No of meetings attended
				<ul style="list-style-type: none"> Executive Management Development Programme: University of Stellenbosch (2004) 				

Table 10: Committee meetings for the period 01 April 2022 to 31 March 2023

Committee	No of Meetings held	No of members	Name of members
Audit, Risk, and Compliance Committee	7	5	Ms. K Siyila Ms. R Parker Mr. K Sukdev Adv T Nevondwe Ms. Sibiya (Independent member)
Core Business, Programmes, and Financial Sustainability Committee	4	4	Mr. T Sukazi Prof R Nkado Ms. L Kumalo Mr. M Mbambisa
Board Executive Committee	1	6	Ms. Z Hill Ms. K Siyila Mr. K Sukdev Dr. M Sutcliffe Ms. N Mkhwanazi Mr. T Sukazi
Social and Ethics Committee	5	5	Mr. K Sukdev Prof R Nkado Mr. M Mbambisa Ms. N Mkhwanazi Dr. M Sutcliffe
HR, Nominations, and Remuneration Committee	6	5	Ms. N Mkhwanazi Adv T Nevondwe Ms. K Siyila Ms. Z Hill Ms. Y Mbane (Independent member)

Remuneration of Trustees

The Board was remunerated in line with applicable National Treasury rates. All Trustees are remunerated as none are Employees of Government, Provincial or Local Government. Travel expenses are paid according to the Department of Transport Rates. The table below reflects the remuneration paid to Trustees during the reporting period.

Table 11: Trustees' Remuneration for the period 01 April 2022 to 31 March 2023

Member	Attendance Fees	Other allowance	Other	Total
	R'000	R'000	R'000	R'000
Mrs Z Hill	251	-	16	267
Mrs KJ Siyila	315	-	23	338
Mrs PN Mkhwanazi	274	-	25	299
Mrs LM Kumalo	184	-	14	198
Mr KG Sukdev	255	-	15	270
Dr MO Sutcliffe	219	-	45	264
Prof. RN Nkado	247	-	15	262
Mr MS Mbambisa	230	-	15	245
Ms RK Parker	196	-	15	211
Mr LT Nevondwe	328	-	36	364
Mr MT Sukazi	188	-	14	202
Ms YD Mbane (Independent)	28	-	9	37
Ms PN Sibiyi (Independent)	37	-	8	45
TOTAL	2,752	-	250	3,002

5. Risk Management

Enterprise Risk Management is the application of risk management throughout the IDT. The position of Senior Manager: Risk and Compliance was filled during the financial year. IDT, in line with the PFMA, King Code on Corporate Governance, maintains an Enterprise Risk Management Policy and Framework which direct the organisation concerning the structures, processes, and standards that must be implemented to identify, analyse, evaluate, and manage risks in the organisation. The Audit and Risk Committee of the Board through the delegated responsibility ensured that the organisation has identified

the key risks and that strategies to manage those risks were developed and implemented. The organisation has an approved strategic risk register detailing key risks faced by the entity. The risk assessment outcome (strategic risk register) informed the internal audit plan [that is] approved and monitored by the Audit and Risk Committee.

6. Internal Audit and Audit Committees

The IDT has an Internal Audit Business Unit responsible for providing independent and objective assurance on business processes to improve performance. Internal Audit's purpose, authority, and responsibility are

formally defined in an Internal Audit Charter. The Board of Trustees recently appointed the Chief Audit Executive. Internal Audit executes an approved audit plan and performs the following tasks in line with its overall strategy:

- Verify the existence of assets and recommend proper safeguards for their protection.
- Evaluate the adequacy of the system of internal controls.
- Recommend improvements in controls.
- Assess compliance with policies and procedures and sound business practices.
- Assess compliance with laws and contractual obligations.
- Review operations/programs to ascertain whether results are consistent with established objectives and whether the operations/programs are being carried out as planned.

The Internal Audit unit performed the following audits during the 2022/2023 financial year.

- Annual Report Review (AFS and AoPO)
- Human Resources and Payroll
- Projects Procurement Review – Limpopo
- Projects – Project Management – Limpopo
- Projects – Finance Management – Limpopo
- Performance Information Quarter 1

- Projects Procurement Review – KZN
- Projects – Project Management – KZN
- Projects – Finance Management – KZN
- Performance Information Quarter 2
- SCM – Overheads
- Draft Annual Performance Plan (APP) Review 23/24
- Performance Information Quarter 3
- Financial Discipline Review – Head Office
- EPWP (NPO)
- Corporate Governance Review
- ICT Governance
- Risk Management Maturity
- Performance Information Quarter 4

Audit and Risk Committee

In terms of the Public Finance Management Act, the Board of Trustees has to comply

In terms of the Public Finance Management Act, the Board of Trustees has to comply with the compulsory establishment of an effective Internal Audit function and an Audit Committee to monitor the scope and effectiveness of the Internal Audit function in an entity.

The purpose of the Committee is to assist Management in fulfilling its oversight responsibilities for internal control and risk management systems, the audit process, and the IDT's process for monitoring compliance with all applicable legal requirements and accounting standards. As

indicated, the audit function is performed by internal auditors to maintain the independence of the audit function.

The functions of the Audit, Risk, and Compliance Committee are, among other things, as follows:

- Systems of internal control.
- Compliance with laws and regulations.
- Oversight over the Internal Audit Function.
- Performance and Risk Management.
- Annual Financial Statements

Table 12: Audit Committee Members – April 2022 to 31 March 2023

Name	Qualifications	External or Internal	If the internal position in the public entity	Date Appointed	Date resigned	No of meetings attended
Ms. Karabo Siyila	<p>Doctor of Philosophy in Accounting Sciences: University of South Africa (2020 – 2023 - expected).</p> <p>MCOM in Accounting Sciences: University of Pretoria (2015 - 2016).</p> <p>Professional Practice Exam (PPE) (2010).</p> <p>Accounting Professional Training Certificate (ATP) (2010)</p> <p>Qualifying Exams (QE) (2009)</p> <p>BCOM Honours (CTA) University of Johannesburg (2008).</p>	External	Trustee	6 July 2021	N/A	6
Ms. Rehana Parker	<p>B. Proc: University of South Africa (1989).</p> <p>Certificate in Labour Law: University of Cape Town (12 January 2000).</p> <p>Arbitrator: Arbitration Forum (2000).</p> <p>Diploma in Disability Medicine: Marshall University (July 2009).</p> <p>Mediation Training Land Rights (2009).</p> <p>National Land Mediation Training (2009).</p> <p>Incomplete Masters in Oral History: University of Cape Town (2011).</p>	External	Trustee	6 July 2021	N/A	5
Mr. Krishen Sukdev	<p>Bachelor of Business Science (Honours): University of Cape Town (1991).</p> <p>Fellow of the Faculty of Actuaries: Faculty of Actuaries (2004).</p> <p>Fellow of the Actuarial Society of South Africa (2005).</p> <p>CPF (Pensions Fellowship): Financial Planning Institute (2004).</p> <p>MBA: Heriot-Watt University (2016).</p>	External	Trustee	6 July 2021	N/A	5

Name	Qualifications	External or Internal	If the internal position in the public entity	Date Appointed	Date resigned	No of meetings attended
Adv Tokyo Nevondwe	Bachelor of Laws (LLM) in Human Rights Law: University of Venda (2005). Bachelor of Laws (LLB): University of Venda (2004).	External	Trustee	6 July 2021	N/A	7
Ms. Precious Sibiya	Bachelor of Accountancy: University of Durban Westville (UKZN now). Postgraduate Diploma: University of Durban Westville (UKZN now). Part 1: Qualifying Examination South African Chartered Accountants Part 2: Qualifying Examination South African Chartered Accountants Advanced short course in Business Rescue Practice (UNISA).	Independent Member	Independent Member	1 September 2022	N/A	3

7. Compliance with laws and regulations

The IDT must comply with legislation as failure can result in litigation and reputational damage. During the reporting period, several policies remained in force to ensure that the entity complied with relevant laws and regulations. The most notable policy in this respect was the Compliance Management policy, which sets out the principles for and commitment to managing compliance risk in the organisation. The policy also

“The IDT has zero tolerance for fraud and corruption. To this end, the entity's Fraud Prevention Policy and Whistleblowing Policy remained in force during the reporting period”

complements other internal controls, processes, and procedures.

8. Fraud and Corruption

The IDT has zero tolerance for fraud and corruption. To this end, the entity's Fraud Prevention Policy and Whistleblowing Policy remained in force during the reporting period. It is the responsibility of all employees to report all allegations or incidents of fraud and corruption immediately. All managers are responsible for preventing and detecting fraud and corruption. IDT staff is charged through the Fraud Prevention Policy with the responsibility to report all incidents and

allegations of fraud and corruption. Incidents and allegations of fraud and corruption are investigated by Risk and Compliance Unit.

9. Minimising Conflict of Interest

The Code of Ethics and Business Conduct Policy and the Gift Policy are in place and regulate conflict of interest. Each trustee and employee of the IDT is required, among others, to:

- Annually declare direct or indirect business interests that they or a family member may have in any matter relevant to the IDT.
- Declare, by way of a notice in writing, direct or indirect business interests that they or a family member may have in any contract/tender or proposed /tender which has been or is to be entered into by the IDT or who so becomes interested in any such contract/tender after it has been entered into.
- Before every Board Committee and Management meeting, a Declaration of Interest Register is signed, and should any Member declare any interest, they will be recused from the meeting.

The declared interests are confirmed through the Companies and Intellectual Property Commission (CIPC) verification process. This is done annually.

10. Code of Conduct

The Code of Conduct, which also includes the Code of Ethics, is included in the Board Charter. The Code of Conduct is based on principles of honesty and integrity. It guides the Trustees and employees on aspects such as protecting the organisation's assets and information and conflicts of interest. The IDT must ensure that official relationships reflect integrity, respect for human dignity, the rights of others, honesty, and commitment to do what is right, fair, legal, and just. Employees of the IDT must at all times comply with the following values in the

execution of their tasks and official interactions:

The Code of Ethics and Business Conduct Policy and the Gift Policy are in place and regulate conflict of interest.

- Honesty/Integrity;
- Respect;
- Commitment;
- Professionalism;
- Equity; and
- Openness

11. Health, Safety, and Environmental Issues

The entity has an approved Occupational Health and Safety Policy, which remains in force to ensure that it complies with health, safety, and environmental requirements. The IDT is committed to ensuring that its activities do not

compromise environmental, health, and safety legislation. Although its major activities do not pose a significant threat to the environment, the organisation's management activities focus on compliance with the key elements of existing regulations.

12. Company Secretary

The Company Secretary is appointed by the Board of Trustees and is tasked with supporting the Board of Trustees and the organisation to maximise its efficiency and ensure that it conducts its business according to good corporate governance and practices. The Company Secretary is located within the Trust Secretariat and is responsible for the operations of the Board of Trustees, including secretariat and administrative support. In compliance with good corporate governance, the Company Secretary also facilitates self-assessment of the Board of Trustees and its Committees and financial disclosures by the Trustees. The responsibilities are strategic and incorporate all matters on corporate governance and compliance with King IV Report.

The role and responsibilities of the Company Secretary are:

- To ensure compliance and good corporate governance throughout the institution by providing legal

guidance and support to the Board of Trustees, management, and employees to discharge their fiduciary and other responsibilities effectively.

- To provide guidance and advice within the institution on ethics, good governance, compliance, and legal matters to ensure compliance and good governance.
- To promote compliance and good corporate governance within the institution by training, advising, and providing guidance.
- To provide effective and efficient support to the Board of Trustees, management, and staff by, amongst others, effective minute-taking, coordination of statutory meetings, and distributing relevant information.
- To ensure the effective, efficient, and economical implementation of institutional strategies and policies per relevant legislation and policies.

“In compliance with good corporate governance, the Company Secretary also facilitates self-assessment of the Board of Trustees and its Committees and financial disclosures by the Trustees”.

13. Social Responsibility

Although the IDT does not have a separate social responsibility function and resources to fund such activities, it regards the implementation of corporate social responsibility as a sign of good corporate citizenship and subscribes to its core principles.

14. Audit Committee Report

The Audit, Risk and Compliance Committee is pleased to present its report for the financial year ended 31 March 2023.

14.1 Delegation Audit Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that it has not reviewed changes in accounting policies and practices.

“The Committee is of the opinion that the IDT continues to strive towards improving the current state of complying with corporate governance principles through the implementation of its governance framework.”

14.2

Corporate Governance

The Committee is of the opinion that the IDT continues to strive towards improving the current state of complying with corporate governance principles through the implementation of its governance framework. The Committee acknowledges the improvement in audit outcomes for the period under review. However, it remains concerned about some instances of non-compliance with corporate governance, which prevents

the organisation from achieving a clean audit outcome. Notwithstanding this, management has since put in place several corrective actions to remedy the performance and governance-related challenges experienced by the entity over the years.

Compliance

During the reporting period, the Committee maintained continuous monitoring of compliance and or non-compliance to various pieces of legislation impacting the IDT. The non-compliance identified within Supply Chain Management at both project level and overheads requires significant improvements in the monitoring systems of compliance with legislation within the Trust. Internal control systems must be re-engineered and implemented to remedy these non-compliance issues. Internal Audit has included a review of these internal controls during the new financial period.

14.3 Effectiveness of Internal Controls

The systems of controls are designed to provide reasonable assurance that policies, processes, tasks, behaviours and other aspects of the Trust, taken together, facilitate its effective and efficient operation, help to ensure the quality of internal and external reporting

and help to ensure compliance with applicable laws and regulations.

In line with the PFMA and King IV Report on Corporate Governance requirements, Internal Audit provides the Committee with reasonable assurance that the internal controls are adequate and effective. This is achieved by means of reviews and testing of the design, implementation and effectiveness of internal controls as well as the identification of corrective actions and suggested enhancements to the internal controls and processes.

From the various reports of the Internal Auditors, the Audit Report on financial statements, and the management letter of the Auditor General South Africa (AGSA), significant non-compliance with policies and procedures has been reported. Accordingly, we can report that the internal control systems for the period under review were partially efficient and partially effective. It is noted that remedial actions are in progress to address the non-compliance issues identified, and Internal Audit will review these during the new financial period.

14.4 Risk Management

In fulfilling its oversight responsibilities, in relation to risk management, the Committee reviewed the risk management framework, strategy, and

policy and monitored the implementation of risk mitigation strategies. In our opinion, the IDT's approach to the risk management processes is currently inadequate and ineffective. There is a need to significantly improve the risk management system, beginning by conducting organisation-wide annual risk assessments and implementing the risk management strategy.

14.5 Performance Management

The audit outcome on predetermined objectives for the period under review remained the same as that of the prior year. The Internal Audit collaborated with

Management to determine the root causes and how this situation could be improved. A management action plan will be finalised, implemented and monitored during the 2022/24 Financial Report.

14.6 In-Year Monitoring and Quarterly Reports

The Audit and Risk Committee has noted the content and quality of the Quarterly Reports prepared and issued by the Acting Chief Executive Officer during the year under review.

14.7 Evaluation of Financial Statements

The Audit and Risk Committee has: reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and the auditors;

“The audit outcome on predetermined objectives for the period under review remained the same as that of the prior year.”

reviewed the Auditor-General of South Africa's management letter and management's response thereto; reviewed changes in accounting policies and practices; reviewed the entity's compliance with legal and regulatory provisions; reviewed significant adjustments resulting from the audit

14.8 Auditor's Report

The Audit and Risk Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the auditors' report



Karabo Siyila
Chairperson of the Audit and Risk Committee
Date: 31 August 2023

15. B-BBEE Compliance Performance Information

Table 13 presents: B-BBEE compliance performance information

Table 13: B-BBEE Compliance

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1-8)		
Criteria	Response Yes/ No	Discussion (Include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licenses, concessions, or other authorisations in respect of economic activity in terms of any law?	No	This is not applicable as IDT does not engage on Licenses, concessions, and other authorisations in respect of economic activities.
Developing and implementing a preferential procurement policy?	Yes	The elements of empowerment are incorporated in the SCM Policies as "Specific Goals"
Determining qualification criteria for the sale of state-owned enterprises?	No	That does not apply to our environment as we are dealing with social infrastructure development
Developing criteria for entering into partnerships with the private sector?	No	The IDT, in particular, SCM is engaging with the private sector through the procurement of goods and services, and that process is handled in terms of SCM Policies and prescripts.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad-Based Black Economic Empowerment?	No	The IDT as an entity does not have a criterion for awarding incentives, grants, and investment schemes in the form of supporting Broad-Based Black Economic Empowerment. The only target for BBBEE empowerment is as per Specific Goals contained in the SCM Policies and provided for in the Preferential Procurement Regulations, 2022

Part D: Human Resource Management

1. Introduction

During the period under review the organisation has successfully concluded the recruitment processes for Executive Head: Corporate Services Unit and Executive Head: Programme Management Services Unit.

“The entity’s recruitment plan was reviewed and updated with the aim of building capacity for, inter alia, the core business, Finance and Supply Chain Management.”

2. Overview of Human Resources matters

The entity’s recruitment plan was reviewed and updated with the aim of building capacity for,

inter alia, the core business, Finance and Supply Chain Management. Recruitment efforts are aimed at bringing in critical and scarce skills that the organisation needs.

From a Human Resources perspective and as the future of work changes, the IDT is placing a bigger emphasis on the upskilling of staff to acquire new skills to enrich our service offerings.

Previous identified needs that are still critical are being pursued in line with

organisational strategy and skills needs, for now and in the future.

Policy development: All HR policies were approved by the board in 2022/23 financial year

The following are some of the highlights of the period under review:

- The organisation has successfully concluded the recruitment processes for the positions of Executive Head: Corporate Services Unit and Executive Head: Programme Management Services Unit.
- The conversion to permanent appointment process was concluded in the period under review for employees at levels 7 to 18 who were appointed on a fixed term contract basis.
 - The employer offered a five (5) per cent salary increase to employees.

The following are some of the plans in respect of human capital management matters:

- Skills audit commenced within the period under review was initiated. The outcome should confirm organisational competencies and skills gaps between what the organisation needs in terms of skills vis-à-vis what it has.

- Employees are being registered with their Professional Councils to become fully fledged, recognised professionals and profiles are being revised in this regard with professional registration becoming a requirement.
 - Raise the performance levels of the workforce.
- The entity will continue with the recruitment drive to ensure that the entity has a skilled and capable workforce to deliver on its mandate.

The entity is embarking on a process to develop an effective organisational design to achieve the following goals, namely: -

- facilitate business strategy implementation
- Facilitate business transformation.
- Improve organisational performance and create value for clients; and

3. Human Resources Oversight Statistics

Table 14 below indicates the cost per programme during the period under review. Personnel costs for support staff during the reporting period stood at 34% of the total operational expenditure of the entity, while 31% was spent on core business

Table 14: Personnel Cost by Programme

Programme /activity / objective	Total Expenditure for the entity R'000	Personnel Expenditure R'000	Personnel Expenditure as a total % of Total Expenditure	No of employees	Average personnel cost per employee R'000
Core Business	161 280	78 672	48.78%	123	640
Support		82 608	51.22%	125	661
TOTAL		161 280	100%	248	1301

Table 15: Personnel Cost by Salary Band

Level	Personnel Expenditure ¹² R'000	% of personnel expenditure to total personnel cost	No. of employees	Average personnel cost per employee R'000
Top Management	7 958	5%	3	2 653
Senior Management	25 457	16%	19	1 340

¹² These figures are as reflected in the sage payroll before adjustment to reflect the final numbers as in the Annual Financial Statements

Level	Personnel Expenditure ¹² R'000	% of personnel expenditure to total personnel cost	No. of employees	Average personnel cost per employee R'000
Professional qualified	59 974	37%	69	869
Skilled	40 836	25%	82	498
Semi-Skilled	25 760	16%	67	384
Unskilled	1 294	1%	8	162
TOTAL	161 280	100%	248	5 906

Table 15 above indicates that the highest expenditure for the period under review for personnel costs was allocated to professionally qualified staff, followed by skilled staff, semi-skilled, senior management, top management, and unskilled employees.

Table 16: Performance rewards

Programme/ activity/ objective	Performance rewards	Performance Expenditure	% of performance rewards to total personnel cost
Top Management	n/a	n/a	n/a
Senior Management	n/a	n/a	n/a
Professional qualified	n/a	n/a	n/a
Skilled	n/a	n/a	n/a
Semi-skilled	n/a	n/a	n/a
Unskilled	n/a	n/a	n/a
TOTAL	0	0	0

Table 17: Training costs

Programme / Activity / Objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No of Employees Trained	Average Training Cost Per Employee (R'000)
Internal bursary payment	161 280.	728	55%	29	25
External bursary payment		0	0	0	0.00
Short Courses		593	45%	26	23
TOTAL	161 280	1 321	100%	55	

The table above presents the total training cost for the reporting period.

Table 18: Employment and Vacancies

Programme / Activity / Objective	2021/2022 No. of Employees	2021/2022 Approved Posts	2022/2023 No. of Employees	2021/22 Vacancies	% of vacancies
Core Business (Programme Management Services)	105	357	123	234	65.5%
Support (Administration)	106	131	125	6	4.6%
TOTAL	211	488	248	240	49.2%

LEVEL	2021/22 No. of Employees	2022/2023 Approved Posts	2022/23 No. of Employees	2022/23 Vacancies	% of vacancies
Top Management	2	8	3	5	62.5%
Senior Management	17	49	19	30	61.2%
Professional qualified	48	134	69	65	48.5%
Skilled	75	140	82	58	41.4%
Semi-Skilled	60	146	67	79	54.1%
Unskilled	6	11	8	3	27.3%
TOTAL	211	488	248	240	49.2%

Table 19: Employment Changes

Salary Band	Employment at the beginning	Appointments	Terminations	Employment at the end of the period
Top Management	2	2	1	3
Senior Management	18	8	7	19
Professional qualified	48	35	14	69
Skilled	73	15	6	82
Semi-Skilled	60	13	6	67
Unskilled	10	0	02	8
TOTAL	211	73	36	248

Table 20: Reasons for staff leaving

Terminations	Total	% of total number of staff leaving
Contract Expired	20	55.6%
Death	0	0%
Dismissed	2	5.6%
Resignation	8	22.2%
Early Retirement	0	0%
Incapacity	0	0%
Retirement	4	11.1%
Ill Health	1	2.7%
Mutual separation	1	2.7%
TOTAL	36	100%

The table above reflects the numbers and reasons for terminating employment service with the IDT.

Table 21: Labour Relations: Misconduct and disciplinary action

Disciplinary Action	Number
Verbal Warning (precautionary warning)	0
Written Warning	7
Final Written Warning	5
Dismissal	7
Non - renewal of contracts	10
Total	29

Table 19 above reflects a summary of disciplinary cases.

Table 22: Equity target and: Employment Equity Status: Males

LEVEL	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	0	0	0	0	0	1
Senior management	12	10	0	0	0	2	0	1
Professional Qualified	39	23	0	1	1	1	2	0
Skilled	43	54	2	2	0	3	2	0

LEVEL	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Semi-skilled	20	14	0	2	0	1	0	0
Unskilled	0	3	0	0	0	0	0	0
TOTAL	115	105	2	5	1	7	4	2

Table 22 above reflects employment equity status [the number of male employees]

Table 23: Equity Target and Employment Equity: Females

LEVEL	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	1	0	0	0	0	0
Senior management	7	10	0	2	0	2	0	1
Professional Qualified	24	22	1	1	0	1	2	2
Skilled	36	47	0	4	0	2	0	2
Semi-skilled	45	50	0	2	1	2	0	1
Unskilled	8	18	0	2	0	2	0	2
TOTAL	121	148	2	11	1	9	2	8

Table 23 above reflects a summary of employment equity status [number of female employees]

Table 24: Staff living with disability

LEVEL	STAFF LIVING WITH DISABILITY			
	MALE		FEMALE	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	0	1
Professional qualified	0	1	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	0	1	0	1

Part E: Public Finance Management Act Compliance Report

1. Introduction

This section provides information relating to the Public Finance Management Act (PFMA) compliance requirements. It specifically provides information on irregular, fruitless and wasteful expenditure and material losses as disclosed in the annual financial statements. Details of the recognition and recording of irregular, fruitless and wasteful expenditure are disclosed in the financial statement (contained in accounting policy item 1.13 and 1.14).

2. Irregular, Fruitless and Wasteful Expenditure and Material Losses

Details of the recognition and recording of irregular, fruitless and wasteful expenditure are disclosed in the financial statement (contained in accounting policy item 1.13 and 1.14).

2.1 Irregular Expenditure

Table 25 hereunder presents the irregular expenditure as recorded in the annual financial statement.

Table 25: Irregular expenditure reported in the Annual Financial Statement

Reconciliation of irregular expenditure		
Description	2022/2023	2021/2022
Opening balance	116 582	105 950
Add: Irregular expenditure confirmed	269 961	10 632
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recovered	-	-
Less: irregular expenditure not recovered and written off	-	-
Closing balance	386 543	116 582
Reconciling notes to the annual financial statements		
Description	2022/2023	2021/2022
Irregular expenditure that was under assessment in 2021/2022	-	-
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular expenditure for the current year	269 961	10 632
Total	269 961	10 632
Details of current and previous year irregular expenditure under investigation		
Description	2022/2023	2021/2022
Irregular expenditure under investigation	269 961	10 632
Total	269 961	10 632
Details of current and previous year irregular expenditure condoned		
Description	2022/2023	2021/2022

Irregular expenditure condoned	-	-
Total	-	-
Details of current and previous year irregular expenditure removed (not condoned)		
Description	2022/2023	2021/2022
Irregular expenditure under removed (not condoned)	-	-
Total	-	-
Details of current and previous year irregular expenditure recovered		
Description	2022/2023	2021/2022
Irregular expenditure recovered	-	-
Total	-	-
Details of current and previous year irregular expenditure written off(irrecoverable)		
Description	2022/2023	2021/2022
Irregular expenditure written off	-	-
Total	-	-
Additional disclosure relating to inter-institutional arrangement. Details of noncompliance where an institution is involved in an inter-institutional arrangement		
Description	2022/2023	2021/2022
IDT procured services for another organ of state as part of their mandate. It was found that in the procurement process non-compliance to PFMA and its regulations were contravened.	150 083	98 463
Total	150 083	98 463

2.2 Fruitless and Wasteful Expenditure

Table 26 hereunder presents the fruitless and wasteful expenditure as recorded in the annual financial statement.

Table 26: Reconciliation of irregular expenditure

Reconciliation of Fruitless and wasteful expenditure		
Description	2022/2023	2021/2022
Opening balance	64 108	51 772
Add: Fruitless and wasteful expenditure confirmed	1 703	12 336
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	65 811	64 108
Reconciling notes to the annual financial statements		
Description	2022/2023	2021/2022
Fruitless and wasteful expenditure that was under assessment in 2021/2022	-	-
Fruitless and wasteful expenditure that relates 2021/22 and identified in 2022/23	-	10 966
Fruitless and wasteful expenditure for the current year	1 703	1 370
Total	1 703	12 336
Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)		
Description	2022/2023	2021/2022
Fruitless and wasteful expenditure under investigation	1 703	12 336

Total	1 703	12 336
Details of current and previous year Fruitless and wasteful expenditure recovered		
Description	2022/2023	2021/2022
Fruitless and wasteful expenditure recovered	-	-
Total	-	-
Details of current and previous year Fruitless and wasteful expenditure not recovered and written off		
Description	2022/2023	2021/2022
Fruitless and wasteful expenditure written off	-	-
Total	-	-
Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure		
Disciplinary steps taken		
There were no disciplinary or criminal steps taken as a result of Fruitless and wasteful expenditure.		

3. Information on Late and / or non-payment of suppliers

Table 27 hereunder present a summary of the total number and value of valid programme invoices received and paid within 30 days or an agreed period; invoices received and paid after 30 days or an agreed period as well as unpaid invoice older than 30 days.

Table 27: Summary of information on payment of suppliers

Description	Number of invoices	Consolidated Value R
Valid invoices received	9454	1 937 063 279
Invoices paid within 30 days or agreed period	6863	1 444 464 432
Invoices paid after 30 days or agreed period	1089	220 866 329
Invoices older than 30 days or agreed period (<i>unpaid and without dispute</i>)	1502	271 732 518
Invoices older than 30 days or agreed period (<i>unpaid and in dispute</i>)	0	0

Table 28 presents detailed information on payment of suppliers per region. As indicated in table 4 (output 4.3) the entity achieved 85% compliance rate of paying compliant invoices received with 30 days. Insufficient programme funds, delays in fund transfers from client departments contributed are amongst contributing factors towards non-compliance with the

30 days payment turn-around time. Transfers take, on average, longer than 30 days to reach the programme bank account for payments to be affected.

Table 28: Information on payment of suppliers of irregular per region

Region	Paid within 30 days		Paid outside 30 days		unpaid invoices		Total	
	Number	Amount R	Number	Amount R	Number	Amount R	Number	Amount R
EC	1405	295 913 473	157	25 868 024	279	42209862,41	1841	363 991 359
FS	117	78 045 951	1	442	40	17 875 713	158	95 922 106
GP	456	164 412 327	10	R12 182 726,99	83	15 054 937	549	191 649 991
KZN	1742	427 420 875	730	174 900 436	610	101 815 188	3082	704 136 500
LP	1145	141 843 363	95	917 626	231	33 511 121	1471	176 272 110
MP	294	69 040 535	16	2 917 495	72	22 226 073	382	94 184 102
NA (HO)	595	44 312 043	68	1 699 852	13	518 294	676	46 530 189
NC	191	68 195 393	0	-	37	14 029 283	228	82 224 676
NW	363	75 343 087	11	1 794 139	102	19 800 655	476	96 937 881
WC	555	79 937 385	1	585 589	35	4 691 392	591	85 214 366
Total	6863	1 444 464 432	1089	220 866 329	1502	271 732 518	9454	1 937 063 279

Part F: Financial Information

1. Statement of Responsibility and confirmation of Accuracy

To the best of our knowledge, we confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.

The annual report is complete and free from omissions.

The annual report has been prepared in accordance with the guidelines on the annual report issued by National Treasury.

All Annual Financial Statements (Part E) have been prepared under the Generally Accepted Accounting Principles standards applicable to the entity.

The accounting authority is responsible for the preparation of annual financial statements and for the judgements made on this information.

The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information, and the financial affairs of the entity for the financial year ended 31 March 2023.

Yours faithfully

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Ms T Malaka
Chief Executive Officer

Ms Z Hill
Interim Chairperson of the Board

2. Report of the Auditor General

3. Annual Financial Statements