

Independent Development Trust

Presentation to the Portfolio Committee on Public Works



2011/12 Annual Report

16 October 2012



Presentation Overview

- ☀ **General Information**
- ☀ **Performance information on pre-determined targets**
- ☀ **Corporate Governance and HR**
- ☀ **Annual Financial Statements**
- ☀ **High Level Risk Analysis**
- ☀ **Recommendations**




General Information

- ☀ **Purpose, Vision and Mission**
- ☀ **Goals for the year**
- ☀ **Operating Environment**
- ☀ **Support to Government Objectives**
- ☀ **General Information**



Purpose, Vision and Mission




 **PRIMARY PURPOSE:** *“to use its resources together with strategic partners, in ways which in the opinion of the Trustees will best serve to enable poor communities in the Republic of South Africa to access resources and recognise and unlock their own potential, so as to continuously improve their quality of life”*

 **VISION:** *“... to be the leading knowledge-based development agency”*

 **MISSION STATEMENT:** *The IDT, together with strategic partners, will enable poor communities to access resources, recognise and unlock their own potential for sustainable development*



Our Goals for the Year . . .

-  **Contribute with urgency to government's 2011 job creation mandate in ensuring we build better communities**
-  **Assist government with the reduction of infrastructure backlogs and construct world-class school facilities in areas where learners and educators have been denied access to a conducive environment**
-  ***“Reach out from the confines of bureaucracy to ensure meaningful and sustainable economic development and growth [in order to make] life in the rural [and other vulnerable] areas a better and bearable experience” by delivering the redefined social infrastructure (measures, facilities and networks)***

Our Goals for the Year . . .(Cont.)

STRATEGIC GOALS	STRATEGIC GOAL STATEMENT	STRATEGIC OBJECTIVES	OBJECTIVE STATEMENT	BUDGET (MILLION)	WEIGHT 2010/11 (HISTORIC)	WEIGHT 2011/12	WEIGHT 2012/13 (FORECAST)
1. Sustainable Development	The implementation of targeted and people-centred interventions in marginalized and impoverished communities	Empowered Communities	To build empowered and cohesive communities through the delivery of integrated social infrastructure with particular emphasis on rural areas	R 46.7	20%	13%	12%
		Integrated Social Infrastructure	The effective delivery of integrated developmental social infrastructure in marginalised communities	R 186.7	37%	53%	45%
2. Effective and Efficient Administration	The IDT is an efficient, effective and relevant development agency	To ensure organisational efficiency, effectiveness and sustainability.	To become a development agency that is compliant, adequately resourced and efficiently managed.	R77.9	39%	22%	28%
		Transformed IDT	To become a development agency that is sustainable and is able to generate funding from alternative source, to augment funds from the fiscus.	R 40.5	4%	12%	15%

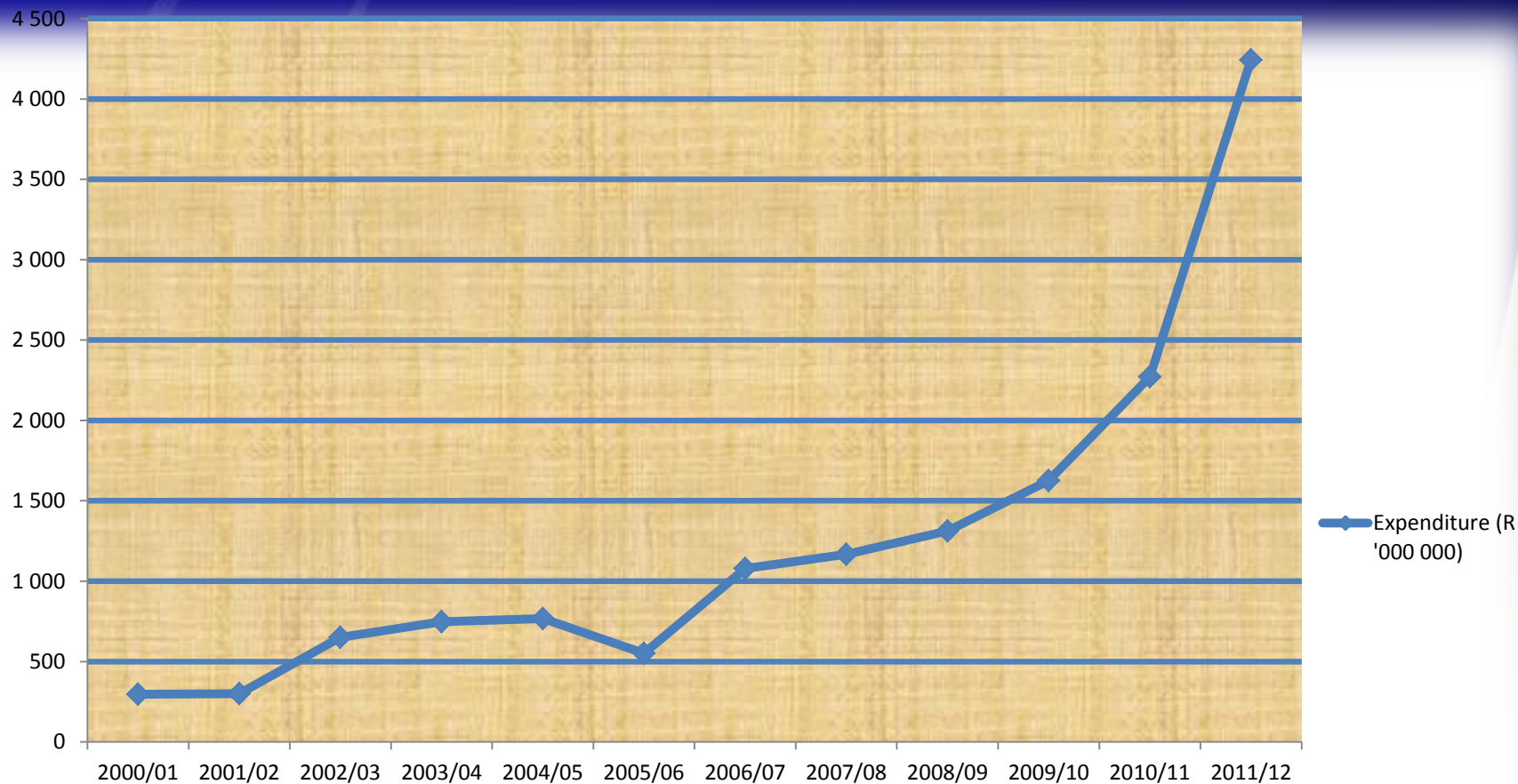


Performance Information on Predetermined Objectives

- ☀ Performance and Empowerment figures overview
- ☀ Aligning with government objectives
- ☀ Score Card on Sustainable Development & Efficient and Effective Administration



Growth in Business Portfolio





Analysis of spend in empowerment indicators over the MTEF

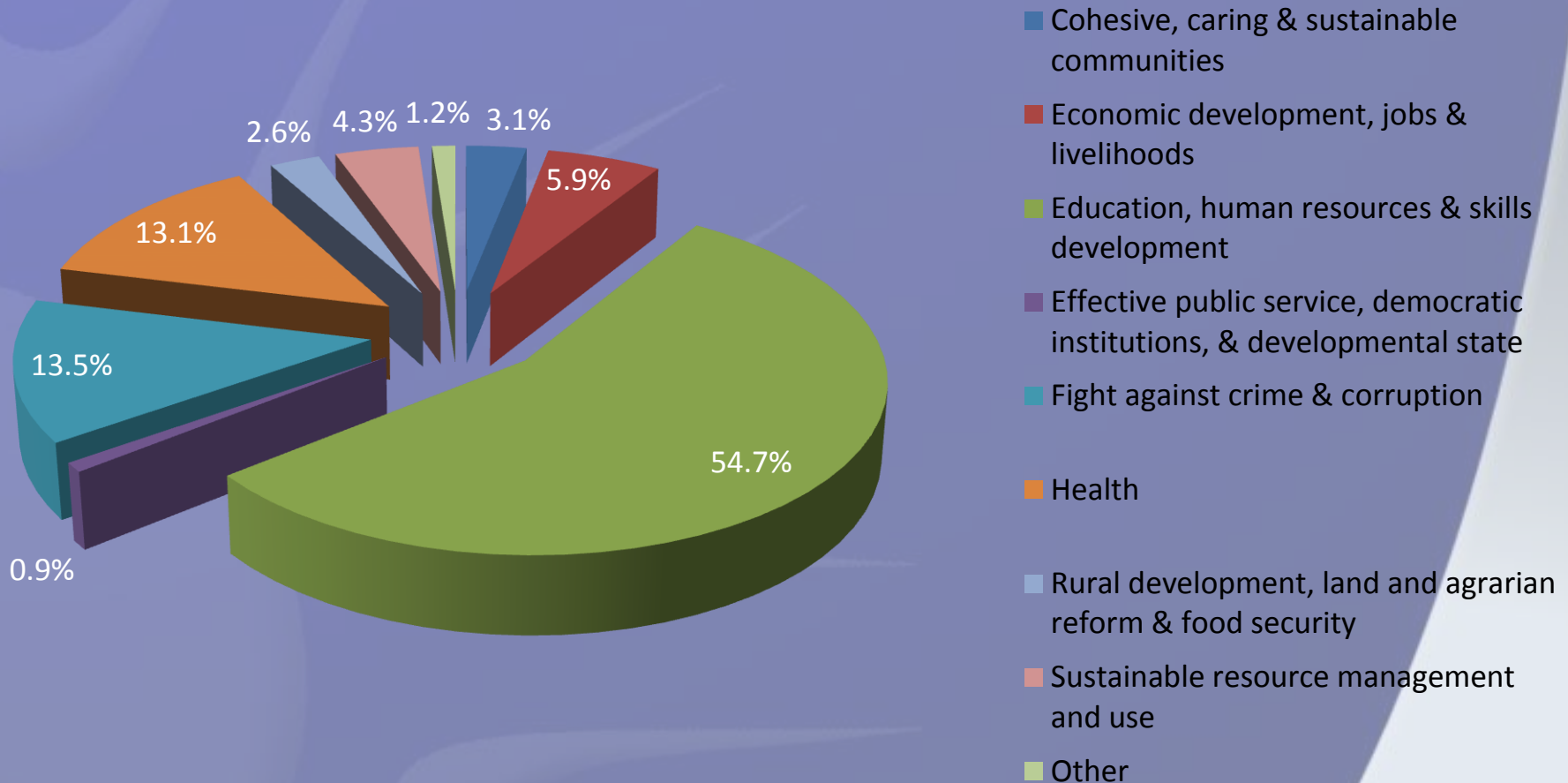
Financial Year	Value of Total Portfolio Spend (million) (R)	Women Spend (million) (R)	Value of BEE Spend (million) (R)	No. of Job Opportunities
2008/09	1 313	205	630	53 581
2009/10	1 635	399	1 067	64 502
2010/11	2 272	581	1 530	58 580
2011/12	4 243	1 030	2 098	68 232
Target 2011/12	2 400	600	1 400	65 215
Total	9 463	2 215	5 325	244 895
Av.	R2 366	554	1 331	61 233

Portfolio spend per programme and region 2011/12

Region	Criminal Justice System Facilities (R) ('000)	Environment (R) ('000)	Food Security (R) ('000)	Health Care & Facilities (R) ('000)	Poverty Relief & EPWP (R) ('000)	School Building (R) ('000)	Sports, Arts & Culture (R) ('000)	Water & Sanitation (R) ('000)	Welfare Support & Facilities (R) ('000)	Other (R) ('000)	Total (R) ('000)	%
Eastern Cape	29 207	87 277	16 502	324	27 518	446 106	1 465	6 455	13 200	8 395	636 449	15%
Free State	22 525	436	4 082	5 338	17 342	821	0	0	4 355	0	54 899	1.3%
Gauteng	67 827	14 534	1 772	0	9 174	64 205	0	0	0	0	157 512	3.7%
Kwa Zulu Natal	175 953	29 991	10 242	298 688	27 948	1 070 389	0	37 629	128 259	10 705	1 789 804	42.2%
Limpopo	134 378	2 471	37 641	0	28 507	121 560	0	18 656	103	0	343 316	8.1%
Mpumalanga	36 474	13 189	7 335	144 441	18 851	119 358	23 996	0	40 233	0	403 877	9.5%
National	22 936	16 905	10 266	17 979	9 027	113 077	0	2 219	0	3 058	195 467	4.6%
Northern Cape	19 167	8 733	5 836	0	52 276	0	0	0	2 080	4 947	93 039	2.2%
North West	20 945	3 256	14 986	11 348	20 404	386 733	0	31 124	15 449	0	504 245	11.9%
Western Cape	42 352	6 295	2 440	0	13 563	0	0	0	40	0	64 690	1.5%
Total	571 764	183 087	111 102	478 118	224 610	2 322 249	25 461	96 083	203 719	27 105	4 243 298	100%
%	13.5%	4.3%	2.6%	11.3%	5.3%	54.7%	0.6%	2.3%	4.8%	0.6%	100%	

Portfolio spend per Government Priorities 2011/12

%Contribution





Legend for Performance Evaluation

CODE	NUMBER	%
Over achieved	7	70
Achieved	1	10
Under Achieved	2	20



Building Empowered & Cohesive Communities

Outcome Measure	Output	Performance Indicator	Target	Achieved	% Achieved	Code
Participatory, inclusive, community driven development	Community Driven Development Projects	No. of established baselines on community projects	13	20	154%	
		No. of implemented community based & driven development programmes	13	19	146%	
	Participatory Development	No. of governing structures established	13	16	123%	
	Ward Based Plans	No. of LAPs/CBP	15	16	106%	
	Active Community Based Entities	No. of Entities	116	142	122%	
	Tested and replicable sustainable development models	No. of models	2	2	100%	
	Leveraging partners resources	Value	R110m	R28.996m	26%	
		Number of partnerships	12	13	108%	



Building Sustainable Communities through integrated social infrastructure

Outcome Measure	Output	Performance Indicator	Target	Achieved	% Achieved	Code
Enhanced human dignity through access	Public mandated infrastructure spend	Value of public mandated programmes	R3bn	R4.925bn	164%	
		Value of public mandated programme spend	R2.4bn	R 4.24	177%	
		Value of community development portfolio	R32m	R24.988m	78%	
			R1.4bn	R2.098bn	150%	
		Value and % of BEE spend	60%	50%	83%	
		Value and % of Women Spend	R600m	R1.030bn	179%	
			25%	24%	96%	
	Minimum no. of facilities	Minimum no. of community facilities erected (including schools)	1 050	2 146	258%	
Integrated transformative community development impacting on people's lives	Capacity building	number of women contractors supported	65	378	582%	
	Job Creation	No. of job opportunities (IDT)	35 732	25 528	71%	
		No. of job opportunities (EPWP 2 NSS)	32 500	39 687	122%	





Efficient, effective & compliant IDT

Output	Performance Indicator	Target	Achieved	% Achieved	Code
Compliant Organisation	Clean Audit Report	Full Compliance	Full Compliance	100%	Green
	ENE Submission	Full Compliance	Full Compliance	100%	Green
	Corporate Plan	Full Compliance	Full Compliance	100%	Green
Sustainable Organisation	% of efficiency Ration	10%	10.4%	100%	Green
	% of Budget variance	5%	11.8%	326%	Purple
	Value of Management fees recovered	100%	100%	100%	Green
Efficient and effective delivery	Payment turnaround time	14 days	14 days	100%	Green
	Agreements turnaround time	45 days	46 days	98%	Green
	Recruitment turnaround time	120 days	54 days	145%	Purple
Sound governance	Quarterly performance reports	quarterly	quarterly	100%	Green
	AG's Report	Meets AG requirements	Meets AG requirements	100%	Green
	Board Meeting	As planned	As planned	100%	Green
Optimal Human Capital Base	Staff Occupancy Rate	85%	83.5%	98%	Green
	% of budget for staff development	1.5%	0.20%	13%	Red



Transformed IDT

Output	Performance Indicator	Target	Achieved	% Achieved	Code
Transformation Plan	Concept document	Business Case Plan	Handed to DPW	60%	Red
	Implementation Plan				
	Programme plan & structure				
Strategy Services & Structure	Service Delivery Model	Service delivery Model designed & model designed & under testing tested		90%	Green
	Interim transition plan approved				
Change Management, OD, HR & IR	Communication Plan	Revised organisational structure approved	Functional Structure approved by the Board.	80%	Red
	Human Capital Plan				
	IR Strategy				
Legal & Governance	Legislative framework & draft policy	Legislative framework & draft policy in place	Concluded background research. Awaiting mandate confirmation	20%	Red
Financial modelling and risk assessment	Map system	Funding model	Funding model finalised	100%	Green
Stakeholder management	Consultation with significant stakeholders	Stakeholder participation, inputs & approvals	Consultations done awaiting final approval of Business Case from DPW	90%	Green
Development Action	No. of labs deployed	2	2	100%	Green



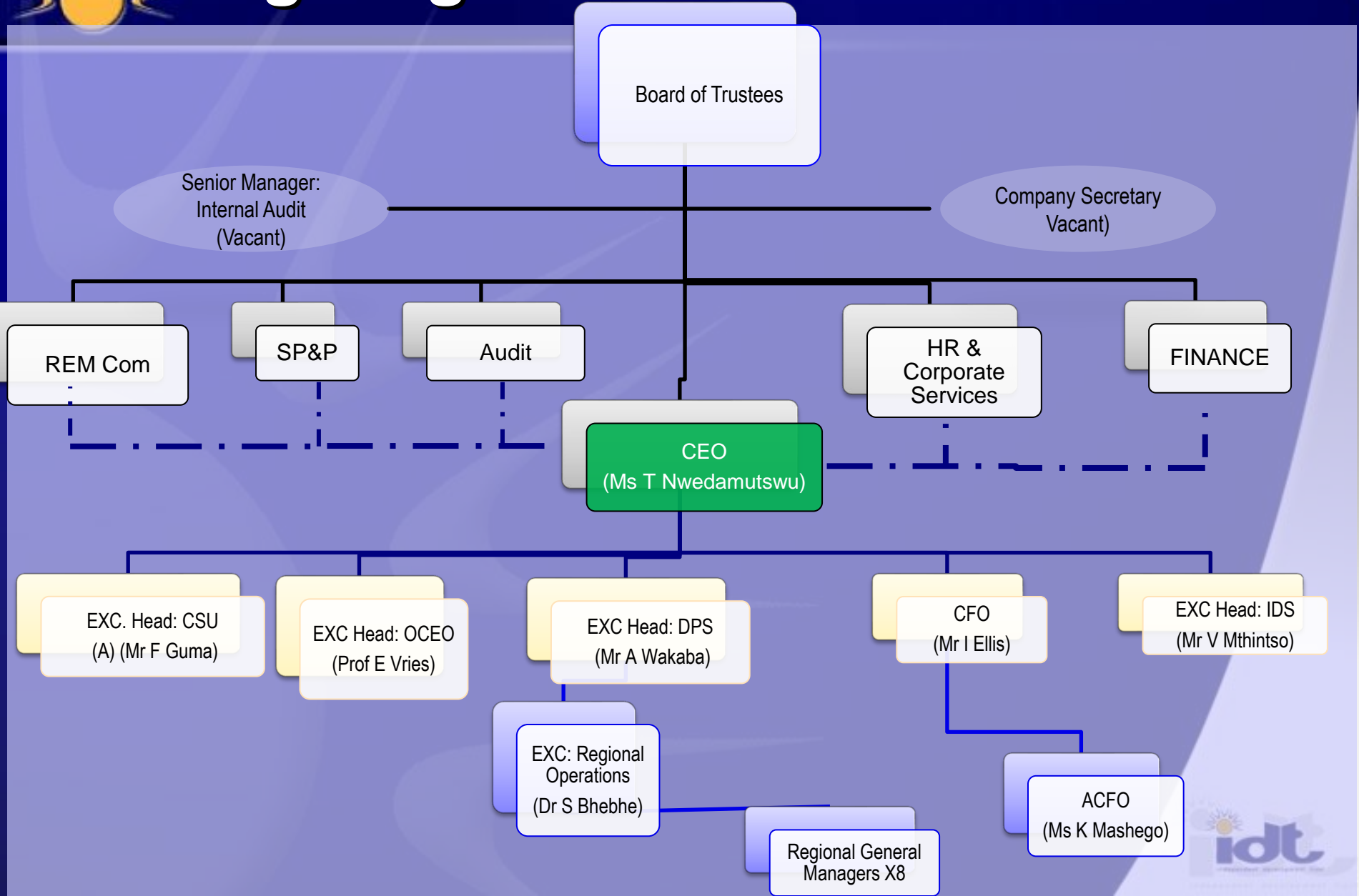
Corporate Governance & HR

 **Organogram**

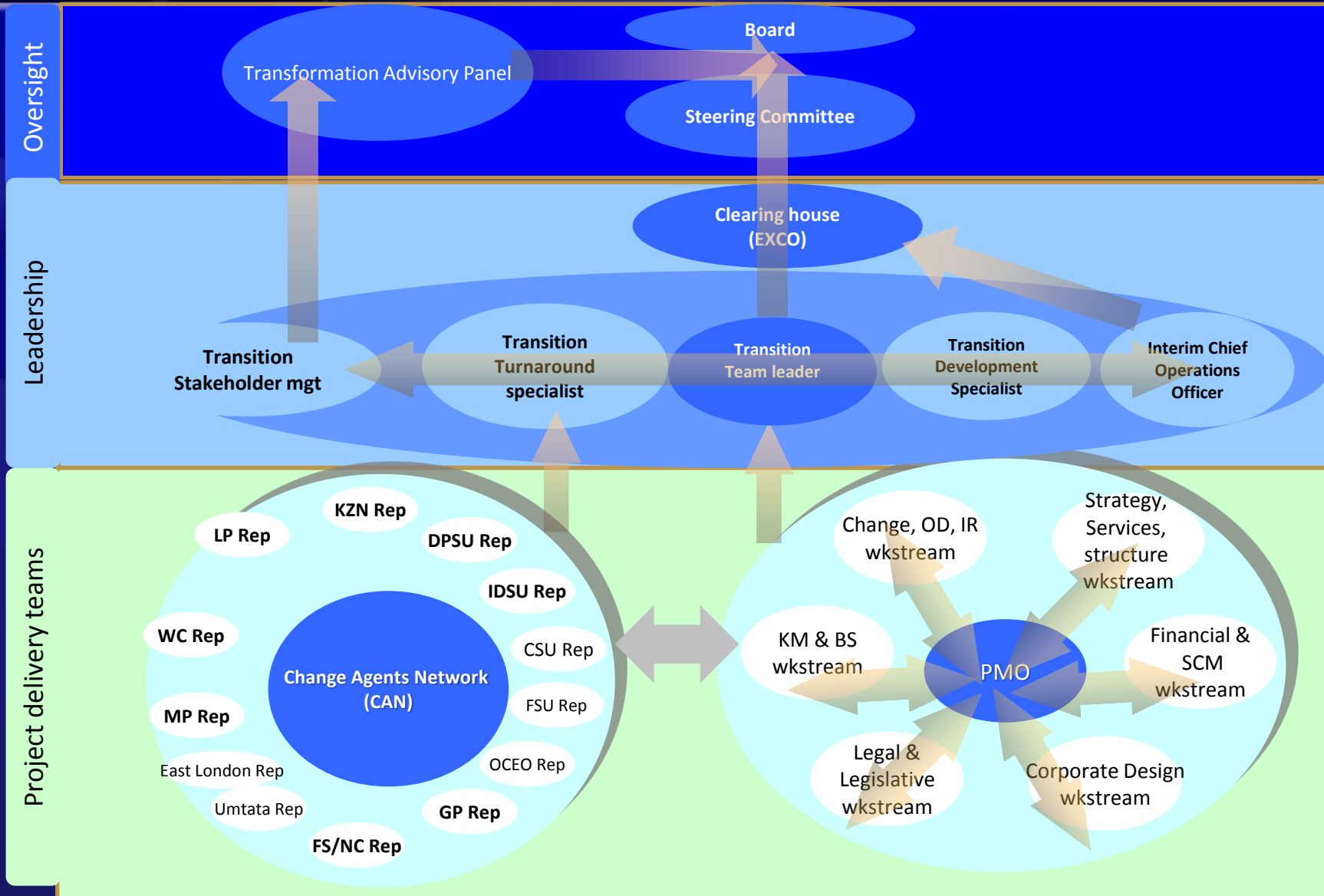
 **Meetings**

 **Staff establishment and HR**

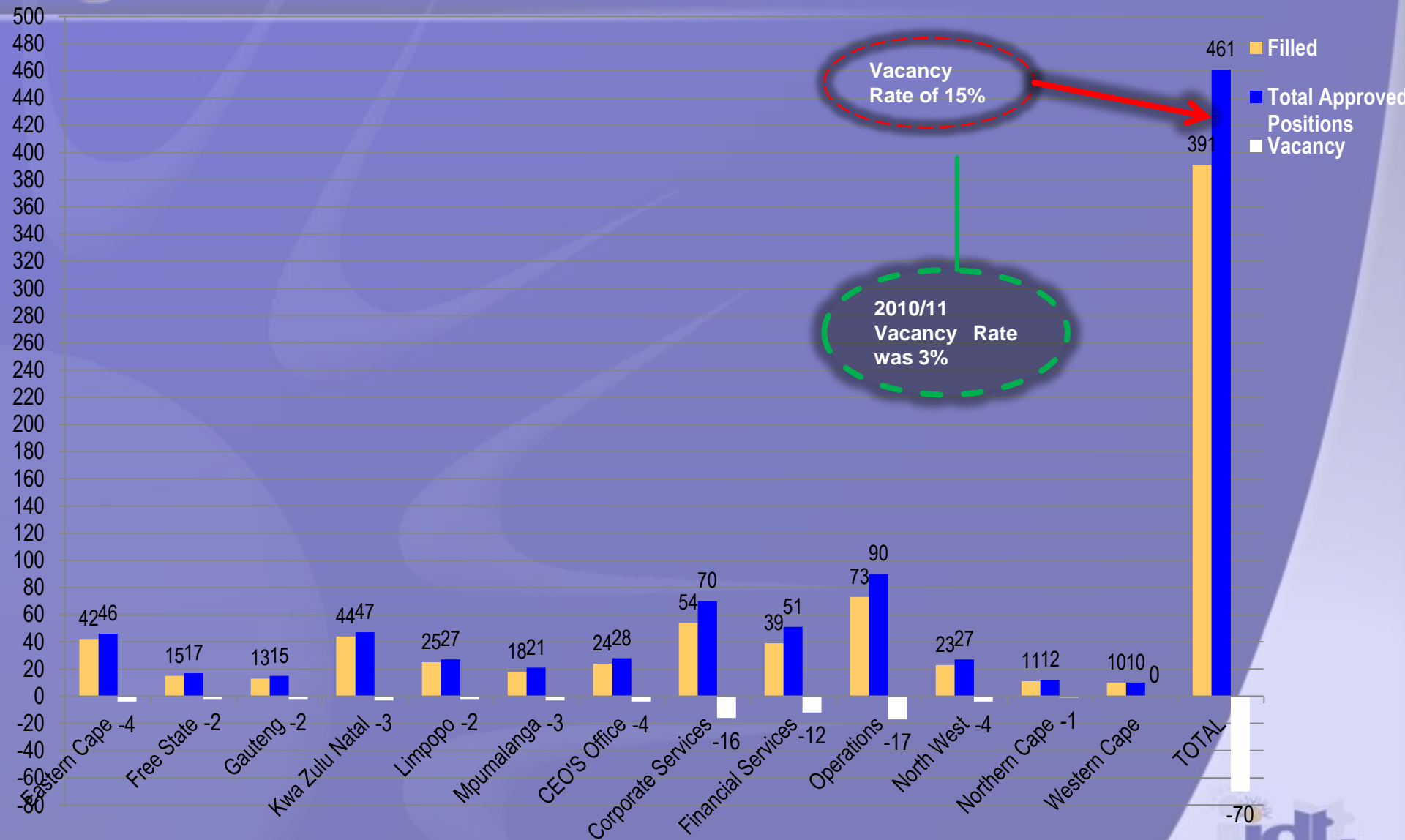
Organogram



Transformation drivers



Staff Establishment





Annual Financial Statements

☀ Revenue & Expenditure

☀ Investment fund

☀ Management Fees

☀ Analysis of Expenditure

☀ AG Comments and management response



Revenue and expenditure

	Actual 2010/2011 R' million	Budget 2011/2012 R' million	Actual 2011/2012 R' million
Revenue	123	174	321
Management fees	81	155	139
Investment income	40	19	27
Other income	2	-	5
Funds allocated	-	-	150
Overhead expenditure	367	498	430
Operating deficit	244	324	109
Management fees as a percentage of programme expenditure	3,6%	6,5%%	3,3%

Investment fund

	Actual 31 March 2011 R'million	Actual 31 March 2012 R'million	Forecast 31 March 2013 R'millions
Opening balance - April	652	415	278
Allocation	-	150	-
Withdrawals	(275)	(314)	(260)
Investment income and fair value adjustment	38	27	15
Closing balance	415	278	33



Management Fees





Analysis of expenditure

	Actual 2010/2011 R'million	Budget 2011/2012 R'million	Actual 2011/2012 R'millions
Total employment costs	219	242	239
Administration expenses	130	250	181
Depreciation/amortisation	6	6	6
Programme expenses	11	-	4
Fruitless & wasteful expenditure	1	-	-
Total expenditure	367	498	430
Admin expenditure includes community development initiatives	6	120	10
Fruitless & wasteful – interest on late payments	900k	-	53k



Auditors Report for the 2012 year

- ☀ The IDT received the 10th Consecutive unqualified audit report
- ☀ The AG reported on some Legal and Regulatory Requirements:
 - ☀ Predetermined objectives: **Reliability of information. Actual reported performance information was not valid, accurate and complete. This was due to a lack of monitoring and review for the recording of actual achievements by senior management.**
 - ☀ Compliance with laws and regulations:
 - ☀ Annual financial statements – material misstatements were subsequently corrected
 - ☀ Procurement and contract management – Goods, work or services were not procured through a process which was fair, equitable, transparent and competitive as required by the PFMA
 - ☀ Internal control
 - ☀ Leadership – inadequate oversight responsibility regarding financial reporting, compliance with laws and regulations and reporting on performance against predetermined objectives
 - ☀ Financial and performance management – inadequate monitoring by supervisors resulting in material misstatements in the financial statements, report on performance against predetermined objectives and non-compliance with laws and regulations



Management Response to AG findings

- ☀ **The IDT has prepared an Implementation Plan to address the matters raised by the AGSA.**
- ☀ **The Plan has been presented to the Audit Committee.**
- ☀ **Progress against the Plan will be monitored over the second half of the financial year.**



High Level Risk Analysis

-  **Regulatory**
-  **Strategic**
-  **Political**
-  **Communication**
-  **Financial**



Risk Analysis

- REGULATORY RISKS:** Key risk is the need for a legislated and funded mandate. Such a legislated mandate should confirm the IDT's relevance and distinctive value to the national development agenda and priorities, funding model and the long-term sustainability of its operations. This will enable the organisation to invest in sustainable development to attain self-reliance in the communities it serves.
- STRATEGIC RISKS:** Risks around the growing misalignment between the development and poverty profile of the country, national strategic outcomes and the IDT's mandate and strategy to measurably impact on the development landscape on the one hand; and, the resources available to IDT to deliver on its mandate and strategy on the other.
- POLITICAL RISKS:** Confirmation of the IDT's mandate (the existing or a new mandate) is a political decision championed by the Executive Authority. It is anticipated that the IDT's Business Case will be approved by Cabinet by December 2012



Risk Analysis

- ☀ **BUSINESS RISKS:** Primarily around the internal environment of the IDT. These risks relate to the effect of uncertainty on staff, staff turnover, commitments to clients.
- ☀ **COMMUNICATION RISKS:** Risks surrounding the management of perceptions of all key stakeholders such as communities and clients around the continued existence of the IDT
- ☀ **FINANCIAL RISKS:** Risks related to the financial sustainability and the going concern challenges of the IDT.



Recommendations

- ☀ That the Committee notes the IDT's 2011/12 Annual Report, including the areas of over and under achievement and the reasons for the variances as presented in the Annual Report**
- ☀ That the Committee notes the financial sustainability challenges of the IDT and continues to support efforts to confirm and legislate the IDT's mandate and funding model**