Province of the
EASTERN CAPE
PUBLIC WORKS & INFRASTRUCTURE

2022/23 ANNUAL REPORT

EXPANDED PUBLIC WORKS PROGRAMME
CONTRIBUTION TO A NATION AT WORK

Issued by the Communication Services Unit 040 602 4000

Province of the
EASTERN CAPE
PUBLIC WORKS & INFRASTRUCTURE

EASTERN CAPE DEPARTMENT OF PUBLIC WORKS & INFRASTRUCTURE

ANNUAL REPORT 2022/23
Vote 05

TABLE OF CONTENTS

1. PART A: GENERAL INFORMATION 5
1.1 Department's General Information 6
1.2 List of Abbreviations / Acronyms 7
1.3 Foreword by MEC of the Department 10
1.4 Report of the Accounting Officer 12
1.5 Statement of responsibility and confirmation of the accuracy of the annual report 18
1.6 Strategic Overview 19
1.6.1 Vision 19
1.6.2 Mission 19
1.6.3 Values 19
1.7 Legislative and Other Mandates 20
1.8 DPWI organisational structure 22
1.9 Entities Reporting to the MEC 22

2. PART B: PERFORMANCE INFORMATION 23
2.1 Auditor General's Report: Predetermined Objectives 24
2.2 Overview of Departmental performance 24
2.2.1 Service delivery environment 24
2.2.2 Service Delivery Improvement Plan 30
2.2.3 Batho Pele arrangements with beneficiaries (Consultation Access etc.) 32
2.2.4 Service Delivery Information Tool 39
2.2.5 Complaints mechanism 39
2.2.6 Organisational Environment 40
2.2.7 Key policy developments and legislative mandates 41
2.3 Progress towards Achievement of Institutional Impacts and Outcomes 41
2.4 Institutional Programme Performance Information 45
2.4.1 Programme 1: Administration 45
2.4.2 Programme 2: Public Works Infrastructure 56
2.4.3 Programme 3: Expanded Public Works Programme 70
2.5 Transfer Payments 76
2.5.1 Transfer Payments to all organisations other than public entities 76
2.6 Conditional Grants 76
2.7 Donor Funds 77
2.8 Capital Investments 77
2.8.1 Capital Investment, Maintenance and Asset Management Plan 77

3. PART C: GOVERNANCE 87
3.1 Introduction 88
3.2 Risk Management 88
3.3 Fraud and Corruption 90
3.4 Minimising Conflict of Interest 91
3.5 Code of Conduct 92
3.6 Health and Environmental Issues 92
3.7 Portfolio Committee 93
3.8 SCOPA Resolutions 100
3.9 Prior modifications to audit reports 107
3.10 Internal Control Unit 108
3.11 Internal Audit and Audit Committee 110
3.12 Audit Committee Report 114
3.13 B-BBEE 118

4. PART D: HUMAN RESOURCE MANAGEMENT 117
4.1 Introduction 118
4.2 Personnel Related Expenditure 122
4.3 Employment and vacancies 126
4.4 Filling of SMS Posts 129
4.5 Job evaluation 131
4.6 Employment changes 133
4.7 Employment Equity 141
4.8 Signing of Performance Agreements by SMS Members 147
4.9 Performance rewards 147
4.10 Foreign Workers 152
4.11 Leave utilisation 153
4.12 HIV and AIDS & Health promotion programmes 157
4.13 Labour relations 158
4.14 Skills development 161
4.15 Injury on duty 163
4.16 Utilisation of consultants 164
4.17 Severance Packages 166

5. PART E: PFMA COMPLIANCE REPORT 167
5.1 Irregular, Fruitless and Wasteful, Unauthorised Expenditure and Material losses 168
5.1.1 Irregular expenditure 168
5.1.2 Fruitless and wasteful expenditure 170
5.1.3 Unauthorised expenditure 171
5.1.4 Additional disclosure relating to material losses in terms of PFMA Section 40(3)(b)(i) &(iii) 171
5.2 Late and/or non-payment of suppliers 172
5.3 Supply Chain Management 173
5.3.1 Procurement by other means 173

6. PART F: FINANCIAL INFORMATION 181
6.1 Report of the Auditor-General to the Provincial Legislature on Vote No.5: Department of Public Works and Infrastructure 182
6.2 Annual Financial Statements 193
6.2.1 Appropriation Statement 193
6.2.2 Notes to the Appropriation Statement 204
6.2.3 Statement of Financial Performance 205
6.2.4 Statement of Financial Position as at 31 March 2023 206
6.2.5 Statement of Changes in Net Assets 207
6.2.6 Cash Flow Statement 208
6.2.7 Accounting Policies 209
6.2.8 Notes to the Annual Financial Statements 218
6.2.9 Annexures to the Annual Financial Statements 245

PART A
GENERAL INFORMATION

1. PART A: GENERAL INFORMATION

1.1 Department's General Information

Full name of the Department

Department of Public Works & Infrastructure

Physical Address of Head Office

Qhasana Building

Independence Avenue

Bhisho

5605

Postal Address of Head Office

Private Bag x 0022

Bhisho

5605

Contact telephone numbers

Head of Department: 040 602 4256

Call Centre: 0800 864 951

Switchboard: 040 602 4000

Email address: info@ecdpw.gov.za

Website address: www.ecdpw.gov.za

Facebook page: Eastern Cape Department of Public Works & Infrastructure

1.2 List of Abbreviations /Acronyms

AIP	Audit Intervention Plan
AIDS	Acquired Immune Deficiency Syndrome
APTCoD	Accelerated Professional and Trade Competency Development
APP	Annual Performance Plan
CIDB	Construction Industry Development Board
COAF	Communication of Audit Findings
COBIT 5	Control Objectives for Information and Related Technologies
COE	Compensation of Employees
COGTA	Cooperative Governance and Traditional Affairs
DARDLR	Department of Agriculture Rural Development and Land Reform
DEDEAT	Department of Economic Development, Environmental Affairs & Tourism
DoE	Department of Education
DoH	Department of Health
DoT	Department of Transport
DORA	Division of Revenue Act
DRDAR	Department of Rural Development and Agrarian Reform
DPSA	Department of Public Service and Administration
DPWI	Department of Public Works & Infrastructure
DSRAC	Department of Sports, Recreation, Arts and Culture
DTT	Departmental Task Teams
EA	Executive Authority
EC	Eastern Cape
ECDC	Early Childhood Development Centre
ECDPWI	Eastern Cape Department of Public Works & Infrastructure
ECPG	Eastern Cape Provincial Government
ECPL	Eastern Cape Provincial Legislature
EHWP	Employee Health and Wellness Programme
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
EXMA	Executive Management
FET	Full-time Equivalents
FM	Facilities Management
FM&O	Facility Management & Operations
GIAMA	Government Immovable Asset Management Act
GPAA	Government Pensions Administration Agency
HDI	Historically Disadvantaged Individuals
HIV	Human Immunodeficiency Virus
HPM	Health Productivity Management
IIA	Institute of Internal Auditors

IAM	Immovable Asset Management
IAR	Immovable Asset Register
IBAC	Interim Bid Adjudication Committee
ICDP	Integrated Contractor Development Programme
ICT	Information & Communication Technology
IDP	Integrated Development Plan
IOD	Injury on Duty
IPMP	Infrastructure Programme Management Plan
ISSC	Integrated Shared Services Contracts
IT	Information Technology
LED	Local Economic Development
MEC	Member of the Executive Council
MPL	Member of Provincial Legislature
MTSF	Medium Term Strategic Framework
NTR	National Treasury Regulation
NYS	National Youth Service
OBB	Operation Bring Back
OHS	Occupational Health and Safety
OMF	Operations Management Framework
OSD	Occupational Specific Dispensation
OTP	Office of the Premier
ORW	Other Remunerative Work
PFMA	Public Finance Management Act
PHC	Primary Health Care
PIMO	Provincial Infrastructure Management Office
PIP	Property Incubator Programme
PLO	Public Liaison Officer
PMDS	Performance Management Development System
P-MTSF	Provincial Medium Term Strategic Framework
PPPs	Public Private Partnership
PPPFA	Preferential Procurement Policy Framework Act
PPR	Preferential Procurement Regulation
PSLDC	Provincial State Land Disposal Committee
PSRIRA	Private Security Industry Regulatory Authority
PSLDVC	Provincial State Land Disposal Vesting Committee
POPIA	Protection of Personal Information Act
QSEs	Qualifying Small Enterprises
RAIM	Risk Anti-Corruption & integrity Management
RFI	Request for Information
RPL	Recognition of Prior Learning

RWOPS	Remunerative Work Outside of the Public Service
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDF	Spatial Development Framework
SHERQ	Safety Health Environment Risk & Quality
SL	Salary Level
SLA	Service Level Agreement
SMMEs	Small Micro and Medium Enterprises
SMS	Senior Management Service
TB	Tuberculosis
TIC	Transversal Infrastructure Coordination
VCT	Voluntary Counselling & Testing

1.3 Foreword by MEC of the Department

During the 2022/23 financial year, the Department of Public Works and Infrastructure committed itself to foreground its work on the pronouncements made by the President in the 2022 January 8th Statement and the 2022 State of the Nation Address. These commitments were further articulated by our Premier in the 2022 State of the Province Address. Key in these political imperatives was the need for massive roll-out of infrastructure, expansion of local production, job creation and a focused augmentation of our energy generation capacity.

These were further crystallised in the Economic Reconstruction and Recovery Plan, which the Department has dedicated itself to advance through its mandate of infrastructure delivery, maintenance and investment.

This 2022/23 Annual Report demonstrates the strides the Department has made in pursuance of its strategic focus areas that were enunciated at the beginning of the financial year under review. In the 2022/23 financial year, the Department focused on the following strategic areas:

- Building institutional capacity by acquiring the requisite skills needed to carry out its mandate;
- Revenue enhancement and Property investment through efficient revenue collection and effective lease management;
- Facilities management and maintenance focusing on responsive and on-time Prestige and maintenance services;
- Supplier and enterprise development by rendering support to contractors in the Integrated Contractor Development Programme (ICDP) with the view to assist them to progress to higher echelons of the Construction Industry Development Board (CIDB) register of contractors;
- Optimised public employment in the built and property space and effective coordination of the Expanded Public Works Programme (EPWP) in the Province; and
- Transversal infrastructure coordination to ensure improved infrastructure planning, delivery, operations and maintenance capability across the Province.

In respect of building institutional capacity to equip the Department to carry out its mandate, 28 candidates acquired professional registration status through various professional bodies. This achievement ensures that the Department incrementally moves towards being resilient and capacitated, thus providing highly skilled professional capability in the built environment.

During the year under review, the Department was able to create value through the productive use and management of state owned assets by providing 350 fit-for-purpose facilities to User Departments. This went a long way towards achieving the outcome of being a citizen-centric Department by bringing government services closer to people we serve and making sure that the citizens have a dignified user experience when they enter state owned facilities.

In the 2022/23 financial year, the Department enhanced entrepreneurship for socio-economic transformation by awarding 92% of goods and services and 78% of infrastructure capital expenditure to local suppliers prioritising those owned by designated groups. Furthermore, 32% of the infrastructure budget went to support Small, Medium and Micro Enterprises (SMMEs) in the ICDP database of contractors.

As the implementer and coordinator of EPWP, the Department ensured that it led by example in the implementation of EPWP. During the year under review, the Department created 4 067 work opportunities through its construction, maintenance and property portfolios. This ensured that the Department remained true to its outcome of optimising job opportunities for our people.

The transformation of the Property Sector continued to be a commanding imperative of the Department. To this end, 72% of leases were concluded with black landlords, thus making a significant dent on the historically untransformed sector.

The Transversal Infrastructure Coordination (TIC) Unit was established in the 2022/23 financial year and it started to implement the Department's new mandate as per the Executive Council's (EXCO) Resolution of 9 December 2020. This entailed the Department taking a leading role in coordinating provincial infrastructure in collaboration with the Office of the Premier, Provincial Treasury and the Department of Cooperative Government and Traditional Affairs. During the year under review, the TIC Unit made positive advances in monitoring infrastructure performance and resolution of bottlenecks in infrastructure delivery and expenditure. This was executed through Infrastructure Governance Structures that were approved by the EXCO of 25 April 2022.

During the year under review, the Department had to contend with serious challenges, which denuded the Department's ability to achieve some of its priorities and critical policy goals. Notable amongst the challenges are:

- Under-achievement of the rand value generated as the Department only collected R18, 320 million against the revenue target of R54, 382 million;
- Under achievement of the employment equity target of 30% for the youth. In this regard, the Department only achieved 19.8%;
- Under achievement of the employment equity target of 2% for people living with disabilities. The Department only achieved 1.3%; and
- Delays in the implementation of the Property Incubator Programme due to protracted consultation processes with external stakeholders.

Lastly, the Department acknowledges the unstinting support and contribution made by the Premier, the entire EXCO members and all stakeholders, in ensuring that the Department delivers on its mandate of being a leader in the provision of high quality services in infrastructure delivery.

Thank you.

Ms N. Nkopane
MEC for Public Works & Infrastructure

1.4 Report of the Accounting Officer

Overview of the Operations of the Department

This Annual Report is presented towards the last two years of the 06th Administration, where government inclusive of the Department of Public Works and Infrastructure's initiatives have to continue to make a mark in the optimization of work opportunities through delivery of public infrastructure and strengthened coordination by all public bodies in the Eastern Cape to realize job creation. The Department had to ensure radical transformed built environment that seeks to ensure skills development, youth employment and broad-based economic empowerment of Small Micro and Medium Enterprises (SMMEs).

The Department's overall performance is 84% of its planned targets with a budget expenditure of 99.99% of the adjusted budget of R2 680 473 billion during the year under review.

Through the improved coordination efforts of Public Bodies, the Province has surpassed its target of creating 97 764 to 101 411 job opportunities. The Department will continue to ensure more focus in the realization of the full-time equivalents (FET's) and Phase 4 of the EPWP, which aims to ensure more sustainable job opportunities and innovative job creating programmes. The Department continues to make strides in sourcing goods and services from local suppliers even though in the year under review there was a slight drop by 3% from the 95% target to 92% due to development of Supply Chain Management Policy as per PPPFA requirement to cover the LED element.

There has been a notable increase in infrastructure capital expenditure items sourced from local suppliers from 46% to 78%, an affirmation of the commitment to ensure that local service providers through SMME empowerment programmes are prioritized. Through the Integrated Contractor Development Programme (ICDP), the Department had planned to set aside 20% of its infrastructure budget to benefit the programme, but managed to achieve 32% due to this deliberate procurement strategy.

Over and above the empowerment initiatives, 90 local SMMEs were appointed as subcontractors in various infrastructure projects with a further contribution of 30 unemployed built environment graduates placed as interns in various projects. The Department had an increase in the number of candidates registered as professionals from 20 to 28 due to a pool of mentors that were identified to ensure that the candidates are monitored and exposed to projects in order to acquire their Professional Registration.

The Department has continued to support other skills development programmes and appointed youth in the various Development Programmes such as candidacy programme, graduate interns and graduate technical interns as well as bursaries. Furthermore, through the Artisan Skills Development Programme an intake of 1123 is undergoing training as qualified artisans, and already 100 have passed their trade test.

In the 2022/23 Annual Performance Plan, I alluded to the fact that DPWI will focus and rehash various interventions that will enable the department to implement the expanded mandate. This included the following:

a) Setting up and capacitation of the new Transversal Infrastructure Coordination (TIC) role for public infrastructure development bestowed to National DPWI through Proclamation 49 of 2019 and subsequently to the ECDPWI through Proclamation Notice No 11 of 2021 of 6 April 2021.
b) The ultimate aim of TIC is to improve the infrastructure development regime of the Province and ensure that infrastructure delivery contributes to socioeconomic growth and development, transformation and poverty alleviation.
c) Strengthening of DPWI Implementing Agency role.
d) The implementation of the newly approved organisational structure to contribute towards building institutional capability on the following prioritised areas:

- The newly-established Provincial Infrastructure Coordination Unit (Transversal Infrastructure Coordination) through the directorate for Portfolio, Programme and Project Management Office;
- Facilities and Security Management Unit;
- Health Infrastructure Maintenance and Technical Support;
- Education Infrastructure Maintenance and Technical Support; and
- Other Provincial Departments Infrastructure Maintenance and Technical Support.

The Department is proud to account that significant progress in the recruitment and selection of personnel in the year under review is as follows:

- The Department has appointed 16 of the 18 SMS advertised posts, with two to be re-advertised;
- Five (5) District Directors were appointed making it seven (7) District Offices with permanent officials, except Nelson Mandela Metro which has to be re-advertised;
- Appointment of the Director: Infrastructure Research, Planning and Systems under TIC; and
- 50 posts approved and advertised in December 2022 for capacity enhancement in Immovable Asset Management, Facilities Management and Security Chief Directorates.

It is also of great note to lift the significant achievement of 56% women in SMS and our efforts will focus on improving Employment Equity targets for youth and persons living with disabilities in the recruitment processes. The Department aims to continue to implement further an approved Annual Recruitment Plan and complete Migration Process for 2023/24.

The Department's wish is to continue to pursue its strategic change Agenda dedicated at special programme of Transforming Public Works and Infrastructure into a "Nerve Centre" for Public Infrastructure Coordination and Delivery through its three (3) pillars: developing a capable institution, core infrastructure delivery service and investment for economic growth.

Departmental receipts

Items	2022/23			2021/22		
	Estimate	Actual collection	(Over)/Under collection	Estimate	Actual collection	(Over)/Under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Rentals Dwelings	54 382	16 856	37 526	45 021	12 022	32 999
Interest	-	403	-403	-	201	-201
Sale of capital assests	-	677	-677	-	458	-458
Commission Insurance	-	-	-	-	875	-875
Assets and Liabilities	-	384	-384	-	1220	-1220
Total	**54 382**	**18 320**	**36 062**	**45 021**	**14 776**	**30 245**

For the period under review, department under collected the projected revenue by R36 million.

Main sources of revenue collection include Cell masts, Parking and Leases both residential and commercial properties. Other sources include sale of capital assets in the form of properties. The Department has made strides in advertising properties identified for revenue collection.

There has been an increase of rental leases concluded in the year under review when compared with previous year 2021/22. An increase of 200 leases from 1 867 to 2 067 has been recorded. The Department sold two properties for R677 000, namely: Alice ERF 213 at R227 000 and Alice ERF 1085 at R450 000.

Programme Expenditure

The Departmental expenditure for the period under review (2022/23) stood at R2, 680 billion or 100% of the total adjusted budget of R2, 680 billion. The Table below provides the expenditure trend per programme.

Programme Name	2022/23			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under collection	Final Appropriation	Actual Expenditure	(Over)/Under collection
	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	516 950	516 772	178	519 879	519 720	159
2. Public Works Infrastructure	2 032 890	2 032 883	7	1 855 492	1 855 492	-
3. Expanded Public Works Programme	130 633	130 633	-	150 958	150 958	-
Total	**2 680 473**	**2 680 288**	**185**	**2 526 329**	**2 526 170**	**159**

Virements and rollovers

Virements were effected during the financial year from Programme 1: Administration: - R3, 429 million, Programme 3: EPWP: - R6, 810 million and Programme 2: Public Works: - R10, 239 million which is for the provision of acquired strategic properties as well as the increased security PSIRA rates backlog settled by the Department.

The implemented virements were within the legislated 8% threshold and in line with all relevant legislation and regulations governing virements.

The table below provides the summary of the virements that were effected in the period under review.

Appropriation per programme									
Voted funds and Direct charges	2022/23							2021/22	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	520 379	-	(3 429)	516 950	516 772	178	100,0%	519 879	519 720
2. Public Works Infrastructure	2 022 851	-	10 239	2 032 890	2 032 833	7	100,0%	1 855 492	1 855 492
3. Expanded Public Works Programme	137 443	-	(6 810)	130 633	130 633	-	100,0%	150 958	150 958
Total	**2 680 473**	**-**	**-**	**2 680 473**	**2 680 288**	**185**	**100,0%**	**2 526 329**	**2 526 170**

There are no rollovers requested.

A description of the reasons for unauthorised, fruitless and wasteful expenditure and the amounts involved as well as steps taken to address and prevent a recurrence.

The fruitless and wasteful expenditure for the year 2022/23 is detailed as follows:

Financial year	Analysis	Amount	Movements (Recoveries and Resolved)	Balance	Description
2022/23	No show	22 845,05	1 665,00	21 180,05	Non attendce of trainings
	Other wasteful	60,00	0,00	60,00	Accommodation exceeded tariff
	Interest	23 464,00	15 323,63	8 140,37	Telkom and accommodation late payments
Total 2022/23		46 369,05	16 988,63	29 380,42	
Prior Years	No show	127 868,13	92 263,00	35 605,13	Non attendce of trainings
	Other wasteful	370 758,18	300 970,34	69 787,84	Trips wrongly classified as business trips, Accommodation exceeded tariff and claiming of lunch packs while lucnch is served
	Interest	483 373,69	329 569,09	153 804,60	Interest on late payment of Eskom,Telkom, government fleet, GEPF and property rentals
Total (prior year)		**982 000,00**	**722 802,43**	**259 197,57**	
Grand Total				**288 577,99**	

The Strategic focus over the short to medium term period

- Prioritization of Infrastructure Investment through strengthening packaging of catalytic infrastructure projects and alternative funding models;
- Adoption of a single point of entry for infrastructure projects;
- Building effective and integrated planning and service delivery through focusing on infrastructure expenditure, especially maintenance of the dilapidated Property portfolio;
- Utilisation of Public-Private Partnerships to strengthen infrastructure delivery;
- Addressing infrastructure under-spending and/or over-spending due to weak project competencies, and minimise delays in management; and
- Resolving red-tape and bottlenecks such as Regulatory and Legal Frameworks, in order to infrastructure delivery.

Public Private Partnerships

The Department is in a process of finalising the Public Private Partnership agreement for Bhisho Office Precinct this year.

Discontinued Activities / Activities to be discontinued

There were no activities discontinued during the year under review.

New or Proposed Activities

- Launch the Provincial Chapter of the Operation Bring Back (OBB) campaign;
- Finalisation of the Delivery Framework;
- Implementation of the Facilities Management Model;
- The Department has finalised the Office Accommodation Plan for Provincial Departments. The implementation strategy details among others, Precinct development and acquisition of strategic properties; and
- Transversal Infrastructure Coordination.

Supply Chain Management

There were no unsolicited bid proposals concluded for the year under review. The Department has put in place systems and procedures to strengthen the control environment including proper delegation system. Additionally, the Infrastructure Procurement Unit was capacitated to improve the SCM processes. There were no major challenges experienced during the year under review.

Gifts and Donations received in kind from non-related parties

Section 76(1)(I) of the Public Finance Management Act (PFMA) No 1 of 1999 empowers National Treasury to develop regulations, or issue instructions to departments in relation **to gifts or donations by or to the state**.

Furthermore, Regulation 21.2 of the National Treasury Regulations (NTR), 2005 provide directions to an Accounting Officer of a Department to **Accept gifts, donations and sponsorships to the state as following sub-regulations.** The Department approved a Gift Policy that was supplemented by a Guide to managing of gifts received and offered to its employees. These documents provided direction on which types of gifts were acceptable or not, and the process of disclosure and management of gifts within the DPWI. During the 2022/23 financial period, there was one gift received and declared by a DPWI official, which value amounted to R300. The total value of the gifts was disclosed in the Annual Financial Statement of the DPWI.

Exemptions and deviations received from National Treasury

No exemptions or deviations have been received from National Treasury.

Events after the reporting date

Events after reporting date are documented in the applicable notes in the Annual Financial Statements.

Other

No other material facts or circumstances, which may have an effect on the interpretation and fair presentation of the financial statements.

Acknowledgments or Appreciations

I wish to take this opportunity to express my sincere appreciation for the leadership and support provided by the MEC in driving the ideal Public Works and Infrastructure initiative. Let me also thank the Departmental Management and all staff for their dedication and commitment in ensuring that the Department delivers on its mandate. The immense support provided by Oversight Bodies in improving service delivery to the people of the Eastern Cape has provided much needed encouragement.

I, acknowledge their valuable support, guidance and their efforts in ensuring that the Department is held accountable for delivering on its mandate to the public.

Conclusion

The Department presents this report in terms of the Public Service Act and the Public Finance Management Act. This report offers the Accounting Officer the opportunity to fully account for both the financial and non-financial activities for the year under review and the results thereof as contained in detail in this Annual Report.

The Annual Financial Statements have been prepared in terms of the Guide to the Preparation of the Annual Financial Statements as issued by the National Treasury.

Approval and sign off

Mr T.L. Manda
Head of Department
31 August 2023

1.5 Statement of Responsibility and Confirmation of the Accuracy of the Annual Report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the Annual Report are consistent.

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 F) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

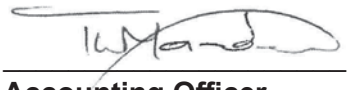
The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer 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 my opinion, the Annual Report fairly reflects the operations, the Performance Information, the Human Resources Information and the Financial Affairs of the department for the financial year ended 31 March 2023.

Yours faithfully



Accounting Officer
Mr T.L. Manda
31 August 2023

1.6 Strategic Overview

1.6.1 Vision

The vision of the Department of Public Works & Infrastructure is to be a: “Leader in the provincial infrastructure delivery, coordination and socio-economic investment”

1.6.2 Mission

The mission of the Department of Public Works & Infrastructure is: “A custodian of provincial government immovable assets, a coordinator and a provider of sustainable infrastructure resulting in socio-economic transformation and development”

1.6.3 Values

The Department of Public Works & Infrastructure holds the following values:

Values	Statements
Commitment	DPWI employees recognise that they have chosen to become public servants and, as such, are responsible and accountable to the people they serve - the people of the Eastern Cape. This commitment will be demonstrated in upholding and driving the values of the DPWI in their day to-day activities regardless of whether they form part of management, operations, finance or administration.
Integrity	The Department will consistently honour its commitments to its clients, stakeholders and the people, to uphold ethical conduct and behaviour. As such, integrity will form the foundation for good governance within DPWI.
Accountability	Each individual in the DPWI is directly or indirectly involved in government service delivery, in so far as infrastructure management and maintenance are concerned. As such, each individual is accountable for his/her actions. The Department will strive to instill a culture of accountability to ensure service delivery excellence.
Professionalism	As a Department which provides a professional service in relation to infrastructure delivery, and overall infrastructure management and maintenance, the Department commits itself to professional conduct in all areas of management, operations, finance and administration.
Service excellence	We strive for excellence in the delivery of our mandate and in the execution of our services and commit ourselves to become the best in what we do and how we do it, with workforce that is motivated and diligent in their dealings with all Departmental stakeholders.
Transparency	We display transparency in the way we work and communicate with honesty and integrity in all our relationships.
Innovation	We embrace a challenging style that encourages creativity, free thought and calculated risk-taking in pursuit of ever-higher goals.
Fairness	We accept responsibility for consequences and commit to fair application of policies without abuse and manipulation.

1.7 Legislative and Other Mandates

Constitutional Mandate

Legislative source	Directives in relation to the mandate, roles and responsibilities of the DPWI
Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)	Part A of schedule 4: Public Works has a responsibility only in respect of the needs of the provincial departments in the discharge of their responsibilities to administer functions especially assigned to them in terms of the Constitution or any other law (Concurrent national department is the Department of Public Works and Infrastructure)

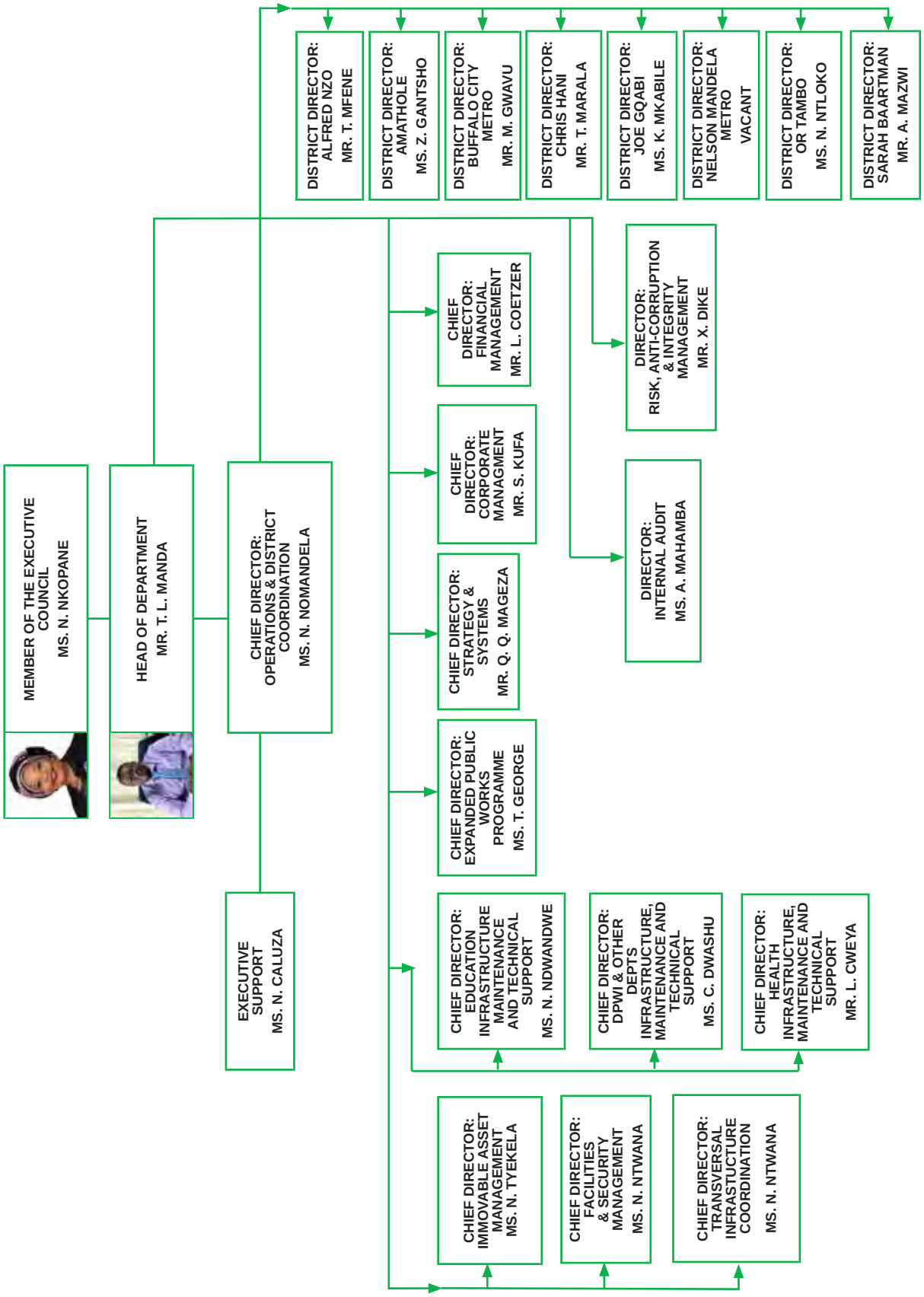
Legislative and policy mandates

The legislative mandates for the Department of Public Works and Infrastructure comprise the following legal prescripts:

Legislative source	Directives in relation to the mandate, roles and responsibilities of the DPWI
National	
Government Immovable Asset Management Act, Act No. 19 of 2007	In terms of Section 4(2)(a)(b)(ii) & (c) DPWI is designated as custodian of Eastern Cape Provincial immovable assets and responsible for all activities that are associated with common law ownership including planning, acquiring, managing and disposing immovable assets in relation to government office space, government warehousing, socio-economic infrastructure e.g. schools, clinics, hospitals etc.
Infrastructure Development Act, Act No. 23 of 2014)	To provide for the facilitation and co-ordination of public infrastructure development which is of significant economic or social importance to the Republic; to ensure that infrastructure development in the Republic is given priority in planning, approval and implementation; to ensure that the development goals of the state are promoted through infrastructure development; to improve the management of such infrastructure during all life-cycle phases, including planning, approval, implementation and operations; and to provide for matters incidental thereto.
Construction Regulations, 2014	Sub-Regulation 11(2) requires an owner of structures to ensure that a competent person (typically a Built Environment Professional) carries out periodic inspections of structures at least once every six months for the first two years after its construction and thereafter yearly to render the structure safe for continued use and that the structure is maintained so that it remains safe for continued use. Thus at least annual condition assessments must be carried out and maintenance and renewal programmes must be implemented.
Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013)	To provide for the inclusive, developmental equitable and efficient spatial planning at the different spheres of government.

Legislative source	Directives in relation to the mandate, roles and responsibilities of the DPWI
Provincial	
Eastern Cape State Land Disposal Act, Act No. 7 of 2007	In terms of Section 5(1) (2) & (3) of the Act the Department of Public Works and Infrastructure is responsible for acquisition and disposal of immovable property on behalf of the Eastern Cape Provincial Government subject to the approval of the Premier-in- Executive

1.8 Organisational Structure



1.9 Entities Reporting to the MEC

There are no entities in the Department's portfolio reporting to the MEC.

PART B
PERFORMANCE INFORMATION

2. Part B: Performance Information

2.1 Auditor-General's Report: Predetermined Objectives

The Auditor-General's report on predetermined objectives is documented under the sub-heading ''Reporting on other legal and regulatory requirements'' of the Auditor- General's report published as Part F (Annual Financial Statements of the Department's Annual Report).

2.2 Overview of Departmental Performance

The following section provides key performance information, highlighting the Department's service delivery achievements.

2.2.1 Service Delivery Environment

The service delivery environment seeks to provide a balanced overview of the environment within which the Department operated to implement its mandate. The purpose is to provide users of the Annual Report with challenges, successes and other factors that impacted the performance against set targets in the 2022/23 Annual Performance Plan.

Immovable Asset Management

The Department is charged with the mandate to be a custodian of a credible and dependable immovable assets and infrastructure and in executing the mandate, the Department needs to know the status of the property portfolio for optimal utilization to increase investment and release properties for spatial and social justice. During the period under review, the Department targeted 200 applications for vesting through the Provincial State Land Disposal and Vesting Committee (PSLDVC) for the confirmation of land ownership in the provincial sphere. As at the end of the financial year, DPWI submitted 247 vesting applications and received a listing of 175 signed vesting certificates, which will be verified and included in the IAR.

The Department has adjusted its original four-year survey plan to a two-year Survey Plan and has completed a total of 450 surveys. This process will enable the Department to obtain Item 28(1) Certificates for the newly surveyed properties and municipalities will be able to levy rates and taxes on the SDFs. Additionally, the Department commenced with provincial wide land audit for Phase 2 (Nelson Mandela Bay, Sarah Baartman, Joe Gqabi and Chris Hani). The two-year land audit will *inter alia* assist with the verification of value-added information on the IAR, test completeness, tenure verification and identify land for revenue generation. The procurement for Phase 1 (BCM, Amatole, OR Tambo and Alfred Nzo) has been finalized and implementation has commenced.

The transfer of the state-owned land to land restitution beneficiaries will contribute towards the government's land reform programme and improve the security of tenure for the beneficiaries, and contribute to the economic development of the previously disadvantaged communities. The Department experienced delays in disposal process due to the following reasons:

- Dependency on external departments e.g. Department of Agriculture, Rural Development and Land Reform with regard to the settlement of certain land claims on provincial state-owned land, delays in the disposal process as the disposal depends on the approval of the settlement by the Minister of DARDLR.
- Due to the complex nature of the disposal, dependence on external stakeholders and other processes, the historical nature of some of the disposals which require extensive research from the Deeds Offices, it has been difficult to finalise disposals within one year.
- Illegal occupation and invasion of state land is another challenge, which impacts negatively on disposal and other land administration processes.

The transformation of the Property sector remains a priority of the Province, during the period under review, DPWI targeted 60% of leases to be concluded with black landlords and this was also a national target. Furthermore, the DPWI achieved 72% leases concluded with black landlords in its open tender process.

The Amended Property Sector Codes allowed the DPWI to advertise and target 100% black owned, managed and controlled businesses/enterprises. This legislation was challenged in the Constitutional Court and Court ruled against the department. Consequently, the DPWI had to cease advertising in order to comply with the decision of the Court. Although the DPWI over achieved on this target, in the current financial year, this will pose a challenge in future planning due the outcome of the Constitutional Court.

Lease Management

Expense Lease (leased-in):

The DPWI for a period of three financial years concluded new expense lease agreements with current landlords based on the delegations from the Premier to the Member of the Executive Council responsible for Public Works and Infrastructure. In the 2021/22 financial year, the process was found to be irregular and the DPWI applied for the condonement of the irregular expenditure to the Provincial Treasury. In August 2022, DPWI applied to the Provincial Treasury to conclude new lease agreements with current landlords based on the District Development Programme where the current expense lease is linked to planned construction and completion of state-owned office precinct. A key development in this regard is the Bhisho Office Precinct PPP.

The Provincial Treasury provided guidance and on the basis of this, the DPWI commenced with the conclusion of new lease agreement with current landlords as Phase 1 and Phase 2.

Revenue Lease (Leased-out):

Of the current 870 revenue leases (residential and commercial), 327 leases are valid. The Department appointed teams of attorneys during October 2019 in the OR Tambo and Amathole regions, to assist the regional offices with the signing of new lease agreements, calculating rental arears and due legal processes for outstanding rental collection to be followed as well as application for eviction orders. The DPWI has since been successful where a full bench sitting in the Mthatha High Court issued eviction orders for the portfolio served before the court. The DPWI subsequently issued notice to vacate letters to 18 occupants in Mthatha.

The DPWI has commenced with the renewal of leases at market related rentals in the Amathole, Chris Hani, Joe Gqabi and Sarah Baartman Regions in order to normalise the portfolio.

Facilities Management and Operations

The Department is responsible for providing coordination of property maintenance and improvement services to State owned immovable assets in order to meet the requirements of Clients.

During the period under review, 150 utilisation inspections were conducted to ensure facilities meet the space norms and standards for productive use and management. The Department closed the financial year with 41% of facilities rated at C1 which denotes bad condition with only 26% at C5 rating, which is indicates good condition. This state of the facilities weakens the efforts to utilize property portfolio to meet the needs of the clients and future economic benefits. Other interventions to improve operations and management of the facilities included the establishment of Chief Directorate: Facilities Management and Security and implementation of facilities management initiatives such as coordinating planned/unplanned maintenance services, Prestige Management Services, OHS, etc.

Included in the Total Facilities Management approach is the effective management of customer services. This entails the establishment of 24- hour customer contact centre operations where all clients of the department will log maintenance calls, which will be tracked and completed. The call centre operations are expected to be launched in the 2023/24 financial year.

Prestige Management

The Department has developed a call tracking logging system that will enable us to monitor all faults logged by Prestige clients. Since the inception of the call logging system in December 2022, the total number of calls logged is 352, and 255 cases were resolved.

In collaboration with EPWP, we are working on having Artisans fulltime at the complex to enable the Department to reduce its turnaround time in attending to complaints. In terms of the refurbishment projects, the Department had planned to refurbish nine (9) houses but had managed to complete seven (7) houses. The remainder of the houses will be completed in the 2023/24 financial year.

Security Management

The following progress on projects can be reported in the period under review:

- **Lilian Diedericks House (State House)** – The Department has installed electronic security systems and a fully operational control room;
- **Eastern Cape Provincial Legislature (ECPL)** – Phase 2 security upgrades has been completed, which included the installation of lights, CCTV cameras around the perimeter fence and repair of electric fence;
- **Ministerial Complex** – The installation of boom gates with spikes, steel canopy, CCTV cameras and intercom system to all houses has been completed; and
- **Security Upgrade Plan for Prestige Houses outside the Ministerial Complex:** The appointment of a service provider for monitoring, maintenance and installation of alarm systems in DPWI prestige facilities was finalised and the service provider is monitoring they alarm system and maintaining the system.

As the custodian of all state buildings, properties and facilities in the Province, the Department also has a mandate of providing Security Management Services to government properties.

As a means of optimizing job opportunities and transforming the security sector, the Department has continued with the initiative of utilizing Security Co-operatives. To date, there are five (5) Security Co-operatives directly contracted to the Department and seven (7) Security Co-operatives are sub-contractors. They are safe guarding and protecting government properties and an amount of R38 269 224.00 has been paid to Security Cooperatives in the 2022/23 financial year.

Public Works Infrastructure

Infrastructure delivery is the fundamental lever towards economic recovery and reforms; and a contributor to job creation and sustainable livelihoods. Among others, the vision of the NDP is to scale up infrastructure investment. Investment in infrastructure has a potential to bolster economic growth and benefit society, particularly the poor and vulnerable. The Department aligns itself to the ethos of NDP and is committed to deliver sustainable infrastructure as quality of infrastructure has a direct impact on the quality of service delivery outcomes.

To this end, the Department successfully completed the following Capital Infrastructure and Maintenance Projects:

Infrastructure Project	User-Department
Lavelilanga Senior Secondary School	Department of Education
Ilingelethu Primary School	Department of Education
Attwell Madala High School	Department of Education
Mpumelelo Mfundisi Senior Primary School	Department of Education
Construction of Makhanda Artisan Centre (Phase1)	Department of Public Works & Infrastructure
Renovations & Additions to Fort Beaufort Library	Department of Sports, Arts, and Culture
Replacement of Komani Hospital Fencing	Department of Health
Botha Sigcau Building – Refurbishment of Electrical, Mechanical, and Fire Installation in the building	Department of Public Works & Infrastructure
Renovations and upgrade UNISA Building Mthatha	Department of Public Works & Infrastructure
Renovations & Additions to Jeffery's Bay Public Library	Department of Sports, Arts, and Culture
Face-lifting & Refurbishments to Legislature Building	Department of Public Works & Infrastructure
Renovations to Bhisho Youth Care Centre	Department of Social Development
Botha Sigcau Building – Renovations to Second Floor	Department of Public Works & Infrastructure
Repairs and Renovations to S.S Gida Hospital	Department of Health
Renovations to Chungwa Building	Department of Public Works & Infrastructure
Renovations to Tyamzashe Building	Department of Public Works & Infrastructure
Repairs and Renovations of Mhlontlo J.S.S	Department of Education
Renovations & Additions to Lower Ngqungqu JSS	Department of Education
Renovations to Middledrift Service Office	Department of Social Development

During the construction phase of all the projects reported in this financial year, over 90 local SMMEs were appointed as subcontractors in various projects, and 30% of work packages were awarded to SMMEs. This also ensured that where feasible, building materials were sourced within the district or town of their location.

The Department improved utilisation of internal capacity for DPWI / Public Infrastructure projects by assigning new projects to internal professionals. Furthermore, 30 unemployed built environment graduates were placed on various projects.

The Department encountered many challenges during the construction phase such as strikes by local labour due to late payment of invoices and protracted negotiations for an increase in the daily wage rate. The shrinking fiscus and sluggish performance of the economy led to inadequate allocation of maintenance budget to effectively maintain and restore state owned facilities to a required condition for productive use.

Transversal infrastructure Coordination Unit

The Transversal infrastructure Coordination Unit was set up in the 2022/23 f/y and it started implementing the Department's new mandate, as per the EXCO Resolution of 9 Dec 2020, of coordinating provincial infrastructure in collaboration with the PT, COGTA and the OTP. Monitoring of Infrastructure performance and resolution of bottlenecks in infrastructure expenditure and delivery was successfully executed through Infrastructure Governance Structures that were approved by the EXCO of 25 April 2022.

Expanded Public Works Programme

The South African economy has been challenged by a number of disruptions since the beginning of the current phase of EPWP stemming from the global and local environments. The Covid-19 pandemic together with the energy crisis resulted in the economy growing by a mere 0.3% between 2019 and 2022.

Against this negative economic performance, the EPWP has served as a cushion for the most vulnerable across the country. The Presidential stimulus fund has spearheaded the ability of the province to create special projects for mass job creation. The Department is entrusted with the Provincial management and coordination of all stakeholders towards the successful implementation of the EPWP targets within the Province in relation to the creation of work opportunities. As a result, the province created 101 411 work opportunities against the target of 97 764 in the 2022/23 financial year which translates to 103.7% over-achievement against the set target.

The Department plans to mobilise all EPWP implementing public bodies to maximise the creation of jobs and create innovative projects that will be attractive to young people. The levels of participation for youth and persons with disabilities are less than the required minimum in line with EPWP principles that advocate that 55% of work opportunities should benefit youth and 2% should benefit people living with disabilities.

DPWI notes the limitations of the EPWP structural design where most of the projects are not attractive to young people not amenable to persons with disabilities. The programme is however working on improvement strategies that will enable innovations for the inclusion of all designated groups.

Skills Development initiatives implemented through the EPWP led to 1123 young people participating in the Accelerated Professional and Trade Competency Development Programme (APTCoD) and 100 of those participants have passed the trade test to become fully-fledged artisans. In addition, 221 young people participated in the National Youth Service (NYS).

These programmes are at the forefront of addressing the skills shortage and labor market challenges in the Province whilst developing the abilities of youth through learning and service. The EPWP continued to advocate for the support of SMMEs and emerging contractors to develop their skills and promote business sustainability.

The Department experienced challenges in the finalization of the Eastern Cape Construction SMME Strategy and the database for the Property Incubator participants due to elongated consultative processes undertaken with various stakeholders involved. Admittedly, these delays have negatively affected the strides made by the Department in transforming the Construction and Property sector in the Province. The Department anticipates the completion of these processes in the 2023/24 financial year.

2.2.2 Service Delivery Improvement Plan
Manage Leases (Lease-in and Lease-out)

Main Services	Beneficiaries	Current / Actual standard of service	Desired standard of service 2022/23	Actual Achievement 2022/23
Manage Leases (Lease-in and Lease-out)	User Departments and Tenants	• 97% of leased accommodation were provided within 90 days. • The desired standard aimed at providing accommodation within 60 days is not feasible. • To provide accommodation takes an average of 90 days (3 months) depending on the method followed. • If it is new procurement, it takes up to 180 days (6 months). • Further, in the 2021 /2022 FY, the department targeted 100% black owned, managed and controlled as new entries into the property sector. • Most of the new bidders, will construct new office accommodation and buildings will be ready within 24 months after award. This has been allowed in the bid conditions to attract new entrants. • The lease process has moved the black participation from 46% to 59% by the end of the financial year under review.	100% of leased accommodation provided within 40 days.	In the past cycle 0% of leased accommodation provided within 40 days was recorded. The reason for not achieving the desired performance standard is: delegations for the approval of lease applications is centralised in the office of the MEC and this makes the process lengthy.
		• Income Leases: Property Holdings reviewed all the income lease portfolio in the financial year under review. • Total valid leases to date is 327 at the end of the Financial Year. • 100% response rate to customer complaints related to manage lease (Lease-in and Lease-out) was achieved. • The department completed Provincial Office Accommodation Plan for all User Departments. • The department consulted on the plan with all the various user department on the state-owned and leased accommodation; The consultations provided the department and User department to identify new needs and problems within the various buildings that needed attention. • Consultations were taken further in work streams between the two departments, where interventions were taken by both departments to enhance office accommodation; Where additional space needed needs were required, procurement of additional space has taken place.	100% of contracts addressed / renewed before expiry.	20% of the leased-in and 67% leased-out contracts are valid and in place. In the case of leased projects, the irregular procurement of leases based on the use of the delegation to approve leases allowed the percentage to drop substantially.
			100% response rate to all customer complaints related to management of leases ***(Lease- in and Lease-out).***	100% response rate to customer complaints related to manage lease (Lease-in and Lease-out) is achieved.

Project Implementation (Works)

Main Services	Beneficiaries	Current / Actual standard of service	Desired standard of service 2022/23	Actual Achievement 2022/23
Project Implementation (Works)	User Departments MEC's, MPLs ECDPWI officials	• Monthly scheduled site meetings conducted on site. Technical issues and progress related issues discussed (100% achieved). • 100% success rate in managing scope creep during implementation and monitoring of quality. Where necessary, Value Engineering was conducted to reduce the nice to have elements and to cut unnecessary costs. • Completed projects reached practical completion stage on revised but agreed time period. This was due to challenges of late payment by sector departments in previous years, DoE in particular. • Completed projects reached practical completion stage with adjustment to the contract sum. This was due to challenges of late payment of service providers (contractors & consultants) by sector departments in prior financial years, DoE in particular. • **Reasons cited for deviation on completion of projects for the 2021/22 financial year:** • Failure to process payments on time by sector departments as per the contract resulted in service providers suspending works. Non-approval of adjustment of fees by Provincial Treasury resulted consultants suspending their services.	• 100% of site / progress meetings conducted. • 80% success rate in closing scope and quality issues raised. 100% of building infrastructure projects / works (new, rehabilitation and refurbishment) completed within the agreed time periods in the construction contract. 100% of building infrastructure projects / works (new, rehabilitation and refurbishment) completed within agreed budget.	Scheduled site meetings conducted on site on a monthly basis where technical issues and progress related issues are discussed (100% achieved). • 100% success rate in managing scope creep during implementation and monitoring of quality. (where necessary, value engineering was conducted to reduce the nice to have elements and also to cut unnecessary costs). Completed projects reached practical completion stage on ***revised time period.*** This happened due to challenges of late payment by Sector Departments in previous years, (DoE in particular). Completed projects reached practical completion stage ***with adjustment to the contract***. This happened due to challenges of late payment of service providers (contractors & consultants) by sector departments in prior financial years, (DoE in particular). **Reasons cited for deviation on completion of projects for the 2022/23 financial year:** • Failure to process payments on time by Sector Departments as per the agreed contract resulted in service providers suspending works. • Non-approval of adjustment of fees by Provincial Treasury resulted to consultants suspending their services.

Payment of suppliers invoices within 30 days

Main Services	Beneficiaries	Current / Actual standard of service	Desired standard of service 2022/23	Actual Achievement 2022/23
Payment of suppliers invoices within 30 days	Suppliers Contractors Consultants Municipality	100% of valid invoices paid within 30 days.	100% of valid invoices were paid within 30 days during 2022/23 financial year.	94% of valid invoices are paid within 30 days during 2022/23 financial year.

2.2.3 Batho Pele arrangements with beneficiaries (Consultation Access etc.)

Key Service 1: Manage Leases (Lease-in and Lease-out)

Batho Pele Principle	Current / Actual arrangements	Desired Arrangement	Actual Achievement
Consultation	• The Department completed Provincial Office Accommodation Plan for all User Departments. • The Department also consulted the plan with all various User Department on state-owned and leased accommodation. • The consultations provided the DPWI and User to identify new needs and problems within the various buildings that needed attention. • Consultations were taken further in Work streams between the two departments, where interventions were taken by both departments to enhance office accommodation. • Where additional space needs were required, procurement of additional space has taken place and awards for Transport, DSD, OTP and Safety and Liaison has taken place. • The Department instituted a Strategic Acquisition Project for 10 properties in Bhisho. • In the financial year under review department acquired the Unathi House in Bhisho. • The Premier has approved TBN Building and transfer will take place in 2022/2023 Financial Year. • Acquisition for Indwe House is in progress and an offer has been issued to the landlord.	The Department will continue to engage with User Departments on the office accommodation issues through User Forums, Property Summits, Annual and Quarterly Imbizo's and monthly meetings will be held with tenants.	The Department engaged with User Departments for office space through user forum meetings, bilateral meetings and quarterly meetings during the 2022/23 financial year.

Batho Pele Principle	Current / Actual arrangements	Desired Arrangement	Actual Achievement
Access	• The Department completed Provincial Office Accommodation Plan for all User Departments. • The Department also consulted the plan with all various User Department on state-owned and leased accommodation. • The consultations provided the DPWI and User to identify new needs and problems within the various buildings that needed attention. • Consultations were taken further in Work streams between the two departments, where interventions were taken by both departments to enhance office accommodation. • Where additional space needs were required, procurement of additional space has taken place and awards for Transport, DSD, OTP and Safety and Liaison has taken place. • The department instituted a Strategic Acquisition Project for 10 properties in Bhisho. • In the financial year under review department acquired the Unathi House in Bhisho. • TBN Building has been approved by the Premier and transfer will take place in 2022 / 2023 financial year. • Acquisition for Indwe House is in progress and an offer has been issued to the landlord.	Tenant Forums and Complaints Registers will be accessed at Regional Offices. A Programme for managing leases i.e. (***notification, decision and appropriate action on lease renewals, terminations, and reviews***) will be established and implemented at Head / Office level.	• Forums where tenants participated took place to address issues pertaining to lease agreements. • Complaints Registers were accessed at Regional Offices. • Forums where tenants participated took place to address issues pertaining to lease agreements. • Complaints Registers were accessed at Regional Offices.
Courtesy	• The Departmental staff and front-line customer care officials at Head Office / district offices welcome Client Departments and tenants. All officials were provided with name tags to ensure ease of identification should dissatisfactory service is received by our clients. • Clients of the Department were also allocated a spacious waiting area at head office prior to consultation.	Property management staff and frontline customer care officials will continue to interact courteously with User Departments and tenants. All these officials will be provided with personalised name tags to ensure ease of identification.	• Client Departments and tenants are welcomed by the departmental staff and front-line customer care officials at Head Office/ district offices. • All officials are provided with name tags to ensure ease of identification should dissatisfactory service is received by our clients. • Clients of the department are also allocated a spacious waiting area at Head Office prior to consultation.

Batho Pele Principle	Current / Actual arrangements	Desired Arrangement	Actual Achievement
Openness and Transparency	• User Forum meetings, Bilateral meetings and Quarterly meetings were utilised to make information available to the users. • Further, at Head Office level regular work stream meetings were held with client departments to discuss and report on issues related to office accommodation. • Work stream meetings report to the Heads of Departments bi-monthly.	The Department will continue to engage with User Departments for office space through user forum meetings, bilateral meetings and quarterly meetings.	• User forum meetings, bilateral meetings and quarterly meetings were utilised to make information available to all users. • Work Stream meetings are held with client departments to discuss and report on issues related to office accommodation. • Workstreams report to Head of Departments bi monthly.
Information	• Annually information is circulated through immovable quarterly sessions and outreach programmes.	Information will be disseminated annually through Immovable quarterly sessions and outreach programmes.	Information is circulated Annually through Immovable quarterly sessions and outreach programmes.
Redress	• Customer complaint handling system is utilised as a redress mechanism for the department. • Effective utilisation of workstream meeting assisted with redress.	Redress will continue to be done through a customer compliments & complaints register that is managed by customer care unit.	• Customer complaint handling system is utilised as a redress mechanism. • Effective utilisation of workstreams meetings assisted with redress. • The management of existing suggestion boxes through the appointment of Complaints Management Committee was managed by Customer Care Unit.
Value for money	• The procurement and in-house activities were assessed to ensure that the service is provided in an economical manner. • Business Process Mapping and Standard Operating Procedures were reviewed to identify waste and with the view to streamline processes to ensure that, the provision of this lease management is in an efficient and effective manner. • The Department implemented various activities to derive value for money: - review and implement New Space Norms and Standards - implement market - related rentals - implement approved Revenue Strategy. • The Revenue Strategy has been rolled out to User Departments for collection of Revenue.	Value for money will continue to be informed by assessing the ***three E's (Economy, Efficiency & Effectiveness).*** Business Processes & Standard Operating Procedures will continuously have reviewed to identify waste and be streamlined and also optimized to ensure the provision of this service in an efficient and effective manner. The Department will also continue to implement various other activities to derive value for money such as: • review & implement new Space Norms & Standards, • implement market- related rentals and approved Revenue Strategy.	• The procurement and in-house activities are assessed to ensure that the service is provided in an economical manner. Business Process Mapping and Standard Operating Procedures were reviewed to identify waste and streamlined to ensure the provision of this service in an efficient and effective manner. • Department implemented various activities to derive value for money: ➢ New Space Norms and Standards are reviews and implemented, ➢ market-related rentals are implemented to all tenants to pay. ➢ The Department is implementing approved Revenue Strategy. • Revenue Strategy was also rolled out to all User Departments for collection of revenue.

Key Service 2: Project Implementation (Works)

Batho Pele Principle	Current / Actual arrangements	Desired Arrangement	Actual Achievement
Consultation	• Infrastructure Forum meetings were conducted on monthly basis with Client Departments. • IDP Forums were also conducted at Municipality level on a Quarterly basis where districts were invited.	• Infrastructure forum meetings will be conducted on monthly basis. • IDP forums will be conducted at municipality level on a quarterly basis.	• Infrastructure Forum meetings were conducted on monthly basis with Client Departments. • IDP forums were conducted at municipality level on a Quarterly basis and district officials were invited.
Access	• The sitting arrangement of customer care officers and security officers was monitored. • Frontline personnel, Customer Care staff, Programme Managers were trained on "Batho Pele Principles" regarding on how to deal with stakeholders.	Frontline personnel, customer care staff, programme managers will be trained on "Batho Pele Principles" regarding on how to deal with stakeholders.	• Sitting arrangement of customer care officers and security officers is monitored. • Frontline personnel, customer care staff, programme managers were trained on "Batho Pele Principles" regarding on how to deal with stakeholders.
	• The sitting arrangement of Customer Care Officers and Security Officers was monitored continuously.	Sitting arrangement of Customer Care Officers & Security Officers will continue to be monitored to be user- friendly.	The sitting arrangement of customer care officers and security officers is monitored continuously.
Courtesy	• Frontline personnel, Customer Care staff, Programme Managers, were trained on 'Batho Pele Principles' on how to handle stakeholders with care	Frontline personnel, customer Care staff, Programme Managers, will continue to be trained on 'Batho Pele Principles' on how to handle stakeholders with care.	Frontline personnel, customer care staff, programme managers, were trained on 'Batho Pele Principles' on how to handle stakeholders with care.
Openness and Transparency	• Monthly Forum meeting at District at Municipal level through Regional Directors were utilised to provide information. • Public Service Week was held in Sarah Baartman Region, Internal newsletter (Bazaw'sazi), external flyers, IKM Bulletin, notice boards, website notices, e-mail notices and MEC / HoD consultation Sessions.	The Department will continue to provide information during monthly Forums at District Municipality level through District Directors.	Monthly forum meeting at district at municipal level through District Directors were utilised to provide information.
Information	Information was disseminated monthly through Infrastructure Forum meetings that are held by the Department with its stakeholders.	Information will continue to be disseminated monthly through Infrastructure forum meetings.	Department conduct monthly infrastructure forum meeting with all stakeholders.

Batho Pele Principle	Current / Actual arrangements	Desired Arrangement	Actual Achievement
Redress	• MEC outreach programmes / HOD Consultation sessions to consult with the affected communities, offer an apology where necessary, give full explanation and commit to rectify the situation if there are problems encountered.	The Department will continue to communicate back to communities through Portfolio Committee meetings and forums to consult with affected communities, offer an apology where necessary, give full explanation and commit to rectify the situation if there are problems.	MEC outreach programmes / HOD Consultation sessions to consult with the affected communities, offer an apology where necessary, give full explanation and commit to rectify the situation if there are problems encountered.
		Encountered Community Liaison Officer will continue to be appointed from the same community in order to be able to update the community.	
Value for money	• The Department conducted a business process mapping in order to define value chain so that it maximises value as perceived by citizens. • Also to ensure that departmental processes are clearly defined and standardised.	Department will conduct a business process mapping in order to define value chain so that it maximizes value as perceived by citizens and also eliminate waste and unnecessary expenditure.	Business process were mapped in order to define value chain so that it maximizes value as perceived by citizens and also to ensure that departmental processes are clear and adequate.
	• Ensuring that services are accessible and appropriate.	Ensuring that services are accessible, appropriate, and adequate to citizens' need.	Ensuring that services are accessible and appropriate.
		Bring more and more qualified, experienced and registered employees so that we can see quality and value for money.	

Key Service 3: Payment of Suppliers Invoices Within 30 days

Batho Pele Principle	Current / Actual arrangements	Desired Arrangement	Actual Achievement
Consultation	• Contractor and consultant's engagements sessions were held where information was shared in relations to the plans of the department. • Contractor's concerns and needs were considered and resolutions were taken to ensure maintenance of mutual relations	Demand management unit will continue engaging the suppliers telephonically, supplier day and contractor Conferences.	• Contractor and consultant's engagements sessions were held where information was shared in relations to the plans of the department. • Contractor's concerns and needs were considered and resolutions were taken to ensure maintenance of mutual relations.
Access	• Suppliers accessed the department on a face to face basis at head office (Bhisho) and all six district offices.	Beneficiaries will access the department physically at Head Office and Districts through telephones, emails, national treasury database and newspapers.	Suppliers accessed the department on a face to face basis at Head Office (Bhisho) and all six (6) District Offices.
Courtesy	Training of the Communication Service Unit personnel on Batho Pele principles with the assistance of the Office of the Premier on how to handle stakeholders with care could not happen due to COVID-19 restrictions	To continuously train Departmental personnel.	Training of Communication Service Unit Personnel on Batho Pele Principles with the assistance of the OTP on how to handle stakeholders with care.
Openness and Transparency	• Sessions were conducted to clarify requirements and ensure that payment of suppliers within 30 days' processes are fair, open and transparent to all. • The Department also informs suppliers on unpaid invoices.	The Department will continue to engage with beneficiaries through Telephones, Emails, National Treasury Database, Noticeboards and Newspapers.	• Sessions were conducted to clarify requirements and ensure that payment of suppliers within 30 days' processes are fair, open and transparent to all. • The Department also informs suppliers on unpaid invoices.
Information	• Sessions were held to clarify requirements and ensure that payment of suppliers within 30 days' processes are fair, open and transparent to all. • The Department also informs suppliers on unpaid invoices using the Provincial Treasury tool call "Have I been paid (HIBP)".	Beneficiaries will access the Departmental information physically at Head Office and Regional Offices, through Telephones, Emails, National Treasury Database, Notice boards and Newspapers.	• Sessions were held to clarify requirements and ensure that payment of suppliers within 30 days' processes are fair, open and transparent to all. • Department also informs suppliers on unpaid invoices using the Provincial Treasury tool called. ***"Have I been paid (HIBP)".***

Batho Pele Principle	Current / Actual arrangements	Desired Arrangement	Actual Achievement
Redress	• Sessions were held to clarify requirements and ensure that payment of suppliers within 30 days' processes are fair, open and transparent to all. The department also informs suppliers on unpaid invoices. • When invoices are paid after 30 days the programme affected will have to account and (written to,) to give reasons of the late payment.	The Department will communicate back to suppliers through supplier day sessions and forums to consult with the affected suppliers and offer an apology where necessary and give full explanation and commit to rectify the situation if there are problems encountered.	• Sessions were held to clarify requirements and ensure that payment of suppliers within 30 days' processes are fair, open and transparent to all. • Department also informs suppliers on unpaid invoices. • When invoices are paid after 30 days the programme affected will be written to, to give reason of the late payment.
Value for money	• Processes were mapped and standard operating procedures documented to identify unnecessary bottlenecks so as to ensure the provision of this service is in an efficient manner. • The Department has enforced utilisation of invoice tracking tool where all invoices received are captured and traced until payment is done. • Prioritisation of invoices that are more than 20 days to be paid first so that they do not reach 30 days	This service will be rendered free of charge and the Department has conducted Business Process Mapping in order to ensure that payments are done within 30 days and that the Department pays for services rendered.	• Business Processes were mapped and Standard Operating Procedures defined to identify unnecessary bottlenecks so as to ensure the provision of this service is in an efficient manner. • Department has enforced utilisation of invoice tracking tool where all invoices received are captured and traced until payment is done. • Prioritisation of invoices more than 20 days to be paid first so that they do not reach 30 days.

2.2.4 Service Delivery Information Tool:

Current/ actual arrangements	Desired arrangements	Actual achievements
The Department delivers services delivery information through the following tools: • Facebook page • Website • External Newsletter • Exhibitions • Livestreaming of events • Mainstream and community media	The Department aims to communicate through using Website and Facebook page as a source of information.	• Utilisation of the department Facebook page to communicate departmental programmes and policies. • Maximum utilisation of digital space including newsletters now disseminated digitally. • Revamping of the website has now been completed, it is fully functional.

2.2.5 Complaints mechanism

Current / actual arrangements	Desired arrangements	Actual achievements
Public Liaison Forums	Customer Care Officials are named Public Liaison Officers as they deal with citizen complaints. PLOs are expected to attend Public Liaison Forums so as to improve on the service they offer to citizens. The Office of the Premier is responsible for the functioning of this system in Government.	The meetings are convened quarterly.
Batho Pele Co-ordinators Forum	The Department established the Batho Pele co-ordinators forum in the Department, which has representatives from the Regions so as to implement Batho Pele in the workplace.	The meetings are convened quarterly.
Effective Switchboard and Reception area	The Department has a switchboard number **040 602 4000** and reception area so as to attend to clients complaints swiftly with ease of access as per the department Customer Care policy.	The switchboard is managed for 8 hours in the day. There are currently warm bodies that attend to the switchboard and 100% direct enquiries and complaints are received and addressed through the feedback mechanism.
Presidential hotline	Complaints from the citizens are received systematically through the systems generated OTP report.	100 per cent of those enquiries or complaints are attended to on a monthly basis.
Department walk-ins	The Department has a reception area in all its offices to welcome clients of the department.	Only in few offices i.e. Mount Ayliff (due to lack of structure) and Mthatha Offices (due to multi departments in one building) that there is no proper reception area. However, clients of the department are attended as walk-ins when they enter the premises of the department.

Current / actual arrangements	Desired arrangements	Actual achievements
Facebook page complaints	The Department has an official Facebook page "Eastern Cape Department of Public Works and Infrastructure" and receives client complaints and enquiries.	The complaints received on the department Facebook page follow the department complaints handling strategy as enshrined in the Customer Care Policy of the department.
Formal correspondence	The Department receives formal written complaints through letters and emails.	These complaints follow the complaints handling strategy of the department as reflected in the Department Customer Care Policy.
WhatsApp enquiries	The clients of the department utilise WhatsApp numbers to complain or enquire **060 983 6982, 060 983 6994, 060 983 7030**	The PLOs respond to the enquiries and follow the complaints handling procedure of the department and feedback mechanism.
Toll free number	The Department has a toll free number **0800 864 951** for complaints.	All complaints received in this line follow the complaints handling strategy of the department and feedback mechanism.

2.2.6 Organisational environment

The Department's focus to pursue commitments made in the Strategic Plan and Annual Performance Plan continued through building a Responsive and Citizen centric and resilient capacitated department. To build capacity, a new Organizational Structure focusing on critical units was approved by DPSA. The new organisational structure has also catered for capacitation of other areas of poor service delivery like Policy Coordination, Research and Development, Managing Institutional Knowledge as well as Business Continuity.

The Department continued to implement its change management plans as a drive to ensure that its stakeholders especially the employees at different levels understand and own the transformation agenda. The Department strengthened its leadership and professional capacity and out of the eighteen (18) SMS posts that were advertised sixteen (16) have been filled to date with two posts going out for readvertisements and these posts include the following:

- Five (5) posts of Chief Directors finalised
- Five (5) posts of Regional Directors finalised
- Six (6) posts of Directors finalised

The Department is implementing the new Organisational Structure and is currently finalizing the migration process. The Department through the implementation of the structure, which targeted Women in SMS, surpassed the Employment Equity target of 50% of women in SMS from 46% in the previous financial year to 56% at the end of the period under review.

The assurance providers such as Risk Management, Internal Audit and Audit Committee continue to provide oversight at various levels of the department to improve governance through the monitoring of audit action plans, procedures to address control deficiencies and exercise financial and performance reporting.

In our endeavour to accelerate skills development, twenty eight (28) professional candidates attained their Professional Registration as professionals in the department and the department continues to capacitate its senior and middle managers through various skills development initiatives.

The Department in ensuring growth, innovative and diversified SMME LED economy has awarded 92% of goods and services and capital expenditure items to local suppliers (SMMEs, EMES and QSEs). Furthermore, 78% award of infrastructure capital expenditure items (monetary value) were sourced from local suppliers, manufacturers and / contractors (including EMEs and QSEs) including, Youth: 14%, Women: 10% and People with Disabilities: 1%.

The Department continued to pay service providers within 30 days and has achieved 94% payment of valid invoices for the period under review providing much needed financial relief to SMMEs.
The DPWI performance reflects an organisation that is stable, with lessons that can be drawn from performance trends of the previous years. This is evident in the 2021/22 Audit Report by the Auditor-General of South Africa. The following are some of the organisational challenges experienced by the Department:

- Employment Equity targets remain a challenge for the designated groups as follows:
  - ✓ Youth employment in permanent positions;
  - ✓ People with disability
- Insufficient budget to adequately perform service delivery programmes;
- High staff turn over
- High Vacancy rate
- Restructuring of the organization leading to none filling of posts
- Ageing skills population, especially in relation to technical skills; and
- ICT Management Capability compromised state of business continuity in the Department especially in relation to systems and connectivity.

Despite the negative effects of budget cuts to fund initiatives, the Department proved that it was fit for purpose as the nerve center of Infrastructure delivery by completing fourteen (14) maintenance projects on time.

2.2.7 Key policy developments and legislative changes

There were no key policy developments and legislative changes for the year under review.

2.3 Progress towards Achievement of Institutional Impacts and Outcomes

The report intends to give a clear picture of the DPWI's medium-term results, outcomes and envisaged impacts. It also reflects on the current position, where the Department is heading and how it plans to get to the desired outcomes. The objective is to enable all stakeholders to make an informed assessment of the Department's performance and its ability to deliver on its mandate.

DPWI contribute towards the impact of reducing all forms of poverty and inequality by ensuring that the Eastern Cape citizenry have a decent standard of living through equitable / universal access to basic services, high quality infrastructure, job opportunities and access to economic activity.

Outcome: Resilient, Ethical and Capable DPWI, Responsive and citizen centric Public Works and Infrastructure
P- MTSF Priority 1: A capable, Ethical and Developmental state **P- MTSF Priority 3:** Education, Skills and Health

Building a resilient and capacitated Public Works: This will be accomplished first and foremost by ensuring that the Department has functional, efficient and integrated plans that are consistently implemented and monitored by management and the Executive Authority.

The 2022/23 APP that integrates the global, national, provincial and local government priorities was developed and tabled in line with the revised planning frameworks of government.

Although the Department is struggling to meet the Provincial performance target of 90%-98% it has achieved 84% of performance targets as outlined in the Annual Performance Plan for the 2022/23 financial year, which is an improvement compared to the 2021/22 financial year. This improvement can be attributed to intense and targeted oversight by Executive Management Committee (EXMA), Top Management and the Audit Committee as well as conducting all envisaged performance reviews by the MEC.

During the year under review, the Department continued on a positive path towards its outcome of being a responsive and citizen centric. The Office of the MEC exceeded planned outreach programmes by undertaking 65 outreach programmes against the target of 32 planned interventions. This is due to impromptu requests and invitations from various stakeholders, which compels DPWI to be responsive as intended. The Intergovernmental collaborations were run effectively with all resolutions from IGR structures responded to positively. The DPWI's journey towards being a citizen-centric Department will be strengthened through the implementation of the recommendations of the user-satisfaction surveys that were conducted on internal and external stakeholders.

In building its resilience through a skilled and capable workforce, the Department forged ahead with its Professional Development Programme and managed to register twenty-eight (28) out of targeted twenty (20) professionals during the year under review. The Department strengthened its leadership and professional capacity and out of the eighteen (18) SMS posts that were advertised sixteen (16) have been filled to date with two posts going out for re- advertisements.

The Department is implementing the new Organisational Structure and is currently finalizing the migration process. There is also a marked improvement in the achievement of equity targets.

The Department through the implementation of its structure, surpassed the employment equity target of 50% of women in SMS. Women in SMS positions are now at 56%, compared to the 46% in the previous financial year.

The Department is proud of its maturity as it relates to prudent financial management practices as all DPWI programmes use and manage resources efficiently and exercise fiscal responsibility and discipline.

This is evident in the improved Financial Management capability maturity model assessment score of level 3 as planned, 94% of valid invoices were paid within 30 days as well as 100% expenditure of property rates and taxes invoices from municipalities was achieved.

Amongst areas that the Department is still struggling with is the implementation of Procurement Plan due to the delays caused by the revision of the procurement plan due to changes made by clients on specifications and low revenue collection rate caused by the delayed implementation of the approved revenue strategy.

Outcome: Productive Asset, Dignified User Experience & Transformed Built Environment
P- MTSF Priority 4: Consolidating the Social Wage through Reliable and Quality Basic Services **P- MTSF Priority 5:** Spatial Integration, Human Settlements and Local Government **P- MTSF Priority 7:** A better Africa and World

Productive Asset and Dignified User Experience through optimal utilisation of the provincial Asset Portfolio to increase investment through interventions that facilitate revenue generation, retention as well as mobilisation of public investment and foreign investment as a lever for economic growth of the Eastern Cape.

These will, in turn contribute towards opening entrepreneurship, jobs and skills development opportunities to alleviate the triple challenges of poverty unemployment and inequality. The Department has concluded long-term, short-term and residential leases in an effort to implement Revenue Enhancement Strategy initiatives that will generate **revenue** over a period of 3-9 years. All efforts of implementing the Revenue Strategy yielded a collection of cost savings of R28 917 million.

The above-mentioned initiatives will open opportunities for a **"Transformed Built Environment**" through optimizing entrepreneurship and job opportunities for socio-economic transformation of SMMEs (Cooperatives, emerging contractors, town and village economies) and HDIs in general. In relation to this outcome the Department has progressed well towards its 5-year target. The following performance improvements were noted in relation to the outcome of transforming emerging SMMEs in the infrastructure space:

- 32% against the targeted 20% infrastructure budget was set aside for direct contracting (ICDP) SMMEs (EMEs and QSEs) prioritising designated groups;
- 78% against the planned target of 45% infrastructure capital expenditure items were sourced from Local suppliers, manufacturers and / contractors;
- 72% against the target of 60% of leases were concluded with black landlords;
- 106 against the planned target of 100 emerging contractors were supported; and
- 55 SMMEs against the target of 80 were upgraded to a higher CIDB grading.

However, there were, some areas that the Department fell short of achieving its planned targets. The finalisation of Property Incubator Policy that would have seen 50 new entrants in the Property industry as well as the Infrastructure and Construction SMME Development Strategy were not achieved due to non-responsiveness of the bidders as well as consultation sessions that took longer than anticipated.

To contribute towards the 6thAdministration objectives of social upliftment of citizens, the Department adopted an outcome of affording Dignified Client Experience by providing reasonable and functional accommodation and facilities management services to ensure the delivery of frontline services that are suited to the requirements of the public. Key to the dignified experience of users are buildings that have the required access facilities for persons living with disabilities and that are generally compliant to all aspects of the Occupational Health and Safety Act.

This would be attained through, amongst others:

- Provision of 20 facilities adhering to access norms and standards for persons living with disabilities;
- Effective and efficient construction, maintenance and operation of all physical spaces for government (State -owned or Leasing of private office accommodation) including provision 350 facilities that contribute towards a dignified experience for our clients;
- Construction of prioritised basic infrastructure for DoE (sanitation, fencing and hostels), by replacing unsafe school buildings, sanitation services and ensuring that public schools meet the services norms and standards;
- Ensuring that health facilities have basic infrastructure (water, sanitation, electricity and fencing) and that Primary Health Care (PHC) Centres meet norms and standards; and
- Conducting 343 planned condition assessments as well as all 150 utilisation inspections for office accommodation to ensure that the condition of state-owned buildings is improved through maintenance plans.

Outcome: Sustainable and Optimized Job Opportunities
P-MTSF Priority 2: Economic Transformation and Job Creation: **P-MTSF Priority 3:** Education, Skills and Health

In relation to **Sustainable** Social Infrastructure Delivery, 32 out of planned 41 capital infrastructure projects were under construction. Nineteen (19) new construction projects and facilities refurbished were completed during the year under review. These are physical spaces through which citizens interact with government in a dignified manner.

The outcome of **Optimized Job Opportunities** focuses on the restructuring programmes of the Department to maximize the creation of work opportunities in the delivery of infrastructure through the Expanded Public Works Programme (EPWP). Furthermore, the creation of more work opportunities is done through the coordination of public bodies implementing EPWP in the Eastern Cape. The Eastern Cape is expected to contribute **478 267** work opportunities towards the national effort. The Provincial annual target for the 2022/23 financial year was 97 764 work opportunities to be created by the Province, and the DPWI targeted 4 000 work opportunities. Through the Department's coordination efforts, both DPWI and the EC Province exceeded the targets by creating 4 067 and 101 411 work opportunities respectively.

The EPWP is continuing on its commendable effort to alleviate poverty by ensuring that destitute households in the Province are at least above the lower-bound poverty line as contained in the 2019-2024 MTSF target.

Outcome: Integrated Planning and Coordination
P- MTSF Priority 7: A better Africa and World

An integrated approach to infrastructure development is essential to realizing the impact of Infrastructure being an enabler and a critical contributor to economic activity and growth. This starts with developing an effective infrastructure management capability that aims to improve the life-cycle management of infrastructure from preliminary conception and planning through to maintenance and replacement. The Department achieved all planned aspects of Integrated Planning and Coordination including convening Infrastructure Governance Structures, maturity of the Immovable Asset Register (IAR) as well as compliance to GIAMA in terms of submitting User Asset Management Plans (U-AMPs) and Custodian Asset Management Plans (C-AMPs) to Provincial Treasury. These activities ensure that the Department's Immovable Asset Register (IAR) provides credible, up-to-date, reliable, integrated, secure and usable data and information to all users to enable efficient management of the Immovable Assets throughout their lifecycle.

2.4 Institutional Programme Performance Information

2.4.1 Programme 1: Administration

a) **Purpose**

To provide leadership, administrative, strategic, financial and corporate support services to the core programmes of the department in order to ensure that it delivers on its mandate in an integrated, efficient, effective and sustainable manner.

b) **Sub-Programme:** Office of the MEC

Purpose: To render advisory, secretarial, administrative and office support services
Outcomes, Outputs, Outputs Indicators and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Responsive and citizen centric Public Works – Improved intergovernmental relations and engagement with citizens.	Political oversight provided.	Number of planned outreach programmes undertaken by MEC	57	43	32	65	+33	The overachievement is due to outreach programmes undertaken as a result of unplanned requests and invitations from various stakeholders. As a responsive and citizen centric department, over performance should be understood as inevitable.

c) **Sub-Programme: Management of the Department**

Purpose: To provide overall management and support of the department
Outcomes, Outputs, Outputs Indicators and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Responsive and citizen centric Public Works – Improved intergovernmental relations and engagement with citizens	Effective intergovernmental collaborations	% implementation of resolutions from intergovernmental structures	67%	95%	95%	95%	N/A	N/A
Resilient and Capacitated Public Works - Transformed, Integrated planning and Innovative Service Delivery	Functional, efficient and integrated DPWI	Number of departmental performance reviews	1	1	1	1	N/A	N/A
Resilient and Capacitated Public Works - Gender Mainstreaming, empowerment and development of Youth, People living with disabilities and Military Veterans	Planned and implemented empowerment programmes for designated groups	Number of implemented mainstreamed programs for designated groups	New indicator	15	10	13	+3	The overachievement is due to resuscitation of woman Fora in Alfred Nzo, Resuscitation of Women in Management Fora in Bhisho, Nelson Mandela day even held in Chamama Disability Centre in Cofimvaba

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Resilient and Capacitated Public Works - Improved Governance and accountability	Effective coordination of Assurance Providers	Level of Combined Assurance Programme Maturity Assessment Score attained	0	Level 1	Level 2	Level 2	N/A	N/A
	Effective Enterprise Risk Management in the Department	Level of Risk Management Maturity Assessment Score attained	New indicator	New indicator	Level 4	Level 4	N/A	N/A
		% implementation of Ethics and Anti-Corruption functions in the department	100%	95%	95%	95%	N/A	N/A

d) Sub-Programme: Corporate Support

Purpose: To manage personnel, procurement, finance, administration and related support services

Outcomes, Outputs, Outputs Indicators and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Transformed built environment	Implemented Local Economic Development Framework	% awards of goods and services (monetary value) sourced from local suppliers, manufacturers and / or contractors (including EMEs and QSEs) • Youth: 30% • Women: 50% • People living with Disabilities: 2%	89%	92%	95%	92%	-3%	The under achievement is due to delayed development of the SCM policy as per the PPPFA that will cover the LED element.
		% awards of infrastructure capital expenditure items (monetary value) sourced from local suppliers, manufacturers and / contractors (including EMEs and QSEs) • Youth: 14% • Women: 10% • People living with Disabilities: 1%	New indicator	80%	45%	78%	+33%	The over achievement is due to the Department ensured that procurement is made to local service providers through development of the ICDP and Emergency databases.

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Sustainable Infrastructure Investment	Revenue growth	Rand value of revenue generated	R17 million	R14,776 million	R54,382 million	R18, 320 million	-R36, 062 million	The under achievement is due to the delayed implementation of the approved revenue strategy, resistance from the tenants to pay as per the signed lease agreement and slow implementation of eviction orders in order to get new tenants.
		Rand value of cost savings made through retention strategies	R0	R14,838 million	R10 million	R 28 917 million	+R18 917 million	The over achievement is due to the addition of the Amatole region in the scope of work as well as more properties in Makana Municipality that a rebate was claimed and corrected BCM tariffs.

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Resilient and Capacitated Public Works – Prudent and sustainable management of departmental resources	Improved Financial Management Capability	Level of Financial Management capability Maturity Model Assessment score attained	Level 2.98	Level 3	Level 3	Level 3	N/A	N/A
		% implementation of the Procurement Plan	77%	82%	95%	71%	-24%	The under achievement is due to change of strategy to procure through quotations as well as cancellation of lease as per the client instruction.
		% of total budget spent on approved property rates invoices from municipalities	New indicator	100%	95%	100%	+5%	The Department has implemented a risk based planning which aligns target setting to the DPWI Risk Appetite and Tolerance Statement.
		% of invoices paid within 30 days	99%	100%	100%	94%	-6%	The under-achievement is due to unavailability of LOGIS caused by system maintenance and subsequent network interruptions as a result of load shedding.
Responsive and citizen centric Public Works - Positive Public Works brand and public perceptions	Build positive DPWI image	Number of user satisfaction surveys conducted to assess quality of services provided	New indicator	0	1	1	N/A	N/A

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Resilient and Capacitated Public Works - Skilled and capable DPWI workforce including, technical, leadership and management staff	DPWI Business Architecture in place	Level of OMF Maturity Assessment Score attained	New indicator	New indicator	Level 3	Level 3	N/A	N/A
	Increased number of registered professionals	Number of candidates registered as professionals	15	9	20	28	+8	The overachievement is due to Department having appointed the agency PIMO which assist with monitoring of the Candidacy Programme hence there was a pool of mentors that were identified in ensuring that the candidates are monitored and exposed to projects in order to acquire their Professional registration.

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Resilient and Capacitated Public Works - Agile technology and enabling systems	Effective and efficient IT Operational System	Level of Maturity Assessment Score for Departmental ICT governance based on COBIT 5 priority areas stated in the Corporate Governance for IT Framework	Level 2.83	Level 3	Level 3.5	Level 3	-Level 0.5	The underachievement is due to processes within the COBIT assessment that were not initiated (e.g. Enterprise Architeture-APO03) and the score dropped to Level 3.
		% implementation of planned ICT strategy initiatives	60%	70%	90%	80%	-10%	The underachievement is due to two projects (Disaster Recovery Cloud Solution and Cyber Resilience for email solution) that were targeted to have been on the implementation stage in the last quarter but due to delays in SCM processes the projects are still in procurement stage. The delays were caused by cancellations due to non-responsive of bidders.

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Resilient and Capacitated Public Works - Mainstreaming of gender, empowerment and development of youth and people living with disabilities and implement gender and youth responsive plans	Gender, youth and people living with disabilities mainstreamed and empowered.	% achievement of employment equity targets for Women at SMS Level	39% Women at SMS Level	46% Women at SMS Level	50% Women at SMS Level	56% Women at SMS Level	+6% Women at SMS Level	The overachievement is due to the Department implementing the new Organisational Structure, which targeted Women in SMS, thus surpassing the target of 50% of women in SMS.
		% achievement of employment equity targets for Youth	31% Youth	31% Youth	30% Youth	19,8%	-10,2%	The underachievement is due to Contract workers in the Youth Development Programmes whose two year contracts ended before the end of the financial year. The Department is in the process of finalising recruitment for the new intake.
		% achievement of employment equity targets for People living with disabilities	1.2% people living with disabilities	1.4% people living with disabilities	2% people living with disabilities	1,3% people living with disabilities	-0,7% people living with disabilities	The underachievement is due to insufficient posts available to attract people living with disabilities and low rate of disclosure on those that are employed.

e) Summary of Programme Performance

The Programme has recorded 93% achievement of targets, utilising 100% of the budget allocated.

The Programme implemented the planned retention strategies and as a result a total of R28 917 million in cost savings have been realized against the target of R10 million. This has contributed toward revenue growth. However, revenue generation efforts of the Department have not yielded the desired results to collect the targeted revenue.

Optimizing entrepreneurship for socio-economic transformation of emerging SMMEs and HDIs in general remained the focus of the department. To this end, the Department managed to award 92% of its goods and services and 78% of infrastructure capital expenditure to local suppliers prioritising designated groups (women, youth, people with disabilities, military veterans and their beneficiaries).

The Programme contributes towards resilient and capacitated Public Works through prioritising the professional services within the built environment with the intention to address skills required within the various sectors. The Department facilitated 28 professional registrations to address the skewed patterns of representation in the built environment sector.

The implementation of the approved organizational structure has seen amongst other things the establishment of the following business units aimed at building capacity of the Department:

- Health Portfolio
- Education Portfolio
- Public Works and Others
- Transversal Infrastructure Coordination
- Facilities Operations and Security Services.

Through the filling of these vacancies, the Department has achieved 56% women in SMS thereby bridging the equity gap in the SMS echelon. However there has been a significant decline in youth employment due to expiration of employment contracts before the end of the financial year.
In our endeavor to be a responsive and citizen-centric Public Works, various outreach and stakeholder engagement programmes were conducted by the office of the MEC to establish and strengthen relations between the Department and stakeholders towards improving service delivery.

f) Strategy to overcome areas of under-performance

In order for the Department to improve revenue streams it has embarked on a process to dispose some properties, which will be undertaken in the new financial year. The Department will continue to conduct disability disclosure to staff so as to improve the declaration rate and will improve its recruitment drive targeting youth during the implementation of the new organogram.

To improve level of Maturity Assessment Score for Departmental ICT governance based on COBIT 5 priority areas, the department will conduct constant engagements with the business units. Furthermore, implementation of planned ICT strategy initiatives, cyber resilience for email solutions have since been re-advertised and the procurement for the Disaster Recovery will commence during the first quarter of the 2023/24 financial year.

g) Changes to Planned Targets

During the year under review, there were no changes made on the Programme's planned targets.

h) Linking performance with budget

Sub-Programme Name		2022/23			2021/22		
		Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
		R'000	R'000	R'000	R'000	R'000	R'000
1.1	Office of the MEC	9 532	9 532	-	10 116	10 116	-
1.2	Management of the Department	21 687	21 687	-	18 742	18 742	-
1.3	Corporate Support	485 731	485 553	178	491 021	490 862	159
Total		**516 950**	**516 772**	**178**	**519 879**	**519 720**	**159**

2.4.2 Programme 2: Public Works Infrastructure

a) Purpose

To provide a balanced and equitable provincial government building infrastructure by promoting accessibility that is sustainable, integrated and environmentally sensitive which supports economic development and social empowerment.

b) Sub-Programme: Programme support

Purpose: To manage the activities of the professional components strategically as well as to render an administrative support services to the professional components with regard to finance matters and supply chain management.

Outcomes, Outputs, Outputs Indicators and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Transformed built environment	Optimised entrepreneurship opportunities	% infrastructure budget set-aside for direct contracting (ICDP) SMMEs (EMEs & QSEs) prioritising designated groups (women, youth, people with disabilities)	9%	24%	20%	32%	+12%	The overachievement is as a result of available projects that meet ICDP requirements.

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Integrated Planning and Coordination	Coordinated infrastructure Planning, Delivery, Operations and Maintenance capability	Level of adherence to approved Terms of Reference (ToR) by DPWI convened Infrastructure governance structures	New indicator	Level 3	Level 3	Level 3	N/A	N/A
		Level of Transversal Coordination Capability Maturity Assessment Score attained	New indicator	New indicator	Level 2	Level 2	N/A	N/A

c) Sub-Programme: Planning

Purpose: Manage the demand for infrastructure, development, monitoring and enforcement of the built sector as well as property management norms and standards.

Outcomes, Outputs, Outputs Indicators and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Resilient and Capacitated Public Works	Optimal use of DPWI professional services	Ratio on utilisation of internal vs external professional services for DPWI / Public Infrastructure projects	New indicator	91/9	30/70	89/11	+59/-59	The overachievement is as a result of the Department taking a strategic decision to assign new projects to DPWI professional teams.
Dignified User Experience	Improved user experience	Number of state owned facilities adhering to access norms and standards for persons living with disabilities	New indicator	New indicator	20	20	N/A	N/A
Sustainable Infrastructure Investment Social Infrastructure Delivery (Capital and Maintenance)	Reasonable and functional office accommodation	Number of energy efficient DPWI buildings	20%	54	50	43	-7	The underachievement is as a result of delays in fitting energy saving lights on projects under construction.

d) Sub-Programme: Designs

Purpose: Design new and upgrade building infrastructure with the intention to ensure that plans are ready for funding and will include only 4 of the 6 stages (namely, project inception, concept design, design development and projects documentation)

Outcomes, Outputs, Outputs Indicators and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Sustainable Infrastructure Investment - Social infrastructure delivery (Capital and Maintenance)	Designs in place	Number of infrastructure designs ready for tender	22	23	50	37	-13	The underachievement is due to client department that did not submit a clear scope to the Project Managers. Late submission of the initiation report made it impossible to start design process.

e) Sub-Programme: Construction

Purpose: Responsible for new construction, upgrading and refurbishment and it entail 2 of the implementation stages (namely, stage 5: construction and contract administration and stage 6: project close out and debriefing)

Outcomes, Outputs, Outputs Indicators and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Sustainable Infrastructure Investment - Social Infrastructure Delivery (Capital and Maintenance)	Project reports	Number of capital infrastructure projects under construction	41	42	41	32	9	41 projects were targeted to be under construction during the period under review. However, by year end 32 projects were still under construction. This as a result of new and refurbished projects completed during the course of the financial year.
	Sustainable Infrastructure Delivered	Number of new (Education, Health, General) construction projects completed	12	1	13	5	-8	The under -achievement is as a result of contractors on penalties, project stoppages due to strikes by SMMEs and poor contractor performance.
					Education- 6	4	-2	
					Health -2	0	-2	
					General-5	1	-4	

f) Sub-Programme: Maintenance

Purpose: Responsible mainly for four maintenance activities, namely: routine maintenance, scheduled maintenance, alterations and conditions assessment of all buildings

Outcomes, Outputs, Outputs Indicators and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Sustainable Infrastructure Investment Social Infrastructure Delivery (Capital and Maintenance)	Sustainable Infrastructure through maintenance	Number of facilities refurbished / renovated	5	12	20	14	-6	The under -achievement is as a result of contractors on penalties, project stoppages due to strikes by SMMEs and poor contractor performance.

g) Summary of Programme Performance

The Programme has recorded 87% achievement of targets, utilising 100% of the budget allocated. The Programme continued to deliver sustainable infrastructure that meets the service delivery objectives of client departments as an implementer of choice. To this end, five (5) new infrastructure projects were completed to improve quality of services provided and to address maintenance backlogs, the Department has completed 14 maintenance projects to improve the conditional rating of the facilities and to avoid rapid deterioration.

The Programme has ensured that office accommodation buildings comply with the necessary access amenities for people living with disabilities and has certified the designs of 37 new buildings constructed and /or upgraded to adhere to norms and standards although this was below the planned target of 50 designs. The infrastructure investment made by the Department enabled 32% of the infrastructure budget to support SMMEs by assigning all the projects from Grades 1-6 to the ICDP database prioritizing designated groups.

The Department closed the financial year with incomplete projects due to failure of the contractors to manage their work schedule and some projects experienced stoppages due to strikes by appointed SMMEs. Furthermore, there were delays in installation of energy saving lights in projects under construction.

h) Strategy to overcome areas of under-performance

The Department will enhance efforts to increase social mobilization and provide mentorship support and training to SMMEs and emerging contractors. The programme has been split into three Chief Directorates for ease of monitoring projects on the ground.

i) Changes to Planned Targets

During the year under review, there were no changes made on the Programme’s planned targets.

2.4.2 Programme 2: Immovable Asset Management

a) **Purpose**: To provide a balanced and equitable provincial government building infrastructure by promoting accessibility that is sustainable, integrated and environmentally sensitive which supports economic development and social empowerment.

b) **Sub-Programme:** Immovable Asset Management

Purpose: Manages the property portfolio of the province by establishing and managing the provincial strategic and infrastructure plan, to provide accommodation for all provincial departments and other institutions as well as acquire and dispose of accommodation in terms of the plans

Outcomes, Outputs, Outputs Indicators and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Productive Assets Improvement of the Immovable Asset Register	Improved IAR	Level of Immovable Asset Management Maturity index for asset register data	New indicator	Basic	Basic	Basic	N/A	N/A
	Draft diagrams submitted to Surveyor -General for approval	Number of State Land surveyed	300	463	450	450	N/A	N/A
Sustainable Infrastructure Investment - Optimal utilisation of the State Asset Portfolio	Appropriate investment secured	Number of Revenue Enhancement Strategy initiatives implemented	New indicator	New indicator	3	3	N/A	N/A

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Transformed Built Environment	Implemented spatial transformation and social justice	Number of Properties disposed of	New indicator	New indicator	30	3	-27	The underachievement of 27 properties is as a result of the following: - Six (6) properties out of the 30 have been approved by the MEC and forwarded to OTP for approval on 28/03/2023. - Twelve (12) properties for Ncora are awaiting settlement of the land claim from DALRRD which was expected as reported by Land Claims. (dependency on external department) - Nine (9) Reeston disposals have been considered by Provincial Treasury for approval. The disposal of properties has interdependencies from other departments such as DRDAR, OTP and Provincial Treasury this affects negatively the turnaround time to conclude disposals.

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
	Optimised entrepreneurship opportunities	% of leases concluded with black landlords Youth: 25% Women: 50% People living with disabilities: 2%	46% Black African=21% Black Coloured =2% Black Chinese=1.5% Black Indian=21,5%	59% Women= 14.87% Youth= 2,88% People living with disability= 0%	60% Youth: = 25% Women= 50% People living with disabilities= 2%”	72% Youth: 1,25% Women: 50% Persons living with disabilities: 1%	+12%	- DPWI has reconfigured its SCM processes. - DPWI took advantage of the PPP to target Black landlords. There were few Youth owned enterprises/ people living with disabilities that met the requirements. In order to address this, the Department is exploring the development of the Property Incubator Programme which will also target Youth and PLWD.

c) Sub-Programme: Facility Operations

Purpose: Manages the operations of buildings (including facilities management, cleaning, greening, beautification, interior decoration and designs and day to day preventative maintenance of electronic, electrical and mechanical equipment) and all services related to managing a building.

Outcomes, Outputs, Outputs Indicators and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Productive Assets	Facilities	Number of facilities provided	New indicator	296	350	350	N/A	N/A
	Inspections conducted for optimal utilisation	Number of utilisation inspections conducted for office accommodation	New indicator	295	150	150	N/A	N/A
	Condition Assessment Report	Number of condition assessments conducted on state owned buildings	190	300	350	343	-7	The under achievement is as a result of Sarah Baartman and Chris Hani regions that could not meet their target. The reasons provided relates to capacity challenges. As Head Office we will monitor the performance of the regions and provide assistance where required.

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Dignified User Experience – Delivery of accommodation, facilities and Operations Management Services in a dignified manner that focuses on time, quantity, quality, value for money and fitness of purpose for its clients, namely the user departments and service recipients	Productive management of State-Owned facilities Unplanned maintenance Hygiene & Environmental Services Security Protection Services Prestige Services Customer Business Management Service	Level of adherence to Facilities Maintenance and Operations (FM&O) service standards	New indicator	Level 1	Level 2	Level 1	-Level 1	The underachievement is as a result of delays in the approval of the FM&O Frameworks to guide service standards within the Programme.

d) Summary of Programme Performance

The Programme has recorded 84% achievement of targets, utilising 100% of the budget allocated. The Department in its endeavor to transform the property sector has resulted in 72% of leases being concluded with black landlords with the following breakdown; Youth= 1, 25%, Women, 50%, people living with disabilities =1%. DPWI as the custodian of all Provincial Assets and facilities managed to successfully complete all 450 planned land surveys to create a credible immovable asset register. The Department has concluded long term, short-term and residential leases in an effort to implement Revenue Enhancement Strategy initiatives that will improve the revenue capability of the province.

In order to create value through productive use and management of State Owned Assets, the department provided 350 fit for purpose facilities to User departments, this enabled the improvement of delivery frontline services suited to the requirements of the public. Furthermore, the Department conducted 343 condition assessments of state facilities to ensure proper maintenance and inform future planning.

The role of custodianship includes making properties available to other stakeholders for various socio-economic purposes, to this end, the Department did not complete the process of disposing 30 properties due to dependency on external clients. The Department is struggling to maintain minimum levels of adherence of state owned facilities to norms and standards due to the capacity constraints in the Facilities and Operations Chief Directorate.

e) Strategy to overcome areas of under-performance

The Department is seized with initiatives to enhance stakeholder management through the Project Steering Committee with affected departments to develop project implementation plan to facilitate the processes related to disposal of state land. Regular land audits will be performed by DPWI and partnerships to be encouraged with municipalities (through CoGTA) to guard against land invasions as they are situated at the coalface of communities. The Department has established Facilities and Security Management unit to coordinate all Facilities Management related functions, which will facilitate the approval of the Facilities Management Framework to improve the level of compliance to Service Standards, Standard Operating Procedures, Business Processes, Policies and Plans.

f) Changes to Planned Targets

During the year under review, there were no changes made on the Programme’s planned targets.

g) Linking performance with budget

Sub-Programme Name		2022/23			2021/22		
		Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
		R'000	R'000	R'000	R'000	R'000	R'000
2.1	Programme Support	136 819	136 819	-	158 570	158 570	-
2.2	Planning	2 559	2 559	-	5 186	5 186	-
2.3	Design	-	-	-	-	-	-
2.4	Construction	196 649	196 649	-	250 193	250 193	-
2.5	Maintenance	212 046	212 046	-	174 754	174 754	-
2.6	Immovable Asset Management	1 164 154	1 164 147	7	1 014 184	1 014 184	-
2.7	Facility Operation	320 663	320 663	-	252 605	252 605	-
Total		**2 032 890**	**2 032 883**	**7**	**1 855 492**	**1 855 492**	**-**

2.4.3 Programme 3: Expanded Public Works Programme

a) Purpose

To manage the implementation of programmes and strategies that lead to the development and empowerment of communities and contractors. This includes the provincial management and coordination of the Expanded Public Works Programme.

b) Sub-Programme: Programme Support

Purpose: Overall management and support of the branch including provision of back office technical administration provision of built sector knowledge, management services, finance, built sector supply chain management and management of stores telecommunications as well as serving as the coordinating division of the branch.

Outcomes, Outputs, Outputs Indicators and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Optimized Job opportunities	Participation of Public bodies in EPWP	Number of interventions implemented to support Public Bodies	New indicator	7	7	6	-1	The under-achievement is as a result of Data Quality Assessments that could not be conducted due to late closure of the EPWP-RS system for fourth quarter of 2022/23 financial year.

c) Sub-Programme: Community Development

Purpose: Programmes to bring about the development and empowerment of impoverished communities

Outcomes, Outputs, Outputs Indicators and Actual Achievements

Outcome	Outputs	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Optimized Job opportunities	Paid work opportunities created	Number of EPWP work opportunities created by Provincial Public Works	4434	5560	4000	4067	+67	The over-achievement is as a result of replacements of EPWP Maintenance, APTCoD and NYS Programmes participants as they exited the programme during the reporting period. This replenished and added more numbers of participants, thus increasing the number of work opportunities created.

d) Sub-Programme: Innovation and Empowerment

Purpose: To facilitate contractor development, empowerment and training including Learnership

Outcomes, Outputs, Outputs Indicators and Actual Achievements

Outcome	Outputs	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Transformed built environment	Enterprise Development	Number of contractors supported (contractors in the CDP)	177	160	160	164	+4	The over-achievement is as a result of information sharing training workshop for ICDP contractors that was conducted in February and March 2023.
		Number of emerging contractors supported	New indicator	166	100	106	+6	The over-achievement is as a result of additional support that was provided to SMMEs in the form of training.
		Number of enterprises supported in the Property Incubator Programme	0	0	50	0	-50	The under-achievement is as a result of delays in the finalization of the PIP database due to non-responsiveness of the bidders.

Outcome	Outputs	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
		Number of ICDP contractors upgraded in Construction Industry Development Board (CIDB) grading	26	52	80	55	-25	The underachievement is as a result of insufficient number of projects targeted for ICDP to make the ICDP contractors upgrade to the next level of their grading.
		Number of SMME Development Strategy activities implemented	New indicator	0	2	0	-2	The under-achievement is as a result of delays in the finalization of the SMME Development Strategy due to the consultation process that took longer than anticipated.
	Artisan Skills development	Number of participants in the APTCoD programme	1092	1216	1060	1123	+63	The over-achievement is as a result of replacements of APTCoD learners during the fourth quarter.
		Number of APTCoD learners passed trade test	38	72	100	100	N/A	N/A
		Number of NYS learners trained	139	242	150	221	+71	The over-achievement is as a result of replacements of NYS learners who exited the programme.
		Number of NYS learners passed RPL	New indicator	63	50	35	-15	The under-achievement is as a result of non-availability of dates from the training Institutions.

e) Sub-Programme: Co-ordination and Compliance Monitoring

Purpose: To manage and coordinate the implementation of EPWP projects and programmes and monitor compliance to EPWP guidelines by all sectors.

Outcomes, Outputs, Outputs Indicators and Actual Achievements

Outcome	Outputs	Output indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	Reasons for deviations
Optimized Job opportunities	Participation of Public bodies in EPWP	Number of Public Bodies reporting on EPWP targets within the Province	50	50	50	40	-10	The under-achievement is as a result of COGTA, DRDAR, DoCS, DHS, DEDEAT, Ntabankulu, Kouga, Sakhisizwe, Elundini and Ingquza Hill Local Municipalities that did not report due to the late closure of the system for fourth quarter of 2021/22 financial year.
		Number of interventions implemented as per the EPWP Youth Evaluation Study Improvement Plan	New indicator	4	6	0	-6	The under-achievement is as a result of delays in the finalisation of Youth Evaluation Strategies due to consultation process that took longer than anticipated.

f) Summary of Programme Performance

The Programme has recorded 71% achievement of targets, utilising 100% of the budget allocated.

The Department continued to utilise EPWP as a catalyst to drive Socio-Economic Transformation, with a focus in optimizing creation of work opportunities and coordinating of Public Bodies thereby contributing to poverty alleviation and reduction of unemployment and inequality. This was achieved through the creation of 4067 work opportunities and participation in the intensified artisans skills development programmes APTCoD and NYS targeting the previously disadvantage youth to enable them to be employable/self-sufficient and economic active.

Despite significant progress within the sector, the built environment remains one of the most untransformed sectors in the Province. The key interventions implemented to change the narrative include enterprise development, and to this end, the Department continued to support ICDP contractors by awarding of projects and training resulting to 55 emerging contractors upgraded to a higher CIDB rating. Availability of projects and delays in the implementation of the SMME strategy remains the challenge that constrains the efforts of the Department to support emerging contractors and SMMEs.

h) Strategy to overcome areas of under-performance

- The Programme will strengthen collaboration with other internal stakeholders to improve project allocation for ICDP contractors and revise Terms of Reference to include other Enterprises to apply to be part of the Property Incubator Policy database.
- The SMME Strategy final document has been developed and presented to various provincial structures and is undergoing a consultative process that will culminate to the finalisation and approval of the Strategy.
- The Programme will continue to engage different structures to strengthen the coordination of Public Bodies to create more work opportunities.

i) Changes to Planned Targets

During the year under review, there were no changes made on the Programmes planned targets.

j) Linking performance with budget

Sub-Programme Name		2022/23			2021/22		
		Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
		R'000	R'000	R'000	R'000	R'000	R'000
4.1	Programme Support	23 704	23 704	-	8 625	8 625	-
4.2	Community Development	20 638	20 638	-	45 487	45 487	-
4.3	Innovation and Empowerment	64 045	64 045	-	64 839	64 839	-
4.4	Co-ordination and Compliance Monitoring	22 246	22 246	-	32 007	32 007	-
Total		**130 633**	**130 633**	**-**	**150 958**	**150 958**	**-**

2.5 Transfer Payments

2.5.1 Transfer payments to all organisations other than public entities

Name of the Transferee	Purpose for which the funds were used	Compliance with s 38(1) (j) of the PFMA	Amount received	Amount spent by entity	Reasons for the funds unspent by entity
DPWI	Payment of rates and taxes for the government owned buildings	N/A	666 002	665 995	N/A

2.6 Conditional grants

2.6.1 Conditional grants and earmarked funds paid

The Tables below detail the conditional grants and earmarked funds paid for the period 1 April 2022 to 31 March 2023.

Grant name	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000
Expanded Public Works Incentive to Provinces	13 502	13 501	1
Total	**13 502**	**13 501**	**1**

EPWP INCENTIVE GRANT	
Department who transferred the grant	National Department of Public Works
Purpose of the grant	To incentivise provincial departments to expand work creation efforts through the use of labour intensive delivery methods.
Expected outputs of the grant	Number of people employed and receiving income through EPWP
	Increased avarage duration of work opportunities created
Actual outputs achieved	Number of people employed and receiving income through EPWP were **1 179**
	Increased avarage duration of work opportunities created was **368.33**
Amount per amended DORA R'000	13 502
Amount Transfered R'000	All funds transfereed
Reasons if amount as per DORA not transferred	N/A
Amount spent by the department R'000	13 501
Reasons for the funds unspent by the entity	N/A
Monitoring mechanism by the transferring department	N/A

2.7 Donor Funds

Donor Funds Received

No donor funds were received by the Department in the year under review.

2.8 Capital Investment

2.8.1 Capital Investment, maintenance and asset management plan

a) Progress made on implementing the capital, investment and asset management plan.

User Asset Management Plan for Public Works and Infrastructure and the Custodian Asset Management Plan have been submitted to Provincial Treasury

Investment: For the period under review, ten (10) long-term leases have been concluded. **Projects that have been capitalised in the Immovable Asset Register for 2022/23 Financial Year;**

- Botha Sigcau Building Open Plan Upgrade Phase 1 at a cost of R2 210 119;
- Botha Sigcau - Refurbishment of Electrical, Mechanical and Fire installation in the building (From 3rd floor to 11th floor) at a cost of R20 757 008;
- Botha Sigcau- Second Floor Open Plan upgrade at a cost of R19 840 851;
- Ex-Marry Theressa Hospital at a cost of R637 755;
- Komani Office Park: Offices for DOE at a cost of R5 539 118;
- OTP OLD ECDC - repairs and upgrade to fire damage at a cost of R4 988 171;
- Amatola Sun – Clear View fencing at a cost of R65 274;
- Makanda Training Center Phase 1 at a cost of R11 043 912;
- Old FNB Building: Upgrades and additions at a cost of R673 624;
- Renovations to UNISA Branch at a cost of R7 542 620; and
- Oliver Tambo Technical Workshop at a cost of R1 272 199.

Summary: The total cost of completed projects that has increased the Immovable Asset Register is **R74 570 652**.

During the period under review, the Department completed the following five (5) new projects:

- Lavelilanga Senior Secondary School;
- Ilingelethu Primary School;
- Attwell Madala High School;
- Mpumelelo Mfundisi Senior Primary School; and
- Construction of Makhanda Artisan Centre (Phase 1).

In addition, fourteen (14) renovation projects were completed during the year under review.

- Fort Beaufort Library;
- Komani Hospital Fencing;
- Botha Sigcau Building – Refurbishment of Electrical, Mechanical and Fire Installation in the building;
- Renovations and upgrade UNISA Building Mthatha;
- Jeffery's Bay Public Library;
- Refurbishment to Legislature Building;
- Maintenance to Bhisho Youth Care Centre;
- Botha Sigcau Building – Renovations to second floor;
- Repairs and Renovations to S.S Gida Hospital;
- Renovations to Chungwa Building;
- Renovations to Tyamzashe Building;

- Repairs and Renovations of Mhlontlo J.S.S;
- Renovations to Lower Ngqungqu JSS; and
- Renovations to Middledrift Service Office.

b) Infrastructure projects which have been completed in the current year and the progress in comparison to what was planned at the beginning of the year. Provide reasons for material variances (2% variance).

To this end, the Department successfully completed the following Capital Infrastructure and Maintenance Projects:

New Capital Projects	
Lavelilanga Senior Secondary School	Department of Education
Ilingelethu Primary School	Department of Education
Attwell Madala High School	Department of Education
Mpumelelo Mfundisi Senior Primary School	Department of Education
Construction of Makhanda Artisan Centre (Phase1)	Department of Public Works & Infrastructure
Maintenance Projects refurbished	
Renovations & Additions to Fort Beaufort Library	Department of Sports, Arts, and Culture
Replacement of Komani Hospital Fencing	Department of Health
Botha Sigcau Building – Refurbishment of Electrical, Mechanical, and Fire Installation in the building	Department of Public Works & Infrastructure
Renovations and upgrade UNISA Building Mthatha	Department of Public Works & Infrastructure
Renovations & Additions to Jeffery's Bay Public Library	Department of Sports, Arts, and Culture
Face-lifting & Refurbishments to Legislature Building	Department of Public Works & Infrastructure
Renovations to Bhisho Youth Care Centre	Department of Social Development
Botha Sigcau Building – Renovations to Second Floor	Department of Public Works & Infrastructure
Repairs and Renovations to S.S Gida Hospital	Department of Health
Renovations to Chungwa Building	Department of Public Works & Infrastructure
Renovations to Tyamzashe Building	Department of Public Works & Infrastructure
Repairs and Renovations of Mhlontlo J.S.S	Department of Education
Renovations & Additions to Lower Ngqungqu JSS	Department of Education
Renovations to Middledrift Service Office	Department of Social Development

The following eight (8) new projects were not completed as planned:

Project	% Progress	Reasons
Construction of Cookhouse Public Library	85%	Unrest by local SMME's
Construction of Amagqunukhwebe Traditional Council	85%	Poor performance by the contractor
Construction of Masizakhe JPS	90%	Poor performance by the contractor
Construction of Wilo Comprehensive School	78%	Additional scope as agreed with DoE
Construction of Lingcom Primary School	98%	Poor performance by the contractor
Construction of UsherVille Senior Secondary School	95%	Poor performance by the contractor
Emaxesibeni Cluster Offices – Civil Works	60%	Project was put on hold due to late submission of EIA assessment report.
Construction of Hanker Documentum Centre	86%	Poor performance by the contractor

The following six (6) maintenance projects were not completed as planned:

Project	% Progress	Reasons
Renovations to Fort Beaufort Museum	85%	Poor performance the contractor
Refurbishments to Sir Henry Hospital	90%	Delay in re-imbursement of payments by Department of Health
David Livingstone S.S.S	93%	Poor performance by the contractor
Ntabankulu CHC	90%	Delay in re-imbursement of payments by Department of Health
Renovations to Butterworth Service Office	80%	Poor performance by the contractor
Renovations to Uitenhage Museum	80%	Unrest by local SMME's

c) Infrastructure projects that are currently in progress (list projects) and when are they expected to be completed

The Department currently has 32 projects under construction in various infrastructure portfolios. These projects will be completed at various quarters of the financial year. (See attached list of projects per portfolio).

No.	Project Name	Region	Project Status	Project Start Date	Nature of Investment	Original End Date	Projected End Date	Total Project Cost
1	Asherville PS	Sarah Baartman	Under Construction (Progress – 95%)	27/03/2018	Rehabilitation	17/04/2020	30/06/2023	R 88 121 910.37
2	Lingcom PS	Sarah Baartman	Under construction (Progress – 98%)	06/12/2017	New	06/12/2019	16/06/2023	R 88 089 521.73
3	Wilo S.S.S	OR Tambo	Under construction (Progress – 78%)	05/09/2019	New	15/10/2021	30/06/2023	R 55 890 089.70
4	Bulelani S.S.S.	Chris Hani	Under construction (Progress – 45%)	20/09/22	New	20/03/2023	19/06/2023	R 7 609 074
5	Louis Rex S.S.S	Chris Hani	Under construction (Progress – 90%)	20/09/2022	New	20/03/2023	31/05/2023	R26,755,926.16
6	David Livingstone S.S.S	Sarah Baartman	Under Construction (Progress – 93%)	28/06/2017	New	28/06/2019	Contractor suspended	R 13 410 222.43
7	Construction of Masizakhe JPS	Chris Hani	Under construction (Progress -90%)	09/01/2017	New	01/01/2018	30/06/2023	R 40 125 969.26
8	Khiba ECD	Joe Gqabi	Under construction (Progress – 95%)	01/02/2017	New	30/04/2020	30/05/2023	R 36 126 739.61
9	Hanker Document Centre	BCM	Under Construction (Progress – 86%)	05/07/2018	New	05/12/2020	05/12/2023	R 136 565 820.78
10	Bethelsdorp J.S.S	Sarah Baartman	Under construction (Progress – 95%)	17/02/2017	New	19/02/2019	31/12/2023	R 57 917 729.31
11	Ngubengcuka S.S.S	Chris Hani	Under construction (Progress – 68%)	11/03/2022	New	01/03/2023	Project has reached Practical Completion	R25,955,045.75
12	Sterkspruit S.S.S	Joe Gqabi	Under construction (Progress – 80%)	13/06/2017	New	13/07/2018	30/06/2023	R 33 999 115.05
13	Khayalethu Special School	Amathole	Under construction (Progress – 35%)	13/03/2018	New	30/10/2020	30/11/2024	R 51 528 026.01
14	Construction of Mqanduli	OR Tambo	Under construction (Progress- 25%)	01/08/2022	New	01/08/2022	30/07/2025	R 155 million

No.	Project Name	Region	Project Status	Project Start Date	Nature of Investment	Original End Date	Projected End Date	Total Project Cost
15	Construction of Artisan Academy in Makhanda Phase 2	Sarah Baartman	Under construction (Progress 54%)	01/08/2022	New	30/06/2023	31/09/2023	R 11 million
16	Renovations to Lusikisiki – Phase 2	Alfred Nzo	Under construction (Progress – 65%)	21/11/2021	Repairs and renovation	29/06/2022	16/12/2023	R 22 million
17	Construction of Mt Ayliff Cluster offices (Civil Works)	Alfred Nzo	Under construction (Progress – 45%)	01/12/2021	Repairs and renovations	30/08/2022	30/011/2023	R 48 million
18	Butterworth Sewer Ponds	Amathole	Under construction (Progress – 75%)	01/03/2022	Repairs and renovations	30/04/2023	30/09/2023	R 31 million
19	Refurbishment to Fort Beaufort Museum	Amathole	Under construction (Progress – 85%)	07/03/2019	Repairs and renovations	04/02/2020	20/08/2023	R 13 Million
20	Refurbishment to Uitenhage Museum	Nelson Mandela	Under Construction (Progress – 70%)	11/09/2019	Refurbishment	31/03/2021	31/08/2023	R 17 million
21	Construction of Cookhouse Public Library	Sarah Baartman	Under construction (Progress – 85%)	20/07/2020	New	20/09/2020	20/08/2023	R 35 million
22	Sir Henry Hospital	OR Tambo	Under construction (Progress – 86%)	15/08/2021	New	15/10/2022	28/11/2023	R 28,4 million
23	Nelson Mandela Academy Hospital	OR Tambo	Under Construction (Progress – 45%)	18/10/2021	New	14/12/2022	14/08/2023	R39,4 million
24	Ntabankulu CHC	Alfred Nzo	Under construction (Progress – 90%)	08/02/2022	New	08/11/2022	08/07/2023	R 8,9 million
25	Amagqunukhwebe Traditional Council	Alfred Nzo	Under construction (Progress – 75%)	01/03/2022	Upgrade & additions	30/08/2022	30/03/2024	R 1,8 million
26	Construction of All Saints Hospital	Chris Hani	Under construction (Progress-30%	16/03/2022	New	31/10/2023	31/10/2023	R 57,225,942.06
27	Taylor Bequest Hospital	Joe Gqabi	Under construction (Progress-30%	01/10/2021	New	30/09/2023	30/09/2023	R 28,595,250
28	Butterworth Service Office	Amathole	Under construction (Progress -83%	29/09/2021	New	29/09/2021	20/08/2023	R 12 million
29	Emalahleni Service office	Chris Hani	Under construction (Progress – 8%)	15/03/2021	New	15/03/2023	30/03/2024	R14 million

No.	Project Name	Region	Project Status	Project Start Date	Nature of Investment	Original End Date	Projected End Date	Total Project Cost
30	Mthatha Airport Fire Station	OR Tambo	Under construction (Progress – 5%)	28/06/2021	New	28/06/2023	28/05/2024	R 34 million
31	Installation of Fencing to Prestige Portfolio	BCCM	Under construction (Progress – 10%)	01/11/2022	New	30/06/2023	30/11/2023	R 10 million
32	Construction of Artisan Academy in Makhanda – phase 3	Sarah Baartman	Under construction (Progress -5%)	01/03/22	New	30/11/2023	30/03/2024	R 27 million

d) Plans to close down or down-grade any current facilities.

DPWI has advertised a total of 1142 closed schools for expression of interest, this process could not be concluded and it will be re-advertised. The DPWI issued letters to all user departments to express their need for utilisation of the subject properties for their service delivery mandate.

e) Progress made on the maintenance of infrastructure.

- Fourteen (14) out of twenty (20) declared targets- planned maintenance projects completed.

f) Developments relating to the above that are expected to impact on the department's current expenditure.

Infrastructure projects	2022/23			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets	111 812	111 812	-	83 658	83 658	-
Existing Infrastructure	-	-	-	-	-	-
Upgrade and Additions	80 223	80 223	-	91 981	91 981	-
Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
Maintenance and Repairs	59 119	59 119	-	48 534	48 534	-
Total	**251 154**	**251 154**	**-**	**224 173**	**224 173**	**-**

The Department currently budgets for scheduled maintenance on mechanical and electrical equipment, like lifts, standby generators, air-conditioning units, fire extinguishers and fire sprinklers. There has been a move towards focusing on addressing the maintenance backlog at facilities in the worst condition and, where possible, to focus on the elements within those facilities that are most critical. The aim is to put the benefits of limited funding to the best possible use.

g) Details as to how asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft.

Summary for movement in the immovable asset register for 2022/23 financial year:

Movement in the IAR	2022/23	2021/22	Variance
No. of land parcels with legal title	5614	5442	172
Value of land parcels with legal title	R9 427 305 210	R9 168 186 620	R259 118 590

Movements in 2022/23 financial year:

• New Vestings in term of Item 28(1) to Schedule 6 of the Constitution: 175
• New acquisitions in terms of the Deeds Registries Act, At 47 of 1937: 3 properties
✓ *Erf 1344 Bhisho,*
✓ *Erf 26886 East London &*
✓ *Farm 124/49 Uitenhage RD*

- **Disposals**

✓ *Erf 213 Alice*
✓ *Erf 1085 Alice*
✓ *Farm 293 Xhora RD)*, **Transfer Out** - Farm 727 Stockenstroom Road (NGRSA Incorrect endorsement)

- **Consolidation**

✓ *(Stirling HS)*

h) Measures taken to ensure that the department's asset register remained up-to-date during the period under review.

The Department is monitoring movement in the IAR on a monthly basis and record all movements (transfers-in and transfers-out) in a narrative report submitted to Provincial Treasury. Movements are as a result of properties being secured with legal title, e.g. Item 28 (1) Certificates issued, registered in the deeds office and S42 Certificate accepted. All new additions through vesting and S42 transfers are formally accepted and recorded. Disposals are the result of assets transferred out of the register *vide* deed endorsements, S42 transfers and adjustments based on consolidations, etc.

The Department annually reconciles all the assets with legal title against the multiple deeds searches, as well as with all national custodians and the provincial Department of Human Settlements. Discrepancies are resolved through an inter-governmental Immovable Asset Register and Vesting Task Team, in order to ensure completeness and non-duplication. Value-added information is *inter* alia recorded through physical site inspections and land use audits.

i) The current state of the department's capital assets, for example what percentage is in good, fair or bad condition.

Condition assessments were conducted on 343 buildings during the year under review. The following results were obtained:

Condition rating	Number	Percentage
C1 / C2 (bad condition)	139	41%
C3 (fair condition)	113	33%
C4 / C5 (good condition)	91	26%

j) Major maintenance projects that have been undertaken during the period under review.

Q1	Q2	Q3	Q4
1.Unisa renovations and upgrade project. 2.Botha Sigcau Building: refurbishment of electrical, Mechanical and Fire Installation in the building. 3.Renovations and upgrades to Fort Beaufort Library 4.Erection of 4.5 km Fencing at Komani Hospital. 5.Renovations, Alteration and Additions to Jeffreys Bay Public Library.	1. Refurbishments to Legislature Building. 2. Maintenance to Bhisho Child and Youth Care. 3. Completion of Renovations at Second Floor Botha Sigcau Building.	1. Construction of Mhlontlo JPS	1. Lower Ngqungqu JSS 2. Renovations to Middledrift Service Office. 3. Renovations to Chungwa Building 4. Renovations to Tyamzashe Building. 5. Repairs and Renovations to S.S. Gida Hospital.

k) Progress made in addressing the maintenance backlog during the period under review, for example, has the backlog grown or become smaller? Is the rate of progress according to plan? If not why not, and what measures were taken to keep on track.

The Department is in the process of developing a Maintenance Plan, which will be costed to determine backlogs. However, the department has completed 14 out of 20 Maintenance projects during the period under review. The Department has applied penalties to those contractors that did not meet their contractual obligations.

The following Table accounts for the infrastructure expenditure of the Department of Public Works and Infrastructure for the 2022/23 financial year.

Infrastructure projects	2022/23			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets	111 812	111 812	-	83 658	83 658	-
Existing Infrastructure	-	-	-	-	-	-
Upgrade and Additions	80 223	80 223	-	91 981	91 981	-
Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
Maintenance and Repairs	59 119	59 119	-	48 534	48 534	-
Total	**251 154**	**251 154**	**-**	**224 173**	**224 173**	**-**

Referring to the overall asset management plan, the capital and maintenance expenditure during 2022/23 was focused towards improving the condition of facilities in poor and very poor condition.

PART C
GOVERNANCE

3. PART C: GOVERNANCE

3.1 Introduction

During the 2022/23 financial year, the Accounting Officer re-committed the Eastern Cape Department of Public Works and Infrastructure (DPWI) to a process of risk management that is aligned to the principles of good corporate governance, as supported by legislation and leading practice. The commitment emphasised the need for focusing on service delivery related risks. As such, the core functional risk areas were prioritised to ensure client satisfaction on the services provided.

3.2 Risk Management

The department reviewed and approved Risk Management Policy for 2022/23 that articulated the DPWI's risk management philosophy. The Risk Management Policy was aligned to the Risk Management Strategy and the departmental business strategy in an effort to ensure an integrated approach in the management of risk. This was achieved by adopting a common language, process and methodology, which warranted a systematic yearly review of Risk Management Policy and Strategy to ensure that the overall risk management approach is in line with current best practice. In institutionalising risk management, the department continued its work in improving its risk maturity level as outlined in its annual performance plan. This was achieved through maintaining a standard approach to risk management that ensured that all risks that could affect people, reputation, business processes and systems, financial and environmental performance were identified, assessed and treated.

Furthermore, the established approach during 2022/23 financial year was broadened to inculcate a culture of evolution towards full implementation of the risk management attributes and competency drivers to ensure continuous improvement, risk management maturity that represents the degree of formality and effectiveness of risk management activities and processes in an organisation. Since the risk management policy acts as the primary internal risk governance mechanism, it provides the guidance required for the broader department to practice sound risk management, therefore enabling the successful drafting of a risk management plan to implement risk management that has full spectrum of risks that included the following:

- **Strategic risks**: possibility of a variance in the outcome of decisions and choices made in the setting of strategic goals from what is expected to be achieved;
- **Operational risks**: possibility of a variance between the expected and actual performance, reliability, quality and efficiencies of internal operations.

During the year of assessment, the Department approved Risk Management Strategy which provided an accepted methodology in the implementation of risk management process. The Strategy is aligned to Treasury Regulation 3.2.1 on the expectations of the Accounting Officer towards risk management. Different activities and processes in the organisation were implemented at different levels, from ad-hoc practices, to formally defined steps as guided by the approved methodology, to ensure response to risk and to actively making the most effective use of the processes and capabilities. The Department identified and assessed the risk and also considered emerging risks during 2022/23 financial year as risks are evolving and creates changes into the departmental processes.

This process was performed because some risks materialise and trigger other risks when materialising.

These risks therefore were managed in an integrated manner by continuously identifying emerging factors and risks that could ensure appropriate level of risk response and strategies are in place. The risk profile of the department was also used to direct the internal audit plan as required by the internal audit standards.

The risk management implementation plan was also developed for the Department of Public Works and Infrastructure wherein it gave effect to the implementation of the risk management policy and strategy and set out all risk management activities planned including those with effect to the improvement of risk maturity by the department for the year of assessment.

The Strategic risk identification process as outlined by strategy took into consideration the Institute of Risk Management South Africa Risk Report on top 10 risks identified in the country, the State of the Nation Address as well as the State of the Province address including those business continuity related factors, in addition to the Departments Strategy to ensure effective risk assessment process and incorporation of emerging risks into departmental risks profile.

The Head of Department appointed an independent executive to chair the departmental Risk & Ethics Management Committee. During the year of assessment, the Department also appointed Chief Directors, Regional Directors, Head of Internal Audit and Director Information and Communication technology as Ex- Officio members as per approved Risk and Ethics Management Committee Terms of Reference. The committee's roles and responsibilities were clearly outlined in an approved Risk & Ethics Management Committee Terms of Reference. The committee advises the Head of Department ("HOD") and the Audit Committee of the Department on matters relative to risk management and its effectiveness on mitigating of unacceptable risk as outlined in the DPWI Risk Appetite and Tolerance Statement. One of the key responsibilities of the committee is to provide quarterly inputs on the evaluation, assessment, mitigation, and monitoring of all risks affecting the achievement of departmental objectives thus ensuring that risk management processes are implemented timeously.

During the year of Assessment, the Audit Committee provided oversight on the Risk Management in the Department. This was implemented through having Risk Management as a standing item on Audit Committee meetings. Risk Management policies and plans developed and reviewed were endorsed by the Audit Committee prior approval by the Head of the department. Risk Management reported progress on the implementation of risk management activities to the Audit Committee on a quarterly basis. Internal Audit unit performed audit on the Risk Management to assess effectiveness of the processes implemented and there were no adverse findings identified.

On a quarterly basis, the department conducted monitoring process on risks identified to assess changes on the residual risk rating. The monitoring process entailed in-depth analysis of the actions implemented to mitigate or respond to a risk. The monitoring process further analysed the effectiveness of the responses to risk, the impact of the responses to the risk and a conclusion on the status of the risk. The process then depicted improvements and regression in the management of risks per Programme.

The Department demonstrated a matured risk management capability to pursue opportunities that improved the delivery of services to its stakeholders. The reviewed risk management policy currently enforced alignment in the risk management process and the departmental performance. The alignment impacted on the changes in the risk profile mirroring on departmental performance. These changes were expected to further influence a positive correlation between improvements in the system of risk management and the organisational performance.

3.3 Fraud and Corruption

The Department has an approved Ethics & Anti-Corruption strategy (i.e. Fraud Prevention Plan) developed and designed to prevent, detect and investigate unethical behaviour, corruption and maladministration.

This Fraud Prevention plan is aligned to a 5 year DPWI strategy and focuses on training of officials on ethics and corruption matters, implementing stringent internal control measures to prevent fraud from occurring. It also articulates detection mechanisms as deterrence to fraud, corruption and unethical behaviour. These include, conducting proactive investigations arising from effective fraud risk management, reactive investigations arising from internal and external reporting mechanisms and harsh actions against officials and service providers involved in unethical conduct, fraud and corruption activities.

During the 2022/23 financial year, the Department reviewed its fraud prevention plan with specific focus on key fraud and corruption risks outlined in the approved fraud risk register. As a way of institutionalising fraud risk management, DPWI ensured that fraud risk management was cascaded to district level where fraud risk registers for each district were produced as an output. Other measures taken to prevent and detect cyber fraud included improved strengthening of controls within the Department's ICT system and rigorous campaigns designed to make employees aware about the importance of anti-cyber fraud mechanisms. Furthermore, all department officials were mandated to undergo online information security awareness training as one of the mechanisms to prevent cyber fraud and build cyber resilience amongst employees.

A considerable drive of anti-fraud and awareness campaigns were made throughout the department during 2022/23, with particular focus at district and sub-district levels as a way of reviving officials about the risks of fraud and corruption. Apart from the challenges, DPWI was able to achieve 100% in implementing its output indicator on % effective implementation of Ethics and Anti-Corruption Strategy as per its Annual performance plan. This was a great achievement and contributing factor towards the improvement of Governance within the Organisation. Moreover, the management of fraud risk from a high to more moderate and low risks by DPWI management demonstrate great progress of the strides taken to effectively deal with a risk of fraud and corruption within DPWI.

Internally, the Department finalised 14 investigations for the period under review and decisive actions were taken against those found to have committed acts of corruption, maladministration and unethical conduct. This significant feat is symbolic towards the Department fight on corruption and its commitment towards a clean and corrupt free public service. Other mechanisms put in place by the department to detect fraud and corruption include but not limited to an approved Whistle Blowing, Fraud & Anti-Corruption that direct employees on how to report any allegations of corruption, maladministration and unethical conduct. Employees are advised to always remain anonymous in order to protect themselves against any possible occupational detriment. The cases reported are investigated as per the approved Investigation Policy that guides the department on how to investigate action.

3.4 Minimising Conflict of interest

In order to effectively manage conflict of interest, DPWI approved an Ethics & Anti-Corruption Management Strategy, which articulates the following activities to manage conflict amongst the employees:

- **Financial Disclosure of SMS and Other designated employees**

During the 2022/23 financial year, the DPWI achieved a 100% compliance on SMS Financial Disclosure, 100% on OSD (equivalent SL 9 and 10 categories) designated employees, and 100% on ASD (SL 9 and 10 categories) designated employees. Moreover, the analysis of financial disclosure performed revealed that no SMS members had direct conflict of interest and potential conflict of interest detected was disclosed and explained accordingly.

- **Management of Other Remunerative Work**

There were ten (10) other remunerated work (ORW) applications received in the 2022/23 financial year and the Department approved all of them. The approved applications included amongst others residential property rental and photography service, e-hailing services, lecturing, work and other selling of products. No approval was granted for any employee doing business with an organ of state or any employee that conducts business that is in conflict with the primary mode of services offered by the Department. During 2022/23 financial period, all approved applications for outside work were monitored according to the guidelines outlined in the DPWI Guide on Managing Other Remunerative Work.

- **Management of other Conflict of Interest process**

The Department approved Ethics and Conflict of Interest Policy which outlined a stance on managing conflict of interest within DPWI. The policy outlines provisions that directs the declaration process for non-designated employees. Other mechanisms include the proactive management of Provincial Treasury conflict of interest search results. Consequently, the Department had zero actual conflict of Interests cases identified and reported by both the Auditor General and Provincial Treasury. All potential conflict of interest cases reported were dealt with by ensuring that employees who are directors of companies listed per the Centralised Supplier Database deactivate their supplier numbers, resign as directors and declare their potential conflict of interest in the prescribed form.

This has ensured that the Department contributed positively towards the nine (9) priorities of provincial government that include a commitment that there must be no officials who are doing business with organs of state. Furthermore, the approved Gift Policy and its guide enabled employees to understand the departmental stance on gifts and when necessary declare any gifts received or declined in the Departmental Gift Register. Lastly, the approved Conflict of Interest policy guides the declaration process of non-designated employees and the process the employees should take in matters where they are conflicted during recruitment processes.

- **Lifestyle Audits**

As part of implementing the new Public Administration Management Regulations, and DPSA Guide on Lifestyle Audit in the public service, the DPWI embarked on an organisational wide awareness campaign to educate all employees regarding the new mandate of lifestyle audits. Such drive involved holding workshops with Top Management of the institution including driving the lifestyle audit programme to all employees at head office and district level. The intention was to make employees aware about this government initiative that is geared towards managing conflict of interest. Lifestyle reviews were conducted on all SMS members of the Department including other designated employees. These were based on the analysis of Financial Disclosures and no adverse observations were made against designated employees. As such, no lifestyle investigations and/or audits were conducted against any official during the 2022/23 financial period.

3.5 Code of Conduct

As part of advocacy on the Code of Conduct an Ethics & Anti-Corruption Strategy was approved to drive the awareness programmes on communicating the message of ethical behaviour. Activities performed to advocate Code of Conduct include, various awareness programmes from both the district and head office levels through collaborated efforts by Corporate Services and Risk, Anti-Corruption & Integrity Management (RAIM) within the Department. Approved Service Delivery Charter, Anti-Corruption pledge and Departmental Values that are placed in visible areas within the department, ensure that stakeholders and the public understand the DPWI messages on its intent to adhere to the professional ethical values and principles of good governance as enshrined in Section 195(1) of the Constitution. All officials who breach the code of conduct are dealt with within the Departmental Disciplinary Code and Procedures.

3.6 Health Safety and Environmental Issues

This provides a brief description and nature of Health Safety and Environmental issues and the effect it has on the department.

- The Department of Public Works and Infrastructure has in terms of the OHS Act appointed 16.2 appointments;
- The Department has established Health and Safety Committees in all districts including Head Office;
- Not all planned quarterly OHS meetings sat - leading to H&S issues not discussed and/or escalated for possible resolution, where meetings sat there has been no improvement of health and safety concerns raised;
- No space for safekeeping /storage of cleaning material- which is hazardous and may negatively affect the health and safety of employees and lead to litigation;
- Working environment not conducive due to lack of office space/overcrowded offices – leading to possible cross infections when one or two employees are sick with e.g. flu; etc; and
- State owned and leased Buildings occupied by employees not complying to Health and safety regulations.

3.7 Portfolio Committee

The Portfolio Committee exercises oversight over the service delivery performance of departments.

Date	Activity
30 September 2022	Portfolio committee financial oversight
15 November 2022	Presentation of programmes 1 – 3 on Annual Report 2021/22 financial year by Department
18 November 2022	Mid –year performance report presentation to Portfolio Committee

- Matters raised by the Portfolio Committee and how has the department addressed these matters

Programme 1: Administration

Findings	Recommendations	Departmental Response
The Department failed to take effective and appropriate measures to prevent irregular expenditure amounting to R983 million which increased by R319 million from the R664 million incurred in the previous year. A total of R277 million of the incurred irregular expenditure is from leases that did not comply with the Supply Chain Management Regulations.	The Department must strengthen its internal controls to prevent incurring any irregular expenditure. A report must be provided to the Committee setting out clearly the measures that it intends to implement to address the consistent challenge of non-compliance with the Supply Chain Management Regulations, including the implementation of consequence management against the official/s responsible for the irregular expenditure.	The Department is fast tracking the implementation of consequence management and letters have been issued to affected staff.
The Department failed to implement daily and monthly internal controls to ensure that the annual performance report is supported by accurate supporting schedules.	The Department must review its internal controls with the aim of improving and ensuring that the annual performance report is supported by accurate supporting schedules.	The Department, through the quarterly performance reporting system, has ensured that reports submitted are supported by the schedules.
Although the Programme spent 99,99% of its appropriated budget, it only achieved 85% of its planned targets. This is attributable to non-payment of Performance Management Development System (PMDS) for employees that are no longer with the Department.	The Department must ensure that all deserving employees who are no longer with the Department are paid their pro-rata share for forms bonuses and any other payments in lieu of, in terms of their employment contracts to ensure that the budget is fully utilised towards its intended purpose.	The payment of PMDS for employees that exited the system were confirmed to have been paid.
The Department failed to implement the approved revenue strategy, leading to under collection of revenue. The annual target of generating R45, 021 million was not met, instead, R14, 776 million was collected.	The Department must expedite the implementation of the approved revenue strategy and payment of market related rentals as this is likely to enhance revenue generation.	The implementation of the Revenue Strategy is monitored through the Revenue Forum
The Department is still experiencing delays in finalising disciplinary cases within 90 days as per the regulatory prescripts. Out of planned annual target of 90% in the year under review, only 27% was achieved.	The Department must, as a matter of urgency, finalize all the outstanding disciplinary cases and ensure that all cases that are under investigations are expeditiously investigated and finalised.	The Department has improved on finalisation of cases within 90 days. However the more complex cases are still a challenge including those that the charged employees will opt for appeals.

Findings	Recommendations	Departmental Response
The Department has a challenge of high vacancy rate, and most posts at the Senior Management Service (SMS) level are occupied by acting personnel.	Since the Organizational Structure of the Department is approved, the Department must urgently embark on a recruitment drive. This recruitment drive must target the much-needed critical skills, including women, youth at SMS level, and people with disabilities to ensure compliance with legislative, regulatory and policy framework.	The high vacancy rate was caused by process of implementation of the new organogram. The department has to finalise placement of staff into the new structure. The Department is progressing well with the implementation of the new Organisational Structure. Of the 18 SMS posts that were advertised, 16 have been filled to date with two posts going out for re advertisements. ARP 2023/24 will be out with posts that are critical and with confirmed budget available A total of 310 positions for the department's Developmental Programme have also been advertised.

Programme 2: Public Works Infrastructure

Findings	Recommendations	Departmental Response
Although the Programme spent 100% of its appropriated budget, it only achieved 83% of its planned targets.	The Department must furnish the Committee with a detailed comprehensive written report on the reasons for the incongruence between its expenditure and performance, including its implications and mitigating measures being implemented to prevent it in the future.	DPWI infrastructure budget expenditure by year end was 100%. Targets planned for the year under infrastructure is inclusive of projects from various departments. Under-achievements on targets are as a result of projects identified by sector departments.
There are delays in the completion of projects. Out of five (5) projects, only one (1) was completed, four (4) projects were not completed as planned. In one project the contractor terminated the contract and in the remaining three (3) projects, contractors experienced late delivery of steel materials.	The Department together with sister departments involved in these projects must improve their project management processes to ensure that projects are not unreasonably delayed. The Department must also ensure that its contract management capacity is enhanced to better manage contract terminations and breach of contractual obligations.	Provincial Treasury has adopted a joint seating (DPWI & Client Departments) for planning and preparation of IPMP. The Transversal Infrastructure Coordination Unit that overlooks project planning and implementation has been established. Monitoring meetings sits monthly.

Findings	Recommendations	Departmental Response
The illegal occupation of state properties is still rife and continues unabated in the province.	The Department must devise effective measures to safeguard state properties under its control, including continuing with the campaign to reclaim all state properties and derive value from these properties. The devised measures and the inventory of all state-owned properties must be provided to the Committee as a matter of urgency.	In line with the Critical Infrastructure Protection Act 8 of 2019, the DPWI will identify and declare critical infrastructure and to provide measures to be put in place for the protection, safeguarding and resilience of critical infrastructure. The regulation is currently being compiled. After approval thereof, the Act will be implemented by all departments. The DPWI further reviewed the National DPWI Spotfire Report where 23703 possible cases were listed and 1555 cases related to the Eastern Cape were found to be land administration related. In OR Tambo Region, we have 57 eviction orders granted and eviction is processed in batches. The first 18 occupants have already been given notices to vacate.
Public schools that are closed down as part of the rationalisation programme are being vandalized.	The Department with all the other stakeholders including the Department of Education must devise measures to prevent the vandalism of public schools that have been closed-down. A detailed report with the measures that it intends to implement to curb vandalism of these schools must be provided to the Committee urgently.	DPWI provides “As and when” security for emergency response on properties at risk of invasion and vandalism. The department is in the process of calling for an Expression of Interest to develop a database for service providers keen to utilise these properties. Upon calling for an Expression of Interest the Department was directed by EXCO to halt the process. This was done to ensure that User Departments are engaged to determine as to whether they have an interest in the utilization of the properties The consultation process is still on-going and is expected to be finalized before the end of quarter 2 of the current financial year. There are consultations with municipalities and farmers to facilitate transfer of various schools to the Provincial Government.
The Committee welcomes the expected commencement of the Bhisho Office precinct processes at the end of November 2022.	Considering the significance of the Bhisho Office Precinct project to the provincial administration, the Department must make a follow up with National Treasury and update the Committee on the progress or developments made on a quarterly basis.	The project is at procurement currently with the Interim Bid Adjudication Committee (IBAC) for recommendation.

Findings	Recommendations	Departmental Response
Although the decision was made in 2019 and submission made in February 2021, the Department is still awaiting approval of the Premier regarding old Amatola Sun Hotel for the long-term leasing and re-development of the project.	The Department must liaise with the Office of the Premier to ascertain the progress made in this matter and must provide the Committee with the progress report.	DPWI has consulted with the OTP and awaits final decision.
The maintenance of properties in the Prestige Portfolio remains a challenge for the Department. The Committee appreciates the visit by MEC to the Prestige Portfolio houses with defects in an attempt to fast-track maintenance of properties in this portfolio.	The Department must ensure that all maintenance issues in the Prestige Portfolio properties are attended to without any further delays.	The Department has introduced a 24hr call Centre that will be utilised in logging of complaints by the Prestige clients. The system utilised in the call centre will assist in tracking all complaints and also monitor the turnaround time in resolving the complaint. We also appointed term contracts that will be attending to the defects.

Programme 3: Expanded Public Works Programme

Findings	Recommendations	Departmental Respons
The programme recorded an over achievement in most of its planned annual targets for the year under review.	The Committee commends the Department for effectively utilizing the appropriated budget and achieving most of its planned annual targets for the period under review. This performance must be replicated to other programmes.	The Department welcomes and appreciate the recommendations by the committee.
The programme reported all work opportunities created by public bodies and recorded on the Expanded Public Works Programme (EPWP) reporting system.	The Committee congratulates the Department for reporting all public bodies and ensuring that all work opportunities created by these bodies are captured and reported on the Expanded Public Works Programme (EPWP) reporting system.	The Department welcomes and appreciate the recommendations by the committee.
The programme reported under performance on the number of SMME strategy rollout and uptake activities coordinated and number of enterprises in the Property Incubator.	The Department must speed-up the finalization of SMME Development Strategy as well as the database for the Property Incubator Programme as the lack of the strategic documents and information hub compromises service delivery.	The Department welcomes and appreciate the recommendations by the Committee. There was a delay in the finalisation of the SMME strategy due to consultation process that took longer than anticipated. The Department has since presented the final draft of the SMME strategy to ED&JC working group and is ready to be presented to the ED Cluster in their next meeting scheduled in May 2023. The Department put out an advert in preparation for the setting out of enterprises in a database, unfortunately the proposals submitted by the prospective enterprises did not fully qualify to be part of the database. The Department will re-advertise for the new database.

Financial Oversight Report
Programme 1: Administration

Findings	Recommendations	Departmental Response
The Department is recording an over-expenditure of R46, 244 million in its overall budget in the period under review.	The Department must put in place a plan to avert incurring an over-expenditure on its allocated budget to avoid contravention of the Public Finance Management Act, 1999 (PFMA). In the event that over-expenditure is incurred, consequence management measures must be implemented.	Control measures have been put in place through the In-Year Monitoring structure that monitors the Departmental expenditure against the projected expenditure. Furthermore, the reports of after each payment run are sent to all programme managers to see what is available to be spent. The department has also performed the reconciliation between the cash available vs the budget available. As a result, the Department spent 99.99% of the allocated budget of R2, 680 billion with R185 thousand under expenditure. There are no programmes recording unauthorised expenditure.
The programme posted over-expenditure of R5, 201 million or 56% of its allocated budget in the period under review.	The Department must put in place mechanism/plans to prevent the programme from incurring unauthorized expenditure as a result of exceeding the appropriated budget.	
The Department underspent on Compensation of Employees (CoE) by R1, 990 million as a result of unfilled vacant positions at the Senior Management Service (SMS) level and the 106 employees that exited the system due to natural attrition and death in service.	The Department must develop a credible recruitment and retention strategy that will assist in responding with speed in the filling of vacant posts at the SMS level and those resulting from natural attrition and must share this strategy with the Committee. The Department must also ensure that this strategy is implemented in the 2023/24 financial year.	The Department is progressing well with the implementation of the new Organisational Structure. Of the 18 SMS posts that were advertised, 16 have been filled to date with two posts going out for re advertisements. ARP 2023/24 will be out with posts that are critical and with confirmed budget available.
The Department has a high employee turnover rate. (106 employees between April and September 2022).	The Department must provide the Committee with a report, detailing the reasons as to why so many employees left the organisation in a short space of time.	An analysis of the Exit Interview Forms indicated that employees left the department because of: • Compulsory Retirement • Lack of promotional opportunities. • Unconducive work environment. • Opportunity from the department to pay penalties of pension for employees to GPAA. • Better offers by other employers.

Findings	Recommendations	Departmental Response
The Department is lagging on the rand value of revenue generation in both quarter 1 & 2 due to slow implementation of revenue strategy.	The Department must provide the Committee with measures it intends to implement to enhance revenue generation for the benefit of the province.	The DPWI has commenced with implementation of 10 long-term leases which have been awarded to emerging developers for development of various facilities including shopping malls, bulk fuel storage facilities, student accommodation and commercial facilities throughout the Province. The first tranche of revenue from the long-term leases is expected during the 2025/26 financial year to allow 2 years for construction before any revenue can be generated. However, there are short-term leases which are envisaged to generate reasonable revenue for the provincial government such as the lease of telecommunication infrastructure and equipment (cell masts) and billboards for advertising. Estimated revenue for these projects is close to R160 million over a period of 9 years and 11 months. During the 2023/24 FY the estimated revenue for the first 50 sites awarded is estimated at about R36 million.
The Department underspent its capital payments in various projects to the tune of R14 million for the period under review. This has the potential of negatively affecting service delivery.	The Department must devise a clear recovery plan to avert the under-expenditure on capital payments so as to avoid surrendering the funds at end of the financial year or applying for a roll-over.	Catch up plan devised and progressed well. 100% spent of the Capital budget as at 31 March 2023.
In the period under review, the Department under achieved on the percentage implementation of Procurement Plan due to non-submission of specifications by project leaders.	The Department must ensure that project leaders timeously submit specifications for efficient procurement planning. The Committee must be updated on the implementation of consequence management to project leaders who failed to do their job.	The Department has started the process of consequence management for the non-submitting project leaders.

Programme 2: Public Works Infrastructure

Findings	Recommendations	Departmental Response
The programme is posting cumulative over-expenditure of R44, 067 million (59%) in the period under review.	The Department must put in place plans to reduce the over-expenditure in the remaining six months of the financial year to avoid unauthorized expenditure.	Control measures have been put in place through the In-Year Monitoring structure that monitors the Departmental expenditure against the projected expenditure. Furthermore, the reports after each payment run are sent to all programme managers to see what is available to be spent.
In the period under review, Alfred Nzo region could not meet the number of condition assessments on state-owned buildings targeted.	A catch-up plan within the remaining six months must be shared with the Committee regarding this region.	As at the end of the financial year, the target on condition assessments in the Alfred Nzo region was exceeded. The target was fifty and fifty-three condition assessments were conducted.
The poor planning and procurement processes delayed the implementation of the number of State Land Surveyed in both quarter 1 and 2.	The Department must ensure that procurement of service providers is finalized before the start of the financial year to ensure proper and timely implementation.	The Immovable Asset Management is finalizing the appointment of the two vacant Town Planner positions at the head office and this will improve the capacity required to handle land surveying and other related projects. The procurement and appointment of service providers for 2023/24 has been finalised.

Programme 3: Expanded Public Works Programme

Findings	Recommendations	Departmental Response
In the period under review, the programme posted under-expenditure of R3, 024 million. This is likely to lead to a reduction of the grant, thus negatively affect service delivery.	The Department must ensure that all the bottlenecks that caused the under-expenditure are resolved as a matter of urgency as this will lead to budget cuts that will compromise service delivery.	The Department has noted the recommendations and will ensure that it addresses all the challenges that led to the under expenditure. The Programme spent 100% of the grant by the end of the financial year.
The following planned targets were not achieved within the agreed period: Annual target on the number of EPWP work opportunities created by Provincial Public & Infrastructure reporting system. Annual target on the number of contractors in Integrated Cooperation Development Project (ICDP) upgraded in Construction Industry Development Board (CIDB). Annual target on the number of enterprises in the Property Incubator Programme.	The Department must ensure that collaborative efforts are created and strengthened to address the reported under-expenditure within the remaining six months so that service delivery is not compromised.	The Department appreciate the recommendations of the committee and already has a plan to ensure that the annual target is met. The Department will ensure that projects are set aside for ICDP contractor and also ensure that projects awarded to contractors will enable them to upgrade after their completion. The Department put out an advert in preparation for the setting out of enterprises in a database, unfortunately the proposals submitted by the prospective enterprises did not fully qualify to be part of the database. The Department will re-advertise for the new database.

3.8 SCOPA Resolutions

Question 1 – Material Impairments – accrued departmental revenue	
Audit Report/ finding Paragraph 7	Accrued departmental revenue of R184, 7 million (2020/21: R182, 7 million) is disclosed in note 21 to the financial statements. This amount is impaired by R132, 5 million (2020/21: R139, 4 million), as disclosed in note 21.2 to the financial statements.
Question by the Committee	1.1 Does the department have effective credit risk management policies and processes to prevent the financial loss, if so, does it monitor the adherence to these policies on regular basis to establish the effectiveness?
	1.2 What are the key challenges for failure to collect revenue in the past two years?
	1.3 What impact will these material impairments have on the financial standing of the department?
	1.4 What plans and procedures does the department have in place to prevent the under collection of revenue from debtors?
	1.5 What steps have been taken to prevent the recurrence of this finding and recover losses?

Response from Department	Response	1.1 The Department has a Revenue and Debt Management Policy in place. **Refer to Annexure 5, Revenue and Debt Management policy.** The policy does not address financial loss and subsequent recovery. The Department will adjust the current policy and establish financial loss procedures. These procedures will include: • Protection against any unwarranted customer credit exposures. • Maintain credit risk at a manageable level. • Identify and avoid a material credit failure. 1.2 Key challenges for failure to collect revenue from the past two years emanate from tenants are refusing to settle old debt and the current rentals, these debts are disputed for the following reasons: • The tenants do not believe that the debt is accurate as they have evidence that they made renovations to the houses and they want to claim these renovations against the debt owing. The Department noted that the renovations cannot be adequately substantiated in terms of value as some of the renovations are costing more than the houses. • The tenants claim promises were made that the houses would be sold to them after a certain number of years, hence some of the renovations occurred. This claim further contributes to not settling old debt. • Some of the tenants are arguing that the debt is not accurate because there are disputing the yearly escalations and the interest charged on unpaid debt. The disputes are emanating from the fact that the tenants have letters dating back to 2009 that instructed them to pay rentals without escalations. These letters cannot be verified as they are not in line with the lease agreements. • The tenants are refusing to pay the market related rentals that were instituted by the Department as the houses are not in a market-related condition. • Tenants are refusing to sign lease agreements where lease agreements expired as tenants are in disagreement with the market rate. • Tenants are not paying rentals as they are experiencing financial difficulties due to the after effects of COVID-19. • Tenants are not paying because they have vacated the houses and cannot be traced. 1.3 The financial standing of the Department is not affected by the impairment. The impairment is in place to reduce the debtors balance of the Department. If the impairment is not disclosed, the Department's asset baseline will be overstated. 1.4 The plans to address under collection are: • The Department has appointed a debt collector to trace tenants and collect historical debt. • The Department has cleansed the debtor's book to ensure that only valid debtors are traced. • The Department's legal directorate is working on evicting all the tenants that are not acting according to their lease agreements. • The Revenue and Debt Management Policy will be revised to curb contracting with high risk tenants. 1.5 The Department employed the services of a debt collector for two functions: • Trace and collect debt. • Confirm that categories of debt cannot be collected and the Department must write off the debt. The write off will reduce the impairment provision and address the emphasis of matter. • The Revenue and Debt Management Policy will be revised to curb contracting with high risk tenants. • Eviction of non-paying tenants and consider disposing of the property.
	Root Cause	**What is the underlying cause of the occurrence?** • The current policy being used by the Department does not have procedures for preventing credit losses. • Inadequate billing system in place. • COVID-19 regulations made it difficult to evict tenants. • Legal eviction processes are timely.

	Corrective actions	**What actions has the department taken to rectify the matter as well as the underlying root cause?** • Creation of a database of all tenants that are currently residing in the houses, personal details and ensuring that all the tenants receive their monthly statements. • The current policy to be amended, work shopped and implemented.
	Time line:	**When will the corrective action be implemented?** • 30 November 2022.
Comments by Internal Audit and Audit Committee	The Audit Committee has approved an internal audit plan which covers the review of the revenue collection processes. Due to the slow turnaround of the improvement in the revenue collection processes, the internal auditors will perform a consulting engagement on the management of the revenue collection process in order to assist with the refinement of the process and rather than purely auditing the current process.	

Department of Public Works & Infrastructure		
Question 2– Irregular Expenditure		
Audit Report/finding Paragraph 8 & 26	Irregular expenditure as disclosed in note 22.1 to the financial statements of R983, 5 million (2020/21: R643, 1 million) has not been recovered or condoned. Included in this amount is irregular expenditure incurred in the current year R244, 4 million (2020/21: R101, 3 million) and irregular expenditure related to prior year that was identified in the current year of R96, 1 million. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R340, 5 million as disclosed in note 22.1 to the financial statements, as required by section 38 (1) (c) (ii) of the PFMA and Treasury regulation 9.1.1. The majority of the irregular expenditure disclosed in the financial statement was caused by non-compliance with the supply chain management regulations. **These are recurring findings**	
Question by the Committee	2.1 The Committee previously noted that the department embarked on capacitating SCM officials to eliminate the reoccurrence of irregular expenditure, can the Accounting Officer elaborate on how it measures the effectiveness of these trainings and the impact they have made thus far to assist the department, in terms of addressing these findings given the fact that they are not fully addressed?	
	2.2 What are the reasons for non-compliance? The Committee must be provided with a proof of consequence management taken against all officials responsible for this non-compliance.	
	2.3 What are the strategies that the Department has established to enhance its capacity and improve the rate of compliance?	
Response from Department	Response	2.1 The amount of irregular expenditure incurred per financial year has reduced ever since the SCM workshops have been conducted. However, the increase identified was the lease that were under assessment in 2020/21 financial and the subsequent expenditure in 2021/22 to a total amount of R277 million. The reason for irregularity was incurred was due to the extension of expired leases made by MEC without the delegations. 2.2 Use of expired leases, variation orders that were not approved and incorrect bid evaluation. 2.3 To engage with Provincial Treasury for approval of a fixed lease term. Furthermore, the department is using its own compliance management unit to assess all procurement transactions before approval. Implementation of consequence management
	Root Cause	**What is the underlying cause of the occurrence?** Extension of expired leases by the MEC without delegations; Poor project management, and Human error.
	Corrective actions	**What actions has the department taken to rectify the matter as well as the underlying root cause?** Engage with Provincial Treasury for a fixed term contract, Apply consequence management; Appointment of project managers; Constant monitoring of the procurement plan; and Set a standard number of bids to be evaluated per day to relieve pressure from committee members.
	Time line:	**When will the corrective action be implemented?** With effect from 1 October 2022.
Comments by Internal Audit and Audit Committee	The Audit Committee has approved an internal audit plan which requires that SCM audits are performed on a quarterly basis. The purpose of the quarterly SCM audits is to ensure that the Audit Committee is updated on the quarterly basis about the state of internal controls in the SCM environment. As part of its Combined Assurance Plan for the 2022/23 financial year, the internal auditors will analyse the role of the different assurance providers in the SCM processes and advise the department on how the processes preceding the authorisation of procurement transactions can be enhanced in order to ensure that focus is on the prevention rather than the detection of irregular expenditure.	

Question 3– Procurement and contract management		
Audit Report/ finding Paragraph 27	Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and Treasury Regulations 8.2.1 and 8.2.2.	
Question by the Committee	2.1 What are the circumstances led to this non-adherence to prescribed legislations?	
	2.2 How does the department intend to change this organisational culture and maximise accountability?	
	2.3 The Committee must be furnished with a proof of consequence management instigated against officials who failed to comply with Supply Chain Management legislations?	
Response from Department	Response	2.1 This circumstance relates to lease agreement extensions and the subsequent expenditure on these lease agreements were declared as irregular in the 31 March 2022 Annual Financial Statements. The nature of the transgression relates to the extension of contracts (single sourcing). The transgression has been investigated and the affected employee charged. The recovery process was initiated and submitted to Provincial Treasury. **Refer to Annexure 5, condonation submission.** 2.2 The organisational culture pertaining to the lease portfolio need to be change managed. It is the only material area of incurring irregular expenditure. The Provincial Treasury assisted the Department in delegating the Accounting Authority to single source for lease extensions. **Refer to Annexure 5, Provincial Treasury communication.** Additionally, the Department is revising its Supply Chain Management policy to include lease-specific determinations to cater for this specialised business area. The Department do hold officials accountable for incurring irregular expenditure. For leases, the transgressor was charged and the consequence do form part of the condonation application. 2.3 **Please Refer to Annexure 5, condonation submission.**
	Root Cause	**What is the underlying cause of the occurrence?** The occurrence of lease irregular expenditure is due to end-users not initiating timely procurement processes.
	Corrective actions	**What actions has the department taken to rectify the matter as well as the underlying root cause?** The Accounting Officer has taken the following actions: • Finalised the organisational structure to fully capacitate the property management unit. • Obtained Provincial Treasury assistance with single source delegation authority. **Refer to Annexure 5, Provincial Treasury communication.** • Sanctioned a revision of the current supply chain management policy to cater for the lease portfolio.
	Time line:	**When will the corrective action be implemented?** • Property management unit to be fully capacitated by 1 October 2022. • Revised supply chain management policy to take affect 1 April 2023.
Comments by Internal Audit and Audit Committee	The Audit Committee supports management in their effort to enhance the process of the procurement of lease contracts by incorporating this process into the SCM policy. The Audit Committee also supports the implementation of the consequence management in relation to incurrence of irregular expenditure as a result of untimely procurement processes.	

Question 4 – Internal Control deficiencies	
Audit Report/ finding Paragraph 34 - 35	The following internal control deficiencies have been identified: • The leadership did not effectively implement and monitor the processes in place that are designed to prevent non-compliance with laws and regulations specifically those relating to supply chain management. This is evidenced by the fact that the department continued to incur irregular expenditure during the year under review. • The department developed an audit action plan to address the prior year findings, but this was not fully implemented, which resulted in repeat findings relating to non-compliance with supply chain management. Furthermore, management did not implement daily and monthly internal controls to ensure that the annual performance report is supported by accurate supporting schedules.
Question by the Committee	2.1 The Accounting Officer must furnish the Committee with reasons for constant failure to effectively implement and monitor processes designed to prevent non-compliance which led to the reoccurrence of the irregular expenditure?
	2.2 Did the Accounting Officer take necessary steps to implement the recommendations from the oversight bodies including those of SCOPA, if so, why the non-compliance with legislative prescripts is not fully addressed?
	2.3 Does the department conduct a risk assessment to identify the emerging risks and safeguard the usefulness of controls, if so, how often and why these findings were not discovered during the process? The Committee must be provided with evidence.
	2.4 What strategies have been introduced to instil a strong control environment and further ensure that all responsible officials are held accountable? The Committee must be furnished with a comprehensive report elaborating how the department measures the effectiveness of the designed strategies.
	2.5 The Committee must be provided with a proof of consequence management instigated for failure to comply with the provisions of relevant Acts?

Response from Department	Response	2.1 The Accounting Officer did take steps to prevent the occurrence of irregular expenditure except for an anomaly that was caused by a disagreement with the office of the Auditor General. The treatment of leases with MEC extension approval were under assessment in the 2020/21 financial year and were only finalised in the 2021/22 financial year. The department had to go back to the previous financial upon receiving the concluding comments that these leases were in deed irregular. The irregular expenditure of R340 million is broken down into: R277 million for expired leases which is 81% of the amount, R59 million for unapproved Variation orders which is 17% of the amount, and R4 million for other non-compliance which is 2% of the amount Otherwise the other non-compliance except leases is small percentage of 19% which indicates the efforts made by the department to prohibit the occurrence of irregular expenditure. 2.2 Yes the department do take the oversight bodies into consideration. As indicated above this has been an exceptional case that resulted from prior year disagreement. 2.3 Yes the department does conduct risk assessment on an annual basis. 2.4 The department apply consequence management for non-compliance with prescripts and designed internal controls. Furthermore, the department is using its own compliance management unit to assess all procurement transactions before approval. 2.5 *Labour relations and Loss Control units to provide*
	Root Cause	**What is the underlying cause of the occurrence?** Extension of expired leases by the MEC without delegations, Poor project management; Human error; and Inadequate prioritisation of the AIP implementation.
	Corrective actions	**What actions has the department taken to rectify the matter as well as the underlying root cause?** Engage with Provincial Treasury for a fixed term contract, Apply consequence management, Appointment of project managers, Constant monitoring of the procurement plan, Set a standard number of bids to be evaluated per day to relieve pressure from committee members. EXMA will monitor the AIP implementation on a monthly basis.
	Time line:	**When will the corrective action be implemented?** With effect from 1 October 2022.
Comments by Internal Audit and Audit Committee	The internal auditors are currently in the process of reviewing the Audit Improvement Plan for adequacy of the action plan that have been developed by management to ensure that these actions are adequate to mitigate the internal control deficiencies that were identified by the Auditor General and the improvement of the overall internal control environment in the department. The internal auditors will also perform periodical reviews of the implementation status of the agreed upon audit improvement actions (in December 2022, February 2023, and March 2023).	

3.9 Prior modifications to audit reports

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter*
Unqualified with matters of emphasis on: • Irregular expenditure to an amount of R983.5 million. • Number of facilities provided to users (fit for purpose).	Before 2015/16	• Irregular expenditure cases investigated and consequence management has been applied to transgressors. This resulted to an amount of R 409 million applied for condonation and R124 million applied for impracticability from Provincial Treasury. Furthermore, cases amounting to R 180 million were referred to Department of Transport for further investigations and consequence management as they relate to Department of Transport (DoT) officials. • This was a result of inaccurate reporting of achievements against targets, which then resulted in material misstatements. • The Immovable Asset Management Chief Directorate made a review regime by the Project Leader (Compiler); responsible Director and final sign-off by Chief Director in order to resolve the matter.
• Material impairment- accrued departmental revenue.	2021/22	• Debtors with 120 + days have been handed over to Debt Collectors for recovery over a period of six months. • Debtors that could not be traced by debt collector have been sent for write off approval. • Disputed debts were referred to Legal Services Unit for eviction by appointed attorneys. • Through Information Communication Technology (ICT) unit, a request for procurement of an adequate billing system was submitted.

3.10 Internal Control Unit

The work performed by Internal Control Unit during the year:

Governance

a) Managed 2021/22 external audit with a total of 146 RFIs and 38 COAFs as follows:
- 116 RFI's for Public Works and Infrastructure (DPWI) and 28 COAFs;
- Eleven (11) RFIs for Department of Health (DoH) and seven (7) COAFs;
- Fourteen (14) RFIs for Department of Education (DoE) and three (3) COAFs;
- Two (2) RFI for DSRAC; and
- Three (3) RFIs for Department of Social Development (DSD).

b) Facilitated responses to SCOPA questions

c) Facilitated the development and monitored implementation of the 2021/22 external audit improvement plan.

Facilitated 22 policy review and approval as per Table below: (R=Review & A=Approval)

No	Policy Description	Approved/Not Approved
1	DPWI: ICT Backup Policy	A
2	DPWI: ICT Security	A
3	DPWI: Special Leave	A
4	DPWI: Data Protection and Information Sharing Policy	A
5	DPWI: Data Breach Management Policy	A
6	DPWI: Loss Control Policy	A
7	DPWI: ICT Disaster Recovery	A
8	DPWI: Change Management	A
9	DPWI: Financial Misconduct	A
10	DPWI: ICT Network Infrastructure	A
11	Employee Debt Policy	A
12	Training And Development For DPWI Employees	R
13	Developmental Program Policy	R
14	Overtime Policy	R
15	Internal Bursary Policy	R
16	External Bursary	R
17	Records Management Policy	A
18	Policy on Journal Entries	A
19	Precautionary Suspension policy	A
20	Workplace Harassment Policy	A
21	Substance Abuse policy	R
22	Parking Policy	A

Pre-Audit

• Number of pre-audited documents at Head Office

No.	Description	2022/23 Total Number
1	Pre-Audited Orders	2 574
2	Pre-Audited Payments	5 815
3	Irregular, Fruitless and Wasteful Expenditure Detected	104
4	Rejected documents with errors	382

Loss Control
Asset Losses

Office/ Region	Description	Number of Investigated Cases	Value	Status		
				Under investigation	Awaiting Loss Control Committee sitting/ HOD approval	Finalized
Head Office	Laptops	1	24 661,59	0	1	0
	Vehicle	1	4 400,00	0	1	0
	Other	1	5 163,50	0	1	0
Amatole Region	Laptop	1	24 568,54	1	0	0
	Vehicle	1	295 000,00	0	0	1
OR Tambo Region	Vehicle	3	45 442,62	1	0	2
	Laptops	2	0	0	0	2
Joe Gqabi	Vehicle	2	105 392,29	0	0	2
		0	0	0	0	0
Alfred Nzo Region	Laptop	1	33 660,02	0	0	1
	Vehicle	3	8 277,50	0	0	3
Chris Hani Region	Vehicle	0	0	0	0	0
	Laptop	0	0	0	0	0
	Other	3	15 078,66	1	0	0
Sarah Baartman	Laptop	1	28 590,20	1	0	0
Total			**596 118.18**			

Irregular Expenditure

- Application for condonation made to Provincial Treasury amounted to R409,8 million after investigations and effecting consequence management.

Application for Condonation Breakdown

Application	Amount
Leases	297 017 838
Non-compliance with SCM	13 397 213
Roads	22 769 158
Single source and overpayments	76 662 672
Total	409 **846 881**

Fruitless and Wasteful Expenditure

- **Amounts resolved R 739 791, 06 within the year under review:**

Description/ classification	Number of cases	Amount
Written Off	4	190 407,43
Recoveries	4	158,22
Invalidated	10	549 225,41
Total	**18**	**739 791,06**

- Amount transferred to receivables R 500,00

3.11 Internal Audit and Audit Committees

The objective of the internal audit activity of the Department of Public Works and Infrastructure is to provide the Audit Committee and Senior Management with independent, objective assurance and consulting services that are designed to add value and to continuously improve the operations of the Department. The internal audit activity assists the department to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

The key activities of internal audit activity are to evaluate whether the department's system of governance, risk management and internal control, as designed by management, is adequate and functioning in a manner that ensures that:

- Risks are appropriately identified and managed;
- Interaction with the various governance groups occur as required;
- Significant financial, managerial, and operational information is accurate, reliable, and timely;
- Employee's actions are consistent with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Programs, plans, and objectives are achieved;
- Quality and continuous improvement are fostered in the Department's control process; and
- Significant legislative or regulatory issues impacting the department are recognized and addressed appropriately.

Interaction with the Audit Committee

The Audit Committee is responsible for the functional oversight over the provision of internal audit services by the Internal Audit Activity.
The Audit Committee reviewed and approved the Internal Audit Charter, Internal Audit Methodology, and the Internal Audit three-year rolling, and the annual operational and coverage plan for the 2022/23 financial year.
Periodical reports on the internal audit 's performance against the annual audit plan, results of work conducted, and other pertinent matters, were presented to the Audit Committee in terms of the agreed upon reporting intervals.
The Director responsible for Internal Audit Services, who is also the head of the Audit Committee secretarial services, attended all meetings of the Audit Committee as a standing invitee.

Implementation of the approved operational and annual internal audit coverage plans.

The Internal Audit Annual Coverage Plan was comprehensively implemented and consulting work emanating from Senior Management and Audit Committee resolutions was also completed.
Summary of internal audit work done during 2022/23 financial year is as follows:

Audit Projects completed per programme		
Programme	**Nature**	**Centres covered**
Public Works Infrastructure	Follow-up audit – 2021 Issues	Head Office, OR Tambo, and Sarah Baartman
	Risk based audit	Head Office, Alfred Nzo, Joe Gqabi, OR Tambo, and Sarah Baartman
Corporate Management	Follow-up audit – 2021 Issues	Head Office
	Risk based audit	Head Office, Amathole, Joe Gqabi, and OR Tambo
Expanded Public Works Programme	Follow-up audit – 2021 Issues	Head Office, Amathole, Chris Hani, Sarah Baartman
	Risk based audit	Head Office; Alfred Nzo, Amathole, and Joe Gqabi Regions
Financial Services	Follow-up audit – 2021 Issues	Head Office, Amathole, Chris Hani, Sarah Baartman
Immovable Assets Management	Follow-up audit – 2021 Issues	Head Office, Alfred Nzo, Chris Hani, and Joe Gqabi
	Review of the immovable assets register	Head Office
	Risk based audit	Head Office, Amathole, OR Tambo, and Sarah Baartman
Facilities and Security Management	Follow-up audit – 2021 Issues	Head Office, Alfred Nzo, Chris Hani, and Joe Gqabi
	Risk based audit	Head Office, Chris Hani, and Sarah Baartman
Other completed internal audit projects		
Audit Improvement Plan		
• Review of the Draft Audit Improvement Plan		• Review of the implemented Actions Audit Improvement Plan – 3rd Quarter
Periodical Supply Chain Management Controls Reviews and Irregular Expenditure Classification		
• Classification of Irregular Expenditure		• Quarterly SCM Controls Reviews - SCM Controls Reviews 1st Quarter - SCM Controls Reviews 2nd Quarter

Audit Projects completed per programme		
Programme	**Nature**	**Centres covered**
Periodical Financial and Performance Reporting		
• Draft annual financial statements for the 2021/22 financial year • Review of interim financial statements before submission to Provincial Treasury - 2022/23 2nd quarter interim financial statements - 2022/23 3rd quarter interim financial statements • Draft annual report for the 2021/22 financial year		• Draft annual performance plan for the 2023/24 financial year • Review of periodical performance reports before submission to the Department of Planning, Monitoring, and Evaluation - 2021/22 4th Quarter Performance Report - 2022/23 1st Quarter Performance Report - 2022/23 2nd Quarter Performance Report - 2022/23 3rd Quarter Performance Report
Information and Communications Technology		
• Follow up of internal and external audit findings • Validation of the COBIT 5 maturity score		• Network Vulnerability Testing • POPIA responsiveness as it relates to ICT
Other		
• Governance, Ethics, and Risk Management • Conditional Grants – Expanded Public Works Incentive Grant		• Transfer payments and leave gratuities • Certification of the Documents Disposal Process – six (6) projects in four (4) regions

Provincial Treasury's Transversal Internal Audit Services Chief Directorate ensured that internal audit practitioners received the minimum training that is required to ensure continuous development obligations for certified internal audit technicians are met.

Quality Assurance and Improvement Programme

The Internal Audit Activity of the Department has and maintains a quality assurance and improvement program, in line with the International Standards for the Professional Practice of Internal Auditing.

The Internal Audit Activity complied with the International Standards for the Professional Practice of Internal Auditors issued by Institute of Internal Auditors (IIA).

An external quality assurance review was completed in March 2022. The Department obtained a "General Conformance" rating.

Secretariat services to the Audit Committee Membership and Attendance

The Internal Audit Activity is responsible for providing secretariat services to the Audit Committee.

Minutes and resolution lists of all Audit Committee meetings were drafted and provided by the internal audit activity for review and approval by the Audit Committee.

The table below discloses relevant information on the Audit Committee membership and attendance of Audit Committee meetings:

Name	Qualifications	Initially appointed	Appointment renewed	Appointment terminated	Meetings attended
Ms. P. Ntisana (Chairperson)	Chartered Accountant	May 2021	Not applicable	Not applicable	08 / 09
Mr. S. Dibate** (Member)	Master of the Built Environment (MBE). Postgraduate Diploma in Property Development and Management. B Tech degree in Quantity Surveying. National Diploma in Buildings.	February 2017	February 2020	Not applicable	08 / 09
Mr. M. Mbambisa (Member)	Post Graduate Diploma in Business Management. Executive Leadership Development Programme. Certificate Programme in Management. Development – Municipal Finance. Bachelor of Science in Engineering.	May 2021	Not applicable	Not applicable	08 / 09
Mr. D. Padayachy (Member) *	Information Technology Management for Government. Executive Development Programme. Post Graduate Diploma in Education. Bachelor of Science.	July 2019	Not applicable	Not applicable	09 / 09

*Also the Chairperson of the Information and Communications Technology Governance Committee
**The members' eligibility for DPWI Audit Committee service expired before the end of the financial year.

Mr. C. Sparg attended the meetings of the Audit Committee in his capacity as the Chairperson of the Risk and Ethics Management Committee.

3.12. Audit Committee Report

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

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) 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.

Effectiveness of internal control systems

Our review of the effectiveness of internal control systems through management reports, internal audit reports, and risk management reports indicates that while the system of internal controls of the department is improving, the system is not yet fully matured.

The Audit Committee made recommendations to management regarding further improvements to the system of internal controls.
The Audit Committee is of the view that the internal control system of the department may improve by the full implementation of the approved organisational structure.

Internal audit

The risk based internal audit annual coverage plan, that was reviewed and approved by the Audit Committee at the beginning of the financial year, was comprehensively implemented and progress reports were presented to the Audit Committee.

- Audits of the following areas were completed – Immovable Asset Register, Expanded Public Works Programme, and Supply Chain Management.
- Follow-up audits of Internal Audit Findings for the following areas – Public Works Infrastructure, Corporate Management, and Facilities and Security Management
- Reviews of draft AFS and APR.

Internal control weaknesses were identified in the auditable areas listed above, and recommendations for improvement were presented to, and discussed with programme managers and also reported to the Audit Committee Immovable Assets Management (including lease revenue management); Public Works Infrastructure, Facilities and Security Management, Supply Chain Management, and some sections of Corporate Management.

Risk management

The Department has established a Risk and Ethics Management Committee (REMC) which is chaired by an independent Chairperson who attends and reports in all Audit Committee meetings. This has had a positive impact on the monitoring of risk management by the Audit Committee. The Audit Committee endorsed the approval of the REMC Charter which is reviewed annually. The Charter guided and assisted the REMC members in delivering their responsibility as they are listed. The Chairperson of the REMC recommended all the RAIM policies which included a Fraud Prevention Plan and Ethics Management policies.

In-year management and quarterly reports

The Department reported financial and performance information quarterly to the Treasury as is required by the PFMA. The department is still facing challenges in terms of not meeting performance targets in the core business programs and some Directorates fail to submit credible Portfolio of Evidence (PoE) on their performance that is reported quarterly.

Evaluation of the draft annual financial statements and performance report

The Audit Committee reviewed the draft annual financial statements (AFS) and the draft annual report on predetermined objectives (PDO) for the year ended 31 March 2023 .

The Auditor General's audit report

The Audit Committee reviewed the department's audit improvement plan to address matters raised in the previous year. The Audit Committee raised concerns about the actions developed by management to improve internal control systems performance and management's inability to provide clear reports on the implementation of this plan.
The Audit Committee further noted the unsatisfactory rate of implementation of the audit improvement actions.

The Audit Committee concurs with and accepts the AGSA conclusions on the annual financial statements. The audited annual financial statements should be accepted and read together with the report of the Auditor General.

Appreciation

The Audit Committee expresses its sincere appreciation to the Honourable MEC, the Head of the Department, Management, Internal Audit, and Provincial Treasury, for their co-operation in enabling the committee to fulfil its responsibilities.

Ms P. Ntisana
Chairperson of the Audit Committee
31 August 2023

3.13 B-BBEE Compliance Performance Information

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
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 licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	DPWI is not mandated to issue licences, concessions or other authorisations in respect of economic activity in terms of any law.
Developing and implementing a preferential procurement policy?	Yes	The Procurement Preferential Regulations (PPR) were included in the SCM policy as a requirement. The Department developed its own PPR 2022 policy as guided by NT after the ruling against the implementation of the PPR 2017 by the Supreme Court of Appeal.
Determining qualification criteria for the sale of state-owned enterprises?	No	DPWI does not have any state owned enterprise and did not sell any state owned enterprise in the 2022/23 financial year.
Developing criteria for entering into partnerships with the private sector?	No	N/A
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	Yes	DPWI was involved in employee skills development, supplier and enterprise development. The Department participated in: • learnership programmes for black employees • training programmes for unemployed black people Some black people were absorbed by the Department and the industry at the end of learnership and training programmes.

PART D
HUMAN RESOURCE MANAGEMENT

4. PART D: HUMAN RESOURCE MANAGEMENT

4.1 Introduction

Section 31 (1) of Public Service Regulations 2016 provide that The Head of Department shall include in the annual report, referred to in section 40 (1) (d) of the Public Finance Management Act, such information pertaining to the public service as the Minister may direct and in the format that the Minister may direct.

(2) An Executive Authority shall immediately after he or she has tabled the annual report in the relevant legislation in terms of section 65 (1) of Public Finance Management Act, submit to the relevant Treasury and the Minister, make available on its website and on request, make it available free of charge to any member of the media or public.

Section 195 (1) (a), (h&i) of the Constitution of the Republic of South Africa, provides that Public Administration must be governed by democratic values and principles enshrined in the Constitution including the following principles:

- High standard of professional ethics must be promoted and maintained
- Good human resource management and career development practices, to maximise human potential must be cultivated
- Public Administration must be broadly representative of South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation

Chapter 13 of the National Development Plan (2030) requires specific areas that need to be addressed in order to build a capable and developmental state and these include:

- A clear separation of the roles between the political principals and the administrative head;
- Making the departments in the public service careers of choice by building skilled and professional public service from top to bottom;
- Reinvigorate the state role in producing the specialist technical skills to fulfil its core mandate;
- To improve interdepartmental coordination in order to avoid duplication and wastage;
- To strengthen delegation, authority and oversight; and
- Take a proactive approach in improving relations between National, Provincial and local government.

The Department of Public Works and Infrastructure has therefore aligned its Human Resources strategies and approaches with the principles and provisions of the above mentioned prescripts, and has successfully provided a strategic and enabling role to the core mandate of the department.

The status of human resources in the department

Following 2021/22 financial year, which was a recovery from COVID-19, the 2022/2023 financial year was also a year where the Department according to the 6th Administration commitments was entering a maturity year, meaning that the Department would be operating with its capacity to deliver on its mandate. The Department started the year with revision of its Service Delivery Model. At the beginning of 2022/23, the Department commenced with the implementation of the 2022 DPWI organogram. Accordingly, from the first quarter the Department started and finalised the placement of Senior Management Service (SMS) staff. After finalising the placement and migration of SMS, critical and funded vacancies at SMS level were identified for filling.

Eighteen (18) critical leadership and management vacancies were advertised and normal recruitment processes started during the third quarter, and these posts included the following:

- Five (5) Chief Directors posts;
- Six (6) District Directors;
- Four (4) Infrastructure posts for Health and Education Portfolios;
- One (1) Director Integrated Planning and Research under Strategy & Systems;
- One (1) Director Infrastructure Research, Planning and Systems; and
- One (1) Director Immovable Asset register and Planning.

The Department implemented its equity plan by ensuring that more women were prioritised for appointments. By the 31 March 2023, the Department had achieved over fifty (50%) women at SMS. The Department had a very busy year with the implementation of restructuring process following the signing of migration guidelines between Management and Organised Labour. The signed guidelines necessitated the start of migration of staff below SMS (level 2-12). Placement panels were appointed and were all workshopped on the process to be followed. The placement panels started their work from July 2022 and finalised their tasks around November 2022. The next process was the sittings of the Departmental Task Team (DTT), which was meant to moderate the work of the placement panels, and the DTT continued its work until March 2023, a process that should have been finalised by end of June 2023.

The Department also focused its attention on ensuring that employees that left the system, exit interviews were conducted and that their responses were used to ensure that appropriate interventions are put in place.

Lastly, a lot of focus was on the management of discipline which saw a growth in the number of disciplinary cases that were administered for different levels of staff including aspects that were investigated by the Department (internal) as well as those that were investigated by Special Investigation Unit (external). Over ninety-two (92) disciplinary cases were recorded from the beginning of the financial year and by the end of the financial year, sixty-five (65) disciplinary cases were finalised with different sanctions being imposed.

Human resource priorities for the year under review and impact of these

- Organisational Development and HR Planning
  - Approval and operationalisation of the DPWI revised organogram
  - Well-defined business architecture
  - Development and implementation of departmental change management plan
  - Full implementation of HR Effectiveness Implementation strategies
- Human Resource Practices and Administration
  - Attraction and retention of professional and technical staff
  - Implementation of conditions of service to qualifying staff
  - Pledge to process payment of exit benefit to exiting staff
- Human Resource Utilisation and Capacity Development
  - Implementation of professional development as a talent management strategy
  - Management of external and internal bursaries
  - Coordination of performance management and development system to support organisational performance
- Employment Relations
  - Management of discipline within the Department
  - Establish trends for unethical behaviour and conduct awareness on identified gaps
- Employee Health and Wellness
  - Draw lessons from pandemic and ensure productivity is enhanced
  - Partner with external service providers to improve wellness programmes especially counselling during and post pandemic

Workforce planning and key strategies to attract and recruit a skilled and capable workforce

The Department had a very lean Annual Recruitment Plan (ARP) during this year under review due to the consultation process on the revised structure which only arrived towards the end of the previous financial year. Through these strategies the department has managed to attract and retain its professional and technical capacity through appointment of the 6 professionals who were previously on awarded bursaries by the department and were under professional development of the department namely four (4) Construction Managers and two (2) Architects.

Human Resource Development

The Department through the HRD Directorate managed consistently to implement its Annual Training Plan. A total of 276 staff were trained on management development at various management levels. The Department managed to advertise for 310 youth into development programmes in different internship programmes. The internship programmes provide appropriate and relevant work experience that is commensurate with their qualifications. As part of contributing towards one of the key priorities of Government and National Development Plan, “Building the Capacity of the State”, the Department continued to manage its bursary program for both internal staff and external candidates. There were one hundred and fifteen (115) internal bursary candidates and ninety-three (93) external candidates with active bursary contracts.

Employee Performance Management

The Employee Performance Management System was implemented in all Levels and the Department achieved 100% contracting at SMS level and over 85% at the Non-SMS echelon. The Department also validated SMS performance contracts by ensuring that they are in line or include the indicators both from Annual Performance Plan and Operational Plans of the Department. Compliance to performance reviews and assessments was monitored with SMS and Non-SMS employees.

Annual Assessments were concluded on time with incentives paid to the deserving employees to salary levels 2-12 by end of financial year, in line with DPSA set timelines. The SMS moderation was delayed and planned for finalisation before the end of first quarter in the 2023/24 financial year.

Employee Wellness Programmes

- Conducted five (5) awareness campaigns on HIV and AIDS drivers and 11 awareness campaigns to observe TB & SIT month;
- Distributed 55 938 male and 2 152 female condoms;
- Organised seven (7) build-up events for World Aids Day;
- Organised 16 HIV counselling and testing campaigns with GEMS;
- Conducted three (3) Flu vaccine and Covid-19 vaccination campaigns;
- Six (6) Mental health awareness sessions;
- Analysed sick leave to pick up trends and prevalent medical conditions;
- Facilitated the appointments in terms of 16.2 of OHS Act
- Organised 14 Health and Safety Committee meetings;
- Conducted 101 Health and Safety Audits;
- Facilitated approval of five (5) Emergency Preparedness Plans;
- Organised 33 physical wellness activities;
- Organised 10 sessions of financial wellness and seven (7) substance abuse awareness;
- 139 counselling sessions provided;
- Provided Loss and grief sessions; and
- Seven (7) pre-retirement sessions for employees who are due to retire.

Highlights on achievements and challenges faced

Achievements

- The Department has successfully revised its organogram in line with the new 5-year strategy (2020-2024) and the Minister of Public Service and Administration concurred with the organisational structure, which led to the approval of the organisational structure for implementation by the Honourable MEC and the Head of Department;
- The Department finalised restructuring of the SMS staff during the first quarter of 2022/23 financial year;
- Out of eighteen (18) SMS posts that were advertised, sixteen (16) posts have been filled to date. Two (2) posts going out for re- advertisements;
- The Department had managed to achieve over 50% women at SMS. This is the first time the equity target at SMS level has been achieved;
- The Department continues to build technical and professional capacity through its Professional Development Programme. To this end, 28 candidates attained their professional registration status in different built environment disciplines;
- The Department successfully implemented online recruitment which assisted in finalisation of recruitment and this encouraged many job seekers to apply; and
- The Department also managed to conduct two satisfaction surveys for both internal as well as external users /stakeholders.

Challenges

- The Department still struggled to meet the target of 30% youth and 2% people living with disabilities.
- There are still delays in finalising disciplinary hearings within 90 days as well as appeals lodged after dismissals.

Human Resource Oversight Statistics

4.2 Personnel Related Expenditure

The following Tables summarise the final audited personnel-related expenditure by the programme and by salary bands. In particular, it provides an indication of the following:

- Amount spent on personnel
- The amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 4.2.1. Personnel expenditure by programme for the period 1 April 2022 and 31 March 2023

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services expenditure (R'000)	Personnel expenditure as a percent of total expenditure	Average personnel Cost per Employee (R'000)	Employment (Including Periodical- and Abnormal Appointments)
Administration	516,772	338,607	2,162	-	65.50%	510	664
Public Works Infrastructure	2,032,883	388,879	2,963	-	19.10%	427	910
Expanded Public Works Programme	130,633	51,894	316	-	39.70%	535	97
Total	**2,680,288**	**779,380**	**5,441**	**-**	**29.10%**	466	**1,671**

Table 4.2.2. Personnel costs by salary bands for the period 1 April 2022 and 31 March 2023

Salary Bands	Personnel expenditure (R'000)	% of total personnel cost	Number of Employees	Average personnel cost per employee (R'000)	Total Personnel Cost for Department including Goods and Services (R'000) (C.O.E. Households, Goods & Services)
Lower skilled (Levels 1-2)	44,366	5,49%	229	194	808,478
Skilled (Levels 3-5)	112,126	13,87%	404	278	808,478
Highly skilled production (Levels 6-8)	255,718	31,63%	568	450	808,478
Highly skilled supervision (Levels 9-12)	236,138	29,21%	303	779	808,478
Senior and Top management (Levels 13-16)	72,710	8,99%	38	1,913	808,478
Contract (Levels 1-2)	87	0,01%	1	87	808,478
Contract (Levels 3-5)	1,017	0,13%	4	254	808,478
Contract (Levels 6-8)	10,214	1,26%	6	1,702	808,478
Contract (Levels 9-12)	40,116	4,96%	28	1,433	808,478
Contract (Levels 13-16)	3,435	0,42%	2	1,718	808,478
Contract Other	16,097	1,99%	88	183	808,478
Total	**792,016**	**100%**	**1,671**	474	808,478

Table 4.2.3 Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme for the period 1 April 2022 and 31 March 2023

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid		Total Personnel Cost per Programme (R'000)
	Amount (R'000)	Salaries as % of Personnel Costs	Amount (R'000)	Overtime as % of Personnel Costs	Amount (R'000)	HOA as % of Personnel Costs	Amount (R'000)	Medical aid as % of Personnel Costs	
Administration	275,671	77%	11	0,001	10 353	2.90%	20 255	5.70%	357 652
Public Works Infrastructure	322,836	81.60%	0	0	14 572	3.70%	20 914	5.30%	396 282
Immovable Asset Management	0	0	0	0	0	0	0	0	0
Expanded Public Works Programme	42,557	78,00%	0	0	1 534	2.80%	3 016	5.50%	54 544
Total	**641,064**	**79,30%**	**11**	**0,001%**	**26 459**	**3,30%**	**44 185**	**5,50%**	**808 478**

Table 4.2.4 Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary band for the period 1 April 2022 and 31 March 2023

Salary bands	Salaries		Overtime		Home Owners Allowance		Medical Aid		Total Personnel Cost per Salary Band (R'000)
	Amount (R'000)	Salaries as % of Personnel Costs	Amount (R'000)	Overtime as % of Personnel Costs	Amount (R'000)	HOA as % of Personnel Costs	Amount (R'000)	Medical aid as % of Personnel Costs	
Skilled (Levels 1-2)	30 669	68.30%	0	0	4 189	9.50%	5 724	13%	44 074
Skilled (Levels 3-5)	81 201	70%	0	0	7 695	6.60%	10 900	9.40%	116 030
Highly skilled production (Levels 6-8)	196 3338	74.40%	5	0	10 487	4.00%	18 948	7.20%	264 046
Highly skilled supervision (Levels 9-12)	200 165	80.0%	6	0	3 917	1.60%	7 305	2.90%	249413
Senior management (Levels 13-16)	63 130	98.30%	0	0	171	0.30%	1 308	2.00%	64 230
Contract (Levels 1-2)	84	98.50%	0	0	0	0	0	0	85
Contract (Levels 3-5)	981	97.10%	0	0	0	0	0	0	1 010
Contract (Levels 6-8)	10 108	99.20%	0	0	0	0	0	0	10 189
Contract (Levels 9-12)	39 605	97.70%	0	0	0	0	0	0	40 320
Contract (Levels 13-16)	3 143	88.80%	0	0	0	0	0	0	3 438
Contract Other	15 642	100%	0	0	0	0	0	0	15 643
Total	**641 064**	**79,30**	**11**	**0**	**26 459**	**3.30%**	**44 185**	**5.50%**	**808 478**

4.3 Employment and vacancies

Table 4.3.1. Employment and vacancies by programme as on 31 March 2023

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Administration, Permanent	1 184	669	43.50	168
Public Works Infrastructure, Permanent	1 949	905	53.57	254
Immovable Asset Management	0	0	0	0
Expanded Public Works Programme	271	97	64.21	17
Total	**3 404**	**1 671**	**50.91**	**439**

Note: The high vacancy rate was caused by migration from old (2016) structure to 2022 structure a process that was still in progress by 31 March 2023.

Table 4.3.2 Employment and vacancies by salary band as on 31 March 2023

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Lower skilled (1-2), Permanent	412	229	44,40	67
Skilled (3-5), Permanent	1 021	404	60,40	99
Highly skilled production (6-8), Permanent	1 187	568	52,10	76
Highly skilled supervision (9-12), Permanent	591	303	48,70	71
Senior management (13-16), Permanent	64	38	40,60	4
Contract (Levels 1-2)	1	1	0	0
Contract (Levels 3-5)	4	4	0	3
Contract (Levels 6-8)	6	6	0	6
Contract (Levels 9-12)	28	28	0	25
Contract (Levels 13-16)	2	2	0	0
Other	88	88	0	88
Total	**3 404**	**1 671**	**50,90**	**439**

Table 4.3.3 – Employment and vacancies by critical occupations as on 31 March 2023

Critical Occupations	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Administrative related, Permanent	489	167	65,80	40
All artisans in the building metal machinery etc., Permanent	674	240	64,40	97
Appraisers-valuers and related professionals, Permanent	83	29	65,10	6
Architects town and traffic planners, Permanent	35	15	57,10	10
Artisan project and related superintendents, Permanent	39	21	46,20	4
Auxiliary and related workers, Permanent	1	1	0	1
Boiler and related operators, Permanent	0	0	0	0
Building and other property caretakers, Permanent	7	7	0	5
Bus and heavy vehicle drivers, Permanent	31	11	64,50	1
Cartographers and surveyors, Permanent	6	0	100	0
Cartographic surveying and related technicians, Permanent	1	1	0	0
Chartered accountants, Permanent	0	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	243	143	41,20	17
Client inform clerks (switchboard, reception information clerks), Permanent	3	3	0	2
Communication and information related, Permanent	55	13	76,40	6
Community development workers, Permanent	0	0	0	0
Computer programmers., Permanent	1	1	0	0
Earth moving and related plant operators, Permanent	0	0	0	0
Engineering sciences related, Permanent	72	47	34,70	33
Engineers and related professionals, Permanent	53	20	62,30	13
Finance and economics related, Permanent	24	16	33,30	5
Financial and related professionals, Permanent	94	55	41,50	15
Financial clerks and credit controllers, Permanent	110	85	22,70	12
Firefighting and related workers, Permanent	2	2	0	0
Food services aids and waiters, Permanent	2	2	0	1
General Legal administration & related professionals, Permanent	1	1	0	0
Head of Department/chief executive officer, Permanent	1	1	0	0

Critical Occupations	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Health Sciences related, Permanent	1	1	0	0
Housekeepers laundry and related workers, Permanent	2	2	0	0
Human resources & organisational development & related professionals, Permanent	75	47	37,30	2
Human resources clerks, Permanent	72	38	47,20	1
Human resources related, Permanent	100	42	58	3
Information technology related, Permanent	24	3	87,50	0
Inspectors of apprentices works and vehicles, Permanent	160	57	64,40	13
Language practitioners interpreters & other community, Permanent	0	0	0	0
Legal related, Permanent	3	3	0	1
Library mail and related clerks, Permanent	28	19	32,10	2
Light vehicle drivers, Permanent	20	9	55	3
Logistical support personnel, Permanent	174	109	37,40	20
Material-recording and transport clerks, Permanent	2	2	0	0
Messengers porters and deliverers, Permanent	27	5	81,50	0
Motor vehicle drivers, Permanent	10	8	20	4
Other administration & related clerks and organisers, Permanent	209	73	65,10	50
Other administrative policy and related officers, Permanent	21	21	0	2
Other information technology personnel., Permanent	10	10	0	0
Other occupations, Permanent	1	1	0	0
Printing management and supervisory personnel, Permanent	5	5	0	0
Production advisers : factories, Permanent	87	87	0	0
Quantity surveyors & related professions not class elsewhere, Permanent	38	24	36,80	15
Regulatory inspectors, Permanent	0	0	0	0
Risk management and security services, Permanent	26	14	46,20	2
Road superintendents, Permanent	0	0	0	0
Road trade workers., Permanent	0	0	0	0
Road workers, Permanent	5	5	0	1
Safety health and quality inspectors, Permanent	7	3	57,10	0
Secretaries & other keyboard operating clerks, Permanent	31	31	0	5

Critical Occupations	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Security guards, Permanent	36	7	80,60	0
Security officers, Permanent	104	94	9,60	9
Senior managers, Permanent	63	37	41,30	4
Trade labourers, Permanent	27	25	7,40	23
Trade quality controllers, Permanent	1	1	0	1
Trade related, Permanent	3	2	33,30	0
Trade/Industry advisers & other related profession, Permanent	4	4	0	4
Water plant and related operators, Permanent	1	1	0	0
Total	**3 404**	**1 671**	**50,90**	**439**

Note on employees additional to establishment not a true reflection as the person to post matching for salary level 2-12 was still not completed by 31 March 2023

4.4 Filling of SMS Posts

Table 4.4.1 SMS post information as on 31 March 2023

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General / Head of Department	1	1	100	0	0
Salary Level 16	2	2	100	0	0
Salary Level 15	0	0	0	0	0
Salary Level 14	11	11	100	0	0
Salary Level 13	41	29	70,73	12	29,27
Total	**54**	**42**	**77,78**	**12**	**29,27**

Table 4.4.2 SMS post information as on 30 September 2022

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General / Head of Department	1	1	100	0	0
Salary Level 16	2	2	100	0	0
Salary Level 15	0	0	0	0	0
Salary Level 14	11	6	54,55	5	45,45
Salary Level 13	41	29	70,73	12	29,27
Total	**55**	**38**	**69,09**	**17**	**30,90**

Table 4.4.3 Advertising and filling of SMS posts for the period 1 April 2022 and 31 March 2023

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but in 12 months
Director-General/ Head of Department	0	0	0
Salary level 16	0	0	0
Salary level 15	0	0	0
Salary Level 14	5	5	0
Salary Level 13	13	11	2
Total	**18**	**16**	**2**

Table 4.4.4 Reasons for not having complied with the filling of funded vacant SMS- Advertised within twelve months and filled within 12 months after becoming vacant for the period 1 April 2022 and 31 March 2023

Reasons for vacancies not advertised within six months
Not applicable

Reasons for vacancies not filled within twelve months
After recruitment process was concluded not suiTable candidate were found and the posts had to be re-advertised

Table 4.4.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2022 and 31 March 2023

Reasons for vacancies not advertised within six months
Not applicable

Reasons for vacancies not advertised within six months
Not applicable

4.5 Job evaluation

Table 4.5.1 Job Evaluation by Salary band for the period 1 April 2022 and 31 March 2023

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	412	0	0	0	0	0	0
Skilled (Levels 3-5)	1 021	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	1 187	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	591	0	0	0	0	0	0
Senior Management Service Band A	51	10	19,60	0	0	0	0
Senior Management Service Band B	12	3	25,00	0	0	0	0
Senior Management Service Band C	0	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Other	88	0	0	0	0	0	0
Contract (Levels 1-2)	1	0	0	0	0	0	0
Contract (Levels 3-5)	4	0	0	0	0	0	0
Contract (Levels 6-8)	6	0	0	0	0	0	0
Contract (Levels 9-12)	28	0	0	0	0	0	0
Contract Band A	1	0	0	0	0	0	0
Contract Band D	1	0	0	0	0	0	0
Total	**3 404**	**13**	**0,40**	**0**	**0**	**0**	**0**

Table 4.5.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded for the period 1 April 2022 and 31 March 2023

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**
Employees with a Disability	**0**				**0**

Table 4.5.3 – Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2022 and 31 March 2023

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	0	0	0	0
Total	**0**	**0**	**0**	**0**
Total number of employees whose salaries exceeded the level determined by job evaluation				**0**
Percentage of total employed				**0**

Table 4.5.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2022 and 31 March 2023

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**
Employees with a Disability	**0**	**0**	**0**	**0**	**0**

Total Number of Employees whose salaries exceeded the grades determined by job evaluation in 2022/23	**0**

4.6 Employment changes

Table 4.6.1 – Annual turnover rates by salary band for the period 1 April 2022 and 31 March 2023

Salary Band	Number of Employees at Beginning of period April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover Rate
Lower skilled (Levels 1-2)	231	0	1	0,40
Skilled (Levels 3-5)	438	0	26	5,90
Highly skilled production (Levels 6-8)	597	0	31	5,20
Highly skilled supervision (Levels 9-12)	322	3	14	4,30
Senior Management Service Bands A	31	0	3	9,70
Senior Management Service Bands B	7	4	0	0
Senior Management Service Bands C	0	0	0	0
Senior Management Service Bands D	1	0	1	100
Other Permanent	228	13	152	66,70
Contract (Levels 1-2)	0	1	0	0
Contract (Levels 3-5)	8	3	7	87,50
Contract (Levels 6-8)	29	1	24	82,80
Contract (Levels 9-12)	74	13	59	79,70
Contract Band A	1	2	2	200
Contract Band D	1	0	0	0
Total	**1968**	**40**	**320**	**16,30**

Table 4.6.2 – Annual turnover rates by critical occupation for the period 1 April 2022 and 31 March 2023

Critical Occupation	Number of employees at beginning of period April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover Rate
Administrative related, Permanent	253	4	86	34
All artisans in the building metal machinery etc., Permanent	261	0	20	100
Appraisers-valuers and related professionals, Permanent	30	0	0	0
Architects town and traffic planners, Permanent	21	2	8	38,10
Artisan project and related superintendents, Permanent	21	0	0	0
Auxiliary and related workers, Permanent	1	0	0	0
Boiler and related operators, Permanent	0	0	0	0
Building and other property caretakers, Permanent	9	0	2	22,20
Bus and heavy vehicle drivers, Permanent	11	1	1	9,10
Cartographers and surveyors, Permanent	0	0	0	0

Critical Occupation	Number of employees at beginning of period April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover Rate
Cartographic surveying and related technicians, Permanent	1	0	0	0
Chartered accountants, Permanent	0	0	0	0
Chemical and physical science technicians, Permanent	0	0	0	0
Civil engineering technicians, Permanent	0	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	149	0	6	4
Client inform clerks (switchboard reception information clerks), Permanent	4	0	1	25
Communication and information related, Permanent	15	0	2	13,30
Community development workers, Permanent	0	0	0	0
Computer programmers., Permanent	1	0	0	0
Earth moving and related plant operators, Permanent	0	0	0	0
Electrical and electronics engineering technicians, Permanent	0	0	0	0
Engineering sciences related, Permanent	86	9	46	53,50
Engineers and related professionals, Permanent	27	2	8	29,60
Finance and economics related, Permanent	17	0	1	5,90
Financial and related professionals, Permanent	51	0	1	2
Financial clerks and credit controllers, Permanent	97	0	6	6,20
Firefighting and related workers, Permanent	3	0	1	33,30
Food services aids and waiters, Permanent	0	2	0	0
General Legal administration & related professionals, Permanent	1	0	0	0
Head of Department/chief executive officer, Permanent	1	0	0	0
Health sciences related, Permanent	1	0	0	0
Housekeepers laundry and related workers, Permanent	2	0	0	0
Human resources & organizational development & related professionals, Permanent	50	0	3	6
Human resources clerks, Permanent	39	0	1	2,60
Human resources related, Permanent	46	0	2	4,30
Information technology related, Permanent	3	0	0	0

Critical Occupation	Number of employees at beginning of period April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover Rate
Inspectors of apprentices works and vehicles, Permanent	63	0	5	7,90
Language practitioners interpreters & other communicate, Permanent	0	0	0	0
Legal related, Permanent	3	0	0	0
Library mail and related clerks, Permanent	21	1	3	14,30
Light vehicle drivers, Permanent	10	0	1	10
Logistical support personnel, Permanent	116	0	5	4,30
Material-recording and transport clerks, Permanent	2	0	0	0
Mechanical engineering technicians, Permanent	0	0	0	0
Messengers porters and deliverers, Permanent	5	0	0	0
Mining geology & geophysical & related technicians, Permanent	0	0	0	0
Motor vehicle drivers, Permanent	9	0	1	11,10
Other administration & related clerks and organisers, Permanent	123	0	48	38,50
Other administrative policy and related officers, Permanent	21	0	2	9,50
Other information technology personnel., Permanent	13	0	0	0
Other occupations, Permanent	1	0	1	100
Printing management and supervisory personnel, Permanent	5	0	0	0
Production advisers : factories, Permanent	91	0	4	4,40
Quantity surveyors & related professions not class elsewhere, Permanent	34	0	10	29,40
Regulatory inspectors, Permanent	0	0	0	0
Risk management and security services, Permanent	14	0	0	0
Road superintendents, Permanent	0	0	0	0
Road trade workers., Permanent	0	0	0	0
Road workers, Permanent	6	0	1	16,70
Safety health and quality inspectors, Permanent	3	0	0	0
Secretaries & other keyboard operating clerks, Permanent	33	0	1	3
Security guards, Permanent	7	0	0	0
Security officers, Permanent	99	0	5	5,10
Senior managers, Permanent	38	6	5	13,20
Trade labourers, Permanent	41	13	29	70

Critical Occupation	Number of employees at beginning of period April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover Rate
Trade quality controllers, Permanent	1	0	0	0
Trade related, Permanent	2	0	0	0
Trade/industry advisers & other related profession, Permanent	5	0	4	80
Water plant and related operators, Permanent	1	0	0	0
Total	**1968**	**40**	**320**	**16,30**

Table 4.6.3 Reasons why staff left the department for the period 1 April 2022 and 31 March 2023

Termination Type	Number	% of total resignation
Death	13	4,10
Resignation	67	20,90
Expiry of contract	200	62,50
Dismissal- operational changes	0	0
Dismissal-misconduct Discharged due to ill health	3	0,90
Dismissal- inefficiency	0	0
Discharged due to ill-health	1	0,30
Retirement	36	11,30
Transfer to other Public Service Departments	0	0
Other	0	0
Total	**320**	**100**
Total number of employees who left as a % of total employment	**1671**	**19,20**

Table 4.6.4 Promotions by critical occupation for the period 1 April 2022 and 31 March 2023

Occupation	Employees as at 1 April 2022	Promotions to another salary level	Salary Level Promotions as a % of Employees by occupation	Progressions to another Notch within a Salary Level	Notch progressions as a % of Employees by occupation
Administrative related	253	0	0	109	43,10
All artisans in the building metal machinery etc.	261	0	0	201	77,90
Appraisers-valuers and related professionals	30	0	0	26	86,70
Architects, town and traffic planners	21	0	0	6	28,60
Artisan project and related superintendents	21	0	0	19	90,50
Auxiliary and related workers	1	0	0	1	100
Boiler and related operators	0	0	0	0	0
Building and other property caretakers	9	0	0	6	66,70
Bus and heavy vehicle drivers	11	0	0	9	81,80
Cartographers and surveyors	0	0	0	0	0
Cartographic surveying and related technicians	1	0	0	1	100
Chartered accountants	0	0	0	0	0
Chemical and physical science technicians	0	0	0	0	0
Civil engineering technicians	0	0	0	0	0
Cleaners in offices workshops hospitals etc.	140	0	0	128	85,90
Client information clerks (switch board reception information clerks)	4	0	0	3	75,00
Communication and information related	15	0	0	11	73,30
Community development workers	0	0	0	0	0
Computer programmers.	1	0	0	1	100

Occupation	Employees as at 1 April 2022	Promotions to another salary level	Salary Level Promotions as a % of Employees by occupation	Progressions to another Notch within a Salary Level	Notch progressions as a % of Employees by occupation
Earth moving and related plant operators	0	0	0	0	0
Electrical and electronics engineering technicians	0	0	0	0	0
Engineering sciences related	86	0	0	24	27,90
Engineers and related professionals	27	0	0	8	29,60
Finance and economics related	17	0	0	15	88,20
Financial and related professionals	51	0	0	47	92,20
Financial clerks and credit controllers	97	0	0	82	84,50
Firefighting and related workers	3	0	0	1	33,30
General legal administration & related professionals	1	0	0	1	100
Head of department/ chief executive officer	1	0	0	0	0
Health sciences related	1	0	0	1	100
Housekeepers laundry and related workers	2	0	0	0	0
Human resources & organizational development & related professionals	50	0	0	43	86
Human resources clerks	39	0	0	34	87,20
Human resources related	46	0	0	36	78,30
Information technology related	3	0	0	3	100
Inspectors of apprentices works and vehicles	63	0	0	46	73
Language practitioners interpreters & other communication	0	0	0	0	0
Legal related	3	0	0	1	33,30

Occupation	Employees as at 1 April 2022	Promotions to another salary level	Salary Level Promotions as a % of Employees by occupation	Progressions to another Notch within a Salary Level	Notch progressions as a % of Employees by occupation
Library mail and related clerks	21	0	0	19	90,50
Light vehicle drivers	10	0	0	9	90
Logistical support personnel	116	0	0	96	82,80
Material-recording and transport clerks	2	0	0	2	100
Mechanical engineering technicians	0	0	0	0	0
Messengers porters and deliverers	5	0	0	4	80
Mining geology & geophysical & related technicians	0	0	0	0	0
Motor vehicle drivers	9	0	0	7	77,80
Other administration & related clerks and organisers	123	0	0	31	25,40
Other administrative policy and related officers	21	0	0	16	76,20
Other information technology personnel	13	0	0	9	69,20
Other occupations	1	1	100	0	0
Printing management and supervisory personnel	5	0	0	0	0
Production advisers: factories	91	0	0	58	63,70
Quantity surveyors & related professional not classified elsewhere	34	0	0	13	38,20
Regulatory inspectors	0	0	0	0	0
Risk management and security services	14	0	0	14	100
Road superintendents	0	0	0	0	0
Road trade workers	0	0	0	0	0
Road workers	6	0	0	5	83,30
Safety health and quality inspectors	3	0	0	3	100
Secretaries & other keyboard operating clerks	33	0	0	28	84,80
Security guards	7	0	0	5	71,40

Occupation	Employees as at 1 April 2022	Promotions to another salary level	Salary Level Promotions as a % of Employees by occupation	Progressions to another Notch within a Salary Level	Notch progressions as a % of Employees by occupation
Security officers	99	0	0	77	77,80
Senior managers	38	4	10,50	0	0
Trade labourers	41	0	0	1	2,40
Trade quality controllers	1	0	0	0	0
Trade related	7	0	0	2	100
Water plant and related operators	1	0	0	0	0
Total	**1 968**	**5**	**0,30**	**1 262**	**64,10**

Table 4.6.5 Promotions by salary band for the period 1 April 2022 and 31 March 2023

Salary Band	Employees 1 April 2022	Promotions to another Salary Level	Salary bands Promotions as a % of Employees by salary level	Progressions to another Notch within a Salary Level	Notch progressions as a % of Employees by salary band
Lower skilled (Levels 1-2)	231	0	0	220	95,20
Skilled (Levels 3-5)	438	0	0	333	76
Highly skilled production (Levels 6-8)	597	0	0	472	79,10
Highly skilled supervision (Levels 9-12)	322	0	0	237	73,60
Senior Management (Levels 13-16)	39	5	12,80	0	0
Other, Permanent	228	0	0	0	0
Contract (Levels 3-5)	8	0	0	0	0
Contract (Levels 6-8)	29	0	0	0	0
Contract (Levels 9-12)	74	0	0	0	0
Contract (Levels 13-16)	2	0	0	0	0
Total	**1 968**	**5**	**0,30**	**1 262**	**64,10**

4.7. Employment Equity

Table 4.7.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2023

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	14	1	1	1	22	0	0	0	39
Professionals	129	6	0	7	152	4	1	3	302
Technicians and associate professionals	105	2	1	2	215	3	0	3	331
Clerks	70	2	0	1	172	3	1	2	251
Service and sales workers	67	2	0	1	49	0	0	0	119
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	309	4	0	4	96	0	0	0	423
Plant and machine operators and assemblers	25	1	0	1	2	0	0	0	29
Elementary occupations	0	0	0	0	0	0	0	0	0
Labourers and related workers	70	0	0	0	115	2	0	0	187
Total	**789**	**18**	**2**	**17**	**823**	**12**	**2**	**8**	**1 671**
Employees with disabilities	11	0	0	1	8	0	0	0	20

Table 4.7.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2023

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management,	0	0	0	0	1	0	0	0	1
Senior Management,	12	1	1	1	22	0	0	0	37
Professionally qualified and experienced specialists and middle management	157	9	1	8	123	1	1	3	303
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	237	6	0	5	307	7	1	5	568
Semi-skilled and discretionary decision making	229	2	0	3	168	2	0	0	404
Unskilled and defined decision making	104	0	0	0	123	2	0	0	229
Not available	33	0	0	0	123	2	0	0	229
Contract (Top Management)	1	0	0	0	0	0	0	0	1
Contract (Senior Management)	1	0	0	0	0	0	0	0	1
Contract (Professionally Qualified)	11	0	0	0	17	0	0	0	28
Contract (Skilled Technical)	3	0	0	0	3	0	0	0	6
Contract (Semi - Skilled)	1	0	0	0	3	0	0	0	6
Contract 9Unskilled)	0	0	0	0	1	0	0	0	1
Total	**789**	**18**	**2**	**17**	**823**	**12**	**2**	**8**	**1 671**

Table 4.7.3 Recruitment for the period 1 April 2022 and 31 March 2023

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	3	0	0	0	4
Professionally qualified and experienced specialists and middle management	2	0	0	0	1	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen	3	0	0	0	10	0	0	0	13
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Contract (Senior Management)	2	0	0	0	0	0	0	0	2
Contract (Professionally Qualified)	5	0	0	0	8	0	0	0	13
Contract (Skilled Technical)	1	0	0	0	0	0	0	0	1
Contract (Semi-Skilled)	1	0	0	0	2	0	0	0	3
Contract (Unskilled)	0	0	0	0	1	0	0	0	1
Total	**15**	**0**	**0**	**0**	**25**	**0**	**0**	**0**	**40**
Employees with disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 4.7.4 Promotions for the period 1 April 2022 to 31 March 2023

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	1	0	0	0	3	0	0	0	4
Professionally qualified and experienced specialists and middle management	122	5	0	4	104	0	0	2	237
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	179	6	0	2	276	4	1	4	472
Semi-skilled and discretionary decision making	170	2	0	3	157	1	0	0	333
Unskilled and defined decision making	101	0	0	0	117	2	0	0	220
Total	**573**	**13**	**0**	**9**	**658**	**7**	**1**	**6**	**1 267**
Employees with disabilities	**12**	**0**	**0**	**1**	**8**	**0**	**0**	**0**	**21**

Table 4.7.5 – Terminations for the period 1 April 2022 to 31 March 2023

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	White		African	Coloured	Indian	White		
Top Management	1	0	0	0		0	0	0	0		1
Senior Management	3	0	0	0		0	0	0	0		3
Professionally qualified and experienced specialists and middle management	6	0	1	0		5	0	1	1		14
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	22	0	0	0		9	0	0	0		31
Semi-skilled and discretionary decision making	22	0	0	0	0	4	0	0	0	0	26
Unskilled and defined decision making	0	0	0	0	0	1	0	0	0	0	1
Other	69	0	0	0	0	81	2	0	0	0	152
Contract (Senior Management)	2	0	0	0	0	0	0	0	0	0	2
Contract (Professionally qualified)	25	0	0	0	1	33	0	0	0	0	59
Contract (Skilled technical)	14	0	0	0	0	10	0	0	0	0	24
Contract (Semi-Skilled)	1	0	0	0	0	6	0	0	0	0	7
Total	**165**	**0**	**1**	**1**	**1**	**149**	**2**	**1**	**1**	**1**	**320**
Employees with disabilities	**1**	**0**	**0**	**0**	**0**	**2**	**0**	**0**	**0**	**0**	**3**

Table 4.7.6 Disciplinary action for the period 1 April 2022 to 31 March 2023

Disciplinary action	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Dismissals	1	0	0	0	0	0	0	0	**1**
Suspension without pay	5	0	0	0	2	0	0	0	**7**
Demotion	0	0	0	0	0	0	0	0	**0**
Final Written Warning	15	1	0	0	9	0	0	0	**25**
Written Warning	16	0	0	0	12	0	0	0	**28**
Verbal Warning	0	0	0	0	1	0	0	0	**1**
Case withdrawn	0	0	0	0	0	0	0	0	**0**
Discharged Sec. 17(3)(i)(a) of PSA	3	0	0	0	0	0	0	0	**3**
Resigned while case in process	0	0	0	0	0	0	0	0	**0**
Not Guilty	0	0	0	0	0	0	0	0	**0**
Pending cases	10	0	0	0	8	0	0	0	**18**
Total	**50**	**1**	**0**	**0**	**32**	**0**	**0**	**0**	**83**

Table 4.7.7 – Skills development for the period 1 April 2022 to 31 March 2023

Occupational categories	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Legislators, Senior officials and managers	33	0	0	0	42	0	0	0	75
Professionals	16	0	0	0	4	0	0	0	20
Technicians and Associate Professionals	6	0	0	0	6	0	0	0	12
Clerks	70	0	0	0	99	0	0	0	169
Service and Sales Workers	0	0	0	0	0	0	0	0	0
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	0	0	0	0	0	0	0	0	0
Elementary Occupations	0	0	0	0	0	0	0	0	0
Total	**125**	**0**	**0**	**0**	**151**	**0**	**0**	**0**	**276**
Employees with disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

4.8 Signing of Performance Agreements by SMS Members

Table 4.8.1. Signing of Performance Agreements by SMS members as on 31 May 2022

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General /Head of department	1	1	1	100
Salary Level 16	1	1	1	100
Salary Level 15	0	0	0	0
Salary Level 14	6	6	6	100
Salary Level 13	34	34	34	100
Total	**42**	**42**	**42**	**100**

Table 4.8.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2023

Reasons
None

Table 4.8.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2023

Reasons
None

4.9 Performance rewards

Table 4.9.1 Performance Rewards by race, gender, and disability for the period 1 April 2022 to 31 March 2023

Race and Gender	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average Cost per employee
African					
Male	4	778	0,50	49	12 000
Female	8	815	1	96	12 250
Asian					
Male	0	2	0	0	0
Female	0	2	0	0	0
Coloured					
Male	0	18	0	0	0
Female	0	12	0	0	0
White					
Male	0	16	0	0	0
Female	0	8	0	0	0
Employees with a disability	0	20	0	0	0
Total	**12**	**1 671**	**0,70**	**145**	**12 083**

Table 4.9.2 Performance Rewards by salary bands for personnel below Senior Management Service for the period 1 April 2023 to 31 March 2023

Salary Bands	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower skilled (Levels 1-2)	0	229	0	0	0	0
Skilled (Levels 3-5)	2	404	0	16	8 000	0
Highly skilled production (Levels 6-8)	6	568	0,90	59	9 833	0
Highly skilled supervision (Levels 9-12)	4	303	0,70	70	17 500	0
Other	0	88	0	0	0	0
Contract (Levels 1-2)	0	1	0	0	0	0
Contract (Levels 3-5)	0	4	0	0	0	0
Contract (Levels 6-8)	0	6	0	0	0	0
Contract (Levels 9-12)	0	28	0	0	0	0
Total	**12**	**1 631**	**0,70**	**145**	**12 083**	**0**

Table 4.9.3 Performance Rewards by critical occupations for the period 1 April 2022 to 31 March 2023

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related	1	167	0,60	4	4 000
All artisans in the building metal machinery etc.	0	240	0	0	0
Appraisers-valuers and related professionals	1	29	3,40	22	22 000
Architects town and traffic planners	0	15	0	0	0
Artisan project and related superintendents	0	21	0	0	0
Auxiliary and related workers	0	1	0	0	0
Boiler and related operators	0	0	0	0	0
Building and other property caretakers	0	7	0	0	0
Bus and heavy vehicle drivers	0	11	0	0	0
Cartographers and surveyors	0	0	0	0	0
Cartographic surveying and related technicians	0	1	0	0	0

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Chartered accountants	0	0	0	0	0
Cleaners in offices workshops hospitals etc.	0	143	0	0	0
Client information clerks (switch board reception information clerks)	0	3	0	0	0
Communication and information related	0	13	0	0	0
Community development workers	0	0	0	0	0
Computer programmers	0	1	0	0	0
Earth moving and related plant operators	0	0	0	0	0
Engineering sciences related	0	47	0	0	0
Engineers and related professionals	0	20	0	0	0
Finance and economics related	3	16	18,80	48	16 000
Financial and related professionals	1	55	1,80	11	11 000
Financial clerks and credit controllers	3	85	3,50	35	11 667
Firefighting and related workers	0	2	0	0	0
Forestry labourers	0	0	0	0	0
Food services aids and waiters	0	2	0	0	0
General legal administration & related profession	0	1	0	0	0
Head of Department/chief executive officer	0	1	0	0	0
Health sciences related	0	1	0	0	0
Housekeepers laundry and related workers	0	2	0	0	0
Human resources & organisational development & related professionals	0	47	0	0	0
Human resources clerks	1	38	2,60	3	3 000
Human resources related	0	42	0	0	0
Information technology related	0	3	0	0	0
Inspectors of apprentices works and vehicles	0	57	0	0	0
Language practitioners interpreters & other communication	0	0	0	0	0
Legal related	0	3	0	0	0
Library mail and related clerks	0	19	0	0	0
Light vehicle drivers	0	9	0	0	0
Logistical support personnel	0	109	0	0	0

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Material-recording and transport clerks	0	2	0	0	0
Messengers, porters and deliverers	0	5	0	0	0
Motor vehicle drivers	0	8	0	0	0
Other administration & related clerks and organisers	0	73	0	0	0
Other administrative policy and related officers	0	21	0	0	0
Other information technology personnel	0	10	0	0	0
Other occupations	0	1	0	0	0
Printing management and supervisory personnel	0	5	0	0	0
Production advisers : factories	0	87	0	0	0
Quantity surveyors & related professionals not class elsewhere	0	24	0	0	0
Rank: Unknown	0	0	0	0	0
Regulatory inspectors	0	0	0	0	0
Risk management and security services	0	14	0	0	0
Road superintendents	0	0	0	0	0
Road trade workers	0	0	0	0	0
Road workers	1	5	20	12	12 000
Safety health and quality inspectors	0	3	0	0	0
Secretaries & other keyboard operating clerks	0	31	0	0	0
Security guards	0	7	0	0	0
Security officers	1	94	1,10	10	10 000
Senior managers	0	37	0	0	0
Trade labourers	0	25	0	0	0
Trade quality controllers	0	1	0	0	0
Trade/Industry advisers & other related profession	0	4	0	0	0
Trade related	0	2	0	0	0
Water plant and related operators	0	1	0	0	0
Total	**12**	**1 671**	**0,70**	**145**	**12 083**

Table 4.9.4 Performance related rewards (cash bonus), by salary band, for Senior Management Service for the period 1 April 2022 to 31 March 2023

Salary Band	Beneficiary Profile			Cost			Personnel Costs SMS (R'000)
	Number of beneficiaries	Number of employees	% of total within band	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure	
Band A	0	27	0	0	0	0	37 163,65
Band B	0	11	0	0	0	0	10 158,13
Band C	0	0	0	0	0	0	0
Band D	0	2	0	0	0	0	4 339,77
Total	**0**	**40**	**0**	**0**	**0**	**0**	**51 661,56**

4.10 Foreign Workers

Table 4.10.1 Foreign Worker by salary band for the period 1 April 2022 and 31 March 2023

Salary Band	01 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	1	100	1	100	0	0
Contract (Levels 9-12)	0	0	0	0	0	0
Contract (Levels 13-16)	0	0	0	0	0	0
Total	**1**	**100**	**1**	**100**	**0**	**0**

Table 4.10.2 Foreign Worker by major occupation for the period 1 April 2022 and 31 March 2023

Major Occupation	01 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% Change
Administrative office workers	0	0	0	0	0	0
Other occupations	0	0	0	0	0	0
Professionals and managers	1	100	1	100	0	0
Total	**1**	**100**	**1**	**100**	**0**	**0**

4.11 Leave utilisation

Table 4.11.1 Sick leave for the period 1 January 2022 to 31 December 2022

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	1 618	87,20	148	12,10	11	929	1 226	1 411
Skilled (Levels 3-5)	3 170	83,80	293	23,90	11	2 722	1 226	2 657
Highly skilled production (Levels 6-8)	4 206	81,30	430	35,10	10	6 468	1 226	3 418
Highly skilled supervision (Levels 9-12)	1 727	84	201	16,40	9	4 743	1 226	1 451
Top and Senior management (Levels 13-16)	111	96,40	16	1,30	7	500	1 226	107
Contract (Levels 6-8)	105	7,50	15	1,20	7	156	1 226	74
Contract (Levels 9-12)	154	79,20	28	2,30	6	356	1 226	122
Contract Other	475	55,20	95	7,70	5	169	1 226	262
Total	**11 566**	**82,20**	**1 226**	**100**	**9**	**16 044**	**1 226**	**9 502**

Table 4.11.2 Disability leave (temporary and permanent) for the period 1 January 2022 to 31 December 2022

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of Employees using Disability Leave
Lower skilled (Levels 1-2)	62	100	3	16,67	21	40	62	18
Skilled (Levels 3-5)	73	100	4	22,22	18	57	73	18
Highly skilled production (Levels 6-8)	287	100	7	38,89	41	450	287	18
Highly skilled supervision (Levels 9-12)	33	100	2	11,11	17	87	33	18
Senior Management (Levels 13-16)	0	0	0	0	0	0	0	18
Contract (Levels 6-8)	24	100	1	5,56	24	33	24	18
Contract Other	33	100	1	5,56	33	11	33	18
Total	**512**	**100**	**18**	**100**	**28**	**677**	**512**	**18**

Table 4.11.3 Annual Leave for the period 1 January 2022 to 31 December 2022

Salary Band	Total Days Taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	5 143	232	22
Skilled (Levels 3-5)	10 669	435	25
Highly skilled production (Levels 6-8)	14 821	598	25
Highly skilled supervision (Levels 9-12)	7 665	317	24
Senior management (Levels 13-16)	803	38	21
Contract (Levels 3-5)	17	1	17
Contract (Levels 6-8)	406	29	14
Contract (Levels 9-12)	787	56	14
Contract (Levels 13-16)	22	1	22
Contract Other	3 732	238	16
Total	**44 065**	**1 945**	**23**

Table 4.11.4 Annual Leave for the period 1 January 2022 to 31 December 2023

Salary Band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2023	Total number of Capped Leave Available as on 31 March 2023	Number of Employees as on 31 March 2023
Lower skilled (Levels 1-2)	0	0	0	81	161.85	2
Skilled (Levels 3-5)	6	3	2	103	10 184	99
Highly skilled production (Levels 6-8)	15	3	5	101	11 316.58	112
Highly skilled supervision (Levels 9-12)	0	0	0	95	4 924.25	52
Senior management (Levels 13-16)	0	0	0	77	618.75	8
Total	**21**	**6**	**4**	**100**	**27 205.75**	**273**

Table 4.11.5 Leave pay-outs for the period 1 January 2022 to 31 December 2023

The following table summarises payments made to employees as a result of leave that was not taken.

Reason	Total Amount (R'000)	Number of Employees	Average per employee (R'000)
Leave payout for 2022/23 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2022/23	0	0	0
Current leave payout on termination of service for 2022/23	0	0	0
Annual – Discounting with resignation (work days)	977	37	26 405
Annual – Gratuity: Death/ Retirement/ Medical Retirement (work days)	2 302	79	29 139
Capped – Gratuity: Death/Retirement / Medical Retirement (work days)	7 188	61	117 836
Total	**10 468**		

4.12 HIV and AIDS & Health promotion programmes

Table 4.12.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	None

Table 4.12.2 – Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	✓		Ms L.F. Matu Director: Employee Health & Wellness
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	✓		Fourteen (14) officials, including Head Office Budget: R653 500,00
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	✓		• HIV&AIDS and TB Management • Health & Productivity Management • Safety, Health, Environment, Risk & Quality Management • Wellness Management
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	✓		• Messrs.: S. Kufa; L. Coetzer; L. Cweya; Q. Mageza; V. Njobe; M. Gwavu; T. Mfene; S. Ngaveli • Mrs.'s: N. Matyana; T. Gusha, • Ms.'s: A. Mahamba; N. Tyekela; S. Mcoseli • Health and Safety Representatives and Organised Labour.
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/ practices so reviewed.	✓		SHERQ Management Policy
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	✓		• HIV&AIDS and TB Management Policy; • HPM Policy • SHERQ Management Policy; and • Wellness Management Policy.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	✓		206 employees participated in VCT (115 Females and 91 Males) non- tested positive. 174 were screened for TB
8. Has the department developed measures/ indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	✓		Sick leave analysis.

4.13 Labour relations

The following collective agreements were entered into with trade unions within the Department.

Table 4.13.1 Collective agreements for the period 1 April 2022 and 31 March 2023

Subject matter	Date
Migration guidelines	Not Applicable
Memorandum of Agreement (Labour Management Forum)	Not Applicable

- If there were no agreements, keep the heading and replace the table with the following.

Total number of collective agreements	None

Table 4.13.2 – Misconduct and disciplinary hearings finalised for the period 1 April 2022 and 31 March 2023

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	1	1,54
Written warning	28	43,08
Final written warning	25	38,46
Suspended without pay	7	10,78
Fine	0	0
Demotion	0	0
Dismissal	1	1,54
Discharged ito Section17(3)(a)(i) of the PSA amended	3	4,62
Not guilty	0	0
Case withdrawn	0	0
Total	**65**	**100**

If there were no agreements, keep the heading and replace the table with the following:

Total number of Disciplinary hearings finalised	**65**

Table 4.13.3 – Types of misconduct addressed at disciplinary hearings for the period 1 April 2022 and 31 March 2023

Type of misconduct	Number	% of total
Abuse of sick leave	0	0
Abuse of leave	1	1
Contravention of legislation/policies	12	13,04
Dishonesty	0	0
Late coming	0	0
Assault	1	1,09
Gross insubordination	0	0
Conducts self in improper, unacceptable manner	1	1,09
Insolence	0	0
Intentional or negligent damage to the employ or client of the employer, co-worker	0	0
Intoxication	0	0
Irregular appointment	1	1,09
Gross absenteeism	0	0
Insubordination	1	1,09
Abuse of government vehicle	5	5,43
Gross dishonesty	1	1,09
Dereliction of duties	4	4,34
Fraud	0	0
Remunerative Work Outside the Public Service (RWOPS)	1	1,09
Misrepresentation	5	5,43
Negligence	0	0
Sexual harassment	2	2,17
Abuse of State Property	1	1,09
Bringing the name of the department into disrepute	1	1,09
Absenteeism	10	10,86
Disrespect towards supervisor	1	1,09
Failure to disclose	1	1,09
Failure to put measures in place to safeguard assets	1	1,09
Prejudice the administration and efficiency of dept.	1	1,09
Fight	0	0
Theft	0	0
Failure to adhere to the Code of Conduct	0	0
Defamation of character	0	0
Irregular and wasteful expenditure	41	44,56
Total	**92**	**100**

Table 4.13.4 Grievances lodged for the period 1 April 2022 and 31 March 2023

Type of misconduct	Number	% of Total
Number of grievances resolved	18	90
Number of grievances not resolved	2	10
Total number of grievances lodged	**20**	**100**

Table 4.13.5 Disputes lodged with Councils for the period 1 April 2022 and 31 March 2023

Disputes	Number	% of Total
Number of disputes upheld	6	50
Number of disputes pending	6	50
Number of disputes dismissed	0	0
Total number of disputes lodged	**12**	**100**

Table 4.13.6 Strike actions for the period 1 April 2022 and 31 March 2023

Total number of person working days lost	0
Total cost of working days lost (R'000)	0
Amount recovered as a result of no work no pay (R'000)	**0**

Table 4.13.7 – Precautionary suspensions for the period 1 April 2022 and 31 March 2023

Number of people suspended	2
Number of people whose suspension exceeded 30 days	2
Average number of days suspended	60
Cost of suspensions (R'000)	**1 72 033,96**

4.14 Skills development

This section highlights the efforts of the department with regard to skills development.

Table 4.14.1 Training needs identified for the period 1 April 2022 and 31 March 2023

Occupational Categories	Gender	Number of employees as at 1 April 2022	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	48	0	41	7	48
	Male	30	0	27	3	30
Professionals	Female	32	0	28	4	32
	Male	188	0	176	12	188
Technicians and associate professionals	Female	30	0	24	6	30
	Male	60	0	55	5	60
Clerks	Female	433	0	401	32	433
	Male	92	0	80	12	92
Service and sales workers	Female	33	0	30	3	33
	Male	56	0	56	0	56
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	15	0	15	0	15
	Male	33	0	33	0	33
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	591	0	539	52	591
	Male	459	0	427	32	459
Total		**1 050**	**0**	**966**	**84**	**1 050**

Table 4.14.2 Training provided for the period 1 April 2022 and 31 March 2023

Occupational Categories	Gender	Number of employees as at 1 April 2022	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	420	0	33	90	42
	Male	33	0	27	6	33
Professionals	Female	4	0	4	0	4
	Male	16	0	16	0	16
Technicians and associate professionals	Female	6	0	6	0	6
	Male	6	0	6	0	6
Clerks	Female	99	0	87	12	99
	Male	70	0	61	9	70
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	151	0	130	21	151
	Male	125	0	110	15	125
Total		**276**	**0**	**240**	**26**	**276**

4.15 Injury on duty

The following tables provide basic information on injury on duty

Table 4.15.1 Injury on duty for the period 1 April 2022 and 31 March 2023

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	**0**	**0**

4.16. Utilisation of consultants

Table 4.16.1 Report on consultant appointments using appropriated funds for the period 1 April 2022 and 31 March 2023

Project Title	Total number of consultants that worked on the project	Duration : work hours	Contract value in Rand	Total Expenditure 2022/2023
			R'000	R'000
Programme 1				
Consultancy fees in respect of applications for short and long-term incapacity leave and ill-health including any assessments and medical disbursements.	n/a	n/a	239	239
IOD employer's Contributions.	n/a	n/a	8	8
Develop and implement an electronic records management system		n/a	18 890	8 642
Provision of debt collection services.	n/a	n/a	118	118
Provision of proof of educational qualifications.	n/a	n/a	32	32
Various	n/a	n/a	786	786
Total Programme 1			**20 073**	**9 825**
Programme 2				
Facilities management to state owned facilities.	n/a	14	28 199	2 294
Professional services for the investment conference	n/a	n/a	5 070	5 070
Land surveying services for subdivision and consolidation of erven	n/a	n/a	868	868
Implementation of Integrated Shared Services Contracts (ISSC) programme (related to energy, water, rates, taxes and waste management) on facilities owned by Eastern Cape Provincial Government	n/a	n/a	13 267	13 267
Programme implementation and management office to provide support in the management of provincial infrastructure delivery	60	1920	174 861	85 628
Total Programme 2			**222 265**	**107 127**
Grand Total			**242 338**	**116 952**

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand R'000
15	74	1 920	242 338

Table 4.16.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Programme 1			
Consultancy fees in respect of applications for short and long term incapacity leave and ill-health including any assessments and medical disbursements	0%	0%	n/a
IOD employer's Contributions	100%	100%	n/a
Develop and implement an electronic records management system	100%	100%	n/a
Provision of debt collection services			
Provision of proof of educational qualifications	100%	100%	n/a
Various	100%	100%	n/a
Programme 2			
Facilities management to state owned facilities	51%	51%	14
Professional services for the investment conference	100%	100%	n/a
Land surveying services for subdivision and consolidation of erven	0%	0%	n/a
Implementation of Integrated Shared Services Contracts (ISSC) programme (related to energy, water, rates, taxes and waste management) on facilities owned by ECPG	51%	51%	n/a
Programme implementation and management office to provide support in the management of provincial infrastructure delivery	100%	100%	60
Total			**74**

Table 4.16.3 – Report on consultant appointments using Donor funds for the period 1 April 2022 and 31 March 2023

Project Title	Total Number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
N/A	N/A	N/A	N/A

Table 4.16.4 – Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals

(HDIs) for the period 1 April 2022 and 31 March 2023

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
N/A	N/A	N/A	N/A

4.17 Severance Packages

Table 4.17.1 Granting of employee initiated severance packages for the period 1 April 2022 and 31 March 2023

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels (3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	**0**	**0**	**0**	**0**

PART E

PFMA COMPLIANCE REPORT

5. PART E: PFMA COMPLIANCE REPORT

5.1 Irregular, Fruitless and Wasteful, Unauthorised Expenditure and Material losses

5.1.1 Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	977,540	643,095
Prior period error /adjustments		-6,007
Restated balance	**977,540**	**637,088**
Add: Irregular expenditure confirmed	142,471	340,452
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	**1,120,011**	**977,540**

Reconciling notes	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure that was under assessment in 2020/21	-	96,055
Irregular expenditure that relates to 2020/21 and identified in 2021/22	-	-
Irregular expenditure for the current year	142 471	244,397
Total	**142 471**	**340,452**

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure under assessment	71,477	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	1,120,011	977,540
Total	**1,191,488**	**977,540**

c) Details of current and previous year irregular expenditure condoned

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure condoned	-	-
Total	**-**	**-**

d) Details of current and previous year irregular expenditure removed - (not condoned)

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
Total	**-**	**-**

e) Details of current and previous year irregular expenditure recovered

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure recovered	-	-
Total	**-**	**-**

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure written off	-	-
Total	**-**	**-**

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description
None
Total

h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2022/23
	R'000
Payments exceed contract amount	15 058 212
Contract expired	7 550 935
Deviation from SCM processes	1 229 263
Total	**23 838 409**

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
Demotion of two (2) employees in the 2021/22 financial year
Final written warnings were issued to 19 employees in the 2021/22 financial year and issued to four (4) employees in the 2022/23 financial year.
Written warnings were issued to eight (8) employees in the 2021/22 financial year and issued 12 employees in the 2022/23 financial year.

5.1.2 Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening balance	982	2,503
Less: Fruitless and wasteful expenditure invalidated	549	486
Add: Fruitless and wasteful expenditure confirmed	46	465
Less: Fruitless and wasteful expenditure written off	190	1,144
Less: Fruitless and wasteful expenditure recoverable	1	356
Closing balance	**288**	**982**

Reconciling notes

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2021/22	-	-
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	46	465
Total	**46**	**465**

b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that was under determination	982	2,503
Fruitless and wasteful expenditure that was under investigation	-	-
Total	**982**	**2,503**

c) Details of current and previous year fruitless and wasteful expenditure recovered

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that was under determination	982	2,503
Fruitless and wasteful expenditure that was under investigation	-	-
Total	**982**	**2,503**

d) Details of current and previous year fruitless and wasteful expenditure not recovered and written off

Description	2022/23	2021/22
	R'000	R'000
Fruitless and Wasteful expenditure written off	190	1 144
Total	**190**	**1 144**

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken
None
Total None
None

5.1.3 Unauthorised expenditure

a) Reconciliation of unauthorised expenditure

Not Applicable

Reconciling notes

Not Applicable

b) Details of current and previous year unauthorised expenditure (under assessment, determination, and investigation)

Not Applicable

5.1.4 Additional disclosure relating to material losses in terms of PFMA Section 40(3)(b)(i) &(iii))

a) Details of current and previous year material losses through criminal conduct

Nature of other material losses	2022/2023	2021/2022
	R'000	R'000
Theft	0	0
Other material losses	0	0
Less: Recovered	0	0
Less: Not recovered and written off		
Total	**0**	**0**

b) Details of other material losses

Nature of other material losses	2022/2023	2021/2022
	R'000	R'000
Theft	0	0
Other material losses	0	0
Less: Recovered	0	0
Less: Not recovered and written off		
Total	**0**	**0**

c) Other material losses recovered

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	0	0
Fruitless and wasteful expenditure that was under determination	0	0
Fruitless and wasteful expenditure that was under investigation	0	16
Total	**0**	**16**

d) Other material losses written off

Nature of losses	2022/2023	2021/2022
	R'000	R'000
(Group major categories, but list material items)	0	0
	0	0
Total	**0**	**0**

5.2 Late and/or non-payment of suppliers

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	7 855	2 064 437
Total number of invoices paid	7 794	2 053 221
Invoices paid within 30 days	7 309	1 984 768
Invoices paid after 30 days	485	68 453
Invoices older than 30 days (unpaid and without dispute)	61	11 216
Invoices older than 30 days (unpaid and in dispute)	-	-

Reason for the 6% invoices paid after 30 days was due to network challenges in April and May 2022.

5.3 Supply Chain Management

5.3.1 Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Conduct the departmental risk assessment	The Ethics Institute	Single source	HO5-22/23-0022	446
Procurement of funeral logistical services	Sime and Mzweda Trading	Single source	HO5-23/23-0122	144
Office accommodation in Kokstad for Department of Human Settlements	Ciao Bella Properties	Single source	HO5-23/23-0149	886
Total				1 476

3.2 Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Komani Office Park-Extension for DOE and DSRAC	Shauman Builders	VO No 11- Re-measurements of foundation, concrete works and external works	SCMU5-16/17-0005 CHR	R124 000 000	R2 944 005,51	R7 558 623,10
UNISA Renovations and Upgrade project	Imbumba Developments	Submission No 4 - VO No 2 Designing, construction of Landscaping	SCMU5-21/22-0074	R6 915 191,50	R333 470,91	R491 499,17
UNISA Renovations and Upgrade project	Imbumba Developments	Submission No 6- VO No 4- additional cost for EOT	SCMU5-21/22-0074	R6 915 191,50	R824 970,07	R179 874,81
Repairs and Renovations in Queenstown	LR Projects	VO No 13- Extension of time claim No 2 with cost	SCMU5-18/19-0004 CHR	R8 970 000	R1 602 387,23	R180 112,77
Repairs and Renovations in Queenstown	LR Projects	VO No 14- Re-measurements of final account for the works as whole quantities increased	SCMU5-18/19-0004 CHR	R8 970 000	R1 602 387,23	R441 715,53
Upgrade and Additions to Old FNB Building	Zebhele Building Construction	Submission No 4- VO No 2Additional scope of work	SCMU5-20/21-0088	R3 004 726,14	R273 156,92	R1 941 258,20
Renovations to Prestige House (3,10,12) Cluster 2	Thowamvu Trading	Extension of Time No 1 due Additions to the Scope of Works, Practical completion dates revised from 24 May 2022 up to 14 July 2022	SCMU5-21/22-0127	R2 651 667,70	R453 322,84	R20 331,36

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
St Elizabeth- Lilitha College, Laundry, Paediatric Ward- Conversion of 1st Floor 2 No Wards at Paediatric to Neonatal	Ruwacon	VO No 12-Conversion of 1st Floor 2 no wards at Paediatric to Neonatal	SCMU5-16/17-0043	R 246 919 350,30	R2 934 017,90	R607 851,59
Renovations to Prestige House (3,10,12) Cluster 2	Thowamvu Trading	VO No 2: Internal Paintwork	SCMU5-21/22-0127	R2 651 667,70	R473 654,19	R255 127,50
Repairs and Renovations to Office of the Premier, Ex ECDC Building	Tewo Building and Civil contractors	Vo No 7: Removal of existing carpets, replacing with new carpets, inclusive of P & G's and cost of moving furniture	SCMU-19/20-0001	R 32 409 851,79	R210 341,59	R317 550,33
Repairs and Renovations to Office of the Premier, Ex ECDC Building	Tewo Building and Civil contractors	Vo No 8: Removal of existing acoustic ceiling boards and replacement with new in ground floor boardroom	SCMU-19/20-0001	R 32 409 851,79	R1 572 158,41	R38 344,04
Repairs and Renovations to Office of the Premier, Ex ECDC Building	Tewo Building and Civil contractors	EOT with cost for 87 working days as a result of procurement of SITA network	SCMU-19/20-0001	R 32 409 851,79	R1 572 158,41	R554 981,64
Makhanda Artisan Development Centre	Skhothahla Construction and Investment	Removal of Asbestos on Site- VO No 1	SCMU5-21/22-0079	R11 133 903.25	R836 466,02	R105 449,14
Makhanda Artisan Development Centre	Skhothahla Construction and Investment	Delay on the approval in foundation- EOT No 2	SCMU5-21/22-0079	R11 133 903.25	R836 466,02	R48 281,95

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
Makhanda Artisan Development Centre	Skhothahla Construction and Investment	Additional Electrical Work- VO No 3	SCMU5-21/22-0079	R11 133 903.25	R836 466,02	R724 566,70
Makhanda Artisan Development Centre	Skhothahla Construction and Investment	Additional Mechanical Work- VO No 4	SCMU5-21/22-0079	R11 133 903.25	R836 466,02	R155 946,39
Makhanda Artisan Development Centre	Skhothahla Construction and Investment	Aluminium windows and doors Work- VO No 8	SCMU5-21/22-0079	R11 133 903.25	R836 466,02	R53 466,95
Maintenance of Bhisho Child and Youth Care Centre	Erivision Pty Ltd	VO No 3 for Omit amount of EPWP, Add EPWP Training, Omit	SCMU5-21/22-0090	R11 024 912.58	R9 987 645,28	R194 067,10
Maintenance of Bhisho Child and Youth Care Centre	Erivision Pty Ltd	VO No 5- Omission of Budgetary allowances for Vinyl sheeting and installation of security gates to double door at Block Q & P	SCMU5-21/22-0090	R11 024 912.58	R9 987 645,28	R127 812,53
Repairs & Renovation to Prestige houses cluster 2 (3,10 & 12)	Thowamvu Trading	VO No 3-Addition of Bulkheads to Scope of work	SCMU5-20/21-0127	R2 651 667,70	R57 500,00	R118 869,58
Procurement of a suitable professional service provider for Repairs and Upgrade to fire damaged to the Office of the Director-General EX- ECDC Building)	MMDP	VO No 1-Professional Service Fee Adjustment	SCMU5-17/18-0211	R 10 800 000.00	R9 757 893,00	R647 583,86

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
Appointment of a Suitable Service Provider for (phase 2) – Installation and Upgrading of Physical and Electronic Security System at the Eastern Cape Provincial Legislature (ECPL)	Vusubheki Management Services	VO No 1-Installation of Additional security systems	SCMU5-21/22-0104	R5 318 613,80	R0,00	R692 100,74
Installation of Additional Electronic Security System and Other related services at the ministerial complex	Mobeni Integrated System	VO No 1-Installation of Additional security systems	SCMU5-21/22-0105	R2 112 948,24	R0,00	R166 274,96
UNISA Renovations and Upgrade	Imbumba Developments	VO No 2- Removal of existing carpet to replace with the new carpet	SCMU5-21/22-0074	R6 915 191,50	R824 970,07	R381 319,30
UNISA Renovations and Upgrade	Imbumba Developments	VO No 3- Omission of External Paint, Additional external Paint	SCMU5-21/22-0074	R6 915 191,50	R824 970,07	R297 151,61
Renovations to Prestige House (3,10,12) Cluster 2	Thowamvu Trading	VO No 4- Addition of roof paint to scope of work	SCMU5-21/22-0127	R2 651 667,70	R473 654,19	R264 557,30
Maintenance of Bhisho Child and Youth Care centre	Erivision Pty Ltd	EOT No 1- Due to late appointment of the SMME's to the project	SCMU5-21/22-0090	R11 024 912.58	R9 987 645,28	R37 763,76

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
Makhanda Artisan Development Centre	Skhothahla Construction and Investment	EOT No 3 for Foundation of Brickwork detail delays	SCMU5-21/22-0079	R11 133 903.25	R836 466,02	R21 726,88
Botha Sigcau Building - Completion of Renovations at 2nd Floor	Keilake Investment cc	VO No 2- Fire Protections	SCMU5-21/22-0174	R16 346 615.75	R1 150 000,00	R1 098 545,21
Botha Sigcau Building - Completion of Renovations at 2nd Floor	Keilake Investment cc	VO No 3- Waterproofing in Balconies 3rd Floor	SCMU5-21/22-0174	R16 346 615.75	R1 150 000,00	R316 222,98
Botha Sigcau Building - Completion of Renovations at 2nd Floor	Keilake Investment cc	VO No 4- Aluminium wall Partitioning in open space officers	SCMU5-21/22-0174	R16 346 615.75	R1 150 000,00	R1 605 148,33
Maintenance of Bhisho Child and Youth Care Centre	Erivision Pty Ltd	EOT No 2 due to execution of additional work	SCMU5-21/22-0090	R11 024 912.58	R9 987 645,28	R46 395,47
Tyamzashe Building- Upgrade of Water Reticulation System, Sewerage and Structural Repairs	Odwa and Solie Trading Enterprises	VO No 1- Omission of Contingencies and additions for partitioning at Chungwa House to House	SCMU5-20/21-0116	R24 663 812.32	R1 571 497,84	R1 571 497,84

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
Tyamzashe Building- Upgrade of Water Reticulation System, Sewerage and Structural Repairs	Odwa and Solie Trading Enterprises	VO No 2- Adjustment for an application of one coat of Professional Gypsum & Plaster Primer, Repairs and Renovations for cluster one (1) Ministerial Houses made up of House No 1, 8, 9, 11 and 20, Adjustment for spot primer bare and repaired areas with plascosafe	SCMU5-20/21-0116	R24 663 812.32	R1 571 497,84	R1 767 009,50
Tyamzashe Building- Upgrade of Water Reticulation System, Sewerage and Structural Repairs	Odwa and Solie Trading Enterprises	VO No 3- Omission od signage allowances for external signage to depict images of Provincial legends, Adjustment for Local SMME Packages, Addition for construction of the new change rooms for the in-house teams, Additions for waterproofing of concrete gutter at Tyamzashe Building roof area	SCMU5-20/21-0116	R24 663 812.32	R1 571 497,84	R29 560 179,71
Maintenance of Bhisho Child and Youth Care Centre	Erivision Pty Ltd	VO No 6 Additional Scope of work	SCMU5-21/22-0090	R11 024 912.58	R9 987 645,28	R1 825 328,15

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
Supply and Fitting of aluminium Sand Blast Shopfront & Mechanical Installation at the DPW & I, Block B, Amathole Region	Zamumzi Construction	Submission No 2 for Removal of Existing Work	BCM5-21/22-0139	R945 147,44	R50 000,00	R47 700,00
Supply and Fitting of aluminium Sand Blast Shopfront & Mechanical Installation at the DPW & I, Block B, Amathole Region	Zamumzi Construction	Submission No 5 -VO No 4 for Installation of Vertical Blinds	BCM5-21/22-0139	R945 147,44	R50 000,00	R10 560,00
Supply and Fitting of aluminium Sand Blast Shopfront & Mechanical Installation at the DPW & I, Block B, Amathole Region	Zamumzi Construction	Submission No 6 -VO No 5 for Paint to Internal Walls	BCM5-21/22-0139	R945 147,44	R50 000,00	R3 896 132,73
Total					R12 610 961,62	R58 368 928,71

PART F
FINANCIAL INFORMATION

6.1 Report of the Auditor-General to the Provincial Legislature on Vote No.5: Department of Public Works and Infrastructure

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Public Works and Infrastructure set out on pages 193 to 244, which comprise the appropriation statement, statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Public Works and Infrastructure as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act of South Africa, 2022 (Act 5 of 2022) (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the Department in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Material impairments - accrued departmental revenue

7. Accrued departmental revenue of R211,2 million (2021-22: R184,7 million) is disclosed in note 20 to the financial statements. This amount is impaired by R137 million (2021-22: R132,5 million), as disclosed in note 20.3 to the financial statements.

Unauthorised, irregular and fruitless and wasteful expenditure

8. Irregular expenditure as disclosed in note 21 to the financial statements of R142,5 million (2021-22: R340,5 million) was incurred in the current year.

Other matter

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

Unaudited supplementary annexures

10. The supplementary information set out on pages 245 to 255 do not form part of the financial statements and is presented as additional information. I have not audited these annexures and, accordingly, I do not express an opinion on them.

Unaudited Unauthorised, irregular expenditure and fruitless and wasteful expenditure

11. On 23 December 2022, the National Treasury issued Instruction Note 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, amongst others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in either the annual report or the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in note 21 to the financial statements of the department. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the department. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

13. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations or has no realistic alternative but to do so.

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

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

15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report**.** The accounting officer is responsible for the preparation of the annual performance report.

17. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programmes	Page numbers	Purpose
Public works infrastructure	56-69	To provide a balanced and equitable provincial government building infrastructure by promoting accessibility that is sustainable, integrated and environmentally sensitive which supports economic development and social empowerment.
Expanded public works programme	70-75	To manage the implementation of programmes and strategies that lead to the development and empowerment of communities and contractors. This includes the provincial management and coordination of the Expanded Public Works Programme.

18. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides the users with useful and reliable information and insights on the department's planning and delivery on its mandate and objectives.

19. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives.
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as were committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

20. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

21. The material findings on the performance information of the selected programmes are as follows:

Public works infrastructure

Number of new (Education, Health, General) construction projects completed

The achievement of five new (Education, Health, General) construction projects completed was reported against a target of 13 in the annual performance report. The supporting evidence provided differed materially from the reported achievement. The annual performance report stated that five projects were completed but did not include four additional projects that were identified while testing the completeness of the reported achievement. Management did not include construction projects that were completed during the 2022-23 financial year on the basis that department had not planned for them.

Number of facilities refurbished/renovated

The achievement of 14 facilities refurbished/renovated was reported against a target of 20 in the annual performance report. The supporting evidence provided differed materially from the reported achievement. Two additional projects were identified while testing the completeness of the reported achievement. Management did not include facilities refurbished/renovated that were completed during the 2022-2023 financial year on the basis that the department had not planned for them.

Number of facilities provided

An achievement of 350 was reported against a target of 350. However, the audit evidence did not support this achievement. I could not determine the actual achievement but estimated it to be materially more than reported for the material indicator. Consequently, it is likely that the achievement against the target was more than reported.

Expanded public works programme

Number of contractors supported (Contractors in the CDP)

An achievement of 164 was reported against a target of 160. However, the audit evidence did not support this achievement. I could not determine the actual achievement but estimated it to be materially more than reported for a material indicator. Consequently, it is likely that the achievement against the target was better than reported.

Other matters

22. I draw attention to the matter below.

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over and underachievement. This information should be considered in the context of the material findings on the reported performance information.

24. The department plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement
Programme 2: Public works infrastructure *Targets achieved: 87%* *Budget spent 100%*		
Number of new (Education, Health, General) construction projects completed.	13	5
Number of facilities refurbished/renovated	20	14
Number of condition assessments conducted on state-owned buildings	350	343
Programme 3: Expanded public works programme Targets achieved: 71 % Budget spent 100 %		
Number of NYS learners passed RPL	50	35
Number of interventions implemented to support public bodies	7	6
Number of interventions implemented as per the EPWP youth evaluation study improvement plan	6	0

Reasons for the underachievement of targets are included in the annual performance report on pages 56 to 74.

Material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of the public works infrastructure and expanded public works programmes. Management did not correct the misstatements and I reported material findings in this regard.

Report on compliance with legislation

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.

27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear to allow for consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

Strategic planning and performance management

30. Specific information systems were not implemented to enable the monitoring of progress made towards achieving targets, core objectives and service delivery, as required by public service regulation 25(1)(e)(i) and (iii).

Expenditure management

31. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R142,5 million, as disclosed in note 21 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by non-compliance with SCM, extension of leases without following procurement processes, variations orders not approved, payment of expired contracts and awarded bidder that did not declare on SBD 4 form.

Procurement and contract management

32. Some of the deviations and procurement by other means are not provided for in the SCM policy and/or are not in line with the circumstances stated in the SCM policy under which the procurement can occur, as required by PFMA instruction note 3 of 2021-22 paragraphs 4.3 and 4.4(c).

33. Some of the deviation processes followed in respect of identifying prospective suppliers are not in line with the process prescribed in the department's SCM policy, as required by PFMA instruction note 3 of 2021-22 paragraph 4.4(d).

Other information in the annual report

34. The accounting officer is responsible for the other information included in the annual report, The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

35. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

36. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

37. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary.

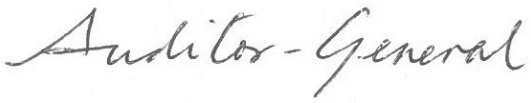
Internal control deficiencies

38. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

39. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

40. Management did not prepare accurate and complete financial and performance reports that are supported and evidenced by reliable information due daily and monthly financial disciplines not adhered to and a lack of coordination between directorates involved in collating and reporting on performance.

41. Management did not adequately monitor compliance with supply chain management legislative prescripts.



East London
31 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes on the department's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made

- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the department to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 1 Section 38(1)(a)(iv); 38(1)(b);38(1)(c);38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); Section 39(1)(a); 39(2)(a); Section 40(1)(a); 40(1)(b); 40(1)(c)(i) Section 43(4); 44; 44 (1) and (2) ; 45(b); Section 50(3); 50(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulations 4.1.1; 4.1.3 Treasury Regulations 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 Treasury Regulations 6.3.1(a); 6.3.1(b); 6.3.1(c'); 6.3.1(d); 6.4.1(b) Treasury Regulation 7.2.1 Treasury Regulations 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1 Treasury Regulations 9.1.1; 9.1.4 Treasury Regulations 10.1.1(a); 10.1.2 Treasury Regulations 11.4.1; 11.4.2; 11.5.1 Treasury Regulation 12.5.1 Treasury Regulation 15.10.1.2(c) Treasury Regulations 16A3.1 ; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) ,(b) & (e) ; 16A 6.3(a); 16A 6.3(a)(i);16A 6.3(b); 16A 6.3(c);16A6.3(d) ; 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A7.1; 16A.7.3; 16A.7.6; 16A.7.7; TR 16A8.2 (1) and (2); 16A 8.3 16A8.3 (d); 16A 8.4; 16A9; 16A9.1; 16A9.1(b)(ii);16A9.1 (c); 16A 9.1(d); 16A 9.1(e); 116A9.2; 16A9.2(a)(ii) &(iii); 16A9.1(f). Treasury Regulation 17.1.1 Treasury Regulation 18.2 Treasury Regulation 19.8.4
Division of Revenue Act 5 of 2022	DoRA 11(6)(a) DoRA 12(5) DoRA 16(1) DoRA 16(3) DoRA 16(3)(a)(i) DoRA 16(3)(a)(ii)(bb)
Public Service Regulations	Public Service Regulations 13(c);18; 18 (1) and (2); 25(1)(e)(i); 25(1)(e)(iii)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 29 Section 34(1)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations	CIDB Regulations 17; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)

Legislation	Sections or regulations
PPR 2017	Paragraphs 4.1; 4.2 Paragraphs 5.1; 5.3; 5.6; 5.7 Paragraphs 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraphs 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraphs 8.2; 8.5 Paragraphs 9.1; 9.2 Paragraphs 10.1; 10.2 Paragraphs 11.1; 11.2 Paragraphs 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
Sita Act	Section 7(3) Section 7(6)(b) Section 20(1)(a)(I)
Sita Regulations	Regulation 8.1.1 (b); 8.1.4; 8.1.7 Regulations 9.6; 9.4 Regulation 12.3 Regulation 13.1 (a) Regulations 14.1; 14.2
PFMA SCM Instruction Note 09 of 2022-23	Paragraphs 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
N Instruction Note 1 of 2015-16	Paragraphs 3.1; 4.1; 4.2
NT SCM Instruction Note 03 of 2021-22	Paragraphs 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a);4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraphs 7.2; 7.6
NT SCM Instruction Note 4A of 2016-17	Paragraph 6
NT SCM Instruction Note 03 2019-20	Paragraphs 5.5.1(vi); 5.5.1(x);
NT SCM Instruction Note 11 2020-21	Paragraphs 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction Note 2 of 2021-22	Paragraphs 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction Note 04 of 2022-23	Paragraphs 4(1); 4(2); 4(4)
Practice Note 5 of 2009-10	Paragraph 3.3
PFMA SCM Instruction Note 08 of 2022-23	Paragraph 3.2 Paragraphs 4.3.2 and 4.3.3
Competition Act	Section 4(1)(b)(ii)
NT Instruction Note 4 of 2015-16	Paragraph 3.4
NT Instruction Note 3 of 2019-20 – Annexure A	Section 5.5.1 (iv) and (x)
Second amendment of NTI 05 of 2020-21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 2020-21	Paragraph 1
Erratum NTI 5 of 2020-21	Paragraph 2
Practice Note 7 of 2009-10	Paragraph 4.1.2
Practice Note 11 of 2008-09	Paragraph 3.1 Paragraph 3.1(b)
NT Instruction Note 1 of 2021-22	Paragraph 4.1
Public Service Act	Section 30(1)
Employment of Educators Act	Section 33 (1)

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

6.2 Annual Financial Statements for the year ended 31 March 2023

6.2.1 Appropriation Statement

Figures in Rand thousand		2022/2023							2021/2022	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Appropriation per programme										
Programme										
Administration	1	520,379	-	(3,429)	516,950	516,772	178	99.97 %	519,879	519,720
Public Works Infrastructure	2	2,022,651	-	10,239	2,032,890	2,032,883	7	100.00 %	1,855,492	1,855,492
Expanded Public Works Programme	3	137,443	-	(6,810)	130,633	130,633	-	100.00 %	150,958	150,958
Programme subtotal		**2,680,473**	-	**-**	**2,680,473**	**2,680,288**	**185**	**99.99 %**	**2,526,329**	**2,526,170**
Programme sub total		2,680,473	-	-	2,680,473	2,680,288	185	99.99 %	2,526,329	2,526,170
Total		**2,680,473**	-	**-**	**2,680,473**	**2,680,288**	**185**	**99.99 %**	**2,526,329**	**2,526,170**
Reconciliation with statement of financial performance										
Add:										
Actual amounts per statement of financial performance (total revenue)					**2,698,793**				**2,541,105**	
Actual expenditure						2,680,288				2,526,170
Add:										
Actual amounts per statement of financial performance (total expenditure)						**2,680,288**				**2,526,170**

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Appropriation Statement

Figures in Rand thousand	2022/2023							2021/2022	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification									
Current payments									
Compensation of employees									
Salaries and wages	694,252	(22,417)	(4,256)	667,579	667,533	46	99.99 %	704,874	704,715
Social contributions	123,854	(12,007)	-	111,847	111,847	-	100.00 %	117,967	117,967
	818,106	**(34,424)**	**(4,256)**	**779,426**	**779,380**	**46**	**99.99 %**	**822,841**	**822,682**
Goods and services									
Administrative fees	25	(22)	-	3	3	-	100.00 %	16	16
Advertising	3,330	527	-	3,857	3,857	-	100.00 %	3,876	3,876
Minor assets	184	239	-	423	423	-	100.00 %	97	97
Audit costs: External	8,721	1,218	-	9,939	9,939	-	100.00 %	11,091	11,091
Bursaries: Employees	2,709	(965)	-	1,744	1,744	-	100.00 %	1,476	1,476
Catering: Departmental activities	1,639	(211)	-	1,428	1,428	-	100.00 %	999	999
Communication	13,962	(4,072)	-	9,890	9,890	-	100.00 %	11,905	11,905
Computer services	34,107	7,195	-	41,302	41,302	-	100.00 %	30,752	30,752
Consultants: Business and advisory services	84,366	32,586	-	116,952	116,952	-	100.00 %	71,964	71,964
Infrastructure and planning services	22,494	(14,632)	-	7,862	7,862	-	100.00 %	-	-
Legal services	152	3,136	-	3,288	3,288	-	100.00 %	11,433	11,433
Contractors	67	64	-	131	131	-	100.00 %	521	521
Agency and support / outsourcedservices	39,160	1,088	-	40,248	40,248	-	100.00 %	162	162
Inventory: Clothing material and supplies	-	3,249	-	3,249	3,249	-	100.00 %	3,018	3,018
Inventory: Materials and supplies	-	2,290	-	2,290	2,290	-	100.00 %	2,190	2,190
Consumable supplies	11,752	(6,084)	(704)	4,964	4,964	-	100.00 %	2,045	2,045
Consumable: Stationery, printing andoffice supplies	2,485	(433)	-	2,052	2,052	-	100.00 %	1,913	1,913
Operating leases	273,128	4,550	-	277,678	277,678	-	100.00 %	261,653	261,653
Property payments	423,036	(5,032)	5,437	423,441	423,441	-	100.00 %	419,204	419,204

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Appropriation Statement

Figures in Rand thousand	2022/2023							2021/2022	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Appropriation per economic classification (continued)									
Travel and subsistence	31,224	9,155	-	40,382	40,382	-	100.00 %	31,933	31,933
Training and development	6,880	(1,247)	(489)	5,144	5,144	-	100.00 %	8,293	8,293
Operating payments	1,250	(622)	-	628	628	-	100.00 %	708	708
Venues and facilities	1,921	426	-	2,347	2,347	-	100.00 %	446	446
Rental and hiring	1,400	823	-	2,223	2,223	-	100.00 %	758	758
	963,992	**33,229**	**4,244**	**1,001,465**	**1,001,465**	**-**	**100.00 %**	**876,453**	**876,453**
Interest and rent on land									
Interest (Incl. interest on unitary payments (PPP))	-	23	-	23	23	-	100.00%	7	7
Compensation of employees	818,106	(34,424)	(4,256)	779,426	779,380	46	99.99 %	822,841	822,682
Goods and services	963,992	33,229	4,244	1,001,465	1,001,465	-	100.00 %	876,453	876,453
Interest and rent on land	-	23	-	23	23	-	100.00 %	7	7
Total current payments	**1,782,098**	**(1,172)**	**(12)**	**1,780,914**	**1,780,868**	**46**	**100.00 %**	**1,699,301**	**1,699,142**
Transfers and subsidies									
Provinces and municipalities									
Municipalities									
Municipal bank accounts	666,002	-	-	666,002	665,995	7	100.00 %	601,859	601,859
Municipalities	666,002	-	-	666,002	665,995	7	100.00 %	601,859	601,859
Households	21,436	-	-	21,436	21,304	132	99.38 %	29,188	29,188
Provinces and municipalities	666,002	-	-	666,002	665,995	7	100.00 %	601,859	601,859
Households	21,436	-	-	21,436	21,304	132	99.38 %	29,188	29,188
Total transfers and subsidies	**687,438**	**-**	**-**	**687,438**	**687,299**	**139**	**99.98 %**	**631,047**	**631,047**
Payments for capital assets									
Buildings and other fixed									
Structures									
Buildings	190,806	1,172	58	192,036	192,036	-	100.00 %	175,639	175,639

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Appropriation Statement

Figures in Rand thousand	2022/2023							2021/2022	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Appropriation per economic classification (continued)									
Machinery and equipment									
Transport equipment	11,411	589	-	12,000	12,000	-	100.00 %	11,575	11,575
Other machinery and equipment	8,720	(589)	(46)	8,085	8,085	-	100.00 %	8,767	8,767
	20,131	**-**	**(46)**	**20,085**	**20,085**	**-**	**100.00 %**	**20,342**	**20,342**
Buildings and other fixed structures	190,806	1,172	58	192,036	192,036	-	100.00 %	175,639	175,639
Machinery and equipment	20,131	-	(46)	20,085	20,085	-	100.00 %	20,342	20,342
Total payments for capital assets	**210,937**	**1,172**	**12**	**212,121**	**212,121**	**-**	**100.00 %**	**195,981**	**195,981**
Total current payments	1,782,098	(1,172)	(12)	1,780,914	1,780,868	46	100.00 %	1,699,301	1,699,142
Total transfers and subsidies	687,438	-	-	687,438	687,299	139	99.98 %	631,047	631,047
Total payments for capital assets	210,937	1,172	12	212,121	212,121	-	100.00 %	195,981	195,981
Total	**2,680,473**	**-**	**-**	**2,680,473**	**2,680,288**	**185**	**99.99 %**	**2,526,329**	**2,526,170**

Eastern Cape Department of Public Works and Infrastructure
(Vote number Vote 5)
Annual Financial Statements for the year ended 31 March 2023

Appropriation Statement

Figures in Rand thousand	2022/2023							2021/2022	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
1. ADMINISTRATION									
Sub programme	10,999	(1,467)	-	9,532	9,532	-	100.00 %	10,116	10,116
Office of the MEC									
Management of the Department	19,983	1,704	-	21,687	21,687	-	100.00 %	18,742	18,742
Corporate Support	489,397	(237)	(3,429)	485,731	485,553	178	99.96 %	491,021	490,862
Subtotal	**520,379**	**-**	**(3,429)**	**516,950**	**516,772**	**178**	**99.97 %**	**519,879**	**519,720**
Economic classification									
Current payments									
Compensation of employees									
Salaries and wages	305,258	(16,525)	(2,654)	286,079	286,033	46	99.98 %	304,174	304,015
Social contributions	55,209	(2,635)	-	52,574	52,574	-	100.00 %	58,595	58,595
	360,467	**(19,160)**	**(2,654)**	**338,653**	**338,607**	**46**	**99.99 %**	**362,769**	**362,610**
Goods and services									
Administrative fees	25	(22)	-	3	3	-	100.00 %	16	16
Advertising	3,300	530	-	3,830	3,830	-	100.00 %	3,732	3,732
Minor assets	184	131	-	315	315	-	100.00 %	72	72
Audit costs: External	8,721	1,218	-	9,939	9,939	-	100.00 %	11,091	11,091
Bursaries: Employees	2,709	(982)	-	1,727	1,727	-	100.00 %	1,476	1,476
Catering: Departmental activities	588	87	-	675	675	-	100.00 %	298	298
Communication	13,962	(4,072)	-	9,890	9,890	-	100.00 %	11,905	11,905
Computer services	34,107	7,195	-	41,302	41,302	-	100.00 %	29,333	29,333
Consultants: Business and advisory services	21,861	1,231	-	23,092	23,092	-	100.00 %	7,802	7,802
Legal services	152	3,136	-	3,288	3,288	-	100.00 %	11,433	11,433
Contractors	10	41	-	51	51	-	100.00 %	493	493
Inventory: Materials and supplies	-	-	-	-	-	-	- %	2	2
Consumable supplies	661	115	-	776	776	-	100.00 %	1,027	1,027

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Appropriation Statement

Figures in Rand thousand	2022/2023							2021/2022	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Consumable: Stationery, printing and office supplies	1,456	323	-	1,779	1,779	-	100.00 %	1,679	1,679
Operating leases	13,909	7,277	-	21,186	21,186	-	100.00 %	10,744	10,744
Property payments	704	(694)	-	10	10	-	100.00 %	2,590	2,590
Travel and subsistence	11,878	4,184	-	16,062	16,062	-	100.00 %	9,895	9,895
Training and development	2,894	(816)	-	2,078	2,078	-	100.00 %	3,682	3,682
Operating payments	394	(174)	-	220	220	-	100.00 %	406	406
Venues and facilities	730	459	-	1,189	1,189	-	100.00 %	357	357
Rental and hiring	100	(28)	-	72	72	-	100.00 %	72	72
	118,345	**19,139**	**-**	**137,484**	**137,484**	**-**	**100.00 %**	**108,105**	**108,105**
Interest and rent on land									
Interest (Incl. interest on unitary payments (PPP))	-	21	-	21	21	-	100.00 %	6	6
Compensation of employees	360,467	(19,160)	(2,654)	338,653	338,607	46	99.99 %	362,769	362,610
Goods and services	118,345	19,139	-	137,484	137,484	-	100.00 %	108,105	108,105
Interest and rent on land	-	21	-	21	21	-	100.00 %	6	6
Total current payments	**478,812**	**-**	**(2,654)**	**476,158**	**476,112**	**46**	**99.99 %**	**470,880**	**470,721**
Transfers and subsidies									
Households									
Social benefits	10,637	2,127	-	12,764	12,632	132	98.97 %	20,115	20,115
Other transfers to households	10,799	(2,127)	-	8,672	8,672	-	100.00 %	9,073	9,073
	21,436	**-**	**-**	**21,436**	**21,304**	**132**	**99.38 %**	**29,188**	**29,188**
Households	21,436	-	-	21,436	21,304	132	99.38 %	29,188	29,188
Payments for capital assets									
Machinery and equipment									
Transport equipment	11,411	589	-	12,000	12,000	-	100.00 %	11,575	11,575
Other machinery and equipment	8,720	(589)	(775)	7,356	7,356	-	100.00 %	8,236	8,236
	20,131	**-**	**(775)**	**19,356**	**19,356**	**-**	**100.00 %**	**19,811**	**19,811**
Machinery and equipment	20,131	-	(775)	19,356	19,356	-	100.00 %	19,811	19,811

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Appropriation Statement

Figures in Rand thousand	2022/2023							2021/2022	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Total current payments	478,812	-	(2,654)	476,158	476,112	46	99.99 %	470,880	470,721
Total transfers and subsidies	21,436	-	-	21,436	21,304	132	99.38 %	29,188	29,188
Total payments for capital assets	20,131	-	(775)	19,356	19,356	-	100.00 %	19,811	19,811
Total	**520,379**	-	**(3,429)**	**516,950**	**516,772**	**178**	**100.00 %**	**519,879**	**519,720**

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Appropriation Statement

2. Public Works Infrastructure

Figures in Rand thousand	2022/2023							2021/2022	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Sub programme									
Program Support	154,221	(17,402)	-	136,819	136,819	-	100.00 %	158,570	158,570
Planning	5,575	(3,016)	-	2,559	2,559	-	100.00 %	5,186	5,186
Construction	267,030	(70,381)	-	196,649	196,649	-	100.00 %	250,193	250,193
Maintenance	188,687	23,359	-	212,046	212,046	-	100.00 %	174,754	174,754
Immovable Asset Management	1,110,340	51,180	2,634	1,164,154	1,164,147	7	100.00 %	1,014,184	1,014,184
Facility Operations	296,798	16,260	7,605	320,663	320,663	-	100.00 %	252,605	252,605
Subtotal	**2,022,651**	**-**	**10,239**	**2,032,890**	**2,032,883**	**7**	**100.00 %**	**1,855,492**	**1,855,492**
Current payments									
Compensation of employees									
Salaries and wages	343,341	(5,932)	-	337,409	337,409	-	100.00 %	356,634	356,634
Social contributions	60,802	(9,332)	-	-51,470	51,470	-	100.00 %	51,735	51,735
	404,143	**(15,264)**	-	**388,879**	**388,879**	-	**100.00 %**	**408,369**	**408,369**
Goods and services									
Advertising	30	(3)	-	27	27	-	100.00 %	144	144
Minor assets	-	89	-	89	89	-	100.00 %	25	25
Catering: Departmental activities	269	(96)	-	173	173	-	100.00 %	115	115
Computer services	-	-	-	-	-	-	%	1,419	1,419
Consultants: Business and advisory services	62,505	31,355	-	93,860	93,860	-	100.00 %	63,908	63,908
Infrastructure and planning services	22,494	(14,632)	-	7,862	7,862	-	100.00 %	-	-
Contractors	50	23	-	73	73	-	100.00 %	28	28
Agency and support / outsourced services	2,400	10	-	2,410	2,410	-	100.00 %	162	162
Inventory: Clothing material and Supplies	-	-	-	-	-	-	-	12	12

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Appropriation Statement

Figures in Rand thousand	2022/2023							2021/2022	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Inventory: Materials and supplies	-	453	-	453	453	-	100.00 %	-	-
Consumable supplies	3,695	413	-	4,108	4,108	-	100.00 %	527	527
Consumable: Stationery, printing and office supplies	411	(295)	-	116	116	-	100.00 %	121	121
Operating leases	259,219	(2,727)	-	256,492	256,492	-	100.00 %	250,909	250,909
Property payments	404,374	(4,338)	7,605	407,641	407,641	-	100.00 %	340,548	340,548
Travel and subsistence	7,598	3,565	-	11,163	11,163	-	100.00 %	12,785	12,785
Operating payments	805	(471)	-	334	334	-	100.00 %	264	264
Venues and facilities	1,050	(105)	-	945	945	-	100.00 %	-	-
Rental and hiring	1,300	851	-	2,151	2,151	-	100.00 %	686	686
	766,200	**14,092**	**7,605**	**787,897**	**787,897**	**-**	**100.00 %**	**671,653**	**671,653**
Interest and rent on land									
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	-	-	- %	1	1
Compensation of employees	404,143	(15,264)	-	388,879	388,879	-	100.00 %	408,369	408,369
Goods and services	766,200	14,092	7,605	787,897	787,897	-	100.00 %	671,653	671,653
Interest and rent on land	-	-	-	-	-	-	- %	1	1
Total current payments	**1,170,343**	**(1,172)**	**7,605**	**1,176,776**	**1,176,776**	**-**	**100.00 %**	**1,080,023**	**1,080,023**
Provinces and municipalities	666,002	-	-	666,002	665,995	7	100.00 %	601,859	601,859
Provinces and municipalities	666,002	-	-	666,002	665,995	7	100.00 %	601,859	601,859
Buildings and other fixed Structures	186,306	1,172	1,905	189,383	189,383	-	100.00 %	173,079	173,079
Machinery and equipment	-	-	729	729	729	-	100.00 %	531	531
Buildings and other fixed structures	186,306	1,172	1,905	189,383	189,383	-	100.00 %	173,079	173,079
Machinery and equipment	-	-	729	729	729	-	100.00 %	531	531
Total payments for capital assets	**186,306**	**1,172**	**2,634**	**190,112**	**190,112**	**-**	**100.00 %**	**173,610**	**173,610**
Total current payments	1,170,343	(1,172)	7,605	1,176,776	1,176,776	-	100.00 %	1,080,023	1,080,023
Total transfers and subsidies	666,002	-	-	666,002	665,995	7	100.00 %	601,859	601,859
Total payments for capital assets	186,306	1,172	2,634	190,112	190,112	-	100.00%	173,610	173,610
Total	**2,022,651**	**-**	**10,239**	**2,032,890**	**2,032,883**	**7**	**100.00%**	**1,855,492**	**1,855,610**

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Appropriation Statement

Figures in Rand thousand	2022/2023							2021/2022	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
3. EXPANDED PUBLIC WORKS PROGRAMME									
Sub programme									
Program Support	9,798	13,906	-	23,704	23,704	-	100.00 %	8,625	8,625
Community Development	24,744	(1,234)	(2,872)	20,638	20,638	-	100.00 %	45,487	45,487
Innovation and Empowerment	70,662	(4,281)	(2,336)	64,045	64,045	-	100.00 %	64,839	64,839
Co-ordination and Compliance Monitoring	32,239	(8,391)	(1,602)	22,246	22,246	-	100.00 %	32,007	32,007
Subtotal	**137,443**	**-**	**(6,810)**	**130,633**	**130,633**	**-**	**100.00 %**	**150,958**	**150,958**
Current payments									
Compensation of employees									
Salaries and wages	45,653	40	(1,602)	44,091	44,091	-	100.00 %	44,066	44,066
Social contributions	7,843	(40)	-	7,803	7,803	-	100.00 %	7,637	7,637
	53,496	**-**	**(1,602)**	**51,894**	**51,894**	-	**100.00 %**	**51,703**	**51,703**
Goods and services									
Minor assets	-	19	-	19	19	-	100.00 %	-	-
Bursaries: Employees	-	17	-	17	17	-	100.00 %	-	-
Catering: Departmental activities	782	(202)	-	580	580	-	100.00 %	586	586
Consultants: Business and advisory services	-	-	-	-	-	-	%	254	254
Contractors	7	-	-	7	7	-	100.00 %	-	-
Agency and support / outsourced services	36,760	1,078	-	37,838	37,838	-	100.00 %	-	-
Inventory: Clothing material and Supplies	-	3,249	-	3,249	3,249	-	100.00 %	3,006	3,006
Inventory: Materials and supplies	-	1,837	-	1,837	1,837	-	100.00 %	2,188	2,188
Consumable supplies	7,396	(6,612)	(704)	80	80	-	100.00 %	491	491

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Appropriation Statement

Figures in Rand thousand	2022/2023							2021/2022	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Consumable: Stationery, printing and office supplies	618	(461)	-	157	157	-	100.00 %	113	113
Property payments	17,958	-	(2,168)	15,790	15,790	-	100.00 %	76,066	76,066
Travel and subsistence	11,748	1,409	-	13,157	13,157	-	100.00 %	9,253	9,253
Training and development	3,986	(431)	(489)	3,066	3,066	-	100.00 %	4,611	4,611
Operating payments	51	23	-	74	74	-	100.00 %	38	38
Venues and facilities	141	72	-	213	213	-	100.00 %	89	89
	79,447	**(2)**	**(3,361)**	**76,084**	**76,084**	**-**	**100.00 %**	**96,695**	**96,695**
Interest and rent on land	-	2	-	2	2	-	100.00 %	-	-
Compensation of employees	53,496	-	(1,602)	51,894	51,894	-	100.00 %	51,703	51,703
Goods and services	79,447	(2)	(3,361)	76,084	76,084	-	100.00 %	96,695	96,695
Interest and rent on land	-	2	-	2	2	-	100.00 %	-	-
Total current payments	**132,943**	**-**	**(4,963)**	**127,980**	**127,980**	**-**	**100.00 %**	**148,398**	**148,398**
Payments for capital assets									
Buildings and other fixed Structures									
Buildings	4,500	-	(1,847)	2,653	2,653	-	100.00 %	2,560	2,560
Buildings and other fixed structures	4,500	-	(1,847)	2,653	2,653	-	100.00 %	2,560	2,560
Total current payments	132,943	-	(4,963)	127,980	127,980	-	100.00 %	148,398	148,398
Total payments for capital assets	4,500	-	(1,847)	2,653	2,653	-	100.00 %	2,560	2,560
Total	**137,443**	**-**	**(6,810)**	**130,633**	**130,633**	**-**	**100.00 %**	**150,958**	**150,958**

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

6.2.2 Notes to the Appropriation Statement

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) to the annual financial statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual appropriation) to the annual financial statements.

3. Detail on payments for financial assets

Details of these transactions per programme can be viewed in the note on Payments for financial assets to the annual financial statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme

Figures in Rand thousand	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
Administration	516,950	516,772	178	- %
Public Works Infrastructure	2,032,890	2,032,883	7	- %
Expanded Public Works Programme	130,633	130,633	-	- %

No material variance for all programmes.

4.2 Per economic classification

Figures in Rand thousand	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
Current payments				
Compensation of employees	779,426	779,380	46	- %
Goods and services	1,001,465	1,001,465	-	- %
Interest and rent on land	23	23	-	- %
Transfers and subsidies				
Provinces and municipalities	666,002	665,995	7	- %
Households	21,436	21,304	132	1 %
Payments for capital assets				
Buildings and other fixed structures	192,036	192,036	-	- %
Machinery and equipment	20,085	20,085	-	- %

No material variance.

4.3 Per conditional grant

EPWP conditional grant	13,502	13,501	1	- %

No Variance

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

6.2.3 Statement of Financial Performance

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
Revenue			
Annual appropriation	1	2,680,473	2,526,329
Expenditure			
Current expenditure			
Compensation of employees	3	779,380	822,682
Goods and services	4	1,001,465	876,453
Interest and rent on land	5	23	7
Total current expenditure		**1,780,868**	**1,699,142**
Transfers and subsidies			
Transfers and subsidies	6	687,299	631,047
Total transfers and subsidies		**687,299**	**631,047**
Expenditure for capital assets			
Tangible assets	7	212,121	195,981
Total expenditure for capital assets		**212,121**	**195,981**
Total expenditure		**2,680,288**	**2,526,170**
Surplus for the year		**185**	**159**
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds			
Annual appropriation		184	159
Conditional grants		1	-
		185	**159**
Surplus for the year		**185**	**159**

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

6.2.4 Statement of Financial Position as at 31 March 2023

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
Assets			
Current Assets			
Cash and cash equivalents	8	42,899	7,738
Receivables	9	15,839	21,647
		58,738	**29,385**
Non-Current Assets			
Receivables	9	113	140
Total Assets		**58,851**	**29,525**
Liabilities			
Current Liabilities			
Voted funds to be surrendered to the Revenue Fund	10	185	159
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	11	1,175	1,012
Payables	12	56,024	26,814
		57,384	**27,985**
Total Liabilities		**57,384**	**27,985**
		1,467	**1,540**
Represented by:			
Recoverable revenue		1,467	1,540

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

6.2.5 Statement of Changes in Net Assets

Figures in Rand thousand	Note	2022/2023	2021/2022
Recoverable revenue			
Opening balance		1,540	1,415
Transfers:			
Debts revised		(73)	-
Debts recovered (incl. in dept. receipts)		-	(1,984)
Debts raised		-	2,109
Closing balance		**1,467**	**1,540**

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

6.2.6 Cash Flow Statement

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
Cash flows from operating activities			
Receipts			
Annual appropriated funds received	1.1	2,680,473	2,526,329
Departmental revenue received	2	17,240	14,117
Interest received	2.2	403	201
		2,698,116	**2,540,647**
Net (increase)/ decrease in working capital		35,018	45,231
Surrendered to Revenue Fund		(18,316)	(54,706)
Current payments		(1,780,845)	(1,699,135)
Interest paid	5	(23)	(7)
Transfers and subsidies paid		(687,299)	(631,047)
Net cash flow available from operating activities	13	**246,651**	**200,983**
Cash flows from investing activities			
Payments for capital assets	7	(212,121)	(195,981)
Proceeds from sale of capital assets	2.3	677	458
(Increase)/ decrease in non-current receivables	9	27	82
Net cash flows from investing activities		**(211,417)**	**(195,441)**
Cash flows from financing activities			
Increase/ (decrease) in net assets		(73)	125
Net increase/ (decrease) in cash and cash equivalents		35,161	5,667
Cash and cash equivalents at beginning of year		7,738	2,071
Cash and cash equivalents at the end of the year	14	**42,899**	**7,738**

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

6.2.7 Accounting Policies

Summary of significant accounting policies

The annual financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the annual financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the annual financial statements and to comply with the statutory requirements of the Public Finance Management Act, and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1. Basis of preparation

The annual financial statements have been prepared in accordance with the Modified Cash Standard.

2. Going concern

The annual financial statements have been prepared on a going concern basis.

3. Presentation currency

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

4. Rounding

Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand ('000).

5. Foreign currency translation

Cash flows arising from foreign currency transactions are translated into South African Rand using the spot exchange rates prevailing at the date of payment / receipt.

6. Comparative information

6.1 Prior period comparative information

Prior period comparative information has been presented in the current year's annual financial statements. Where necessary figures included in the prior period annual financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's annual financial statements.

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

6.2 Current year comparison with budget

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

7. Revenue

7.1 Appropriated funds

Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

Appropriated funds are measured at the amounts receivable.

The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

7.2 Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Departmental revenue is measured at the cash amount received.

In-kind donations received are recorded in the notes to the annual financial statements on the date of receipt and are measured at fair value.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

Accounting Policies

7.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the annual financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's debt write-off policy.

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

8. Expenditure

8.1 Compensation of employees

8.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

8.1.2 Social contributions

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

8.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold (currently R5 000).

Donations made in kind are recorded in the notes to the annual financial statements on the date of transfer and are measured at cost or fair value. Rent paid for use of buildings or other fixed structure is classified as goods and services and not as rent on land.

8.3 Accruals and payables not recognised

Accruals and payables not recognised are recorded in the notes to the annual financial statements at cost or fair value at the reporting date.

8.4 Leases

8.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue.

The operating lease commitments are recorded in the notes to the annual financial statements.

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

8.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue.

The finance lease commitments are recorded in the notes to the annual financial statements and are not apportioned between the capital and interest portions.
Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of thelease term, excluding interest.

9. Cash and cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position.
Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.
For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short- term highly liquid investments and bank overdrafts.

10. Prepayments and advances

Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

Prepayments are de-recognised as and when the good/services are received, or the funds are utilised in a future period longer than one month from payment and the amount is material. Prepayments are expensed if the funds are utilised in a future period less than one month from payment.

11. Loans and receivables

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.

Amounts that are potentially irrecoverable are included in the disclosure note.

12. Financial assets

12.1 Financial assets (not covered elsewhere)

A financial asset is recognised initially at its cost, plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

12.2 Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the annual financial statements.

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

13. Payables

Payables recognised in the statement of financial position are recognised at cost.

14. Capital assets

14.1 Immovable capital assets

Immovable assets reflected in the asset register of the department are recorded in the notes to the annual financial statements at cost or fair value where the cost cannot be determined reliably. As per Sectorial Guide: Accounting and Reporting for Immovable Assets, the Department has used Municipal Valuation Rolls (including Supplementary Rolls) or Valuation Certificates to determine fair value in order to alleviate fruitless and wasteful expenditure.

Further, per Sectorial guide, where a municipal valuation has not been finalised or not done for specific properties, the effected properties will be reflected at the same value as for exceptional cases (R1 000). Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition.

Only assets which the Department has legal title for is disclosed. This includes properties registered in the name of the Province; properties confirmed vested in terms of Section 239 or item 28(1) to Schedule 6 of the Constitution; and properties registered in historical names of former Model C Schools. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. On completion of the project the total project cost forms part of the cost of the existing asset or subsequently transferred to the department that is the custodian of the existing asset for recording and is included in the asset register of the department that is accountable for the asset.

The disclosure note to the financial statements represents the consolidated position of the immovable assets under the custodian of Public Works as per Eastern Cape Land Disposal Act 7 of 2000. Assets related to the Housing Act 107 of 1997 and the Housing Amendment Act 4 of 2001 remain in the custody of the Department of Human Settlements.

Where documentary evidence supporting completed provincial projects for the current financial year is considered to be either incomplete or inaccurate, the project will not be included.

Additional information on immovable assets not reflected in the assets register is pro-vided in the notes to annual financial statements.

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

14. Capital assets (continued)

14.2 Movable capital assets

Movable capital assets are initially recorded in the notes to the annual financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the Office of the Accountant General (OAG) may be recorded at R1 if its cost cannot be reliable measured and its fair value had not been determined prior to implementation of the standard.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

14.3 Intangible assets

Intangible assets are initially recorded in the notes to the annual financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the notes to the annual financial statements when the department commences the development phase of the project.

Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

14.4 Project costs: Work-in-progress

Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.

Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.

Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

15. Provisions and contingent liabilities Assets

15.1 Provisions

Provisions are recorded in the notes to the annual financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

15.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the annual financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

15.3 Contingent assets

Contingent assets are recorded in the notes to the annual financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

15.4 Capital commitments

Capital commitments are recorded at cost in the notes to the annual financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

16. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently and comprises of:

Fruitless and wasteful expenditure that was under assessment in the previous f written-off as irrecoverable.

Fruitless and wasteful expenditure is recorded in the notes to the annual financial statements when and at amounts confirmed, and comprises of:

- fruitless and wasteful expenditure that was under assessment in the previous financial year;
- fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and
- fruitless and wasteful expenditure incurred in the current year.

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

17. Irregular expenditure

Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.
Irregular expenditure is recorded in the notes to the annual financial statements when and at amounts confirmed and includes :

17.1 For current financial year -

- Amounts incurred and confirmed in that financial year
- Payments made as it relates to multi-year contracts (if not condoned yet)

17.2 For the previous financial year -

- Amounts confirmed in that financial year;
- Amounts that were under assessment in that financial year and confirmed in the current financial year; Amounts that were identified in the previous year and are identified and confirmed in the current year.

18. Changes in accounting estimates and errors

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

19. Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the annual financial statements.

20. Principal-Agent arrangements

The department is party to a principal-agent arrangement for South African Post Office (SAPO). In terms of the arrangement the department is the principal and is responsible for facilitation of payment of EPWP beneficiaries. The Department is also party to a principal-agent arrangement for National Department of Education for the ASIDI Schools Projects and the Eastern Cape Department of Education. In terms of these arrangements the department is the agent and is responsible for addressing the backlog in the eradication of inappropriate school structures and in the provision of basic services to schools that do not have such services.The other principal-agent arrangement is with the Eastern Cape Department of Health where Eastern Cape Department of Public Works and Infrastructure is responsible for delivering both capital and maintenance infrastructure projects. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the annual financial statements where appropriate.

21. Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

22. Related party transactions

Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the annual financial statements when the transaction is not at arm's length.

23. Inventories

At the date of acquisition, inventories are recognised at cost in the statement of financial performance.

Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.

The cost of inventories is assigned by using the weighted average cost basis.

24. Public-Private Partnerships

Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.

A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the annual financial statements.

25. Employee benefits

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the employee benefits note.

Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date.

The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

26. Key Management Personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The full compensation of Key Management Personnel is recorded in the notes to the financial statement.

27. Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written off are limited to the amount of savings and /or underspending of appropriated funds. The write off occurs at year end or when funds are available.

No provision ismade for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements. All other losses are recognised when authorisation has been granted for the recognition thereof.

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

6.2.8 Notes to the Annual Financial Statements

1. Annual appropriation

1.1 Annual appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

Figures in Rand thousand		Note(s)	2022/2023	2021/2022
			Final budget	Actual funds received	Final budget	Appropriation received
Programmes						
Administration			516,950	516,950	519,879	519,879
Public Works Infrastructure			2,032,890	2,032,890	1,855,492	1,855,492
Expanded Public Works Programme			130,633	130,633	150,958	150,958
Total			**2,680,473**	**2,680,473**	**2,526,329**	**2,526,329**

1.2 Conditional grants**

Total grants received	32	13,502	10,272

**It should be noted that the Conditional grants are included in the amounts per the Final Appropriation in Note 1.1

2. Departmental revenue

Sales of goods and services other than capital assets	2.1	16,856	12,897
Interest, dividends and rent on land	2.2	403	201
Sales of capital assets	2.3	677	458
Transactions in financial assets and liabilities	2.4	384	1,220
Total revenue collected		**18,320**	**14,776**
Less: Own revenue included in appropriation	11	18,320	14,776
Departmental revenue collected		**-**	**-**

2.1 Sales of goods and services other than capital assets

Sales by market establishment	16,015	12,022
Other sales	841	875
Sales of goods and services produced by the department	**16,856**	**12,897**

2.2 Interest, dividends and rent on land

Interest	403	201

2.3 Sales of capital assets

Tangible assets		
Buildings and other fixed structures	677	458

2.4 Transactions in financial assets and liabilities

Other receipts including recoverable revenue	384	1,220

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
3. Compensation of employees			
3.1 Salaries and wages			
Basic salary		531,765	556,318
Performance award		145	3,777
Service based		628	1,108
Compensative/circumstantial		1,272	861
Other non-pensionable allowances		133,725	142,656
Total		**667,535**	**704,720**
3.2 Social contributions			
Employer contributions			
Pension		66,470	73,365
Medical		44,185	43,338
UIF		-	7
Bargaining council		183	196
Insurance		1,007	1,056
Total		**111,845**	**117,962**
Total compensation of employees		**779,380**	**822,682**
Average number of employees		1,835	2,072

Eastern Cape Department of Public Works and Infrastructure
(Vote number Vote 5)
Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
4. Goods and services			
Administrative fees		3	16
Advertising		3,856	3,876
Minor assets	4.1	423	97
Bursaries (employees)		1,744	1,476
Catering		1,428	999
Communication		9,889	11,905
Computer services	4.2	41,302	30,752
Consultants: Business and advisory services		116,952	71,964
Infrastructure and planning services		7,862	-
Legal services		3,288	11,433
Contractors		132	521
Agency and support / outsourced services		40,247	162
Audit cost - external	4.3	9,939	11,091
Inventory	4.4	5,540	5,208
Consumables	4.5	7,016	3,958
Operating leases		277,678	261,653
Property payments	4.6	423,439	419,204
Rental and hiring		2,224	757
Travel and subsistence	4.7	40,384	31,934
Venues and facilities		2,347	446
Training and development		5,144	8,293
Other operating expenditure	4.8	628	708
Total		**1,001,465**	**876,453**

4.1 Minor assets

Tangible assets		
Machinery and equipment	423	97

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
4. Goods and services (continued)			
4.2 Computer services			
SITA computer services		31,300	25,515
External computer service providers		10,002	5,237
Total	4	**41,302**	**30,752**
4.3 Audit cost - external			
Regularity audits		9,217	6,355
Investigations		722	4,736
Total	4	**9,939**	**11,091**
4.4 Inventory			
Clothing material and accessories		5,540	3,018
Materials and supplies		-	2,190
Total	4	**5,540**	**5,208**
4.5 Consumables			
Uniform and clothing		456	351
Household supplies		1,109	625
IT consumables		227	788
Other consumables		3,164	281
Consumable supplies		**4,956**	**2,045**
Stationery, printing and office supplies		2,060	1,913
Total	4	**7,016**	**3,958**
4.6 Property payments			
Municipal services		97,280	100,784
Property management fees		261,559	200,800
Property maintenance and repairs		64,600	117,620
Total	4	**423,439**	**419,204**
4.7 Travel and subsistence			
Local		40,384	31,934
4.8 Other operating expenditure			
Professional bodies, membership and subscription fees		102	75
Resettlement costs		459	566
Other		67	67
Total	4	**628**	**708**

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
5. Interest and rent on land			
Interest paid	23		7
6. Transfers and subsidies			
Provinces and municipalities		665,995	601,859
Households	Annexure 1G	21,304	29,188
Total		**687,299**	**631,047**
7. Expenditure for capital assets			
Tangible assets			
Buildings and other fixed structures	29	192,035	175,639
Machinery and equipment	27	20,086	20,342
		212,121	**195,981**

7.1 Analysis of funds utilised to acquire capital assets - 2022/2023

Figures in Rand thousand	Voted funds	Total
Tangible assets		
Buildings and other fixed structures	192,035	192,035
Machinery and equipment	20,086	20,086
	212,121	**212,121**

7.2 Analysis of funds utilised to acquire capital assets - 2021/2022

Figures in Rand thousand	Voted funds	Total
Tangible assets		
Buildings and other fixed structures	175,639	175,639
Machinery and equipment	20,342	20,342
	195,981	**195,981**

Eastern Cape Department of Public Works and Infrastructure
(Vote number Vote 5)
Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022

7.3 Finance lease expenditure included in expenditure for capital assets

Tangible assets		
Machinery and equipment	15,657	13,142

8. Cash and cash equivalents

Consolidated paymaster general account	42,899	7,738

9. Receivables

Figures in Rand thousand		2022/2023			2021/2022		
	Note	Current	Non- current	Total	Current	Non- current	Total
Claims recoverable	9.1	12,778	-	12,778	15,657	-	15,657
Recoverable expenditure	9.2	90	-	90	5	-	5
Staff debt	9.3	2,759	113	2,872	2,975	140	3,115
Other receivables	9.4	212	-	212	3,010	-	3,010
Total		**15,839**	**113**	**15,952**	**21,647**	**140**	**21,787**

9.1 Claims recoverable

National departments		402	1,306
Provincial departments		12,376	14,351
Total	9	**12,778**	**15,657**

9.2 Recoverable expenditure (disallowance accounts)

Salary Recoverable Expenditure	90	5

9.3 Staff debt

Staff debt	2,872	3,115

9.4 Other receivables

Salary control accounts		-	859
Fruitless and wasteful expendicture			324
Third parties		212	1,817
Total	9	**212**	**3,010**
Estimate of impairment of receivables		2,570	2,757

Eastern Cape Department of Public Works and Infrastructure
(Vote number Vote 5)
Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022

Impairment is applied to all debtors' balances that are outstanding for more than 30 days and older.

10. Voted funds to be surrendered to the Revenue Fund

Opening balance	159	40,637
Transferred from statement of financial performance	185	159
Paid during the year	(159)	(40,637)
Closing balance	**185**	**159**

10.1 Reconciliation of unspent conditional grants

Total conditional grants received	1.2	13,502	10,272
Total conditional grants spent		(13,501)	(10,272)
Unspent conditional grants to be surrendered		**1**	**-**

11. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

Opening balance		1,012	305
Own revenue included in appropriation	2	18,320	14,776
Paid during the year		(18,157)	(14,069)
Closing balance		**1,175**	**1,012**

12. Payables – current

Advances received	12.1	55,215	26,596
Clearing accounts	12.2	809	218
Total		**56,024**	**26,814**

12.1 Advances received

National departments	Annexure 8B	1,403	1,403
Provincial departments	Annexure 8B	53,812	25,193
Total	12	**55,215**	**26,596**

12.2 Clearing accounts

Clearing accounts	809	218

13. Net cash flow available from operating activities

Net surplus as per Statement of Financial Performance	185	159
Add back non cash/ cash movements not deemed operating activities		
(Increase)/ decrease in receivables	5,808	20,306
Increase/ (decrease) in payables – current	29,210	24,925
Proceeds from sale of capital assetS	(677)	(458)
Expenditure on capital assets	212,121	195,981
Surrenders to Revenue Fund	(18,316)	(54,706)
Own revenue included in appropriation	18,320	14,776
Net cash flow generated by operating activities	**246,651**	**200,983**

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
14. Reconciliation of cash and cash equivalents for cashflow purposed			
Consolidated paymaster general account		42,899	7,738

15. Contingent liabilities and contingent assets

15.1 Contingent liabilities

Liable to Nature			
Claims against the department	Annexure 3B	198,391	274,233
Other	Annexure 3B	100,338	64,411
Total		**298,729**	**338,644**

Claims against the Department represent claims instituted and all claims submitted to Legal Services and State Attorney have been included as contingent liabilities as the outcomes of all the open cases are uncertain. The potential extent and outcome of the liability in respect of these legal claims cannot be determined, and it is subject to litigation. A provisional estimate based on the value of the claims have been included in the above note to the financial statements.

Other represents:

1. Municipalities - Rates and Taxes
These are amounts billed by Municipalities against properties that the Department is not certain if they are owned by the Eastern Cape Government. Custody verification is still in progress.

2. Camping Allowances
The balance refers to payments due to beneficiaries of ex-employees. The Department is in the process of locating them to effect payment.

3. Pending investigation
The balance refers to payments made to a possible incorrect service provider that is under investigation.

4. Lease Rentals – Refers to lease rental debtors with credit balances.

15.2 Contingent assets

Nature of contingent asset		
Occupation Specific Dispensation (OSD)	30,305	34,855
2nd & 3rd notches	337	337
Total	**30,642**	**35,192**

16. Capital commitments

Buildings and other fixed structures	223,492	141,017
Machinery and equipment	2,485	840
Total	**225,977**	**141,857**

Included in the above are projects that are committed over a 1 year totaling R155 273 000.
Increase is due to new contracts awarded during the year.

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022

17. Accruals and payables not recognised

17.1 Accruals

Figures in Rand thousand Listed by economic classification	30 Days	2022/2023 Total	2021/2022 Total
Goods and services	108,194	108,194	72,501
Capital assets	5,486	5,486	6,115
Total	**113,680**	**113,680**	**78,616**
Listed by programme level			
Administration		21,604	13,248
Public Works Infrastructure		84,842	58,047
Expanded Public Works Programme		7,234	7,321
Total		**113,680**	**78,616**

17.2 Payables not recognised

Figures in Rand thousand Listed by economic classification	30 Days	30+ Days	2022/2023 Total	2021/2022 Total
Goods and services	26,580	14,090	40,670	69,135
Capital assets	6,061	-	6,061	3,928
Total	**32,641**	**14,090**	**46,731**	**73,063**
Listed by programme level				
Adminstration			25,348	26,074
Public Works Infrastructure			18,647	44,743
Expanded Public Works Programme			2,736	2,246
Total			**46,731**	**73,063**

18. Employee benefits

Leave entitlement	40,433	44,408
Service bonus	20,790	21,284
Capped leave commitments	30,908	37,356
Other	3,549	843
Total	**95,680**	**103,891**

At this stage the department is not able to reliably measure the long term portion of the long service awards.

The value and number of days of negative leave entitlement is R244 000 and 177 days (2021/22: R263 000 and 173 days). There was no negative capped leave.

Eastern Cape Department of Public Works and Infrastructure
(Vote number Vote 5)
Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022

19. Lease commitments

19.1 Operating leases

2022/2023

Figures in Rand thousand	Buildings and other fixed structures	Total
Not later than 1 year	247,191	247,191
Later than 1 year and not later than 5 years	612,837	612,837
Later than five years	52,033	52,033
Total lease commitments	**912,061**	**912,061**

2021/2022

Figures in Rand thousand	Buildings and other fixed structures	Total
Not later than 1 year	174,836	174,836
Later than 1 year and not later than 5 years	45,604	45,604
Total lease commitments	**220,440**	**220,440**

Operating leases consists of various lease agreements for premises leased for its department's use and by other government institutions. The Department entered into operating lease agreements for rental of buildings for office accommodation and residential purposes to house members of parliament.

The lease commitments are calculated based on a contractual obligation between the department and the lessor. The lease agreements have an annual escalation of between 0% and 8%. The department is required to maintain the buildings to be in the same conditions as at the start of the lease agreements.

The increase is due to some lease agreements whose terms have been extended.

19.2 Finance leases **

2022/2023

Figures in Rand thousand	Machinery and equipment	Total
Not later than 1 year	13,468	13,468
Later than 1 year and not later than 5 years	8,641	8,641
Total lease commitments	**22,109**	**22,109**

Eastern Cape Department of Public Works and Infrastructure
(Vote number Vote 5)
Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
		Machinery and equipment	Total
Not later than 1 year		13,157	13,157
Later than 1 year and not later than 5 years		13,835	13,835
Total lease commitments		**26,992**	**26,992**

**This note excludes leases relating to public private partnership as they are separately disclosed in Note no 24.

The Department entered into finance lease agreements for rental of photocopiers and white fleet for a period of 36 months and 5 years respectively. The rentals are fixed for the duration of the period and there is no renewal or purchase or escalation clauses. The maintenance of both photocopy machines and white fleet vehicles are done by the lessors.

Figures in Rand thousand	Note(s)	2022/2023	2021/2022

19.3 Operating lease future revenue

2022/2023

Figures in Rand thousand	Buildings and other fixed structures	Total
Not later than 1 year	2,451	2,451
Later than 1 year and not later than 5 years	4,501	4,501
Total lease commitments	**6,952**	**6,952**

2021/2022

Figures in Rand thousand	Buildings and other fixed structures	Total
Not later than 1 year	1,934	1,934
Later than 1 year and not later than 5 years	2,823	2,823
Total lease commitments	**4,757**	**4,757**

20. Accrued departmental revenue

Sales of goods and services other than capital assets	155,417	171,368
Sale of capital assets	505	-
Other	55,312	13,321
Total	**211,234**	**184,689**

Eastern Cape Department of Public Works and Infrastructure
(Vote number Vote 5)
Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
20.1 Analysis of accrued departmental revenue			
Opening balance		184,689	182,734
Less: Amounts received		(16,018)	(12,005)
Add: Amounts recorded		80,494	13,960
Less: Amounts written-off/reversed as irrecoverable		(37,931)	-
Total		**211,234**	**184,689**
20.2 Accrued department revenue written off			
Nature of losses			
Rental debtors		37,931	-
20.3 Impairment of accrued departmental revenue			
Estimate of impairment of accrued departmental revenue		136,958	132,549

Impairment is applied to all debtors' balances that are outstanding for more than 30 days and older. Increase is due to low recovery from lease debtors.

21. Unauthorised, Irregular and Fruitless and wasteful expenditure		
Irregular expenditure	142,471	340,452
Fruitless and wasteful expenditure	46	465
Total	**142,517**	**340,917**

Information on any criminal or disciplinary steps taken as a result of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure is included in the annual report under the PFMA Compliance Report.

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022

22. Related party transactions

The Departments below occupy buildings owned or leased by this Department without paying for this service:

- Eastern Cape Legislature
- Eastern Cape Department of Economic Development & Environment Affairs;
- Eastern Cape Department of Education;
- Eastern Cape Department of Health;
- Eastern Cape Department of Human Settlements;
- Eastern Cape Department of Local Government & Traditional Affairs;
- Eastern Cape Department of Rural Development & Agrarian Reform;
- Eastern Cape Department of Safety & Liaison;
- Eastern Cape Department of Social Development;
- Eastern Cape Department of Sport Recreation Arts & Culture;
- Eastern Cape Department of Transport;
- Eastern Cape Office of the Premier; and
- Eastern Cape Provincial Planning & Treasury.

23. Key management personnel

Political office bearers: Member of Executive Council	1,992	1,978
Level 15 to 16	2,347	2,231
Level 14 including Regional Directors	18,050	18,653
Total	**22,389**	**22,862**

Key management includes acting and appointed Regional Directors at level 13 and those officials acting on their behalf.

24. Public Private Partnership

The PPP is currently registered in terms of National Treasury. However the PPP was reactivated in August 2015. Transaction advisors have been appointed for the Project Initiation and Management of the Bhisho Precinct Project. Expenditure of RNIL for 2022/23 to-date (2021/22: R65 737 698,86) has been incurred for the transaction advisors. The cumulative expenditure from inception on Bhisho Precinct consultants' fees is R65,737,698.86. There has been no contracting between the Department and the Private Party by 31 March 2023.

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
25. Provisions			
Provisions under investigation		170,982	121,869
Interest accrued but not paid		43,315	40,637
Retentions		36,848	33,317
Telecommunication		-	2,190
Total		**251,145**	**198,013**

25.1 Reconciliation of movement in provisions - 2022/2023

Figures in Rand thousand	Balances under investigation	Interest accrued but not paid	Retentions	Telecommunication	Total provisions
Opening balance	121,869	40,637	33,317	2,190	198,013
Increase in provision	49,113	2,678	3,531	-	55,322
Settlement of provision	-	-	-	(2,190)	(2,190)
Closing balance	**170,982**	**43,315**	**36,848**	**-**	**251,145**

25.2 Reconciliation of movement in provisions - 2021/2022

Figures in Rand thousand	Balances under investigations	Interest accrued but not paid	Retentions	Telecommunication	Total provisions
Opening balance	54,458	43,621	34,619	-	132,698
Increase in provision	67,411	-	-	2,190	69,601
Settlement of provision	-	(2,984)	(1,302)	-	(4,286)
Closing balance	**121,869**	**40,637**	**33,317**	**2,190**	**198,013**

Balances under investigation as well as interest accrued at year end are classified as Provisions. These are amounts billed by Municipalities against properties owned by the Department but there is uncertainty either on the timing or amount thereof.

Retentions are amounts that are withheld for work done and not paid until satisfaction of conditions specified in the awarded contracts. Once all conditions specified in the contract have been met and the retention is paid, the Department will record the payment as capital expenditure and add it to the cost of the asset.

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022

26. Non-adjusting events after reporting date

There were no events after the reporting date that were identified by management that would affect the operations of the department or the results of those operations significantly.

27. Movable tangible capital assets

Movement in movable tangible capital assets per asset register for the year ended 31 March 2023

Figures in Rand thousand	Opening balance	Additions	Disposals	Closing balance
Machinery and equipment				
Transport assets	2,521	-	1,690	831
Computer equipment	50,435	4,757	3,755	51,437
Furniture and office equipment	27,227	1,169	815	27,581
Other machinery and equipment	10,672	509	242	10,939
	90,855	**6,435**	**6,502**	**90,788**

27.1.1 Movement in movable tangible capital assets per asset register for the year ended 31 March 2022

Figures in Rand thousand

Machinery and equipment	Opening balance	Additions	Disposals	Closing balance
Transport assets	2,715	765	959	2,521
Computer equipment	43,198	8,337	1,100	50,435
Furniture and office equipment	24,799	2,768	340	27,227
Other machinery and equipment	13,724	1,900	4,952	10,672
	84,436	**13,770**	**7,351**	**90,855**

27.1.2 Prior period error

Figures in Rand thousand	Note	2021/2022
Nature of prior period error Relating to 2021/2022 Computer equipment		23
Furniture and office equipment		2,174
Other machinery and equipment		1,222
		3,419

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022

27.2 Minor assets

Movement in minor capital assets per the asset register for the year ended as at 31 March 2023

Figures in Rand thousand	Machinery and equipment	Total
Opening balance	24,561	24,561
Additions	666	666
Disposals	2,067	2,067
Total minor capital assets	**23,160**	**23,160**

	Machinery and equipment	Total
Number of R1 minor assets	2,841	2,841
Numbe of minor assets at cost	12,796	12,796
Total number of minor assets	**15,637**	**15,637**

Minor capital assets under investigation

There are no minor assets under investigation

Movement in minor capital assets per the asset register for the year ended as at 31 March 2022

Figures in Rand thousand	Other machinery and equipment	Total
Opening balance	24,052	24,052
Additions	1,355	1,355
Disposals	846	846
Total minor capital assets	**24,561**	**24,561**

	Other machinery and equipment	Total
Number of R1 minor assets	3,140	3,140
Number of minor assets at cost	13,509	13,509
Total number of minor assets	**16,649**	**16,649**

27.2.1 Prior period error

Figures in Rand thousand	Note	2021/2022
Nature of prior period error		
Relating to 2021/2022		
Telecommunication conference equipment		1,186

Prior period error is due to assets received in 2021/22 financial year not included in the Asset Register

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022

27.3 Movable tangible capital assets written off

Movable capital assets written off for the year ended as at 31 March 2023

Figures in Rand thousand	Machinery and equipment	Total
Assets written off	4,992	4,992

Movable capital assets written off for the year ended as at 31 March 2022

Figures in Rand thousand	Machinery and equipment	Total
Assets written off	7,617	7,617

28. Intangible capital assets

28.1 Movement for 2022/2023

Movement in intangible capital assets per asset register for the year ended 31 March 2023

Figures in Rand thousand	Opening balance	Closing balance
Software	4,362	4,362

Intangible capital assets under investigation

There are no Intangible Capital Assets under investigation.

28.2 Movement for 2021/2022

Movement in intangible capital assets per asset register for the year ended 31 March 2022

Figures in Rand thousand	Opening balance	Closing balance
Software	4,362	4,362

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

29. Immovable Tangible Capital Assets

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2023

Figures in Rand thousand	Opening balance	Additions	Disposals	Closing balance
Buildings and other fixed structures				
Dwellings	444,661	10,017	(486)	454,192
Non-residential buildings	8,013,870	283,607	(11,883)	8,285,594
Other fixed structures	251,032	1,360	(1)	252,391
	8,709,563	**294,984**	**(12,370)**	**8,992,177**
Heritage assets				
Heritage assets	186,771	5	(36,050)	150,726
Land and subsoil assets				
Land	269,504	17,090	(76)	286,518
Total immovable tangible capital assets	**9,165,838**	**312,079**	**(48,496)**	**9,429,421**

1. There are 884 properties included in the Immovable Asset Register (IAR) which are disclosed at a nominal value of R1000. This is in line with the Valuation Model included as an Annexure in the Immovable Asset guide issued by National Treasury. 135 of these assets are classified as Road Reserves and some have no municipal or market values available and the valuation process is yet to be finalised by the municipality.
2. Included in additions is an amount of R20 160 000 relating to Change in Estimate for some properties which were previously valued at R1000 nominal value as per MCS directive because there was no municipal value. A valuation roll for these has since been received and the values in the IAR have been updated accordingly.
3. The department made a cash acquisition of ERF 1344 (OLD TBN Building for an amount of R8 591 653,50. The property was registered at the Deeds office on 13 July 2022. The Department also made a cash acquisition of ERF 26886 at a cost of R2 844 693 which was registered in December 2022. The Department also made a Cash Acquisition amounting to R55 311 682 and the property is not yet registered.
4. The Department paid an amount of R13 320 508,25 during March 2021 in respect of acquisition of OLD Addo (Farm Addo Drift) No. 124 portion 49 of 27. The property was only registered at the deeds office on 23 June 2022 and the IAR has been updated accordingly.

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Immovable Tangible Capital Assets (continued) Immovable tangible capital assets under investigation

There are no immovable assets under investigation.

29.1 Movement for 2021/2022

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2022

Figures in Rand thousand	Opening balance	Additions	Disposals	Closing balance
Buildings and other fixed structures				
Dwellings	411,954	32,912	(205)	444,661
Non-residential buildings	7,476,334	537,536	-	8,013,870
Other fixed structures	235,978	15,054	-	251,032
	8,124,266	**585,502**	**(205)**	**8,709,563**
Heritage assets				
Heritage assets	186,771	-	-	186,771
Land and subsoil assets				
Land	257,683	13,921	(2,100)	269,504
Total immovable tangible capital assets	**8,568,720**	**599,423**	**(2,305)**	**9,165,838**

29.1.1 Prior period error

Figures in Rand thousand	Note	2021/2022
Nature of prior period error		
Relating to 2021/2022		
Misallocation between a completed project and an incomplete project		(2,617)
Correction of an understated value of property.		265
		(2,352)

The error relates to a misallocation of expenditure which related to Chungwa House partitioning of offices, due to the limit of letters when capturing expenditure in the expenditure system. The department continued to capture an old project name/ description (Chungwa House General Renovation Upgrade) which is a project that was already completed in 2020 and Chungwa House Partitioning of Offices was never captured and this is a project which is still under construction. This misallocation resulted to an amount of R2 613 385 being capitalised as it was believed to belong to Chungwa House General which is a completed project.

The amount of R5 000 was just a typing error when doing land use classification and this does not affect the IAR but the figure of disclosed in the note. R265 000 relates to a misallocation of values due to the properties having the same description and ERF number but the municipalities are different, a figure of R103 000 was recorded in the IAR instead of R367 500.

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022

Immovable Tangible Capital Assets (continued)

29.2 Capital Work-in-progress

Capital Work-in-progress as at 31 March 2023

Figures in Rand thousand	Note	Opening balance 01 April 2022	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2023
Buildings and other fixed structures		207,242	125,288	(92,328)	240,202

1. Included in R92 328 000 is an amount of R74 570 652 for completed projects linked to properties which currently have a legal tittle and this has been capitalised accordingly.
2. Also included in the above figure is amount of R4 250 234 which relates to cancelled projects and R13 507 440 which relates to expenditure on completed projects linked to properties that have not yet vested with the Department. In line with the Guide on Accounting and Reporting for Immovable Assets, this figure has not been capitalized to the Immovable Asset Register.

Payables not recognised relating to Capital WIP

Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress.		-	4,437

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022

Capital Work-in-progress as at 31 March 2022

Figures in Rand thousand	Note	Opening balance 01 April 2021	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2022
Buildings and other fixed structures		401,683	2,612	175,638	(372,691)	207,242

1. Included in R372 691 308,56 is an amount of R12 763 316,56 which relates to expenditure on completed projects linked to a property
2. That have not yet vested with the department. In line with the Guide on Accounting and Reporting for Immovable Assets, this figure has not been capitalized to the Immovable Asset Register. An amount of R359 927 992 for completed projects linked to properties which currently have a legal tittle has been capitalised accordingly.
3. Prior period error: Chungwa House: The error relates to a misallocation of expenditure which related to Chungwa House partitioning of offices, due to the limit of letters when capturing expenditure in the expenditure system. The department continued to capture an old project name/ description Chungwa House General Renovation Upgrade which is a project that was already completed in 2020 and Chungwa House Partitioning of Offices was never captured and this is a project which is still under construction. This misallocation resulted to an amount of R2 612 385 being capitalised as it was believed to belong to Chungwa House General Renovation Upgrade which is a completed project.
4. Error relating to 2021/22: Rotating Structure: An amount of R4 968 626 was spent on purchase, supply and delivery of rotating structures but this was not recorded in the WIP register.

Eastern Cape Department of Public Works and Infrastructure
(Vote number Vote 5)
Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand		Note(s)	2022/2023	2021/2022
29. Immovable Tangible Capital Assets (continued)				
29.3 Immovable assets (additional information)				
a) Unsurveyed land	Estimated completion date 5 years	Annexure 9	Area	Area
Specify			n/a	n/a
b) Properties deemed vested		Annexure 9	Number	Number
Land Parcels			4,641	4,626
Facilities				
Schools			3,030	3,003
Clinics			296	277
Hospitals			70	67
Office buildings			86	88
Dwellings			279	303
Storage facilities			11	10
Other			869	878
c) Facilities on unsurveyed land	Duration of use	Annexure 9	Number	Number
Schools	Life		662	757
Clinics	Life		141	158
Hospitals	Life		2	3
Office buildings	Life		18	19
Dwellings	Life		8	8
Storage facilities	Life		5	5
Other	Life		90	75
d) Facilities on right to use land	Duration of use	Annexure 9	Number	Number
Schools	Life		637	620
Clinics	Life		187	183
Hospitals	Life		35	35
Office buildings	Life		49	51
Dwellings	Life		225	201
Storage facilities	Life		6	8
Other	Life		244	227

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

e) Agreement of custodianship

1. Unsurveyed land - Area of unsurveyed land cannot be determined as the land has not been surveyed in order to have an area (extent) calculated. The only known variable is the number of properties to be surveyed. The estimated time of completion of the process of surveying is managed by the Office of the Surveyor General (SG). The Province proactively appointed land surveyors to survey provincial state domestic functions (e.g. schools, colleges, etc.). The approval of the diagrams resides with the SG Office. Due to survey challenges (e.g. old order rights) of underlying land in the former homelands, the survey process in areas of underlying quitrents cannot be implemented (Caveat against diagrams with underlying quitrents diagrams cannot be used for registration purposes). Diagram only valid for to confirm the exact extent of the land and to issue an item 28 (1) certificate where applicable.
2. Properties from departments of Education and Health are in the process of being verified and have therefore not been included in the Table above
3. Duration of use is perpetual for all Immovable Assets.
4. Estimated Completion Date : The department commenced with the 5 year survey plan in the 2020/21 Financial Year.

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
30. Principal-agent arrangements			
30.1 Department acting as the principal			
South African Post Office (SAPO)		734	934

The Department uses SAPO as an implementing agent for the facilitation of the payment of EPWP beneficiaries. The Department entered into this agreement to ensure that service delivery does take place and to circumvent capacity constraints. There are no resources under the custodian of the agent in the 2022/23 financial year.

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022

30. Principal-agent arrangements (continued)

30.2 Department acting as the agent

30.2.1 Revenue received for agency activities

Nature of the activities for principals

a) The Department is acting as an agent for the National Department of Basic Education for the ASIDI Schools Projects and the Eastern Cape Department of Education to address the back-log in the eradication of inappropriate school structures and in the provision of basic services to schools that do not have such services. The Department is also an agent in an agreement with the Eastern Cape Department of Health where the responsibility is to deliver both Capital and Maintenance Infrastructure projects.

b) Apart for the expertise provided, the Department has entered into these agreements to ensure that service delivery does take place and to circumvent capacity constraints

The ultimate beneficiaries of the agreements are the SMME's, consultants and communities. The projects are, where possible assist with job creation in the local communities.

c) In terms of the agreements with the above, the Department charges management fee of 1.5% to Department of Basic Education (ASIDI). The Department of Education (IDA) and the Department of Health do not pay a management fee.

30.2.2 Reconciliation of funds and disbursements - 2022/2023

Figures in Rand thousand Category of revenue or expenditure per arrangement	Total funds received	Expenditure incurred against funds
Eastern Cape Department of Education (IDA)	539,178	517,871
Eastern Cape Department of Health	213,048	198,653
Total	**752,226**	**716,524**

Reconciliation of funds and disbursements - 2021/2022

Figures in Rand thousand Category of revenue or expenditure per arrangement	Total funds received	Expenditure incurred against funds
Eastern Cape Department of Education (IDA)	520,143	495,193
Eastern Cape Department of Health (Covid 19)	143,547	121,393
Eastern Cape Department of Health	8,443	12,180
Total	**672,133**	**628,766**

The balance of receivables/ payables is disclosed as part of the interdepartmental receivables and payables annexures.

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022

30.2.3 Reconciliation of carrying amount of receivables and payables - 2022/2023

Receivables

Figures in Rand thousand Name of principal entity	Opening balance 01 April 2022	Less: Write-offs/ settlements/ waivers
Eastern Cape Department of Health (Covid-19 projects)	7,083	(7,083)

Payables

30. Principal-agent arrangements (continued)

Name of principal entity	Opening balance 01 April 2022	Expenses incurred on behalf of the principal	Closing balance 31 March 2023
National Department of Education	(1,403)	-	(1,403)
Eastern Cape Department of Education	(25,192)	(21,307)	(46,499)
Eastern Cape Department of Health	-	(7,313)	(7,313)
Total	**(26,595)**	**(28,620)**	**(55,215)**

30.2.4 Reconciliation of carrying amount of receivables and payables - 2021/2022

Receivables

Figures in Rand thousand Name of principal entity	Opening balance 01 April 2021	Less: Write-offs/ settlements/ waivers	Closing balance 31 March 2022
Eastern Cape Department of Health (Covid-19 projects)	26,843	(19,760)	7,083

Payables

Figures in Rand thousandName of principal entity	Opening balance 01 April 2021	Expenses incurred on behalf of the principal	Closing balance 31 March 2022
National Department of Education (ASIDI)	(1,403)	-	(1,403)
Eastern Cape Department of Education	(242)	(24,950)	(25,192)
Total	**(1,645)**	**(24,950)**	**(26,595)**

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022

31. Prior period errors

31.1 Correction of prior period errors

Figures in Rand thousand	Note	Amount before error correction	2021/2022 Prior period error	Restated amount
Assets: (e.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)				
Movable Assets	27	87,436	3,419	90,855
Movable Assets	27.2	23,375	1,186	24,561
Immovable tangible assets	29.1	8,571,069	(2,353)	8,568,716
Net effect		**8,681,880**	**2,252**	**8,684,132**

The immovable tangible asset error was due to capital work-in-progress that was erroneously capitalised. Movable and Minor Asset error is due to Telecommunication Assets that were purchased and not included in the Asset Register in previous year.

Figures in Rand thousand	Note	Amount before error correction	2021/2022 Prior period error	Restated amount
Other: (e.g. Unauthorised expenditure, Irregular expenditure,fruitless and wasteful expenditure, etc)				
Irregular expenditure	21	983,547	(6,007)	977,540
Capital Work In Progress	29.2	199,662	7,581	207,243
Net effect		**1,183,209**	**1,574**	**1,184,783**

Irregular expenditure error is for correction of balance after further investigation and found invalid to be regarded as irregular expenditure.

Capital Work In Progress Error

1. Prior period error: Chungwa House: The error relates to a misallocation of expenditure which related to Chungwa House partitioning of offices, due to the limit of letters when capturing expenditure in the expenditure system. The department continued to capture an old project name/ description (Chungwa House General Renovation Upgrade) which is a project that was already completed in 2020 and Chungwa House Partitioning of Offices was never captured and this is a project which is still under construction. This misallocation resulted to an amount of R2 613 385 being capitalised as it was believed to belong to Chungwa House General which is a completed project.
2. Error relating to 2021/22: Rotating Structure: An amount of R4 968 626 was spend on purchase, supply and delivery of rotating structures. These should be recorded as Work in Progress as opposed to noting them as a narrative as these cannot be recorded to the asset Register mainly because they are not linked to any facility but rather will be moved around to different locations where there is lack of capacity.

Figures in Rand thousand

32. Statement of conditional grants received

Figures in Rand thousand	Grant allocation			Spent			2021/2022	
Name of grant	Division of Revenue Act/ Provincial Grants	Total Available	Amount received by department	Amount spent by department	Under / (Overspending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department
EPWP Incentive Grant	13,502	13,502	13,502	13,501	1	100 %	10,272	10,272
	13,502	**13,502**	**13,502**	**13,501**	**1**		**10,272**	**10,272**

The Department certifies that all transfers in terms of this Act were deposited into the primary bank account of the province.

33. Broad based black economic empowerment performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

34. COVID 19 Response Expenditure

Goods services	-	5,441

6.2.9 Annexures to the Annual Financial Statements

Annexure 1G

Statement of transfers to households

Figures in Rand thousand	Transfer Allocation			Expenditure			2021/2022
	Adjusted budget	Adjustments	Total available	Actual transfer	% of Available funds transferred	Final budget	Actual transfer
Households							
Transfers							
Employee leave gratuities	10,637	2,127	12,764	12,632	99 %	20,115	20,115
Bursaries (Non Employees)	10,799	(2,127)	8,672	8,672	100 %	9,073	9,073
	21,436	**-**	**21,436**	**21,304**		**29,188**	**29,188**

Annexures to the Annual Financial Statements

Annexure 1K

Statement of actual monthly expenditure per grant

Grant type	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Figures in Rand thousand	2022	2022	2022	2022	2022	2022	2022	2022	2022	2023	2023	2023	Total
EPWP Incentive Grant	-	969	942	943	915	-	2,026	1,327	1,645	1,636	1,586	1,512	13,501

Annexures to the Annual Financial Statements

Annexure 3B

Statement of contingent liabilities as at 31 March 2023

Figures in Rand thousand	Opening balance 01-Apr-22	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Closing balance 31-Mar-23
Nature of liabilities				
Claims against the department				
Legal fees	274,233	38,803	114,645	198,391
Subtotal	**274,233**	**38,803**	**114,645**	**198,391**
Other				
Camping allowance	489	-	-	489
Transfer to Municipalities: Rates & Taxes services	54,470	35,921	-	90,391
Pending investigations-ASIDI payments	5,281	-	-	5,281
Lease rentals	4,171	6	-	4,177
Subtotal	**64,411**	**35,927**	**-**	**100,338**
Total	**338,644**	**74,730**	**114,645**	**298,729**

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

Annexure 4

Claims recoverable

Government entity balance	Confirmed outstanding		Unconfirmed balance outstanding		Total	
Figures in Rand thousand	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
Department						
National Department of Higher Education	-	-	279	1,174	279	1,174
National Department of Public Works and Infrastructure	-	-	11	45	11	45
Eastern Cape Department of Education	-	-	11,986	5,789	11,986	5,789
National Correctional Services	-	-	44	20	44	20
Eastern Cape Department of Health (Covid-19 projects	-	7,083	-	-	-	7,083
National Infrastructure Development	-	-	-	57	-	57
Eastern Cape Department of Health (Other)	-	-	323	1,354	323	1,354
Eastern Cape Department of Transport	23	-	-	10	23	10
Free State - Department of Public Works	-	-	6	6	6	6
Eastern Cape Provincial Treasury	-	-	38	-	38	-
South African Police Service	-	-	68	68	68	68
Subtotal	**23**	**7,083**	**12,755**	**8,523**	**12,778**	**15,606**
Other government entities						
Eastern Cape Rural Development Agency	-	51	-	-	-	51
Total	**23**	**7,134**	**12,755**	**8,523**	**12,778**	**15,657**

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

Annexure 6

Inventories

Inventory for the year ended 31 March 2023

Figures in Rand thousand	Note	Materials and supplies	Total
Opening balance		383	383
Add: Additions/Purchases - Cash		5,540	5,540
(Less): Issues		(5,560)	(5,560)
Closing balance		**363**	**363**

Inventory for the year ended 31 March 2022

Figures in Rand thousand	Note	Materials and supplies	Total
Opening balance		383	383
Add: Additions/Purchases - Cash		5,208	5,208
(Less): Disposals		(5,208)	(5,208)
Closing balance		**383**	**383**

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

Annexure 7

Movement in capital work-in-progress

Movement in capital-work-in progress for the year ended 31 March 2023

Figures in Rand thousand	Opening balance	Current year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
Buildings and other fixed structures				
Non-residential buildings	207,242	125,288	92,328	240,202

Movement in capital work-in-progress

Movement in capital-work-in progress for the year ended 31 March 2022

Figures in Rand thousand	Opening balance	Prior Period	Current year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
Buildings and other fixed structures					
Non-residential buildings	401,683	2,612	175,638	372,691	207,242

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

Annexure 8B

Inter-entity advances received (note 12)

Entity balance	Unconfirmed outstanding		Total	
Figures in Rand thousand	2022/2023	2021/2022	2022/2023	2021/2022
National departments				
Current				
National Department of Education (ASIDI)	1,403	1,403	1,403	1,403
Subtotal	**1,403**	**1,403**	**1,403**	**1,403**
Provincial departments				
Current				
Eastern Cape Department of Education (IDA)	46,499	25,193	46,499	25,193
Eastrn Cape Department of Health	7,313	-	7,313	-
Subtotal	**53,812**	**25,193**	**53,812**	**25,193**
Total	**55,215**	**26,596**	**55,215**	**26,596**
Current	55,215	26,596	55,215	26,596
Non-current	-	-	-	-

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

Annexure 9

Additional information on immovable assets

The immovable assets of the Department and its User Departments are recorded in the provincial immovable asset register and management system – Logica. The immovable assets are classified to distinguish between various levels of registration. Properties registered in the name of the Province; properties confirmed vested in terms of Item 28(1) or Section 239 of the Constitution and former state-aided Model C Schools constitute Legal Title as per National Treasury guidelines and is therefore recorded in the financial statements of the Department.

Excluded from this disclosure are provincial deemed-owned immovable fixed assets that fall outside the definition of Legal Title as per the Sector Guide on Accounting of Immovable Assets. These assets include provincial properties not yet confirmed vested in terms of Item 28(1) to Schedule 6 of the Constitution and registered in the name of the Province of the Eastern Cape. As the GIAMA processes unfold these assets will eventually be “uplifted” into the definition of Legal Title and be included in the audited asset register for financial disclosure purposes.

FIXED ASSET RECORDING TYPE	NUMBER
AUDIT ASSETS (legal title)	6,514
UNAUDITED ASSETS (deemed provincial assets)	6,950
	13,464

The number of immovable assets controlled by the Department of Public Works and Infrastructure in terms of Act 7 of 2000 and subsequently recorded in Logica as unaudited on the 31 March 2023 was **6 950** (inclusive of State Domestic Functions on municipal land, national land and land of parastatal institutions).

The surveying of provincial state-domestic functions (SDFs) on unsurveyed communal land in the former Transkei and Ciskei remains a challenge. The department has identified **926** SDFs still to be surveyed in order to obtain Legal Title.

A total of **3 506** properties were recorded as unregistered state land (no Title Deed issued) in the asset register.

The recorded figures exclude township establishment related assets under the custodianship of the Department of Human Settlements (e.g. RDP-houses and public open spaces in townships).

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

LAND USE FUNCTION / FACILITY	NUMBER OF FIXED ASSETS
Agricultural Land (grazing, cultivation and irrigation fields)	26
Agricultural Research Stations and Experimental Farms	29
Care Centers and Old Age Homes	11
Cemeteries	22
Churches	2
Clinics	624
Colleges	9
Crèches	35
Education related facilities (schools sport grounds, school hostels, etc.)	54
Forestry (incl. plantations)	-
Halls (incl. community halls)	5
Health related facilities (hostels for health staff, mortuaries, etc.)	1
Hospitals	107
Libraries	62
Museums	15
Nature reserves and protected areas (incl. botanical gardens)	147
Office Buildings	153
Parking Facilities	7
Recreation (incl. opera house, caravan park, golf course, swimming pool, public open space and	24
Road Camps	56
Road Reserves	67
Residential (formal dwellings)	486
Residential (informal settlements)	8
Residential (traditional rural villages)	18
Retail (formal and informal business premises)	12
Schools (school buildings only)	4,329
Storage Facilities (incl. depots, warehouses, stores, sheds, silos, etc.)	41
Vacant Buildings / Facilities	13
Vacant Land	480
Miscellaneous (land uses not covered above)	107
	6,950

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

The Department only has one user agreement in the form of a caretaker agreement with National Public Works for **28** houses in King William's Town. No other written agreements are in place with our Department. In the past User Departments obtained reservation certificates or permission to occupy certificates for schools and clinics where such SDFs are located on communal land. These reservation certificates are now being replaced by formal survey diagrams and eventually state titles.

In addition to the above the Department identified **1 383** provincial state domestic functions (SDFs) located on other public land, i.e. municipal land. The location of schools and clinics and other SDFs on municipal land is a result of historic transfers due to apartheid town planning (i.e. Proclamation R293/1962 townships) and the legacy of the homeland border industrial towns and labour practices. These assets on municipal land are managed by non-official agreements of use and will eventually be transferred back to the Province after proper township establishment and/or land administration processes are completed.

Eastern Cape Department of Public Works and Infrastructure

(Vote number Vote 5)

Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

Annexure 11

COVID 19 response expenditure

Figures in Rand thousand	2021/2022
Expenditure per economic classification	Total
Goods services	
Consumable supplies	104
Property payments	468
Travel & subsistence	4,869
	5,441

Vision

"Leader in provincial infrastructure delivery, co-ordination and socio-economic investment"

Mission

"A custodian of provincial government immovable assets and a coordinator and provider of sustainable infrastructure resulting in socio-economic transformation and development"

Values

Commitment // Integrity // Accountability
Professionalism // Service excellence
Transparency // Innovation // Fairness

Qhasana Building, Independence Avenue, Bhisho - Eastern Cape m - Private Bag X0022 - Bhisho-5605-REPUBLIC OF SOUTH AFRICA

CUSTOMER CARE: TEL: 0800 864 951
SWITCHBOARD: TEL: 040 602 4000
PRESIDENTIAL HOTLINE TEL: 17737
E-mail: info@ecdpw.gov.za
Web: www.ecdpw.gov.za

PR: 161 /2023
ISBN: 978-0-621-51255-7