



ANNUAL REPORT 2023-24

INDEPENDENT DEVELOPMENT TRUST

YOUR PARTNER IN DEVELOPMENT



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



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PART A: GENERAL INFORMATION



1. PUBLIC ENTITY'S GENERAL INFORMATION

External Auditor's Information

REGISTERED NAME	INDEPENDENT DEVELOPMENT TRUST	PHYSICAL ADDRESS	AUDITOR-GENERAL OF SOUTH AFRICA 4 DAVENTRY STREET, LYNNWOOD BRIDGE OFFICE PARK LYNNWOOD MANOR PRETORIA, SA
REGISTRATION NUMBER	669/91 (TRUST PROPERTY CONTROL ACT [NO. 57 OF 1988])		
PHYSICAL ADDRESS	GLENWOOD OFFICE PARK CORNER OBERON & SPRITE STREETS FAERIE GLEN PRETORIA 0043		
POSTAL ADDRESS OF HEAD OFFICE	PO BOX 73000 LYNNWOOD RIDGE 0040	POSTAL ADDRESS	PO BOX 446 PRETORIA 0001
TELEPHONE NUMBER/S	+27 12 845-2000	TELEPHONE	012-426-8000
EMAIL ADDRESS	INFO@IDT.ORG.ZA	WEBSITE	WWW.AGSA.CO.ZA
WEBSITE ADDRESS	WWW.IDT.ORG.ZA	BANKERS INFORMATION	ABSA - CORPORATE, LOURIE PLACE HILLCREST OFFICE PARK 177 DYER ROAD HILLCREST 0083
COMPANY SECRETARY	MS MASESI KOTO		

2. LIST OF ABBREVIATIONS AND ACRONYMS

AA	Accounting Authority	HRP	Human Resources Plan
ABTs	Alternative Building Technologies	IDT	Independent Development Trust
AFS	Annual Financial Statement	ICT	Information and Communications Technology
AGSA	Auditor General of South Africa	IT	Information Technology
APP	Annual Performance Plan	KZN	KwaZulu-Natal
ARCO	Audit and Risk Committee	LP	Limpopo
ASIDI	Accelerated School Infrastructure Delivery Initiative	MANCO	Management Committee
BAC	Bid Adjudication Committee	M&E	Monitoring and Evaluation
BBBEE	Broad-Based Black Economic Empowerment	M&E+R	Monitoring, Evaluation, and Reporting
BEC	Bid Evaluation Committee	MINMEC	Minister and Members of Executive Council
CBE	Council for the Built Environment	MP	Mpumalanga
Cidb	Construction Industry Development Board	MTEF	Medium-Term Expenditure Framework
CBO	Community-Based Organisation	MTERF	Medium-Term Expenditure and Revenue Framework
CDP	Contractor Development Programme	NC	Northern Cape
CEO	Chief Executive Officer	NDP	National Development Plan: Vision 2030.
CFO	Chief Financial Officer	NGO	Non-Governmental Organisation
CSIR	Council for Scientific and Industrial Research	NPO	Non-Profit Organisation
CSO	Civil Society Organisation	NW	North West
CSU	Corporate Services Unit	NSS	Non-State Sector
DBE	Department of Basic Education	OCEO	Office of the Chief Executive Officer
DG	Director-General	OD	Organisational Development
DOE	Department of Education	PFMA	Public Finance Management Act (PFMA) (Act 1 of 1999), as amended
DOEL	Department of Employment and Labour	PIA	Programme Implementation Administration
DPWI	(National) Department of Public Works and Infrastructure	PIAA	Programme Implementation Agency Agreement
EA	Executive Authority	PICC	Presidential Infrastructure Coordinating Commission
EC	Eastern Cape	PIM	Programme Implementation Manager
ECD	Early Childhood Development	PCPWI	Portfolio Committee on Public Works and Infrastructure
ECDC	Early Childhood Development Centre	PPPFA	Preferential Procurement Policy Framework Act (No. 5 of 2000)
EE	Employment Equity	PM	Programme Manager
EEP	Employment Equity Plan	PMSU	Programme Management Services Unit
EPWP	Expanded Public Works Programme	RMC	Risk Management Committee
EPWP: NSS	Expanded Public Works Programme: Non-State Sector	SIP	Strategic Infrastructure Programme
EXCO	Executive Committee	SMME	Small, Medium, and Micro Enterprise
FinCom	Finance Committee	SONA	State of the Nation Address
FS	Free State	WC	Western Cape
FSU	Financial Services Unit		
GP	Gauteng Province-		
HCS	Human Capital Strategy		

3. FOREWORD BY THE EXECUTIVE AUTHORITY



Honourable. Sihle Zikalala, MP
MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE

The performance of the Independent Development Trust (IDT), as presented in its annual report, remains a serious concern for the Department of Public Works and Infrastructure. The agency is intended to be a key player in the provision of social infrastructure, yet it has been plagued by serious allegations of corruption and mismanagement—issues I am determined to confront directly.

This is especially important as we work towards our vision of turning South Africa into a construction site—an initiative that will drive economic growth and job creation.

The IDT has a critical role to play in realising this vision, particularly through its involvement in the construction of schools, police stations, and other social infrastructure. However, the agency's reputation has, for far too long, been tarnished by allegations of abuse and impunity. These concerns were already prominent when I assumed office and remain issues I am committed to resolving with urgency.

The delayed qualified audit outcome, as determined by the Auditor-General of South Africa and presented in this report, paints a troubling picture of auditing practices within the entity. There has been a failure to maintain accurate information on payments, as well as the incorrect recognition of fees and funds. This is deeply concerning, as it suggests that the audit statement may not provide an accurate reflection of the entity's financial position.

Since my appointment as Minister of Public Works and Infrastructure, we have taken decisive action to improve transparency and accountability at the agency. For the first time in over a year and a half, a fully quorate board has been appointed, which is now empowered to elect a chairperson and ensure proper oversight. Furthermore, we have initiated an independent investigation by PwC into the now-cancelled R800 million Oxygen Tender, in order to uncover the facts and hold those responsible to account.

I eagerly await the conclusion of this investigation and will urge the board to implement its recommendations without delay. As the Department of Public Works and Infrastructure, we are also committed to ensuring accountability and transparency by, among other measures, working with law

enforcement agencies to pursue criminal prosecutions where allegations of wrongdoing are substantiated.

Despite various disinformation campaigns and the use of artificially generated voice notes aimed at discrediting our efforts to clean up the agency, we remain fully committed to restoring the IDT to its rightful role as a provider of social infrastructure in South Africa. If we are to succeed in our vision of a country under construction, it is essential that every entity under the Department of Public Works and Infrastructure is financially sound and compliant with South African legislation—this is the first step towards the effective delivery of infrastructure.

I look forward to working with the board in the coming months as we seek to improve auditing practices at the IDT, strengthen accountability mechanisms, and enhance transparency. I believe that since my appointment in July 2025, we have already made strides in steering the IDT towards greater stability, and we will continue to implement interventions that support the clean-up and rebuilding of the agency. By working in partnership with our colleagues across government, we are building a stronger and more effective IDT.

Honourable. Sihle Zikalala, MP
MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE

4. FOREWORD BY THE CHAIRPERSON OF THE BOARD



Adv. Kwazi Mshengu

CHAIRPERSON: BOARD OF TRUSTEES

The foregoing financial year has been a period of great achievement for the IDT, and I am pleased to write these words of introduction to its annual report. This report reflects progress made by the entity in implementing its strategy as determined by the board during the reporting period. In doing so, we remained mindful of the fact that to be relevant and impactful, we need to deliver infrastructure on time, within budget and to the right quality. Our commitment to this goal is attested to by the two awards we received during the reporting period. The first award, at the annual conference of the National Federation for the Building Industry, was for

excellence in empowering previously disadvantaged groups in construction while the second one at the inaugural Built Environment Recognition Awards was for delivering infrastructure on time. We are heartened by these awards, for, they show that the IDT is a significant player in the infrastructure delivery value chain of the state.

Our efforts to bring stability to the IDT and turn it into a Fit for Purpose entity gathered momentum when a critical milestone was reached in the reconfiguration process, namely, the appointment by the Presidential State-Owned Enterprises Council of experts to work on an appropriate legal form and shape for the IDT. The conclusion of the reconfiguration process will go a long way towards enabling the IDT to continue to contribute to reducing the huge infrastructure backlogs in the country. One of the key challenges faced by the board when it assumed office was that critical technical

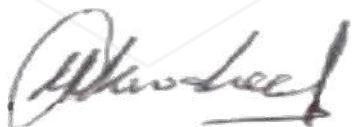
staff had left, creating more gaps in the entity's performance. I am pleased to note that there has since been a reversal in this trajectory as more suitably qualified technical staff have joined the IDT in the past two years. This augurs well for the entity as it makes it possible for it to discharge its mandate and deliver infrastructure that meets customer expectations. More clients have shown a willingness to work with the IDT as an Implementing Agent. As a result of these efforts, the size of the portfolio had grown to over R9bn while programme expenditure increased to levels last seen in the 2015/16 and 2018/19 financial years respectively. Improving the entity's image is uppermost in our minds as we rebuild the IDT brand; as such, we believe that measuring

customer satisfaction levels enables us to identify their needs and expectations, address problems on time, and give practical effect to our client-centric culture. As the financial year drew to a close, the entity was finalising plans for yet another iteration of an annual client satisfaction survey. Preliminary results are consistent with the high levels of customer satisfaction recorded in the 2022/23 survey.

The board is also pleased with improvements in audit outcomes for the two previous financial years, especially given the fact that the entity had audit disclaimers for five consecutive years prior to the 2021/22 financial year. We are fully aware that these are not ideal outcomes and management is working hard to ensure that we obtain an unqualified audit outcome for the 2023/24 financial year.

Five Trustees resigned from the board during the reporting period, prompting the Executive Authority to make two new appointments, including myself as Chairperson, to the board. Since I joined the board in the third quarter of the financial year, much has been done by management and the board to ensure that the entity continues to function optimally. Policies have been revised and approved, while other instruments such as strategic risks have been mapped out and approved as well. Although the entity's portfolio has grown to its highest level in eight years, the IDT will still need support in the form of a steady project pipeline from the Shareholder. And commendable efforts have been made with the allocation of a sizable portfolio of projects by the shareholder during the reporting period.

The performance of the entity in the delivery of infrastructure also improved during the reporting period, with more infrastructure units either completed, refurbished, or rehabilitated. This will broaden access to social infrastructure to include those who need it the most. We also created a record number of jobs through the mass employment programmes, play an important role in ensuring that those without high-level skills can participate in the labour market as well. The delivery of social infrastructure also contributes to the revival of the construction industry, which is one of the critical goals of the Economic Reconstruction and Recovery Plan announced by the President in October 2020. I wish to thank members of the IDT board, its management, staff, Minister and Deputy Minister for working tirelessly to address the challenges faced by the entity during the reporting period. I hope that in the next financial year and beyond, the board I lead will receive all the necessary support from staff and the shareholder to ensure that the IDT delivers on its value proposition and lives up to its brand promise: Assured efficient infrastructure delivery!



Adv. Kwazi Mshengu

CHAIRPERSON: BOARD OF TRUSTEES

4. FOREWORD BY THE CHAIRPERSON OF THE BOARD



Ms. T Malaka

CHIEF EXECUTIVE OFFICER

The performance of the IDT as reflected in this report illustrates the efforts made toward becoming a self-sustainable, fit-for-purpose entity.

Financial Overview

During the reporting period, there was some improvement in the entity's financial state of health. As a result of extensive business generation activities, the portfolio size exceeded R9 bn, while programme expenditure, exceeded R4.19bn - levels of expenditure last seen in the 2018/19 financial year. Although this is significant in comparison to previous years,

the achievement falls short of our programme expenditure target for the financial year. This is because of budget cuts that followed the introduction of austerity measures across government during the third quarter of the financial year.

However, despite the growing size of the entity's portfolio and the resultant levels of programme expenditure, the entity still required a capital injection by the Shareholder representative to fund operational costs. Of greater significance in this regard was the allocation by the Shareholder representative, of a project portfolio valued at more than R400 million. Although there is still a need for more project allocations, this shows rising levels in the IDT by the Department of Public Works and Infrastructure. This investment will enable the entity to break even financially.

Supply Chain Management: as an implementing agent, most IDT activities revolve around Supply Chain Management. Thus, a responsive, seamless, and agile SCM process is critical for quick turnaround times in the delivery of infrastructure. During the reporting period, the entity, through its SCM unit, redoubled its efforts to empower previously disadvantaged groups by awarding more tenders to and increasing expenditure on designated groups such as women, youth and people living with disabilities. This will enable the IDT to contribute meaningfully to transforming the built environment by creating opportunities for these individuals to participate in the built environment industry.

Corporate Governance

The reporting period saw the appointment of two new Trustees following the departure of about five members of the board. One of the two new members has been

appointed Chairperson of the board. This will provide stability in the leadership and governance structures of the entity. Several of the initiatives undertaken to strengthen governance include the following:

- The review and update of policies to bring them in line with the latest developments in legislation and other governance prescripts.
- Strengthening the capacity of key delivery units both at head office and in the regions by appointing suitably qualified personnel to ensure optimal delivery of services to our clients. In this respect, the position of Executive Head, Corporate Services was filled while the process to appoint a Chief Financial Officer was concluded as well. The CFO was scheduled to assume duty in the new financial year.
- Continuously implementing our litigation strategy to guide management on the best way to reduce litigation cases.

NAFBI Empowerment Awards

The empowerment of emerging contractors remained uppermost in our minds. In June 2023, the IDT participated in a conference hosted by the National Federation for the Building Industry (NAFBI) conference held under the theme, Aligned for Growth, Transformation, and Delivery. A major outcome of the conference was that the IDT received an empowerment award for being an Enterprise Developer of the Year in honour of the entity's role in promoting and empowering emerging contractors in the construction industry.

Built Environment Recognition Awards: In December 2023, the IDT participated in the inaugural Built Environment Recognition Awards hosted by the Council for the Built Environment (CBE) and the Construction Education and Training Authority (CETA). The awards celebrate excellence in the built environment. The IDT was crowned winner of the category: State-owned entity that implemented infrastructure projects timeously- in recognition of the entity's performance on the two projects that were submitted as part of the IDT's entry, namely: Ngwanakgale and Ngwanalaka Secondary Schools in Limpopo. This bears testimony to our commitment to delivering infrastructure units that meet client expectations.

Audit Outcomes.

Audit outcomes have a significant impact on the brand of any institution and have a bearing on the business allocation decisions by clients. The entity received a qualified audit outcome for the second consecutive year (2022/23). Although the audit outcome was not the unqualified opinion we had hoped for, it was significant in view of the fact that it marked the second year in a row that we had broken the vicious cycle of disclaimers. We continue to strive towards an unqualified opinion for the year under review and beyond. Poor audit outcomes in previous years were also caused by capacity constraints emanating from the departure of many staff members due to uncertainty about the entity's future. This has since been resolved and several vacancies have been filled. Going forward, investments in critical information technology systems for storing and transferring essential supporting documents required for audit purposes will also improve audit outcomes. Similarly, the internal audit unit conducted several critical audits during the year, and this

has provided the necessary assurance on the effectiveness of internal controls in the entity.

Client Satisfaction Survey

Towards the end of the financial year, the entity finalized plans for another iteration of the annual client satisfaction survey. The purpose of the survey was to obtain the views of our clients on their experience of working with the IDT. The survey focused on three dimensions, namely, overall leadership (stakeholder relations, accountability), programme and Project management as well as programme Funds management. At the time of writing, preliminary results confirmed the outcome of the 2023 survey, which showed higher satisfaction levels than anticipated: This is significant as it suggests that the entity's business portfolio is likely to grow some of the clients are likely to allocate more business to the entity and serve as brand ambassadors for the IDT. Some of the concerns raised by the clients include long payment turnaround times and prolonged project completion times. The entity will develop detailed action plans to address the concerns raised by the clients.

Corporate Plans

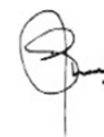
The board approved the 2024/25 corporate plan and submitted it to the Executive Authority and National Treasury and feedback on the plans from the DPWI was incorporated into the plan before it was resubmitted. The corporate plan was duly tabled in parliament and presented to the Portfolio Committee on Public Works and Infrastructure. To give practical effect to the implementation of the 2024/25 corporate plan, management held a planning session which served as a platform to share, interrogate, and refine detailed operational plans for the next financial year.

Reconfiguration of the IDT

The reconfiguration process gathered momentum and a team of experts appointed by the Presidential State-Owned Enterprises Council (PSEC) started working on a detailed assessment of the entity towards the end of the reporting period. Once concluded, the reconfiguration process will provide answers on the appropriate legal shape and form for the IDT.

Future Plans

In the next financial year, the IDT will continue implementing several turnaround initiatives started by the board since it came into office. These include, among others, the conclusion of the reconfiguration process aimed at finding the most suitable corporate form and shape for the IDT, growing the IDT business portfolio, and creating a more agile, responsive IDT. It is my view that a fully capacitated IDT, in whatever form, can continue to play its role in the infrastructure delivery value chain of the state. In conclusion, I wish to thank the Minister, Deputy Minister and Director-General, and staff of the Department of Public Works and Infrastructure for their support. I also wish to thank the IDT Board of Trustees, IDT Management team, and all staff members for their dedication and hard work during a challenging financial year. Our loyal clients also deserve a word of thanks for their continued support and confidence in us. I hope the next financial year will be better for the entity.



Ms. T Malaka

CHIEF EXECUTIVE OFFICER

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

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

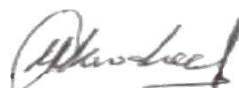
- All information and amounts disclosed throughout the Annual Report are consistent with the annual financial statements audited by the Auditor General.
- The Annual Report is complete, accurate, and is free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on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

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information, and the financial affairs of the IDT for the financial year ended 31 March 2024.

Yours faithfully



Chief Executive Officer
Ms. T Malaka



Chairperson of the Board
Adv Kwazi Mshengul

7. STRATEGIC OVERVIEW

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

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



Mission

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



Vision

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



Brand Promise

Assured efficient infrastructure delivery

Our Approach

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

Strategic Pillars

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

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

Values and Operating Principles

Table 1: Values and Operating Principles

Values	Operating Principles
Thinking like our clients	• Our services are regulatory compliant. • Our client’s value chain is our concern. • We are committed to sustainable development
Continuous active visibility	• We are physically visible on-site. • Continued honest reporting
Commercially minded	• We create value for our clients and shareholders. • We are cost-conscious in delivering services to our clients. • We do more with less
Competitive and collaborative	• We believe in working together with like-minded business partners, including our competitors, for the good of our clients
Innovative and proactive	• We constantly anticipate different scenarios and find solutions for problems before they escalate.
Zero tolerance for corruption	• We conduct our business in a lawful, honest, ethical, and corrupt-free manner • We mean what we say and say what we mean

8. LEGISLATIVE AND OTHER MANDATES

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

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

- Custodianship and management of the national government's immovable assets.
- Leading the Expanded Public Works Programme (EPWP).
- Regulating the industries and associated professions falling under its jurisdiction; and,
- Transforming the construction and property sector.

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

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

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

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

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

- Fostering balanced economic development.
- Unlocking economic opportunities.
- Promoting mineral extraction and beneficiation.
- Promoting job creation; and
- Facilitating the integration of human settlements and economic development.
- The following laws constitute the legal framework governing the work of the IDT:
 - Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
 - Public Finance Management Act, 1999 (Act No. 1 of 1999).
 - Construction Industry Development Board Act, 2000 (Act No. 38 of 2000).
 - Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004).
 - Labour Relations Act, 1995 (Act No. 66 of 1995).
 - Occupational Health and Safety Act, 1993 (Act No. 85 of 1993).
 - Employment Equity Act, 1998 (Act No. 55 of 1998).
 - Pension Funds Act, 1996 (Act No. 24 of 1996).
 - Companies Act, 2009 (Act No. 71 of 2009) as Amended.
 - The Trust Property Control Act, 1988 (Act No. 57 of 1988).
 - Promotion of Administrative Justice Act 2000 (Act No. 3 of 2000).

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

9. ORGANISATIONAL STRUCTURE (NAMES OF INCUMBENTS)

The structure presented in Figure1 reflects top management structure positions as at 31 March 2024

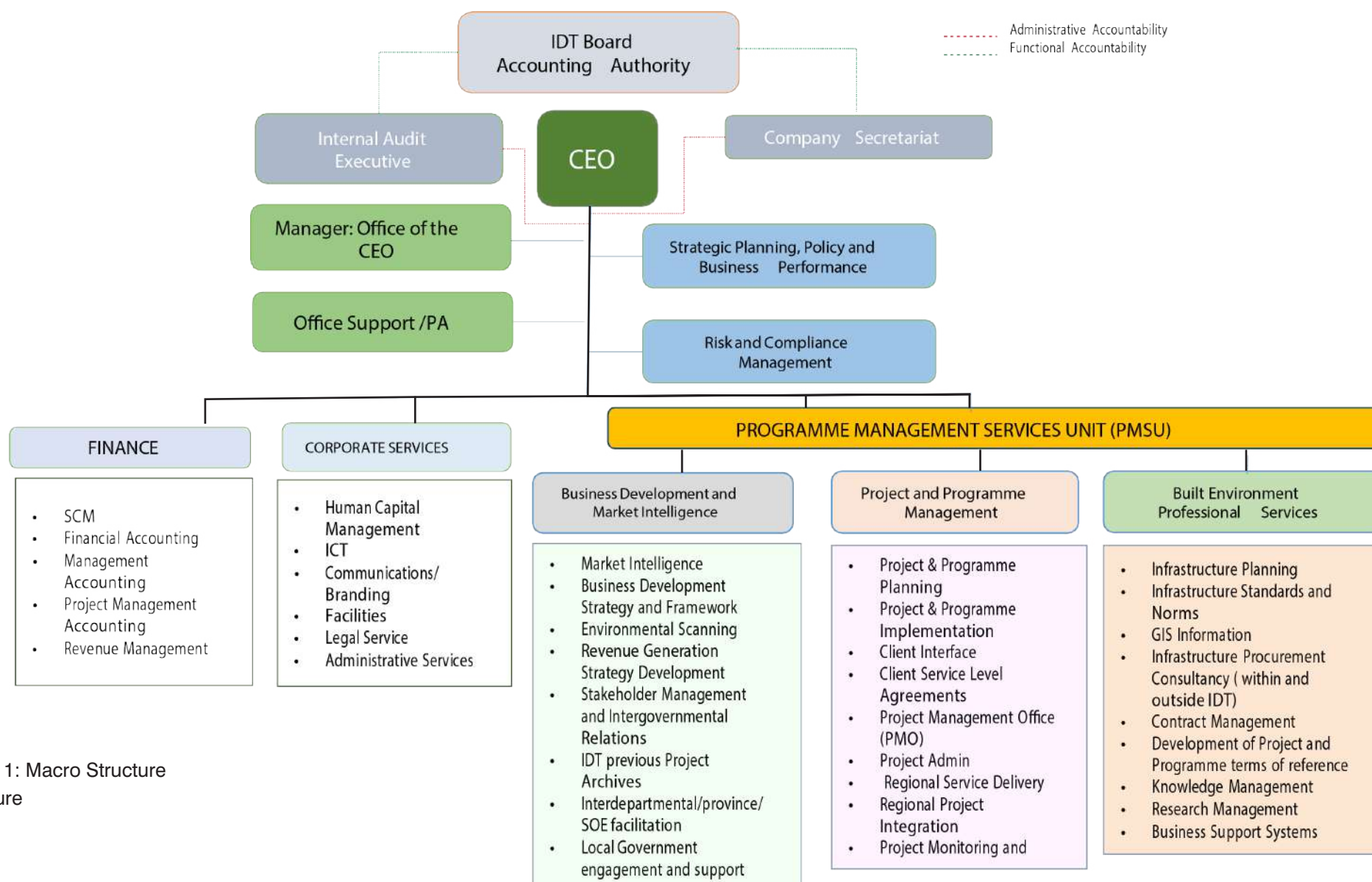


Figure 1: Macro Structure Structure

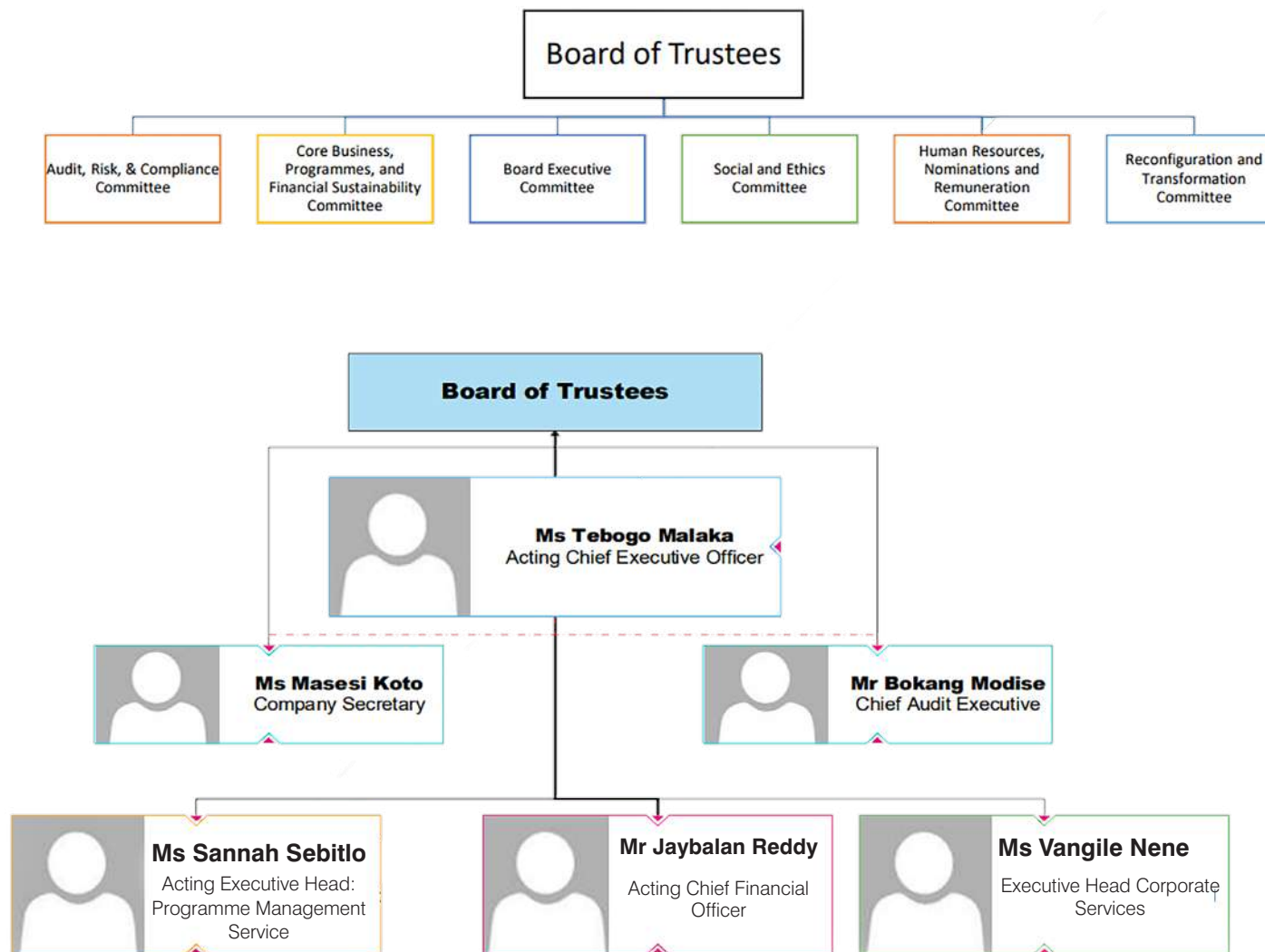


Figure 2: Board and top management structure as at 29 February 2024



PART B: PERFORMANCE INFORMATION



1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page XXXX of the Report in the Auditor's Report, published as Part E: Financial Information.



2. OVERVIEW OF PERFORMANCE

2.1 Service Delivery Environment

The IDT delivers its services in an environment marked by various challenges. Some of the defining features of the service delivery environment for the reporting period include, among others, the following:

- Budget cuts: Austerity measures that were introduced by the National Treasury during the reporting period have contributed to budget cuts and the resultant reduction in capital expenditure by government departments for which the IDT delivers infrastructure. Budget cuts result in the revision of infrastructure plans and delays in project completion, and at times put pressure on the entity to secure a sustainable portfolio of programmes, including an increase in the value of project allocation from the Shareholder representative.
- Higher levels of public debt which gradually limit the scope and ability of the government to increase public investment in economic and social development initiatives.
- Social Infrastructure backlogs: According to Infrastructure South Africa (ISA), as at August 2022, South Africa's school infrastructure backlog, stood at approximately 3 225 schools that either need to be built (new) or refurbished. However, due to limited budgetary allocations, [the] government is only able to build 47 schools a year. At this rate, argues ISA, it will take 68 years to clear the current backlog.

The cumulative impact of these challenges is that they invariably negatively affect the size of the IDT business portfolio, which in turn affects the entity's ability to deliver on its mandate and contribute to the realisation of national priorities.

- Construction sector performance: Infrastructure spending stimulates economic activity and creates jobs. The construction industry has been rebuilding itself slowly after a difficult period that followed the COVID-19 pandemic and a steep decline in construction activity. According to Statistics South Africa, 94 construction companies were shut down in 2022, while compulsory and voluntary liquidations increased by 56 per cent and 29 per cent respectively.
- Slow rate of transformation: Efforts to transform the construction industry have proceeded alongside a reversal in fortunes for emerging contractors. According to the CIDB, during the 2022/23 period, several contractors in levels 7-9 have deregistered, owing to some of the following challenges, namely:
 - Client department's failure to roll out large-scale infrastructure, which has had a negative impact on CIDB- registered companies.
 - Liquidation of some companies due to deteriorating economic conditions.

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

- Demand for localisation of development benefits emphasising local procurement supplies for programmes, e.g., using local suppliers, creation, and extension of job opportunities to local community members first.
- The proliferation of construction sector 'transformation forums' demanding participation in project implementation through subcontracting, leading to disruption of construction project work schedules. According to the Global Initiative Against Transnational Crime, 183 infrastructure construction projects worth more than R63 billion were disrupted by violent mafia-inspired activities in 2019. Although the extent to which IDT infrastructure projects have been affected by mafia activity is yet to be determined, disruptions of construction sites have been linked to the decline in international investment and a mass exodus of skills in the industry.
- Demand for inclusive development approaches, for example, the design of programmes that enhance the role of small contractors, and the participation of women, youth, and people with disabilities.
- The challenge of ensuring that old and new social infrastructure meet the norms and standards to create a conducive service delivery environment for all.
- Within the constraints of the harsh operating environment, the IDT endeavoured to deliver quality social infrastructure to support government development priorities and improve the livelihoods of marginalised communities.

- As part of its contribution to the national development plan, the entity reached some milestones in a few targets during the reporting period. Some of the notable contributions include the followi
 - Achieving R 4.190 billion in programme expenditure; a 26.24% expenditure increase compared to the 2022/23 financial year (R 3.319 billion).
 - Awarding over R2.7465 billion of programme contracts to designated groups (Women, Youth and People with disability).
 - 63 project final accounts approved with 95% completed within budget against an annual performance target of 75% of projects completed within the budget.
 - Completed 12 new or replacement facilities and 105 non- greenfield facilities during the reporting period.

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

2.2 Organisational Environment

The past financial year saw continuous efforts to turn the entity around from both governance and financial sustainability perspectives. Uppermost on the board's list of priorities was to turn the IDT into a compliant, fit-for-purpose and financially viable entity that can meet client expectations. Some of the notable initiatives set in motion by the board include the following:

new and existing clients. New business generated during the reporting period stood at R4.066 bn, bringing the entire business portfolio to R9. 051bn. This is significant as it shows growing confidence by clients in the IDT, especially since the entity's portfolio had shrunk to unsustainable levels in prior years, and in consequence, raised the spectre of the entity's closure.

- Appointment of new staff: During the reporting period, several critical positions were filled in functional areas such as finance, corporate services, and programme management services. Of greater significance was the appointment of the Executive Head of Corporate Services. Following the departure of the Executive Head of Programme Management Services during the year, the entity appointed an active Executive Head who is on secondment from the Municipal Infrastructure Support Agency (MISA) for a period of six months. The appointment of professionally registered built-environment professionals remained uppermost in our minds, and during the reporting period, the entity appointed several professionally registered professionals, who will ensure that the entity delivers infrastructure to the satisfaction of its clients.

2.2.1 Organisational Turnaround and Restructuring

After coming into office in August 2021, the board developed a plan of action to find solutions to some of the entity's teething problems. Notable progress has been made in areas such as resolving performance-related

problems as they relate to some of the projects managed by the entity and attracting suitably qualified personnel to boost the entity's ability to deliver infrastructure that meets client expectations. At the end of the reporting period, a significant milestone had been reached with respect to finding the best institutional shape and form for the IDT as part of the reconfiguration process initiated by the Shareholder (reconfiguration).

Reconfiguration process: Following the entity's appearance before the Presidential State-Owned Enterprises Council (PSEC) towards the 2022/23 financial year, a consultant was appointed to start working on the reconfiguration process in March 2024. The consultant has had several interactions with the IDT senior management as well as the National Treasury team (GTAC) that drafted the IDT business case that was presented to both Cabinet and PSEC in the 2022/23 financial year. The most notable recommendation of the business case is that there is a need for the IDT to continue to exist as an implementing agent, given the country's current infrastructure challenges.

The reconfiguration process is likely to be concluded in the 2024/25 financial year. once concluded, it will determine the best legal shape and form of the IDT.

2.2.2 The Financial State of Health

The entity has witnessed phenomenal growth in both programme portfolio and programme expenditure. This indicates a positive move towards financial sustainability. Programme expenditure for the year under review shows a positive trend and is the highest since the 2018/19 financial year when trading conditions were relatively stable and before the onset of Covid-19 and its impact on infrastructure delivery.

Despite these improvements, however, the level of programme portfolio and expenditure remains lower than the required growth to attain the financial breakeven point.

2.2.3 Audit Outcomes and Action Plan

The entity received a qualified audit outcome for the 2022/23 financial year. A detailed audit action plan was developed to address the root causes of the negative audit outcome. Most of the action plan targets were met at the end of the reporting period. Implementation of the action plan is an ongoing process that will continue into the next financial year.

2.2.4 Stakeholder Engagement

Stakeholder management is the bedrock of client satisfaction and retention. Acutely aware of this truism, the board instructed management to develop a stakeholder management strategy, which has been implemented since its approval in the 2022/23 financial year. The strategy enables the IDT to

engage, manage, and actively communicate with its stakeholders throughout the project lifecycle. This will allow the entity to identify and analyse stakeholder needs and expectations and address them on time. Of greater significance is that through these engagements, the entity has been able to restore working relations and unlock business opportunities even with clients who had previously decided not to work with the IDT. unlock business opportunities.

New potential clients expressed their willingness to work with the IDT as an Implementing Agent and concluded programme delivery agreements with new clients, turning identified business opportunities into a measurable programme portfolio.

Towards the end of the reporting period, the entity has finalised plans for yet another iteration of a client satisfaction survey. Preliminary results suggest that levels of client satisfaction with IDT services continue to be high, with more than 70 per cent of participants reporting that they were satisfied with the quality of service they received from the IDT and almost 90 per cent said they would work with the IDT in future. The positive outcome of the survey is similar to those of the 2022/23 client satisfaction survey and reflects the turnaround measures put together by management and the board to ensure that the entity reclaims its place as one of the premier Implementing Agents in the country.

2.2.5 Litigation

The construction industry is highly litigious. As a result, the IDT has several (63 including 8 dormant) legal claims for and against it, emanating from matters related to programme delivery. The entity initiated a legal process to dismiss dormant claims due to a lack of prosecution by the parties that instituted the claims. To curb the flurry of litigation, the IDT introduced a new contracting model during the 2018/19 financial year. The contracting model distributes risk proportionally between the IDT and clients with performance obligations on all parties.

However, some client departments continued to delay the transfer of programme funds to the IDT. This remained a major concern during the period under review as it increased the risk of litigation and damage to the entity's reputation. Several client departments have adopted the practice of requiring the service providers' invoices to be submitted directly to them before transferring funds. This has negatively affected payment turn-around times, negatively affecting the service providers' cash flow, especially small, emerging contractors who can hardly afford payment delays.

The board and management have been working on strategies to reduce the number of litigation cases against the IDT. These include measures to facilitate the settlement of disputes with the support of the State Attorney's Office in resolving litigation matters, which threaten the existence of the entity and small contractors.

2.2.6 Resolving Problematic Projects

As part of the new strategic intent to build a client-centric IDT, management has developed plans to resolve problematic projects that have remained incomplete for years. And here, too, significant strides have been made, and regular interaction with the clients to resolve these issues has yielded positive outcomes in the form of renewed confidence in the IDT.

2.2.7 Corporate Governance

Corporate Governance refers to the rules, practices, and processes through which to govern an organisation. Five trustees resigned from the board during the reporting period, and two members joined soon after. This ensured that there was continuity at the leadership and governance level(s). One of the two new trustees was appointed chairperson of the board. The Board, as part of its oversight role, provided the necessary leadership to ensure that the entity strengthens good governance practices in line with the relevant prescripts: The Deed of Trust, the Shareholder's Compact, and the underlying corporate values. Key instruments such as policies were updated while detailed audit action plans were developed and implemented to address issues emanating from the audit process undertaken in the previous financial year.

2.3 Key Policy Developments and Legislative Changes

The most notable policy development, which has positively impacted the IDT, during the reporting period, was the appointment by the Presidential State-Owned

Enterprises Council, of experts to work on the reconfiguration of the IDT. This followed the completion by National Treasury's Government Technical Advisory Centre (GTAC), of a Business Case that was presented to the Cabinet and the PSEC in the 2022/23 financial year. This is part of the reconfiguration process aimed at finding the most suitable legal shape and form for the IDT.

3. PROGRESS TOWARDS ACHIEVEMENT INSTITUTIONAL IMPACT AND OUTCOMES

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

3.1 IDT Impact Statement

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

3.2 Outcomes

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

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

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

3.2.1 Programme 1: Integrated Service Delivery

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

- To deliver quality social infrastructure on time, within budget and scope.
- To employ a developmental approach in the delivery of development programmes on behalf of [the] government to strengthen community ownership and social cohesion; and,
- To manage public employment programmes on behalf of [the] government to strengthen job creation efforts.

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

3.2.2 Programme 2: An Effective and Efficient Administration

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

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

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

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

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



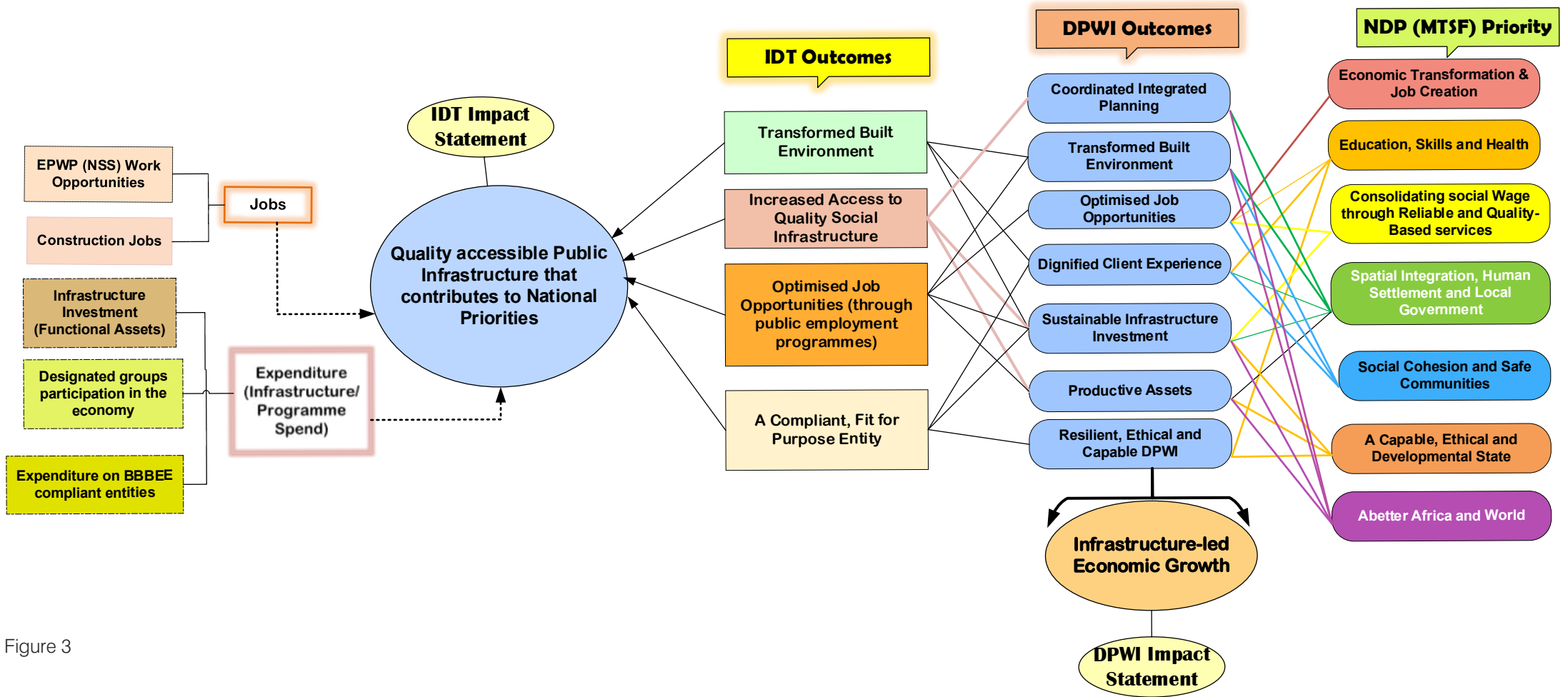


Figure 3

4. INSTITUTIONAL PROGRAMME
PERFORMANCE INFORMATION

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

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

- viii) Organisational culture – The IDT has developed and implemented an appropriate organisational culture that is client-centric and conducive to achieving excellent results (high-performance culture).
- ix) Quality of personnel – The IDT can attract and retain the right and required skills when and where they are needed. This includes additional technical resources required to drive business development and implementation of projects.
- x) The entity will have sufficient resources to manage infrastructure procurement to ensure that projects are fast-tracked to on-site implementation to contribute toward the entity’s cash position and manage the cost of infrastructure delivery.
- xi) The turnaround measures that require funding would be adequately resourced. It is also assumed that turnaround measures which do not require funding, for example, the implementation of the revised contracting model, the implementation of cost containment measures, billing, and revenue collection strategy, etc., would be effective in reversing financial and programme performance decline. The entity made progress in implementing some of its turnaround measures during the period under review. These include implementing the new contracting model, intensifying cost containment measures through centralising critical expenditure items, billing automation, and aggressive revenue collection mechanisms. Although some of these measures could improve the entity’s financial performance, they do not enhance programme delivery.

4.1 Performance Overview

The entity had a total of 2 454 active projects at the end of the 2023/24 financial

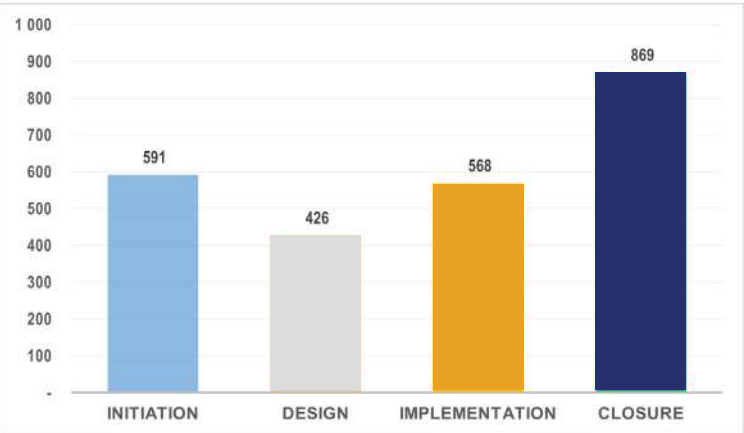


Figure 4: Infrastructure projects pipeline (number of projects per deliver stage gate).

year. Table 2 presents these projects arranged in terms of infrastructure project-implementation stage per region. Figure 4 presents the entity’s construction ‘projects pipeline’. At the end of March 2024, 41% of projects (994 out of 2 454 projects) were at the design and implementation stage. Projects at the closure stage constituted 35% (869 out of 2 454) with the remaining 24% under the initiation phase (591 out of 2 454 projects).

Table 2: Status of Infrastructure Projects (Regional)

REGION	TOTAL NO. OF PROJECTS	INITIATION		DESIGN			IMPLEMENTATION		CLOSURE	
		Stage 0: New Projects	Stage 1: Initiation	Stage 2a: Procurement PSP	Stage 2b: Concept Design	Stage 3: Design Development	Stage 4: Procurement Contractor	Stage 5: Construction / Works	Stage 6: Handover	Stage 7: Closure
EC	642	10	14	-	4	5	8	77	72	452
FS	50	-	3	-	35	2	1	4	2	3
GP	7	-	-	-	1	-	4	1	-	1
KZN	852	-	137	91	115	68	103	171	141	26
LM	213	-	36	-	-	21	29	30	38	59
MP	67	9	-	-	-	-	-	14	27	17
NC	33	4	-	-	1	-	5	10	2	11
NW	147	10	-	14	46	18	3	39	2	15
WC	27	-	11	-	4	1	1	9	-	1
NA*	416*	-	357	-	-		59	-	-	-
TOTAL	2 454	33	558	105	206	115	213	355	284	585

*NA (National) projects include 416 projects that are yet to be allocated and 113 already implemented in the regions at different stages.

In the 2023/24 financial year, the IDT had twenty-three (23) targets. Sixteen (16) of these targets were under Programme 1, and seven (5) under Programme 2. The entity achieved sixteen (16) out of the twenty-three (23) targets during the reporting period. This represents a 69,56 per cent performance level. Four (4) targets were partially achieved, while three (3) targets, or 13%, were not achieved. Table 3 presents a performance summary for the period under review.

Table 3: Corporate Performance Rating

Performance Scores	Relative Performance Level in percentage terms	Programme 1	Programme 2	Total	Performance description
1	0-50	2	1	3	Target not achieved
2	51–85	3	1	4	Target Partially achieved
3	86-115	4	4	8	Target Achieved
4	116-130	2	0	2	Target exceeded
5	131+	5	1	6	Target overachieved
		16	7	23	

²This figure is a weighted rand value in terms of designated groups shareholding in the entity awarded a contract.

4.1.1 Programme 1: Integrated Service Delivery

The integrated service delivery programme aims to ensure efficient, effective, and integrated public social infrastructure delivery management services to satisfy client requirements and positively impact the government development agenda. The entity recorded a programme performance improvement during the year under review in comparison to the preceding years. Table 4 presents a summary of the entity’s performance under Programme 1: Integrated Service Delivery.

- A total of 119 projects were completed during the period under review. Of these 44% (53 projects) were completed on time against an annual target of 75%. The low achievement is attributed to the delays in payments and or client tranche payments as well as budget cuts due to National Treasury austerity measures put in place which affected infrastructure spending. Other projects were affected by the delays in the confirmation of the sites.
- Hundred and seven (107) facilities were either upgraded, renovated, or rehabilitated against a target of forty (40) non-green field social infrastructure facilities completed which equates to a 167% performance level above the target.
- Twelve (12) new facilities were completed against a target of fifteen (15). This equates to an 80% performance level.
- A total of 63 final accounts for projects were approved by the end of the 2023/24 financial year. Of these, 60 projects were completed within budget. This equates to 95% achievement against a target of 75%.
- The entity awarded R7.217 billion worth of infrastructure project contracts during the period under review. R 2.7465 billion² of the total programme contract awarded were allocated to the designated groups. This represents 38% allocation to designated groups against the 30% target which equates to a 27% performance level above the target.
- Of the R 2.7465 billion of the total programme contracts awards allocated to the designated groups, 81% (R2.2278bn) was allocated to women-owned entities, 18% (R495.202 million) was allocated to youth-owned entities and 1% (R23.4645 million) was allocated to people with disability.

- The entity achieved a total programme expenditure of R 4. 190 billion. Forty-nine per cent (R2.068bn) of this expenditure was on designated groups. Of the R 2.068 billion expenditure allocated to designated groups, 52% (R1.075bn) was spent on women-owned entities, 45% (R931.4814 million) was spent on youth-owned entities and 3% (R61.1897 million) of expenditure was on people with disability).
- The IDT has targeted to place sixty (60) contractors under the Contractor Development Programme for a period of three years, from 2022/23 to 2024/25. Out of the targeted 60 contractors, 40% are to be women, 30% are to be Youth and 2% must be people with disabilities (PwD).

During the 2022/23 financial year, 124 contractors were placed in the programme. Of these, 55% (68) were women and 42% (52) were youth. However, five regions completed the contracting process with additional CDP participants during the period under review. Fifty (50) additional CDP participants were placed into the programme. Of these, 30% and 46% are women and youth-owned entities respectively. The contracting of 50 CDP contractors brings to 174 the total number of contractors participating in the IDT Contractor Development Programme (CDP Panel)

- By the end of March 2024, 4 515 work opportunities were created through the IDT programmes against a target of 4 367, which equates to a 103% achievement.

- A total of 77, 235 work opportunities were created through the EPWP NSS Programme against an annual target of 64, 000 work opportunities, which equates to a 21% performance level above the target.

Table 4: Performance Summary (Programme 1)

INPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE		ANNUAL TARKETS PERFORMANCE				REASON FOR VARIANCE
		2021/22	2022/23	Planned Annual Targets 2023/24	Actual Achievement 2023/24	Variance	Performance level	
Outcome#1: Increased Access to Quality Social Infrastructure								
1.1 Greenfield (new) or replaced facilities	1.1.1 Number of greenfield or replacement infrastruc- ture (facilities) completed	17	18	15	12	(3)	80%	Budget cuts introduced by the National Treasury during the 2023/24 financial year affected most regions that had projects to be concluded in Q4
1.2 Non-greenfield social infrastructure facilities	1.2.1 Number of non-green- field infrastructure (facilities) completed	19	31	40	107	67	267%	Projects approved during the fourth quar- ter of the 2022/23 financial year complet- ed during the current financial year.
1.3 Projects complet- ed on time	1.3.1 Percentage of projects completed on time	56%	18%	75%	44%	(31%)	59%	Delays in payments and or client tranche payments as well as budget cuts due to National Treasury austerity measures put in place affecting spending on infrastruc- ture projects. Projects affected by confirmation of sites.
1.4 Projects complet- ed within budget	1.4.1 Percentage of projects completed within budget	100%	75%	80%	95%	15%	119%	Target achieved due to additional final accounts submitted and approved in the current financial year as well as adjust- ment to the indicator measure (Final Accounts are reported once approved by IDT instead of the client approval)
Outcomes #2: A transformed built environment								
2.1 Contracts award- ed to Designated groups	2.1.1 Percentage of pro- gramme contracts value (weighted rand value) allo- cated to designated groups	N/A	N/A	30%	38%	8%	127%	More programme contracts were award- ed with more qualifying designated group allocations than planned

INPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE		ANNUAL TARKETS PERFORMANCE				REASON FOR VARIANCE
		2021/22	2022/23	Planned Annual Targets 2023/24	Actual Achievement 2023/24	Variance	Performance level	
2.2 Programme Expenditure on Designated Groups	2.2.1 Percentage of weighted programme expenditure on designated groups (based on total programme spend)	N/A	N/A	30%	49%	19%	163%	More programme expenditure qualified for designated group classification than targeted.
	2.3.1 Number of contractors participating in the IDT Contractor Development Programme (CDP) – (CDP Panel)	N/A	124	60	50	(10)	83%	The entity exceeded the target of appointing 60 contractors into the CDP panel during the 2022/23 financial year by 64 additional contractors. 50 additional contractors were placed during the quarter
2.3 CDP Contractors' panel	2.3.2 Percentage of women contractors participating in the IDT Contractor Development Programme	N/A	55%	40%	30%	(10%)	75%	Fewer women responded to the SCM process concluded in the first quarter
	2.3.3 Percentage of Youth Contractors Participating in the IDT Contractor Development Programme	N/A	42%	30%	46%	16%	153%	Higher response rate by youth to the SCM process concluded in the first quarter
	2.3.4 Percentage of Persons with disabilities participating in the IDT Contractor Development Programme	N/A	0%	2%	0%	(2%)	0%	Non-response by entities owned by people living with disability
2.4 Projects Allocated to the CDP	2.4.1 Number of construction projects allocated to the IDT CDP	N/A	N/A	20	55 ³	35	275%	Target achieved for the financial year due to multiple projects allocated per CDP Contractor in EC, KZN and MP.

³174 is the total number of CDP contractors participating in the CDP programme: 124 participants were placed in the programme during the 2022/23 financial year and 50 were placed in the panel during the first quarter of 2023/24 financial year bring the total number of participants to 174 (of which 83 are women and 75 are youth). This target measures the total number of CDP contractors participating in the IDT CDP for the period of three years.

INPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE		ANNUAL TARKETS PERFORMANCE				REASON FOR VARIANCE
		2021/22	2022/23	Planned Annual Targets 2023/24	Actual Achievement 2023/24	Variance	Performance level	
	2.4.2 Percentage of construction projects awarded to women contractors participating in the IDT CDP	N/A	N/A	40%	38%	(2%)	95%	Target partially achieved for Women contractors allocated projects in CDP for the financial year. Underachievement is mainly due to non-response of bids received during the tendering process
	2.4.3 Percentage of construction projects awarded to youth contractors participating in the IDT CDP	N/A	N/A	30%	58%	28%	193%	
	2.4.4 Percentage of construction projects awarded to persons with disabilities participating in the IDT CDP	N/A	N/A	2%	0%	(2%)	0%	Lack of people with disability enrolled on the CDP (Nonresponse from entities owned by people living with disability to the RFP).
	2.5.1 Number of CDP contractors who graduate[d] from the IDT CDP	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2.5 CDP Contractors graduated from the CDP (CIDB higher grades designation)	2.5.2 Percentage of women contractors who graduate[d] from the IDT CDP	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2.5.3 Percentage of youth contractors who graduate[d] from the IDT CDP	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2.5.4 Percentage of people with disabilities who graduate[d] from the IDT CDP	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Outcomes #3: Optimised Job Opportunities (through public employment programmes)								
3.1 Construction work opportunities created	3.1.1 Number of construction work opportunities created (IDT Portfolio)	3 950	3 187	4 367	4 515	148	103%	The negative achievement has largely been due to under –expenditure.

INPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE		ANNUAL TARKETS PERFORMANCE				REASON FOR VARIANCE
		2021/22	2022/23	Planned Annual Targets 2023/24	Actual Achievement 2023/24	Variance	Performance level	
Strategies to overcome under-performance								
Target			Corrective actions					
Percentage of projects completed on time			The capacity of most regions at the Programme Management Tech level has been enhanced and will assist to fast track, increasing its visibility on site, and swiftly addressing challenges. Most projects are nearing completion and will continuously be monitored and enforce contractual provisions without creating delays, especially where Contractors and Consultants are not performing. In addition, Client Departments will be encouraged to transfer funds in accordance with the latest arrangements, i.e., Tranche Payments. The poor performance by consultants to finalize Final Accounts will be dealt with in terms of the contract and their future engagements with the IDT reviewed.					
Percentage of projects completed within budget								
Number of new or replacement facilities that comply with infrastructure norms completed								
Number of non-greenfield social infrastructure facilities that comply with infrastructure norms completed								
Percentage of weighted B-BBEE Spend (Based on total programme spend)			This target is replaced with contracts awarded and expenditure on designated groups in terms of PPPFA-specific goals in the 2023/24 FY					
Number of contractors participating in the IDT Contractor Development Programme (CDP) – (CDP Panel)			Expedited the identification and allocation of projects for implementation through CDP					
Percentage of women contractors participating in the IDT Contractor Development Programme								
Percentage of youth contractors participating in the IDT Contractor Development Programme.								
Percentage of People with Disability participating in the IDT Contractor Development Programme			Review the target during the 2023/24 planning season. Engage the relevant associations to establish the status of PwD-owned entities’ registration and participation in the construction sector					
Number of construction work opportunities created (IDT Portfolio)			Expedite the finalisation of pending project procurement.					

4.1.2 Programme 2: Administration

The entity has improved with respect to the value of the business portfolio. It achieved R9.051 billion in the total value of programme portfolio for the 2023/24 financial year against an annual target of R 7.248 billion. This represents a 24.88% performance level above the target. The total programme portfolio of R9.051 billion represents a 33.20% year-on-year increase compared to the value of programme portfolio achieved by end of the 2022/23 financial year (R 6.795 billion). Growth in value of programme portfolio reflects the heightened client engagement efforts and the growing trust in the entity.

The total programme expenditure achieved by the end of the 2023/24 financial year is R 4, 190 billion against an expenditure target of R 4.752 billion. The expenditure target included a contribution from the new programme portfolio (additional) that had to be secured during the 2023/2024 financial year. As a result, the timing of securing the portfolio and concluding service delivery agreements, allocation and transfer of programme funds, and finalisation of service delivery contracts especially where concurrent approvals were required negatively affected progress on potential expenditure the entity could have achieved by the end of the reporting period. This was further worsened by the austerity measures introduced by National Treasury during the financial year.

The following are performance under Programme 2: Administration, achieved during the period under review as presented in table 5: -

- The total value of the confirmed business portfolio achieved was R4.984 billion against a target of R4.820 billion. This represents a 103% achievement level. The value of the confirmed business portfolio increased by 19.93% compared to R4.143 billion achieved during the 2022/23 financial year.
- The entity set an annual target of R2. 428 billion in new business. A total of R 4,066 billion in the value of new programme portfolio was generated by the end of March 2024. This represents a 67,46% performance level above the annual target.
- The entity achieved a total programme expenditure of R 4. 190 billion against a target of R4.752 billion by the end of the 2023/24 financial year, which equates to an 88% performance level.
- The management fee collection ratio stood at 83% against a target of 90% collection ratio which equates to 92% performance level.
- Sixty-three per cent (63%) of all compliant overhead invoices were paid within 30 days of receipt against a target of 100 per cent.
- Eighty-eight per cent (88%) of all compliant programme invoices were paid within 30 days against a target of 100 per cent whilst 54 % of all compliant overheads' invoices were paid within 30 days of receipt.

- The implementation of new programme contracting (upfront tranche payments) has contributed significantly towards improving the programme invoice payment turnaround time. Failure to pay compliant programme invoices within 30 days is attributable to insufficient programme funds or delays in the transfer of funds by clients.

⁴The total value of programme portfolio achieved by the end of the fourth quarter of the 2023/24 financial year was R 9.050bn 539 billion (comprised of R 4.984 363bn and R 4.066 175bn of confirmed and new business portfolio respectively)

⁵Value of combined provincial and national new programmes

Table 6 presents a summary of payment of suppliers for the period under review.

Table 5: Performance Summary (Programme 2)

INPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE		ANNUAL TARKETS PERFORMANCE				REASON FOR VARIANCE
		2021/22	2022/23	Planned Annual Targets 2023/24	Actual Achievement 2023/24	Variance	Performance level	
4.1 Business generated	4.1.1 Value of business portfolio (confirmed programmes)	N/A	R 4,316 bn	R 4 819 905bn	R 4 984 363bn	R 164 458m	105%	Increase in portfolio from provincial education (EC, MP, and NW) departments and Free State DPWI programme
	4.1.2 Value of new business generated	N/A	R 802.103m	R 2 427 630bn	R 4 066 176bn	R 1.638 546bn	168%	Client confirmation of budget for new allocations in KZN, LM, MP, NW and DPWI Turnkey Projects.
	4.2.1 Value of programme spend	R2,282,923bn	R 3,319bn	R 4 751 999	R 4 190 167bn	(R 561.832m)	88%	Delayed approval of budget and withdrawal of business due to client experiencing budget constraints (DOEs, DCS, NDOH, etc.) including delayed site identification (DHET - site not acquired) Delayed transfer of funds/tranche payments due to the client budget cuts as well as approval of concurrences (procurement plans). Various programmes (NDOH PSA, DPWI, etc.) did not progress due to a lack of instruction to proceed in line with applicable project delivery stage gates.
	4.2.2 Management fee collection ratio	81%	76%	90 % annual management fee collection ratio	83%	(7%)	92%	The collection rate was not achieved due to insufficient programme funds. There is a lack/ delay in fund transfers from client departments.

INPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE		ANNUAL TARGETS PERFORMANCE				REASON FOR VARIANCE
		2021/22	2022/23	Planned Annual Targets 2023/24	Actual Achievement 2023/24	Variance	Performance level	
4.3 Human capital strategy implemented	4.3.1 Vacancy rate	N/A	N/A	10%	25%	(15%)	(150%)	Budget constraints The advertised positions are not yet filled
4.4 Compliance with legislative requirements	4.4.1 Percentage of compliant programme invoices paid within 30 days of receipt	65%	85%	100% compliant programme invoices paid within 30 days	88%	(12%)	88%	Insufficient programme funds as a result of lack/ delay in fund transfers from client departments.
	4.4.2 Percentage of compliant overhead invoices paid within 30 days of receipt	83%	63%	100% compliant overhead invoices paid within 30 days	54%	(46%)	54%	Payment of admin invoices is dependent on the availability of cash in the bank.

Strategies to overcome under-performance

Target	Corrective actions
Value of programme spend	Implement regional-specific plans which include Increased SCM capacity to expedite the turnaround time. Engage clients on various matters including tranche payment. Expedite approval of EoTs/Vos/PO adjustments.
Management fee collection ratio	The entity continues to engage client departments on trade debt collection terms.
Vacancy rate	Filling of vacant positions will be reprioritised in terms of determined priority, urgency, business impact and budget availability
Percentage of compliant programme invoices paid within 30 days of receipt	Review delivery agreements with clients to expedite tranche payments.
Percentage of compliant overheads invoices paid within 30 days of receipt	Continuous engagement with clients to address delays in the transfer of funds

^aAlthough the percentage of total number of invoices paid within 30 days is 54%, this equates to 85% in terms percentage value of invoices paid within 30 days.

Table 6: Payment of suppliers

Description	Number of invoices	Consolidated value
		R'000
Overhead budget		
Valid invoices received	2 100	86 949
Invoices paid within 30 days or the agreed period	859	49 002
Invoices paid after 30 days or the agreed period	721	8 916
Invoices older than 30 days or the agreed period (unpaid and without dispute)	520	29 031
Invoices older than 30 days or the agreed period (unpaid and with dispute)	0	0
Valid invoices received	11 352	5 461 202
Invoices paid within 30 days or the agreed period	7 041	3 237 927
Invoices paid after 30 days or the agreed period	1 003	678 523
Invoices older than 30 days or the agreed period (unpaid and without dispute)	3 308	1 544 752
Invoices older than 30 days or the agreed period (unpaid and with dispute)	0	0

4.2 Programme Performance Analysis.

Growth in both business portfolio and programme expenditure is critical for the financial viability and sustainability of the entity.

The business portfolio growth achieved during the period under review suggests that the organisation has improved in respect of generating new business portfolio. By the end of the 2023/24 financial year, the value of new business generated from national and provincial clients stood at R 4.066 billion compared to a total of R2.646 billion generated from provincial and national clients achieved during the same period in 2022/23 financial year. This represents a 53.67% growth in the value of new business generated.

In addition to new business, the entity achieved R4.984 billion in the total value of programme portfolio confirmed and available for project implementation during the period under review. In total, the entity achieved a R 9.051 billion value of programme portfolio for the 2023/24 financial year. This performance represents a 128,71% performance level against the R 7. 302 billion target set in the 2023/24 Annual Performance Plan. It represents a 33,20% year-on-year increase compared to the value of programme portfolio achieved by the end of the 2022/23 financial year (R 6.795bn). This increase in the programme portfolio should be translated into programme expenditure on an incremental basis.

The IDT's Medium-Term Expenditure Framework (2022/23 – 2024/25 MTEF) suggest that the entity requires a programme portfolio value of at least R6.634 billion to break even. The total programme portfolio (pipeline) as the entity starts with the 2024/25 financial year is estimated at R4.86 billion⁷. Using the 2022/23 MTEF as a base, the total programme portfolio is 26.74% below the 2022/23 budget framework break-even point. This demonstrates that the entity will require over R1.77 billion in additional programme portfolio available for implementation during the 2024/25 financial year to reach a break-even point based on the 2022/23 budgeting assumption. However, the operating context and planning assumptions for the 2024/25 period have significantly changed thus increasing the level of the portfolio at which the entity will reach a break-even point.

The total value of programme portfolio confirmed and available for expenditure during the 2023/24 financial year stood at R 4. 984 billion by the end of the reporting period. The R 4.984 billion value of programme portfolio represents a 5.84% year-on-year increase compared to the value of the programme portfolio achieved by the end of the 2022/23 financial year (R 4.709bn). The confirmed portfolio is also 5% above the targeted programme expenditure for the 2023/24 financial year (R 4.752bn)⁸ suggesting that the entity could have achieved its expenditure target for the 2023/24 financial year.

The above figures demonstrate that although the portfolio value has reached a potential break-even point based on the 2022/23 financial modelling assumptions, the timing of concluding programme delivery agreements, allocation and approval of programme expenditure plans has a direct impact on the probability of reaching the expenditure contribution from new programmes.

The annual performance targets for programme expenditure remained out of reach owing to delays in project completion and the impact of austerity measures which changed the condition of the operating environment.

The total programme expenditure achieved by the end of the financial year is R 4.190 billion against an expenditure target of R 4, 752 billion. Expenditure on Infrastructure Projects accounts for 73% and 27% for the EPWP NSS Programme. The expenditure on Educational Facilities accounts for 60% of programmes, followed by EPWP NSS programmes. The remaining 13% is spread across other infrastructure portfolios such as Transport (4%), Correctional Services (3%) Health and Public Works Facilities (2% each) and others as shown in Figure 5 next page.

⁷ This figure represents the balance of the total portfolio (R9.051bn) in 2023/24 FY less total expenditure for the year (R4.190bn)

⁸ The value of confirmed programme portfolio achieved by the end of the 2022/23 financial year is R 4.709 billion

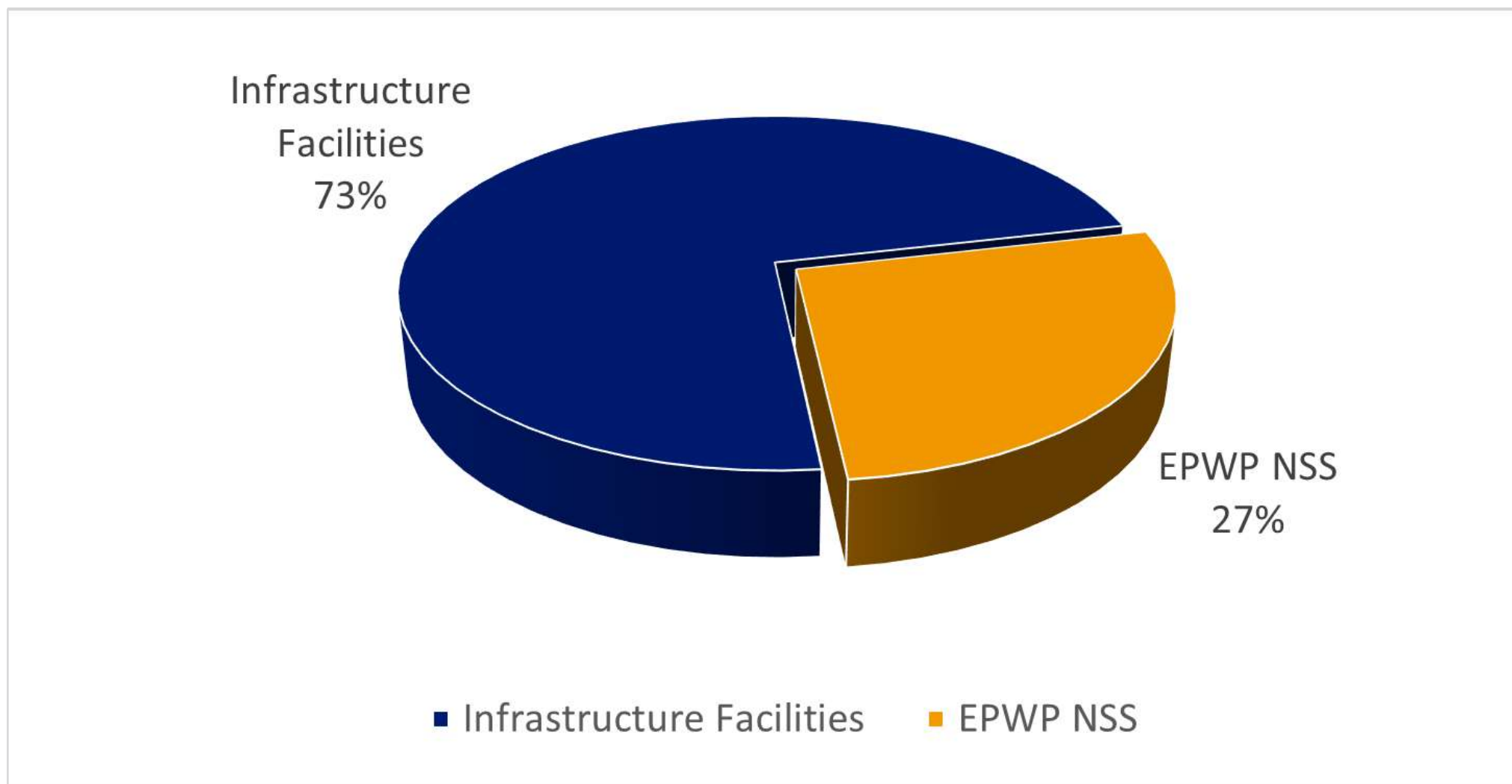


Figure 5: Portfolio split between infrastructure facilities and social development.

Figure 6 below shows expenditure per type of infrastructure facilities including EPWP NSS expenditure for the 2023/24 financial year.

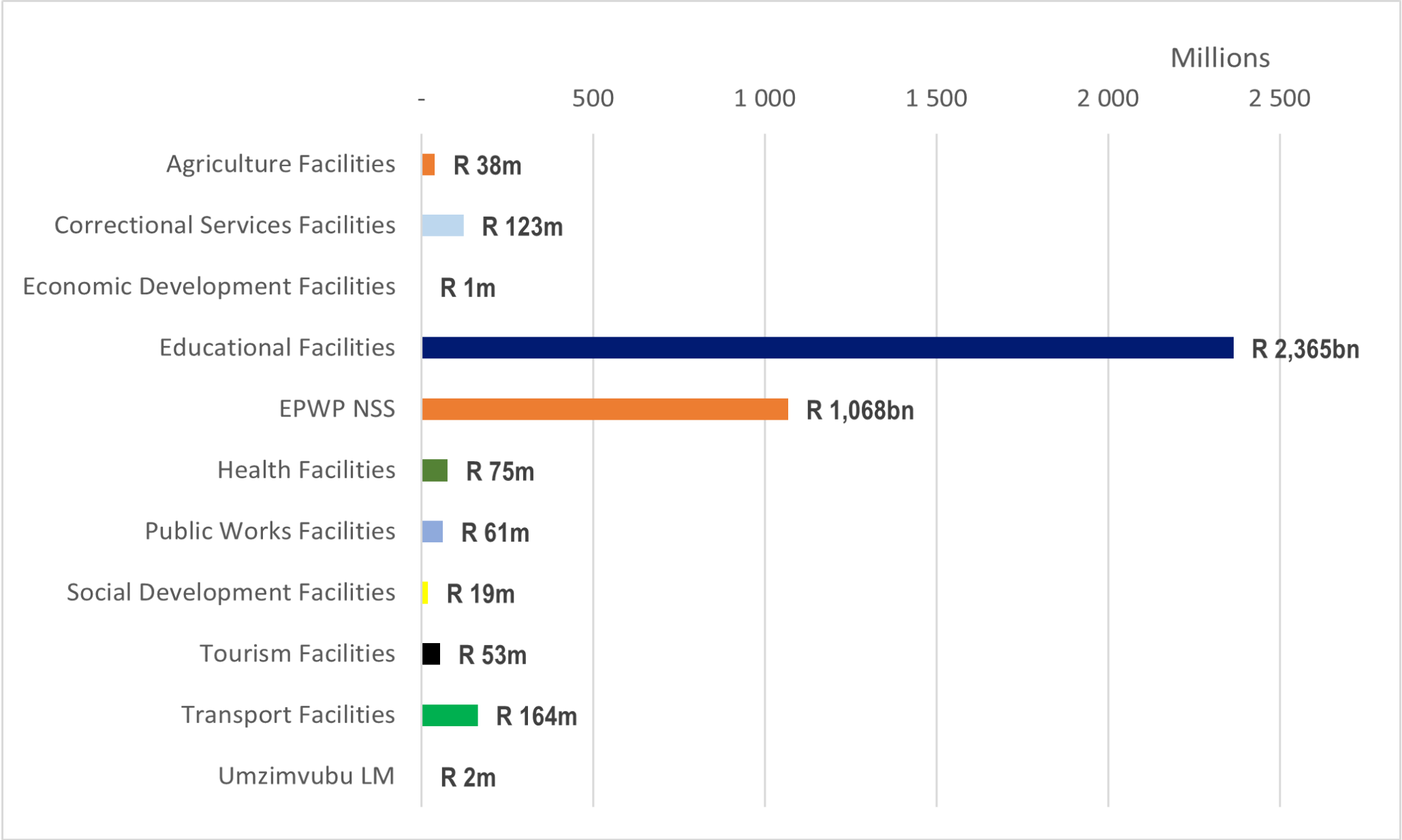


Figure 6: Expenditure per type of social infrastructure.

Figure 7 below shows expenditure trends for the past five financial years. It presents Programme Expenditure for the 2023/24 financial year comparative to the past four financial years.

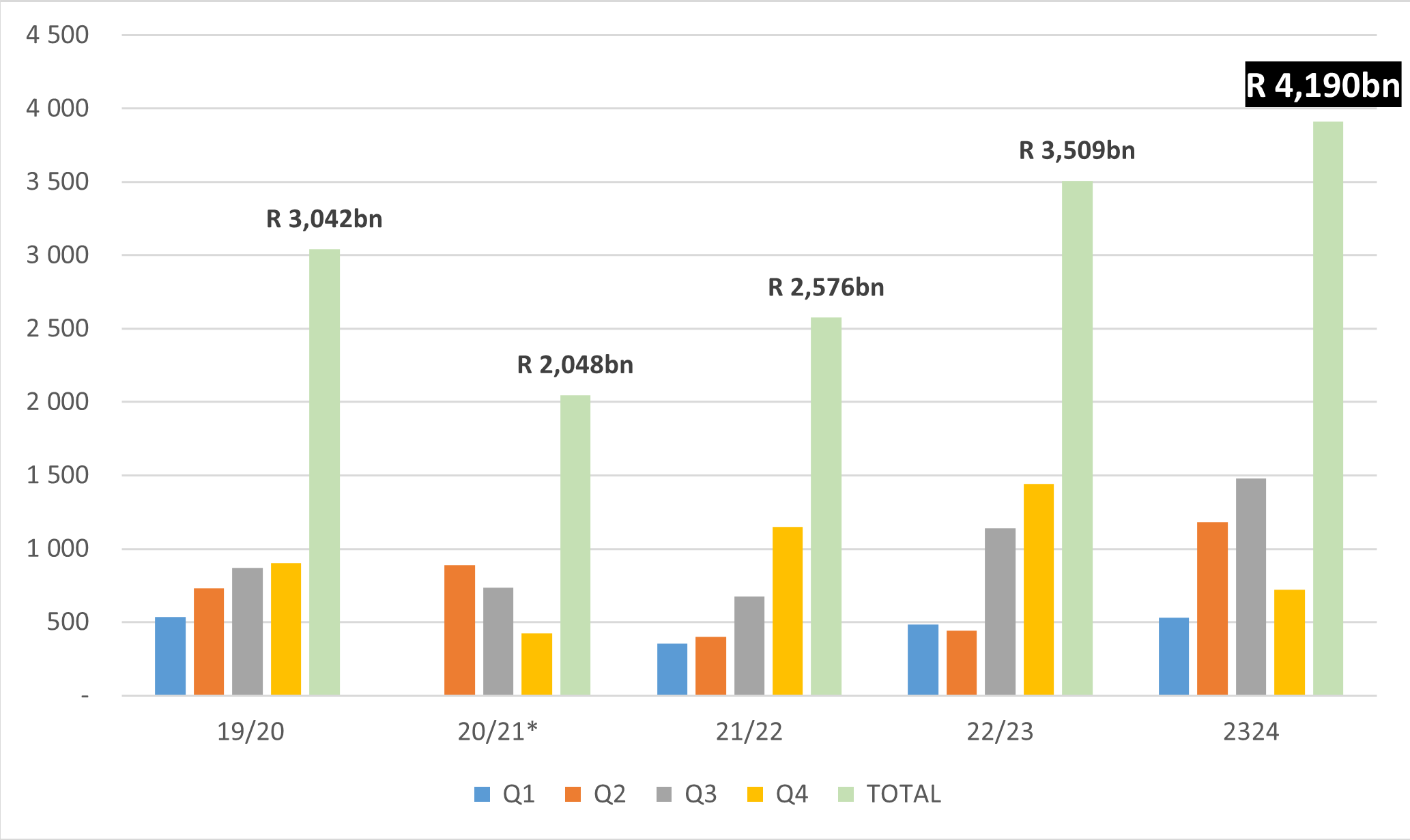


Figure 7: Expenditure Trends

The expenditure over the past three financial years indicates a positive trend. Expenditure is gradually increasing year-on-year when compared to previous financial years. Figure 7 suggests that, apart from the 2020/21 financial year affected by COVID restrictions, the usual annual expenditure trend has been that the fourth quarter returns the highest programme expenditure compared to other quarters. However, the expenditure of the 2023/24 fourth quarter represents a significant departure from the expenditure trend established in previous financial years. The underlying causes of the significant under-expenditure during the fourth quarter range from various programmes (NDOH PSA, DPWI, etc.) which did not progress to implementation stages due to lack of instruction to proceed in line with applicable project delivery stage gates; some projects suffered delayed approval of budget and others withdrawal or deferred due to clients experiencing budget constraints (DOEs, DCS, NDOH, etc.) while others were delayed as a result challenges experienced by clients with regards to site identification (e.g. DHET). The entity should develop strategies to mitigate potential withdrawal and deferral of project implementation aligned with the infrastructure delivery management.

Continuous underspending on confirmed programme portfolio has negative effects on the state in terms of increasing the cost of infrastructure delivery. It also has reputational risks to the entity regarding completing infrastructure projects on time and within budget.

More significantly, underspending on the approved programme budget will significantly undercut efforts towards growing the portfolio and addressing delivery capacity constraints geared towards the entity's financial sustainability. Although the entity achieved an 88% performance level on annual programme expenditure, the growth in both programme portfolio and programme expenditure indicates a positive trend moving in the direction of financial sustainability. However, the level of programme portfolio and expenditure remains lower than the growth required to attain the financial breakeven point.

Some of the plans to mitigate against the risk of performance significantly below the target during the 2024/25 financial year include the following:

- concerted business development initiatives,
- engaging clients to adopt and embed programme tranche payment instead of progressive payment certificates;
- fast-tracking infrastructure project procurement to ensure commitment to delivery by clients;
- unlocking existing project contract management bottlenecks;
- identifying and fast-tracking the implementation of "quick win" projects;
- engaging the entity's delivery intermediaries to accelerate the delivery of identified projects, unlocking procurement bottlenecks; and
- processing variation orders and extension of times and purchase orders approvals.

The cumulative programme expenditure level of R 4.190 billion achieved by the end of March 2024 was not sufficient to generate management fees that fully cover the entity's operational expenditure. This trend is more likely to prevail if growth in expenditure is low compared to the increasing total cost of delivery. Some of the reasons for the low levels of programme expenditure include the following: -

- delays in the allocation of programme budgets and transfer of funds or processing of tranche payments by several provincial and national clients. This was exacerbated by project budget cuts experienced by clients during the third and fourth quarters of the financial year.
- delays in approving contractual claims such as Variation Orders, Extension of Time, and concurrent approvals required in terms of existing delivery agreements.

The entity has developed mitigation measures to address underperformance. These include implementation of the updated Delegation of Authority Framework to expedite decisions on programme expenditure, revising the old MoAs/SDAs with various client departments to include time-barred provisions and payment clauses (tranche payments), reprioritising new projects that will result in quick implementation turnaround times, and prioritising high-value projects for the expedited finalisation of the procurement process (including fast-tracking procurement.)

4.3 Linking Performance with Budgets

In assessing the achievement of the outputs in comparison to the planned targets, the public entity must consider the linkages between its performance and the financial resources available or utilised during the reporting period. The table hereunder links performance with the budget and reported expenditure.

Table 7: Linking performance with budgets.

Programme/ activity/ objective	2023/24			2022/23		
	Budget R	Actual Expenditure R	Under Expenditure R	Budget R	Actual Expenditure R	Under Expenditure R
Administration	358 749 000	378 226 000	19 477 000	455 197 000	248 557 000	206 640 000
Programme Expenditure	4 505 000 000	4 190 167 256	314 832 744	6 751 999 000	3 582 475 000	3 169 524 000

5. REVENUE COLLECTION

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

Table 8: Revenue collection

Source of revenue	2023/24			2022/23		
	Estimate	Actual Amount collected	Over/ under collection	Estimate	Actual Amount collected	Over/ under collection
	R	R	R	R	R	R
Management Fee Revenue	261 489 000	281 373 000	19 884 000	390 125 000	209 442 000	180 683 000

Under collection of management fee revenue is primarily due to insufficient programme bank balances held in trust on behalf of client departments. The client's delay/slowness in transferring funds to the IDT negatively impacts the efficient revenue collection. Uncollected revenue places severe pressure on the organisation's bank balance and liquidity levels, affecting its ability to pay its staff and suppliers. The entity has a revenue collection methodology/procedure, ranging from the responsible programme manager to the PMSU Executive and CEO. The final resolution step is inter-ministerial intervention and revoking related intergovernmental relations framework.

Part C:

GOVERNANCE



1. INTRODUCTION

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

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

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

2. PORTFOLIO COMMITTEE

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

- Presentation of the IDT Annual Report 2022/23 on 11 October 2023.
- Presentation of the IDT Annual Performance Plan (APP) for the 2024/25 financial year on 20 March 2024.

3. EXECUTIVE AUTHORITY

The Minister of Public Works and Infrastructure is the Executive Authority (EA) of the IDT. As aforementioned, the EA retained the appointed Interim Board of Trustees as the IDT's Accounting Authority. The Minister holds the Accounting Authority accountable for delivering the entity's mandate through the Shareholder's Compact. During the reporting period, the accounting authority not only submitted the necessary statutory reports and strategic documents as detailed herein, but it held meetings to discuss the performance and challenges of the entity. This is in addition to the Ministry's quarterly performance review sessions with all entities. The following table provides a record of the interactions between the entity and the Executive Authority and the reports that were submitted to the Department for the attention of the Executive Authority. Table 9 presents a summary of statutory events, meetings of the board and board committees.

Table 9: Record of Interactions between the Entity and the Executive Authority

Event / Occasion	Date
Deputy Minister Meeting - Public Entities on APP for 2023/24	23 April 2023
Submitted 2022/23 4th Quarter Report to National Department and National Treasury	30 April 2023
Submitted the 2022/23 Annual Report to the National Treasury, DPWI, and Auditor General South Africa (AGSA)	31 May 2023
Meeting with the Minister and the Board	3 July 2023
First Quarter Report 2023/24 submitted to DPWI, National Treasury	31 July 2023
Public Entities' Performance Review meeting for the First Quarter Report 2021/22 (chaired by the Deputy Minister of DPWI)	4 August 2023
Submitted First Draft App 2024/25 and Second Quarter Report to DPWI and National Treasury	31 October 2023 and 30 November 2023
Meeting with the Minister and the Board on the appointment of the Chairperson and Deputy Chairperson of the Board of Trustees	06 November 2023
Submitted 3rd quarter report 2022/23 and Second Draft APP 2024/25 to DPWI and National Treasury	31 January 2024
DPWI and Public Entities Performance review for Q2 and 3 of 2023/24 Fy	22 March 2024

4. THE ACCOUNTING AUTHORITY

As the Accounting Authority, the Board of Trustees ensures that it complies with its fiduciary duties as required by the Public Finance Management Act. It acts with fidelity, honesty, integrity, and in the best interest(s) of the IDT in managing the financial affairs of the IDT. The Board of Trustees also discloses, on request from the Department of Public Works and Infrastructure, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the Department.

Twelve (12) Trustees were appointed by the Minister of Public Works and Infrastructure on 6 July 2021. The Trustees are appointed for a four-year renewable term. The Board of Trustees must be impartial and perform its function without fear, favour, or prejudice. Five Board members resigned during the reporting period. Two of the five vacancies were subsequently filled and one of the new Trustees was appointed Board Chairperson upon taking office in the third quarter of the financial year. The Board of Trustees is the highest decision-making body and is accountable and responsible for the performance and affairs of the IDT. The Board of Trustees may appoint such persons as it considers necessary to perform the functions of the IDT. The determination of the remuneration and other conditions of service of Trustees is as determined by the Minister of Finance.

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

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

4.1 Board Charter

The Board of Trustees is committed to upholding good corporate governance in all business dealings with the shareholder, regulatory authorities, and other stakeholders. To this end, the Board adopted the Board Charter and Code of Conduct to regulate how business is conducted in line with the principles of good corporate governance. The Board Charter sets out the individual and collective responsibilities of the Trustees. The Board Charter and Code of Conduct are guided by the King IV Report and established standards of best governance practice and address the role of the Board of Trustees, meetings, Committees, Terms of Reference of Committees, and Code of Conduct.

4.2 Delegation of Authority (DoA)

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

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

Table 10: Composition of the Board of Trustees

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list the entities)	Other Committees or Task Team
Ms. Z Hill	Interim Chairperson (since October 2021)	6 July 2021	9 Oct 2023	- Master of Business Administration – Cass Business School, UK (2008 – 2009) - Postgraduate Diploma in Accountancy – University of the Witwatersrand (2002) - Bachelor of Commerce – University of Natal (1999 – 2001)	- Corporate Governance - Communication & Stakeholder management	- Board Member (Chairperson: Inclusivity and Awareness) – Western Province Preparatory School: 2021 to date - Independent Trustee – Sygnia Umbrella Fund, 2020 to date - Interim Board Member – Social Housing Regulatory Authority, 2019 to date - Trustee – Anglican Church South African Retirement Funds, 2017 to date	- Board Executive Committee - HR, Nominations and Remuneration Committee
Ms. K Siyila	Chairperson of Audit, Risk, and Compliance	6 July 2021	N/A	- Doctor of Philosophy in Accounting Sciences: University of South Africa (2020 – 2023 - expected). - MCOM in Accounting Sciences: University of Pretoria (2015 - 2016). - Professional Practice Exam (PPE) (2010). - Accounting Professional Training Certificate (ATP) (2010) - Qualifying Exams (QE) (2009)	- Development and implementation of accounting policies. - Reviewing external financial reports for compliance with IFRS for consistency and accuracy.	- Head of Department: Auditing: University of South Africa (1 January 2021 to date). - Deputy Chairperson of Research Ethics Committee: University of South Africa (February 2018 to date). - Chairperson of Audit and Risk Committee: Sedibeng Water Board (29 May 2020 to date) - Member of the Finance and IT Committee: Sedibeng	- Audit, Risk, and Compliance Committee - HR, Nominations and Remuneration Committee - Board Executive Committee

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list the entities)	Other Committees or Task Team	No of meetings attended
				BCOM Honours (CTA) University of Johannesburg (2008).		Water Board (29 May 2020 to date).		
Ms. N Mkhwanazi	Chairperson of Human Resources, Nomination, and Remuneration	6 July 2021	N/A	- Professional Directors PD (SA): Directors Association (In process). - MBA: Wits Business School (March 2018). - Postgraduate Diploma in Management: Wits Business School (July 2011). - BSC in Microbiology: University of the Witwatersrand (November 2005)	- Strategy Development. - Partnership Monitoring. - Sales Tracking. - Margin Monitoring.	Director: Esihlahleni Women Empowerment NPC (October 2017 to date).	- Board Executive Committee - Social and Ethics Committee - HR, Nominations and Remuneration Committee	11
Ms. L Kumalo	Board Member	6 July 2021	11 Oct 2023	- Property Development and Investment Certificate: University of Cape Town (2016). - BSC Engineering Technology Management: University of Pretoria (2013). - BTech (Civil Engineering): (2005). - Certificate in Project Management: Damelin College (2002) - N.H Dip (Civil Engineering) University of Johannesburg (2000)	- Board Leadership and Collaboration. - Corporate Governance. - Risk Management. - Property Development Management. - Project Management	- Director: Novare Impact and Investment Partners (Pty) Ltd (2020 to date). - Director: Novare Equity Partners (Pty) Ltd (2016 to date) - Chairperson: Bluebird Pre-primary School, Dunkeld (2017 to date)	Core Business, Programmes, and Financial Sustainability Committee	7

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list the entities)	Other Committees or Task Team	No of meetings attended
Ms. R Parker	Board Member	6 July 2021	N/A	B. Proc: University of Soth Africa (1989). - Certificate in Labour Law: University of Cape Town (12 January 2000). - Arbitrator: Arbitration Forum (2000). - Certificate in Disability Medicine: Marshall University (July 2009). - Mediation Training Land Rights (2009). - National Land Mediation Training (2009). - Incomplete Masters in Oral History: University of Cape Town (2011).	- Strategy Development. - Partnership Monitoring. - Sales Tracking. - Margin Monitoring.	- Director: Rehana Khan Parker & Associate (1993 to date). - Advisory Board Member for the Unit of Applied Law: Cape Peninsula University Technikon (2017 to date). - Director: Woza Awards (Pty) Ltd (a for-profit Awards Company). - Director: Women in Law and Leadership Academy NPC (an NGO providing leadership training). - Director: Women Vuka Foundation (Pty) Ltd (a for-profit company for women entrepreneurs). - Current Councillor: Legal Practice Council Western Cape Council. - Chairperson of the Professional Ethics Committee: Legal Practice Council Western Cape Council. - Founder and Chairperson: SA Lawyers 4 Change NGO (2015 to date) - Founder and Chairperson: Treasured GEMS NGO	- Audit, Risk, and Compliance Committee - Social and Ethics Committee	7

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list the entities)	Other Committees or Task Team	No of meetings attended
						(Awareness of Cancer) (2015 • Trustee: SAKHROL Bursary Trust (2015 to date).		
Mr. T Sukazi	Chairperson of Core Business, Programmes, and Financial Sustainability	19 March 2021	4 July 2023	- BProc: University of South Africa (1998). - Certificate in practical legal training: University of Cape Town (1998). - Bachelor of Laws (LLB): University of South Africa (2002). - Master of Laws in Commercial Law (LLM): University of Cape Town (2002).	Commercial law	Tim Sukazi Incorporated (Founder and Director).	- Core Business, Programmes, and Financial Sustainability Committee - Board Executive Committee	11
Prof R Nkado	Board Member	6 July 2021	13 Oct 2023	- PMP: Project Management Institute (2014) - MBA cum laude: University of Witwatersrand Business School (1997 - 1999). - PhD in Construction Management: University of Reading (1988 - 1991). - MSc in Construction Management: Ahmadu Bello University (1986 - 1988). - BSc Hons in Quantity Surveying (1st Class): Ahmadu Bello University (1981 - 1985).	- Quantity surveying competencies. - Construction Cost Management - Construction Project Management	- Board Member and Trustee: Arup Education Trust (November 2016 to date). - Founding Director: QualConsul QS.	- Core Business, Programmes, and Financial Sustainability Committee - Social and Ethics Committee	7

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list the entities)	Other Committees or Task Team	No of meetings attended
Dr. M Sutcliffe	Chairperson of Reconfiguration and Transformation	19 March 2021	4 July 2023	- Bachelor of Science (Majors; Geography and Psychology: University of Natal (1973 – 1975). - Bachelor of Science (Honours in Geography, Cum Laude): University of Natal (1976). - Master of Science in Geography, with distinction: University of Natal (1979). - PhD. Ohio State University (1984).	- Corporate governance - Local government	City Insight (Pty) Ltd (Partner).	- Core Business, Programmes, and Financial Sustainability Committee - Social and Ethics Committee	3
Adv T Nevondwe	Board Member	6 July 2021	N/A	- Bachelor of Laws (LLB): University of Venda (2004). - Bachelor of Laws (LLM) in Human Rights Law: University of Venda (2005)	- Legal and Regulatory Compliance. - Governance. - Audit and Risk Management	- Board Chairperson and Independent Trustee: National Lotteries Participants Trust (NLPT), 01 April 2016 to date - Deputy Chairperson Nelson Mandela Museum Council (NMM) Chairperson of Audit and Risk Committee, 01 November 2016 to date - Board Member (Interim), Agreement South Africa, 30 April 2019 to date	- Social and Ethics Committee - HR, Nominations and Remuneration Committee - Reconfiguration and Transformation Committee - Board Executive Committee	11
Adv. K Mshengu	Board Chairperson	07 September 2023	13 Oct 2023	- Master of Law: University of KwaZulu Natal (2017). - Bachelor of Social Science (Honours): University of KwaZulu Natal (2007). - Bachelor of Law (LLB): University of KwaZulu Natal (2006).	- Public Policy Analysis and Development - Political Leadership - Strategic Planning and Execution		Board Executive Committee	3

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list the entities)	Other Committees or Task Team	No of meetings attended
					- Monitoring and Evaluation - Legal Advisory - Project and Stakeholder Management - Media Liaison and Public Relations - Research - Reports and Speech Writing - Corporate Law and Governance			
Ms. L Dlamini	Chairperson of Core Business, Programmes and Financial Sustainability	07 September 2023	4 July 2023	- Master of Science Degree in Environmental Management: University of Johannesburg (2022) - Bachelor of Science in Environmental and Water Science (Honours Degree): University of Western Cape (2007) - Bachelor of Science Degree in Environmental Science: University of Western Cape (2006)	- Environmental Management - Compliance Management - Audit Processes - Report Writing - Strategy Development and Implementation - Policy Development and Implementation - Environmental Sustainability	Founder and Managing Director: Ramini Works, South Africa (March 2020 to current).	- Audit, Risk and Compliance Committee - Board Executive Committee - Core Business, Programmes and Financial Sustainability Committee	4
Mr. K Sukdev	Chairperson of Social and Ethics	6 July 2021	N/A	- Bachelor of Business Science (Honours): University of Cape Town (1991). - Fellow of the Faculty of Actuaries: Faculty of Actuaries (2004). - Fellow of the Actuarial Society of South Africa (2005). - CPF (Pensions Fellowship): Financial Planning Institute (2004). - MBA: Heriot-Watt University (2016)	- Independent Actuary: Key protect Cell, Captive Insurance Entity of the Key mix Group (Part-time), (1 August 2020 to date). - Non-Executive Director: Landbank Insurance Entities (1 August 2020 to date).	Actuarial sciences	- Core Business, Programmes and Financial Sustainability Committee - Board Executive Committee - Social and Ethics Committee - Reconfiguration and Transformation Committee	11

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list the entities)	Other Committees or Task Team	No of meetings attended
					- Member of the Rustenburg Economic Advisory Council (1 August 2020 to date). - Trustee: Ensimini Umbrella Fund (1 August 2020 to date). - Independent Trustee: NEHAWU National Provident Fund (1 August 2020 to date). - Chairperson: Risk Committee of Mpumalanga Department of Public Works and Roads (1 August 2020 to date). - Non-Executive Director: Land Bank Life Insurance Company (LBIC) (Current). - Non-Executive Director: Land Bank Insurance Company (LBIC LBIC) (Current). - Chairperson: Actuarial and Investment Committee (LBIC and LBLIC) (Current)			

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list the entities)	Other Committees or Task Team	No of meetings attended
Mr. M Mbambisa	Board Member	6 July 2021	N/A	- Bachelor of Science in Chemistry and Mathematics): University of Transkei (1987). - Bachelor of Science in Engineering: University of Natal (1994). - Certificate of Management Studies: Reading University, UK (1996). - Certificate in Project Management: University of Fort Hare (1998). - Construction Management Programme: University of Stellenbosch (1999). - Post Graduate Diploma in Business Management: Graduate School of Business (University of Natal) (2003). - Executive Management Development Programme: University of Stellenbosch (2004)	- Built Environment Professional. - Construction Sector. - Development Management. - Human Resources		- Core Business, Programmes, and Financial Sustainability Committee - Audit, Risk and Compliance Committee - Reconfiguration and Transformation Committee	9

Table 10.1 Committee meetings for the period 01 April 2023 to 31 October 2023

Committee	No of Meetings held	No of members	Name of members
Audit, Risk, and Compliance Committee	2	5	Ms. K Siyila Mr. K Sukdev Ms. R Parker Adv. T Nevondwe Ms. P Sibiya (Independent Member)
Core Business, Programmes, and Financial Sustainability Committee	2	4	Mr. T Sukazi Mr. M Mbambisa Prof. R Nkado Ms. L Kumalo
Board Executive Committee	0	6	Ms. Z Hill Ms. K Siyila Dr M Sutcliffe Mr. T Sukazi Ms. N Mkhwanazi Mr. K Sukdev
Social and Ethics Committee	2	6	Mr. K Sukdev Ms. N Mkhwanazi Ms. Z Hill Prf. R Nkado Mr. M Mbambisa Dr M Sutcliffe
HR, Nominations, and Remuneration Committee	3	5	Ms. N Mkhwanazi Ms. K Siyila Adv. T Nevondwe Ms. Z Hill Ms. Y Mbane (Independent Member)

Table 11.2 Committee meetings for the period 01 November 2023 to 31 March 2024

Committee	No of Meetings held	No of members	Name of members
Audit, Risk, and Compliance Committee	2	4	Ms. K Siyila Ms. L Dlamini Ms. R Parker Mr. M Mbambisa
Core Business, Programmes, and Financial Sustainability Committee	0	3	Ms. L Dlamini Mr. M Mbambisa Mr. K Sukdev
Board Executive Committee	1	6	Adv. K Mshengu Ms. K Siyila Adv. T Nevondwe Ms. L Dlamini Ms. N Mkhwanazi Mr. K Sukdev
Social and Ethics Committee	2	4	Adv. T Nevondwe Mr. K Sukdev Ms. N Mkhwanazi Ms. R Parker
HR, Nominations, and Remuneration Committee	2	4	Ms. N Mkhwanazi Ms. K Siyila Adv. T Nevondwe Ms. Y Mbane (Independent Member)

Remuneration of Trustees

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

Table 12: Trustees' Remuneration for the period 01 April 2023 to 31 March 2024

Member	Remuneration	Other allowance	Other re-imbursement	Total
	(R'00)	(R'00)	(R'00)	(R'00)
Ms. Zimbini Hill	R177,898.00	R10,500.00		R188,398.00
Ms Karabo Siyila	R257,186.00	R18,000.00		R275,186.00
Ms Nthabiseng Mkhwanazi	R211,744.00	R18,000.00		R229,744.00
Ms Lerato Kumalo	R172,393.00	R10,500.00		R182,893.00
Ms. Rehana Parker	R171,174.00	R18,000.00		R189,174.00
Mr Tim Sukazi	R75,900.00	R6,000.00		R81,900.00
Prof Raymond Nkado	R141,164.00	R10,500.00		R151,664.00
Dr. Michael Sutcliffe	R93,922.00	R14,801.23		R108,723.00
Adv Tokyo Nevondwe	211,192.00	R20,735.20		R231,927.20
Mr. Krishen Sukdev	R215,080.00	R18,000.00		R233,080.00
Mr Mpilo Mbambisa	R204,520.00	R18,000.00		R222,520.00
Ms. YD Mbane	R37,236.00	R18,000.00		R55,236.00
Ms. PN Sibiya	R8,892.00	R3,000.00		R11,892.00
Adv. K Mshengu	R52,872.00	R7,500.00		R60,372.00
Ms. L Dlamini	R97,258.00	R10,526.66		R107,784.66
TOTAL	R2,128,431.00	R202,063.09		R2,330,494.09

5. RISK MANAGEMENT

Enterprise Risk Management is the application of risk management throughout the IDT. The IDT, in line with the PFMA, King Code on Corporate Governance, maintains an Enterprise Risk Management Policy and Framework which directs the organisation concerning the structures, processes, and standards that must be implemented to identify, analyse, evaluate, and manage risks in the organisation. The Audit and Risk Committee of the Board, through its delegated responsibility, ensured that the organisation has identified the key risks and strategies and that mitigation actions were developed and implemented to manage those risks. The organisation has an approved strategic risk register detailing key risks faced by the entity. The risk assessment outcome (strategic risk register) informed the internal audit plan [that is] approved and monitored by the Audit and Risk Committee. The following governing documents and structure were put in place during 2023/2024 financial year:

- Enterprise Risk Management Policy and Framework;
- Risk management strategy and plan;
- Implementation and monitoring of strategic and operational registers;
- Appointment of risk champions; and
- Risk management awareness.

The entity's risk maturity has improved with time. Risk culture is gradually improving through the continuous implementation of highlighted interventions and strategies.

6. INTERNAL AUDIT AND AUDIT COMMITTEES

The IDT has an Internal Audit Business Unit responsible for providing independent and objective assurance on business processes to improve performance. Internal Audit's purpose, authority, and responsibility are formally defined in an Internal Audit Charter. Internal Audit executes an approved audit plan and performs the following tasks in line with its overall strategy:

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

The Internal Audit unit performed the following audits during the 2023/2024 financial year.

- Annual Report Review (AFS and AoPO)
- Projects Procurement Review – EC
- Projects – Project Management – EC
- Projects – Finance Management – EC
- Performance Information Quarter 1
- Performance Information Quarter 2
- Performance Information Quarter 3

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

Audit and Risk Committee

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

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

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

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

Name	Qualifications	External or Internal	If the internal position in the public entity	Date Appointed	Date resigned	No of meetings attended
Ms. Karabo Siyila	Doctor of Philosophy in Accounting Sciences: University of South Africa (2020 – 2023 - expected). MCOM in Accounting Sciences: University of Pretoria (2015 - 2016). Professional Practice Exam (PPE) (2010). Accounting Professional Training Certificate (ATP) (2010) Qualifying Exams (QE) (2009) BCOM Honours (CTA) University of Johannesburg (2008).	Internal	N/A	06/07/2021	N/A	3
Ms. Rehana Parker	B. Proc: University of South Africa (1989). Certificate in Labour Law: University of Cape Town (12 January 2000). Arbitrator: Arbitration Forum (2000). Diploma in Disability Medicine: Marshall University (July 2009). Mediation Training Land Rights (2009). National Land Mediation Training (2009). Incomplete Masters in Oral History: University of Cape Town (2011).	Internal	N/A	06/07/2021	N/A	3
Mr. Krishen Sukdev	Bachelor of Business Science (Honours): University of Cape Town (1991). Fellow of the Faculty of Actuaries: Faculty of Actuaries (2004). Fellow of the Actuarial Society of South Africa (2005). CPF (Pensions Fellowship): Financial Planning Institute (2004). MBA: Heriot-Watt University (2016).	Internal	N/A	06/07/21	N/A	2

Name	Qualifications	External or Internal	If the internal position in the public entity	Date Appointed	Date resigned	No of meetings attended
Adv Tokyo Nevondwe (was a committee member until October 2023).	Bachelor of Laws (LLM) in Human Rights Law: University of Venda (2005). Bachelor of Laws (LLB): University of Venda (2004).	Internal	N/A	06/07/2021	N/A	2
Mr. Mpilo Mbambisa (appointed as a committee member on 24 November 2023)	Bachelor of Science in Chemistry and Mathematics): University of Transkei (1987). Bachelor of Science in Engineering: University of Natal (1994). Certificate of Management Studies: Reading University, UK (1996). Certificate in Project Management: University of Fort Hare (1998). Construction Management Programme: University of Stellenbosch (1999). Post Graduate Diploma in Business Management: Graduate School of Business (University of Natal) (2003). Executive Management Development Programme: University of Stellenbosch (2004)	Internal	N/A	06/07/2021	N/A	3
Ms. Lindelwa Dlamini (appointed as a committee member on 24 November 2023)	Master of Science Degree in Environmental Management: University of Johannesburg (2022) Bachelor of Science in Environmental and Water Science (Honours Degree): University of Western Cape (2007) Bachelor of Science Degree in Environmental Science: University of Western Cape (2006)	Internal	N/A	07/09/2023	N/A	2
Ms. Precious Sibiyi	Bachelor of Accountancy: University of Durban Westville (UKZN now). Postgraduate Diploma: University of Durban Westville (UKZN now). Part 1: Qualifying Examination South African Chartered Accountants Part 2: Qualifying Examination South African Chartered Accountants Advanced short course in Business Rescue Practice (UNISA).	External	N/A	1/09/2022	31/05/2023	0

7. COMPLIANCE WITH LAWS AND REGULATIONS

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

8. FRAUD AND CORRUPTION

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

9. MINIMISING CONFLICT OF INTEREST

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

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

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

10. CODE OF CONDUCT

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

- Honesty/Integrity;
- Respect;

- Commitment;
- Professionalism;
- Equity; and
- Openness

11. HEALTH, SAFETY, AND ENVIRONMENTAL ISSUES

The entity has an approved Occupational Health and Safety Policy, which remains in force to ensure that it complies with health, safety, and environmental requirements. The IDT is committed to ensuring that its activities do not compromise environmental, health, and safety legislation. The organisation's management activities focus on compliance with the key elements of existing regulations.

12. COMPANY SECRETARY

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

The role and responsibilities of the Company Secretary are:

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

13. SOCIAL RESPONSIBILITY

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

14. AUDIT COMMITTEE REPORT

15. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Table 14 presents: B-BBEE compliance performance information

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1-8)																	
Criteria	Response Yes/ No	Discussion (Include a discussion on your response and indicate what measures have been taken to comply)															
Determining qualification criteria for the issuing of licenses, concessions, or other authorisations in respect of economic activity in terms of any law?	No	This is not applicable as IDT does not engage in Licenses, concessions, and other authorisations in respect of economic activities.															
Developing and implementing a preferential procurement policy?	Yes	The elements of empowerment are incorporated in the SCM Policies as "Specific Goals" and SCM reports on progress every quarter – Specific Goals are broken down in this manner: <table> <tr> <td>Group</td><td>90/10</td><td>80/20</td></tr> <tr> <td>Women</td><td>3</td><td>6</td></tr> <tr> <td>Youth</td><td>3</td><td>6</td></tr> <tr> <td>People with Disabilities</td><td>2</td><td>4</td></tr> <tr> <td>Black people</td><td>2</td><td>4</td></tr> </table>	Group	90/10	80/20	Women	3	6	Youth	3	6	People with Disabilities	2	4	Black people	2	4
Group	90/10	80/20															
Women	3	6															
Youth	3	6															
People with Disabilities	2	4															
Black people	2	4															
Determining qualification criteria for the sale of state-owned enterprises?	No	That does not apply to our environment as we are dealing with social infrastructure development															
Developing criteria for entering into partnerships with the private sector?	No	The IDT, in particular, SCM is engaging with the private sector through the procurement of goods and services, and that process is handled in terms of SCM Policies and prescripts.															
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad-Based Black Economic Empowerment?	No	The IDT as an entity does not have a criterion for awarding incentives, grants, and investment schemes in the form of supporting Broad-Based Black Economic Empowerment. The only target for BBBEE empowerment is as per Specific Goals contained in the SCM Policies and provided for in the Preferential Procurement Regulations, 2022															



Part D: Human Resource Management

1. INTRODUCTION

During the period under review, the organisation reviewed the organisational structure and successfully concluded the recruitment processes for the Executive Head of the Corporate Services Unit.

2. OVERVIEW OF HUMAN RESOURCES MATTERS.

The entity's recruitment plan was reviewed and updated with the aim of building capacity for, inter alia, the core business, Finance and Supply Chain Management. Recruitment efforts are aimed at bringing in critical and scarce skills that the organisation needs.

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

Previous, identified needs that are still critical are being followed up in line with organisational strategy and skills needs, for now and in the future.

Policy development: Most HR policies were reviewed and approved by the board in the 2023/24 financial year.

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

- The organisation successfully reviewed the organisational structure aligned with the current and anticipated capacity requirements for the interim period pending the finalisation of the reconfiguration process.

- The entity concluded the recruitment processes for the positions of Executive Head: Corporate Services Unit and the Chief Financial Officer which became vacant during the 2023/24 financial year.

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

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

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 14 below indicates the cost per programme during the period under review. Personnel costs for support staff during the reporting period stood at 51% of the total operational expenditure of the entity, while 49% was spent on core business.

Table 15: Personnel Cost by Programme

Programme /activity / objective	Total Expenditure for the entity R000	Personnel Expenditure R000	Personnel Expenditure as a % of total Expenditure	No of employees	Average personnel cost per employee R'000
Core Business	190 203	93 199	49%	123	758
Support		97 004	51%	118	822
TOTAL		190 203	100%	241	1 580

Table 16: Personnel Cost by Salary Band

Level	Personnel Expenditure ⁹ R'000	% of personnel expenditure to total per-sonnel cost	No. of employees	Average personnel cost per employee R'000
Top Management	6 884	4%	2	3 442
Senior Management	30 962	16%	22	1 407
Professional qualified	70 941	37%	68	1 043
Skilled	49 450	26%	70	706
Semi-Skilled	30 318	16%	71	427
Unskilled	1 648	1%	8	206
TOTAL	190 203	100%	241	7 232

⁹ These figures are as reflected in the sage payroll before adjustment to reflect the final numbers as in the Annual Financial Statements

Table 17: Performance rewards

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

Table 18 below presents the total training cost for the reporting period. The entity spent 55% of its training and development budget on internal bursary payment while 45% was spend on short courses.

Table 18: Training costs

Programme / Activity / Objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No of Employees Trained	Average Training Cost Per Employee (R'000)
Internal bursary payment	190 203	728	55%	29	25
External bursary payment		0	0	0	0.00
Other (professional registration)					
Short Courses		593	45%	26	23
TOTAL		1 321	100%	55	24

Table 19 below presents the total employment figures for the period under review in line with the revised organisational structure approved during the third quarter of the 2023/24 financial year.

Table 19: Employment and Vacancies

Programme / Activity / Objective	2022/23 No. of Employees	2023/24 Approved Posts	2022/23 No. of Employees	2023/24 Vacancies	% of vacancies
Core Business (Programme Management Services)	123	198	123	75	37.87%
Support (Administration)	125	122	118	4	3.28%
TOTAL	248	320	241	79	24.68%

LEVEL	2022/23 No. of Employees	2023/24 Approved Posts	2022/23 No. of Employees	2023/24 Vacancies	% of vacancies
Top Management	3	4	2	2	50%
Senior Management	19	26	22	4	15.38%
Professional qualified	69	99	68	31	31.31%
Skilled	82	94	70	24	25.53%
Semi-Skilled	67	89	71	18	20.22%
Unskilled	8	8	8	0	0%
TOTAL	248	320	241	79	24.68%

Table 20 below presents employment changes recorded during the period under review. Twenty-five new employees were appointed while 21 termination (excluding 11 graduate trainees) were recorded during the 2023/24 financial year.

Table 20: Employment Changes

Salary Band	Employment at the beginning	Appointments	Terminations	Employment at the end of the period
Top Management	3	1	2	2
Senior Management	19	3	0	22
Professional qualified	69	10	11	68
Skilled	82 ¹⁰	7	19 ¹¹	70
Semi-Skilled	67	4	0	71
Unskilled	8	0	0	8
TOTAL	248	25	32	241

Table 21 bellow presents the numbers and summary of reasons for employment terminations with the IDT.

Table 21: Reasons for staff leaving.

Terminations	Total	% of total number of staff leaving
Contract Expired	1	4.76%
Death	2	9.52%
Dismissed	2	9.52%
Resignation	10	47.62%
Early Retirement	0	0%
Incapacity	0	0%
Retirement	1	4.76%
Ill Health	2	9.52%
Mutual separation	3	14.29%
TOTAL	21	100%

Table 22 below reflects a summary of number of disciplinary cases finalised during the 2023/24 financial year.

Table 22: Labour Relations: Misconduct and Disciplinary Action

Disciplinary Action	Number
Verbal Warning (precautionary warning)	0
Written Warning	1
Final Written Warning	2
Dismissal	2
Non-renewal of contracts	1
Total	6

Table 23: Equity Target and: Employment Equity Status: Males

LEVEL	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	0	0	0	0	0	1
Senior management	12	10	0	0	0	2	0	1
Professional Qualified	39	23	0	1	1	1	2	0
Skilled	43	54	2	2	0	3	2	0
Semi-skilled	20	14	0	2	0	1	0	0
Unskilled	0	3	0	0	0	0	0	0
TOTAL	115	105	2	5	1	7	4	2

Table 23 above reflects employment equity status [the number of male employees]

Table 24: Equity Target and Employment Equity: Females

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

Table 24 above reflects a summary of employment equity status [number of female employees] and table 25 below presents number of personnel living with disability.

Table 25: Staff living with a disability.

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

Part E:

Public Finance Management Act Compliance Report

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1. INTRODUCTION

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

2. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

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

2.1 Irregular Expenditure

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

Table 25: Irregular expenditure reported in the Annual Financial Statement

Reconciliation of irregular expenditure		
Description	2023/2024	2022/2023
Opening balance	418 123	286 743
Add: Irregular expenditure confirmed	46 769	131 380
Less: Irregular expenditure condoned		-
Less: Irregular expenditure not condoned and removed		-
Less: Irregular expenditure recovered		-
Less: irregular expenditure not recovered and written off		-
Closing balance	464 892	418 123
Reconciling notes to the annual financial statements		
Description	2023/2024	2022/2023
Irregular expenditure that was under assessment in 2021/2022		286 743
Irregular expenditure that relates to 2021/22 and identified in 2022/23		-
Irregular expenditure for the current year	46 769	131 380

Total	46 769	418 123
Details of current and previous year irregular expenditure under investigation		
Description	2023/2024	2022/2023
Irregular expenditure under investigation	46 769	418 123
Total	46 769	418 123
Details of current and previous year irregular expenditure condoned		
Description	2023/2024	2022/2023
Irregular expenditure condoned	-	-
Total	-	-
Details of current and previous year irregular expenditure removed (not condoned)		
Description	2023/2024	2022/2023
Irregular expenditure under removed (not condoned)	-	-
Total	-	-
Details of current and previous year irregular expenditure recovered		
Description	2023/2024	2022/2023
Irregular expenditure recovered	-	-
Total	-	-
Details of current and previous year irregular expenditure written off(irrecoverable)		
Description	2023/2024	2022/2023
Irregular expenditure written off	-	-
Total	-	-
Additional disclosure relating to inter-institutional arrangement.		
Details of noncompliance where an institution is involved in an inter-institutional arrangement		
Description	2023/2024	2022/2023
IDT procured services for another organ of state as part of their mandate. It was found that in the procurement process non-compliance to PFMA and its regulations were contravened.	-	150 083
Total	-	150 083

2.2 Fruitless and Wasteful Expenditure

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

Table 26: Reconciliation of Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and wasteful expenditure		
Description	2023/2024	2022/2023
Opening balance	66 486	64 108
Add: Fruitless and wasteful expenditure confirmed	34 967	2 378
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	101 453	66 486
Reconciling notes to the annual financial statements		
Description	2023/2024	2022/2023
Fruitless and wasteful expenditure that was under assessment in 2022/23	-	-
Fruitless and wasteful expenditure that relates 2022/23 and identified in 2023/24	-	676
Fruitless and wasteful expenditure for the current year	34 967	1 703
Total	34 967	2 379
Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)		
Description	2023/2024	2022/2023
Fruitless and wasteful expenditure under investigation	34 967	2 379
Total	34 967	2 379
Details of current and previous year Fruitless and wasteful expenditure recovered		
Description	2023/2024	2022/2023
Fruitless and wasteful expenditure recovered	-	9
Total	-	9
Details of current and previous year Fruitless and wasteful expenditure not recovered and written off		

Description	2023/2024	2022/2023
Fruitless and wasteful expenditure written off	-	-
Total	-	-
Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure		
Disciplinary steps taken		
There were no disciplinary or criminal steps taken as a result of Fruitless and wasteful expenditure.		

3. INFORMATION ON LATE AND / OR NON-PAYMENT OF SUPPLIERS

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

Table 27: Summary of information on payment of suppliers

Description	Number of invoices	Consolidated Value R'000
Valid invoices received	11 352	5 461 202
Invoices paid within 30 days or agreed period	7 041	3 237 927
Invoices paid after 30 days or agreed period	1 003	678 067
Invoices older than 30 days or agreed period (unpaid and without dispute)	3 308	1 544 752
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

As indicated in table 5 (output 4.4) the entity achieved 88% compliance rate of paying compliant invoices received with 30 days. Insufficient programme funds, delays in fund transfers from client departments contributed are amongst contributing factors towards non-compliance with the 30 days payment turn-around time. Transfers take, on average, longer than 30 days to reach the programme bank account for payments to be affected.

Part F:

Financial Information



STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

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

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.
The annual report is complete and free from omissions.

The annual report has been prepared in accordance with the guidelines on the annual report issued by National Treasury.
All Annual Financial Statements (Part E) have been prepared under the Generally Accepted Accounting Principles standards applicable to the entity.
The accounting authority is responsible for the preparation of annual financial statements and for the judgements made on this information.
The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the annual financial statements.
The external auditors are engaged to express an independent opinion on the annual financial statements.
In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information, and the financial affairs of the entity for the financial year ended 31 March 2023.

Yours faithfully

.....
xxxxxxx
Chief Executive Officer

xxxxxxx
Chairperson of the Board

FINANCIAL OVERVIEW BY THE CHIEF FINANCIAL OFFICER
REPORT OF THE AUDIT COMMITTEE

MANAGEMENT REPORT



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INTRODUCTION

1. The purpose of this management report is to communicate the outcomes of the audit for the financial year ended 31 March 2024, as well as the insights and significant matters that require the attention of the Accounting Authority. The report should be read with the engagement letter, which sets out our responsibilities as well as the standards and processes we apply in performing our audits.
2. The auditor's report is finalised only after the management report has been communicated. All matters included in this report that relate to the auditor's report remain in draft form until the final auditor's report has been signed.
3. We communicated our audit findings and recommendations for improvement to management and obtained their responses throughout the audit. This report is a comprehensive summary of what we shared with management. In annexure D, we provide a summary of detailed findings communicated to management.
4. The management report is structured as follows:
 - In **section 1** we share the overall audit outcomes and the status of material irregularities. We also summarise the material irregularities in annexure F.
 - In **section 2** we provide the most significant matters from the audit and their impact, which we detail further in the annexures. Where appropriate, we also include the following:
 - Significant deficiencies in internal control that caused the findings we report. Significant deficiencies occur when internal controls do not exist; are not appropriately designed or implemented; or are not operating as intended to prevent – or to promptly detect and correct – material misstatements, non-compliance or non-performance. In annexure C we expand on the state of internal control.
 - Key recommendations and the responses received from management on implementing the recommendations.
 - In **section 3** we include observations on the overall internal control environment and the role of the accountability ecosystem. Key recommendations and responses from management are also included.
 - In **section 4** we provide our view of the root causes of deficiencies in the overall internal control environment and provide recommendations for the [party responsible] to address the root causes.
 - We end the report with a conclusion.
5. We trust the insights and recommendations in this report will be of value in your pursuit towards building and leading a public entity that is accountable and transparent, has institutional integrity, and performs at a level that has a positive impact on the lives of South Africans.

SECTION 1: AUDIT OUTCOMES AND MATERIAL IRREGULARITIES

OVERALL AUDIT OUTCOMES

6. The overall audit outcome of the public entity is qualified opinion with findings. This is the same as the previous year's audit outcome.

Audit results per outcome area

Outcome area	Movement	2023-24	2022-23	2021-22
Financial statements	▶			
Annual performance report				
• Programme 1 – Integrated service delivery	▶			
Compliance with legislation				
• Supply chain management	▶			
• Asset Management	▶			
• Revenue management	▶			
• Annual financial statements	▶			
• Expenditure management	▶			
• Liability management	▶			
• Strategic oversight and governance	▶			
• Consequence management	▶			
• Strategic planning	▶			

Unqualified / No material findings	Qualified	Adverse	Disclaimed	Material findings	Not audited
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▲	Improvement	▼	Regression	▶	Unchanged
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7. The audit outcome of the entity has remained unchanged from the prior year, which is qualified with findings on compliance with laws and regulations and the annual performance report

8. Material misstatements in the annual financial statements and annual performance report were identified that was not prevented or detected by the entity's system of internal control and this formed the basis for the qualified audit outcome. The unfavourable audit outcome is mainly attributable to the lack of adequate controls surrounding financial, performance and compliance management, inadequate and non-timeous implementation and monitoring of audit action plans as some of these misstatements are recurring findings and reviews not adequately performed.
9. We did not identify any significant deficiencies within the IT general controls of the entity. We have however, identified minimal improvements on the focus areas relating to user access management, service continuity, IT Security and IT Governance we have reported these to IT management, refer to Annexure D.
10. The underlying root cause for the repeat findings stem from inadequate governance and oversight in IT management processes. This includes deficiencies in updating policies, lack of regular reviews, insufficient implementation of controls, and gaps in compliance with established standards and best practices. There is also a recurring theme of resource constraints and a lack of dedicated expertise in critical IT functions.
11. If these findings are not adequately addressed, the organization faces several risks and impacts. Operational disruptions could occur due to outdated systems and inadequate disaster recovery plans, potentially leading to prolonged downtime during IT failures or cyber incidents. Financial and compliance risks may arise from unauthorized payments, lack of access controls, and incomplete audit trails, which could result in financial losses, regulatory non-compliance, and potential legal repercussions. Moreover, reputational damage could occur due to data breaches, fraudulent activities, and operational inefficiencies, undermining stakeholder trust and damaging the organization's reputation
12. We provide further insight into the audit outcomes, the root causes of weaknesses and our recommendations in the rest of this report.
13. Annexure E lists matters that will affect future financial statements, annual performance reports and compliance with legislation.

MATERIAL IRREGULARITIES

14. Since the implementation of the material irregularity process, we have identified 1 material irregularities at the public entity.

Status of material irregularities

Year of notification	Total	Resolved	Appropriate actions	Following up actions taken	AGSA further actions	Notification response not yet due	Assessing response
2022	1	1	0	0	0	0	0

15. The auditor's report will detail all material irregularities. Annexure F lists the material irregularities that will be included in the auditor's report.

SECTION 2: SIGNIFICANT MATTERS

FINANCIAL STATEMENTS

Audit results

16. The financial statements were submitted to us for auditing on 31 May 2024.

17. We identified material misstatements in the financial statements submitted for auditing. The material misstatements constitute non-compliance with 55(1)(a) and (b). The non-compliance will be reported as a material finding in the auditor's report.

Material misstatements not corrected

Accounting standard / legislation	Nature	Value	Description	Prior-year misstatements	
				2022-23	2021-22
Programme assets and liabilities					
GRAP 1	Overstatement	4 391 369	Programme Liabilities: Incorrect valuation of retention (COAF 47)		
GRAP 1 and 3	Understatement	7 590 295	Prior year uncorrected misstatement COAF 195: Programme trade and other payables-uncorrected misstatements on completeness – not corrected (COAF 54)		
GRAP 1 and 3	Understatement	14 102 028	Programme retention: 2022/23 COAF 179 Completeness - Prior year misstatements not corrected and adjusted for (COAF 55)		
GRAP 1 and 109	Understatement	16 691 600	Valuation of Programme Payables and Accruals (COAF 73)		
GRAP 1 and 109	Understatement	19 761 493	Completeness of Programme Payables and Accruals (204)		
GRAP 1 and 109	Understatement	49 366 640	Programme Liabilities: Incorrect Valuation of Payables (COAF 75)		
GRAP 1	Overstatement	Unquantifiable	Estimates Accrual not appropriate (COAF 95) (PY)		
GRAP 1	Overstatement	Unquantifiable	Estimates Accrual not appropriate (COAF 95) (CY)		
GRAP 1	Overstatement	Unquantifiable	Programme Assets and Liabilities – management fee on estimates (COAF 242)		
GRAP 1 and 109	Understatement	2 189 258	Programme Liabilities: Incorrect Valuation of Payables (COAF 108)		

Accounting standard / legislation	Nature	Value	Description	Prior-year misstatements	
				2022-23	2021-22
Programme expenditure					
GRAP 1	Overstatement	17 883 378 903	Differences between supporting schedules/ general ledger/ trial balance and annual financial Statements (COAF 22) (CY)		
GRAP 1	Overstatement	18 886 664 581	Differences between supporting schedules/ general ledger/ trial balance and annual financial Statements (COAF 22) (PY)		
GRAP 1	Overstatement	2 043 355	Programme Expenditure: Professional Fees – duplicated transactions (Occurrence) (COAF 36)		
GRAP 1	Understatement	5 494 000	Note 6 Total Expenditure (B) for 2022/23 (corresponding) incorrectly calculated (COAF 49)		
PFMA	Limitation	19 550 550	Limitation of scope – Prior period correction journals (COAF 50)		
GRAP 1 and 3	Overstatement	9 000 000	Programme expenditure: 2022/23 COAF 146 and 147– Prior year misstatements not corrected and adjusted for (COAF 58)		
GRAP 1 and 3	Overstatement	38 475 460	Programme expenditure: 2022/23 COAF 85 – Prior year misstatements not corrected and adjusted for (COAF 78)		
GRAP 1 and 3	Overstatement	45 184 483	Programme expenditure: 2022/23 COAF 87 – Prior year misstatements not corrected and adjusted for (COAF 79)		
GRAP 1 and 3	Overstatement	3 833 028	Programme expenditure: 2022/23 COAF 151 – Prior year misstatements not corrected and adjusted for (COAF 80)		
GRAP 1 and 3	Overstatement	701 754	Programme expenditure: 2022/23 COAF 148 – Prior year misstatements not corrected and adjusted for (COAF 81)		
GRAP 1 and 3	Overstatement	1 891 740	Programme expenditure: 2022/23 COAF 77 – Prior year misstatements not corrected and adjusted for (COAF 82)		
GRAP 1 and 3	Overstatement	1 496 751	Programme expenditure: 2022/23 COAF 123– Prior year misstatements not corrected and adjusted for (COAF 83)		
GRAP 1 and 3	Overstatement	4 026 848	Programme expenditure: ADJs – GRNs (COAF 115)		
GRAP 1 and 3	Overstatement	1 649 273	Programme expenditure: ADJs – GRNs (COAF 116)		

Accounting standard / legislation	Nature	Value	Description	Prior-year misstatements	
				2022-23	2021-22
GRAP 1	Understatement	2 294 053	Programme expenditure: Completeness (COAF 150)		
GRAP 109	Overstatement	1 839 268	GRAP 109 – disclosure (COAF 165)		
GRAP 1	Overstatement	24 065 108	Prior year COAF 149,1 not adjusted (COAF 195)		
GRAP 1	Understatement	1 720 752	Prior year COAF 149,2 not adjusted (COAF 196)		
GRAP 1	Understatement	1 325 930	ADJ – GRN (COAF 199)		
GRAP 1	Overstatement	11 517 054	Cut off of programme expenditure – construction (COAF 207)		
GRAP 1	Overstatement	651 021	NSS Accuracy (COAF 249)		
GRAP 1	Overstatement	23 474 776	Programme liabilities: unrecorded invoices cut off (COAF 230)		
Programme income					
GRAP 1	Overstatement	65 421 854	Funds surrendered to client department recorded as part of funds received from client department (COAF 60, 64 and 91)		
GRAP 1	Overstatement	8 741 617	Interest paid recorded as funds received from client department (COAF 63 and 86)		
Revenue from exchange transactions					
GRAP 9 and GRAP 1	Overstatement	Unquantifiable	Management Fees - Inconsistent application of billing due and current recognition contradictory to the requirements of the MOA (COAF 70)		
GRAP 9 and GRAP 1	Understatement	1 566 913	Differences between the management fees in programmes under note 6 and management fees under revenue (COAF 23)		
Contingent liabilities					
GRAP 19	Understatement	5 167 511	Contingent liabilities not recorded (COAF 157)		
Contingent assets					
GRAP 19	Understatement	6 007 400	Contingent assets not recorded (COAF 263)		

Accounting standard / legislation	Nature	Value	Description	Prior-year misstatements	
				2022-23	2021-22
Related parties					
GRAP 20	Understatement	unquantifiable	Incomplete related party disclosure		
Irregular expenditure – annual financial statements					
PFMA and compliance framework	Limitation	139 100 000	Differences between the irregular expenditure register and Annual Financial Statements – under assessment (COAF 61) Irregular expenditure – Irregular expenditure under assessment not appropriately disclosed (COAF 182)		
PFMA and compliance framework	Understatement	6 308 368	Irregular expenditure recorded at the incorrect amount (COAF 177)		
PFMA and compliance framework	Understatement	4 668 690	Irregular expenditure recorded at the incorrect amount (COAF 193)		
PFMA and compliance framework	Understatement	Unquantifiable	Completeness of IE unquantifiable		
PFMA and compliance framework	Overstatement	8 876 004	Irregular expenditure – Cut off – Prior year CoAF 207 not adjusted for (COAF 67)		
PFMA and compliance framework	Understatement	30 790 426	Irregular expenditure incurred and confirmed in the 2022/23 financial year was not recorded in the corresponding of the current year annual financial statements. (COAF 143)		
PFMA and compliance framework	Understatement	3 581 512	Prior year CoAF 87 not appropriately adjusted for (COAF 159)		
PFMA and compliance framework	Overstatement	1 044 866	Irregular expenditure recorded in the incorrect period (COAF 180)		
PFMA and compliance framework	Overstatement	3 263 880	Irregular expenditure – Irregular expenditure (Occurrence) (COAF 196)		
Irregular expenditure – annual report					
PFMA and compliance framework	Understatement	7 940 939	Prior year CoAF 87 not appropriately adjusted for (Accuracy) (COAF 158)		

Accounting standard / legislation	Nature	Value	Description	Prior-year misstatements	
				2022-23	2021-22
PFMA and compliance framework	Understatement	3 581 512	Prior year CoAF 87 not appropriately adjusted for (COAF 159)		
PFMA and compliance framework	Understatement	8 960 109	Prior year CoAF 81 and 145 not appropriately adjusted for (Completeness) (COAF 164)		
PFMA and compliance framework	Overstatement	8 876 004	Irregular expenditure – Cut off – Prior year CoAF 207 not adjusted for (COAF 67)		
PFMA and compliance framework	Understatement	2 722 954	2022/23 Irregular expenditure incurred and confirmed in the 2022/23 financial year was not recorded in the corresponding of the current year Annual report (Completeness) (COAF 161)		
PFMA and compliance framework	Overstatement	1 044 866	Irregular expenditure recorded in the incorrect period (COAF 180)		
PFMA and compliance framework	Overstatement	35 058 006	Irregular expenditure Prior year limitation on COAF 75 not resolved (COAF 191)		

	Uncorrected		Corrected		No prior-year misstatement
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18. The material misstatements that were not corrected formed the basis for the modified opinion the financial statements and will be reported in the auditor's report.

Material misstatements corrected

Accounting standard / legislation	Nature	Value	Description	Prior-year misstatements	
				2022-23	2021-22
Programme assets and liabilities					
GRAP 1 and 3	Understatement	163 677 673	Prior Period Error Note: Programme expenditure – Incomplete Disclosure (COAF 31)		
GRAP 1	Overstatement	99 212 167	Differences between supporting schedules/ general ledger/ trial balance and annual financial Statements (COAF 20 and 21)		

Accounting standard / legislation	Nature	Value	Description	Prior-year misstatements	
				2022-23	2021-22
Programme expenditure					
GRAP 1 and 3	Understatement	163 677 673	Prior Period Error Note: Programme expenditure – Incomplete Disclosure (COAF 31)		
GRAP 1	Overstatement	57 730 008	Differences between supporting schedules/ general ledger/ trial balance and annual financial Statements (COAF 20)		
Related party transactions					
GRAP 1	Understatement	10 069 067	Related Parties – Difference between amount on related party note to amount in the programme expenditure supporting schedule (NSS) (COAF 29)		
GRAP 1 and GRAP 20	Understatement	49 259 000	Difference between amount on related party note to amount in the programme expenditure supporting schedule		
Contingent liabilities					
GRAP 1	Overstatement	19 369 069	Corresponding figures not appropriately recorded (COAF 38)		
GRAP 1	Understatement	7 858 636	Corresponding figures not appropriately recorded (COAF 38)		
GRAP 19	Understatement	12 877 540	Difference between amounts on AFS to Amount on external confirmation. (COAF 171)		
GRAP 19	Overstatement	113 536 813	Adjusting subsequent event – contingent liabilities not adjusted (COAF 189)		

	Uncorrected		Corrected		No prior-year misstatement
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19. There was a significant number of misstatements identified in the previous year, some of which resulted in material uncorrected misstatements and reported in the audit report.

Some of these misstatements has not been corrected in the current year, resulting in the qualification of the corresponding amounts recorded in the 2023-24 annual financial statements. It should further be highlighted that, as depicted in the table above, some of the misstatements (Material and not material) identified in the current year is a recurrence of the prior year misstatements (material and not material)

20. The financial statements submitted for audit contained various material misstatements that was not prevented or detected by the entity's system of internal control. We identified significant internal control deficiencies in the financial statement preparation and the entity's process controls which caused the misstatements and could cause misstatements in future. The significant deficiencies identified has been detailed in the table below.
21. **Impact:** The identified misstatements has resulted in qualified audit opinion in the annual financial statements as non-compliance with section 55(1)(a) and (b) of the PFMA.

Internal control and recommendations

22. We identified significant internal control deficiencies in financial recordkeeping and the financial statement preparation and related business processes, which caused the misstatements or could cause misstatements in future.

Significant internal control deficiencies – financial records and financial statements

Deficiency	Prior years reported	
	2022-23	2021-22
The financial statements not being adequately reviewed	Yes	Yes
The accounting standard was not correctly interpreted and applied in certain instances resulting in the misstatements.	Yes	Yes
The accounting standard was not correctly interpreted and applied in certain instances resulting in the misstatements.	Yes	No
The adjustments of prior year uncorrected misstatements are not appropriately performed contributing further to the unfavourable opinion	No	No
Invoices are processed late or not processed, resulting in a significant overstatement of reported amounts.	Yes	Yes
There are inadequate controls and lack of proper records management to ensure that complete information is available for audit purposes.	Yes	Yes

23. **Impact:** The uncorrected misstatements has resulted in qualified audit opinion. The corrected and uncorrected misstatements has in addition resulted in non-compliance with section 55(1)(a) and (b) of the public finance management act.
24. The engagement letter included provisions for the corrections of misstatements in the financial statements. These provisions have been applied during the financial year. It should further be noted that included in the paragraph 84 of the engagement letter included instances where we will not allow management to process adjustments. This provision has been applied in the current year on the basis that;
 - Identical misstatements in relation to the financial statements line item have been identified and inadequately corrected in prior years and management has not taken active steps to prevent them from re-occurring in the current financial year.
 - Management had already been provided with and used their initial opportunity to correct the population in the current year. No additional opportunities for adjustments allowed for the same matter.

- Significant internal control deficiencies have been identified and reported in the current year and the prior year(s) in relation to the financial statement item concerned, and management has not taken appropriate steps to address the internal control deficiencies

25. It should therefore be emphasised that management should design, implement and monitor detailed action plans to prevent the recurrence of matters identified to ensure that these instances do not occur in future years. In addition, this is to avoid significant reliance on the audit process to correct the annual financial statements.
26. We made recommendations to improve the financial records and the financial statements preparation process to the senior management. Some of these recommendations were also made in prior years. A summary of the key recommendations and the responses received follows.

Key recommendations and responses – financial records and financial statements

Recommendation and management response	Year originally recommended	Status of implementation
Recommendation: Improvement in the review of the financial statements by reviewing the accompanying schedules and calculations more rigorously. Response: Management agrees with the recommendation	2020-21	Limited progress
Recommendation: It is recommended that the GRAP reporting framework is monitored and the related checklist is completed with the compilation of the annual financial statements Response: Management agrees with the recommendation	2020-21	In progress
Recommendation: We encourage management to execute an adequate audit action plan that will ensure that the internal control deficiencies identified are addressed, thereby preventing misstatements from recurring Response: Management agrees with the recommendation	2020-21	Limited progress
Recommendation: It is recommend the entity to consider the preparation of interim annual financial statements which may result in reduced misstatements during the year end processes. Response: Management agrees with the recommendation	2022-23	Not started
Recommendation: Management should implement a detailed process for accruing of transactions. The processes as described should be continuously monitored by the regional offices and the head office, The projects should be monitored and tracked to ensure that all related services rendered, and goods received are accrued for and timeously recorded. Response: Management agrees with the recommendation	2022-23	Limited progress
Recommendation: Management should ensure that all uncorrected misstatement adjustments are adequately reviewed, processed and recorded. Response: Management agrees with the recommendation	2022-23	Limited progress
Recommendation: We recommend that management put proper controls in place to ensure proper record management. Response: Management agrees with the recommendation	2022-23	In progress

27. Management did not adequately design and implement the action plan on previous year's findings which has resulted in reoccurrence of findings, as well as the reissuance of prior year findings not adequately corrected.

Information to be included in auditor's report

28. We expect that the auditing standards will require us in future to provide information in the auditor's report on matters that were of most significance in the audit of the financial statements. The following were the key audit matters we would have reported if required to do so this year:

Key audit matters

Key audit matter	How the matter was addressed in the audit
Material limitations misstatements: Material limitations have been identified in the prior year and communicated and risk of re-occurrence communicated in the audit strategy. However, limitations still pursued even in the current year. This has resulted in additional audit time, effort and budget to complete the engagement.	Weekly steering committee meetings to discuss outstanding information when presenting the RFI Register. Follow ups with management regarding outstanding information prior to official communication of scope limitations. If information is still not provided, we issued a limitation of scope. If subsequently the information is still not provided, we assessed the impact of the limitation and concluded accordingly. Enforcing strict adherence to the engagement letter terms regarding the submission of information and responding to audit findings as per the 2023/24 signed and communicated engagement letter.
Fraudulent payments fraud risk disclosed as part of fruitless and wasteful expenditure note 28: During planning, a fraud risk was identified and raised due to financial system breach that was reported in several IDT's regions (Limpopo, Western Cape, Kwa-Zulu Natal, and Eastern Cape). These cases were reported by the financial services unit. There have been fraudulent payments which were processed. The above required significant auditor's attention as fraud is by default a significant risk and material in its nature. The fraudulent payments are included as part of fruitless and wasteful expenditure disclosure note in the annual financial statement.	The level of assurance required for payables and fruitless expenditure was increased to ensure more detailed testing in addressing the risk. Furthermore, additional procedures were formulated and performed to address the risk at hand. Furthermore, the auditors involved the IBU and the ISA Business units to look into the fraud matters raised and to assess the reliability of the great plains system. The auditors also involved the information system auditors to perform a review of the EFT processes
Note 6 misstatements: Differences were identified on programmes while reconciling the programme assets and liabilities supporting schedules/general ledger and trial balance against the financial statement disclosed amount. This has resulted in additional audit time, effort and budget to complete the engagement.	A finding was raised in instances where differences were identified - since the differences were material, we could not proceed with the audit as we were limited in our scope of work. The finding served to also request for updated accurate information as part of the audit processes outlined in our engagement letter The findings were responded to by management accompanied by updated and adjusted supporting schedules. We confirmed that amounts agree to the Annual Financial Statements. Once the above step was resolved, we were then able to proceed with the audit. There were numerous differences that were identified in this process and required extensive engagements with management to resolve – the process took a significant time to be completed.

- 29. We may communicate matters relating to the audit, the auditor's responsibilities and the auditor's report in the auditor's report that are important for users of the financial statements to know about. There are currently no other matters to be communicated.
- 30. We will include an 'emphasis of matter' paragraph in the auditor's report to draw the attention of users of the financial statements to the following matters which we deem to be fundamental to their understanding of the financial statements:

Restatement of corresponding figures

- 31. As disclosed in note 24 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the Independent development trust, and for the year ended, 31 March 2024.
- 32. As disclosed in Note 6 to the financial statements, the corresponding figures for Programme assets and liabilities for 31 March 2023 were restated as a result of an error in the financial statements of the Independent Development Trust, for the year ended, 31 March 2024.

Future outcomes of litigation

- 33. With reference to note 22 to the financial statements, the entity is the defendant in a number of legal cases in which the entity is opposing the claims. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

Material impairments

- 34. As disclosed in note 3 to the financial statements had a material allowance for impairment of receivables from exchange transactions of R55 920 000 (2022: 28 391 000)

Underspending of the budget

- 35. As disclosed in the statement of comparison of budget and actual amounts, the entity materially underspent the budget by R77 251 000.

FINANCIAL MANAGEMENT AND PERFORMANCE

Going concern

- 36. Our audit included an evaluation of the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements and whether any material uncertainties exist about the public entity's ability to continue as a going concern.
- 37. We agreed with the disclosures made in the financial statements on the material uncertainties and the events and conditions identified by management.

Going concern – events or conditions

Event or condition	Prior years reported	
	2022-23	2021-22
The cash flow forecast for the year ending 31 March 2025 indicated a net cash outflow, resulting in a significant decline in available cash resources. The ability of the entity to continue as a going concern is dependent on the shareholder for funding of operations	Yes	Yes

38. The 2023-24 financial health assessment has revealed that the entity has regressed in its financial health in the current financial year. We have further identified significant risks which could potentially impede on the entity's financial health assessment.

- The 2023-24 financial health assessment has revealed that the entity has regressed their financial health in the current financial year. However, the reliance on the government grant from the Department of Public Works and Infrastructure (DPWI) has assisted their entity to cover their operational needs. This was also the case in the 2022/23 financial year.
- The entity is not able to generate sufficient revenue to fund its operational expenditure
- Cash outflows are higher than cash inflows (this is excluding the grant expected to be received from the DPWI).
- There has also been an increase in litigations against the entity. It is probable that the entity will experience cash outflows of economic resources from these litigations.
- The entity has not had a favourable financial health assessment for the previous 4 years.

39. The entity has taken steps to improve the financial health as reflected below:

- The entity currently has plans to increase its revenue, this is through establishing new business. In the 2022/23 financial year the entity achieved new business to the value of R802 million and in the current fiscal year the entity achieved new business to the value of R4.066 billion. This is a positive gear towards possible future sustainability.
- Management also plans to intensify its debtor's collection; however, this has not materialised in a significant manner in the current financial.
- The entity has further implemented its new revenue funding model, which allowed for an amendment in the payment model and allows for further financial sustainability in future years to come.

40. **Impact:** With the entity not being able to service its own operational costs, without the grant from the Department of Public Works and Infrastructure to service their operational costs. Client departments may not engage with the entity in new business as this may indicate that the entity may not be able to properly manage their funds appropriately which may impact financial sustainability of it occurs. We however commend management on the steps taken to improve the financial position for future years.

41. We will include a 'material uncertainty related to going concern' paragraph in the auditor's report to draw the attention of users of the financial statements to the note included in the financial statements on the going concern material uncertainties.

Budget management

42. We tested compliance with the legislative requirements for budget management and performed tests to identify budget overspending or budgets not spent for their intended purpose. We did not identify findings to highlight in this area of financial management.

Financial assessment and compliance

43. Our audit included a high-level assessment of the financial position, and key financial ratios of the public entity based on its financial results to assess its going concern (as detailed earlier), and also to highlight those issues that may require corrective action to maintain financial stability. The financial ratios used for assessment include those that the users of the financial statements would typically apply to assess financial performance. The assessment is intended to complement, rather than substitute, the entity's own financial assessment.

44. The detailed assessment is included in annexure A. We used the amounts and information in the financial statements to perform the assessment.
45. We concluded based on the assessment that the financial health of the public entity is concerning, which is the same as the previous year.
46. Next, we summarise the key matters identified through the assessment that require attention to improve the financial health.

Financial assessment – key matters

Expenditure management
The creditor payment period shows the average number of days taken for creditors to be paid. Management is commended for the significant decrease in payment days from 45.8 days to 20.1 days. The 20.1 days as determined is well within the average payment period.
Revenue management
The debtor's collection period reflects the average revenue collection period. This indicator further reflects the quality of the entity's debtor control policy. The debtor's collection period is longer than 30 days at 103 days, a minor improvement as compared to the 147 days in the prior period.
Asset and liability management
The entity has a positive asset liquidity ratio which indicates that the entity has the ability to pay back its short-term liabilities, the entity in addition has positive debt to asset ratio which indicates how reliant an auditee is on debt financing. Management is commended for maintaining their favourable asset and liability position, the deficit realised in the current year is however of concern especially if it continues for years to come
Cash management
The cash balance and the financial statements reflect a surplus achieved for the year. However, this is a decrease from the cash balance achieved in the previous financial year, the current year's balance as per the financial statements is R53 419 000 while in the previous year there was R143 173 000 balance at year end, this is contributed to the net cash flows from operating activities being in negative. If this is to continue, the entity may not have sufficient funds to sustain their operations, impacting the financial sustainability.

47. The following concerns are however noted with regard to the financial indicators
 - Financial statements reflect a deficit achieved for the year.
 - The net cash flows from operating activities are in negative.
 - There is a possible outflow of resources, pending the outcome of legal cases the entity is currently being litigated against amounting to R209 196 103. The entity does not have the available resources to fund these possible outflows.
 - The entity continues to pay significant legal costs and settlement fees which is settled with the entity's own funds. In the current year R46 989 000 (2023: 21 177 000)
 - The cash projections currently indicate a net cash outflow for the next year.
 - The entity continues to rely on bailouts to be received by the shareholder
48. We identified non-compliance with legislation and other requirements applicable to the entity on financial management. The findings on material non-compliance with legislation will be reported in the auditor's report.

Financial management – non-compliance

Finding	Material non-compliance	Prior years reported	
		2022-23	2021-22
Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.	Yes	√	√
Effective and appropriate steps were not taken to prevent irregular expenditure as required by section 51(1)(b)(ii) of the PFMA.	Yes	√	√
Effective steps were not taken to prevent fruitless and wasteful expenditure as required by section 51(1)(b)(ii) of the PFMA.	Yes	√	√
Resources of the entity were not utilised economically, as required by section 57(b) of the PFMA.	Yes	√	√

49. We have not identified material non-compliance with legislation with regards to asset and liability management for reporting in the auditor's report.

Losses

50. It is crucial for the public entity to implement the necessary disciplines to ensure that value is derived from money spent and that assets and resources are safeguarded. We identified findings to highlight in this area of financial management. The findings on material non-compliance with legislation will be reported in the auditor's report.

Disclosures on losses

Nature	Description	Rand value		
		2023-24	2022-23	2021-22
Fruitless and wasteful expenditure	Legal settlements	28 190 702	667 950	0
Fruitless and wasteful expenditure	Fraudulent payments	6 577 822	0	0
Fruitless and wasteful expenditure	Interest on late payments	77 756	1 710 050	1 220 227
Fruitless and wasteful expenditure	Traffic fines and penalties	120 227	0	0
Fruitless and wasteful expenditure	Duplicate payments	0	0	1 075 148
Fruitless and wasteful expenditure	Payments made for services not received	1 725 294	0	8 670 501
Fruitless and wasteful expenditure	Interest and penalties as well as rental	0	0	1 370 172
Fruitless and wasteful expenditure	Payment for service not rendered	0	0	8 289 296

Findings on losses

Finding	Material non-compliance	Prior years reported	
		2022-23	2021-22
Write off for debtor's management fees and debtors' payroll for Department of Forestry, Fisheries and the Environment which resulted in fruitless and wasteful expenditure for payments made to employees that were appointed as part of the project. Fruitless and wasteful expenditure amount to R8 289 296.45 This resulted in non-compliance with Section 57(b) of PFMA and section 50(1) of PFMA	Yes	No	No
Payments were made for services not rendered This resulted in non-compliance with Section 57(b) of PFMA and section 50(1) of PFMA	Yes	No	No
Fraudulent payments which could have been avoided if adequate controls and systems was in place to prevent the occurrences This resulted in non-compliance with Section 57(b) of PFMA and section 50(1) of PFMA	Yes	No	No
Fruitless and wasteful expenditure was identified in interest paid to supplier for late payment of invoices amount R359 610.25 Effective steps were not taken to prevent fruitless and wasteful expenditure as required by section 51(1)(b)(ii) of the PFMA.	Yes	Yes	Yes

51. The entity experienced a financial breach during the year. The breach has been established to be contributed to the weak controls in the Information technology system specifically in relation to the processes surrounding payments and electronic funds transfers, this matter is of great concern even though it has not been identified in the previous years.
52. The entity further has significant litigations as disclosed in note 22. There has been a history of the entity losing legal cases which has resulted in significant outflows of funds, payments which could have been avoided if reasonable care had been taken.
53. **Impact:** These losses identified has a direct impact on the financial viability of the entity as payments are being made with no benefit to the entity. These amounts could in addition have been used to further provide valuable services, In line with the mandate of the entity to provide service delivery. These are losses to the fiscus which are of significant concern and require investigation. This is a contravention of section 51(1)(b)(ii) of the PFMA as the fruitless and wasteful expenditure was not prevented. This will in addition result in non-compliance with section 57(b) of the PFMA as the resources was not utilised economically. The non-compliance will be reported as a material finding in the auditor's report.
54. The fruitless and wasteful expenditure incurred constitutes non-compliance with PFMA. The findings on material non-compliance with legislation will be reported in the auditor's report.
55. We have identified that fruitless and wasteful expenditure in the annual report is understated by R64 107 000.

Internal control and recommendations

56. We identified significant internal control deficiencies, which caused the weaknesses in financial management and performance as reported.

Significant internal control deficiencies – financial management

Deficiency	Prior years reported	
	2022-23	2021-22
We have noted the following deficiencies in relation to the entities debtor's management system in the current year: - Management does not have a system of sending debtors statements on a frequent basis to ensure the debtor recovery possibility is increased. - We have in addition identified that the invoices provided to the debtors does not have payment terms, specifically in relation to payment period. This reduces the possibility of recovery of funding within the required timeframes, which reduces the possibility of recovery and increases the risk of the entity not being able to meet its short-term obligations. - Outstanding debt is not regularly followed up which results in reduced possibility of recovery and non-compliance with the PFMA.	√	
Management did not adequately ensure that there are sufficient controls in place on the payment of goods and services to ensure that losses including those from financial breaches are prevented	√	
Management did not ensure that there is effective controls in place over payments to ensure that payments are made for services actually rendered and to the correct suppliers.	√	
Management did not ensure compliance to relevant prescripts and agreements which resulted in outflow of resources in the form of legal settlements which could have been prevented had reasonable care been taken.		

57. We made recommendations to improve financial management processes to the senior management. Some of these recommendations were also made in prior years. A summary of the key recommendations follows.

Key recommendations and responses – financial management

Recommendation and management response	Year originally recommended	Status of implementation
Recommendation: Management must ensure that there is process in place to collect revenue due to the entity. The process should in addition include details on methods of revenue generation and collection. Response: Management agrees with the recommendation	2022-23	Not started
Recommendation: Management must ensure that entity complies with all applicable laws and regulations to prevent fruitless and wasteful expenditure. In addition appropriate consequence management should be implemented for the failure to prevent the fruitless and wasteful expenditure incurred. Response: Management agrees with the recommendation	2022-23	In progress
Recommendation: Management must ensure that entity complies with all applicable laws and regulations to prevent fruitless and wasteful expenditure. Response: Management agrees with the recommendation	2023-24	In progress

58. Management did not adequately design and implement the action plan on previous year's findings which has resulted in reoccurrence of findings.

Information to be included in auditor's report

59. We can include an 'emphasis of matter' paragraph in the auditor's report to draw the attention of users of the financial statements to important disclosures in the financial statements. The following matters that relate to the financial performance of the public entity will be emphasised:

Going Concern

60. The financial statements have been prepared on a going concern basis. There currently is a material uncertainty about the entity's ability to continue as a going concern.

PERFORMANCE PLANNING, MANAGEMENT AND REPORTING

Overall performance planning and management

61. We tested whether the entity's performance planning and management processes, strategic plan and annual performance plan (APP) complied with the key requirements from legislation and the revised framework for strategic and annual performance plans.
62. We did not identify findings.

Audit of annual performance report

63. The annual performance plan and report were submitted to us for auditing on 27 March 2024 and 31 May 2024, respectively.
64. As detailed in the engagement letter, we undertook a reasonable assurance engagement on a specific programme selected for auditing. We will report only the material findings in the auditor's report and not the audit opinion as included in section 1.
65. We selected the following programme for auditing:
- Programme 1 – Integrated Service Delivery
66. The selected programme is based on the entity's core mandate and has a significant impact on the general public. The entity is mandated to support all spheres of government with social infrastructure management and programme implementation. The purpose of the programme is to provide efficient, effective and integrated public social infrastructure delivery and management services and the expected outcomes includes the delivery of social infrastructure on time, within budget and scope and the management of public employment programmes.
67. We evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users of the report on the entity's planning and delivery on its mandate and objectives.
68. We performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives

- all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently and are verifiable, so that we 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 what 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 and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

69. During the audit we have received significant limitations on the request and receipt of certain information. Management should ensure that the necessary processes are put in place to ensure that information is stored appropriately and available for submission on request.

70. We also experience difficulties with the supporting schedule for IDT work opportunities created, which required the audit team to access the share drive and download the beneficiary reconciliation forms from the system in order to test for the accuracy of the schedule. This hindered the audit process as it resulted in a material finding being raised and having to wait for management to provide the revised supporting schedule in order for the team to proceed with the audit.

Audit results – Programme 1: Integrated Service Delivery

71. We did not identify findings on the completeness of the indicators used for planning and reporting on performance.
72. We did not identify material findings on the overall presentation of performance information in the annual performance report.
73. We identified material misstatements in the reported performance information in the annual performance report submitted for auditing. Some of these misstatements are repeat from previous years

Material misstatements not corrected

Description	Prior-year misstatements	
	2022-23	2021-22
Indicator 1.3.1 - Percentage of projects completed on time		
Minor Works that meet the definition of "non-greenfield infrastructure facilities" not included on the actual achievement of % of projects completed on time.		
Practical completion not reached before practical completion date planned per appointment letter / contract (Numerator)		
Projects completed on time not reported on (Numerator)		

Description	Prior-year misstatements	
	2022-23	2021-22
Completeness of non-greenfield infrastructure facilities (Denominator)		
Indicator 2.1.1 - Percentage of programme contracts value (weighted rand value) allocated to designated groups		
Differences in allocation of entity equity to designated groups - Numerator		
The confirmed designated group contracts awards have been inappropriately reported, as they should have not been reported on (overstatement) – Numerator		
Confirmed designated group contracts awards have not been reported on (understatement) – Numerator		
Contract value included as part of the denominator however no award was made for the appointment (overstatement) – Denominator		
Information requested not provided		
Indicator 2.2.1 - Percentage of weighted programme expenditure on designated groups (based on total programme spend)		
Differences in allocation of entity equity to designated groups – Numerator		
Completeness of expenditure weighted designated groups – Numerator		
Uncorrected misstatements from AFS programme expenditure have a material impact on this indicator – Denominator		
Differences between the reported programme expenditure in the annual financial statements and the total programme spent		
Indicator 2.3.3 - Percentage of youth contractors participating in the IDT CDP		
Contractor reported did not sign an acceptance offer for the appointment.		
Duplicate participants reported		
Information requested not provided		
Indicator 2.4.2 - Percentage of construction projects awarded to women contractors participating in IDT CDP		
CDP participant who is a woman not included as part of women (numerator) not reported on		
Information requested not provided (denominator)		
Construction projects allocated to CDP not reported on		
Indicator 3.2.1 - Number of work opportunities created through EPWP (EPWP-NSS excluding IDT programme portfolio)		
EPWP participants that were verified could not be traced to the EPWP supporting schedule.		
EPWP participants selected from the registers from the floor could not be traced to the EPWP supporting schedule		
Duplicated participants were identified from the EPWP supporting schedule provided for audit		

Description	Prior-year misstatements	
	2022-23	2021-22
Participant selected not included on the NPO attendance registers		
RS system mismatch resulting in an overstatement of reported participants		
Indicator 3.1.1 - Number of construction work opportunities created (through IDT Portfolio)		
Duplicated participants were identified from the IDT work opportunities supporting schedule provided for audit		

	Uncorrected		Corrected		No prior-year misstatement		Indicator not audited/included in annual performance report
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74. The material misstatements that were not corrected will be reported in the auditor's report. These misstatements formed the basis for the modified opinion.

Material misstatements corrected

Description	Prior-year misstatements	
	2022-23	2021-22
Indicator 1.1.1 Number of greenfield or replacement infrastructure (facilities) completed		
Understatement of greenfield infrastructure facilities completed		
Indicator 2.1.1 - Percentage of programme contracts value (weighted rand value) allocated to designated groups		
Discrepancies were noted between the supporting schedules and the annual performance report submitted for audit purposes		
Indicator 2.3.1 - Number of contractors participating in the IDT Contractor Development Programme (CDP) – (CDP Panel)		
Discrepancies were noted between the supporting schedules and the annual performance report submitted for audit purposes		
CDP supporting schedules included duplicated participants		
Appointed participants not included on the actual achievement		
Indicator 2.3.2 - Percentage of women contractors participating in the IDT Contractor Development Programme		
Discrepancies were noted between the supporting schedules and the annual performance report submitted for audit purposes		
CDP supporting schedules included duplicated participants		
Appointed participants not included on the actual achievement		
Indicator 2.3.3 - Percentage of youth contractors participating in the IDT Contractor Development Programme		

Description	Prior-year misstatements	
	2022-23	2021-22
Discrepancies were noted between the supporting schedules and the annual performance report submitted for audit purposes		
CDP supporting schedules included duplicated participants		
Appointed participants not included on the actual achievement		
Indicator 2.4.2 - Percentage of construction projects awarded to women contractors participating in the IDT CDP		
Discrepancies were noted between the supporting schedules and the annual performance report submitted for audit purposes		
Indicator 2.4.3 - Percentage of construction projects awarded to youth participating in the IDT CDP		
Discrepancies were noted between the supporting schedules and the annual performance report submitted for audit purposes		

	Uncorrected		Corrected		No prior-year misstatement		Indicator not audited/included in prior-year annual performance report
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75. Based on the above, the misstatements corrected and uncorrected was due to the following:

- Reported achievements not supported by verifiable evidence.
- The achievements reported materially differed from supporting evidence.
- Information not submitted for audit
- Reported achievements not aligned to the technical indicator descriptions
- Reported achievements not complete
- Achievements not adequately validated prior to reporting resulting in duplicated information/ reported information not agreeing to the supporting schedules.

76. Impact: The uncorrected material misstatements identified has resulted in a qualified audit opinion and the material findings will be reported in the audit report.

Information to be included in auditor's report

77. We may communicate matters about the audit, the auditor's responsibilities and the auditor's report in the auditor's report that are important for users of the annual performance report to know about. We will include information on the corrections to the material misstatements in the submitted annual performance report in the 'other matters' section in the auditor's report.

Internal control and recommendations

78. We identified significant internal control deficiencies, which caused the weaknesses in the performance planning, management and reporting processes as reported.

Significant internal control deficiencies – performance planning, management and reporting

Deficiency	Prior years reported	
	2022-23	2021-22
The implementation and monitoring of action plans are not effective to ensure that misstatements do not reoccur.	Yes	Yes
The annual performance report and the related supporting information not adequately reviewed	Yes	Yes
Management did not adequately validate the supporting information prior to reporting and submission to ensure that the information reported is appropriate and complete.	Yes	Yes
Management did not have a clear understanding of the indicator definition, and the source data required to ensure that the reported achievement is appropriately supported by valid reportable information.	Yes	Yes
Lack of effective reviews by management to ensure that the annual performance report submitted for audit agree to the supporting schedules and its valid, accurate and complete	No	No

79. We made recommendations to improve the performance planning, management and reporting process to senior management. Some of these recommendations were also made in prior years. A summary of the key recommendations and the responses received follows.

Key recommendations and responses – performance planning, management and reporting

Recommendation and management response	Year originally recommended	Status of implementation
Recommendation: Management should ensure that actions plans are in place and implemented to avoid repeat findings from prior year. Response: No response	2023-24	Limited progress
Recommendation: Management should ensure that they review the schedule together with the supporting documentation to ensure that the information reported in the annual performance report is valid, accurate and complete. Response: No response	2023-24	Limited progress
Recommendation: Ensure that, going forward, the means of verification used to validate the inputs is consistent and consistently applied. Response: No response	2022-23	Limited progress
Recommendation: Management should ensure that the supporting schedule provided for audit is reconciled against the RS system. Response: No response	2023-24	Limited progress
Recommendation: We recommend that management put proper controls in place to ensure proper record management. Response: No response	2022-23	Limited progress

80. Management progress has remained stagnant considering the repeat findings that has been issue.

PLANNED TARGETS NOT ACHIEVED

81. As disclosed in the annual performance report, not all the planned targets were achieved for the programme we selected for auditing.
82. We will draw the attention of oversight to the non-achievement of key indicators by including the table that follows in the 'other matters' section in the auditor's report, with reference to the pages in the annual performance report where the reasons for the non-achievement are included.

Targets for key indicators not achieved – Service delivery

Targets achieved: 63%		
Budget spent 66%		
Key indicators not achieved	Planned target	Reported achievement
Percentage of projects completed on time	75%	44%
Percentage of women contractors participating in the IDT Contractor Development Programme	40%	25%
Percentage of youth contractors participating in the IDT Contractor Development Programme	30%	27%
Percentage of Persons with disabilities participating in the IDT Contractor Development Programme	2%	0%
Percentage of construction projects awarded to women contractors participating in the IDT CDP	40%	31%
Percentage of construction projects awarded to persons with disabilities participating in the IDT CDP	2%	0%

83. The purpose of the programme is to provide efficient, effective and integrated public social infrastructure delivery and management services. The services provided by the entity is of significant importance as the provision of infrastructure delivery and the job creation has a direct impact on the public as a whole. The non-performance of primary targets has a negative impact on the lived realities of people.
84. There has been a small improvement on the projects completed on time. The actual achievement for this indicator has double in the current year and we commend management for this. However, the actual achievement of 44% is still way below 75% target. This means that IDT and client departments working together should ensure that they avoid any delays within their control like non-payment of contractors due to budget constraints or delays in making actual payment.

OTHER INFORMATION IN ANNUAL REPORT

85. We did not audit the information in the annual report except for the financial statements and the programme in the annual performance report selected for auditing.
86. However, the auditing standards require us to read the unaudited information and consider whether it is materially inconsistent with the information we audited or the knowledge we obtained during the audit, or otherwise appears to be materially misstated.
87. The other information except for the irregular and fruitless and wasteful expenditure notes were not received in time for us to perform this procedure. We will report this in the auditor's report and indicate that any material

misstatements identified when we receive it that are not corrected might result in us retracting the auditor's report and reissuing an amended report. On the information received, we identified material findings to report in the auditor's report.

Findings on other information

Finding	Prior years reported	
	2022-23	2021-22
Irregular expenditure recorded in the incorrect period	√	
Irregular expenditure recorded at the incorrect amount	√	
Irregular expenditure not recorded	√	
Fruitless and wasteful expenditure not recorded	√	
Limitation of scope	√	

88. Impact: The misstatements identified will be reported under other matters in the auditor's report. Similar instances have been reported in the previous years.

INFRASTRUCTURE PROJECTS

89. We selected key infrastructure projects for assessment over their project life cycle. We tested whether the projects are planned, implemented, managed and commissioned efficiently, effectively and economically. The project that was selected was Riverview Primary School and Buhlebuzile Primary School which are built on behalf of National Department of Basic Education.

Riverview Primary School

90. We identified the following significant findings on some of the key projects:

- penalties amounting to R1 601 087,50 had been levied thus far to the contractor for delay
- delays by 287 days due to poor performance by the contractor.
- delays due to late payments from both the Department and the Independent Development Trust
- the project has been delayed by approximately 365 days from the planned completion date of 25 April 2023 to the day the site visit was conducted 24 April 2024.
- An amount of R238 510 (Incl. VAT) was paid for items that were purchase for construction, however, during the site visit conducted on 24 April 2024, the works associated to these items could not be confirmed on site.

91. Impact:
The project is facing a substantial delay of approximately 365 days beyond the most recent revised completion date. This means the project is well over a year behind schedule, missed deadlines, and potentially increased costs.

The project's intended purpose is to provide much-needed public education infrastructure for nearby communities. However, due to the delay in completion, these communities continue to be denied access to proper educational facilities. This is particularly concerning as the existing infrastructure (as seen on the day of the site visit) is in a dire state, further hindering the ability of children to receive a quality education.

Furthermore, the department and the implementing agent incurred fruitless and wasteful expenditure amounting to R238 510 for payment for work not done on site.

92. The following root causes were identified:

- Poor project planning and management by contractor for failing to secure and provide construction material timeously led to delay on the project.
- Failure by the implementing agent to pay/ settle payment certificates to the contractor timeously led to late acquisition of construction material and therefore delay in completion of the project.
- Lack of adequate monitoring of the contractor's claim by the consultant and the project manager resulted in payment of work not done.
- Failure to adhere to the contractual agreement of approval and payment of payment certificates claim led to contractor claiming for work not done on site.

The current state of the existing school:



93. The mandated function of the entity contributes significantly to the public at large, by ensuring that there is sufficient and appropriate infrastructure for government entities and departments to provide the necessitated services as required. It is therefore important that the processes and deliverables of the entity is performed economically, efficiently and effectively.

94. We have selected infrastructure projects in the current year with the aim of identifying whether the existing government tools that are in the system are currently and effectively being utilised to foster integrated planning and coordination.

Buhlebuzile Primary School

95. The following findings were noted:

- Number of payment delays resulting in the contractor vacating the construction site and extension of time granted with cost.
- Construction site unsafe for learners using portion of the school.

96. Internal control deficiency noted

- Poor financial discipline over project funding, due to negligence or incompetency, and lack of reconciliation of individual project budgets to actual expenditure to inform allocation available for projects that have long started.
- Site management poor to non-existent, due to lack of co-ordination of key stakeholders by project manager/ IDT to maintain and monitor site safety.
- Failure by implementing agent to engage with contractor prior to their suspending the works on site, a key risk management focal point, to get written commitment on their obligation to keep site safe even when they were off site.

- The delay in payment by the department resulted in the contractor suspending works per process provided for in the contract and moved off the construction site, leaving the responsibility of site to the department through its implementing agent, both having failed to secure the site for safe use of the learners and staff.
- The appointed occupation health and safety officer from the construction team has been negligent in discharging their duties by ensuring that the construction site is not in compliance with the prerequisite safety measures, detailed in section 27 of the construction regulations, to ensure the safety of learners, staff, parents and other visitors at the school's construction site.
- Lack of effective oversight by the implementing agent and project manager over security/ safety protocols that should be in place and operational.

97. The above findings are supported by the pictures depicted below:





98. The following projects have been selected for verification in addition to the above:

Mandlamasha Primary School

99. This project was selected for the audit of which IDT is an implementing agent on behalf of department of basic education. The following matters has been identified:

- IDT was only responsible for building the new Grade R classes.
- The current school is made up of mobile and/or prefabs classrooms which are unstable and currently there are no positive actions by Department of Basic Education about the building of the new schools.
- The school has issues with access to water. This confirms the lack of integration of government departments

100. The current state of the existing school:



Dingukwazi High School

101. This project was selected for the audit of which IDT is an implementing agent on behalf of department of basic education. The following matters has been identified:

- The delay was due to adverse effect of weather condition thus this delay was granted an extension (5 days)
- The delay was due to Covid-19 Lockdown thus this delay was granted an extension (83 days)
- The delay was due to non-payments by which led to suspension and extension of time was granted (272 days) and Interest to IDT of R359 610.25
- Demolishing two classroom and rebuild them and was granted an extension (105 days)
- Withdrawals of Termination letter and extension of 4 months with Penalties of R324 602.19
- We also noted that the area has issues with water supply, and this was considered during the planning stage of the school as the supplementary water supply was made available (water tankers etc).
- We also noted that the extension and or variations were not approved by the delegated officials and some of the reasons for extensions were noted to be not justifiable.

102. The current state of the existing school:





103. This project was selected for the audit of which IDT is an implementing agent on behalf of department of basic education. The following matters has been identified:

- Project has been significantly delayed by discovery of rock and water, the rock has had a cumulative delay of 42 days and basting continues on site
- The ground water has resulted in an increase in scope and installation of subsoil drains on platforms 1&4 cumulative delay of around 24 days
- There was a further delay emanated when the work permit was not timeously acquired for the project
- Delay on processing payment certificate no 10 11 12 which were not made within 30 days based on clause 25.10 of contract data
- In addition, through discussions with the project manager and the principal agent, we confirmed that what resulted into IDT cancelling a contractor was due to poor performance. Currently there is no work being carried out on site as IDT is still busy with the tender process of the new contractor which will results into further delays.
- The contract with the contractor was cancelled in February 2024, however six months later, the project has still not resumed.
- It has further been identified that there has not been timeous and consistent monitoring of the contractor to prevent losses in the early stages of the project that was caused by poor performance of the contractor
- We also noted some material made with steel on site which have rust now and if they should be used for the projects will results in additional cost from removing the rust or replacing them with new materials. This then has a potential of incurring fruitless and wasteful expenditure.
- Approximately R62.8 million rand was spent on the project to date

104. The current state of the existing school:



105. The school was built for the purpose of catering for the need of disabled learners which is to accommodate 240 learners. Currently in the country we have scarce special school. According to government data provided in 2015, nearly 121,500 learners with disabilities were in "ordinary" schools, over 119,500 learners were enrolled in special schools and, in 2017, close to 11,500 children with disabilities were on waiting lists to enrol in special schools. This means that the demand for such schools is very high meaning any further delays on completion of the projects may pose harm to disabled learners who need this schools and cannot attend normal school.

106. It should be noted that these projects have been managed by the IDT and requires the necessary intervention. Management should ensure that there are adequate remedial actions implemented to rectify the matters and to prevent any further losses.

Performance Management Services Unit Value add

107. Projects allocation per Programme Implementation Manager

108. We performed an assessment within the Programme management services unit as it is responsible for the monitoring of infrastructure projects on all regions. The unit has a total of 84 employees of which 54 employees are Programme Implementation Manager and 22 Programme Managers and other 8 employees are responsible for the administration within the unit.

109. Out of 54 Programme Implementation Managers (PIM) only 43 PIM are allocated projects of which in total 633 projects are allocated to these employees. We noted that this may put pressure on these employees as most of the projects are allocated to the few PIM. One employee having the highest number of projects (134) and the lowest being 1 project allocated to them. This may lead to poor project management, delays on projects and defects not being detected timeously. In addition, 4 projects for Gauteng are not allocated to any employee.

110. Assessment of Programme Implementation Managers

111. Out of 54 PIP we selected a sample of 30 PIM which we confirmed that only 14 PIMs are registered with professional bodies, 7 PIM provided evidence of certificates as being part of the professional bodies however we could not verify their registration with those professional bodies as their registration had expired and 9 PIM's do not belong to any professional bodies. Based on enquiries with HR it was confirmed that it was not a mandatory at that time that the employee (PIM) being registered with professional bodies. These unregistered PIMs may result and impact poor quality infrastructure and potential lack of accountability due to non-registration.

112. The root cause identified are:

- The registration of programme implementation managers not being a mandatory requirement upon appointment of the employee.
- No regular check-up on the registration status with professional bodies of employees and principal agents to ensure that their status is still active it hasn't expired.

113. Impact

- This may result in poor quality infrastructure as defects may not be detected as and when required due to over allocation of projects to one programme implementation manager.
- This may result in projects not being completed on time.

114. Completeness of project listing

115. We performed external confirmation with the client department on their projects that are being implemented by IDT and we confirmed that there are projects that were not included in their listing that client departments have confirmed. This raised concerns on the completeness of the projects they are implementing.

116. Delays in the submissions of the relevant registers, status of projects and allocations of projects to principal agents and project managers.

117. The above is a significant concern considering that there is no proper monitoring of the related projects, considering this is the primary operations of the entity.

118. The root cause identified are:

- The entity does not have a system in place for management of all their projects (which includes ongoing projects, completed projects, cancelled project and delayed projects). Instead, they use an excel spreadsheet per region for the tracking of the projects.
- Lack of effective project management techniques to ensure that projects are effectively monitored.
- Lack of effective reviews by management to ensure that information submitted for audit is complete.

119. Impact

- This may result in ineffective project management and implementation, especially considering that this is the primary mandate of the entity.

STATE OWNED ENTITY AND GOVERNANCE

120. Our audit included confirming whether the entity complied with selected reporting requirements in the Public Finance Management Act and Treasury Regulations. We identified non-compliance with the selected requirements tested.

121. We did not identify findings.

ASSET MANAGEMENT

122. Our audit included confirming whether the entity complied with selected reporting requirements in the Public Finance Management Act and Treasury Regulations. We identified non-compliance with the selected requirements tested.

123. We did not identify findings.

LIABILITY MANAGEMENT

124. Our audit included confirming whether the entity complied with selected reporting requirements in the Public Finance Management Act and Treasury Regulations. We identified non-compliance with the selected requirements tested.

125. We did not identify findings

INFORMATION TECHNOLOGY SYSTEMS

126. We did not identify any significant deficiencies within the IT general controls of the department based on the scope of the IT audit. We have however, identified improvements required on the focus areas relating to IT Governance, IT service continuity, User Access Management, IT Security and we have reported these to IT management, refer to Annexure D.

127. It was noted that the ICT Master Plan had not been reviewed since 2017, leading to a misalignment between the ICT goals and the institution's strategic objectives. Furthermore, the lack of support and maintenance for the Great Plains system, coupled with inadequate password settings and user management, underscores a broader issue of insufficient IT governance and control. The absence of a well-defined IT Steering Committee Terms of Reference (ToR) further complicates decision-making processes and undermines the alignment of IT initiatives with business objectives.

128. The exploitation of the SQL Database Administrator Account for potentially fraudulent activities was a major issue, indicating a serious lapse in the process around securing sensitive accounts. This lapse could have potentially contributed to unauthorized alterations of the master file and potential financial discrepancies. Additionally, the unrestricted access to invoices shared folders highlights a significant internal control deficiency, with the potential for unauthorized modifications and data breaches. The process of paying suppliers directly into the bank without following standard procedures further exposes the organization to risks of unauthorized payments and misappropriation of funds, thus increasing susceptibility to phishing attacks and other fraudulent activities.

129. While we appreciate management's demonstrated commitment to addressing the identified findings, as evidenced by the action plans that have been put in place to improve the IT controls, it should be noted that the effectiveness of these plans will need to be monitored and evaluated over time to ensure they result in the desired improvements. This significant step forward demonstrates management's dedication to enhancing the governance of IT at IDT. However, the findings identified indicate that further actions are necessary to fully address critical areas of concern.

INFORMATION SECURITY MANAGEMENT

130. The Information System Audit included an assessment of the effectiveness of the information technology (IT) security controls that prevents unauthorised access to key information systems and safeguards the department against business interruptions.

131. Information System Audit did not identify significant deficiencies in the IT security controls. Where we identified improvements that can be made to the controls it was reported to management, refer to Annexure D

INFORMATION TECHNOLOGY PROJECTS

132. There were no IT projects that were implemented or in progress for the financial period 2023-24.

PROCUREMENT AND CONTRACT MANAGEMENT

133. Section 217(1) of the Constitution envisages supply chain management systems that are fair, equitable, transparent, competitive and cost effective to achieve optimal value for public money spent and ensure equitable opportunities for suppliers to participate in government business. Meticulous contract management and rigorous payment control mechanisms should be in place to ensure that payments are made only upon the supplier's timely delivery, agreed-upon pricing is adhered to, and specified quality standards are complied with.

134. We continued to focus on procurement and contract management processes, recognising that public procurement is the area at greatest risk of fraud, financial loss and irregular practices. We identified findings. The findings on material non-compliance with legislation will be reported in the auditor's report.

135. Next, we summarise the areas in procurement and contract management processes where we identified findings – these are the areas at greatest risk of fraud and financial loss. Details on the findings are included in annexure B.

Findings on procurement and contract management

Area	Findings		
	2023-24	2022-23	2021-20
Audit limitations			
Deviations			
Conflict of interest			
Non-compliance: competitive bidding process			
Non-compliance: quotation process			
Contract management			

	Material non-compliance with legislation	Findings	No findings
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136. Impact: Material non-compliance has been identified and reported.

137. The following root causes have been identified which have resulted in outcomes of which corrective measures should be put in place.

- Many of the findings identified are repeat matters which have been communicated previously which indicates that action plans may not be effectively implemented and maintained to prevent the recurrence of these matters.
- Limitation of scope due to lack of understanding of requirement is also a root cause of some of the identified findings

- The SCM registers are incomplete which also results to management inability to track the status of the contracts and understand how many awards are made in the year
- Documentation was not appropriately maintained and/or requests not appropriately responded to by the entity, especially at the head office (procurement and contract management), which has contributed to the unfavourable audit outcomes.
- Lack of training on the new policies and SCM prescripts is also a contributing factor to unfavourable outcomes.
- Lack of sufficient oversight during the procurement processes to ensure that the entity complies with all legislative prescripts that ensures the processes are fair, equitable, transparent, competitive and cost effective.

138. Some of the findings on procurement and contract management indicate suspected fraud. Our observations are included in the section on fraud risk.

IRREGULAR EXPENDITURE

139. Non-compliance with legislation resulted in irregular expenditure of R46 769 000. The irregular expenditure incurred constitutes non-compliance with legislation. The non-compliance will be reported as a material finding in the auditor's report, as the previous year transgression, that could have been prevented, re-occurred, resulting in significant value of irregular expenditure in the current year.

140. All irregular expenditure incurred was not disclosed in the financial statements. As detailed in the section on financial statements, the material misstatement in the financial statements will be reported in the auditor's report.

141. The irregular expenditure identified is as a result of contravention of supply chain management prescripts. Refer to the procurement and contract management section above, for root cause and recommendations.

CONSEQUENCE MANAGEMENT

142. Legislation stipulates that matters such as incurring unauthorised, irregular, and fruitless and wasteful expenditure; the possible abuse of the supply chain management system (including fraud and improper conduct); and allegations of financial misconduct should be investigated. Disciplinary steps should be taken based on the results of these investigations. Our audit included an assessment of the public entity's management of consequences.

143. In the table that follows, we provide analysis of how long incidents of unauthorised, fruitless, and wasteful expenditure reported in previous year (s) take to clear, e.g. transfer to receivables for recovery, condonation, removal, etc...

Status of incidents of prior year[s] unauthorised, fruitless, and wasteful expenditure (UIFWE)

Type	Incidents reported	Incidents cleared	Incidents not cleared	Average time to clear incidents	Average age of incidents not yet cleared	Reason
Irregular expenditure	106	0	106	Not Applicable	3 years	Investigations not conducted on time due to financial limitation and capacity constraints in the risk unit

Fruitless and wasteful expenditure	31	0	31	Not Applicable	3 years	Investigations not conducted on time due to financial limitation and capacity constraints in the risk unit.
Unauthorised expenditure	0	0	0	Not Applicable	Not Applicable	Not Applicable

144. We identified findings. The findings on material non-compliance with legislation will be reported in the auditor's report.

Findings on consequence management

Finding	Material non-compliance	Value/instances	Prior years reported	
			2022-23	2021-22
Instances of irregular expenditure that was identified and confirmed in the previous financial years) was not investigated and no disciplinary steps were taken against the employees who permit/committed/ irregular required as required by section 51(1) (e) (iii) of the PFMA and treasury regulation 33.1.3.	Yes	82	√	√
All Instances of fruitless and wasteful expenditure relating to prior year was not investigated, therefore, consequence management could not be implemented, and no disciplinary steps were taken against employees who permit/committed fruitless and wasteful expenditure as required by section 51(1) (e) (iii) of the PFMA and treasury regulation 33.1.3	Yes	31	√	√
Determination process was not finalised within 30 days after assessment of irregular expenditure as required by Instruction note No. 4 of 2022/2023: PFMA Compliance and Reporting Framework, Par 4.12	No	82	√	√
Determination process was not finalised within 30 days after assessment of fruitless and wasteful expenditure as required by Instruction note No. 4 of 2022/2023: PFMA Compliance and Reporting Framework, Par 4.12	No	361	√	√
Investigations were not conducted into all allegations of financial misconduct committed by some of the officials, as required by treasury regulation 33.1.1	Yes	2		

145. We commend management for initiating the investigations on prior years irregular expenditure disclosed. We however do note that there are an instance of irregular expenditure and fruitless and wasteful expenditure not commissioned for investigation

146. The lack of consequence management at the entity has been reported to management for a number of years. An environment with no effective consequence management steps may be prone to of fraud and corruption as a result of officials not being held accountable. The PFMA and its regulations clearly stipulate that the accounting authority should investigate matters such as incurring irregular and fruitless and wasteful expenditure, the possible abuse of the supply chain management system Including fraud and improper conduct and allegations of financial misconduct and possible fraud. Appropriate actions should be taken based on the outcome of these transactions. It is therefore imperative that management implement the

effective steps to investigate and determine disciplinary steps as legislatively required to strengthen public accountability.

147. During prior-year audits, we reported findings on transgressions by officials or other role-players for management to investigate. During the current year's audit, we performed follow-up tests to determine whether management has dealt with these matters. None of the reported transgressions were investigated and resolved.

Prior-year transgressions

Prior year finding	Instances reported	Instances investigated	Instances resolved through investigation	Prior years reported	
				2022-23	2021-22
Possible Bid rigging of suppliers	8	0	0	√	
EPWP NSS claims made for deceased beneficiaries.	7	0	0	√	
Director of the supplier in business with employee of the entity (in another entity)	2	0	0	√	

148. Impact: This results in non-compliance with section 51 (1) (e) (iii) and Paragraph 33.1.1 of Treasury regulations

149. Investigations not conducted on time results in lack of consequence management, in addition where investigations are conducted in most instances there is no appropriate actions taken.

150. We identified significant internal control deficiencies, which caused the weaknesses in consequence management as reported.

Significant internal control deficiencies – consequence management

Deficiency	Prior years reported	
	2022-23	2021-22
The policies and procedures and management are not in line with the irregular, fruitless and wasteful expenditure framework (Previous framework) and the compliance and reporting framework (Current framework) which has resulted in due process regarding the assessment, determination, investigation, recovery and reporting not being performed.	√	
Leadership did not adequately develop and monitor action plans to address prior year internal control deficiencies, resulting in the reoccurrence of similar findings.	√	√
Management did not review and monitor compliance with applicable laws and regulations.	√	√
The entity and the executive authority did not take appropriate steps to implement the recommendations of the investigation report to ensure the disciplinary processes are instituted in terms of the employee relations policy.	√	√
The entity and the executive authority did not take appropriate steps to ensure that all instances of irregular and fruitless and wasteful expenditure have been investigated.	√	√
Management did not ensure that investigations were not conducted into all allegations of financial misconduct committed by some of the officials		

151. We made recommendations to improve the consequence management process to the CEO]. Some of these recommendations were also made in prior years. A summary of the key recommendations and the responses received follows.

Key recommendations and responses – consequence management

Recommendation and management response	Year originally recommended	Status of implementation
Recommendation: Accounting authority must Investigate all allegation, irregular and fruitless and wasteful expenditure that occurred in the current year and the previous years. Response: Management to provide a response	2024	Not started
Recommendation: Management must Review and monitor compliance with applicable laws and regulations Response: Management to provide a response	2024	Not started
Recommendation: HR function should assist the CEO or Accounting Authority with the disciplinary process against the responsible official as per Sec 47, (a) of irregular Expenditure Framework and subsequent to implementation of disciplinary proceedings, then the transaction may be referred to the relevant authority for condonation of the irregular expenditure as per Sec 47, (b) of Irregular Expenditure Framework Response: Management to provide a response	2024	Not started
Recommendation: We recommend that leadership take appropriate steps to implement the recommendations of the investigation report to ensure the disciplinary processes are instituted in terms of the employee relations policy. Management must ensure that the recommendations of the investigation reports are submitted to the line managers of the implicated employees in order enable disciplinary actions to be taken and instruct the HR Senior Consultant to start the disciplinary process. Response: management response to be provided	2024	Not started
Recommendation: We encourage management to execute an adequate audit action plan that will ensure that the internal control deficiencies identified are addressed, thereby preventing misstatements from recurring Response: management response to be provided	2024	Not started
Recommendation: We encourage management to initiate investigation/ follow up on all allegations Response: management response to be provided	2024	Not started

152. There is slow response to prior-year recommendations to investigate instances of UIFWE. The root cause identified is the budget constraints as well as lack of resource in the risk unit is the main cause of inability to investigate.

FRAUD RISK

153. Our auditing standards define fraud as an intentional act by one or more individuals who are employees, management, those charged with governance or third parties, and that involves the use of deception to obtain an unjust or illegal advantage.

154. We are required to evaluate whether the information obtained during our audit indicates whether there are any fraud risk factors present at the entity and consider its impact on the audit. Fraud risk factors are events or conditions that indicate an incentive or pressure to commit fraud or that provide an opportunity to commit fraud (e.g. inadequate controls to prevent or detect fraud). We identified fraud risk factors. Some of these risk factors were also present in prior years.

Fraud risk factors

Event or condition	Prior years reported	
	2022-23	2021-22
There is a risk of fraud in the accounting of estimates in terms of ISA 240.	Yes	Yes
There is a potential risk of management override of controls in terms of ISA 240 due to the fact that management is in a unique position to perpetrate fraud and manipulate accounting records (ISA 240)	Yes	Yes
Risk of fraud in revenue (ISA 240)	Yes	Yes
Risk of fraud within supply chain management and unethical behaviour within the entity	Yes	Yes
There is a risk of fraudulent payments made to beneficiaries of the EPWP programme	Yes	Yes
There is a risk of fraudulent payments being made with no service being rendered	No	No
There is a fraud risk relating to manipulation of payroll/ fraudulent payroll transactions are being made.	No	No
There is a potential for fraud as a result of the undue authorization of the lease entered into	No	No

155. **Impact:** The fraudulent payments have resulted into fruitless and wasteful expenditure of about R6 million and Risk of fraud with SCM resulted into irregular expenditure due to non-compliance with applicable prescripts.

156. We are also required to communicate any suspected fraud identified during the audit or information that indicates such fraud may exist. We identified such matters and communicated it to management for urgent attention. It is recommended that these matters be investigated.

Suspected fraud or indicators

Observation	Prior years reported	
	2022-23	2021-22
Employees bonus/13 cheque overpayment	No	No
EPWP NSS participant's claims from more than one NPO and can only confirm validity of participant working in one NPO.	No	No
Deceased participants that were paid stipends	Yes	No

157. In addition to the above, we have noted that for supply chain management, for some tender processes followed, a closing bid register is not signed by the bidders' submitting bids. This is a significant risk of fraud as bids may be added or removed and therefore not evaluated. It is recommended for management to ensure that for all bids a bid closing register is submitted and signed by all bidders.

158. It is recommended that management investigate all matters to ensure that there were no unfair practices and ensure that these matters do not recur.

159. We identified significant deficiencies in internal controls to prevent fraud and corruption]

Significant internal control deficiencies – fraud prevention

Deficiency	Prior years reported	
	2022-23	2021-22
Management did not implement controls over daily and monthly processing and reconciling of transactions to ensure all transactions occurred and correctly classified.	Yes	Yes
Management did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information.	Yes	Yes
Management did not develop and monitor the implementation of action plans to address internal control deficiencies.	Yes	Yes

160. We made recommendations to address the fraud risk matters we communicated to the CEO in senior management. Some of these recommendations were also made in prior years. A summary of the key recommendations and the responses received follows. .

Key recommendations and responses – fraud risk

Recommendation and management response	Year originally recommended	Status of implementation
Investigations on the NPO that submitted fictitious beneficiaries for payment and recover the money paid. Management should have a system in place to identify deceased prior to making payments to the NPO. Management should implement the appropriate consequence management processes in line with the entities approved policies, procedures, and legislation. Response: NPO failed to disclose to IDT that participant is deceased and submitted falsified information to IDT. The region has initiated the process of recovering funds from the NPO to ensure that there is accountability and consequence management for any misconduct. IDT to instigate the necessary actions to recover the funds from the NPO. IDT has written a letter to the NPO instructing the NPO to refund IDT	2022-23	In process – behind schedule

Recommendation and management response	Year originally recommended	Status of implementation
EPWP RS System need to be enhanced in order to reflect if there is a deceased participant to be paid. In addition, should the NPO be found to have failed to disclose the death of a participant, it will be considered a breach of contract and will lead to termination.		

161. The matter of deceased beneficiaries paid was raised in prior year however there was no investigation conducted as well as consequence management implemented.

SECTION 3: CONTROL ENVIRONMENT

OVERALL CONTROL ENVIRONMENT

162.The significant internal control deficiencies as reported in section 2 were caused by weaknesses in the overall control environment, for which the accounting authority and senior management are responsible.

163.The following are the main weaknesses that need urgent attention to improve the overall control environment:

Significant internal control deficiencies – overall control environment

Deficiency	Prior years reported	
	2022-23	2021-22
Leadership did not adequately develop and monitor action plans to address prior year internal control deficiencies, resulting in the reoccurrence of similar findings in the area of - Financial reporting - Performance management - Compliance with laws and regulations, including supply chain management. - Consequence management	√	√
There are inadequate controls and lack of proper records management to ensure that complete information is available for audit purposes.	√	√
Lack of effective consequence management or remedial action within the entity	√	√
Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information, due to the absence of adequate reviews.	√	√
Leadership did not adequately oversee the public entity's compliance with the applicable laws and regulations.	√	√
Recommendations made by the internal audit are not effectively implemented which results in repeat findings and/or unfavourable audit outcomes based on matters raised. It is therefore recommended that a detailed action plan be designed, implemented and monitored to ensure that these matters do not reoccur.	√	√
The ICT Master Plan has not been reviewed since 2017, which may result in a misalignment between the entity's ICT goals and its strategic objectives. This outdated plan may lead to a disconnect between the intended technological advancements and the broader institutional aims, creating operational inefficiencies and strategic missteps.	√	√

164.Majority of the findings were control weaknesses that were reported in the previous years without being remediated

165.In annexure C we provide a more detailed view of the overall state of internal controls.

166.In annexure C we provide a more detailed view of the overall state of internal control.

ACCOUNTABILITY ECOSYSTEM

167. The accountability ecosystem is the collection of role-players that have a part to play in enabling and institutionalising a culture of performance, transparency, accountability, and integrity at the entity. These role-players include the officials, senior management and accounting authority (Board of trustees), supported by the internal audit unit and the audit committee.
168. We observed strengths and weaknesses in the contributions to the ecosystem by leadership, management and the governance structures of the public entity. We share our observations with the intention to contribute to strengthening the overall control environment, performance and accountability.
169. Additionally, the Great Plains system suffers from a lack of support and maintenance, compounded by inadequate password settings and poor user management. These issues highlight a broader problem of insufficient IT governance and control within the institution. The absence of a clearly defined IT Steering Committee Terms of Reference (ToR) exacerbates these challenges, complicating decision-making processes and hindering the alignment of IT initiatives with the institution's business objectives.
170. We did not identify significant findings in the IT Governance reviewed, where we identified improvements that can be made, we reported these to management

Accounting authority (Board of trustees)

171. The board of trustees (board) is responsible for the entity's internal controls, including leadership, planning, risk management as well as oversight and monitoring. While the accounting authority depends on senior management for designing and implementing the required financial and performance management controls, it should create an environment that helps to improve such controls.
172. No concerns were noted regarding the capacity of the board and the level of operational engagements held throughout the period.
173. Although the Board oversight processes did take place during the year under review, such as the requisite meetings held with management, we do note however, that these were not adequately exercised due to repeat findings that were identified in the areas of financial and performance management and compliance management, resulting in unfavourable audit outcomes. The board's monitoring processes were not adequately effective to ensure the implementation of action plans for purposes of addressing repeat internal control deficiencies.
174. There has been limited improvement in the area of consequence management within the entity and investigations into all fruitless and wasteful and some irregular expenditure has not been performed in all instances.

Senior management

175. The senior management of the entity is critical in the monitoring of systems and controls to ensure that the financial statements and annual performance report is free from material misstatements, as well as to monitor compliance with laws and regulations.
176. Significant internal control deficiencies, which most are a repeat from the prior year, have been identified in their area of the financial statements, performance management and compliance with laws and legislation, which has resulted in material misstatements and material non-compliances.
177. Management did not timely and adequately design and implement audit action plans to prevent recurrence of previous findings.
178. The implementation and monitoring of action plans, ensuring quality financial statements are submitted for audit and the compliance with legislation prescripts is encouraged. Management is further recommended to

develop a compliance checklist which shall facilitate adherence to the laws and regulations and adherence to the accounting standards.

179. Furthermore, the investigative capacity within the IDT resides in the risk management unit, the unit is however significantly under resourced. Consequently, limited consequence management could be enforced.

Audit committee

180. Legislation requires the authority to ensure the establishment of an audit committee. The accounting authority is in addition expected to ensure that the audit committee functions effectively to have a positive impact on the status of key controls.

181. The audit committee is an independent advisory body to the accounting authority and the management and staff of the entity on matters relating to internal financial control and internal audits; risk management; accounting policies; adequacy, reliability and accuracy of financial reporting and information; performance management; effective governance; the PFMA, Treasury Regulations and any other applicable legislation; performance evaluation and any other issues.

182. No concerns were noted regarding the capacity of the audit committee and the level of operational engagements held throughout the period.

183. The audit action plans are reviewed and monitored by the audit committee, however significant deficiencies, of which most is a recurrence from the prior year were identified in the areas of financial, performance and compliance management. These could have been avoided had the plans been adequately monitored, to prevent these misstatements and instances of non-compliance. The sufficiency and adequacy of the action plans were not adequately reviewed and monitored to ensure effective implementation.

Internal audit unit

184. Legislation in South Africa requires the establishment, roles and responsibilities of internal audit units. Internal audit units form part of the internal control and governance structures of the public entity and play an important role in its monitoring activities.

185. The internal audit unit of the entity must prepare a risk-based audit plan and internal audit programme for each financial year. It must advise the accounting authority and report to the audit committee on the implementation of the internal audit plan and matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management, performance management, loss control and compliance with the PFMA. The internal audit unit must also perform such other duties as may be assigned by the accounting officer authority.

186. The internal audit did not adequately assess the adequacy of the development and implementation of the audit action plan, which has resulted in the recurrence of previous year audit findings. We do note internal audit has performed significant work at the entity and provided valuable recommendations. Internal audit should however ensure that they continuously assess the implementation of AG and internal audit findings, and report on significant instances where matters are not adequately addressed.

187. Significant misstatements were identified in the annual financial statements and annual performance report, although reviewed by internal audit.

188. An Independent external quality assurance review not conducted at least within the past five years. We do note that independent external quality assurance review was conducted after year end.

	Recommendation	Year originally recommended	Status of implementation
5.	Filling of vacancies within the entity. Response: management response to be provided	2022-23	In progress
6.	Improvement of record keeping Response: management response to be provided	2022-23	In progress
7.	Creation of a deeper understanding of the audit processes, standard requirements and record keeping at the regional sites Response: management response to be provided	2022-23	In progress
8.	Uniformed and standardised processes in the area of supply chain management Response: management response to be provided	2022-23	In progress
9.	Regular updating of policies and procedures and ensuring the implementation thereof. Response: management response to be provided	2022-23	In progress
10.	Regular training of staff in the area of supply chain and contract management, financial statements and performance management. Response: management response to be provided	2022-23	In progress
11	Senior management should develop and establish a consequence management process that will enforce accountability concerning failure in implementing action plans. IT Management should ensure that the ICT Governance Framework is approved. Response: The ICT Governance Policy framework was approved by the Board of Trustees on 26 June 2023 Response: management response to be provided	2020-21	In progress
12	Senior management should develop and establish a consequence management process that will enforce accountability concerning failure in implementing action plans. IT Management should ensure finalisation and approval of the ICT Strategy. Response: The ICT Strategic Plan (ICT Master Systems Plan) will be reviewed	2020-21	In progress
1.	Effective Implementation and monitoring of audit action plans Response: management response to be provided	2022-23	In progress
2.	Monitor and adhere to legislative prescripts and accounting standard requirements Response: management response to be provided	2022-23	In progress
3.	Timeously review of annual financial statements and annual performance report Response: management response to be provided	2022-23	In progress

194. We have shared some of these before, have detailed additional recommendations within this document, and ask for urgent action to ensure their implementation.

CONCLUSION

195. Management should continue to strive towards clean administration and effective service delivery. It is imperative that key challenges be identified and effective measures implemented to ensure the entity strives to a culture of performance, accountability, transparency, integrity with the overall view of to improve the livelihoods of citizens.
196. Our staff remain committed to assist in identifying and communicating good practices to improve governance and accountability and to build public confidence in government's ability to account for public resources in a transparent manner.
197. We would in addition like to extend our appreciation to the management of the entity and coordinating finance unit for the patience and assistance during the audit process. We do acknowledge that, although the outcomes seem unfavourable, there has been an improvement in the submission of information.

Yours sincerely



Corne Myburgh

Business unit executive: National A

13 February 2025

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ANNEXURE A: FINANCIAL ASSESSMENT

We included a summary of the financial assessment we did as part of the audit in the section on financial performance. This annexure includes the detailed ratios and information used for the assessment.

Financial assessment PFMA – entities other than departments

		Current year	Previous year
Expenditure management			
1.1	Creditor-payment period	20.1 days	45.8 days
Revenue management			
2.1	Debt-collection period after impairment	103.9	147
2.2	Debtors' impairment provision at year-end as a percentage of accounts receivable	40%	23.3%
	- Amount of debtors' impairment provision at year-end - Amount of accounts receivable before impairment	R54 548 000 R136 359 000	R35 883 000 R122 333 000
Asset and liability management			
3.1	Deficit was realised for the year (total expenditure exceeded total revenue)	Yes	No
	Amount of surplus/deficit for the year	(R9 155 000)	R36 458 000
3.2	Net current liability position was realised (total current liabilities exceeded total current assets)	No	No
	Amount of net current asset/liability position	R139 489 000	R149 067 000
3.3	Net liability position was realised (total liabilities exceeded total assets)	No	No
	Amount of net asset/liability position	R160 893 000	R173 149 000
Cash management			
4.1	Year-end bank balance was in overdraft	No	No
	cash and cash equivalents / bank overdraft	R53 419 000	R143 175 000
4.2	Net cash flows for the year from operating activities were negative	Yes	No
	Amount of net cash in/outflows for the year from operating activities	(R86 890 000)	R89 332 000
4.3	Creditors as percentage of cash and cash equivalents	42.1%	75.1%
	- Creditors (accounts payable) - Amount of cash and cash equivalents / bank overdraft at year-end	R22 474 000	R107 589 000

		Current year	Previous year
		R53 419 000	R413 173 000
*These amounts have been adjusted for uncorrected misstatements that resulted in the modification of the audit opinion and will therefore not agree with the financial statement amounts.			

ANNEXURE B: PROCUREMENT AND CONTRACT MANAGEMENT

We included a summary of our findings and their impact in the section on procurement and contract management. This annexure provides the detailed findings.

Audit limitations

198. Not all information we required to perform our audit of procurement processes, contract management and payments was provided.

Information not provided for auditing contract management overheads

Item selected for auditing	Information not provided	Value	Reason provided by management	Material non-compliance
Moepathutse Investment Property	Signed contract agreement	R13 532 501,03	None	Yes
ATLANTIS CORPORATE TRAVEL)	The contract performance measures and the methods whereby it is monitored to ensure effective contract management.	R85	None	No
SAGE South Africa	All information for contract management	R1 153 166	None	Yes
MN INVESTMENT	Signed contract by both winning bidder and client (IDT)	R2 311 955,64	None	Yes
Skynet	All information for contract management	Rates per Boxes	None	Yes
BRACE INNOVATIONS	Signed contract by both winning bidder and client (IDT)	970000	None	Yes
Business Connexion	All information for contract management	No value	None	Yes

Information not provided for auditing contract management Programmes

Item selected for auditing	Information not provided	Value	Reason provided by management	Material non-compliance
VODACOM(PTY) LTD	All information for contract management	No contract provided	None	Yes

Information not provided for auditing Quotations Overheads

Item selected for auditing	Information not provided	Value	Reason provided by management	Material non-compliance
Got to get enterprise	invitation E-mail	R78 459,73	None	Yes
The Kitchen Babes	E-mail did not specify closing date of the quotation	R13 500,00	None	No
TSU VIP Security	SBD 4 not submitted as per RFI 104	R1 777 060,56	None	No

Information not provided for auditing Quotations Programmes

Item selected for auditing	Information not provided	Value	Reason provided by management	Material non-compliance
VODACOM(PTY) LTD	All information not provided	Information not provided	None	Yes

Item selected for auditing	Information not provided	Value	Reason provided by management	Material non-compliance
IDT- PANELCON-01	No evidence provided to determine whether the bidders submitted the bids before the closing date and time	N/A -panel	No response	Yes
IDTKN23DOT012- ZACK'S BUSINESS ENTERPRISE CC	No evidence provided to determine whether the bidders submitted the bids before the closing date and time	R16 826 918,14	No response	Yes
KKL Solutions and Projects CC	No evidence provided to determine whether the bidders submitted the bids before the closing date and time	R14 194 551,15	No response	Yes
IDTKN23DOE056 - 3TMDK International (Pty) Ltd	No evidence provided to determine whether the bidders submitted the bids before the closing date and time	R80 507 083,13	No response	Yes
IDTKN23DOE034 - Rapid Builders and Contractors CC	No evidence provided to determine whether the bidders submitted the bids before the closing date and time	R33 969 410	No response	Yes
LDE/IA/B30/2022/23 (EDDP 184/24) MUMS BUSINESS ENTERPRISE	No evidence provided to determine whether the bidders submitted the bids before the closing date and time	R176 080 104,33	No response	Yes
PMSUFS/16/22/DPW ARCH Timocraft	No evidence provided to determine whether the bidders submitted the bids before the closing date and time	R12 287 083,91	No response	Yes

Item selected for auditing	Information not provided	Value	Reason provided by management	Material non-compliance
FS PMSUFS/18/22/DCS-ELEC CON Lesedi Khanya Energy (Pty) Ltd	No evidence provided to determine whether the bidders submitted the bids before the closing date and time	R1 341 200	No response	Yes
IDTMPU-CON-WP2	No evidence provided to determine whether the bidders submitted the bids before the closing date and time	N/A -panel	No response	Yes
IDTKN23DOE025 - Ukuza Consulting (Pty) Ltd	No evidence provided to determine whether the bidders submitted the bids before the closing date and time	R4 222 646,64	No response	Yes
DOE42KZNR015 - GRALIO PRECAST (PTY) LTD	No evidence provided to determine whether the bidders submitted the bids before the closing date and time	R251 850 017,48	No response	Yes
IDTKN24DOE003 - Bulkeng (Pty) Ltd	No evidence provided to determine whether the bidders submitted the bids before the closing date and time	R127 804 462,08	No response	Yes
IDTKN23DOE025 Highpana Projects CC	No evidence provided to determine whether the bidders submitted the bids before the closing date and time	R33 609 113,76	No response	Yes
Base major	Open bid register not submitted	R556 938 461	No response	Yes
IDT- PANELCON-01	Minutes of the MBAC	N/A – panel	No response	No
DOE42KZNR015 CONSTRUCTION OF MUSA LSEN SPECIAL SCHOOL GRALIO PRECAST (PTY) LTD	Minutes of the MBAC	R251 850 017,48	No response	No
IDTMPU-CON-WP2	Minutes of the MBAC	N/A – panel	No response	No
Request for proposals for participation in the EPWP Non-State Sector Programme For 2022/2023 and 2023/2024 Financial years Bakone Community Home Based Care	Minutes of the MBAC	Rate based	No response	No
DOH02MPUN001- Witbank Hospital- Refurbishment and	No appointment letters to the BEC were submitted for the following members	R125 355 862,02	None	No

Item selected for auditing	Information not provided	Value	Reason provided by management	Material non-compliance
upgrading (Heritage building) Orthopaedic Wards block Powerchoice Group				
Mekan engineering services (Pty)Ltd	Supporting documentation not provided to substantiate the reason for deviation	R225 400,00	None	Yes

199. Impact: This results in non-compliance with section 55(1)(a) of the PFMA and has been evaluated with similar instances of non-compliance for purposes of reporting
200. There has been an improvement in the submission of information in the current year for supply chain management, however non-submission of information of information is still evident as indicated in the tables below. The root cause is inadequate controls and lack of proper records management to ensure that complete information is available for audit purposes.

Deviations

201. Supply chain management legislation and policy prescribe the processes that apply for procuring specific goods and services as well as their threshold values, including competitive bidding, obtaining quotations or participating in transversal contracts. It also defines the requirements for deviating from the prescribed processes. We identified deviations where the stipulated requirements for such deviations were not complied with.

Findings on deviations from prescribed procurement processes

Contract/quotation	Value and date of award	Finding	Material non-compliance
MM VIP Security	Value: R1 680 000,00 Date: 2023/03/15	The procurement was not reported to the relevant treasury and the Auditor General within 14 days of the finalisation of the procurement. PFMA instruction note no.3 of 2021/22 par. 4.6	No
X LSP INC - Provision of payroll services for a period of 12 months (18 January 2024 to 25 February 2025)	Value: R1 430 827,42 Date: 2024/01/17	The procurement was not reported to the relevant treasury and the Auditor General within 14 days of the finalisation of the procurement. PFMA instruction note no.3 of 2021/22 par. 4.6	No
Motivation for the Settlement of the Metrofile Final Account with the IDT	Value: R1 248 586,87 Date: 2023/06/27	The procurement was not reported to the relevant treasury and the Auditor General within 14 days of the finalisation of the procurement. PFMA instruction note no.3 of 2021/22 par. 4.6	No
TSU VIP Security	Value: R1 777 060,56	The procurement was not reported to the relevant treasury and the Auditor General	No

Contract/quotation	Value and date of award	Finding	Material non-compliance
	Date: 2023/05/04	within 14 days of the finalisation of the procurement. PFMA instruction note no.3 of 2021/22 par. 4.6	
Sethewo (Pty) Ltd & Dynamics Africa Services (Pty) Ltd	Value: R345 644,00 Date: 2024/02/28	The procurement was not reported to the relevant treasury and the Auditor General within 14 days of the finalisation of the procurement. PFMA instruction note no.3 of 2021/22 par. 4.6	No
Emergency Medical Oxygen Gas-Installation, Maintenance, Replacement And Upgrade - Robert Mangaliso Sebukwe Hospital- Mekan Consulting Mechanical Engineer- (Northern Cape	Value: R2150569 Date: 2023/12/19	The procurement was not reported to the relevant treasury and the Auditor General within 14 days of the finalisation of the procurement. PFMA instruction note no.3 of 2021/22 par. 4.6	No
NC office accommodation: DPWI	Value: R382 781 Date: 2023/05/10	The procurement was not reported to the relevant treasury and the Auditor General within 14 days of the finalisation of the procurement. PFMA instruction note no.3 of 2021/22 par. 4.6	No
Dynaworx (Pty) Ltd	Value: R554 967,00 Date: 2023/07/20	The procurement was not reported to the relevant treasury and the Auditor General within 14 days of the finalisation of the procurement. PFMA instruction note no.3 of 2021/22 par. 4.6	No
PNET (Pty) Ltd	Value: 745 590,00 Date: 2024/01/26	The procurement was not reported to the relevant treasury and the Auditor General within 14 days of the finalisation of the procurement. PFMA instruction note no.3 of 2021/22 par. 4.6	No

202. Impact: Management did not adhere to section 51(1)(a)(iii) of the PFMA, National treasury instruction note 3 of 2021/22 and the supply chain management policy
203. Management did not monitor compliance with supply chain management prescripts. This matter was reported in prior year and there is no commitment from management to prevent matters from re-occurring.

Competitive bidding and quotation processes

204. Supply chain management legislation and policy prescribe the manner in which bidding, and quotation processes should be performed to enable fair, competitive and equitable procurement. We identified non-compliance with the requirements for the competitive bidding process and quotation.

Findings on competitive bidding process Overheads

Finding	Value	Instances	Material non-compliance	Prior years reported	
				2022-23	2021-22
Tender process not followed as prescribed by SCM policy approved before 20 July 2023 Non-compliance with section 51(1)(a)(iii) of the PFMA and the entities own supply chain management policy.	R 1 795 104,13	3	Yes	√	
Supplier did not submit all required documents as per advertisement Non-compliance with section 51(1)(a)(i) of the Public Finance Management Act (PFMA) Non-compliance section 51(1)(a)(iii) of the Public Finance Management Act (PFMA)	R13 532 501,03	1	Yes	√	

Findings on competitive bidding process Programmes

Finding	Value	Instances	Material non-compliance	Prior years reported	
				2022-23	2021-22
Tender process not followed as prescribed by SCM policy approved before 20 July 2023 Non-compliance with section 51(1)(a)(iii) of the PFMA and the entities own supply chain management policy.	R995 000	1	Yes	√	
Supplier's non-tax compliant on the date of awards. Non-compliance with section 51(1)(b)(ii) of the Public Finance Management Act (PFMA) Non-compliance with Par. 4 of the National Treasury instruction 09 of 2017-18.	R141 163 958	7	No	√	
Member of BEC serving on the BAC Non-compliance with Supply Chain Management Infrastructure Procurement and Delivery Management policy paragraph 6.1.1.4.2	R5 109 920	1	No		

Finding	Value	Instances	Material non-compliance	Prior years reported	
				2022-23	2021-22
Bid adjudication committee was not properly constituted when awarding the following tenders. Non-compliance with Public Finance Management Act sections 56(1) and 51(1)(i) Contravention of the approved Supply Chain Management Infrastructure Procurement and Delivery Management policy paragraph 6.1.1.4.1	R139 963 763.89	19	No	√	
Bid proposal was captured subsequent to the closing date Non-compliance with supply chain management policy and Section 51(1)(a)(iii) of the PFMA	R152 634 529,77	1	Yes		
Management did not submit a request for quotation to all potential bidders that meet the minimum submission requirement. Non-compliance with section 51(1)(a)(iii) and 51(1)(b)(ii) of the PFMA.	R556 938 461	1	Yes	√	
Supplier did not fully complete the SBD 4. Contravention of the approved Supply chain management infrastructure Procurement and delivery management policy paragraph 68.3	R2 853 469.15	1	No		
Bid evaluation committee only comprised of two members. Contravention of the approved Supply chain management infrastructure Procurement and delivery management policy paragraph 6.1.1.3.2	R6 539 049.13	1	No		
Two of the BEC members did not fully complete the declaration of interest Contravention of the approved Supply chain management infrastructure Procurement and delivery management policy paragraph 6.1.1.3.1 and 14.5.10	R125 355 862.02	1	No		

Finding	Value	Instances	Material non-compliance	Prior years reported	
				2022-23	2021-22
Advertisement indicated CIDB grading of 5GB however the winning bidder is CIDB grading 4GB. Non-compliance with section 51(1)(a)(i) and section 51(1)(b)(iii) of the PFMA Non-compliance with Section 57(b) of the PFMA Non-compliance with regulation 17 of the CIDB regulations.	R6 367 663,69	1	Yes	√	
Management to assess whether the bidder is not solvent, nor in receivership, bankrupt or being wound up. Non-compliance with Treasury regulation par 16A6.3 (a) (ii)	R112 066 947	12	No	√	

Findings on quotation process Overheads

Finding	Value	Instances	Material non-compliance	Prior years reported	
				2022-23	2021-22
Quotation not evaluated in terms of specifics goals (PPR 2022) but were evaluated using B-BBEE points as per PPR 2017. Non-compliance with section 51(1)(a)(i) of the PFMA act. Non-compliance with Preferential Procurement reg 2022 par (4.2) and par (4.3) Non-compliance with par.17.1 of the Supply Chain Management Policy V1 29 November 2022 and Section 51(1)(b)(ii) of the Public Finance Act (PFMA)	R168 628.13	3	Yes		
Non-tax compliant suppliers on the date of award. Non-compliance with section 51(1)(b)(ii) of the Public Finance Management Act (PFMA) and Par.4 of the National Treasury instruction 09 of 2017-18	R394 113.74	3	No	√	
Amount quoted was not economical as the goods were not obtained at a reasonable price	R35 310	1	Yes		

Finding	Value	Instances	Material non-compliance	Prior years reported	
				2022-23	2021-22
Non-compliance with section 51(1)(a)(iii) and section 51(1)(b)(ii) of the PFMA, Non-compliance with Section 57(1)(b) of the PFMA and Paragraph 12.1 of the supply chain management policy					

Findings on quotation process Programmes

Finding	Value	Instances	Material non-compliance	Prior years reported	
				2022-23	2021-22
Non-tax compliant suppliers on the date of award. Non-compliance with section 51(1)(b)(ii) of the Public Finance Management Act (PFMA) and Par.4 of the National Treasury instruction 09 of 2017-18	R1 120 312.75	2	No	√	

205. Impact: Non-compliance with SCM prescripts that resulted in irregular expenditure

206. Management did not monitor compliance with supply chain management prescripts. This matter was reported in prior year and there is no commitment from management to prevent matters from re-occurring.

Contract management

207. Supply chain management legislation and policy prescribe the manner in which contracts should be managed to ensure that payments are only made for goods and services that have been received and that have been delivered at the right quality. We identified non-compliance with these requirements.

Findings on contract management Overheads

Finding	Value	Instances	Material non-compliance	Prior years reported	
				2022-23	2021-22
Measures to monitor contract performance and delivery have not been defined and implemented in the contract Non-compliance with section 51(1)(a)(i) and 51(1)(b)(ii) of the PFMA.	R14 740 124,73	8	No	√	

Finding	Value	Instances	Material non-compliance	Prior years reported	
				2022-23	2021-22
Variation order and EOT (extension of time) was not approved as required by IDT policy. Non-compliance with Section 56(1)(a) of the Public Finance Management Act and Section 51(1)(b)(ii) of the Public Finance Management Act (PFMA)	R88 133,28	1	No	√	
Amount paid to date exceeds the contract value and the exceeded amount was not approved by delegated official Non-compliance with section 51(1)(b)(ii) and 51(1)(a)(iii) of the Public Finance Management Act (PFMA) Non-compliance section 56(1)(a) and 56(1)(b)	R1 056 627,6	2	No	√	
Contract ending within 6 months and continuing needs, no procurement process started for a new contract	R1 216 239,26	1	No	√	

Findings on contract management Programmes

Finding	Value	Instances	Material non-compliance	Prior years reported	
				2022-23	2021-22
Measures to monitor contract performance and delivery have not been defined and implemented in the contract Non-compliance with section 51(1)(a)(i) and 51(1)(b)(ii) of the PFMA.	R6 309 730,99	3	No	√	
Amount paid to date exceeds the contract value and the exceeded amount was not approved by delegated official Non-compliance with section 51(1)(b)(ii) and 51(1)(a)(iii) of the Public Finance Management Act (PFMA) Non-compliance section 56(1)(a) and 56(1)(b)	R430 865,11	1	No	√	
Extension of time was not justifiable, as it was due to non-payment that resulted in fruitless and wasteful expenditure as well as irregular expenditure. Furthermore, the extension of time (EOT) was also not approved by the delegated official as required by IDT policy. Non-compliance Section 56(1)(a) of the Public Finance Management Act And. Section 51(1)(b)(ii) of the Public Finance Management Act (PFMA)	R83 938 446	1	No	√	

Finding	Value	Instances	Material non-compliance	Prior years reported	
				2022-23	2021-22
Contract does not have the end date (Evergreen contract)	R1 038 047,19	1	No	√	
Extension of time (EOT) not approved by the delegated official as required Non-compliance with Section 56(1)(a) of the Public Finance Management Act and Section 51(1)(b)(ii) of the Public Finance Management Act (PFMA)	R522 648 064.72	12	No	√	

208. Impact: Non-compliance with 51(1)(b)(ii and section 56(1)(a) of PFMA

209. Management did not monitor compliance with supply chain management prescripts. This matter was reported in prior year and there is no commitment from management to prevent matters from re-occurring.

Conflict of interest

210. We assessed the interests of officials and their close family members and/or business partners or associates in suppliers to the public entity as well as the interests of persons in the service of other public sector institutions. Procurement legislation does not prohibit awards to such suppliers, but we performed testing to ensure that conflicts of interest did not result in contracts being unfairly awarded or in unfavourable price quotations being accepted, and to share the information with management as potential risks. We did not identify such interests.

Internal control and recommendations

211. We identified significant internal control deficiencies, which caused the weaknesses in the procurement and contract management processes as reported.

Significant internal control deficiencies – procurement and contract management

Deficiency	Prior years reported	
	2022-23	2021-22
Senior management did not adequately review and monitor compliance with the legislative prescripts by ensuring that the supply chain management processes are fair, equitable, transparent, competitive, and cost effective.	Yes	Yes
Leadership did not adequately develop and monitor action plans to address prior year internal control deficiencies, resulting in the reoccurrence of similar findings	Yes	Yes

212. We made recommendations to improve the procurement and contract management process to the senior management. Some of these recommendations were also made in prior years. A summary of the key recommendations and the responses received follows.

Key recommendations and responses – procurement and contract management

Recommendation and management response	Year originally recommended	Status of implementation
Recommendation: Management must ensure that entity complies with all applicable laws and regulations to prevent irregular expenditure. Response: management to provide response	2020-21	Limited progress
Recommendation: Management to update the supply chain management policy with the latest laws, regulations and practices and have it approved by the delegated authority Response: management to provide response	2020-21	Implemented
Recommendation: Management should provide the necessary training to all staff on the supply chain management processes to create a deeper understanding of the legislative and policy requirements Response: management to provide response	2020-21	Limited progress
Recommendation: The delegations of authority should be aligned to the entity's processes and policies to ensure that the appropriate officials and committees are established and approves. Response: management to provide response	2022-23	Completed
Recommendation: We further recommend the filling of vacancies and improvement in record keeping Response: management to provide response	2020-21	In progress

ANNEXURE C: ASSESSMENT OF INTERNAL CONTROL

213. This annexure provides our assessment of the main internal controls in the areas of leadership, financial and performance management and governance that should enable credible financial statements and performance reports and compliance with legislation.

214. The assessments are rated as follows:

	The required preventative or detective controls were in place.
	Progress was made in implementing preventative or detective controls, but improvement is still required, or actions taken were not sustainable.
	Internal controls were not in place, were not properly designed, were not implemented or were not operating effectively. Intervention is required to design and/or implement appropriate controls.

215. Movement from the previous year is shown as follows:

	Improvement		Regression		Unchanged
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Internal control assessment

	Financial statements		Performance reporting		Compliance with legislation	
	Current	Previous	Current	Previous	Current	Previous
Leadership						
Provide effective leadership based on a culture of honesty, ethical business practices and good governance, and protect and enhance the interests of the entity						
Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls						
Implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored						
Establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities						
Develop and monitor the implementation of action plans to address internal control deficiencies						

	Financial statements		Performance reporting		Compliance with legislation	
	Current	Previous	Current	Previous	Current	Previous
Establish and implement an information technology governance framework that supports and enables the business, delivers value and improves performance			N/A	N/A	N/A	N/A
Financial and performance management						
Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting						
Implement controls over daily and monthly processing and reconciling of transactions						
Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information						
Review and monitor compliance with applicable legislation						
Design and implement formal controls over information technology systems to ensure the reliability of the systems and the availability, accuracy and protection of information relating to user access management, programme change control and service continuity			N/A	N/A	N/A	N/A
Governance						
Implement appropriate risk management activities to ensure that regular risk assessments, including the consideration of information technology risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored						
Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively						
Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation						

ANNEXURE D: SUMMARY OF DETAILED AUDIT FINDINGS

1. This annexure summarises the findings that were communicated to management during the audit. The detailed findings are available on request.
2. The findings are rated as follows:

	Matters that will be reported in the auditor's report and should be addressed urgently
	Matters that should be addressed to prevent material misstatements in the financial statements or material findings on the annual performance report and compliance with legislation in future; also includes matters that significantly affected auditee performance
	Matters that do not have a direct impact on the audit outcome or a significant impact on auditee performance, but were communicated to assist with improving processes and mitigating risks

Summary of audit findings

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
	Annual financial statements							
	Programme expenditure							
1	Differences between supporting schedules/ general ledger/ trial balance and annual financial Statements (COAF 20)		√					2
2	Cash disbursements - incorrect amount recorded (COAF 22)		√					0
3	Differences between the management fees in programmes under note 6 and management fees under revenue (COAF 23)		√					1

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
4	Programme expenditure: Construction (Misclassification) (COAF 27)		√					0
5	Prior Period Error Note – Incomplete Disclosure (COAF 31)		√					0
6	Programme expenditure: Professional Fees (Occurrence) – duplicates (COAF 36)		√					0
7	Programme expenditure BP: Construction legal expenses Cut-off (COAF 44)		√					3
8	Programme Liabilities: Incorrect valuation of retention (COAF 47)		√					1
9	Note 6 Total Expenditure (B) for 2022/23 (corresponding) incorrectly calculated (COAF 49)		√					0
10	Limitation of scope – RFI 130 (COAF 50)		√					5
11	Programme expenditure: 2022/23 COAF 146 and 147– Prior year misstatements not corrected and adjusted for (COAF 58)		√					5
12	Programme expenditure: 2022/23 COAF 85 – Prior year misstatements not corrected and adjusted for (COAF 78)		√					1
13	Programme expenditure: 2022/23 COAF 87 – Prior year misstatements not corrected and adjusted for (COAF 79)		√					1
14	Programme expenditure: 2022/23 COAF 151 – Prior year misstatements not corrected and adjusted for (COAF 80)		√					1
15	Programme expenditure: 2022/23 COAF 148 – Prior year misstatements not corrected and adjusted for (COAF 81)		√					1
16	Programme expenditure: 2022/23 COAF 77 – Prior year misstatements not corrected and adjusted for (COAF 82)		√					1

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
17	Programme expenditure: 2022/23 COAF 123– Prior year misstatements not corrected and adjusted for (COAF 83)		√					1
18	Programme Liabilities: Estimates Accruals (COAF 95)		√					0
19	Note 6 – Programme assets and liabilities: presentation and disclosure not in accordance with GRAP 109 for accounting by agents (COAF 96)		√					1
20	Programme expenditure: 2022/23 COAF 136.2c (COAF 102)		√					1
21	Programme expenditure: ADJs – GRNs (COAF 115)		√					1
22	Programme expenditure: ADJs – GRNs Occurrence (COAF 116)		√					1
23	Completeness of programme expenditure (Accuracy) (COAF 147)		√					1
24	Programme expenditure: Completeness (COAF 150)		√					2
25	Programme expenditure: Cut – Off (COAF 151)		√					2
26	Programme payroll - Limitation of scope – RFI 270 (COAF 163)		√					2
27	GRAP 109 disclosure (COAF 156)		√					1
28	GRAP 109 application (COAF 165)		√					1
29	Limitation of scope – MOAs (COAF 187)		√					1
30	Prior year COAF 132 not adjusted (COAF 194)		√					1
31	Prior year COAF 149,1 not adjusted (COAF 195)		√					1

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
32	Prior year COAF 149,2 not adjusted (COAF 196)		√					1
33	Prior year uncorrected - COAF 132		√					1
34	Prior year uncorrected - COAF 149.1		√					1
35	Prior year uncorrected - COAF 149.2		√					1
36	ADJ – GRN (COAF 199)		√					1
37	Classification		√					1
38	Cut off of programme expenditure - construction		√					1
39	Completeness of fruitless and wasteful - interest		√					1
40	Programme expenditure: NSS - Cut - Off		√					1
	Programme assets							
33	Differences between supporting schedules and annual financial Statements (COAF 21)		√					2
34	Programme Assets and Liabilities (COAF 88)		√					2
	Programme liabilities							
35	Prior year uncorrected misstatement COAF 195: Programme trade and other payables- uncorrected misstatements on completeness (COAF 54)		√					2
36	Programme retention: 2022/23 COAF 179 Completeness - Prior year misstatements not corrected and adjusted for (COAF 55)		√					1

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
37	Programme trade and other payables – COAF 172: uncorrected misstatements on the valuation of trade payables (COAF 56)		√					1
38	Programme Liabilities: Incorrect valuation of retention (COAF 47)		√					1
39	Limitation of scope – Performance Information (RFI 200) (COAF 72)		√					0
40	Programme Liabilities: Completeness of Programme Payables and Accruals (COAF 73)		√					0
41	Programme Liabilities: Incorrect Valuation of Payables (COAF 108)		√					0
42	Programme Liabilities: Incorrect Valuation of Payables (COAF 75)		√					0
43	2022/23 COAF 89– Prior year misstatements not corrected and adjusted for (COAF 153)		√					0
44	Programme Liabilities: Programme liabilities understated		√					0
45	Programme liabilities: Unrecorded Invoices Cut - Off		√					0
46	Programme expenditure: Completeness of Interest & Penalties		√					0
	Continent liabilities							
44	Contingent Liabilities Corresponding Figures (COAF 35)		√					0
45	Contingent liabilities (Completeness) (COAF 157)		√					1
46	Contingent liabilities differences (COAF 171)		√					1
47	Contingent liabilities – Adjusting subsequent event (COAF 189)		√					1

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
	Irregular expenditure							
41	Differences between the irregular expenditure register and Annual Financial Statements (COAF 61)		√					1
42	Irregular expenditure – Cut off – Prior year CoAF 207 not adjusted for (COAF 67)		√					1
43	Prior year irregular expenditure (Accuracy) (COAF 141)		√					1
44	2022/23 Irregular expenditure incurred and confirmed in the 2022/23 financial year was not recorded in the corresponding of the current year annual financial statements (COAF 143)		√					1
45	Prior year CoAF 81 not appropriately adjusted for - annual report (COAF 158)		√					1
46	Prior year CoAF 81 not appropriately adjusted for (COAF 159)		√					1
47	2022/23 Irregular expenditure incurred and confirmed in the 2022/23 financial year was not recorded in the corresponding of the current year Annual report (COAF 161)		√					1
48	Irregular Expenditure – Cut off – Prior year CoAF 207 not adjusted for (COAF 67)		√					1
49	Irregular expenditure – Cut off – Prior year CoAF 145 not adjusted for (COAF 164)		√					1
50	Irregular expenditure (Accuracy) (COAF 177)		√					1
51	Limitation on RFI 267 (COAF 178)		√					1
52	Irregular expenditure (Cut off) (COAF 180)		√					1
53	Irregular expenditure under assessment (COAF 182)		√					1

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
54	Irregular expenditure (Completeness (COAF 186))		√					1
55	Prior year limitation (COAF 75) - information not provided (COAF 191)		√					1
56	Irregular expenditure recorded at the incorrect amount (COAF 193)		√					1
57	Irregular expenditure – Occurrence (COAF 197)							
	Related parties							
57	Related Parties – Difference between amount on related party note to amount in the programme expenditure supporting schedule (NSS) (COAF 29)		√					0
58	Difference between amount on related party note to amount in the programme expenditure supporting schedule (NSS) (COAF 148)		√					0
	Incomplete Disclosure of Related Parties (COAF 149)		√					1
	Receivables							
59	Difference between amount as per note 3 write off as uncollectible and write off as per submission (Bad debts) (COAF 32)		√					0
60	Difference between the Provision for Bad Debts and Auditors calculation of the Provision for Bad Debts (COAF 33)		√					0
	Prior period error							
61	Prior Period Error Note – Incomplete Disclosure (COAF 31)		√					0
	Programme income							

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
62	Limitation of scope – Programme Income (RFI 131) - BAS report not submitted (COAF 42)		√					0
63	Funds surrendered to client department recorded as part of funds received from client department (COAF 60)		√					0
64	Interest paid recorded as funds received from client department (COAF 63)		√					0
65	Funds surrendered to client department recorded as part of funds received from client department (COAF 64)		√					0
66	Incomplete and inconsistent programme income policy (COAF 84)					√		0
67	Funds received from client department classification (COAF 86)		√					0
68	Funds received from client department cut off (COAF 87)		√					0
69	Funds received from client department classification (COAF 91)		√					0
	Management fees							
70	Programme Liabilities: Unrecorded Invoices Accruals - Management fees incorrectly valued (COAF 74)		√					0
	Supply chain management							
71	Supply chain management registers not complete (COAF 11)				√			1
72	Supply Chain Management – Variation orders not submitted to AGSA and National Treasury				√			1
73	Quotation not approved by delegated official				√			1

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
74	Procurement and contract management – Incorrect procurement process followed (Quotations programme) (COAF 92)				√			1
75	Procurement and contract management – Incorrect procurement process followed (tenders programme) (COAF 93)				√			1
76	Tax non-compliance (Programme quotations) (COAF 97)				√			1
77	Limitation of scope - advert and SBD 4 (COAF 99)				√			1
78	Procurement and contract management – Incorrect procurement process followed (Quotations programme) (COAF 100)				√			1
79	Winning contractor registered in CIDB grading lower than the advertised (COAF104)				√			1
80	Tax non-compliance (Programme tenders)- (COAF 105)				√			1
81	Base major - advert not submitted to all who qualify (COAF 110)				√			1
82	Procurement not economical (COAF 111)				√			1
83	Tax non-compliance Quotation (Overheads) (COAF 112)				√			1
84	Procurement and contract management –Management did not assess whether a supplier is known to insolvent, bankrupt or being wound up (CIDB) (COAF 119)				√			1
85	No bid submission register edited (COAF 121)				√			1
86	Amount paid exceed contract value (COAF 122)				√			1
87	MBAC minutes not submitted (COAF 123)				√			1

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
88	Competitive bid awarded by bid adjudication committee not properly constituted (COAF 124)				√			1
89	Member of BEC serving on the BAC (COAF 125)				√			1
90	No evidence provided that bid was submitted on closing date and time. (COAF 126)				√			1
91	Competitive bid awarded by bid evaluation committee not properly constituted (COAF 127)				√			1
92	EOT (Extension of time not justifiable) and lead to fruitless and wasteful expenditure (COAF 129)				√			1
93	Declaration of interest not fully completed by members of BEC (COAF 130)				√			1
94	The supplier did not fully complete the SBD 4. (COAF 131)				√			1
95	Contract management – Variation not approved by delegated official (COAF 133)				√			1
96	No end date on the contract (Evergreen) (COAF 134)				√			1
97	Limitation of scope – Contract agreement (RFI 191) Limpopo (COAF136)				√			1
98	EOT (Extension of time) not approved by delegated officials (COAF 137)				√			1
99	Contract management – Contract performance monitoring measures not defined, implemented and monitored (COAF 138)				√			1
100	Amount paid exceeds contract value (COAF 139)				√			1
101	No procurement process started for contract ending within six months (COAF 140)				√			1
102	Variation not approved by delegated official (COAF 142)				√			1

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
103	Deviation from tender process not reported to National Treasury and AGSA (Overheads) (COAF 144)				√			1
104	Supplier did not submit all required documents as per advertisement (Tenders overheads) (COAF 145)				√			1
105	Quotations: Specific goals not included in the request to quotation (Overheads) (COAF 146)				√			1
106	Quotation process not followed (COAF 166)				√			1
107	Limitation of scope – SCM Deviation (RFI 213) Eastern Cape				√			1
108	Contract performance monitoring measures not defined, implemented and monitored. (COAF 154)		√					1
109	Contract management – EOT (Extension of time) not approved by delegated officials		√					1
110	Procurement and contract management – Incorrect procurement process followed		√					1
111	Procurement and contract management – No evidence provided that bid was submitted on closing date and time.		√					1
112	Contract management: Appointment of accommodation service provider not approved in accordance with delegations of authority.		√					1
113	Procurement and contract management – Management did not assess whether a supplier is known to insolvent, bankrupt or being wound up (CIDB)		√					1
114	Contract management: Contract performance monitoring measures not defined, implemented and monitored.		√					1
115	Local content: Awards not reported to Department of Trade and Industry		√					1

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
116	Procurement and contract management –Bid specifications approved after the advertisement was published		√					1
117	Local content: Awards not reported to Department of Trade and Industry		√					1
118	Programme Expenditure: NSS - Accuracy		√					1
119	Contract management and procurement: Specific goals not included in the advertisement and evaluation of the bidding process (Programmes)		√					1
120	Procurement and contract management –Management did not assess whether a supplier is known to insolvent, bankrupt or being wound up (CIDB)		√					1
121	Procurement and contract management –Management did not assess whether a supplier is known to insolvent, bankrupt or being wound up (CIDB)		√					1
Revenue from exchange transactions								
109	Management Fees - Inconsistent application of billing due and current recognition contradictory to the requirements of the MOA		√					0
Receivables from exchange transactions								
110	Receivables Programme Payroll – Non-Disclosure (COAF 98)		√					0
Receivables Programme Payroll								
111	Receivables Programme Payroll – Non-Disclosure (COAF 98)		√					0
Property plant and equipment								
112	Completeness of PPE (COAF 167)		√					2

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
113	Existence of PPE (COAF 174)		√					2
114	Property, plant and equipment journals – RFI 214 limitation (COAF175)		√					2
	Employee related costs							
115	Contracts not provided (COAF 90)		√					1
116	Panel below the minimum requirement of five members (COAF 94)				√			1
117	Appointments – Qualification, criminal record, credit record, and reference checks (COAF 117)				√			1
118	Employee cost – Bonus differences (COAF 132)		√					1
119	Limitation on RFI 295 (COAF 188)		√					1
120	Risk management– Inaccurate amount disclosed in the note.		√					1
	Audit of performance information							
120	AOPO: Difference between the Annual Performance Report (APR) and the supporting schedules (COAF 24)			√				1
121	AOPO: Minor Works Projects not reported as Non-Greenfield Infrastructure Facilities (COAF 37)			√				0
122	Limitation of scope – Performance Information (RFI 268)- (COAF 76)			√				1
123	Limitation of scope – Performance Information (RFI 272) (COAF 77)			√				1
124	Limitation of scope – Performance Information (RFI 203) (COAF 85)			√				1

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
125	AOPO: EPWP Work Opportunities (completeness) (COAF 106)			√				1
126	AOPO: EPWP Work Opportunities (validity) (COAF 107)			√				1
127	Duplicates noted in the supporting schedule for IDT Construction Work Opportunities (COAF 113)			√				0
128	IDT Work Opportunities Beneficiaries Using Same ID Number (COAF 114)			√				1
129	AOPO: EPWP WO Participant on the listing (COAF 118)			√				1
130	AOPO: EPWP Work Opportunities (COAF 120)			√				1
131	Limitation of scope – Performance Information (RFI 289) (COAF 128)			√				1
132	AOPO: Differences in programme expenditure used to determine the percentage of weighted programme expenditure on designated groups (based on total programme spend) (COAF 135)			√				1
133	AOPO: Updated Technical Description Indicators (COAF 160)			√				1
134	AOPO: Differences in allocation of entity's equity to designated groups (CoAF 169)			√				0
135	AOPO: completeness of expenditure weighted designated (COAF 172)			√				0
136	AOPO EPWP WO – RS System Mismatch (COAF 181)			√				0
137	AOPO duplicates in contractors CDP panel (COAF 183)			√				0
138	Deceased EPWP beneficiaries (COAF 184)			√				0
139	Limitation of scope – EPWP (RFI 275)			√				0

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
140	Limitation of scope – EPWP (RFI 276)			√				0
141	AOPO: EPWP participant reported not verifiable			√				0
142	AOPO: Completeness of Contractor Development Programme Reported			√				0
143	AOPO: Overstatement of projects completed on time			√				0
144	AOPO: Understatement of projects completed on time			√				0
145	AOPO: Completeness of Greenfield Infrastructure Facilities			√				0
146	AOPO: New or replacement facilities reported as non-greenfield facilities			√				0
147	Number of construction work opportunities created (IDT Portfolio),			√				0
148	Differences in allocation of entity's equity to designated groups			√				0
149	AOPO: Overstatement of Percentage of weighted contracts value (weighted rand value) allocated on designated groups			√				0
150	AOPO: Designated groups incorrectly allocated resulting in differences (2.2.1)			√				0
151	AOPO: Black male and other designated groups not reported			√				0
152	AOPO: Designated groups incorrectly allocated resulting in differences (2.1.1)			√				0
153	AOPO: Percentage of projects completed within budget (denominator)			√				0
154	AOPO: Percentage of projects completed within budget (numerator)			√				0

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
155	Number of construction projects allocated to IDT CDP (Completeness)			√				0
156	Percentage of construction projects awarded to youth participating in IDT CDP (Validity)			√				0
157	Percentage of construction projects awarded to women contractors participating in the IDT CDP			√				0
158	Number of contractors participating in the IDT contractors participating in the IDT (CDP)			√				0
159	AOPO: Percentage of youth contractors participating in the IDT CDP			√				0
160	Number of construction projects allocated to IDT CDP (Completeness)			√				0
161	AOPO: Completeness of percentage of projects completed within budget (numerator and denominator)			√				0
162	AOPO: Percentage of construction projects awarded to women contractors participating in the IDT CDP			√				0
163	AOPO: Completeness of percentage of projects completed within budget (numerator and denominator)			√				0
164	Limitation of scope – AOPO Indicator 2.1.1 Percentage of programme contracts value allocated to designated groups (RFI 310)			√				0
	Compliance							
139	BBBEE compliance (COAF 101)				√			1
140	Consequence management not implemented (COAF 152)				√			3
141	Revenue management (COAF 155)				√			3

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
142	Lack of investigation for consequence management (COAF 173)				√			3
143	Allegations not investigated (COAF 176)				√			0
144	Consequence management not implemented (COAF 179)				√			3
145	Lack of investigation (COAF 192)				√			3
146	Expenditure management – Fraudulent payments (COAF 185)				√			1
147	Payment - Section 57b (COAF 198)				√			2
	Internal control deficiencies							
147	No succession plan in place for the positions of the Key Management (COAF 9)					√		1
148	Performance contracts KPA's do not agree to the KPA's on the performance evaluation form (COAF 10)					√		1
149	Independent external quality assurance review not conducted at least within the past five years (COAF 26)					√		1
150	Limitation of scope RFI 245 – Department of Forestry, Fisheries, and the Environment Bad Debt Write-Off					√		0
151	Forestry and fisheries (COAF 89)				√			0
152	No delegation for the approval and journals (COAF 190)					√		1
	Construction service delivery							

No	Finding	Rating	Classification					Number of times reported in previous two years
			Financial	Performance	Compliance	Internal control	Delivery	
153	Performance audit – Project selection and findings (COAF 68 and 69)						√	1
154	Project listing incomplete						√	1

ANNEXURE E: UPCOMING CHANGES

1. This Annexure lists upcoming changes and events that will potentially affect the preparation of financial statements and annual performance report and compliance with legislation.
2. The Public entity should ensure that systems and controls are in place to implement upcoming changes in the pronouncements that could have an impact on future audit outcomes.

Upcoming changes

Description	Audit outcome area	Effective date
GRAP 1 on Presentation of Financial Statements (amended 2022)	Financial statements	To be determined
GRAP 103 on Heritage assets (amended)	Financial statements	To be determined
GRAP 104 on financial instruments (amended)	Financial statements	1 Apr 2025
GRAP 105 on Transfer of Functions Between Entities Under Common Control (amended)	Financial statements	To be determined
GRAP 106 on Transfer of Functions Between Entities Not Under Common Control (amended)	Financial statements	To be determined
GRAP 107 on Mergers (amended)	Financial statements	To be determined
IGRAP 22 on Foreign Currency Transactions and Advance Consideration	Financial statements	To be determined
Improvements to Standards of GRAP (2023)	Financial statements	To be determined
GRAP 104 on Financial Instruments (amended) is effective for financial years commencing on or after 1 April 2025. Entities may early adopt the amended standard before the effective date. In this instance, the entire standard needs to be adopted early. Piecemeal adoption is not permitted.	Financial statements	To be determined

ANNEXURE F: MATERIAL IRREGULARITIES

This annexure lists the material irregularities (MIs) that will be included in the auditor's report.

Notified	Type	MI description	Status description	
			Actions taken	Actions planned / in progress
Resolved				
01 July 2022	Vat penalties	Irregularity: Late payment of VAT resulting in VAT penalties Impact: financial loss	▪ Investigation performed to determine whether any official is liable by law for the losses suffered by the entity for the purpose of recovery. ▪ Financial viability performed and reported which includes cash flow forecasts ▪ Payment of VAT returns on time ▪ Appointment of financial manager	Implemented

AUDITOR-GENERAL



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE INDEPENDENT DEVELOPMENT TRUST

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Independent Development Trust set out on pages xx to xx, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditors report, the financial statements present fairly, in all material respects, the financial position of the Independent Development Trust as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA)

Basis for qualified opinion

Programme reserves and liabilities - Programme trade and other payables

3. Outstanding amounts meeting the definition of a liability were not recognised at the correct amount in accordance with GRAP 1, Presentation of financial statements. Adequate records of outstanding payments and the accrual for goods and services received but not yet paid at year-end were not maintained, this has resulted in programme trade and other payables and programme trade and other receivables in note 6 being understated by R78 170 408 (2023: 88 873 154).

The programme trade and other payables includes an accrual estimated value of work executed by contractors and professional service providers. There were significant assumptions and inputs which were not considered to get to the appropriate estimate in accordance with GRAP and I was unable to verify by alternative means. Consequently, I was unable to determine the full extent of the misstatement in note 6 as it was impractical to do so. Additionally, there was an impact on the programme trade and other receivables and programme expenditure in note 6.

Revenue from exchange transactions - Management fees

4. Management fees were not recognised at the correct value as required by GRAP 9, Revenue from exchange transactions. The implementation of the new billing system resulted in inconsistencies in the recognition and measurement of the revenue. I was unable to verify or confirm by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to management fees stated at R281 373 000 in the financial

statements. Additionally, there was an impact on the receivables from exchange transactions — management fee in note 3, Management fees in note 6, trade payables in note 11, programme trade and other receivables in note 6, programme trade and other payables in note 6 and programme payments net movement in note 6.

Programme income - Funds received from client departments

5. Funds surrendered to client departments and interest paid has been incorrectly classified as programme income, this has resulted in programme income in note 6 being overstated by R74 163 471, programme payments net movement in note 6 understated by R65 421 854, and interest paid to clients in note 6 understated by R8 741 617.

Programme expenditure

6. Programme expenditure transactions relating to years other than the current year have been recorded in the current year. Consequently, this has resulted in note 6 being overstated by R29 997 637 (2023: 101 423 803). This also has an impact on the surplus for the period and on the programme payments net movement. Additionally, programme expenditure was not recognised at the correct amount and there were transactions not recorded which resulted in programme expenditure in note 6 being understated by R24 544 323 (2023: R25 846 635).

7. Furthermore, I was unable to obtain sufficient appropriate audit evidence for the programme cash payments disbursed as described in note 6 due to supporting registers not provided. I was unable to confirm this by alternative means. Consequently, I was unable to confirm the appropriateness of programme cash payments stated at R3 906 747 714 (2023: R3 464 973 961).

Related parties

8. The entity has extensive related party transactions with other department and entities within the national sphere of government. Contrary to the requirements of GRAP 20, related party disclosures, the narrative and outstanding balances with these parties were not disclosed in the accompanying financial statements. I have not included the omitted information in this auditor's report as it was impracticable to do so.

Irregular expenditure

9. I was unable to obtain sufficient appropriate audit evidence for the irregular expenditure under assessment and investigation as described in note 29 due to supporting registers not provided. I was unable to confirm this by alternative means. Consequently, I was unable to confirm the appropriateness of irregular expenditure under assessment and investigation stated at R139 100 000.

10. The irregular expenditure incurred during the current and prior financial year under audit and related information on irregular expenditure was not included in the notes to the financial statements, as required by section 55(2)(b) (i) of the PFMA. Expenditure was incurred in contravention of the supply chain management requirements, resulting in irregular expenditure. I was unable to determine the full extent of the irregular expenditure that occurred during the financial year as it was impracticable to do so.

Context for opinion

11. 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.

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

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

Material uncertainty relating to going concern

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

15. I draw attention to note 26 to the financial statements, which indicates that the cash flow forecast for the year ending 31 March 2025 indicated a net cash outflow resulting in a significant decline in available resources. As stated in note 26, these events or conditions, along with the other matters, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

Emphasis of matters

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

Restatement of corresponding figures

17. As disclosed in note 24 and note 6 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the Independent Development Trust, and for the year ended, 31 March 2024.

Future outcomes of litigation

18. With reference to note 22 to the financial statements, the entity is the defendant in a number of legal cases in which the entity is opposing the claims. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements

Material impairments

19. As disclosed in note 3 to the financial statements had a material allowance for impairment of receivables from exchange transactions of R55 920 000 (2022: 28 391 000)

Responsibilities of the accounting authority for the financial statements

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

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

Future outcomes of litigation

18. With reference to note 22 to the financial statements, the entity is the defendant in a number of legal cases in which the entity is opposing the claims. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

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

15. I draw attention to note 26 to the financial statements, which indicates that the cash flow forecast for the year ending 31 March 2025 indicated a net cash outflow resulting in a significant decline in available resources. As stated in note 26, these events or conditions, along with the other matters, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

Emphasis of matters

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

Restatement of corresponding figures

17. As disclosed in note 24 and note 6 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the Independent Development Trust, and for the year ended, 31 March 2024.

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

22. 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.

23. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 14, forms part of our auditor's report.

Report on the audit of the annual performance report

24. 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 the selected programme presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

25. I selected the following programme presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected a programme that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

cm

Programme	Page Numbers	Purpose
Integrated service delivery	[XX]	The purpose of the programme is to provide efficient, effective and integrated public social infrastructure delivery and management services. This programme ensures that the entity delivers on its core mandate and contributes to the reduction of infrastructure backlogs through Integrated service delivery

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

27 I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that | 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 those 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 and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets

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

29. The material findings on the reported performance information for the selected programme are as follows:

Integrated service delivery

Various indicators

30. Based on the audit evidence, the actual achievements for two indicators did not agree to what was reported.

I could not determine the actual achievements, but I estimated them to be materially more. The targets were still achieved.

Indicator	Target	Reported Achievement
Percentage of weighted programme expenditure on designated groups (based on total programme spend)	30%	49%
Number of work opportunities created through EP WP (1 239 (EPWP- NSS excluding IDT programme portfolio)	64 000	77 235

Various indicators

31. Some supporting evidence was not provided for auditing; or, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Number of construction work opportunities created (IDT Portfolio)

32. An achievement of 4 420 was reported against a target of 4 367. However, the audit evidence did not support this achievement. | could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the target was not achieved.

Other matters

33. I draw attention to the matters below.

Achievement of planned targets

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

35. The table that follows provide information on the achievement of planned targets and list of the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages xx to xx.

Indicator	Target	Reported Achievement
Percentage of programme contracts value (weighted rand value) allocated to designated groups	30%	34%
Percentage of youth contractors participating in the IDT Contractor Development Programme	30%	27%
Percentage of construction projects awarded to women contractors participating in the IDT CDP	40%	31%

cm

Integrated service delivery

Targets achieved: 63% Budget spent 66%		
Key service delivery indicator not achieved	Planned target	Reported achievement
Percentage of projects completed on time	75%	44%
Percentage of women contractors participating in the IDT Contractor Development Programme	40%	25%
Percentage of youth contractors participating in the IDT Contractor Development Programme	30%	27%
Percentage of Persons with disabilities participating in the IDT Contractor Development Programme	2%	0%
Percentage of construction projects awarded to women contractors participating in the IDT CDP	40%	31%
Percentage of construction projects awarded to persons with disabilities participating in the IDT CDP	2%	0%

cm

Material misstatements

36. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for integrated service delivery. Management did not correct all of the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

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

38. 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.

39. 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 public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

Annual financial statement, performance and annual report

41. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA.

42. Material misstatements of disclosure items, current assets and current liabilities identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified

Procurement and contract management

43. I was unable to obtain sufficient appropriate audit evidence that goods, works and services were procured through a procurement process which is fair, equitable, transparent and competitive, as required by section 51(1)(a)(iii) of the PFMA. Similar limitation was also reported in the prior year.

44. I was unable to obtain sufficient appropriate audit evidence that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the PPPFA and Preferential Procurement Regulation 2022.

Expenditure management

45. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for the qualified opinion the full extent of the irregular expenditure could not be quantified. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance supply chain management prescripts

46. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 28 to the annual financial statements, as required by section 51(1)(b)(li) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by legal settlements and fraudulent payments due to the financial breach.

47. Resources of the Independent Development Trust were not utilised economically, as required by section 57(b) of the PFMA.

Revenue management

48. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA

Consequence management

49. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

50. | was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed

51. Disciplinary steps were not taken against the officials who had incurred and/ or permitted irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA.

52. Investigations were not conducted into all allegations of financial misconduct committed by officials, as required by treasury regulation 33.1.1.

Other information in the annual report

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

54. 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 | do not express an audit opinion or any form of assurance conclusion on it.

55. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

56. The other information I obtained prior to the date of this auditor's report is irregular, fruitless and wasteful expenditure and material losses registers. The general, governance and human resource information is expected to be made available to us after 31 January 2025.

57. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

58. I have concluded as follows regarding other information:

- The irregular expenditure recorded in the annual report is materially misstated due to the material misstatement of irregular expenditure that has been identified in paragraph 10 and 11 of this report.
- In addition, I am unable to conclude whether the opening balance of the irregular expenditure in the annual report is materially misstated due to the fact that I was unable to obtain sufficient appropriate audit evidence for some of the transactions recorded.
- Irregular expenditure incurred in prior years was not included in the annual report. I was unable to determine the full extent of the irregular expenditure.
- Fruitless and wasteful expenditure incurred in prior years was not included in the annual report.

59. When I do receive and read the general, governance and human resource information, 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

60. 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.

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

62. Leadership did not sufficiently execute its oversight responsibility in the preparation of the financial statements, the annual performance report and the compliance with legislation to prevent the recurrence of material misstatements and material non-compliance. An action plan was implemented in the prior period, but was not adequate to ensure that the matters do not recur.

63. Leadership did not provide sufficient oversight over the implementation and monitoring of controls to prevent non-compliance, which resulted in a breakdown of controls.

64. Leadership did not take appropriate steps to ensure that there is appropriate steps to ensure that there is effective consequence management.

65. Management had not implemented adequate controls to ensure that monthly reconciliations of transactions and validation of information were performed to support valid, accurate and complete financial reporting. 66. Management did not implement adequate internal controls and review of the annual financial statements and annual performance report as numerous material misstatements were identified that resulted in the modification of the auditor's opinion.

Material irregularities

67. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Status of previously reported material irregularities

Late payment of VAT resulting in VAT penalties and interest until 31 January 2022

68. The entity contravened section 28(1)(b) of the VAT act

due to late payment of VAT for the period the audit team identified that IDT incurred interest and penalties of R1 821 725.79 due to late payment of VAT to SARS, for the period 1 April 2019 to January 2022. The non-compliance resulted in interest and penalties imposed by the South African Revenue Service (SARS) resulting in a material financial loss of R1 821 726, as disclosed in the annual report. Further losses are likely if the account is not paid on time.

69. The accounting authority was notified of the material irregularity (MI) on 1 July 2022 and invited to make a written submission on the actions that will be taken to address the MI. The response was received on 26 July 2022.

70. Management's disagreement is based on the presumption of unavailability of funds and that the delay could not have been avoided without jeopardizing the going concern of the organisation. The audit financial assessments performed at each time when the payment of the respective VAT liabilities were due indicated that the entity had sufficient funds to settle the obligations at the respective due times.

71. No actions have been taken within the stipulated period. I recommend that the accounting officer should take the following actions to address the material irregularity, which should be implemented by 7 December 2023.

- Take appropriate steps to assess the reasons and circumstances that led to the non-compliance with Section 28(1)(b) of the VAT Act, for the purposes of taking appropriate corrective actions and to address the internal control weaknesses.

- Appropriate action should be taken to determine whether any official is liable by law for the losses suffered by the entity for the purpose of recovery. The recovery process should not be unduly delayed.
- Effective and appropriate disciplinary steps should commence, without undue delay, against any official that was found to be responsible, as required by Section 51(1)(e) of the PFMA.
- Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of a budget and cash flow management plan, to address the timely payments to SARS. The plan should include realistic timeframes and milestones to be achieved.

72. The accounting authority commissioned an investigation. Furthermore, sufficient controls were implemented to prevent further instances of interest and penalties being incurred.

73. Based on the assessment of the response and evidence presented, I considered the representations made and the substantiating documents provided and have concluded that appropriate actions have been taken to address the material irregularity.

Other reports-

74. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

75. The board has resolved to commission an investigation on the procurement of the head office lease covering the 2022/23 period. The investigation is yet to commence as at the date of this report.

76. The board has commissioned investigations relating to the expanded public works project fraud/corruption and supply chain management fraud/corruption covering the period February 2023 to March 2023 the same matter also took place in January 2024. The investigation is yet to commence as at the date of this report.

77. The President of the Country has in terms of the Special Investigation Unit and Special Tribunal Act, 1996, authorised the Special Investigation Unit to investigate possible unlawful, improper or irregular conduct by the Independent Development Trust in relation to the Construction of New Courts Programme implemented on behalf of the Department of Justice covering the period October 2007 to June 2019. The investigation was still in progress at the date of this audit report.

78. The board has commissioned investigations relating to the entities financial system breach to be investigated by the South African Police Services covering the period October 2023 to February 2024. The investigation is yet to commence as at the date of this report

Auditor-General

Pretoria

13 February 2025



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- 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 programme and on the public entity'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 public entity'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 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 public entity 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the

financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

I communicate with the accounting authority 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 authority 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.

From the matters communicated to those charged with governance, I determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

COMPLIANCE WITH LEGISLATION — SELECTED LEGISLATIVE REQUIREMENTS

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Sections 50(3); 50(3)(a); 50(3)(b); 51(1)(a)(ii); 51(1)(a)(iii); 51(1)(a)(iv); 51(1) (b); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(c)(iii); 52(b); 53(4); 54(2)(a); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 57(d); 66(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Regulations 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1; 31.2.5; 31.2.7(a); 33.1.1; 33.1.3
Companies Act No.71 of 2008	Sections 30(3)(b)(i); 33(1)(a); 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 72(4)(a); 75(6); 86(1); 86(4); 88(2)(d); 112(2)(a); 129(7)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Companies Regulations	Regulations 30(2); 43(2)(a)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Sections 18(1); 22(3)
Construction Industry Development Board Regulations	CIDB regulations 17; 18(1A)1; 25(1); 25(5) & 25(7A)
Preferential Procurement Policy Framework Act No.5 of 2005 (PPPFA)	Sections 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations 2017 (PPR)	Paragraphs 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 12.1; 12.2
Preferential Procurement Regulations 2022 (PPR)	Paragraphs 3.1; 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
NT SCM Instruction Note 03 2021/22	Paragraphs 4.1; 4.2; 4.2 (b); 4.3; 4.4; 4.4 (c); 4.4(d); 4.6; 5.4
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Paragraphs 5.5.1(iv); 5.5.1(x)
NT SCM Instruction Note 11 2020/21	Paragraphs 3.1; 3.4 (a); 3.4(b); 3.9; 6.1; 6.2; 6.7
PFMA SCM instruction 08 of 2022/23	Paragraphs 3.2; 4.3.2; 4.3.3
Competition Act No. 89 of 1998	Section 4(1)(b)(ii)
NT Instruction note 4 of 2015/16	Paragraph 3.4

cm

Legislation	Sections or regulations
Second amendment of NTI 05 of 2020/21	Paragraphs 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
NT instruction note 5 of 2020/21	Paragraphs 5.1 and 5.3
Public Finance Management Act No.1 of 1999 (PFMA)	Sections 50(3); 50(3)(a); 50(3)(b); 51(1)(a)(ii); 51(1)(a)(iii); 51(1)(a)(iv); 51(1) (b); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(c)(iii); 52(b); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 57(d); 66(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Regulations 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1; 31.2.5; 31.2.7(a); 33.1.1; 33.1.3
Companies Act No.71 of 2008	Sections 30(3)(b)(i); 33(1)(a); 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 72(4)(a); 75(6); 86(1); 86(4); 88(2)(d); 112(2)(a); 129(7)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Companies Regulations	Regulations 30(2); 43(2)(a)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The reports and statements set out below comprise the annual financial statements presented to the Parliament of the

Republic of South Africa: Pages

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INDEPENDENT DEVELOPMENT TRUST

(REGISTRATION NUMBER RP136/2024)

Annual Financial Statements for the year ended 31 March 2024

Trustees' Responsibilities and Approval

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance

on maintaining a strong control environment. To enable the members to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the next 12 months and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on page 4 to 58, which have been prepared on the going concern basis, were approved by the on 28 May 2024 and were signed on its behalf by



Adv. Kwazi Mshengu

CHAIRPERSON: BOARD OF TRUSTEES

INDEPENDENT DEVELOPMENT TRUST
(REGISTRATION NUMBER RP136/2024)

Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Position as at 31 March 2024

Statement of Financial Performance	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	99,898	103,139
VAT receivable	4	7,941	4,339
Receivables - Programme payroll	5	-	492
Programme assets	6	2,316,038	2,287,411
Cash and cash equivalents	7	53,419	143,173
		2,477,296	2,538,554
Non-Current Assets			
Property, plant and equipment	8	21,376	24,506
Intangible assets	9	28	11
		21,404	24,517
Total Assets		2,498,700	2,563,071
Liabilities			
Current Liabilities			
Finance lease obligation	10	414	517
Payables from exchange transactions	11	41,386	126,076
Programme liabilities	6	2,316,038	2,287,411
		2,357,838	2,414,004
Non-Current Liabilities			
Finance lease obligation	10	-	424
Total Liabilities		2,357,838	2,414,428
Net Assets		140,862	148,643
Reserves			
Initial funding		2,025,000	2,025,000
Accumulated surplus		(1,884,138)	(1,876,357)
Total Net Assets		140,862	148,643

INDEPENDENT DEVELOPMENT TRUST
(REGISTRATION NUMBER RP136/2024)

Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Performance

Figures in Rand thousand		Note(s)	2024	2023 Restated*
Revenue				
Revenue from exchange transactions				
Management fees				
Interest received			281,373	209,442
Other income		13	2,933	3,826
Total revenue from exchange transactions			2,965	1,447
			287,271	214,715
Revenue from non-exchange transactions				
Transfer revenue				
Government grants and subsidies			81,800	70,300
Total revenue		12	369,071	285,015
Expenditure				
Employee related costs		14	(190,203)	(161,283)
Depreciation and amortisation		15	(5,328)	(3,483)
Impairment of non-current assets			-	(87)
Finance costs		16	(247)	(165)
Lease rentals on operating lease			(7,296)	(6,950)
(Impairment)/Impairment reversal of receivables			(39,612)	22,468
Loss on disposal of assets and liabilities			(280)	-
General Expenses		18	(133,887)	(99,057)
Total expenditure			(376,853)	(248,557)
(Deficit) surplus for the year			(7,782)	36,458

INDEPENDENT DEVELOPMENT TRUST
(REGISTRATION NUMBER RP136/2024)

Annual Financial Statements for the year ended 31 March 2024

Statement of Changes in Net Assets

Figures in Rand thousand	Initial funding	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	2,025,000	(1,950,895)	74,105
Adjustments			
Correction of errors	-	34,549	34,549
Correction of errors	-	2,502	2,502
Prior period errors 24	-	1,029	1,029
Balance at 01 April 2022 as restated*	2,025,000	(1,912,815)	112,185
Changes in net assets			
Surplus for the year	-	36,458	36,458
Total changes	-	36,458	36,458
Opening balance as previously reported	2,025,000	(1,883,487)	141,513
Adjustments			
Prior period errors 24	-	7,131	7,131
Restated* Balance at 01 April 2023 as restated*	2,025,000	(1,876,356)	148,644
Changes in net assets			
Surplus for the year	-	(7,782)	(7,782)
Total changes	-	(7,782)	(7,782)
Balance at 31 March 2024	2,025,000	(1,884,138)	140,862
Note(s)			

INDEPENDENT DEVELOPMENT TRUST
(REGISTRATION NUMBER RP136/2024)

Annual Financial Statements for the year ended 31 March 2024

Cash Flow Statement

Figures in Rand thousand		Note(s)	2024	2023 Restated*
Cash flows from operating activities				
Receipts				
Sale of goods and services			245,943	190,939
Grants			81,800	70,300
Interest income			3,042	3,529
Other receipts			2,965	1,446
			<u>333,750</u>	<u>266,214</u>
Payments				
Employee costs			(190,333)	(157,202)
Suppliers			(230,130)	(19,533)
Finance costs			(247)	(147)
			<u>(420,710)</u>	<u>(176,882)</u>
Net cash flows from operating activities	19		<u>(86,960)</u>	<u>89,332</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	8		(2,243)	(2,257)
Purchase of other intangible assets	9		(24)	(9)
Net cash flows from investing activities			<u>(2,267)</u>	<u>(2,266)</u>
Cash flows from financing activities				
Finance lease payments			(527)	(479)
Net increase/(decrease) in cash and cash equivalents			<u>(89,754)</u>	<u>86,587</u>
Cash and cash equivalents at the beginning of the year			143,173	56,586
Cash and cash equivalents at the end of the year	7		<u>53,419</u>	<u>143,173</u>

The accounting policies on pages 9 to 21 and the notes on pages 22 to 62 form an integral part of the annual financial statements.

INDEPENDENT DEVELOPMENT TRUST
(REGISTRATION NUMBER RP136/2024)

Annual Financial Statements for the year ended 31 March 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand thousand	budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Management fees	370,639	-	370,639	281,373	(89,266)	30
Interest received	-	-	-	2,933	2,933	
Other income	19,486	-	19,486	2,965	(16,521)	30
Total revenue from exchange transactions	390,125	-	390,125	287,271	(102,854)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	-	-	-	81,800	81,800	
Total revenue	390,125	-	390,125	369,071	(21,054)	
Expenditure						
Employee related costs	(225,503)	-	(225,503)	(190,203)	35,300	30
Depreciation and amortisation	(6,478)	-	(6,478)	(5,328)	1,150	30
Finance costs	-	-	-	(247)	(247)	
Operating lease expense	(21,278)	-	(21,278)	(7,296)	13,982	30
Debt Impairment	-	-	-	(39,612)	(39,612)	
General Expenses	(201,934)	-	(201,934)	(133,887)	68,047	30
Total expenditure	(455,193)	-	(455,193)	(376,573)	78,620	
Operating deficit	(65,068)	-	(65,068)	(7,502)	57,566	
Loss on disposal of assets and liabilities	-	-	-	(280)	(280)	
Deficit before taxation	(65,068)	-	(65,068)	(7,782)	57,286	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(65,068)	-	(65,068)	(7,782)	57,286	

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Significant Accounting Policies

Figures in Rand thousand		Notes	2024	2023
1. Significant accounting policies The significant accounting policies applied in the preparation of these annual financial statements are set out below.				
1.1 Basis of preparation The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999). These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. These accounting policies are consistent with the previous period, except for the changes set out in note First-time adoption of Standards of GRAP.				
1.2 Presentation currency These annual financial statements are presented in South African Rand, which is the functional currency of the entity.				
1.3 Going concern assumption These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months				
1.4 Materiality Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions. The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.				
1.5 Significant judgements and sources of estimation uncertainty				
		In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include: Trade receivables The entity assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment for receivables is calculated on an individual basis, based on historical payment data and client specific information. For amounts due to the entity, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment. On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.		

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Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued) Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the key assumptions used in the judgements relating to possible impairment of receivables may change which may then impact our estimations and may then require a material adjustment to the carrying value of the assets

Useful lives of property, plant and equipment and other assets

The entity's management determines the estimated useful lives, related depreciation charges and residual values for its property, plant and equipment and other assets. This estimate is based on industry norms and on the pattern in which an asset's future economic benefit or service potential is expected to be consumed by the entity. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Property, plant and equipment are depreciated over their expected useful lives to their estimated residual value. The depreciation charge for each period is recognised in surplus or deficit.

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

Item	Depreciation method	Average useful life
Land	Straight-line	Infinite
Buildings	Straight-line	50
Furniture and fixtures	Straight-line	10 - 31
Motor vehicles	Straight-line	14 - 24
Office equipment	Straight-line	10 - 26
IT equipment	Straight-line	5 - 22
Canteen Equipment	Straight-line	10 - 24
Leased office equipment	Straight-line	5 - 10

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Significant Accounting Policies

1.6 Property, plant and equipment (continued)

Mechanical equipment Straight-line 20 - 25

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

1.7 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows

Item	Depreciation method	Average useful life
Computer software	Straight-line	6-12

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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Significant Accounting Policies

1.8 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

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Significant Accounting Policies

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

1.8 Financial instruments (continued) Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables- programme payroll	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

1.9 Statutory receivables Identification

Statutory receivables comprise VAT receivable. The entity is registered with the South African Revenue Services (SARS) for VAT on the accrual basis, in accordance with Section 15(2) of the VAT Act No.89 of 1991.

Subsequent measurement

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

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

Impairment losses

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

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Significant Accounting Policies

1.10 Leases (continued)

Finance leases - lessee

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

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

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term. Any contingent rents are expensed in the period in which they are incurred.

1.11 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

1.12 Employee benefits

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

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When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

(a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

1.13 Provisions and contingencies

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

Contingent assets and contingent liabilities are not recognised because the existence thereof will only be confirmed by the occurrence or non-occurrence of an uncertain future event not wholly within the control of the IDT. Contingencies are disclosed at the best estimate of the settlement or receivable amount at reporting date. Contingencies are not disclosed if the possibility of an outflow or inflow of economic resources or service potential is remote.

1.14 Commitments

Lease Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

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1.14 Commitments (continued)

Operating lease commitments are recognized as liabilities when the contractual agreement creates an obligation to make fixed lease payments in exchange for the use of property, equipment, or other assets. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The operating lease commitments are recorded in the Notes to the Financial Statements. Refer to Note 21 for Operating lease commitments.

Refer to note 21 for further details regarding the commitments for finance leased assets.

1.15 Revenue from exchange transactions

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed. Management fees are charged as a percentage based on value of work completed as at reporting date.

Interest

Interest is recognised on a time-proportion basis using the effective interest rate method.

1.16 Revenue from non-exchange transactions Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

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

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognized as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. Fruitless and wasteful expenditure when incurred and confirmed is recorded in the annual financial statement's disclosure. This relates to fruitless and wasteful expenditure incurred in the current financial year, with a one previous financial year comparative analysis

Fruitless and wasteful expenditure for previous financial year (comparative amounts) must be recognized in the period in which they occurred as follows:

- fruitless and wasteful expenditure incurred and confirmed in the previous financial year;
- fruitless and wasteful expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
- fruitless and wasteful expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year

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Significant Accounting Policies

1.17 Fruitless and wasteful expenditure (continued)

Fruitless and wasteful expenditure must be recorded in the notes to the financial statements when confirmed after its assessment. The amount recorded is equal to the value of fruitless and wasteful expenditure incurred and confirmed in that current financial year unless it is impractical to determine, in which case reasons must be provided in the annual report.

For fruitless and wasteful expenditure disclosure in the financial statements refer to note 28.

1.18 Irregular expenditure

Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The register is also updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto remains against the relevant programme/expenditure item, and updated accordingly in the register

Irregular expenditure when incurred and confirmed is recorded in the annual financial statements disclosure. This relates to irregular expenditure incurred in the current financial year, with a one financial year comparative analysis.

Irregular expenditure for the previous financial year (comparative amounts) must be recognized in the period in which they occurred as follows:

- irregular expenditure incurred and confirmed in the previous financial year;
- irregular expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
- irregular expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.
- irregular expenditure payments relating to multi-year contracts that was not condoned or removed.

Irregular expenditure is recorded in the notes to the financial statements when confirmed after its assessment. The amount recorded is equal to the value of irregular expenditure incurred and confirmed in that current financial year unless it is impractical to determine, in which case reasons must be provided in the annual report.

Irregular and fruitless and wasteful expenditure for the current financial year include:

- amounts incurred and confirmed in that financial year; and/or
- payments made as it relates to multi-year contracts.
- Irregular and fruitless and wasteful expenditure for the previous financial year include:
- 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 not identified and are identified and confirmed in the current financial year.

For irregular expenditure disclosure in the financial statements refer to note 29.

1.19 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

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Significant Accounting Policies

1.19 Segment information (continued) Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.20 Budget information

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

The approved budget covers the fiscal period from 2023/04/01 to 2024/03/31.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.21 Accounting by principals and agents Identification

An agent is an entity that has been directed by another entity (a principal), through a binding

arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

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1.21 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.22 Programme expenditure, assets and liabilities

The Entity implements social infrastructure and non-infrastructure programmes and project management services on behalf of all three spheres of government through client-specific service level agreements. The Entity enters into Programme Implementation Agreements (PIAs) with our client departments in terms of standard project contract engagements.

Programme expenditure is comprised as construction costs incurred based upon the date of valuation of the progress certificate and Professional Services Provider costs and fees for infrastructure related programmes and projects. This is inclusive of retention fees and interest charged by contractors which is directly attributable to the Client Department defaulting on timely transfer of funds. Programme expenditure is reduced by penalties charged by the employer, advance payments not recouped and negative progress work certified. Materials on and off site are not disclosed separately as it is considered as inclusive in value of work executed. Project expenditure relating to Professional Service Providers is recognised at the stage of completion as at reporting date. Work in progress is excluded based upon the generally accepted guideline tariff of professional fees for Quantity Surveyors which provides for invoicing upon successful completion of each stage.

The programme expenditure relating to non-infrastructure programmes is recognised at regular intervals as contractually agreed during the financial reporting period. Funds received from Client Departments are accounted for when the project enters a stage of active implementation. Programme assets are recognised in the financial statements as at reporting date as receivables due to the programmes by the Client Departments for project services rendered and programme cash and cash equivalents at hand at year-end.

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Funds held without programme commitments are recognised as a liability as it belongs to the Client Departments and the Entity has an obligation to return these funds upon project completion. Programme construction and Professional Service Provider expenditure incurred but not yet paid at year end are recognised as a programme liability based on the certified stage of completion at reporting date.

The IDT charges management fees on programme expenditure incurred for the reporting period as stipulated by the National Treasury Instruction note 4 of 2014/15. All amounts disclosed in the programme assets and liabilities note are VAT inclusive.

The following principles are applied in the recording of construction programme expenditure stemming from construction contracts

1.22 Programme expenditure, assets and liabilities (continued)

- Construction contract is a contract, or similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of design, technology and function of their ultimate purpose or use.
- Construction contract is a contract, or similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of design, technology and function of their ultimate purpose or use.
- Contractor is an entity that performs construction work pursuant to a construction contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term “contractor” thus includes a general prime contractor, a sub-contractor to a general contractor, or a construction manager.
- The IDT enters into fixed price contracts, which is a contract in which the contractor agrees to a fixed contract price to which the variation order process and escalations may apply.

- The fees relating to Professional Service Providers are estimates based on the construction contract value and rates per Professional Discipline guided by the fees published in the Government Gazette from time to time.
- Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with Client Department.

1.23 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control over those policies.

A related party transaction is a transfer of resources services or obligations between the reporting entity and a related party. Related party transactions within the Minister’s portfolio are recorded in the notes to the financial statements when the transaction is not at arm’s length.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, including those charged with the governance of the Entity in accordance with legislation, in instances where they are required to perform such functions. The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.

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Significant Accounting Policies

The number of individuals and their full compensation is recorded in the notes to the financial statements.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favorable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

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

1.24 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

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Significant Accounting Policies

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2. New standards and interpretations

2.1 Standard and Interpretation effective and adopted in the current year

The IDT has not early adopted standards and interpretations as there are no mandantory changes on the standard.

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 103 (as revised): Heritage Assets	01 April 2025	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Impact is currently being assessed

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3. Receivables from exchange transactions		
Prepayments	4,436	3,365
Receivables - Management fees	110,564	90,042
Sundry receivables	39,095	37,543
Creditors with debit balance	-	221
Staff debtors	23	17
Travel cost recovery receivable	222	-
Salary control accounts	106	342
Allowance for impairment	(54,548)	(28,391)
	99,898	103,139
Total receivables from exchange transactions	99,898	103,139
Ageing of receivables from exchange transactions		
0 - 30 Days	81,091	83,748
31 - 60 Days	17,473	4,343
61 - 90 Days	-	2,101
+ 90 Days	42,122	27,580
	140,686	117,772

Trade and other receivables pledged as security

IDT did not pledge any of its Receivables as security for borrowing purposes.

Credit quality of trade and other receivables

All trade receivables for management fees are government entities (departments) for which external credit ratings are not available, the entity assesses the credit quality of those departments that are neither past due nor impaired with reference to the historical payment rates, as follows:

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1. Good paying client with debt 60 days and less, or
2. Slow paying client with debt older than 60 days and less than a year.

Fair value of trade and other receivables

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between IDT and Receivables as well as the current payment ratios of IDT's Receivables.

Trade and other receivables impaired

As of 31 March 2024, trade and other receivables of R 73,379,070 (2023: R 57,483,353) were impaired and provided for.

The amount of the provision was R 55,920,178 as of 31 March 2024 (2023: R 28,390,728).

The ageing of these loans is as follows:

31 - 60 Days	8,790	4,343
61-90 days	-	2,101
+ 90 Days	8,642	12,947

Reconciliation of provision for impairment of trade and other receivables

Opening balance	28,391	72,538
Provision for impairment	31,348	(24,300)
Amounts written off as uncollectible	(5,191)	(19,847)
	54,548	28,391

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Provision for impairment of Receivables has been made for all balances outstanding based on the collectability of the amounts outstanding. No further credit provision is required in excess of the Provision for Impairment.

4. VAT receivable

VAT	7,941	4,339
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VAT Receivable arise where the entity has a claim from the South African Revenue Service where the VAT Inputs exceeded the VAT outputs as per the Value-Added Tax Act 89 of 1991.

VAT Receivable is not impaired nor is it discounted as the amount is expected to be receivable within 60 days.

5. Receivables - Programme payroll

Programme payroll	-	492
Ageing of receivables - programme payroll		
0 - 30 Days	-	305
31-60 Days	-	80
+90 Days	-	7,599
Allowance for impairment	-	(7,492)
	-	492
Programme payroll relates to the payroll costs paid by IDT to Programme staff on behalf of client departments.		
Reconciliation of provision for impairment of trade and other receivables:		
Opening balance	(7,492)	(7,112)
Provision for impairment	-	(380)
Amounts written off as uncollectible	7,492	-
	-	(7,492)

As of 31 March 2024, trade and other receivables of R - (2023: R7,984,000) were impaired.

The amount of the provision was R - (2023: R 7,492,000).

Provision for impairment of Receivables has been made for all balances outstanding based on the collectability of the amounts outstanding.
No further credit provision is required in excess of the Provision for Impairment.

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6. Programme assets and Programme liabilities

The IDT has entered into binding arrangements with various client departments wherein it acts on behalf and for the benefit of the client departments in delivering programmes committed in their various votes. Such arrangements require undertake transactions with third parties.

5.1 Consolidated programme assest and liabilities the IDT to

The movement in the funds held for the delivery of client programmes can be stated as follows:

Total Income (A)

Opening Bank Balance	1,266,251	656,508
Funds received from client departments	3,802,808	4,243,953
Interest received	93,973	65,138
	5,163,032	4,965,599

Programme Expenditure

Social Infrastructure	3,057,567	2,414,927
Social Development	1,068,959	1,074,326
Interest and penalties	5,911	2,079
	4,132,437	3,491,332

Management fees

Management fees - Social Infrastructure	226,032	151,489
Management fees - Social Development	95,744	89,373
	321,776	240,862

Total Expenditure (B)

	4,454,214	3,732,195
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Programme balance (A-B)

Interest paid to clients	(13,587)	(20,835)
Programme payments net movement	243,805	53,682
Closing bank balance	939,037	1,266,251

Programme assets

Programme trade and other receivables	1,365,406	1,008,385
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Programme debtors write-off	-	(18,401)
Programme debtors	4,925	23,545
Programme cash and cash equivalents	945,707	1,273,882
	2,316,038	2,287,411
Programme reserves and liabilities		
Funds held in trust	807,962)	(997,931)
Programme trade and other payables	(1,299,712)	(1,161,357)
Programme retention liability	(208,364)	(128,123)
	(2,316,038)	(2,287,411)

The programmes implemented on behalf of client Departments are predominantly material in terms of their quantitative impact, and as a result, they have been aggregated and presented as Programme assets and Programme liabilities.

The programme cash payments disbursed on behalf of client departments in the implementation of the various projects was for 2024 R3,906,747,714 (2023: R3,464,973,961).

The programme debtors, which were written off and consequently reduced the amount receivable by the programmes, totalled R18,401,036.23 for the 2023 financial year.

Significant risks (including risk mitigation strategies) and associated benefits associated with the principalagentrelationship with client departments as required by GRAP109.62(d).

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6. Programme assets and Programme liabilities (continued)

To mitigate the risk, the IDT has established clear communication channels and reporting mechanisms. Regular meetings have convened to discuss objectives, progress, challenges, and resource needs. Reports are periodically submitted to client departments when on a defined schedule and as the need arises, detailing their activities, achievements, and financial performance.

Risks that are transferred from the principals (client departments) to the agent (IDT), including risks flowing to the entity as a result of its custodianship over the resources held on behalf of the principals (client departments) as required by GRAP109.63(a)(ii).

Client departments transfer operational risks, such as procurement and inventory management, to the IDT. These risks involve supply chain disruptions, quality control issues, and inefficiencies in procurement processes.

The IDT, as custodian of resources held on behalf of client departments, faces risks related to resource protection and potential misuse, including theft, unauthorized use, or misallocation of resources.

The IDT establishes robust procurement processes, monitors inventory levels, and implements quality control measures. It maintains effective relationships with suppliers, ensures timely deliveries, and manages inventory efficiently to minimize disruptions.

The IDT implements strict access controls, security measures, and regular audits to safeguard resources. It maintains detailed records of resources received, used, and disbursed on behalf of client departments, ensuring transparency and accountability.

Prior year restatement

The comparative amounts pertaining to programme expenditure have been restated as a result of a prior period misstatement.

The comparative amounts have been revised to account for transactions from the 2023 financial period, which were recorded as expenditure in the 2024 financial year. The adjustments are as follows:

Programme expenditure:

Social infrastructure
 Social development
 Interest and penalties
 Programme Expenditure

As previously reported	Correction of error	Restated
2,291,774	123,153	2,414,927
1,025,067	49,259	1,074,326
2,079	-	2,079
3,318,920	172,412	3,491,332

Programme liabilities:

Funds held in trust
 Programme trade and other payables
 Programme retention liabilities

As previously reported	Correction of error	Restated
1,011,236	(13,305)	997,931
984,374	176,983	1,161,357
128,123	-	128,123
2,123,733	163,678	2,287,411

Programme assets:

Programme trade and other receivables
 Programme debtors
 Programme debtor's write-off
 Programme Cash and Cash Equivalents

As previously reported	Correction of error	Restated
844,708	163,677	1,008,385
5,144	18,401	23,545
-	(18,401)	(18,401)
1,273,881	1	1,273,882
2,123,733	163,678	2,287,411

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7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	22	2
Bank balances	53,397	143,171
	53,419	143,173

Included in the cash balance above is an amount of R14,714,781 (2023: 94,274,732) which is held on behalf of the client departments. Refer to note 10 Programme funds held on behalf of clients.

8. Property, plant and equipment

	2024		2023	
	Valuation	Accumulated depreciation and impairment	Valuation	Accumulated depreciation and impairment
Land	4,000	-	4,000	-
Buildings	16,400	(7,847)	8,553	(7,519)
Furniture and fixtures	12,972	(9,370)	3,602	(7,969)
Motor vehicles	227	-	182	-
Office equipment	4,713	(4,181)	532	(8,308)
IT equipment	10,673	(6,661)	4,012	(4,489)
Office equipment - Leased	1,557	(1,164)	393	(645)
Canteen equipment	372	(270)	102	(251)
Total	50,914	(29,538)	21,376	(29,181)

Reconciliation of property, plant and equipment - 2024

		Additions	Disposals	Depreciation	Total
	balance				
Land	4,000	-	-	-	4,000
Buildings	8,881	-	-	(328)	8,553
Furniture and fixtures	5,061	64	(42)	(1,481)	3,602
Motor vehicles	-	227		-	182
Office equipment	1,242	138	(216)	(632)	532
IT equipment	4,297	2,026	(21)	(2,290)	4,012
Office equipment - Leased	912	-	-	(519)	393
Canteen equipment	113	14	-		102
	24,506	2,469	(279)	(5,320)	21,376

Reconciliation of property, plant and equipment - 2023

		Additions	Disposals	Depreciation	Total
	balance				
Land	4,000	-	-	-	4,000
Buildings	9,209	-	(328)	-	8,881
Furniture and fixtures	6,133	-	(1,010)	(62)	5,061
Office equipment	1,866	23	(635)		1,242
IT equipment	3,032	2,233	(958)	(10)	4,297
Office equipment - Leased	1,431	-	(519)	-	912
Canteen equipment	145	-	(30)	(2)	113
	25,816	2,256	(3,480)	(86)	24,506

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8. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment

included in Statement of Financial Performance

Repairs and maintainance

(1,943)

(1,995)

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

9. Intangible assets

	2024			2023		
	Valuation	Accumulated depreciation and impairment	Carrying value	Valuation	Accumulated depreciation and impairment	Carrying value
Computer software	91	(63)	28	67	(56)	11

Reconciliation of intangible assets - 2024

	balance	Additions	Disposals	Total
Computer software	11	24	(7)	28

Reconciliation of intangible assets - 2023

	balance	Additions	Disposals	Total
Computer software	4	9	(2)	11

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10. Finance lease obligation		
Minimum lease payments due		
- within one year	427	578
- in second to fifth year inclusive	-	427
	427	1,005
less: future finance charges	(13)	(64)
Present value of minimum lease payments	414	941
 Present value of minimum lease payments due		
- within one year	414	528
- in second to fifth year inclusive	-	413
	414	941
 Non-current liabilities	-	424
Current liabilities	414	517
	414	941

It is entity policy to lease certain equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 11.75% (2023: 10.75%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets.

11. Payables from exchange transactions

Trade payables	8,716	16,899
Programme funds held on behalf of clients	14,715	94,275
Debtors with credit balances	459	522
Accrued leave pay	9,781	10,310
Accrual - 13th cheque	1,827	1,437

Other accrued expenses	231	14
Operating lease provision	391	(13)
Sundry Creditors	2,856	-
Salary control accounts	2,410	2,632
Total Payables from exchange transactions	41,386	126,076

12. Revenue

Rendering of services	281,373	209,442
Interest received	2,933	3,826
Other income	2,965	1,447
Government grants & subsidies	81,800	70,300
	369,071	285,015

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

Management fees	281,373	209,442
Interest received	2,933	3,826
Other income	2,965	1,447
	287,271	214,715

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12. Revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	81,800	70,300
13. Other income		
Other	847	110
Salary Recoveries	261	-
Tender deposits	1,499	1,117
Legal cost recovery	21	220
Travel Cost Recovery	337	-
	2,965	1,447
14. Employee related costs		
Basic	189,375	154,004
WCA	242	179
Leave pay provision charge	479	3,009
CCMA Awards	-	3,922
Ex Gratia	3	3
Termination benefits	104	166
	190,203	161,283
15. Depreciation and amortisation		
Property, plant and equipment	5,321	3,481
Intangible assets	7	2
	5,328	3,483
16. Finance costs		
Finance leases	52	90
Bank	195	75
	247	165
17. Auditors' remuneration		
Fees	11,055	12,462

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18. General expenses		
Auditors remuneration	11,055	12,462
Bank charges	387	330
Cleaning	1,316	1,375
Catering, meals and entertainment	773	597
Document storage	1,140	1,196
Consulting and professional fees	4,267	5,724
Fines and penalties	-	973
Insurance	954	287
Legal fees	46,989	21,177
Conferences and seminars	1,455	767
IT expenses	9,057	6,590
Media communication	1,128	2,816
Medical expenses	1	-
Motor vehicle expenses	310	422
Recruitment and placement fees	959	1,239
Postage and courier	36	3
Printing and stationery	2,123	2,167
Repairs and maintenance	1,982	1,453
Security	2,887	1,814
Subscriptions and membership fees	292	152
Telephone and fax	5,049	3,370
Training	3,569	1,321
Travel - local	20,334	13,331
Travel - overseas	130	41

Water, rates and electricity	4,318	4,799
Stipends	9,654	11,304
Property management fees	359	290
Trustees remuneration	2,129	2,818
Other expenses	754	236
Restructuring	480	3
	133,887	99,057

19. Cash (used in) generated from operations

(Deficit) surplus	(7,782)	36,458
Adjustments for:		
Depreciation and amortisation	5,328	3,483
Loss on sale of assets and liabilities	280	-
Impairment deficit	-	87
Debt impairment	39,612	(22,468)
Changes in working capital:		
Receivables from exchange transactions	(36,372)	(17,117)
Receivables - Programme payroll	492	1,096
Payables from exchange transactions	(84,916)	84,714
VAT	(3,602)	3,079
	(86,960)	89,332

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Figures in Rand thousand

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20. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

		Total
	cost	
Trade and other receivables from exchange transactions	86,139	86,139
Cash and cash equivalents	53,419	53,419
	139,558	139,558

Financial liabilities

		Total
	cost	
Finance lease liabilities	414	414
Trade and other payables from exchange transactions	41,387	41,387
	41,801	41,801

2023

Financial assets

		Total
	cost	
Trade and other receivables from exchange transactions	89,381	89,381
Receivables - programme payroll	492	492
Cash and cash equivalents	143,173	143,173
	233,046	233,046

Financial liabilities

	cost	Total
Finance lease liabilities	941	941
Trade and other payables from exchange transactions	126,076	126,076
	127,017	127,017

Reclassification

Maturity analysis

2024

	Within 1 year	Total
Finance lease obligation	414	414
Payables from exchange transactions	41,387	41,387
	41,801	41,801

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20. Financial instruments disclosure (continued)

2023

	Within 1 year	Between 2 and 5 years	Total
Finance lease obligation	517	424	941
Payables from exchange transactions	126,076	-	126,076
	<u>126,593</u>	<u>424</u>	<u>127,017</u>

21. Commitments

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	6,202	4,701
- in second to fifth year inclusive	3,979	7,883
	<u>10,181</u>	<u>12,584</u>

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

Rental expenses relating to operating leases

Actual expenditure	7,368	7,653
Provisions	163	411
	<u>7,531</u>	<u>8,064</u>

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22. Contingencies

22.1 Contingent liabilities

22.1.1 Summons against the entity by Msunduzi Local Municipality	34,115	34,115
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The IDT was previously appointed by Msunduzi Local Municipality ("the Municipality") as an implementing agent for certain projects on behalf the Municipality. Subsequent to the conclusion of the Agreement between the parties, the Municipality transferred to the IDT the project budget of over R 290 million. The contractual relationship between the IDT and the Municipality was terminated in June 2014 and incomplete projects were ceded back to the Municipality in terms of a cession agreement. The IDT further transferred an uncommitted sum of R2,981,589.26 and delivered files to the municipality. The region made several attempts to resolve the matters. Submissions were prepared by the IDT and meetings held with the Client Department and the Service providers. Invoices were submitted by the Service Provider together with the supporting documents and thereafter an Invoice Claim was submitted by IDT to the Client Department for further processing. Some of the service providers were eventually paid. Furthermore, IDT requested service providers to give context in relation to the exchange rates costs.

The region has had two meetings with the Municipal Manager ; Internal Control Unit and Senior Management of the Municipality. The discussions centred on the entire portfolio and the framework of the Cession Agreement. The resolutions taken included 1) Municipality to provide the IDT with the breakdown of the amount claimed againsts the IDT. 2) The IDT was to provide supporting documents to assist Municipality with the Audit. 3) Files ; Records; Reports and the Reconciliations were prepared and submitted by IDT to Msunduzi Municipality in an attempt to get the matters resolved.

The IDT has now instructed its attorneys to proceed with the matter in court.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R34,115,286 to Msunduzi Local Municipality.

The uncertainties relating to the amount or timing of any outflow

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.2 Summons against the entity by Nomandla Roads & Civils	869	869
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The contractor claimed for amount certified and the IDT is awaiting the transfer of the funds from the client's department. The amount claimed is due and payable to the contractor.

The attempts by the region to resolve the dispute prior to litigation included the GM Regional Operations attending numerous meetings with the Department of Water Affairs and Environment after they took over the Household Sanitation responsibility from the Department of Human Settlement. It was explained to the contractor that his claim was submitted to the IDT during the period of transition to the new department and this created delays. The noncomittal of DWE made it difficult for the IDT to guarantee payment to the contractor on a particular date. The contractor was kept abreast on developments and he resorted to litigation. Efforts continued to get funds from the department as value was created on the ground but in vain.

The matter has been dormant, the IDT has offered a settlement to the effect that the matter be withdrawn with each party to pay its own costs.

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22. Contingencies (continued) Estimated financial effect Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R868,933 to Nomandla Roads & Civils. The uncertainties relating to the amount or timing of any outflow While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote. The possibility of any reimbursement The entity will not be reimbursed by any party should it make settlement.		
22.1.3 Notice of motion against the entity by Basil Read (Pty) Ltd Following the appointment of the IDT by the National Department of Arts and Culture, as an Implementing Agent for the implementation of various projects, the IDT appointed Basil Read (Pty) Ltd (the "Contractor") to construct Enyokeni Cultural Precinct in Kwa-Zulu Natal. Initially, the IDT was sued for non-payment of certificate 1 to 10, in the amount of R39,691,614.30, which claim has been settled by the IDT. Now the contractor is suing the IDT in respect of certificate 11 to 14 in the total amount of R15,859,888.37, plus interest calculated from March 2015. The IDT forwarded numerous correspondence appealing to the DAC to transfer funds without any success. Several meetings were also held with DAC but instead DAC decided to investigate the IDT. The outcome of the investigation was not in favour of the IDT and it was used to justify why funds will not be transferred. Further meetings were held with the current DAC DG to resolve these matters but with little or no cooperation from his subordinates.	15,860	15,860
The matter is ripe for hearing but has been dormant since Basil Read was placed under business rescue. The IDT has offered a proposal that the matter be withdrawn with each party to pay its own cost Estimated financial effect Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R15,859,888 to Basil Read (Pty) Ltd. The uncertainties relating to the amount or timing of any outflow While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote. The possibility of any reimbursement The entity will not be reimbursed by any party should it make settlement.		
22.1.4 Summons against the entity by Royal Haskonong DHV (Pty) Ltd The Plaintiff is claiming a sum of R2,631,126,84 together with interest against the IDT for professional services rendered in respect of the Enyokeni Cultural Precinct - Nongoma Project The IDT has sought an opinion from the DPWI High Performance Centre (HPC). The HPC was of opinion that the completion documentation forwarded by Royal Haskonong were not only complete but could not be accepted. The IDT tried to communicate with Royal Haskonong to set up a meeting to resolve these matters but with no success. The matter was left with legal to respond to the litigation.	2,631	2,631

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22. Contingencies (continued) The matter has been dormant, the IDT has offered a settlement to the effect that the matter be withdrawn with each party to pay its own costs. Estimated financial effect Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R2,631,127 to Royal Haskonong DHV (Pty) Ltd. The uncertainties relating to the amount or timing of any outflow While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote. The possibility of any reimbursement The entity will not be reimbursed by any party should it make settlement.		
22.1.5 Summons against the entity by Tauris Garden Trading 500 CC The IDT appointed Tauris Garden Trading 500 CC ("Contractor") for the construction of the new Daniel Mzamo/Malezulu LSEN for an amount of R86,365,150.62 on 03 May 2011. A variation order of R15,897,245.11 was approved bringing the contract amount to R102,262,395.11. The expenditure to date stands at R94,494,557.38. The contractor moved off-site without the appropriate notice period and was instructed to return back to site. After refusing to return to site, the Contractor was terminated. The contractor has now issued summons against the IDT for payment or certification of payment certificate for work done prior to termination. The Contractor is suing the IDT for work done and not previously certified by the principal agent.	3,000	3,000
Estimated financial effect Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R3,000,000 to Tauris Garden Trading 500 CC. The uncertainties relating to the amount or timing of any outflow The possibility of the claim being successful has been assessed as being a 50% chance of being successful. Therefore, the possibility of any outflow in settlement is therefore not remote. The possibility of any reimbursement The entity will not be reimbursed by any party should it make settlement.		
22.1.6 Summons against the entity by Royal Haskonong DHV (Pty) Ltd	1,000	1,000

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22. Contingencies (continued)

The Consultant is suing the IDT for alleged services rendered. The Consultant was terminated due to non-performance and a replacement Consultant was appointed to complete the works.

The Service Provider is suing the IDT for a sum of R1,000,137.60 for Services Rendered. The amount is made up of fees, disbursement and additional fees for variation orders. The IDT dispute that there was ever a variation order that entitles the Service Provider to claim additional fees and the disbursement claims is not supported by documents evidence.

The service Provider was requested to provide a fee breakdown and support documents for the disbursement claims. The Service Provider did not submit the information requested, he instead issued arbitration notice. Parties have agreed to a settlement of the matter.

Estimated financial effect

The IDT is defending the matter whilst negotiating a possible settlement of the matter. According to the Region, the IDT owes the Service Provider a sum of R300,000.

The uncertainties relating to the amount or timing of any outflow

As the possibility of the claim by the counterparty being successful has been assessed as being 50%, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.7 Notice of against the entity by GVK Siyazama Building Contractors (Cape) (Pty) Ltd

26,698 26,698

GVK's claims comprise certain interim payment certificates that were issued in its favour by the principal agent, based upon the monthly claims that were filed by GVK for payment of its preliminaries and general ("P&G") costs. The IDT contends that the principal agent has mala fide and unlawfully been colluding with the GVK, and that the relevant interim payment certificates that were issued as from August 2015 to date are void.

Several meetings were held between the IDT, GVK and the Principal Agent for P &G's to be charged or claimed in relation to the uncompleted portion of the works to no success.

The parties have exchanged pleadings and we are now at discovery stage. The have agreed to suspend the litigation pending settlement negotiations between the parties. The IDT obtained legal opinion advising it to settle and the opinion was communicated to the DOJ & CD. Following, the DOJ & CD's responsive conduct to the IDT's proposed settlement, the IDT terminated the MoA between it and DOJ & CD and formally declared a dispute and indicated that it would now refer the matter to the Minister of DPWI in order to initiate and kickstart the intergovernmental dispute resolution process.

Following the declaration of dispute, DOJ & CD requested the IDT to suspend the intergovernmental dispute resolution process and the termination of the IDT's services pending settlement negotiation between the parties. As part of the settlement the IDT and DOJ & CD agreed to jointly appoint an independent QS to look into the merits of the claims by the contractor. The IDT has suspended its termination letter and declaration of Dispute. The terms of reference for an independent QS have been concluded and the RFQ was sent out. The appointment will be made soon.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R26,697,867 to GVK Siyazama Building Contractors (Cape) (Pty) Ltd

The uncertainties relating to the amount or timing of any outflow

The possibility of the claim being successful has assessed as being a 50% chance of being successful. Therefore, the possibility of any outflow in settlement is therefore not remote.

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22. Contingencies (continued)

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.8 Summons by the Dept of Transport, EC Provincial Government 17,106 17,106

The EC Department of Transport is suing the IDT for utilising funds earmarked to benefit certain disadvantaged persons to implement projects for the EC Department of Education

Various engagements were conducted between the IDT, the ECDoE and the EC DoT aiming to resolve the challenges encountered and have the ECDoE to repay the funds to ECDoT

The Parties resolved to refer the matter to Intergovernmental Dispute Resolution Process. The Department of Transport, through State Attorneys, has until recently been slow in responding to the process and IDT is considering to withdraw from the intergovernmental process.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R17,105,824 to the Dept of Transport, EC Provincial Government

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.9 Summons by Amahle Quantity Surveyors (Pty) Ltd

2,309

2,309

Following the appointment of the IDT as an Agent by the NCDoE for the construction of Magojaneng Primary School, the IDT appointed the Plaintiff to render Quantity Surveying services. The Plaintiff rendered the services from Stage 1 up to Stage 4.1. After estimates were submitted to the Client for approval, the Client withdrew the project from IDT. The Client kept on asking for the reduction of the estimate to cater for the budget.

The IDT has been in constant communication with the client for payment of the stages completed by the Plaintiff. The Client kept on asking for the reduction of the estimate to cater for the budget but the Plaintiff kept on basing his claim on the initial estimates which the client maintained was way above their budget.

The IDT has filed a Notice of Intention to Defend, a Special Plea and a Third Party Joinder to include the NCDoE in the litigation. The original claim was in the sum of R5,5 million but NCDoE have since settled part of the debt and we are left with the debt for the NCDoH.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R2,308,540 to Amahle Quantity Surveyors (Pty) Ltd

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

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22. Contingencies (continued)		
The entity will not be reimbursed by any party should it make settlement.		
22.1.10 Summons against the entity by MG Architects and Project Management	5,452	5,452
The service provider is suing the IDT for payment, for alleged services rendered. Several meetings were held between the IDT and service provider regarding the incorrect calculations of the fees and disbursement. The IDT has lost the arbitration and is now appealing the arbitration ruling. Estimated financial effect Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R5,452,055 to MG Architects and Project Management. The uncertainties relating to the amount or timing of any outflow As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote. The possibility of any reimbursement The entity will not be reimbursed by any party should it make settlement.		
The Service Provider, through the liquidators, is suing the IDT for a sum of R5,863,560.86 for Services Rendered. Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R5,863,561 to Krishna Ruben Vengadensan & Aqua Mile Works This matter is referred for oral evidence. Parties are awaiting a hearing date. Estimated financial effect Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R5,863,561 to Krishna Ruben Vengadensan & Aqua Mile Works The uncertainties relating to the amount or timing of any outflow The possibility of the claim being successful has assessed as being a 50% chance of being successful. Therefore, the possibility of any outflow in settlement is therefore not remote. The possibility of any reimbursement The entity will not be reimbursed by any party should it make settlement.		
22.1.11 Notice of motion by Krishna Ruben Vengadensan & Aqua Mile Works	5,864	5,864
22.1.12 Summons by PHG Group (Pty) Ltd	6,001	6,001

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22. Contingencies (continued)

The Service Provider is suing the IDT for the pre-mature termination of the lease agreement in the Free State at the time when the IDT was in the process of being dissolved and there were no funds to pay rental.

Meetings were held between the Regional Office in the Free State Province soon after the termination of the lease. The Landlord Disputed the termination but however agreed to advertise the premises for new tenants in order to minimise anypossible damages. Instead of advertising, the landlord attended to the renovations of the building thus failing to minimise his damages.

The IDT is defending the matter whilst negotiating a possible settlement of the matter. The Landlord has been nonresponsive with regard to request for meetings.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R6,000,670 to PHG Group (Pty) Ltd

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.13 Arbitration by Department of Basic Education

41,093	154,630
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During 2016, it was alleged by an unknown person (s) that major irregularities had occurred and breached of the contract between the DBE and the IDT had occurred during the execution of the contract between the IDT and DBE in the Free State, which caused massive fruitless and wasteful expenditure. As result of these allegations, the President of the Republic of South Africa Caused a proclamation to be issued during May 2016, in terms of which the Special Investigation Unit ("SIU") was instructed to investigate the affairs of the IDT, the DBE and the provincial Department of Education of the Free State Province in respect of the aforesaid allegations.The SIU duly investigated the matter and on 12 August 2019, in writing referred the DBE to the breaches of the contract between the DBE and the IDT, and wherein the DBE was instructed /advised to institute legal proceedings against the IDT to recover from the IDT the fruitless and wasteful expenditure brought about by the IDT in breach of the contract, which caused the DBE to suffer damages. The details of the breaches of contract and the damages suffered by the DBE relates to the IDT's failure to levy penalties against non-performing contractors, failure to recover penalties where penalties have been levied, failure to recover project escalation costs from terminated service providers and failure to recover monies from poor, defective workmanship from contractors.

The parties have agreed to refer the matter to an inter governmental dispute resolution process and Advocate Phillip Mokoena is appointed as the arbitrator.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R41,093,177 by the Department of Basic Education

The uncertainties relating to the amount or timing of any outflow

The possibility of the claim being successful has assessed as being good the chance of being successful. The possibility of any outflow in settlement is not remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

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22. Contingencies (continued)

22.1.14 Claim by Navigant Consulting CC

1,257	1,257
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The IDT terminated the contract and at the time of termination, certain works was not yet completed. However, the Service Provider filed a counter-claim alleging that it has discharged all its obligation in terms of the contract and that it must be paid for work done.

The IDT has lost the appeal against Navigant in the amount of R1,256,668.00. The then Board Litigation Task team resolved that the Arbitrator's decision be reviewed. An application for review has been filed and Navigant has filed an application to oppose the review. Navigant is yet to file an opposing affidavit on the basis that the parties have agreed to stay the proceedings pending the criminal case by the Hawks against the directors of Navigant.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R1,256,668 to Navigant Consulting CC.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.15 Summons against the entity by Tupac Business Enterprise CC

834	834
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The Landlord is suing the IDT for arrear rental. The IDT records shows that the IDT has paid all its rental prior to vacating the leased premises. The Landlord first brought an urgent application to interdict the IDT from vacating the leased premises on the basis that it was unfairly not awarded the tender and the application was dismissed with costs for lack of urgency. When the interdict application failed, he issued automatic rent interdict in order to prevent the IDT from vacating the premises

Attempts made to resolve the dispute prior to Litigation failed. The IDT is defending the matter. The pleadings are closed and IDT is awaiting a hearing date.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R833,921 to Tupac Business Enterprise CC.

The uncertainties relating to the amount or timing of any outflow

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.16 Summons against the entity by Crossroads Distributors

56	56
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The Plaintiff was appointed the department of Public Works, as a structural engineer. The appointment was then transferred to the IDT. The Plaintiff's Claim is for service allegedly rendered.

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22. Contingencies (continued)

All proceedings are held in abeyance pending a possible settlement. Vuselela was to settle their outstanding amount with plaintiff.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R55,710 to Crossroads Distributors

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.17 Labour Dispute: Phanda Personnel CC

5,323	5,323
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The IDT is currently involved in a legal dispute with a former employee who has filed a claim and is seeking compensation. The claimant is seeking R5,323,123 in damages. Management believes that the claim is without merit and intends to vigorously defend the IDT's position. However, legal proceedings are inherently uncertain, and the ultimate outcome cannot be predicted with certainty.

The IDT will continue to monitor the progress of the legal proceedings and will provide updates as necessary. The ultimate resolution of this matter could have a material impact on the Company's financial position and results of operations.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R5,323,123 to Phanda Personnel CC.

The uncertainties relating to the amount or timing of any outflow

As of the reporting date, the IDT's legal advisors have evaluated the claim and provided an assessment of the likelihood of an unfavorable outcome.

Based on this assessment, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.18 Notice of motion by Nuel & Neo Syabonga Construction JV

1,885	1,885
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The Applicant was appointed by the IDT for the ASIDI Water & Sanitation Programme – Water Supply Projects – Cluster 4B for a sum of R4,715,568.56 plus VAT. The Applicant alleges to have complied with all its obligations in terms of its contract with the IDT and further alleges that the IDT is in breach of the contract in that the IDT has failed to pay all outstanding invoices issued to it. The Region has calculated penalties in the amount of R1,517,963.98 against the Applicant.

The contractor was terminated due to poor performance and refused to accept negative F/A due to penalties and opted for litigation.

A final account has since been approved by the client department and it shows a positive amount due to the contractor. The IDT has since offered this amount as settlement, however, the contractor is insisting on payment of interest.

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22. Contingencies (continued)

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R1,844,723 to Nuel & Neo Syabonga Construction JV.

The uncertainties relating to the amount or timing of any outflow

The possibility of the claim by the counterparty being successful has been assessed as being good. Therefore, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.19 Summons against the entity by Mariswe

1,485 -

The service provider is suing the IDT for work done. The IDT admits liability for R1 484 595.05.. The IDT proposed a settlement which was rejected by the Service Provider.

Pleadings are closed - Parties are now awaiting a hearing date. The IDT will make a tender of the amount it admits liability for in terms of the court process.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R1 484 595 to Mariswe.

The uncertainties relating to the amount or timing of any outflow:

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement:

The entity will not be reimbursed by any party should it make settlement.

22.1.20 Summons against the entity by Redinare

7,500 -

The Service Provider is suing the IDT for settlements of its claim. This matter was previously settled and final account was signed and accepted by the contractor and IDT paid.

The pleadings have been closed and parties will be applying for a trial date.

Estimated financial effect:

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R7 500 000 to Redinare.

The uncertainties relating to the amount or timing of any outflow:

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of reimbursement:

The entity will not be reimbursed by any party should it make settlement.

22.1.21 Summons against the entity by WSP Group Africa

4,701 -

The Service Provider is suing the IDT for alleged work done and plus disbursement. Attempt to have the matter resolved were previously rejected by the service provider. The IDT is defending the matter whilst negotiating a possible settlement of the matter

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R4 701 426 to WSP Group Africa.

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The uncertainties relating to the amount or timing of any outflow The possibility of the claim being successful has assessed as being a 50% chance of being successful. The possibility of any outflow in settlement is not remote. The possibility of any reimbursement The entity will not be reimbursed by any party should it make settlement.			
22.1.22 Summons against the entity by Moepathutse Property Investments	13,746	-	
The service provider is suing the IDT for outstanding rental on the basis of the lease agreement which was not honoured by the IDT. The IDT has filed a notice of intention to defend and a plea and has now brought an application to have the lease agreement reviewed and set aside. Estimated financial effect Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R13,746,474 to Moepathutse Property Investments. The uncertainties relating to the amount or timing of any outflow The possibility of the claim being successful has assessed as being a 50% chance of being successful. The possibility of any outflow in settlement is not remote. The possibility of any reimbursement The entity will not be reimbursed by any party should it make settlement.			
22.1.23 Summons against the entity by Azcon Projects CC//Independent Development Trust Azcon approached court to make an arbitration award an order of court. In its papers, Azcon is claiming the following: a) R1,534,049.51, being the interest on the capital claim calculated at 15.5% per annum from 14 December 2012, having reached in duplum; b) The sum of R373,635.61, being interest on the judgment debt calculated at the rate of 7% per annum from 11 September 2020 to 08 June 2022; c) Interest on the balance of the judgment debt being the sum of R1,534,049.51 calculated at the rate of 7% per annum from 08 June 2022 to date of final payment; d) R2,678,358.71 in respect of taxed costs of arbitration; e) Interest on the sum of R2,678,358.71 calculated at the rate of 11.25% per annum; f) The sum of R209,070.00 being an amount which Azcon became obliged to pay on behalf of the IDT to the arbitration appeal tribunal in respect of fees due by the IDT to the arbitration appeal tribunal. Estimated financial effect Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting in the region of R4,814,113.83 and interest therein calculated at the various rates until payment of the debt. The uncertainties relating to the amount or timing of any outflow While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote. The possibility of any reimbursement The entity will not be reimbursed by any party should it make settlement.		4,814	-
22.1.24 Summons against the entity by Makole Civils CC		1,566	1,566

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22. Contingencies (continued)			
The IDT issued summons against Makole Civils for the recovery of an amount of R1,088,395 for Makole's repudiation of the agreement and failure to carry out works in terms of same. Defendants (Makole Civils CC) then counterclaimed an amount of R1,566,295 Estimated financial effect Should Makole raise a successful defense and counterclaim, the IDT will be liable for an amount of R1,566,295.			
The uncertainties relating to the amount or timing of any outflow While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote. The possibility of any reimbursement The entity will not be reimbursed by any party should it make settlement.			
22.1.25 Summons against the entity by Ntanga Nkulu Incorporated	1,545	1,545	
Ntanga Nkulu Inc is suing the IDT on the basis of a cession concluded between the firm and a third party. The IDT does not owe the third party and has got no contractual relationship with Ntanga Nkulu Inc. The region did not enter in any cession agreement with the 3rd party (Ntanga Nkulu Inc.). Correspondence was sent to the 3rd informing them that there was not agreement between them and the IDT and the 3rd party issued Summons against the IDT. The matter is set down for hearing on 04 August 2025. Estimated financial effect Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R1,544,982.20.			
The uncertainties relating to the amount or timing of any outflow While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote. The possibility of any reimbursement The entity will not be reimbursed by any party should it make settlement.			
22.1.26 Summons against the entity by Motse-LMI Architects CC	2,487	-	
Motse has obtained an order against the IDT and has been paid an amount of R19,491,834.31. Motse has attached a further amount of R2,486,994.67 indicating that it is interest on the judgment debt. The IDT disputes that Motse is entitled to the interest as the judgment debt together with interest had been satisfied on or about May/June 2023. IDT obtained an order uplifting the attachment on 25 April 2024 and was given 14 days thereafter to file its papers should it proceed to dispute the amount attached as interest. Estimated financial effect Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R2,486,994.67.			
The uncertainties relating to the amount or timing of any outflow While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote. The possibility of any reimbursement The entity will not be reimbursed by any party should it make settlement.			

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22. Contingencies (continued)

22.1.27 Summons against the entity by Motse-LMI Architects CC

- 6,863

The IDT appointed the Plaintiff as a Consultant in 2012 to provide Project Management Services (including Architect, Engineers, Quantity Surveyor and Land Surveying) on the various schools in the Eastern Cape and North West. The Consultant submitted inaccurate invoices supported by reports for Architectural Services only and when requested to submit reports for other disciplines, the Consultant insists that he was only appointed as an Architect and applied to court for payment of his fees. There is a possibility that the IDT owed the money but the claim may have also prescribed.

There have been various engagements between the Programme Manager and the Consultant and subsequently between the IDT Legal Unit and the Consultant's Attorney to try to resolve the matter amicably but the engagements did not yield positive results.

The IDT has initiated settlement of the matter as the Adjudicator has ruled against the IDT. The IDT has taken the matter on review whilst negotiating settlement.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R6,862,781 to Motse LMI Architects.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement. The court case was settled during the 2024 financial period.

22.1.28 Summons against the entity by Phahlana Hunadi
Quantity Surveyor

- 2,350

The Service Provider is suing the IDT for outstanding fees.

Meetings were held between the Regional Office in Limpopo and the Service Provider. The IDT agreed to settle the amount claimed by the service provider on submission of the invoice by the Service Provider. The Service Provider is however refusing to submit an amended invoice and his taxes and professional registration are not in order.

The IDT has filed a notice to defend whilst negotiating settlement of the claim.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R2,350,145 to Phahlana Hunadi Quantity Surveyor.

The uncertainties relating to the amount or timing of any outflow

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement. The court case was settled during the 2024 financial period.

22.1.29 Summons against the entity by Alderwood t/a
Buyeye Consulting

- 350

The Consultant is suing the IDT for alleged services rendered. The Consultant was terminated due to non-performance and a replacement Consultant was appointed to complete the works.

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22. Contingencies (continued)

The region had numerous attempts to engage the Service provider who later failed to submit project Close-out documentaiton on time and later was issued a default letter followed by a termination of contract due to non-responce deedmed as non- performance to the required deliverable. Later post termination the SP submitted the CLosedocumentation and ignored the termnation of contract but the region informed them that the IDT has already sourced anotehr SP to comlete the project. The SP then opt for legal action against teh IDT on the matter.

The IDT is defending the matter on the basis that the Consultant only rendered services up to stage 5 and submitted invoices up to stage 6 and refused to amend the invoices to exclude stage 6. Pre-trial conference was held on 22 July 2021 and no settlement was reached. The Idt has filed a Discovery Affidavit in preparation for the trial. Another Pre-trial conference was held on the 16 September 2022. The parties are now awaiting a trial date.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R299,349 to Alderwood t/a Buyeye Consulting.

The uncertainties relating to the amount or timing of any outflow

The possibility of the claim being successful has assessed asbeing a 50% chance of being successful. Therefore, the possibility of any outflow in settlement is therefore not remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement. The court case was settled during the 2024 financial period.

22.1.30 Summons against the entity by Africa X-Ray
Industrial & Medical (Pty) Ltd

- 783

The service provider is suing the IDT for unpaid invoices in respect of exchange rate. The IDT is defending the matter while the region is still trying to get the approval of exchange rate claim from KZN Department of Health.

The region made several attempts to resolve the matters. Submissions were prepared by the IDT and meetings held with the Client Department and the Service providers. Invoices were submissited by the Service Provider together with the supporting documents and thereafter an Invoice Claim was submitted by IDT to the Client Department for further processing. Some of the service providers were eventually paid. Furthermore, IDT requested service providers to give context in relation to the exchange rates costs.

This matter is set down for trial on the 24th & 25th April 2023 in the Durban High Court. The KZN Department of Health has agreed to provide us with funds for the settlement of this matter but has not yet done so.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R528 320 to Africa X-Ray Industrial & Medical (Pty) Ltd.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement. The court case was settled during the 2024 financial period.

17.2 Contingent assets

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22. Contingencies (continued)

22.2.1 Summons by the IDT against MBK Mogotsi Construction SA (Pty) LTD

4,837	4,837
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The IDT is suing the contractor for damages suffered by the IDT as a result of the contractor's defective works. The IDT had to use its reserves in order to rectify the defective works. The Contractor was engaged with regards to the weak compaction of the foundation and poor workmanship on the school. Despite several meetings, the contractor failed to remedy the defects. The IDT terminated the contractor on 10 May 2010 and appointed a replacement contractor prior to issuing Summons against the main contractor.

The parties were previously engaged in settlement negotiations, however, the settlement negotiations between the parties have failed and the IDT is now proceeding to apply for trial date.

Estimated financial effect

Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R4,836,588 from MBK Mogotsi Construction SA (Pty) Ltd

The uncertainties relating to the amount or timing of any inflow

The possibility of the claim by the IDT being successful has been assessed as being good. Therefore, the possibility of an inflow of cash is not considered to be remote.

22.2.2 Summons by the entity against Makole Properties

1,288	1,288
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IDT's claim is for refund of the advance payment made to the service provider, for which the Service Provider failed to perform. The contract/appointment has been terminated.

Several letters have been sent to the Human Settlement to honour the outstanding payments. The department has started taking the IDT serious after issuing summons. The Department has acceded to settling the payments during the payment run of the 25 March 2021 Applied for trial date and awaiting allocation from court.

Estimated financial effect

Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R1,288,395 from Makole Properties.

The uncertainties relating to the amount or timing of any inflow

The possibility of the claim by the IDT being successful has been assessed as being good. Therefore, the possibility of an inflow of cash is not considered to be remote.

22.2.3 Summons by the entity against 3ME Management

2,581	2,581
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The Principal Agent mismanaged the project and later cancelled the contract citing personal reasons. The IDT instituted legal action against the indemnity insurance of the Principal Agent. Attempts to engage the PA regarding the performance were futile until the contract was cancelled.

The IDT has applied for default judgment and it has been referred to an open court. The court also instructed the IDT to serve the court papers on the directors of the company. The IDT is struggling to locate the whereabouts of the directors.

Estimated financial effect

Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R2,580,606 from 3ME Management.

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22. Contingencies (continued)			
The uncertainties relating to the amount or timing of any inflow The possibility of the claim by the IDT being successful has been assessed as being good. Therefore, the possibility of an inflow of cash is not considered to be remote.			
22.2.4 Summons by the entity against Bakhi Designs Studio	800	800	
The IDT is suing the Service Provider for overpayment that was made. Discussions regarding possible settlement of the matter were unsuccessful. Estimated financial effect Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R800,000 from Bakhi Designs Studio. The uncertainties relating to the amount or timing of any inflow The possibility of the claim by the IDT being successful has been assessed as being good. Therefore, the possibility of an inflow of cash is not considered to be remote.			
22.2.5 Summons by the entity against Smale & Partners and Demo Construction	6,430	6,430	
The IDT is suing the Principal Agent and the Contractor for defective works on Mcheni JSS IDT appointed an independent team of Structural Engineers to investigate root causes of sagging foundations and floors, thus cracking walls at Mcheni JSS. A report was presented by Engineers to IDT Executives, DoE Chief Director and DoE CFO. The report pointed faults at both Contractor and Civil/Structural Engineer and recommended that IDT takes a Legal rout to recoup the losses. Upon acceptance of recommendations by Executives, IDT implemented litigation. The defendant has pleaded to the claim is disputing liability.			
Estimated financial effect Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R6,429,747 from Smale & Partners and Demo Construction The uncertainties relating to the amount or timing of any inflow The possibility of the claim by the IDT being successful has been assessed as being good. Therefore, the possibility of an inflow of cash is not considered to be remote.			
22.2.6 Summons by the entity against Ventana Trading (Pty) Ltd	3,224	3,224	
The IDT is suing the Principal Agent for damages due to wrongful, unlawful, alternatively negligent acts and omissions for the Development of the maternity and theatre complex at George Masebe Hospital, Limpopo. IDT appointed Ventana Trading (Pty) Ltd as a Principal Agent for the Development of the maternity and theatre complex at George Masebe Hospital, in Limpopo. The defendant failed failed to exercise the required skill and diligence by inter alia: failing to issue a written interim payment certificate to the contractor on a monthly basis, issuing payment certificate 18 for work not done by the contractor and failing to terminate the JBCC agreement on time, when it ought to, on default by the contractor, for failure to act in terms of its obligations as stated in the JBCC agreement. Estimated financial effect Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R3,228,663.89 from Ventana Trading (Pty) Ltd t/a Metric Project Managers. The uncertainties relating to the amount or timing of any inflow The possibility of the claim by the IDT being successful has been assessed as being good. Therefore, the possibility of an inflow of cash is not considered to be remote.			

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23. Related parties

Relationships

Members

Controlling entity

Public Entities under Executive

Authority

Refer to members' report note National Department of Public Works and Infrastructure (DPWI) Construction Industry Development Board (CIDB) Council for the Built Environment (CBE) Agrément South Africa (ASA) Engineering Council of South Africa (ECSA) Property Management Trading Entity (PMTE)

Independent Development Trust is one of the 21 Schedule 2 major public entities in terms of the Public Finance Management Act (Act 1 of 1999 as amended) and reports to the Department of Public Works and Infrastructure (DPWI). The IDT is a national public entity controlled by National Government under the Executive Authority, the Minister of the DPWI. Any other entity of the National Government is a related party including other state-owned entities, government departments and all other entities within the national sphere of government. By virtue of the IDT being a national public entity, it is presumed that all other government entities within the national sphere are related to it. However, only transactions that occurred outside the normal terms available to the broader public are disclosed in accordance with GRAP 20: Related Party Disclosures. All other entities in the National Sphere of Government are considered to be related, but have not been disclosed unless transactions with those entities took place on terms that were not on ordinary terms or not course of business. All transactions with such entities are at arm's length and on normal commercial terms. In addition, IDT has a related party relationship with its directors and executive officers (key management). Unless specifically disclosed, these transactions are concluded on an arm's length basis.

By virtue of the IDT being a national public entity under control of DPWI, it is considered to be connected to all entities under control of the DPWI.

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

All related party transactions other than the ones disclosed in this note occurred during the financial year were in the normal course of business, in accordance with the mandate of IDT. Management fees charged by the IDT to client Departments as disclosed in Revenue from exchange transactions and Receivables from exchange transactions are charged at market related rates/at arm's length or are incurred in the ordinary business.

Transactions and other engagements with the Department of Public Works:

The IDT has implemented the Non-State Sector programme on behalf of the Department of Public Works and Infrastructure, and the expenditure relating to the programme was R1,068 958 933 (2023: R1,074,326,000), and the IDT generated R79,078,669 (2023: R77,800,000) in revenue from this programme. All transactions within this programme were at arm's length. The IDT has received a grant from Department of Public Works and Infrastructure for purposes of paying salaries and overhead expenses. The total received amounted to R81,800,000 (2023: R70,300,000).

The following are entities that are commonly controlled by the Department of Public works, however, the IDT has not conducted business with any of the entities in the year under review.

- Construction Industry Development Board (CIDB)
- Council for the Built Environment (CBE)
- Agrément South Africa (ASA)
- Engineering Council of South Africa (ECSA)
- Property Management Trading Entity (PMTE)

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Free State and Western Cape regional offices are currently accommodated at DPWI Provincial Offices at no cost to the IDT. Due to the insignificance of the services in-kind on the entity's operations and/or service delivery objectives, the entity did not recognize this services in-kind as revenue.

Key management personnel has been defined as Independent Development Trusts Board of Trustees and prescribed officers effective for 2024 and 2023.

In terms of persons with significant influence (prescribed officers), the Entity has identified officials from Level 1 - 3 as key management as well as seconded key officials if applicable.

Additional text

Related party transactions

Membership fees paid by IDT

Executive Head - PMSU - Mr T Makofane

4,975 7,342

Chief Financial Officer -Ms CE Simpson

- 15,667

4,975 23,009

Full subsidation of the annual fees of registered persons who are related parties.

Remuneration of management

Board of Trustees

2024

Name	Attendance Fees	Other	Total
Adv. KI Mshengu (Appointed November 2023) - Chairperson	56	8	64
Mrs KJ Siyila - Deputy Chairperson	257	18	275
Ms LN Dlamini (Appointed November 2023)	97	11	108
Mrs PN Mkhwanazi	212	18	230
Mr KG Sukdev	215	18	233
Mr MS Mbambisa	205	18	223
Ms RK Parker	171	18	189
Mr LT Nevondwe	211	21	232
Ms YD Mbane (Independent)	37	18	55
Ms PN Sibiya (Independent)	9	3	12
Mrs Z Hill (Resigned October 2023)	178	11	189
Prof. RN Nkado (Resigned October 2023)	141	11	152

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23. Related parties (continued)

Mrs LM Kumalo (Resigned October 2023)	172	11	183
Dr MO Sutcliffe (Resigned July 2023)	94	15	109
Mr MT Sukazi (Resigned July 2023)	76	6	82
	2,131	205	2,336

2023

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

NOTES

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PROVINCIAL CONTACT DETAILS



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