



Third Quarter Performance Information for the Financial Year 2018/19

01 October – 31 December 2018

APPROVAL OF THE THIRD QUARTER REPORT FOR THE FINANCIAL YEAR 2018/19

This quarterly report was developed by the Council for the Built Environment (CBE), under the stewardship of its Accounting Office, the Chief Executive Officer.

It has been prepared in line with the targets set out in the annual performance plan, and captures the performance of the corporate services and operations of the CBE for the third quarter of the 2018/19 financial year.

All information disclosed in this quarterly report are accurate, audited and validated to the best of our knowledge.



Ms P. M. Mdlalose
Chief Executive Officer

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1. ACRONYMS AND DEFINITIONS USED IN THE REPORT

| | |
|---------|---|
| Act | The CBE Act 43 of 2000 |
| AGSA | Auditor-General South Africa |
| APP | Annual Performance Plan |
| BAC | Bid Adjudication Committee |
| BE | Built Environment |
| BEP/s | Built Environment Profession/s |
| CARINBE | Centre for Applied Research and Innovation in the Built Environment |
| CBE | Council for the Built Environment |
| CBEP | Councils for the Built Environment Professions |
| CC | Competition Commission |
| CEO | Chief Executive Officer |
| CETA | Construction Education and Training Authority |
| CFO | Chief Financial Officer |
| CHE | Council on Higher Education |
| COO | Chief Operations Officer |
| Council | CBE Council, which is the accounting authority of the organisation |
| DHET | Department of Higher Education and Training |
| DoL | Department of Labour |
| DPW | Department of Public Works |
| E-BE | Electronic-Built Environment System |

| | |
|----------|--|
| EPWP | Expanded Public Works Programme |
| HDI | Historically Disadvantaged Individual |
| HR | Human Resources |
| ICT | Information Communications Technology |
| IDMS | Infrastructure Delivery Management System |
| IDoW | Identification of Work |
| IT | Information Technology |
| Minister | Minister of Public Works |
| MoU | Memorandum of Understanding |
| NDP | National Development Plan |
| OMA | O.M.A. Chartered Accountants Inc. |
| PFMA | Public Finance Management Act |
| SCM | Supply Chain Management |
| SIPDM | Standards for Infrastructure Procurement and Delivery Management |
| SIPs | Strategic Infrastructure Projects |
| UoT | University of Technology |
| WIL | Work Integrated Learning |

Committees of Council

| | |
|------|--|
| ARC | Audit and Risk Committee |
| BEMC | Built Environment Matters Committee |
| EXCO | Executive Committee |
| FHLC | Finance, Human Resources and Legal Committee |

Councils for the Built Environment Professions (CBEP)

| | |
|---------|---|
| ECSA | Engineering Council of South Africa |
| SACAP | South African Council for the Architectural Profession |
| SACLAP | South African Council for the Landscape Architectural Profession |
| SACPCMP | South African Council for the Project and Construction Management Professions |
| SACPVP | South African Council for the Property Valuers Profession |
| SACQSP | South African Council for the Quantity Surveying Profession |

CBE Programmes

| | |
|-------------|--|
| Programme 1 | Administration |
| Programme 2 | Skills for Infrastructure Delivery |
| Programme 3 | Built Environment Research, Information and Advisory |
| Programme 4 | Regulation and Oversight of six CBEP |
| Programme 5 | Government Policies and Priorities |

PART A: EXECUTIVE SUMMARY

2. EXECUTIVE SUMMARY

This report presents the performance of the Council for the Built Environment (CBE) for the third quarter of the 2018/19 financial year. It constitutes six parts. Part A is the Executive Summary, which provides a synopsis of the CBE's performance, in terms of its mandate and strategic objectives as set out in its strategic plan. Part B provides a detailed Governance Report. Part C provides a detailed analysis of the performance of each Programme. Part D provides a detailed Financial Report for the quarter. Part E provides a Human Resource Report for this reporting period.

The CBE implements its annual performance plan (APP) through five programmes:

- Programme 1: Administration
- Programme 2: Skills for Infrastructure Delivery
- Programme 3: Built Environment Research, Information and Advisory
- Programme 4: Regulation and Oversight of six CBEP
- Programme 5: Government Policies and Priorities

The 2018/19 APP has 20 quarterly targets set for the third quarter. Of these, eighteen (18) 90% were achieved and two (2) 10% were not achieved.

Figure 1 below illustrates the performance of the CBE from 1 October to 31 December 2018.

Figure 1: Overall Quarterly Performance

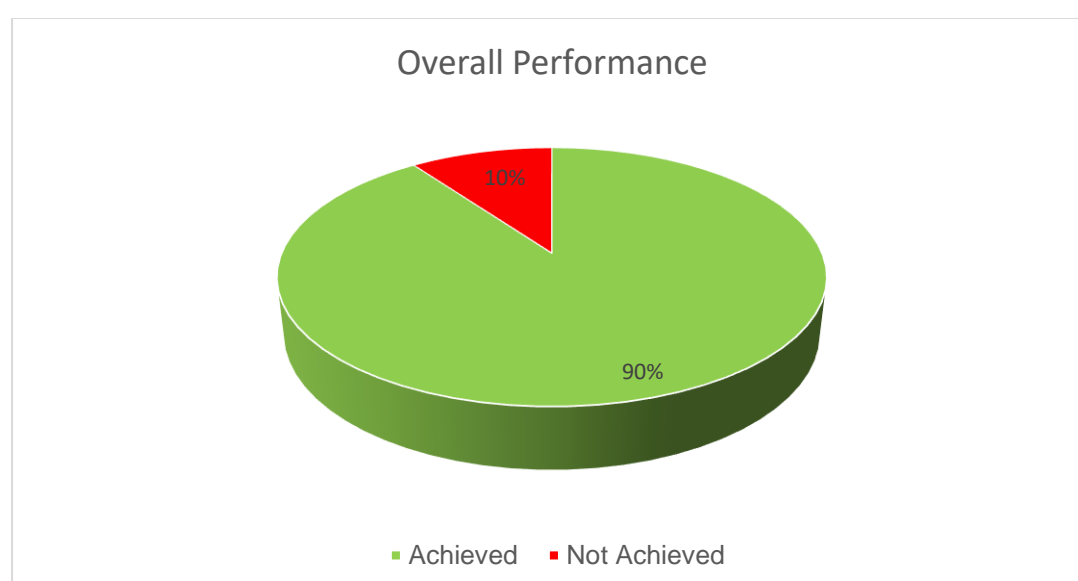
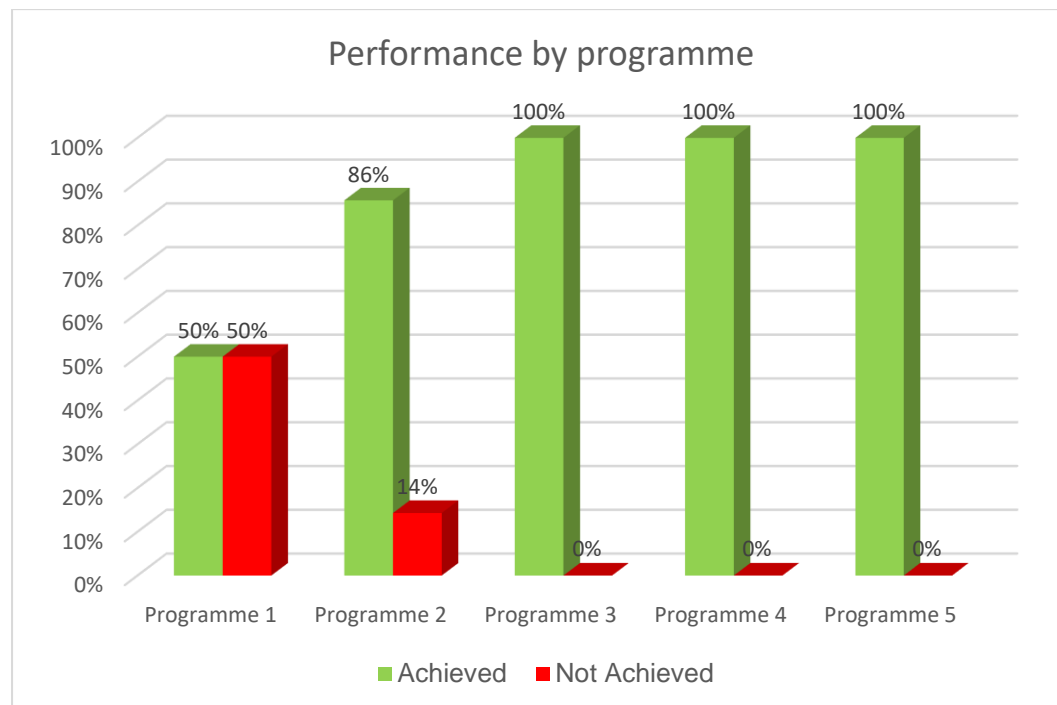


Figure 2 below graphically outlines CBE's performance as attained by the different divisions in Quarter 3.

Figure 2: Quarterly Performance by Programmes



The reasons for the non-achievement of two targets were the following:

Target 1.2: The bid was awarded and finalised. However, the Agile methodology was identified as a better approach to catch up lost time on the project. The Business Analysis process started.

Target 2.6: The Transformation Indaba has been rescheduled to take place in the next quarter on 7 and 8 February 2019.

Table 1: Achievement status of quarterly targets

| APP Programme | Number of quarterly targets | Achieved | Not Achieved |
|----------------------|-----------------------------|-----------|--------------|
| Programme 1 | 2 | 1 | 1 |
| Programme 2 | 7 | 6 | 1 |
| Programme 3 | 4 | 4 | 0 |
| Programme 4 | 6 | 6 | 0 |
| Programme 5 | 1 | 1 | 0 |
| Quarter 3 | 20 | 18 | 2 |
| Total Targets | | | |

The highlights for the quarter under review were the following:

- eThekweni Municipality was engaged on the implementation of the CBE Structured Candidacy Framework.
- The CBE participated in SACAP accreditation visits on 9 October 2018 at the University of Cape Town (UCT), 16 October 2018 at the University of Free State (UFS), and the SACLAP interim accreditation visit was attended on 6 November 2018 at the Cape Peninsula University of Technology (CPUT).
- The second draft of the 21 Step Process implementation plan for the two categories of high demand built environment professions (BEPs) i.e. Architects and Town Planners was developed.
- Assessed progress and compiled a report on the 51 candidates placed for workplace training.
- Assessed progress and compiled a report on the 50 interns placed in work integrated learning.
- The second draft of the research report analysing the impact of the Standards for Infrastructure Procurement and Delivery Management (SIPDM) on attracting and retaining BEPs within the Department of Public Works (DPW). The Chief Operations Officer (COO) and Chief Executive Officer (CEO) approved it.

- The second draft report was developed on the main components of the Expanded Public Works Programme (EPWP) guidelines and the role of BEPs in promoting labour intensive designs and practices in the delivery of Government projects.
- The second draft of the advisory report on Health and Safety regulations within the public sector was developed. The COO and CEO approved it.
- One appeal, due for decision during the quarter, was concluded within the prescribed period of 60 days.
- Progress was monitored on the three Councils for the Built Environment Professions (CBEP) - the South African Council for the Property Valuers Profession (SAQPVP), the South African Council for the Quantity Surveying Profession (SACQSP) and the Engineering Council of South Africa (ECSA) implementing the Governance Framework. Reports were compiled on the findings.
- All six CBEP were consulted on the development of their strategic plans and annual performance plans.

PART B: GOVERNANCE

3. INTRODUCTION

The CBE takes its governance responsibility from the relevant legislation and principles of the King IV Report on Corporate Governance for South Africa. According to this Report, Corporate Governance is the exercise of ethical and effective leadership by the Council (the Accounting Authority of the CBE). Such leadership includes the following responsibilities for the CBE Council (Council):

- a. Providing strategic direction to the CBE
- b. Approving policy to put strategy into effect
- c. Providing informed oversight on implementation and performance
- d. Disclosing (Reporting)

The pursuance of ethical and effective leadership should result in the following beneficial outcomes for the CBE:

- a. An ethical culture
- b. Sustainable performance and value-creation
- c. Adequate and effective control by the Council
- d. Protecting and building trust in the CBE as an organisation, its reputation and legitimacy

3.1 EXECUTIVE AUTHORITY

The Minister of Public Works (the Minister) is the Executive Authority of the CBE.

3.2 ACCOUNTING AUTHORITY

The CBE Council is the Accounting Authority of the organisation. The Council for the Built Environment Act 43 of 2000, hereafter referred to as 'The Act', established the CBE. Some of the key functions assigned to the CBE by the Act include the following:

- a. To advise Government on any matter falling within the scope of the built environment, including resource utilisation, socio-economic development, public health and safety and the environment, and for this purpose carry out such investigations as it or the relevant Minister deems necessary

- b. To facilitate inter-ministerial co-operation concerning issues relating to the built environment
- c. To provide advice and consultation on national policy that could impact on the built environment, human resource development in relation to the built environment professions and the recognition of new professions
- d. To comment, if necessary, on all proposed legislation impacting on health and safety in the built environment
- e. To advise the professional councils on matters of national importance where the needs of the State, as communicated to the Council through the relevant Minister, require joint and coordinated action by the built environment professions
- f. To ensure the consistent application of policy by the professional councils with regards to: accreditation, registration, competence testing of registered persons, codes of conduct for the professions, principles for determination of fees in accordance with any legislation relating to the promotion of competition, and standards of health, safety and environmental protection within the built environment
- g. To act as an appeal body with regards to matters referred to it in terms of law regulating the built environment professions

In addition, The Act mandates the CBE to:

- coordinate policy within the built environment (BE)
- promote the participation of the built environment professions (BEPs) in integrated development within the context of national goals
- promote sound governance of the BEPs
- act as the conduit for communication between Government and the CBEP

3.3 COMPOSITION OF THE COUNCIL

The Act stipulates that Council comprises twenty members (non-executive), appointed by the Minister, consisting of:

- a. One representative from DPW
- b. Not more than three persons nominated by state departments within whose functional areas the professions are also practised
- c. Two representatives nominated by each CBEP. Not more than four persons nominated by the public

The Act stipulates a formal process for the appointment of members. The Minister appoints the Chairperson, Deputy-Chairperson and members of the Council for a period of four years. A company secretary supports the Council and its Committees on governance matters. The CEO and CBE staff are responsible for operational matters.

Table 2: Fourth Term of Office Council

| Name | Designation (<i>Section of the Act in terms of which appointment was made</i>) | Date Appointed | Date Resigned | Date Term Ended |
|------------------------------------|---|-----------------------|----------------------|------------------------|
| IM Nkosi (Chairperson) | Section 5(2)(c) Nominated by SACPCMP | 1 August 2014 | - | 31 July 2018 |
| NF Sithole (Deputy Chairperson) | Section 5(2)(d) Public representative | 1 August 2014 | - | 31 July 2018 |
| Adv DJ Block | Section 5(2)(d) Public representative | 1 August 2014 | 16 February 2015 | - |
| Dr CA Breed | Section 5(2)(c) Nominated by SACLAP | 1 August 2014 | - | 31 July 2018 |
| IS Kgomo | Section 5(2)(b) Representative Department of Public Enterprise | 1 August 2014 | 31 December 2014 | - |
| ND Lombard | Section 5(2)(c) Nominated by SACAP | 1 August 2014 | - | 31 July 2018 |
| N Maharaj | Section 5(2)(d) Public representative | 1 August 2014 | 06 May 2015 | - |
| EG Makongwana | Section 5(2)(c) Nominated by SACPVP | 1 August 2014 | - | 31 July 2018 |
| JL Margolius | Section 5(2)(c) Nominated by SACPVP | 1 August 2014 | - | 31 July 2018 |
| Dr ZT Mathe | Section 5(2)(c) Nominated by ECSA | 1 August 2014 | - | 31 July 2018 |
| T Matunda | Section 5(2)(c) Nominated by SACQSP | 1 August 2014 | 11 February 2015 | - |
| D Michell | Section 5(2)(c) Nominated by SACPCMP | 1 August 2014 | - | 31 July 2018 |
| Prof KA Michell | Section 5(2)(c) Nominated by SACQSP | 1 August 2014 | - | 31 July 2018 |
| C Mtshisa | Section 5(2)(a) Representative Department of Public Works | 1 August 2014 | - | 31 July 2018 |
| ZC Mvalo | Section 5(2)(b) Representative Department of Higher | 1 August 2014 | - | 31 July 2018 |

| Name | Designation (<i>Section of the Act in terms of which appointment was made</i>) | Date Appointed | Date Resigned | Date Term Ended |
|--------------------|--|----------------|------------------|-----------------|
| | Education | | | |
| A Lee (Sassenberg) | Section 5(2)(c) ECSA | 1 August 2014 | - | 31 July 2018 |
| RG Sefotlho | Section 5(2)(d) Public representative | 1 August 2014 | - | 31 July 2018 |
| AA Steyn | Section 5(2)(c) Nominated by SACLAP | 1 August 2014 | 02 February 2016 | - |
| S Thubane | Section 5(2)(c) Nominated by SACAP | 1 August 2014 | - | 31 July 2018 |
| MM Tshangela | Section 5(2)(c) Representative Department of Environmental Affairs | 1 August 2014 | - | 31 July 2018 |

The Fourth Term Council's term of office ended on 31 July 2018.

The Minister of Public Works appointed the Fifth Term of Office Council on 1 November 2018.

The Minister is to determine the date of the first meeting.

Section 49 of the Public Finance Management Act (PFMA): Accounting Authorities (2)(b) states

If the public entity –

Does not have a controlling body, the chief executive officer or the other person in charge of the public entity is the accounting authority for that public entity unless specific legislation applicable to that public entity designates another person as the accounting authority.

The CEO has taken up the role of accounting authority until the Fifth Term Council is duly inaugurated and the date of the first meeting is determined.

Council Committees:

Statutory Committees

- a. Executive Committee (EXCO) - as prescribed by the Act
- b. Audit and Risk Committee (ARC) - as prescribed and in the Public Finance Management Act (PFMA)

Other Committees

- a. Finance, Human Resources and Legal Committee (FHLC)
- b. Built Environment Matters Committee (BEMC)

Executive Committee

In terms of The Act, EXCO may hold meetings as and when necessary, but at least four times per year.

The EXCO held no meetings during the third quarter.

Audit and Risk Committee

Section 77 of the PFMA, read with Chapter 9 of the Treasury Regulations provides for the constitution of the ARC. . It consists of three external members and two Council members. The ARC Chairperson is an external member. The ARC assesses CBE's risks, with reference to the entity's available resources, expertise, experience of financial management, supply chain management (SCM), and the internal audit function. The ARC has a policy that outlines its terms of reference.

The role of the ARC is to assist Council to ensure that:

- a. The CBE has implemented an effective policy and plan for Risk Management that will enhance the CBE's ability to achieve its strategic objectives
- b. The disclosure regarding risk is comprehensive, timely, and relevant
- c. Review the annual financial statements, interim reports, preliminary or provisional result announcements, and summarised integrated information
- d. Comment on the annual financial statements, the accounting practices and the effectiveness of the internal financial controls
- e. Review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information
- f. Recommend to Council the engagement of an external assurance provider on material sustainability issues
- g. Recommend the integrated report for approval by Council
- h. Consider the frequency for issuing interim results
- i. Consider whether the external auditor should perform assurance procedures on the interim results

- j. Review the content of the summarised information for whether it provides a balanced view
- k. Engage the external auditors to provide assurance on the summarised financial information
- l. Ensure that the Risk Register is updated in line with annual performance plan on a bi-annual basis

Table 3: Audit and Risk Committee membership

| Name | Internal or external | If internal, position in the public entity | Date appointed | Date Resigned |
|---------------|----------------------|--|--|---------------|
| D Coovadia | External Member | - | 6 December 2010 (1 st Term) 6 December 2014 (2 nd Term) | - |
| Ms M Mothipe | External Member | - | 8 February 2013 (1 st Term) 6 December 2014 (2 nd Term) | 7 August 2017 |
| Ms P Stock | External Member | - | 24 November 2017 | - |
| F Docrat | External Member | - | 6 December 2014 (1 st Term) | - |
| Ms NF Sithole | Council Member | - | 1 August 2014 | - |
| Ms N Maharaj | Council Member | - | 1 August 2014 | 06 May 2015 |
| JL Margolius | Council Member | - | Appointed by Council on 27 May 2015. | 18 May 2017 |
| Ms A Lee | Council Member | - | Appointed by Council on 26 May 2017 | - |

The ARC held a scheduled meeting on 8 November 2018 to consider the matters below:

- a. Deliberated on and noted the Internal Audit reports on activities during the quarter
- b. Deliberated on and noted the second Quarter Report
- c. Deliberated on and recommended the 2018/19 Midterm Financial Statements
- d. Deliberated on and noted the following Standing Agenda Items: Quarterly Performance Report, Quarterly Finance Report, Quarterly Procurement Report, Quarterly Governance Report, Risk Report and Strategic Risk

Register, Fraud Management Report, Legal Compliance Report, and IT Governance Report.

Finance, Human Resource and Legal Committee

The mandate of the Finance, Human Resources and Legal Committee (FHLCL) is as follows:

(i) Financial Matters

- 1) Consider matters of financial strategy and policy, including procurement and supply chain management, risk management and insurance, as they relate to the operation of the CBE, in particular the optimum use of available and potential financial resources (including internal investment options and their rate of return)
- 2) Consider and assess all investment opportunities available to the CBE, in respect of all funds it administers, and determine the manner and extent to which funds are to be invested with a view to ensuring both security and optimisation of income
- 3) Review the annual financial statements of the CBE in conjunction with the Audit and Risk Committee, and make recommendations to Council
- 4) Receive and consider budget proposals from the Executive and recommend to Council the annual operating and capital budgets
- 5) Monitor compliance with PFMA in respect of matters relating to The Act
- 6) Review the adequacy of the working capital by comparing cash focus against the actual
- 7) Receive reports on fraud relating to the CBE
- 8) Establish an annual work plan to ensure that all relevant matters of the committee's roles and responsibilities are covered
- 9) Receive recommendations from the Bid Specification, Bid Evaluation, and Bid Adjudication Committees (BAC) as prescribed in the SCM policy
- 10) To take resolutions, make recommendations, receive information and consult as required by the Delegation of Authority (DoA)

(ii) Human Resources Matters

- (1) Consider and make recommendations on the Human Resources (HR) Strategy to ensure that CBE is able to attract, retain and develop the best possible talent to support business performance

- (2) Consider and make recommendations on the creation or review of an organisational culture, structure, and processes, which seek to support the development of staff and optimisation of their potential, in particular those who have been previously disadvantaged to address any existing inequalities in staff profiles and organisational practice
- (3) Ensure compliance with all employment legislation such as Employment Equity Act, Labour Relations Act and Basic Conditions of Employment Act, etc.
- (4) Consider and make recommendations on a formal and transparent procedure for developing a policy on remuneration with particular reference to Senior Management
- (5) Determine the annual remuneration adjustments for CBE staff
- (6) Creation and abolition of Senior Management positions, appointments, transfers and promotions of Senior Managers, the CEO's performance appraisal, and implementation of disciplinary action against the CEO

(iii) Legal Matters

- (1) Deal with the BE Policy proposal by DPW relating to the repeal of the CBE Act
- (2) Deal with legal aspects related to and other legal compliance matters
- (3) Deal with Corporate Governance matters in Council referred to it by Council
- (4) Receive information on the database of Appeals Committee members and recommend inclusions on the database to Council
- (5) Receive appeal findings and make recommendations to Council on required corrective action identified by Appeal Committees

(iv) Social and Ethical Matters

- (1) To monitor the CBE's activities, having regard to relevant legislation, legal requirements and good practice with specific reference to (2) to (6) below
- (2) To promote ethical standards and guidelines for acceptable behaviour amongst all employees
- (3) Promotion of good corporate citizenship with reference to:
 - (a) Equality, prevention of unfair discrimination and the eradication of corruption

- (b) Promote employee awareness in the detection of fraud and other corrupt activities
- (c) Acknowledgement of employee involvement in community projects with due consideration of the CBE's mandate
- (d) Contribution to development of communities where the CBE conducts its activities
- (e) To undertake initiatives to promote greater environmental responsibility by encouraging the use of environmentally friendly technologies
- (4) To promote consumer interests within the ambit of the CBE's mandate
- (5) To enhance the CBE's employment relationship and contribute within its means towards the educational development of its employees
- (6) To promote an environment where open communication is expected and protected
- (7) To report to Council on an annual basis on its findings, and more frequently if occasion requires

The FHLC held no meetings during the quarter.

Built Environment Matters Committee

The mandate of the Built Environment Matters Committee (BEMC) is as follows:

- a. Consider progress reports from management on the achievement of the APP targets per Programme, propose remedial action where required to management and follow up on the implementation thereof through the Project Champions
- b. Project Champions are members of the BEMC allocated the role to promote specific APP targets
- c. Receive reports and information required in terms of the APP on behalf of Council
- d. Monitor and guide the CBE's Transformation Strategy
- e. Monitor and guide the CBE's Stakeholder Management Strategy
- f. Receive and consider information reported by the six councils for built environment professions (CBEP) to the CBE on a quarterly basis, and recommend remedial steps or intervention where required
- g. Monitor the execution of actions required of the CBE by the CBE EXCO/President's Forum
- h. Consider and recommend all CBE policies not considered by the FHLC to Council

The BEMC held no meeting during the quarter.

Council Meetings

The Fourth Term Council's term of office ended on 31 July 2018. Council held no meetings during the quarter as the first meeting of the Fifth Term Council has not been determined by the Minister yet as required by the CBE Act. Given that the committees are appointed by Council, no committee meetings, except a meeting of ARC, took place.

Table 4: Council Committees composition and meetings

| Council Committee | Number of meetings scheduled | Number of meetings held | Committee membership | Meeting Attendance | |
|-------------------|------------------------------|-------------------------|--|--------------------------------|--|
| EXCO | | | | | |
| | 1 | 2 | IM Nkosi (Chairperson) NF Sithole (Deputy-Chair) Prof KA Michell Dr ZT Mathe S Thubane (Alternate) | | |
| ARC | | | | 2018/11/08 | |
| | Yes Yes Yes - - | 2 | D Coovadia P Stock F Docrat NF Sithole A Lee (Sassenberg) | Yes Yes Yes No Yes | |
| FHLC | | | | | |
| | 1 | 2 | Prof KA Michell (Chairperson) ND Lombard JL Margolius A Lee (Sassenberg) IM Nkosi RS Sefotlho ZC Mvalo | | |
| BEMC | | | | | |
| | 1 | 1 | Dr ZT Mathe Mr IM Nkosi Dr CA Breed EG Makongwana D Michell C Mtshisa ZC Mvalo RG Sefotlho S Thubane MM Tshangela | | |
| Council | | | | | |
| | 1 | 1 | IM Nkosi (Chairperson) | | |

| Council Committee | Number of meetings scheduled | Number of meetings held | Committee membership | Meeting Attendance |
|-------------------|------------------------------|-------------------------|---|--------------------|
| | | | NF Sithole (Dep Chairperson) Dr CA Breed ND Lombard EG Makongwana JL Margolius Dr ZT Mathe D Michell Prof KA Michell C Mtshisa ZC Mvalo A Lee (Sassenberg) RG Sefotlho S Thubane MM Tshangela | |

Remuneration of Council members

The Minister approved the remuneration rate for Council on 22 January 2013 as Category Classification A2 (part time members), according to National Treasury prescripts. These have since, been adjusted on an annual basis.

The following members were not remunerated, either by choice or in terms of their public service designation:

- C Mtshisa
- ZC Mvalo
- MM Tshangela

Council members receive a determined amount, and are reimbursed for parking, travel and toll fees.

The remuneration paid to Council members appears in the table below:

Table 5: Council Remuneration

| Designation | Preparatory Time | Per Hour | Per Day |
|---------------------------------|---|----------|---------|
| Chairperson | Council: 5 hours EXCO: 4 hours | R550 | R4,403 |
| Deputy Chairperson | Council: 4 hours Committees: 3 hours | R467 | R3,737 |
| Chairpersons of Committees | Council 5: hours Committees: 4 hours | R550 | R4,403 |
| Members of Council / Committees | Council 4: hours EXCO 3: hours | R435 | R3,478 |

3.4 RISK MANAGEMENT

Risk management forms a central part of the CBE's strategic management with the task of identifying, assessing, managing and monitoring risks across the organisation. O.M.A. Chartered Accountants Inc. (OMA) facilitated this exercise to support the ARC. The CBE's internal audit function reviewed it.

In line with good governance, risk management and planning is an emphasised element for which the accounting authority is directly responsible. Risk Management is also a compliance requirement, as per the PFMA.

The operational risk register was finalised at the end of the previous quarter. The Strategic Risk Register was populated with progress updates. Progress on implementing actions on the risk registers are submitted to the relevant committees on a quarterly basis, for monitoring thereof.

Internal Audit has made progress in reviewing the Combined Assurance Model Framework during the quarter.

3.5 INTERNAL CONTROLS AND FINANCIAL MANAGEMENT

During the quarter under review, the Auditor-General of South Africa (AGSA) finalised the audit for the 2017/18 financial year. The audit covered all areas within the CBE viz. performance information, finance, supply chain, information technology and human resources. The entity received a clean audit report. The audit report and required documentation were submitted to National Treasury by the prescribed deadline. CBE performed a detailed analysis of the findings and implemented action plans for all findings raised. An audit matrix is updated quarterly to monitor action plans of all findings raised.

A risk assessment has been performed on current shortcomings in the finance processes, and the policies and procedures have been updated to address these shortcomings. The draft policies will be presented to FHLC for recommendation to Council upon the appointment of the new Council.

3.6 INTERNAL AUDIT

Internal Audit Function

The role of the internal audit function is to improve CBE's operations. It helps the CBE to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the risk management, control, and governance processes. The internal audit function reports at all ARC meetings and, if necessary, meets with the ARC Chairperson prior to, and immediately after, each ARC meeting.

CBE's internal auditors, O.M.A Chartered Accountants Inc. have continuously submitted written audit reports to the ARC meetings, based on the approved audit plan.

The following audits were performed during the quarter under review, based on the approved internal audit plan for the 2018/19 financial year:

- Second quarter audit of predetermined objectives
- Follow up of internal and external findings addressed
- Skills Development Programmes
- Financial Discipline Review
- Review of draft annual performance plan
- Human Capital Management
- Information Technology

3.7 COMPLIANCE WITH LEGISLATION AND PROCEDURES

The ARC monitors legal compliance by the CBE. Management presents a compliance report to the ARC, FHLC and Council quarterly.

3.8 FRAUD AND CORRUPTION

The entity implements an up-to-date fraud prevention plan, as a requirement set out in section 3.2.1 of Treasury Regulations.

During the quarter under review, no incidents were reported on the fraud hotline. A fraud and corruption awareness workshop was held with staff on the Protection of Disclosures Act and the functioning of the fraud hotline. A whistle blowing policy is in draft and will be finalised in the upcoming quarter. A fraud and corruption awareness workshop for quarter 4 is planned for the 23 January 2019.

3.9 MINIMISING CONFLICT OF INTEREST

No declarations were processed during the reporting period.

3.10 CODE OF CONDUCT

No incidents were recorded during the reporting period.

3.11 HEALTH AND SAFETY AND ENVIRONMENTAL ISSUES

The quarterly health and safety team meeting was held in October 2018. There were monthly meetings with building management to address issues relating to building maintenance and safety precautions. It is proposed that management be invited to special meetings on critical health and safety related matters. Going forward, a health and safety presentation will be included in the HR induction pack.

The item on non-functional evacuation speakers was discussed with the building management as an ongoing concern. However, this can only be resolved once all renovations throughout the building floors are completed.

3.12 TRAINING AND DEVELOPMENT

Training is implemented in line with the approved annual training plan.

Training was scheduled and attended as follows:

The second round of training for Stakeholder Engagement for Management took place in November 2018. Eight management and three professional level personnel attended.

Five staff from the Legal, Finance and SCM departments attended training on Contract Management. The Chief Financial Officer (CFO) attended training on King IV Corporate Governance Principles.

3.13 SUPPLY CHAIN MANAGEMENT

The table below indicates the total procurement spend on Historically Disadvantaged Individuals (HDI) share as 84%. White males account for 13%, and 3% of the spent is

attributable to state owned entities. The CBE will continuously endeavour to increase its HDI percentage.

Table 6: Procurement

| Procurement Details | Procurement for the 3RD Quarter ending December 2018 | | | | | |
|-----------------------------|--|-------------|---------------------------|-------------|-----------------------|---------------------------------|
| | Procurement | | Contractual Amount | | Totals | Procurement distribution |
| | R' | % | R' | % | R' | % |
| HDI | R 989 091.06 | 80% | R 499 696.69 | 94% | R 1 488 787.75 | 84% |
| Women | R 698 805.28 | 57% | R 427 852.94 | 80% | R 1 126 658.22 | 64% |
| Black Male | R 290 285.78 | 23% | R 71 843.75 | 14% | R 362 129.53 | 20% |
| | | | | | | |
| White Male | R 202 940.31 | 16% | R 30 584.25 | 6% | R 233 524.56 | 13% |
| | | | | | | |
| State owned entities | R 47 975 | 4% | R 0 | 0% | R 47 975 | 3% |
| | | | | | | |
| Total | R 1 240 006.37 | 100% | R 530 280.94 | 100% | R 1 770 287.31 | 100% |

PERFORMANCE INFORMATION

4. PERFORMANCE INFORMATION BY PROGRAMME/OBJECTIVE

CBE implemented its 2018/19 annual performance plan through five Programmes. The composition of the Programmes has changed. The Administration component from the former Programme 1 (Government Policies and Priorities) now stands alone in a 'revised' Programme 1. The Government Policies and Priorities component of the former Programme 1 now stands alone in a 'new' Programme 5. Programmes 2, 3 and 4 remain as they were. Therefore, the revised Programmes are:

- Programme 1: Administration
- Programme 2: Skills for Infrastructure Delivery
- Programme 3: Built Environment Research, Information and Advisory
- Programme 4: Regulation and Oversight of six CBEP
- Programme 5: Government Policies and Priorities

4.1 Programme 1: Administration

The administrative function provides support to the entire CBE, thus contributing directly and indirectly to the delivery of all strategic outcome oriented goals. The focus areas are Information Communications Technology (ICT) and financial support services. Information Technology (IT) will continue to develop and deliver systems that are user-friendly and meet expectations of users. CBE is planning for an unqualified opinion, with no findings (clean audit). A financially unqualified opinion with no findings, commonly known as a clean audit opinion, are unqualified financial statements with no reported audit findings, in respect of either reporting on predetermined objectives or compliance with key legislation.

To achieve the above, Administration's targets for the third quarter were the following:

*4.1.1 Implement 75% of the IT Governance Policies, based on COBIT 5 – **Achieved.***

This aim of this target is to implement the ICT Governance Framework approved priority areas (Policies) as per COBIT5. These policies include:

- IT Acceptable Use policy
- IT Security policy
- IT Social Media policy
- IT Backup policy (Service Restoration and Continuity)
- IT Data and Information Management policy

- IT Disaster Recovery policy (Business Continuity)

These policies will be configured in the CBE IT environment to meet the objective of good governance.

The target was achieved. In quarter three, the Social Media policy was merged with the existing one in the Communications department. The revised policy was circulated for comment and finalised, and awaits Council's approval.

*4.1.2 Development and testing of the Electronic – Built Environment (E-BE) System completed – **Not Achieved.***

The Electronic – Built Environment (E-BE) System enables the CBEP to submit their reports on an online transacting platform. This E-BE System will be centrally located at CBE, accessible to all CBE stakeholders, with functionalities that meet all their requirements. It addresses the challenges of data reporting experienced by the CBEP. The system was developed as per the System Development Life Cycle. The Business requirement definitions will be drawn up.

The target was **not achieved**. The bid was awarded and finalised. However, the Agile methodology was identified as a better approach to catch up lost time on the project. The Business Analysis process started.

Table 7: Programme 1: Administration

| Strategic Goal | Strategic Objective | KPIs | Annual Target | Annual Budget | Quarterly performance Target Q3 | Quarterly Targets and Actuals | | | | Actual Expenditure | % Variance | Corrective Action in case of poor spending |
|---|--|--|---|---------------|--|---|--|--|------------------|--------------------|------------|---|
| | | | | | | Actual Q3 | Deviation from the Quarterly target | Corrective action | Quarterly budget | | | |
| | | | | | | | | | | | | |
| 1.1 Provide support to CBE, thus contributing directly and indirectly to the delivery of all strategic outcome-oriented goals of the CBE. | To ensure that CBE has the necessary capacity and capability to support Government's development priorities within the BE. | Percentage of ICT Governance policies Implemented as per the Department of Public Service Administration's (DPSA) Corporate Governance policy framework. | A CBE IT Governance Framework, in line with DPSA's Corporate Governance of ICT Policy Framework, fully implemented (100%) by 31 March 2019. | 0 | Implement 75% of the IT Governance Policies, based on COBIT 5. | Achieved. 83% of of the IT Governance Policies, based on COBIT 5 were implemented. | A positive variance of 9% was achieved. | N/A | 0 | 0 | 0 | N/A |
| 1.2 Provide support to CBE, thus contributing directly and indirectly to the delivery of all strategic | To ensure that CBE has the necessary capacity and capability to support Government's development | Implemented Electronic – Built Environment (E-BE) System. | An Electronic – Built Environment (E-BE) System implemented in any | 1 410 | Development and testing of the Electronic Built Environment | Not achieved. The bid was awarded and finalised. | The development and testing of the (E-BE) System | The Agile methodology was identified as a better approach to catch | 0 | 84 | 100% | Due to the delay in the appointment of the consultant the timing of the |

| Strategic Goal | Strategic Objective | KPIs | Annual Target | Annual Budget | Quarterly performance Target Q3 | Quarterly Targets and Actuals | | | | | % | |
|---|--|--|--|---------------|------------------------------------|--|---------------------------------------|------------------------------|------------------|--------------------|----------|---|
| | | | | | | Actual Q3 | Deviati on from the Quarter ly target | Correctiv e action | Quarterly budget | Actual Expenditure | Variance | Corrective Action in case of poor spending |
| | | | | | | | | | | | | |
| | | | | | | | | | R'000 | R'000 | | |
| outcome-oriented goals of the CBE. | priorities within the BE. | | three CBEP by 31 March 2019. | | (EBE)System completed. | The Business Analysis process started. | m was not comple ted. | up lost time on the project. | | | | budget was re-estimated. Expenditure will be incurred as was budgeted for the financial year. |
| 1.3 Provide support to CBE, thus contributing directly and indirectly to the delivery of all strategic outcome-oriented goals of the CBE. | To ensure that CBE has the necessary capacity and capability to support Government's development priorities within the BE. | Unqualified audit report on financial statements | An unqualified audit report, with no material findings for the 2017/18 financial year. | 0 | N/A | N/A | N/A | N/A | 0 | 0 | 0 | N/A |

4.2 Programme 2: Skills for Infrastructure Delivery

The strategic objective of Programme 2 is to drive and facilitate skills development and transformation within the BE.

This programme is responding to section 3(c) of The Act, which is to:

- promote ongoing human resource development in the built environment

Programme 2 contributes to Outcome 5 (a skilled and capable workforce to support an inclusive growth path) through the following initiatives:

- Strategic Infrastructure Projects (SIPs)
- Maths and Science support programme
- The placement and support of BE candidates and interns in work places for structured training

For the 2018/19 APP, Programme 2 has seven quarterly targets. All targets were achieved. The targets for the third quarter performed as follows:

*4.2.1 Second draft of the 21 Step Process implementation plan for two categories of high demand BEPs (Architects and Town Planners) – **Achieved.***

In the 2013/14 financial year, the CBE was appointed by the Department of Higher Education and Training (DHET) as the convener and coordinator of occupational teams for professionals and associate professionals in the BE to support the technical skills resourcing of the planned and ongoing 18 SIPs. A report, highlighting the scarce skills and designated professions in the BE, was submitted to DHET for final submission to the Presidential Infrastructure Coordinating Commission (PICC).

The goal of the project is to have an adequate number of BEPs with appropriate, adequate skills and competencies, responsive to the country's infrastructure delivery needs. The occupational teams, working through the CBEP, determined the number of people with the required occupational skills in both the workforce as well as those unemployed. The occupational teams then determined which occupations were not developing at the requisite rate to meet the demand.

The target was achieved. The second draft of the 21 Step Process implementation plan for two categories of high demand BEPs (Architects and Town Planners) was developed.

*4.2.2 Assessed progress report of the 150 Grade 12 learners enrolled and supported in CBE's Maths and Science support programme. - **Achieved.***

This project aims to increase the number of disadvantaged learners who can benefit from improved Maths and Science results to afford them opportunities to enter BE careers. The CBE aims to accomplish this through partnerships with credible service providers, capable of delivering improved Maths and Science results in disadvantaged areas.

The target was achieved. A progress report was compiled, assessing the Maths and Science project. .

*4.2.3 Assessed progress report of the 50 candidates placed for workplace training – **Achieved.***

This project aims to ensure that BE candidates achieve maximum professional development and professional registration in the shortest possible time.

The CBE enrolled BE graduates who are in full-time employment and qualify to register as candidates at their respective CBEP on this programme. Mentors, allocated to candidates, are required to conduct three visits per annum to undertake the following:

- to interpret the outcomes from each of the CBEP to map out a generic training plan for the whole candidacy programme, with time lines
- conduct workplace assessments to establish which CBEP outcomes would be achievable at the workplace, and discuss with the employer plans to close the gap for those not achievable
- ensure a structured workplace training plan that conforms with the requirements of the CBEP is in place
- monitor the candidate's progress on the structured workplace training plan up to the final CBEP interview

The target was achieved. A report on the assessed progress of the 51 candidates placed for workplace training was developed. A positive variance of one was achieved.

*4.2.4 Assessed progress of the 50 interns placed in work integrated learning – **Achieved.***

The aim of this project is for CBE to collaborate with universities of technology (UoTs) to place BE students in industry to complete work integrated learning (WIL), a mandatory practical component, in order to graduate with a National Diploma. CBE concludes Memoranda of

Understanding (MoUs) with UoTs to assess relevant workplaces, place students for a maximum period of 12 months, and monitor and assess the interns during this period. While the UoT identifies interns for the programme, the CBE utilises the Construction Education Training Authority (CETA's) qualifying criteria to evaluate them and conduct intern verification. CBE undertakes all the administration regarding the interns' training, including the payment of their monthly stipend.

The target was achieved. The progress of the 50 interns placed in WIL was developed.

*4.2.5 Progress report on accreditation visits undertaken by CBEP to evaluate compliance with CHE's 19 Accreditation Criteria. - **Achieved.***

This project exercises oversight on the CBEP to ensure that public and private tertiary institutions adhere to an equitable and fair accreditation process. The CBEP are mandated to conduct accreditation on behalf of the Council on Higher Education (CHE), hence the procedures followed should be consistent and aligned to CHE's 19 Accreditation Criteria.

The target was achieved. A report was compiled on the accreditation visit to evaluate compliance with the 19 Council on Higher Education (CHE) for the quarter. The South African Council for the Architectural Profession (SACAP) accreditation visits were attended on 9 October 2018 at the University of Cape Town (UCT), 16 October 2018 at the University of Free State (UFS), and the SACLAP interim accreditation visit was attended on 6 November 2018 at the Cape Peninsula University of Technology (CPUT).

*4.2.6 One Metropolitan municipality engaged on the implementation of the CBE Structured Candidacy Framework – **Achieved.***

CBE developed a Structured Candidacy Framework to ensure that built environment candidates achieve maximum professional development and professional registration in the shortest possible time by:

- CBE facilitating assessment and accreditation of workplaces by the CBEP
- Organisations developing generic training plans for the profession, in alignment with CBEP' competency profile
- Organisations developing a detailed training plan per candidate

- CBE facilitating the training of mentors to conduct a formative assessment of each outcome according South African Qualifications Authority (SAQA) requirements (NQF registered unit standard 115753 [Conduct outcomes-based assessment])
- Fairness, validity, reliability, practicability, etc.
- CBEP' recognising the formative assessments by mentors
- CBE accrediting mentors

The target was achieved. One engagement was held in the quarter with the City of EThekweni on 26 October 2018.

*4.2.7 Host Annual Transformation Indaba as per the approved project plan. - **Achieved.***

The CBE's annual Transformation Indaba provides a national platform to discuss transformation of the built environment. The intention is for the Transformation Indaba to be an annual event, to serve as a 'past-present future' mirror to:

- Gauge the current status of Transformation
- Provide a platform for collaboration and sharing of knowledge among academia, the public and private sectors
- Interrogate challenges and possible recommendations/solutions from multi-dimensional perspectives
- Track the progress and impact of CBE's interventions to the overall transformation in South Africa year-on-year

The quarterly target was not achieved. The Indaba has been rescheduled to the next quarter on 7 and 8 February 2019.

Table 8: Programme 2: Skills for Infrastructure Delivery

| Strategic Goal | Strategic Objective | KPIs | Annual Target | Annual Budget | Quarterly performance Target Q3 | Quarterly Targets and Actuals | | | | | | |
|---|---|--|---|---------------|--|--|-------------------------------------|-------------------|------------------|--------------------|------------|---|
| | | | | | | Actual Q3 | Deviation from the Quarterly target | Corrective action | Quarterly budget | Actual Expenditure | % Variance | Corrective Action in case of poor spending |
| | | | | | | | | | R'000 | | | |
| 2.1 A transformed BE with appropriate, adequate skills and competencies, responsive to the country's infrastructure delivery needs. | Drive and facilitate skills development and transformation within the BE. | Number of implementation plans for high demand skills professions categories developed for SIPs. | A Strategic Infrastructure Projects (SIPs) implementation plan for two categories of high demand BEPs (Architects and Town Planners), approved by the CEO by 31 March 2019. | 5 | Second draft of the 21 Step Process implementation plan for two categories of high demand BEPs (Architects and Town Planners). | Achieved. Second draft of the 21 Step Process implementation plan for two categories of high demand BEPs (Architects and Town Planners) was developed. | N/A | N/A | 4 | 0 | 100% | External stakeholder engagement session will be held. |

| Strategic Goal | Strategic Objective | KPIs | Annual Target | Annual Budget | | Quarterly Targets and Actuals | | | | | | |
|---|---|---|---|---------------|--|--|--|-------------------|------------------|--------------------|------------|---|
| | | | | | Quarterly performance Target Q3 | Actual Q3 | Deviation from the Quarterly target | Corrective action | Quarterly budget | Actual Expenditure | % Variance | Corrective Action in case of poor spending |
| | | | | | | | | | | | | |
| 2.2 A transformed BE with appropriate, adequate skills and competencies, responsive to the country's infrastructure delivery needs. | Drive and facilitate skills development and transformation within the BE. | Number of learners enrolled in the Maths and Science support programme. | 150 Grade 12 learners enrolled in CBE's Maths and Science support programme by 31 March 2019. | 1 062 | Assessed progress report of the 150 Grade 12 learners enrolled and supported in CBE's Maths and Science support programme. | Achieved. Assessed progress report of the 153 Grade 12 learners enrolled and supported in CBE's Maths and Science support programme. | A positive variance of 3 was achieved. | N/A | 1 138 | 348 | 69% | The contracts for the new school year will be finalised in the 4 th quarter. |
| 2.3 A transformed BE with appropriate, adequate skills and competencies, responsive to the country's | Drive and facilitate skills development and transformation within the BE. | Number of candidates/ BE graduates placed for Workplace training. | 50 Candidates/BE graduates placed and assessed in workplace training by | 1 731 | Assessed progress report of the 50 candidates placed for workplace training. | Achieved. Assessed progress report of the 51 candidates placed | A positive variance of one was achieved. | N/A | 1 159 | 1 071 | 8% | Delay in the receipt of mentor invoices. Invoices followed up regularly. |

| Strategic Goal | Strategic Objective | KPIs | Annual Target | Annual Budget | | Quarterly Targets and Actuals | | | | | | |
|---|---|--|--|---------------|---|--|-------------------------------------|-------------------|---------------------------|-----------------------------|------------|--|
| | | | | | Quarterly performance Target Q3 | Actual Q3 | Deviation from the Quarterly target | Corrective action | Quarterly budget R'000 | Actual Expenditure R'000 | % Variance | Corrective Action in case of poor spending |
| | | | | | | | | | | | | |
| infrastructure delivery needs. | | | 31 March 2019. | | | for workplace training. | | | | | | |
| 2.4 A transformed BE with appropriate, adequate skills and competencies, responsive to the country's infrastructure delivery needs. | Drive and facilitate skills development and transformation within the BE. | Number of interns placed for workplace training. | 100 Interns placed and assessed for work integrated learning by 31 March 2019. | 2 538 | Assessed progress of the 50 interns placed in work integrated learning. | Achieved. Assessed progress of the 50 interns placed in work integrated learning. | N/A | N/A | 2 192 | 2 067 | 6% | One of the service providers has changed bankers which has resulted in a delay in the processing of the invoice. |
| 2.5 A transformed BE with appropriate, adequate skills and competencies, responsive to the country's infrastructure delivery needs. | Drive and facilitate skills development and transformation within the BE. | Number of oversight reports of BEPCs' Accreditation of BE Academic Programmes. | One oversight report developed on the accreditation of Academic Programmes undertaken by the | 9 | Progress report on accreditation visits undertaken by CBEP to evaluate compliance with CHE's 19 Accreditation Criteria. | Achieved. Progress report on accreditation visits undertaken by CBEP to evaluate compliance with | N/A | N/A | 19 | 33 | -74% | More travel expenditure had to be incurred than what was anticipated. Funds will be moved to |

| Strategic Goal | Strategic Objective | KPIs | Annual Target | Annual Budget | | Quarterly Targets and Actuals | | | | | | |
|---|---|---|--|---------------|--|---|-------------------------------------|-------------------------------------|------------------|--------------------|------------|---|
| | | | | | Quarterly performance Target Q3 | Actual Q3 | Deviation from the Quarterly target | Corrective action | Quarterly budget | Actual Expenditure | % Variance | Corrective Action in case of poor spending |
| | | | | | | | | | R'000 | | | |
| | | | CBEP by 31 March 2019. | | | CHE's 19 Accreditation Criteria was developed. | | | | | | accommodate the overspending. |
| 2.6 A transformed BE with appropriate, adequate skills and competencies, responsive to the country's infrastructure delivery needs. | Drive and facilitate skills development and transformation within the BE. | Number of municipal, provincial and national departments and SOEs supported on their BE technical capacity based on the researched initiatives. | Four Metropolitan municipalities engaged on the implementation of the CBE Structured Candidacy Framework by 31 March 2019. | 17 | One Metropolitan municipality engaged on the implementation of the CBE Structured Candidacy Framework. | Achieved. The engagement was with the City of eThekweni on 26 October 2018. | N/A | N/A | 28 | 20 | 29% | Due to the phased nature of travel less travel was expensed than was anticipated. |
| 2.7 A transformed BE with appropriate, adequate skills | Drive and facilitate skills development and | Number of Transformation engagements held | One Annual Transformation Indaba | 1 036 | Host Annual Transformation Indaba as per the | Not-achieved | Indaba has been rescheduled to the | The Indaba will be held 7th and 8th | 1 071 | 125 | 88% | The transformation Indaba has been postponed |

| Strategic Goal | Strategic Objective | KPIs | Annual Target | Annual Budget | Quarterly performance Target Q3 | Quarterly Targets and Actuals | | | | Actual Expenditure | % Variance | Corrective Action in case of poor spending |
|--|-------------------------------|--------------------------------------|---|---------------|---------------------------------|-------------------------------|-------------------------------------|-------------------|------------------|--------------------|------------|---|
| | | | | | | Actual Q3 | Deviation from the Quarterly target | Corrective action | Quarterly budget | | | |
| | | | | | | | | | R'000 | R'000 | | |
| and competencies, responsive to the country's infrastructure delivery needs. | transformation within the BE. | with built environment stakeholders. | hosted and reported on to DPW by 31 March 2019. | | approved project plan. | | next quarter. | February 2019 | | | | to February 2019. The full budget will be utilised for the event. |

4.3 Programme 3: Built Environment Research, Information and Advisory

The strategic objective of Programme 3 is for CBE to provide informed and researched advice to Government and the public on BE priority matters identified in the Medium Term Strategy Framework (MTSF). For the 2018/19 APP, Programme 3 has four annual targets. All of the targets for the third quarter were achieved. There was not much movement on the budget during the quarter, as the nature of work in most of the projects had no cost implications except travel and catering for stakeholder engagements.

This Programme is responding to the following mandates of the CBE Act:

- Section 3 (d) facilitate participation by the built environment professions in integrated development in the context of national goals
- Section 3 (e) promote appropriate standards of health, safety and environmental protection within the built environment
- Section 4 (a) advise Government on any matter falling within the scope of the built environment, including resource utilisation, socio-economic development, public health and safety and the environment, and for this purpose carry out such investigations as it or the relevant Minister deems necessary

It is contributing to the following outcomes of the DPW:

Direct outcomes

- Outcome 4 – decent employment through inclusive growth (Chapter 3 of the NDP [National Development Plan])
- Outcome 6 – an efficient, competitive and responsive economic infrastructure network (Chapter 4 of the NDP)
- Outcome 12 – an efficient, effective and development orientated public service (Chapter 13 of the NDP)

Indirect outcomes

- Outcome 8 - sustainable human settlements and improved quality of household life (Chapter 8 of the NDP)
- Outcome 10 - protect and enhance our environmental assets and natural resources (Chapter 5 of the NDP)

The targets for the third quarter performed as follows:

*4.3.1 Progress report on the implementation of the initiatives to support infrastructure skills within Government, developed and approved by the COO and CEO – **Achieved.***

This project forms part of the CBE's response to strengthen the technical capacity of the public sector for infrastructure delivery. The focus is on facilitating partnerships to support service delivery. It is linked to the Minister's priorities of capacitating the State. The CBE will support and advise the Minister, based on the engagements with partners and the roll out of the targeted capacity building interventions.

The target was achieved. A report on initiatives by metropolitan councils and other entities of Government on the initiatives to support infrastructure skills was developed. The report covers the initiatives on the implementation of the initiative to support infrastructure skills within Government implemented by the eThekweni metropolitan municipality.

*4.3.2 Second draft of the research report analysing the impact of the Standards for Infrastructure Procurement and Delivery Management (SIPDM) on attracting and retaining BEPs within DPW, developed and approved by the COO and CEO - **Achieved.***

In the previous financial year, the CBE collaborated with National Treasury on the implementation of the SIPDM, with keen interest on enforcing registered professionals' involvement in managing the delivery of government infrastructure projects. The focus of the report will be the review of processes within the DPW to ensure that technical officials are registered, and their direct involvement in the procurement and delivery of infrastructure. The analysis will include amongst others, the realignment of DPW organograms to respond to the SIPDM. In the process of developing the report, the CBE will provide ongoing advice to both National and Provincial DPW departments on matters relating to building technical skills. CBE will further facilitate engagements between DPW and the National Treasury, as the custodian of the SIPDM.

The main objective of the project is to conduct an impact analysis of the SIPDM on attracting and retaining BEPs within DPW by 31 March 2019. The project objectives are to:

- Establish the availability of requisite built environment skills as prescribed by the SIPDM within the selected municipalities
- Identify individuals who possess built environment qualifications but have not registered with any of the CBEP

- Identify existing processes and legislative frameworks that can be utilised to ensure sustainable technical capacity within DPW

This project forms part of CBE's response to strengthen the technical capacity of both the public and private sector for infrastructure delivery. The DPW is strategically identified with its mandate to oversee the delivery of infrastructure and asset management within the public sector. The CBE identifies capacity needs and the readiness to implement the SIPDM in DPW's National and Provincial Departments. It goes on to provide continuous support on the technical skills requirement to the DPW, through participation in the various reporting platforms. The CBE participated in an exercise to establish the technical skills baseline information within the DPW to ascertain its readiness to implement the SIPDM. Issues identified during engagements guide National Treasury on the effective implementation of the SIPDM. A critical milestone during the quarter was the agreement with National Treasury to review the current SIPDM, which also considers improvements to the Infrastructure Delivery Management System (IDMS). Importantly, the CBE engaged the CBEP in providing advice to Government on technical skills for infrastructure delivery. The lessons drawn from the engagements highlight necessary interventions in infrastructure delivery across the three tiers of Government.

The target was achieved. The second draft of the research analysing the impact of the SIPDM on attracting and retaining BEPs within DPW, was developed. The COO and CEO approved it.

*4.3.3. Second draft of the advisory report on Health and Safety regulations within the public sector, developed and approved by the COO and CEO – **Achieved.***

This project emanates from the Health and Safety Accord and Action Plan signed in 2013 by the Department of Labour (DoL), DPW and labour representatives to promote higher standards of health and safety in the built environment. The CBEP co-signed the Accord as a commitment to promote health and safety in their professional practice. The South African Council for the Project and Construction Management Professions (SACPCMP) has the function to register Health and Safety practitioners in the construction sector. As the DoL remains the custodian of regulating construction health and safety, CBE initiated a formalised partnership through a draft MoU during this quarter. The partnership enables the CBE to respond to its mandate to promote health and safety, implement determinations from the Accord, and to create awareness on the importance of compliance with health and safety

regulations. The Construction Health and Safety Accord is based on the Occupational Health and Safety Act enacted in 1994, which gives workers some rights in health and safety in the workplace. It guides management on setting up safety representatives and safety committees in the workplace.

The objectives of the project are to:

- Facilitate engagements between DoL, the CBEP and other relevant stakeholders
- Facilitate aspects of health and safety education in the Health and Safety Action Plan
- Advise infrastructure departments and municipalities on health and safety matters
- Provide advisory reports to the Minister on the implementation of health and safety standards at the DPW National and Provincial Departments

The target was achieved. The second draft report highlights aspects of DPW compliance with H&S regulations, as well as initiatives to create awareness on the importance of the regulations. An engagement was held with the National Department of Public Works to discuss compliance with Health and Safety Construction Regulations within DPW.

*4.3.4 Second draft of the advisory report on BEPs role in the Expanded Public Works Programmes (EPWP), developed and approved by the COO and CEO - **Achieved.***

The project will be implemented through an existing MoU, signed two years ago between DPW, Expanded Public Works Programme (EPWP) and the International Labour Organization (ILO). The initiative supports labour intensive practices in the delivering government infrastructure projects. It promotes job creation in the country, with specific interest in the role of BEPs. Further, the project seeks to create greater awareness amongst the infrastructure departments, BEPs and tertiary institutions offering BE programmes on labour intensive practices.

The objective of the project is to advise the Minister, infrastructure departments and BEPs on labour intensive practices in delivering government infrastructure projects. The project objectives are to:

- Establish a baseline of EPWP initiatives
- Establish the role of BEPs in the EPWP
- Create awareness amongst infrastructure departments, BEPs and tertiary institutions offering BE programmes on labour intensive practices

The target was achieved. The second draft report was developed, highlighting the main components of the EPWP guidelines and the role of BEPs in promoting labour intensive designs and practices in the delivery of government projects. This includes projects that were profiled by the EPWP, highlighting the socio-economic benefits of the EPWP. Selected projects from provinces highlight the role of BEPs in promoting labour intensive techniques.

Table 9: Programme 3: BE Research, Information and Advisory

| Strategic Goal | Strategic Objective | KPIs | Annual Target | Annual Budget | | Quarterly Targets and Actuals | | | | | | |
|--|--|---|--|---------------|---|--|-------------------------------------|-------------------|------------------|--------------------|------------|--|
| | | | | | Quarterly performance Target Q3 | Actual Q3 | Deviation from the Quarterly target | Corrective action | Quarterly budget | Actual Expenditure | % Variance | Corrective Action in case of poor spending |
| | | | | | | | | | | | | |
| 3.1 An optimally functioning BE with a responsive and relevant policy and legislative framework, based on informed and researched positions. | Provide informed and researched advice by the CBE to Government on BE priority matters identified in the MTSF. | Number of reports on initiatives and programmes to support technical capacity within the State. | A report on the initiatives to support infrastructure skills within Government by 31 March 2019. | 0 | Progress report on the implementation of the initiatives to support infrastructure skills within Government, developed and approved by the COO and CEO. | Achieved. Progress report on the implementation of the initiatives to support infrastructure skills within Government, was developed and approved by the COO and CEO. | N/A | N/A | 0 | 0 | 0 | N/A |

| Strategic Goal | Strategic Objective | KPIs | Annual Target | Annual Budget | | Quarterly Targets and Actuals | | | | | | |
|--|--|---|---|---------------|--|--|-------------------------------------|-------------------|------------------------|--------------------------|------------|---|
| | | | | | Quarterly performance Target Q3 | Actual Q3 | Deviation from the Quarterly target | Corrective action | Quarterly budget R'000 | Actual Expenditure R'000 | % Variance | Corrective Action in case of poor spending |
| | | | | | | | | | | | | |
| 3.2 An optimally functioning BE with a responsive and relevant policy and legislative framework, based on informed and researched positions. | Provide informed and researched advice by the CBE to Government on BE priority matters identified in the MTSF. | Number of research reports to support infrastructure delivery in the public sector (Analysis of the impact of SIPDM). | A research report, analysing the impact of the Standards for Infrastructure Procurement and Delivery Management (SIPDM) on attracting and retaining BEPs within DPW by 31 March 2019. | 382 | Second draft of the research report analysing the impact of the Standards for Infrastructure Procurement and Delivery Management (SIPDM) on attracting and retaining BEPs within DPW, developed and approved by COO and CEO. | Achieved . Second draft of the research report analysing the impact of the Standards for Infrastructure Procurement and Delivery Management (SIPDM) on attracting and retaining BEPs within DPW, was developed and | N/A | N/A | 208 | 149 | 28% | The timing of travel and accommodation expenditure cannot be determined reliably which has resulted in the difference. Furthermore a conference will be hosted jointly between CBE and CIDB during the 4 th quarter. |

| Strategic Goal | Strategic Objective | KPIs | Annual Target | Annual Budget | | Quarterly Targets and Actuals | | | | | | |
|--|--|--|--|---------------|---|---|-------------------------------------|-------------------|------------------------|--------------------------|------------|--|
| | | | | | Quarterly performance Target Q3 | Actual Q3 | Deviation from the Quarterly target | Corrective action | Quarterly budget R'000 | Actual Expenditure R'000 | % Variance | Corrective Action in case of poor spending |
| | | | | | | | | | | | | |
| | | | | | | approved by COO and CEO. | | | | | | |
| 3.3 An optimally functioning BE with a responsive and relevant policy and legislative framework, based on informed and researched positions. | Provide informed and researched advice by the CBE to Government on BE priority matters identified in the MTSF. | Number of advisory report on Health and Safety regulations within the public sector. | One advisory report on Health and Safety regulations within the public sector, developed and submitted to Department of Labour by 31 March 2019. | 59 | Second draft of the advisory report on Health and Safety regulations within the public sector, developed and approved by CEO and CEO. | Achieved. Second draft of the advisory report on Health and Safety regulations within the public sector, developed and approved by CEO and CEO. | N/A | N/A | 27 | 0 | 100% | The timing of travel and accommodation expenditure cannot be determined reliably which has resulted in the difference. |
| 3.4 An optimally functioning BE with a responsive and relevant policy and legislative | Provide informed and researched advice by the CBE to Government | Number research reports on initiatives to promote | One advisory report on BEPs role in the Expanded | 174 | Second draft of the advisory report on BEPs role in the | Achieved Second draft of the advisory | N/A | N/A | 134 | 54 | 60% | The timing of travel and accommodation expenditure |

| Strategic Goal | Strategic Objective | KPIs | Annual Target | Annual Budget | Quarterly performance Target Q3 | Quarterly Targets and Actuals | | | | Actual Expenditure | % Variance | Corrective Action in case of poor spending |
|--|--|---|---|---------------|---|--|-------------------------------------|-------------------|------------------|--------------------|------------|---|
| | | | | | | Actual Q3 | Deviation from the Quarterly target | Corrective action | Quarterly budget | | | |
| | | | | | | | | | R'000 | | | |
| framework, based on informed and researched positions. | on BE priority matters identified in the MTSF. | labour intensive construction practices in the BE projects. | Public Works Programmes (EPWP), developed and submitted to DPW EPWP by 31 March 2019. | | Expanded Public Works Programmes (EPWP), developed and approved by COO and CEO. | report on BEPs role in the Expanded Public Works Programmes (EPWP), developed and approved by COO and CEO. | | | | | | e cannot be determined reliably which has resulted in the difference. |

4.4. Programme 4: Regulation and Oversight of six CBEP

The objective of Programme 4 is for the CBE to act as an appeal body with regard to matters referred to it in terms of the law regulating the BEPs, and to promote and enhance high standards of professional ethics within the BE.

This Programme is responding to sections 20 and 21 of the CBE Act.

Programme 4 contributes indirectly to DPW's Outcome 12 (efficient, effective and development-oriented public service). The CBE contributes towards this outcome by facilitating the capacity building of the six CBEP through corporate governance, PFMA compliance and strategic planning.

For the 2018/19 APP, Programme 4 has six quarterly targets, all of which were achieved. The targets performed as follows:

*4.4.1 A report on the compliance with the statutory mandate of deciding appeals within the prescribed period of 60 days from lodgement – **Achieved.***

This project addresses the CBE's mandate to act as an appeals body on matters referred to it in terms of the law regulating the built environment professions. It also gives effect to the CBE's mandate to promote and protect the interest of the public in the built environment. Appeals lodged with the CBE must be decided within 60 days of lodgement.

The target was achieved. A report on the compliance with the statutory mandate of deciding appeals within the prescribed period of 60 days was developed. One appeal was due for decision during the quarter, which was decided within the prescribed period of 60 days.

*4.4.2 Implement 25% of the identification of work (IDoW) Action Plan deliverables – **Achieved.***

The CBE is impelled by section 21(2) of The Act to identify the scope of work for each category of registered persons. The process is referred to as the identification of work (IDoW) and the scoping of the work is determined after consultation with the Competition Commission (CC) and in consultation with the six CBEP.

The objective of IDoW is to enhance the protection and safety of the public and the environment by ensuring that only persons registered in the relevant category of registration (and thus demonstrated the required competence and academic qualifications), perform work in the built environment or take responsibility for work so performed.

The CC rejected applications of behalf of the CBEP to have identification of work exempted from the provisions of the Competition Act (Act 89 of 1998). This decision by the CC obliged the CBE and CBEP to reconsider the manner in which work was initially identified in the submitted exemption applications. A workshop, conducted during the last quarter of the previous financial year between the CBE, CBEP and DPW, produced an IDoW Action Plan, focussing on the CBE's statutory role and the CC's concerns. The CC's concerns were identified in its substantial reasons for rejecting one application, with an assurance that the reasons will be the same for all applications.

The target was achieved. The following additional activities were undertaken during the third quarter:

- (i) There was a quarterly update to stakeholders on 14 December 2018 on the CBE website. Two stakeholders (The Association of Construction Project Managers [ACPM] and recognised voluntary associations of SACAP) were directly updated as well through presentations on 26 November and 4 December 2018 respectively.
- (ii) The CBE is consulting extensively with the CBEP on identifying the scope of work for each of their category of registration. This is in preparation of the required consultation with the CC in terms of section 20(2) of the CBE Act.
- (iii) A meeting arranged by SACLAP was held with the Advocacy Unit of the CC on 8 November 2018. Further cooperation was discussed, including an advocacy process by the CC with DPW on policy matters and a MoU to facilitate cooperation.

*4.4.3 Monitor and report on the progress made by three CBEP on the implementation of the Corporate Governance Framework - **Achieved.***

The CBE adopted a revised Corporate Governance Framework, based on King IV principles. The Framework reflects the principles as well as suggestions on how to comply with them.

The target was achieved. The progress of three CBEP (SAQPVP, SACQSP and ECSA) was monitored on implementing the Framework. Reports were compiled on the findings. The overall impression of the monitoring process was that although the elements of good governance were evident at SACPVP and SACQSP, supporting instruments such as Board Charters, policies, and delegation of authority frameworks were not in place. This can be attributed to a lack of resources. ECSA demonstrated a high degree of compliance. A proactive role by the CBE to enhance compliance is envisaged.

*4.4.4 Second draft of the implementation plan for the six CBEP' alignment of their policies with the Ministerial approved policy framework, developed - **Achieved.***

One of CBE's mandates is to ensure the uniform and consistent application of norms and guidelines by the CBEP through policies. The policies underpin 13 concurrent functions. Alignment of these policies between the CBEP, the CBE and DPW is required. An assessment on the alignment of CBEP' policies with the seven Ministerial approved policy frameworks was conducted during the previous financial year to ensure alignment. An implementation plan to ensure alignment is to be developed and approved during the current financial year.

The target was achieved. The CBEP were consulted in writing, at a workshop and during one-on-one meetings. A second draft implementation plan was developed from the input received during the said consultations. The implementation plan is to ensure a pro-active approach from CBEP to align their policies to the approved policy frameworks. It will also approve awareness of the importance of uniform and consistent application of policies.

*4.4.5 Second draft of the Regulatory Framework on governance oversight of CBEP, developed - **Achieved.***

The CBE, impelled by section 3 (f) of The Act, must promote sound governance of the built environment professions.

The DPW circa 2012 required the six CBEP to develop roadmaps towards compliance with the PFMA as a mechanism to enhance good governance (hereafter referred to as the 2012 Directive). The six CBEP are not listed in the PFMA as entities to comply with the PFMA, contradicting the 2012 Directive and the provisions of the PFMA. This contradiction highlighted the need to engage stakeholders from the CBEP, DPW, National Treasury and CBE to find a solution to the matter. A workshop to resolve the matter, held during the previous financial year, resulted in the following decisions:

- (1) DPW will advise the Minister to formally withdraw the 2012 Directive
- (2) CBE develops a Framework on Good Governance for the CBEP, in lieu of statutory compliance with the PFMA

The target was achieved. The second draft Regulatory Framework was drafted with an underpinning philosophy that it should function as a governance-operating model. This feature

will be further developed during the completion of the final version of the framework during quarter 4.

*4.4.6 Consultation with the six CBEP on the development of their Strategic Plans and APPs - **Achieved.***

This project seeks to ensure that the six CBEP, on their path towards compliance with their professions Acts, are compliant with the statutory requirements of government-wide budgeting and planning/reporting requirements. It means that their strategic plans and annual reports must be compliant with statutory requirements and Government's priorities in the BE.

The quarter's target, as per the APP, was achieved. All six CBEP were consulted. The main purpose of the meetings was to inform the councils on the content required for their annual performance plan and agree on the submission date. All the CBEP committed to submit their annual performance plan by the last week of March 2019. The CBE will then submit these to DPW before the end of the fourth quarter.

Table 10: Programme 4: Regulation and Oversight of six CBEP

| Strategic Goal | Strategic Objective | KPIs | Annual Target | Annual Budget | Quarterly performance Target Q3 | Quarterly Targets and Actuals | | | | | | |
|---|--|---|--|---------------|---|---|-------------------------------------|---------------------|------------------|--------------------|------------|---|
| | | | | | | Actual Q3 | Deviation from the Quarterly target | Corre ctive actio n | Quarterly budget | Actual Expenditure | % Variance | Corrective Action in case of poor spending |
| | | | | | | | | | | | | |
| | | | | | | | | | R'000 | R'000 | | |
| 4.1 BEPs who operate within a regulated policy and legislative framework. | Act as an appeal body on matters referred to it in terms of the law regulating the BEPs, and promote and ensure high standards of professional ethics within the BE. | Percentage of submitted appeals against decisions of CBEP finalised within the statutory period of 60 days. | Finalise 100% of appeals within the statutory 60 days of their lodgement by 31 March 2019. | 865 | A report on the compliance with the statutory mandate of deciding appeals within the prescribed period of 60 days from lodgement. | Achieved. One appeal was due for decision during the quarter and was decided within the prescribed period of 60 days. | N/A | N/A | 645 | 734 | -14% | The over expenditure was necessitated by an increased number of appeals received. The over expenditure will be absorbed by an increase in the budget, achieved through the transfer of funds from other Programme's projects without compromise |

| Strategic Goal | Strategic Objective | KPIs | Annual Target | Annual Budget | | Quarterly Targets and Actuals | | | | | | |
|---|---|--|--|---------------|---|---|--|---------------------|------------------|--------------------|------------|--|
| | | | | | Quarterly performance Target Q3 | Actual Q3 | Deviation from the Quarterly target | Corre ctive actio n | Quarterly budget | Actual Expenditure | % Variance | Corrective Action in case of poor spending |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| 4.2 BEPs who operate within a regulated policy and legislative framework. | Promote and ensure high standards of professional ethics within the BE. | Percentage of the IDoW Action Plan deliverables implemented. | Implement 50% of the deliverables of the identification of work (IDoW) Action Plan by 31 March 2019. | 100 | Implement 25% of the identification of work (IDoW) Action Plan deliverables. | Achieved. 63% of the identificati on of work (IDoW) Action Plan deliverable s were implement ed. | A positive variance of 38% was achieved. | N/A | 130 | 0 | 100% | Expenditur e in the next quarter will be prompted by increased consultatio n, requiring travel and legal advice. |
| 4.3 BEPs who operate within a regulated policy and legislative framework. | Alignment by six CBEP to CBE's Corporate Governance Framework | Corporate Governance Framework implemented. | A report on the six CBEP' implement ation of the King IV corporate governanc e framework submitted | 5 | Monitor and report on the progress made by three CBEP on the implementati on of the Corporate Governance Framework. | Achieved. The required monitoring and reporting on three CBEP was conducted. | N/A | N/A | 2 | 0 | 100% | Expenditur e in the next quarter will be prompted by travel for the monitoring. |

| Strategic Goal | Strategic Objective | KPIs | Annual Target | Annual Budget | | Quarterly Targets and Actuals | | | | | | |
|---|---|--|---|---------------|---|--|-------------------------------------|---------------------|------------------|--------------------|------------|--|
| | | | | | Quarterly performance Target Q3 | Actual Q3 | Deviation from the Quarterly target | Corre ctive actio n | Quarterly budget | Actual Expenditure | % Variance | Corrective Action in case of poor spending |
| | | | | | | | | | R'000 | | | |
| | | | to Council and DPW by 31 March 2019. | | | | | | | | | |
| 4.4 BEPs who operate within a regulated policy and legislative framework. | Alignment by six CBEP to CBE's Corporate Governance Framework | Implementatio n plan developed to align the six CBEP with the Ministerial approved BE policy frameworks. | An implement ation plan for the six CBEP' alignment of their policies with the Ministerial approved policy framework, developed and approved by COO and CEO by 31 March 2019. | 0 | Second draft of the implementati on plan for the six CBEP' alignment of their policies with the Ministerial approved policy framework, developed. | Achieved. Second draft of the implement ation plan for the six CBEP alignment of their policies with the Ministerial approved policy framework, was developed. | N/A | N/A | 0 | 0 | 0 | N/A |
| 4.5 BEPs who operate within a regulated policy | Alignment by six CBEP to CBE's | Initiatives developed to | A Regulatory Framewor | 36 | Second draft of the Regulatory | Achieved. Second draft of the | N/A | N/A | 0 | 0 | 0 | N/A |

| Strategic Goal | Strategic Objective | KPIs | Annual Target | Annual Budget | | Quarterly Targets and Actuals | | | | | | |
|---|--|--|---|---------------|--|---|-------------------------------------|-------------------|------------------|--------------------|------------|--|
| | | | | | Quarterly performance Target Q3 | Actual Q3 | Deviation from the Quarterly target | Corrective action | Quarterly budget | Actual Expenditure | % Variance | Corrective Action in case of poor spending |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| and legislative framework. | Corporate Governance Framework | broaden governance in the CBEP. | k on governanc e oversight of CBEP, developed by 31 March 2019. | | Framework on governance oversight of CBEP, developed. | Regulatory Framework on governance oversight of CBEP, was developed. | | | | | | |
| 4.6 BEPs who operate within a regulated policy and legislative framework. | Adoption and Implementation of the CBE Monitoring and Evaluation Framework | Number of Strategic Plans, APPs and Annual Reports of the six CBEP submitted to CBE and DPW. | The six CBEP' Strategic Plans, APPs and Annual Reports are submitted to DPW by 31 March 2019. | 0 | Consultation with the six CBEP on the development of their Strategic Plans and APPs. | Achieved. The six CBEP were consulted on the development of their Strategic Plans and APPs. | N/A | N/A | 0 | 0 | 0 | N/A |

4.5. Programme 5: Government Policies and Priorities

The strategic objective of Programme 5 is to ensure that BE academic curricula and Continuous Professional Development (CPD) programmes embody health and safety in construction, environmental sustainability, job creation through labour intensive construction and the IDMS.

*4.5.1 Second draft of the implementation plan developed – **Achieved.***

This project's focus is to develop an implementation plan for incorporating new knowledge areas on environmental sustainability, construction health and safety, labour intensive techniques, and the IDMS into BE academic curricula.

The target was achieved. A second draft of the implementation plan to incorporate health and safety, sustainability, labour intensive construction and the IDMS into the built environment developed.

Table 10: Programme 5: Government Policies and Priorities

| Strategic Goal | Strategic Objective | KPIs | Annual Target | Annual Budget | Quarterly performance Target Q3 | Quarterly Targets and Actuals | | | | | | |
|---|--|---|---|---------------|--|---|-------------------------------------|-------------------|------------------|--------------------|------------|---|
| | | | | | | Actual Q3 | Deviation from the Quarterly target | Corrective action | Quarterly budget | Actual Expenditure | % Variance | Corrective Action in case of poor spending |
| | | | | | | | | | | | | |
| 5.1 A BE that is responsive to the developmental and economic priorities of Government. | BE academic curricula embody issues of health and safety in construction, environmental sustainability and job creation through labour intensive construction as well as the IDMS and SIPDM. | Number of implementation plans incorporating new knowledge in BE curricula. | An implementation plan to incorporate health and safety, sustainability, labour intensive construction and the Infrastructure Delivery Management System (IDMS) into BE academic curricula, developed by 31 March 2019. | 168 | Second draft of the implementation plan developed. | Achieved. Second draft of the implementation plan was developed. | N/A | N/A | 127 | 125 | 2% | Less travel expenditure was incurred than was anticipated . Travel expenditure still to be incurred for the next quarter. |

PART D: EXPENDITURE REPORT

EXPENDITURE REPORT FOR THE QUARTER ENDING 31 DECEMBER 2018

Expenditure versus budget

| | Quarter 3 | | | | Quarter Year To Date | | | | Full year budget | | | |
|---------------------------------------|--------------|--------------|------------------|---------------------|----------------------|------------|------------------|---------------------|------------------|------------|------------------|---------------------|
| | Actual | Budget | Variance to date | Percentage variance | Actual | Budget | Variance to date | Percentage variance | Actual | Budget | Variance to date | Percentage variance |
| Grant income | 339,024 | 528,625 | (189,601) | -36% | 419,575 | 1,585,875 | (1,166,300) | -74% | 419,575 | 2,125,000 | (1,705,425) | -80% |
| Interest | - | - | - | 0% | 50,100,000 | 50,100,000 | - | 0% | 50,100,000 | 50,100,000 | - | 0% |
| Other Income | 251,706 | 77,166 | 174,540 | 226% | 684,811 | 694,500 | (9,689) | -1% | 684,811 | 926,000 | (241,189) | -26% |
| Total Income | 676,318 | - | 676,318 | 0% | 1,307,274 | 1,218,000 | 89,274 | 0% | 1,307,274 | 1,218,000 | 89,274 | 0% |
| | 1,267,048 | 605,791 | 661,257 | 109% | 52,511,659 | 53,598,375 | (1,086,716) | -2% | 52,511,659 | 54,369,000 | (1,857,341) | -3% |
| Programme | | | | | | | | | | | | |
| Administration | 12,183,624 | 11,506,600 | (677,024) | -6% | 33,610,671 | 32,114,111 | (1,496,560) | -4.7% | 33,610,671 | 44,754,121 | 11,143,449 | 25% |
| Skills for Infrastructure Delivery | 2,127,662 | 3,237,674 | 1,110,012 | 34% | 4,202,397 | 6,226,409 | 2,024,012 | 33% | 4,202,397 | 7,821,853 | 3,619,456 | 46% |
| BE Research, Information and Advisory | 44,325 | 210,300 | 165,975 | 79% | 202,886 | 368,861 | 165,976 | 45% | 202,886 | 519,361 | 316,476 | 61% |
| Regulation and Oversight of six CBEP | 280,100 | 323,250 | 43,150 | 13% | 734,265 | 777,415 | 43,150 | 6% | 734,265 | 1,104,665 | 370,400 | 34% |
| Government Policies and Priorities | 125,250 | 127,250 | 2,000 | 2% | 125,250 | 127,250 | 2,000 | 2% | 125,250 | 169,000 | 43,750 | 26% |
| Total Expenditure | 14,760,962 | 15,405,074 | 644,112 | 4% | 38,875,469 | 39,614,046 | 738,577 | 2% | 38,875,469 | 54,369,000 | 15,493,531 | 28% |
| Net Surplus/(Deficit) | (13,493,913) | (14,799,283) | 1,305,370 | -9% | 13,636,190 | 13,984,329 | (348,139) | -2% | 13,636,190 | (0) | 13,636,190 | 0% |

Explanations for significant deviations:

Revenue

The revenue consists mainly of the Parliamentary Grant funding received from DPW, which was received as budgeted. The total unfavourable variance of R1 085 716 was due to an under collection on the CBEP levies and interest received. The variances were due to the difference in the timing of the expected CBEP levies and an under-collection of interest on the investment account. There was a favourable variance for the quarter due to the CETA Funds invoiced.

Expenditure

The variances on expenditure were as follows:

Programme 1: There was an unfavourable variance of R1 496 560 (-4.7%) due to ICT expenditure covered by the prior year commitments.

Programme 2: There was a favourable variance of R2 024 012 (33%) which was mainly attributable to the postponement of the Transformation Indaba to February 2019. There were also differences due to the timing of mentorship costs for the structured candidacy project. These expenses will be incurred throughout the year.

Programme 3: There was a favourable variance of R165 976 (45%) for the quarter under review, mainly due to the phased expenditures of travel and accommodation as well as consulting fees that differed to the budget.

Programme 4: There was over expenditure resulting in an unfavourable variance of R43 150 (6%), due to appeal committee fees. There were an increased number of appeals received in the year. Due to the timing of the budgeted costs that could not be determined accurately.

Programme 5: The favourable variance of R2 000 (2%) is mainly due to the phased expenditures of travel and accommodation.

PART E: HUMAN RESOURCES

Recruitment and Selection

A vacancy arose due to the resignation by the Strategic Planning, Monitoring and Evaluation Officer. The recruitment process started in December 2018. The selection process for the Policy Analyst and Senior Researcher positions is almost finalised. An employment offer was extended to the selected Secretary to the CFO candidate.

Staff Movement

Temporary replacement contracts for the Accountant and Secretary to the CFO ended in November and December 2018 respectively.

Two interns joined the Skills Development team in December 2018.

Table 11: Employee Statistics

| October 2018 | | | | | | | | | | |
|-----------------------|------|----------------|------|--------|------|----------|------|---------|-------|-------------|
| Permanent Employees: | | | | | | | | | | |
| African | | Asians/Indians | | Whites | | Coloured | | Total | | Grand Total |
| Female | Male | Female | Male | Female | Male | Female | Male | Females | Males | |
| 17 | 8 | 2 | 0 | 4 | 3 | 1 | 0 | 24 | 11 | 35 |
| Fixed Term Employees: | | | | | | | | | | |
| 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 1 | 3 |
| November 2018 | | | | | | | | | | |
| Permanent Employees: | | | | | | | | | | |
| African | | Asians/Indians | | Whites | | Coloured | | Total | | Grand Total |
| Female | Male | Female | Male | Female | Male | Female | Male | Females | Males | |
| 17 | 8 | 2 | 0 | 4 | 3 | 1 | 0 | 24 | 11 | 35 |
| Fixed Term Employees: | | | | | | | | | | |
| 2 | 1 | 0 | 0 | 0 | 0 | 0 | | 2 | 1 | 3 |
| December 2018 | | | | | | | | | | |
| Permanent Employees: | | | | | | | | | | |
| African | | Asians/Indians | | Whites | | Coloured | | Total | | Grand Total |
| Female | Male | Female | Male | Female | Male | Female | Male | Females | Males | |
| 16 | 8 | 2 | 0 | 4 | 3 | 1 | 0 | 23 | 11 | 34 |
| Fixed Term Employees: | | | | | | | | | | |
| 3 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 1 | 4 |

Staff Turnover:

Number of employees at beginning of quarter and at end of quarter (35+34); Divide by 2 = Total (69÷2 = 34.5)

Divide terminations over Total x 100 = turnover % ($1 \div 34 \times 100 = 2.94\%$)

The table above reflects one permanent employee termination during the period under review.

Table 12: Race and Gender Equity

| Population group | Male | | | Female | | | Total | | |
|------------------|-----------|------------------------------|---------------|-----------|--------------------------------|---------------|-----------|----------------------------------|---------------|
| | No. | Percentage male distribution | | No | Percentage female distribution | | No | Percentage of total distribution | |
| | | CBE | SA Population | | CBE | SA Population | | CBE | SA Population |
| African | 8 | 72.7 | 80.9 | 16 | 69.6 | 80.9 | 24 | 70.6 | 80.9 |
| Colored | 0 | 0.0 | 8.7 | 1 | 4.3 | 8.9 | 1 | 2.9 | 8.8 |
| Indian/Asian | 0 | 0.0 | 2.6 | 2 | 8.7 | 2.4 | 2 | 5.9 | 2.5 |
| White | 3 | 27.3 | 7.8 | 4 | 17.4 | 7.9 | 7 | 20.6 | 7.8 |
| Total | 11 | 100.0 | | 23 | 100.0 | | 34 | 100.00 | |

The target figures provided were benchmarked with the latest mid-year population estimates by Statistics SA demographic data, (P0302 July 2018). Representations have been exceeded with all white and female Indian/Asian employees. The CBE will endeavour to correct this with the appointment of African male or female, Indian / Asian male and coloured male or female at its next recruitment opportunity.

Employee Relations

Individual disciplinary hearing sessions for two employees were held during the quarter. One case was finalised with a punitive suspension while the other case is still in progress.

The CBE received notification for appearance at the Labour Court for the case relating to the former fixed term employees. The matter has been set down for January 2019.

Performance Management and Development

The moderation committee sat to review individual performance for first and second quarters. The committee noted general improvement on the application of the performance management system, and a few individuals who are struggling to comply had the benefit of feedback.

Employee Leave

The table below details the number and leave types in terms of planned and unplanned days during the period under review.

Table 13: Employee Leave

| Leave Type | October 2018 | | November 2018 | | December 2018 | | TOTAL | |
|-----------------------|--------------|------|---------------|------|---------------|------|-------|-------|
| | Empl | Days | Empl | Days | Empl | Days | Empl | Days |
| Annual | 23 | 42.5 | 12 | 36 | 19 | 87 | 34 | 165.5 |
| Sick | 5 | 30 | 7 | 14 | 3 | 3 | 14 | 47 |
| Family Responsibility | 0 | 0 | 1 | 2 | 0 | 0 | 1 | 2 |
| Special | 0 | 0 | 0 | 0 | 33 | 107 | 33 | 107 |
| Study | 3 | 5 | 3 | 8 | 1 | 1 | 4 | 14 |
| Maternity | 2 | 46 | 2 | 31 | 1 | 18 | 2 | 95 |
| Paternity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Suspension | 0 | 0 | 0 | 0 | 1 | 4 | 1 | 4 |

Absenteeism management solutions indicate that on average, absenteeism rate can fluctuate between 1.5% up to an acceptable maximum of 4%. There were 49 unplanned person-days lost during the quarter, resulting in a below average absenteeism rate of 1.98%.

Table 14: Absenteeism rate

| October 18 | | | | | | | | | | | | | | |
|-----------------------------------|-------|-------|-----|-------|-----|-------|-----|-------|-----|-------|----|------------------------|------------------------|--------|
| #Emp l | AL | #Empl | SL1 | #Empl | FRL | #Empl | SL2 | #Empl | SPL | #Empl | ML | Total Person days lost | Total Staff Comp | rate % |
| 23 | 42.5 | 5 | 30 | 0 | 0 | 3 | 5 | 0 | 0 | 2 | 46 | 30 | 38 | 3.64% |
| November 18 | | | | | | | | | | | | | | |
| #Emp l | AL | #Empl | SL1 | #Empl | FRL | #Empl | SL2 | #Empl | SPL | #Empl | ML | Total Person days lost | Total Staff Comp | rate % |
| 12 | 36 | 7 | 14 | 1 | 2 | 3 | 8 | 0 | 0 | 2 | 31 | 16 | 38 | 1.94% |
| December 18 | | | | | | | | | | | | | | |
| #Emp l | AL | #Empl | SL1 | #Empl | FRL | #Empl | SL2 | #Empl | SPL | #Empl | ML | Total Person days lost | Total Staff Complement | rate % |
| 19 | 87 | 3 | 3 | 0 | 0 | 1 | 1 | 33 | 107 | 1 | 18 | 3 | 38 | 0.36% |
| Total for the period under review | | | | | | | | | | | | | | |
| 34 | 165.5 | 14 | 47 | 1 | 2 | 4 | 14 | 33 | 107 | 2 | 95 | 49 | 38 | 1.98% |

Legend:

*Formula: Absenteeism % = Man-days lost /Product of Average No of workdays for the period by staff complement X 100. Whereas
Average No. of workdays = 21.67 days per month.*

Man days lost = Unplanned absences related to ill health and family responsibility.

#Empl: No. of employees

AL: Annual leave

SL1: Sick leave

FRL: Family Responsibility leave

SL2: Study leave

UL: Unpaid leave