

# EPWP INTEGRATED GRANT MANUAL

2014/15

From the National Department of Public Works

Version 6, April 2014

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## Glossary of Terms<sup>1</sup>

The following terms are used throughout this document:

| Term   | Definition   |
|--|--|
| <b>Baseline FTE Target</b>                                       | Refers to the FTE target calculated for the public body based on the baseline budgets available for projects, that are in their entirety or in part, EPWP projects. The Baseline FTE Target is calculated with a wage portion of 30%, with a minimum number of FTEs created per Rand million of spending.<br>Baseline FTE Target (provincial departments) = (30% of HIG/EIG/PRMG/CASP/LandCare) / R1m X 7 FTEs.<br>Baseline FTE Target (municipalities) = (30% of MIG/USDG) / R1m X 10 FTEs.   |
| <b>Code of Good Practice for Special Public Works Programmes</b> | The Minister of Labour issued a Ministerial Determination and Gazetted a Code of Good Practice for Special Public Works Programmes that allows for special conditions to facilitate greater employment on Public Works Programmes. The latest version of this is contained in Gazette No 35310, issued on 4 May 2012.  |
| <b>Compliance</b>  | Compliance means adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements.  |
| <b>Condition(s)</b>  | Stipulation or requirements that must be met or should be present.   |
| <b>Control</b>   | Control means any action taken by management and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved.  |
| <b>Criteria</b>  | A set of decisive factors or elements often used to reach a decision.  |
| <b>Draw down</b>   | A draw down is a request by a provincial/ municipal department to its provincial/ municipal treasury for the release of funds from the Provincial/ Municipal Revenue Funds (usually in terms of its cash flow requirements).   |
| <b>Eligible Public Body</b>                                      | Refers to any organisation defined by legislation as a government body; and for purposes of this document, refers to a province or municipality within these spheres of government that complies with the criteria of eligibility as set by the National Department of Public Works.   |
| <b>EPWP Integrated Grant</b>                                     | The EPWP Integrated Grant is a conditional grant allocated to eligible public bodies to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised. It is referred to as 'integrated' as it allows the grant to be used for EPWP purposes across more than one sector.  |
| <b>EPWP reporting system</b>                                     | The EPWP reporting system is a planned system of collecting, processing, storing and disseminating data on EPWP projects in the form of information needed for progress reporting.   |
| <b>EPWP Project List</b>   | This is a list of the planned EPWP projects that will be implemented by the public body over a specified period of time. The project list must specify the project's name; focus area; geographic area; timeframes for implementation and project status; the budget for each year of the implementation period; and how this is funded; its service delivery outputs; the amount of work to be created, including: the number of beneficiaries; person days of work and training; and the wage rate. The EPWP project list should be developed as part of the public body's growth and development plans. |
| <b>EPWP Target</b>   | An EPWP target refers to the number of FTEs the public body must aim to create with its EPWP projects, in a particular financial year with its budget allocations. <i>The EPWP Target = Grant FTE Target + Baseline FTE Target.</i>  |
| <b>EPWP Target group</b>   | Unemployed, local, low skilled South Africans willing to work on EPWP projects for a wage rate above the EPWP minimum wage rate.   |
| <b>Expansion incentive</b>                                       | An expansion incentive is an allocation provided to public bodies to expand their EPWP programmes/ projects in line with an approved plan.   |
| <b>Financial year</b>  | Financial year means the financial year commencing on 1 April and ending on 31 March.  |
| <b>Full time equivalent Job (FTE)</b>                            | A full time equivalent job (FTE) refers to one person-year of employment. One person-year is equivalent to 230 person days of work. Person-years of employment = total number of person days of employment created for targeted labour during the year divided by 230. For task-rated workers, tasks completed should be used as a proxy for 8 hours of work per day.  |
| <b>Framework</b>   | A framework means the conditions and other information in respect of a conditional allocation published by the National Treasury in terms of section 16 and 23 of the 2014 Division of Revenue Act.  |
| <b>FTE Factor</b>  | A FTE factor is the set minimum number of FTEs to be created per Rand million of the budget available for EPWP (that should be utilised using EPWP principles and Guidelines)  |
| <b>Grant FTE Target</b>  | Refers to a FTE target calculated for the public body based on the EPWP Integrated Grant allocation. <i>The Grant FTE Target = 30% of the EPWP Integrated Grant Allocation ÷ (R70 per person day of work X 230 days).</i>  |
| <b>Independence</b>  | Is the freedom from conditions that threaten objectivity or the appearance of objectivity. Such threats to objectivity must be managed at the individual auditor, engagement, functional, and organisational levels.   |

<sup>1</sup> This glossary of terms has been aligned with the glossary of terms provided by National Treasury for conditional grants.

| Term   | Definition  |
|--|---|
| <b>Infrastructure budget</b>                     | Infrastructure budget for this purpose refers to the infrastructure conditional grant allocation to a provincial department of Health, Education or Roads/Transport or a municipality available for construction or the maintenance of infrastructure.  |
| <b>Intergovernmental Implementation Protocol</b> | Refers to the Protocols signed between the Minister responsible for the National Department of Public Works and the Premier of each Province (for provincial government) and the relevant Mayor (for local government) as a sign of commitment to implement the EPWP programme, its objectives and goals in the manner prescribed by relevant legislation/ agreements.  |
| <b>Internal Audit</b>                            | Means an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control.   |
| <b>In-Year Monitoring Report</b>                 | Is a report to the relevant Treasury on spending against appropriations as required in section 40(4)(c) of the PFMA or section 171 of the MFMA.   |
| <b>Labour Intensity</b>                          | Labour intensity refers to the size of the labour component of a project and is calculated as the percentage of wages against the total project expenditure. For the infrastructure sector in particular, labour intensive projects refers to methods of construction involving a mix of machines and labour, where labour, utilising hand tools and light plant and equipment, is preferred to the use of heavy machines, where technically and economically feasible. |
| <b>Minimum incentive allocation</b>              | The minimum incentive allocation refers to the lowest grant allocation that will be allocated to a public body.   |
| <b>Minimum threshold</b>                         | The minimum threshold is a term that applied to the old schedule 8 EPWP Incentive Grant. The minimum threshold referred to the number of FTEs to be created from the baseline budget available for EPWP purposes before any portion of the indicative incentive allocation was paid.  |
| <b>Monitoring</b>                                | Monitoring is a process that involves measuring and tracking progress according to the planned situation including; inputs, resources, completion of activities, costs, timeframes, etc.  |
| <b>Payment schedule</b>                          | The payment schedule for the EPWP Integrated Grant means a schedule which sets out: (a) the amount of each transfer of the grant in terms of the DORA to a provincial department or municipality in the financial year; (b) the date on which each transfer must be paid; and (c) to whom, and to which bank account, each transfer must be paid.   |
| <b>Performance</b>                               | Performance is the achievement, accomplishment and success towards realising an objective/goal.   |
| <b>Project</b>                                   | Specific component of a programme usually funded by a defined budget and a single donor. A planned undertaking designed to achieve specific objectives within a given budget and within a specific period of time. A project usually includes a detailed plan of actions to be undertaken.  |
| <b>Public body</b>                               | Public body is any organisation that is defined by legislation as a government body; and for purposes of this document, refers to a provincial department or municipality within these spheres of government.   |
| <b>Receiving officer</b>                         | Means in relation to a Schedule 4, 5, 6 or 7 allocation- (a) transferred to a province, the accounting officer of the provincial department which receives that allocation or a portion thereof for expenditure via an appropriation from its Provincial Revenue Fund; or (b) transferred or provided in-kind to a municipality, the accounting officer of the municipality.  |
| <b>Receiving public body</b>                     | Means a provincial department or municipality that receives the EPWP Integrated Grant via an appropriation for the purposes of implementing its EPWP project list.  |
| <b>Reporting</b>                                 | Reporting is a process that best communicates the required information collected during monitoring and/or evaluation for optimum use by different stakeholders.   |
| <b>Reporting requirements</b>                    | Reporting requirements refers to the information required by EPWP to assess progress.   |
| <b>Risk</b>                                      | Risk is the possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.  |
| <b>Risk management</b>                           | Risk management is the process to identify, assess, manage and control potential events or situations to provide reasonable assurance regarding the achievement of the organisation's objectives.   |
| <b>Transferring national officer</b>             | A transferring national officer means the accounting officer of a national department that transfers a Schedule 4, 5 or 7 allocation to a province or municipality or spends a Schedule 6 allocation on behalf of a province or municipality. For the purposes of the EPWP Integrated Grant, the transferring national officer is the accounting officer of the National Department of Public Works.  |
| <b>Wage subsidy</b>                              | A wage subsidy is a part payment towards the cost of labour. The subsidy is determined as the number of rands paid per day of work created.   |
| <b>Work opportunity</b>                          | Paid work created for an individual on an EPWP project for any period of time. The same person can be employed on different projects and each period of employment will be counted as a work opportunity.   |

## Abbreviations

The following abbreviations are used throughout this document:

| Abbreviation | Full Term  |
|--------------|--|
| AG           | Auditor-General  |
| CASP         | Comprehensive Agricultural Support Programme                                 |
| CFO          | Chief Financial Officer  |
| DORA         | Division of Revenue Act  |
| DG           | Director-General (of a national department)                                  |
| E&Cs         | Environment and Culture Sector   |
| ECD          | Early childhood development  |
| EIG          | Education Infrastructure Grant   |
| EPWP         | Expanded Public Works Programme  |
| FTE(s)       | Full Time Equivalent Job(s)  |
| HCBC         | Home community based care  |
| hh           | Households   |
| HIG          | Health Infrastructure Grant  |
| HoD          | Head of (each provincial) Department   |
| IDP          | Integrated Development Plan  |
| IRS          | Integrated Reporting System  |
| M&E          | Monitoring and Evaluation  |
| LGTA         | Local Government Turnaround Strategy   |
| MEC          | Member of the Executive Council (of a province)                              |
| MFMA         | Municipal Finance Management Act   |
| MIG          | Municipal Infrastructure Grant   |
| MinMec       | Forum of a National Minister and Provincial Members of the Executive Council |
| MIS          | Management Information System  |
| MISA         | Municipal Infrastructure Support Agency                                      |
| MTEF         | Medium Term Expenditure Framework  |
| Munis        | Municipalities   |
| PFMA         | Public Finance Management Act  |
| PRMG         | Provincial Roads Maintenance Grant   |
| PGDP         | Provincial Growth and Development Plan                                       |
| PMT          | Programme Management Team  |
| PMUs         | Programme Management Units   |
| ppd          | Per person day of work   |
| Prov         | Provinces  |
| Q            | Quarter  |
| The 'grant'  | EPWP Integrated Grant  |
| USDG         | Urban Settlements Development Grant  |



## Introduction

The Expanded Public Works Programme (EPWP) is one element within a broader government strategy to reduce poverty through the alleviation and reduction of unemployment.

1. Phase I of the Expanded Public Works Programme commenced on 1 April 2004 and had the goal of creating 1 million work opportunities over its first five years.
2. Phase II of the Expanded Public Works Programme was implemented over the 2009/10 – 2013/14 financial years with the aim of creating 2 million full time equivalent jobs (or 4.5 million work opportunities) by the end of the period.

While the second phase was a continuation of the first phase in many ways, phase II introduced the following changes:

- a. **Significantly expanded the number of temporary work opportunities created as well as increase the duration of these work opportunities** offered to provide increased income to the poor and unemployed. Hence, the primary output of the programme had been defined as the number of full time equivalent jobs (FTEs) created.
- b. **Located clear political and administrative accountability for EPWP targets across all spheres of government** and formally mobilising all spheres of government and public bodies to take ownership of, and contributed to the EPWP targets through the signing of intergovernmental protocols or agreements.
- c. **Mainstreamed EPWP criteria and outputs with the core mandates and programmes of implementing public bodies**
- d. **Mobilised non-state capacity** to deliver additional EPWP work opportunities
- e. **Provided technical support to implementing bodies**
- f. **Introduced tailor made EPWP incentives for different spheres and sectors:**
  - i. **A wage subsidy** provided to volunteers in non-government organisations (NGOs) who already create work for poor communities and had programmes/ projects that were primarily funded, but whose labour force and service delivery could be expanded in terms of size, reach and coverage if given a wage subsidy.
  - ii. **An expansion incentive** provided to performing public bodies that have the potential to immediately expand their EPWP programmes/ projects and create more work, including:
    - An earmarked budget allocation to *national government departments in the Environment and Culture Sector (E&Cs)* to expand their programmes/ projects in line with agreed labour intensity minimum and cost per job targets;
    - Through the schedule 5 Social Sector EPWP Integrated Grant to *provincial Social Sector departments* to expand their early childhood development (ECD) and home community based care (HCBC) programmes delivered through NGOs in line with an agreed business plan and set service standards;
    - Through the schedule 5 EPWP Integrated Grant to *provincial infrastructure and E&Cs departments* to expand their labour intensive EPWP projects;
    - Through the schedule 5b EPWP Integrated Grant to *municipalities* to expand their labour intensive EPWP projects in any sector in line with an agreed EPWP project list.

3. Phase III of the Expanded Public Works Programme is being implemented over the 2014/15 – 2018/19 financial years with the aim of creating 6 million work opportunities by the end of the period.

EPWP Phase III is based on the following 4 principles:

- a. **Adherence to the EPWP minimum wage and employment conditions under the EPWP Ministerial Determination.**
- b. **Selection of workers based on:**
  - *clearly defined process; and*
  - *defined criteria.*
- c. **Work provides or enhances public goods or community services;**
- d. **Minimum labour intensity appropriate to each sector.**

### Definitions Reminder Box

A **work opportunity** is paid work created for an individual on an EPWP project for any period of time.

A **full time equivalent job** refers to one person-year of employment. One person-year is equivalent to 230 person days of work.

A **public body** is any organisation that is defined by legislation as a government body; and for purposes of this document, refers to a provincial department or municipality within these spheres of government.

An **EPWP target** refers to the number of FTEs the public body must aim to create with its EPWP projects, in a particular financial year with its budget allocations. *The EPWP Target = Grant FTE Target + Baseline FTE Target.*

A **wage subsidy** is a part payment towards the cost of labour. The subsidy is determined as the number of rands paid per day of work created.

An **expansion incentive** is an allocation provided to public bodies to expand their EPWP programmes/ projects in line with an approved plan.



The expansion incentives introduced in Phase II is continued in Phase III of EPWP.

### **Purpose of this Manual**

The purpose of this manual is to set out how the EPWP Integrated Grant works for implementing public bodies. The manual will detail:

- a. How the grant allocation is determined
- b. How EPWP targets attached to the grant allocation are determined
- c. The planning, disbursement and reporting procedures
- d. The Technical Support Programme offered by Public Works to public bodies to support their improved implementation.

### How to use this Manual

This manual is divided into chapters – each chapter deals with a specific topic and identifies the targeted audience for each topic.

While it is useful to read the entire manual to obtain an overall understanding of how the EPWP Integrated Grant works, users can also just use specific chapters to ensure they are able to complete specific tasks that they are responsible for. Each chapter of the manual will distinguish the user of such information.

### Note regarding Version 6 (April 2014)

This is the sixth version of the manual issued by the National Department of Public Works. This version has been issued in April 2014.

It should be noted that this manual is updated annually.

While Public Works will make all efforts to communicate the changes or updates to the manual, all users are encouraged to ascertain with the EPWP Unit or on the EPWP website ([www.epwp.gov.za](http://www.epwp.gov.za)) from time to time whether such updates have been issued.

## Chapter 1: Changes to the EPWP Incentive (Managers of Eligible Public Bodies)

**Chapter summary:** This chapter sets out the basis of the shift from the performance-based incentive (paid via a schedule 8 grant) to the expansion incentive (paid via a schedule 5/5b grant) – explaining the findings of the review of the schedule 8 incentive; the reasons for the shift to the expansion incentive; the key differences in the two approaches and the basis for the new schedule 5/5b grant.

Although this shift occurred in 2012/13, this chapter and its contents is retained in the manual for historical reference.

### 1.1 A Quick Review of the Schedule 8 EPWP Incentive

#### 1.1.1 Aim:

The original intention of the EPWP Incentive Grant was to increase job creation efforts by provinces and municipalities by providing a financial performance reward. The incentive grant was premised on the assumption that a financial reward would motivate provinces and municipalities to create more EPWP work primarily by shifting towards more labour intensive methods of construction.

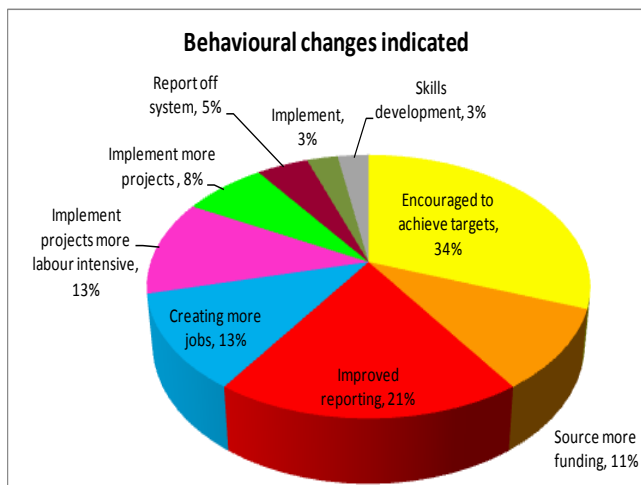
#### 1.1.2 Assumptions:

- Government was investing large amounts of public funds into infrastructure; and government wanted to maximise this existing investment for the purposes of job creation; incentivising public bodies to implement infrastructure projects more effectively, efficiently and labour intensively
- The incentive would provide a 'carrot' to motivate public bodies to create employment for the EPWP target group
- The incentive would be used to leverage existing budgets and thus increase the scale of the EPWP
- For the incentive to work as intended, **the following pre-conditions existed:**
  - The incentive actually works as a motivator to change behaviour
  - There is an agreed, dedicated focus and administrative and political will to mobilise job creation
  - There is a concerted effort to shift current project design/ implementation methodology towards labour intensive construction methods
  - Public bodies implement more projects (and thus create more work)
  - Public bodies accurately report performance.

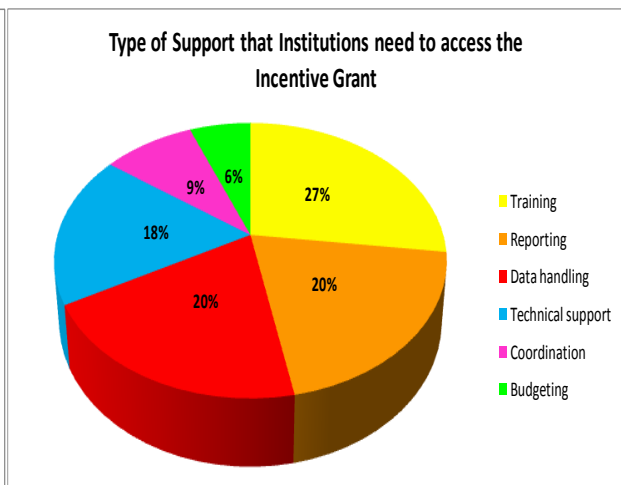
#### 1.1.3 What worked?

**Figure 1: Evaluation of the changes and need brought about with the EPWP Schedule 8 Incentive Grant Implementation**

**Indicated Behavioural changes brought about by the Incentive**



**Type of Support Required by Public Bodies**



From an evaluation of the EPWP Incentive Grant, it is clear that the following impacts were realised after the introduction of the incentive:

- There was a greater awareness of, and buy-in to, EPWP and its principles
- There was a general mobilisation to create work
- More provincial and municipal public bodies began participating in EPWP

- d. The incentive increased reporting – reporting municipalities increased from 68 to 199 in three years; while reporting provincial departments increased from 17 to 59 over the same period.

#### 1.1.4 **What was a challenge in implementation?**

**a. It was clear that public bodies were keen to contribute to EPWP; BUT public bodies were struggling:**

- i. Firstly, to implement their infrastructure programmes/ projects
  - ii. Secondly, to design and implement these programmes/ projects more labour intensively
    - In terms of technical project design and implementation, the evaluation report revealed that:
      - Many public bodies still find designing projects with labour intensive methods as an aim, a challenge
      - There are still perceptions that it is costly to implement EPWP
      - Public bodies find it difficult to integrate and align EPWP with other infrastructure policies and processes
      - The lack of technical capacity in municipalities to implement infrastructure projects is a serious challenge.
    - Public bodies indicated they would benefit from additional technical support from Public Works to:
      - Identify suitable projects for EPWP
      - Set targets for projects
      - Develop designs and contract documentation to ensure labour intensive construction
      - Ensure EPWP mainstreaming: policies and procedures
      - Provide advice on alternative models on EPWP: large projects /contractor development.
  - iii. Thirdly, to report (in the detailed manner required).
    - Contractors indicated that the reporting requirements of the incentive grant extended the scope of the project in terms of human resource management (providing beneficiary information)
    - Participating public bodies indicated that:
      - They require regular and more extensive training on the EPWP reporting system and how to navigate it – particularly given the high staff turnover within public bodies.
      - There is a lack of adequate staff members to manage reporting (the increased administration) and would require data management support from Public Works.
- b. In some cases, the incentive was too small to change behaviour. And in most other cases, the lack of capacity to, and the difficulties, to design, plan and implement labour intensive construction and maintenance were obstacles to the adoption of labour intensive construction methods.
- c. Further Complications experienced included:**
- i. The integrated incentive was not used to directly motivate project implementers to create more work
    - The incentive was not built into infrastructure contracts
    - The incentive did not reach contractors (the bottom end of supply chain) – thus, they did not have a reason or sufficient motivation to change delivery methods in favour of manual labour
  - ii. The incentive took quite some time to ‘take traction’ because public bodies had never experienced a performance-based allocation before:
    - Public bodies were resistant to the concept from the onset of the incentive
    - The ‘performance bonus’ concept was not easily understood

#### **Definitions Reminder Box**

**Labour intensity** is a measure of the labour component of a project and is calculated as the percentage of wages against the total project cost. For the infrastructure sector in particular, labour intensive projects refers to methods of construction involving a mix of machines and labour, where labour, utilising hand tools and light plant and equipment, is preferred to the use of heavy machines, where technically and economically feasible.

- Provincial and municipal treasuries found difficulties in appropriating the incentive, given that it needed to be 'earned' first.
- iii. Over and above this, 'piggy backing' the basis of the incentive allocation on the infrastructure grant allocations and their formulae meant that the allocation bias inherent in these allocations carried into the incentive. So small rural municipalities that had small infrastructure grant allocations and limited technical capacity then also could not access large incentive allocation and could not meaningfully participate in EPWP. This missed the opportunity to create work where they were most needed.
- iv. Even when large amounts of the incentive had been earned, there was little evidence that this was being ploughed back into job creation.

1.1.5 So, even though it was evident that public bodies were giving increased attention to the 'work agenda' in the way in which they planned and delivered public programmes; what was also evident was that, improvements were necessary. The incentive needed to be improved in the following ways:

- a. To be simpler to understand and manage
- b. To take into consideration small, rural municipalities serving the most marginalised and disadvantaged areas
- c. To be more nuanced (not just based on performance) and more representative
- d. Implementation required additional technical support.

**As such, Public Works made improvements to the model and the manner in which the allocation was appropriated.**

## 1.2 Recommendations for Revisions to the Incentive Model

It was agreed that the following key reforms be put into effect:

### 1.2.1 Move towards one integrated EPWP grant at the municipal level

- a. This was introduced to encourage the creation of work and reporting *in all sectors – infrastructure, environment and culture as well as the social sector*
- b. This increases the scope of projects that can be funded through the grant, particularly by smaller municipalities
- c. Municipalities were already familiar with the EPWP grant, its requirements and the reporting system, so there was no downside to extending the grant to cover all sectors
- d. This would improve the level of reported performance and have a direct impact on increasing future grant allocations.

### 1.2.2 Introduce a new improved, and simplified incentive model to:

- a. Take special cognisance of small and rural municipalities and other public bodies with smaller infrastructure grant allocations or limited funding, but have the potential to contribute to job creation
- b. Attempt to directly incentivise increased labour intensity
- c. Allow for an easier flow of funds to public bodies to kick start job creation
- d. Provide more certainty in the allocation to ease appropriation challenges
- e. Address the issue of public bodies not earning their allocations
- f. Seek to have a greater oversight in the incentive being spent to further increase job creation.

### 1.2.3 Streamline a process of planning, specification and review of potential EPWP projects

This would essentially provide the opportunity to target specific focus (service) areas where labour intensive delivery methods have proven to be successful, through focussing the grant funding; and introduce a more structured process of planning for EPWP programmes/ projects.

### 1.2.4 Mobilise a dedicated Technical Support Programme i.e. provide an enhanced 'packaged' technical support to public bodies, particularly small and rural municipalities.

## 1.3 Snapshot of the differences

1.3.1 To better understand how the old Schedule 8 performance-based incentive differs from the new EPWP Integrated Grant, the table below sets out:

- a. How each grant embodies the different principles
- b. The differences in the manner in which eligibility is determined
- c. Key differences in implementation and management
- d. How challenges are managed in the two models
- e. How the new grant has improved the application of the incentive.

**Table 1: Reviewing the differences between the old schedule 8 (performance based incentive) grant and the new schedule 5/5b (expansion incentive) grant**

| Criteria                    | Intention  | Schedule 8 Performance-based incentive   | Schedule 5/5b Expansion incentive  | Improved or not                           |
|-----------------------------|--|--|--|---|
| <b>KEY PRINCIPLES</b>       | <b>Make the most of existing baselines</b>                             | Allocation was determined based on performance on the existing baselines – incentivised public bodies to use their MIG/HIG/EIG/CASP/LandCare more effectively                              | The risk is that public bodies may focus just on the EPWP Integrated Grant and ignore their MIG/HIG/EIG/CASP/LandCare where there is the greatest potential for labour intensity   | No  |
|                             | <b>Focuses on rewarding performance</b>                                | The more work created, the more public bodies earn – access the incentive entirely based on performance  | The allocation is partly based on past performance but also strongly considers potential and need to extend reach and coverage   | Yes although differently                  |
|                             | <b>Reaches the poor and unemployed</b>                                 | Limited reach - Small rural municipalities with small infrastructure allocations could not access large amounts of the incentive   | Will ensure small municipalities serving poor communities are able to participate  | Yes                                       |
|                             | <b>Re-investment into increased job creation</b>                       | Did not happen in practice   | Guaranteed to go into approved projects  | Yes                                       |
| <b>ELIGIBILITY</b>          | <b>Eligibility criteria</b>  | Current system allows for any and all public bodies to report and possibly be eligible   |  | No change                                 |
| <b>ALLOCATION</b>           | <b>Simple method to determine the grant allocation per public body</b> | Method was complicated as it was based on past performance, the MIG/HIG/EIG/CASP/LandCare grant for the next year and a ‘reality check’  | Method is complicated as it is not only based on past performance, but on high poverty areas, and considers where capacity support is needed   | Different, but just as complicated        |
|                             | <b>Calculation of targets</b>  | Method of determining thresholds and targets is complex because a variety of minimum FTE levels are applied to determine the threshold, long with a targeted FTE level                     | Method of determining targets is simpler as it is based on LI and a minimum FTE  | Simpler                                   |
|                             | <b>Appropriation of the allocation</b>                                 | Complicated because public bodies do not know how much they could eventually earn until after they have performed and reported   | Public bodies will know exactly how much they will get if they implement/spend as planned  | Yes                                       |
| <b>PLANNING</b>             | <b>Planning is simple</b>  | Only requirement is the registration of projects on the EPWP reporting system  | Requires a more intensive planning process – not only are ALL projects registered on the EPWP reporting system; but project funded by the grant must meet labour intensity minimums and be approved by Public Works                          | More intensive                            |
| <b>DISBURSEMENT</b>         | <b>Amount disbursed has a clear basis</b>                              | Disbursement is based on number of FTEs x reward ppd of work created x 230 days  | Disbursement as per the payment schedule conditional on performance  | Different basis applies                   |
| <b>REPORTING</b>            | <b>Requires reporting</b>  | Requires a concerted effort for accurate, complete in-year reporting on EPWP reporting system  |  | No change                                 |
|                             | <b>Current reporting systems are easily applied</b>                    | Only relies on reporting through the EPWP reporting system   | (1) the EPWP reporting system must be modified to identify projects funded by the new grant; (2) Needs to be supplemented by the normal conditional grant expenditure reporting through treasuries; (3) Need to enhance ‘progress’ reporting | Complicates reporting further             |
| <b>ADMINISTRATION</b>       | <b>Simple administration</b>   | Administration is complex - there is registration onto the EPWP system; quarterly reporting for incentive calculations; and assessment of past performance to determine future allocations | Administration is still complex – while the in-year quarterly incentive calculations will not be required; the grant introduces a more intensive planning component and more complicated reporting   | No real improvement                       |
| <b>MANAGING PERFORMANCE</b> | <b>Managing labour intensity</b>                                       | Amounts earned not necessarily applied to labour intensive projects  | Amount can only be used for EPWP and only for labour intensive projects approved on the project list   | Yes                                       |
|                             | <b>Managing/ tracking spending of public bodies</b>                    | Funds earned but not spent, seem to get lost in the system   | Spending is easily tracked and supplemented by treasury management   | Yes                                       |
|                             | <b>Unspent funds (by public bodies)</b>                                |  | Funds received by public bodies but not spent, must get returned to the Treasury or get ‘rolled over’ not simple   | Still an issue                            |
|                             | <b>Spending by Public Works</b>  | Funds not earned are held by Public Works  | Funds are transferred upfront for delivery Public Works will not release funds if there is poor implementation/ spending,  | Yes                                       |
| <b>TECHNICAL SUPPORT</b>    | <b>Minimise Technical Support costs</b>                                | Comprehensive technical support is still required for planning, procurement, implementation and reporting  |  | No, it will still be required intensively |



#### **1.4 Advantages of the new EPWP Integrated Grant**

1.4.1 It is clear from the above table that the introduction of the new EPWP Integrated Grant brings distinct improvements to the EPWP programme, in the following ways:

- Ensures maximum potential for small poor municipalities to participate;
- Targets areas of poverty and unemployment more easily;
- Supports low capacity municipalities to perform;
- Ensures a greater focus on labour intensity of projects;
- Allows Public Works oversight to plan what the allocation is used for - with a concentration on labour intensive work;
- Makes appropriation simpler for treasuries;
- Allows for an easier flow of funds to public bodies; where funds are allocated and received consistently during the year
- Allows for expenditure reporting through treasuries (greater transparency regarding EPWP), which results in improved tracking;
- Public Works is able to disburse funds for delivery.

## Chapter 2: Principles of the EPWP Integrated Grant (All users)

**Chapter summary:** This chapter explains the key principles that underpin the allocation and implementation of the Expanded Public Works Programme Grant.

There are a number of key principles that inform the design and intention of the new EPWP Integrated Grant. It is important that implementing public bodies understand these principles and how they are given effect in implementation.

These key principles are explained below.

### 3.1 Mobilising All of Government in terms of the “Work Agenda”

There is increasing recognition in South Africa, particularly among policymakers, that until the economy is able to stimulate mass numbers of jobs, government will bear the primary obligation for supporting the poorest members of South African society. The Expanded Public Works Programme will play a major part in assisting government to meet this obligation.

The Expanded Public Works Programme is a cross cutting government programme implemented across all spheres of government as well as across all sectors. A key focus in the second phase of the EPWP is to ensure that there is *clear political and administrative accountability for EPWP work creation targets across all spheres of government*. To ensure that public bodies are accountable for creating work through their EPWP programmes/ projects, the National Department of Public Works signed intergovernmental implementation protocols with political principals and grant agreements with accounting officers.

These protocols or agreements:

- Establish an agreed framework for cooperation and coordination between the parties;
- Confirm the Municipality’s and the Province’s agreement and commitment to working together in the province and mobilising municipalities and provinces to broadly -
  - Promote the objectives of the EPWP through mainstreaming the use of labour-intensive employment in the delivery of public programmes/ projects in the municipality and/or the province;
  - Achieve the targeted number of FTEs by 2015;
  - Expand EPWP programmes/ projects that maximise job creation in the municipality and/or province;
  - Report on EPWP and meeting the requirements of the EPWP Incentive Grant.
- Specify the institutional structures that will oversee, monitor, report on progress in implementing the EPWP, and decide on interventions for achieving the EPWP targets;
- Provide for mutual assistance and support in respect of EPWP programmes/ projects.

### 3.2 Incentivising the take-up of labour-intensive methods

The EPWP Grant as one of its key characteristics aims to fund labour intensive projects; and it re-focuses the element of performance on – performance in terms of creating a minimum number of FTEs with existing budget allocations and achieving a minimum labour intensity.

- The EPWP Grant is designed to provide additional funds to those public bodies creating more work using their available budgets.
- The size of the grant allocation to provincial departments in particular, is partly determined by the labour intensity of their EPWP programmes/projects in the prior financial year.
- In general, the planning process for the grant actually requires public bodies to identify projects that have a labour intensity above a certain minimum (5% for Infrastructure Sector; 35% for Environment and Culture Sector; and 35% for Social Sector) to be funded from the grant. This is then reviewed by the National Department of Public Works for further input into project design. This process was adopted to directly influence the labour intensity of EPWP programmes/ projects – not just in terms of the level of wages, but more importantly in terms of the magnitude of work created.
- The Technical Support Programme developed by the National Department of Public Works deploys dedicated focussed technical support to public bodies; these technical support teams are equipped with a set of tools and guidelines for planning labour intensive construction and delivery.

#### Definitions Reminder Box

An **intergovernmental implementation protocol** refers to the Protocols signed between the Minister responsible for the National Department of Public Works and the Premier of each Province (for provincial government) and those with the relevant Mayor (for local government) as a sign of commitment to implement the EPWP programme, its objectives and goals in the manner prescribed by relevant legislation/ agreements.

The **EPWP Target** = Grant FTE Target + Baseline FTE Target.

The **Baseline FTE Target** refers to the FTE target calculated for the public body based on the baseline budgets available for projects, that are in their entirety or in part, EPWP projects. The Baseline FTE Target is calculated with a wage portion of 30%, with a minimum number of FTEs created per Rand million of spending. **Baseline FTE Target (provincial departments)** = (30% of HIG/EIG/CASP/LandCare) / R1m X 7 FTEs.  
**Baseline FTE Target**

### 3.3 Focus on marginalised areas

A key issue raised in government in phase II has been the need to focus EPWP programmes/ projects where it is needed most.

To respond to this, the grant allocation to municipalities (where the greatest reach is possible) takes into consideration:

- The capacity of the municipality
- The basic service backlogs in the municipal area
- The number of poor households in the municipal area; and
- The estimated number of unemployed in the municipal area

All of these factors increase the potential grant allocation to the poorest and most marginalised areas.

### 3.4 Focus on creating work for the EPWP target group

While many government programmes/ projects create work, not all of them are classified as EPWP; and it is not always straightforward to distinguish between EPWP - and non-EPWP programmes/ projects.

The key characteristics of EPWP programmes/ projects are:

- They employ large numbers of local, low skilled, unemployed persons who are willing to work for an EPWP wage (referred to as the EPWP target group)
- They are highly labour intensive: a large percentage of the overall project costs are disbursed in wages to the EPWP target group
- They provide a service to, or develop an asset for, the community.

In addition, for the purpose of distinguishing EPWP work funded by the grant, it has been set that:

- Work that complies with the Ministerial Determination and Code of Good Practice for Special Public Works Programmes will be categorised as falling within the EPWP Grant.
- In addition to the Code, it should be noted that:
  - Wage costs of government employees cannot be claimed from the grant
  - EPWP programmes/ projects may not result in the displacement of existing workers or in the downgrading of existing workers' employment conditions to fit into the EPWP target group
  - The EPWP target group may not be paid below the minimum EPWP wage rate as per the Ministerial Determination.

### 3.5 Commitment to transparency and accountability

It is important that the EPWP Grant is managed, disbursed and used in a manner that is transparent and helps to improve accountability for meeting EPWP targets. This means that:

- *In terms of planning:* Planning for the creation of work must be mainstreamed within the existing programme/ project planning processes. This means that provinces and municipalities should show how their programmes/ projects will support the country's work creation goals and identify the EPWP targets they will achieve in their Provincial Growth and Development Plans and/or Infrastructure Plans or Integrated Development Plans respectively. These targets must form part of the grant agreement.
- *In terms of project registration:* All EPWP programmes/ projects identified by eligible public bodies as contributing to their EPWP targets must be registered on the EPWP reporting system and all required information must be provided when a project is registered.
- *In terms of reporting:* Public bodies must report progress on all registered EPWP programmes/ projects. Quarterly progress reporting must show how baseline and grant funds are being utilised and the magnitude of work created with these funds.

### 3.6 Effective use of funds

The use of the EPWP Grant is prescribed and articulated in the grant framework – most important, is that it sets out:

- The focus areas in each sector in which the grant can be used
- The project selection criteria
- Minimum labour intensity levels for EPWP programmes/ projects funded by the grant (wage component)
- The maximum percentage of the grant that can be used to fund contract based capacity required to manage data capturing and on-site management costs related to the use of labour intensive methods.

The above planning guidelines allow for the grant funds to be focussed in the right areas. The reporting framework and systems are currently being enhanced to support a more effective monitoring of the grant.

## Chapter 3: How the EPWP Grant works (Eligible public bodies)

**Chapter summary:** This chapter explains how public bodies become eligible for the EPWP Grant, how the grant allocations are calculated and how public bodies can expect the grant to be disbursed.

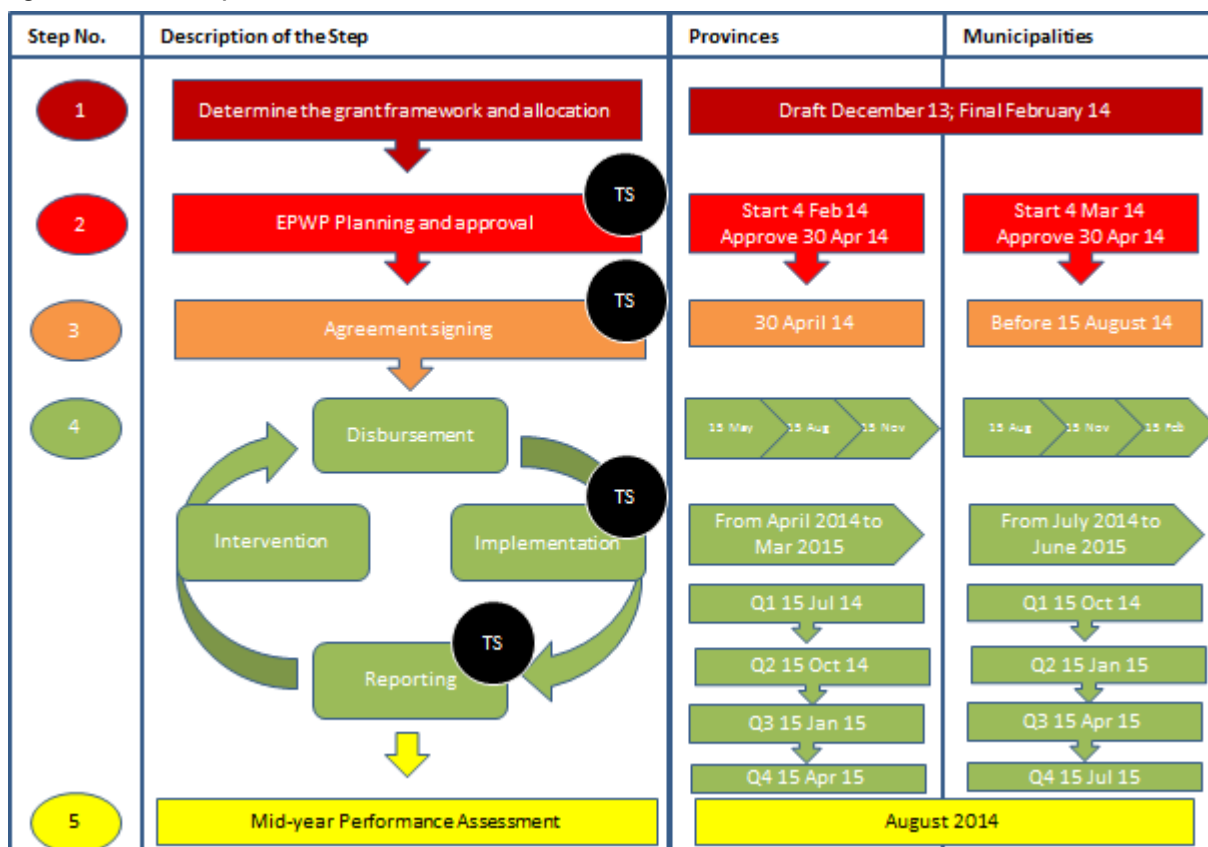
The intention of the EPWP Integrated Grant is:

*“To provide EPWP funding to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.”*

Figure 2 below sets out the implementation process for the EPWP Grant.

- Step 1: Determine the grant framework and allocation**  
 As with any other grant, the first steps involve determining the parties eligible for the EPWP Grant as well as the basis for its allocation and distribution.
- Step 2: Securing commitment from eligible Public Bodies**  
 This involves signing the grant agreement and committing to meeting the EPWP targets and requirements.
- Step 3: EPWP Planning**  
 This step outlines how the National Department of Public Works plans to mainstream and guide EPWP planning; and sets out the planning requirements for public bodies.
- Step 4: Project Implementation and Management**  
 The project implementation and management cycle describes the processes involved in disbursement, reporting and technical support for implementation.
- Step 5: Determine the grant framework and allocation**  
 This step briefly describes the midyear performance assessment that assists the National Department of Public Works in determining whether a public body will meet its EPWP target and whether any reprioritisation of the grant allocation is necessary.

Figure 2: EPWP Grant: Implementation Process Flow



This is explained in detail in this chapter.

## STEP 1: DETERMINING THE GRANT FRAMEWORK AND ALLOCATION

### 3.1. Determining Eligibility

To be eligible for the EPWP Grant, the only criteria is that: **“A public body must currently be participating in EPWP and reporting performance.”**

- 3.1.1 **Reporting criteria:** In any one financial year, to be eligible for the EPWP Grant, public bodies must have reported to the National Department of Public Works on their EPWP performance (the amount of work created and other indicators associated with this work) in the past 18 months.
- In other words, to be eligible for the grant in the 2014/15 financial year, a public body must have reported either,
    - EPWP performance for the 2012/13 financial year by 15 April 2013; or
    - EPWP performance for the first and second quarters of the 2013/14 financial year by 15 October 2013.
  - Public bodies can report EPWP performance in any sector to be eligible for the grant.
  - The National Department of Public Works monitors the EPWP performance of each public body through its EPWP reporting system. Every year, the National Department of Public Works reviews which public bodies have reported to determine the public bodies eligible for the grant.
- 3.1.2 For those public bodies not yet eligible, the National Department of Public Works will:
- Undertake a more active mobilisation campaign in terms of marketing EPWP
  - Support these public bodies to identify projects in the focus areas suitable for the application of labour intensive delivery; and
  - Deploy reporting support to assist these public bodies to simply begin to report their current programmes/ projects and the work created to be eligible in the following financial year.

### 3.2. Determining the Grant Allocation per public body

This section sets out how the EPWP Grant allocation per public body is determined.

#### 3.2.1 Basis: Past Performance

It was important that the one key tenet of the old EPWP Grant was not entirely lost – that is – the notion that performance is important. As such, the new EPWP Grant still has its basis in past performance.

Firstly,

- The model starts from the basis of past performance i.e. how many person days has the public body created in the past 18 months, and what is the estimated average number of person days that may be created in the next financial year, if performance continues as per this trend?
- The model then determines the possible grant allocation by applying the daily reward per person day of work to the estimated number of person days of work to be created. This amount represents the possible grant allocation.

This formula is expressed as follows:

1

**Potential grant for the work to be created in 2013 = likely person days of work to be created in 2014 (calculated as the average monthly person days of work created in the past 18 months extrapolated for a year) X minimum EPWP wage (R70 per person day of work used for calculation purposes)**

The formula automatically provides higher rewards to those public bodies that have been reporting for longer periods.

**BUT**, the public body will not necessarily receive the exact cost of work created in the past year – they could receive more or less than the potential grant depending on the potential of the public body to create work and the imperative to inject funding into poorer municipal areas.

#### Definitions Reminder Box

An **eligible public body** refers to any organisation defined by legislation as a government body; and for purposes of this document, refers to a province or municipality within these spheres of government that complies with the criteria of eligibility as set by Public Works.



So the next step in the model is determining how much of the “possible grant allocation” a public body can receive by applying an adjustment factor to consider potential, need and special considerations for poorer areas.

### 3.2.2 Factors used to determine the Adjustment Factor

So **secondly**, the model works out how much of the “possible grant allocation” a public body could be allocated by determining and applying an adjustment factor that is based on the status of each public body in terms of the following variables:

#### For municipalities:

- Labour intensity performance;
- A service delivery factor; and
- An EPWP Need factor.

#### For provincial departments:

- Cost-effectiveness performance (also called the FTE-factor); and
- Duration performance.

Each of these key variables is explained below.

#### a. In terms of labour intensity performance:

Labour intensity was calculated based on 2012/13 expenditure and 2012/13 calculated wages (using the average minimum wage and the number of person days) for each public body. Based on the calculated value, a labour intensity performance factor was determined as per the following table.

**Table 2: Ranges for Labour intensity performance factors**

| Labour Intensity | Labour intensity performance factor |
|------------------|-------------------------------------|
| 0 – 39.9%        | 1                                   |
| 39.9% - 79.9%    | 1.1                                 |
| 80%+             | 1.2                                 |

#### b. In terms of service delivery factor:

Data for the following four service delivery indicators were obtained from Census 2011 data for local municipalities, district municipalities and metros:

- Percentage of households receiving water from a regional or local water scheme;
- Percentage of households having refuse removed by a local authority or private company;
- Percentage of households using electricity for lighting; and
- Percentage of households with flush, chemical or VIP toilets.

The municipalities were grouped through **cluster analysis** according to their performance with regard to these four service delivery indicators. Based on its particular cluster group, a municipality was assigned a service delivery factor which ranged from 1 to 1.2.

#### c. In terms of EPWP need factor:

Data for the following three EPWP work opportunity need indicators were obtained from Census 2011 data for local municipalities, district municipalities and metros:

- Unemployed (including discouraged work-seekers) as a percentage of the population 16-64 years old;
- Persons with no income or an individual income less than R400 per month as a percentage of the population 16-64 years old; and
- Dependency ratio (persons 0-14 or 65+ years old divided by persons 15-64 years old) expressed as percentage.

Note that for the first two indicators, a cut-off age of 16 was used, in line with EPWP guidelines. For the dependency ratio the international definition was maintained.

#### Definitions Reminder Box

**Cluster analysis** or clustering is the task of grouping a set of objects in such a way that objects in the same group (called a cluster) are more similar (in some sense or another) to each other than to those in other groups (clusters).



The municipalities were clustered according to their performance with regard to these three EPWP need indicators. Based on its particular cluster group, a municipality was assigned an EPWP need factor which ranged from 1 to 1.3.

d. **In terms of cost effectiveness performance:**

The **FTE factor** was calculated for each public body based on 2012/13 expenditure and the number of FTEs generated in 2012/13. Based on the calculated value, a cost effectiveness performance factor was determined as per the following table.

**Table 3: Ranges for cost effectiveness performance factors**

| Sector                  | FTE factor    | Cost effectiveness performance factor |
|-------------------------|---------------|---------------------------------------|
| Infrastructure          | 0 – 24.9%     | 1                                     |
|                         | 24.9% - 49.9% | 1.1                                   |
|                         | 50%+          | 1.2                                   |
| Environment and Culture | 0 – 39.9%     | 1                                     |
|                         | 39.9% - 54.9% | 1.1                                   |
|                         | 55%+          | 1.2                                   |

a. **In terms of duration performance:**

Based on the average duration of the work opportunities, a duration performance factor was assigned to each public body as per the following table.

**Table 4: Ranges for duration performance factors**

| Duration (Days) | Duration performance factor |
|-----------------|-----------------------------|
| 0 – 54          | 1                           |
| 55 – 79         | 1.1                         |
| 80+             | 1.2                         |

**3.2.3 Applying the Adjustment Factors**

Note that separate grant allocation calculations were done for municipalities and for provinces.

For each public body, the potential grant was multiplied by all the applicable factors (municipalities: Labour intensity performance factor, service delivery factor, EPWP Need factor; provincial departments: cost-effectiveness performance factor, duration performance).

**3.2.4 Determining the Final Grant Allocation**

For municipalities and for provincial departments separately, the resulting allocations were then proportionally adjusted so that the totals added up to the allocations for these two grants as specified by National Treasury.

**3.2.5 Minimum Grant Allocation and its associated FTE target**

A minimum grant allocation has been introduced where the calculated grant allocation is very small.

- Why? To ensure that the grant is sufficient to actually fund a project. This also helps to avoid the administration of extremely small amounts.
- This means that no municipality will have a Grant FTE target of less than 6.7 FTEs and a grant allocation of less than R1 000 000 for a full financial year.
- Furthermore, no provincial department will have a Grant FTE target of less than 13.4 FTEs and a grant allocation of less than R2 000 000 for a full financial year.
- These minimum grant allocations are common with provincial departments that do not receive an Infrastructure Grant to Provinces, or LandCare or Comprehensive Agricultural Support Programme Grant; as well as with new municipalities that are just starting to report on EPWP performance.
- Where a minimum grant allocation is allocated to a public body, a minimum Grant FTE target is also allocated.

The minimum grant allocation and its associated Grant FTE target is shown in the table below.

**Definitions Reminder Box**

**A FTE factor** is the set minimum number of FTEs to be created per Rand million of the budget available for EPWP (that should be utilised using EPWP principles and Guidelines).

Table 5: The Minimum Grant Allocation and the associated Grant FTE Target

| Type of Public Body    | 2014/15 Minimum Grant Allocation | 2014/15 Grant FTE Target Associated with the Minimum Grant Allocation |
|------------------------|----------------------------------|---|
| Provincial Departments | R2 000 000                       | 13.4 FTEs   |
| Municipalities         | R1 000 000                       | 6.7 FTEs  |

### 3.3. Setting EPWP Targets

Job creation targets will be set against both the existing baseline allocations as well as the EPWP grant allocation.

#### 3.3.1 EPWP Grant Allocation

- A FTE target based on the grant allocation is calculated for each public body:  
*Grant FTE Target = The EPWP Grant Allocation x 6.7 / R 1 000 000.*
- Performance against the 'Grant FTE Target' will be monitored in-year to ensure that the public body is implementing its business plan and should receive further tranches of the grant.

#### 3.3.2 Existing Baseline Budget Allocations

- In addition to the above, public bodies who have existing budget allocations (whether this is MIG/USDG/HIG/EIG/CASP/LandCare), will be set a baseline FTE target:  
*Baseline FTE Target (provincial departments) = (30% of the HIG/EIG/CASP/LandCare) x 6.7 / R 1 000 000.*  
*Baseline FTE Target (municipalities) = (30% of the MIG/USDG/other) x 6.7 / R 1 000 000.*
- It is expected that at least 30% of the portion identified as EPWP amenable will be dedicated to wages.
- Performance against the 'Baseline FTE Target' will be monitored to determine how public bodies are utilising their existing budget allocations to create a minimum number of FTEs.

#### TOTAL EPWP FTE TARGET = Grant FTE Target + Baseline FTE Target.

On an annual basis, performance against the 'Total FTE Target' will be assessed to inform the following year's EPWP grant allocation.

### STEP 2: SECURING COMMITMENT FROM ELIGIBLE PUBLIC BODIES

All public bodies deemed 'eligible' for the EPWP grant and appropriated an allocation in the 2014 Division of Revenue Act, must enter into a grant agreement with the National Department of Public Works in which the receiving officer of the public body must agree to receive and utilise the EPWP Grant on the basis of the stipulations, requirements, conditions and obligations attached to it by the transferring national officer. By signing the grant agreement, the receiving officer of the public body confirms his/her willingness to receive the grant and undertakes to put in place measures to abide by its requirements in terms of progress reporting, audit and disbursement procedures. Should the receiving officer of the public body not sign the grant agreement, the public body will not be able to 'draw down' the EPWP Grant.

Along with the grant agreement, each public body is expected to:

- Provide certain due diligence documentation, in particular to verify banking details:** The National Department of Public Works will request public bodies to confirm their banking details (as published in the DORA Gazette) at the time of signing the grant agreement to ensure a smooth disbursement process.
- Provide a list of the EPWP programmes/ projects** to be funded from the EPWP Grant as evidence of their planning and as an input into the broader planning engagement with the National Department of Public Works. This must be attached as an Annexure to the grant agreement. This list, and any proposed technical support will be further discussed with the National Department of Public Works.

#### Definitions Reminder Box

The **EPWP Target** = Grant FTE Target + Baseline FTE Target.

The **Baseline FTE Target** refers to the FTE target calculated for the public body based on the baseline budgets available for projects, that are in their entirety or in part, EPWP projects.

The **Grant FTE Target** refers to a FTE target calculated for the public body based on the EPWP Integrated Grant allocation.

**A receiving officer** means in relation to a Schedule 4, 5, 6 or 7 allocation- (a) transferred to a province, the accounting officer of the provincial department which receives that allocation or a portion thereof for expenditure via an appropriation from its Provincial Revenue Fund; or

### STEP 3: EPWP PLANNING

#### 3.4. Planning for EPWP Programmes/ Projects

##### 3.4.1 Mainstreaming EPWP Planning

Given that there are existing processes for development and infrastructure planning at provincial and municipal levels, the National Department of Public Works will support public bodies to mainstream job creation and give effect to EPWP principles in the existing programmes/ projects.

- a. This starts with engagement around the objectives of EPWP and support to public bodies to use and ensure compliance with the **EPWP Guidelines** to assist them to identify and plan the implementation of EPWP projects, including:
  - The EPWP Guidelines for the Implementation of Labour Intensive Infrastructure Projects for those implementing infrastructure projects. These guidelines not only identify the types of projects to execute using labour intensive methods, but also provide tender and design guidelines to assist public bodies in ensuring the proper labour intensive execution of these works. There have been exceptional examples of its application. But there needs to be greater focus on building this compliance into procurement documentation and performance contracts of contractors. This requires better collaboration with CoGTA and MISA to ensure streamlining of these guidelines with MIG as well as a strategy to monitor and address compliance with these conditions by municipalities.
  - The Environment and Culture Sector Guidelines for those implementing projects in the identified environment and culture focus areas.
  - Support to ensure compliance with “EPWP Guidelines for the Implementation of Labour Intensive Projects” in the construction of the above identified potential areas.
- b. *The National Department of Public Works will influence the design of programmes/ projects to improve the labour intensity and potential project outcomes.*
- c. *The National Department of Public Works will require that any plan for programmes/ projects identified as a job creation programme/ project or part of the EPWP focus areas, should contain certain minimum information (required by EPWP).*
  - This will encourage public bodies to think about job creation in the planning phases
  - This will get public bodies to use existing plans to include job creation implications.
  - The National Department of Public Works will negotiate with national departments (Roads, Education, Health, CoGTA, Human Settlements, Agriculture) to include the required EPWP information fields in their normal grant plans
  - The EPWP team will extract EPWP project information from the relevant databases to compile draft project lists for public bodies
  - These project lists will be analysed by the National Department of Public Works to assess project potential and whether public bodies will meet their targets with planned programmes/ projects.

The National Department of Public Works will also actively support planning and simplifying the planning requirements of the grant.

##### 3.4.2 Guiding EPWP Planning

To guide grant funding, the National Department of Public Works has:

- a. **Identified focus areas** where labour intensive delivery methods work best, within which the grant must be used;
- b. **Defined a project selection criteria** to be used by public bodies as a filter to identify EPWP programme/s projects;
- c. **Agree projects to be implemented and register projects** on the EPWP reporting system.

These are discussed below.

##### a. Focus Areas for the Grant

The EPWP Grant in general covers three sectors: infrastructure, environment and culture and the social sector. For each of these sectors, focus areas have been identified that have been tested and proven to be areas in which labour intensive delivery methods are successful.

Public bodies have to identify the focus areas; and then projects within this, that is aligned to their growth and development plans to fund via the grant. Public bodies are advised to pursue a mix of projects across the relevant sectors and focus areas in order to achieve the Grant FTE target.

*These focus areas and the sphere of government to which it applies is set out in the table below.*

**Table 6: EPWP Grant Focus Areas**

| Sector                                | Focus Area  | Explanations  | Prov Depts | Muni's |
|---------------------------------------|---|---|------------|--------|
| <b>Infrastructure Sector</b>          | • Road maintenance and the maintenance of buildings   | • EPWP has identified and focussed on infrastructure amenable to delivery by labour intensive methods. The use of labour intensive construction methods in civil works has been tried and tested internationally for low traffic volume roads; municipal infrastructure such as water and sanitation reticulation pipelines, storm water drains, and low traffic volume streets; and small dams. Local and international experience indicates that labour intensive construction methods can be cost effective and efficient when the infrastructure has been designed with labour intensive construction in mind and when supervisory and management staff are skilled in managing a large workforce and organising the work such that productivity levels are high. | Y          | Y      |
|                                       | • Low traffic volume roads and rural roads  |   | Y          | Y      |
|                                       | • Basic services infrastructure, including water and sewer reticulation, sanitation, pipelines and dams (excluding bulk infrastructure) |   | n/a        | Y      |
|                                       | • Other economic and social infrastructure  |   | Y          | n/a    |
| <b>Environment and Culture Sector</b> | • Tourism and cultural industries   | • In the environment and culture sector, these focus areas specifically exclude projects which by their very nature require extensive material and infrastructure type inputs.  | Y          | n/a    |
|                                       | • Waste management  |   | n/a        | Y      |
|                                       | • Parks and beautification  |   | n/a        | Y      |
|                                       | • Sustainable land based livelihoods  |   | Y          | Y      |
| <b>Social Sector</b>                  | • Community safety initiatives  | • The social sector inclusion in the municipal grant will enable grant access for projects aligned to these focus areas. These focus areas specifically identify services that primarily require workers with very limited material inputs.   | n/a        | Y      |
|                                       | • Health programmes specifically deploying primary health caregivers and educator   |   | n/a        | Y      |
|                                       | • Social programmes specifically deploying caregivers and counsellors on social issues  |   | n/a        | Y      |

- b. **A Project Selection Criteria** will assist public bodies to identify suitable EPWP programmes/ projects to be funded from the grant:
- A project must aim to deliver positive outcomes in one of the agreed focus areas specified above
  - A project must create work for the EPWP target group; defined as: local, unemployed, low or unskilled labour and such work must comply with the stipulations in the Ministerial Determination
  - Projects must pay at least the EPWP minimum wage to the EPWP target group
  - For all sectors, projects must create a **minimum** of 6.7 full time equivalent jobs (or 1610 person days of work) for every Rand million of the project budget
  - 30% of the grant should be allocated for the compensation of work for the EPWP target group i.e. the EPWP wage component of the project
  - The EPWP grant cannot be used to fund the costs of permanent municipal personnel; however, a maximum of 5 per cent of the grant can be used to fund contract based capacity required to manage data capturing and on-site management costs related to the use of labour intensive methods
  - The remaining amount (65-70%) can be used for non-wage costs of the project, such as equipment, tools and materials, and contracted management capacity for project management and reporting.
- c. **Review Project list and Agree Projects funded by the Grant**
- Each public body will compile their list of projects that will implemented towards their EPWP Target
  - The **Project list** will specify for each project:
    - The project's name, category (focus area), geographic area
    - Timeframes for implementation and project status
    - The budget for each year of the implementation period; and how this is funded i.e. what portion is funded from the EPWP grant, from other national grant (source to be specified), own revenue and donor funding
    - Its service delivery outputs
    - The amount of work to be created, including: the number of beneficiaries; the number of person days of work to be created; the number of person days of training to be created; and the wage rate to be applied.
  - The project list sets out the expected deliverables from each EPWP programme/project. The project list is complete – in that it records all projects that contribute to the EPWP Target, those funded through existing baseline budgets and those funded through the grant.
  - The public body will submit its project list for review by the National Department of Public Works.
  - The National Department of Public Works will review the project list, mainly with a view to
    - Reject any application of grant funding to unsuitable projects

- Identify where labour intensive design support is needed to improve projects with potential
- Assess whether the public body will be able to meet its targets with the proposed project list
- Identify where funds are targeted.
- The public body is required to consider EPWP's assessment of the proposed project list, make adjustments and finalise it for inclusion as an Annexure to the grant agreement.
- Each public body's project list will form the basis of the grant agreement between them and the National Department of Public Works in terms of the total EPWP Targets, and individual project FTE targets, to be delivered from each EPWP programme/project.

**Annexure A attached to this manual is a sample of an EPWP Project List.**

**d. Register EPWP programmes/ projects on the EPWP reporting system**

- Upon agreement of the project list, the public body would register all of their EPWP programmes/ projects on the EPWP reporting system
- The current process of loading project lists onto the EPWP system will be enhanced to distinguish between
  - Programmes/ projects funded from existing baseline budgets
  - Programmes/ projects funded from existing baseline budgets and where the grant is used to supplement, complement this funding
  - New programmes/projects funded by the grant
  - Programmes/projects that will create work towards the Grant FTE Target.

**3.4.3 EPWP Planning Timelines**

The table below shows the planning process and timelines.

**Table 7: EPWP Planning Activities and draft Timelines**

| No | Planning activities  | Timeframe   | Responsibility   |
|----|--|---|--|
| 1  | The National Department of Public Works extracts MIG/USDG/ HIG/EIG/CASP/LandCare project list information from existing databases for review                                     | <ul style="list-style-type: none"> <li>• 1<sup>st</sup> wk Feb 2014 (prov)</li> <li>• 1<sup>st</sup> wk Apr 2014 (munis)</li> </ul> | EPWP Technical Support Team  |
| 2  | The National Department of Public Works deploys its technical support team to engage with public bodies where project lists are incomplete or non-compliant, to amend and detail | <ul style="list-style-type: none"> <li>• 1<sup>st</sup> wk Mar 2014 (prov)</li> <li>• 1<sup>st</sup> wk May 2014 (munis)</li> </ul> | EPWP Technical Support Team  |
| 3  | Final project lists are approved   | <ul style="list-style-type: none"> <li>• 30 April 2014 (prov)</li> <li>• 7 June 2014 (munis)</li> </ul>                             | <ul style="list-style-type: none"> <li>• CD: Infrastructure</li> <li>• CD: Operations (E&amp;C)</li> </ul> |
| 4  | Public bodies register projects (from the project list) on the EPWP reporting system   | <ul style="list-style-type: none"> <li>• 31 July 2014 (prov)</li> <li>• 30 September 2014 (munis)</li> </ul>                        | Public bodies  |
| 5  | Grant Agreements are signed  | <ul style="list-style-type: none"> <li>• 30 April 2014 (prov)</li> <li>• Before 15 Aug 2014 (munis)</li> </ul>                      | DDG: EPWP and HOD provincial departments or Municipal Manager  |
| 6  | First tranche disbursement (conditional on approved above)   | <ul style="list-style-type: none"> <li>• 15 May 2014 (prov)</li> <li>• 15 Aug 2014 (munis)</li> </ul>                               | The National Department of Public Works' Finance unit  |

**STEP 4: TECHNICAL SUPPORT FOR IMPLEMENTATION**

The project implementation and management cycle describes the processes involved in disbursement, reporting and technical support for implementation.

**3.5. The National Department of Public Works' Technical Support Programme**

Each public body should ensure that they have the requisite capacity and systems to implement their EPWP plan or project list; maintain the necessary controls and checks; and provide the required information timeously for performance monitoring. In doing so, the public body and the National Department of Public Works should determine whether there are specific areas in the design, monitoring or management of the programme that requires technical support. The EPWP unit, in cooperation with the various sector government and operating structures is responsible for directly engaging on a limited and prioritised basis with public bodies to mobilise technical support to those public bodies that require it most.

The National Department of Public Works has developed a structured support programme that has:

- a. A clear set of targeted public bodies, with the type of support to be provided, what is agreed to be mobilised and the criteria by which the effectiveness of the support is monitored
- b. An enhanced packaged technical support to small, rural and poor municipalities (falling into the special dispensation)
- c. A focus on replicating and supporting the implementation of labour intensive programmes/ projects in specific focus areas
- d. Mainstreamed reporting support.



The following sections indicate the support methodology to be used by the National Department of Public Works, the types of support to be provided and the type of public bodies that will be prioritised.

### 3.5.1 The form of the Technical Support

The Technical Support will take the form of a team of experts that the National Department of Public Works will deploy to support public bodies. This Technical Support Team will include:

- Data/reporting/systems experts to go in at the end of every month to support reporting
- Technical experts i.e. engineers, environmental specialists that will specifically support project design
- EPWP staff that will assist in:
  - Providing the public body with the information they need on EPWP;
  - Briefing management on progress;
  - Dealing with blockages to implementation; and
  - Identifying and mobilising any other support required.

The Technical Support Team will be equipped with a set of tools and guidelines for planning, labour intensive construction and delivery, the grant manual and system reporting guidelines.

The performance of these inputs and the impact of this support will be assessed and managed differently.

### 3.5.2 Technical Support Process

The figure and table below explain the technical support process managed by the National Department of Public Works.



Figure 3: Technical Support Process (illustrated)

Table 8: Technical Support Process explained

| No             | Support steps                                    | Description of activities   | Responsibility   |
|----------------|--|---|--|
| 1              | Identify public bodies needing support           | <ul style="list-style-type: none"><li>There following are inputs into the draft list of public bodies to be supported:<ul style="list-style-type: none"><li>The general list of public bodies that need reporting support</li><li>The list of municipalities falling into the special dispensation that need focussed packaged technical support</li><li>Together with public bodies identified as needing specific support from an analysis of the draft project lists</li><li>Requests for technical support.</li></ul></li></ul> | <ul style="list-style-type: none"><li>EPWP unit (Infrastructure and E&amp;C Sector Managers)</li></ul>   |
| 2              | Prioritise/ Target key Public Bodies             | <ul style="list-style-type: none"><li>The National Department of Public Works will apply a prioritisation criteria and identify priority public bodies, in addition to those categorised within the special dispensation</li></ul>  |  |
| DECISION POINT |  | Point at which who will be supported is decided   |  |
| 3              | Structure the Engagement with the Public Body    | <ul style="list-style-type: none"><li>The National Department of Public Works will coordinate with CoGTA, SALGA and MISA in terms of the public bodies to be prioritised to agree on an approach to the engagement and support and initiating engagements with prioritised public bodies</li></ul>  | <ul style="list-style-type: none"><li>EPWP unit (Infrastructure &amp; E&amp;C Sector Managers)</li></ul> |
| 4              | Agree the Technical Support                      | <ul style="list-style-type: none"><li>The agreed areas, basis, roles and responsibilities, management of the agreed technical support must be written up as either a Technical Support Protocol or an addendum to the Grant Agreement</li></ul>   |  |
| DECISION POINT |  | Point at which the type of support is to be provided is decided   |  |
| 5              | Deploy Technical Support Team to the Public Body | <ul style="list-style-type: none"><li>The National Department of Public Works will arrange in terms of its technical support team and the agreed support, who will be deployed, in what areas and for what period</li></ul>   | <ul style="list-style-type: none"><li>EPWP unit (Infrastructure &amp; E&amp;C Sector Managers)</li></ul> |
| 6              | Manage the performance of the Technical Support  | <ul style="list-style-type: none"><li>The National Department of Public Works will regularly report to stakeholders (DPW executive, public body executive, sector structures, NT) on the support directed at these specific public bodies, the progress and the results of engagements and support.</li></ul>   |  |



### 3.5.3 Type of Technical Support provided

The National Department of Public Works would normally provide technical support in the following areas as is required or agreed:

**Table 9: Technical Support Approach explained**

| Type of Support       | Description of support activities   | Responsibility   |
|-----------------------|---|--|
| <b>EPWP Planning</b>  | <ul style="list-style-type: none"> <li>Assisting public bodies to identify suitable EPWP programmes/ projects</li> <li>Assisting public bodies to develop plans to meet targets</li> <li>Ensure alignment within existing planning mechanisms such as the IDP/ SDBIP and MIG submissions</li> </ul> | <ul style="list-style-type: none"> <li>EPWP (Sector Programme Managers)</li> </ul>     |
| <b>Project design</b> | <ul style="list-style-type: none"> <li>Mainstreaming EPWP through the adoption of particular policies and procedures</li> <li>Workshopping public bodies in labour intensive delivery methods</li> <li>Assisting public bodies in the design of programmes/ projects</li> </ul>                     | <ul style="list-style-type: none"> <li>EPWP Procured Technical Support Team</li> </ul> |

| Type of Support                                   | Description of support activities   | Responsibility  |
|---|---|---|
| <b>Project design</b>                             | <ul style="list-style-type: none"> <li>Assist municipalities to set and proclaim EPWP wage rates</li> <li>Review and align municipal contracting documents to EPWP guidelines and the supply chain management processes</li> <li>Facilitate Contractor Compliance Incorporate EPWP requirements and align with legal framework</li> <li>Facilitating the training of contractors in labour intensive methods of construction</li> </ul>   | <ul style="list-style-type: none"> <li>EPWP Procured Technical Support Team</li> </ul>                  |
| <b>Project Loading</b>                            | <ul style="list-style-type: none"> <li>IDT Data Team support the capturing or uploading of project lists on the system</li> </ul>   | <ul style="list-style-type: none"> <li>IDT</li> </ul>   |
| <b>Reporting, Project Monitoring and Analysis</b> | <ul style="list-style-type: none"> <li>Supporting public bodies to develop effective management information systems and processes</li> <li>Assistance in ensuring that reporting is done on EPWP projects implemented</li> <li>EPWP Data Team generate reports</li> <li>Monthly notification to municipalities on performance</li> <li>Technical Advisors report to municipal officials monthly and activate project interventions where necessary</li> <li>Report monthly to the joint infrastructure management team</li> </ul> | <ul style="list-style-type: none"> <li>EPWP, the IDT and the Procured Technical Support Team</li> </ul> |
| <b>Implement Project Interventions</b>            | <ul style="list-style-type: none"> <li>Reviewing the progress of public bodies, including reviewing site visit reports and performance information</li> <li>Identifying and understanding blockages to implementation and developing innovative methodologies for resolving them</li> <li>Develop and communicate solutions to generic blockages</li> <li>Implement planned interventions</li> <li>Monitor technical interventions and Technical Advisors performance</li> </ul>  | <ul style="list-style-type: none"> <li>EPWP Procured Technical Support Team</li> </ul>                  |
| <b>Other General Support</b>                      | <ul style="list-style-type: none"> <li>Including briefings, training or communication on EPWP <ul style="list-style-type: none"> <li>Worker Training</li> <li>Support the identification of training needs</li> <li>Facilitate the procurement of training providers or assist in establishing EPWP municipal training coordination capacity</li> <li>Monitor delivery.</li> </ul> </li> </ul>  | <ul style="list-style-type: none"> <li>EPWP (Stakeholder Engagement)</li> </ul>                         |

### 3.5.4 Focus of Support

In terms of targeting support, in introducing the new EPWP grant, the National Department of Public Works will structure and focus their technical support offering to public bodies.

The table below indicates how the National Department of Public Works will focus their support.

**Table 10: Technical Support Approach Matrix**

| Type of Support to be provided to different categories of public bodies |                        |  |                                       |        |                            |                      |
|---|------------------------|--|---------------------------------------|--------|----------------------------|----------------------|
| Category of Support   |                        | Public bodies who will receive the support |                                       |        |                            |                      |
|   |                        | Provincial E&C Departments                 | Provincial Infrastructure Departments | Metros | Small Rural Municipalities | Other Municipalities |
|   | Planning support       | Yes  |                                       |        | Yes                        | Yes                  |
|   | Project design support | Yes  | Yes                                   |        | Yes                        |                      |
|   | Implementation support |  |                                       |        | Yes                        |                      |
|   | Reporting support      | Yes  | Yes                                   | Yes    | Yes                        | Yes                  |
|   | Other general support  | When applicable or requested               |                                       |        |                            |                      |

### 3.6. Monitoring and Progress Reporting

- After the grant agreement has been signed and implementation planning is ready to be embarked upon, public bodies are required to report on the progress of implementation (the detailed reporting procedures are captured in Chapters 5 and 6 of this manual).
- Public bodies are required to load all their EPWP programmes/ projects onto the EPWP reporting system.
- It is the responsibility of the public body to ensure that they then collect the standard information required to report on their projects and that this information is correctly captured on the EPWP reporting system. Public bodies are required to report 15 calendar days after the end of every quarter, the monthly performance of their EPWP programmes/ projects by the end of every quarter, in the manner required on the EPWP reporting system. Only projects on the EPWP reporting system will count towards the reported EPWP performance.
- In addition, public bodies are required in terms of the Division of Revenue Act to report on monthly 15 days after the end of the month, on expenditure against the grant, key outputs and implementation challenges. This is a separate report via Municipal and Provincial Treasuries to the National Treasury.

### 3.7. Disbursement of the EPWP Grant

The grant will be disbursed to public bodies in three tranches, in accordance with a pre-determined payment schedule:

- 40% of the allocation, on condition that the public body's EPWP project list has been submitted and approved by the National Department of Public Works; and that the Grant Agreement with the National Department of Public Works has been signed;
- 30% of the allocation, on condition that the public body is complying with the EPWP reporting requirements and meeting its targets and outputs;
- 30% of the allocation, on condition that the public body is complying with the EPWP reporting requirements and meeting its targets and outputs.

The disbursement dates are further detailed in 5.3 and table 15 of this manual.

## STEP 5: MIDYEAR PERFORMANCE ASSESSMENT

The National Department of Public Works will undertake a midyear performance assessment of each public body, and will make performance projections for the remainder of year in preparation for the Adjusted Estimates.

This will be based on:

- Performance of programmes/ projects against their EPWP FTE targets, work opportunity targets and minimum labour intensity levels;*
- Performance against programmatic outputs planned*
- The status and progress of projects planned.*

On this basis, and only if required (i.e. where public bodies are not meeting their targets), the National Department of Public Works in consultation with public bodies will prepare a motivation for adjusting (increasing or re-allocating) the grant allocation across programmes. This motivation will be submitted through the formal Treasury Adjusted Estimates process to be considered by the Treasury Committee (when additional funds are requested) or by Treasury (for adjustments between sector departments) for a decision within the usual fiscal context.

#### Definitions Reminder Box

**The payment schedule** for the EPWP Integrated Grant means a schedule which sets out: (a) the amount of each transfer of the grant in terms of the DORA to a provincial department or municipality in the financial year; (b) the date on which each transfer must be paid; and (c) to whom, and to which bank account, each transfer must be paid.

## Chapter 4: Grant Conditions (Managers of Eligible Public Bodies)

**Chapter summary:** This chapter presents and explains the specific conditions that must be adhered to by those accessing the EPWP Grant.

### 4.1. EPWP Grant Conditions that apply to Public Bodies

All of the conditions that apply to public bodies in terms of accessing and managing the grant are captured in two key legal documents:

- a. **The Division of Revenue Act (DORA):** the grant's specific conditions are captured in the grant framework and the general conditions that apply to a schedule 5/5b grant are captured in the general body of the Act.
  - i. The full grant frameworks are provided in **Annexure C to the manual**.
  - ii. The relevant sections of the 2014 DORA that set out general conditions that apply to all schedule 5/5b conditional grants is referenced in the table below.

**Table 11: References to general conditions applicable to Schedule 5/5b Conditional Grants**

|                      | DORA Section reference   | Category of Conditions    | Provincial Department                      | Municipality                                   |
|----------------------|--|---------------------------|--|--|
| <b>Section 12</b>    | Duties of receiving officers in respect of schedule 5 or 7 allocations, which mainly specifies the PFMA/MFMA reporting requirements on public bodies receiving the EPWP Grant  | Reporting Requirements    | S12(1), (2a,c), (3), (5)                   | S12(1), (2b,c), (4),(5)                        |
| <b>Section 15</b>    | Duties in respect of annual financial statements and annual reports for 2014/15, which mainly specifies the responsibilities of public bodies receiving the EPWP Grant in terms of annual progress and financial reporting         | Reporting Requirements    | S15(3), (4)                                | S15 (5), (6)                                   |
| <b>Section 17</b>    | Expenditure in terms of purpose and subject to conditions, which specifically the restrictions placed on the EPWP Grant in terms of use and transfer   | Use of the Grant          | S17(1),(2)                                 |  |
| <b>Section 18-20</b> | Withholding and stopping of allocations and the Re-allocation of funds, which sets out the procedures for the National Department of Public Works to withhold, stop and re-allocate the EPWP Grant from one public body to another | Disbursement of the Grant | S18 -20 (all clauses, except clause 3)     |  |
| <b>Section 22</b>    | Unspent conditional allocations, which sets out the procedure to refund, rollover or retain unspent grant allocations  | Disbursement of the Grant | S22 (all clauses)                          |  |
| <b>Section 23-25</b> | Disbursement schedule (and its amendment)  | Disbursement of the Grant | S23(4)<br>S24 (2),(3)<br>S25 (all clauses) | S23(4)-(5)<br>S24 (2)-(3)<br>S25 (all clauses) |

It is emphasised that public bodies should ensure that they are aware of, and comply with, all provisions of the Division of Revenue Act that apply to them, including any provisions not specified in this chapter.

- b. **The Grant Agreement** signed between the National Department of Public Works and the eligible public body specifies conditions that applies to the grant, specifically in terms of:
  - i. Eligibility for the grant;
  - ii. Participation in the grant;
  - iii. Use of the grant;
  - iv. Disbursement of the grant;
  - v. Reporting requirements for the grant;
  - vi. Audit requirements for the grant.

This is set out in further detail below.

#### 4.1.1. Eligibility Requirements

Public bodies must meet the eligibility criteria in order to be allocated a grant allocation in the 2014 DORA.

**Table 12: Eligibility Requirements**

| Category of Conditions           | Requirements  | Reference   | Timeframe in which Requirements must be met | Ramifications for Non-Compliance  |
|----------------------------------|---|---|---|---|
| <b>Eligibility for the Grant</b> | <ul style="list-style-type: none"> <li><b>Reporting criteria:</b> In any one financial year, to be eligible for the EPWP Grant, public bodies must have reported to the National Department of Public Works on their EPWP performance (the amount of work created and other indicators associated with this work) in the past 18 months.</li> </ul> | <ul style="list-style-type: none"> <li>DORA Grant framework</li> <li>Grant Agreement</li> </ul> |   | <ul style="list-style-type: none"> <li>Not eligible for the EPWP Grant</li> </ul> |

| Category of Conditions    | Requirements   | Reference | Timeframe in which Requirements must be met | Ramifications for Non-Compliance |
|---------------------------|--|-----------|---|----------------------------------|
| Eligibility for the Grant | – Reported on 2012/13 EPWP performance in any sector via the EPWP reporting system, OR   |           | – By 15 April 2013                          |                                  |
|                           | – Reported on Q1-2 2013/14 EPWP performance in any sector via the EPWP reporting system. |           | – By 15 October 2013                        |                                  |

#### 4.1.2. Participation Conditions

Public bodies must secure participation by formally agreeing to comply with the stipulations, requirements, conditions and obligations for the implementation of the EPWP Grant. Part of this agreement is agreement to implement a specific list of EPWP programmes/ projects agreed by the two parties.

Table 13: Participation Conditions

| Category of Conditions | Conditions  | Reference              | Timeframe in which Conditions must be met  | Ramifications for Non-Compliance |
|------------------------|---|------------------------|--|----------------------------------|
| Project List           | • Develop, engage on, review EPWP comments and finalise an EPWP project list that ensure the public body can meet its EPWP Targets  | • DORA Grant Framework | • Provincial departments must submit a final project list by 30 April 2014<br>• Municipalities must submit a final project list by 7 June 2014 | • Cannot receive the EPWP Grant  |
|                        | • EPWP projects must comply with the project selection criteria   | • EPWP Grant Manual    |  |                                  |
| Grant Agreement        | • Eligible public bodies must sign a standard Grant Agreement with the National Department of Public Works to agree and comply with the stipulations, requirements, conditions and obligations of the EPWP Grant. | • DORA Grant Framework | • Provincial departments must sign by 30 April 2014<br>• Municipalities must sign by 15 August 2014  | • Cannot receive the EPWP Grant  |

#### 4.1.3. Use of the EPWP Grant

Public bodies must utilise the EPWP Grant in accordance with, and in the manner stipulated in, the 2014 Division of Revenue Act and the Grant Agreement with the National Department of Public Works.

Table 14: Conditions of Use

| Category of Conditions | Conditions  | Reference                              | Timeframe in which Conditions must be met | Ramifications for Non-Compliance   |
|------------------------|---|--|---|--|
| Use of the EPWP Grant  | • The EPWP grant cannot be used to fund the costs of permanent municipal personnel  | • Grant Framework<br>• Grant Agreement | • During the financial year               | • Audit qualification on the EPWP Grant<br>• Eligibility for the following year could be jeopardised |
|                        | • A maximum of 5% of the grant can be used to fund contract based capacity (for data capturing/management, on-site management costs, technical support for labour intensive design)   |  |   |  |
|                        | • A receiving officer may not transfer any Schedule 5/5b allocation or any part thereof to any other entity or other sphere of government for the performance of a function envisaged in terms of the allocation, without the approval of the National Treasury and the National Department of Public Works | • DORA Section 17                      | • During the financial year               | • Eligibility for the following year could be jeopardised  |

#### 4.1.4. Disbursement of the Grant

In order to receive grant disbursements, public bodies must meet certain planning and/or reporting requirements. In addition, amendments to the planned payments schedule are subject to specific defined processes.

Table 15: Grant Disbursements

| Category of Conditions | Requirements  | Reference                              | Timeframe in which Requirements must be met   | Ramifications for Non-Compliance                                      |
|------------------------|---|--|---|---|
| Grant Disbursements    | • 40% of the grant disbursed 15 May (provincial departments) and 15 August (municipalities) at the beginning of the financial year conditional upon:<br>– Signing of the Grant Agreement; and<br>– The approval of the public body's EPWP project list by the National Department of Public Works | • Grant Framework<br>• Grant Agreement | • By 30 April 2014 for provincial departments<br>• By 15 August 2014 for municipalities | • EPWP Grant disbursement could be withheld or stopped if DORA S18-19 |

| Category of Conditions    | Requirements  | Reference  | Timeframe in which Requirements must be met   | Ramifications for Non-Compliance   |
|---------------------------|---|--|---|--|
| <b>Grant Disbursement</b> | <ul style="list-style-type: none"> <li>Further disbursements – 2 disbursements of 30% each will take place during the financial year, provided that: <ul style="list-style-type: none"> <li>Reporting monthly expenditure in terms of the PFMA/ MFMA;</li> <li>The public body is implementing its EPWP project list and spending its initial 40% towards its job creation targets;</li> </ul> </li> <li>Reporting quarterly as per EPWP requirements.</li> </ul> | <ul style="list-style-type: none"> <li>DORA Grant Framework</li> <li>Grant Agreement</li> <li>DORA Section 12</li> </ul> | <ul style="list-style-type: none"> <li>15 May, 15 Aug, 15 Nov (prov)</li> <li>15 Aug, 15 Nov, 15 Feb (munis) <ul style="list-style-type: none"> <li>EPWP reporting by 15 calendar days after the quarter ends</li> <li>PFMA reporting by 15 calendar days after every month end</li> </ul> </li> <li>MFMA reporting by 10 working days after every month end</li> </ul> | <ul style="list-style-type: none"> <li>EPWP Grant disbursement could be withheld or stopped ito DORA S18-19</li> </ul> |
|                           | <ul style="list-style-type: none"> <li>The EPWP Grant, or any portion thereof that is not spent at the end of the financial year reverts to the National Revenue Fund, unless: <ul style="list-style-type: none"> <li>A rollover is approved for commitments to designated projects</li> <li>Funds are retained to offset future grant disbursements.</li> </ul> </li> </ul>  | <ul style="list-style-type: none"> <li>DORA Section 22</li> </ul>  | <ul style="list-style-type: none"> <li>Within 30 calendar days of the end of the financial year</li> </ul>  | <ul style="list-style-type: none"> <li>Audit issues</li> </ul>   |

#### 4.1.5. Reporting Requirements (Set out in detail in Chapter 5 of this manual)

Public bodies must report performance and expenditure on all its EPWP programmes/ projects in accordance with the set requirements.

**Table 16: Reporting Requirements**

| Category of Condition                       | Requirements   | Reference  | Timeframe in which Requirements must be met  | Ramifications for Non-Compliance   |
|---|--|--|--|--|
| <b>Reporting requirements for the Grant</b> | <ul style="list-style-type: none"> <li>Pursue the implementation of the approved project list to meet EPWP Targets</li> </ul>  | <ul style="list-style-type: none"> <li>Grant Agreement</li> </ul>  | <ul style="list-style-type: none"> <li>During the financial year</li> </ul>  | <ul style="list-style-type: none"> <li>EPWP Grant disbursement could be withheld or stopped ito DORA S18-19</li> </ul> |
|   | <ul style="list-style-type: none"> <li>In terms of EPWP requirements: <ul style="list-style-type: none"> <li>Public bodies must register all of its EPWP projects on the EPWP reporting system</li> <li>Public bodies must report EPWP performance on all projects (funded by existing baseline budgets and the grant) via the EPWP reporting system.</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>Grant Agreement</li> </ul>  | <ul style="list-style-type: none"> <li>Report 15 calendar days after the end of every quarter</li> </ul>   |  |
|   | <ul style="list-style-type: none"> <li>Public bodies must report expenditure on a monthly basis; and include in their PFMA/MFMA reports on the spending of the EPWP Grant.</li> </ul>  | <ul style="list-style-type: none"> <li>PFMA, Section 40(4)(c)</li> <li>MFMA Section 71</li> </ul>  | <ul style="list-style-type: none"> <li>PFMA reporting by 15 calendar days after every month end</li> <li>MFMA reporting by 10 working days after every month end</li> </ul>  |  |
|   | <ul style="list-style-type: none"> <li>EPWP Performance information in the IYM and EPWP reports must correspond.</li> </ul>  | <ul style="list-style-type: none"> <li>EPWP Grant Manual</li> </ul>  | <ul style="list-style-type: none"> <li>Quarterly</li> </ul>  | <ul style="list-style-type: none"> <li>Public body could be identified for audit</li> </ul>                            |
|   | <ul style="list-style-type: none"> <li>Eligible public bodies must report annually on the manner in which the EPWP Grant has been used.</li> </ul>   | <ul style="list-style-type: none"> <li>DORA Section 14</li> <li>PFMA Section 40(1)(d)</li> <li>MFMA Chapter 1</li> <li>EPWP Grant manual</li> <li>Grant Agreement</li> </ul> | <ul style="list-style-type: none"> <li>Provincial departments – submitted to the AG &amp; relevant treasury, 2 months after financial year end; finalised 5 months after financial year end</li> <li>Municipalities – submitted to the AG &amp; relevant treasury, 2 months after financial year end; finalised 7 months after financial year end</li> </ul> | <ul style="list-style-type: none"> <li>Eligibility for the following year could be jeopardised</li> </ul>              |



| Category of Condition                       | Requirements  | Reference   | Timeframe in which Requirements must be met  | Ramifications for Non-Compliance  |
|---|---|---|--|---|
| <b>Reporting requirements for the Grant</b> | <ul style="list-style-type: none"> <li>A receiving officer must evaluate the performance in respect of programmes/ projects partially or fully funded by the EPWP Grant and submit such evaluation to the transferring national officer and the relevant treasury.</li> </ul> | <ul style="list-style-type: none"> <li>DORA Section 12</li> </ul> | <ul style="list-style-type: none"> <li>2 months after financial year end (all eligible public bodies)</li> </ul> | <ul style="list-style-type: none"> <li>Eligibility for the following year could be jeopardised</li> </ul> |

#### 4.1.6. Audit Requirements (Set out in detail in Chapter 6 of this manual)

As the transferring national officer, the National Department of Public Works must ensure that public bodies utilise the EPWP Grant as prescribed in order to obtain the desired results. Compliance with the grant's stipulations, requirements, conditions and obligations will be tested through quarterly data quality assessment tests, in-year audit samples and an annual audit of one or more of the following: internal controls, programme management procedures and EPWP performance information reported.

**Table 17: Audit Requirements**

| Category of Condition     | Requirements  | Reference   | Timeframe in which Requirements must be met   | Ramifications for Non-Compliance                                      |
|---------------------------|---|---|---|---|
| <b>Audit Requirements</b> | <ul style="list-style-type: none"> <li>Public bodies must ensure that (beneficiary, attendance, payroll) records for all its EPWP projects are available for data assessment tests or audits by the National Department of Public Works.</li> </ul> | <ul style="list-style-type: none"> <li>EPWP Grant Manual</li> </ul> | <ul style="list-style-type: none"> <li>Maintained during the financial year</li> <li>Produced on request</li> </ul> | <ul style="list-style-type: none"> <li>Audit qualification</li> </ul> |

#### 4.2. EPWP Grant Conditions that apply to the National Department of Public Works

All of the conditions that apply to the National Department of Public Works in terms of managing the grant are captured in two key legal documents:

- The Division of Revenue Act (DORA):** the specific obligation of the National Department of Public Works is captured in the grant framework and the general obligations of a transferring national officer that apply to a schedule 5/5b grant are captured in the general body of the Act.
  - The full grant frameworks are provided in **Annexure C to the manual**.
  - The relevant sections of the 2014 DORA that set out general obligations that apply to all schedule 5/5b conditional grants is referenced in the table below.
- The Grant Agreement** signed between the National Department of Public Works and the eligible public body re-iterates the role of the National Department of Public Works as indicated in the grant framework.

**Table 18: References to general conditions applicable to Schedule 5/5b Conditional Grants**

|                       | DORA Section reference   | Specific clauses                                  | Category of Obligations                   |
|-----------------------|--|---|---|
| <b>Section 10</b>     | Duties of the transferring national officer in respect of schedule 5/5b allocations, which mainly specifies the manner in which these types of conditional grants should be managed  | 10(1)-(4)   | Certification of administrative readiness |
|                       |  | 10(5)   | M&E Requirements                          |
|                       |  | 10(6), (7b)                                       | Reporting Requirements                    |
|                       |  | 10(8)   | M&E Requirements                          |
| <b>Section 15</b>     | Duties in respect of annual financial statements and annual reports, which mainly specifies the responsibilities of the National Department of Public Works in terms of annual progress and financial reporting                    | 15(1),(2)   | Reporting Requirements                    |
| <b>Section 18-120</b> | Withholding and stopping of allocations and the Re-allocation of funds, which sets out the procedures for the National Department of Public Works to withhold, stop and re-allocate the EPWP Grant from one public body to another | 18-20 all clauses, except clause 18(3)            | Disbursement of the Grant                 |
| <b>Section 22</b>     | Unspent conditional allocations, which sets out the procedure to refund, rollover or retain unspent grant allocations  | 22(all clauses)                                   | Disbursement of the Grant                 |
| <b>Section 23-24</b>  | Payment schedule (and its amendment)   | 23(3)-(5)<br>24 (all clauses)<br>25 (all clauses) | Disbursement of the Grant                 |



#### 4.2.1. Grant Administration

As the transferring national officer, the National Department of Public Works must ensure that all of the necessary administrative processes are in place to manage the grant and must certify that these do not place an undue administrative burden on public bodies meant to receive and utilise it.

**Table 19: Administrative Requirements**

| Category of Obligations            | Requirements  | Reference  | Timeframe in which Requirements must be met   |
|------------------------------------|---|--|---|
| <b>Administrative Requirements</b> | <ul style="list-style-type: none"> <li>Certify that all administrative arrangements are in place for managing the grant; and are not excessive</li> <li>Certify that funds will be transferred in accordance with the approved payment schedule and published bank details</li> </ul> | <ul style="list-style-type: none"> <li>DORA Section 10(1)-(4)</li> </ul>                   | <ul style="list-style-type: none"> <li>14 calendar days after the DORA takes effect</li> </ul>  |
|                                    | <ul style="list-style-type: none"> <li>Determine eligibility, grant allocations and EPWP targets for eligible public bodies</li> <li>Develop Grant Frameworks</li> </ul>  | <ul style="list-style-type: none"> <li>Grant Agreement</li> <li>Grant Framework</li> </ul> | <ul style="list-style-type: none"> <li>Draft (Nov); Final (Feb)</li> </ul>  |
|                                    | <ul style="list-style-type: none"> <li>Publish on the EPWP website all documents relevant for public bodies to understand and implement the grant, including a grant manual, the relevant EPWP guidelines and the ministerial determination</li> </ul>                                | <ul style="list-style-type: none"> <li>Grant Framework</li> </ul>                          | <ul style="list-style-type: none"> <li>At the beginning of the financial year (April for provincial departments and July for municipalities)</li> </ul> |
|                                    | <ul style="list-style-type: none"> <li>Manage the EPWP coordinating structures to support implementation, identify blockages and facilitate innovative solutions</li> </ul>   | <ul style="list-style-type: none"> <li>Grant Agreement</li> <li>Grant Framework</li> </ul> | <ul style="list-style-type: none"> <li>n/a</li> </ul>   |

#### 4.2.2. Disbursement of the Grant

As the transferring national officer, the National Department of Public Works must ensure that mechanisms are in place to manage grant disbursements in accordance with the grant's stipulations, requirements, conditions and obligations.

**Table 20: Grant Disbursements**

| Category of Obligations    | Obligations  | Reference  | Timeframe in which Requirements must be met  |
|----------------------------|--|--|--|
| <b>Grant Disbursements</b> | <ul style="list-style-type: none"> <li>The transferring national officer must submit a payment schedule to national treasury for approval before the first transfer of funds; and provide a copy to the relevant receiving officer and provincial/ municipal treasuries</li> </ul>   | <ul style="list-style-type: none"> <li>DORA Section 23(3b), (4)</li> </ul>                             | <ul style="list-style-type: none"> <li>14 calendar days after the DORA takes effect</li> </ul>                                   |
|                            | <ul style="list-style-type: none"> <li>Disburse the grant to eligible public bodies</li> </ul>   | <ul style="list-style-type: none"> <li>Grant Framework</li> </ul>                                      | <ul style="list-style-type: none"> <li>In accordance with approved payment schedules – 15 May, 15 Aug, 15 Nov, 15 Feb</li> </ul> |
|                            | <ul style="list-style-type: none"> <li>Notice to withhold a grant allocation</li> </ul>  | <ul style="list-style-type: none"> <li>DORA Section 18 (4), (5), (6b,c)</li> </ul>                     | <ul style="list-style-type: none"> <li>7 working days before withholding an allocation</li> </ul>                                |
|                            | <ul style="list-style-type: none"> <li>A transferring national officer must submit any amended payment schedule to the National Treasury for approval; and immediately inform the affected receiving officer of such amendment</li> </ul>  | <ul style="list-style-type: none"> <li>DORA Section 24</li> </ul>                                      |  |
|                            | <ul style="list-style-type: none"> <li>The transferring national officer must determine the conditions for spending any re-allocated grant funds, after consultation with DCOG and with the approval of National Treasury</li> </ul>   | <ul style="list-style-type: none"> <li>DORA Section 18(4c)</li> </ul>                                  | <ul style="list-style-type: none"> <li>As requested by National Treasury</li> </ul>  |
|                            | <ul style="list-style-type: none"> <li>Where the transferring national officer transfer has made an overpayment to a public body, in error or fraudulently, not legally due to that public body must without delay recover the overpayment, unless National Treasury instructs that this transfer may be offset against future planned transfers to the affected public body in terms of the payment schedule</li> </ul> | <ul style="list-style-type: none"> <li>DORA Section 25 (all clauses)</li> </ul>                        | <ul style="list-style-type: none"> <li>Immediately on discovery</li> </ul>   |
|                            | <ul style="list-style-type: none"> <li>Request a rollover where unspent conditional grant funds are committed to identified projects, or</li> <li>Where unspent funds will offset future allocations, make representations to National Treasury regarding alternative uses</li> </ul>  | <ul style="list-style-type: none"> <li>DORA Section 22(1)-(5)</li> <li>NT Budget Guidelines</li> </ul> | <ul style="list-style-type: none"> <li>Beginning of May</li> </ul>   |

#### 4.2.3. Reporting Requirements

The National Department of Public Works is required to report to National Treasury on the grant and manage all reporting in by public bodies.

**Table 21: Reporting Requirements**

| Category of Obligations                     | Requirements   | Reference  | Timeframe in which Requirements must be met   |
|---|--|--|---|
| <b>Reporting requirements for the Grant</b> | <ul style="list-style-type: none"> <li>The transferring national officer must report on: <ul style="list-style-type: none"> <li>The grant disbursements, withholding and expenditure</li> <li>Quarterly performance of all programmes/ projects partially or fully funded in accordance with the requirements of the relevant framework</li> </ul> </li> </ul>   | <ul style="list-style-type: none"> <li>PFMA Section 40(4)(c) and DORA Section 10(6)</li> <li>DORA Section 10(5), (7b) and Grant Framework</li> </ul> | <ul style="list-style-type: none"> <li>Report 15 calendar days after month end</li> <li>Report 45 calendar days after the quarter ends</li> </ul>                                 |
|   | <ul style="list-style-type: none"> <li>A national department responsible for transferring a schedule 5/5b allocation must, in their annual financial statements, indicate: <ul style="list-style-type: none"> <li>Disclose grant transfers, withholding/ stopping/ re-allocations (and the reasons); expenditure</li> <li>Certify transfers were made into official public body bank accounts;</li> <li>Compliance monitoring activities, any non-compliance discovered and steps to address such;</li> <li>To what extent the grant achieved its objectives;</li> <li>Indicate the costs associated with the administration of the grant</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>DORA Section 15(1), (2), (6)</li> <li>PFMA Section 40</li> </ul>  | <ul style="list-style-type: none"> <li>National departments – submit to the AG &amp; NT, 2 months after financial year end; finalise 5 months after financial year end</li> </ul> |
| <b>Data Verification</b>                    | <ul style="list-style-type: none"> <li>Conduct data quality assessments on a continuous basis to support good governance and identify areas for administrative improvement</li> </ul>  | <ul style="list-style-type: none"> <li>Grant Agreement</li> </ul>  | <ul style="list-style-type: none"> <li>Quarterly, on a sample basis</li> </ul>  |
| <b>Grant Evaluation</b>                     | <ul style="list-style-type: none"> <li>The transferring national officer must evaluate the performance of all programmes partially or fully funded by a schedule 5/5b allocation and submit such evaluations to the National Treasury</li> </ul>   | <ul style="list-style-type: none"> <li>DORA Section 10(8)</li> </ul>   | <ul style="list-style-type: none"> <li>Provincial Grant – 4 months after financial year end</li> <li>Municipal Grant – 6 months after financial year end</li> </ul>               |

#### 4.2.4. Technical Support to Public Bodies

As the transferring national officer, the National Department of Public Works must ensure that where there are specific areas where support is needed to implement the grant; that these are identified, planned for and prioritised with public bodies that require it most.

**Table 22: Technical Support Obligations**

| Category of Obligations                   | Obligations  | Reference   | Timeframe in which Requirements must be met   |
|---|--|---|---|
| <b>Technical Support to Public Bodies</b> | <ul style="list-style-type: none"> <li>Support public bodies, in the manner and in the technical support areas agreed to in the grant agreement</li> </ul>   | <ul style="list-style-type: none"> <li>EPWP Grant Manual</li> <li>Support Technical Support Protocol</li> </ul> | <ul style="list-style-type: none"> <li>As per the Technical Support Protocol</li> </ul> |
|   | <ul style="list-style-type: none"> <li>Support the sector to collect the required data, align monitoring and reporting frameworks and to report on key outputs on the EPWP reporting system</li> </ul> |   |   |

## Chapter 5: Reporting Procedures (Staff of Public Bodies Implementing EPWP)

**Chapter summary:** This chapter presents the detailed progress (monthly, quarterly and annual) reporting procedures that must be followed by the public bodies receiving the EPWP Grant.

### 5.1. Project Data Required for Monitoring

#### 5.1.1. Type of Project Data required per programme/ project

Every EPWP programme/ project must collect and maintain specific data for the purpose of EPWP progress reporting:

- a. **Beneficiary data:** A beneficiary list or database must be maintained for every project. The data required in this beneficiary list is indicated in the table below. A bulk upload form of this list can be obtained off the EPWP reporting system. This form should be filled in at the start of the programme/project and updated when necessary (addition of beneficiaries).
  - i. This beneficiary list must contain the following information:
    - Beneficiary identity data – name, surname, initials, date of birth and identity number (or other unique identifier)
    - Beneficiary profile data – nationality, gender, age, education level and disability status
    - Minimal employment data based on the agreed employment terms and conditions for each beneficiary, such as – contracted work period, planned monthly person days of work, planned training days, daily wage rate to be received.
  - ii. EPWP provides a template for the beneficiary list that can be filed in. The EPWP template has the columns identified in the table below. The data in this template is the basic data needed to do a bulk payment upload on a monthly basis.

**Table 23: Beneficiary List Information**

| Field name     | Description of the Field to be completed  | Instruction on how to complete the field                                     |
|----------------|---|--|
| First Name     | The person's first name   | Only enter the first name of the person. Do not enter two names              |
| Initials       | Initials of the person  | Do not use full stops between the Initials                                   |
| Last Name      | Last name of the person   |  |
| ID Number      | The ID number of the person   | An ID number must have 13 digits   |
| DOB            | Date of birth   | Enter dd/mm/yyyy<br>Make sure you enter the date of birth in the correct way |
| Gender         | M or F  | M = Male<br>F = Female   |
| Has Disability | Y or N  | Y = Yes<br>N = No  |
| Education      | 1 = Unknown<br>2 = No Schooling<br>3 = Grade 1-3 (SubA – Std1)<br>4 = Grade 4 (Std 2) ABET1<br>5 = Grade 5-6 (Std3-4) ABET2<br>6 = Grade 7-8 (Std 5-6) ABET3<br>7 = Grade 8-9 (Std 7) ABET4<br>8 = Grade 10-11 (Std 8-9)<br>9 = Grade 12 (Std 10)<br>10 = Post Matric |  |
| Start Date     | Date the person start working on the project  | Dd/mm/yyyy   |
| PFD Ref No     | Reference Number of the project   |  |

- b. **Project (beneficiary) work data:** This generally seeks to confirm the number of person days of work created by the project and the number of people at work daily on the project. The following data must be maintained and only needs to be provided by the public body to the National Department of Public Works upon request when undertaking sample auditing. The documentation that should be kept and signed off by the employee and designed manager includes:
  - i. Daily attendance register – register showing all the workers that were registered at work every day. Attendance registers should be completed on site on a daily basis; and/or
  - ii. A monthly timesheet – which summaries monthly attendance.
- c. **Project payment data:** This generally seeks to confirm what was paid, for how much work and to whom. There are various ways this information can be maintained. Any proof of payment is required. It is advised that one of the following methods becomes standard procedure:
  - i. Payment register – which is a list of workers, showing the wages paid to each worker, signed off as proof of acceptance of payment. Information on this register should include: the name of the worker, either an identity number or other unique identifier, the number of calendar days that the pay period covers, the wage rate and total wages paid. **Or**
  - ii. Payroll records **Or**

- iii. Bank records showing the transfers to each worker account signed by the project implementer as proof of payment – which must specifically show the name of the worker, an identity number, the period for which the pay covers and the amount in wages being paid.

*The above records (ii. and iii.) may be more difficult to obtain unless agreed to in the original contract with the project implementer.*

This data must be available and applicable for the entire period for which the project is being reported, classified under EPWP and/or funded by the grant.

d. **Financial data:**

- i. In general, for all EPWP programmes/ projects, the financial data required is aimed at identifying the cost of labour, the wage component (compensation of workers) of the total project budget, and programme/ project expenditure.
- ii. Where the grant is being received, it is important that the following data is gathered: the grant amount received and spent for the reporting period and year-to-date, any committed grant funding not yet spent and any grant funding withheld. In addition, where there are material problems with spending the grant, this must be reported and the appropriate action taken to address this.

**5.1.2. Use for required Project Data**

Public bodies must ensure that their project implementers have established adequate controls measures (i.e. an attendance record and payroll system with workers recorded by identity number) to be used for tracking the above project data. The 5% capacity portion of the grant can be used to ensure adequate project management capacity and monitoring systems where these are insufficient.

Project work and payment data will only be required for auditing or data quality assessment tests. These will only be carried out on a sample of projects periodically during the financial year.

For each project, beneficiary data and financial data must be collected by every project implementer and reported to the public body with all required signed-off supporting documentation, for each month.

Employment output data – such as the number of work opportunities created, the number of FTEs created (calculated from the number of person days of work created), the average duration of work opportunities created, and the average daily wage rate paid – will be calculated from 5.1.1 a-d above and reported on by EPWP per programme/ project. This forms the basis of the assessment of progress by EPWP.

**Table 24: Use of Project Data**

| Use                               | Activity  | Objective  | Data Used  |
|-----------------------------------|---|--|--|
| Data Quality Assessment Tests     | Verifies data and tests processes and controls to gather data   | Control and compliance   | Project work data<br>Payment data<br>Beneficiary data        |
| Performance auditing              | Checking the validity of performance information produced by departments and the evidence maintained  | Accountability, control, compliance  | The above data, plus compliance evidence                     |
| Progress Monitoring and Reporting | Ongoing tracking of progress against targets and initiating corrective action   | Management, accountability, corrective action  | Beneficiary data<br>Financial data<br>Employment output data |
| Programme Evaluation              | Systematic collection and objective analysis of evidence to assess issues such as relevance, performance (effectiveness and efficiency), value for money, impact and sustainability, and to recommend ways forward. | Learning, accountability, improving performance, inform policy, planning and budgeting | All of the above   |

**5.2. EPWP Progress Reporting Procedures**

There are specific procedures and deadlines to be met in terms of progress reporting.

For easy reference, the table and process diagram below sets out:

- a. A consolidated view of the key reporting requirements that must be adhered to – the table below highlights the key reporting milestones, the deadlines to meet these milestones and the parties responsible for this.
- b. An overall view of the reporting processes – the process diagram below illustrates the manner in which each of these milestones and key reporting deadlines fit together into a reporting process.

If the reporting procedures and timelines are not adhered to, the National Department of Public Works will NOT approve a disbursement in terms of the payment schedule within the planned timeframes.

**These reports are more fully explained on the next page.**

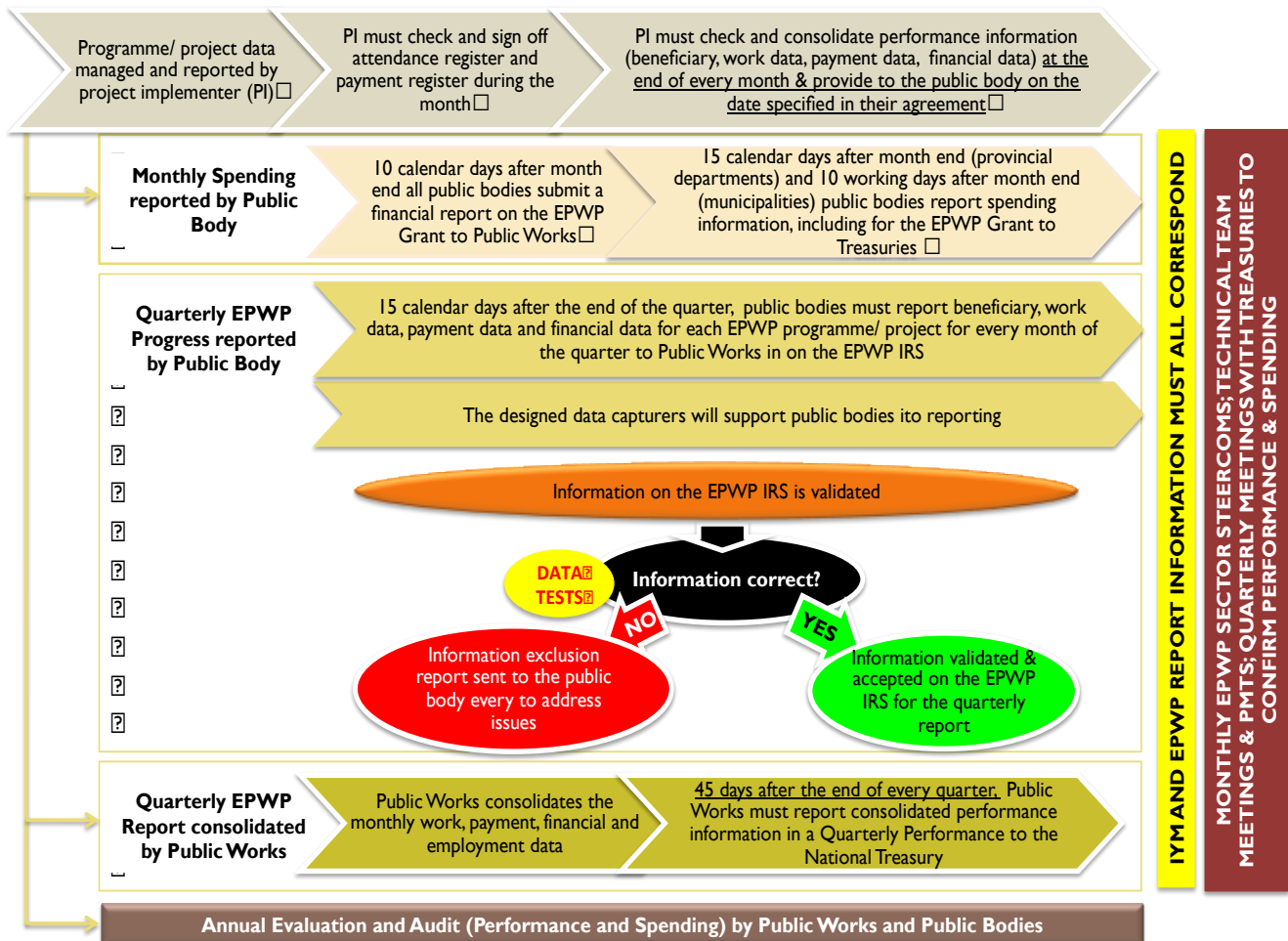
Table 25: Consolidated view of Compliance Requirements

|  | MILESTONE  | THE NATIONAL<br>DEPARTMENT OF PUBLIC<br>WORKS DEADLINE  | PUBLIC BODIES' DEADLINE  | RESPONSIBILITY  |
|--|--|---|--|---|
| Planning inputs<br>to reporting          | Submit EPWP Project list   | n/a   | 30 April 2014 (prov)<br>7 June 2014 (munis)  | Project Management Units of<br>the public body  |
|  | Sign Grant Agreements  | Sent out by the National<br>Department of Public<br>Works:<br>Beginning April (prov)<br>Beginning June (munis)    | Sign agreement by:<br>30 April 2014 (prov)<br>15 August 2014 (munis)   | Accounting officers of the<br>public body and the National<br>Department of Public Works                        |
|  | Register projects on the EPWP IRS  | n/a   | By the Q1 reporting date   | Public body supported by the<br>EPWP Technical Team   |
| Grant<br>Disbursements                   | Grant Disbursement dates for<br>public bodies  | 15 May 2014, 15 Aug 2014, 15 Nov 2014 (prov)<br>15 Aug 2014, 15 Nov 2014, 15 Feb 2015 (munis)                     |  | CFO of the National Department<br>of Public Works, Provincial and<br>Municipal Treasuries                       |
| Monthly<br>Financial<br>Reporting        | Financial reporting to the National<br>Department of Public Works  | n/a   | 10 calendar days after the end<br>of every month   | CFO of Provincial Departments<br>CFO/MM of Municipalities   |
|  | In-Year Monitoring reporting to<br>treasuries in terms of PFMA<br>S40(4)(c), MFMA S71, DORA<br>Section 12(2)-(4) | 15 calendar days after the<br>end of every month  | 15 calendar days after the end of<br>every month (prov)<br>10 working days after the end of<br>every month (munis)   | CFO of Provincial Departments<br>CFO/MM of Municipalities<br>CFO of the National Department<br>of Public Works  |
| Monthly EPWP<br>Progress<br>reporting    | Public bodies load or submit<br>monthly data for loading onto<br>EPWP reporting system                           | Technical team supports<br>public bodies to load data   | 15 calendar days after the end of<br>every month   | Public bodies, unless otherwise<br>agreed to between the parties  |
|  | Verification of information  | Exclusion report sent out at<br>the end of every month  | Upon loading the following<br>month's data   | EPWP's M&E unit<br>Public body  |
|  | Provincial Technical Monthly<br>Management Progress Meetings   | Every month   | n/a  | EPWP Sector Manager,<br>Technical Team, Provincial<br>Coordinators  |
| Quarterly EPWP<br>Progress<br>reporting  | Full quarter's data loaded and<br>authorised on the system<br>(culmination of monthly loading)                   | 15 calendar days after the end of every month   |  | Public body supported by the<br>EPWP Technical Team   |
|  | EPWP reporting: locking of EPWP<br>reporting system  | 15 calendar days after the<br>end of every month  | n/a  | EPWP's M&E unit   |
| Overall EPWP<br>Reporting                | Overall Quarterly EPWP Reporting   |   |  | EPWP's M&E unit   |
|  | Quarterly Performance Reporting<br>and Quarter Payment Schedule to<br>National Treasury                          | 45 calendar after the end of<br>every quarter   | n/a  | EPWP Sector Manager and<br>Finance  |
| Annual<br>accountability<br>requirements | EPWP programme/project<br>evaluation   | Provincial Grant – 4 months<br>after financial year end<br>Municipal Grant – 6 months<br>after financial year end | 2 months after financial year<br>end   | Accounting officer of the<br>National Department of Public<br>Works<br>Accounting officer of the public<br>body |
|  | EPWP programme/project audit   | Submitted to AG & NT, 2<br>months after financial year<br>end<br>Finalised 5 months after<br>financial year end   | Submitted to AG & relevant<br>treasury, 2 months after<br>financial year end (all public<br>bodies)<br>Provinces finalise 5 months<br>after the financial year end<br>Municipalities finalise 7 months<br>after financial year end |   |



Figure 4: Process of Progress Reporting

**PROGRESS REPORTING TO PUBLIC WORKS, NATIONAL DEPT, SECTOR & RELEVANT TREASURY**



**5.2.1. Process for Monthly Expenditure Reporting**

The public body is required to consolidate, report on and disseminate the project financial data referred to in 5.1.1 d above in the manner described below.

**a. In-Year Monitoring Reporting through municipal/ provincial treasuries to the National Treasury**

- i. Public bodies will submit a monthly In-Year Monitoring (IYM) report to the relevant treasury to report against spending on the provincial budget, including spending on conditional grants. The public body is required to report against the appropriated grant allocation:
  - The amount received (the actual transfer from the transferring national officer) against the approved payment schedule;
  - Expenditure against the grant.
- ii. The timelines for this report is:
  - 15 calendar days after the end of every month in terms of Section 12(1),(2a,c), (3) and (5) of the 2014 Division of Revenue Act and Section 40(4)(c) of the PFMA for provincial departments; and
  - 10 working days after the end of every month in terms of Section 12(1)(2b,c), (4) and (5) of the 2014 Division of Revenue Act and Section 71 of the MFMA for municipalities.

**b. Monthly financial reporting to the National Department of Public Works**

The public body is required to report:

- i. Expenditure in prior months and expenditure in the current month against the appropriated grant allocation and transfers year-to-date;
- ii. The amount received in prior months and the amount received in the current month against the approved payment schedule;



- iii. Funds received year-to-date but not yet spent;
- iv. Funds committed but not yet spent; and
- v. Grant transfers withheld.

Public bodies must ensure that the financial data submitted in their IYM reports (to the relevant treasury) and their EPWP reports (to the National Department of Public Works) correspond.

#### 5.2.2. Process for EPWP Progress (Monthly/Quarterly) Reporting

- a. For every project, each project implementer will ensure that project progress data is provided to the relevant public body at the end of every month on a date agreed to between the parties.
- b. The public body has between the end of the month and 15 calendar days after the end of every month to:
  - i. Check and sign-off on the project progress data
  - ii. Load (capture, verify and authorise) this monthly project progress and financial data referred to in 5.1.1 a-d above onto the EPWP reporting system in the manner required (supported by the EPWP technical team data capturers)
  - iii. Data Validation: The EPWP reporting system will run automated checks and validate the data loaded. Validated data is included in the EPWP progress report to be reported as performance. Excluded data will need to be checked and cleaned up by the public body and loaded during the quarter.
- c. By 15 calendar days after the end of the quarter, the public body must have loaded progress data for the 3 months of the quarter onto the system.

#### 5.2.3. Quarterly EPWP Performance Reporting

The National Department of Public Works will produce, 45 calendar days after the end of every quarter:

- a. **A consolidated EPWP Quarterly Report** on the performance of the EPWP programme across all sectors (infrastructure, social, environment and culture, non-state sectors) and all spheres (national, provincial and local government) for submission to the National Treasury. This report will cover:
  - i. The person days of work, person days of training, FTEs and work opportunities created by programme and by public body;
  - ii. Total Wages and the average wage rate to EPWP beneficiaries by EPWP programme and by public body;
  - iii. Expenditure by EPWP programme and by public body;
  - iv. Calculated employment data (such as labour intensity, FTEs created against target, etc.) for the different sectors.

***This report will be made available to the EPWP coordinating department in each province and national sector lead departments to inform discussions on performance or actions to enhance delivery and resolve implementation blockages.*** It is important that the institutional structures set up to coordinate and monitor EPWP implementation engage with the reported information and that there is accountability for sector performance.

An example of this report can be found at: <http://www.epwp.gov.za/index.asp?c=Downloads>

- b. For each sector,
  - i. **A Quarterly Performance Report on the EPWP Grant** setting out for each public body,
    - Validated FTE performance year-to-date against the set EPWP Target;
    - Financial performance in terms of 5.2.1b above.
  - ii. **An updated Quarterly Payment Schedule.**

The National Department of Public Works is required to send these reports to the National Treasury in compliance with the provisions of the 2014 DORA.

### 5.3. Disbursement Processes

At the beginning of the financial year, the National Department of Public Works will determine the payment schedule for the EPWP Grant – this will be provided to all receiving officers and their relevant treasuries. The only drawdown from Municipal or Provincial Revenue Funds in terms of the EPWP Grant are the disbursements authorised by the National Department of Public Works in terms of this payment schedule.

The tables below show the disbursement details for public bodies.

*Column 1 indicates the disbursement date. Column 2 indicates to which sphere the disbursement date applies. Column 3 indicates the approximate period that the grant disbursement should cover. Column 4 indicates which public bodies will receive a disbursement on the specified date.*

**Table 26a: How the EPWP Grant will be disbursed to provincial departments**

| Disbursement Date | Applicable to provinces | Amount       | Approximate period covered by the grant | Conditions on Provincial Departments   | Who will receive it   |
|-------------------|-------------------------|--------------|---|--|---|
| 15 May 2014       | X                       | 40% of grant | 1 Apr 14 to 25 Aug 14                   | <ul style="list-style-type: none"> <li>Signing of the Grant Agreement by 30 April;</li> <li>The National Department of Public Works approves its EPWP project list.</li> <li>PFMA monthly expenditure reporting 15 calendar days after the end of every month;</li> <li>Implementation of its EPWP project list;</li> <li>Spending its initial 40% towards its targets;</li> <li>Reporting quarterly as per EPWP requirements, 15 calendar days after the quarter ends.</li> </ul> | Provincial Infrastructure and E&C departments eligible in 2014/15 |
| 15 Aug 2014       | X                       | 30% of grant | 25 Aug 14 to 12 Dec 14                  |  |   |
| 15 Nov 2014       | X                       | 30% of grant | 12 Dec 14 to 31 Mar 14                  |  |   |

**Table 26b: How the EPWP Grant will be disbursed to Municipalities**

| Disbursement Date | Applicable to municipalities | Amount       | Approximate period covered by the grant | Conditions on Municipalities  | Who will receive it                |
|-------------------|------------------------------|--------------|---|---|------------------------------------|
| 15 Aug 2014       | X                            | 40% of grant | 25 Aug 14 to 24 Nov 14                  | <ul style="list-style-type: none"> <li>Signing of the Grant Agreement by 15 Aug;</li> <li>The National Department of Public Works approves its EPWP project list.</li> <li>MFMA monthly expenditure reporting 10 working days after the end of every month;</li> <li>Implementation of its EPWP project list;</li> <li>Spending its initial 40% towards its targets;</li> <li>Reporting quarterly as per EPWP requirements, 15 calendar days after the quarter ends.</li> </ul> | Municipalities eligible in 2014/15 |
| 15 Nov 2014       | X                            | 30% of grant | 24 Nov 14 to 15 Mar 14                  |   |                                    |
| 15 Feb 2015       | X                            | 30% of grant | 15 Mar 15 to 30 June 15                 |   |                                    |

The National Department of Public Works requires that treasuries and participating public bodies specifically nominate 1-2 relevant officials who will liaise with the National Department of Public Works and ensure that disbursements are received by public bodies timeously. The names of these officials should be indicated when signing the Grant Agreement.

Where the National Department of Public Works amends the payments schedule; this will immediately be communicated to the affected public bodies, stating the reasons for, and the implications of, the amendments.

#### 5.4. Annual Reporting: Accounting for the Use of the EPWP Grant

In addition to in-year progress reporting described in section 5.2 above, at year-end, public bodies as well as the National Department of Public Works is required to account for the use and outcomes of the EPWP Grant in the following documents:

- Audited annual financial statements
- Annual Report
- Annual Programme Evaluation Report.

##### 5.4.1. The audited annual financial statements and annual report of the relevant public body

- Must be finalised 5 months after the national financial year end for provincial departments or 7 months after the municipal financial year end for municipalities. In compiling the annual report and annual financial statements, the public body needs to report on the EPWP Grant specifically as detailed in section 15 of the 2014 DORA, section 40 of the PFMA and Chapter 12 of the MFMA. These documents must be made available to EPWP on request.
- The annual financial statements must, in addition to any other legislative requirements:
  - Indicate the total EPWP Grant amount received
  - Indicate the total amount of actual expenditure against the EPWP Grant amount received
  - Certify that all transfers were deposited into the primary bank account of the province/ provincial department/ municipality
  - Any grant allocations withheld and the reasons for such withholding.
- The annual report must, in addition to any other legislative requirements:
  - Indicate to what extent the public body has complied with DORA and the provisions of the Grant Agreement
  - Indicate reasons for non-compliance and indicate the steps taken to address any non-compliance
  - Indicate the extent to which the objectives and outputs of the EPWP Grant were achieved
  - Contain any other information that may be specified in the relevant grant framework or by the National Treasury.

#### 5.4.2. Annual audit on the overall EPWP programme

- a. The National Department of Public Works will undertake an annual audit on the overall EPWP programme, including the performance of EPWP, control effectiveness and compliance with the conditions of the EPWP Grant. The audit work undertaken by the National Department of Public Works could unearth non-compliance or inaccurate performance data.

b. **Where there is non-compliance,**

- With the provisions of DORA, as captured in the grant frameworks or the body of the bill; or
- With the conditions of the grant, as specified in the Grant Agreement or this EPWP Grant Manual, including a lack of progress reporting in timeframes specified; or
- With the Audit Requirements, such as a lack of documentary evidence of the work created or spending,

**In consultation with the National Treasury, the National Department of Public Works will be responsible for deciding on corrective action. In this regard, they may:**

- Withhold the EPWP Grant in accordance with DORA Section 18, and notify the public body of the reasons for such withholding as well as the actions required to rectify the problem. In order to lift the suspension, the public body must prove that the fault has been rectified by the time of the next reporting deadline or disbursement date.
- Stop and re-allocate the EPWP Grant in accordance with DORA Section 19-20, depending on:
  - The audit findings and the nature of the issue found (materiality considered)
  - The recommendations of the AG, internal audit committee and the National Treasury
  - Any representations made, or corrective action taken, by the public body in this regard.

- c. **Where there is misrepresentation,** such as inaccurate performance information provided, the inclusion of non-EPWP projects, the misappropriation and use of the EPWP Grant (not used for the purposes intended), etc.

**In consultation with the National Treasury, the National Department of Public Works may:**

- Make adjustments to the future EPWP Grant allocation to the public body in line with the true information
- Stop and re-allocate the EPWP Grant in accordance with DORA Section 19-20, depending on:
  - The audit findings and the nature of the issue found (materiality considered)
  - The recommendations of the AG, internal audit committee and the National Treasury
  - Any representations made, or corrective action taken, by the public body in this regard.

#### 5.4.3. Annual evaluation

- a. **Every public body must be able to assess the outcomes of the programmes/ projects partially or wholly funded from the EPWP Grant.** Where the grant complements other programme funding, and a programme evaluation is undertaken, the public body must ensure that the assessment of EPWP outcomes and outputs are part of the programme evaluation framework. Where the grant wholly funds a programme/ project, a public body should utilise the framework shown in the table below to assess the EPWP outcomes of the programme/ project.
- b. **The National Department of Public Works will also evaluate the effectiveness of the EPWP Grant.** The National Department of Public Works will assess and report to regulatory bodies on the manner in which the EPWP Grant has been used and the outcomes achieved. This will inform any changes that need to be made to the grant or its administration. *Public bodies receiving the EPWP Grant are expected to cooperate fully with any evaluation conducted by the EPWP Unit by providing evaluators with relevant data and records; ensuring that the staff of public bodies participates in interviews, focus group discussions and surveys; and facilitating access to project sites and EPWP workers.*

*Table 45 on the next page provides guidance on how 5.4.3 can be assessed and presented.*

**Table 27: Evaluation of the EPWP Grant**

|                                       |  |
|---------------------------------------|--|
| <b>Primary Aims of the Evaluation</b> | <ul style="list-style-type: none"> <li>(1) To improve accountability for use and outcomes</li> <li>(2) To generate knowledge</li> <li>(3) To enable decision-making</li> <li>(4) To improve performance</li> </ul>   |
| <b>Use of the Grant</b>               | <ul style="list-style-type: none"> <li>▪ Where is the grant applied – which focus areas? What type of programmes/ projects is it funding?</li> <li>▪ Was the grant spent as planned? Are funds being used in a manner that supports the grant goals? Is this spending creating work?</li> <li>▪ What is the cost of this work? How much is being used to pay wages/ compensate beneficiaries? What is the labour intensity ratio?</li> </ul>   |
| <b>Performance</b>                    | <ul style="list-style-type: none"> <li>▪ Did the project list meet target expectations? Was the project list implemented as planned? If not, why not?</li> <li>▪ How much work was created (work opportunities, FTEs) against the target? Have targets been met – why/why not?</li> <li>▪ Is there experience and learning offered to beneficiaries – how much training or skills development is being provided? How much is accredited and how much not?</li> <li>▪ Is labour intensive delivery methods being maximised? What is the LI ratio? Is it driven by wage levels or the number of person days of work?</li> <li>▪ What are the areas of poor performance and what can be learnt from these? What kind of technical support would improve performance?</li> </ul>                                       |
| <b>Outcomes</b>                       | <p>Is there a contribution to the key outcomes of EPWP? Measure this contribution.</p> <ul style="list-style-type: none"> <li>▪ Is there an increase in the number of people employed and receiving income through the EPWP?</li> <li>▪ Is there an increase in the average duration of the work opportunities created?</li> <li>▪ Are EPWP beneficiaries receiving increased income?</li> <li>▪ Is there an improvement in the quality of life of beneficiaries (reduced poverty) since involvement in the project?</li> <li>▪ Has there been any improvement in the opportunities beneficiaries have in terms of securing sustainable work?</li> </ul> <p>Is the EPWP Grant leading to better EPWP performance of public bodies?</p>   |
| <b>Management of the Grant</b>        | <ul style="list-style-type: none"> <li>▪ Is there a focus on the strategic goals/ purpose of the grant?</li> <li>▪ Who manages performance and drives corrective actions to reach goals? How effective are these interventions or structures? Is there buy-in and accountability at the highest levels?</li> <li>▪ What needs to change in terms of the design of programmes/ projects, focus areas funded, procurement arrangements, management of projects, etc.?</li> <li>▪ Is reporting accurate and undertaken as required? If not, what are the challenges and how can these be addressed?</li> <li>▪ Is the technical support programme effective; and how can it be better targeted or improved?</li> <li>▪ Is the administration of the grant too onerous? How can it be simplified/ improved?</li> </ul> |
| <b>Learnings</b>                      | <ul style="list-style-type: none"> <li>▪ Are there specific learnings for the grant or sector(s) that should be shared or replicated?</li> </ul>   |

## Chapter 6: Audit Framework (Public Bodies & the National Department of Public Works' Internal Audit)

**Chapter summary:** This chapter provides the regulatory framework for maintaining an effective internal audit function for the EPWP Grant for Provinces and Municipalities. The Audit Requirements apply to the internal auditors of eligible public bodies. It is expected that public bodies will compare their current practices and approaches to the management of project data with these Audit Requirements and take the necessary action to comply with the stated requirements. These Audit Requirements have been formulated as a set of principles for all public bodies within EPWP broadly, to assist their understanding in meeting these requirements.

### 6.1. Key Principles

#### 6.1.1. Independence and objectivity

- a. **Organisational independence:** The Internal Audit function must be free to perform work and communicate results. The Internal Audit function must remain independent of all line and functional management and will be answerable solely to the public body's Management and Audit Committee.
- b. **Individual objectivity:** Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.

#### 6.1.2. Proficiency and Due Professional Care

Internal auditors must possess the knowledge, skills, and other competencies needed to perform their responsibilities in terms of these *Audit Requirements*. Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor.

#### 6.1.3. Quality Assurance

Internal Auditors shall at all times conduct the work assigned to them in accordance with the Audit Methodology and the Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors (refer to [www.theiia.org](http://www.theiia.org)). Internal Audit shall further comply with the Code of Ethics of Internal Auditors, as published by the Institute of Internal Auditors.

#### 6.1.4. Capacity

The Internal Audit function must establish sufficient capacity to support the scope of audit work required to ensure accountability for the EPWP Grant. If an eligible public body does not have an established internal audit function, the public body is advised to make the necessary arrangements to outsource or co-source the function to ensure compliance with the *Audit Requirements*.

### 6.2. Internal Audit purpose and objective

#### 6.2.1. Purpose

The purpose of the Internal Audit function at public bodies is to maintain an independent objective assurance activity designed to improve the public body's project management operations. It will assist the public body to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal Audit should provide the management of the public body and the Audit Committee with analysis, appraisals, recommendations and information concerning the project activities and data reviewed.

#### 6.2.2. Objective

The objective of the Internal Audit function at public bodies is to identify and evaluate significant exposures to risk and contribute to the improvement of risk management, control and governance systems.

This should include:

- a. Overseeing the risk management framework and monitoring risk
- b. Reviewing the established systems to ensure compliance with those procedures, laws and regulations that could have a significant impact on operations and report and determine whether the public body has complied with the relevant requirements
- c. Ensuring that an effective system of internal control exists and is operating as required
- d. Evaluating the reliability and integrity of financial, project management and other operational information.

#### Definitions Reminder Box

**Risk management** is the process to identify, assess, manage and control potential events or situations to provide reasonable assurance regarding the achievement of the organisation's objectives.

**Control** means any action taken by management and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved.



### 6.3. Roles and Responsibilities of relevant parties in Audit

#### 6.3.1. Roles and responsibilities: Internal Audit unit of public bodies

- a. The role of the Internal Audit unit is to assist the public body to meet their objectives by providing an independent appraisal of the adequacy and effectiveness of the controls set up by the public body to manage project implementation, with particular interest to those projects to which the EPWP Grant is allocated.
- b. The Internal Audit unit of each public body is responsible to render the internal audit services required in terms of these Audit Requirements, the requirements of the Division of Revenue Act, the Grant Agreement, the PFMA/MFMA (as is applicable), Treasury Regulations and any other relevant documentation issued by the National Department of Public Works in terms of the EPWP Grant.
- c. **The responsibilities of the Internal Audit unit include:**
  - i. Developing and implementing an annual audit plan using an appropriate risk based methodology, including any risk or control concerns identified by the public body's Management and submit that plan to the Audit Committee for review and approval
  - ii. Maintaining a professional audit staff with sufficient knowledge, skills, experience and professional certification
  - iii. Issuing periodic reports to the Audit Committee and the public body's Management summarising the results of the audit activities
  - iv. Providing a list of significant results to the public body's Management and Audit Committee.

#### 6.3.2. Roles and responsibilities: the Public Body

- a. Although the role of the Internal Audit unit is to review internal controls, system procedures, risks, **ultimately the public body retains full responsibility for ensuring that they actually implement and maintain an appropriate framework of controls.**
- b. The public body also has the responsibility and accountability for addressing non-compliance, weaknesses and inefficiencies that have been identified by both External Audit and Internal Audits (conducted by the National Department of Public Works and the public body's Internal Audit respectively), and for taking the necessary corrective action.
- c. **The public body is further responsible for:**
  - i. Providing input on the areas of investigation by Internal Audit
  - ii. Ensuring support for the Internal Audit function, including ensuring that the Internal Audit unit has unrestricted access to all relevant functions, records and personnel pertaining to any project whose activities are under review
  - iii. Maintaining internal control, including proper accounting records and other management information required for proper and compliant project governance
  - iv. Compelling project managers to respond to internal audit queries submitted
  - v. Informing the Internal Auditors of any significant internal control problems
  - vi. Liaise with the National Department of Public Works' Internal Audit where there are significant risk exposures found when sample audits are conducted on projects qualifying for the EPWP Grant
  - vii. Providing a list of significant results referred to in (vi) above to the National Department of Public Works
  - viii. Reviewing Internal Audit reports and implementing recommendations as considered appropriate or as required by the National Department of Public Works.

#### 6.3.3. The Audit Committee

- a. The Audit Committee in conjunction with the Accounting Officer is responsible for reviewing the scope of Internal Audit work and the action to be taken on the outcome or finding from their work.
- b. The Audit Committee will:
  - i. Ratify the approval of the internal audit charter or annual audit plan
  - ii. Ensure that the Internal Auditors effectively perform their responsibilities and duties
  - iii. Ensure that the Internal Audit unit complies with the relevant audit rules and regulations
  - iv. Ensure that the Internal Audit unit maintains its independence
  - v. Review the results of any audit work performed
  - vi. Review the internal audit reports to the public body's Management and their response thereto
  - vii. Monitor implementation of Internal Audit recommendations by public body's Management.

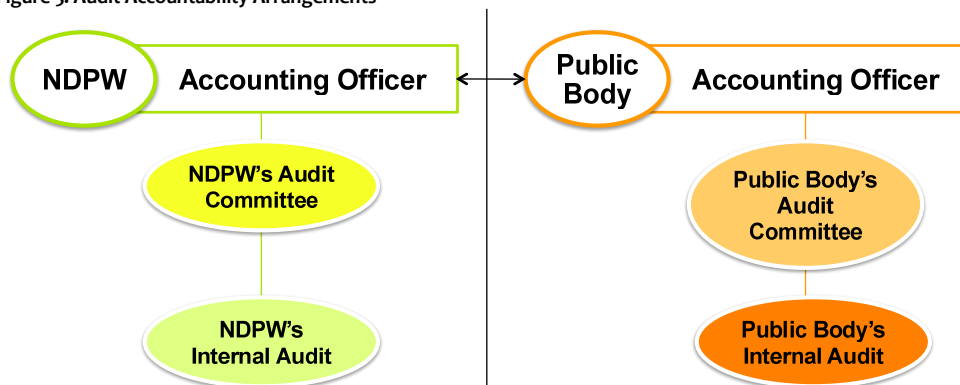


#### 6.4. Audit Accountability Arrangements

The Internal Audit unit of each public body (through the accounting officer) shall be responsible to liaise/ cooperate with the National Department of Public Works' Internal Audit on:

- Compliance with the conditions of the EPWP Grant;
- Risk management and risks;
- The controls in place to collect and verification/ audit of EPWP performance information and other information required as part of the Audit Requirements.

Figure 5: Audit Accountability Arrangements



#### 6.5. Scope of Work (for the public body & the National Department of Public Works' Internal Audit)

##### 6.5.1. Planning

Internal Audit must adequately plan for the performance of audit procedures to ensure the objectives of the audit is achieved. It is important that the internal audit planning include:

- Obtaining comprehensive understanding of the EPWP Grant requirements
- Defining internal audit objectives
- Obtaining a comprehensive understanding of the EPWP reporting system, project operations and management
- Identifying, evaluating and ranking risks to which the public body is exposed
- Taking into account the weaknesses of the public bodies' controls and management concerns
- Identifying audit areas and determining the type of audit and audit procedures.

##### 6.5.2. Risk Management

Public bodies' Internal Audit must evaluate risk exposures regarding the reliability and integrity of information and compliance with the requirements of the Division of Revenue Act, the Grant Agreement, the Grant Manual and any other relevant documentation issued by the National Department of Public Works in terms of the EPWP Grant and contribute to the improvement of risk management. As part of the evaluation, consideration will be given to, inter alia, significant risks identified and assessed and potential for the occurrence of fraud and how fraud risk is managed.

The National Department of Public Works' Internal Audit must evaluate the effectiveness of the risk management process of the EPWP Grant at public bodies. As part of the evaluation, consideration will be given to, inter alia, the appropriateness and sufficiency of resources with the necessary competencies in the Public Bodies' Internal Audit function to perform the audit procedures.

##### 6.5.3. Control

The public body's Internal Audit must:

- Evaluate the adequacy and effectiveness of controls regarding the reliability and integrity of their EPWP project data and compliance with the requirements of the Division of Revenue Act, the Grant Agreement, the Grant Manual and any other relevant documentation issued by the National Department of Public Works in terms of the EPWP Grant.
- The public body must ensure that adequate controls are in place; and must consider the findings and recommendations of their Internal Audit unit, their Audit Committee and the National Department of Public Works to improve such controls.
- For the National Department of Public Works' Internal Audit, the key focus to give assurance that controls are functioning as intended and that the National Department of Public Works fulfils its responsibilities in line with the Division of Revenue Act. To this end, the National Department of Public Works' Internal Audit must:

- i. Review EPWP's controls over data reported by public bodies
- ii. Review EPWP's monitoring of public bodies
- iii. Ensure that the internal controls within the EPWP reporting system are adequate. In evaluating these controls, the National Department of Public Works' Internal Audit should:
  - Understand the system parameters and control objectives;
  - Assess whether the controls put in place meet control objectives for the projects under review;
  - Test the operation of the controls in practice for the projects under review;
  - Provide an opinion based on audit objectives as to whether the system provides an adequate basis for effective control and whether it is properly operated in practice.

## 6.6. Detailed Audit Procedures – Public Bodies

### 6.6.1. Documentation and information

Public bodies must ensure on a monthly basis that specific documentation and information is collected and retained – this is detailed in Chapter 5 Section 5.1.1. Access to project records and required information must be controlled. Retention requirements for project records must be complied with. In this regard, a public body's Internal Audit must have unrestricted access to information, records and personnel that is key to their audits.

### 6.6.2. Controls and verification of information

The following table reflects the minimum required internal controls and procedures that must be put in place by the public body to ensure that the EPWP performance information provided, is credible.

**Table 28: Controls and Audit Procedures for the Public Body in collecting key project data**

| Activity  | Responsibility                       | Risk  | Time-lapse                     | Internal controls   | Audit procedures   | Sample method   | Timeframe for audit procedures   |
|---|--------------------------------------|---|--------------------------------|---|--|---|--|
| <b>Implementer to manage project progress data</b>  |                                      |   |                                |   |  |   |  |
| Implementer to sign off on daily attendance register  | Implementer to complete and sign off | Incorrect information compiled<br><br>Invalid information compiled                                      | Monthly, at a minimum          | Sign-off by Implementer   | Public Body's Project Manager:<br>1) To test control of sign-off of attendance register<br>2) To conduct surprise visits to ensure actual attendance in accordance with register<br>3) To compare worker details on attendance register with supporting copies of identifying documents  | As determined by the public body's finance procedures | Monthly  |
| Implementer to generate signed payment register or bank records   | Implementer to complete and sign off | Incorrect information compiled<br><br>Invalid information compiled<br><br>Payment to fictitious workers | Monthly, at a minimum          | Sign-off by Implementer   | Public Body's Project Manager:<br>1) To test control of sign-off of payment register<br>2) To conduct tests to ensure information on payment register or bank records agree with attendance register<br>3) Test payment register or bank records to ensure proof of payment and receipt<br>4) To conduct tests to ensure rate of pay falls within the specified parameters | As determined by the public body's finance procedures | Monthly  |
| <b>Public Body's Project Manager to check progress data and submit performance report for sign-off</b>                                |                                      |   |                                |   |  |   |  |
| Public Body's Project Manager to generate payment certificate   | Public Body's Project manager        | Incorrect, invalid or incomplete information loaded   | Monthly, or at least quarterly | Sign off by Project Manager                                     | Public Body internal auditors:<br>1) To test control of sign-off<br>2) To test the validity of EPWP performance information<br>3) To conduct tests to ensure information on EPWP Reporting System agrees with supporting documentation<br>4) To include results in quarterly or bi-annual audit report   | Material sample %                                     | Within 15 calendar days after a quarter's close at least once during the year, and in the annual public body's audit |
| Public Body's Project Manager to consolidate EPWP performance information – outputs and expenditure data for EPWP quarterly reporting |                                      |   |                                | EPWP Reporting Systems' controls<br><br>Sign off by Public Body |  |   |  |

Public bodies' Internal Auditors must identify, analyse, evaluate and document sufficient information to achieve the internal audit objectives. Public bodies' internal audit procedures must include but not be limited to:

- Testing the control of the sign-off of the attendance register, beneficiary data and proof of payment
- Conducting surprise visits to verify actual attendance in accordance with attendance register
- Conducting surprise visits to verify the validity of recorded beneficiary data
- Comparing worker details on the attendance register with supporting copies of identifying documents
- Conducting tests to verify that the information on the EPWP Reporting Systems agrees with supporting documents
- Conducting tests to verify that the information on the proof of payment agrees with the attendance register
- Testing the proof of payment to verify that each contract worker signed that their wage payment was received or that similar proof exists
- Conducting tests to verify that the rate of pay falls within the specified parameters
- Ensuring that disbursements reach the intended public body (testing the accuracy of the provincial treasury's approved departmental drawings).

#### 6.6.3. Compliance

Public bodies' Internal Audit must verify compliance with the requirements of the Division of Revenue Act, the Grant Agreement, the Grant Manual and any other relevant documentation issued by the National Department of Public Works in terms of the EPWP Grant. Any non-compliance with the *Audit Requirements* in fact or appearance must immediately be reported, including the details of non-compliance to the National Department of Public Works. It should be noted that non-compliance found will be dealt with as specified in Chapter 5 section 5.4.2 of this manual.

#### 6.6.4. Internal audit representations

As part of the audit procedures, it is required of the management of public bodies to make an annual representation to the National Department of Public Works that it has put in place the required controls to abide by the conditions of the EPWP Grant. This representation must be informed by the work of the public body's Internal Audit. This representation can be made in any form, but should be made within the financial year for which the Grant Agreement is valid.

#### 6.6.5. Communicating results

Communication must be accurate, objective, clear, concise, constructive, complete and timely. Should the public body require a template, it may be requested from the National Department of Public Works' Internal Audit unit.

**Table 29: Headings to be covered in audit reports by Public Bodies**

| Headings to be covered              | Example   |
|-------------------------------------|---|
| <b>Title</b>                        | "Public Body Name" Internal Audit Report on the EPWP Grant for the period ending 31 March 2014  |
| <b>Addressee</b>                    | The report should be addressed to the Accounting Officer of the Public Body and other key Heads of Sections (i.e. CFO, Project Manager and Audit Committee), with copies to the National Department of Public Works |
| <b>Accountability statement</b>     | Indicating what the accountability of the varies parties are including Management and the Public Body Internal Audit  |
| <b>Scope</b>                        | The audit procedures performed should be described  |
| <b>Audit findings</b>               | Any non-compliance, weaknesses in controls, inaccurate and incomplete information reported with an indication of the effect/impact, recommendations and management comments.  |
| <b>Extrapolation of errors</b>      | Based on errors find in information reported the error extrapolated over the population if relevant   |
| <b>Repeat findings</b>              |   |
| <b>Significant risks identified</b> |   |
| <b>Other matters for attention</b>  |   |
| <b>Conclusion</b>                   |   |
| <b>Sign-off report</b>              | Report to be signed off by Chief Internal Auditor indicating the date of sign-off   |

The Internal Audit unit of public bodies should coordinate and share their audit reports on the EPWP Grant with the National Department of Public Works' Internal Audit, on, inter alia, specifically on the following:

- Objectives and scope of the audit work completed for the quarter
- Based on audit procedures completed, the audit findings/results including any weaknesses in controls, procedures, information collated and reported or problematic outcomes for the quarter

- c. Repeat findings with reference to findings reported in previous months or quarters by Internal Audit and management actions were required but not yet implemented
- d. Significant risk exposures
- e. Conclusion based on appropriate analysis and evaluations
- f. Recommendations and action plans.

#### 6.6.6. Follow-up procedures

During the audit process, the Internal Auditors of the public body must complete follow-up procedures to monitor and ensure actions have been effectively implemented or that senior management accepted the risk of not taking action. Follow-up procedures will form part of the audit procedures performed every quarter and has to be included as part of the repeat findings of the annual public body internal audit reports.

#### 6.6.7. Detailed Audit Procedures for the National Department of Public Works

The Internal Audit units of public bodies must undertake to keep the relevant project documentation required by the National Department of Public Works for auditing (described in Chapter 5 section 5.1).

#### 6.6.8. Compliance Audits

Chapter 4 is a complete list of the key compliance requirements that a public body must comply with, and that the National Department of Public Works must manage – these are compiled from the requirements of the 2014 Division of Revenue Act, the Grant Agreement and where applicable the PFMA and MFMA.

**When is compliance checked?** *Sample compliance audits are undertaken during the financial year.*

- a. The National Department of Public Works will undertake on a sample basis during the year, audits or data quality assessment tests to check data integrity, compliance with the conditions of the above documents as well as check the integrity and effectiveness of systems and controls used to support progress reporting – direct action and recommendations on improvements.
- b. At the time of progress reporting (15 calendar days after the close of the quarter), the National Department of Public Works will verify that the public bodies have met the necessary compliance requirements. *Where there are material compliance issues raised, it is within the National Department of Public Works' responsibilities in terms of the grant, to take action. Should it be found that:*
  - I. **There is non-compliance,**
    - With the provisions of DORA, as captured in the grant frameworks or the body of the bill; or
    - With the conditions of the grant, as specified in the Grant Agreement or this EPWP Grant Manual, including a lack of progress reporting in timeframes specified; or
    - With the Audit Requirements, such as a lack of documentary evidence of the work created or spending,
  - II. **In consultation with the National Treasury, the National Department of Public Works will be responsible for deciding on corrective action. In this regard, they may:**
    - Withhold the EPWP Grant in accordance with DORA Section 18, and notify the public body of the reasons for such withholding as well as the actions required to rectify the problem. In order to lift the suspension, the public body must prove that the fault has been rectified by the time of the next reporting deadline or disbursement date.
    - Stop and re-allocate the EPWP Grant in accordance with DORA Section 19-20, depending on:
      - The audit findings and the nature of the issue found (materiality considered)
      - The recommendations of the AG, internal audit committee and the National Treasury
      - Any representations made, or corrective action taken, by the public body in this regard.

#### 6.6.9. Performance Audits - verification of information:

In addition to ensuring compliance with conditions, the National Department of Public Works' Internal Audit will undertake sample performance audits of the EPWP performance information provided by public bodies and support documentation to ensure that the performance information is credible.

- a. **Where there is misrepresentation,** such as inaccurate performance information provided, the inclusion of non-EPWP projects, the misappropriation and use of the EPWP Grant (not used for the purposes intended), etc. **In consultation with the National Treasury, the National Department of Public Works may:**
  - Make adjustments to the future EPWP Grant allocation to the public body in line with the true information
  - Stop and re-allocate the EPWP Grant in accordance with DORA Section 19-20, depending on:

- The audit findings and the nature of the issue found (materiality considered)
- The recommendations of the AG, internal audit committee and the National Treasury
- Any representations made, or corrective action taken, by the public body in this regard.

The following table reflects the internal controls and procedures that will be audited by the National Department of Public Works to ensure that the EPWP performance information provided, is credible.

**Table 30: Sample Audits on the Controls & EPWP Performance Information of Public Bodies**

| Area   | Responsibility  | Risk  | Internal controls  | Audit procedures   | Time frame                                   |
|--|---|---|--|--|--|
| <b>Attendance register &amp; Payment Information</b> | Public Body (via its Project Manager and Implementer) | Incorrect information compiled<br><br>Invalid information compiled<br><br>Payment to fictitious workers | Sign-off by public body (checked by Project manager)<br><br>EPWP Reporting Systems' controls | The National Department of Public Works Internal audit:<br>1) To test control of sign-off of attendance register<br>2) To test control of sign-off of payment register<br>3) The National Department of Public Works Internal audit will consult with auditors of MIG 8 progress reporting<br>4) To perform detail testing on supporting documentation dependent on risk assessment taking Public Body internal auditors' audit work and extent of reliance into account<br>5) To conduct tests to ensure information on EPWP reporting system agrees with supporting information. | On a sample basis                            |
| <b>Public Body Internal Audit Reports</b>            | Public Body (via its Internal Audit unit)             | Information not checked or verified   | Internal Audit before disbursement   | The National Department of Public Works Internal audit to review reports from Public body's internal auditors and select public bodies on which further audit work will be conducted.  | Bi-annually                                  |
| <b>Audit of performance for the EPWP Grant</b>       | The National Department of Public Works               | Disbursement of the grant on invalid information  | All of the above   | The National Department of Public Works include results in the annual audit report for the EPWP Grant to be issued 5 months after the end of the financial year.   | 5 months after the end of the financial year |

## Chapter 7: Institutional Arrangements, Roles and Responsibilities (all users)

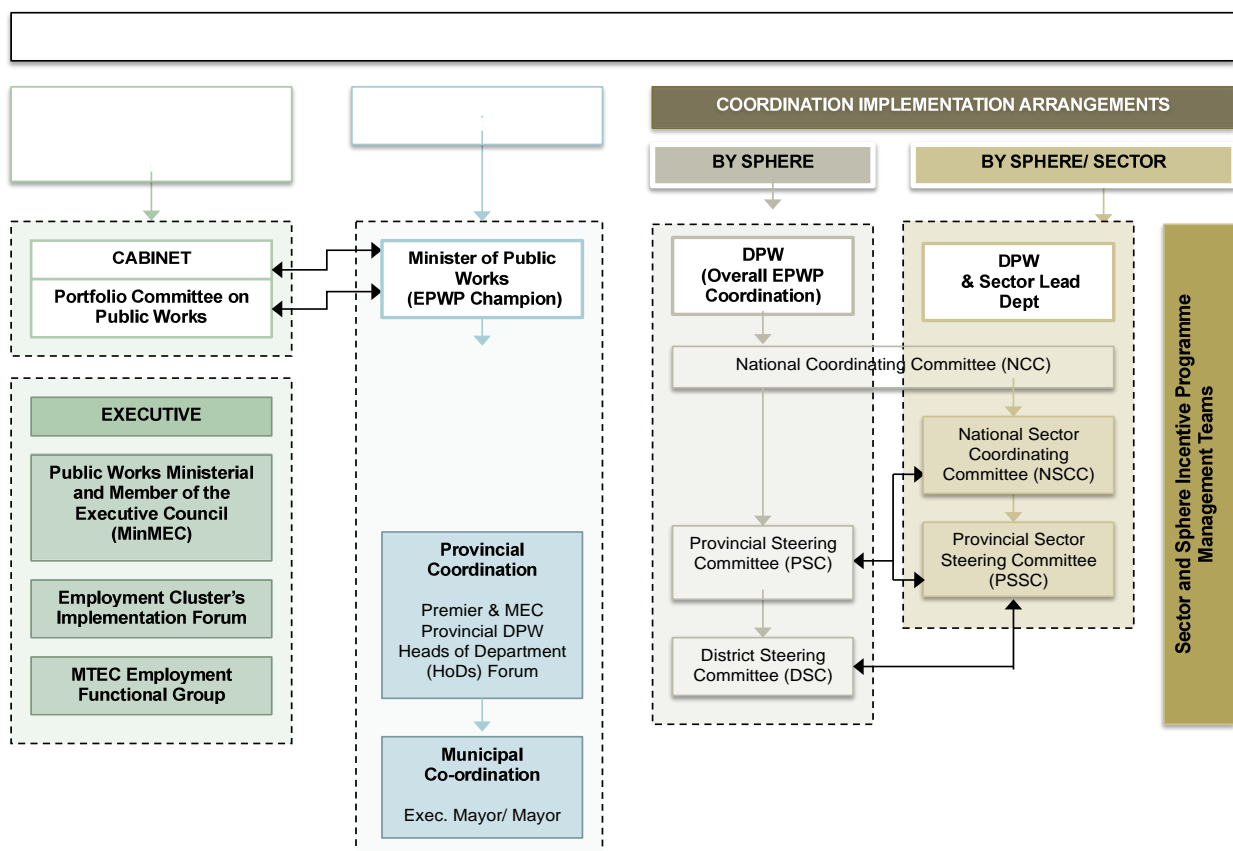
**Chapter summary:** This chapter describes the institutional arrangements for EPWP, the accountability arrangements for the EPWP and the EPWP Grant and the roles and responsibilities of the various departments involved in the implementation of the EPWP Grant.

### 7.1. Coordinating mechanisms

EPWP is a cross cutting government programme. There are various levels at which planning, coordination, implementation, management and progress reporting takes place. As such, coordination structures are important to ensure the effective implementation of the Expanded Public Works Programme for each sector and for the programme as a whole.

The overall coordination, accountability and implementation arrangements for Outcome 4 and the work agenda of government are outlined in the figure below.

Figure 6: Coordination Arrangements for EPWP



EPWP, one element of this agenda, is coordinated by the National Department of Public Works through:

- At a high level, the National Department of Public Works reports into Cabinet on the EPWP programme to the Portfolio Committee on Public Works and into the executive through MinMec and the Employment Cluster; and for MTEF budget planning, into the MTEF Functional Group.
- Accountability for EPWP outcomes is shared across the spheres through various intergovernmental agreements.
- In terms of coordinating implementation,
  - The EPWP National Coordinating Committee (NCC) is the primary coordination structure. It is a technical working committee that cuts across sectors and spheres of government, with sector lead representation aimed at assisting planning and implementation for increased work creation. Its focus covers developing and reviewing strategies for implementation, expansion, increased EPWP performance and funding (including incentive models).
  - Sphere and Sector Steering Committees deal with all EPWP planning and implementation issues on the ground.
  - Sphere and Sector Incentive Programme Management Teams specifically coordinate the implementation of the EPWP incentives within context.



The accountability arrangements and coordination structures are elaborated upon in the sections below.

## 7.2. Accountability Arrangements

### 7.2.1. Political Accountability

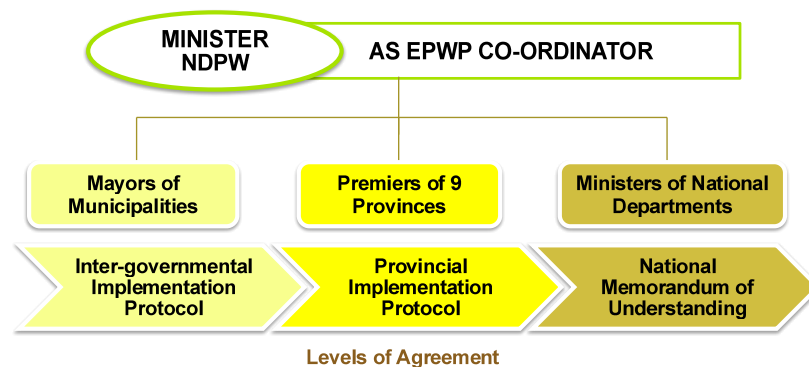
The success of the EPWP is dependent on the contribution of national, provincial and local government to its overall goals and objectives. In order to ensure that all spheres of government and public bodies can be held accountable for contributing to the EPWP targets, a set of accountability arrangements have been put in place.

The figure below reflects the political accountability arrangements across the spheres of government that will be accountable for the implementation of EPWP as a whole and the range of agreements that will be concluded.

These protocols or agreements:

- Will be concluded in accordance with the Intergovernmental Relations Act
- Aim to secure the commitment by all spheres of government to their respective targets
- Formalises the intention of national, provincial and local government public bodies to contribute to the objectives and targets of the EPWP
- Are signed between the political heads of the different spheres of government and stipulate how the spheres will work together to achieve EPWP goals.

Figure 7: Political Accountability Arrangements for EPWP Implementation

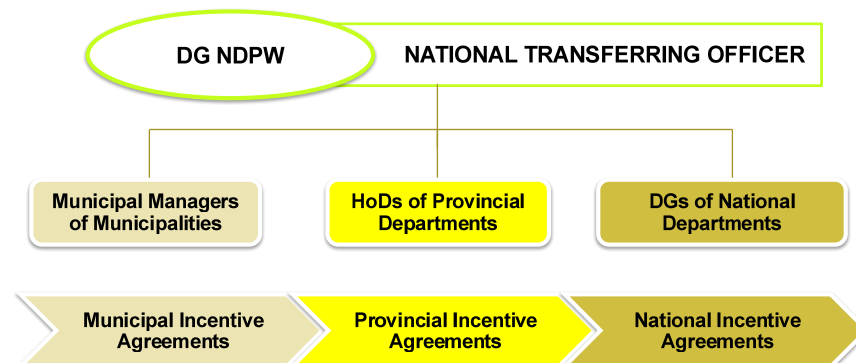


These protocols and agreements are separate from the financial accountability arrangements for the EPWP Grant.

### 7.2.2. Financial Accountability Arrangements

Since the EPWP incentive is structured as a conditional grant, it is subject to the provisions of the Division of Revenue Act. In order to ensure that the required financial accountability arrangements are in place, it is required that the accounting officer of the national transferring department (the Director-General of the National Department of Public Works) and the accounting officer of the receiving public body (the provincial Head of Department or Municipal Manager) sign an agreement which specifically deals with the stipulations, requirements, conditions and obligations of the EPWP Grant allocation, disbursement and spending).

Figure 8: Financial Accountability Arrangements

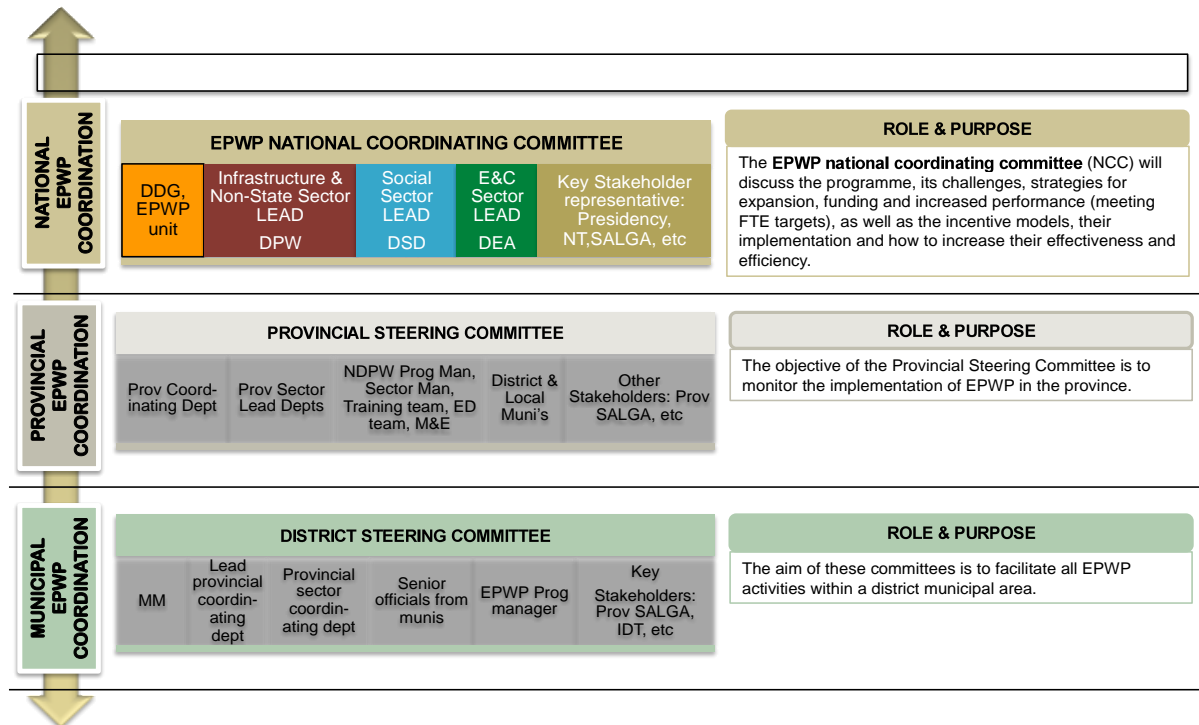


The Grant Agreement stipulates the obligations of the implementing public body and the National Department of Public Works required for the implementation of the EPWP Grant.

## 7.3. Coordination Arrangements

### 7.3.1. By Sphere

Figure 9: Sphere Coordination Arrangements



#### a. National Coordinating Committee

The National Coordinating Committee is convened the Deputy Director-General (DDG) of EPWP in the National Department of Public Works. The objective the NCC is to make decisions on EPWP policy and provide a strategic platform where issues pertaining to EPWP are addressed. It also serves as an authoritative body in the coordination and reporting on the implementation of EPWP programmes and projects.

The NCC is instrumental in facilitating linkages across sectors and resolving cross cutting issues such as:

- Planning
- Implementation approaches, challenges and considering solutions
- Monitoring, reporting (and system related issues), evaluation and audit queries
- Accessing training.

The NCC reports the progress on the implementation of EPWP to the Minister of the Department of Public Works.

The other two structures take the form of a steering committee to address specific issues faced at the provincial or municipal level.

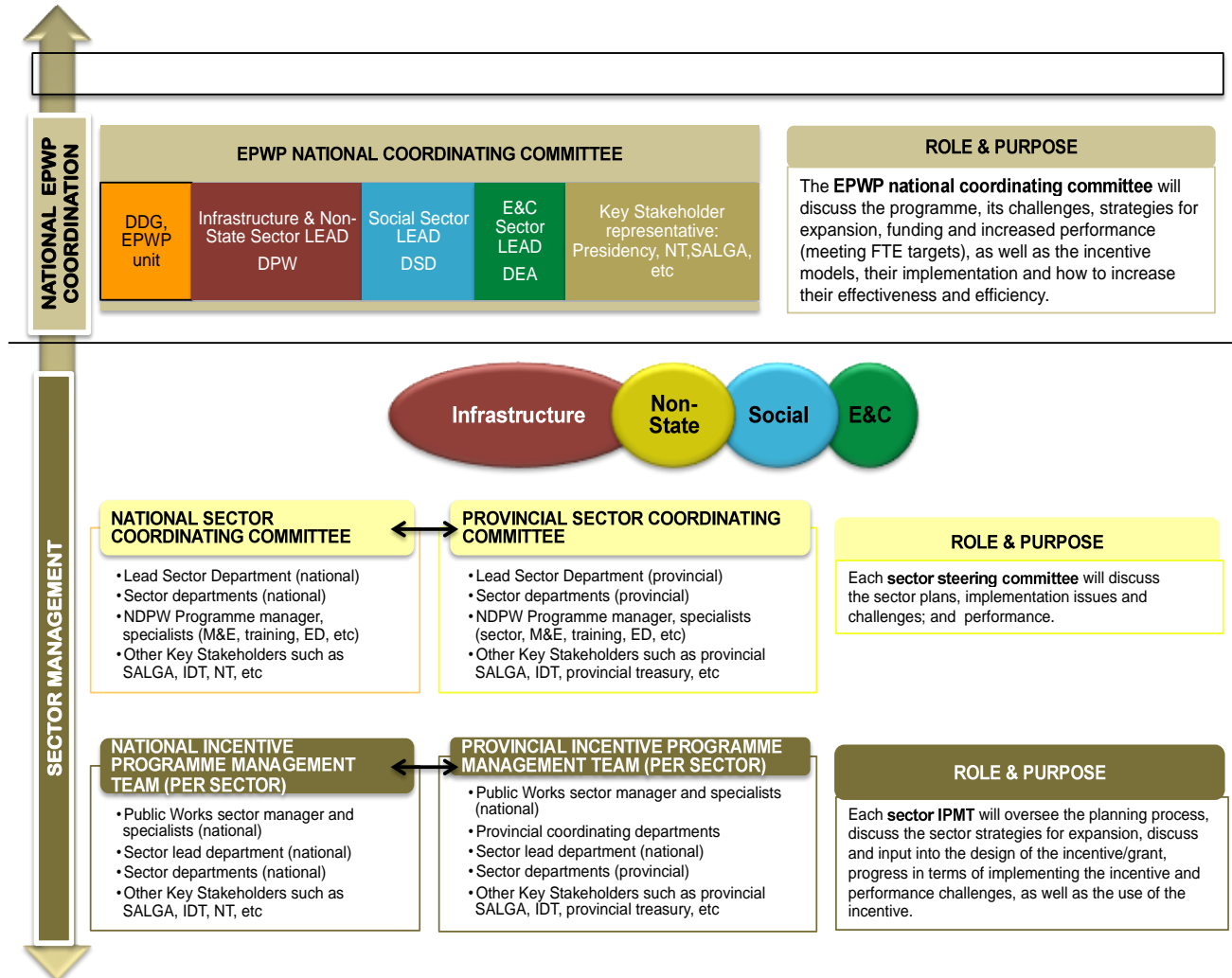
#### b. Provincial Steering Committees: Key discussions and issues raised at the Provincial Steering Committee are referred to the NCC or the National Sector Coordinating Committee depending on the nature of this issue. The Provincial Steering Committee reports to the Premier of the Province on the implementation of the EPWP and progress on meeting EPWP targets.

#### c. District Steering Committees

- **Aim:** The aim of these committees is to facilitate, monitor and evaluate all EPWP activities implemented within a district municipal area. It is utilised a forum to share policy and implementation challenges, solutions and streamline coordination to ensure that EPWP targets are met.
- **Who establishes them?** The committees are established through support from the relevant coordinating department in the province.
- **Location:** District Steering Committees are formed in all district municipalities.
- **Who do these committees report into?** Key discussions and issues raised at the DSC are referred to the relevant PSC. The DSC reports to the relevant Municipal Manager on the implementation of the EPWP and progress on meeting EPWP targets.

### 7.3.2. By Sector

Figure 10: Sector Coordination Arrangements



#### a. National and Provincial Sector Coordinating Committees

The purpose of National Sector Coordinating Committee (NSCC) is to provide a strategic platform where issues pertaining to the each of the sectors are addressed and to make sector policy decisions within the EPWP Framework. The NSCC also serves as an authoritative body in the coordination and reporting on the implementation of EPWP programmes and projects and must ensure proper implementation of sector programmes and sound linkages to other structures. The NCC reports the progress on the implementation of EPWP to the NCC.

The purpose of the Provincial Sector Coordinating Committee (PSCC) is to lead and champion EPWP sector programmes and projects in the provincial as well as to monitor the progress on the implementation of sector programmes and address bottlenecks. The PSCC reports the progress on the implementation of EPWP to the PSC and the NSCC.

#### b. National and Provincial Incentive Programme Management Teams

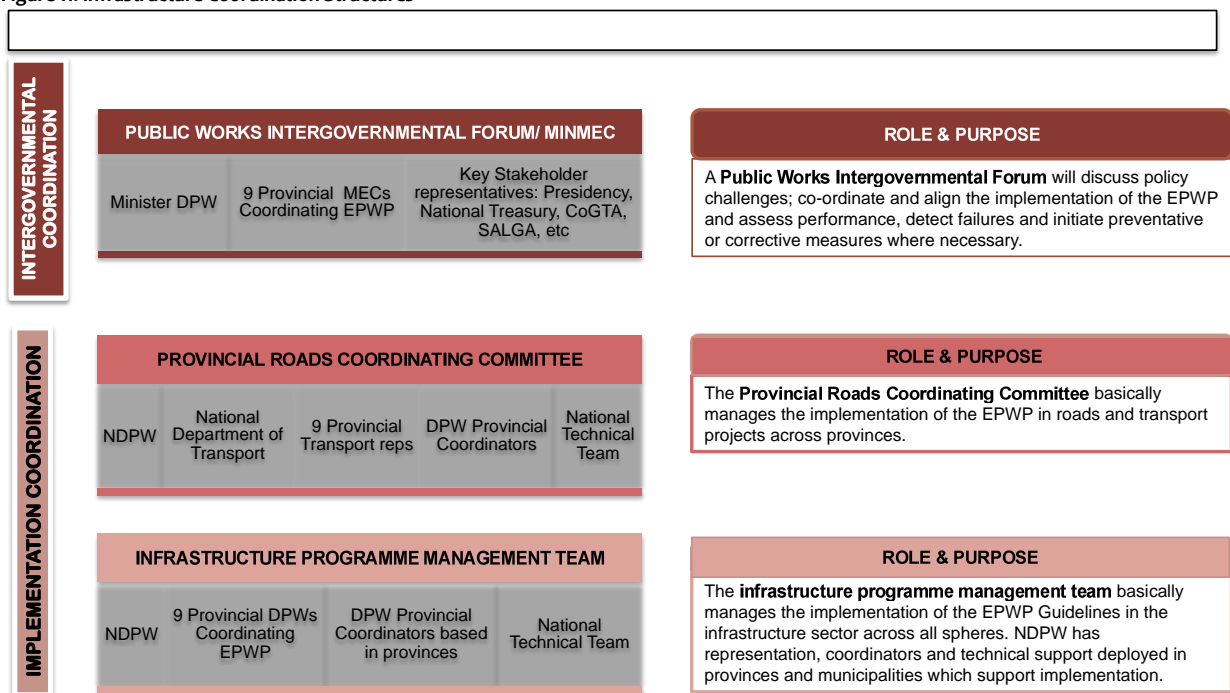
*This is the primary structure utilised to manage incentives.* The Incentive Programme Management Teams (IPMTs) have been formed only for the Environment and Culture Sector and the Social Sectors. For each of these two sectors, a national and (one) provincial team has been established. The sector IPMTs are regarded as technical advisory committees, specifically commissioned to oversee the introduction and effective application of the EPWP incentive to expand job creation in the sector. The IPMTs specifically bring together the National Department of Public Works, the national sector lead department, the provincial coordinating department, the relevant treasury and the implementing sector departments. All IPMTs report into the National Department of Public Works and the national sector lead department. The infrastructure sector utilised its normal coordination structures to manage the EPWP Integrated Grant.

### 7.3.3. Infrastructure Sector

The National Department of Public Works coordinates the infrastructure sector from a national level; and utilises three key structures, in addition to the NCC, to specifically discuss infrastructure issues; these are:

- The Public Works MinMec led by the National Department of Public Works as the intergovernmental forum implementing the public works mandate. Among other public works issues, EPWP implementation is discussed, coordinated and oversight exercised through this forum.
- The Provincial Roads Coordinating Committee (which is jointly chaired by the National Department of Public Works and the National Department of Transport) that specifically discusses the implementation of roads and transport projects.
- The National Department of Public Works manages the EPWP infrastructure sector through a Programme Management Team that consists of the national departments' sector managers, provincial coordinators and a National Technical Team. The **National Technical Team** is a team of infrastructure specialists and engineers deployed and funded by the National Department of Public Works to provide direct on-hand technical support to selected, prioritised provincial infrastructure departments and municipalities to implement labour intensive infrastructure programmes.

Figure 11: Infrastructure Coordination Structures



### 7.3.4. Environment & Culture Sector (E&Cs)

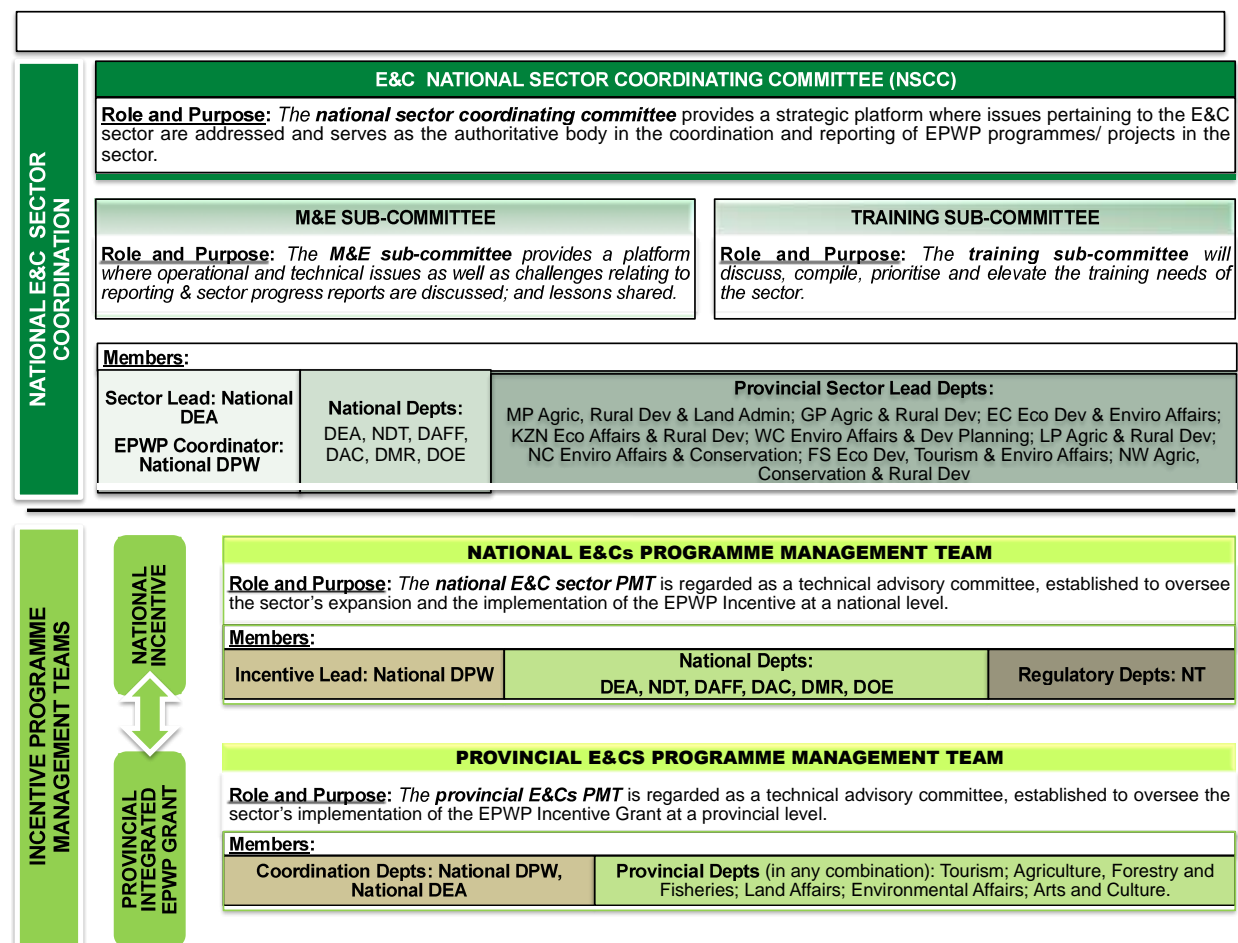
The environment and culture sector is managed in the following way:

- The National Department of Public Works is responsible for the overall coordination of EPWP and management of the EPWP incentives across all sectors.
- The National Department of Environmental Affairs leads the Environment and Culture Sector (E&Cs). The sector still uses the EPWP National Coordinating Committee (led by the National Department of Public Works) to discuss broad EPWP issues and how these impact on sectors.

However, the sector has established its own National (E&Cs) Sector Coordinating Committee (NSCC) that provides a strategic platform where issues pertaining to the E&Cs are addressed.

- The E&Cs NSCC serves as the authoritative body in the coordination and reporting of E&Cs EPWP programmes/ projects.
  - The E&Cs NSCC facilitates sector dialogue on sector performance and quarterly implementation progress
  - It also aims to create an enabling environment for information sharing between sector departments and other key stakeholders in the implementation of E&Cs programmes/ projects, including but not limited to:
    - Developments around training policy development
    - Sectoral support in terms of enterprise development initiatives within the sector
    - The identification of strategic partners that could assist in unblocking challenges and marketing the sector.
- The EPWP incentives for the sector is coordinated and negotiated through E&C Programme Management Teams - one national and the other provincial.

Figure 12: E&C Sector Governance Structures



A brief overview of the terms of reference for the national and provincial E&Cs Programme Management Team is indicated below.

Table 31: Overview of the Terms of Reference for the (national and provincial) Environment and Culture Sector Programme Management Team

| AREA      | DETAIL PROCEDURE  |
|-----------|---|
| Role      | <p>a. The national E&amp;Cs PMT is regarded as a technical advisory committee, specifically commissioned to oversee the expansion of job creation in the sector and monitor the introduction and effective application of the incentive. The national E&amp;Cs PMT shall oversee the planning process, programme implementation, the use of the incentive allocation and reporting to the National Department of Public Works.</p> <p>b. The provincial E&amp;Cs PMT is regarded as a technical advisory committee, established to oversee the sector's implementation of the EPWP Grant at a provincial level.</p>   |
| Functions | <p>c. The functions of both E&amp;Cs PMTs will include (but not be limited to):</p> <ul style="list-style-type: none"> <li>Providing oversight on the Environment &amp; Culture sector i.e. reviewing and advising on job creation targets and incentive/grant allocations</li> <li>Overseeing the Environment &amp; Culture sector EPWP planning process</li> <li>Assessing expansion plans from sector departments</li> <li>Discussion of the Incentive and Grant Model year-on-year (EPWP performance assessment and the determination of incentive eligibility and allocations)</li> <li>Reviewing quarterly (national, provincial and municipal) EPWP performance; discussion of the incentive and grant implementation issues; and providing technical advice to unblock obstacles to implementation (discuss and ensure proposals for actions to mobilise capacity, funding, training, communication, progress reporting, M&amp;E requirements and/or implementation guidelines)</li> <li>Requesting and endorsing technical support to implementing national and provincial departments.</li> </ul> |



| AREA               | DETAIL PROCEDURE  |
|--------------------|---|
| <b>Membership</b>  | <p>d. The national E&amp;Cs PMT shall consist of representation (at the level of Chief Director or above) by the following stakeholders:</p> <ul style="list-style-type: none"> <li>National Department of Public Works (lead); National Treasury; Department of Tourism; Department of Agriculture, Forestry and Fisheries; Department of Water Affairs and the Department of Environmental Affairs; the Department of Arts and Culture; and any other EPWP support.</li> <li>The national E&amp;Cs PMT may also consist of other stakeholders as may be necessary.</li> </ul> <p>e. The provincial E&amp;Cs PMT shall consist of representation by the following stakeholders:</p> <ul style="list-style-type: none"> <li>Coordination Departments: National Department of Public Works (lead); Department of Environmental Affairs</li> <li>Provincial departments (in any combination); Tourism; Agriculture, Forestry and Fisheries; Land Affairs; Environmental Affairs; Arts and Culture. The PMT may also consist of other stakeholders as may be necessary.</li> </ul> |
| <b>Secretariat</b> | f. The National Department of Public Works would act as the Secretariat. The necessary capacity would be deployed.  |
| <b>Funding</b>     | g. The activities will be funded by the National Department of Public Works.  |

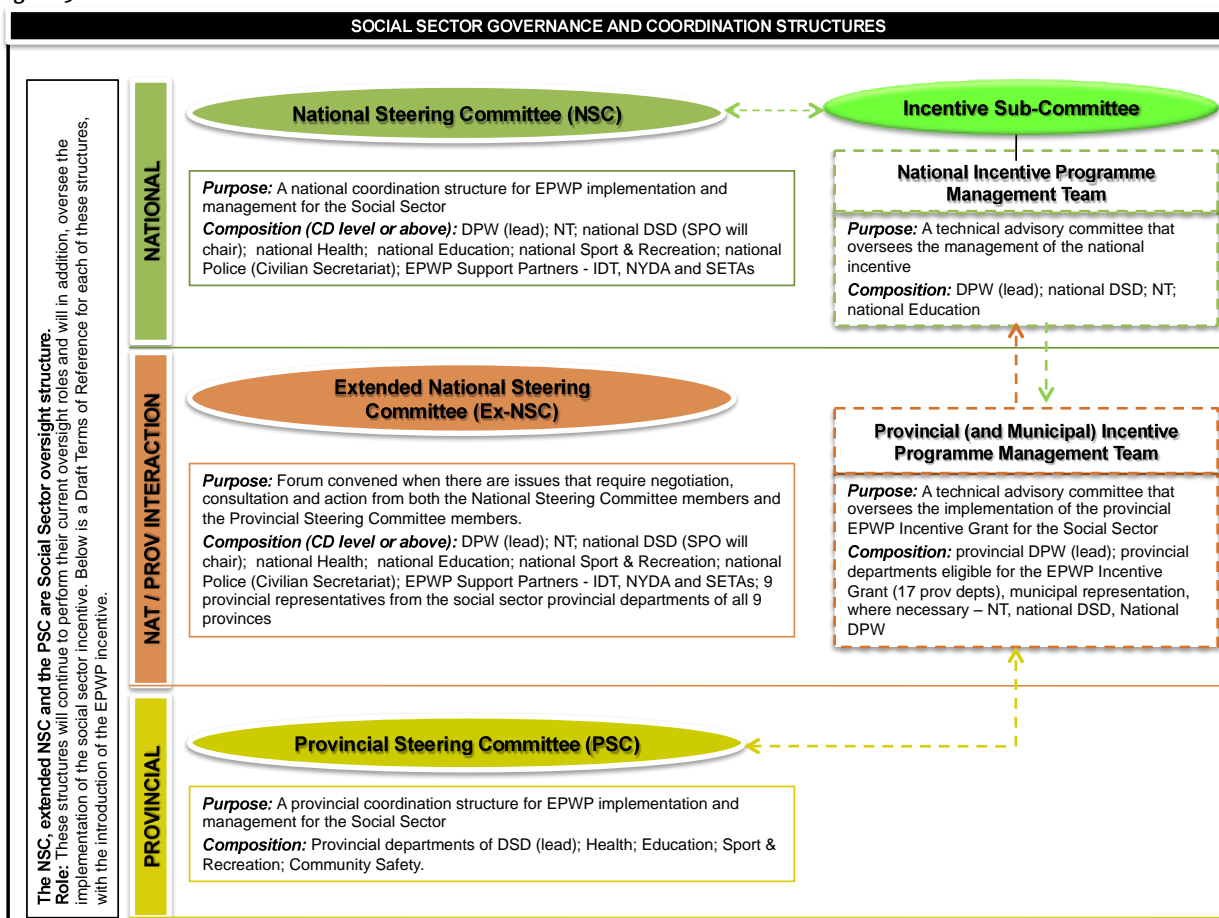
### 7.3.5. Social Sector

Currently, steering committee structures coordinate EPWP in the sector.

Although national and provincial Incentive Programme Management Team structures have been established to oversee the social sector incentive for each sphere, challenges have been experienced with regards to the consistent availability of officials for meetings. This has warranted a change to these structures – this change will take the form of an Incentive Sub-Committee, constituted under the National Steering Committee consisting of the national and provincial Incentive PMT structures combined. These structures will interact with the normal social sector governance structures.

The figure below shows the inter-committee relationships and responsibilities.

**Figure 13: Social Sector Governance Structures**





The table below is a brief overview of the terms of reference for the Incentive Sub-Committee.

**Table 32: Overview of the Terms of Reference for the Social Sector Incentive Sub-Committee**

| AREA                        | DETAIL PROCEDURE   |
|-----------------------------|--|
| <b>Role</b>                 | a. The incentive sub-committee will be regarded as a technical advisory committee  |
| <b>Functions</b>            | b. The functions of the incentive sub-committee will include (but not be limited to): <ul style="list-style-type: none"> <li>Discussion and endorsement of baseline and incentive FTE target setting</li> <li>Discussion and endorsement of the national provincial and municipal Incentive Model year-on-year (performance assessment and the determination of incentive eligibility and allocations)</li> <li>Supporting the incentive planning process; review and endorsement of the EPWP Business Plan in line with the aims of the incentive for national, provincial and municipal spheres</li> <li>Endorsement of the national, provincial and municipal Incentive Agreement template</li> <li>Reviewing quarterly performance; discussion incentive implementation issues; and providing technical advice to unblock obstacles to implementation (discuss and ensure proposals for actions to mobilise capacity, funding, training, communication, reporting, M&amp;E requirements and/or implementation guidelines)</li> <li>Reviewing the monthly performance of Social Sector public bodies in terms of the EPWP Incentive, the funds drawn down and spending</li> <li>Requesting and endorsing EPWP incentive support.</li> </ul> |
| <b>Membership</b>           | c. The incentive sub-committee shall consist of representation (at the level of Director or above) by the following stakeholders: <ul style="list-style-type: none"> <li>Coordination Departments: The National Department of Public Works (lead); National Department of Social Development (Special Projects Office will chair); National and Provincial Treasury; SALGA</li> <li>National Sector Departments of Health; Education; Social Development; Sport and Recreation; Police (Civilian Secretariat).</li> <li>Where available - Provincial Departments of Health; Education; Social Development; Sport and Recreation; Police (Civilian Secretariat) and municipalities that are eligible for the EPWP grant.</li> </ul>   |
| <b>Operating Procedures</b> | d. Operating Procedures <ul style="list-style-type: none"> <li>The committee will adhere to government legislation and policy guidelines which are relevant to enable it to execute its work</li> <li>Quarterly meetings will be scheduled and will be held on agreed dates and times</li> <li>These committees will meet quarterly in order to deal with any issues dealing with the early implementation of the incentive. Incentive issues that need to feed back up into the National Steering Committee will be communicated through the two coordinating departments: the National Department of Public Works and the National Department of Social Development.</li> </ul>  |
| <b>Secretariat</b>          | e. The National Department of Public Works would act as the Secretariat. The necessary capacity would be deployed.   |
| <b>Funding</b>              | f. The activities will be funded by the National Department of Public Works.   |

#### 7.4. Implementation Arrangements

Although public bodies have their own unique arrangements for project implementation, there are specific roles that need to be filled in order to access the EPWP Grant, implement the programmes/ projects funded by the grant and report of the performance of these programmes/ projects as well as the spending of the grant. It is important that these roles are being carried out effectively to ensure a smooth implementation and disbursement process.

The key elements of these roles are described in the tables below.

**Table 33a: Public Body Staff Roles in Implementation**

| ORGANISATION/ STAFF                                   | ROLE   |
|---|--|
| <b>Public Body (or contracted by the Public Body)</b> |  |
| Accounting Officer                                    | Refers to the Accounting Officer of the Public Body, accountable for EPWP performance and the use of the EPWP Grant  |
| Receiving Officer                                     | The Accounting Officer of the Public Body also acts as the Receiving Officer of the EPWP Grant, role is stipulated above   |
| Project Manager                                       | The person in the public body with the designated day-to-day responsibility for the implementation of the relevant EPWP programme/ project   |
| Internal Audit  | The Internal Audit Unit of the Public Body, responsible for reviewing the control environment, identifying significant exposures to risk and advising the public body on necessary improvements to processes, systems, controls and governance systems |
| Project Implementer                                   | The company or organisation contracted by the public body to execute the project   |

**Table 33b: The National Department of Public Works Staff Roles in Supporting Implementation**

| ORGANISATION/ STAFF   | ROLE   |
|---|--|
| <b>National Department of Public Works</b>                        |  |
| EPWP Unit   | The Unit within the National Department of Public Works that is responsible for the leadership and coordination of the entire EPWP – consists of sector managers supporting policy development, implementation, performance and reporting in the 4 EPWP sectors – infrastructure, social sector, environment and culture and the non-state sector. |
| EPWP National Technical Team                                      | The team within or appointed by the National Department of Public Works responsible for working with public bodies to support the implementation of their EPWP infrastructure programmes/ projects   |
| EPWP M&E Unit   | A unit within EPWP that is responsible for managing the EPWP monitoring, reporting and evaluation framework; and specifically responsible for producing Quarterly Performance Reports for EPWP and Annual Evaluation report  |
| EPWP Training Unit  | This unit is dedicated to supporting implementing departments to access training for beneficiaries working in EPWP programmes/ projects.   |
| EPWP Enterprise Development Unit                                  | This unit provides specialist advice on enterprise development issues in EPWP programmes/ projects.  |
| The National Department of Public Works/ IDT National Data Centre | The data centre established by the National Department of Public Works manages the EPWP reporting system and supports the loading and verification of data as well as provides systems tech support to public bodies   |
| Data Capturers  | Staff responsible for capturing data into the EPWP reporting system, usually allocated to support specific public bodies in terms of reporting   |

**Table 33c: National Sector Departments' Staff Roles in Supporting Implementation**

| ORGANISATION/ STAFF                        | ROLE  |
|--|---|
| <b>National Department of Public Works</b> |   |
| Lead Sector Coordinator                    | An official in a lead sector department, responsible for facilitating implementation of EPWP programmes/ projects among provincial sector departments and usually assumes responsibility for the day-to-day implementation of EPWP programmes/ projects in the lead sector department |