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EXPANDED PUBLIC WORKS PROGRAMME

EPWP INCENTIVE GRANT FOR PROVINCES AND MUNICIPALITIES: IMPLEMENTATION MANUAL

2011

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Glossary of Terms¹

The following terms are used throughout this document:

Term	Definition
Base year	In order to determine eligibility for each new year, a prior year's data is utilised. This prior year is referred to as the base year. The base year's have been set as follows: <ul style="list-style-type: none"> For the 2009/10 financial year, the base year data used was 2007/08 For the 2010/11 financial year, the base year data used was 2008/09 For the 2011/12 financial year, the base year data used was 2009/10
Code of Good Practice for Special Public Works Programmes	The Minister of Labour issued a Ministerial Determination and Gazetted a Code of Good Practice for Special Public Works Programmes which allows for special conditions to facilitate greater employment on Public Works Programmes. Refer to Gazette No 33665, 22 October 2010 and Gazette No 34032, 18 February 2011.
Compliance	Compliance means adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements.
Condition(s)	Stipulation or requirements that must be met or should be present.
Control	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.
Criteria	A set of decisive factors or elements often used to reach a decision.
Draw down	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).
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 or public entity within these spheres of government that complies with the criteria of eligibility as set by NDPW.
EPWP Incentive Grant	Incentive paid to public bodies to incentivise work creation. The incentive is paid per quantum of employment created for the EPWP target group and can be measured in person-days of work or full time equivalent jobs.
EPWP MIS	The EPWP MIS is a planned system of collecting, processing, storing and disseminating data on EPWP projects in the form of information needed to carry out the functions of management. To date, the system has been used solely for the infrastructure sector. It will now be used for progress reporting all infrastructure and environment and culture EPWP projects.
EPWP Project List	Is a list of the planned EPWP projects that will be implemented; the list must specify the name, budget, estimated number of work opportunities and full time equivalent jobs to be created in respect of each EPWP project. The EPWP Project plan should be developed as part of the public body's growth and development plans.
EPWP Target group	Unemployed, local, low skilled South Africans willing to work on EPWP projects for a wage rate between R60 and R150 a day.
Financial year	Financial year means the financial year commencing on 1 April 2011 and ending on 31 March 2012.

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

Term	Definition
Full time equivalent Job (FTE)	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.
Framework	A framework means the conditions and other information in respect of a conditional allocation published by the National Treasury in terms of section 14 of the 2011 Division of Revenue Act.
Independence	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.
Indicative incentive allocation	An indicative incentive allocation is the indicated incentive amount available for a specific public body to earn should the total Performance target be reached.
Infrastructure budget	Infrastructure budget for this purpose refers to the infrastructure conditional grant allocation to a province or municipality available for construction or the maintenance of infrastructure.
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 Premier of each Province 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.
Internal Audit	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.
Minimum threshold	The minimum threshold is the number of Full Time Equivalent Jobs that need to be created from the budget available for EPWP (that should be utilised using EPWP principles and Guidelines) before any portion of the indicative incentive allocation can be paid. Every FTE above the minimum threshold will qualify for an incentive reward.
Monitoring	Monitoring is a process that involves measuring and tracking progress according to the planned situation including: inputs, resources, completion of activities, costs, timeframes, etc.
Nominal incentive allocation	A nominal incentive allocation is simply the lowest indicative incentive amount that can be allocated to a public body.
Payment schedule	The payment schedule for the EPWP Incentive Grant refers to a schedule which sets out the amount of each transfer of the EPWP Incentive Grant to a provincial department or municipality in the 2011/12 financial year.
Performance	Performance is the achievement, accomplishment, success towards realising an objective/goal.
Performance FTE Factor	The Performance FTE factor is the targeted number of FTEs to be created per Rand million of the budget available for EPWP (that should be utilised using EPWP principles and Guidelines). Each portfolio has a different Performance FTE factor.
Performance targets	Performance targets are the targeted number of Full Time Equivalent Jobs that the public body should aim to create to qualify for the full indicative incentive allocation.
Project	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.



Term	Definition
Public body	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.
Receiving officer	In relation to a Schedule 4, 5, 8 or 9 allocation transferred to a province, means the accounting officer of the provincial department which receives that allocation or a portion thereof for spending via an appropriation from its Provincial Revenue Fund.
Reporting	Reporting is a process that best communicates the required information collected during monitoring and/or evaluation for optimum use by different stakeholders.
Reporting requirements	Reporting requirements are the information needs of key stakeholders.
Risk	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.
Risk management	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.
Rural municipalities	Rural municipalities are all areas that fall outside the nine municipalities defined as urban (these are the members of the South African Cities Network, consisting of the six metros, Buffalo City, Mangaung and Msunduzi).
Threshold FTE Factor	The Threshold FTE factor is the 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). Each portfolio has a different Threshold FTE factor.
Transferring national officer	A transferring national officer means the accounting officer of a national department that transfers a Schedule 4, 5, 6, 8 or 9 allocation to a province or municipality or spends a Schedule 7 allocation on behalf of a municipality.
Urban municipalities	Urban municipalities are defined as the members of the South African Cities Network, consisting of the six metros, Buffalo City, Mangaung and Msunduzi.
Work opportunity	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
CFO	Chief Financial Officer
DORB	Division of Revenue Act
DG	Director-General (of a national department)
E&Cs	Environment and Culture Sector
EPWP	Expanded Public Works Programme
FTE(s)	Full Time Equivalent Jobs
HoD	Head of (each provincial) Department
IAs	Implementing Agent(s)
IDP	Integrated Development Plan
IGP	Infrastructure Grant to Provinces
M&E	Monitoring and Evaluation
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
MTEF	Medium Term Expenditure Framework
Munis	Municipalities
NDPW	National Department of Public Works
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
PMT	Programme Management Team
PMUs	Programme Management Units
Prov	Provinces
Q	Quarter

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. 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. Phase II of the EPWP will be implemented over the 2009-2014 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 is a continuation of the first phase in many ways, phase II introduces the following changes:

- a- *EPWP Phase II aims to significantly expand 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 has been defined now as the number of full time equivalent jobs (FTEs) created.
- b- *Locating 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 contribute to the EPWP targets through the signing of intergovernmental protocols or agreements.*
- c- Another change is the introduction of tailor made EPWP incentives for different spheres and sectors. For provinces and municipalities:
 - **A schedule 8 conditional grant has been introduced - called the EPWP Incentive Grant for Provinces and Municipalities** - which is a performance based incentive paid to provincial bodies implementing their Infrastructure and Environment and Culture programmes using EPWP principles and in accordance with EPWP Guidelines; as a reimbursement of the cost of minimum wages for work created. The intention of the EPWP Incentive Grant is to increase work creation efforts by public bodies by providing a financial Performance reward. The more work created, the higher the portion of the incentive reward that will be disbursed.
 - **A separate schedule 5 conditional grant has been introduced specifically for the Social Sector - called the Social Sector EPWP Incentive Grant for Provinces** - which is an allocation provided to provincial departments implementing social sector EPWP programmes to expand these programmes in line with an approved business plan. The intention of the Social Sector EPWP Incentive Grant is to provide funding to performing programmes to expand the coverage and reach of these social sector EPWP programmes and simultaneously expand the number of longer term work opportunities created to support these services.

Definition s 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.

The **EPWP Incentive Grant** is an incentive

The purpose of this manual is to guide implementing public bodies - i.e. public bodies - involved in the implementation of EPWP so that they can access the schedule 8 EPWP Incentive Grant. *This manual explains in detail how the EPWP Incentive Grant works; and details all the procedures that public bodies need to follow to become eligible for, and to access, the EPWP Incentive Grant.*

How to use this Manual

This manual is structured in such a way that users can easily find the relevant information they need. Each chapter deals with a specific topic. While it is useful to read the entire manual to get a good overall understanding of how the EPWP Incentive Grant functions, users can also just use specific chapters to ensure they are able to complete specific tasks they are responsible for.

Each chapter of the manual will distinguish the user of such information; the following categories of users have been identified:

- a- Senior Management of Public Bodies implementing EPWP projects
- b- Staff of implementing public bodies responsible for the implementation of, and progress reporting on, EPWP projects
- c- Provincial and Municipal Treasuries, as well as finance staff of public bodies who will receive the incentive reward and monitor its use
- d- Internal Audit units (of public bodies and the National Department of Public Works).

The last section of each chapter provides a list of Frequently Asked Questions (FAQs) on the issues covered in the chapter.

Note regarding Version 3 (April 2011)

This is the third version of the manual issued by the National Department of Public Works (NDPW) in April 2011. The main amendment to this version is the integration of the Environment and Culture Sector at the provincial and municipal level into the schedule 8 EPWP Incentive Grant; and the provision of one indicative incentive allocation that covers both sectors. In addition, minor changes to the rewards provided in line with the budget and changes in the 2011 Division of Revenue Act (DORB) have been incorporated.

The manual is usually updated annually. While the National Department of 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) from time to time whether such updates have been issued.

Chapter 1: Principles of the EPWP Incentive Grant (Managers of Public Bodies)

Chapter summary: This chapter explains the key principles that underpin the design and implementation of the Expanded Public Works Programme Incentive Grant including, what kind of projects are part of the EPWP and the performance based nature of the grant.

There are a number of key principles that inform the design and intention of the EPWP Incentive Grant which is important for all public bodies implementing EPWP to understand.

These principles are explained below.

1.1 Mobilising All of Government

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: "Locating clear political and administrative accountability for EPWP work creation targets across all spheres of government and formally mobilising all spheres of government and public bodies to take ownership of, and contribute to the EPWP targets through the signing of intergovernmental protocols or agreements". In implementing these protocols or agreements, Performance against these targets will be closely monitored.

1.2 Incentivising the take-up of labour-intensive methods

The EPWP Incentive Grant has been designed to encourage a greater adoption of labour-intensive methods and approaches by public bodies implementing EPWP. The EPWP Incentive Grant is designed to provide additional funds to those public bodies creating more work using their available budgets.

1.3 Rewarding EPWP Performance

The EPWP Incentive Grant is designed to reward a public body for its EPWP performance with respect to the number of FTEs created. Performance is recognised in two ways:

- a- Firstly, public bodies are not automatically eligible for the EPWP Incentive Grant. In order to be eligible a provincial body must have, in the relevant base year:
 - Met the EPWP progress reporting requirements; and
 - Created a minimum number of FTEs.

The above introduces the principle that only performing public bodies will be eligible for the EPWP Incentive Grant.

- b- Secondly, only public bodies that actually create Full Time Equivalent Jobs **above their set minimum threshold** will earn an incentive reward from the indicative incentive allocation. This means that, the indicative incentive allocation in the 2011 Division of Revenue Act is just an indication of the amount available for disbursement to the respective public body. The actual incentive reward the public body will receive is entirely based on the number of FTEs created by the public body above their set minimum threshold.

The EPWP Incentive Grant is therefore entirely performance based and fundamentally different from other conditional grant allocations (which are planning based).

Definitions Reminder Box

Rural municipalities are all areas that fall outside the nine municipalities defined as urban (these are the members of the South African Cities Network, consisting of the six metros, Buffalo City, Mangaung and Msunduzi).

The Minister of Labour issued a **Ministerial Determination and Gazetted a Code of Good Practice for Special**

needs of key stakeholders.

The **minimum threshold** is the number of Full Time Equivalent Jobs that need to be created

1.4 Focus on rural areas

The EPWP Incentive Grant is designed to have specific measures to increase its focus on rural areas:

- a- Performance targets and indicative allocations are based on the projected work that municipalities can create using the Municipal Infrastructure Grant (MIG). This means that the rural bias and focus of the MIG allocation is strengthened.
- b- Since the introduction of the EPWP Incentive Grant in 2009/10, the minimum threshold for all rural municipalities has been maintained at zero, which means that eligible rural municipalities will be able to claim an incentive reward for all EPWP work created from the first Full Time Equivalent Job created.

1.5 Focus on creating work for the EPWP target group

While many projects and programmes of government create work, not all of them are classified as EPWP projects. Given the wide variation of projects implemented by government, it is not always straightforward to distinguish between EPWP projects and non-EPWP projects.

The key characteristics of EPWP projects are listed below:

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

For the purpose of distinguishing what work will qualify as EPWP work falling within the EPWP Incentive Grant, it has been set that:

- a- 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 Incentive Grant
- b- In addition to the above Code, it should be noted that:
 - Wage costs of government employees cannot be claimed from the EPWP Incentive Grant
 - Projects and programmes 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 is paid wages between R60 and R150 per day
 - The EPWP target group may not be paid below the minimum EPWP wage rate of R60 per day of work.

1.6 Commitment to transparency and accountability

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

- a- *In terms of planning:* Planning for the creation of work must be mainstreamed within the existing planning processes for (Infrastructure and Environment and Culture) projects. This means that for municipalities, their Integrated Development Plans should give expression to how municipal projects and programmes will support the country's work creation goals and specifically the EPWP targets they will achieve. For provinces, this should be mainstreamed in Provincial Growth and Development Plans and Infrastructure Plans, all of which should be available to the general public.
- b- *In terms of project registration:* All EPWP projects identified by eligible public bodies as contributing to their targets and for which the incentive reward will be claimed, must be registered on the National

Department of Public Works' EPWP Management Information System (EPWP MIS) and all required information must be provided when a project is registered.

- c- *In terms of progress reporting: Monthly and quarterly progress reporting must be complete, and in accordance with the manner prescribed by the National Department of Public Works (NDPW).*
- d- *In terms of disbursements: There should be mechanisms within Provincial and Municipal Treasuries to ensure that disbursements of the incentive reward can be easily identified in the primary bank account of the province or municipality and isolated for disbursement to the performing public body.*

1.7 Effective use of funds

The use of the EPWP Incentive Grant is articulated in the grant frameworks for the EPWP Incentive Grant for Provinces or Municipalities as published in the Government Gazette No. 33959 of the 24 January 2011,

Once received by the eligible public body, the EPWP Incentive Grant must be used for continuing or expanding work creation programmes. Public bodies may use a maximum of 5 per cent of the grant to fund on-site, contracted management capacity for the purpose of data management and/or for support on the use of labour intensive methods.

The application of the disbursement is not restricted to the programme that created the FTEs and can be applied to any new or existing EPWP work creation projects in any sector.

1.8 Frequently Asked Questions

What is the objective of the EPWP Incentive Grant?

Government's objective in establishing the EPWP Incentive Grant is to increase the amount of work created by public bodies through the EPWP. It aims to achieve this objective by rewarding those public bodies that use their existing budgets in a manner that maximises the amount of person days of work they create.

How is the EPWP Incentive Grant different from other grants, such as MIG for example?

Other grants that provincial and local government receive from the national government are typically equity or planning based grants. The grant amount that each provincial department or municipality receives is either based on pre-determined formulas or approved business plans; and the amount allocated to the public body is generally fixed. The EPWP Incentive Grant on the other hand, has an indicative incentive allocation per public body which can be accessed; however, the portion that is disbursed is entirely based on the in-year EPWP performance of a public body with regards to the amount of work created. The incentive reward that a public body can receive is not pre-determined, but will depend on the actual validated EPWP performance of the public body. The better a public body performs i.e. the more work it creates, the higher the reward it will receive.

Why is it called an incentive?

The grant is called an incentive because it aims to reward public bodies to create more work. Typically, the amount disbursed through the grant is small compared to the overall infrastructure or environment and culture spending of the public body and acts more as an incentive rather than as the only resource to fund the work creation activities of the public body.

Why is it a performance based grant?

The grant is performance based so that only public bodies that perform well in terms of the creation of work are rewarded. If public bodies that did not create work were also rewarded, the grant would not act as an incentive.

Why is there a focus on rural areas?

Unemployment is more prevalent in rural areas and the opportunities for creating work in these areas are limited. Government therefore want to maximise the impact of the EPWP in these areas.

Chapter 2: How the EPWP Incentive Grant works (all users)

Chapter summary: This chapter explains how public bodies become eligible for the EPWP Incentive Grant, how their indicative incentive allocations are calculated and how public bodies can expect the incentive reward to be disbursed.

As with any other grant, the first steps involve determining the parties eligible for the EPWP Incentive Grant as well as the basis for its distribution.

2.1 Step 1: The National Department of Public Works determines the Eligibility of Public Bodies

As mentioned earlier, the EPWP Incentive Grant is performance based. This means that the EPWP performance of a public body determines whether a public body is eligible or not. The National Department of Public Works monitors the EPWP performance of each public body through its EPWP Management Information System². Every year, the National Department of Public Works reviews the EPWP performance (in terms of FTEs created) of each public body and determines whether each public body is eligible for the EPWP Incentive Grant or not.

2.1.1 Criteria for Eligibility

In order to be eligible for the EPWP Incentive Grant, a public body must have met the following two criteria:

- a- **Reporting criteria:** In any one financial year, to be eligible for the EPWP Incentive Grant, public bodies must have reported to NDPW on their EPWP performance (*the amount of work created and other indicators associated with this work*) in the relevant base year³.
 - To be eligible for the EPWP Incentive Grant in the 2011/12 financial year, a public body must have reported on its 2009/10 EPWP performance by 15 April 2010. **HOWEVER**
 - If public bodies were at least able to report their EPWP performance in the first or second quarter of the 2010/11 financial year (i.e. after 15 April 2010 but by 22 October 2010), these public bodies will be eligible for a nominal incentive allocation.

*Because there are different provincial departments implementing infrastructure and environment and culture EPWP programmes; **for provincial departments, the progress reporting criteria will be applied independently to each sector to determine eligibility.***

Municipalities need to have reported in either sector to be eligible.

- b- **Performance criteria:** In addition to the progress reporting criteria, public bodies must have created a minimum number of FTEs in the relevant base year while implementing

Definitions Reminder Box

The **minimum threshold** is the number of FTEs that need to be created from the budget available for EPWP (that should be utilised using EPWP

² It should be noted that all infrastructure and environment and culture sector EPWP performance should be reported on the EPWP MIS until the EPWP integrated reporting system is introduced in 2011/12.

³ To determine eligibility for each new year, a prior year's data is utilised. This prior year is referred to as the base year.

- For the 2009/10 financial year, the base year data used was 2007/08
- For the 2010/11 financial year, the base year data used was 2008/09
- For the 2011/12 financial year, the base year data used was 2009/10

its EPWP projects or programmes. This minimum number of FTEs is known as the **Minimum Threshold** and is determined based on the budget allocations available for EPWP. All public bodies that have met or exceeded this minimum threshold are deemed eligible for the EPWP Incentive Grant. In order to stimulate rural work creation, **the minimum threshold for rural municipalities has been set at zero (0)**. This implies that as long as rural municipalities have reported on their EPWP performance in the base year, they are eligible for the EPWP Incentive Grant regardless of how many FTEs they had created.

2.1.2 Determining eligibility

Once the Minimum Threshold for a public body has been determined, it is compared to past EPWP performance:

If EPWP performance for 2009/10 is = or > Minimum Threshold; the public body is eligible

If EPWP performance for 2009/10 is < Minimum Threshold; the public body is not eligible

Because there are different provincial departments implementing infrastructure and environment and culture EPWP programmes; **for provincial departments**, EPWP performance (in terms of FTEs created) **against the minimum threshold is assessed for each sector - the infrastructure and environment and culture sector - independently.**

Urban municipalities need only to have met the minimum threshold in one sector to be eligible. Rural municipalities have a zero threshold.

If a public body has not reported EPWP performance, it is not eligible for the EPWP Incentive Grant. If a public body meets the progress reporting criteria but not the performance criteria, it will be allocated a nominal incentive allocation.

Annexure A provides further detail on how eligibility is determined.

2.2 Step 2: The National Department of Public Works determines the 2011/12 Minimum Threshold, Performance Target and Indicative Incentive Allocation for Eligible Public Bodies

All public bodies that are then deemed eligible – in terms of the above criteria – will be set:

- **a minimum threshold for the year** (expressed as the total number of Full Time Equivalent Jobs the public body must create before an incentive reward can be earned),
- **a performance target for the year** (expressed as the total number of Full Time Equivalent Jobs the public body should endeavour to create to earn the full indicative incentive allocation), and
- **an indicative incentive allocation for the year** (which is the incentive amount available for the public body to earn if they achieve their full performance target for the year).

The minimum threshold for 2011/12 will be determined by applying the Threshold FTE factor determined above to the 2011/12 Budget Allocation.

Definition s Reminder Box

A nominal incentive amount is simply the lowest indicative incentive amount that can be allocated to a public body.

Performance targets are the targeted number of Full Time Equivalent Jobs that the public body should aim to create to earn for the full indicative incentive allocation.

Performance target

The performance target for 2011/12 will be determined by estimating the projected increase in performance year-on-year.

An indicative incentive allocation is then calculated based on the performance target minus the minimum threshold multiplied by the incentive reward per FTE. For 2011/12, the incentive reward has been set at R60 per person day of work. As such,

$$2011/12 \text{ Indicative Incentive Allocation} = (\text{Performance Target} - \text{Minimum Threshold}) \times \text{R60 per person day of work} \times 230 \text{ calendar days}$$

For provincial departments, the minimum threshold, performance target and indicative incentive allocation will be calculated independently for each sector - infrastructure and environment and culture sector.

Municipalities will have a single EPWP minimum threshold, performance target and indicative incentive allocation against which all EPWP work created will be reported.

Annexure A provides further detail on how the minimum threshold, performance target and indicative incentive allocation for a public body is determined. These are also published in the grant schedule of the 2011 Division of Revenue Act and can be found on the National Treasury Website at:

<http://www.treasury.gov.za/documents/national%20budget/2011/default.aspx>

2.3 Step 3: Securing Commitment from Eligible Public Bodies

All eligible public bodies will enter into an agreement with the National Department of Public Works in which **public bodies must agree to receive and utilise the EPWP Incentive Grant on the basis of the stipulations, requirements, conditions and obligations attached to it.** By signing the Incentive Grant Agreement, the public body confirms their willingness to receive the grant as well as their undertaking to put in place measures to abide by its requirements of the progress reporting, audit and disbursement procedures. *Should the public body not sign the Incentive Grant Agreement, the public body will not be able to access the EPWP Incentive Grant.*

Along with the Incentive Grant Agreement, each public body is expected to:

- a- **Develop a list of their EPWP projects** to determine if their current project list is sufficient to meet their set performance targets. This must be attached as an Annexure to the Incentive Grant Agreement. Where necessary, there will be further discussion with public bodies that require technical support from the National Department of Public Works to further plan how projects can be designed to meet EPWP targets.
- b- **Verify banking details:** The National Department of Public Works will compile a list of banking details for each eligible public body which will be sent to Provincial and Municipal Treasuries for checking and confirmation by the time the Incentive Grant Agreement is signed to ensure a smooth disbursement process. In order to be able to receive the incentive reward earned, public bodies must ensure the correct banking details are provided.

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2.4 Step 4: Progress Reporting and Disbursement of the EPWP Incentive Grant

After the Incentive Grant Agreement has been signed, public bodies must start progress reporting on their EPWP performance (See Chapter 4 and 5 of the manual). Public bodies are required to load all their EPWP projects onto the EPWP MIS. Only projects on the EPWP MIS will count towards the reported EPWP performance and the number of FTEs to be rewarded. It is the responsibility of the public body to ensure that they have collected the standard information required to report on their projects and that this data is captured correctly on the EPWP MIS.

The incentive reward earned is calculated and disbursed quarterly based on the actual EPWP performance of the public body. Because the incentive reward is calculated based on **actual EPWP performance** whereas the indicative incentive allocation is calculated based on **the performance target minus the minimum threshold**, the incentive reward disbursed will differ from the indicative incentive allocation in the 2011 Division of Revenue Act. Public bodies performing better than was projected will earn a higher incentive reward, and those performing worse than projected will earn a lower incentive reward.

2.5 Nominal Incentive Allocation and its associated Performance target

A standard nominal incentive allocation has been introduced in the following instances:

- a- If a public body meets the progress reporting criteria but not the performance criteria, it is allocated a nominal incentive allocation. *Why?* So that even though a public body has not met the performance criteria, allocating a nominal incentive allocation provides an opportunity for that public body to still be able to access the EPWP Incentive Grant IF they meet the minimum threshold during the financial year.
- b- If a public body reports in the late eligibility period (in quarter 1 or 2 of the previous financial year i.e. by 22 October 2010), it is allocated a nominal incentive allocation. *Why?* This allows new EPWP participants to become eligible without having to wait for 2 years.
- c- Where the calculated indicative incentive allocation is smaller than the nominal amount set, the indicative incentive allocation is adjusted upwards to the set nominal incentive allocation. *Why?* This will ensure that the grant can act as an incentive even to public bodies with small budgets. This also helps to avoid the administration of extremely small amounts.

The Nominal Incentive Allocation and Associated Performance Target has been standardised for all public bodies.

Table 1: The Nominal Incentive Allocation and the associated Performance Target

Type of Public Body	2011/12 Nominal Incentive Allocation	2011/12 Performance Target and the Associated with the Nominal Incentive Allocation
All public bodies	R680 000	49 FTEs

Where a nominal incentive allocation is allocated to a public body, the performance target associated with this nominal incentive allocation is allocated. This means that: no public body has a performance target of less than 49 FTEs and an indicative incentive allocation of less than R680 000 for a full financial year, regardless of their past EPWP performance or budget size. Nominal allocations are mainly common with provincial departments that do not receive a share of the 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.

It should be emphasised that as with all other public bodies, including public bodies allocated a nominal incentive allocation, **the incentive reward is disbursed based on actual EPWP performance**. Public bodies with a nominal incentive allocation will therefore still be disbursed less than the nominal incentive allocation if their EPWP performance is below their performance target.

2.6 Frequently Asked Questions

How does a public body know whether they are eligible or not for the EPWP Incentive Grant?

The grant schedule in the 2011 Division of Revenue Act published by National Treasury lists all the eligible public bodies and their indicative incentive allocations for the given financial year.

Who decides if a public body is eligible for the EPWP Incentive Grant?

The National Department of Public Works monitors the EPWP performance of all public bodies and determines eligibility based on the past EPWP performance of public bodies. In general, a public body that does not create work through its infrastructure or environment and culture projects and report on such work to EPWP cannot be eligible.

What can a public body that is not eligible do to become eligible?

The first step in becoming eligible for the EPWP Incentive Grant is to create work through its projects and report EPWP performance to NDPW on the EPWP MIS. Public bodies that do not report cannot be eligible for the EPWP Incentive Grant.

What should a public body that is eligible do to ensure they access the EPWP Incentive Grant?

Eligible public bodies must sign the standard Incentive Grant Agreement with the National Department of Public Works and ensure that they report EPWP performance on their projects to NDPW during the financial year in which they have an indicative incentive allocation.

What should a public body do if they believe they are eligible for the EPWP Incentive Grant based on the conditions outlined in this manual, but are not listed as eligible in the DORB?

Public bodies that believe they have met the eligibility criteria but are not listed as eligible should contact the National Department of Public Works to raise their queries and concerns. If the public body should thereafter be deemed eligible, this can usually be corrected in the midyear Adjusted Estimates Budget Process.

How is the performance target for a public body set?

The main factors used to set the performance target of a public body are the size of its budget available for EPWP that will be used to implement its EPWP infrastructure and environment and culture projects; the specific portfolio they are responsible for and their past EPWP performance. **Annexure A** provides a detailed overview of how the performance targets are calculated.

What if the public body thinks the performance target in the Incentive Grant Agreement is unrealistic?

If a public body believes that the performance target set of them is unrealistic they should discuss this with the National Department of Public Works and jointly develop a strategy of how the public body can still try and meet the target. It is important to emphasise however that public bodies can still receive part of the indicative incentive allocation if they only partially meet their performance target. However, where it is clear that the performance target will not be reached, the National Department of Public Works should be engaged so that the performance target and the indicative incentive allocation can be adjusted downwards and re-allocated to other public bodies.

What is the Minimum Threshold for a public body?

The minimum threshold is the minimum number of FTEs a public body must be able to create using its budget available for EPWP. Public bodies can only receive the incentive reward for FTEs created above the minimum threshold. In order to stimulate rural work creation, the minimum threshold for rural municipalities is zero.

What is the nominal incentive allocation allocated to a public body?

The nominal incentive allocation allocated to a public body is the lowest indicative incentive amount that can be allocated to a public body. It helps avoid very small indicative incentive allocations; it allows for new participants to become eligible; it provides an opportunity for ineligible public bodies to access the EPWP Incentive Grant IF and WHEN they meet the threshold during the year. The nominal incentive allocation for the 2011/12 financial year has been set as R680 000 for 49 FTEs.

Chapter 3: Conditions Applied to the EPWP Incentive Grant (Programme managers and staff of Eligible Public Bodies)

Chapter summary: This chapter presents and explains the specific conditions that must be adhered to by those accessing the Expanded Public Works Programme Incentive Grant.

3.1 Summary of the EPWP Incentive Grant Conditions

All of the conditions that apply to the grant are captured in two key legal documents:

- a- **The Division of Revenue Act (DORB):** the grant's specific conditions are captured in the grant framework and the general conditions that apply to a schedule 8 grant are captured in the general body of the Bill. These sections of the 2011 DORB are reproduced in **Annexure C** for easy reference. The full grant frameworks are provided in **Annexure D**.
- b- **The Incentive Grant Agreement** signed between the National Department of Public Works and the eligible public body applicable for one financial year.

3.2 Specific conditions for the EPWP Incentive Grant

3.2.1 Eligibility Requirements (Set out in detail in Chapter 2 section 2.1 of this manual)

Public bodies must meet the eligibility criteria in order to be allocated an indicative incentive allocation in the 2011 Division of Revenue Act.

Table 2: Eligibility Requirements

Step	Requirements	Timeframe in which Requirements must be met	Ramifications for Non-Compliance
Step 3: Eligibility	<ul style="list-style-type: none"> • Reporting criteria: To be eligible in 2011/12, public bodies must have: <ul style="list-style-type: none"> – Reported on 2009/10 EPWP performance by 15 April 2010, OR – Reported on their EPWP performance by Q2 of the 2010/11 national financial year. 	<ul style="list-style-type: none"> – Reported 2009/10 EPWP performance by 15 April 2010 to be eligible for 2011/12 OR – Reported Q2 2010/11 EPWP performance by 22 October 2010 to be eligible for 2011/12 	<ul style="list-style-type: none"> • Not eligible for the EPWP Incentive Grant
	<ul style="list-style-type: none"> • Minimum Performance Criteria: Public bodies must have met their minimum threshold. For rural municipalities, the minimum threshold is zero. 	<ul style="list-style-type: none"> • In 2009/10 to be eligible for 2011/12 	<ul style="list-style-type: none"> • Not eligible for the EPWP Incentive Grant

Definitions Reminder Box

A **framework** means the conditions and other information in respect of a conditional allocation published by the National Treasury in terms of section 14 of the 2011 Division of Revenue Act.

3.2.2 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 Incentive Grant.

Table 3: Participation Conditions

Step	Conditions	Timeframe in which Conditions must be met	Ramifications for Non-Compliance
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Step	Conditions	Timeframe in which Conditions must be met	Ramifications for Non-Compliance
Step 7: Agreement	<ul style="list-style-type: none"> Eligible public bodies must sign a standard Incentive Grant Agreement with NDPW to agree and comply with the stipulations, requirements, conditions and obligations of the EPWP Incentive Grant. 	<ul style="list-style-type: none"> Provincial departments signed by 29 April 2011 Municipalities: at the beginning of each municipal financial year signed by the end of June 2011 	<ul style="list-style-type: none"> Cannot receive the EPWP Incentive Grant

3.2.3 Reporting (Set out in detail in Chapter 5 of this manual)

Public bodies must report (at the very least) quarterly performance on all EPWP programme(s) on the EPWP MIS.

Table 4: Reporting Requirements

Step	Requirements	Timeframe in which Requirements must be met	Ramifications for Non-Compliance
Step 9: Reporting	<ul style="list-style-type: none"> Public bodies must report EPWP performance on all projects for which they are claiming the incentive reward via NDPW's EPWP MIS. Reports must be loaded on the EPWP MIS in order for performance to be assessed for an incentive reward. 	<ul style="list-style-type: none"> Report 22 calendar days after the end of every quarter Receive the incentive reward earned 45 calendar days after the end of every quarter 	<ul style="list-style-type: none"> Incentive reward for the quarter will not be disbursed
	<ul style="list-style-type: none"> Public bodies must include in their IYM reports spending on the EPWP Incentive Grant. 	<ul style="list-style-type: none"> In terms of the PFMA, section 40(4)(c) and section 71 of the MFMA 	<ul style="list-style-type: none"> Incentive reward for the following quarter could be withheld
	<ul style="list-style-type: none"> EPWP Performance information in the IYM and EPWP reports must correspond. 	<ul style="list-style-type: none"> Quarterly 	<ul style="list-style-type: none"> Public body could be identified for audit

3.2.4 Use of the EPWP Incentive Grant

Public bodies must utilise the EPWP Incentive Grant in accordance with the manner stipulated in the grant frameworks in the 2011 Division of Revenue Act and the Incentive Grant Agreement with NDPW.

Table 5: Conditions of Use

Step	Requirements	Timeframe in which Requirements must be met	Ramifications for Non-Compliance
Use of the EPWP Incentive Grant	<ul style="list-style-type: none"> The EPWP Incentive Grant, once received by the eligible public bodies must be used for (continuing, expanding, or creating new) EPWP programmes in any sector. 	<ul style="list-style-type: none"> During the financial year 	<ul style="list-style-type: none"> Audit qualification on the EPWP Incentive Grant Eligibility for the EPWP Incentive Grant for the following year could be jeopardised
	<ul style="list-style-type: none"> A maximum of 5% of the incentive reward received can be used for contracted project management capacity. 	<ul style="list-style-type: none"> During the financial year 	
	<ul style="list-style-type: none"> Eligible public bodies must report on the manner in which the EPWP Incentive Grant has been used. 	<ul style="list-style-type: none"> Monthly in the IYM and year-end in annual reports 	

3.2.5 Audit Requirements (Set out in detail in Chapter 6 of this manual)

As the national transferring officer, the national Department of Public Works must ensure that the receiving officer utilises the EPWP Incentive 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 6: Audit Requirements

Step	Requirements	Timeframe in which Requirements must be met	Ramifications for Non-Compliance
Audit	<ul style="list-style-type: none"> Public bodies must ensure that (beneficiary, attendance, payroll) records for all its EPWP programme (s) are available for auditing by NDPW. Public bodies must provide data on request by NDPW for data assessment tests or audits. 	<ul style="list-style-type: none"> Maintained during the financial year Produced on request 	<ul style="list-style-type: none"> Audit qualification

Definitions Reminder Box

A **transferring national officer** means the accounting officer of a national department that transfers a Schedule 4, 5, 6, 8 or 9 allocation to a province or municipality or spends a Schedule 7 allocation on behalf of a municipality.

A **receiving officer** in relation to a Schedule 4, 5, 8 or 9 allocation transferred to a province, means the accounting officer of the provincial department which

3.3 General Conditions for the EPWP Incentive Grant in terms of the 2011 Division of Revenue Act

In addition to the specific conditions attached to the EPWP Incentive Grant, there are general conditions that apply to conditional grants that also must be adhered to.

These are extracted from the 2011 Division of Revenue Act and are presented in summary in **Annexure C** for easy reference.

However, it is emphasised that officials should be aware and comply with all provisions in the Division of Revenue Act, including any provisions not reproduced in **Annexure C**. In interpreting the stipulations in Division of Revenue Act, it should be noted that the accounting officer of the eligible public body (provincial department or municipality) is the relevant receiving officer.

Particular attention is drawn to the following relevant sections of the Division of Revenue Act specifically dealing with schedule 8 grants:

- Section 7(1) and (2): Conditional allocations to provinces
- Section 8(1) to (5): Conditional allocations to municipalities
- Section 12(1) to (4) and (6): Duties of a receiving officer in respect of a Schedule 5, 6, 8 or 9 allocation, *which mainly specifies the monthly progress reporting responsibilities of public bodies receiving the EPWP Incentive Grant*
- Section 13(3) to (6): Duties in respect of annual financial statements and annual reports for 2011/12, *which mainly specifies the responsibilities of public bodies receiving the EPWP Incentive Grant in terms of annual progress reporting*
- Section 14(1) to (4): Publication of allocations and frameworks, *which indicates how the national transferring officer will communicate allocations - this should be noted by eligible public bodies*

- Section 15(1) and (5): Spending in terms of purpose and subject to conditions, *which specifically indicates the restriction of the allocation to the use identified*
- Section 20(1): Unspent conditional allocations, *which allows public bodies to retain all or, any part of the EPWP Incentive Grant received for EPWP performance at the end of the financial year*
- Section 24(1) to (3): Allocations not listed in Schedules, *which indicates how unanticipated allocations will be handled.*

3.4 Frequently Asked Questions

Who is the receiving officer of the EPWP Incentive Grant?

The Accounting Officer of the relevant public body is the receiving officer for the EPWP Incentive Grant.

What can the EPWP Incentive Grant be used for?

The EPWP Incentive Grant is meant to be used by the public body to further expand their work creation activities. For example, they can use the funds to expand existing EPWP projects, implement new EPWP projects, for infrastructure maintenance or work creation in the environment and culture sector or any other sector.

Can the incentive reward already disbursed be rolled over to the next financial year?

Yes, public bodies will retain the incentive reward earned, and paid to them, but not yet spent, in the next financial year (See Section 20 of the 2011 Division of Revenue Act). *However, the unearned portion of the indicative incentive allocation not yet paid to the public body will be returned to the national fiscus at end of every financial year and the rollover or retention processes do not apply.*

Where can I get a complete version of the 2011 Division of Revenue Act, the grant schedules and frameworks?

The full 2011 Division of Revenue Act and the various grant schedules can be downloaded from the National Treasury Website at: <http://www.treasury.gov.za/documents/national%20budget/2011/default.aspx>

Chapter 4: Reporting Procedures (Staff of Public Bodies Implementing EPWP)

Chapter summary: This chapter presents the detailed progress reporting procedures that must be followed by the eligible public bodies to be able to access the EPWP Incentive Grant as intended. It explains what is required in terms of progress reporting on EPWP performance, earning and accessing, and using the EPWP Incentive Grant.

4.1 Managing Project Data

4.1.1 Type of Project Data required per project

Every EPWP project must collect and keep specific project data for the purpose of EPWP progress reporting.

The data that is required to be kept and maintained for every project includes:

- a- **Beneficiary data:** A beneficiary list must be maintained for every project. The data required in this beneficiary list is indicated in **Annexure B** of this manual. This form should be filled in (either weekly or bi-weekly) and signed off and checked by the project implementer at every monthly progress reporting cycle. A beneficiary list containing the following data should be kept and maintained for audit purposes:
 - i. Beneficiary identity – name, surname, initials, date of birth and identity number (or other unique identifier)
 - ii. Beneficiary profiles – nationality, gender, age, education level and disability status
 - iii. Monthly work data for beneficiaries – daily wage to be received, number of calendar days training attended, number of calendar days worked.
- b- **Project work data:** This generally seeks to confirm the number of people at work daily on the project. The following data must be maintained and provided by the public body to the National Department of Public Works upon request when undertaking sample auditing. The documentation that should be kept include:
 - i. Daily attendance register – register showing all the workers that were registered at work everyday. Attendance registers should be completed on site on a daily basis and signed off by the project manager on a weekly basis.
 - ii. Summary of 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 must 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.
Alternatively,
 - ii. 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, either an identity number or other unique identifier, the period for which the pay covers and the amount in wages being paid.
 - iii. *This data must be available and applicable for the entire period for which the project had been claiming an incentive reward for person days of work created.*

d- Employment output data:

- i. Number of work opportunities created
- ii. Number of person days of work created (from which the number of FTEs created and the average duration of work opportunities created can be calculated)
- iii. Average daily wage rates paid.

e- Financial data: allocated project budgets and spending.

4.1.2 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 incentive reward received can be used to ensure adequate project management capacity and monitoring systems where these are insufficient.

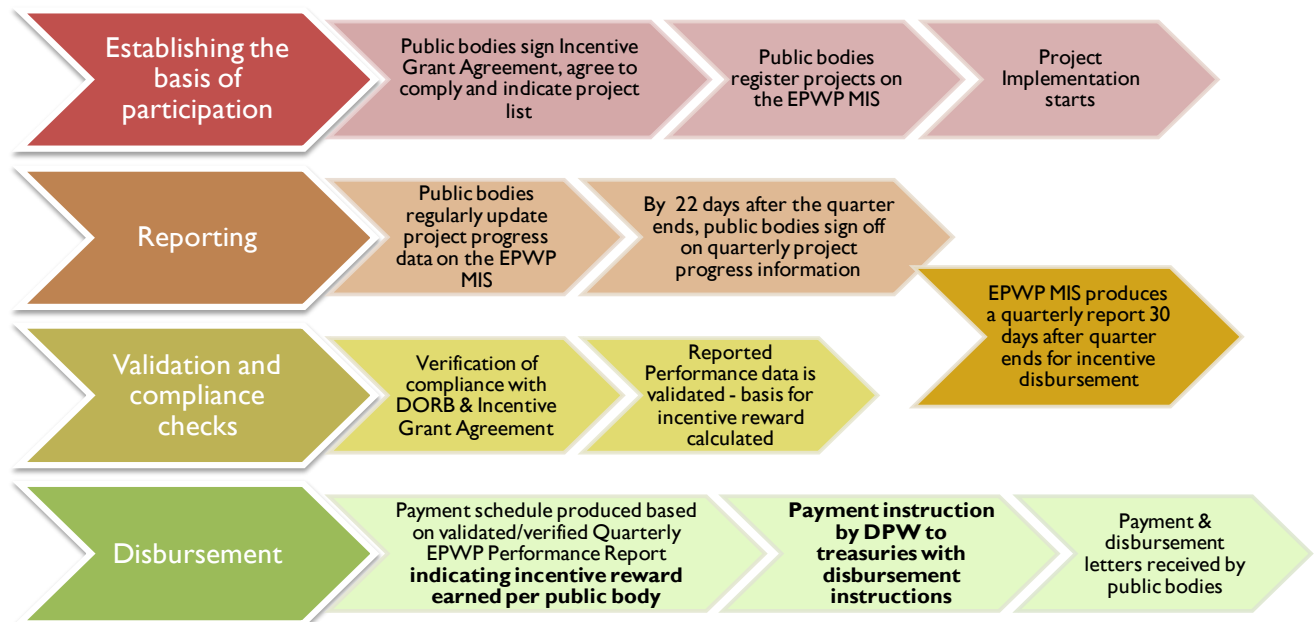
Project work and payment data will only be required for auditing or data quality assessment tests. These will only be carried out on a sample of projects periodically during the financial year.

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

4.2 EPWP Progress Reporting Procedures

There are specific procedures and deadlines to be met in terms of progress reporting. The procedures and timelines for progress reporting are strict and rigorous because the incentive reward that is earned and disbursed will be determined based on the EPWP progress reports of eligible public bodies. If the procedures and timelines are not adhered to, the National Department of Public Works will not be able to authorise the disbursement of the incentive reward within the planned timeframes.

Figure 1: Overview of Processes to Access the EPWP Incentive Grant



4.2.1 Process for Progress Reporting

The public body is required to consolidate, report on and disseminate the project progress data referred to in 4.1.1 above in the following manner:

- a- Public bodies will submit a monthly In-Year Monitoring (IYM) report to the relevant treasury to report spending against the budget, including spending on conditional grants - 15 calendar days after the end of every month in terms of Section 12(2)(a) and (3) of the 2011 Division of Revenue Act for provincial departments; and 10 working days after the end of every month in terms of Section 12(2)(b) and (4) of the 2011 Division of Revenue Act for municipalities. *Public bodies must ensure that the EPWP project data (EPWP performance and financial data in particular) submitted in their IYM reports (to National Treasury) and their EPWP reports (to NDPW) corresponds.*
- b- Public bodies are advised to load updated project data on a monthly basis onto the EPWP MIS.
 - i. For every project, each implementer will ensure that project progress data is provided to the relevant public body at the end of every month
 - ii. The public body has between the end of the month and 22 calendar days after the end of every month to:
 - Sign-off on the progress report: All data loaded on the EPWP MIS must be signed off quarterly by the relevant public body (represented by the delegated official) in order to be considered for an incentive reward for that quarter.
 - Provide it to the EPWP data capturers for loading onto the EPWP MIS
 - Validate data: There will be a process of data validation with the public body thereafter (which can happen before, during and after the capturing of data onto the EPWP MIS). Validated data is then included in the progress report from which the incentive reward is calculated. All data excluded for various reasons (incorrect, has missing data, could not validate beneficiary data) will be referred back to the public body 30 calendar days after the end of the month for correction for inclusion at the next progress reporting date.

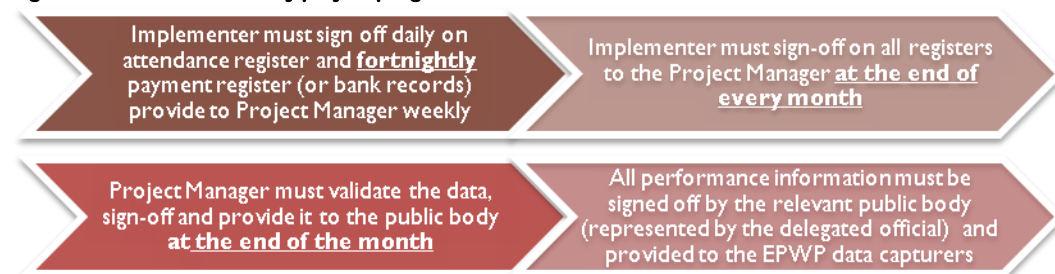
Definitions Reminder Box

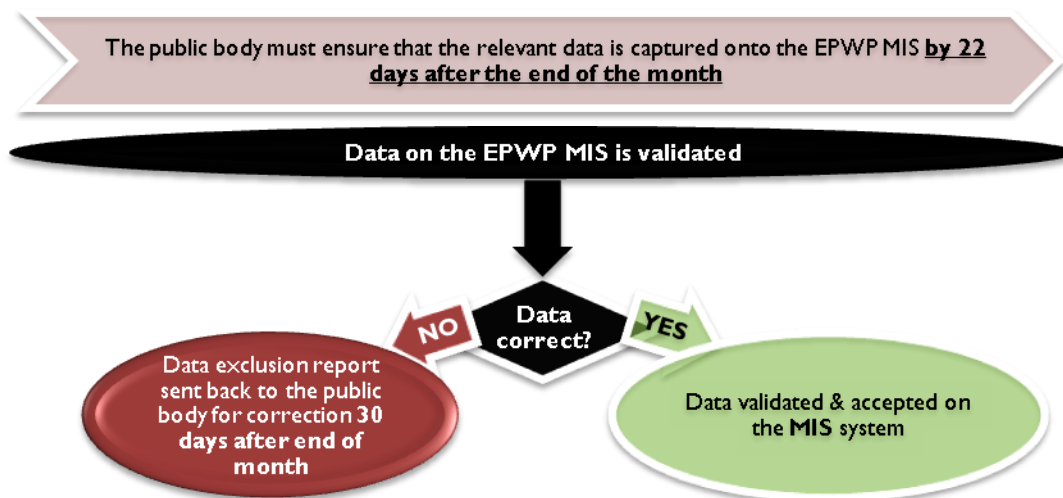
An **In-Year Monitoring (IYM) report** is a report to the relevant Provincial or National Treasury on spending against appropriations as required in section 40(4)(c) of the Public Finance Management Act, and further stipulated in section 12(2)(a) and 12(3).

The **EPWP MIS** is a planned system of collecting, processing, storing and disseminating data on EPWP projects in

It should be noted that the figure below shows the process of collecting and validating project progress data on a monthly and quarterly basis – for the purposes of assessing EPWP performance and calculating the incentive reward earned.

Figure 2: Process for monthly project progress information collection and validation





4.3 Disbursement Procedures for the Incentive Reward Earned

After regular monthly progress reporting, EPWP performance is assessed at the end of every quarter to determine the incentive reward earned.

- 30 calendar days after the end of the relevant quarter, a Quarterly Incentive Report and Quarterly Payment Schedule is compiled from the validated EPWP performance information on the EPWP MIS for all eligible public bodies. *The Quarterly Incentive Report indicates the validated EPWP performance for every eligible public body for that quarter; how much this EPWP performance is above the quarterly FTE threshold; and the incentive reward earned. The Quarterly Payment Schedule simply sets out the incentive reward earned to be disbursed per eligible public body - this is used for disbursement instructions to the relevant treasuries.*
- The National Department of Public Works is required to send these two reports to the National Treasury in compliance with the provisions of the 2011 Division of Revenue Act.
- Public bodies and the relevant treasuries will receive a disbursement letter 45 calendar days after the end of the quarter updating them on their EPWP performance towards targets; indicating the incentive reward earned and authorising the relevant public body to access the incentive reward earned. Only on receipt of, and in accordance with, this disbursement letter, can the specified incentive reward be released to the public body. It is the responsibility of public bodies to check that they have received the incentive reward disbursed.

Table 7: Process for quarterly progress reporting and disbursement

Timeline for the disbursement of the incentive reward ⁴		
Step	Description of reporting activity	Time for activity to be completed (Number of calendar days after end of the quarter)
1	Quarterly Progress Report is signed off by the public body	22
2	Quarterly Incentive Report is compiled by NDPW	30
3	Data Exclusion Reports sent back to public bodies	30
4	NDPW Finance provided with payment certificates to disburse incentive rewards	35
5	NDPW sends Quarterly Incentive Report and Payment Schedule to National Treasury	45
6	NDPW Finance disburses the incentive rewards to public bodies (via their treasuries)	45

⁴ The shaded step refers to activities that must be carried out by the public body; while the steps not shaded refer to activities that must be carried out by National Department of Public Works.

4.4 Disbursement Instructions to Provincial and Municipal Treasuries

The table below shows the disbursement details for public bodies. *Column 1 indicates the period for which EPWP performance is being assessed. Column 2 indicates which financial year the EPWP performance period falls into - the national financial year is reflected for provincial departments and the municipal financial year for municipalities. Column 3 indicates the disbursement date. Column 4 indicates which Division of Revenue grant allocation the funds will be disbursed out of. Column 5 indicates which public bodies will receive a disbursement on the specified date.*

Table 8a: How the Incentive Reward will be disbursed to provincial departments

Performance period	National Financial Year	Disbursement date	Relevant Indicative Incentive Allocation	Who will receive it
Jan – Mar 2011	Q4: 2010/11	16 May 2011	2011 DORB	Existing infrastructure provincial departments eligible in 2010/11
April – June 2011	Q1: 2011/12	15 August 2011	2011 DORB	Infrastructure and E&C provincial departments eligible in 2011/12
July – Sept 2011	Q2: 2011/12	15 November 2011	2011 DORB	
Oct – Dec 2011	Q3: 2011/12	15 February 2012	2011 DORB	
Jan – Mar 2012	Q4: 2011/12	15 May 2012	2012 DORB	
April – June 2012	Q1: 2012/13	15 August 2012	2012 DORB	Infrastructure and E&C provincial departments eligible in 2012/13
July – Sept 2012	Q2: 2012/13	15 November 2012	2012 DORB	
Oct – Dec 2012	Q3: 2012/13	15 February 2013	2012 DORB	
Jan – Mar 2013	Q4: 2012/13	15 May 2013	2013 DORB	

Table 8b: How the Incentive Reward will be disbursed to municipalities

Performance period	Municipal Financial Year	Disbursement date	Relevant Indicative Incentive Allocation	Who will receive it
Jan – Mar 2011	Q3: 2010/11	16 May 2011	2011 DORB	Existing municipalities eligible in 2010/11
April – June 2011	Q4: 2010/11	15 August 2011	2011 DORB	Municipalities eligible in 2011/12
July – Sept 2011	Q1: 2011/12	15 November 2011	2011 DORB	
Oct – Dec 2011	Q2: 2011/12	15 February 2012	2011 DORB	
Jan – Mar 2012	Q3: 2011/12	15 May 2012	2012 DORB	
April – June 2012	Q4: 2011/12	15 August 2012	2012 DORB	Municipalities eligible in 2012/13
July – Sept 2012	Q1: 2012/13	15 November 2012	2012 DORB	
Oct – Dec 2012	Q2: 2012/13	15 February 2013	2012 DORB	
Jan – Mar 2013	Q3: 2012/13	15 May 2013	2013 DORB	

These disbursements represent the only draw downs that can be made on the EPWP Incentive Grant.

- 4 draw downs for eligible public bodies in the 2011/12 national financial year – 16 May 2011, 15 August 2011; 15 November 2011; 15 February 2012.

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

Responsibilities of Provincial and Municipal Treasuries

Provincial and Municipal Treasuries should ensure that:

- The only draw downs from Provincial/ Municipal Revenue Funds in terms of the EPWP Incentive Grant are the disbursements authorised by the National Department of Public Works, 45 calendar days after the end of every quarter.

- b- **The incentive reward is disbursed correctly** as indicated by the National Department of Public Works in the disbursement letter sent out every quarter. This will adhere to the condition that the EPWP Incentive Grant is disbursed strictly based on actual EPWP performance – thus the department who creates the work, and earns the incentive reward, must receive the incentive reward.

4.5 Procedures for Accounting for the Use of the EPWP Incentive Grant

In addition to in-year progress reporting on EPWP performance as described in section 4.2 above, there are additional compliance and financial progress reporting requirements that public bodies must fulfil as detailed in sections 12 & 13 of the 2011 Division of Revenue Act.

The use of the EPWP Incentive Grant must be disclosed in the following reports:

- a- The **annual financial statements and annual report of the relevant public body** must specify:
- the total amount received;
 - the total amount spent;
 - any funds withheld;
 - compliance with the grant, DORB and Incentive Grant Agreement provisions; and any steps taken to deal with non-compliance;
 - the extent to which the objectives and outputs were achieved;
 - the results of the evaluation of the performance of its EPWP programmes.

Table 9 below provides guidance on how this can be presented in the annual report.

Table 9: Information required on the use of the EPWP Incentive Grant

	Q1	Q2	Q3	Q4
Incentive rewards Earned (as per NDPW's Quarterly Disbursement letter)				
Incentive rewards Received by the Province				
Incentive rewards drawn down by the public body				
Total Incentive reward Spent in the year disbursed				
Total Incentive reward Rolled over (fill in under Q4)				

	Project Name 1	Project Name 2	Project Name 3
Existing or New project?			
Project Aim			
Baseline Budget (R'000)			
What was the EPWP Incentive Grant used for?			
Breakdown on the use of the EPWP Incentive Grant			
By Economic classification			
By Item			
What did the EPWP Incentive Grant achieve?			
KPI 1: Number of new/additional work opportunities			
KPI 2: Number of new/ additional person days of work			
KPI 3			
KPI 4			

- b- **The EPWP annual evaluation report** prepared by the National Department of Public Works. In addition to the in-year EPWP progress reporting, it is crucial that NDPW is able to assess and report to regulatory bodies on the manner in which the EPWP Incentive Grant has been used and the outcomes achieved.

- *The EPWP Incentive Grant will be evaluated in order to assess its effectiveness and to inform any changes that need to be made to make it function better. Some of the studies that will be undertaken through the EPWP unit will address:*
 - i. What public bodies use the EPWP Incentive Grant for
 - ii. Whether the EPWP Incentive Grant is leading to better EPWP performance of public bodies
 - iii. Compliance and procedural issues
 - iv. Whether the procedures for the EPWP Incentive Grant need to be adjusted
 - v. Areas in which the overall EPWP programme design needs to be amended
 - *Public bodies that are eligible for the EPWP Incentive 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 participate in interviews, focus group discussions and surveys; and facilitating access to project sites and EPWP workers.*
- c- NDPW will undertake an **annual audit on the performance of EPWP**; control effectiveness and compliance with the conditions of the EPWP Incentive Grant. The audit work to be undertaken could unearth non-compliance or inaccurate performance data. The following could be found:
- **Non-compliance** with the provisions of DORB, including a lack of progress reporting at the time specified; or non-compliance with the conditions of the grant (as captured in the DORB grant frameworks, the Incentive Grant Agreement and this Manual); or non-compliance with the Audit Requirements (such as a lack of documentation upon which the incentive reward calculation was based). ***In consultation with Treasury, the National Department of Public Works will be responsible for deciding on corrective action. In this regard, they will:***
 - Not disburse the incentive reward in the relevant quarter and notify the public body by the next progress reporting month of finding the problem. In order to receive the incentive reward for the next quarter, the public body must be able to prove that the fault has been rectified by the end of the next quarter's progress reporting deadline.
 - **Misrepresentation:** such as inaccurate performance information provided, the inclusion of non-EPWP projects, misappropriation of the EPWP Incentive Grant (not used for the purposes intended). ***In consultation with Treasury, the National Department of Public Works will make the necessary adjustments (if and where necessary) and base such adjustments on the audit results of performance data;*** such adjustments would be applied to the following quarter's incentive reward disbursed.

4.6 Frequently Asked Questions

How will a public body know what incentive reward it has earned in any given quarter?

The National Department of Public Works will send out a disbursement letter to the public body and the relevant treasury 45 calendar days after the end of every quarter stipulating the EPWP performance of the public body and the resulting incentive reward earned and disbursed to the relevant Revenue Fund.

Can the EPWP Incentive Grant be accessed without a disbursement instruction from the National Department of Public Works?

No. The EPWP Incentive Grant is a performance grant which can only be accessed after performance takes place, is reported and validated, the incentive reward earned calculated and a disbursement instruction given by the National Department of Public Works.

Can the incentive reward received in the Provincial Revenue Fund be disbursed at the discretion of the province?

No. The EPWP Incentive Grant is a performance grant that aims to reward the public body that has 'performed' i.e. that has created EPWP work. To act as an incentive, the public body that has performed is allocated the incentive reward earned. However, the performing public body may in consultation with the province decide to which work creation programme the incentive reward should be allocated.

What should treasuries do if a public body disputes the incentive reward in the disbursement letter?

Even if a public body disputes the incentive reward, the relevant treasury can only disburse the incentive reward stipulated as 'earned' in the disbursement letter. The relevant treasury together with the relevant public body may approach the National Department of Public Works for a further explanation on the stipulated incentive reward earned and raise its dispute. If any correction is necessary, these will be made in the subsequent quarter.

Can the incentive reward disbursed to a public body exceed the value of the indicative incentive allocation in the DORB?

Yes, the incentive reward disbursed to public bodies can exceed the indicative incentive allocation stipulated in the DORB as these are indicative allocations only. The actual incentive reward disbursed will be based on actual EPWP performance and if a public body performs better than expected, the incentive reward disbursed will be higher than the indicative incentive allocation as stated in the DORB.

How does a treasury handle receiving an incentive reward in excess of the indicative incentive allocation in the DORB?

If the excess incentive reward is received before November, the relevant treasury must reflect the additional amount in the Adjusted Appropriation Bill for the province or Adjusted Budget of the municipality; or if only known after November, it must be reflected in the following financial year's Appropriation Bill and Budget.

What happens to any portion of the indicative incentive allocation not earned in the financial year in which it is appropriated?

This unearned portion of the indicative incentive allocation will either be absorbed during the year by other over performing public bodies; or will be returned to National Treasury if there is overall under performance on the EPWP Incentive Grant.

Chapter 5: Navigating the EPWP MIS (Implementing Public Bodies)

Chapter summary: This chapter provides a basic overview and description of some of the key features of the MIS. It sets out the project registration and progress reporting processes as well as the type of data that needs to be entered into the system when progress reporting. This will assist officials who have to use the MIS.

5.1 Introduction to the EPWP Management Information System (EPWP MIS)

The 'EPWP MIS' is a planned system of collecting, processing, storing and disseminating data on EPWP projects in the format needed to carry out the functions of management. For the most part, the MIS is managed by the National MIS Support Centre who will also provide the necessary training to use the MIS and supports officials via telephone.

Any delegated representatives from a public body implementing EPWP projects can gain access to the MIS System. MIS users are required to register themselves online at www.epwpmis.com. The contact details of the National MIS Support Centre are: E-mail - itsupport@epwpmisupport.com ; Telephone - 012-845 2156.

In order to be registered as a user, the following information needs to be provided to the National MIS Support Centre:

- The individual's name and surname; and
- The individual's Email Address (the email address will be used as the username on the MIS system)

As soon as an individual has been registered on the system, they will receive an e-mail with a password to logon to the EPWP MIS. The login details will be sent to the e-mail address used to create an account.

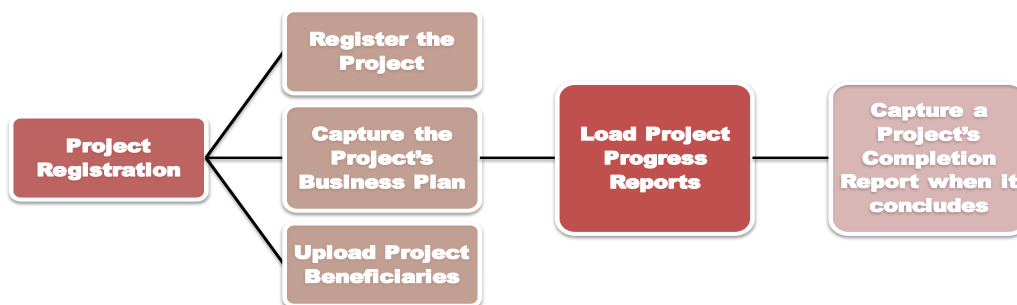
A detailed user manual has been developed for EPWP Phase II (2009-2014) to explain to public body officials assigned to EPWP progress reporting exactly how the MIS works, the fields required for completion and the process of registering, loading and updating or amending data.

This link can be followed to access this information and engage with the website:

http://www.epwpmis.com/web/guest/wiki/-/wiki/Help%20and%20Support/FrontPage?p_r_p_185834411_title=FrontPage

Figure 2 below is an overview of the key points at which data is loaded onto the MIS.

Figure 3: Key Steps in Data Loading on the MIS

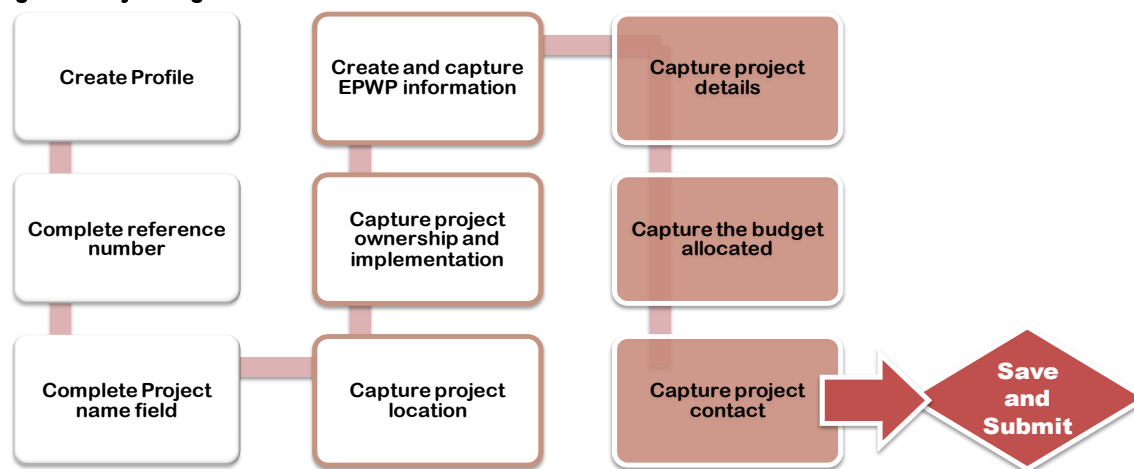


Below is a brief explanation of the procedures and requirements at these key steps.

The **Project Registration Form** allows a public body to capture basic project data on the MIS once it has been included in the Integrated Development Plan, Provincial Growth and Development Strategy or infrastructure plan. This basic information includes:

- Project location
- Project owner, department and implementer
- The EPWP programme and the sector the project falls into
- Project duration and further details
- Funding source and budget allocated
- Organisation and author details.

Figure 4: Project Registration Procedure



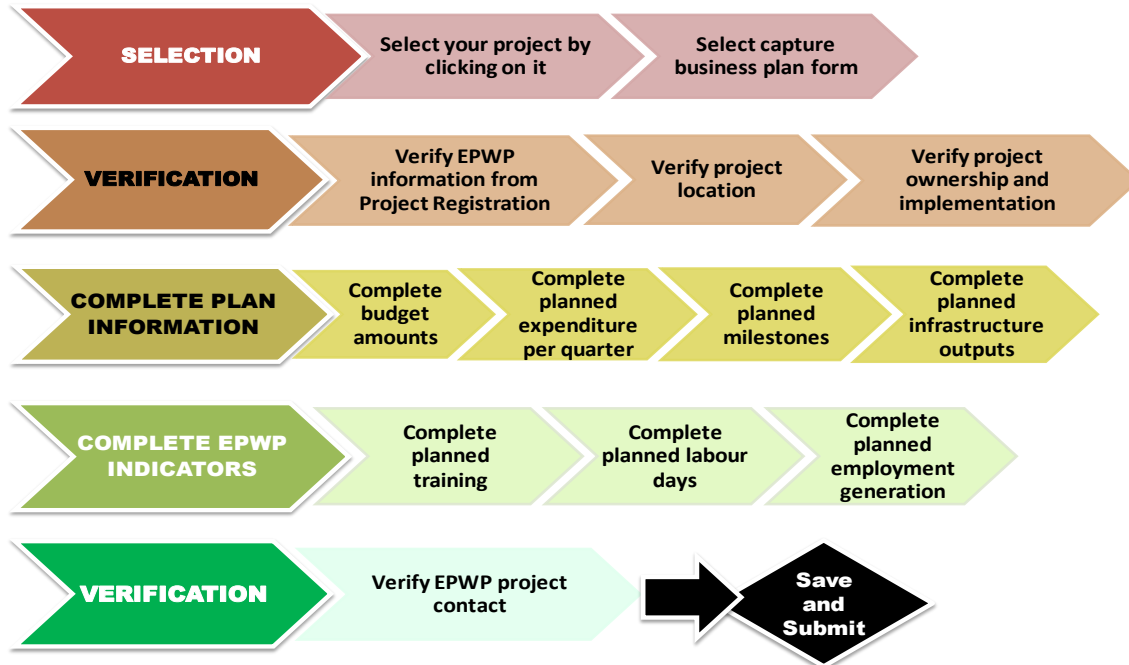
- a- The project business plan step simply allows for the capture of more detailed data once project budgets have been approved by the public body. Some of the information is carried forward from the registration of the project into the business plan. The type of detailed data that should still be captured in addition to the initial project registration is shown in figure 4 on the next page.
- b- The system allows for a project's business plan to be updated, when necessary. The update function for the **business plan form** allows a user to update almost all the original fields on the system, namely:
 - EPWP Information from Project Registration
 - Business Plan Information
 - i. Budget amounts
 - ii. Estimated expenditure per quarter
 - iii. Milestones
 - iv. Infrastructure Outputs

- EPWP Indicators
 - i. Planned Training
 - ii. Planned Labour Days
 - iii. Planned Employment Generation Details
- Implementation data such as the end date of the project.

c- It should be noted that it is only not possible to change the following information on the business plan form:

- Project Ownership
- Start Date of project.

Figure 5: Project Business Plan Submission Procedure



5.4 Uploading Project Beneficiaries

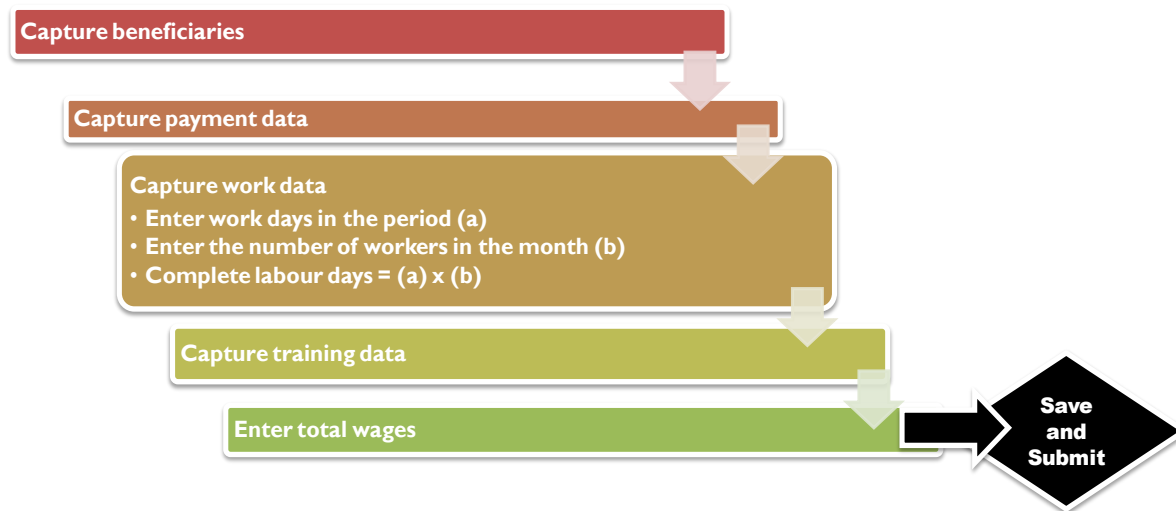
An excel template is provided for the collection of beneficiary data per project. The **beneficiary excel file** is cleaned up and data verified before uploading into the system. The system will not accept any invalid beneficiary data.

The excel file contains the following information:

- Beneficiary profile data
- Payment data
- Work data
 - i. Total workdays in the period (one month)
 - ii. Total numbers of workers in the month
 - iii. Total number of labour days (number of workers x number of calendar days per worker)
- Total number Training Days
- Total Wages (Total number of work days x daily rate paid).

The process of completing and submitting a project business plan is graphically indicated in the figure below.

Figure 6: Project Business Plan Submission Procedure



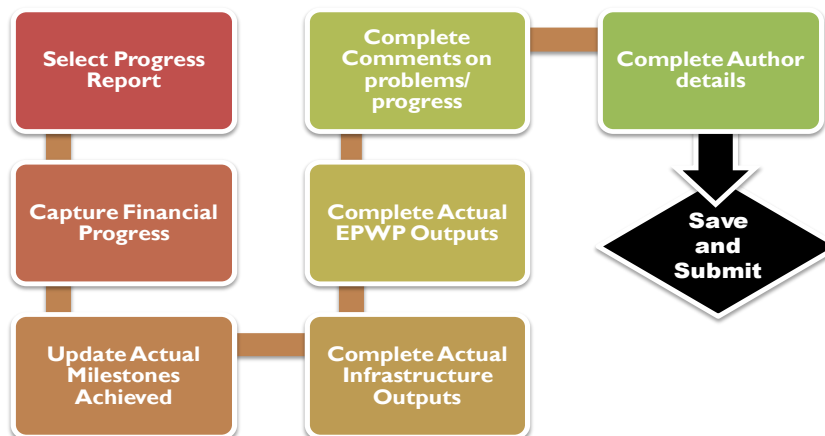
5.5 Load Project Progress Reporting

Project data must be updated on a monthly basis. It will be possible to register projects throughout the financial year. When registering a project after the start date of the project, it will be necessary to complete a progress report for each month of the project since the start of the project.

The **Project Progress Report** allows the public body to capture monthly EPWP performance progress on each project. The monthly progress report can only be captured on or after the 26th day of the month. It includes:

- Financial Progress
- Actual Milestones achieved
- Actual Infrastructure Outputs
- Actual EPWP Outputs
- Progress Comments.

Figure 7: Project Progress Reporting



5.6 Project Completion

A **Project completion report** is an important part of the project life cycle. This ensures the consistency of the data pulled out for progress reporting. Completed projects should reflect as such during progress reporting.

5.7 Frequently Asked Questions

Who can gain access to the system?

The delegated representative from a public body implementing EPWP projects can gain access. This includes: Internal Audit, Finance unit, the Project Management Unit and Management.

How can one gain access to the system? Or where can one call to get support in using the MIS?

The National MIS Support Centre provides MIS system support. The National MIS Support Centre can be contacted by e-mail on itsupport@epwpmisupport.com or by telephone on 012-845 2156. MIS Support Agents may be contacted to assist users with loading data to the MIS.

What information is required to register a person as a user to access the system?

The information required by the user to register on-line on the MIS system includes:

- The individual's name and surname; and
- The individual's Email Address (the email address will be used as the username on the MIS system)

As soon as an individual has been registered on the system, they will receive an e-mail with a password to logon to the EPWP MIS. The login details will be sent to the e-mail address used to create an account.

Can people who are not registered as users or the general public access the MIS to view general performance on the EPWP?

No, users must be either be registered or request guest access to the system.

If a project continues from the previous financial year, do I need to register it again in 2011/12?

No, it is not necessary to register the project again – you must however make sure that the end date of the project is correct.

Chapter 6: Audit Requirements and Compliance (Implementing Public Bodies & NDPW's Internal Audit unit)

Chapter summary: This chapter provides the regulatory framework for maintaining an effective internal audit function which is captured in this Framework of Audit Requirements, which in terms of the 2011 Division of Revenue Act, is a condition of the EPWP Incentive 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

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.

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.

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). Internal Audit shall further comply with the Code of Ethics of Internal Auditors, as published by the Institute of Internal Auditors.

Capacity: The Internal Audit function must establish sufficient capacity to support the scope of audit work required to receive the EPWP Incentive 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

Purpose: The purpose of the Internal Audit function at public bodies for the EPWP Incentive Grant 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.

Definitions Reminder Box

Internal audit 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.

Compliance means adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements.

Objective: The objective of the Internal Audit function at public bodies for the EPWP Incentive Grant 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 is in compliance
- c- Ensuring that an effective system of internal controls exist and is operating as required
- d- Evaluating the reliability and integrity of financial, project management and other operational information.

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 qualifying for the EPWP Incentive Grant.
- 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 Incentive 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 Incentive 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 etc, **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.

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.

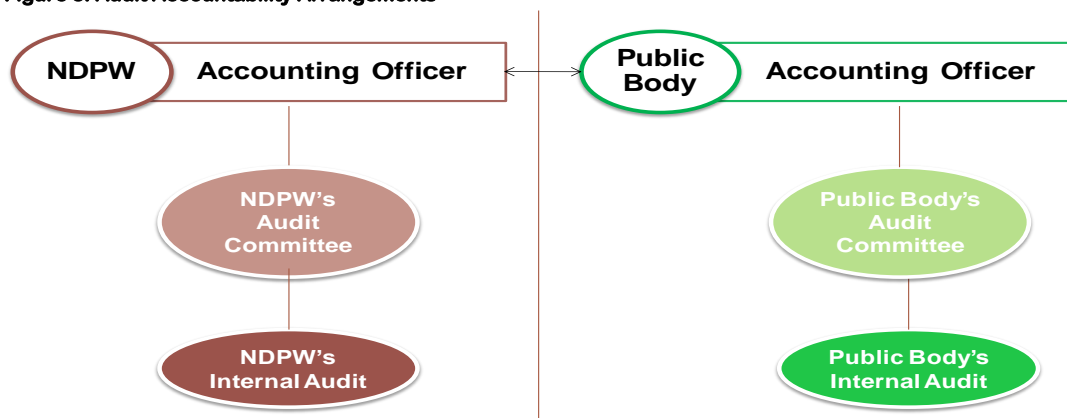
- c- **The public body is further responsible for:**
- i. providing input on the areas of investigation by Internal Audit
 - ii. ensuring support for the Internal Audit function, including ensuring that the Internal Audit unit has unrestricted access to all relevant functions, records and personnel pertaining 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 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 Incentive 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

Figure 8: 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:

- a- Compliance with the conditions of the EPWP Incentive Grant
- b- Risk management and risks
- c- The controls in place to collect and verification/ audit of EPWP performance information upon which the EPWP Incentive Grant is disbursed; and other information required as part of the *Audit Requirements*.

6.5 Scope of Work (for the public body & NDPW's 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:

- a- Obtaining comprehensive understanding of the EPWP Incentive Grant requirements
- b- Defining internal audit objectives
- c- Obtaining a comprehensive understanding of the MIS, project operations and management
- d- Identifying, evaluating and ranking risks to which the public body is exposed
- e- Taking into account the weaknesses of the public bodies' controls and management concerns
- f- 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 Incentive Grant Agreement, the Incentive Grant Manual and any other relevant documentation issued by the National Department of Public Works in terms of the EPWP Incentive 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 Incentive 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:

- a- 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 Incentive Grant Agreement, the Incentive Grant Manual and any other relevant documentation issued by the National Department of Public Works in terms of the EPWP Incentive Grant.
- b- 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 NDPW 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 NDPW fulfils its responsibilities in line with the Division of Revenue Act. To this end, NDPW's Internal Audit must:

- a- Review EPWP's controls over data reported by public bodies
- b- Review EPWP's monitoring of public bodies

- c- Ensure that the internal controls within the EPWP MIS are adequate. In evaluating these controls, NDPW's Internal Audit should:
- i. understand the system parameters and control objectives
 - ii. assess whether the controls put in place meet control objectives for the projects under review
 - iii. test the operation of the controls in practice for the projects under review
 - iv. 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 4 Section 4.2. 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

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:

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

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 upon which the incentive reward is calculated, is credible as far as possible.

Table 10: Controls and Audit Procedures for the Public Body in collecting key project data

Activity	Responsibility	Risk	Time-lapse	Internal controls	Audit procedures	Sample method	Time frame for audit procedure
Implementer to manage project progress data							
Implementer to sign off on daily attendance register	Implementer to complete and sign off	Incorrect information compiled Invalid information compiled	Monthly, at a minimum	Sign-off by Implementer	(in this case, it is more verification than audit procedures) Public Body's Project Manager: 1) to test control of sign-off of attendance register 2) to conduct surprise visits to ensure actual attendance in accordance with register 3) 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 Invalid information compiled Payment to fictitious workers	Monthly, at a minimum	Sign-off by Implementer	(in this case, it is more verification than audit procedures) Public Body's Project Manager: 1) to test control of sign-off of payment register 2) to conduct tests to ensure information on payment register or bank records agree with attendance register 3) test payment register or bank records to ensure proof of payment and receipt 4) conduct tests to ensure rate of pay falls within the specified parameters	As determined by the public body's finance procedures	Monthly
Public Body's Project Manager to check progress data and submit performance report for sign-off							
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: 1) to test control of sign-off 2) to test the validity of EPWP performance information 3) to conduct tests to ensure information on MIS agrees with supporting documentation 4) include results in quarterly or bi-annual audit report	Material sample %	Within 2 calendar months after a quarter's close at the end of the year, in the annual public body audit
Public Body's Project Manager to consolidate EPWP performance information – outputs and expenditure data for EPWP quarterly reporting				MIS controls Sign off by Public Body			

6.6.3 Compliance

Public bodies' Internal Audit must verify compliance with the requirements of the Division of Revenue Act, the Incentive Grant Agreement, the Incentive Grant Manual and any other relevant documentation issued by the National Department of Public Works in terms of the EPWP Incentive 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 4 section 4.5 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 Incentive 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 Incentive 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 11: Headings to be covered in audit reports by Public Bodies

Headings to be covered	Example
Title	"Public Body Name" Internal Audit Report on the EPWP Incentive Grant for the period ending 31 March 2011
Addressee	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 NDPW
Accountability statement	Indicating what the accountability of the various parties are including Management and the Public Body Internal Audit
Scope	The audit procedures performed should be described
Audit findings	Any non-compliance, weaknesses in controls, inaccurate and incomplete information reported with an indication of the effect/impact, recommendations and management comments.
Extrapolation of errors	Based on errors found in information reported the error extrapolated over the population if relevant
Repeat findings	
Significant risks identified	
Other matters for attention	
Conclusion	
Sign-off report	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 Incentive Grant with National Public Works Internal Audit, on, inter alia, specifically on the following:

- a- Objectives and scope of the audit work completed for the quarter
- b- 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.

6.7 Detailed Audit Procedures – 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 4 section 4.1).

6.7.1 Compliance Audits

Annexure E 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 2011 Division of Revenue Act, the Incentive Grant Agreement and this manual.

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 compliance with the conditions of the above documents - for direct action - as well as check the integrity and effectiveness of systems and controls used to support progress reporting - for recommendations on improvements.
- b- At the time of progress reporting (22 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:
 - There is non-compliance with the provisions of DORB, including progress reporting at the time specified
 - There is non-compliance with the rules and conditions of the programme (as captured in the DORB grant frameworks, the Incentive Grant Agreement and this manual)
 - There is non-compliance with the *Audit Requirements*, such as a lack of documentation upon which incentive rewards are calculated
 - ***In consultation with Treasury, the National Department of Public Works will not disburse funds in the relevant quarter and notify the public body by the next progress reporting month of finding the problem.*** In order to receive the incentive earned for the next quarter, the public body must be able to prove that the fault has been rectified by the end of the next quarter's progress reporting deadline.

6.7.2 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 information upon which the incentive reward is calculated is credible.

- a- Should it be found that there is misrepresentation, such as inaccurate EPWP performance information provided, the inclusion of non-EPWP projects, misappropriation of EPWP Incentive Grant (not used for work creation programmes); then,
- b- ***In consultation with Treasury, the National Department of Public Works will make the necessary adjustments (if and where necessary) and base such adjustments on the audit results of performance data;*** such adjustments would be applied to the following quarter's incentive reward disbursed.

Table 12: Sample Audits on the Controls & EPWP Performance Information of Public Bodies

Area	Responsibility	Risk	Internal controls	Audit procedures	Time frame
Attendance register & Payment Information	Public Body (via its Project Manager and Implementer)	<p>Incorrect information compiled</p> <p>Invalid information compiled</p> <p>Payment to fictitious workers</p>	<p>Sign-off by public body (checked by Project manager)</p> <p>MIS controls</p>	<p>NDPW Internal audit:</p> <p>1) to test control of sign-off of attendance register</p> <p>2) to test control of sign-off of payment register</p> <p>3) NDPW Internal audit will consult with auditors of MIG 8 progress reporting</p> <p>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</p> <p>5) to conduct tests to ensure information on MIS agrees with supporting information.</p>	On a sample basis
Public Body Internal Audit Reports	Public Body (via its Internal Audit unit)	Information not checked or verified	Internal Audit before disbursement	NDPW Internal audit to review reports from Public body's internal auditors (completed and submitted at least 22 calendar days after the quarter once during the year and at the end of the year) and select public bodies on which further audit work will be conducted.	Bi-annually
Audit of performance for the EPWP Incentive Grant	NDPW	Disbursement of the incentive reward on invalid information	All of the above	NDPW include results in the annual audit report for the EPWP Incentive Grant to be issued 4 months after the end of the financial year.	4 months after end of 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 Incentive Grant and the roles and responsibilities of the various departments involved in the implementation of the EPWP Incentive Grant.

7.1 Political Accountability

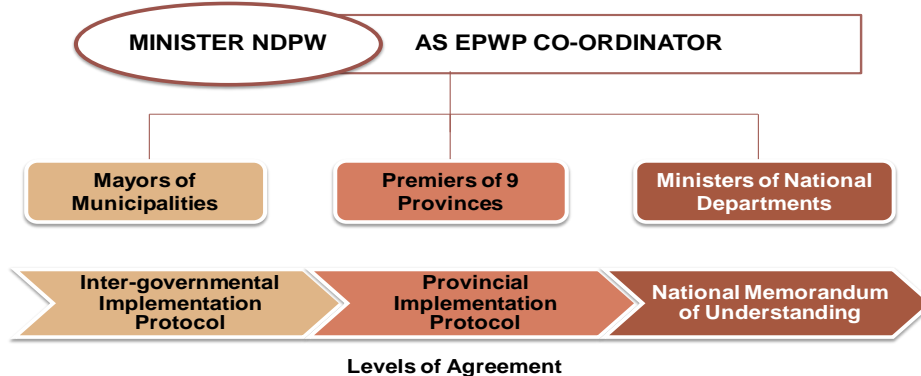
The success of the EPWP is dependent on the contribution of national, provincial and local government to its overall goals and objectives. In order to ensure that all spheres of government and public bodies can be held accountable for contributing to the EPWP targets, a set of accountability arrangements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

Figure 8 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:

- a- Will be concluded in accordance with the Intergovernmental Relations Act
- b- Aim to secure the commitment by all spheres of government to their respective targets
- c- Formalises the intention of national, provincial and local government public bodies to contribute to the objectives and targets of the EPWP
- d- 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 9: Political Accountability Arrangements for EPWP Implementation

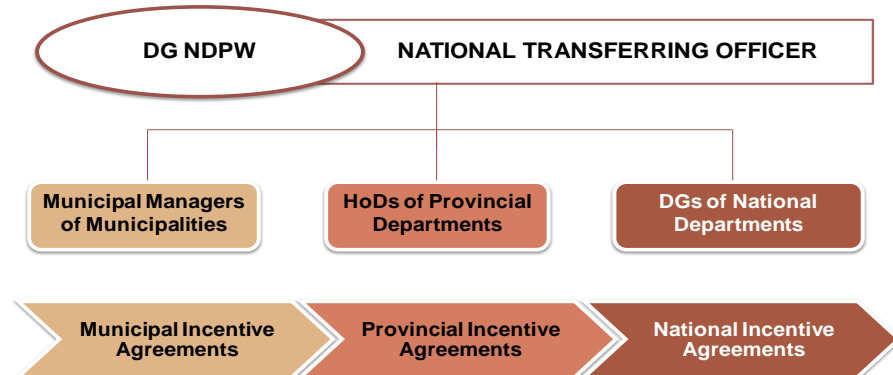


These protocols and agreements are separate from the financial accountability arrangements for the EPWP Incentive Grant.

7.2 Financial Accountability for the EPWP Incentive Grant

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 Incentive Grant allocation and disbursement).

Figure 10: Financial Accountability Arrangements



The Incentive Grant Agreement stipulates the obligations of the implementing public body and the National Department of Public Works required for the implementation of the EPWP Incentive Grant. The key obligations of each party are presented below:

7.2.1 Obligations of the eligible implementing public body

The public body must:

- a- Sign a standard Incentive Grant Agreement with NDPW (by 29 April 2011 for provincial departments; and by 30 June 2011 for municipalities) to agree to comply with the stipulations, requirements, conditions and obligations of the EPWP Incentive Grant. The Incentive Grant Agreement must be signed in order to receive the first quarter incentive reward
- b- Agree to comply with the conditions regarding the use of the EPWP Incentive Grant
- c- Prepare an EPWP project list that it will implement, in order to meet or exceed its performance target
- d- Register all of its EPWP projects on the EPWP MIS by providing the information required in the EPWP MIS project data fields
- e- Comply with the stipulations of NDPW regarding the content and form of progress reporting on its EPWP projects and the timelines for submission of such reports to NDPW
- f- Expenditure on the EPWP Incentive Grant must be reported to the relevant treasury in the monthly In-Year-Monitoring tool, and copied to NDPW - by 15 calendar days after the end of every month for provincial departments and by 10 working days after the end of every month for municipalities
- g- On a quarterly basis, within 22 calendar days after the end of every quarter, report to NDPW the progress of its EPWP projects on the EPWP MIS
- h- Maintain project and payroll records as specified in the EPWP Audit Requirements for all of its EPWP projects
- i- Ensure that these project records are available for auditing as and when required by NDPW; and
- j- Comply with the terms of the EPWP Incentive Grant Manual, the relevant provisions of the 2011 Division of Revenue Act and the Incentive Grant Agreement.

7.2.2 Obligations of the National Department of Public Works

The National Department of Public Works will:

- a- Provide the public body with technical support and assistance as agreed to by the parties in order to promote the achievement of the public body's performance target; this includes: supporting public bodies to apply the EPWP Guidelines to project design; as well as support public bodies to report using the EPWP MIS
- b- Validate the EPWP performance of the public body and determine the incentive reward that the public body has earned and will receive based on the public body's actual EPWP performance every quarter

- c- Disburse the incentive reward earned for actual EPWP performance in every quarter, within 45 calendar days of the end of every quarter, provided the public body has complied with the terms of this Agreement
- d- Within 45 calendar days of the end of every quarter, issue a disbursement letter to the public body and the relevant treasury indicating the incentive reward earned for the relevant quarter
- e- In cases of considerable over- or under EPWP performance, revise the public body's indicative incentive allocation based on actual and projected EPWP performance for 2011/12 in the Adjusted Estimates Budget Process
- f- Adjust the quarter 4 incentive reward to the public body based on the final audited performance results of the public body; and
- g- Undertake sample audits on the reported EPWP performance of the public bodies.

7.2.3 Obligations of the relevant Treasuries

Provincial Treasuries must:

- a- Appropriate the indicative incentive allocation to eligible provincial departments as indicated in the 2011 Division of Revenue Act and the Gazette on allocations and frameworks for provinces
- b- Disburse the incentive to the eligible provincial departments in accordance with the quarterly disbursement instructions of NDPW
- c- Monitor the spending of the EPWP Incentive Grant on work creation programmes and provide spending reports on the EPWP Incentive Grant to NDPW as per DORB

Municipal Treasuries must monitor the spending of the EPWP Incentive Grant on work creation programmes and provide spending reports on the EPWP Incentive Grant to NDPW as per DORB.

7.3 Implementation Arrangements

Although public bodies have their own specific arrangements for project implementation, there are specific roles that need to be filled in order to implement and access the EPWP Incentive Grant. These are described below.

Table 13: Staff and organisations involved in Implementation

Organisation/ staff	Role
Public Body (or contracted by the Public Body)	
Accounting Officer	Refers to the Accounting Officer of the Public Body, accountable for the EPWP implementation, EPWP performance and the use of the EPWP Incentive Grant
Receiving Officer	The Accounting Officer of the Public Body also acts as the Receiving Officer of the EPWP Incentive 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 identify and evaluate significant exposures to risk and contribute to the improvement of risk management, control and governance systems
Implementer	The company or organisation contracted by the public body to execute the project
Data Capturers	Staff responsible for capturing data into the EPWP MIS. These can either be staff of the Public Body or seconded to the public body by NDPW on a temporary basis
Treasuries	
Provincial Treasury	The Treasury Department in the relevant province, a separate department with its own accounting officer
Municipal Treasury	The Municipal Treasury or Finance section within the municipality that will manage the receipt of the EPWP Incentive Grant
National Department of Public Works (NDPW)	
EPWP Unit	The Unit with NDPW that is responsible for the leadership and coordination of the entire EPWP
National Technical Team	The team within the NDPW or appointed by NDPW responsible for working with public bodies on the implementation of EPWP infrastructure projects and accessing the EPWP Incentive Grant
NDPW National Data Centre	The data centre established by NDPW that is responsible for the EPWP MIS and the management of all EPWP performance information

7.4 Coordinating mechanisms

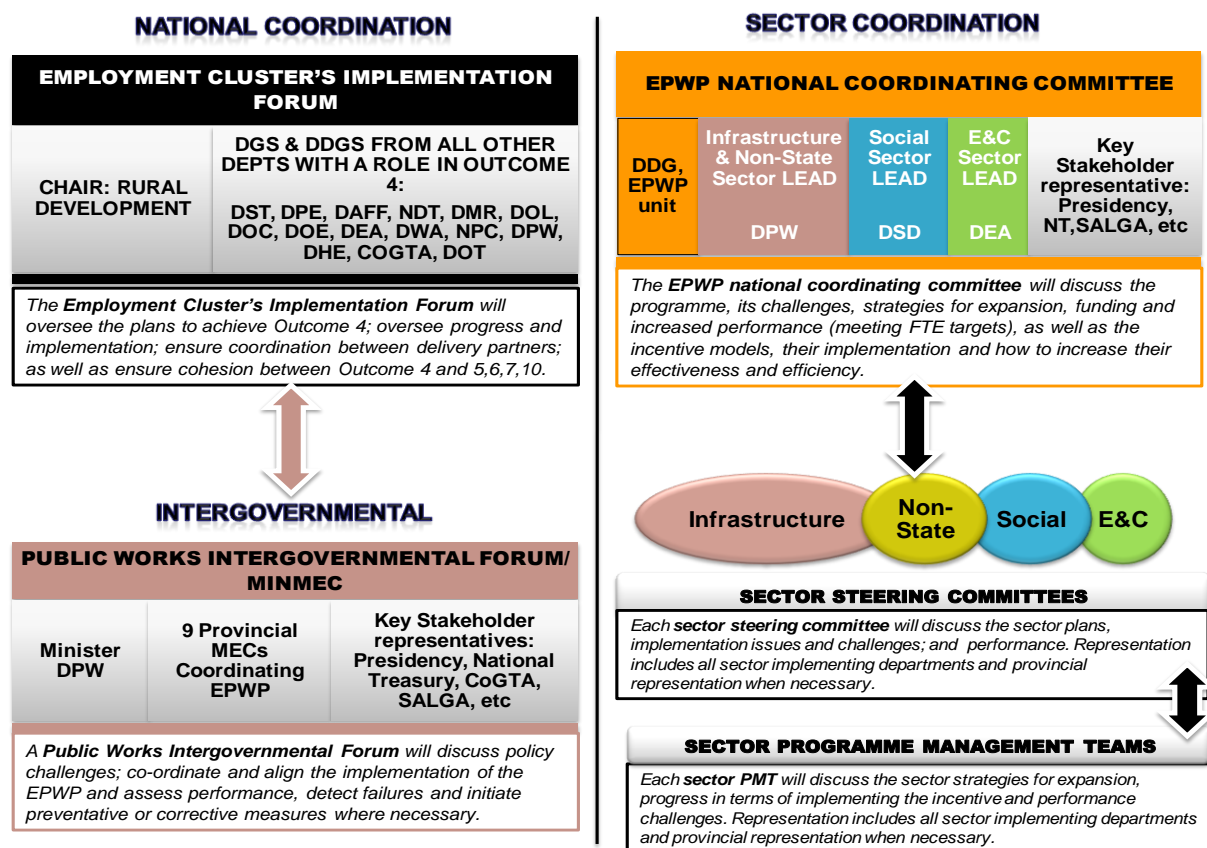
EPWP is a cross cutting government programme. There are various levels at which planning, coordination, implementation, management and progress reporting takes place. As such, coordination structures are important to ensure the effective implementation of the Expanded Public Works Programme for the sector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

Overall coordination around Outcome 4 and the work creation agenda of government is coordination through the Economic and Employment Cluster's Implementation Forum.

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

- A Public Works Intergovernmental Forum (normal Public Works MinMec) whose focus will be coordinating the programme across all government spheres and sectors at an executive level, but with a specific focus on the Infrastructure sector.
- A EPWP National Coordinating Committee, that is a technical working committee that cuts across sectors and spheres of government, with sector lead representation aimed at assisting implementation and increased work creation. Their focus will be vast and cover developing and reviewing strategies for implementation, expansion, increased EPWP performance and funding (including incentive models).
- Sector Steering Committees that deal with all issues facing the sector.
- Sector Programme Management Teams that specifically coordinate the implementation of the incentive within the context of the sector.

Figure 11: Coordination Arrangements for EPWP

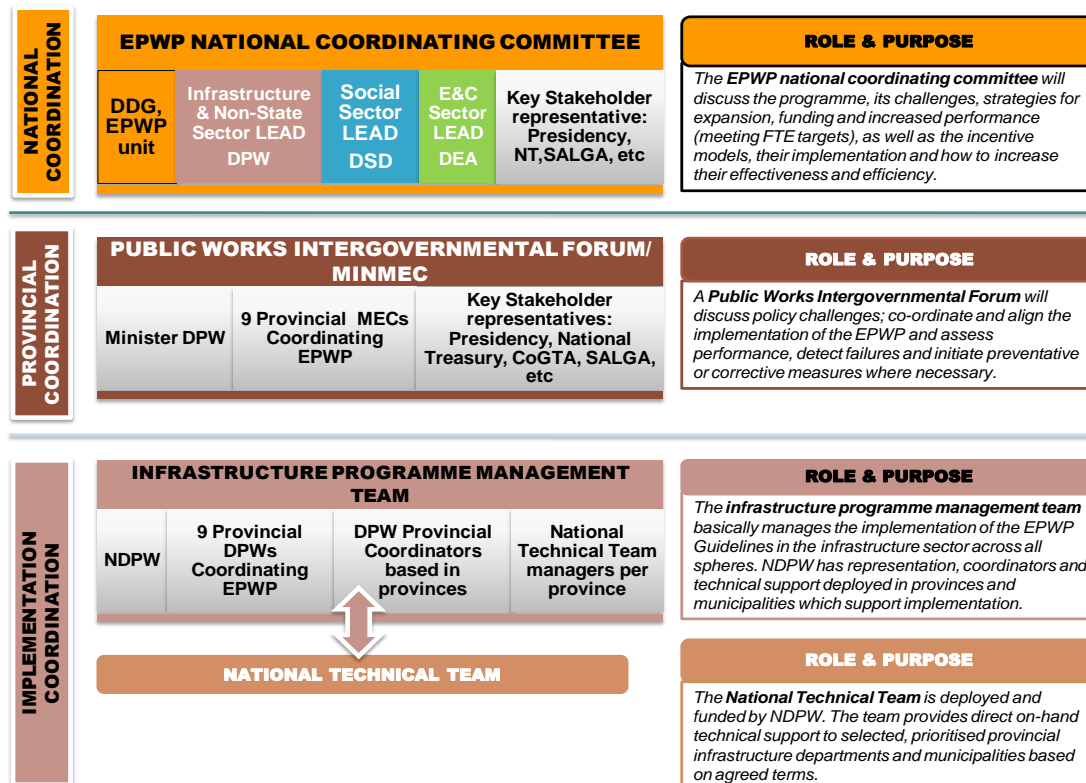


7.4.1 Infrastructure

The National Department of Public Works coordinates the infrastructure sector.

- NDPW utilises a range of national fora to discuss infrastructure issues - the two chaired by EPWP are: the EPWP National Coordinating Committee which discusses EPWP- and sector issues; and the EPWP Provincial Roads Coordinating Committee (which is jointly chaired by NDPW and the National Department of Transport) that specifically discusses roads issues.
- NDPW leads the Public Works MinMec as the intergovernmental forum on implementing the public works mandate. Among other public works issues, EPWP implementation is discussed, coordinated and managed through this forum.
- NDPW manages the EPWP infrastructure sector from a national level, with implementation managed through a NDPW Programme Management Team, that consists of provincial coordinators; with deployed technical support to public bodies through a National technical Team, who are infrastructure specialists and engineers deployed to support public bodies to implementing labour intensive infrastructure programmes.

Figure 12: Infrastructure Coordination Structures



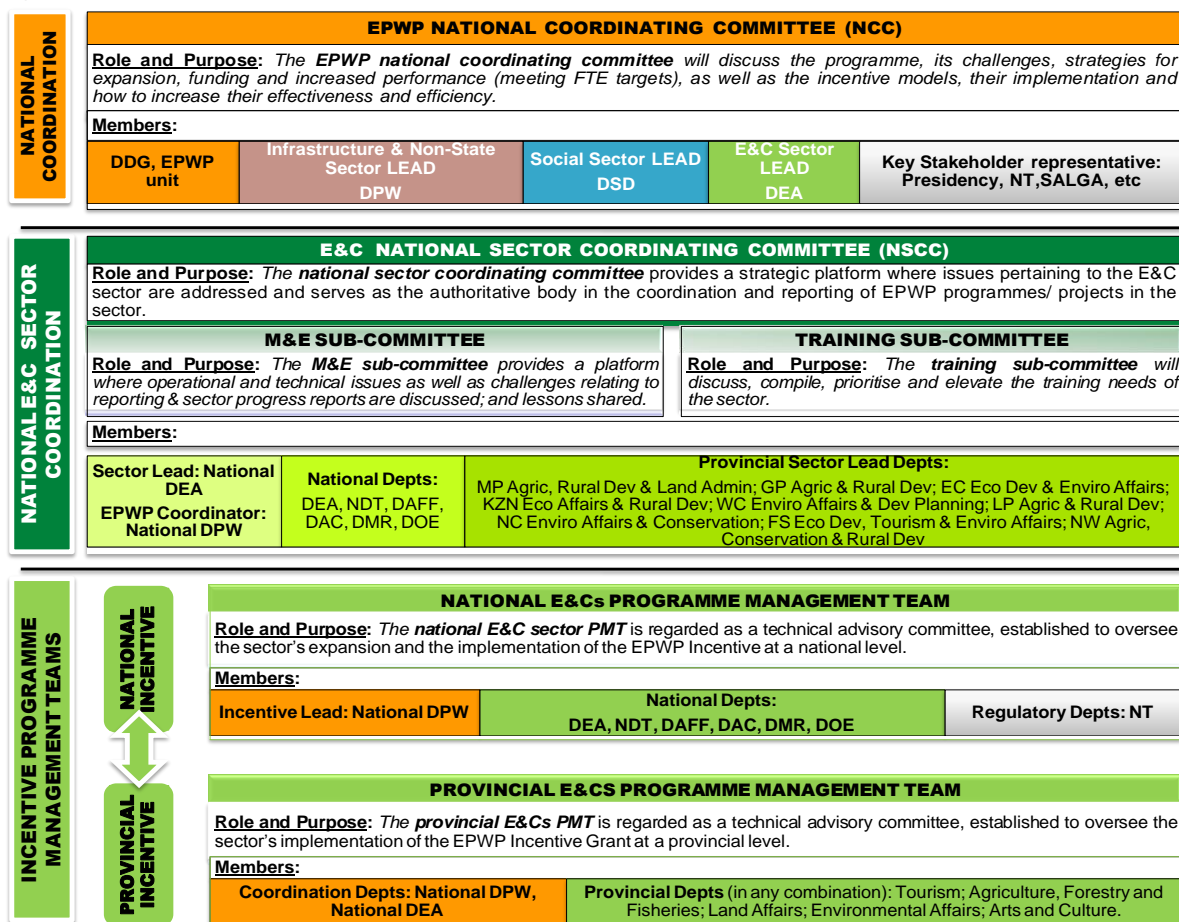
7.4.2 Environment & Culture

The sector is managed in the following way:

- The National Department of Public Works is responsible for the overall coordination of the Expanded Public Works Programme as well as the management of the incentive across all sectors. The National Department of Environmental Affairs leads the sector.
- The sector still uses the EPWP National Coordinating Committee (led by NDPW) to discuss broad EPWP issues and how these impact on sectors.

- c- However, the sector has established its own National (E&Cs) Sector Coordinating Committee (NSCC) which provides a strategic platform where issues pertaining to the E&C sector are addressed.
- The 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&C sector programmes, including but not limited to:
 - i. developments around training policy development
 - ii. sectoral support in terms of enterprise development initiatives within the sector
 - iii. the identification of strategic partners that could assist in unblocking challenges and the marketing of the sector in general.
 - The NSCC also serves as the authoritative body in the coordination and reporting of EPWP programmes/ projects in the sector.
- d- The EPWP incentives for all spheres is managed by the National Department of Public Works but coordinated and negotiated through two structures - one national and the other provincial - called (national and provincial) Environment and Culture Sector Programme Management Teams (E&Cs PMTs). The Terms of reference for these structures is shown below.

Figure 13: E&C Sector Governance Structures



A brief overview of the terms of reference for the national Environment and Culture Programme Management Team is indicated below.

Table 14: Overview of the Terms of Reference for the national E&Cs PMT

AREA	DETAIL PROCEDURE
Role	a- The national E&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&Cs PMT shall oversee the planning process, programme implementation, the use of the incentive allocation and reporting to NDPW.
Functions	b- The functions of the national E&Cs PMT will include (but not be limited to): <ul style="list-style-type: none"> • Providing oversight on the Environment & Culture sector i.e. reviewing and advising on job creation targets and incentive allocations; • Overseeing the Environment & Culture sector EPWP planning process; • Assessing expansion plans from sector departments; • Discussion of the Incentive Model year-on-year (EPWP performance assessment and the determination of incentive eligibility and allocations) • Reviewing quarterly EPWP performance; discussion of the incentive 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&E requirements and/or implementation guidelines) • Requesting and endorsing EPWP support to implementing national departments.
Membership	c- The national E&Cs PMT shall consist of representation (at the level of Chief Director or above) by the following stakeholders: <ul style="list-style-type: none"> • 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. • The national E&Cs PMT may also consist of other stakeholders as may be necessary.
Secretariat	d- The national Department of Public Works would act as the Secretariat. The necessary capacity would be deployed.
Funding	e- The activities will be funded by NDPW.

A brief overview of the terms of reference for the provincial Environment and Culture Programme Management Team is indicated below.

Table 15: Role of the Provincial E&C Sector Programme Management Team

AREA	DETAIL PROCEDURE
Role	a- The provincial E&Cs PMT will be regarded as a technical advisory committee, established to oversee the sector's implementation of the EPWP Incentive Grant at a provincial level.
Functions	b- The functions of the provincial E&Cs PMT will include (but not be limited to): <ul style="list-style-type: none"> • Discussion of FTE target setting for provincial departments • Discussion of the Incentive Model year-on-year (EPWP performance assessment and the determination of incentive eligibility and allocations) • Reviewing quarterly provincial EPWP performance; discussion of the EPWP Incentive 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&E requirements and/or implementation guidelines) • Review the monthly EPWP performance of provincial departments in terms of the EPWP Incentive Grant, the incentive reward accessed and spending • Request and endorse EPWP support to provinces.
Membership	c- The provincial E&Cs PMT shall consist of representation by the following stakeholders: <ul style="list-style-type: none"> • Coordination Departments: National Department of Public Works (lead); Department of Environmental Affairs • Provincial departments (in any combination); Tourism; Agriculture, Forestry and Fisheries; Land Affairs; Environmental Affairs; Arts and Culture. The PMT may also consist of other

AREA	DETAIL PROCEDURE
	stakeholders as may be necessary.
Secretariat	d- The national Department of Public Works would act as the Secretariat. The necessary capacity would be deployed.
Funding	e- The activities will be funded by NDPW.

7.5 Frequently Asked Questions

What is the difference between an Implementation Protocol and an Incentive Grant Agreement?

Implementation protocols reflect the commitments between two spheres of government with regards to working together to achieve the overall objectives of the EPWP and they are signed by the political heads of the different spheres of government. Incentive Grant Agreements only govern the operational, fiscal and accounting procedures of the EPWP Incentive Grant and are signed by the accounting officers of the National Department of Public Works and the receiving public body.

Who is the Accounting Officer for the EPWP Incentive Grant?

The Director-General of the National Department of Public Works is the Accounting Officer for the EPWP Incentive Grant. However, once the National Department of Public Works has authorised the quarterly disbursements to a public body of the incentive rewards earned, the accounting officer of this public body becomes accountable for the proper expenditure of these incentive rewards.

What is the role of the Provincial Departments of Public Works in managing the EPWP Incentive Grant?

The provincial departments of Public Works have no formal responsibility for managing the EPWP Incentive Grant. Most provincial Public Works departments work together with the other public bodies in the province to support them with progress reporting on the EPWP which is a key requirement for accessing the EPWP Incentive Grant. Ultimately however, the progress reporting on EPWP performance is the responsibility of each public body.

How are municipalities represented in the coordinating structures of the EPWP?

Municipalities are represented in the EPWP coordinating structures through SALGA. Furthermore, the provincial public works departments work closely with the municipalities in their province as part of their coordinating role and raise the concerns of municipalities in the EPWP National Coordinating Committee.

Annexure A: Detailed Procedures for determining the eligibility of Public bodies, their Performance Targets and Indicative Incentive Allocations

As with any other grant, the first steps involve determining a basis for distribution and identifying the parties eligible for the grant. The following process describes the basis of the EPWP Incentive Grant.

8.1 Step 1: The National Department of Public Works determines the Eligibility of Public Bodies

8.1.1 Criteria for Eligibility

In order to be eligible for the EPWP Incentive Grant in the 2011/12 financial year, a public body must have met the following two criteria: (a) a Progress Reporting criteria; and (b) a performance criteria.

- a- **Progress Reporting criteria:** In any one financial year, to be eligible for the EPWP Incentive Grant, public bodies must have reported their EPWP performance (***the amount of work created and other indicators associated with this work***) to the National Department of Public Works in the relevant base year⁵.

Because there are different provincial departments implementing infrastructure and environment and culture EPWP programmes; ***for provincial departments, the progress reporting criteria will be applied independently to each sector to determine eligibility.*** So,

- In order for a provincial department to be eligible for an indicative incentive allocation in the infrastructure sector in 2011/12, the provincial department must have created and reported EPWP work through its infrastructure projects in 2009/10;
- Likewise with the environment and culture sector, in order for a provincial department to be eligible for an indicative incentive allocation in the environment and culture sector, the provincial department must have created and reported EPWP work through its environment and culture sector projects in 2009/10.

Municipalities need to have reported in either sector to be eligible.

- b- **Performance criteria:** In addition to the progress reporting criteria, public bodies must have created a minimum number of FTEs in the relevant base year while implementing their EPWP projects known as the **Minimum Threshold**. This minimum number of FTEs is determined based on the budget available to be used for EPWP.

The minimum threshold *for the base year* is determined per public body as follows.

First,

- a- the average EPWP performance per portfolio in the relevant base year² is reviewed to determine how many FTEs were created on average for every million Rand spent by all public bodies within that portfolio

⁵ The reference to the relevant base year is deliberate; for each new year, a prior base year's data is utilised.

- For the 2009/10 financial year, the base year data used was 2007/08
- For the 2010/11 financial year, the base year data used was 2008/09
- For the 2011/12 financial year, the base year data used was 2009/10

b- the **Threshold FTE** factor for each specific portfolio is then determined based on this average.

The following specific portfolios have set **Threshold FTE factors**:

- education infrastructure (the building of schools)
- health infrastructure (the building of clinics)
- provincial roads and transport (road construction and the construction of transportation infrastructure)
- public works (the construction of buildings)
- combined roads, transport and public works
- all municipal EPWP projects (across the infrastructure and environment and culture sectors) for urban municipalities (or cities)
- all municipal EPWP projects (across the infrastructure and environment and culture sectors) for rural municipalities
- provincial agricultural development/ support programmes.

Table A.1: FTE factors per portfolio

Type of Portfolio	Threshold FTE Factor per portfolio	Performance FTE Factor	Budget Available for EPWP Against which the FTE factors are applied
(a)	(b)	(c)	(d)
Education infrastructure (provinces)	6.6 FTEs per Rand million of (d)	12 FTEs per Rand million of (d)	Infrastructure Grant to Provinces
Health infrastructure (provinces)	6.6 FTEs per Rand million of (d)	12 FTEs per Rand million of (d)	Infrastructure Grant to Provinces
Roads/ Transport (provinces)	8.45 FTEs per Rand million of (d)	14.5 FTEs per Rand million of (d)	Infrastructure Grant to Provinces
Roads, Transport & Public Works infrastructure (combined portfolios in provinces)	6.6 FTEs per Rand million of (d)	12 FTEs per Rand million of (d)	Infrastructure Grant to Provinces
Provincial Agriculture	6.6 FTEs per Rand million of (d)	12 FTEs per Rand million of (d)	LandCare plus CASP ⁶
ALL Urban Municipal EPWP	6.6 FTEs per Rand million of (d)	10 FTEs per Rand million of (d)	Municipal Infrastructure Grant
ALL Rural Municipal EPWP	Zero FTEs per Rand million of (d)	10 FTEs per Rand million of (d)	Municipal Infrastructure Grant

Why is the budget allocation for a portfolio based solely on the conditional grant available for that purpose? The reason the grant allocation only has been used as the basis for the budget available to implement EPWP projects or programmes in that portfolio, is because, government has agreed that these grants specifically must be utilised applying EPWP principles and guidelines. All other budgets available for the same purpose do not have the same conditionalities attached.

For all other portfolios, a zero Threshold FTE factor applies.

Then, after the Threshold FTE factors have been determined for each portfolio, the relevant Threshold FTE factor is multiplied by the budget of the public body available for EPWP, to determine the *Minimum Threshold* for each public body that should have been met in the base year.

⁶ CASP stands for the Comprehensive Agricultural Support Programme conditional grant budget.

This is expressed as the minimum number of Full Time Equivalent Jobs to be created. If expressed as a formula: **Minimum Threshold (for base year) = Threshold FTE factor for a specific portfolio X Budget available for EPWP (for base year)**

- **For provincial departments (in the infrastructure sector),**
Threshold FTE factor for the specific infrastructure portfolio x 2009/10 IGP Allocation = Minimum Threshold express as the minimum number of FTEs
- **For provincial departments (in the environment and culture sector),**
Threshold FTE factor for the specific environment and culture portfolio x 2009/10 LandCare + CASP Allocation = Minimum Threshold express as the minimum number of FTEs
- **For municipalities,**
Threshold FTE factor for Municipal EPWP x 2009/10 MIG Allocation = Minimum Threshold express as the minimum number of FTEs

8.1.2 Determining eligibility

Once the Minimum Threshold for a public body has been determined, it is compared to past EPWP performance:

- If EPWP performance for 2009/10 = or > Minimum Threshold for 2009/10; the public body is eligible for an 2011/12 indicative incentive allocation
- If EPWP performance for 2009/10 < Minimum Threshold for 2009/10; the public body is not eligible for an 2011/12 indicative incentive allocation.

Because there are different provincial departments implementing infrastructure and environment and culture EPWP programmes; **for provincial departments, eligibility is determined for each sector - the infrastructure and environment and culture sector - independently.**

Municipalities need only to have met the minimum threshold in either sector to be eligible.

8.2 Step 2: The National Department of Public Works determines the 2011/12 Minimum Threshold, Performance Target and Indicative Incentive Allocation for Eligible Public Bodies

All public bodies that are then deemed eligible – in terms of the above criteria – will be set:

- **a minimum threshold for the year** (expressed as the total number of Full Time Equivalent Jobs the public body must create before an incentive reward can be earned),
- **a performance target for the year** (expressed as the total number of Full Time Equivalent Jobs the public body should endeavour to create to earn the full indicative incentive allocation), and
- **an indicative incentive allocation for the year** (which is the incentive amount available for the public body to earn if they achieve their full performance target for the year). The indicative incentive allocation equals a reward for the difference between these two.

Definitions Reminder Box

FTE factor is the number of FTEs to be created per Rand million of the budget available for EPWP (that should be utilised using EPWP principles and Guidelines). Each portfolio has a different FTE factor.

A nominal incentive amount is simply the lowest indicative incentive amount that can be allocated to a public body.

8.2.1 Minimum Threshold

The minimum threshold for 2011/12 will be determined by applying the Threshold FTE factor determined above to the 2011/12 Budget Allocation. **Minimum Threshold (for 2011/12) = Threshold FTE factor for a specific portfolio X 2011/12 Budget available for EPWP**

8.2.2 Performance Target

The performance target for 2011/12 will be determined by estimating the projected increase in EPWP performance year-on-year. The methodology used to determine performance targets takes into consideration:

- a- The size of the budget available for EPWP that will implement infrastructure and environment and culture projects respectively.
- b- The employment creation levels of unique portfolios of infrastructure that the respective departments are responsible for.
- c- Each individual public body's past performance on the EPWP.

The process for setting performance targets is a three step process:

(1) Set the Targeted FTEs per provincial department and municipality:

The targeted number of FTEs is determined by applying a performance FTE factor to the 2011/12 Budget available for EPWP. Refer to Table A1 on page 55 for the performance FTE factor per portfolio. The performance FTE factor is determined based on the desired EPWP performance levels for the sector.

For example, for province X, which allocates its Infrastructure Grant to Provinces (IGP) between the departments of Roads, Public Works and Education, the targeted number of FTEs is determined per provincial department as follows:

Target (provincial roads, province X) = (Performance FTE factor_{roads portfolio} ÷ 1000 000) x 2011/12 Roads Department's share of IGP

Target (public works, province X) = (Performance FTE factor_{public works portfolio} ÷ 1000 000) x 2011/12 Public Works Department's share of IGP

Target (provincial education, province X) = (Performance FTE factor_{education portfolio} ÷ 1000 000) x 2011/12 Education Department's share of IGP

Target (municipalities) = Performance FTE factor_{municipal portfolio} ÷ 1000 000) x 2011/12 Municipal Infrastructure Grant Budget

(2) Compare past EPWP performance to the Target and set a final Performance Target:

An analysis of past EPWP performance on the grant shows significant variances in actual EPWP performance (when measured using FTEs created per Rand million of the budget). As such, the 'final Performance Target' was determined by using past EPWP performance as the basis for the performance improvement levels to be achieved.

If Past performance > Target in (1) above then: Final Performance Target = Past Performance + 5%

If Past performance < Target in (1) above then: Final Performance Target = Past Performance + 15%

8.2.3 Indicative Incentive Allocation

An indicative incentive allocation is then calculated based on the performance target minus the minimum threshold multiplied by the incentive reward per FTE. For 2011/12, the incentive reward has been set at R60 per person day of work in compliance with the minimum EPWP wage rate of R60 per person day of work.

For provincial departments and urban municipalities,

$2011/12 \text{ EPWP Incentive Grant Allocation} = (\text{Performance Target}_{\text{public body}} - \text{Minimum Threshold}_{\text{public body}}) \times R60 \text{ per person day of work} \times 230 \text{ calendar days per FTE}$

For rural municipalities,

$2011/12 \text{ EPWP Incentive Grant Allocation} = \text{Performance Target}_{\text{public body}} \times R60 \text{ per person day of work} \times 230 \text{ calendar days per FTE}$

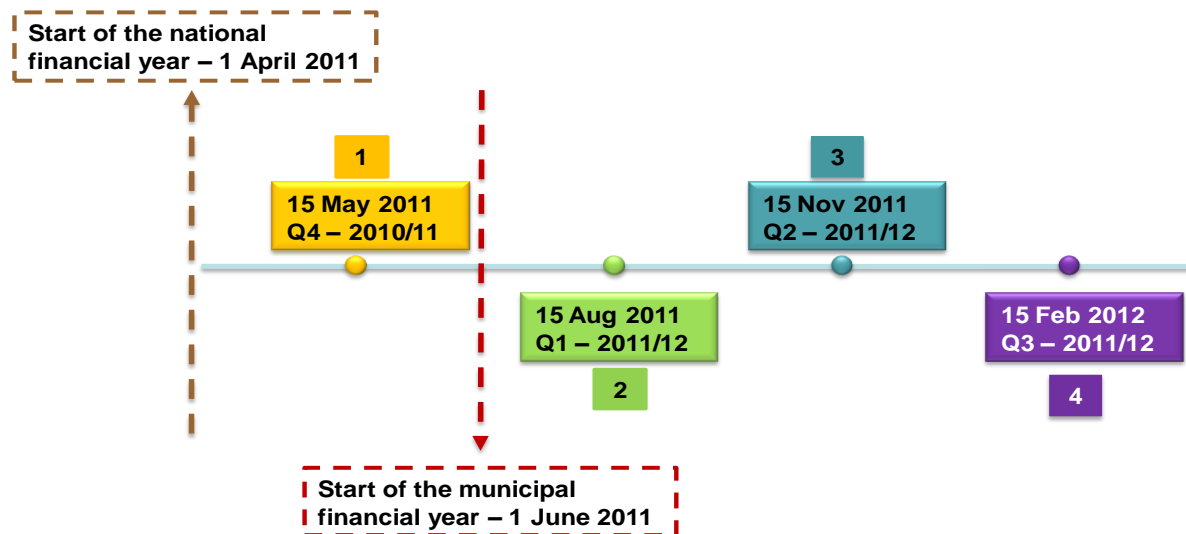
Where the calculated EPWP Incentive Grant Allocation is lower than the set nominal amount, the allocation is adjusted upwards to correspond to these nominal allocations. The nominal amount for 2011/12 is R680 000 for a full financial year.

For provincial departments, the minimum threshold, performance target and indicative incentive allocation will be independently calculated for each sector - infrastructure and environment and culture sector.

Municipalities will have one EPWP minimum threshold, performance target and indicative incentive allocation against which all EPWP work created will be reported.

It should be borne in mind that this calculation refers to the amount available for a full financial year's performance reward; while the amounts published in the Division of Revenue Act reflect only the portion of the amounts that will be disbursed within the financial year.

Figure 14: Calculating the Indicative Incentive Allocation proportions to be disbursed



For provincial departments,

- Eligible in 2010/11 ONLY, their EPWP Incentive Grant Allocation = (1)
- Eligible in 2010/11 and 2011/12, their EPWP Incentive Grant Allocation = (1) + (2) + (3) + (4)
- Eligible in 2011/12 ONLY, their EPWP Incentive Grant Allocation = (2) + (3) + (4)

For municipalities,

- Eligible in 2010/11 ONLY, their EPWP Incentive Grant Allocation = (1) + (2)
- Eligible in 2010/11 and 2011/12, their EPWP Incentive Grant Allocation = (1) + (2) + (3) + (4)
- Eligible in 2011/12 ONLY, their EPWP Incentive Grant Allocation = (3) + (4)

8.2.4 Example of how the Indicative Incentive Allocation is determined for the provincial Department of Roads and Transport in the Mpumalanga province

The **example below** provides an overview of how the incentive reward will be determined.

The **Provincial Department of Roads and Transport in the Mpumalanga province** is our example.

(a) For the infrastructure sector:

Firstly, in terms of the reporting criteria:

- For the infrastructure sector, in 2009/10, the Provincial Department of Roads and Transport created 621.49 FTEs through its infrastructure projects

Secondly, in terms of the performance criteria:

- The Minimum Threshold that would apply in 2009/10 would be the Threshold FTE factor (of 6.6 FTEs per Rand million) X the IGP budget allocated to the department in 2009/10 (estimated based on 31.8% of the total IGP budget for the province of R771.968 million) - 2719 FTEs would be the minimum threshold
- 2009/10 performance of 621.49 FTEs < the estimated 2719 FTE minimum threshold, therefore the department is not eligible
- So, a nominal incentive allocation can only be allocated

Thirdly, for 2011/12, the indicative incentive allocation for

These 2011/12 Minimum Thresholds, Performance Targets and Indicative Incentive Allocations per public body are published in the schedules to the 2011 Division of Revenue Act and can be found on the National Treasury Website at: <http://www.treasury.gov.za/documents/national%20budget/2011/default.aspx>

8.3 Step 3: Securing Commitment of Eligible Public Bodies

All eligible public bodies must enter into an agreement with the National Department of Public Works in which **public bodies must agree to participate in the EPWP Incentive Grant on the basis of the stipulations, conditions and obligations of the EPWP Incentive Grant.**

It should be noted that while there is an indicative incentive allocation published per public body in the 2011 Division of Revenue Act; this is qualified by the response of the public body to confirm its willingness to participate in the EPWP Incentive Grant by signing the agreement with NDPW. A standard Incentive Grant Agreement will be provided to the accounting officer of each public body for signature. Signing of the Incentive Grant Agreement is regarded as legal consent for participation.

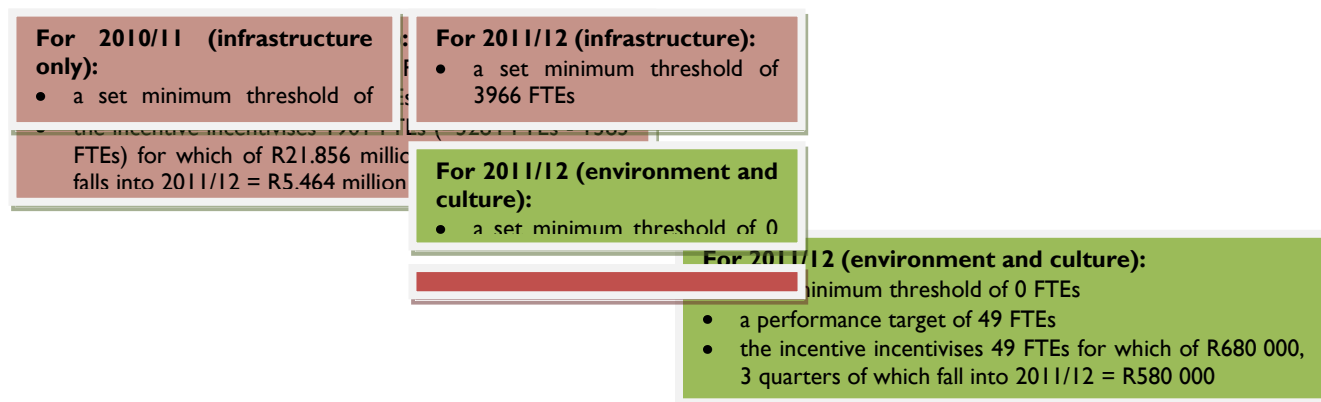
In the case of a provincial department, the Head of Department (HoD) will receive a standard provincial Incentive Grant Agreement which must be signed and returned to the National Department of Public Works before 29 April 2011. In the case of municipalities, the Municipal Manager will receive a standard municipal Incentive Grant Agreement which must be signed and returned to the National Department of Public Works by the end of June 2011.

Public bodies will be engaged on the performance targets and indicative incentive allocations published in the 2011 Division of Revenue Act. Each eligible public body is expected to develop their list of EPWP projects to determine how they will meet their set performance targets.

8.4 Step 4: Progress Reporting and Disbursement of the EPWP Incentive Grant

The **example below** provides an overview of how the incentive reward will be determined.

The **Provincial Department of Roads and Transport in the Mpumalanga province** is continued as our example.





public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA



EXPANDED PUBLIC WORKS PROGRAMME

Table A.2: Example of Incentive reward disbursements for performance

EXAMPLE: MPUMALANGA ROADS AND TRANSPORT

	2010/11 (INFRASTRUCTURE ONLY)						
	Cumulative Minimum Threshold	Cumulative Performance Target	Cumulative Performance (from actual EPWP)	Number of FTEs for payment	Incentive Reward	Incentive Reward plus capacity	Payment Date
QUARTER 1	346	821	138	0	-	n/a	15 AUGUST 2010
QUARTER 2	691	1642	940	249	2 860 965	n/a	15 NOVEMBER 2010
QUARTER 3	1037	2463	1758	721	5 432 225	n/a	15 FEBRUARY 2011
QUARTER 4 (falls into 2011/12)*	1383	3284	3284	1901	13 562 780	14 240 919	15 MAY 2011 (falls into 2011/12 financial year)
Full year total	1383	3284	3284	1901	21 855 971	14 240 919	Full year total
3 Quarters in DORB	1037	2463	1758	721	8 293 191	-	3 Quarters of 2010/11

* The incentive agreement for 2010/11 will include the full year's threshold and performance target. But the 2010/11 DORB allocation will only be for 3 quarters of 2010/11; the 4th quarter incentive amount will automatically be allocated to the public body in the next year - in this case, 2011/12.

	2011/12 INFRASTRUCTURE					2011/12 ENVIRONMENT AND CULTURE				BOTH SECTORS		
	Cumulative Minimum Threshold	Cumulative Performance Target	Cumulative Performance (an example ONLY)	Number of FTEs for payment	Infrastructure Incentive Reward	Cumulative Minimum Threshold	Cumulative Performance (an example ONLY)	Number of FTEs for payment	E&C Incentive Reward	TOTAL (R'000)	TOTAL PLUS CAPACITY (R'000)	Payment Date
QUARTER 1	991	1004	500	0	-	0	5	5	69 000	69 000	72 450	15 AUGUST 2011
QUARTER 2	1983	2007	1200	0	-	0	12	12	96 600	96 600	101 430	15 NOVEMBER 2011
QUARTER 3	2974	3011	3011	37	510 000	0	37	37	344 400	854 400	897 120	15 FEBRUARY 2012
QUARTER 4 (falls into 2012/13)*	3966	4015	4015	49	170 000	0	49	49	170 000	340 000	357 000	15 MAY 2012 (falls into 2012/13 financial year)
Full year total	3966	4015	4015	49	680 000	0	49	49	680 000	1 360 000	1 428 000	Full year total
3 Quarters in DORB	2974	3011	3011	37	510 000	0	37	37	510 000	1 020 000	1 071 000	3 Quarters of 2011/12
											6 808 192	TOTAL IN DORB



Example continued:

Every year, the annual performance target and annual minimum threshold is spread over the four quarters. The incentive reward disbursed quarterly is always based on the quarterly performance target – quarterly minimum threshold. The net number of FTEs created each quarter is rewarded.

- In Q1 of 2010/11, the actual EPWP performance of the department was 138 FTEs; it did not earn an incentive reward because its performance was not above the Q1 minimum threshold of 346 FTEs. By Q3 of 2010/11, the actual EPWP performance of the department had cumulatively grown to 1758 FTEs; as such it has created 721 FTEs above its minimum threshold so far for the year. Its net incentive reward for Q3 amounted to: 721 FTEs x R11 500¹ - R2.861 million (previously paid for 249 of the FTEs) = R5.432 million.
- If by the end of 2010/11, the annual EPWP performance of the department reported by 22 April 2011 is equal to its performance target for the full year of 3284 FTEs; it could still earn their full indicative incentive allocation of R37 856 million. The first disbursement in 2011 (on 16 May

Once a public body exceeds the set quarterly minimum threshold of FTEs, the National Department of Public Works will start paying out for every FTE created above threshold as per the example. So, although an annual performance target and an indicative incentive allocation are determined for each public body for every year, these are 'indicative allocations'. This means that the actual amount that will be disbursed within the financial year does not necessarily have to be the same as the indicative allocation.

Public bodies will receive a disbursement letter every quarter updating them on EPWP performance towards targets and the amount disbursed based on EPWP performance. It is the responsibility of public bodies to check that their treasury has received the incentive reward disbursed and they can access it.

8.5 Step 5: Adjustments to the Indicative Incentive Allocation

Incentive disbursements different to the indicative incentive allocations

Generally, because the incentive allocation is really only 'indicative' i.e. what is actually disbursed can bear no relation to the allocation as the disbursement is based on actual EPWP performance. The incentive reward disbursed will differ from the indicative incentive allocation in the following instances:

- Public bodies that partially meet their targets will be paid the incentive reward on a pro-rata basis up to the full indicative incentive allocation as published in the 2010 Division of Revenue Act.
- Public bodies that exceed their targets *may* be paid an incentive reward in excess of their published indicative incentive allocation, subject to the availability of funds.

The only time an adjustment to the indicative incentive allocation becomes necessary, is when National Department of Public Works predicts severe overall underperformance or over performance on the grant; or where National Department of Public Works in its sample audits finds gross misrepresentation and there is agreement with National Treasury to withdraw the indicative incentive allocation.

Adjusting the actual indicative incentive allocation in DORA

An adjustment to indicative incentive allocations will only be made after the National Department of Public Works has undertaken a midyear assessment of performance on the EPWP Incentive Grant and, in preparation for the Adjusted Estimates Budget, make projections for the remainder of year in consultation with public bodies and National Treasury that indicate potential underperformance. The assessment will be based on an updated progress report; projects in place and registered; the potential and basis for expansion; and the compliance status of eligible public bodies. On this basis, the National Department of Public Works will prepare the necessary motivation for adjusting the indicative incentive allocation in the DORB.

In terms of underperformance or non-compliance, this would in the main result in indicative incentive allocations from underperforming public bodies being re-allocated to over performing public bodies. In terms of over performance, additional funding would be sought from the fiscus and if allocated would in the main result in additional EPWP Incentive Grant amounts being allocated to public bodies.

Any adjustments will be published in the Government Gazette in line with the Adjusted Estimates Budget.

[illegible][illegible]

Annexure C1: Selected Extracts from the 2011 Division of Revenue Act regarding the schedule 8 EPWP Incentive Grant (for Public Bodies)

Section 7: Conditional allocations to provinces

7. (1) Conditional allocations to provinces in respect of the financial year from the national government's share of revenue raised nationally are set out in Column A of the following Schedules:

- (a) Schedule 4, specifying allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets;
- (b) Schedule 5, specifying specific-purpose allocations to provinces;
- (c) Schedule 7, specifying allocations-in-kind to provinces for designated special programmes;
- (d) Schedule 8, specifying incentives to provinces to meet targets with regards to priority government programmes; and
- (e) Schedule 9, specifying funds that are currently not allocated to specific provinces, that may be released to provinces to fund disaster response within a period from three days up to three months following a declared disaster in terms of the conditions of the Disaster Management Act.

(2) An envisaged division of conditional allocations to provinces from the national government's share of revenue anticipated to be raised nationally for the next financial year and the 2013/14 financial year, which is subject to the annual Division of Revenue Acts for those years, is set out in Column B of the Schedules referred to in subsection (1).

Section 8: Conditional allocations to municipalities

8. (1) Conditional allocations to local government in respect of the financial year from the national government's share of revenue raised nationally are set out in Column A of the following Schedules:

- (a) Schedule 4, specifying allocations to municipalities to supplement the funding of functions funded from municipal budgets;
- (b) Schedule 6, specifying specific-purpose allocations to municipalities;
- (c) Schedule 7, specifying allocations-in-kind to municipalities for designated special programmes;
- (d) Schedule 8, specifying incentives to municipalities to meet targets with regards to priority government programmes; and
- (e) Schedule 9, specifying funds that are currently not allocated to specific municipalities, that may be released to local government or municipalities to fund disaster response within a period from three days up to three months following a declared disaster in terms of the conditions of the Disaster Management Act.

(2) An envisaged division of conditional allocations to local government from the national government's share of revenue anticipated to be raised nationally for the next financial year and the 2013/14 financial year, which, with the exception of what is provided in subsection (4) in relation to the Public Transport Infrastructure and Systems Grant, is subject to the annual Division of Revenue Acts for those years, is set out in Column B of the Schedules referred to in subsection (1).

(3) The National Treasury must, in terms of section 14, publish the share or indicative allocation of each municipality in respect of the local government allocations contemplated in subsections (1)(a) to (d) and (2) in the Gazette.

(4) Despite subsection (2), in respect of the Public Transport Infrastructure and Systems Grant, funding which is specifically approved by the National Treasury in relation to transport contracts for capital projects must be regarded as being firm allocations for the next financial year and the 2013/14 financial year that will not be altered downwards

in the Division of Revenue Acts in respect of those financial years.

(5) A municipality may, only after obtaining the approval of the National Treasury, pledge, offer as security or commit to a person or institution future conditional allocation transfers due to the municipality for the next financial year and the 2013/14 financial year, for the purpose of securing a loan or any other form of financial or other support from that person or institution.

Section 12: Duties of a receiving officer in respect of a Schedule 5, 6, 8 or 9 allocation

12. (1) The receiving officer of a Schedule 5, 6, 8 or 9 allocation must ensure compliance with the requirements of the relevant framework.

(2) The relevant receiving officer must, in respect of a Schedule 5, 6, 8 or 9 allocation transferred to—

- (a) a province, as part of the report required in section 40(4)(c) of the Public Finance Management Act, report on the matters referred to in subsection (3) and submit a copy of the section 40(4)(c) report to the relevant provincial treasury and the transferring national officer;
- (b) a municipality, as part of the report required in terms of section 71 of the Municipal Finance Management Act, report on the matters referred to in subsection (4) and submit a copy of the section 71 report to the relevant provincial treasury, the National Treasury and the relevant transferring national officer; and
- (c) a province or a municipality, submit a quarterly performance report within 30 days after the end of each quarter to the transferring national officer, the relevant provincial treasury and the National Treasury.

(3) A report by a province in terms of subsection (2)(a) must set out for that month and for the financial year up to the end of that month—

- (a) the amount received by the province;
- (b) the amount of funds stopped or withheld from the province;
- (c) the actual expenditure by the province in respect of a Schedule 5 allocation;
- (d) the amount transferred to any national or provincial public entity to implement a programme funded by a Schedule 5 allocation on behalf of a province or to assist the province in implementing such a programme;
- (e) the most up to date available figures regarding the expenditure by a public entity referred to in paragraph (d);
- (f) the extent of compliance with this Act and with the conditions of an allocation provided for in a framework, based on the most up to date available information at the time of reporting;
- (g) an explanation of any material problems experienced by the province regarding an allocation which has been received and a summary of the steps taken to deal with such problems;
- (h) any matter or information that may be prescribed in the relevant framework for the particular allocation; and
- (i) such other issues and information as the National Treasury may determine.

(4) A report by a municipality in terms of subsection (2)(b) must set out for that month and for the financial year up to the end of that month—

- (a) the amount received by the municipality;
- (b) the amount of funds stopped or withheld from the municipality;
- (c) the extent of compliance with this Act and with the conditions of an allocation or part of an allocation provided for in a framework;
- (d) an explanation of any material problems experienced by the municipality regarding an allocation which

has been received and a summary of the steps taken to deal with such problems;

- (e) any matter or information that may be prescribed in the relevant framework for the particular allocation; and
- (f) such other issues and information as the National Treasury may determine.

(6) A receiving officer must, within two months after the end of the financial year, and where relevant, the municipal financial year, evaluate its performance in respect of programmes or functions funded or partially funded by an allocation and submit such evaluation to the transferring national officer.

Section 13: Duties in respect of annual financial statements and annual reports for 2011/12

13.(3) The 2011/12 financial statements of a provincial department receiving an allocation in terms of Schedule 4, 5, 8 or 9 must, in addition to any requirements in terms of any other applicable law—

- (a) indicate the total amount of all allocations received;
- (c) certify that all transfers in terms of this Act to the province were deposited into the primary bank account of the province or, where appropriate, into the corporation for public deposits account of a province.

(4) The 2011/12 annual report of a provincial department receiving an allocation in terms of Schedule 4, 5, 8 or 9 must, in addition to any requirements in terms of any other applicable law—

- (a) indicate to what extent the provincial department complied with the provisions of this Act and met the conditions provided for in the relevant framework of such an allocation;
- (b) indicate the steps taken to deal with non-compliance with any of the provisions of this Act or the conditions provided for in the relevant framework of such an allocation;
- (c) indicate the extent to which the objectives and outputs of the allocation were achieved;
- (d) contain any other information that may be specified in the relevant framework for the allocation; and
- (e) contain such other information as the National Treasury may determine.

(5) The 2011/12 financial statements and annual report of a municipality must be prepared in accordance with the Municipal Finance Management Act.

(6) The National Treasury may determine how transferring departments and receiving municipalities report on local government allocations on a quarterly basis, to facilitate the audit of allocations for both the national and municipal financial years.

Section 14: Publication of allocations and frameworks

14. (1) The National Treasury must, within 14 days of this Act taking effect, publish in the *Gazette*—

- (a) the allocations per municipality, in respect of Schedule 4 and 6 allocations;
- (b) the indicative allocations per province and municipality, in respect of Schedule 7 allocations;
- (c) the indicative allocations for provinces and municipalities, along with their initial threshold and performance targets, in respect of Schedule 8 allocations; and
- (d) the framework for each allocation in Schedules 4 to 9.

(2) The National Treasury must publish in the *Gazette*—

- (a) any revisions of or amendments to the frameworks published in terms of subsection (1)(a) and (d);

- (b) any virement which is made in accordance with the requirements of section 6(3) and the Public Finance Management Act;
- (c) any revisions of or amendments to the allocations and frameworks published in terms of subsection (1) necessary to give effect to the conversion of an allocation in terms of section 19;
- (d) any re-allocations by the National Treasury in accordance with section 18 or the transferring national officer in respect of the Expanded Public Works Programme Incentive Grant;
- (e) any revised allocations in respect of Schedule 7 Grants; and
- (f) any revised indicative allocations, performance and threshold targets for the Expanded Public Works Programme Incentive Grant.

(3) The National Treasury may at any time, after consultation with or at the written request of a transferring national officer, revise or amend a framework published in terms of subsection (1) or (2), to correct any error or omission.

(4) An amendment, revision, virement or re-allocation takes effect on publication thereof in the *Gazette*, with the exception of a Schedule 9 Grant.

Section 15: Spending in terms of purpose and subject to conditions

15. (1) Despite anything to the contrary contained in any law, an allocation referred to in Schedules 4 to 9 may only be utilised for the purpose stipulated in the Schedule concerned and in accordance with the framework published in terms of section 14.

(5) A receiving officer must request the National Treasury to amend the payment schedule referred to in subsection (4), in accordance with the procedure set out in section 22, in instances where a transfer to a municipality with level three accreditation has been withheld or stopped in terms of section 16 or 17.

Section 20: Unspent conditional allocations

20. (1) Despite the provisions of the Public Finance Management Act or the Municipal Finance Management Act relating to roll-overs, any conditional allocation, excluding the Gautrain Rapid Rail Link Grant and the **Expanded Public Works Programme Incentive Grant**, that is, in the case of a province, not spent at the end of a financial year or, in the case of a municipality, at the end of a municipal financial year, reverts to the National Revenue Fund, unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects.

Section 24: Allocations not listed in Schedules

24. (1) An allocation, other than

- (a) a re-allocation referred to in section 18 or in respect of the Expanded Public Works Programme Incentive Grant; or
- (b) a revised indicative allocation in respect of a Schedule 7 or 8 grant, which is not listed in the Schedules referred to in sections 7 and 8, may only be made in terms of section 6(3).

(2) The National Treasury must publish the allocations and frameworks for such allocations in the *Gazette*, prior to the transfer of any funds to a province or municipality.

(3) The national transferring officer must notify the relevant provincial treasury and the National Treasury of the excess incentive payment earned to be appropriated either in the provincial adjustments appropriation bill, if made before the end of November each year, or in the appropriation bill for the next financial year.

Annexure C2: Selected Extracts from the 2011 Division of Revenue Act regarding the schedule 8 EPWP Incentive Grant (for NDPW)

Section 10: Duties of a transferring national officer in respect of Schedule 5 to 8 allocation

10. (1) A transferring national officer must—

- (a) not later than 14 days after this Act takes effect, certify to the National Treasury that—
 - (i) allocation frameworks, including conditions and monitoring provisions, are reasonable and do not impose excessive administrative responsibility on receiving provincial departments and municipalities beyond provision of standard management information;
 - (ii) monitoring provisions are compatible and integrated with and do not duplicate other relevant and related national, provincial and local systems;
- (b) transfer funds only after information required in terms of this Act had been secured and all relevant information has been provided to the National Treasury;
- (c) transfer funds only in accordance with a payment schedule determined in accordance with section 21;
- (e) ensure that all other arrangements or requirements as stipulated in this Act or in the relevant framework for the particular allocation necessary for the transfer of an allocation have been complied with prior to the start of the financial year, and are complied with throughout the financial year.

(5) Despite anything to the contrary in any law, a transferring national officer must, in respect of any allocation, as part of the report contemplated in section 40(4)(c) of the Public Finance Management Act, not later than 20 days after the end of each month, and in the format determined by the National Treasury, submit to the National Treasury information for the month reported on and for the financial year up to the end of that month on—

- (j) the amount of funds transferred to a province or municipality;
- (k) the amount of funds withheld or stopped from any province or municipality, the reasons for the withholding or stopping and the steps taken by the transferring national officer and the receiving officer to deal with the matters or causes that necessitated the withholding or stopping of the payment;
- (n) any matter or information that may be prescribed in the relevant framework for the particular allocation; and
- (o) such other issues and information as the National Treasury may determine.

(6) A transferring national officer must evaluate the performance of programmes funded or partially funded by the allocation and submit such evaluations to the National Treasury, within four months in respect of a province, and six months in respect of a municipality after the end of the financial year submit to the National Treasury information for the month reported on and for the financial year up to the end of that month on—

Section 13: Duties in respect of a annual financial statements and annual reports for 2011/12

13. (1) The 2011/12 financial statements of a national department transferring any funds in respect of an allocation set out in Schedule 4, 5, 6, 8 or 9 must, in addition to any requirements in terms of any other applicable law—

- (a) indicate the total amount of that allocation transferred to a province or municipality;
- (b) indicate the transfers, if any, that were withheld in respect of each province or municipality;
- (c) indicate any re-allocations by the National Treasury in terms of section 18 or by the transferring national officer in respect of the Expanded Public Works Programme Incentive Grant;

- (d) certify that all transfers to a province or municipality were deposited into the primary bank account of a province or municipality or, where appropriate, into the corporation for public deposits account of a province; and
 - (e) indicate the funds, if any, utilised for the administration of the allocation by the receiving officer.
- (2) The 2011/12 annual report of a national department transferring any funds in respect of an allocation set out in Schedule 4, 5, 6, 8 or 9 must, in addition to any requirements in terms of any other applicable law—
- (a) indicate the reasons for the withholding of any transfers to a province or municipality;
 - (b) indicate to what extent provinces or municipalities were monitored for compliance with this Act and the conditions of an allocation provided for in the relevant framework;
 - (c) indicate to what extent the allocation achieved its objectives and outputs; and
 - (d) indicate any non-compliance with this Act or the relevant framework, and the steps taken to deal with such non-compliance.

Section 21: Payment schedule

21.(3)(a) The National Treasury must approve the payment schedule for the transfer of an allocation listed in Schedules 4 to 9 to a province or municipality.

- (b) The transferring national officer of a Schedule 4,5,6 or 8 allocation must submit a payment schedule to the National Treasury for approval within 14 days after this Act takes effect.



Annexure D: Grant Frameworks for the EPWP Incentive Grant from the Division of Revenue Act

Expanded Public Works Programme Incentive Grant for Provinces	
Transferring department	<ul style="list-style-type: none"> Public Works (Vote 7)
Strategic goal	<ul style="list-style-type: none"> To increase the amount of full-time equivalent jobs (FTEs) created through labour-intensive methods by provincial departments
Grant purpose	<ul style="list-style-type: none"> To incentivise provincial departments to increase work creation efforts in infrastructure, environment and culture programmes through the use of labour intensive methods and the expansion of work creation in line with the EPWP guidelines
Outcome statements	<ul style="list-style-type: none"> Improved quality of life of unemployed people and increased social stability through engaging the unemployed in paid and productive activities Reduced levels of poverty Contribute towards increased levels of unemployment Improved opportunities for sustainable work through experience and learning gained
Outputs	<ul style="list-style-type: none"> Increased number of people employed and receiving income through the EPWP Increased average duration of the work opportunities created Increased income per EPWP beneficiary
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 4: Decent employment through inclusive growth
Details contained in the national plan	<ul style="list-style-type: none"> This grant uses incentives agreements which contains the following: <ul style="list-style-type: none"> FTE thresholds for each eligible provincial department FTE target for each eligible provincial department
Conditions	<ul style="list-style-type: none"> Eligible provincial departments must sign a standard incentive agreement with the National Department of Public Works (DPW) Provincial departments must report on all projects for which they are claiming the incentive via DPW's EPWP Reporting systems Reports must be loaded on the EPWP reporting system within 22 days after the end of every quarter in order for performance to be assessed for an incentive payment 45 days after the end of each quarter Provincial departments must maintain beneficiary and payroll records as specified in the Audit Requirements in the EPWP Incentive Manual Once received by the eligible provincial department, the incentive grant must be used for continuing or expanding work creation programmes. A maximum of 5 per cent of the incentive received can be used for project management based capacity, which must be project linked and on contract To be paid out an incentive allocation, the eligible public body must, <ul style="list-style-type: none"> sign an incentive agreement report on EPWP performance quarterly within required timeframes perform above the quarterly threshold
Allocation criteria	<ul style="list-style-type: none"> To be eligible for an incentive allocation in 2011/12, a provincial department must have: <ul style="list-style-type: none"> reported EPWP performance by 22 April 2010 met the threshold FTEs to qualify A nominal allocation of R680 000 is provided when: <ul style="list-style-type: none"> public bodies report after 22 April 2010 but before 22 October 2010 public bodies do not meet the minimum threshold The nominal allocation can be accessed if public bodies meet their threshold in-year



Expanded Public Works Programme Incentive Grant for Provinces	
Allocation criteria	<ul style="list-style-type: none"> Incentive allocations are based on a targeted number of FTEs each provincial department should create above the set minimum threshold. Incentive allocations are indicative and the actual incentive payout is based on actual quarterly performance reported above the quarterly threshold during 2011/12 The indicative incentive allocation from underperforming provincial departments may be re-allocated to over performing provincial departments by Public Works Eligible provincial departments that exceed their targets may be paid an incentive in excess of their published indicative incentive allocation subject to the availability of funds
Reason not incorporated in equitable share	<ul style="list-style-type: none"> This grant is intended to incentivise and reward performance on the EPWP. The incentive will be paid out based on the performance of provincial departments
Past performance	<p>2009/10 audited financial outcomes</p> <ul style="list-style-type: none"> Payments on the EPWP infrastructure incentive grant was made to the following provinces: <ul style="list-style-type: none"> Eastern Cape: R18 million KwaZulu-Natal: R85 million Western Cape: R 14 million <p>2009/10 service delivery performance</p> <ul style="list-style-type: none"> 129 193 work opportunities were reported from provincial departments in the infrastructure sector 36 601 full time equivalent jobs were reported from provincial departments in the infrastructure sector
Projected life	<ul style="list-style-type: none"> Grant continues until the end of 2013/14 financial year subject to review
MTEF allocations	<ul style="list-style-type: none"> 2011/12: R267 million, 2012/13: R325 million and 2013/14: R402 million
Payment schedule	<ul style="list-style-type: none"> Four instalments per annum (16 May 2011, 15 August 2011, 15 November 2011, and 15 February 2012)
Responsibilities of the National and Provincial Departments	<p>Responsibilities of the national department of public works</p> <ul style="list-style-type: none"> Determine eligible provincial departments and set minimum thresholds, performance targets and indicative incentive allocations for eligible municipalities based on reported performance Provide provincial departments with the EPWP Incentive Manual outlining the conditions and obligations of the incentive as well as the audit requirements Support provincial departments to apply the EPWP Guidelines to project design Support provincial departments to report using the EPWP reporting systems Monitor the performance of provincial departments and report on quarterly progress against targets Submit to National Treasury quarterly progress against performance targets; indicative incentive amounts earned by provincial departments; and a revised payment schedule within 45 days after the end of the quarter Conduct sample audits on a continuous basis Audit the final performance of provinces after the closure of the financial year Disburse incentives on a quarterly basis to eligible provincial departments (via provincial treasuries) based on performance in the previous quarter once the quarterly thresholds have been exceeded <p>Responsibilities of the provincial treasuries</p> <ul style="list-style-type: none"> Appropriate the indicative incentive allocation to eligible provincial departments as indicated in the annual Division of Revenue Act (DoRA) and the Gazette on allocations and frameworks for provinces Disburse the incentive to the eligible provincial departments in accordance with the quarterly disbursement instructions of National Public Works Monitor the spending of the incentive on work creation programmes and provide spending reports on the grant to Public Works as per DoRA <p>Responsibilities of the eligible provincial departments</p> <ul style="list-style-type: none"> Sign the standard incentive agreement with NDPW agreeing to comply with the conditions and obligations of the incentive grant before receiving any incentive payment Report all projects to be taken into account when assessing performance into the EPWP reporting system and update progress quarterly in accordance with the reporting requirements in the incentive agreement



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EXPANDED PUBLIC WORKS PROGRAMME

Expanded Public Works Programme Incentive Grant for Provinces

Process for concluding 2012/13 agreements

- Provincial departments must report performance on EPWP projects for the 2010/11 financial year by the 21 April 2011
- A late eligibility provision is applicable for late reporting: Public bodies that report after this date but before 21 October 2011 will qualify for only a nominal incentive allocation of R680 000
- NDPW will distribute the standard incentive agreement by 31 March 2011
- Eligible provincial departments must sign the standard incentive agreement with NDPW and agree to comply with the conditions and obligations of the incentive grant by 29 April 2011



Expanded Public Works Programme Incentive Grant for Municipalities	
Transferring department	<ul style="list-style-type: none"> Public Works (Vote 7)
Strategic goal	<ul style="list-style-type: none"> To increase the amount of full-time equivalent jobs (FTEs) created by municipalities through the use of labour-intensive methods
Grant purpose	<ul style="list-style-type: none"> To incentivise municipalities to increase work creation efforts in infrastructure, environment and culture programmes through the use of labour intensive methods and the expansion of work creation in line with the Expanded Public Works Programme (EPWP) guidelines
Outcome statements	<ul style="list-style-type: none"> Improved quality of life of unemployed people and increased social stability through engaging the unemployed in paid and productive activities Reduced levels of poverty Contribute to increased levels of unemployment Improved opportunities for sustainable work through experience and learning gained
Outputs	<ul style="list-style-type: none"> Increased number of people employed and receiving income through the EPWP Increased average duration of the work opportunities created Increased income per EPWP beneficiary Increase in the number of municipalities reporting on EPWP Increased total number of person days of employment created
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 4: Decent employment through inclusive growth
Details contained in the national plan	<ul style="list-style-type: none"> This grant uses incentives agreements which contains the following: <ul style="list-style-type: none"> Full Time Equivalent (FTE) thresholds for each eligible municipality FTE target for each eligible municipality
Conditions	<ul style="list-style-type: none"> Eligible municipalities must sign a standard incentive agreement with the national Department of Public Works (DPW) Municipalities must report on all projects for which they are claiming the incentive via national DPW's EPWP reporting systems Reports must be loaded on the EPWP reporting systems within 22 days after the end of every quarter in order for performance to be assessed for an incentive payment 45 days after the end of each quarter Municipalities must maintain beneficiary and payroll records as specified in the audit requirements in the EPWP Incentive Manual Once received by the eligible municipality, the incentive grant must be used for continuing or expanding work creation programmes. Municipalities may use a maximum of 5 per cent of the grant to fund on-site management capacity that is contract-based and required to manage data capturing and on-site management costs related to the use of labour intensive methods. The incentive may not be used to hire permanent staff
Allocation criteria	<ul style="list-style-type: none"> Incentive allocation for each municipality are based on the targeted number of FTEs each municipality must create above the set minimum threshold. The targeted number of FTEs for each municipality is based on the allocated infrastructure grant budget and performance in the 2009/10 financial year Incentive allocations are indicative - the actual incentive payout is based on actual quarterly performance reported above the quarterly threshold during 2011/12 To be eligible for an incentive allocation in 2011/12, a municipality must have: <ul style="list-style-type: none"> reported EPWP performance by 21 April 2010 created a minimum number of FTEs (met the threshold) to qualify - rural municipalities have a zero minimum threshold in 2010/11



Expanded Public Works Programme Incentive Grant for Municipalities	
Allocation criteria	<ul style="list-style-type: none"> A nominal allocation of R680 000 is provided when: <ul style="list-style-type: none"> municipalities report after 21 April 2010 but before 21 October 2010 municipalities do not meet the minimum threshold municipalities exceed the threshold but qualify for an incentive of less than R680 000 The nominal allocation can then be accessed if public bodies meet their threshold in-year To be paid out an incentive allocation, a municipality must: <ul style="list-style-type: none"> sign an incentive agreement report on EPWP performance to national DPW quarterly within required timeframes perform above the quarterly threshold The indicative incentive allocation from underperforming municipalities may be re-allocated to overperforming municipalities by DPW Eligible municipalities that exceed their targets may be paid an incentive in excess of their published indicative incentive allocation subject to the availability of funds
Reason not incorporated in equitable share	<ul style="list-style-type: none"> This grant is intended to incentivise and reward performance on the EPWP
Past performance	<p>2009/10 audited financial outcomes</p> <ul style="list-style-type: none"> 47 of the 68 eligible municipalities earned the incentive and were paid a total of R114 million (57 per cent of the R202 million allocated) from the incentive <p>2009/10 service delivery performance</p> <ul style="list-style-type: none"> 127 222 work opportunities were reported by 127 municipalities 40 793 full time equivalent jobs were reported by 127 municipalities
Projected life	<ul style="list-style-type: none"> Grant continues until the end of 2013/14 financial year, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2011/12: R680 million, 2012/13: R666 million and 2013/14: R779 million
Payment schedule	<ul style="list-style-type: none"> Transfers will be made in accordance with a payment schedule agreed with National Treasury
Responsibilities of the National Public Works and Municipalities	<p>Responsibilities of the national department of public works</p> <ul style="list-style-type: none"> Determine eligible municipalities and set minimum thresholds, performance targets and indicative incentive allocations for eligible municipalities based on reported performance Provide municipalities with the EPWP Incentive Manual outlining the conditions and obligations of the incentive as well as the audit requirements Support municipalities to apply the EPWP Guidelines to project design Support municipalities to report using the EPWP reporting systems Monitor the performance of municipalities and report on quarterly progress against targets Submit to National Treasury quarterly progress against performance targets; indicative incentive amounts earned by municipalities; and a revised payment schedule within 45 days after the end of the quarter Conduct sample audits on a continuous basis Audit the final performance of provinces after the closure of the financial year Disburse incentives on a quarterly basis to eligible municipalities (via provincial treasuries) based on performance in the previous quarter once the quarterly thresholds have been exceeded <p>Responsibilities of the eligible municipalities</p> <ul style="list-style-type: none"> Sign the standard incentive agreement with the national DPW Report all projects to be taken into account when assessing performance into the EPWP reporting systems and update progress quarterly in accordance with the reporting requirements in the incentive agreement



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EXPANDED PUBLIC WORKS PROGRAMME

Expanded Public Works Programme Incentive Grant for Municipalities

Process for concluding 2012/13 agreements

- Municipalities must report performance on EPWP projects for the 2010/11 financial year by the 21 April 2011. Performance in 2010/11 as well as the allocated infrastructure budgets will determine the targets and allocations for 2012/13
- A late eligibility provision is applicable for late reporting: municipalities that report after this date but before 21 October 2011 will qualify for only a nominal incentive allocation of R680 000
- National DPW will distribute the standard incentive agreement by end March every year
- Eligible municipalities must sign the standard incentive agreement with national DPW and agree to comply with the conditions and obligations of the incentive grant at the beginning of the municipal financial year

Annexure E: Consolidated view of Compliance Requirements

The table below provides an overview of all the various compliance requirements that needs to be adhered to, the deadlines for each and who has the responsibility for each.

Table E1: Consolidated view of Compliance Requirements

	Activity/ Milestone	National DPW deadline	Public Bodies' deadline	Responsibility
Once-off at beginning of financial year	Incentive Grant Agreements	Send out by: Beginning April (prov) Beginning May (munis)	Sign agreement by: 29 April 2011 (prov) End June 2011 (munis)	Accounting officers of NDPW & the public body
	Submit EPWP Project list	n/a	With the Incentive Grant agreement; thus: 29 April 2011 (prov) End June 2011 (munis)	PMUs of the public body
Monthly EPWP Progress reporting	DORA Section 12: Grant Expenditure Report to treasuries	n/a	15 calendar days after the end of every month (prov) 10 working days after the end of every month (munis)	Provincial Departments Municipalities
	Public bodies submit signed monthly report for loading onto MIS	n/a	22 calendar days after end of every month	Public Bodies
	Verification of information: Exclusion report sent out	30 calendar days after end of every month	30 calendar days after end of every month	NDPW – M&E unit
	Provincial Technical Monthly Management Progress Meetings	Every month	Every month	NDPW & Technical Team, Provincial Coordinators
Quarterly EPWP Progress reporting	EPWP reporting: locking of EPWP MIS	22 calendar days after the end of every month	22 calendar days after the end of every month	NDPW Public bodies
	Verification of information: Exclusion report sent out	30 calendar days after end of every month	30 calendar days after end of every month	NDPW – M&E unit
	Overall Quarterly EPWP Reporting	30 calendar days after the end of every quarter	n/a	NDPW
NDPW Reporting	Quarterly Incentive Reporting to National Treasury	45 calendar days after end of quarter	n/a	NDPW
	DORB Quarterly Payment Schedule	45 calendar after the end of every quarter	n/a	NDPW
Incentive Disbursements	DORB Incentive Reward Disbursement dates for public bodies	16 May 2011, 15 August 2011, 15 November 2011, 15 February 2012		NDPW, Provincial and Municipal Treasuries
Annual accountability requirements	EPWP Programme evaluation	4 months after year end	n/a	NDPW in coordination with implementing public bodies
	EPWP Programme audit	4 months after year end	4 months after end of financial year (prov) 6 months after end of financial year (munis)	Accounting officers of NDPW & the public body