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Abbreviations

The following abbreviations are used throughout this document:

Abbreviation	Full Term
Dept	Department
DG	Director-General (of a national department)
DORB	Division of Revenue Bill
NDPW	National Department of Public Works
EPWP	Expanded Public Works Programme
EPWP Integrated Reporting System	Expanded Public Works Programme Integrated Reporting System
FAQs	Frequently Asked Questions
FTEs	Full Time Equivalent Jobs
HoD	Head of (a provincial) Department
IA(s)	Implementing Agent(s)
IYM	In-Year Monitoring
KPI(s)	Key Performance Indicators(s)
M&E	Monitoring and Evaluation
MEC	Member of the Executive Council (of a province)
MTEF	Medium Term Expenditure Framework
National IPMT	National Incentive Programme Management Team
NGO(s)	Non-government organisation(s)
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
Prov	Provincial
Provincial IPMT	Provincial Incentive Programme Management Team

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 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.

Another change is the introduction of tailor made EPWP incentives for different spheres and sectors.

The Social Sector EPWP Incentive Grant to Provinces is:

- a- Aimed at expanding the EPWP contribution of provincial departments by expanding the coverage and reach of the social and community services delivered by implementing agents
- b- Structured to provide additional resources to social sector provincial departments contributing to EPWP, and who have the potential to expand further
- c- Aimed primarily at paying the wage costs of additional full time equivalent jobs to be created.

The National Department of Public Works (NDPW) is responsible for coordinating the EPWP towards government's objectives of the creation of temporary work opportunities in the efforts to alleviate poverty.

This manual explains in detail how the Social Sector EPWP Incentive Grant to Provinces works; and provides all the procedures that provincial departments in the social sector need to follow to access the incentive.

Definitions 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.

EPWP means the Expanded Public Works Programme (2009 – 2014) as approved by Cabinet.

The **EPWP Incentive Allocation** is a specifically and exclusively appropriated budgetary allocation to eligible provincial departments to expand EPWP work for the EPWP target group by implementing EPWP programmes to achieve a targeted number of FTEs.

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 incentive 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- Programme Managers and Heads of provincial departments that can access the incentive
- b- Staff of provincial departments responsible for the implementation of, and reporting on, EPWP programmes
- c- Implementing agents who need to understand their reporting responsibilities
- d- Provincial Treasuries and finance units of provincial departments who need to access and monitor spending on the incentive
- e- 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 2 (March 2012)

This is the second version of the implementation manual for the Social Sector EPWP Grant to Provinces issued by the National Department of Public Works in March 2012.

The manual will be updated annually to accommodate changes in the Division of Revenue Bill and grant management procedures. While the National Department of Public Works will make all efforts to communicate 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 Social Sector EPWP Incentive Grant (Managers of Provincial Departments)



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA



EXPANDED PUBLIC WORKS PROGRAMME

CHAPTER 1: PRINCIPLES OF THE SOCIAL SECTOR EPWP GRANT (MANAGERS OF PROVINCIAL DEPARTMENTS)

Chapter summary: This chapter explains the key principles that underpin the intent of the Social Sector EPWP Incentive Grant.

There are a number of principles that explain the intention of the Social Sector EPWP Incentive Grant which is important for provincial departments implementing Social Sector EPWP programmes to understand.

These principles are:

1.1 Eligibility based on contribution to EPWP

The first principle is that only performing provincial departments are deemed eligible for the incentive. In order to be eligible a provincial department must:

- a- Be implementing an EPWP programme belonging to the social sector as identified and included in the Social Sector Log frame
- b- Have met the EPWP reporting requirements in a prior year i.e. show their contribution to EPWP's objectives and comply with EPWP's requirements
- c- Have met a minimum FTE performance level. This minimum FTE performance level will prevent poor performing provincial departments from being eligible and allow performing programmes the opportunity to access additional funds for expansion.
- d- Enter into a standard Incentive Agreement with the National Department of Public Works to agree to abide by the stipulations, conditions and obligations of the Social Sector EPWP Incentive Grant.

1.2 Incentivising the expansion of performing programmes

The incentive aims to provide additional funds to those provincial departments creating more work using their available budgets which show the potential to expand further.

The Social Sector EPWP Incentive Grant to Provinces is:

- a- Aimed at expanding the EPWP contribution of provincial departments by expanding the coverage and reach of social and community services delivered by implementing agents.
- b- Structured to provide additional resources to social sector provincial departments contributing to EPWP, and who have the potential to expand further. This will continue to re-enforce the principle of a performance incentive.
- c- Aimed at promoting the sustainability of EPWP interventions in the sector.

Definitions Box

EPWP Target Group refers to unemployed, local, low skilled South Africans willing to work on EPWP projects and programmes for a minimum wage rate of R63.18 per person day of work.

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 64, 1 November 2010.

This expansion is planned in the following manner:

- a- Expanding existing EPWP programmes through:
 - Increasing subsidies to existing non-government organisations or implementing agents (NGOs/IAs) to:
 - Increase the number of work days available to existing workers
 - Provide stipends to unpaid volunteers
 - Increase the number of volunteers (bring in new volunteers)
 - Increasing the number of NGOs/IAs (bringing in new NGOs/IAs) delivering these services and expanding the scope and coverage of the programme.
- b- Expanding a broader range of social sector services - introducing new EPWP programmes approved in the Social Sector Log frame.

1.3 Promoting the creation of ‘decent work’

The incentive supports the notion of ‘decent work’ in the sector through:

- a- The implementation of a minimum EPWP wage
- b- Supporting the sector to pay a stipend to unpaid volunteers
- c- Supporting the sector to move towards equalisation
- d- Promoting the creation of full time equivalent jobs and an increased duration of work opportunities.

1.4 Focus on the creation of work for the EPWP target group

While many projects and programmes of government create work, not all of them are classified as EPWP. Given the wide variation of projects implemented by government, it is not always straightforward to distinguish between EPWP 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 paid out in wages to the EPWP target group
- c- They provide a service to, or develop an asset for, the community
- d- Projects and programmes should not result in the displacement of existing workers or in the downgrading of existing workers’ employment conditions.

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

- a- Work that complies with the Ministerial Determination and the Code of Good Practice for Special Public Works Programmes will be categorised as EPWP work qualifying for the incentive.
- b- In addition to the above Code, it should be noted that:
 - Government employees or permanent employees of the implementing agent will not be included in the count of the number of FTEs created
 - The EPWP target group should be paid wages in the range between R63.18 and R150 per person day of work

- The EPWP target group may not be paid below the daily wage rate upon which the incentive is based – i.e. may not be paid below R63.18 per person day of work in 2012/13.
- Supports the principle of co-funding social interventions

The incentive supplements existing funding sources for provincial social sector programmes by providing a dedicated source of expansion funding to performing provincial social sector programmes. These programmes are currently co-funded by national government (through conditional grants), provincial government (through the equitable share) as well as by civil society (non-government) organisations. As long as the provincial department continues to fund these programmes, and they create work; the incentive can be accessed. This will continue to build on the co-funding approach in which national government agrees to co-fund certain programmes for national employment objectives while delivering on provincial social development mandates and standards.

1.5 Commitment to transparency and accountability

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

- a- *In terms of planning:* Planning for the creation of work must be mainstreamed within existing planning processes.
- b- *In terms of disbursing and reporting on the incentive:*
 - There should be mechanisms within provincial treasuries to ensure that incentive draw downs and incentive spending by provincial departments can easily be tracked
 - There should be clear funding agreements between provincial departments and their NGOs/IAs regarding the allocation, disbursement and use of the incentive funding to NGOs/IAs over and above baseline budgets
 - Reporting should occur in the prescribed EPWP reporting format and within the timeframes prescribed so as to promote consistency in what is reported to determine progress.

1.6 Effective use of funds

The incentive is regarded as a further investment into the EPWP programmes of provincial departments and is thus subject to all of the stipulations and conditions (indicated in Chapter 3 of this manual) designed to ensure EPWP outcomes. The incentive must be utilised in the manner indicated in the approved EPWP Business Plan of the provincial department.

1.7 Frequently Asked Questions

What is the objective of the Social Sector EPWP Incentive Grant?

The overall objective in establishing the Social Sector EPWP Incentive Grant is to increase the amount of work created by provincial departments through their EPWP programmes as well as expand the coverage, reach and social outcomes of these programmes.

Why is it called an incentive grant?

The grant is called an incentive because it aims to motivate provincial departments (and their implementing agents) to expand their programmes and create more work. As they do so, they will be allocated higher incentive amounts.

Is the Social Sector EPWP Incentive Grant different to the schedule 8 Incentive Grant available to provincial departments? And, how?

Yes. The EPWP incentive grant allocation available to provincial departments in the infrastructure and environment and culture sectors is an indicative amount. The amount a provincial department receives is not fixed, but will depend on the quarterly performance of the provincial department during the financial year. The better a provincial department performs, the more of a reward it will receive. This is a schedule 8 Division of Revenue Grant - a performance based incentive. The Social Sector EPWP Incentive Grant allocation is a fixed amount. This amount will be disbursed quarterly in terms of an agreed schedule. Performance in 2011/12 will be used to determine the incentive allocation in 2013/14. This is a schedule 5 Division of Revenue Grant - a planning based grant.

Why is the Social Sector EPWP Incentive Grant different to the schedule 8 Incentive Grant available to provincial departments?

The schedule 8 Incentive Grant incentivises public bodies to increase the amount of full time equivalent jobs created through the use of more labour intensive work methods. The social sector EPWP programmes are by their very nature, labour intensive. As such, the Social Sector EPWP Incentive Grant aims at providing additional resources to performing social sector provincial departments to immediately expand the amount of work created through expanding their social and community services delivered. It also allows for resources to pay wages to be immediately available for use.

How is the grant influenced by performance?

Eligibility is influenced by performance against set targets and a minimum FTE performance level is applied. If performance falls below this minimum level, a provincial department will not be eligible to receive an incentive allocation. In addition, actual performance in 2011/12 will be used to determine the incentive allocation in 2013/14.



Chapter 2

How the Social Sector EPWP Incentive Grant works



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA



EXPANDED PUBLIC WORKS PROGRAMME

CHAPTER 2: HOW THE SOCIAL SECTOR EPWP INCENTIVE GRANT WORKS (ALL USERS)

Chapter summary: This chapter explains how provincial departments become eligible, how their incentive allocations are calculated and disbursed, and how the incentive should be utilised.

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 Social Sector EPWP Incentive Grant.

2.1 Step 1: The basket of Social Sector EPWP programmes

The recognised Social Sector EPWP programmes are indicated in the agreed Social Sector Log frame. This list of programmes are indicated in **Annexure A** attached to this document.

These programme fall within the mandate of the following departments:

- a- Department of Social Development
- b- Department of Health
- c- Department of Education
- d- Department of Sport and Recreation
- e- Department of Police or Community Safety.

2.2 Step 2: Determining EPWP Targets

How are the overall EPWP targets for a provincial department determined?

2.2.1 EPWP Methodology for determining overall EPWP targets

The first step in the process is determining the overall EPWP target. This target setting process is known as the **sphere targeting exercise** – *this is an exercise that determines targets for EPWP as a whole with a view to mobilise and negotiate with public bodies to develop strategies and projects to ensure that government meets its target and achieves the desired impact.*

Definitions Box

For the purposes of the social sector, **an EPWP programme(s)** means a programme(s) undertaken by a provincial department within the Social Sector that meets the EPWP criteria, provides work to the EPWP target group and is included in the EPWP Social Sector Logframe.

EPWP targets in this context refers to the targets set for the number of work opportunities and the number of full time equivalent jobs that must be created.

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

Note on the method of determining overall EPWP targets and sector targets

- a- The **Overall EPWP target of 2 million FTEs** was decided upon after an extensive process of reviews, research and consultation across government. It was informed by the existing need for employment for the EPWP target group, projected available budgets (including additional budgets) and an assessment of the capacity within and outside the state to grow the EPWP further. It is projected however that the target of 2 million FTEs will be achieved through the creation of approximately 4.5 million work opportunities with an average duration of 100 days each.
- b- The overall five year targets in both FTEs and work opportunities were initially split across the five years of the second phase; and then distributed across the sectors of the EPWP. For 2009/10, the performance (share) of each sector in 2007/08 was used as a starting point to allocate each sector a share of the overall target. For the outer four years of the programme, the respective shares of each sector were adjusted in line with the projections for growth of each sector. These respective shares can be adjusted annually as budget allocations shift and actual performance data of each of the sectors become available.
- c- The shifting share of each sector, as well as the difference between the shares of the work opportunities versus the share of the FTEs, represents the different characteristics of each sector and their tendency to create shorter or longer term work opportunities.
- d- This is a pure top-down planning approach to the setting of job creation targets for the sector and for spheres of government.

The Social Sector EPWP targets are set out below.

Table 1: EPWP Phase II EPWP Targets for the Social Sector

Year	Work Opportunities			Full Time Equivalent Jobs				
	Total	Municipal	Provincial	National	Total	Municipal	Provincial	National
2009/10	80 000	2 744	77 256	0	60 870	270	60 599	0
2010/11	96 000	3 293	92 707	0	67 826	301	67 525	0
2011/12	132 000	4 527	127 473	0	90 435	402	90 033	0
2012/13	187 000	6 414	180 586	0	124 348	552	123 795	0
2013/14	255 000	8 746	246 254	0	169 565	753	168 812	0
TOTAL	750 000	25 723	724 277	0	513 043	2 279	510 764	0

The next step is for these overall sector and sphere EPWP targets to be broken down into targets per provincial department and individual programme.

2.2.2 Methodology for determining a Provincial Department’s EPWP Targets

In relevant base years, the sector utilised the Social Sector Log frame and planning process to allow public bodies to estimate their EPWP targets. No consistent methodology was applied for determining targets. As such, some assumptions have been made to determine FTE targets and measure performance in 2010/11.

Determining EPWP targets for financial years prior to 2012/13:

- a- The overall provincial FTE and work opportunities target for the Social Sector has been shared among provincial departments responsible for Social Sector EPWP programmes based on their budget shares¹ in relation to the overall provincial budget for 2010/11.

Determining EPWP targets for 2013/14 onwards:

- a- The revised methodology for sharing the overall provincial FTE and work opportunities target for the Social Sector will take into consideration a provincial department's:
 - budget share in relation to the overall provincial budgets
 - performance in relation to the overall provincial performance
 - bottom up programme (planning and costing) assumptions; however it should be noted that that targets will be concluded based on the above two points where bottom up planning targets are extremely diverse from the above, and agreement/ reconciliation is not probable.

It should be noted that the EPWP target determined for a provincial department or its individual EPWP programme(s) is achieved through the use of both the baseline budget and the incentive grant allocation provided for expanding the EPWP programme(s).

2.3 Step 3: Determining Eligibility for the Incentive

To determine eligibility for, and the allocation of, the incentive for 2012/13; the information for the full 2010/11 financial year is utilised as the base year.

In order to determine whether a provincial department belonging to the Social Sector is eligible for an incentive allocation, they are assessed based on the following two criteria:

2.3.1 Reporting criteria

To be eligible for the incentive, a provincial department must have reported to the National Department of Public Works on their EPWP contribution in a relevant base year.

Specifically,

- a- To be eligible in 2012/13, provincial departments must have reported on 2010/11 EPWP performance by 31 March 2011 through the EPWP Integrated System managed by the National Department of Public Works.

Definitions Box

Criteria is a set of decisive factors or elements often used to reach a decision.

EPWP Web Based Reporting System is the reporting system used by the national Department of Public Works to record, verify and report on EPWP performance across government.

A Baseline FTE target means the targeted number of Full Time Equivalent Jobs that the programme is required to create using its baseline budget within the period 1 April 2012 to 31 March 2013.

An Incentive FTE target means the targeted number of Full Time Equivalent Jobs that the programme is required to create using its incentive allocation within the period 1 April 2012 to 31 March 2013.

¹ For purposes of convenience and a consistent set of information applied as the basis across provinces and programmes, budget data has been sourced from Provincial Appropriation Bills as a proxy for budget shares.

- Provincial Education – 100% of ECD transfers and subsidies
- Provincial Health – 100% of Comprehensive HIV/Aids Grant (DORA)
- Provincial Social Development – 100% of Social Welfare Services transfers and subsidies [which approximates to the following subprogrammes - Child Care and Protection Services (ECD budget proxy), Care and Services to Older Persons; HIV/Aids; Care and Support Services to Families (HCBC budget proxy)]
- Provincial Sport & Recreation – 100% of the Mass Sport and Recreation Participation Programme Grant (DORA)
- Provincial Safety and Liaison – Community Safety Programme Allocations, excluding the district (Provincial Budget Statements)
- National Education - 100% of National School Nutrition Programme Grant (DORA) and 100% of Kha Ri Gude Programme Costs (Actual Programme data).

- b- To be eligible in 2013/14, provincial departments must have reported on 2011/12 EPWP performance by 31 March 2012 through the EPWP Integrated System managed by the National Department of Public Works.

2.3.2 Performance criteria

In addition, provincial departments must meet a minimum FTE performance level in terms of EPWP performance. This is explained in more detail below.

a- A minimum level of performance against FTE targets must be met

- In 2012/13: 45% of the baseline FTE target must have been met in order to meet the EPWP performance criteria
- In 2013/14: 60%² of the total (baseline plus incentive) FTE target must have been met in order to meet the EPWP performance criteria

2.4 Step 4: Determining the Incentive Allocation to Provincial Departments

So, in essence for a provincial department responsible for a Social Sector EPWP programme to be eligible, it would have been reporting on EPWP performance for a prior year and it would have achieved a minimum FTE performance level. The incentive allocation is then determined for each eligible provincial department.

The incentive allocation is determined based on:

First, how many FTEs were created in a relevant base year [factor a]

Second, what would be the estimated reward for each FTE created, expressed as the wage rate per day of work plus a non-wage cost per day of work for 230 calendar days [factor b]

Third, how has the eligible provincial department performed in a prior year against key performance measures agreed; this is expressed as a performance score in % terms [factor c]

Example 1

$$\begin{aligned} \text{Incentive Allocation} &= [a] \times [b] \times [c] \\ &= 1000 \text{ FTEs} \times (\text{R}63.18 \text{ wages per day} + \text{R}5 \text{ non-wage costs per day} \times \\ &\quad 230 \text{ calendar days}) \times 45\% \text{ performance score} \\ &= \text{R}9,717,500. \end{aligned}$$

The step by step calculation is explained in detail below.

2.4.1 Determining the number of FTEs created in a relevant base year [factor a]

Remember, to determine the 2012/13 incentive allocation, the information for the full 2010/11 financial year is utilised as the base year.

² These year-on-year percentage increases in the minimum level of performance are indicative and will be re-evaluated by the sector, NDPW and National Treasury on an annual basis as the Social Sector Incentive Model is reviewed and updated.

As such, the number of FTEs created by a provincial department in the 2010/11 financial year, as reported in the EPWP Quarterly Report for the end of 2010/11, is utilised as factor a.

2.4.2 Agreeing the estimated reward for each full time equivalent job created [factor b]

The Social Sector agreed that it is important to reward each FTE created. *It should be noted however that the calculated reward per FTE (in Rands) is influenced by the amount of funding allocated by the National Treasury, the use thereof is then negotiated with the sector and National Treasury.*

*Within the available funding for 2012/13, it has been negotiated that the FTE reward will be **R63.18 per person day of work** which accommodates the minimum EPWP wage set as per the Ministerial Determination.*

2.4.3 Determining the performance score in a relevant base year [factor c]

Performance scoring is used as a way of ensuring that not only do provincial departments create FTEs, but that they also adhere to, or strive to achieve, key performance indicators agreed for the Social Sector.

The Social Sector has agreed that the following key performance areas will comprise the composite performance score³:

a- Score for FTE performance against target

b- Score for performance against Social Sector EPWP targets or standards, in the following areas:

- % EPWP beneficiaries with disabilities (Target: 2%).
- % EPWP female beneficiaries (Target: 55%). *Full performance (or 100% performance) is capped at the achievement of the 55% target. The intention for this capping is to ensure that over performance in terms of one beneficiary profile does not exempt the provincial department from concerning itself with the achievement of the other beneficiary profile targets.*
- % EPWP youth beneficiaries (Target: 40%). *Full performance (or 100% performance) is capped at the achievement of the 40% target. The intention for this capping is to ensure that over performance in terms of one beneficiary profile does not exempt the provincial department from concerning itself with the achievement of the other beneficiary profile targets.*
- Training days as % of total person days (Standard: 10%). *Full performance (or 100% performance) is capped at the achievement of the 10% target. The intention for this capping is to promote adherence to training requirements as part of the preparation for work.*
- Average duration of each work opportunity as % of standard (Standard: 100 calendar days of work)
- Average minimum daily wage as % of standard (Standard: R63.18 per day of work). *Full performance (or 100% performance) is capped at the R63.18 per person day FTE reward. The intention for this capping is to incentivise firstly, the payment of the R63.18 as a minimum wage as well as greater standardisation of wages.*

³ Remember, for 2012/13, the data for the full 2010/11 financial year is utilised as the base year.

c- Score for Service Delivery Performance against set norms and/or standards per service/ programme.

- Performance against service delivery quality norms and standards in essence will ensure that service quality imperatives are not compromised by the objective of increased work creation and overall programme expansion. These service delivery norms/standards will be set by the relevant national sector department. Because performance information against the agreed standards has not been collected previously; this area of measurement will only be applied from 2013/14.
- Performance against these norms/standards will be measured through the information collected by EPWP in quarterly reports, and supplemented where necessary, through information surveys.
- Performance will be measured in the following areas:
 - Adherence to the set minimum cost per beneficiary
 - Adherence to a specified band for the ratio of beneficiaries to practitioners.
- Where an EPWP programme has deviated from the acceptable service norm/standard; this automatically reduces their performance score and thus their incentive allocation. Over and above this, it will inform engagement between the national sector department (managing service delivery) and the relevant implementing provincial department on programme design, implementation issues, service quality problems and mitigating actions/ or support required for these departments to align their programmes to the required standards. *This aims to ensure that only services delivered in accordance with the required service norm/standard are expanded.*

Table 2 on the next page summarises these performance areas, their measures and targets/ standards.

The Composite Performance score [factor c] is then determined

- a- For 2012/13, the composite performance score is calculated by taking the average of 2 scores:
 - Score for FTE performance against target
 - Score for performance against Social Sector EPWP targets or standards (average of 6 scores explained above)
- b- For 2013/14, the composite performance score is calculated by taking the average of 3 scores:
 - Score for FTE performance against target
 - Score for performance against Social Sector EPWP targets or standards (average of 6 scores explained above)
 - Score for Service Delivery Performance against set norms and/or standards per service/ programme (average of 2 scores explained above).

This will be reviewed annually.

Definitions Box

Performance is the achievement, accomplishment, success towards realising an objective/goal.

Monitoring is a process that involves measuring and tracking progress according to the planned situation including; inputs, resources, completion of activities, costs, timeframes, etc.

Reporting is a process that best communicates the required information collected during monitoring and/ or evaluation for optimum use by different stakeholders.

The Incentive Allocation is then calculated = [a] x [b] x [c].

Table 2: Performance Scoring Explained

Performance Criteria	Purpose of criteria	Associated Performance Measure	Standard (denoted by S) or Target (denoted by T)	Source of information
FTE performance	Incentivise the expansion of EPWP efforts	<ul style="list-style-type: none"> % FTE performance i.e. Actual number of FTEs created by a provincial department ÷ against its agreed FTE target 	<ul style="list-style-type: none"> Non-eligible: As per Social Sector Logframe target T ; Eligible: As per Incentive Agreement target T 	<ul style="list-style-type: none"> EPWP Quarterly Report
EPWP beneficiary profiles	Achievement of EPWP beneficiary profile targets	<ul style="list-style-type: none"> % of EPWP beneficiaries with disabilities as a % of the total number of beneficiaries reported by a provincial department % EPWP female beneficiaries as a % of the total number of beneficiaries reported by a provincial department % EPWP youth beneficiaries as a % of the total number of beneficiaries reported by a provincial department 	<ul style="list-style-type: none"> 2% of work created for persons with disabilities T 55% of work created for females T 40% of work created for youth T 	<ul style="list-style-type: none"> EPWP Phase II Targets
Duration of work opportunities	Promote decent work and achieve a greater impact on poverty	<ul style="list-style-type: none"> Duration of work opportunities, measured by the median number of person days per beneficiary reported by a provincial department as a % of the standard 	<ul style="list-style-type: none"> 100 calendar days S 	<ul style="list-style-type: none"> EPWP Phase II Targets Social Sector Logframe
Training	Skills development	<ul style="list-style-type: none"> Training days as a % of the total person days of work reported by a provincial department 	<ul style="list-style-type: none"> Annual Targets will be set in consultation with the sector. For year 1 – 10% S 	<ul style="list-style-type: none"> Set in consultation with the sector
EPWP minimum wage requirement	Promote decent work and achieve a greater impact on poverty	<ul style="list-style-type: none"> Average minimum daily wage rate reported 	<ul style="list-style-type: none"> R63.18 per day of work: T (year 2); S (year 2) 	<ul style="list-style-type: none"> EPWP INTEGRATED SYSTEM
Service Quality Standards (not applied for 2012/13)	Adherence to Programme Service Quality Standards	<ul style="list-style-type: none"> Minimum cost per beneficiary against the set standard cost per beneficiary in a specific programme, expressed as % performance The actual ratio of beneficiaries to practitioners against the set reasonable band for such a ratio per programme, expressed as % performance 	<ul style="list-style-type: none"> Standards will be set by the national sector department S 	<ul style="list-style-type: none"> Resolutions of the Social Sector Incentive Programme Management Team

2.5 Step 5: Setting Incentive FTE Targets for Eligible Provincial Departments

All provincial departments that are deemed eligible – in terms of the reporting and minimum performance criteria – and are allocated an incentive amount, will have a set **Incentive FTE target** expressed as the targeted number of Full Time Equivalent Jobs (FTEs) the provincial department is required to create using its incentive allocation for the applicable financial year.

The Incentive FTE target is determined based on the following parameters:

- a- The programme must use a minimum of 80% of the incentive for wages
- b- The EPWP target group may not be paid below the EPWP minimum wage rate of R63.18 per day of work.

As such,

Incentive FTE target = 80%⁴ of the incentive grant allocation ÷ (R63.18 per day of work x 230 calendar days)

From Example 1 on page 15:

Incentive FTE target = 80% of R9, 717,500 ÷ R13, 800 per FTE
= **563 FTEs.**

The remaining 20%⁵ of the incentive grant allocation has been provided to supplement (contracted) management capacity for EPWP management and reporting; and for non-wage costs such as administration, materials or tools, etc. For this reason, the determination of the FTE target excludes this 20%.

The Social Sector EPWP Incentive Grant allocations for all eligible provincial departments and their respective baseline and incentive FTE targets are listed in **Annexure B** attached to this manual.

2.6 Step 6: Planning

The next step is for every eligible provincial department to develop a business plan for their EPWP programmes to indicate how they will effectively and efficiently apply their baseline budget and incentive allocation to activities to expand service delivery and meet their programmatic outputs as well as EPWP targets.

Every eligible provincial department must develop an EPWP Business Plan that:

- a- Indicates the strategy to achieve EPWP targets
- b- Indicates how EPWP targets will be met - identifying the activities, outputs and outcomes that will be undertaken to meet EPWP targets
- c- Identifies EPWP budgets and cash flow requirements from the grant

⁴ A minimum of 80% of the incentive grant allocation must be used for wages and/or training stipends for the EPWP target group

⁵ A *maximum* of 20% of the incentive grant allocation can be used to supplement (contracted) management capacity for EPWP management and reporting; and for non-wage costs such as administration, materials or tools, etc.

Definitions Box

An **EPWP Business Plan** is a document that explicitly articulates the strategy and measures that a provincial department or programme will implement to enable it to expand and meet its EPWP targets while achieving planned programmatic outputs.

Programmatic outputs are the service delivery outputs to be achieved by a programme.

Incentive Agreement refers to the legal agreement between NDPW and a provincial department eligible to receive the EPWP Incentive Allocation; that sets out the stipulations, conditions and obligations of the incentive allocation.

- d- Develops a list of the non-government organisations and implementing agents that will receive the incentive allocation and the targets attached to their funding allocations
- e- How risks will be managed
- f- The monitoring process and requirements.

The planning process is explained in more detail in Chapter 4.

2.7 Step 7: Securing participation through signing the Incentive Agreement

An Incentive Agreement must be concluded between the implementing provincial departments and the National Department of Public Works. This agreement will establish an agreed framework for cooperation and coordination between the parties.

This agreement will:

- a- Specify the baseline and incentive FTE targets to be met by the provincial department
- b- Specify the incentive allocation and its drawing schedule for the year
- c- Indicate the EPWP planning requirements
- d- Detail the stipulations and conditions attached to the incentive as they apply to the provincial department and their implementing agent(s)
- e- Reporting requirements and the reporting process
- f- Project information requirements for audit purposes
- g- Obligations of the eligible provincial department and NDPW in terms of: planning, monitoring and reporting, tracking the use of the incentive, and auditing performance.

Signing such an agreement will confirm the parties' agreement and commitment to participate in the incentive and receive a transfer of funds on the basis of the stipulations, conditions, requirements and obligations of the incentive.

2.8 Step 8: Draw down of the Incentive

The incentive can be drawn down by provincial departments in four quarterly tranches:

- a- 25 May 2012 - 25% of the allocation, on condition that the provincial department's EPWP Business Plan has been submitted to NDPW and approved by the Social Sector Incentive Programme Management Team; and that the incentive grant agreement with NDPW has been signed
- b- 13 July 2012 - 20% of the allocation, on condition that the provincial department is complying with the EPWP reporting requirements
- c- 12 October 2012 - 35% of the allocation, on condition that the provincial department is complying with the EPWP reporting requirements
- d- 11 January 2013 - 20% of the allocation, on condition that the provincial department is complying with the EPWP reporting requirements.

Definitions Box

Incentive Agreement is an agreement between the implementing provincial departments and National Department of Public Works regarding the incentive grant stipulations, conditions, requirements and obligations.

2.9 Step 9: Performance Monitoring and Reporting

2.9.1 Monitoring the implementation of EPWP programmes

Provincial departments are required to maintain their own programme performance information through their existing management information systems and update progress from every NGO/IA at every monthly reporting cycle. Provincial departments must ensure that the necessary progress information on each programme is collected, updated, reported and filed on a monthly basis from every non-government organisation or implementing agent (NGO/IA) utilised to implement its EPWP programme.

2.9.2 Managing programme performance information

Key information that must be collected and maintained for each EPWP programme includes:

- a- At a beneficiary level, NGOs/IAs should collect beneficiary profile information, their work attendance and wages paid to them
- b- At a NGO/IA level, the provincial department should collect information on beneficiaries, EPWP and programmatic outputs, and spending
- c- At a programme level, the provincial department must consolidate overall information on total beneficiaries, financial information, EPWP outputs and service delivery indicators (determined by national sector departments).

2.9.3 Reporting programme performance information

- a- Provincial departments will report (at least) quarterly to NDPW on the performance of their EPWP programmes(s), 22 calendar days after the end of every quarter, in the manner prescribed by NDPW. This quarterly report must be “signed off” by a delegated official from the provincial department. Provincial departments should otherwise report monthly and ensure that their EPWP Reports correspond with the information submitted in their statutory monthly IYM reports (to provincial treasuries) and in their programme reports (on their programmatic outputs to national sector departments).
- b- On a quarterly basis, NDPW will report to the National Treasury,
 - The progress of the sector’s EPWP programmes(s) against the targets set for each programme in the Incentive Agreements
 - Incentive amounts transferred to each provincial department
 - Incentive amounts spent by each provincial department.

The reporting process and its requirements are explained in more detail in Chapter 5.

2.10 Frequently Asked Questions

What target does the incentive grant allocation fund?

The incentive grant allocation has an attached incentive FTE target which is essentially the expansion expected of the EPWP programme. The baseline budget for the programme must still continue to fund the programmatic outputs and EPWP work originally planned.

Who decides if a provincial department is eligible for the Social Sector EPWP Incentive Grant?

The National Department of Public Works monitors the EPWP performance of all public bodies and determines eligibility for the incentive based on the past performance of public bodies. In general, a provincial department that does not create work through its designated Social Sector EPWP programmes(s) and report on such work to EPWP cannot be eligible for the incentive.

How does a provincial department know whether they are eligible or not for the Social Sector EPWP Incentive Grant?

Appendix W5 of the 2012 Division of Revenue Bill published by National Treasury lists all the eligible provincial departments, their incentive allocations and incentive FTE targets for the given financial year.

What can a provincial department that is not eligible do to become eligible?

The first step in becoming eligible for the Social Sector EPWP Incentive Grant is to create work through its designated Social Sector EPWP programmes(s) and report on EPWP performance to the National Department of Public Works. Provincial departments that do not report on EPWP performance cannot be eligible for the incentive. The second step is to ensure that performance against the set FTE target is greater than the minimum FTE performance level required.

What should a provincial department that is eligible do to ensure they access the incentive?

Eligible provincial departments must enter into an Incentive Agreement with the National Department of Public Works to be able to access the incentive. They should also ensure that they are in a position to report EPWP performance on their EPWP programmes(s) to the National Department of Public Works on a quarterly basis during the financial year.

What should a provincial department do if they believe they are eligible for the Social Sector EPWP Incentive Grant based on the conditions outlined in this manual, but are not listed as eligible in the 2012 Division of Revenue Bill?

Provincial departments 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 provincial department should thereafter be deemed eligible, this can usually be corrected in the midyear Adjusted Estimates Budget Process.

How is the incentive allocation for a provincial department calculated?

Incentive Allocation = number of FTEs created in a relevant base year × (R63.18 per person day of work × 230 calendar days) × % performance score

How is the incentive FTE target for a provincial department calculated?

Incentive FTE target = 80% of the Incentive Allocation ÷ (R63.18 minimum wage rate per day × 230 calendar days)

What if the provincial department thinks the baseline FTE target in the Incentive Agreement is unrealistic?

If a provincial department believes that the baseline FTE target set of them is unrealistic; they should discuss this with the National Department of Public Works during the business planning process:

- a- to jointly develop an expansion strategy that can be phased-in to enable the provincial department to meet the target
- b- or, where it is clear that the baseline FTE target will not be reached, the National Department of Public Works should be engaged so that the incentive allocation for the next year can be adjusted.



Chapter 3

Conditions Applied to the Social Sector EPWP Incentive Grant (Programme managers and staff of Implementing Provincial Departments)



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA



EXPANDED PUBLIC WORKS PROGRAMME

CHAPTER 3: CONDITIONS APPLIED TO THE SOCIAL SECTOR EPWP GRANT (PROGRAMME MANAGERS AND STAFF OF IMPLEMENTING PROVINCIAL DEPARTMENTS)

Chapter summary: This chapter presents and explains the specific conditions stipulated in the 2012 Division of Revenue Bill and Incentive Agreement that must be adhered to by those accessing the Social Sector EPWP Incentive Grant.

All of the legal requirements, conditions and stipulations that apply to the Social Sector EPWP Incentive Grant are captured in two key legal documents:

- a- The 2012 Division of Revenue Bill:** the grant's specific conditions are captured in the grant framework and the general conditions that apply to all schedule 5 grants are captured in the general body of the Bill. The full grant frameworks are reproduced for easy reference in **Annexure C** of the manual.
- b- The Incentive Agreement** signed between the National Department of Public Works and the respective provincial department.

Below is a summary view of what these requirements, conditions and stipulations are.

3.1 Summary of Specific Grant Requirements, Conditions and Stipulations

3.1.1 Eligibility Requirements (Set out in detail in Chapter 2 section 2.3 of this manual)

Provincial departments must meet the eligibility criteria in order to receive an incentive allocation.

Definitions Box

A grant framework is the conditions and other information in respect of a conditional allocation published by the National Treasury in terms of section 14 of the 2012 Division of Revenue Bill.

A condition is a stipulation or requirements that must be met or should be present.

A Conditional Allocation, In terms of the 2012 Division of Revenue Bill means a conditional allocation to a provincial department from the national government's share of revenue raised nationally, contemplated in section 214(1)(c) of the Constitution of the Republic of South Africa, 1996.

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

Table 3: Eligibility Requirements

Step	Requirements	Timeframe in which Requirements must be met	Ramifications for Non-Compliance
Step 3: Eligibility	<ul style="list-style-type: none"> Provincial departments must report EPWP performance in a relevant base year 	<ul style="list-style-type: none"> Report 2010/11 performance by 22 April 2011 to be eligible for 2012/13 Report 2011/12 performance by 22 April 2012 to be eligible for 2013/14 	<ul style="list-style-type: none"> Not eligible for incentive
	<ul style="list-style-type: none"> Provincial departments must achieve a minimum FTE performance level 	<ul style="list-style-type: none"> In 2011/12: 35% of the baseline FTE target must have been met In 2012/13: 45% of the total (baseline plus incentive) FTE target must have been met In 2013/14: 60% of the total (baseline plus incentive) FTE target must have been met 	<ul style="list-style-type: none"> Not eligible for incentive
	<ul style="list-style-type: none"> Provide service delivery information for measuring norms/ standards 	<ul style="list-style-type: none"> In quarterly EWPW report, as required On request during the EPWP survey 	<ul style="list-style-type: none"> Jeopardise the provincial department's 2013/14 incentive allocation

3.1.2 Participation Conditions

Provincial departments must secure participation by formally agreeing to comply with the requirements, conditions and stipulations for the implementation of the incentive.

Table 4: Participation Conditions

Step	Conditions	Timeframe in which Conditions must be met	Ramifications for Non-Compliance
Step 6: Planning	<ul style="list-style-type: none"> Provincial departments must submit a signed-off an EPWP Business Plan compliant with the template provided by NDPW The business plan must be approved by the provincial SS IPMT Provincial departments must include their EPWP Business Plan as an Annexure to their normal Programme Implementation Plans 	<ul style="list-style-type: none"> Submitted to NDPW and approved by 26 April 2012 	<ul style="list-style-type: none"> Cannot draw down incentive until business plan is submitted and approved
Step 7: Agreement	<ul style="list-style-type: none"> Signed Incentive Agreement by the provincial department's accounting officer consenting to comply with the requirements, conditions and stipulations of the incentive 	<ul style="list-style-type: none"> Signed by 26 April 2012 	<ul style="list-style-type: none"> Cannot draw down incentive until agreement is signed

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

Provincial departments must report quarterly progress on all EPWP programmes(s), and specifically indicate the allocation and spending of the incentive by their NGOs/IAs implementing their EPWP programmes(s) on the EPWP Integrated System.

Table 5: Reporting Requirements

Step	Requirement	Timeframe in which Requirements must be met	Ramifications for Non-Compliance
Step 9: Reporting	<ul style="list-style-type: none"> Provincial departments must ensure that their NGOs/IAs are able to meet EPWP reporting requirements 	<ul style="list-style-type: none"> Before incentive is transferred to NGO/IA 	<ul style="list-style-type: none"> Reporting requirements may not be met - incentive for following quarters could be withheld
	<ul style="list-style-type: none"> Provincial departments must report EPWP performance each quarter to NDPW in the manner and form prescribed 	<ul style="list-style-type: none"> 22 calendar days after the end of every quarter 	<ul style="list-style-type: none"> Incentive for the following quarter could be withheld
	<ul style="list-style-type: none"> Provincial departments must include in their IYM reports spending on the incentive 	<ul style="list-style-type: none"> In terms of the PFMA, section 40(4)(c) 	<ul style="list-style-type: none"> Incentive for the following quarter could be withheld
	<ul style="list-style-type: none"> Financial and performance information in the IYM and EPWP reports must correspond 	<ul style="list-style-type: none"> Quarterly 	<ul style="list-style-type: none"> n/a

Definitions Box

***Audit** is regarded as: (a) An examination of records or financial accounts to check their accuracy; (b) An adjustment or correction of accounts; (c) An examined and verified account.*

3.1.4 Use of the Incentive

Provincial departments must utilise the incentive as approved in their EPWP Business Plan and in accordance with the manner (requirements, conditions and stipulations) stipulated in the grant frameworks in the 2012 Division of Revenue Bill and the Incentive Agreement with NDPW.

Table 6: Conditions of Use

Step	Requirements	Timeframe in which Requirements must be met	Ramifications for Non-Compliance
Incentive Use	<ul style="list-style-type: none"> Work in EPWP programmes(s) must comply with the stipulations in the Ministerial Determination, including that the EPWP target group may not be paid below the minimum wage rate of R63.18 per day of work 	<ul style="list-style-type: none"> During the financial year 	<ul style="list-style-type: none"> Penalised in the performance scoring
	<ul style="list-style-type: none"> The incentive must NOT be used for non-EPWP purposes and can only be used as approved in the EPWP Business Plan and in accordance with the manner 	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> Audit qualification on the grant Incentive draw down for the next quarter could be withheld
	<ul style="list-style-type: none"> A minimum of 80% of the incentive must be used for wages and/or training stipends for the EPWP target group A maximum of 20% of the incentive can be used to supplement (contracted) management capacity for EPWP management and reporting; and for non-wage costs such as administration, materials or tools, etc. 	<ul style="list-style-type: none"> During the financial year 	<ul style="list-style-type: none"> Audit qualification on the grant Incentive draw down for the next quarter could be withheld

3.1.5 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 i.e. provincial departments, utilise the incentive as prescribed in order to obtain the desired results. Compliance with the incentive’s requirements, conditions and stipulations will be tested through quarterly information quality assessment tests, in-year audit samples and an annual audit of one or more of the following: internal controls, programme management procedures and performance information reported.

Table 7: Audit Requirements

Step	Requirements	Timeframe in which Requirements must be met	Ramifications for Non-Compliance
Audit	<ul style="list-style-type: none"> Provincial departments must ensure that (beneficiary, attendance, payroll) records for all its EPWP programmes(s) are available for auditing by NDPW Provincial departments must provide information on request by NDPW for information assessment tests or service delivery evaluations 	<ul style="list-style-type: none"> Maintained during the financial year Produced on request 	<ul style="list-style-type: none"> Audit qualification
	<ul style="list-style-type: none"> Provincial departments cannot use the incentive to supplement departmental expenditure 	<ul style="list-style-type: none"> During the financial year 	<ul style="list-style-type: none"> Audit qualification
	<ul style="list-style-type: none"> Unspent incentive funds must be returned to the National Revenue Fund at the end of the financial year 	<ul style="list-style-type: none"> End of financial year 	<ul style="list-style-type: none"> Next year’s incentive will not be released

3.1.6 Unspent Incentive Funds

It is important that the incentive is applied and used as intended. Where the incentive has not been spent in its entirety, NDPW provides some guidance as to how the remaining funds should be dealt with.

Definitions Box

A transferring national officer means the accounting officer of a national

department that transfers a Schedule 4, 5, 6 or 8 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 or 8 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.

Table 8: Stipulations for Unspent Incentive funds

Step	Stipulation	Timeframe in which Stipulations must be met	Ramifications for Non-Compliance
Adjustments to the allocation	<ul style="list-style-type: none"> NDPW, as the transferring national officer, may withhold, stop or re-allocate any part of the incentive grant allocation where expenditure on previous transfers during the financial year reflects significant under-spending, for which no satisfactory explanation is given. 	<ul style="list-style-type: none"> By the Adjusted Estimates Budget 	<ul style="list-style-type: none"> Withholding, stopping or re-allocating any part of the incentive grant allocation
Year end reconciliation	<ul style="list-style-type: none"> Incentive funds withheld by NDPW due to slow spending or non-compliance by the relevant provincial department will automatically revert to the National Revenue Fund 	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> Audit qualification Next year's incentive will not be released
	<ul style="list-style-type: none"> Funds received by the provincial department, transferred to their NGOs/IAs, but not yet spent by the NGOs/IAs will automatically be retained by the eligible provincial department in the subsequent financial year 		
	<ul style="list-style-type: none"> Funds received by the provincial department, but not yet transferred to their NGOs/IAs, may be considered for rollover in the subsequent financial year if the eligible provincial department can prove these funds will be spent and increased targets achieved. 		

In addition to the specific conditions attached to the Social Sector EPWP Incentive Grant, there are general conditions that apply to every schedule 5 conditional grant that also must be adhered to.

These are extracted from the 2012 Division of Revenue Bill and are presented below:

3.2 General Conditions for schedule 5 grants in the 2012 Division of Revenue Bill

These general conditions stipulated in the bill apply to the Social Sector EPWP Incentive Grant unless specifically indicated otherwise. Particular attention is drawn to the following relevant sections of the bill that specify duties for the provincial department receiving the grant:

- Section 12: Duties of a receiving officer in respect of Schedule 5, 6, or 8 allocation,** specifically sections 12(1)-12(3) which mainly specify the reporting responsibilities of provincial departments receiving a schedule 5 grant
- Section 14: Duties in respect of annual financial statements and annual reports for 2012/13,** specifically sections 14(1)-14(4) which mainly specify the responsibilities of provincial departments in terms of annual reporting
- Section 15: Publication of allocations and frameworks,** which indicates how the national transferring officer will communicate allocations - this should be noted by eligible provincial departments
- Section 16: Spending in terms of purpose and subject to conditions,** specifically sections 15(1)-15(2) which is extremely important as it specifies the requirements that a provincial department must fulfil BEFORE it can transfer any part of a schedule 5 conditional grant to another entity

- **Section 17: Withholding of allocation**, which indicates the circumstances under which a national transferring officer may withhold the incentive allocation - this should be noted by eligible provincial departments
- **Section 18: Stopping of allocation**, which indicates how a national transferring officer may stop an incentive allocation - this should be noted by eligible provincial departments
- **Section 19: Re-allocation of funds**, which indicates the circumstances under which a national transferring officer may re-allocate the incentive allocation to another provincial department - this should be noted by eligible provincial departments
- **Section 21: Unspent conditional allocations**, specifically sections 20(1)-20(7) which is extremely important as it specifies the return of unspent funds and the ramifications of non-compliance with the section.

These sections of the bill are reproduced in **Annexure D** for easy reference. It is emphasised however that officials should be aware and comply with all provisions in the bill, including any provisions not reproduced in **Annexure D**.

In addition, provincial treasuries should be aware of their responsibilities in terms of conditional grants.

3.3 Frequently Asked Questions

Where can I get a complete version of the 2012 Division of Revenue Bill and the grant schedules?

The full DORB and the various grant schedules can be downloaded from the National Treasury Website at: <http://www.treasury.gov.za/documents/national%20budget/2012/default.aspx>

How does a provincial department ensure they receive the incentive?

By signing the Incentive Agreement and getting approval for their EPWP Business Plan by 26 April 2012; as well as reporting on performance on a quarterly basis, in the manner and form prescribed.

After participation is secured, what condition if not met will result in the incentive being withheld?

Not reporting on: (a) EPWP performance on a quarterly basis to NDPW, in the manner and form prescribed; (b) Spending on the grant to National Treasury, in the manner and form prescribed.

What can the incentive received not be used for?

The incentive cannot be used for non-EPWP purposes; and cannot be used to supplement departmental expenditure. Only 20% can be used for non-wage costs of the EPWP programmes(s).

Under what circumstances can the incentive be rolled over to the next financial year?

Incentive funds received by department and already transferred to the implementing NGO/IA will automatically be retained. Incentive funds received by the provincial department but not yet transferred to the implementing NGO/IA may be rolled over as long as it can be proven that the funds will be spent. Incentive funds not yet received by the provincial department will be *returned* to the National Revenue Fund.



Chapter 4

Planning for Implementation (Programme managers and staff of Implementing Provincial Departments)



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA



EXPANDED PUBLIC WORKS PROGRAMME

CHAPTER 4: PLANNING FOR IMPLEMENTATION (PROGRAMME MANAGERS AND STAFF OF IMPLEMENTING PROVINCIAL DEPARTMENTS)

Chapter summary: This chapter presents the EPWP planning process and requirements for social sector EPWP programmes.

As indicated in previous chapters, once a provincial department has been deemed eligible and has been allocated a Social Sector EPWP Incentive Grant allocation, the signed Incentive Agreement and the EPWP Business Plan developed by the department, **form the basis of participation and agreement** on the incentive and provides stakeholders with an outline of what is expected to be delivered by each provincial department.

- a- The Incentive Agreement will be the legal confirmation from each provincial department of their willingness to participate in the incentive as well as their undertaking to put in place the necessary measures to abide by the requirements of the reporting, audit and disbursement procedures.
- b- The EPWP Business Plan will be the explicit setting out of each provincial department's plans to meet their EPWP targets.

4.1 Planning Context

The unique characteristics of each programme must be taken into consideration as a provincial department plans for expansion. At the same, the sector as a whole must agree the basis for planning for programme expansion and develop key expansion strategies for implementation.

Key characteristics taken into consideration in the development of expansion strategies for the sector are:

- a- Who is mandated to perform the function** - in most cases, social and community services in the sector are a provincial mandate, with national sector departments providing policy direction and guidance
- b- How are these services funded** - in most cases, social services in the sector are co-funded by government (provincial funding through the equitable share; supplementary national funding in some instances through conditional grants; and supplementary civil society funding); this funding is usually provided to implementers through a subsidy based on funding ratios for agreed outputs/ outcomes. Community services are mainly government funded (provincial funding through the equitable share; supplementary national funding in some instances through conditional grants); this is usually on the same basis as the procurement of a service provider.
- c- Who delivers the services** - in most cases, social and community services in the sector are delivered by third parties - non-government organisations, implementing agents or entities
- d- How are these services managed** - in most cases, social services in the sector are almost self-managed by the relevant NGO/IA with provincial departments monitoring delivery and national sector departments overseeing policy implementation.

e- Which services should be included under EPWP.

While it is clear that the sector has significant potential to expand i.e. the need for these services is great, and expansion in areas where maximum impact can be made is important, from the above, programmes have to consider:

- a- Capacity to facilitate and manage expansion
- b- Any incentive that aims to target expansion cannot ignore incentivising the service delivery arm (NGO/IA)
- c- The issue of equalisation
- d- The intention of the decent work agenda
- e- That service delivery norms and standards must be maintained
- f- The need for accredited training provided for workers in order to deliver quality services.

The expansion strategies agreed for the sector take all of the above into consideration.

4.2 Expansion Strategies

The sector has developed and agreed on the basic strategies that will guide expansion; these are detailed below.

Table 9: Agreed Basis For Programme Expansion

I. Expansion Strategy I. Expand existing EPWP programmes and services through,

a- Increasing subsidies to existing NGOs/IAs to:

i. Improve services by

- increasing service density in the existing programme - provide more of the same service to the same people
- increasing service reach in the existing programme - provide the same service to more (new) people
- increasing service coverage in the existing programme - provide the same service to a greater geographic area

ii. While at the same time, expanding work by

- Increasing the number of work days available to existing workers (up to 230 calendar days of work)
- Providing stipends to unpaid volunteers
- Increasing the number of volunteers (bring in new volunteers)

These strategies should be applied to well performing programmes with capable implementing partners that are ready to expand.

Each provincial department must adapt and adopt the expansion strategies to best fit their programmes goals and structure and from this develop a business plan for each programme.

National Treasury has developed a business plan template for all conditional grants, which NDPW has adapted to meet the needs of an EPWP Business Plan - this is attached to the manual as **Annexure E**. The EPWP Business Plan must be submitted in the template provided by NDPW. For the purposes of EPWP, the EPWP Business Plan must explicitly articulate the strategy and measures that the provincial department will implement for each of its EPWP programmes(s) to enable it to meet its baseline and incentive FTE targets.

The provincial department's EPWP Business Plan must be signed by the Head of Department and endorsed by the Provincial Treasury before being presented and endorsed at the provincial Social Sector Incentive Programme Management Team.

At the beginning of the financial year, each provincial department will begin to put in place the mechanisms required to implement their approved EPWP Business Plan, including contracting with the NGOs/IAs selected to implement their expansion strategies.

The following timelines apply to the planning process.

Table 10: Planning Timelines

Planning Activities	Deadline	Responsibility
• Agreeing on the Expansion Strategies to be employed	• By the end of January every year	• Social Sector national and provincial IPMT
• Provincial departments develop and submit EPWP Business Plans	• For 2012 - By 31 March 2012 • For 2013 - By 31 March 2013	• Provincial Programme Managers
• Social Sector national or provincial Incentive Programme Management Team approves all provincial EPWP Business Plans	• By 31 March every year	• Provincial department submits • NDPW (present to IPMTs) • IPMT approves plan
• NDPW submits approved EPWP Business Plans to National Treasury	• For 2012 - By 26 April 2012 • For 2013 - By 31 March 2013	• NDPW
• Signed Incentive Agreements	• For 2012 - By 31 March 2012 • For 2013 - By 15 March 2013	• Provincial departments' HoDs

4.3 Establishing the basis of Technical Support

Each provincial department should ensure that they have the requisite capacity and systems to:

- a- Implement their EPWP programme in line with their normal programme implementation plan and EPWP Business Plan to meet their set programmatic outputs and EPWP targets
- b- Maintain the necessary controls and checks; and
- c- Report performance timeously and in the manner and form required.

During the planning process, the provincial department should be able to determine whether there are specific areas which require technical support. These indications, particularly in terms of reporting support, should be initiated at this point.

The EPWP unit in the National Department of Public Works, in cooperation with the respective national sector departments and the sector lead (the National Department of Social Development) is responsible for directly engaging on a prioritised basis with provincial departments to mobilise technical support to those provincial departments that require it. The broad role of the respective parties in terms of technical support will be:

- a- The role of the National Department of Social Development is to coordinate sector discussions on programme issues and mobilise technical support in line with these needs
- b- The role of the respective national sector departments is to provide technical support for programme implementation in line with service standards
- c- The role of the National Department of Public Works is to provide technical support for programme planning and implementation to meet EPWP targets; as well as reporting support

Areas in which technical support may be provided by NDPW or a relevant national sector department are:

- d- Assisting provincial departments to plan the implementation of (new) EPWP programmes(s) included in the Social Sector Logframe, including programme management arrangements (funding agreements, content of reporting systems, templates for managing programme performance information, managing and accounting for the incentive)
- e- Reporting support, including providing information capturing support, assistance in ensuring that reporting is done on time for EPWP programmes(s)
- f- Briefings to NGOs/IAs on reporting requirements by provincial coordinators
- g- Reviewing existing management information processes and systems and advising on changes to accommodate accountability for the incentive.

The technical support arrangements will be explicitly set out in a Memorandum of Understanding between the above parties.



Chapter 5

Draw down of the Incentive and Progress Reporting (Staff of Implementing Provincial Departments)



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA



EXPANDED PUBLIC WORKS PROGRAMME

CHAPTER 5: DRAW DOWN OF THE INCENTIVE AND PROGRESS REPORTING (STAFF OF IMPLEMENTING PROVINCIAL DEPARTMENTS)

Chapter summary: This chapter presents the detailed procedures that must be followed by eligible provincial departments to be able to access the grant as intended and report on progress and the use of the incentive.

5.1 Draw down of the Incentive

The table below shows the draw down schedule for the Social Sector EPWP Incentive Grant, which indicates the quarterly draw down date for the incentive and the condition that must be met in order to access the incentive each quarter. The proportion of the grant that can be accessed at each draw down date will be determined by the cash flow requirements of each eligible provincial department as planned in their individual EPWP Business Plans.

Table 11: How the Incentive will be paid out/received

Incentive draw down date	Condition to be Met
25 May 2012	<p>on condition that,</p> <ul style="list-style-type: none"> the provincial department's EPWP Business Plan has been submitted to NDPW the provincial department's EPWP Business Plan has been approved by the Social Sector Incentive Programme Management Team the Incentive Agreement with NDPW has been signed
13 July 2012	on condition that, the provincial department is complying with the EPWP reporting requirements
12 October 2012	on condition that, the provincial department is complying with the EPWP reporting requirements
11 January 2013	on condition that, the provincial department is complying with the EPWP reporting requirements

The National Department of Public Works will advise the National Treasury, the relevant Provincial Treasury, the provincial department's accounting officer and the relevant programme manager of any non-compliance with the above conditions which has resulted in the withholding of the incentive in accordance with section 17 of the 2012 Division of Revenue Bill.

The National Department of Public Works requires that provincial treasuries and provincial departments specifically nominate an official who will liaise with NDPW to ensure that the incentive is accessed, utilised and reported on as required. The names of these officials should be indicated on the EPWP Business Plan template.

Definitions Box

The *draw down schedule* for the incentive grant is a schedule which indicates the planned amount that each provincial department should be able to access on a quarterly basis on a specific date in the 2012/13 financial year.

5.2 EPWP Reporting Procedures

5.2.1 Managing Programme Information

Every EPWP programme must collect and keep specific programme information for the purpose of EPWP and the incentive; all of the information below should be kept by each NGO/IA for every EPWP programme:

- a- Beneficiary information:** A beneficiary list must be maintained by every NGO/IA. The information required in this beneficiary list is indicated in **Annexure F** of this manual. This form should be filled in (either weekly or bi-weekly) and signed off and checked by the NGO/IA at every monthly reporting cycle. A beneficiary list containing the following information should be kept and maintained for audit purposes:
- i. Identity – name, surname, date of birth and a unique identifier number
 - ii. Gender, age and disability status
 - iii. Daily wage to be received
 - iv. Training attended.
- b- Site information:** This generally seeks to confirm the number of people at work daily for the programme. The following information must be maintained and provided by the NGO/IA to the National Department of Public Works upon request when undertaking sample project auditing. The documentation that should be kept include:
- i. Daily attendance register – register showing all the beneficiaries that were registered at work every day. 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- Payment information:** This generally seeks to confirm what was paid, for how much work and to whom. There are various ways this information can be maintained by the NGO/IA. 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, the NGO/IA could keep:

- ii. Bank records showing the transfers to each worker account signed by contractor 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 paid.
- iii. *This information must be available and applicable for the entire period for which the NGO/IA is receiving the Social Sector EPWP Incentive Grant for person days of work created.*

d- Employment output information:

- i. Number of work opportunities created (from both the baseline programme budget and the incentive)
- ii. Number of person days of work created (from both the baseline programme budget and the incentive) 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 information: allocated baseline programme budgets and incentive allocation; and spending against the baseline programme budgets and incentive allocation. *It should be noted that spending in this context does not refer to funds transferred to an NGO/IA for implementation; it refers to funds actually spent by the NGO/IA.*

f- Service delivery indicators (to be defined in the tool, informed by national sector departments).

For each NGO/IA, beneficiary information, employment information and financial information will be part of the monthly reporting requirements to the provincial department. *Site information and payment information will only be required for auditing or information quality assessment tests. These will only be carried out on a sample of projects periodically during the financial year.*

Provincial departments must ensure that their NGOs/IAs have established adequate controls measures (i.e. an attendance record and payroll system with workers recorded by identification number) to be used for tracking employment and financial information. *20% of the incentive allocation should be used to develop such systems should they not exist.*

There are specific set procedures and deadlines to be met in terms of reporting EPWP performance information by provincial departments. The procedures and timelines for reporting are strict and rigorous given that NDPW must consolidate a number of different sphere and sector inputs for consolidated EPWP performance reporting.

5.2.2 Reporting EPWP performance information on the EPWP Integrated System

- a- NGOs/IAs will report to the relevant provincial department on a monthly basis.
- b- 22 calendar days after the end of every month, provincial departments will submit a monthly In-Year Monitoring (IYM) report to the relevant provincial treasury to report spending against the budget, including spending on conditional grants *in terms of Section 12(2) (a) and (3) of the 2012 Division of Revenue Bill* Provincial departments must submit a copy of their IYM report to NDPW at the same time as the monthly submission to the relevant treasury.

Definitions Box

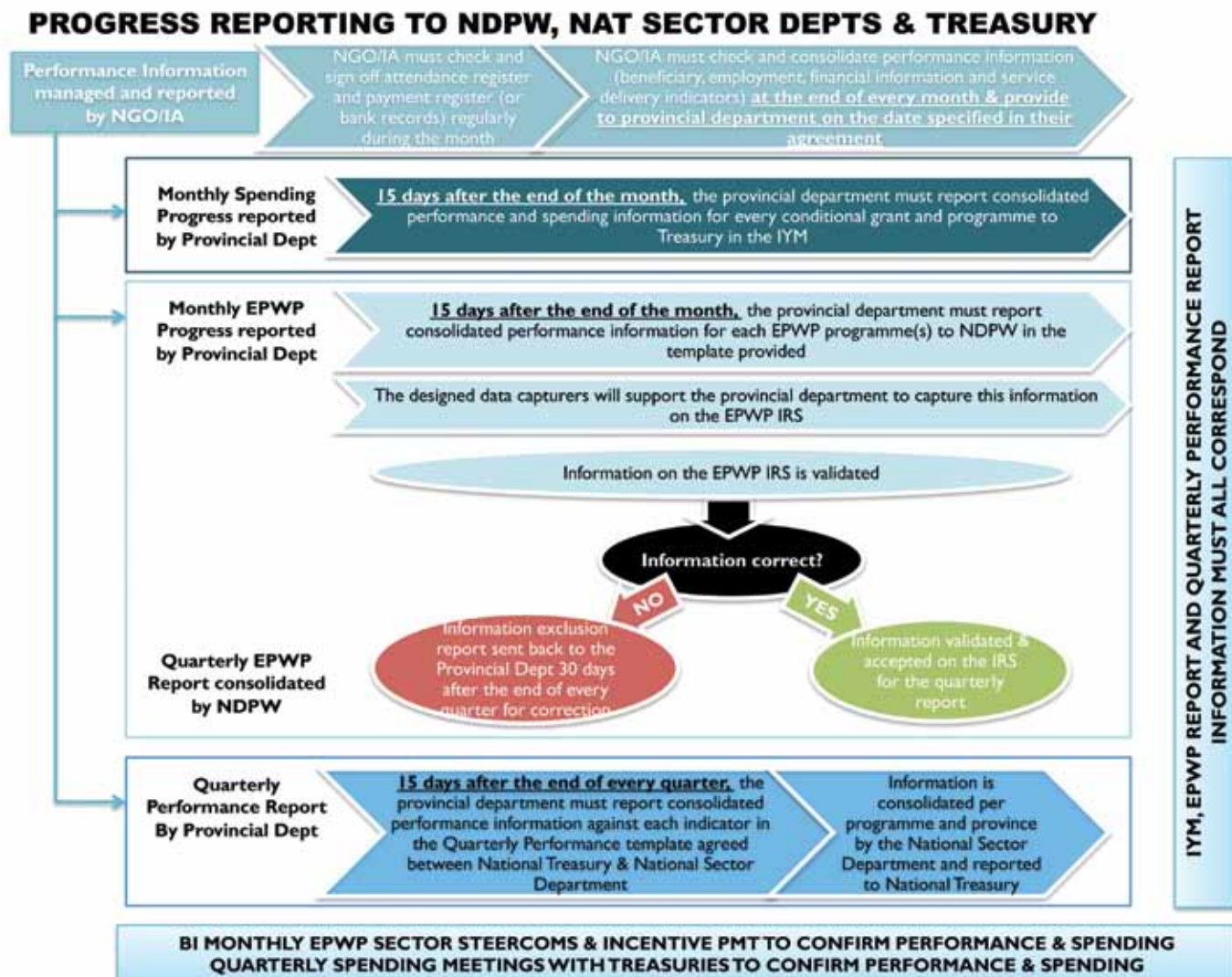
The **EPWP integrated system** is the reporting system used by the national Department of Public Works to record, verify and report on EPWP performance across government.

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).

- c- Provincial departments are **advised** to complete the EPWP reporting template **on a monthly basis** so as to enable the loading of their performance information on the EPWP web based system for validation and clean-up.
- The report template will contain the following information (as defined under 5.2.1 above) on the provincial department's EPWP programme(s):
 - i. Summary of beneficiary profiles in terms of gender, age and disability status
 - ii. Employment information (EPWP outputs)
 - iii. Financial information⁶
 - iv. Service delivery indicators (to be defined in the tool, informed by national sector departments).
 - The purpose of monthly reporting is to load programme performance information onto the EPWP Integrated System - this will be undertaken by delegated information capturers - for validation.
 - i. The EPWP Integrated System will validate the information provided.
 - ii. NDPW will provide each provincial department with an exclusion report showing 'validated information' as well as 'un-validated information' (indicating information requiring clean-up). Each provincial department should ensure that the required information cleaning processes are undertaken to deal with all 'un-validated information' so that the overall EPWP report at the next quarterly reporting date presents an accurate performance picture.
 - *Provincial departments must ensure that the performance information reported to EPWP corresponds with the information submitted in their IYM reports (monthly spending report to provincial treasuries) and in their programme reports (on their programmatic outputs to national sector departments).*
- d- At the very least**, it is the responsibility of provincial departments to report to NDPW the performance of their EPWP programme(s), 22 calendar days after the end of every quarter, in the manner prescribed by NDPW. This quarterly report must be "signed off" by a delegated official from your department. This will be consolidated through the EPWP web based system into the Quarterly EPWP Report and Annexures released quarterly.
- e- NDPW will on a quarterly basis, report to the National Treasury, on the following dates – 15 August 2012 (for Q1), 15 November 2012 (for Q2), 15 February 2013 (for Q3) and 15 May 2013 (for Q4):
- The progress of its the sector's EPWP programme (s) against the targets set for each programme in the Incentive Agreements
 - Incentive amounts transferred to each provincial department
 - Incentive spending by provincial department and for the sector as a whole.

⁶ It should be noted that spending in this context does not refer to funds transferred to an NGO/IA for implementation; it refers to funds actually spent by the NGO/IA.

Figure 1: Procedure for reporting performance information to Regulatory Bodies



An indication of the EPWP reporting template is attached as Annexure F.

5.2.3 Year-end Reporting on the Use & Impact of the Incentive

In addition to in-year reporting on the performance of an EPWP programme(s) described in section 5.2 above, there are additional compliance and financial reporting requirements that provincial departments must fulfil as detailed in sections 12 & 13 of the 2012 Division of Revenue Bill.

The use of the incentive must be disclosed in the following reports:

- a- **The annual financial statements and annual report of the provincial department**, which must specify:
 - *the total amount received;*
 - *the total amount spent;*
 - *any funds withheld;*
 - *compliance with the grant, DORB and Incentive 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.*

- b- **The EPWP annual evaluation report** prepared by the National Department of Public Works. In addition to the in-year EPWP reporting, it is crucial that NDPW is able to assess and report to Parliament on the manner in which the incentive has been used and the outcomes achieved.
 - *The Social Sector 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. **Whether the implementation of the incentive is being done in accordance with the regulations and procedures**
 - ii. **Whether the incentive is leading to better performance of public bodies on the EPWP**
 - iii. **What public bodies use the incentive**
 - iv. **Whether the procedures for the incentive 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 are expected to cooperate fully with any evaluation conducted by the EPWP Unit by providing evaluators with relevant information and records; ensuring that provincial department staff participates 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 the programme**; control effectiveness and compliance with the conditions of the Social Sector EPWP Incentive Grant. The audit work to be undertaken could unearth non-compliance or inaccurate performance information. The following could be found:
 - **Non-compliance** with the provisions of DORA, including a lack of reporting at the time specified; or non-compliance with the conditions of the grant (as captured in the DORA grant frameworks, the

Incentive Agreement and this manual); or non-compliance with the Audit Requirements (such as a lack of documentation upon which to base incentive claims).

- **Misrepresentation:** such as inaccurate performance information provided, the inclusion of non-EPWP projects, misappropriation of incentive (not used for the purposes intended or in the manner agreed to in the provincial department's EPWP Business Plan).
- *In the above instances, the NDPW in consultation with the National Treasury, will be responsible for deciding on corrective action. NDPW will rely on sections 16-18 of the 2012 Division of Revenue Bill in this regard. NDPW will withhold funds in the relevant quarter and notify the provincial department by the next reporting month of finding the problem. In order to receive the incentive for the next quarter, the provincial department must be able to prove that the fault has been rectified by the end of the next quarter's reporting deadline.*

5.3 Frequently Asked Questions

How is the Social Sector EPWP Incentive Grant accessed?

The National Department of Public Works has developed a draw down schedule which applies across all provinces which indicates the proportion of the grant accessed at each draw down date on a quarterly basis. A provincial department may request an amendment to the planned draw down ONLY IF the provincial department can prove (in-year) that it requires a faster flow of incentive funding based on actual spending by NGO/IAs and performance against targets. Only upon approval of such a request, will NDPW amend the drawdown schedule.

Can the incentive amount received in the Provincial Revenue Fund be distributed at the discretion of the province?

No. The Social Sector EPWP Incentive Grant allocation is determined based on the past performance and the potential of a specific provincial department to meet set targets; thus an allocation to an eligible provincial department cannot be amended by a province and must be appropriated in accordance with the 2012 Division of Revenue Bill and drawn down in accordance with the draw down schedule of NDPW.

Is monthly EPWP performance reporting mandatory?

No. However, it is advised that provincial departments report monthly so as to deal with 'un-validated information' clean-ups, so that the quarterly reports produced are an accurate performance picture.

Is monthly expenditure reporting mandatory?

Yes, in terms of sections 12(2)(a) and 12(3) of the Division of Revenue Bill and section 40(4)(c) of the Public Finance Management Act; provincial departments must report monthly to the relevant treasury.

Is quarterly EPWP performance reporting mandatory?

Yes, if a provincial department does not report quarterly performance 22 calendar days after the end of the quarter; it could have its next quarterly incentive drawdown withheld for non-compliance until such report is submitted.

What are the possible causes of differences between the published Quarterly EPWP report and the performance report submitted by the provincial department?

The first possible cause of such information discrepancies could be incomplete information meant that FTE numbers were not able to be validated and were excluded. The second possible cause of such information discrepancies could be errors in the loading of performance information onto the **EPWP Integrated Reporting System** which could cause the information to be classified incorrectly.

What should a provincial department do if the Quarterly EPWP report shows different performance information to what was reported by the provincial department?

The provincial department should contact NDPW's EPWP unit who will assist in identifying the problem; and M&E will assist in cleaning the information. However, the default position is that provincial departments should deal with information issues upon loading to ensure that clean information is uploaded.



Chapter 6

Audit Requirements (Managers of Implementing Provincial Departments & NDPW's Internal Audit)



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA



EXPANDED PUBLIC WORKS PROGRAMME

CHAPTER 6: AUDIT REQUIREMENTS (MANAGERS OF IMPLEMENTING PROVINCIAL DEPARTMENTS & NDPW'S INTERNAL AUDIT)

Chapter summary: This chapter provides the regulatory framework for maintaining an effective internal audit function which is captured in this Audit Requirement Framework, which in terms of the 2012 Division of Revenue Bill, is a condition of the Social Sector EPWP Incentive Grant. The Audit Requirements apply to the internal auditors of eligible provincial departments. It is expected that provincial departments will compare their current practices and approaches to the management of project information with these 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 Management Arrangements

6.1.1 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 department'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 Social Sector EPWP Incentive Grant. If an eligible provincial department does not have an established internal audit function, the department is advised to make the necessary arrangements to outsource or co-source the function to ensure compliance with the *Audit Requirements*.

Definitions 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.

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.

6.1.2 Internal Audit purpose and objective

Purpose: The purpose of the Internal Audit function for the Social Sector EPWP Incentive Grant specifically, is to maintain an independent objective assurance activity designed to improve a department's programme management operations. It will assist the department 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 department and the Audit Committee with analysis, appraisals, recommendations and information concerning the project activities and information reviewed.

Objective: The objective of the Internal Audit function at a department for the Social Sector 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 department 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.

6.2 Roles and Responsibilities of relevant parties in Audit

6.2.1 Roles and responsibilities of Internal Audit unit of departments

- a- The role of the Internal Audit unit is to assist the department to meet their objectives by providing an independent appraisal of the adequacy and effectiveness of the controls set up by the department to manage infrastructure project implementation, with particular interest to those projects claiming the grant.
- b- The Internal Audit unit of each department is responsible to render the internal audit services required in terms of these *Audit Requirements*, DORA requirements, 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 Social Sector 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 department'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 department's Management summarising the results of the audit activities
 - iv. providing a list of significant results to the department's Management and Audit Committee.

6.2.2 Roles and responsibilities of the department

- a- Although the role of Internal Audit unit is to review internal controls, system procedures, risks etc, **ultimately the department retains full responsibility for ensuring that they actually implement and maintain an appropriate framework of controls.**
- b- The department 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 department's Internal Audit respectively), and for taking the necessary corrective action.
- c- **The department 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 used to claim the EPWP grant
 - vii. providing a list of significant results referred to in (vi) above to the National Department of Public Works
 - viii. reviewing Internal Audit reports and implementing recommendations as considered appropriate or as required by the National Department of Public Works.

6.2.3 The Audit Committee

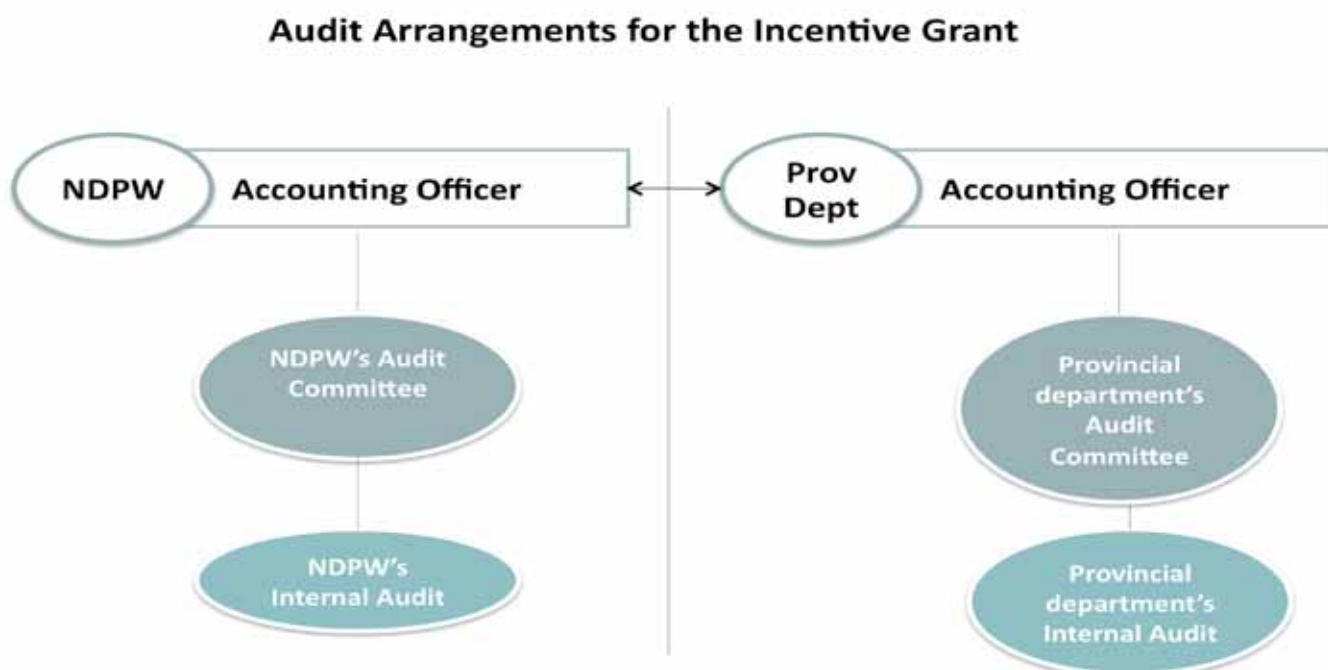
- a- The Audit Committee in conjunction with the Accounting Officer is responsible for reviewing the scope of Internal Audit work and the action to be taken on the outcome or finding from their work.
- b- The Audit Committee will:
 - i. ratify the approval of the internal audit charter or annual audit 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 department's Management and their response thereto
 - vii. monitor implementation of Internal Audit recommendations by department's Management.

6.3 Audit Accountability Arrangements

The Internal Audit unit of each department (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 Social Sector EPWP Incentive Grant
- b- risk management and risks
- c- the controls in place to collect and verification/ audit of performance information upon which the incentive is disbursed; and other information required as part of the Audit Requirements.

Figure 2: Audit Accountability Arrangements



6.4 Scope of Work (for the department & NDPW's Internal Audit)

6.4.1 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 Social Sector EPWP Incentive Grant requirements
- b- defining internal audit objectives
- c- obtaining a comprehensive understanding of the EPWP Integrated Reporting System, project operations and management
- d- identifying, evaluating and ranking risks to which the department 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.

6.4.2 Risk Management

Department's Internal Audit must evaluate risk exposures regarding the reliability and integrity of information and compliance with the DORA requirements, the Incentive Grant Agreement, the Social Sector EPWP Incentive Grant Manual and any other relevant documentation issued by the National Department of Public Works in terms of the Social Sector 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 Social Sector 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.

6.4.3 Control

The department's Internal Audit must:

- a- Evaluate the adequacy and effectiveness of controls regarding the reliability and integrity of their EPWP project information and compliance with the DORA requirements, the Incentive Grant Agreement, the Social Sector EPWP Incentive Grant Manual and any other relevant documentation issued by the National Department of Public Works in terms of the Social Sector EPWP Incentive Grant.
- b- 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 DORA. To this end, NDPW's Internal Audit must:

- a- Review EPWP's controls over information reported by public bodies
- b- Review EPWP's monitoring of public bodies
- c- Ensure that the internal controls within the EPWP Integrated Reporting System 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.

Definitions Box

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

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

6.5 Detailed Audit Procedures for Departments

6.5.1 Documentation and information

Departments must ensure on a monthly basis that specific documentation and information is collected and retained – this is detailed in Chapter 5 Section 5.2.2 Access to project records and required information must be controlled. Retention requirements for project records must be complied with. In this regard, a department's Internal Audit must have unrestricted access to information, records and personnel that is key to their audits.

6.5.2 Controls and verification of information

Departments' Internal Auditors must identify, analyse, evaluate and document sufficient information to achieve the internal audit objectives.

Departments' internal audit procedures must include but not be limited to:

- a- Testing the control of the sign-off of the attendance register, beneficiary information and proof of payment
- b- Conducting surprise visits to verify actual attendance in accordance with attendance registers
- c- Conducting surprise visits to verify the validity of recorded beneficiary information
- 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 Integrated Reporting System 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 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 department (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 department to ensure that the performance information provided upon which the incentive disbursement is made, is credible as far as possible.

Table 12: Controls and Audit Procedures for the Department in collecting key project information

Activity	Responsibility	Risk	Time-lapse	Internal controls	Audit procedures	Sample method	Time frame for audit procedures
NGO/ IA to manage information							
NGO/ IA to sign off daily on attendance register	NGO/IA Programme manager to complete and sign off	Incorrect information compiled Invalid information compiled	Monthly, at a minimum	Sign-off by NGO/IA	(in this case, it is more verification than audit procedures) Project managers: 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 department's finance procedures	Monthly
NGO/ IA to generate signed payment register or bank records	NGO/IA Programme manager to complete and sign off	Incorrect information compiled Invalid information compiled Payment to fictitious workers	Monthly, at a minimum	Sign-off by NGO/IA	(in this case, it is more verification than audit procedures) Project managers: 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 department's finance procedures	Monthly

Activity	Responsibility	Risk	Time-lapse	Internal controls	Audit procedures	Sample method	Time frame for audit procedures
NGO/ IA submits to Department							
NGO/IA to submit progress information to the department Dept certifies next transfer – outputs and expenditure information consolidated for performance report	Project Manager	Incorrect, invalid or incomplete information loaded	Monthly	Sign off by Project Manager Provincial dept system controls Sign off by Dept	Department internal auditors: 1) to test control of sign-off 2) to test the validity of performance information 3) to conduct tests to ensure information on Integrated Reporting System agrees with supporting documentation 4) include results in quarterly or bi-annual audit report	Material sample %	Within 22 calendar days after a quarter's close at least once during the year, and in the annual department's audit

6.5.3 Compliance monitoring

Department's Internal Audit must verify compliance with the DORA requirements, the Incentive Grant Agreement, the Social Sector EPWP Incentive Grant Manual and any other relevant documentation issued by the National Department of Public Works in terms of the Social Sector 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 5 Section 5.6 (5) of this manual.

6.5.4 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 incentive grant. This representation must be informed by the work of the department's Internal Audit. This representation can be made in any form, but should be made within the financial year for which the Incentive Agreement is valid.

6.5.5 Communicating results

Communication must be accurate, objective, clear, concise, constructive, complete and timely. Should the department require a template, it may be requested from the National Department of Public Works' Internal Audit unit. The Internal Audit unit of departments should coordinate and share their audit reports on the 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.

6.5.6 Follow-up procedures

During the audit process, the Internal Auditors of the department 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 department internal audit reports.

Table 13: Headings to be covered specifically on the Social Sector EPWP Incentive Grant in annual audit reports by Departments

Headings to be covered	Example
Title	"Department Name" Internal Audit Report on the Social Sector EPWP Incentive Grant for the period ending 31 March 2011
Addressee	The report should be addressed to the Accounting Officer of the Department and other key Heads of Sections (i.e. CFO, Project Manager and their Audit Committee), with copies to NDPW
Accountability statement	Indicating what the accountability of the various parties are including Management and the Department 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 find 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

6.6 Detailed Audit Procedures – National Department of Public Works

Compliance audits: In chapter 3 of the manual, is a complete list of the conditions attached to the incentive. These are compiled from the requirements of the 2012 Division of Revenue Bill, the Incentive Agreement and appropriation conditions agreed with National Treasury. The National Department of Public Works will manage compliance with these conditions and will manage a compliance checklist to support this process. In addition section 6.5.2 indicates the controls that must be in place to support credible performance reporting. The National Department of Public Works will undertake sample audits of departments to test the integrity of the systems and controls developed to support performance reporting.

Performance Audits: In addition to ensuring compliance with conditions and that adequate internal controls are in place; NDPW's Internal Audit will undertake sample performance audits of the performance information reported by departments and check support documentation of NGOs/IAs to ensure that the performance information upon which the incentive allocation is determined is credible.

Table 14: Sample Audits on the Controls & Performance Information of Departments

Area	Responsibility	Risk	Internal controls	Audit procedures	Time frame
Attendance register & Payment Information	Department (via its Programme Manager and NGO/IA)	Incorrect information compiled Invalid information compiled Payment to fictitious workers	Sign-off by department (checked by Programme manager) EPWP INTEGRATED SYSTEM controls	NDPW Internal audit: 1) to test control of sign-off of attendance register 2) to test control of sign-off of payment register 3) to perform detail testing on supporting documentation dependent on risk assessment taking Department internal auditors' audit work and extent of reliance into account 4) to conduct tests to ensure information on EPWP Integrated Reporting System agrees with supporting information.	On a sample basis
Department Internal Audit Reports	Department (via its Internal Audit unit)	Information not checked or verified	IA before payment	NDPW Internal audit to review reports from Department'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 Incentive	NDPW	Payment of incentive on invalid information	All of the above	NDPW include results in the annual audit report for the incentive grant to be issued 4 months after the end of the financial year.	4 months after end of financial year



Chapter 7

Institutional and Governance Arrangements (all users)



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA



EXPANDED PUBLIC WORKS PROGRAMME

CHAPTER 7: INSTITUTIONAL AND GOVERNANCE ARRANGEMENTS (ALL USERS)

Chapter summary: This chapter describes the institutional and governance arrangements for the oversight, management and implementation of Social Sector EPWP programme(s) and the incentive grant.

7.1 Political Accountability

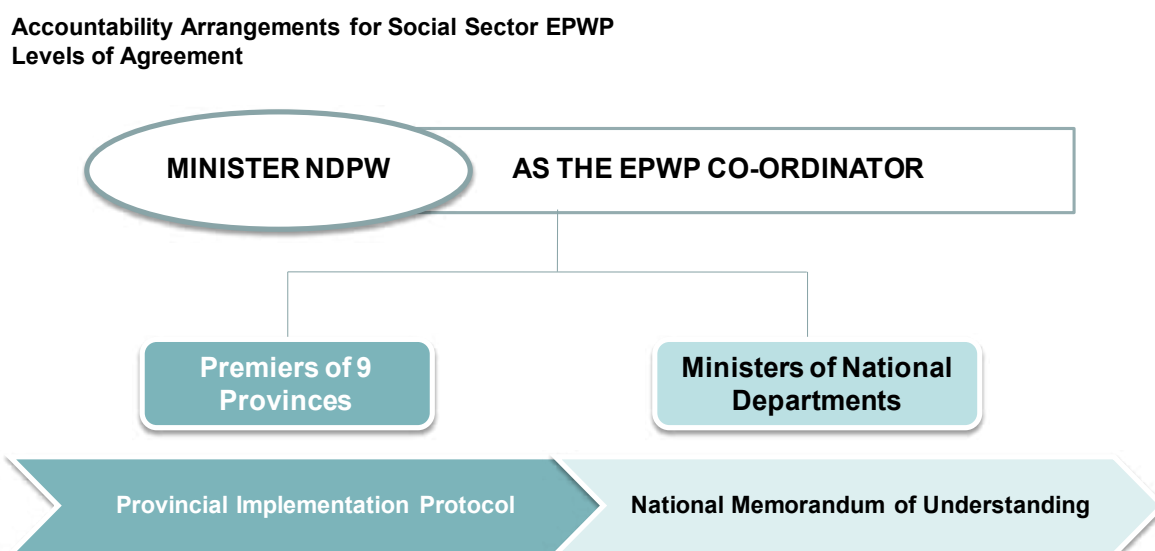
The success of the EPWP is dependent on the contribution of national, provincial and local government to its overall goals and objectives. In order to ensure that all spheres of government and public bodies can be held accountable for contributing to the EPWP targets, a set of accountability arrangements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

Figure 3 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 3: Political Accountability Arrangements for EPWP Implementation

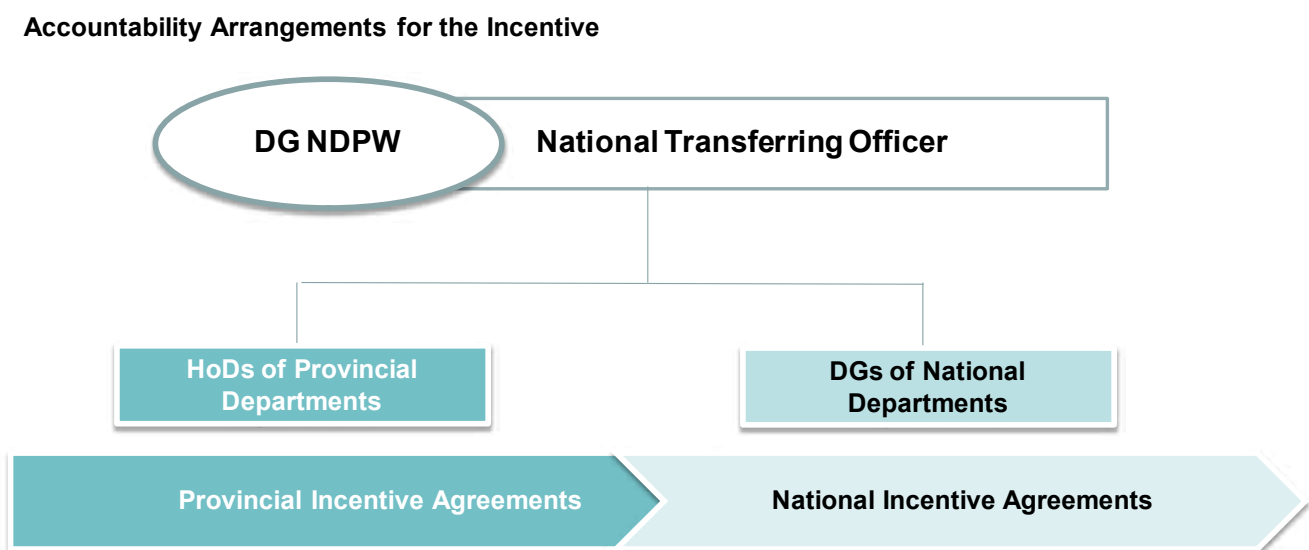


These protocols and agreements are separate from the financial accountability arrangements for the EPWP incentive.

7.2 Financial Accountability for the Incentive

Since the EPWP Incentive is structured as a conditional grant, it is subject to the provisions of the Division of Revenue Bill. In order to ensure 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 department (the Provincial Head of Department) sign an Incentive Agreement which specifically deals with the conditions of the allocation and disbursement of the EPWP incentive). The Incentive Agreement stipulates the obligations of the provincial department and the National Department of Public Works required for the implementation of the EPWP Incentive Grant.

Figure 4: Financial Accountability Arrangements



7.3 Roles and Responsibilities of Sector Parties

The key roles and responsibilities of each party are presented below.

7.3.1 Roles and Obligations of the National Department of Public Works (NDPW) in terms of EPWP

Role of the National Department of Public Works for overall EPWP

- Determining EPWP policy and frameworks;
- Coordinating and supporting the implementation of the EPWP;
- Designing and implementing a national communication strategy for the EPWP;
- Advising and reporting to the Minister of Public Works on all aspects of the EPWP;
- Monitoring the implementation of the EPWP towards the EPWP targets set and evaluating the impact of the programme; and reporting on such matters to the National Treasury;
- Advising and reporting to the Minister of Public Works on all aspects of the EPWP;
- Providing technical support to provincial departments implementing EPWP programmes/projects;
- Facilitating the development and/or refinement of sector incentive models, frameworks and conditions to facilitate EPWP expansion
- Supporting EPWP expansion planning;
- Documenting and publicising best practices in the EPWP.

Obligations of the National Department of Public Works in terms of the Social Sector EPWP Incentive Grant

- Determine the eligibility of provincial departments, set EPWP targets and performance measures and calculate incentive allocations
 - Draft an incentive manual that will provide provincial departments with standard information on the rules of the incentive programme, its application, monitoring and evaluation information and audit regulations
 - In terms of Incentive Agreements, NDPW will draft an Incentive Agreement outlining the requirements of the incentive grant and ensure that each provincial department signs the agreement by 31 March 2012
 - Reach agreement with national sector departments on their roles in ensuring effective implementation of the incentive grant by 31 March 2012
 - In terms of EPWP Business Planning,
 - Support provincial departments to develop plans to meet EPWP targets
 - Develop the Social Sector EPWP Logframe which sets out the sector's EPWP targets for the second phase of EPWP
 - Submit to the National Treasury by 26 April 2012, the final the provincial department EPWP Business Plan endorsed by the provincial Incentive Programme Management Teams.
 - Provide the department with technical support and assistance as agreed to by the parties in order to promote the achievement of the provincial department's FTE targets; and to support the sector to collect the required information, align monitoring and reporting frameworks and to report on key outputs on the EPWP Web Based System
 - Monitor the performance of provincial departments and the use of the incentive grant against the conditions in the framework and report to National Treasury on quarterly progress on the following dates – 15 August 2012 (for Q1), 15 November 2012 (for Q2), 15 February 2013 (for Q3) and 15 May 2013 (for Q4)
 - Convene the national Incentive Programme Management Team and support the provincial Programme Management Team
 - Audit the final performance of provincial departments after the closure of the financial year
-

7.3.2 Roles and Responsibilities of the National Department of Social Development in terms of EPWP

Role of the National DSD for EPWP in the Social Sector

- Chair the Social Sector national (and extended) Steering Committee which will deal with service delivery progress in the sector
- Coordinate sector programme discussions where there are implications for EPWP
- In cooperation with National Sector Departments,
 - Coordinate sector discussions on programme implementation issues
 - Ensuring that minimum standards are met
 - Mobilise technical support in line with these needs
 - Evaluate and mobilise opportunities for the expansion of EPWP in the sector
- In cooperation with National Department of Public Works,
 - Coordinate sector EPWP planning and support provinces with the development of plans and targets
 - Coordinate EPWP reporting in the sector
 - Review and revise the incentive model and performance indicators chosen each financial year
 - Mobilise technical support in line with these needs.

Responsibilities of the National DSD in terms of the Social Sector EPWP Incentive Grant

- Participate in the Incentive Programme Management Teams
- Support NDPW in terms of:
 - EPWP expansion planning including reviewing and endorsing plans, with due consideration of sector specific issues
 - Facilitating engagement in the sector with a view to Incentive Agreements being signed and targets committed to
 - Monitoring, reporting and reviewing EPWP performance and the use of the incentive grant in the sector
 - Assisting to deal with information quality issues and reporting alignment.

7.3.3 Responsibilities of the National Sector Departments in terms of EPWP

Responsibilities of the National Sector Departments in terms of the Social Sector EPWP Incentive Grant

- Evaluate and mobilise opportunities for the expansion of EPWP in the sector
- Cooperate with the National Department of Public Works on planning and reporting in the sector
- Support provinces with the development of plans and ensuring that minimum standards are met
- Set minimum service delivery quality standards in consultation with their sector
- In cooperation with the National Department of Public Works, put in place the necessary tools to collect the required service delivery information, align monitoring and reporting frameworks for key outputs to be reported in line with EPWP and the incentive grant requirements
- Cooperate with National Department of Public Works on the review and revision of the incentive model and performance indicators chosen each financial year.

7.3.4 Role and Responsibilities of the National Treasury in terms of EPWP

Role of the National Treasury in terms of overall EPWP

- Advising the sector in terms of EPWP plans, target setting and budgetary allocations
- Monitoring the implementation of the EPWP towards the EPWP targets set, performance and spending of the EPWP programme and incentives
- Evaluating the impact of the EPWP programme
- Advising on sector incentive models, frameworks and conditions to facilitate EPWP expansion
- Advising and reporting on the above such matters to the Minister of Finance, the Presidency and Parliamentary committees.

Responsibilities of the National Treasury in terms of the Social Sector EPWP Incentive Grant

- The National Treasury will monitor that the transferring national officer has indicated that all conditions are met before the grant is transferred to receiving officers
- The National Treasury will approve any transfer of the incentive grant to an entity or other sphere of government
- Monitor reported performance and spending on the Social Sector EPWP Incentive Grant and raise issues of concern with NDPW, the relevant national sector department and the relevant Provincial Treasury
- The National Treasury will approve any withholding, stopping and/or re-allocations of the incentive grant in terms of sections 16-18 of the Division of Revenue Bill; and publish such in the government gazette in terms of section 14
- The National Treasury will approve all rollovers on the incentive grant.

7.3.5 Roles and Responsibilities of the Implementing Provincial Departments in terms of EPWP

Responsibilities of Provincial Departments for implementing EPWP

- Plan, develop and implement strategies and mechanisms to successfully implement and expand the EPWP programmes(s);
- Implement its EPWP programmes(s) and evaluate the impact of these programmes
- Advise and report to the relevant Minister on all aspects of EPWP
- Report to NDPW on the progress of the provincial department.

Responsibilities of Provincial Departments in terms of implementing the Social Sector EPWP Incentive Grant

- Identify the employment and expansion potential of departmental Social Sector EPWP programmes and develop plans for maximising job creation and service delivery expansion
- The department must submit to NDPW a signed off EPWP Business Plan with budget and targets on or before the 31st March 2012. The business plan must be submitted in the template provided by National Treasury. The Business Plan must be presented to, and endorsed by, the Provincial Incentive Programme Management Team in order to receive the first incentive tranche transfer as stipulated in the Agreement.
- Sign the standard Incentive Agreement with NDPW agreeing (to agree to comply with the stipulations, conditions, requirements and obligations of the incentive grant) by 26 April 2012 in order to access the first incentive tranche transfer
- Expenditure on the EPWP Programmes(s) must be reported by the Accounting Officer of the receiving provincial department, to the relevant Provincial Treasury on a monthly basis as well as to the transferring Director-General of the NDPW in the monthly In-Year-Monitoring tool used by the Provincial Treasury.
- Report EPWP performance to NDPW on the EPWP Integrated Reporting System and update progress quarterly in accordance with the reporting requirements in the Incentive Agreement
- Provide information on the use of the incentive grant on the quarterly basis in the format and manner prescribed by NDPW. And in particular, ensure that:
 - The incentive grant is specifically and exclusively used for EPWP purposes
 - The incentive grant is used to increase EPWP performance above baseline FTE targets, in compliance with the conditions of the incentive, and as approved in the provincial department's approved EPWP Business Plan
 - The EPWP target group is paid at least the EPWP minimum wage rate of R63.18 per person day of work and all conditions stipulated in the Ministerial Determination for Public Works Programmes should be complied with
 - A minimum of 80% of the incentive must be used for wages and/or training stipends for the EPWP target group
 - A maximum of 20% of the incentive can be used to supplement (contracted) management capacity for EPWP management and reporting; and for non-wage costs such as administration, materials or tools, etc.
- Maintain beneficiary and payroll records as specified in the Audit Requirements of the EPWP.

7.3.6 Roles and Responsibilities of Provincial Treasuries in terms of the Social Sector EPWP Incentive Grant

Responsibilities of the Provincial Treasury in terms of the Social Sector EPWP Incentive Grant

- Provincial Treasuries must provide the National Department of Public Works with the correct banking details in order to be able to receive the incentive and ensure a smooth process of disbursement from NDPW to the Provincial Revenue Fund
- Provincial Treasuries must ensure that the incentive deposited into the Provincial Revenue Fund by the National Department of Public Works is drawn down by the correct provincial department in the amounts indicated in the draw down schedule provided by NDPW
- Provincial Treasuries must ensure that the only draw downs from the Provincial Revenue Funds in terms of the incentive are those authorised by the National Department of Public Works in the amounts and on the dates indicated in the draw down schedule provided by NDPW
- Where the National Department of Public Works has indicated that a specific provincial department has not met the condition to be able to draw down the next incentive amount, the Provincial Treasury is responsible for enforcing this decision, and preventing access to the incentive until NDPW indicates that such condition has been met
- Monitor financial management of the Social Sector EPWP Incentive Grant and notify NDPW of any issues related to spending and/or performance on the grant.

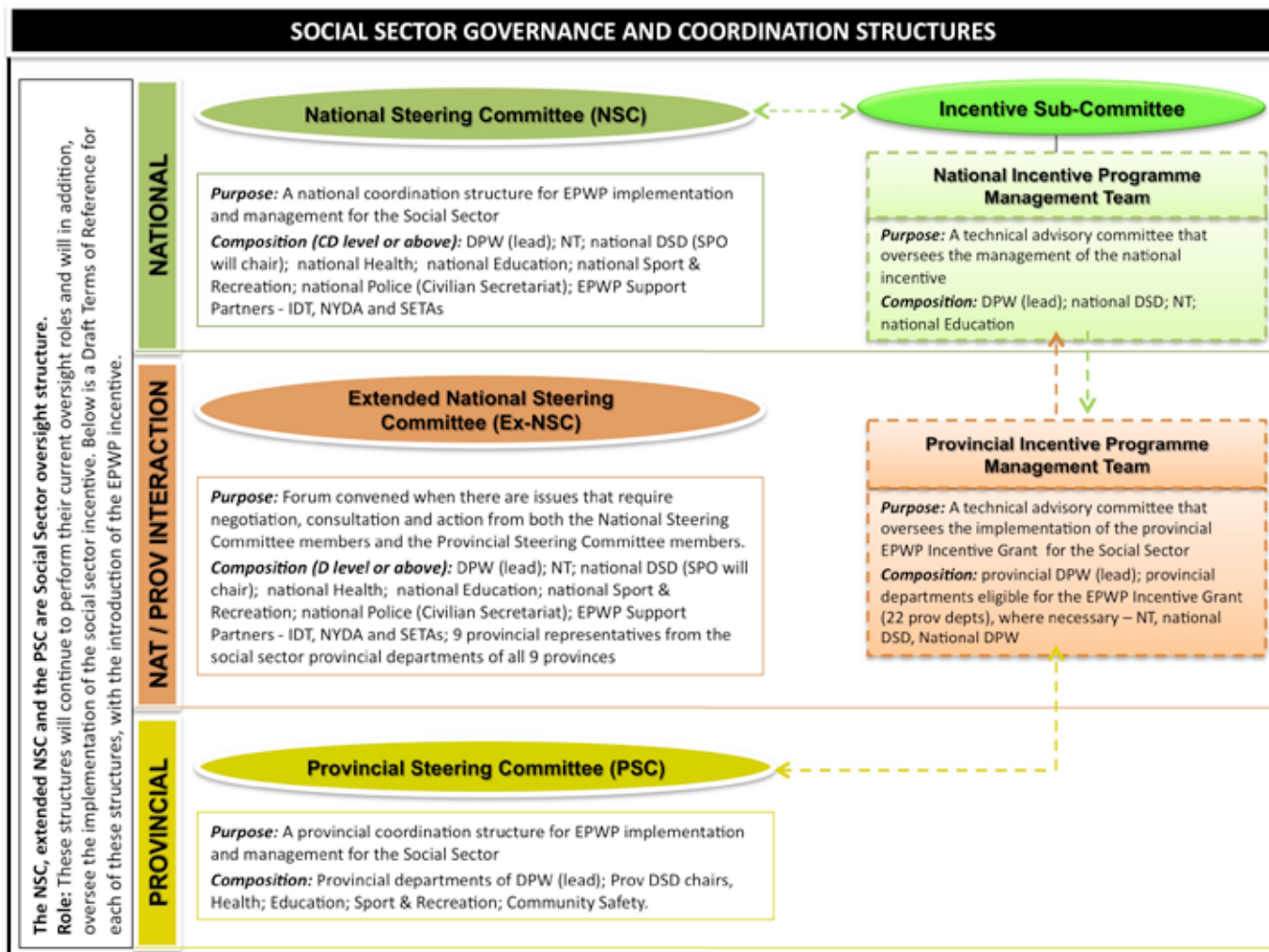
7.4 Institutional & Governance Arrangements

EPWP is a cross cutting government programme. There are various levels at which planning, coordination, implementation, management and 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.

Currently, steering committee structures coordinate EPWP in the sector. It is proposed that national and provincial Incentive Programme Management Team structures be established to oversee the social sector incentive for each sphere. This will take the form of an Incentive Sub-Committee, constituted under the National Steering Committee consisting of the national and provincial Incentive PMT structures. These structures will interact with the normal social sector governance structures.

See the figure below which shows the inter-committee relationships.

Figure 5: Social Sector Governance and Coordination IGR Structures



Below is a brief Terms of Reference for the two committee structures that will oversee and support provincial departments in the implementation of the Social Sector EPWP Incentive Grant. It sets out the role of the committee, its functions, composition and operating procedures.

7.4.1 Terms of Reference for the National Incentive Programme Management Team (national IPMT)

Area	Detail Procedure
Role	a- The national IPMT will be regarded as a technical advisory committee
Functions	b- The functions of the national IPMT will include (but not be limited to): <ul style="list-style-type: none"> • Discussion and endorsement of baseline and incentive FTE target setting • Discussion and endorsement of the Soc Sec and Kha Ri Gude Incentive Model year-on-year (performance assessment and the determination of incentive eligibility and allocations) • Undertaking and supporting the incentive planning process; review and endorsement of the EPWP Business Plan in line with the aims of the incentive specifically for Kha Ri Gude • Endorsement of the national Incentive Agreement template • Reviewing quarterly performance; discussion incentive implementation issues; and providing technical advice to unblock obstacles to implementation (discuss and ensure proposals for actions to mobilise capacity, funding, training, communication, reporting, M&E requirements and/or implementation guidelines) specifically for Kha Ri Gude • Reviewing the monthly performance of Kha Ri Gude in terms of the EPWP Incentive, the funds drawn down and spending • Report on progress in terms of implementation to the IPMTs, relevant departmental and other fora • Requesting and endorsing EPWP incentive support • Reviewing the funding model for the sector as well as incentive grant proposals to National Treasury.
Membership	c- The national IPMT shall consist of representation (at the level of Chief Director or above) by the following stakeholders: <ul style="list-style-type: none"> • Coordination Departments: Department of Public Works (lead); National Treasury; Department of Social Development (SPO will chair) • National Sector Departments of Health; Education; Social Development; Sport and Recreation; Police (Civilian Secretariat).
Operating Procedures	d- Operating Procedures <ul style="list-style-type: none"> • The national IPMT will adhere to government legislation and policy guidelines which are relevant to enable it to execute its work • Bi-monthly meetings will be scheduled and will be held on agreed dates and times • This committee will meet bi-monthly in order to deal with any issues dealing with the early implementation of the incentive. Incentive issues that need to filter into provinces will be communicated through the provincial IPMT and the Public Works' Regional Sector Coordinators • The quorum required for decision-making shall be representatives from 3 departments (including National Treasury).
Secretariat	e- The Department of Public Works would act as the Secretariat. The necessary capacity would be deployed.
Funding	f- The activities will be funded by NDPW.

7.4.2 Terms of Reference for the Provincial Incentive Programme Management Team (provincial IPMT)

Area	Detail Procedure
Role	a- The provincial IPMT will be regarded as a technical advisory committee
Functions	<p>b- The functions of the provincial IPMT will include (but not be limited to):</p> <ul style="list-style-type: none"> • Discussion of baseline and incentive FTE target setting for provinces • Discussion and endorsement of the Soc Sec Incentive Model year-on-year (performance assessment and the determination of incentive eligibility and allocations) • Undertaking and supporting the provincial incentive planning process, including planning sessions; review and endorsement of programme EPWP Business Plans in line with the aims of the incentive • Endorsement of the provincial Incentive Agreement template • Reviewing quarterly provincial performance; discussion of incentive implementation issues; and providing technical advice to unblock obstacles to implementation (discuss and ensure proposals for actions to mobilise capacity, funding, training, communication, reporting, M&E requirements and/or implementation guidelines) • Review the monthly performance of provinces in terms of the EPWP Incentive, funds drawn down and spending • Request and endorse EPWP incentive support to provinces • Report on progress in implementation to the IPMT, relevant departmental and other fora • Reviewing the funding model for the sector as well as incentive grant proposals to National Treasury.
Membership	<p>c- The provincial IPMT shall consist of representation by the following stakeholders:</p> <ul style="list-style-type: none"> • Coordination Departments: Provincial Department of Public Works (lead); national departments where necessary - Department of Public Works Department of Social Development; National Treasury • Provincial Departments of Health; Education; Social Development; Sport and Recreation; Police (Civilian Secretariat) that are eligible for the incentive grant.
Operating Procedures	<p>d- Operating Procedures</p> <ul style="list-style-type: none"> • The provincial IPMT will adhere to government legislation and policy guidelines which are relevant to enable it to execute its work • Bi-Monthly meetings will be scheduled and will be held on agreed dates and times • This committee will meet bi-monthly in order to deal with any issues dealing with the early implementation of the incentive. Incentive issues that need to feed back up into the national IPMT or the National Steering Committee will be communicated through the two coordinating departments: national NDPW and national Social Development • The quorum required for decision-making shall be 50% of implementing provincial departments.
Secretariat	e- The Department of Public Works would act as the Secretariat. The necessary capacity would be deployed.
Funding	f- The activities will be funded by NDPW.

A Schedule of Key Deadlines and Dates is attached in Annexure G.

7.5 Frequently Asked Questions

What is the difference between an Implementation Protocol and an Incentive 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 Agreements only govern the operational and financial accountabilities of the Social Sector EPWP Incentive Grant and are signed by the accounting officers of the National Department of Public Works and the receiving provincial department.

What is the role of the national sector departments in managing the incentive grant?

The national sector departments have no formal responsibility for managing the incentive grant. Most provincial Public Works departments work together with the other provincial departments and municipalities in the province to support them with reporting progress on the EPWP which is a key requirement for accessing the incentive. Ultimately however, the reporting on progress is the responsibility of each department.



Chapter 8

Navigating the EPWP Web Based System
(Reporting staff of Implementing Provincial
Departments)



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA



EXPANDED PUBLIC WORKS PROGRAMME

CHAPTER 8: NAVIGATING THE EPWP WEB BASED SYSTEM (REPORTING STAFF OF IMPLEMENTING PROVINCIAL DEPARTMENTS)

Chapter summary: This chapter provides a description of the EPWP Integrated Reporting System and some of its key features and aims to assist officials who have to use the EPWP Integrated Reporting System for performance reporting. It aims to provide a basic overview of the EPWP Integrated Reporting System and the project registration and progress reporting processes and the type of information that needs to be entered into the system.

8.1 Introduction to the EPWP Integrated Reporting System

The 'EPWP Integrated Reporting System' is a reporting system used for the collection, validation, storing and dissemination of EPWP programme and project data on EPWP projects in the form of information needed to monitor the performance of the programme as a whole. The EPWP Integrated Reporting System is managed by National Public Works.

- a- Who can gain access to the system?** The delegated representative(s) from a provincial department implementing EPWP projects.
- b- How can one gain access to the system?** The system is accessed through the website, <http://epwpreporting.dpw.gov.za/>. The system will then show the Login page. When a user gets to the Login Screen, select the *New User Registration* link to get registered, this will take a user to a new screen where it will require information to be entered onto the system. All the yellow highlighted fields are compulsory, and to be registered on the system, all compulsory fields need to be entered before you click the register button. Specific information required to register on the system includes:
- **First and Last Name:** User's name and surname
 - **Preferred Username:** This name will be used to login to the system after the administrator grants the user the rights to login onto the system. The username should be typed in lowercase.
 - **Password:** This should be 8 characters and it should not be the same as the username. The password should be in lowercase.
 - **Sectors:** Choose from the dropdown list the sector that the user will be accessing on the system.
 - **Access Rights/User Role:** Choose from the dropdown list whether as a user, capturer, viewer, HOD or signing off person. Click the register button to be registered, the user's information will be registered on the system. An email will be sent informing the user of his/ her successful registration status. Only after receipt of this email, can the new user start using the system.
- c- Signing onto the system:** Once registered, signing onto the system merely involves entering a username, password and selecting the applicable province on the drop down menu.

Note: The system will not allow a user to login if the incorrect province has been selected or an incorrect username and/or password has been entered. All three of these must be entered correctly in order to login successfully. A successful login will lead the user to the home page. The Home page will reflect a number of functionalities. Some of them are only applicable to certain users depending on their access rights. Select from the three predefined sectors (Infrastructure, Environmental & Culture, and Social) the sector that the user wants to access. After choosing the appropriate sector, the system will take the user to the Welcome Screen for that sector.

- d- System support:** If provincial departments experience problems related to the system such as logging in, acquiring passwords and user names or require any other assistance on the system, call 0800204102 or email admin.epwp@dpw.gov.za.

The following section briefly captures the essence of how to report on the system.

8.2 Capturing Project Information on the EPWP Integrated Reporting System (IRS)

Once on the sector welcome page, the system will display the projects screen. It is a screen that shows the user a list of projects that the user has previously worked on. The user may choose to *Add New Projects*, *Update existing Projects* or *Delete incorrect project information*.

Figure 8: Key Steps in Data Capturing on the EPWP Integrated Reporting System



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

8.2.1 Project Registration – Adding New Projects

If the user selects the *Add New Project button*, a window requiring basic project information fields to be completed will appear. This must be completed before moving to other project screens.

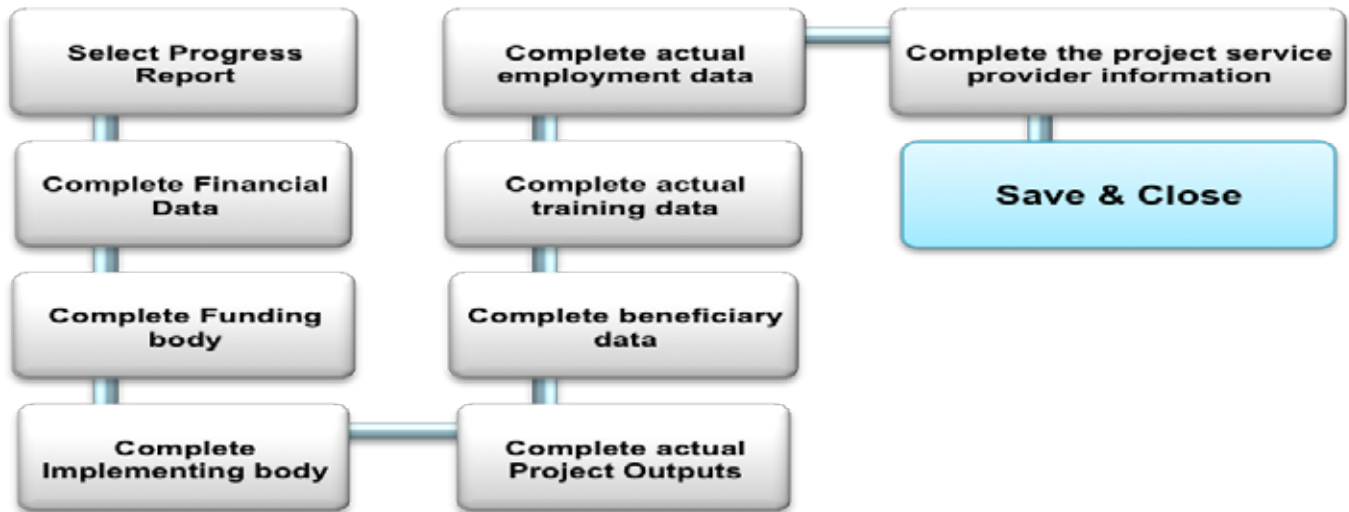
This includes:

- a- Project Name, as it appears on tender documents and/or any other official documents.
- b- Project Number, as it appears on tender documents and/or any other official documents. The automatic prefix indicates the province and the sector for which the project is being reported.
- c- Project Status, selected from the drop down menu.
- d- Project start and end date, selected from the calendar or manually typed in.
- e- Project Location: select the relevant public body from the dropdown menu.
- f- Contact Person Details: Enter the project manager's business/work address, work telephone number, email and cell phone number.
- g- Physical Address, state where the project is located.

8.2.2 Updating Project Progress

Project progress should be updated on a monthly basis. The user can update any project already listed – the user must select the project from the list, then click Update. The project update screen will appear with basic project information such as the project name and number.

Figure 19: Project Progress Reporting



At this stage, the following functionalities can be selected and opened for updating:

- a- Financial Data: This screen allows the user to enter project budget information and project expenditure
- b- The Funding body (type and name)
- c- The Implementing body (type and name)
- d- Project Outputs: In this section, the user may enter a description of each project output; the unit of measure (e.g. km, children serviced, hectares of vegetation cleared, etc) and the quantitative performance indicator
- e- Beneficiaries: The user would be required to enter the first and last name of the beneficiary/ worker and the beneficiary/worker's identity number. The user may select the beneficiary/worker's date of birth using the calendar method and the drop down menu for gender and disability.
- f- Training data: In terms of training, the user must first indicate the beneficiary/worker receiving the training and selected the course(s) from the drop down menu provided. If the course(s) is not one on the list, the user must select other and capture the course(s); the name of the service provider; the start and end date for training using the calendar or enter it manually and the actual number of training days attended by the beneficiary/worker.
- g- Employment data: In terms of recording work, the user must first indicate the beneficiary/worker from the drop down list, enter a short description of the job the beneficiary/worker was engaged in during the reporting period, enter the actual number of work days during the reporting period and the daily wages received by that beneficiary/worker.
- h- Project service providers.

Upon completion of the data capturing session, the user may send the data to the EPWP Monitoring and Evaluation Division at the National Public Works, by pressing *Save* and then *Close*.

8.2.3 Project Maintenance – Deleting Projects

After entering the sector welcome page, a list of all captured projects appears. The user may simply select the project to be deleted and click Delete. Note: Once projects have been submitted to the EPWP Monitoring and Evaluation Division they cannot be deleted. The only way that incorrect data submitted can be corrected is through the data validation process and feedback mechanism.

8.2.4 Viewing and Authorising Project Data

a- Viewing Projects: Once the system takes the user to the Welcome Screen for that sector, the user may *View Projects*. This functionality will allow the user to view all the projects that are compliant, non-compliant, signed off and rejected. The user can use the project name, project number, programme name and/or project status as filters; these options make it easier for the user to navigate the system. Some fields are contained in a drop down menu, the user will need to choose one from the list then select/click either one of the 4 top buttons: view compliant, non-compliant, signed off and rejected projects.

- Viewing Compliant Projects: This screen displays a list of projects that have beneficiary, budget, job and expenditure data as well as the applicable funder.
- Viewing Non-Compliant Projects: This screen displays a list projects that do not have beneficiary, budget, job and expenditure data as well as the applicable funder.
- Viewing 'signed off' Projects: This screen displays a list of projects that have been signed off.
- Viewing Rejected Projects: This screen displays a list of projects that have been rejected.

b- Signing Off Projects: Once the system takes the user to the Welcome Screen for that sector, the user may select 'sign off projects', which will take the user to the 'signing off screen'. This screen shows a list of projects awaiting a recommendation for sign off. An HOD may choose to recommend projects or may choose not to recommend them; this is possible by clicking either the 'recommended' or 'not recommended' buttons.

A detailed user manual has been developed to explain exactly how the EPWP INTEGRATED SYSTEM works, the fields required and the process of registering, loading and updating/ amending data. In addition, training and information workshops on the EPWP INTEGRATED SYSTEM will be accessible to provincial departments through Public Works as well as technical support staff assisting in meeting reporting requirements through capturing on the system.

EPWP Website: <http://www.epwp.gov.za>

User Support available at admin.epwp@dpw.gov.za

Annexures



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA



EXPANDED PUBLIC WORKS PROGRAMME

ANNEXURE A: LIST OF SOCIAL SECTOR PROGRAMMES FROM THE LOGFRAME

Department	Social Sector Programme Category	Social Sector Programme	
Education	ECD	ECD	
	Mass Literacy Campaign	Kha Ri Gude	
	National School Nutrition Programme	School Nutrition Programmes	
	Expansion Programmes (Other)	School sport coaching	
		Maintenance of school: school caretaking	
		Adult education	
		Special School Teaching Aides	
Social Development	Expansion Programme (Other)	Social Auxilliary Workers: Youth Workers/ Peer Educators; Child Care Workers	
		Social Security	
		Emergency food relief	
		Food security Programmes	
Health	HCBC	Advocacy Programmes	
		Child and Youth Care Community Based Services	
		Drop in Centre Programmes	
		Peer Educators Programmes	
		Home Community Based Care Programmes	
		Home Community Based Care Learnership Programme	
		Hospice Projects	
		High Transmission Areas	
		Substance Abuse Counsellors	
		Voluntary Counselling and Testing (VCT)	
	Directly Observed Therapy (DOTS): malaria, TB		
	Expansion Programmes (Other)	Basic Pharmacy Assistant	
		Community Development Workers	
		Diagnostic Radiographer	
		Enrolled Nursing Assistant	
		Nutrition advisors	
		Sport and Recreation	Mass Participation Programme
Legacy Projects			
Community Safety	Community Safety Programme	Community Based Crime Prevention Projects	
		Tourism Safety Monitors	
		Volunteer Social Crime Prevention Programme	
		Schools Patrols Programme	

ANNEXURE B: 2012/13 INCENTIVE ALLOCATIONS AND FTE TARGETS

Province	Department Name	Revised Incentive Reward	FTEs to be generated
Eastern Cape	EC Department of Social Development	R 6,707,971.66	369.30
	EC Department of Sport, Recreation, Arts & Culture	R 1,632,794.61	89.89
	EC Department of Health	R 13,779,884.24	758.63
Free State	FS Department of Education	R 5,941,405.46	327.09
	FS Department of Health	R 7,469,853.87	411.24
	FS Department of Social Development	R 10,097,565.77	555.90
	FS Department of Sports, Arts, Culture & Recreation	R 398,950.80	21.96
Gauteng	GT Department of Health	R 29,072,052.61	1,600.51
	GT Department of Social Development	R 12,872,806.60	708.69
KwaZulu-Natal	KZ Department of Community Safety & Liaison	R 1,672,924.93	92.10
Limpopo	LP Department of Education	R 18,556,961.62	1,021.62
	LP Department of Health	R 29,197,299.69	1,607.40
	LP Department of Social Development	R 9,980,121.71	549.44
Mpumalanga	MP Department of Culture, Sports & Recreation	R 524,349.42	28.87
	MP Department of Education	R 12,613,004.47	694.39
	MP Department of Safety and Security	R 521,973.12	28.74
Northern Cape	NC Department of Social Development	R 1,505,717.87	82.89
	NC Department of Sport, Arts & Culture	R 567,686.23	31.25
North-West	NW Department of Health	R 17,003,631.66	936.10
	NW Department of Social Development	R 11,657,368.33	641.78
	NW Department of Sports, Arts & Culture	R 903,135.05	49.72
Western Cape	WC Department of Community Safety	R 799,963.86	44.04
	WC Department of Education	R 23,923,576.43	1,317.07
		R 217,401,000.00	11,968.62

ANNEXURE C: CONDITIONAL GRANT FRAMEWORK

Social Sector 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 job creation through the expansion of Social Sector Expanded Public Works Programme (EPWP) programmes
Grant purpose	<ul style="list-style-type: none"> To incentivise provincial social sector departments identified in the 2012 Social Sector EPWP Log-frame to increase job creation by focusing on the strengthening and expansion of social service programmes that have employment potential
Outcome statements	<ul style="list-style-type: none"> Improved service delivery to communities by expanding the reach and quality of social services Improved quality of life of unemployed people through employment creation and increased income Reduced levels of poverty Contribute towards decreased levels of unemployment Improved opportunities for sustainable work through experience and learning gained Strengthened capacity of non-government delivery partners through increased access to funds for training, wages and administration
Outputs	<ul style="list-style-type: none"> Increased number of people employed and receiving income through the EPWP Increased duration of the work opportunities created Increased number of households and beneficiaries to which services are provided 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 economic growth Outcome 5: A skilled and capable workforce to support an inclusive growth path
Details contained in the business plan	<ul style="list-style-type: none"> Outcome indicators Output indicators Inputs Key activities
Conditions	<ul style="list-style-type: none"> Provincial departments must submit to the national Department of Public Works (DPW) signed-off EPWP targets and budgets for the 2012/13 financial year as part of the EPWP annual log frame planning process by 26 April 2012 Provincial departments must submit to DPW signed-off implementation plans on how to achieve these EPWP targets by 26 April 2012 Provincial departments must report both conditional grant and equitable share EPWP expenditure on the monthly In-Year-Monitoring (IYM) tool in accordance with section 32 of the Public Finance Management Act Provincial departments must sign an incentive agreement with DPW by 26 April 2012 to comply with the conditions and obligations of the grant Reports must be loaded on the EPWP Web-based Reporting System within 22 days after the end of every quarter Provincial departments must adhere to the Audit Requirements stipulated in the EPWP Incentive Manual The Incentive Grant allocation must be used to expand job creation programmes in the Social Sector The Incentive Grant allocation must be used to fund the following priority areas: <ul style="list-style-type: none"> to provide stipends to unpaid volunteers at R63.18 per day and further adjustments as per the Ministerial Determination for EPWP workers and the prescripts of the Department of Labour to expand Social Sector EPWP programmes as identified in the EPWP Social Sector Log-frame to create additional work opportunities A minimum of 80 per cent of the incentive allocation must be used to pay stipends or wages

Social Sector Expanded Public Works Programme Incentive Grant for Provinces	
Allocation criteria	<ul style="list-style-type: none"> • To be eligible for an incentive allocation in 2012/13, a provincial department must have: <ul style="list-style-type: none"> – reported EPWP performance by 22 April 2011 for an incentive allocation to be calculated based on 2010/11 performance – must have met at least 45 per cent of their Full Time Equivalent (FTE) target for the 2010/11 financial year • Each provincial department's performance is assessed against a set of EPWP performance indicators to determine the size of the incentive allocations for those years. These are: <ul style="list-style-type: none"> – targeted number of FTEs per provincial department – beneficiary profile consisting of 2 per cent persons with disabilities – beneficiary profile consisting of 40 per cent youth – beneficiary profile consisting of 55 per cent female beneficiaries – 10 per cent of days worked spent in training – average duration of 100-day work opportunities – average Minimum Daily Wage of R63.18 per person's day of work • Incentive allocations to each provincial department are based on their past performance score [per cent] x the number of FTEs created x FTE Reward [R63.18 per day x 230 days]. These allocations are adjusted due to a shortfall in the total allocation for all the provincial departments, but are in line with the Ministerial Determination for EPWP workers • Provincial grant allocations for the two outer years are indicative and will be revised based on the performance of each province
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • The incentive allocation is based on the performance of programmes in a prior financial year and use of the allocation is specifically earmarked for EPWP programme expansion
Past performance	2010/11 audited financial outcomes
	<ul style="list-style-type: none"> • New grant
	2010/11 service delivery performance
	<ul style="list-style-type: none"> • New grant
Projected life	<ul style="list-style-type: none"> • Ongoing subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2012/13: R 217.4 million, 2013/14: R 257.6 million and 2014/15: R272.9 million
Payment schedule	<ul style="list-style-type: none"> • Four instalments (25 May 2012, 13 July 2012, 12 October 2012 and 11 January 2013)
Responsibilities of the transferring national officer and receiving officer	<p>Responsibilities of the national department of public works</p> <ul style="list-style-type: none"> • Determine the eligibility of provincial departments, set job creation targets and performance measures and calculate incentive allocations • Draft an Incentive Manual that will provide provincial departments with standard information on the rules of the incentive programme, its application, monitoring and evaluation information and audit regulations • Draft an Incentive Agreement outlining the requirements of the Incentive Grant and ensure that each provincial department signs the agreement by 26 April 2012 • Reach agreement with national sector departments on their roles in ensuring effective implementation of the Incentive Grant by 26 April 2012 • Support provincial departments to develop plans to meet job creation targets • Support the sector to collect the required data, align monitoring and reporting frameworks and to report on key outputs on the EPWP Web Based System • Monitor the performance of provincial departments and the use of the incentive grant against the conditions in the framework and report to National Treasury on quarterly progress • Audit the final performance of provincial departments after the end of the financial year

Social Sector Expanded Public Works Programme Incentive Grant for Provinces	
Responsibilities of the transferring national officer and receiving officer	Responsibilities of the provincial departments <ul style="list-style-type: none"> • Identify the employment and expansion potential of departmental Social Sector EPWP programmes and develop plans for maximising job creation and service delivery expansion • Submit and obtain approval for the required programme expansion plans to DPW to show how targets will be achieved • Sign the standard Incentive Agreement with DPW agreeing to comply with the conditions and obligations of the incentive grant before receiving any incentive payment • Report EPWP performance onto the EPWP Web Based System and update progress quarterly in accordance with the reporting requirements in the Incentive Agreement • Provide data on the use of the incentive grant on a quarterly basis in the format and manner prescribed by DPW • Maintain beneficiary and payroll records as specified in the Audit Requirements of the EPWP
Process for approval of the 2013/14 business plans	<ul style="list-style-type: none"> • Provincial departments report performance on Social Sector EPWP programmes for the 2011/12 financial year by 26 April 2012 • Performance in 2011/12 will determine the targets and incentive allocations for 2013/14 • Provincial departments participate in the planning exercise in January each year and submit their business plans and targets to DPW during this process in the format required • DPW to distribute the Incentive Agreement in March every year • Provincial departments sign the Incentive Agreement with DPW by 26 April 2013 and agree to comply with the conditions and obligations of the incentive grant

ANNEXURE D: SELECTED EXTRACTS OF THE 2012 DIVISION OF REVENUE BILL PERTAINING TO SCHEDULE 5 GRANTS

Section 12: Duties of a receiving officer in respect of 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;
- (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 actual 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.

(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 2012/13:

13. (1) The 2012/13 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 Social Sector 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 2012/13 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.

(3) The 2012/13 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;
- (b) indicate the total amount of actual expenditure on all allocations except Schedule 4 allocations; and
- (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 2012/13 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.

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* –
- (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 Social Sector 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 Social Sector 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.

+ and –

- (a) it is a transfer that is approved in the budget of the receiving province or municipality or a framework published in terms of section 14;
- (b) it is a payment for services rendered or goods received, which services or goods were procured in accordance with the supply chain management policy or procurement policy of the relevant province or municipality and for which adequate documentation for payment has been received; or
- (c) in the case of an advance payment or a transfer which is not consistent with the budget of the receiving province or municipality –
 - (i) the receiving officer has certified to the National Treasury that the transfer is not an attempt to artificially inflate its spending estimates and that there are good reasons for the advance payment or transfer; and
 - (ii) the National Treasury has approved the advance payment or transfer.

Section 16: Withholding of allocation

16. (1) Subject to subsections (2) and (3), a transferring national officer may withhold the transfer of a Schedule 4, 5 or 6 allocation, or any portion of such allocation, for a period not exceeding 30 days, if –

- (a) the province or municipality does not comply with the provisions of this Act or conditions to which the allocation, as provided for in the relevant framework, is subject;
- (b) roll-overs of conditional allocations approved by the National Treasury in accordance with section 20 have not been spent; or
- (c) expenditure on previous transfers during the financial year reflects significant under-spending, for which no satisfactory explanation is given.

(3) A transferring national officer must, at least seven working days prior to withholding an allocation in terms of subsection (1) –

- (a) give the relevant receiving officer –
 - (i) written notice of the intention to withhold the allocation; and
 - (ii) an opportunity to submit written representations as to why the allocation should not be withheld; and
- (b) inform the relevant provincial treasury and the National Treasury, and in respect of any conditional grant to local government, also the provincial department responsible for local government.

(4) A notice contemplated in subsection (3) must include the reasons for withholding the allocation and the intended duration of the withholding.

(5) (a) The National Treasury may, when a transferring national officer is withholding an allocation in terms of subsection (1), instruct or approve a request from that transferring national officer to withhold an allocation for a period longer than 30 days, but not exceeding 120 days, if the withholding will –

- (i) facilitate compliance with this Act or the conditions to which the allocation is subject; or
- (ii) minimise the risk of under-spending.

Section 17: Stopping of allocation

17. (1) Despite section 16, the National Treasury may, in its discretion or at the request of a transferring national officer, or a receiving officer, stop the transfer of a Schedule 4, 5 or 6 allocation referred to in section 16(1) to a province or municipality –

- (a) on the grounds of persistent and material non-compliance with –
 - (i) this Act; or
 - (ii) a condition to which the allocation, as provided for in the relevant framework, is subject;
- (b) if the National Treasury anticipates that a province or municipality will substantially under-spend on that programme or allocation in the financial year;
- (c) if a function is reassigned from a province to a municipality.

(3) Any stopping of an allocation contemplated in subsection (1) must, together with an explanatory memorandum, be published by the National Treasury in the Gazette.

(4) (a) The Minister may, by notice in the Gazette, approve that an allocation or any portion of such allocation stopped in terms of subsection (1), be utilised to meet that province's or municipality's outstanding statutory and contractual financial commitments. (b) The utilisation of funds contemplated in this subsection is a direct charge against the National Revenue Fund.

Section 18: Re-allocation of funds

18. (1) (a) The National Treasury may, when it stops a Schedule 4, 5 or 6 allocation in terms of section 17, after consultation with the transferring national officer and the relevant provincial treasury, determine that a portion of the allocation that will not be spent be reallocated, as the same type of grant allocation as it was allocated originally, to one or more provinces or municipalities, on condition that the allocation will be spent in the financial year or the next financial year. (b) The reallocation of a portion of an allocation or the full allocation on condition that the allocation will be spent in the next financial year, in terms of paragraph (a), must be deemed to be a roll-over approved by the National Treasury in terms of section 20(2)(a), and the roll-over process set out in Treasury Regulation 6.4.2 would not need to be followed.

(3) The National Treasury may, after consultation with the transferring national officer, determine a portion of the allocation that will be reallocated in the event of the reassignment of a function from a province to a municipality.

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 Social Sector 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.

(2) The National Treasury may, at the request of a transferring national officer, provincial treasury or municipality, approve –

- (a) a roll-over from a conditional allocation to the next financial year; and
- (b) spending of a portion of a conditional allocation on activities related to the purpose of that allocation, where the province or municipality projects significant unforeseeable and unavoidable over-spending on its budget.

(3) Any funds which must revert to the National Revenue Fund in terms of subsection (1), and which have not been approved by the National Treasury to be retained in terms of subsection (2), must be repaid to the National Revenue Fund.

(4) The National Treasury, in accordance with subsection (5), may offset any funds which must be repaid to the National Revenue Fund in terms of subsections (1) and (3), but which have not been repaid –

- (a) in the case of a province, against future advances for conditional grant allocations to that province; and
- (b) in the case of a municipality, against future advances for the equitable share or conditional grant allocations to that municipality.

(5) Prior to the National Treasury setting-off any amounts against allocations to provinces or municipalities in terms of subsection (4), the National Treasury must give the relevant transferring national officer, province or municipality –

- (a) written notice of the intention to offset amounts against upcoming advances for allocations; and
- (b) an opportunity, within 14 days of receipt of the notice referred to in paragraph (a), to –
 - (i) submit written representations that prove to the satisfaction of the National Treasury that the unspent allocation was either spent in accordance with the relevant framework, or is committed to identifiable projects;
 - (ii) propose alternative means acceptable to the National Treasury by which the unspent allocations can be repaid to the National Revenue Fund; and
 - (iii) propose an alternative draw down schedule in terms of which the unspent allocations will be repaid to the National Revenue Fund.

(6) A notice contemplated in subsection (5) must include the intended amount to be offset against allocations, and the reasons for offsetting the amounts.

(7) Despite this section, the retention of funds which should revert to the National Revenue Fund in terms of subsections (1) and (3), and which have not been approved by the National Treasury to be retained in terms of subsection (2), constitutes financial misconduct in terms of section 34.

ANNEXURE E: EPWP BUSINESS PLAN TEMPLATE

Below are extracts from each page of the National Business Plan Template developed by National Treasury, which will be used for EPWP.

The front page of the template is reflected below.

National Business Plan Template		Print this Page
Business Plan Version	Template Version:	4.4
Instructions & Contacts		
Grant identification and approval		
Executive Summary		
1. Grant Profile		
2. Activity and resource schedules		
3. Monitoring and Reporting		
4. Evaluation		
5. Assumptions and Risk		
6. Funding		
7. Print all pages		
National Progress Report		
1. Progress on performance		
2. Financial status		

Instructions & Contacts simply indicates how the tool should be completed as well as the National Treasury contacts that can be contacted when problems occur in attempting to use the tool.

Grant identification and approval simply names the grant, the period which the business plan refers to and indicates the details for the responsible transferring national officer.

The Executive Summary sets out: the grant goal, purpose expected results, performance indicators and assumptions.

1. The Grant profile sets out: the grant goal and purpose; and the expected results and performance indicators (for the baseline and incentive grant), consolidated for all 9 provinces.

2. Activity and resource schedules sets out the detailed activities to be undertaken, the applicable timeframes for these activities and the budget attached to each activity.

3. Monitoring and Reporting sheet in the tool will not be utilised as EPWP has its own reporting template which is more detailed.

4. Assumptions and risk allows for the receiving provincial department to indicate the possible implementation risks they face and the strategy they will employ to manage and mitigate these risks.

5. Funding is for national to complete which indicates the cash flow planned for each province for the financial year.

These individual pages are shown below.

GRANT IDENTIFICATION

Grant identification

Next



Print this page

Grant Name:	Human Settlement Development
Sector:	Human Settlements
Responsible official:	
Project Manager/Director:	
Date submitted: (dd/mm/yyyy)	
Grant commence date: (yyyy/yyyy)	
Grant anticipated end date: (yyyy/yyyy)	
Timeframe in years:	
The financial year for this business plan:	2012/2013
Grant annual year:	

ERROR:
The end date may not be before the start date

Grant approval required

National Department (DG)

Name

Signature

Date

National Treasury

Name

Signature

Date



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA



EXPANDED PUBLIC WORKS PROGRAMME
Creating opportunities towards human fulfillment

EXECUTIVE SUMMARY

Executive Summary				
Goal				
Purpose				
EXPECTED RESULTS	PERFORMANCE INDICATORS	ASSUMPTIONS		
Impact				
Outcomes	Outcome indicators			
0	0		0	
0	0		0	
0	0		0	
Outputs	Output indicators			
0	0		0	
0	0		0	
0	0		0	
Key activities and inputs (Resources)				

I. GRANT PROFILE

1.1 Grant Goal

1.2 Impact

1.3 Grant Purpose

1.4 Grant Note

1.5 Consolidated Outcomes (from all 9 provinces)

Grant outcomes	Outcomes Performance indicator(s)	Current State (Baseline) per Outcome Indicator	Target Cumulative or Annual	Overall Programme Target					Provinces
				Total	2010/2011	2011/2012	2012/2013	2013/2014	
Additional baseline comments:									

1.6 Consolidated Outputs (from all 9 provinces)

Grant outcomes	Grant outputs	Outputs Performance indicator	Outputs Baseline per Indicator	National	Related Province									Target Cumulative or Annual	Annual Business Plan Target Select grant annual year on grant	Provinces		
					EC	FS	GT	KZ	LP	MP	NC	NW	WC				Total	Q1
Additional baseline comments:																		

2. ACTIVITY AND RESOURCE SCHEDULES

2 Activity and resource schedules

Next

Print this Page



Double click date cell for calendar

Outputs which these activities relate to	Activities to be undertaken in 2011/2012	Start Date	End Date	2011/2012 Timeframe in months	TOTAL Timeframe in months	Responsible Person	Human Resources required	Other Resources required	2011/2012 Activity Budget	Non grant Budget Source	Budgetary comments If budget source is other explain	
												Grant total: R
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
Grant total: R Equitable Share R Donor R Other R Unknown R TOTAL R												

Detailed comments:



5. ASSUMPTIONS AND RISK

5 Assumptions and Risk

Next




Print this Page

	Assumptions	Risk indicators
Project Goal		
Project Purpose		
Outcomes		
Outputs		
Activities		

Risk	Potential adverse impact	Risk level (H/M/L)	Risk Management Strategy	Responsible person

6. FUNDING



Next

Import Provincial Funding


Index

Total Grant Funding 2011/2012		Total budget	National	EC	FS	GP	KZ	LP	MP	NC	NW	WC
		R -	R -	R	R	R	R	R	R	R	R	R

Percentage of Total budget:

Cash flow amount required												
		Total budget	National	EC	FS	GP	KZ	LP	MP	NC	NW	WC
Q1	April	R										
	May	R										
	June	R										
Q2	July	R										
	August	R										
	September	R										
Q3	October	R										
	November	R										
	December	R										

PART B: Performance Information part of the Template⁷

Grant name 

Grant purpose

Performance Information

Outcome	Outputs	Activities	Performance indicator	Total Annual Target	Annual Baseline Target	Annual Incentive Target	EPWP PERFORMANCE INFORMATION: Q1				Reason for deviation	Remedial action	Deadline/ Timeframe
							Results		YTD				
							Q1 Target	Q1 Actual	YTD Target	YTD Actual			
1	1.1	a											
	1.2	b											
	1.3	c											
	1.4	d											
2	2.1	a											
	2.2	b											
	2.3	c											
	2.4	d											

Outcome	Outputs	Activities	Performance indicator	Total Annual Target	Annual Baseline Target	Annual Incentive Target	EPWP PERFORMANCE INFORMATION: CUMULATIVE FULL YEAR				Reason for deviation	Remedial action	Deadline/ Timeframe
							Results		YTD				
							Q1 Target	Q1 Actual	YTD Target	YTD Actual			
1	1.1	a											
	1.2	b											
	1.3	c											
	1.4	d											
2	2.1	a											
	2.2	b											
	2.3	c											
	2.4	d											


⁷ It should be noted that this draft reporting template is still under discussion and will be revised further in consultation with the sector. It is presented here so that the implementing provincial departments have some idea of what is expected in terms of the reporting template.

⁸ Even though the EPWP information and programmatic performance information is shown below each other here, this is only for conveniences purposes.

PROGRAMMATIC OUTPUT INFORMATION: Q1													
Outcome	Outputs	Activities	Service delivery indicator	Total Annual Target	Annual Baseline		Results				Reason for deviation	Remedial action	Deadline/ Timeframe
					Target	Target	Q1 Target	Q1 Actual	YTD Target	YTD Actual			
1	1.1	a											
	1.2	b											
	1.3	c											
	1.4	d											
2	2.1	a											
	2.2	b											
	2.3	c											
	2.4	d											

PROGRAMMATIC OUTPUT INFORMATION: CUMULATIVE FULL YEAR													
Outcome	Outputs	Activities	Service delivery indicator	Total Annual Target	Annual Baseline		Results				Reason for deviation	Remedial action	Deadline/ Timeframe
					Target	Target	Q1 Target	Q1 Actual	YTD Target	YTD Actual			
1	1.1	a											
	1.2	b											
	1.3	c											
	1.4	d											
2	2.1	a											
	2.2	b											
	2.3	c											
	2.4	d											

PART C: Financial Information part of the Template

FINANCIAL REPORT  [Print this Page](#)

QUARTER 1

Programme/ Project/ Activity	TOTAL Budget		Q1 Amount drawn down		Amount transferred to NGOs/ IAs		Spending		% Spending		Wages Spent		% Wages		Reason for deviation between Amount drawn down in Q1 & spending within Q1
	Baseline budget	Incentive Grant	Baseline budget	Incentive Grant	Baseline budget	Incentive Grant	Baseline budget	Incentive Grant	Baseline budget	Incentive Grant	Baseline budget	Incentive Grant	Baseline budget	Incentive Grant	







YEAR-TO-DATE

Programme/ Project/ Activity	TOTAL Budget		Y-T-D Amount drawn down		Amount transferred to NGOs/ IAs		Spending		% Spending		Wages Spent		% Wages		Reason for deviation between Amount drawn down in Q1 & spending within Q2
	Baseline budget	Incentive Grant	Baseline budget	Incentive Grant	Baseline budget	Incentive Grant	Baseline budget	Incentive Grant	Baseline budget	Incentive Grant	Baseline budget	Incentive Grant	Baseline budget	Incentive Grant	

ANNEXURE G: SOCIAL SECTOR KEY DEADLINES AND DATES (2012/13)

Date	Event	Main Responsibility
31-Jan-12	SS Incentive PMT - SS model approved	Public Works
28-Feb-12	2012 EPWP Business Plans submitted to NDPW	Provincial Departments
11-April-12	Provincial consultation/ communication	Public Works
26-Apr-12	2012 Approved EPWP Business Plans submitted to NT	Public Works
31-Mar-12	Signed 2012 Incentive Agreements	Provincial Departments
31-Mar-12	Social Sector Guidelines	Public Works
22-Apr-12	Q4 2012/13 EPWP Reporting Due Date	Provincial Departments
25-May-12	Q1 Incentive Draw down	Public Works
End May	Provincial communication with CFOs and HoDs	Provincial Departments
End May	SS Incentive PMT - 2011 Performance & MTEF preparation	Public Works
Beginning July	SS Incentive PMT - MTEF	Public Works
13-Jul-12	Q2 Incentive Draw down approved	Public Works
22-Jul-12	Q1 2012/13 EPWP Reporting Due Date	Provincial Departments
End-Jul-12	MTEF Budget Bids submitted	Public Works
Beginning Aug	SS Incentive PMT - Q1 Reporting	Public Works
Beginning Aug	SS Incentive PMT - AENE	Public Works
1st wk Sep-12	Additional Funds Request submitted	Public Works
1st wk Oct-12	Adjusted Estimates Submission	Public Works
12-Oct-12	Q3 Incentive Draw down approved	Public Works
22-Oct-12	Q2 2012/13 EPWP Reporting Due Date	Provincial Departments
End Oct	SS Incentive PMT - Q2 Reporting	Public Works
Mid Nov-12	MTEF Allocation Letters received	National Treasury
11-Jan-12	Q4 Incentive Draw down approved	Public Works
22-Jan-12	Q3 2012/13 EPWP Reporting Due Date	Provincial Departments
Beginning Feb	SS Incentive PMT - Q3 Reporting	Public Works
Mid March-12	EPWP Business Plan due	Provincial Departments
End March-12	SS Incentive PMT - approval plans	Public Works
31-March-13	2013 EPWP Business Plans submitted to NT	Public Works
31-March-13	Signed 2013 Incentive Agreements	Provincial Departments
22-Apr-123	Q4 2012/13 EPWP Reporting Due Date	Provincial Departments

KEY:

	Sector Planning Activities
	Consultation/ communication processes
	Social Sector Incentive PMT Meetings
	Sector EPWP Reporting Deadlines
	Incentive draw downs
	National Treasury Budget Processes

GLOSSARY OF TERMS⁹

The following terms are used throughout this document:

Term	Definition
Audit	Audit is regarded as: (a) An examination of records or financial accounts to check their accuracy (b) An adjustment or correction of accounts (c) An examined and verified account.
Baseline FTE target	“Baseline FTE target” means the targeted number of Full Time Equivalent Jobs that the programme is required to create using its baseline budget within the period 1 April 2012 to 31 March 2013.
Baseline Programme Budget	This is the normal MTEF budget allocation appropriated to a department to implement a particular programme to achieve specific objectives in line with its mandate.
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 64, 1 November 2010.
Compliance	Compliance means adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements.
Conditional allocation	In terms of the 2012 Division of Revenue Bill means a conditional allocation to a provincial department from the national government’s share of revenue raised nationally, contemplated in section 214(1)(c) of the Constitution of the Republic of South Africa, 1996.
Condition	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 schedule	The draw down schedule for the incentive grant is a schedule which indicates the planned amount that each provincial department should be able to access on a quarterly basis on a specific date in the 2012/13 financial year. The draw down schedule should set out - (a) the amount of each transfer of the incentive grant allocation to be transferred to a province (and each provincial department) in the financial year; (b) the date on which each transfer must be paid; and (c) to whom, and to which bank account, each transfer must be paid.
Eligible Provincial Department	For the purposes of this manual, this refers to a provincial department that complies with the eligibility criteria for the grant as set by the National Department of Public Works.
EPWP	EPWP means the Expanded Public Works Programme (2009 – 2014) as approved by Cabinet.
EPWP Business Plan	An EPWP Business Plan is a document that explicitly articulates the strategy and measures that a provincial department or programme will implement to enable it to expand and meet its EPWP targets while achieving planned programmatic outputs.
EPWP Incentive Allocation	Is a specifically and exclusively appropriated budgetary allocation to eligible provincial departments to expand EPWP work for the EPWP target group by implementing EPWP programmes to achieve a targeted number of full time equivalent jobs.
EPWP Programme	For the purposes of the social sector, an EPWP programme(s) means a programme(s) undertaken by a provincial department within the Social Sector that meets the EPWP criteria, provides work to the EPWP target group and is included in the EPWP Social Sector Logframe.
EPWP Target group	Refers to unemployed, local, low skilled South Africans willing to work on EPWP projects and programmes for a minimum wage rate of R63.18 per person day of work.

⁹ This glossary of terms has been aligned with the glossary of terms provided by National Treasury for conditional grants.

Term	Definition
EPWP Integrated System	Is the reporting system used by the National Department of Public Works to record, verify and report on EPWP performance across government.
EPWP worker	An EPWP worker is a person employed to work in an EPWP project under the Code of Good Practice for Special Public Works Programmes stipulated in Gazette No 64, 1 November 2010; or the Learnership Determination for unemployed learners.
Financial year	Financial year means the financial year commencing on 1 April 2012 and ending on 31 March 2013.
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 2012 Division of Revenue Bill.
Full time equivalent Job (FTE)	A 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.
Implementing Agents	An individual or organisation contracted and authorised to act on behalf of the provincial department, by implementing departmental projects and executing related transactions on their behalf. An implementing agent does not assume any financial risk in the transaction, and is expected to implement a project under the rules and conditions provided by the department. For the social sector, this includes non-government organisations (NGOs).
Incentive Agreement	Refers to the legal agreement between the National Department of Public Works and a provincial department eligible to receive the EPWP Incentive Allocation; that sets out the stipulations, conditions and obligations of the incentive allocation.
Incentive FTE target	"Incentive FTE target" means the targeted number of Full Time Equivalent Jobs that the programme is required to create using its incentive allocation within the period 1 April 2012 to 31 March 2013.
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.
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.
In-Year Monitoring Report	An In-Year Monitoring 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).
EPWP targets	EPWP targets in this context refers to the targets set for the number of work opportunities and the number of full time equivalent jobs that must be created.
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.
Performance	Performance is the achievement, accomplishment, success towards realising an objective/goal.
Programmatic outputs	These are the service delivery outputs to be achieved by a programme.
Provincial Implementation Protocol	Refers to the Protocol signed between the National Minister responsible for Public Works and the Premier of each Province as a sign of commitment to implement EPWP, its objectives and goals in the manner prescribed by relevant agreements.
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.

Term	Definition
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.
Service delivery norms/standards	For each social or community service provided, there are key qualitative or quantitative service norms and/or standards that must be maintained to deliver a decent service at a particular quality consistently. This is referred to in this document as service delivery norms/ standards.
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.
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 job opportunity.

