

PART 1: GENERAL INFORMATION

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PART 1

GENERAL INFORMATION



1.1 Departments General Information

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1.2 List of Abbreviation/ Acronyms

BEE	Black economic empowerment	MEC	Member of the Executive Council
BBBEE	Broad Based Black Economic Empowerment	MTEF	Medium Term Expenditure Framework
CFO	Chief Financial Officer	MTSF	Medium Term Strategic Framework
CIDB	Construction Industry Development Board	NC	Northern Cape
DORA	Division of Revenue	NCPG	Northern Cape Provincial Government
DPSA	Department of Public Service and Administration	NCPGDS	Northern Cape Growth and Development Strategy
DRE	District Road Engineer	NYS	National Youth Service
DRPW	Department of Roads and Public Works	PAIA	Promotion of Access to Information Act
EBE	Engineering Built Environment	PAJA	Promotion of Just Administration Act
EE	Employment Equity	PPP	Public Private Partnership
EEA	Employment Equity Act	PPPFA	Preferential Procurement Policy Framework Act
EPWP	Expanded Public Works Programme	PSA	Public Service Act
FTE	Full Time Equivalent	PGDS	Provincial Growth and Development Strategy
GIAMA	Government Immovable Asset Management Act	PFMA	Public Finance Management Act
HOD	Head of Department	RISFSA	Road Infrastructure Strategic Framework of South Africa
HR	Human Resource	SETA	Sectoral Education and Training Authority
IT	Information technology	SMME	Small, Micro, & Medium Enterprises
M&E	Monitoring and Evaluation	SLA	Service Level Agreement

1.3 Strategic Overview

1.3.1 Vision

To be a trendsetter through excellence in service delivery.

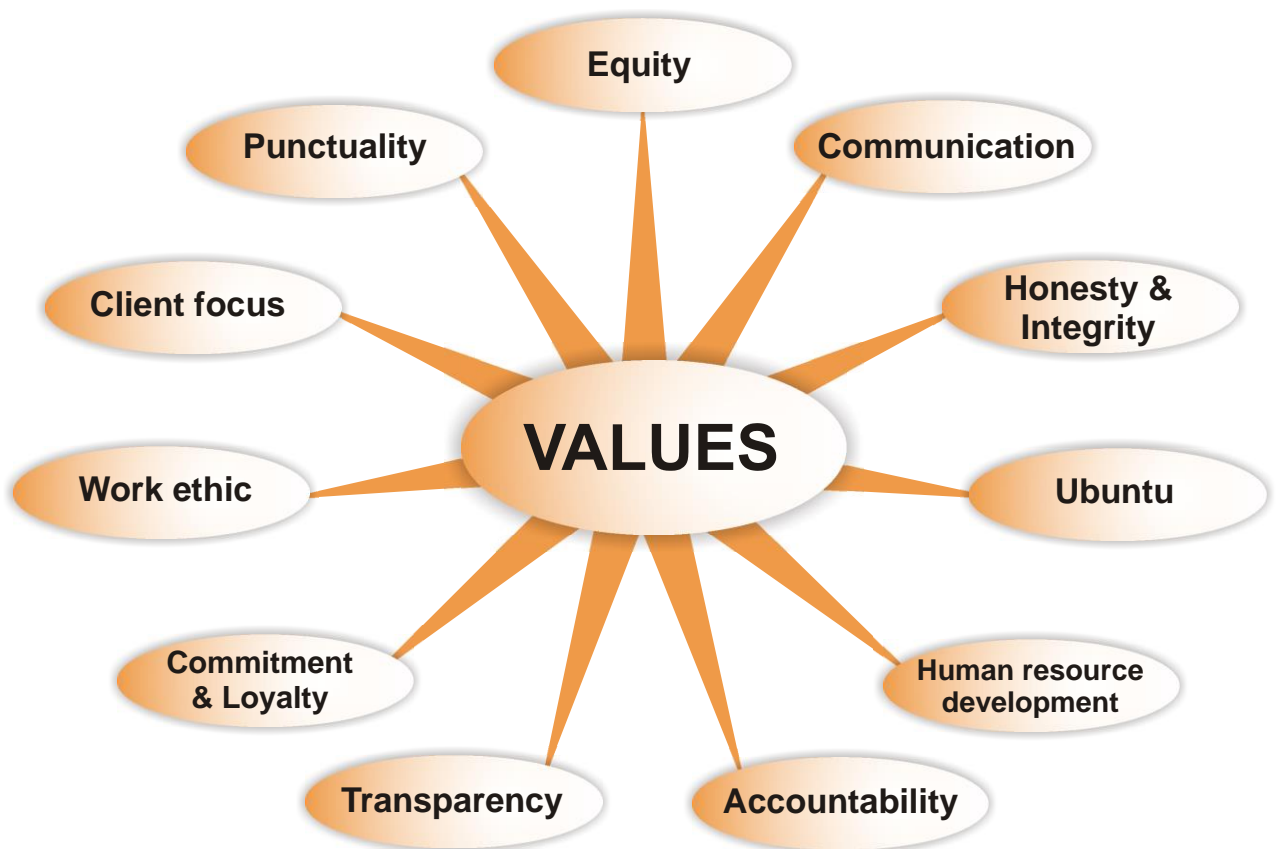
1.3.2 Mission

To provide and maintain all provincial land, buildings and road infrastructure in an integrated, sustainable manner.

1.3.3 Values

The mission and vision statement are driven by the following set of values:

The Batho Pele principles and all government legislated directives as well as all national and provincial priorities are the driving force behind our service delivery strategy.



1.4 Legislative and other Mandates

The department's mandate is derived from the constitution of the Republic of South Africa, 1996 (Act 108 of 1996), (hereafter referred to as the Constitution). Certain mandates are concurrent responsibilities, while others are exclusively the responsibility of the provincial sphere of government. These mandates, as well as those derived from functional legislation and policies are outlined in this section.

1.4.1 Constitutional

Public Works only in respect of the needs of provincial government departments in the discharge of their responsibilities to administer functions specifically assigned to them in terms of the Constitution or any other law.

1.4.2 Legislative mandates

In terms of the Constitution, 1996, Schedules 4 and 5 provincial governing bodies have been mandated with both concurrent and exclusive legislative competencies for specific functional areas such as:

Act No. 38, 2000 CONSTRUCTION INDUSTRY DEVELOPMENT BOARD ACT, 2000: To provide for the establishment of the Construction Industry Development Board; to implement an integrated strategy for the reconstruction, growth and development of the construction industry and to provide for matters connected therewith. Identifying best practice and setting national standards. Promoting common and ethical standards for construction delivery and contracts.

Advertising along Roads and Ribbon Development Act, Act 21 of 1940 allows for controlling access to roads, advertisements, etc. The responsibility of the department to regulate the display of advertisements outside certain urban areas at places visible from proclaimed provincial roads, and the depositing or leaving of disused machinery or refuse and the erection, construction or laying of structures and other things near the roads and access to certain land from such roads.

Division of Revenue Act (DORA): provides for the equitable division of revenue anticipated to be raised nationally among the national, provincial and local spheres of government and conditional grants to provinces to achieve government's policy objectives. The following grants have an effect on the execution mandates of the department:

- Devolution of Property Rates.
- Infrastructure Grant to Provinces.
- EPWP Incentive Grant.

National Building Regulations and Building Standards Act, 1977 (103 of 1977): requires the department, as custodian and regulator of the built environment, to ensure that all building and construction work on government property, irrespective of by whom it is undertaken, complies with the legislation.

Road Ordinance, 2976 (Ordinance 19 of 1976): the province has sole authority on relaxing of statutory 5,0m and 95m building lines pertaining to various classes of provincially proclaimed roads. Furthermore, the alteration of roads classification is done in terms of section 4 of the Roads Ordinance.

Basic Conditions of Employment Act, Act 75 of 1997, ensures sound principles in the management of personnel in terms of opportunities, working conditions, time management, etc;

Communal Land Administration Act (CLARA): The purpose is to grant secure land tenure rights to communities and persons in the communal areas.

Employment Equity Act, Act 55 of 1998, promoting non-discrimination in the workplace by promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination.

Government Immovable Asset Management Act (GIAMA), 2007 (Act 19 of 2007): Outlines the sound management of immovable properties that they control. GIAMA clarifies the responsibility of the user and custodian which is the department as delegated by the Premier of the Province.

Labour Relations Act, Act 66 of 1995, ensuring sound labour practices within departments.

National Land Transport Act, Act 22 of 2000, ensuring the annual updating of the National Land Transport Strategic Framework by the National Department of Transport to form the basis for provincial land transport strategies.

Various other national Acts and strategies on Urban Renewal, Rural Development, Poverty Alleviation, HIV/Aids, the Community Based Public Works Programme, etc. guide the department in determining objectives, outputs and spending preferences.

Northern Cape Provincial Land Administration Act: Identifies the responsible persons for the acquisition and disposal of immovable assets. Establishment and maintenance of the provincial asset register

Public Finance Management Act, Act 1 of 1999. The PFMA promotes the principles of efficiency, effectiveness, economy and transparency in departmental management as well as strategic planning and performance measures as basic requirements for service delivery and the preparation of budgets;

Public Service Act, Act 103 of 1994 and regulations require strategic planning, statement of core objectives and the publication of a Service Delivery Improvement Plan which indicates the level of services to be rendered and procedures for communication with clients and the public;

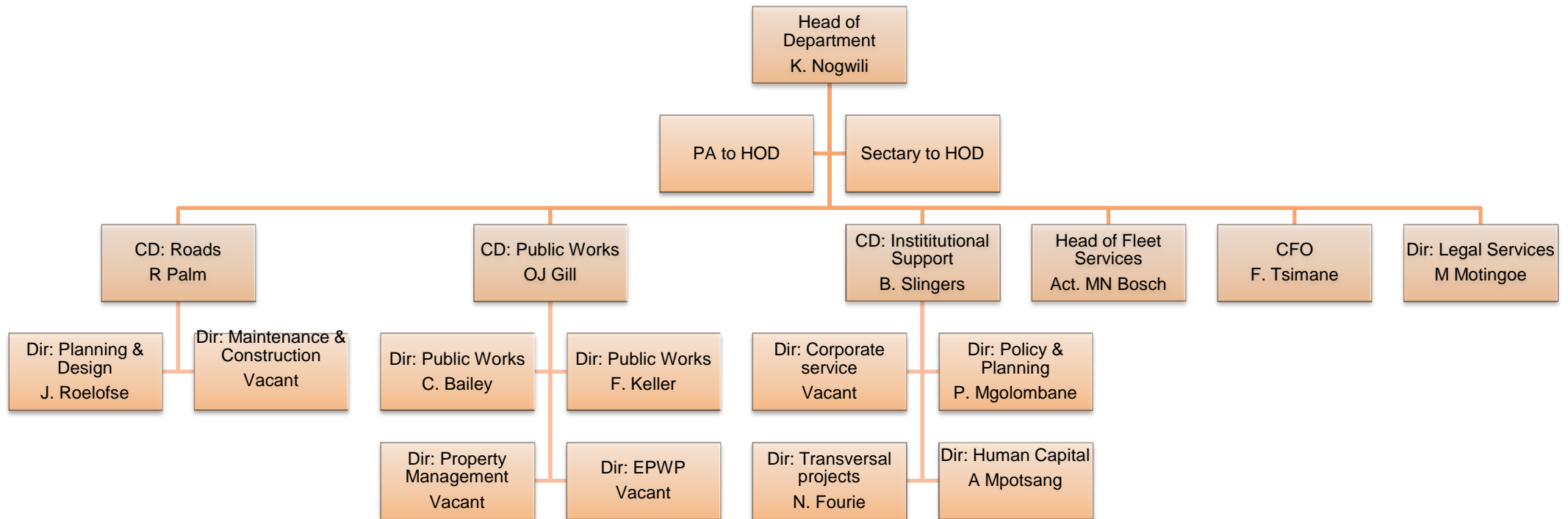
Preferential Procurement Policy Framework Act, Act 5 of 2000, providing specific guidelines in allocating tenders to historically disadvantaged individuals and entities.

Promotion of Access to Information Act (PAIA), Act 2 of 2000: This act gives effect to section 32 of the constitution that indicate that everyone has the right to information held by the state. It encourages transparency and accountability in the public and private bodies.

Promotion of Administrative Justice Act, Act 31 of 2000: It gives effect in order for everyone to have the right to administrative action that is lawful, reasonable, and procedurally fair. Everyone whose right have been adversely affected has the right to given reasons.

Skills Development Act, Act 97 of 1998, providing for training and committing departments to the spending of prescribed amounts on training of personnel.

1.5 Organisational Structure



1.6 Entities reporting to the MEC

<i>Name of Entity</i>	<i>Legislative Mandate</i>	<i>Financial Relationship</i>	<i>Nature of Operations</i>
Northern Cape Fleet Management Trading Entity	PFMA Treasury Regulations	The department is providing a subsidy to the entity for Personnel cost.	Providing Fleet service to client departments in the province

1.7 Information on the Ministry

The Department of Roads and Public Works continues to play a pivotal role in the social and economic transformation of the Northern Cape Province and continues to contribute to the Provincial Growth and Development Strategy by:

- Enhancing job creation through infrastructure investment;
 - Implementation and coordination of the Second phase of the Expanded Public Works Programme (EPWP) to address poverty and unemployment while contributing to service delivery;
 - The development and strengthening of the Small Medium and Micro Enterprises' targeting previously disadvantaged individuals and communities
 - Skills development within the work; and
 - Ensuring the realisation of Broad Based Black Economic Empowerment (BBBEE).
-
- The department is responsible for the management of government's immovable assets, to provide accommodation solutions to all provincial departments and other government owned entities; to acquire and dispose of immovable assets in terms of the relevant legislations and prescripts. Currently there are 1,943 land parcels recorded in the immovable asset register. I must hasten to say that this is work in progress as both national and provincial departments are in the process of verifying and reconciling immovable assets owned by the state at different spheres.
 - As government we heard the cry of the JTG community and acted with vigour and enthusiasm. We are sure that the community will welcome government's investment in terms of infrastructure development. After the community unrests, vandalism and destruction of some of our graders, it was the beginning of a new chapter of hope when the Sishen Iron Ore Community Development Trust, made a financial contribution towards the upgrading to some of the much demanded roads.
 - This Provincial program named Operation Khotso Pula Nala is a Township Revitalisation Program which intends to revitalise and beautify townships ensuring that they are habitable, safe and a good place to live in. The department has started to disburse the R50 million allocation to 17 municipalities across the province to benefit 20 towns that



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were identified by the Executive Committee. It is anticipated that 1,400 work opportunities will be created through this program.

- The Rooting Out the Dust Programme entails targeting towns for eradication of the dusty environment in all the municipalities in the Northern Cape Province. This program is covering the following sectors:
 - Infrastructure:
 - Refurbishment of state owned non-functional buildings.
 - Environmental and Culture Sector
- We are still liaising with the DPSA on the new proposed structure and the organogram was informed through by some of the following factors
 - More functions and processes should be performed at the District level
 - Internal control deficiencies continues being raised by the AG
 - Lack of monitoring and oversight functions.
 - Lack of strategic planning
 - Weaknesses in the office of the CFO
 - Better alignment of with budget structure
 - Re-organisation within the department

Commitment by management as well as all personnel in the department and the utilization of the expertise, skills and talents of all officials is necessary to meet these outcomes in the development of the province. The department sees itself as a trendsetter in service delivery and is therefore not necessarily bound to old ideas. Excellence in performance must start at management level, and the necessary changes to meet the new challenges must be initiated from management. The rest of the officials must be drawn into this new way of thinking.

1.8 Accounting Officer's Overview

We have sought ways of improving working relationships between itself and the client departments. This approach includes participation of representatives from client departments in the infrastructure procurement and payments processes. Meetings between the department and client departments have been introduced to discuss progress relating to implementation of infrastructure projects and payments to service providers. We are confident that these activities will greatly assist in alleviating many challenges related to infrastructure delivery in the province.

The department have received a qualification during the 2012/13 financial year. As Accounting Officer, I immediately requested my management to analyse the root cause of the issues.



We are now in Phase 2 of the Expanded Public works Programme (EPWP) and, the Northern Cape Province has a 5 year target to create 135,296 work opportunities. In the previous financial year the province failed to reach its year target of 25, 705 and only created 22, 435 work opportunities. Municipalities on the other hand have exceeded their targets by achieving 126% of their target in 2012/2013 financial year.

The number of Municipalities qualifying for incentives also increased from 12 to 26 Municipalities in the previous financial year receiving a total of R32 million. All Municipalities received R1million each except for Sol Plaatje Municipality that received R 7,6 million. For the first time since the inception of the EPWP incentive scheme, all 32 Municipalities in the Province have qualified for incentive allocation in the 2013/2014 financial year.

The successful completion of the following projects;

- Vosburg – Carnarvon Road
- Upington Hospital
- Hotazel – Tsineng Road
- Provincial Archives Repository

PART 1: GENERAL INFORMATION

The department is busy with the construction of a number of projects on behalf of client departments

- New Upington Hospital (Multi-year Project)
- New Upington Hospital Housing Complex
- New De Aar Hospital
- New De Aar Hospital: Housing Complex
- New Mental Health Facility (Multi-year Project)

The new trading entity can be labelled as an effective government transport system, which is successfully managed and in full operation for a year. By reducing the cost of the fleet, more funding would be available to pursue the strategic objectives of departments, thereby enabling them to concentrate on their core business.

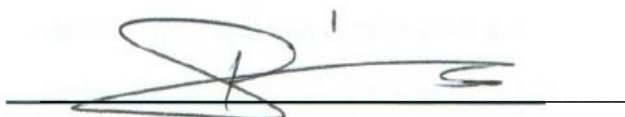
All 752 vehicles were delivered to the province. We have implemented certain monitoring mechanisms in order to curb misuse such as:

- Personalised Number plates
- A Hotline
- Tracker system that provide you with exception reports on speeding
- Wesbank report that provide incident report e.g. Fuel fraud

This annual report is guided by the 2012/13 Annual Performance Plan and by the Medium Term Strategic Framework (2004 – 2009) as identified by the ruling party. I want to thank the staff and management of the Department of Roads and Public Works for their hard work in ensuring that the department achieved all the goals that it set itself to achieve during this term.

It is hereby certified that this report:

- Was developed by the management of the Department of Roads and Public Works under the political guidance of Honourable MEC Dawid Rooi.
- Accurately reflects the goals and achievements for the financial year 2012/13.



ACCOUNTING OFFICER
K. NOGWILI

PART 2

PROGRAM PERFORMANCE



PART 2: PERFORMANCE INFORMATION**2.1 Overview of departmental Performance****2.1.1 Service delivery environment**

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	(Over)/Under Expenditure R'000
R828 516	1,057,490	1 016 536	40,954
Responsible MEC	MEC of Roads and Public Works		
Administering Dept	Department of Roads and Public Works		
Accounting Officer	Head of Department of Roads and Public Works		

The department has intensified its efforts to enforce good governance through the improvement of the managerial processes such as, budgeting, strategic planning, internal control manuals, control of movable assets and implementation of bar-coding, asset registers, filling of vacant posts, etc.

The upgrading and maintenance of provincial roads taking into account the huge backlog with limited funds, poses an enormous challenge for the department.

There is a need for the department to revive all coordinating structures in the province to improve communication and working relations with client departments.

The department will give effect with the contribution to the promotion of SMME's and Broad Base Black Economic Empowerment.

Overall, the department is experiencing an acute shortage of technical skills such as architectural services, quantity surveyors, project managers, engineers, etc. Factors such as salary scales that are not competitive with the private sector and the long travelling distances in the Northern Cape Province complicate the attraction and retaining of these professionals. It is for this reason we have started to award fulltime bursaries to student in these field of study.

The Expanded Public Works Programme (EPWP) remains a priority for this department. The process for institutionalising the Programme within the Province is completed, providing the platform for increased performance.

2.1.2 Service Delivery Improvement Plan

Table 1.1 – Main services provided and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Erect and construct building facilities and offices e. schools, clinics and office accommodation depending on the need from client departments	All Government Departments	NGO	<ul style="list-style-type: none"> - Meet required building standards approved by CIDB (Construction Industry Development Board) - Conduct inspections to all active projects to ensure compliance with Standard specifications as per client needs and for quality control 	<p>The following projects were completed.</p> <p>Maruping Primary school in JTG</p> <p>Alpha Primary in De Aar</p> <p>Nababeep and Richmond Libraries</p>
Construction and maintenance of roads	All roads users(communities) including mining industries and farmers		<ul style="list-style-type: none"> - Operate within the budget - Deal with corruption - Effective supervision and control over activities and staff - Projects to be managed according to accepted project management standards - New roads as per standard specification - Improved economic infrastructure 	<p>The 60 km gravel road 768 between Vosburg and Carnarvon is 100%.</p> <p>Hotazel-Tsineng complete</p>

Table 1.2 – Consultation arrangements with customers

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
Monthly Meetings and site meetings including office visits and telephone calls	Client Departments		Monthly meetings was held with Departments of Education and Health
Meetings, community Imbizo's and telephone calls	Mining Companies, farmers and community at large	Youth, Women	An outreach program was held in Calvinia and Mier

Table 1.3 – Service delivery access strategy

Access Strategy	Actual achievements
Access strategy has not yet been developed.	Service Delivery Plan has been developed and approved

PART 2: PROGRAMME PERFORMANCE

Table 1.4 – Service information tool

Types of information tool	Actual achievements
Written correspondence through the HOD Annual, monthly and quarterly reports	PROMAN which is an information Management System is being implemented at the moment
Newsletters and media briefings and advertisements	All these information tools are published on a regular bases
Community Imbizo's, meetings	
Public Exhibitions	A number of exhibitions were held throughout the Province. The turn out and the interaction and response from the public was good
Departmental Service Charter	The departmental Service Charter has been adopted and displayed on billboards at all our offices including the districts

Table 1.5 – Complaints mechanism

Complaints Mechanism	Actual achievements
Complaints are raised and handled during Community Outreach programs, meetings e.g. ongoing meetings with farmers and during information sessions	The 60 km gravel road 768 between Vosburg - Carnarvon is 100% Complete and have now brought hope to farmers and people of the surrounding communities.
Presidents Hotline	We have appointed a dedicated official that deal with all complains that are reported. We have no outstanding cases
Hotline and tracker for misuse of GG fleet	A number of reports was received for misuse.

2.1.3 Overview of the organisational environment for 2012/13

The department has reviewed its organisational structure in line with its service delivery capacity and also to accommodate the incorporation of the roads function from the district municipalities as well as the establishment of the government garage.

We have redesigned our organogram and are busy with the job evaluations. The changes were as a result of establishment of the district offices, redesign of property management and Strategic planning and Monitoring.

The implementation of GIAMA further requires additional staff complement in the organisational structure. We had to appoint staff on contracts in all of the 5 districts to assist with the verification process of all assets.

We have advertised all vacant funded posts as from August 2012 in order to make sure we operated without any problems. We have filled at 80% of these posts.

The Northern Cape province facing the challenge of the brain drain of technical experts such as engineers, architects, quantity surveyors and town planners (mainly caused by better remuneration offered by the private sector) the department acted by addressing the shortage of skills.

The Skills Development Committee awarded 23 part-time bursaries and 14 full-time bursaries to out of school youth who are residing within the above mention province on the 18 January 2012. The recipients were mostly from Frances Baard District, John Taolo Gaetsewe District and Siyanda District and no bursaries were awarded for the Namakwa and Pixley ka Seme Districts.

The department had 11 full-time bursary holders who were enrolled for the 2012 academic of which 2 students were continuing from the previous years of studies. In total, only 9 new bursaries were accepted and utilized by the applicants out of the 14 which were awarded.

2.1.4 Key policy developments and legislative changes

Phase 2 of EPWP has identified 106 193 jobs opportunities to be created in the province; the budget for job creation the next 5 years amounts to R500 million.

Create an environment for more labour-intensive production methods, procurement policies that support local jobs and building public-private partnerships.

Vigorously implement broad-based economic empowerment as revised in December 2011 and affirmative action policies and adjust them to ensure that they benefit more broad sections of our people, especially the workers, youth, women and people with disabilities. Our procurement policies are in line with meeting the objectives of BBBEE and our employment policies support affirmative action.

Launch a much larger national youth service programme and other initiatives focusing on access to funding and employment creation, which will be linked to skills development opportunities and build decent work opportunities as one of the key priorities of government.

2.1.5 Strategic Outcome Oriented Goals

The purpose of road infrastructure is to provide a balanced, equitable provincial road network that is accessible to all. The main functions include:

- the planning and design of road infrastructure;
- the construction of new infrastructure and the upgrading of existing;
- and routine, preventative and periodic maintenance as well as the rehabilitation of roads. In addition it includes the construction and maintenance of pedestrian bridges where these are required in order to allow for safe pedestrian access to public facilities in non-urban areas.

This Community Based Programme caters for the development of programmes designed to empower and transfer skills to historically disadvantaged communities, thereby facilitating the process of active participation in the economy of the country. In addition, this programme is aimed at the development and incubation of programmes

PART 2: PROGRAMME PERFORMANCE

that utilise the core functions of the Department to facilitate the principles of Broad Based Black Economic Empowerment and Youth development

Public Works include functions ranging from asset management to maintenance of the provincial building infrastructure of the province.

- The responsibility as custodian as determined by GIAMA
- Construction and maintenance of government buildings.
- Development of community infrastructure linked to economic development,
- Provision of government accommodation.

Public Works:

The Department implemented a total of 64 infrastructure projects on behalf of the Department of Education of which 59 were completed and 5 are behind schedule. These projects consisted of ablution blocks, administration blocks, classroom blocks, computer classroom blocks, conversion centres, Early Childhood Development (ECD) blocks, Media centres, new schools and science laboratories.

A total number of 22 projects were implemented on behalf of the Department of Health of which 9 were completed and 5 are behind schedule. These consisted of hospitals, community health centres and new clinics.

Five projects were implemented on behalf of the Department of Social Development one project, Department of Agriculture and Land Reform one project as well as the Department of Sports, Arts and Culture three projects. All were completed with schedule.



New De Aar Hospital

This hospital will serve as a 159 bed regional hospital for the Eastern Region of the Northern Cape. The project is divided into six phases with the progress to date as follows:

Main Hospital: 45% complete and completion is expected in July 2014.

TB Unit: 78% complete with expected completion being in April 2014.



New Upington Hospital

This hospital will serve as a 267 bed regional hospital for the Western Region of the Northern Cape. The main building is scheduled for completion in May 2012. The project is divided into eight phases with the progress to date and multi-year project costs as follows:

The Main Building	100% complete
Staff Accommodation A	60% complete
Staff Accommodation B	100% complete
Staff Accommodation C	100% complete

Property Management

Currently there are 1,943 land parcels recorded in the immovable asset register.

Vesting

A total of 1,464 Properties were identified to be vested and 745 properties have been vested provincially to date. Only 120 Items 28(1) certificates have been received (some with multiple land parcels recorded on it which amounts to 512 properties).

Valuations and Surveying

Valuation rolls have been received from all 27 Local Municipalities and the challenge facing the department as the custodian is lack of sufficient budget to conduct valuations of all state immovable assets in order to state them at correct market values in the Asset Register.

About 225 unregistered state land parcels to date must still be surveyed and registered to enhance the integrity of the information in the asset register. This exercise also requires financial input to achieve a complete and reliable immovable asset register.

Roads infrastructure

The road infrastructure consists of surface road construction, rehabilitation and routine road maintenance as well as gravel road surfacing and regravelling.

- **Hotazel – Tsineng road;2538**

The BHP Billiton mine contributed half of the cost to upgrade the designated road. An estimated cost of R 30 million has been invested in this project. We are ready to commence with Phase 2 and 3 which amounts to R 60 million.

- **Vosburg – Carnarvon road;**

The construction started on the 29th November 2010 and is anticipated to be completed by January 2013 at a cost of R183 million. The project is 100% complete.

- **Widening of Kuruman –Hotazel Road**

This project is made possible through support from our development partners namely, Assmang Manganese Mine – R30 million, BHP Billiton – R17 million, United Manganese of Kalahari Pty Ltd In total R69 million was sponsored by these mining companies. The project is 100% completed.

- **Hopetown – Douglas Road**

The Douglas – Hopetown road was selected as a project in order to boost tourism and economic routes within the Northern Cape, directed to enhance infrastructure for

economic growth and social development. The estimated cost for the project amounts to R240 million and is 75% completed.

• JTG Roads

This project will focus on the upgrade of gravel roads to tarred roads within the Joe Morolong Local Municipality in the John Taolo Gaetsewe District. Sishen Iron Ore Community Development Trust, made a financial contribution towards the upgrading to some of the much demanded roads.

Our project includes the upgrade of two sections of road namely:

- the MR 950 (From Dithakong to Colston) – 27 km and
- MR 947 (From Laxey to Samsokolo), – 31km.

Expanded Public Works Programme

The Expanded Public Works Programme is the creation of job opportunities through labour intensive methods. In the previous financial year the province failed to reach its year target of 25, 705 and only created 22, 435 work opportunities. Municipalities on the other hand have exceeded their targets by achieving 126% of their target in 2012/2013 financial year.

Community Based Programmes



Operation Khotso, Pula Nala

The Department has disbursed R50 Million to 17 municipalities across the province to benefit 20 towns that were identified by the Executive Committee. This program is aimed township revitalisation and all Municipalities have submitted business. It is anticipated that 1,400 work opportunities will be created through this program.



The Phakamile Mabija Learnership Programme

Initially, 43 youths who passed suitability assessment were sent to Ikhaya Fundisa Techni-skills Academy in Rodepoort for training. I'm pleased to announce that at least 13 of these learners have fully qualified after passing stringent trade tests and are now qualified artisans. 7 are still to go in May 2013. Unfortunately 20 of these learners could not pass the trade tests.

Paballelo Paving Projects



Fleet Management

All 752 vehicles were delivered to the province. We have implemented certain monitoring mechanisms in order to curb misuse by the introduction of the following

- Personalised Number plates
- Toll free Number
- Tracker system that provide you with exception reports on speeding
- Wesbank report that provide incident report e.g. Fuel fraud



Operation Re A Thusa

The newly launched Operation Re A Thusa (*We are helping*) involves our donation of yellow fleet to identified municipalities which will bring forth improved service delivery to the dirty and dusty streets of previously marginalized rural communities.

We have serviced, registered and transferred some of their old graders, bakkies, flat trucks to:

Siyancuma Municipality
Kamiesberg Municipality
Mier Municipality

PART 2: PROGRAMME PERFORMANCE

Outcome

OUTCOME	OUTPUT	PERFORMANCE										
Outcome 6 An efficient, competitive and responsive economic infrastructure network	To ensure the maintenance and strategic expansion of our road and rail network, and the operational efficiency, capacity and competitiveness of our sea ports	<ul style="list-style-type: none">The department received R369 million in grant funding for maintenance in the province and spent 100% of the funding.We have started with the Implementation of the Road Infrastructure Strategic framework for South Africa (RIFSA) and have already completed our assessment on roads in the province. The assessment for roads in municipality is still outstanding.										
Outcome 4 Decent employment through inclusive growth	Improved Support To Small Business And Cooperatives	<ul style="list-style-type: none">The purpose of the incubator program is to create an enabling environment within which selected existing contracting enterprises can develop into sustainable contracting enterprises. Preference will be applied in the accessing of work so that enterprises owned and controlled by blacks, women and the disabled persons are advanced. A Policy Document to guide Contractor Development in the Dept. has been developed. Four road shows were held across the Province. Potential contractors were invited and 66 contracting businesses applied to participate in the programme.										
	Implementation of the Expanded Public Works Programme	<ul style="list-style-type: none">Phase 2 of the Expanded Public Works Programme (EPWP) the target for the Province is to create 106 194 work opportunities for the 5 year period of phase 2 Provincial Departments. At the end of year 4 the province has created 64 733 job opportunities <table><tr><th>Year</th><th>Job opportunities</th></tr><tr><td>– 2009/10</td><td>13, 840</td></tr><tr><td>– 2010/11</td><td>9,803</td></tr><tr><td>– 2011/12</td><td>18 655</td></tr><tr><td>– 2012/13</td><td>22, 435</td></tr></table>	Year	Job opportunities	– 2009/10	13, 840	– 2010/11	9,803	– 2011/12	18 655	– 2012/13	22, 435
Year	Job opportunities											
– 2009/10	13, 840											
– 2010/11	9,803											
– 2011/12	18 655											
– 2012/13	22, 435											

2.2 Performance Information by Programme

2.2.1 Description of each programme

Programme	Sub-programme	Performance measure
Administration To provide the overall management and administrative support of the department. It includes human resources management, financial management and knowledge management. In addition, it provides for strategic direction, integrated planning, communication	1.1 Office of the MEC	To render advisory, parliamentary, secretarial, administrative and office support services
	1.2. Management	Overall management of the department.
	1.4. Corporate Support	To manage personnel, procurement, finance, administration and related support services for the department.
Public Works To provide accommodation for all provincial departments, manage the provincial property portfolio as custodian for the optimum benefit of all those concerned and to render professional and technical services to departments in respect of buildings and related infrastructure.	2.1. Programme support	
	2.2. Design	Design of new public infrastructure – the intention is that plans should be ready for funding.
	2.3. Construction	New construction and refurbishment
	2.4 Maintenance	Need to have two sub-sub-programmes: 2.1.1.Routine maintenance 2.1.2.Alterations Alterations refers to changes that are required for reasons other than 'maintaining the asset, e.g. changes to interior walls
	2.5 Property Management	All services related to managing a building, including security services.
Road Infrastructure To promote accessibility and the safe, affordable movement of people, goods and services through the delivery and maintenance of roads infrastructure that is sustainable, integrated and environmentally sensitive, and which supports and facilitates social and economic growth through socially just, developmental and empowering processes.	3.1. Programme support	Overall management and support of the program
	3.2. Planning	Provides planning for all modes of transport including the movement of goods and passenger to integrate transport and spatial planning
	3.3. Design	To provide design, of road and transport infrastructure including all necessary support functions such as Environmental Impact Assessments, Traffic Impact Assessments, survey, expropriation , material investigations and testing
	3.4. Construction	To develop new, re-construct, upgrade and rehabilitate road and transport infrastructure.
	3.5. Maintenance	To effectively maintain road and transport infrastructure.

PART 2: PROGRAMME PERFORMANCE

Programme	Sub-programme	Performance measure
Community Based Programme To effectively promote EPWP to beneficiary communities; provide technical support to all relevant stakeholders; design innovative programmes that will enhance contractor development for both women and youth; develop an integrated strategy for monitoring and evaluation and to establish a Provincial implementation plan through co-ordination of individual sector plans	5.1. Programme support	Overall management and support of the program
	5.2. Community Development	Programmes to bring about the development and empowerment of impoverished communities
	5.3. Innovation and Empowerment	Programmes to Develop contractor empowerment, development of new programmes and Training. It also includes learner ships and NYS
	5.4. EPWP Co-ordination and Monitoring	This sub-programme includes the management and co-ordination expenditure on the Expanded Public Works Programme.

PART 2: PROGRAMME PERFORMANCE

2.2.2 Strategic objectives, performance indicators planned targets and actual achievements

2.2.2.1 Strategic objectives

Strategic objectives	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
PROGRAMME 1: ADMINISTRATION This programme's core function is to Provide support services and management of the department through giving managerial and administrative leadership. The corporate services provides various support services to ensure the smooth running of the department to create a productive, efficient and creative working environment to enable the department to achieve its overall strategic objective.					
1 Provide efficient and effective administrative support		9 Meetings	5	4	All MANCOM meetings was attended by the EA
Managerial Processes		Managing of processes and amending processes if needed	4		
Effective and efficient Human Capital services		95% of all performance indicators achieved	71%	-24	The posts took longer to fill than what was anticipated
Render effective support services		85% of all performance indicators achieved	81%	-4%	
Legal Advisory and support services structure set up		Performance indicator achieved	Achieved		
Financial Management & Administration		Unqualified	Achieved		
PROGRAMME 2 - PUBLIC WORKS The purpose of this programme is to meet the accommodation and other specific needs of the provincial departments by initiating, planning, and designing, implementing and managing construction, upgrading, rehabilitation and scheduled and unplanned maintenance of infrastructure related projects. It also includes the rendering of professional services such as architecture, quantity surveying, engineering and project management. Horticultural, telecommunications and cleaning services are also provided under the auspices of property management.					
Overall management of the program		95%	108%	13%	
Planning and designing of new public infrastructure		95%	41%	-54%	Education has shifted some of the projects to the IDT
Construction, refurbishment and upgrading of public infrastructure		95%	49%	48%	Education has shifted some of the projects to the IDT

PART 2: PROGRAMME PERFORMANCE

Strategic objectives	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Maintenance and upgrading of existing public Infrastructure		95%	92%	-3%	
Facilitating the implementation, by complying to all relevant sections pertaining to GIAMA		60%	99%	39%	
Provide and manage offices and residential accommodation (private and state owned)		60%	71%	11%	
PROGRAMME 3: TRANSPORT INFRASTRUCTURE The purpose of this program is to provide a balanced, equitable provincial road network. The main functions include the planning, design, construction and upgrading of Provincial road infrastructure, as well as the routine preventative and periodic maintenance and rehabilitation of roads. When referring to roads this include the paved, unpaved roads and bridges.					
Overall management of the program		90%	91%	1%	The budget was spent 100%. 96% of the targets were achieved which translates to 6% over achievement.
Planning Tools to enhance directorate functions		8	Reflected / Expounded on under Performance indicators	Reflected / Expounded on under Performance indicators	Reflected / Expounded on under Performance indicators
Design necessary roads and related structures		5 Designs			Reflected / Expounded on under Performance indicators
Upgrade to surface and rehabilitate surfaced roads in Northern Cape		6	3	-3	Reflected / Expounded on under Performance indicators
Maintenance on surfaced & gravel roads, including structures		95% of all performance indicators achieved for programme support 75% of all gravel roads 65% of all structures and road furniture	90% 77% 62%	-5% 2% -3%	Reflected / Expounded on under Performance indicators

PART 2: PROGRAMME PERFORMANCE

Strategic objectives	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
PROGRAMME 4: COMMUNITY BASED PROGRAMMES To manage the implementation of programmes and strategies that lead to the development and empowerment of communities and contractors. This includes the provincial management and co-ordination of the Expanded Public Works Programme. Overall management and support of the branch including provision of back office technical administration ,provision of built sector knowledge management services , finance ,built sector supply chain management and management of stores ,telecommunications as well as serving as the co coordinating division of the branch					
Management and support to the programme		Targets achieved	89%	-11%	
Ensure Designated Groups Targets are met		100%	100%	-	
Improving of Grading status of contractors		20	15	-5	
Inter governmental relations		In line with IGR	Achieved	-	

2.2.2.2 Performance Indicators planned targets and actual achievements

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Office of the MEC Render advisory, parliamentary, secretarial, administrative and office support services					
1 Assessments of performance through executive meetings	3	4	1	-3	Only 2 meetings with executive and the MEC, since he also attended the MANCOM meetings
Budget Vote Speech presented to the Legislature in March.	1	1	1	-	
Management Overall management and support of the department					
Nr. of management meetings assessing the departmental performance	60%	4	4	-	

PART 2: PROGRAMME PERFORMANCE

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Corporate Services To manage personnel, procurement, finance, administration and related support services.					
Ensure the recruitment Implementation of the Works Place skills plan		95%	89%	-6%	Although all the posts was advertised, there was a problem that some of the penalists were serving on multiple panels
Ensure that the implementation of the Work Place Skills plan		95%	48%		More funding was shifted to ABET and Bursaries. Some of the training intervention others was discontinued.
Ensure the implementation of the Departmental HR Plan		1	1	-	
No of awareness campaigns to promote physical wellness and health of employees		12	6	-6	The department linked up with department of education instead of heaving its own awareness campaigns
Number of officials enrol for adult basic education & training level 4 & 6	5	30	22	-8	The roadworkers did not want to attended because some of them feel they are close to retirement
Road surface maintenance NQF level 2 Learnership.	0	10	0	-10	This program was discontinued
Number of day's grievances, disputes, disciplinary matters, misconduct and appeals resolved.		30	60		The delay of finalising the disputes is that some of the officials would not except the response
Number of Internal policies approve and revised to promote internal control	9	30	10	-20	We concentrated on new policies and were not able to review some of the other policies.
Number of performance reports submitted to Provincial Treasury and the Provincial Legislature.	6	6	6	-	
Number of internal newsletters published	1	40	18	-22	The introduction of the weekly newsletter was only introduced during August 2012

PART 2: PROGRAMME PERFORMANCE

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
% of computers of users online at all times		95%	89%	-	
Conduct records management inspection to ensure proper management and care of records		4	4	-	
Existence of an effective and efficient contract management system through full contractual compliance		0 Exceptions	Achieved	-	
Submit prescribed reports as required by Treasury regulations:	16	18	18	-	
Submit EPE in line with Provincial guidelines and within prescribed period	1	4	4	-	
Processing of all complying invoices within 30 days after receipt of invoice	40%	7,800 payments	7069	-731	For the year we only had this number of payments to do.
Payroll administration to be returned within 30 days after pay date		276 payrolls	253		The other reports is still in the districts since some the staff is only coming to the office once a month.
Submission of Procurement Report as per Treasury Regulations	40%	36	24	-12	Some of the reports was part of the compliance certificate.
Compliance Audits		15	21	6	
Review Departmental Risk Register Annually		10	6	-4	We were unable to do the Operational risk in the districts, since we 1 st had to get the policies and strategies in place.



PART 2: PROGRAMME PERFORMANCE

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Program Support Overall management and support of the program; to manage the activities of the professional components strategically; to render an administrative support service to the professional components with regard to provincial government building infrastructure and property management its management administration, financial matters and supply chain management .					
No of Client relations and coordination meetings	16	18 meetings with client departments	21	3	
No of Coordinated implementation infrastructure programme management plans in place	4	2 (IPIP)	2	-	
Fully functional Proman Business System through registering of projects on the system	100%	49	59	10	
Number of Requests received for new accommodation	0	6	0	-6	User Departments procured accommodation (leases) on their own.
Number of new accommodation funding approved by PT	0	0	0	-	
Planning and Design Development, monitoring and enforcement of built sector and property management norms and standards and Design of new and upgrading building infrastructure Assist in the development of user asset management plans. <ul style="list-style-type: none"> • Development of Custodian Management Plans. • Development of Infrastructure Plans. • Development of Infrastructure Implementation Plans 					
Number of projects ready for tender	62	46	19	-27	Education has shifted some of the projects to the IDT
Number of Infrastructure Project Management Plans received	4	2	2	-	
Number of projects registered	62	46	19	-27	Education has shifted some of the projects to the IDT
Number of projects surveyed, planned and costed	81	47	18	-29	Education has shifted some of the projects to the IDT

PART 2: PROGRAMME PERFORMANCE

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of projects designed and procured	75	47	20	-27	Education has shifted some of the projects to the IDT
Construction New construction, upgrading and refurbishment and will entail two of the procab stages namely stage [5] Construction Period and Contract Administration and stage 6 project close out and debriefing.					
Number of contracts awarded to HDI's compliance service providers	42	48	17	-29	We no longer categorise projects according to their HDI status and do according to BEE
Number of contracts awarded to WOE's	1	6	5	-1	There is only a few WOE in the province
Number of projects completed within prescribed time	74	29	10	-19	Only 18 projects were completed of which only 9 was not within time. delays in payments to contractors by user departments resulted in delays in projects.
Number of projects completed within budget	74	46	20	-26	Only 18 projects was completed of which only 1 was not within budget.
Number of projects in construction	126	61	49	-12	Education has shifted some of the projects to the IDT
Number of projects completed	76	57	20	-37	Education has shifted some of the projects to the IDT
Maintenance Will entail the following four maintenance activities and or sub sub-programmes: 2.5.1 Routine maintenance 2.5.2 Schedule maintenance 2.5.3 Conditions assessment of all buildings 2.5.4 Alterations					
Number of planned maintenance projects approved	97	98	81	-17	Education withheld some of the projects due to budget constraints, other they implement internally and other they have given to IDT.

PART 2: PROGRAMME PERFORMANCE

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of planned maintenance projects completed	93	98	76	-22	Education withheld some of the projects due to budget constraints, other they implement internally and other they have given to IDT.
Number of projects awarded	85	98	114	16	
Number of projects under implementation	106	98	121	23	
Number of projects completed within prescribed time	73	49	44	-5	Delays in payments to contractors by client Departments delayed projects
Number of project completed within budget	83	78	69	-9	Increase in scope by client departments result in cost overruns
Number of projects identified for planned maintenance	94	98	85	-13	Projects were at first put on hold by clients
Number of projects surveyed, planned and costed	102	98	93	-5	Projects were at first put on hold by clients
Number of projects designed and procured	97	98	93	-5	Projects were at first put on hold by clients
Number of projects in construction	106	98	111	13	
Number of projects completed	92	98	69	-29	Projects were at first put on hold by clients
Contract compliance on capital projects	206	61	33	-28	Projects were at first put on hold by clients
Property Management To manage the property portfolio of the province; to establish and manage the provincial strategic and infrastructure plan; to provide accommodation for all provincial departments and other institutions; to acquire and dispose of accommodation in terms of the plan and in terms of the Northern Cape Land Administration Act.					
Number of leases concluded in respect of provincially owned properties	0	200	1	-199	Existing leases. None concluded in the year under review
Number of lease agreements in respect of office accommodation not renewed	1	0	4	4	

PART 2: PROGRAMME PERFORMANCE

Performance Indicator		Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
	Number of properties acquired	0	10	30	20	
	Number of new commercial leases concluded	1	25	9	-16	Most of the department have concluded their own leases and some were advertised without responses
	Number of properties registered in asset register	2 052	2102	1942	-160	Consolidation of erven done where facilities have been built on multiple erven. There were duplicates also found on the register where property description were found under different names.
	Number of properties verified in the asset register	1779	109	856	747	
	Number of properties leased-out	34	289	38	-	54 houses are vacant and cannot be leased out due to the bad state they are in and require repairs & renovations prior to allocation. Insufficient budget to undertake this exercise.
	Number of residential properties leased-out	255	255	207	-48	Most of the houses in the JTG district are located in the deep rural areas, these houses are currently being utilised by the Depts of Health and Education for staff recruited and the others are vandalised
	Number of buildings in a very good state	0	50	51	1	
	Number of buildings in an average state	0	150	139	-11	Insufficient budget to conduct conditions assessments in order to rate the facilities.
	Number of buildings in a poor state	0	200	60	-140	Insufficient budget to conduct conditions assessments in order to rate the facilities.
	Number of tenders awarded for bill board advertising on road reserves	0	0	0	-	

PART 2: PROGRAMME PERFORMANCE

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Verification of tenants occupying state owned properties		289	59	-230	Lack of resources to match the extend to the NCape Province.)
Confirmation of vesting of Provincial S.L. In terms of Item 28(1) to the Constitution.	24	120	15	-105	This process is not dependent on the Province. Item 28(1) are issued by the National DRDLR
Number of properties Disposed	0	5	0	-5	No Disposal policy
Number of request received for new accommodation from user departments in UAMP		0	7	7	
Number of new accommodation funding approved by PT		0	0	-	
Develop Custodian management plan as per GIAMA	1	1	0	-1	Lack of response from User Departments to submit U-AMPs in order to enable DRPW to conclude C-AMP
Develop User management plan as per GIAMA	1	1	1	-	
Unplanned maintenance of state owned provincial facilities.		150	353	203	
Revenue collected for all 289 properties monthly	R5 420	R3.5m	R3 55 m	-	
Payment of rates and taxes for provincially owned properties.		739	698	-43	Under allocation of the Rates and Taxes Grant results in under payment to Municipalities.
Verification of tenants occupying state owned properties		289	59	-230	Resource shortage (Human Resources) to match the extend of the Province
Provide and manage offices and residential accommodation (private and state owned).		70%	0	-70%	Clients procuring their own office accommodation.
Facilitating the implementation, by complying to all relevant sections pertaining to GIAMA		60%	60%	-	Because of the problem with audit we had to refocus our attention to the asset register

PART 2: PROGRAMME PERFORMANCE

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Programme Support The overall management and support of the programme managing activities of the professional components strategically, rendering administrative support services to the professional components with regard to road proclamations, way leaves and financial matters.					
Overall management of the program	80%	90% of all targets achieved	91%	1%	The budget was spent 100%. 91% of the targets were achieved which translates to 1% over achievement.
Planning Provide policy and legislative framework for transport to provide network planning for proclaimed roads; to integrate transport and spatial/development planning; transfer payments to local authorities for planning and design of roads that qualify for subsidy.					
Nr of reports done for management system	5	5	5	-	Planned target was achieved.
Nr of procedure manuals completed	0	1 Planning manuals	1	-	Planned target was achieved.
Report- Infrastructure reports	1	1	1	-	Planned target was achieved.
Material control – As Built reports achieved	0	3	3	-	Planned target was achieved.
Design Provide geometric, material, structural and traffic engineering designs of provincial proclaimed roads; provide laboratory, survey, drafting, expropriation, and computer and road accident data services; to provide management information systems for the provincial road network.					
Number of designs completed	2	0	0	-	
Number of specification documents for roads		3	3	-	Planned target was achieved.
Number of specification documents for structures		1	2	1	Target exceeded because one extra document was compiled due to an emergency.
Construction To construct and rehabilitate provincial proclaimed roads through contracts and Public Private Partnerships (PPP's); to render transfer payments to local authorities for road projects that qualify for subsidy.					
Number of square meters of safety improvements on roads	0	45 000	56 000	11 000	The target was exceeded, by tarring asbestos roads.

PART 2: PROGRAMME PERFORMANCE

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of km completed on rehab of paved roads	0	0	0	-	
Number of km of gravel roads upgraded to surfaced roads	4	45	78.54	33.54	The target was exceeded. The construction projects were accelerated to meet the spending targets.
Number of km of new surface roads constructed	0	0	0	-	
Number of km of gravel roads constructed	0	0	0	-	
Number of km of surfaced roads rehabilitated	0	35	25.7	-9.3	The road was widened by increasing the shoulders of the road to address the issue of safety. This cause of action affected the length of the road.

Maintenance

To maintain provincial proclaimed roads; transfer payments to local authorities acting as agents for the province; augmentation of roads capital account (Ordinance 3 of 1962) to provide for additional capital; to render technical support including radio network services and training.

Edge break repair	2 155.57	37 500	8 037.43	29 462.57	The department underspent during the previous financial resulting that NT was withholding R133 million. We had to use funding to defray expenditure of the previous year. We rather concentrated on reseal, blading and pothole repair.
Number of square meters surfaced roads resealed	1 188 940	650 000	190 816	-459 184	There were delays in the reseal contracts, but we also had to shift our focus to blacktop patching, before we could reseal.
Number of kilometres of roads re-gravelled	72.56	190	82.5	-107.5	The implementation of the flood damage was slow due to the non-availability of plant. Funds was shifted to upgrading.

PART 2: PROGRAMME PERFORMANCE

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of square meters of blacktop patching	127 237.77	35 320	47 573.72	12253.7	
Number of kilometers of roads bladed	58 840.58	98 920	71.635.88	-27284.12	There was a shortage of plant at the time.
Number of culverts clean		530	3 308.31	2 745.31	
Number of road signs erected/replaced		990	2 130	1 124	
Programme support					
Overall management and support of the programme					
No. of W/Opportunities to create by the Prov. Depts	18 655	25 705	22 435	-3270	The weakest sector in the Province is the environment sector as most of their jobs opportunities are reported by National Dept of Environment.
Infrastructure sector	10 697	12 464	12 357	-107	
Social Sector	6 702	6 193	8 089	1896	
Environmental Sector	1 256	7 048	1989	-5059	
Facilitate Provincial Program Steering Committee	3	4	2	-2	Lack of participation from lead Depts resulting in inability to form a quorum in some meetings.
Profiling and Promotion of the program	5	5	2	-3	Shortage of Resources in the unit.
Community Development					
Programmes to bring about the development and empowerment of impoverished communities					
% of the designated target groupings participating in EPWP projects	55% 30% 0.048%	Women 55% Youth 40% PwD 2%	55% 59% 0.066%		It is very difficult to reach people with disability as they are receiving social assistance which contradicts the illegibility to participate in the EPWP projects.
No of poverty alleviation projects created by the Dept.	6	20	20	-	
No. of People employed on the poverty alleviation projects	671	1 200	1820	62-	

PART 2: PROGRAMME PERFORMANCE

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
No. of Youth participating in the Youth Development Program	27	50	20	30	20 learners did not pass the trade test; 1 passed away and 9 were either terminated due to ill-discipline or dropped out.
Innovation and empowerment Programme to develop contractors' empowerment, development of new programmes and training. It also includes learner ships and NYS					
No. Of contractors on CIP	5	5	3	-2	2 projects started late
No. training programs conducted to emerging contractors on the CDP database	1	5	3	-2	The other training was provided by the cidb and we used the site hand over meetings to further brief contractors since some of them cannot attend the formal workshops
No. projects allocated to contractor development program	5	7	3	-4	The road projects that we intended to allocated was finalised late due to the development of a revised scope of work.
EPWP Coordination and Monitoring This sub-programme includes the management and coordination of expenditure on the Expanded Public Works Programme.					
Number of people employed	18 655	25 705	22 435	-3270	Serious challenges were experienced with the new IRS used for EPWP, which was piloted in the Province in the year under review, resulting in data missing after being uploaded.
Number of employment days created	1 334 230	780 000	889 640	109 640	
Number of jobs created	18 655	7 800	22 435	14 635	
Number of FTE's	5801	3 391	3 868	-477	Most projects were short term.
Number of youths (16 - 25) employed	9700	3 120	12 114	8994	

PART 2: PROGRAMME PERFORMANCE

Performance Indicator		Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
	Number of women employed	10 260	4 290	12 563	8273	
	Number of PLWD	9	156	12	-144	It is very difficult to reach people with disability as they are receiving social assistance which contradicts the illegibility to participate in the EPWP projects.
	Number of people trained	27	100	0	-100	Training conducted at De Aar Hospital. Second phase will follow in 2013/14.
	Number of sector plans submitted, evaluated and approved	0	4	0	-4	Poor participation by lead sector Departments
	Number of sector meetings	6	12	5	-7	Poor participation by lead sector Departments
	No of Road shows and Presentations to stakeholders	2	5	1	-4	The acquiring of project management services for EPWP has reduced the need for road shows since their brief is to is to engage directly with Public Bodies
	Number of municipalities receiving technical assistance	26	20	26	6	
Trading Entity A single Programme accommodates Fleet Management which is responsible to provide cost efficient, and quality motor transport to provincial and national government departments.						
	No of vehicles purchased	3	150	150		
	No of replacement vehicles acquired	1	0			
	No of vehicles serviced and maintained		1 200	1 679	479	
	No of vehicle inspections carried out					
	No of fuel efficiency reports processed and submitted to clients					
	Refurbishments of vehicles		2	50	48	Mostly caravans was refurbish

PART 2: PROGRAMME PERFORMANCE

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Development of an Asset Management system that would assist with invoicing		1	1		
Write-off of irrecoverable amounts from debtors.		0			
Collect and capture all log sheets in time		0			
Submit the Asset register reconciliation on a monthly basis to the HOD					
Submit the financial statements that are GAAP compliant to the Auditor General.		1	1		
Training of all transport officers		10	10		
Monthly steering committee meetings		2	2		

Strategy to overcome areas of under performance

- We will make sure that we improve our communication with the client department in order to make sure that we get a credible project list. If the projects that was handed over to IDT the department in actual fact implemented all projects.
- We will give regular training to road workers and other officials in order to make sure that they understand the processes, procedures on collecting and collating of performance information.

PART 2: PROGRAMME PERFORMANCE

Linking performance with budgets

Programme Name	2012/2013			2011/2012		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1.1 Office of the MEC	8,454	8,450	4	7,869	7,868	1
1.2. Management	11,468	11,466	2	17,020	17,018	2
1.4. Corporate Support	128,642	126,958	1,684	188,438	144,961	43,477
2.1. Programme support	3,475	3,473	2	3,432	3,431	1
2.2. Design	3,453	3,450	3	3,050	3,049	1
2.3. Construction	26,169	26,166	3	54,497	81,388	(26,891)
2.4 Maintenance	20,819	20,815	4	24,883	24,880	3
2.5 Property Management	73,842	71,190	2,652	108,304	97,202	11,102
3.1. Programme support	3,658	3,656	2	5,028	5,026	2
3.2. Planning	23,613	23,610	3	14,764	14,763	1
3.3. Design	3,043	3,039	4	2,595	2,594	1
3.4. Construction	404,312	404,307	5	332,983	332,980	3
3.5. Maintenance	234,058	233,928	130	272,456	270,284	2,172
5.1. Programme support	477	378	99	792	791	1
5.2. Community Development	-	-	-	-	-	-
5.3. Innovation and Empowerment	11,697	11,614	83	11,710	11,709	1
5.4. EPWP Co-ordination and Monitoring	100,310	64,036	36,274	43,580	37,751	5,829
Total	1,057,490	1,016,536	40,954	1,091,401	1,055,695	35,706

PART 2: PROGRAMME PERFORMANCE

2.3 Summary of financial information Collection of departmental revenue

2.3.1 Departmental receipts

Departmental receipts	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts						
Sale of goods and services other than capital assets	4,019	4,039	(20)	3,387	4,052	(665)
Transfers received						
Fines, penalties and forfeits						
Interest, dividends and rent on land						
Sale of capital assets						
Financial transactions in assets and liabilities	417	482	(65)	-	298	(298)
Total	4,436	4,521	(85)	3,387	4,350	(963)

2.3.2 Programme Expenditure

Programme Name	2012/2013			2011/2012		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	148,564	146,874	1,690	213,327	169,847	43,480
Public works	127,758	125,094	2,664	194,166	209,950	(15,784)
Transport Infrastructure	668,684	668,540	144	627,826	625,647	2,179
Community Based Programme	112,484	76,028	36,456	56,082	50,251	5,831
Total	1,057,490	1,016,536	40,954	1,091,401	1,055,695	35,706

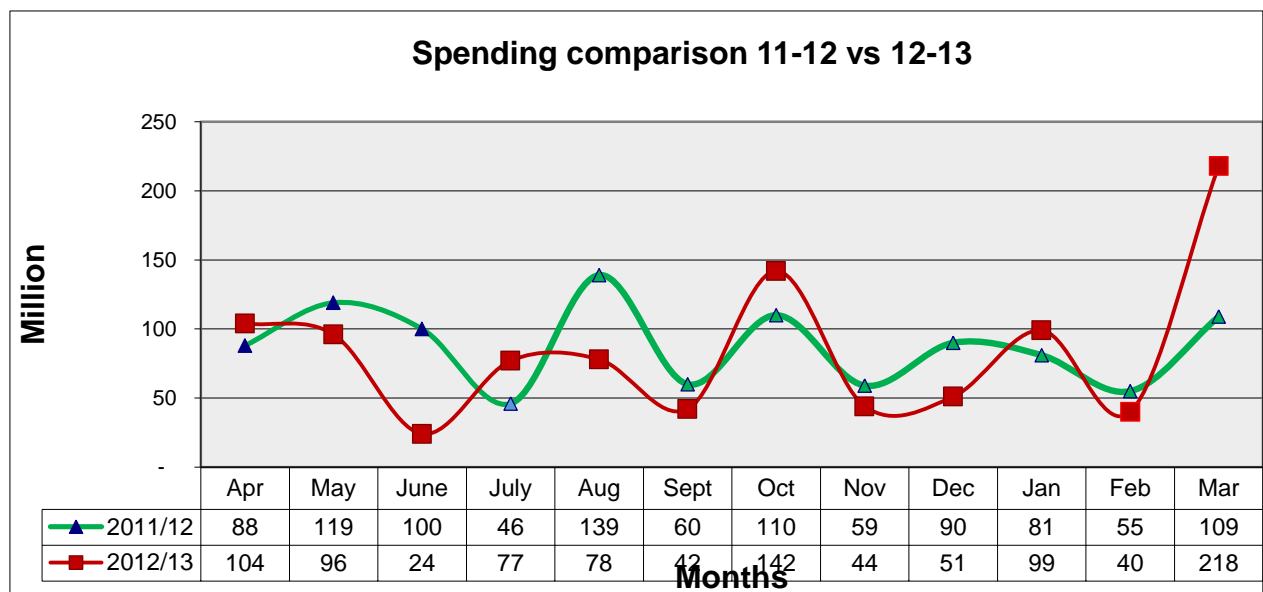
The final appropriation for the 2012/13 financial year for the Department of Roads and Public Works was R1,057 billion of this we spent R 1,017 billion which resulted in a under spending of R 41 million. The under expenditure relates to the following;

PART 2: PROGRAMME PERFORMANCE

Item	Budget	Amount Spent	Underspending
Rates and Taxes (Grant	55,011	52,361	2,650
Operation Khotso Pula Nala	50,000	19,937	30,063
Incentive Grant	1,915		1,915
Lefhatse Maintenance Project	978	788	190
Bloodhound Project	5,200	3,846	1,354
EPWP capital projects	21,590	18,655	2,935
Compensation of employees	182,992	182,852	140
White fleet	40,248	38,758	1,490
Other	261,167	260,954	213
			40,950

This programme projects an underspending of R5,8 million that relates to the incentive grant and payment that is still outstanding. This program will definitely reflect an underspending, because it is the Incentive Grant that was not utilised by the department.

2.3.3 Monthly spending comparison



PART 2: PROGRAMME PERFORMANCE

2.3.4 Transfer payments

The table below reflects the transfer payments made for the period 1 April 2012 to 31 March 2013

Name of transferee	Purpose for which the funds were used for	Compliance with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity R'000	Reasons for the funds unspent by the entity
Emthanjeni Municipality	Khotso Pula Nala	y	2,500	2,500	Transfer was late
Siyanda Municipality	Khotso Pula Nala	y	2,000	2,000	Transfer was late
Ga Segonyana Municipality	Khotso Pula Nala	y	1,486	1,486	Transfer was late
Kai Garib	Khotso Pula Nala	y	1,427	1,427	Transfer was late
Siyancuma Municipality	Khotso Pula Nala	y	2,500	2,500	Transfer was late
Sol Plaatje Municipality	Khotso Pula Nala	y	7,500	7,500	Transfer was late
Dikgatlong Municipality	Khotso Pula Nala	y	2,524	2,524	Transfer was late

The table below reflects the transfer payments which were budgeted for in the period 1 April 2012 to 31 March 2013, but no transfer payments were made.

Name of transferee	Purpose for which the funds were used for	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
Mier	Khotso Pula Nala	2,500	0	The Business Case was still outstanding
Mier	Khotso Pula Nala	2,500	2,000	One business case was outstanding
Kheis	Khotso Pula Nala	2,500	0	The Business Case was still outstanding
Kai ! Gariep	Khotso Pula Nala	1,200	0	The Business Case was still outstanding
Kamiesberg	Khotso Pula Nala	2,500	0	The Business Case was still outstanding
Karoo Hoogland	Khotso Pula Nala	2,500	0	The Business Case was still outstanding
Hantam	Khotso Pula Nala	2,500	0	The Business Case was still outstanding
Pokwane	Khotso Pula Nala	5,000	0	The Business Case was still outstanding
Magareng	Khotso Pula Nala	2,500	0	The Business Case was still outstanding
Umsobomvu	Khotso Pula Nala	2,500	0	The Business Case was still outstanding
Gasegonyane	Khotso Pula Nala	2,500	1,486	One business case was outstanding
Siyathemba	Khotso Pula Nala	2,500	0	The Business Case was still outstanding

PART 2: PROGRAMME PERFORMANCE

2.3.5 Conditional grants and earmarked funds paid

	Provincial Roads Maintenance Grant	Devolution of Property Rates funds	EPWP Incentive Grant
Department who transferred the grant	Department of Roads	Public Works (Vote 7)	Public Works (Vote 7)
Purpose of the grant	<input type="checkbox"/> To supplement provincial roads investments and support preventative, routine and emergency maintenance on provincial road networks <input type="checkbox"/> Ensure provinces implement and maintain road asset management systems <input type="checkbox"/> Promote the use of labour-intensive methods in road maintenance <input type="checkbox"/> Repair roads and bridges damaged by floods	To facilitate the transfer of the property rates expenditure responsibility to provinces	To incentivise provincial departments to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines: - road maintenance and the maintenance of buildings - low traffic volume roads and rural roads - other economic and social infrastructure -sustainable land based livelihood
Expected outputs of the grant	Collected pavement and bridge condition data as well as traffic data <input type="checkbox"/> The extent of the road (length) and bridge (number) network <input type="checkbox"/> Current condition distribution of the road and bridge network, as well as traffic distribution <input type="checkbox"/> Maintenance needs of the road and bridge network <input type="checkbox"/> Change in network condition distribution over time due to prioritised maintenance actions <input type="checkbox"/> Number of EPWP work opportunities created <input type="checkbox"/> Number of S3 students provided with experiential internships <input type="checkbox"/> Number of emerging contractor opportunities created <input type="checkbox"/> Rehabilitation and repair of roads and bridges damaged by floods	Payment of property rates for provincially-owned and deemed to be owned properties as per the verified invoices submitted by municipalities	Increased number of people employed and receiving income through the EPWP Increased average duration of the work opportunities created Increased income per EPWP beneficiary
Actual outputs achieved	Yes	Yes	Yes
Amount per amended DORA	R 483,706,000	R 55,011,000	
Amount received (R'000)	R 483,706,000	R 55,011,000	
Reasons if amount as per DORA was not received	All funds recieved	All funds recieved	All funds recieved
Amount spent by the department (R'000)	R 483,706,000	R 52,361,178.55	R 0.00
Reasons for the funds unspent by the department	Spent 100%	We received the invoice late from Sol Plaatjie Municipality	
Reasons for deviations on performance	No deviation	No deviation	No deviation
Measures taken to improve performance	We intend to make sure that we start early with the procurement processes and that the designs is completed.	We continue to engage with municipalities municipalities to ensure that they submit the invoices in time.	We will make sure that we start early with our job creation project.
Monitoring mechanism by the receiving department	We have a Chief Directorate in the department that specifically deal with road infrastructure. We appoint a project manager for each projects that we undertake. Ot is also part of our reporting procedure to National Department of Transport on a monthly basis.	Provinces must validate payment claims and accounts from municipalities in line with Treasury Regualtions	The department do have a dedicated unit that deal with the payments.

2.3.6 Capital investment, maintenance and asset management plan

Infrastructure projects	2012/2013			2011/2012		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets	14,689	14,688	1	47,793	74,687	(26,894)
Existing infrastructure assets	613,127	606,212	6,915	490,228	490,223	5
Upgrades and additions	411,107	408,170	2,937	333,832	333,832	-
Rehabilitation, renovations and refurbishments	13,466	13,464	2	39,159	39,159	-
Maintenance and repairs	188,554	184,578	3,976	117,237	117,232	5
Infrastructure transfer	50,000	19,937	30,063	-	-	-
Current	50,000	19,937	30,063			
Capital						
Total	677,816	640,837	36,979	538,021	564,910	(26,889)

Road infrastructure condition

The provincial network as comprising of 63 092 km of road including;

- 3 573.6 kilometres of paved roads,
- 22 518.19 kilometres of unpaved roads and
- 37 000 minor roads.

Due to inadequate funding for maintenance over several years, the current condition of the network is generally poor.

- **Paved roads' condition is decreasing: 23% decrease in 20 years.** Currently 26% in poor to very poor state; RISFSA recommendation is maximum 10%. 40% of the paved network is in a fair condition. Without the appropriate preventative maintenance these roads will deteriorate to such a state where the only solution would be costly rehabilitation actions.
- There are currently 17 931 km (80%) of gravel roads operating as dirt roads or operating with passability problems due to insufficient gravel wearing course material. The cost to road users operating on these roads is excessive. Over the past 7/8 years, the average network gravel thickness has declined from 100 mm to 26 mm. Only 110 km (<1%) of the unpaved network has a gravel thickness of 150 mm or more, 6,733km has no gravel material, and 11,198km operates with gravel material less than 50 mm. In total 80% of the gravel road network have serious driveability problems. 54% of the unpaved roads is in urgent need of re-gravelling which translates to 12 371 kilometres.
- The current funding level is not sufficient to maintain the Northern Cape Provincial road network. Consequently, the condition of the paved road network will continue to deteriorate over the next ten analysis years. At current funding level; the backlog of gravel roads requiring preventative maintenance will increase to approximately 95% of the road network. Funding remains an imperative to maintaining and expanding

the current network. However, the current funding level is not sufficient to reduce the total backlog, especially on roads with low traffic volumes.

- To maintain the condition of the paved road network: Budget of R226 million pa is required. To improve the condition of the paved road network: Budget of R260 million pa is required.

Flood Damage maintenance projects

The estimated cost for flood damage to our road infrastructure was estimated at R367 million which was approved by National Treasury. For the year under review we have received R124 million. Most of the damages was on gravel roads where we did spot regravelling. We have appointed contractors to do remedial maintenance work on a number of roads and bridges. The following are some of the maintenance projects.

- Flood damage repairs on road MR910 Postmasburg-Papkuil
- Flood damage repairs in Postmasburg Area: MR896 & MR871
- Flood damage repairs in Spitskop-Schmidsdrift Area: DR3353, DR3400 & DR3373
- Flood damage repairs in Windsorton Area: DR3380 & DR3391
- Flood damage repairs to DR3284 & DR3256
- Flood damage repairs to MR857, MR778 & DR 3037
- Flood damage repairs to MR874
- Flood damage repairs to MR873
- Flood damage repairs on road DR3122 & DR3118: Saltlake

Projects erected on behalf of client departments

As part of the mandate of Roads and Public Works to act as an implementing agent for all provincial departments to provide accommodation solutions that include construction, refurbishment, maintenance as well as leasing of office accommodation.

Health Portfolio

- **Upington Hospital**

The project of the New Upington Referral Hospital Project comprises of a construction of a 267 bed, level 1 & 2 Referral Hospital. The hospital will replace the old Upington hospital and will serve as a 267 bed regional hospital for the Western Region of the Northern Cape. The site was handed over in November 2008.

The project is divided into seven phases with the progress to date as follows:

Phase 1	Civil Works and Bulk Services	100% complete
Phase 2	The Main Hospital Building	100% complete
Phase 3	Staff Accommodation C	100% complete
	Staff Accommodation B	100% complete

Staff Accommodation A

60% complete

All construction activities are expected to be completed by end of March 2013. Commissioning of equipment is underway.

De Aar Hospital

This project includes construction of a bed hospital in De Aar. This includes:

Main Hospital	40% complete
Staff Houses A	100% complete
Staff Houses B	100% complete
Perimeter fence	100% complete
TB Unit	65% complete

New Clinics

The following projects were identify for this programme

Galeshewe Day Clinic 100% complete

Galeshewe Day Clinic (Internal Roads and Guardhouse still on procurement phase)

Deurham Clinic 75% complete

Gamopedi Clinic 100 per cent complete

Norvalspont Clinic 99% complete (awaiting connection of electricity by Eskom).

Tswaragano Hospital 90% complete (Client increased scope to refurbishing of staff accommodation).

Other Departments

The following infrastructure projects were identified for the 2012/13 financial year:

Education Portfolio

52 Infrastructure projects are done on behalf of this department and are in various stages:

Administration Blocks X 5

Classroom Blocks X 4

Computer Classrooms X 1

Conversions X 5

ECD Classrooms X 15

Media Centres X 7

New Schools X 6

Science Labs X 2

Sport Arts and Culture portfolio

Infrastructure projects identified were:

New Archive Repository	100% Complete
Kimberley Theatre - Upgrading	70% Complete
A.R Abass Stadium - Upgrading	100% complete
Churchill Construction of New Library	5% Complete
Sternham Construction of New Library	10% Complete

Immovable Asset Register

There are currently 1,943 land parcels recorded in the immovable asset register. This is work in progress as both national and provincial departments are in the process of verifying and reconciling immovable assets owned by the state at different spheres. So this number will change from time to time as a result of:

- Verification and reconciliation process;
- Acquisition and/or disposal of immovable assets;
- Surveying and consolidation of land parcels; as well as
- Vesting process.

A number of sources are being utilised for the verification exercise. These sources include the DEEDS' Register, User Departments' records; National Public Works records, as well as Municipal Valuation Rolls. This exercise is very time consuming as it requires physical verification of properties to ensure existence.

The department has pro-actively resolved to move from the current manual based immovable asset register recorded on an excel spreadsheet to an electronic web based system (Proman Project Management System) while the Province is awaiting the roll out of IEWorks from National Department of Public Works.

PART 3

GOVERNANCE



1.1 Introduction

The following elements of governance will remain the focus for the coming year:

a) Accountability

Annual performance contracts are entered into with senior management of the department. The details of these contracts are based on the strategic and business plans for the 2013/14 year.

b) Discipline

Disciplinary processes within the department are aligned to both disciplinary code and procedures and are geared towards ensuring service delivery. The department at all times strives towards consistent and just application of our disciplinary processes.

c) External Reporting

Monthly reporting, focusing primarily on financial issues, will still continue during the new-year. The department will however increase its focus on reliable and accurate projections of expenditure and revenue. In the first instance, this will control the risk of incurring unauthorized expenditure in relation to overspending of the Vote. Secondly, wasteful expenditure, in the form of interest penalties due to late payments will also be limited. The department is continuously striving to improve its annual report, specifically relating to the disclaimer reflected in the audit report.

1.2 Risk Management

A Consolidated Risk Report was provided by the department order to gain an understanding of the most significant inherent risks facing the Department, an approach of identifying and rating the most significant risks that could prevent the Department from achieving its objectives was adopted. The methodology is based on the principle that: -

- Executive and operational management, together with their nominees should be active participants in the risk identification and assessment process.
- The risk management committee was establish and already had two meetings.

The Department of Roads and Public Works adhered to the principles and practices of good corporate governance during the last three financial years. This trend is set to continue, with the department focusing on the fine-tuning of certain corporate governance elements and the introduction of other. Where possible governance principles as prescribed by the King III report have been implemented.

2 Fraud and Corruption

To meet its responsibility with respect to providing reliable financial information, the Department maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are appropriately authorized and recorded, and assets are adequately safeguarded against material loss through unauthorized acquisition, use, or disposal.

We have establish a number of units and interventions is order to improve internal control

- Numerous policies to assist with the internal control measures.
- Risk management Committee was established
- Financial Misconduct committee
- Monitoring and Evaluation unit

Consequently, even an effective internal control system can only provide reasonable assurance with respect to financial statement preparation and the safeguarding of assets. We have a dedicated official that do follow-ups on all the Presidential hotline incidents, Public Service Commission, Public Protector.

3 Minimising Conflict of interest

Members of the Senior Management Service as well as other employees annually disclose their financial interest. All declarations of the senior management is submitted to the Public Service Commission. We have a register of other officials to declare their interest annually. All Members of BAC and BEC must sign a declaration of interest at each meeting.

4 Code of conduct

All employees are expected to comply with the Code of Conduct for the Public Service. The purpose of the Code is to guide employees as to what is expected of them from an ethical point of view, both in their individual conduct and their relationship with others. We developed a draft code of conduct for the department and started to workshop it with employees.

5 Health and Safety environmental issues

The department has and maintains a Health and Safety Management Programme inclusive of Health and Safety Policy in accordance with the Occupational Health and Safety Act, 1993. We are also making provision in our contract documents for Health and Safety requirements that the contractors should adhere to. We have appointed and trained Health Officers at all our districts.

6 Internal Control Unit

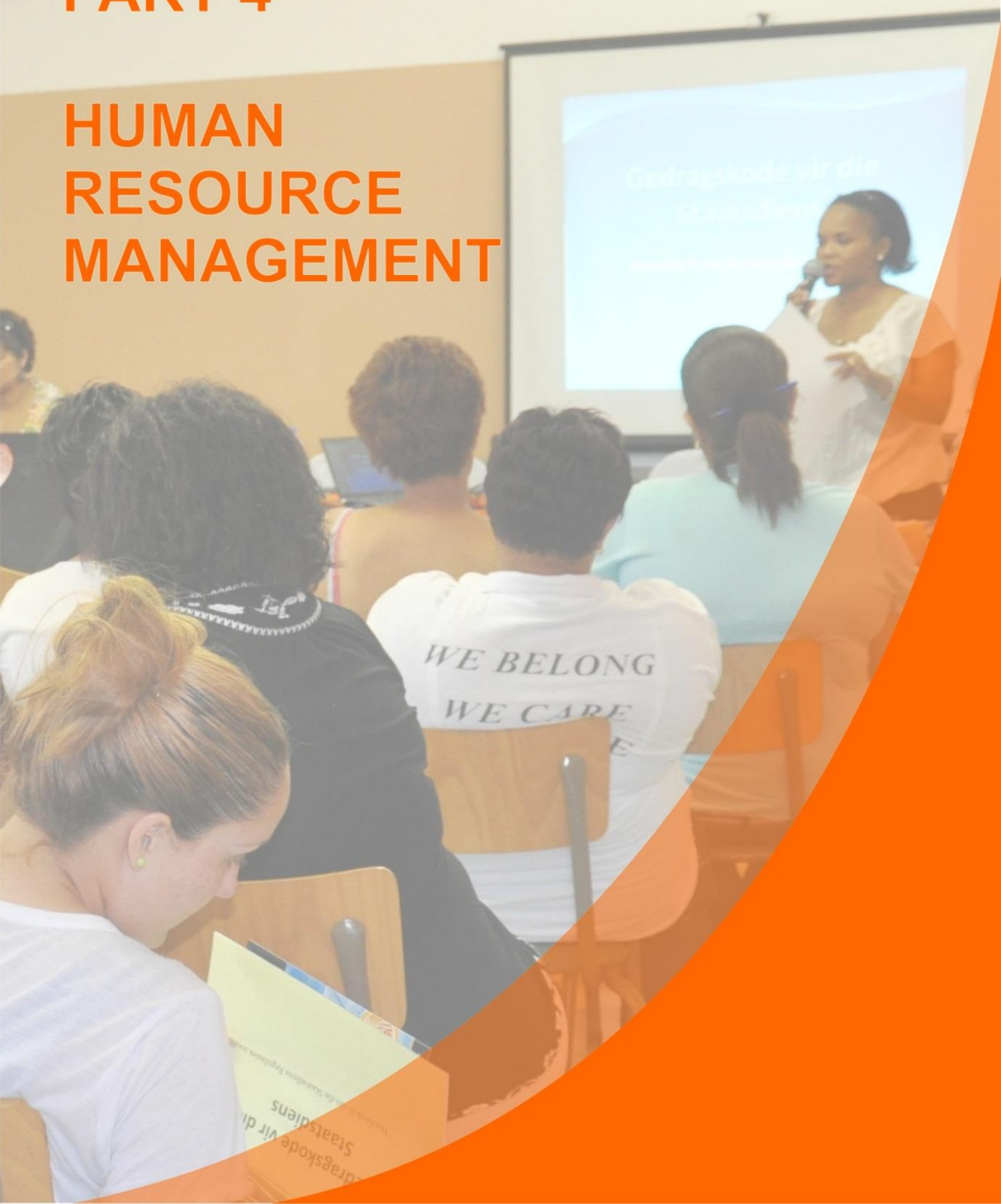
The Department makes use of a centralised Internal Audit component, as approved by the Executive Council. The Shared Internal Audit Service is institutionally vested in and resourced by the Provincial Treasury. The internal audit component did not function very successfully during the year. The internal audit plan is approved by the Audit Committee as it is based on the risk assessment.

7 Audit committee Report

The appointment of the Audit committee is the responsibility of the Provincial Executive Council as per audit committee charter. The province is making use of a shared audit committee service. For the period under review the committee was operational and had a number of sessions with the department.

PART 4

HUMAN RESOURCE MANAGEMENT



PART 4 HUMAN RESOURCE MANAGEMENT

1.1 – Personnel costs by programme, 2012/13

Programme	Total Expenditure(R'000)	Personnel Expenditure(R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
Administration	146,992	49,279	0	0	33.5	62
Public Works	124,838	14,725	0	0	19.8	19
Transport Infrastructure	652,139	31,560	0	0	25.3	40
Community based programme	74,530	87,2570	0	0	0	0
Trading Entity	0	0	0	0	13.4	110
Total	998,499	182,822	0	0	18.3	230

1.2 – Personnel costs by salary bands, 2012/13

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Number of Employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	658	0.3	6	108,167
Skilled (Levels 3-5)	59,705	28.5	454	129,733
Highly skilled production (Levels 6-8)	47,193	22.5	177	263,028
Highly skilled supervision (Levels 9-12)	45,541	21.8	91	493,703
Senior management (Levels 13-16)	19,234	9.2	25	758,960
Contract (Level 1-2)	1,856	0.9	14	130,786
Contract (Level 3-5)	1,698	0.8	16	104,688
Contract (level 6-8)	668	0.3	2	329,500
Contract (Level 9-12)	4,063	1.9	6	668,000
Contract (Level 13-16)	2,206	1.1	3	725,333
Periodical Remuneration				
Total	182,822	0	794	227,146

1.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2012/13

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Administration	39376	73.2	207	0.4	1279	2.4	2356	4.4
Public Works	25261	69.2	0	0	1094	3	1973	5.4
Roads	63710	65.7	320	0.3	4407	4.5	4656	4.8
EPWP	5114	26.6	0	0	154	0.8	228	1.2
Total	133461	64.6	527	0.3	6934	3.4	9213	4.5

1.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2012/13

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Lower skilled (Levels 1-2)	404	61.5	0	0	65	9.9	65	9.9
Skilled (Levels 3-5)	39748	62	284	0.4	3968	6.2	4905	7.7
Highly skilled production (Levels 6-8)	33307	70	144	0.3	1706	3.6	2787	5.9
Highly skilled supervision (Levels 9-12)	34 256	70.5	88	0.2	646	1.3	1 196	2.5
Senior management (Levels 13-16)	15 581	72.3	0	0	549	2.5	243	1.1
Contract (Level 1-2)	1 827	91.7	2	0.1	0	0	0	0
Contract (Level 3-5)	1 665	99.2	9	0.5	0	0	0	0
Contract (Level 6-8)	659	99.2	0	0	0	0	0	0
Contract (Level 9-12)	3 929	83.5	0	0	0	0	0	0
Contract (Level 13-16)	2 085	92.4	0	0	0	0	17	0
Periodical Remuneration	0	0	0	0	0	0	0	0.8
Total	133 461	64.6	527	0.3	6934	3.4	9 213	4.5

2.1 – Employment and vacancies by programme, 31 March 2013

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Administration	220	184	16.4	27
Public Works	125	119	4.8	1
Roads	512	465	9.2	4
EPWP	30	26	13.3	1
Total	887	794	10.5	33

PART 4 HUMAN RESOURCE MANAGEMENT

2.2 – Employment and vacancies by salary bands, 31 March 2013

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	24	6	75	0
Skilled (Levels 3-5)	495	454	8.3	0
Highly skilled production (Levels 6-8),	189	177	6.3	2
Highly skilled supervision (Levels 9-12),	111	91	18	1
Senior management (Levels 13-16)	27	25	7.4	1
Contract (Levels 1-2), Permanent	14	14	0	12
Contract (Levels 3-5), Permanent	16	16	0	12
Contract (Levels 6-8), Permanent	2	2	0	0
Contract (Levels 9-12), Permanent	6	6	0	3
Contract (Levels 13-16), Permanent	3	3	0	2
TOTAL	887	794	10.5	33

2.3 – Employment and vacancies by critical occupation, 31 March 2013

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Administrative related	64	52	18.8	6
All artisans in the building metal machinery etc.	41	38	7.3	0
Cartographic surveying and related technicians,	1	1	0	0
Civil engineering technicians,	9	8	11.1	0
Cleaners in offices workshops hospitals etc.	9	9	0	0
Communication and information related,	2	2	0	0
Diplomats,	1	1	0	0
Engineering sciences related	7	6	14.3	0
Engineers and related professionals	28	27	3.6	0
Finance and economics related	4	3	25	0
Financial and related professionals	5	4	20	0
Financial clerks and credit controllers	12	11	8.3	1
Food services aids and waiters	5	4	20	0
General legal administration & rel. professionals	9	9	0	0
Human resources & organisat developm & relate prof,	4	4	0	0
Human resources clerks	15	15	0	0
Human resources related	2	2	0	0
Information technology related	1	1	0	0
Inspectors of apprentices works and vehicles	25	22	12	0
Language practitioners interpreters & other commun	1	1	0	0
Library mail and related clerks	12	8	33.3	0
Light vehicle drivers	6	6	0	0
Messengers porters and deliverers	6	3	50	0
Motor vehicle drivers	85	75	11.8	0
Other administrat & related clerks and organisers	125	107	14.4	22

PART 4: HUMAN RESOURCE MANAGEMENT

Other administrative policy and related officers	28	27	3.6	0
Other information technology personnel,	4	3	25	0
Other occupations	1	1	0	0
Quantity surveyors & rela prof not class elsewhere	3	3	0	0
Risk management and security services	3	2	33.3	0
Road workers	327	300	8.3	2
Secretaries & other keyboard operating clerks	19	19	0	1
Senior managers	12	10	16.7	1
Trade labourers	11	10	9.1	0
	887	794	10.5	33

3.1 – Job Evaluation, 1 April 2011 to 31 March 2013

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	24	0	0	0	0	0	0
Contract (Level 1-2)	14	0	0	0	0	0	0
Contract (Level 3-5)	16	0	0	0	0	0	0
Contract (Level 6-8)	2	0	0	0	0	0	0
Contract (Level 9-12)	6	0	0	0	0	0	0
Contract (Band A)	2	0	0	0	0	0	0
Contract (Band B)	1	0	0	0	0	0	0
Skilled (Levels 3-5)	495	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	189	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	111	0	0	0	0	0	0
Senior Management Service Band A	20	0	0	0	0	0	0
Senior Management Service Band B	4	0	0	0	0	0	0
Senior Management Service Band C	2	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
TOTAL	887	0	0	0	0	0	0

4.1 – Annual turnover rates by salary band for the period 1 April 2012 to 31 March 2013

Salary Band	Number of employees per band as on 1 April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	6	0	0	0

PART 4 HUMAN RESOURCE MANAGEMENT

Skilled (Levels 3-5)	434	51	29	6.7
Highly skilled production(Levels 6-8)	178	3	3	1.7
Highly skilled supervision(Levels 9-12)	98	1	7	7.1
Senior Management Service Band A	14	0	0	0
Senior Management Service Band B	4	0	0	0
Senior Management Service Band C	1	0	0	0
Senior Management Service Band D	1	0	0	0
Contract (Level 1-2)	23	23	31	134.8
Contract (Level 3-5)	6	17	9	150
Contract (Level (6-8)	2	1	1	50
Contract (Level 9-12)	7	1	2	28.6
Contract (Band A)	0	2	0	0
Contract (Band B)	0	1	0	0
TOTAL	774	100	82	10.6

4.2 – Annual turnover rates by critical occupation for the period 1 April 2012 to 31 March 2013

Occupation:	Number of employees per occupation as on 1 April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related	48	4	3	6.3
All artisans	41	0	2	4.9
Artisan project and related superintendents	1	0	0	0
Cartographic surveying and related technicians	1	0	0	0
Civil engineering technicians	9	0	1	11.1
Cleaners in offices, workshops, etc.	11	0	1	9.1
Communication and information related	2	0	0	0
Diplomats	1	0	0	0
Engineering sciences related	6	1	1	16.7
Engineers and related professionals	29	0	2	6.9
Finance and economics related	5	0	2	40
Financial and related professionals	4	0	0	0
Financial clerks and credit controllers	14	1	1	7.1
Food services aids and waiters	2	2	0	0
General legal administration & rel. professionals	6	3	0	0
Human resources & organisational development & relate prof	4	0	0	0
Human resources clerks	13	0	0	0
Human resources related	2	0	0	0
Information technology related	1	0	0	0
Inspectors of apprentices works and vehicles	25	0	1	4
Language practitioners interpreters & other comm	1	0	0	0
Library mail and related clerks	8	0	0	0
Light vehicle drivers	6	0	0	0
Messengers porters and deliverers	3	0	0	0
Motor vehicle drivers	78	7	19	24.4
Other administrators & related clerks and organisers	96	33	12	12.5
Other administrative policy and related officers	28	0	0	0
Other information technology personnel	3	0	0	0

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Other occupations	1	0	0	0
Quantity surveyors & related professionals not class elsewhere	3	0	0	0
Risk management and security services	2	0	0	0
Road workers	280	49	36	12.9
Secretaries & other keyb operating clerks	18	0	0	0
Senior managers	9	0	0	0
Trade labourers	13	0	1	77
TOTAL	774	100	82	10.6

4.3 – Reasons why staff are leaving the department

Termination Type	Number	% of total Resignations	% of total Employment	Total	Total Employment (Beginning of April 2012)
Death	14	17.1	1.8	82	774
Resignation	7	8.5	0.9	82	774
Expiry of contract	43	52.4	5.6	82	774
Dismissal – misconduct	18	22	2.3	82	777
Total	82	100	10.6	82	774

4.4 – Promotions by critical occupation

Occupation	Employees as at 1 April 2012	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Administrative related	48	4	8.3	10	20.8
All artisans	41	2	4.9	12	29.3
Artisan project and related superintendents	1	0	0	0	0
Cartographic surveying and related technicians	1	0	0	1	100
Civil engineering technicians	9	0	0	6	66.7
Cleaners in offices, workshops, etc.	11	0	0	8	72.7
Communication and information related	2	0	0	1	50
Diplomats	1	0	0	1	100
Engineering sciences related	6	0	0	3	50
Engineers and related professionals	29	2	6.9	16	55.2
Finance and economics related	5	1	20	1	20
Financial and related professionals	4	1	25	4	100
Financial clerks and credit controllers	14	0	0	6	42.9
Food services aids and waiters	2	0	0	3	150
General legal administration & rel. professionals	6	0	0	2	33.3
Human resources & organisat developm & relate prof	4	0	0	2	50
Human resources clerks	13	1	77	53.6	
Human resources related	2	0	0	2	100
Information technology related	1	0	0	0	0

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Inspectors of apprentices works and vehicles	25	1	4	15	60
Language practitioners & other commun	1	0	0	1	100
Library mail and related clerks	8	0	0	6	75
Light vehicle drivers	6	0	0	2	33.3
Messengers porters and deliverers	3	0	0	3	100
Motor vehicle drivers	78	1	1.3	15	19.2
Other administrat & related clerks and organisers	96	2	2.1	60	62.5
Other administrative policy and related officers	28	0	0	15	53.6
Other information technology personnel	3	0	0	3	100
Other occupations	1	0	0	0	0
Quantity surveyors & rela prof not class elsewhere	3	0	0	3	100
Risk management and security services	2	0	0	0	0
Road workers	280	23	8.2	148	52.9
Secretaries & other keyb operating clerks	18	2	11.1	6	33.3
Senior managers	9	0	0	0	0
Trade labourers	13	0	0	10	76.9
TOTAL	774	40	5.2	372	48.1

4.5 – Promotions by salary band

Salary Band	Employee s 1 April 2012	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression s as a % of employees by salary band
Lower skilled (Levels 1-2)	6	0	0	6	100
Skilled (Levels 3-5)	434	26	6	230	53
Highly skilled production (Levels 6-8)	178	5	2.8	95	53.4
Highly skilled supervision (Levels 9-12)	98	8	8.2	40	40.8
Senior management (Levels 13-16)	20	1	5	0	0
Contract (Levels 1-2)	23	0	0	0	0
Contract (Levels 3-5)	6	0	0	1	16.7
Contract (Levels 6-8)	2	0	0	0	0
Contract (Levels 9-12)	7	0	0	0	0
Total	774	40	5.2	372	48.1

5.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2013

Occupational categories (SASCO)	Male					Female					Total
	Afric an	Colour ed	India n	Male Total Blacks	White	Afric an	Colour ed	India n	Female Total Blacks	White	
Legislators, senior	3	4	0	7	2	2	1	0	3	0	12



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officials and managers											
Professionals	27	16	0	43	2	10	5	0	15	5	65
Technicians and associate professionals	31	20	0	51	4	20	9	0	29	4	88
Clerks	42	15	1	58	4	59	33	0	92	6	160
Service and sales workers	1	1	0	2	0	0	0	0	0	0	2
Craft and related trades workers	22	30	0	52	2	4	1	0	5	1	60
Plant and machine operators and assemblers	39	40	0	79	2	0	0	0	0	0	81
Elementary occupations	140	150	0	290	1	26	9	0	35	0	326
Total	305	276	1	582	17	121	58	0	179	16	794

5.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2013

Occupational categories (SASCO)	Male					Female					Total
	African	Coloured	Indian	Male Total Blacks	White	African	Coloured	Indian	Female Total Blacks	White	
Top Management	1	1	0	2	0	0	0	0	0	0	2
Senior Management	8	5	0	13	3	5	2	0	7	0	23
Professionally qualified and experienced specialists and mid-management	34	22	0	56	4	17	6	0	23	8	91
Skilled technical and academically qualified workers, junior	59	45	1	105	5	35	24	0	59	8	177
Semi-skilled and discretionary decision making	178	198	0	376	4	50	24	0	74	0	454
Unskilled and defined decision making	4	0	0	4	0	2	0	0	2	0	6
Contract (Senior Management)	2	1	0	3	0	0	0	0	0	0	3
Contract (Professionally qualified)	3	1	0	4	1	1	0	0	1	0	6
Contract (Skilled technical)	0	0	0	0	0	2	0	0	2	0	2
Contract (Semi-skilled)	9	1	0	10	0	4	2	0	6	0	16
Contract (Unskilled)	7	2		9		5					
TOTAL	305	276	1	582	17	121	58	0	179	16	794

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5.3 – Recruitment for the period 1 April 2012 to 31 March 2013

Occupational categories (SASCO)	Male					Female					
	African	Coloured	Indian	Male Total Blacks	White	African	Coloured	Indian	Female Total Blacks	White	Total
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	1	0	1	0	1
Skilled technical and academically qualified workers, junior	0	1	0	1	0	2	0	0	2	0	3
Semi-skilled and discretionary decision making	11	24	0	35	0	8	8	0	16	0	51
Contract (Senior Management)	2	1	0	3	0	0	0	0	0	0	3
Contract (Professionally qualified)	0	0	0	0	0	1	0	0	1	0	1
Contract (Skilled technical)	0	0	0	0	0	1	0	0	1	0	1
Contract (Semi-skilled)	6	1	0	7	0	7	3	0	10	0	17
Contract (Unskilled)	8	13	0	21	0	2	0	0	2	0	23
TOTAL	27	40	0	67	0	21	12	0	33	0	100

5.4 – Promotions for the period 1 April 2012 to 31 March 2013

Occupational categories (SASCO)	Male					Female					
	African	Coloured	Indian	Male Total Blacks	White	African	Coloured	Indian	Female Total Blacks	White	Total
Senior Management	1	0	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	19	10	0	29	1	10	2	0	12	6	48
Skilled technical and academically qualified workers, junior	37	22	1	60	1	23	12	0	35	4	100
Semi-skilled and discretionary decision making	136	76	0	213	2	30	12	0	42	0	256
Unskilled and defined decision making	4	0	0	4	0	2	0	0	2	0	6
Contract (Semi-skilled), Permanent	0	0	0	0	0	1	0	0	1	0	1
Total	197	108	1	306	4	66	26	0	92	0	412

5.5 – Terminations for the period 1 April 2012 to 31 March 2013

Occupational categories (SASCO)	Male					Female					
	African	Coloured	Indian	Male Total Blacks	White	African	Coloured	Indian	Female Total Blacks	White	Total
Professionally qualified and experienced specialists and mid-management	1	2	0	3	0	2	0	0	2	2	7
Skilled technical and academically qualified workers, junior	2	1	0	3	0	0	0	0	0	0	3
Semi-skilled and discretionary decision making	16	12	0	28	0	0	0	0	0	1	29
Contract (Professionally qualified)	0	0	0	0	1	1	0	0	1	0	2
Contract (Skilled technical)	0	0	0	0	0	1	0	0	1	0	1
Contract (Semi-skilled)	2	0	0	2	0	3	4	0	7	0	9
Contract (Unskilled)	3	27	0	30	0	1	0	0	1	0	31
Total	24	42	0	66	1	8	4	0	12	3	82

5.6 – Skills development for the period 1 April 2012 to 31 March 2013

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	6	5		3	4	2			20
Professionals	29	15		2	10	5		5	66
Technicians and associate professionals	30	19		4	18	7		5	83
Clerks	30	14	1	4	54	32		6	141
Service and sales workers	1	1							2
Skilled agriculture and fishery workers									
Craft and related trades workers	29	31		2	5	1		1	69
Plant and machine operators and assemblers	38	41		2				1	82
Elementary occupations	140	142		1	17	2			302
Total	303	268		18	108	49		18	765
Employees with disabilities									

PART 4 HUMAN RESOURCE MANAGEMENT

6.1 – Performance Rewards by race, gender, and disability, 1 April 2012 to 31 March 2013

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	212	307	53.1	326	8802
Female	80	126	29.4	1177	7222
Asian					
Male	0	0	0	0	0
Female	0	0	0	0	0
Coloured					
Male	104	299	30.4	145	8078
Female	51	61	29.5	579	8565
White					
Male	7	18	56.3	471	16516
Female	13	16	22.2	1768	15518
Employees with a disability	0	0	0	0	0
Total	468	827	38	2449	7585

6.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2012 to 31 March 2013

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	6	6	50	13	4333	25.1
Skilled (Levels 3-5)	273	445	50.5	1146	4986	27.4
Highly skilled production (Levels 6-8)	150	260	37.1	643	9742	3.1
Highly skilled supervision (Levels 9-12)	38	64	25.3	589	25609	20.5
Contract (Level 1-2)	0	0	0	0	0	0
Contract (Level 3-5)	0	0	0	0	0	0
Contract (Level 6-8)	0	0	0	0	0	0
Contract (Level 9-12)	0	0	0	0	0	0
Periodic Remuneration	0	0	0	0	0	0
Total	468	777	14.2	2391	44 670	76.1

6.3 – Performance Rewards by critical occupations, 1 April 2012 to 31 March 2013

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related	29	50	16	133	19 286
All artisans	16	39	37.9	20	7 357
Artisan project and related superintendents	0	0	0	0	0
Cartographic surveying and related technicians	5	5	100	300	6 433
Civil engineering technicians	6	9	33.9	20	37 000

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Cleaners in offices, workshops, etc.	8	9	44.4	38	33 333
Client inform clerks(switchb recept inform clerks)	1	1	100	0	8 802
Communication and information related	2	4	40.5	200	11714
Engineering sciences related	0	6	0	28	4 250
Engineers and related professionals	5	28	17.9	28	9 200
Finance and economics related	2	3	66.7	49	6 000
Financial and related professionals	2	3	66.7	38	4 000
Financial clerks and credit controllers	7	13	46.7	82	6333
Food services aids and waiters	1	4	33.3	4	7 357
General legal administration & rel. professionals	0	9	0	0	0
Human resources & organisat developm & relate prof	3	4	42.1	66	10 125
Human resources clerks	2	15	3	61	8 147
Human resources related	2	2	100	40	8 000
Information technology related	4	4	100	84	11 125
Inspectors of apprentices works and vehicles	8	22	36.4	89	4 829
Language practitioners interpreters & other commun	0	1	0	0	0
Library mail and related clerks	3	8	40.1	19	
Light vehicle drivers	0	6	0	0	0
Messengers porters and deliverers	3	3	100	40	4 000
Motor vehicle drivers	26	88	57.3	114	
Other administrat & related clerks and organisers	0	111	0	0	0
Other administrative policy and related officers	0	3	0	0	0
Other information technology personnel	4	4	100	50	8 147
Other occupations	0	1	0	0	0
Quantity surveyors & rela prof not class elsewhere	3	3	100	31	6 548
Rank: Unknown	0	0	0	0	0
Risk management and security services	2	2	100	21	6 667
Road workers	162	312	54.8	837	10 125
Secretaries & other keyb operating clerks	6	19	42.1	81	4 895
Senior managers	0	20	0	0	0
Trade labourers	10	10	100	43	4 300
TOTAL	467	777	48	2 416	235 877

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7.1 – Sick leave, 1 January 2012 to 31 December 2012

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)	Total Number of Employees using sick leave	Total number days with medical certification
Lower skilled (Levels 1-2)	59	93.2	7	1.4	8	15	484	55
Skilled (Levels 3-5)	1971	95	239	49.4	8	642	484	1873
Highly skilled production (Levels 6-8)	1083	89.6	132	27.3	8	715	484	970
Highly skilled supervision (Levels 9-12)	491	90.4	66	13.6	7	685	484	444
Senior management (Levels 13-16)	104	92.3	18	3.7	6	307	484	96
Contract (Level 1-2)	27	96.3	8	1.7	3	4	484	26
Contract (Level 3-5)	45	93.3	7	1.4	6	15	484	42
Contract (Level 6-8)	5	80	2	0.4	3	3	484	4
Contract (Level 9-12)	8	87.5	3	0.6	3	18	484	7
Contract (Level 13-16)	12	100	2	0.4	6	35	484	12
Total	3805	92.7	484	100	8	2439	484	3529

7.2 – Disability leave (temporary and permanent), 1 January 2012 to 31 December 2012

Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)	Total Number of Employees using sick leave	Total number days with medical certification
Skilled (Levels 3-5)	214	99.1	11	44	19	66	212	25
Highly skilled production (Levels 6-8)	239	100	10	40	24	143	239	25
Highly skilled supervision (Levels 9-12)	54	94.4	4	16	14	60	51	25
Total	507	99	25	100	20	269	502	25

7.3 – Annual Leave, 1 January 2012 to 31 December 2012

Salary Bands	Total days taken	Average days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	178	18	10
Skilled Levels 3-5)	10431.08	23	459
Highly skilled production (Levels 6-8)	4275	23	186
Highly skilled supervision(Levels 9-12)	2188	22	100
Senior management (Levels 13-16)	527	21	25
Contract (Level 1-2)	125	5	23
Contract (Level 3-5)	87	7	12
Contract (Level 6-8)	28	9	3
Contract (Level 9-12)	118	15	8
Contract (Level 13-16)	18	9	2
Total	17975.08	22	828

7.4 – Capped leave, 1 January 2012 to 31 December 2012

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2012	Number of Employee who took capped leave	Total number of capped leave available at 31 Dec 2012	Number of Employees as at 31 December 2012
Skilled Levels 3-5)	24	4	45	6	14278	318
Highly skilled production (Levels 6-8)	19	10	43	2	3294	77
Highly skilled supervision(Levels 9-12)	37	37	45	1	2122	47
Senior management (Levels 13-16)	4	4	33	1	295	9
Total	84	8	44	10	19989	451

7.5 – Leave payouts for the period 1 April 2012 to 31 March 2013

The following table summarises payments made to employees as a result of leave that was not taken.

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Capped leave payouts on termination of service for 2010/11	250	26	9615
Current leave payout on termination of service for 2010/11	0	5	0
Total	250	31	8065

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8.1 – Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Not in writing, but there is a SMS member handling wellness matters
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		One official has been designated to promote the health and other wellbeing related programs of employees. HIV/AIDS program both internal and external resorted under special programs which dealt with all Gender, Disability , Youth and Children programs, but has been shifted to the Employee Wellness Unit at the end of this financial year
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.		X	The program deals with all employee wellness programs of which HIV/AIDS is part of and referrals to professional services such as health practitioners, counsellors, psychologists and other professional services
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		X	The Employment Equity Act , Basic Conditions of Service and the Public Service Act
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		The Department developed an HIV/AIDS policy and is being reviewed at the moment
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Awareness campaigns have been held and employees were encouraged to go for voluntary testing and the response was good
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.		X	The unit committed itself to expose 500 employees to HIV/AIDS education and two have two awareness programs. The indicator being compliance with the National HIV/AIDS strat plan of 2007-2011 as well as an HIV/AIDS Competent workforce

9.1 – Training needs identified 1 April 2012 to 31 March 2013

Occupational Categories	Gender	Number of employees as at 1 April 2010	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	6	0	0	0	0
	Male	14	0	0	0	0
Professionals	Female	3	0	3	0	3
	Male	8	0	4	0	4
Technicians and associate professionals	Female	12	0	6	0	6
	Male	7	0	2	0	2
Clerks	Female	250	0	168	0	168
	Male	156	0	122	0	122
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	8	0	3	0	3
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	36	0	25	0	25
Elementary occupations	Female	0	0	0	0	0
	Male	102	0	98	0	98
Sub Total	Female	271	0	177	0	177
	Male	331	0	254	0	254
Total		602	0	431	0	431

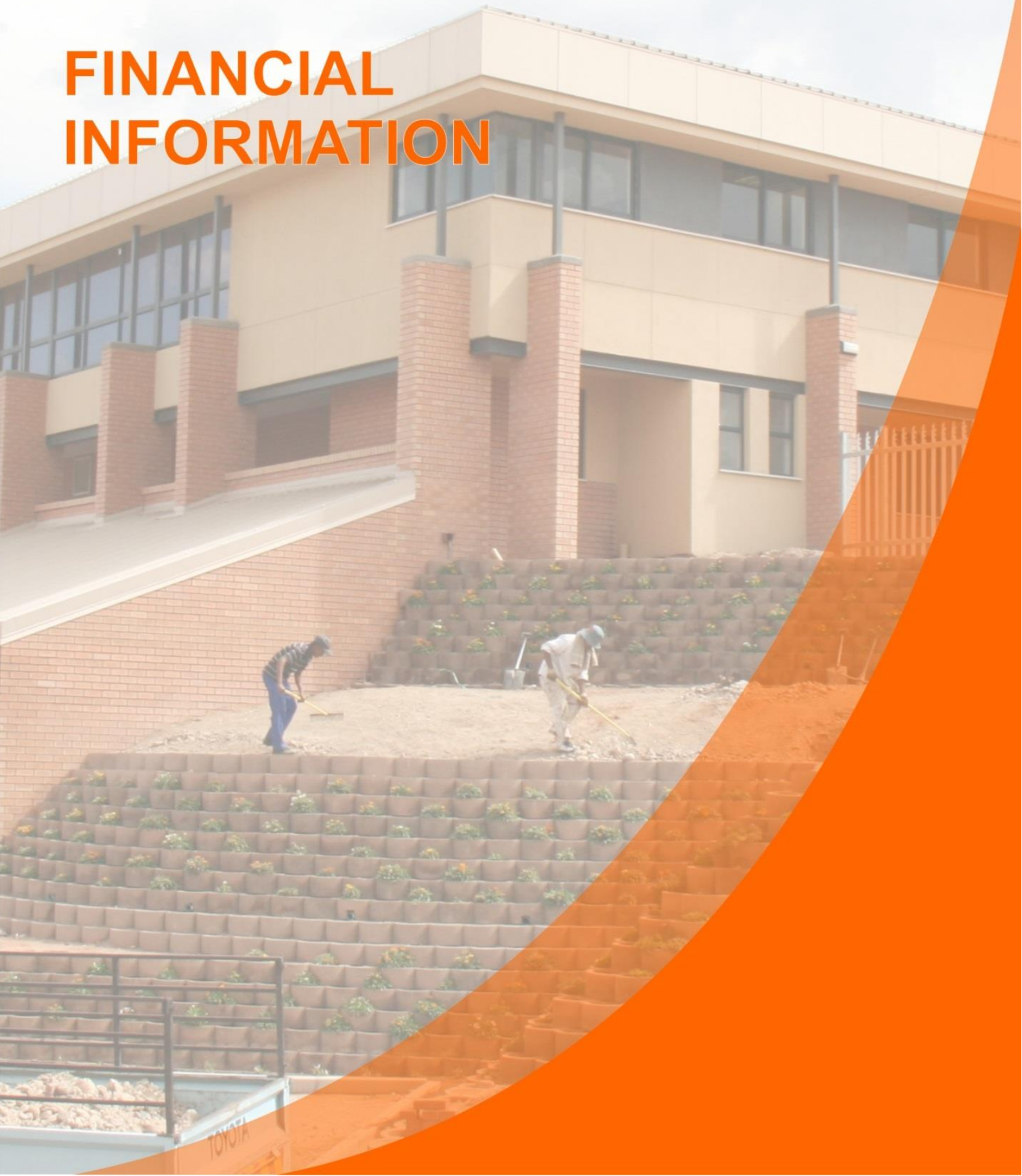
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9.2 – Training provided 1 April 2012 to 31 March 2013

Occupational Categories	Gender	Number of employees as at 1 April 2012	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	6	0	3	0	3
	Male	14	0	7	0	7
Professionals	Female	3	0	1	0	1
	Male	8	0	2	0	2
Technicians and associate professionals	Female	12	0	6	0	6
	Male	7	0	3	0	3
Clerks	Female	250	0	106	0	106
	Male	156	0	25	0	25
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	8	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	36	0	25	0	25
Elementary occupations	Female	0	0	0	0	0
	Male	102	0	27	0	27
Sub Total	Female	271	0	116	0	116
	Male	331	0	89	0	89
Total		602	0	205	0	205

PART 5

FINANCIAL INFORMATION



DEPARTMENT OF ROADS AND PUBLIC WORKS

1. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2013. The Audit Committee was operational throughout the year and had several engagements with management on crucial financial management, internal control, risk management and governance issues during the year. The Audit Committee acknowledges the attendance and participation of senior management including the Accounting Officer in the Audit Committee meetings

2. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

In terms of PFMA, section 77(b), an audit committee must meet at least twice a year. In addition, Treasury Regulations, section 3.1.16, provides that an audit committee must meet at least annually with the Auditor-General. The audit committee met five times during the year in compliance with the PFMA and also met with the Auditor General.

The names of the members of the audit committee as well as the number of meetings attended by the members are tabulated below

	Name of members	Designation	Number of meetings attended
1	Mr. Hyacinth Chineme Ogu	Chairperson	5 out of 5
2.	Mr. Geoffrey Tshepo Pharasi	Internal Member	2 out of 5
3	Mr. Zola Luxolo Fahlani	Independent Member	5 out of 5

3. AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

4. THE EFFECTIVENESS OF INTERNAL CONTROL

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the department revealed certain weaknesses, which were then raised with the Department.

The following internal audit assignments were completed during the year under review:

- King III Self Assessment including evaluation of business risk assessment process
- Audit of Performance Information
- Audit of Property, Plant and Equipment (PPE)
- High level review of interim financial statements for the period ended 30/09/2012
- Verification of management assessment performance tool (MPAT)
- Assessment of department's policies presented to the Office of the Premier
- Verification of BAS security (access profiles)

The following were areas of concern:

- Ineffective controls to ensure that the supporting documentation for the quarterly performance reports were adequate, complete, relevant and available, thus the portfolio of evidence to substantiate validity and reliability of reported performance was lacking in most instances..
- Reasons, action plans and revised target dates were not completely documented in cases of non-achievement of objectives
- Supporting documentation for some indicators were either not provided or did not correspond with what was reported in the third quarter report.
- The Department has no approved department-specific immovable asset management policy in place
- No approved disposal policy could be provided for audit review
- There was no custodian immovable asset management plan provided for review
- No proof could be provided that the custodian immovable asset management plan was submitted to Treasury
- The implementation of good practices as far as BAS is concerned is challenged therefore limited reliance can be placed on the management of BAS access profiles in terms of the prescripts within the department.

Management has however develop a pragmatic action plan to address the above issues within a reasonable time period

5. IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The department has been reporting monthly and quarterly to the Treasury as is required by the PFMA. Quarterly reports were also submitted and presented to the Audit Committee.

6. EVALUATION OF FINANCIAL STATEMENTS

6.1 The audit committee has reviewed the unaudited financial statements for the year ended 31 March 2013 and has discussed matters of concern with management. The audit committee has further reviewed the audited financial statements and discussed the statements with the Auditor-General as well as the Accounting Officer

6.2 The audit committee has reviewed the Auditor-General's management report and management responses thereto. In addition, the audit committee has reviewed the preliminary action plan by management to address issues raised by the Auditor-General and has directed management to prepare detailed action plan for the review and approval of the audit committee.

6.3 The audit committee reviewed the accounting policies as well as changes in accounting policies and practices as part of the review of the audited financial statements and noted that the accounting policies were appropriate for the department.

6.4 The audit committee reviewed the department's compliance with legal and regulatory provisions during the quarterly audit committee meetings and management has been directed to implement remedial measures where instances of non compliance were noted.

6.5 The audit committee reviewed the information on predetermined objectives to be included in the annual report as part of the review of the audited financial statements.

6.6 The audit committee discussed significant adjustments resulting from the audit with management and the Auditor-General as part of the review of the audited financial statements

6.7 The audit committee concurs with the Auditor-General's conclusion on the annual financial statement as well as the unqualified audit opinion of the Auditor-General on the financial statements.

7. INTERNAL AUDIT

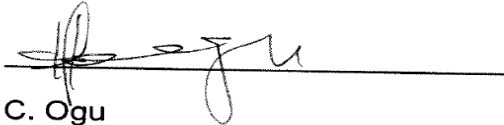
The audit committee is satisfied as to effectiveness of internal audit function during the year and hereby notes with satisfaction that the internal audit activity has to a large extent addressed the risks pertinent to the Department.

8. AUDITOR-GENERAL SOUTH AFRICA

We have reviewed the Department's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following:

- Payment of invoices within 30 days
- Reconciliation of assets
- Under- achievement of targets on APP
- Lack of adequate portfolio of evidence for reported achievements

The audit committee met with representatives from the Office of the Auditor-General South Africa during the year to discuss issues of mutual concern and ensure that there are no unresolved issues.



C. Ogu

Chairperson of the Audit Committee

Date: 2013-08-06

1. General review of the state of financial affairs

1.1 Important policy decisions and strategic issues facing the department

In relation to the funding of infrastructure programmes and in terms of S13 of the Division of Revenue Act. The Provincial Departments of Health and Education are responsible for all capital and maintenance budgets and spending. As the Department, we manage and undertake construction and maintenance on their behalf and entered into service delivery agreements with them.

Compliance with the Construction Industry Development Board Act of 2000, that took effect 31 August 2005. As an infrastructure delivery organization, we have registered with the Construction Industry Development Board to gain access to the register of projects and the Register of contractors.

The promulgation of the Government Immovable Management Act (GIAMA) in November 2007 (Act 19 of 2007), will enhance the asset management function. The Premier appointed the MEC for this department as the custodian of immovable assets. This will give the department which acts as custodian of the provincial property portfolio more power to ensure that users of provincial properties use such properties optimally. It is a requirement that we maintain a complete asset register and align the assets with service delivery objectives.

Extensive in-house and external training of staff and management to cover the following:

- Accounting matters
- Budget process management
- Treasury Regulations
- PFMA
- Delegations and policies

The Department is confronted by daunting strategic issues that impact on the business of the Department. Critical to these strategic issues is the effective implementation of the following strategic policy imperatives rectified during the previous and current financial year.

- The effective implementation of EPWP;
- The effective implementation of the IDIP process;
- Development of a complete Immovable Asset Register
- The valuation and conditional assessments of all properties
- The effective implementation of Khotso Pula Nala

1.2 Comment on significant events that have taken place during the year

After the community unrests, vandalism and destruction of some of our graders, it was the beginning of a new chapter of hope when the Sishen Iron Ore Community Development Trust, made a financial contribution towards the upgrading to some of the much demanded roads.

As government we are proud to deliver on our promise in terms of the roads when the Acting Premier addressed the community during the Sod Turning ceremony on 20 March 2013 in Glenred.

This project will focus on the upgrade of gravel roads to tarred roads within the Joe Morolong Local Municipality in the John Taolo Gaetsewe District. The roads under construction were prioritized by communities through memorandum of demand that was presented to the Department on 21 May 2012 from the communities of Bothithong, Dithakong, Laxey and Gamojeremane.

The department has made significant strides in addressing the daunting challenges presented by inadequate roads, as well as the lack of maintenance of infrastructure and public facilities.

1.3 Comment on major projects undertaken or completed during the year

Completed Projects

- Upington Hospital
- Hotazel – Tsineng Road phase 2
- Vosburg – Carnarvon Road
- Resealing TR87/1

The following projects are still under construction.

- De Aar Hospital
- Mental Health Facility
- Rehabilitation of Postmasburg – Oliphantshoek Turnoff road
- Widening of Kuruman – Hatazel Road
- Reseal of various roads

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1.4 Spending Trends

	2010/11		2011/12		2012/13	
Programme	Adjusted Budget	Final Expand	Adjusted Budget	Final Expand	Adjusted Budget	Final Expand
Administration	68 996	68 762	213 327	169 847	148,564	146,874
Public Works	166 994	164 447	194 166	209 950	127,758	125,094
Road Infrastructure	556 256	423 605	627 826	625 647	668,684	668,540
Community Based Programme	64 690	63 206	56 082	50 251	112,484	76,028
Total	856 936	720 020	1 091 401	1 055 695	1,057,490	1,016,536

The final appropriation for the 2012/13 financial year for the Department of Roads and Public Works was R1,057 billion of this we spent R 1,017 billion which resulted in a under spending of R41million. The under expenditure relates to the following;

Item	Budget	Amount Spent	Underspending
Rates and Taxes (Grant	55,011	52,361	2,650
Operation Khotso Pula Nala	50,000	19,937	30,063
Incentive Grant	1,915		1,915
Lefatshe Maintenance Project	978	788	190
Bloudhound project	5,200	3,846	1,354
EPWP capital projects	21,590	18,655	2,935
Compensation of employees	182,992	182,852	140
White fleet	40,248	38,758	1,490
Other	261,167	260,954	213
			40,950

R40 877.00 of the above amount has been applied for a roll-over as it relates to specific projects that have already been committed.

2. Services rendered by the department

The Department provides mainly four types of services:

The purpose of road infrastructure is to provide a balanced, equitable provincial road network that is accessible to all. The main functions include:

- the planning and design of road infrastructure;
- the construction of new infrastructure and the upgrading of existing;
- and routine, preventative and periodic maintenance as well as the rehabilitation of roads. In addition it includes the construction and maintenance of pedestrian bridges where these are required in order to allow for safe pedestrian access to public facilities in non-urban areas.

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This Community Based Programme caters for the development of programmes designed to empower and transfer skills to historically disadvantaged communities, thereby facilitating the process of active participation in the economy of the country. In addition, this programme is aimed at the development and incubation of programmes that utilise the core functions of the Department to facilitate the principles of Broad Based Black Economic Empowerment and Youth development

Public Works include functions ranging from asset management to maintenance of the provincial building infrastructure of the province.

- The responsibility as custodian as determined by GIAMA
- Construction and maintenance of government buildings.
- Development of community infrastructure linked to economic development,
- Provision of government accommodation.

Virement

Virement means that an accounting officer may utilise a saving in the amount appropriated under a main in division within a vote towards the defrayment of excess expenditure under another main division within the same Vote subject to certain conditions and limitations. The table below shows the approved virements.

Main Division			Reason
	From R000	To R'000	
Administration		3,997	Overspending due to consultant fees, legal costs and audit fees. The consultants are helping the departments sort out issues raised in the audit report of last financial year
Public Works		5,565	Overspending due to additional capital expenditure on the Maloof and Conference Centre
Roads Infrastructure	5,179		Savings on compensation budget
Community Based programmes	4,383		Savings on capital expenditure

2.1 Tariff policy

The fees charged and recovered for services rendered by the various branches within the Department have been calculated in accordance with either Provincial or National policy directives and paid into the Provincial Revenue Fund. Tariffs are reviewed annually and are based on sound economic and cost recovery principles in consultation with the Provincial Treasury. Approved tariffs exist for the following major services:

- Letting of properties and related services. This Department maintains a policy of levying market related tariffs for all leaseholds.
- Supply of information.
- Trading accounts. The basic principle of cost recovery is adhered to in the calculation of trading account tariffs.

3. Capacity constraints

Deficiencies in department capacity

The department had to review its structure as a result of policy changes and to respond to the challenges raised by the Auditor General. The units that required review was

- Property Management to respond to GIAMA
- Legal Service with view to address the issue contract management
- Policy and Planning which is continuously raised by the Auditor General
- EPWP

The department is not only confronted with the equity profile challenge in the engineering profession, but the competition for engineering skills with the private sector has intensified with the focus put on infrastructure economic development. A number of technicians have resigned during the past financial year.

The Department is faced with a shortage of scarce skills, such as professionals in the building sector. Interventions in this regard include the development of a scarce skills strategy, increasing the number of bursaries awarded.

In order to strengthen capacity in the department and also to improve the service delivery we have seen it fit to review the Organogram. It was informed through by some of the following factors

- More functions and processes should be performed at the District level
- Internal control deficiencies continues being raised by the AG
- Lack of monitoring and oversight functions.
- Lack of strategic planning
- Better alignment of with budget structure
- Re-organisation within the department

4. Utilisation of donor funds

The department does not receive any donor funds.

5. Trading entities and public entities

The department has the following trading account which is the NC: Fleet Management Trading Entity.

The NC: Fleet Management Trading Entity is responsible for the acquiring for all fleet requirements for provincial departments in the province. The fleet hired out to all the departments in the province and is charged out on a daily basis depending on the type of vehicle. The road building equipment is hired out to

- the department on an hourly or daily basis depending on the type of equipment or type of construction project. Charge out rates is revised annually.
- The HOD of the department is ultimately accountable for the trading account. The day-to-day running of the operations was delegated to the acting Head of the trading Entity. Separate financial statements are submitted on an annual basis.
- Legislation under the Trading accounts was established. Roads Capital Account: Ordinance 10 of 1960. Treasury regulations and PFMA. The latter is presented in accordance with the standards of GRAP (Generally Recognised Accounting Practices) in terms of Treasury Regulation 18.2

6. Organisations to whom transfer payments have been made

The department has transferred funds to local municipalities for the. Provincial program named Operation Khotso Pula Nala which is a Township Revitalisation Program which intends to revitalise and beautify townships ensuring that they are habitable, safe and a good place to live in.

7. Public private partnerships (PPP)

None

8. Corporate governance arrangements

8.1 Risk Management

A Consolidated Risk Report was provided by the department order to gain an understanding of the most significant inherent risks facing the Department, an approach of identifying and rating the most significant risks that could prevent the Department from achieving its objectives was adopted. The methodology is based on the principle that:

- Executive and operational management, together with their nominees should be active participants in the risk identification and assessment process.
- The risk management committee was establish and already had two meetings.

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The Department of Roads and Public Works adhered to the principles and practices of good corporate governance during the last three financial years. This trend is set to continue, with the department focusing on the fine-tuning of certain corporate governance elements and the introduction of other. Where possible governance principles as prescribed by the King III report have been implemented.

8.2 Internal Control

To meet its responsibility with respect to providing reliable financial information, the Department maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are appropriately authorized and recorded, and assets are adequately safeguarded against material loss through unauthorized acquisition, use, or disposal.

We have establish a number of units and interventions is order to improve internal control

- numerous policies to assist with the internal control measures.
- Risk management Committee was established
- Financial Misconduct committee
- Monitoring and Evaluation unit

Consequently, even an effective internal control system can only provide reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

8.3 Internal Audit

The Department makes use of a centralised Internal Audit component, as approved by the Executive Council. The Shared Internal Audit Service is institutionally vested in and resourced by the Provincial Treasury. The internal audit component did not function very successfully during the year. The internal audit plan is approved by the Audit Committee as it is based on the risk assessment.

8.4 Audit committee

The appointment of the Audit committee is the responsibility of the Provincial Executive Council as per audit committee charter. The province is making use of a shared audit committee service. For the period under review the committee was operational and had a number of sessions with the department.

8.5 Conflict of interest

Members of the Senior Management Service as well as other employees annually disclose their financial interest. All declarations of the senior management is submitted to the Public Service Commission.

8.6 Code of conduct

All employees are expected to comply with the Code of Conduct for the Public Service. The purpose of the Code is to guide employees as to what is expected of them from an ethical point of view, both in their individual conduct and their relationship with others. We have developed a draft code of conduct for the department and started to workshop it with employees.

8.7 Safety, health and environmental issues

The Department has and maintains a Health and Safety Management Programme inclusive of Health and Safety Policy in accordance with the Occupational Health and Safety Act, 1993. We are also making provision in our contract documents for Health and Safety requirements that the contractors should adhere to. We have appointed and trained Health Officers at all our districts.

8.8 The following elements of governance will remain the focus for the coming year:

d) Accountability

Annual performance contracts are entered into with senior management of the department. The details of these contracts are based on the strategic and business plans for the 2013/14 year.

e) Discipline

Disciplinary processes within the department are aligned to both disciplinary code and procedures and are geared towards ensuring service delivery. The department at all times strives towards consistent and just application of our disciplinary processes.

f) External Reporting

Monthly reporting, focusing primarily on financial issues, will still continue during the new-year. The department will however increase its focus on reliable and accurate projections of expenditure and revenue. In the first instance, this will control the risk of incurring unauthorized expenditure in relation to overspending of the Vote. Secondly, wasteful expenditure, in the form of interest penalties due to late payments will also be limited. The department is continuously striving to improve its annual report, specifically relating to the disclaimer reflected in the audit report.

9. Asset management

A departmental asset management team has been established in accordance with government's asset management reform programme which drives the departmental asset management plan in association with the Provincial Treasury's asset management unit.

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We have three sets of assets that must be disclosed by the department which are;

- Movable assets (Furniture and equipment)
- Road Infrastructure
- Immovable properties (Buildings/Properties)

The Asset Register for Properties consists of asset at cost, municipal values and or assets at R1 values (where there is no cost or municipal values cannot be used).

10. Inventories

The department does not keep stock; most of the stock that the department buys is roads materials that are transported directly to the projects.

11. Events after the reporting date

None

12. Performance information

The performance of the department is linked between the Strategic Plan and its Operational Plan and the Budget Statement. The performance agreements of senior managers are linked to the operational plan. We submit the Quarterly report in the prescribed form to Provincial Treasury. All the quarterly reports culminate into an Annual Report. The complete and comprehensive report on the performance of the Department is captured on the Annual Report.

We have finalised the Policy on strategic planning and performance information.

An annual performance plan (2012/13) was tabled in the Provincial Legislature during May 2012. These plans attempt to align departmental activities, outputs and goals with provincial and national policy priorities and the budget. The performance of the Department, per programme, is detailed in Part 2 of the Annual Report. In Addition to this the department also submits the following reports:

- In Year Monitoring system
- Quarterly Reports.
- Quarterly Infrastructure Report
- Infrastructure reporting model

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13 Standing Committee on Public Accounts Resolutions

NR	QUESTION	RESPONSE
1	Emphasis of Matter	
1	The department must identify the root causes relating to findings by the office of the auditor General, implement key drivers for a clean audit outcome and observe the commitments made by Provincial Government to drive Operation Clean Audit 2014	A detailed action plan was developed and is monitored on a monthly basis to ensure that all recommendations by the AG are being implemented. An update on the action plan is presented on a quarterly basis to the Audit Committee.
2	In the event that officials perform remunerative work outside their sphere of employment without written permission, action must be taken.	Circular was sent to staff after the audit last year to inform staff about noncompliance on this issue, those who did not comply will be reported to labour relations and charged with misconduct. Others have requested permission from the Executive Authority as required by law.
3	The supply chain management unit must be capacitated with skilled, competent and professional employees who will be able to perform their skills optimally	The organisational structure has been revised to capacitate SCM at a strategic level, awaiting approval of the structure by the Minister. We had a number of workshops with all employees who is involved with SCM process where we discussed the processes as well as all relevant legislation that is applicable.
4	Effective and appropriate internal control measures must be implemented to detect and avoid irregular, wasteful and unauthorised expenditure	A checklist has been implemented in SCM in order to prevent any irregular expenditure. Includes additional registers for example: i) a File containing the original tax clearances ("tax clearance database") ii) a File containing the original BEE certificates ("BEE certificates database") iii) a File containing the original deviation & appointment letters.
5	The immovable asset register must be maintained and regularly updated	Please note that an immovable asset register is being maintained and has been enhanced and can be provided if required. The same has also been provided to the Premier for the purpose of tabling it before the Legislature as required by the law. All sources have been consulted, i.e. Deeds Records (DRDLR), NDPW, User Departments as well as Municipal Valuation Rolls.

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14 Prior modifications to audit reports

We have established a monitoring and Evaluation unit that would make sure that the department presents credible reports. The Monitoring and Evaluation and the Strategic plan and Performance Information Policy were approved. The department had serious issues around performance information during last year's audit.

The Financial Inspectorate Division coordinates and ensures that the content of the external audit report and the supporting management letter are resolved timely. For this purpose an audit Action Plan has been developed containing all unresolved audit communications. The said plan contains the following information:

- Deviation from the financial management best practice requirements-
- Key area and Category,
- Action to be taken,
- Person responsible,
- Due date and Progress reporting.

The plan is distributed monthly to the officials concerned to update progress in the sense of indicating the corrective measures that have been instituted. The plan which also serves as a progress report is presented on a quarterly basis to the Audit Committee.

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Asset Register incomplete	2011/2012	A Property Management firm was appointed to sort out issues that were raised in last year audit report with regards to the property register. Most of the issues, e.g duplications, and missing title deeds have been sorted out.
Irregular expenditure	2011/2012	The inspectorate was task to identify all irregular expenditure and further investigate it. The Financial misconduct committee was established and is dealing with this.

15 Exemptions and deviations received from National Treasury

Immovable Assets

All properties vested with a province shall be recorded by the department to which the Premier has delegated the function for the administration of such assets. This would normally be the provincial department of Public Works. In the absence of such delegation, the assets shall be reflected in the asset register of the Premier's office.

A property previously accounted for in the asset register of a department not in compliance with the above should remain in the asset register of the department where there is doubt as to which department is responsible for the property and the GIAMA allocation process has not been finalized.

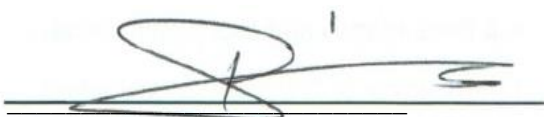
Where the property is reflected in more than one asset register (e.g. the department of education and public works in the province), the user department will still continue to reflect the asset in its register but not in the notes to the AFS.

16 Interim Financial Statements

Four sets Interim Financial statements were submitted to Provincial Treasury as required by National Treasury. These statements are reviewed by management as part of internal control measure, prior to submission to Treasury.

17 Approval

The Annual Financial Statements set out on pages 96 to 170 have been approved by the Accounting Officer.



K. NOGWILI
ACCOUNTING OFFICER

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Department of Roads and Public Works set out on pages 96 to 170, which comprise the appropriation statement, the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the *Departmental financial reporting framework* prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Roads and Public Works as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with the *Departmental financial reporting framework* as prescribed by National Treasury and the requirements of the PFMA and DoRA.

Emphasis of matters

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

Material under spending of the budget

8. As disclosed in the appropriation statement, the department has materially under spent the budget on programme 4 to the amount of R36 456 000. The under spending was mainly due to a project that was transferred to the department in the last quarter of the financial year.

Irregular Expenditure

9. The full extent of the irregularities of R94 728 000 as disclosed in note 27.4 to the financial statements is still in the process of being determined.

Immovable Assets

10. As disclosed in note 34 the department is currently investigating information submitted by Department of Health and Department of Education for disclosure in the financial statements and the expected timeframe for the investigations is the end of the financial year 2013-14.

Additional matters

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

Financial reporting framework

12. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance with this framework and not that they “present fairly”. Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

Unaudited supplementary schedules

13. The supplementary information set out on pages 156 to 170 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

14. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 16 to 55 of the annual report.
16. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information (FMPPi)*.

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

The material findings are as follows:

Usefulness of information

17. A total of 29% of targets had no explanations of the reasons for variances between planned and actual achievements reported in the annual performance report as required per the National Treasury annual report preparation guide. This was due to a lack of documented and approved internal policies and procedures to address reporting requirements.

Reliability of information

18. The FMPPi requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.
19. Significantly important targets with respect to Public Works and the Transport Infrastructure programmes are materially misstated and not reliable when compared to the source information and evidence provided. This was due to the lack of frequent review of the validity of reported achievements against source documentation
20. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to Community Based

Programmes. This was as a result of limitations placed on the scope of my work due to the fact that the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the programme.

Additional matters

21. I draw attention to the matter below. My conclusion is not modified in respect of this matter:

Achievement of planned targets

22. Of the total number of 99 targets planned for the year, 52 of targets were not achieved during the year under review. This represents 53% of total planned targets that were not achieved during the year under review.

Compliance with laws and regulations

23. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:

Strategic planning and performance

24. The department did not provide the Northern Cape Legislature with the strategic plan at least 10 days prior to the discussion of the department's budget vote as required by Treasury Regulation 5.2.2.

Annual financial statements

25. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1)(a) and (b) of the Public Finance Management Act. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

26. Employees of the department performed remunerative work outside their employment in the department without written permission from the relevant authority as required by section 30 of the Public Service Act.

27. Contracts were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by Treasury Regulation 16A9.1(d) and the Preferential Procurement Regulations.

28. The preference point system was not applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and Treasury Regulation 16A6.3(b).

Human resource management

29. Appointments were made in posts which were not approved and funded, as required by Public Service Regulations 1/III/ F.1 (a) and (d).

30. Appointments were made without the recommendation of a selection committee and in contravention of Public Service Regulations I/VII/D1-4.

31. Employees were appointed without following a proper process to verify the claims made in their applications in contravention of Public Service Regulations 1/VII/D.8.

32. Salary ranges of posts were increased without a job evaluation that supports the increase based on incorrect grading and in contravention of Public Service Regulation I/V/C5.
33. The accounting officer did not ensure that all leave taken by employees were recorded accurately and in full as required by Public Service Regulations 1/V/F(b).
34. The accounting officer did not implement effective measures to ensure that employees do not abuse sick leave, as required by Public Service Regulations 1/V/F(c).
35. Persons in charge at pay points did not always certify that the employees receiving payment were entitled thereto as required by Treasury Regulation 8.3.4.
36. All senior managers did not have signed performance agreements for the year under review as required by Public Service Regulations 4/III/B.1.
37. An organisational structure was not in place that are based on the department's strategic plan as required by Public Service Regulations 1/III/B.2(a).

Expenditure management

38. The accounting officer did not take effective steps to prevent irregular and fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1. Effective and appropriate disciplinary steps were not taken against officials who made and/or permitted irregular expenditure or fruitless and wasteful expenditure, as required by section 38(1)(h)(iii) of the Public Finance Management Act and Treasury Regulation 9.1.3.

Asset management

39. Proper control systems to safeguard and maintain assets were not implemented, as required by section 38(1)(d) of the Public Finance Management Act and Treasury Regulation 10.1.1(a).

Financial misconduct

40. Investigations into allegations of financial misconduct against officials were not instituted within 30 days of discovery thereof, as required by Treasury Regulation 4.1.2.
41. Disciplinary hearings were not held for financial misconduct committed by officials, as required by Treasury Regulation 4.1.1.

Service delivery – Public Works

Management of accommodation

42. The department did not prepare a custodian immovable asset management plan, as required by section 6(a) of the Government Immovable Asset Management Act, Act No. 19 of 2007.
43. The department did not implement processes and procedures to identify unused owned and leased buildings to prevent underutilisation and non-utilisation of offices and other accommodation, resulting in fruitless and wasteful Expenditure, in contravention of section 38(1)(b) of the Public Finance and Management Act, Act No. 1 of 1999.

Project management for infrastructure

44. The department did not have adequate management information for the evaluation and monitoring of projects to identify, avoid and address delays and/or overspending on projects.

Monitoring of AOPO

45. Performance results for the following targets could not be verified for reliability due to insufficient audit evidence or no substantiating audit evidence

Programme 2

- Number of projects registered
- Contract compliance on capital projects.
- Number of planned maintenance projects completed.

Programme 4

- Number of people employed
- Number of employment days created
- Number of jobs created
- Number of youths (16 - 25) employed
- Number of women employed
- Number of people living with disabilities

Internal control

46. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

47. The supply chain management unit was insufficiently staffed and could consequently not prevent some of the irregular expenditure as mentioned in the emphasis of matter paragraphs.

48. Leadership did not take appropriate action with regard to a lack of controls in the finance and supply chain management directorates, resulting in non-compliance with applicable legislation. This, in turn, resulted in irregular and fruitless and wasteful expenditure.

49. Leadership does not sufficiently exercise oversight responsibility over performance reporting and compliance with laws and regulations and internal control.

Financial and performance management

50. The financial statements were subject to material corrections resulting from the audit, which can be attributed to the weaknesses in the design and implementation of internal control in respect of financial management and financial reporting, and weaknesses in the information systems.
51. The financial statements and other information to be included in the annual report were not sufficiently reviewed due to staff constraints in the finance unit.
52. The department did not have a delegated employee to review and monitor compliance with applicable laws and regulations. There are deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations and performance information.
53. The underlying systems and controls were inadequate to provide reliable and accurate evidence to support the reporting on predetermined objectives. Management did not document and approve internal policies and procedures to address the process of collection, recording, processing, monitoring and reporting on performance information. Consequently, performance processes and procedures had not been designed and implemented.

Other reports

Investigations

54. An investigation is currently being conducted to probe the matter in which three contracts were awarded. The investigations aims to establish whether the proper procurement processes were followed with the awarding of the contracts. The investigations were still on-going at the reporting date.

Performance audit on the readiness of government to report on its performance

55. A performance audit was conducted on the Readiness of Government to report on its performance. The focus of the audit is on how government institutions are guided and assisted to report on their performance, as well as the systems and processes that they have put in place. The management report was issued during this year.

Auditor-General

Kimberley
31 July 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



the dr&pw

Department:
Roads and Public Works
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
For the year ended 31 March 2013

Appropriation per programme									
2012/13								2011/12	
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	88,162	(1,735)	3,602	90,029	89,831	198	99.8%	78,470	78,467
Transfers and subsidies	55,222	-	254	55,476	53,986	1,490	97.3%	132,332	88,856
Payment for capital assets	1,183	1,735	141	3,059	3,057	2	99.9%	2,525	2,524
Payment for financial assets	-	-	-	-	-	-		-	-
	144,567	-	3,997	148,564	146,874	1,690		213,327	169,847
2. Public Works									
Current payment	60,141	(770)	(2,599)	56,772	56,762	10	100.0%	77,268	77,262
Transfers and subsidies	55,058	-	11	55,069	52,419	2,650	95.2%	69,440	58,339
Payment for capital assets	6,994	770	8,153	15,917	15,913	4	100.0%	47,458	74,349
Payment for financial assets	-	-	-	-	-	-		-	-
	122,193	-	5,565	127,758	125,094	2,664		194,166	209,950
3. Transport Infrastructure									
Current payment	485,292	(216,129)	(6,948)	262,215	262,079	136	99.9%	196,741	196,736
Transfers and subsidies	511	-	1,769	2,280	2,279	1	100.0%	18,149	18,146
Payment for capital assets	188,060	216,129	-	404,189	404,182	7	100.0%	412,936	410,765
Payment for financial assets	-	-	-	-	-	-		-	-
	673,863	-	(5,179)	668,684	668,540	144		627,826	625,647

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
For the year ended 31 March 2013

Appropriation per programme									
2012/13								2011/12	
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4. Community Based Programme									
Current payment	36,956	-	3,832	40,788	36,271	4,517	88.9%	25,732	20,996
Transfers and subsidies	50,000	-	-	50,000	19,937	30,063	39.9%	2,766	2,766
Payment for capital assets	29,911	-	(8,215)	21,696	18,760	2,936	86.5%	27,584	26,489
Payment for financial assets	-	-	-	-	1,060	(1,060)		-	-
	116,867	-	(4,383)	112,484	76,028	36,456		56,082	50,251
TOTAL	1,057,490	-	-	1,057,490	1,016,536	40,954	96.1%	1,091,401	1,055,695
Reconciliation with statement of financial performance									
Add:									
Departmental receipts				4,521				4,350	
Direct Exchequer receipts				-				31,729	
Actual amounts per Statement of financial performance (Total revenue)				1,062,011				1,127,480	
Actual amounts per Statement of Financial Performance Expenditure					1,016,536				1,055,695

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
For the year ended 31 March 2013

Appropriation per Economic classification									
	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	207,648	(19,870)	(4,786)	182,992	182,850	142	99.9%	149,148	149,141
Goods and services	462,672	(198,533)	2,673	266,812	262,094	4,718	98.2%	228,888	224,147
Interest and rent on land	231	(231)	-	-	-	-		175	172
Transfers and subsidies									
Provinces and municipalities	105,011	-	-	105,011	72,298	32,713	68.8%	86,660	75,559
Departmental agencies and accounts	54,439	-	-	54,439	52,950	1,489	97.3%	134,368	90,892
Households	1,341	-	2,034	3,375	3,373	2	99.9%	1,659	1,656
Payments for capital assets									
Buildings and other fixed structures	192,100	215,533	(50)	407,583	404,644	2,939	99.3%	424,044	447,676
Machinery and equipment	34,040	3,109	129	37,278	37,267	11	100.0%	66,386	66,380
Software and other intangible assets	8	(8)	-	-	-	-	-	73	72
Payments for financial assets	-	-	-	-	1,060	(1,060)		-	-
Total	1,057,490	-	-	1,057,490	1,016,536	40,954	96.1%	1,091,401	1,055,695

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
For the year ended 31 March 2013

Detail per programme 1 – ADMINISTRATION For the year ended 31 March 2013									
2012/13								2011/12	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Office of the MEC									
Current payment	7,184	847	-	8,031	8,028	3	100.0%	6,855	6,854
Transfers and subsidies	240	(10)	-	230	230	-	100.0%	101	101
Payment for capital assets	38	14	141	193	192	1	99.5%	913	913
Payment for financial assets	-	-	-	-	-	-	-	-	-
1.2 Management of the Department									
Current payment	6,917	546	3,708	11,171	11,169	2	100.0%	16,337	16,336
Transfers and subsidies	-	10	83	93	93	-	100.0%	295	295
Payment for capital assets	218	(14)	-	204	204	-	100.0%	388	387
Payment for financial assets	-	-	-	-	-	-	-	-	-
1.3 Corporate Support									
Current payment	74,061	(3,128)	(106)	70,827	70,634	193	99.7%	55,278	55,277
Transfers and subsidies	54,982	-	171	55,153	53,663	1,490	97.3%	131,936	88,460
Payment for capital assets	927	1,735	-	2,662	2,661	1	100.0%	1,224	1,224
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	144,567	-	3,997	148,564	146,874	1,690	98.9%	213,327	169,847

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
For the year ended 31 March 2013

Programme 1 Per Economic classification	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	53,811	(4,276)	(254)	49,281	49,279	2	100.0%	43,781	43,780
Goods and services	34,224	2,668	3,856	40,748	40,552	196	99.5%	34,597	34,596
Interest and rent on land	127	(127)	-	-	-	-		92	91
Transfers and subsidies to:									
Provinces and municipalities	-	-	-	-	-	-		-	-
Departmental agencies and accounts	54,439	-	-	54,439	52,950	1,489	97.3%	131,603	88,127
Households	783	-	254	1,037	1,036	1	99.9%	729	729
Payment for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-		266	266
Machinery and equipment	1,183	1,735	141	3,059	3,057	2	99.9%	2,192	2,192
Software and other intangible assets	-	-	-	-	-	-		67	66
Payments for financial assets	-	-	-	-	-	-		-	-
Total	144,567	-	3,997	148,564	146,874	1,690	98.9%	213,327	169,847

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
For the year ended 31 March 2013

Detail per programme 2-PUBLIC WORKS For the year ended 31 March 2013									
2012/13								2011/12	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Programme Support									
Current payment	3,036	365	-	3,401	3,399	2	99.9%	3,401	3,400
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	78	(4)	-	74	74	-	100.0%	31	31
Payment for financial assets	-	-	-	-	-	-	-	-	-
2.2 Design									
Current payment	3,303	87	-	3,390	3,388	2	99.9%	3,014	3,013
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	27	36	-	63	62	1	98.4%	36	36
Payment for financial assets	-	-	-	-	-	-	-	-	-
2.3 Construction									
Current payment	9,134	2,209	-	11,343	11,341	2	100.0%	7,444	7,443
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	6,810	(137)	8,153	14,826	14,825	1	100.0%	47,053	73,945
Payment for financial assets	-	-	-	-	-	-	-	-	-
2.4 Maintenance									
Current payment	26,278	(3,748)	(2,599)	19,931	19,928	3	100.0%	24,329	24,328
Transfers and subsidies	-	-	11	11	11	-	100.0%	305	304
Payment for capital assets	61	816	-	877	876	1	99.9%	249	248
Payment for financial assets	-	-	-	-	-	-	-	-	-

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
For the year ended 31 March 2013

Detail per programme 2-PUBLIC WORKS For the year ended 31 March 2013									
2012/13								2011/12	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.5 Immovable Asset Management									
Current payment	18,390	317	-	18,707	18,706	1	100.0%	39,080	39,078
Transfers and subsidies	55,058	-	-	55,058	52,408	2,650	95.2%	69,135	58,035
Payment for capital assets	18	59	-	77	76	1	98.7%	89	89
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	122,193	-	5,565	127,758	125,094	2,664	97.9%	194,166	209,950

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
For the year ended 31 March 2013

Programme 2 Per Economic classification	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	38,495	(4,330)	(2,599)	31,566	31,560	6	100.0%	32,234	32,231
Goods and services	21,588	3,618	-	25,206	25,202	4	100.0%	44,991	44,990
Interest and rent on land	58	(58)	-	-	-	-		43	42
Transfers and subsidies to:									
Provinces and municipalities	55,011	-	-	55,011	52,361	2,650	95.2%	69,135	58,035
Households	47	-	11	58	58	-	100.0%	305	304
Payment for capital assets									
Buildings and other fixed structures	6,536	-	8,153	14,689	14,688	1	100.0%	46,944	73,836
Machinery and equipment	458	770	-	1,228	1,225	3	99.8%	514	512
Payments for financial assets	-	-	-	-	-	-		-	-
Total	122,193	-	5,565	127,758	125,094	2,664	97.9%	194,166	209,950



DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
For the year ended 31 March 2013

Detail per programme 3- TRANSPORT INFRASTRUCTURE For the ended 31 March 2013									
2012/13								2011/12	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Programme Support Infrastructure									
Current payment	4,035	(479)	-	3,556	3,555	1	100.0%	4,961	4,960
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	120	(18)	-	102	101	1	99.0%	67	66
Payment for financial assets	-	-	-	-	-	-	-	-	-
3.2 Infrastructure Planning									
Current payment	23,502	64	-	23,566	23,563	3	100.0%	14,718	14,718
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	26	21	-	47	47	-	100.0%	46	45
Payment for financial assets	-	-	-	-	-	-	-	-	-
3.3 Infrastructure Design									
Current payment	7,805	(4,741)	(50)	3,014	3,011	3	99.9%	2,327	2,327
Transfers and subsidies	11	-	-	11	11	-	100.0%	-	-
Payment for capital assets	17	1	-	18	17	1	94.4%	268	267
Payment for financial assets	-	-	-	-	-	-	-	-	-

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
For the year ended 31 March 2013

Detail per programme 3- TRANSPORT INFRASTRUCTURE									
For the ended 31 March 2013									
2012/13								2011/12	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.4 Construction									
Current payment	199,396	(163,814)	-	35,582	35,580	2	100.0%	879	878
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	155,096	213,634	-	368,730	368,727	3	100.0%	332,104	332,102
3.5 Maintenance									
Current payment	250,554	(47,159)	(6,898)	196,497	196,370	127	99.9%	173,856	173,853
Transfers and subsidies	500	-	1,769	2,269	2,268	1	100.0%	18,149	18,146
Payment for capital assets	32,801	2,491	-	35,292	35,290	2	100.0%	80,451	78,285
Payment for financial assets	-	-	-	-	-	-	-	-	-
	673,863	-	(5,179)	668,684	668,540	144	100.0%	627,826	625,647

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
For the year ended 31 March 2013

2012/13								2011/12	
Programme 3 Per Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	105,579	(11,264)	(6,898)	87,417	87,286	131	99.9%	64,175	64,173
Goods and services	379,676	(204,828)	(50)	174,798	174,793	5	100.0%	132,534	132,530
Interest and rent on land	37	(37)	-	-	-	-		32	31
Transfers and subsidies to:									
Provinces and municipalities	-	-	-	-	-	-		17,525	17,524
Households	511	-	1,769	2,280	2,279	1	100.0%	624	622
Payment for capital assets									
Buildings and other fixed structures	155,771	215,533	-	371,304	371,301	3	100.0%	349,525	347,359
Machinery and equipment	32,281	604	-	32,885	32,881	4	100.0%	63,405	63,402
Software and other intangible assets	8	(8)	-	-	-	-		6	6
Payments for financial assets	-	-	-	-	-	-		-	-
Total	673,863	-	(5,179)	668,684	668,540	144	100.0%	627,826	625,647

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
For the year ended 31 March 2013

Detail per programme 4-COMMUNITY BASED PROGRAMME For the year ended 31 March 2013									
2012/13								2011/12	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Programme Support									
Current payment	559	(82)	-	477	378	99	79.2%	572	572
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	3	-	(3)	-	-	-	-	220	219
Payment for financial assets	-	-	-	-	-	-	-	-	-
4.2 Innovation and Empowerment									
Current payment	8,205	(82)	3,568	11,691	10,998	693	94.1%	8,915	8,914
Transfers and subsidies	-	-	-	-	-	-	-	2,766	2,766
Payment for capital assets	2,008	-	(2,002)	6	5	1	83.3%	29	29
Payment for financial assets	-	-	-	-	611	(611)	-	-	-
4.3 EPWP Coordination and Monitoring									
Current payment	28,192	164	264	28,620	24,895	3,725	87.0%	16,245	11,510
Transfers and subsidies	50,000	-	-	50,000	19,937	30,063	39.9%	-	-
Payment for capital assets	27,900	-	(6,210)	21,690	18,755	2,935	86.5%	27,335	26,241
Payment for financial assets	-	-	-	-	449	(449)	-	-	-
Total	116,867	-	(4,383)	112,484	76,028	36,456	67.6%	56,082	50,251

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
For the year ended 31 March 2013

2012/13								2011/12	
Programme 4 Per Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	9,763	-	4,965	14,728	14,725	3	100.0%	8,958	8,957
Goods and services	27,184	9	(1,133)	26,060	21,547	4,513	82,7%	16,766	12,031
Interest and rent on land	9	(9)	-	-	-	-		8	8
Transfers and subsidies to:									
Provinces and municipalities	50,000	-	-	50,000	19,937	30,063	39.9%	-	-
Departmental agencies and accounts	-	-	-	-	-	-		2,765	2,765
Households	-	-	-	-	-	-		1	1
Payment for capital assets									
Buildings and other fixed structures	29,793	-	(8,203)	21,590	18,655	2,935	86.4%	27,309	26,215
Machinery and equipment	118	-	(12)	106	104	2	98.1%	275	274
Payments for financial assets	-	-	-	-	1,060	(1,060)		-	-
Total	116,867	-	(4,383)	112,484	76,028	36,456	67.6%	56,082	50,251

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE APPROPRIATION STATEMENT
For the year ended 31 March 2013

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1	Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
		R'000	R'000	R'000	%

Programme name

1.	Administration	148,564	146,874	1,690	1%
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A saving of R1,459 million was realised on the purchase of the white fleet and will be surrendered of Provincial Treasury. The balance was an under spending on the IT Security and a roll over request was submitted.

Programme name

2.	Public Works	127,758	125,094	2,664	2%
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The under spending was on the rates and taxes grant and a request for the rollover of the funds was submitted.

Programme name

4.	Community Based Pogramme	112,484	76,028	36,456	32%
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The main reason for the under spending can be attributed to the Khotso Nala project, the Bloodhound project, other capital projects and the EPWP incentive grant. A rollover request was submitted to Provincial Treasury.

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE APPROPRIATION STATEMENT
For the year ended 31 March 2013

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current payments				
Compensation of employees	182,992	182,850	142	0%
Goods and services	269,245	264,527	4,718	7%
Interest and rent on land	-	-	-	
Unauthorised expenditure approved	-	-	-	
Transfers and subsidies				
Provinces and municipalities	105,011	72,298	32,713	31%
Departmental agencies and accounts	54,439	52,950	1,489	3%
Households	3,375	3,373	2	0%
Payments for capital assets				
Buildings and other fixed structures	407,583	404,644	2,939	1%
Machinery and equipment	34,845	34,834	11	0%
Software and other intangible assets				
Payments for financial assets	-	1,060	(1,060)	0%

The under spending on goods and services can be attributed to the under spending on the Bloodhound project as well as on the EPWP Incentive grant. A further saving was also realised and will defray the payments for financial assets. The under spending on Provinces and municipalities can be attributed to the Khotso Nala project which was not completed as the under spending on the devolution of rated and taxes grant. The under spending on Department agencies and accounts relates to a saving on the purchase of the white fleet.

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE APPROPRIATION STATEMENT
For the year ended 31 March 2013

4.3 Per conditional grant	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
Public Works				
Dev Prop Rate Fun Grn Pr	55,011	52,361	2,650	5%
Epwp Inter Grnt Prov	1,915	-	1,915	100%
Transport				
Prov Roads Maint Grant	483,706	483,706	-	0%

A delay with a payment on the rates and taxes grant took place. This amount was requested for rollover. Contract for the EPWP Incentive grant could not be signed on time. This amount was also requested for rollover.

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 31 March 2013

PERFORMANCE	Note	2012/13 R'000	2011/12 R'000
REVENUE			
Annual appropriation	1	1,057,490	1,091,401
Departmental revenue	2	4,521	4,350
Direct Exchequer Receipts	3	-	31,729
TOTAL REVENUE		1,062,011	1,127,480
EXPENDITURE			
Current expenditure			
Compensation of employees	5	182,850	149,141
Goods and services	6	262,094	224,147
Interest and rent on land	7	-	172
Total current expenditure		444,944	373,460
Transfers and subsidies			
Transfers and subsidies	9	128,621	168,107
Total transfers and subsidies		128,621	168,107
Expenditure for capital assets			
Tangible capital assets	10	441,911	514,056
Software and other intangible assets	10	-	72
Total expenditure for capital assets		441,911	514,128
Payments for financial assets	8	1,060	-
TOTAL EXPENDITURE		1,016,536	1,055,695
SURPLUS/(DEFICIT) FOR THE YEAR		45,475	71,785
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		40,954	35,706
Annual appropriation		36,390	17,706
Conditional grants		4,564	18,000
Unconditional grants		-	-
Departmental revenue and NRF Receipts	16	4,521	4,350
Direct Exchequer receipts/payments	7	-	31,729
Aid assistance	4	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		45,475	71,785

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2013

POSITION	Note	2012/13 R'000	2011/12 R'000
ASSETS			
Current assets		67,896	77,301
Unauthorised expenditure	11	34,148	34,148
Cash and cash equivalents	12	24,573	32,980
Prepayments and advances	13	-	31
Receivables	14	4,877	5,844
Aid assistance receivable	4	4,298	4,298
TOTAL ASSETS		67,896	77,301
LIABILITIES			
Current liabilities		67,896	77,301
Voted funds to be surrendered to the Revenue Fund	15	40,954	25,906
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	16	248	278
Direct Exchequer Receipts to be surrendered to the Revenue Fund	17	-	31,729
Payables	18	26,694	19,388
TOTAL LIABILITIES		67,896	77,301
NET ASSETS		-	-

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
CASH FLOW STATEMENT
For the year ended 31 March 2013

CASH FLOW

	Note	2012/13 R'000	2011/12 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1,062,011	1,122,746
Annual appropriated funds received	1.1	1,057,490	1,086,667
Departmental revenue received	2	4,521	4,350
Direct Exchequer receipts	3	-	31,729
Net (increase)/decrease in working capital		8,304	(37,081)
Surrendered to Revenue Fund		(62,186)	(25,540)
Surrendered to RDP Fund/Donor		-	-
Current payments		(444,944)	(346,569)
Payments for financial assets		(1,060)	-
Transfers and subsidies paid		(128,621)	(168,107)
Net cash flow available from operating activities	19	433,504	545,449
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	10	(441,911)	(514,128)
Net cash flows from investing activities		(441,911)	(514,128)
Net increase/(decrease) in cash and cash equivalents		(8,407)	31,321
Cash and cash equivalents at beginning of period		32,980	1,659
Cash and cash equivalents at end of period	20	24,573	32,980

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
ACCOUNTING POLICIES
For the year ended 31 March 2013

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2010.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting.

Under this basis, the effects of transactions and other events are recognised in the financial records when the resulting cash is received or paid. The “modification” results from the recognition of certain near-cash balances in the financial statements as well as the revaluation of foreign investments and loans and the recognition of resulting revaluation gains and losses.

In addition supplementary information is provided in the disclosure notes to the financial statements where it is deemed to be useful to the users of the financial statements.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
ACCOUNTING POLICIES
For the year ended 31 March 2013

2. Revenue

2.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Any amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

Any amount due from the National/Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Fund at the end of the financial year is recognised as a payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure notes to the annual financial statements.

2.3 Direct Exchequer receipts

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Funds at the end of the financial year is recognised as a payable in the statement of financial position.

2.4 Direct Exchequer payments

All direct exchequer payments are recognised in the statement of financial performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
ACCOUNTING POLICIES
For the year ended 31 March 2013

2.5 Aid assistance

Aids assistance is recognised as revenue when received

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year)

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments effected on the system (by no later then 31 March of each year)

Inappropriately expensed amounts using CARA funds are recognised as payables in the statement of financial position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the revenue fund.

3. Expenditure

3.1 Compensation of employees

3.1.1 Salaries and wages

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the statement of financial performance.

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
ACCOUNTING POLICIES
For the year ended 31 March 2013

3.1.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5, 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as *goods and services* and not as *rent on land*.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under spending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements.

All other losses are recognised when authorisation has been granted for the recognition thereof.

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
ACCOUNTING POLICIES
For the year ended 31 March 2013

3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 Unauthorised expenditure

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date stipulated in the Act.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
ACCOUNTING POLICIES
For the year ended 31 March 2013

4.2 Other financial assets

Other financial assets are carried in the statement of financial position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.4 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.5 Investments

Capitalised investments are shown at cost in the statement of financial position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.6 Loans

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

4.7 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
ACCOUNTING POLICIES
For the year ended 31 March 2013

4.8 Capital assets

4.8.1 Movable assets

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

4.8.2 Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1. Where the fair value for the asset has been determined as a reliable estimate, the department can use the value.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets". On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

4.8.3 Intangible assets

Initial recognition

An intangible asset is recorded in the asset register on receipt of the item at cost. Cost of an intangible asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the intangible asset is stated at fair value. Where fair value cannot be determined, the intangible asset is included in the asset register at R1.

All intangible assets acquired prior to 1 April 2002 can be included in the asset register at R1.*

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
ACCOUNTING POLICIES
For the year ended 31 March 2013

Subsequent expenditure

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital asset” and is capitalised in the asset register of the department.

Maintenance is expensed as current “goods and services” in the statement of financial performance.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

5.4 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.5 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
ACCOUNTING POLICIES
For the year ended 31 March 2013

5.7 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as a capital expense in the statement of financial performance and are not apportioned between the capital and the interest portions. The total finance lease payment is disclosed in the disclosure notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statement.

5.8 Impairment

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

5.9 Provisions

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements. These receivables are written off when identified as irrecoverable and are disclosed separately.

7. Net Assets

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
ACCOUNTING POLICIES
For the year ended 31 March 2013

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

8. Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

9. Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

10. Public private partnerships

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

**DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013**

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

		2012/13	Funds not requested/ not received	2011/12 Appropriation received
	Final Appropriation	Actual Funds Received		
	R'000	R'000	R'000	R'000
Administration	148,564	148,564	-	213,327
Public Works	127,758	127,758	-	194,166
Transport Infrastructure	668,684	668,684	-	627,826
Community Based Programme	112,484	112,484	-	51,348
Total	1,057,490	1,057,490	-	1,086,667

1.2 Conditional grants

	Note	2012/13 R'000	2011/12 R'000
Total grants received	35	<u>540,632</u>	<u>506,456</u>
Provincial grants included in Total Grants received		<u>-</u>	<u>-</u>

**DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013**

2. Departmental revenue

	<i>Note</i>	2012/13 R'000	2011/12 R'000
Sales of goods and services other than capital assets	2.1	4,039	4,052
Transactions in financial assets and liabilities	2.2	482	298
Total revenue collected		4,521	4,350
Less: Own revenue included in appropriation	16	-	-
Departmental revenue collected		4,521	4,350

2.1 Sales of goods and services other than capital assets

	2		
Sales of goods and services produced by the department		4,014	4,052
Sales by market establishment		3,087	3,339
Administrative fees		-	-
Other sales		927	713
Sales of scrap, waste and other used current goods		25	-
Total		4,039	4,052

2.2 Transactions in financial assets and liabilities

	2		
Loans and advances		-	-
Receivables		482	298
Total		482	298

3. Direct Exchequer Receipts

Other	-	31,729
Total	-	31,729

**DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013**

4. Aid assistance

4.1 Aid assistance received in cash from other sources

	<i>Note</i>	2012/13 R'000	2011/12 R'000
Local			
Opening Balance		(4,298)	(4,298)
Revenue		-	-
Expenditure		-	-
Current		-	-
Capital		-	-
Transfers		-	-
Prepayments		-	-
Surrendered to the donor		-	-
Closing Balance		(4,298)	(4,298)

4.2 Total assistance

Opening Balance		(4,298)	(4,298)
Revenue		-	-
Expenditure		-	-
Current		-	-
Capital		-	-
Transfers		-	-
Prepayments		-	-
Surrendered / Transferred to retained funds		-	-
Closing Balance		(4,298)	(4,298)

4.3 Analysis of balance

Aid assistance receivable		(4,298)	(4,298)
Other sources		(4,298)	(4,298)
Closing balance		(4,298)	(4,298)

5. Compensation of employees

5.1 Salaries and Wages

Basic salary	118,184	100,420
Performance award	2,550	1,675
Service Based	234	114
Compensative/circumstantial	1,434	1,351
Periodic payments	8,980	3,880
Other non-pensionable allowances	27,121	21,053
Total	158,503	128,493

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Social contributions

	<i>Note</i>	2012/13 R'000	2011/12 R'000
Employer contributions			
Pension		14,737	12,746
Medical		9,560	7,864
Bargaining council		50	38
Total		24,347	20,648
 Total compensation of employees		 182,850	 149,141
 Average number of employees		 827	 747

6. Goods and services

Administrative fees		1,175	1,046
Advertising		3,944	1,721
Assets less than R5,000	6.1	824	911
Bursaries (employees)		189	190
Catering		1,471	1,198
Communication		2,821	2,621
Computer services	6.2	1,982	1,545
Consultants, contractors and agency/outsourced services	6.3	163,361	38,012
Entertainment		186	39
Audit cost – external	6.4	5,967	4,868
Fleet services		-	-
Inventory	6.5	20,651	9,919
Housing		-	-
Operating leases		10,699	6,813
Property payments	6.6	24,756	133,941
Rental and hiring		53	-
Transport provided as part of the departmental activities		7	4
Travel and subsistence	6.7	19,080	17,194
Venues and facilities		373	429
Training and staff development		3,174	2,932
Other operating expenditure	6.8	1,381	764
Total		262,094	224,147

6.1 Assets less than R5,000

	6		
Tangible assets		552	642
Machinery and equipment		552	642
Intangible assets		272	269
 Total		 824	 911

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6.2 Computer services

	<i>Note</i> 6	2012/13 R'000	2011/12 R'000
SITA computer services		1,122	1,489
External computer service providers		860	56
Total		1,982	1,545

6.3 Consultants, contractors and agency/outsourced services

	6		
Business and advisory services		13,913	18,007
Infrastructure and planning		42	11,734
Laboratory services		-	9
Legal costs		25,655	2,563
Contractors		123,751	5,699
Total		163,361	38,012

6.4 Audit cost – External

	6		
Regularity audits		5,967	3,895
Investigations		-	973
Total		5,967	4,868

6.5 Inventory

	6		
Food and food supplies		-	175
Fuel, oil and gas		-	561
Other consumables		14,964	6,328
Materials and supplies		2,802	619
Stationery and printing		2,885	2,235
Medical supplies		-	1
Total		20,651	9,919

6.6 Property payments

	6		
Municipal services		6,026	4,725
Property maintenance and repairs		5,278	106,154
Other		13,452	23,062
Total		24,756	133,941

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6.7 Travel and subsistence

	<i>Note</i> 6	2012/13 R'000	2011/12 R'000
Local		18,944	16,698
Foreign		136	496
Total		19,080	17,194

6.8 Other operating expenditure

	6		
Learnerships		-	19
Professional bodies, membership and subscription fees		167	116
Resettlement costs		124	387
Other		1,090	242
Total		1,381	764

7. Interest and rent on land

Interest paid	-	172
Total	-	172

8. Payments for financial assets

Debts written off	8.1	1,060	-
Total		1,060	-

8.1 Debts written off

	8		
Nature of debts written off			
Other debt written off:			
Long outstanding inter-Departmental Debt written-off		1,060	-
Total debt written off		1,060	-

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9. Transfers and subsidies

		2012/13 R'000	2011/12 R'000
	<i>Note</i>		
Provinces and municipalities	35, 36, Annex 1A, Annex 1B	72,298	75,559
Departmental agencies and accounts	Annex 1C	52,949	90,892
Households	Annex 1H	3,051	1,254
Gifts, donations and sponsorships made	Annex 1K	323	402
Total		128,621	168,107

Unspent funds transferred to the above beneficiaries

10. Expenditure for capital assets

Tangible assets		441,911	514,056
Buildings and other fixed structures	34	404,642	447,676
Machinery and equipment	32	37,269	66,380
Software and other intangible assets		-	72
Computer software	33	-	72
Total		441,911	514,128

10.1 Analysis of funds utilised to acquire capital assets – 2012/13

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	441,911	-	441,911
Buildings and other fixed structures	404,642	-	404,642
Machinery and equipment	37,269	-	37,269
Total	441,911	-	441,911

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10.2 Analysis of funds utilised to acquire capital assets – 2011/12

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	514,056	-	514,056
Buildings and other fixed structures	447,676	-	447,676
Machinery and equipment	66,380	-	66,380
Software and other intangible assets	72	-	72
Computer software	72	-	72
Total	514,128	-	514,128

11. Unauthorised expenditure

11.1 Reconciliation of unauthorised expenditure

	Note	2012/13 R'000	2011/12 R'000
Opening balance		34,148	7,257
Unauthorised expenditure – discovered in current year	15	-	26,891
Unauthorised expenditure awaiting authorisation/ written off		34,148	34,148

11.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

Capital	32,110	32,110
Current	2,038	2,038
Total	34,148	34,148

11.3 Analysis of unauthorised expenditure awaiting authorisation per type

Unauthorised expenditure relating to overspending of the vote or a main division within a vote	5,219	5,219
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	28,929	28,929
Total	34,148	34,148

12. Cash and cash equivalents

Consolidated Paymaster General Account	24,573	32,980
Total	24,573	32,980

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13. Prepayments and advances

	<i>Note</i>	2012/13 R'000	2011/12 R'000
Staff advances		-	31
Total		-	31

14. Receivables

		R'000	2012/13 R'000	R'000	R'000	2011/12 R'000
		Less than one year	One to three years	Older than three years	Total	Total
Claims	<i>Note</i>					
recoverable	14.1	295	2,118	266	2,679	3,610
Recoverable	<i>Annex 4</i>					
expenditure	14.2	75	56	838	969	894
Staff debt	14.3	99	206	220	525	483
Other debtors	14.4	-	-	704	704	857
Total		469	2,380	2,028	4,877	5,844

14.1 Claims recoverable

	14		
National departments		29	29
Provincial departments		2,650	3,581
Total		2,679	3,610

14.2 Recoverable expenditure (disallowance accounts)

	14		
(Group major categories, but list material items)			
Disallowance Damages & Losses		447	447
Disallowance Dishonoured Cheques		28	28
Disallowance Miscellaneous		419	419
Salary Income tax		75	-
Total		969	894

14.3 Staff debt

	14		
(Group major categories, but list material items)			
Debt Account		519	481
Pension Recoverable Debt		3	-
Salary Income \ Tax		3	-
Salary Pension Fund		-	2
Total		525	483

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14.4 Other debtors

	Note 14	2012/13 R'000	2011/12 R'000
(Group major categories, but list material items)			
Claims Recoverable Northern Cape		704	787
Salary: Income Tax		-	70
Total		704	857

15. Voted funds to be surrendered to the Revenue Fund

Opening balance		25,906	(11,433)
Transfer from statement of financial performance		40,954	35,706
Add: Unauthorised expenditure for current year	11	-	26,891
Voted funds not requested/not received	1.1	-	(4,734)
Paid during the year		(25,906)	(20,524)
Closing balance		40,954	25,906

16. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

Opening balance		278	944
Transfer from Statement of Financial Performance		4,521	4,350
Paid during the year		(4,551)	(5,016)
Closing balance		248	278

17. Direct Exchequer receipts to be surrendered to the Revenue Fund

Opening balance		31,729	-
Transfer from Statement of Financial Performance		-	31,729
Paid during the year		(31,729)	-
Closing balance		-	31,729

18. Payables – current

Amounts owing to other entities		24,101	14,823
Clearing accounts	18.1	-	3
Other payables	18.2	2,593	4,562
Total		26,694	19,388

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18.1 Clearing accounts

	Note 18	2012/13 R'000	2011/12 R'000
Salary Medical Aid		-	3
(Identify major categories, but list material amounts)			
Total		-	3

18.2 Other payables

Description	18		
Salary Reversal Control		2	-
Claims Recoverable Province Department		975	3,177
Disallowance Miscellaneous		544	544
Salary Disallowance Account		9	3
Sal: ACB Recalls:		5	7
Rental and Tender Deposits		1,024	797
Removed Tender Deposits		34	34
Total		2,593	4,562

19. Net cash flow available from operating activities

Net surplus/(deficit) as per Statement of Financial Performance	45,475	71,785
Add back non cash/cash movements not deemed operating activities	388,029	473,664
Increase)/decrease in receivables – current	967	(33)
(Increase)/decrease in prepayments and advances	31	(28)
(Increase)/decrease in other current assets	-	-
Increase/(decrease) in payables – current	7,306	(10,129)
Proceeds from sale of capital assets	-	-
Proceeds from sale of investments	-	-
(Increase)/decrease in other financial assets	-	-
Expenditure on capital assets	441,911	514,128
Surrenders to Revenue Fund	(62,186)	(25,540)
Surrenders to RDP Fund/Donor	-	-
Voted funds not requested/not received	-	(4,734)
Own revenue included in appropriation	-	-
Other non-cash items	-	-
Net cash flow generated by operating activities	433,504	545,449

20. Reconciliation of cash and cash equivalents for cash flow purposes

Consolidated Paymaster General account	24,573	32,980
Total	24,573	32,980

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These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

21. Contingent liabilities and contingent assets

21.1 Contingent liabilities

		<i>Note</i>	2012/13 R'000	2011/12 R'000
Liable to	Nature			
Motor vehicle guarantees	Employees	<i>Annex 3A</i>	-	-
Housing loan guarantees	Employees	<i>Annex 3A</i>	24	24
Other guarantees		<i>Annex 3A</i>	-	-
Claims against the department		<i>Annex 3B</i>	13,685	120,774
Other departments (interdepartmental unconfirmed balances)		<i>Annex 5</i>	284	838
			13,993	121,636

21.2 Contingent assets

Nature of contingent asset		
Khumbula Property Services	15 835	18,779
Khumbula Property Services	23 852	13,352
Guard Risk	8 369	7,869
Mperefere Edith Mocwaledi	211	211
Vista Park Developments	443	-
Vista Park	25	25
Khumbula Property Services	-	53
Total	48,735	40,289

22. Commitments

Current expenditure

Approved and contracted	142,360	54,393
Approved but not yet contracted	102	2,775
	142,462	57,169

Capital expenditure (including transfers)

Approved and contracted	239,182	278,026
Approved but not yet contracted	15,000	-
	254,182	278,026
Total Commitments	396,644	335,194

Contract for cleaning, gardening and security services are for a longer period than a year.

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23. Accruals

			2012/13 R'000	2011/12 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	20,007	110,333	130,340	99,435
Interest and rent on land	-	-	-	-
Transfers and subsidies	6,957	44,250	51,207	1,136
Capital assets	1,373	368	1,741	107,997
Other	308	133	441	1,152
Total	28,645	155,084	183,729	209,720
	<i>Note</i>		2012/13 R'000	2011/12 R'000
Listed programme level				
Administration			127,880	87,677
Public Works			49,640	4,916
Road Infrastructure			3,440	113,796
Community Based Programme			2,769	3,331
Total			183,729	209,720
Confirmed balances with other departments	<i>Annex 5</i>		994	3,177
Confirmed balances with other government entities	<i>Annex 5</i>		-	14,823
Total			994	18,000

24. Employee benefits

Leave entitlement	8,204	6,540
Service bonus (Thirteenth cheque)	5,090	4,761
Performance awards	2,981	71
Capped leave commitments	10,924	10,514
Total	27,199	21,886

The leave entitlement include negative balances for 52 officials amounting to R160 252.73 relating to the Current Cycle Leave and Capped Leave.

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25. Lease commitments

25.1 Operating leases expenditure

	Specialise d military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2012/13					
Not later than 1 year	-	-	1,614	-	1,614
Later than 1 year and not later than 5 years	-	-	7,626	-	7,626
Later than five years	-	-	888	-	888
Total lease commitments	-	-	10,128	-	10,128

	Specialise d military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2011/12					
Not later than 1 year	-	-	1,165	-	1,165
Later than 1 year and not later than 5 years	-	-	7,378	-	7,378
Later than five years	-	-	888	-	888
Total lease commitments	-	-	9,431	-	9,431

25.2 Finance leases expenditure

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2012/13					
Not later than 1 year	-	-	-	3,381	3,381
Later than 1 year and not later than 5 years	-	-	-	6,192	6,192
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	9,573	9,573

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2011/12					
Not later than 1 year	-	-	-	1,284	1,284
Later than 1 year and not later than 5 years	-	-	-	8,267	8,267
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	9,551	9,551
LESS: finance costs	-	-	-	171	171
Total present value of lease liabilities	-	-	-	9,380	9,380

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25.3 Operating lease revenue**

2012/13	Specialise d military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	391	-	391
Later than 1 year and not later than 5 years	-	-	512	-	512
Later than five years	-	-	-	-	-
Total operating lease revenue receivable	-	-	903	-	903

2011/12	Specialise d military equipment	Land	Buildings and other fixed structure s	Machinery and equipment	Total
Not later than 1 year	-	-	632	-	632
Later than 1 year and not later than 5 years	-	-	854	-	854
Later than five years	-	-	44	-	44
Total operating lease revenue receivable	-	-	1,530	-	1,530

26. Receivables for departmental revenue

	2012/13 R'000	2011/12 R'000
Sales of goods and services other than capital assets	1,560	1,017
Total	1,560	1,017

26.1 Analysis of receivables for departmental revenue

Opening balance	1,017	805
Less: amounts received	(3,089)	(4,003)
Add: amounts recognised	3,632	4,215
Less: amounts written-off/reversed as irrecoverable	-	-
Closing balance	1,560	1,017

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27. Irregular expenditure

27.1 Reconciliation of irregular expenditure

	2012/13 R'000	2011/12 R'000
Opening balance	221,355	220,546
Add: Irregular expenditure – relating to prior year	142,724	19,044
Add: Irregular expenditure – relating to current year	94,728	58,154
Less: Amounts condoned	(33,301)	(76,389)
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
Irregular expenditure awaiting condonation	425,506	221,355

Analysis of awaiting condonation per age classification

Current year	94,728	58,154
Prior years	330,779	163,201
Total	425,506	221,355

Further instances of irregular expenditure that might have resulted from non-compliance with the supply chain management process are under investigation.

27.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2012/13 R'000
Inadequate Procurement: Insufficient number of quotations	Under Investigation	2,013
Inadequate Procurement: Deficient tender procedures	Under Investigation	66,480
Inadequate Procurement: Invalid or no Tax Clearance Certificate	Under Investigation	11,124
Inadequate Procurement: No SBD's attached	Under Investigation	1,617
Inadequate Procurement: Preferential Procurement	Under Investigation	60
Inadequate Procurement: Travel Agencies (Rotation System)	Under Investigation	7,673
Inadequate Procurement: No Evaluation Criteria	Under Investigation	243
Payments exceed contract amount	Under Investigation	5,509
Overtime	Under Investigation	8
Total		94,728

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27.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2012/13 R'000
Inadequate procurement	Accounting Officer	449
Inadequate tendering process	Accounting Officer	28,957
Incorrect payment authorization	Accounting Officer	3
Insufficient number of quotations	Accounting Officer	1,694
Lowest quotation not accepted	Accounting Officer	9
Non-compliance to SCM policy	Accounting Officer	1,519
Payment without necessary supporting documents	Accounting Officer	70
Payment without supporting documentation	Accounting Officer	504
Tender deviation deficiencies	Accounting Officer	96
Total		<u>33,301</u>

It should be noted that there are additional irregular expenditure amounting to R 35,124,105.66, recommended to Treasury for condonement.

27.4 Details of irregular expenditures under investigation

Incident	2012/13 R'000
Inadequate Procurement:	2,013
Insufficient number of quotations	
Inadequate Procurement:	66,480
Deficient tender procedures	
Inadequate Procurement:	11,124
Invalid or no Tax Clearance Certificate	
Inadequate Procurement:	1,617
No SBD's attached	
Inadequate Procurement:	60
Preferential Procurement	
Inadequate Procurement:	7,673
Travel Agencies (Rotation System)	
Inadequate Procurement:	243
No Evaluation Criteria	
Payments exceed contract amount	5,509
Overtime	8
Total	<u>94,728</u>

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28. Fruitless and wasteful expenditure

28.1 Reconciliation of fruitless and wasteful expenditure

	2012/13 R'000	2011/12 R'000
Opening balance	1,490	272
Fruitless and wasteful expenditure – relating to prior year	-	-
Fruitless and wasteful expenditure – relating to current year	77	1,218
Less: Amounts resolved	(2)	-
Less: Amounts transferred to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting resolution	1,565	1,490

28.2 Analysis of awaiting resolution per economic classification

Current	77	1,218
Capital	-	-
Transfers and subsidies	-	-
Total	77	1,218

28.3 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2012/13 R'000
Interest and Penalties	None	62
Travelling and Subsistence-Cancellation	None	11
Cost incurred for no show	None	3
Overpayment to supplier	None	1
Total		77

29. Related party transactions

Revenue received

Revenue received	-	-
Total	-	-

Payments made

Goods and services	84,402	39,309
Interest and rent on land	-	-
Purchases of capital assets	31,679	76,830
Transactions in financial assets and liabilities	-	-
Transfers	-	-
Total	116,081	116,139

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	2012/13 R'000	2011/12 R'000
Year end balances arising from revenue/payments		
Receivables from related parties	-	-
Payables to related parties	24,101	14,823
Total	24,101	14,823

An amount payable of R105,776,634 in respect of the Northern Cape Fleet Entity is included at accruals. The total amount payable is R129,877,305.

No	Departmental entered into	Type of Relationship	Type of Transaction	Significant Element
1	NC Department of Agriculture and Land Reform	Gov. Sphere	Rental	Rentals at R0
2	NC Department of COGHSTA	Gov. Sphere	Rental	Rentals at R0
3	NC Department of Education	Gov. Sphere	Rental	Rentals at R0
4	NC Department of Health	Gov. Sphere	Rental	Rentals at R0
5	NC Department of Legislature	Gov. Sphere	Rental	Rentals at R0
6	NC Department of Safety and Liaison	Gov. Sphere	Rental	Rentals at R0
7	NC Department of Social Development	Gov. Sphere	Rental	Rentals at R0
8	NC Department of Sports, Arts and Culture	Gov. Sphere	Rental	Rentals at R0
9	NC Department of Tourism	Gov. Sphere	Rental	Rentals at R0

30. Key management personnel

	No. of Individuals		
Political office bearers (provide detail below)	1	1,652	1,566
Officials:			-
Level 15 to 16	1	1,184	1,088
Level 14 (incl. CFO if at a lower level)	4	3,675	3,539
Family members of key management personnel	0	-	-
Total		6,511	6,193

31. Public Private Partnership

Contract fee paid	-	16,810
Fixed component	-	-
Indexed component	-	16,810
Other	25	-
Prepayments and advances	-	-
Pre-production obligations	-	-
Other obligations	25	-

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32. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	12,106	45	33,100	31,679	13,572
Transport assets	759	-	31,679	31,679	759
Computer equipment	5,357	45	786	-	6,188
Furniture and office equipment	3,715	-	119	-	3,834
Other machinery and equipment	2,275	-	516	-	2,791
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	12,106	45	33,100	31,679	13,572

32.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	37,268	-	(4,168)	-	33,100
Transport assets	34,112	-	(2,433)	-	31,679
Computer equipment	786	-	-	-	786
Furniture and office equipment	119	-	-	-	119
Other machinery and equipment	2,251	-	(1,735)	-	516
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	37,268	-	(4,168)	-	33,100

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32.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash Received Actual R'000
MACHINERY AND EQUIPMENT	-	31,679	31,679	-
Transport assets	-	31,679	31,679	-
Computer equipment	-	-	-	-
Furniture and office equipment	-	-	-	-
Other machinery and equipment	-	-	-	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	31,679	31,679	-

32.3 Movement for 2011/12

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	13,799	63,299	64,992	12,106
Transport assets	1,387	63,440	64,068	759
Computer equipment	5,305	723	671	5,357
Furniture and office equipment	4,569	(767)	87	3,715
Other machinery and equipment	2,538	(97)	166	2,275
TOTAL MOVABLE TANGIBLE ASSETS	13,799	63,299	64,992	12,106

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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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32.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2013

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	3,574	-	2,264	-	5,838
Curr Year Adjustments to Prior Year balances	-	-	-	-	-	-
Additions	-	272	-	585	-	857
Disposals	-	-	-	-	-	-
TOTAL MINOR ASSETS	-	3,846	-	2,849	-	6,695

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	403	-	4,455	-	4,858
Number of minor assets at cost	-	403	-	2,850	-	3,253
TOTAL NUMBER OF MINOR ASSETS	-	806	-	7,305	-	8,111

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2012

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	3,305	-	1,623	-	4,928
Additions	-	269	-	641	-	910
Disposals	-	-	-	-	-	-
TOTAL MINOR ASSETS	-	3,574	-	2,264	-	5,838

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	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	231	-	2,796	-	3,027
Number of minor assets at cost	-	-	-	-	-	-
TOTAL NUMBER OF MINOR ASSETS	-	231	-	2,796	-	3,027

33. Intangible Capital Assets

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2013**

	Opening balance	Current Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	1,325	16	-	-	1,341
TOTAL INTANGIBLE CAPITAL ASSETS	1,325	16	-	-	1,341

33.1 Movement for 2011/12

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2012**

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	1,395	(65)	5	1,335
TOTAL INTANGIBLE CAPITAL ASSETS	1,395	(65)	5	1,335

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34. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	21,717,009	643,801	9,991,174	-	32,351,984
Dwellings	-	-	-	-	-
Non-residential buildings	1,066,289	643,801	(179,194)	-	1,530,896
Other fixed structures	20,650,720	-	10,170,368	-	30,821,088
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	21,717,009	643,801	9,991,174	-	32,351,984

a) Provincial facilities not registered in name of custodian:

Department	Facility Function	Average duration: agreement to use	Number of facilities					
			Private	Municipal	Tribal	Unregist ered land	North West Prov. Gov.	Western Cape Prov. Gov.
Northern Cape Department of Education	Schools	Indefinite	116	77	1	168		1
Northern Cape Department of Sport, Arts & Culture	Sport & recreational	Indefinite	1	8				
Northern Cape Department of Social Development	Social services	Indefinite	2	16		6		
Northern Cape Department of Health	Health services	Indefinite	33	56		15		
Northern Cape Department of Agriculture and Land Reform	Agriculture & research	Indefinite	5	1		7		
Northern Cape Department of COGHSTA	Housing services	Indefinite		1				
Northern Cape Department of Roads & Public Works	Infrastructure services	Indefinite	23	42		48	2	
Northern Cape Department of Economic Affairs	Treasury services	Indefinite	2					
Northern Cape Department of Safety & Liaison	Transport services	Indefinite	2	1		1		
Northern Cape Department of Tourism	Tourism development	Indefinite	2					
Northern Cape Regional Services Council	Roads function	Indefinite	5	11		3		
Northern Cape Provincial Legislature	Legislature services	Indefinite						
TOTAL			191	213	1	248	2	1

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Department of Health: As a result of the disclaimer of opinion for previous years, information could not be provided from the user department for disclosure. The Department of Roads and Public Works could not determine the completeness of the disclosure requirements. Health facilities are under investigation and the expected time-frame for the investigations to be finalised is by the end of financial year 2013/14.

Department of Education: Information provided from the user department for disclosure is under investigation and the expected time-frame for the investigations to be finalised is by the end of financial year 2013/14.

b) Lodgement of item 28(1) certificates:

Calculated opening balance of lodgements	554
Requests lodges in 2012/2013	14
Certificates received & issued 2012/2013	<u>(5)</u>
Calculated closing balance of lodgements	563



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Assets in the process of transfer in terms of S42 of the PFMA

	TOTAL		HEALTH		EDUCATION		SOCIAL DEVELOPMENT		Sports, Arts and Culture	
	No of Assets	Value of Assets R'000	No of Assets	Value of Assets R'000	No of Assets	Value of Assets R'000	No of Assets	Value of Assets R'000	No of Assets	Value of Assets R'000
BUILDINGS AND OTHER FIXED STRUCTURES										
Dwellings							6	68,032		
Non-residential building	261	371,976	0	0	225	218,540	22	21,051	7	63,053
Other fixed structures										
HERITAGE ASSETS										
Heritage assets										
LAND AND SUBSOIL ASSETS										
Land									1	1,300
Mineral and similar non-regenerative										
TOTAL	261	371,976	0	0	225	218,540	28	89,083	8	64,353

The above assets have not been not been transferred through S42 at year-end due to the departure guidance that was only issued after financial year-end.

The following is supplementary to the disclosure:

Department of Health: *As a result of the disclaimer of opinion for previous years, information could not be provided from the user department for disclosure. The Department of Roads and Public Works could not determine the completeness of the disclosure requirements. Health facilities are under investigation and the expected time-frame for the investigations to be finalised is by the end of financial year 2013/14.*

Department of Education: *Information provided from the user department for disclosure is under investigation and the expected time-frame for the investigations to be finalised is by the end of financial year 2013/14.*

34.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	404,643	9,804,189	(217,658)	-	9,991,174
Dwellings	-	-	-	-	-
Non-residential buildings	14,688	(193,882)	-	-	(179,194)
Other fixed structures	389,955	9,998,071	(217,658)	-	10,170,368
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	404,643	9,804,189	(217,658)	-	9,991,174

34.2 Movement for 2011/12

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	19,374,918	2,342,091	-	21,717,009
Dwellings	-	-	-	-
Non-residential buildings	804,313	261,976	-	1,066,289
Other fixed structures	18,570,605	2,080,115	-	20,650,720
TOTAL IMMOVABLE TANGIBLE ASSETS	19,374,918	2,342,091	-	21,717,009

34.3 Immovable assets valued at R1

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2013

	Buildings and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Total R'000
R1 Immovable assets	290	-	-	290
TOTAL	290	-	-	290

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2012

	Buildings and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Total R'000
R1 Immovable assets	895	-	-	895
TOTAL	895	-	-	895



35. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION					Amount received by department	SPENT			2011/12	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available		Amount spent by department	Under / (Overspending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000
Division of Revenue Act Provincial Grants: Provincial Roads Maintenance Grant	483,706	-	-	-	483,706	483,706	483,706	-	100%	308 760	308 759
Dev of Prop Rates Funds Grant to Prov	43,911	11,100	-	-	55,011	55,011	52,362	2,649	95%	69 135	58 035
Expanded Public Works Prog Incent Grant	1,915	-	-	-	1,915	1,915	-	1,915		4 810	76
Infrastructure Grants Province	-	-	-	-	-	-	-	-		67 266	67 265
Transport Disaster Management Grant	-	-	-	-	-	-	-	-		61 219	59 054
	529 532	11 100	-	-	540 632	540 632	536 068	4 564		511 190	493 189

36. STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Refer to Annexure 1A	43,911	11,100	-	55,011	52,362	-	-
Refer to Annexure 1B	-	-	50,000	50,000	19,937	-	-
	43,911	11,100	50,000	105,011	72,299	-	-



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**ANNEXURE 1A
STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2011/12
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%	R'000
Emthanjeni	710	-	-	710	710	-	-	710	710	100%	634
Gammagara	125	-	-	125	125	-	-	125	125	100%	113
Ga-Segonyana	610	-	-	610	610	-	-	610	610	100%	558
Hantam	381	-	-	381	381	-	-	381	381	100%	352
Kamiesberg	223	-	-	223	223	-	-	223	223	100%	211
Kareeberg	466	-	-	466	464	-	-	464	464	100%	423
Karoo Hoogland	36	133	-	169	169	-	-	169	169	100%	159
!Kha! Gariep	768	56	-	824	824	-	-	824	824	100%	750
Kgatelopele	91	-	-	91	91	-	-	91	91	100%	68
Khai-Ma	164	-	-	164	164	-	-	164	164	100%	152
//Khara Hais	1,568	66	-	1,634	1,634	-	-	1,634	1,634	100%	1,513
Kheis	9	-	-	9	9	-	-	9	9	100%	6
Magareng	-	286	-	286	286	-	-	286	286	100%	243
Meir	-	155	-	155	155	-	-	155	155	100%	-
Nama Khoi	543	763	-	1,306	1,306	-	-	1,306	1,306	100%	1,784
Pokwane	367	-	-	367	367	-	-	367	367	100%	258
Renosterberg	108	-	-	108	108	-	-	108	108	100%	100
Rigtersveld	10	30	-	40	40	-	-	40	40	100%	39
Siyacuma	206	-	-	206	206	-	-	206	206	100%	193
Siyathemba	1,058	-	-	1,058	1,058	-	-	1,058	1,058	100%	1,198

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NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2011/12
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%	R'000
Sol Plaatje	35,460	9,300	-	44,760	42,113	-	-	42,114	42,114	100%	34,446
Thembelihle	203	-	-	203	203	-	-	203	203	100%	194
Tsantsabane	211	100	-	311	311	-	-	311	311	100%	199
Ubuntu	367	211	-	578	578	-	-	578	578	100%	333
Umsobomvu	227	-	-	227	226	-	-	227	227	100%	209
	43,911	11,100	-	55,011	52,361	-	-	52,363	52,363		44,135



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**ANNEXURE 1B
STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2011/12
	Amount		Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	Roll Overs	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Frances Baard DM	-	-	17,500	17,500	10,024	57%	10,024	10,024	100%	2,032
JT Gaetsewe DM	-	-	2,500	2,500	1,486	59%	1,486	1,486	100%	2,101
Namakwa DM	-	-	10,000	10,000	-		-	-		6,873
Pixley Ka Seme DM	-	-	10,000	10,000	5,000	50%	5,000	5,000	100%	4,663
Siyand DM	-	-	10,000	10,000	3,427	34%	3,427	3,427	100%	1,855
	-	-	50,000	50,000	19,937		19,937	19,937		17,524

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**ANNEXURE 1C
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2011/12
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Prov Da: Government Motor							
Transport	14,191	41,257	(1,009)	54,439	52,949	97%	131,603
Youth Commission	-	-	-	-	-	-	2,765
	14,191	41,257	(1,009)	54,439	52,949		134,368

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**ANNEXURE 1H
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2011/12
	Adjusted Appropriation Act	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Appro-riation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Other	1,341	-	1,811	3,152	3,051	97%	1,659
Subsidies	1,341	-	1,811	3,152	3,051		1,659
Total	1,341	-	1,811	3,152	3,051		1,659

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ANNEXURE 1K

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2012/13	2011/12
	R'000	R'000
Paid in cash		
Sup & Del of Wheel Chair & Cushions (C E Mobility)	-	4
Donation:Hoërskool Alexanderbaai	-	4
Donation: Jan Isaac	-	6
Donation:High School SA van Wyk	-	5
Payment for Sanchodox:Youth Seminar	-	40
Donation:Universals Rugby Club	-	10
Donation:Hoërskool Alexanderbaai	-	5
Donation:Kevin Nkoane Primary School	-	16
Donation: Mr Mlungisi Gonondo Q hampa	-	5
Donation:Ekhaya Guest House for Intergrated Youth Development Strategy	-	295
Reimbursement for Provincial Treasury:Universal Rugby	-	10
Funeral Service: I Abrahams	-	2
Transport assistance:Provincial Youth	46	-
Venue for Provincial Youth Workshop	47	-
HA RE ETSE MOSADI TRADING	3	-
MEC: Donation of Groceries	3	-
SA Van Wyk School	10	-
St Cyprians Primêre School	4	-
McGregor Shop	7	-
Ms N Fortuin (House in Hondeklip)	88	-

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NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2012/13	2011/12
	R'000	R'000
John Sjake(Lategan Monumnetal and Genral Stone Masons-Tomb Stone)	12	-
School Shoes to Dikjatlhong h/s, Delportshoop Intermediate School and Frances Mohanetelo P/S(Procured)	44	-
Sipho Mabula(Bathroom for disabled couple)	35	-
Nababeep Rugby Club	3	-
PM Swarts(Unisa University)	7	-
TI Motubi (Unisa Univeristy)	2	-
Donation Bontekoe Mine Disaster Financial Contribution	5	-
Golden Voices Gospel Group	7	-
TOTAL	323	402

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ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2012 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2012	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2013	Guaranteed interest for year ended 31 March 2013	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
FirstRand Bank	Housing	273	24	-	-	-	24	-	-
	Subtotal	273	24	-	-	-	24	-	-
	TOTAL	273	24	-	-	-	24	-	-



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**ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2012**

Nature of Liability	Opening Balance 1 April 2012 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2013 R'000
Claims against the department					
Renier Reynecke	764	526	-	-	1,290
L&J Azevedo	4,453	-	3,453	-	1,000
Carmutshana	209	41	-	-	250
S.J H Venter	3	2	-	-	5
DanieFourie	18	2	-	-	20
M van der Ryst	6,000	1,000	-	-	7,000
Mr H Smook	264	-	189	-	75
V. C Rose	8	2	-	-	10
Bebereki Consulting Engineers	15,000	60	15,000	-	60
G Akker	708	-	208	-	500
Pemberley Investments (Pty) Ltd	5,765	-	4,765	-	1,000
F.O London & 3 others	27,633	-	27,133	-	500
C Miller	-	12	12	-	-
D Mass	-	46	36	-	10
SMC Malan	-	13	13	-	-
Onelogix (PTY)LTD	-	3,000	3,000	-	-
AJ Maritz	-	9	9	-	-

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Nature of Liability	Opening Balance 1 April 2012 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2013 R'000
RE Ruiters	3	-	3	-	-
MI Molelekwa	-	38	28	-	10
Ga- Segonyana Municipality	-	45	45	-	-
JA Meintjies	-	10	-	-	10
FM Sindlet	-	3	3	-	-
H Steyn	-	18	8	-	10
K Visagie	-	1	1	-	-
S O'Ryan	-	1	1	-	-
C Ontong	-	75	75	-	-
E Springbok	-	9	9	-	-
DGF Du Plessis	-	1	1	-	-
R Corns	-	2	2	-	-
CA Peterson	4,100	-	3,600	-	500
C Coetzee	-	500	500	-	-
P Schoeman	-	81	81	-	-
C Van Der Linde	-	17	17	-	-
J Jacobs	-	14	4	-	10
Seisho	-	305	305	-	-
Red Coral Investments 64 (PTY) LTD	-	1,748	1,698	-	50
Reder Construction (PTY)LTD	-	550	-	-	550
D Vorster	-	8	8	-	-

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for the year ended 31 March 2013**

Nature of Liability	Opening Balance 1 April 2012 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2013 R'000
J Bekebeke	-	18	8	-	10
LS Mokatong	-	4	4	-	-
Belize/Rfeelance	-	748	598	-	150
Construction Joint Venture Vista Park (in liquidation) and Joh Arch Investments	-	53,768	53,418	-	350
XM Pilane	-	1	1	-	-
MB Geco	-	20	5	-	15
HD Bosman	-	1	1	-	-
Bidvest Bank	-	9	9	-	-
MP Dhlamini	-	8	8	-	-
M Mocwane	-	1	1	-	-
IJ De Witt	-	300	-	-	300
TOTAL	64,928	63,017	114,260	-	13,685

**DEPARTMENT ROADS AND PUBLIC WORKS
VOTE 5**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013**

**ANNEXURE 4
CLAIMES RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Agriculture, Land Reform and Rural Development	-	-	8	23	8	23
Education	-	-	169	4	169	4
Health	-	-	754	647	754	647
Co-operative Governance, Human Settlement & Tradition	-	149	3	-	3	149
Office of the Premier	-	126	142	100	142	226
Transport, Safety and Liaison	-	-	737	919	737	919
Agriculture (KZN)	-	-	-	9	-	9
Tourism	-	-	-	11	-	11
Social Development	-	-	663	811	663	811
Sports , Arts and Culture	-	-	149	668	149	668
Economic Development	-	26	-	-	-	26
Provincial Legislature	-	88	1	-	1	88
National Department	29	29	-	-	29	29
Environment and Nature Conservation	-	-	25		25	-
TOTAL	29	418	2,651	3,192	2,680	3,610

**ANNEXURE 5
INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Office of the Premier	-	-	264	216	264	216
Department of Justice and Constitutional Development	-	-	20	621	20	621
Northern Cape Provincial Legislature	-	-	-	1	-	1
Claims Recoverable Province Department	975	3,177	-	-	975	3,177
Economic Development	19	-	-	-	19	-
Total	994	3,177	284	838	1,278	4,015

DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2013

ANNEXURE 6
INVENTORY

Inventory	Note	Quantity	2012/13	Quantity	2011/12
			R'000		R'000
Opening balance		5,965	6	5,403	4
Add/(Less): Adjustments to prior year balance		(705)	46	-	-
Add: Additions/Purchases - Cash		204	35	3,299	21
Add: Additions - Non-cash		241	-	-	-
(Less): Disposals		-	-	-	-
(Less): Issues		(4,285)	(4)	(2,737)	(19)
Add/(Less): Adjustments		529	(27)	-	-
Closing balance		1,949	56	5,965	6

ANNEXURE 7

MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Current Year Capital WIP	Completed Assets	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	238,035	217,658	238,035	217,658
Dwellings	-	-	-	-
Non-residential buildings	40,774	-	40,774	-
Other fixed structures	197,261	217,658	197,261	217,658
TOTAL	238,035	217,658	238,035	217,658

**DEPARTMENT OF ROADS AND PUBLIC WORKS
NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
REPORT OF THE ACCOUNTING OFFICER
For the year ended 31 March 2013**

1. General review of the state of financial affairs

The trading Entity is a self-funded business entity within the Department of Roads and Public Works operated on a recoverable charge out rate. The rate also has a component built in to ensure that the fund build up enough reserves to enable it to replace its fleet of road construction and maintenance equipment as and when required.

We have already more than 90% of our total fleet component of 762 vehicles. By the end of May we are confident that we would be having the full complement of fleet. This is already having huge spin-offs for the various departments as their fleet budget has been significantly reduced.

To mitigate the possible abuse and to improve the control environment within the movable assets especially the yellow fleet, the department is introducing the vehicle tracking system. This system will be linked to the GIS-system and our projects to check productivity levels of the machinery on all our sites.

2. Services rendered by the Entity

The Major Road Plant Fund procures and hires out road construction and maintenance equipment to the Department of Transport. Equipment is charged out on an hourly or daily basis depending on the type of equipment or type of construction project. Charge-out rates are revised annually.

Fleet Management became involved with service delivery to Local Authorities in late 2001, first on very small scale, and then accelerating since 2005. Since the integration of the Government Motor Transport and Road Building Equipment fleets, the services offered to municipalities at present include:

- Hire of equipment and vehicles without operator/driver
- Full service with operator/driver
- Transportation of bulk and mass items
- Technical advice
- Facilitation of equipment/vehicle repairs
- Advice regarding fleet management
- Technical surveys and reports
- Hire of equipment to Municipal and Departmental EPWP programs

**DEPARTMENT OF ROADS AND PUBLIC WORKS
NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
REPORT OF THE ACCOUNTING OFFICER
For the year ended 31 March 2013**

2.1 Tariff Structure

The following two tariffs are being charged:

Daily tariff – through this tariff we will be recovering, on a daily basis, a provision for accidents/incidents. The funds recovered from you through this tariff, will be utilised to repair

vehicles involved in incidents and accidents if it found that there is no gross negligence on the part of the driver.

Kilometre tariff – the tariff is based on the official AA rates, and through it we will be recovering the expenses relating to the operation of the vehicle. The client department are only billed the kilometre tariff based on the kilometres travelled. The Fleet Management trading entity will utilise the monies received from clients, to cover all its operational expenditure.

3. Capacity constraints

The entity have develop a draft structure that will make sure that we deliver a better service. We are still awaiting the approval from DPSA. Most of the services is received from the departments.

4. Corporate governance arrangements

- The Department, inclusive of the Trading Entity has a fraud prevention policy in place. We also have an internal inspection unit that assists management to ensure that all units comply with the guidelines, policies and procedures within the Department and Trading Account.
- The Entity did perform a risk assessment during the year and has developed its own risk register. We are making use of the departments Risk Management committee
- The Entity is serviced by the shared Internal Audit Unit and Audit committee responsible for the departments.
- Disciplinary processes within the department are aligned to both disciplinary code and procedures and are geared towards ensuring service delivery

5. Asset management

The Entity is managing the white fleet as well as the yellow fleet. An asset register is kept and is updated on a monthly basis. A file is kept with the details of all the vehicles and we are making use of West Bank as our maintenance management system for our vehicles.

DEPARTMENT OF ROADS AND PUBLIC WORKS
NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
REPORT OF THE ACCOUNTING OFFICER
For the year ended 31 March 2013

6 Significant events notified to the Executive Authority during the year

The Executive Council took a decision that we should revert back to government owned fleet based on the principles of a Trading Entity. The new trading entity also known as the Northern Cape Fleet Management Trading Entity can be labelled as an effective government transport system that is managed properly and competently. By reducing the cost of the fleet, more funding would be available to pursue the strategic objectives of departments, thereby enabling them to concentrate on their core business. The bulk of its finances are invested in operations, which includes the maintenance of vehicles; transport support services; and the purchasing of new vehicles.

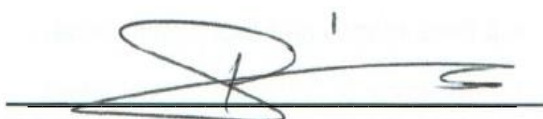
7. Auditor General report

Finding	Response/ Action
Property Plant and Equipment <ul style="list-style-type: none">• Incorrect classification of lease agreements as operating lease not as finance lease.	<ul style="list-style-type: none">• For continuity purposes, management has decided that the motor vehicle fleet be disclosed as finance lease in the 2012/13 Annual Financial Statements.• Management will however be reviewing the decision taken on the disclosure of the motor vehicle fleet in the near future.
Trade & other receivables and Revenue <ul style="list-style-type: none">• No systems in place for recording of revenue relating to yellow fleet.	<ul style="list-style-type: none">• The calculation of the yellow fleet revenue takes into account the approved tariffs and actual kilometres and hours obtained from Wesbank/Auto.

8. Progress with financial management improvements

The PFMA implementation is progressing according to schedule with the inception of the accounting system. The Entity is required to apply standards of GRAP in preparing their Annual Financial Statements for the period commencing on 1 April 2013, early application is permitted. Early application of the standards of GRAP has been adopted in preparation of the 2013 Annual Financial Statements.

The attached Annual Financial Statements set out on pages 179 to 212 have been approved by the Accounting Officer.



K. NOGWILI
ACCOUNTING OFFICER
DATE: 31 MAY 2013

Introduction

1. I have audited the financial statements of the Northern Cape Fleet Management Trading Entity set out on pages 179 to 212, which comprise the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for qualified opinion

Revenue from exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence regarding revenue as the systems in place for the recording of revenue was insufficient. I was unable to confirm the revenue by alternative means. Consequently I was unable to determine if any adjustments to revenue reflected as R161 668 000 (2012: R112 063 000) in the financial statements were necessary. This also resulted in trade and other receivables, related parties and accumulated surplus being materially misstated.

Revaluation surplus

7. I was unable to obtain sufficient appropriate audit evidence regarding the revaluation reserve as the systems in place for the recording of revaluation losses on the disposal of fixed assets was insufficient. I was unable to confirm the revaluation reserve by alternative means. Consequently I was unable to determine if any adjustment to the revaluation reserve reflected as R95 815 000 (2011-12: R95 815 000) in the financial statements was necessary.

Operating expenditure

8. I was unable to obtain sufficient appropriate audit evidence regarding repairs and maintenance expenditure as it contained transactions that should have been capitalised. I was unable to confirm the repairs and maintenance expenditure by alternative means. Consequently I was unable to determine if any adjustment to the repairs and maintenance expenditure reported as R20 282 000 (2011-12: R35 000) in the financial statements was necessary.
9. I was unable to obtain sufficient appropriate audit evidence that management has properly classified and accounted for fuel, oil and lubricants relating to the prior year. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to the prior year figure of fuel, oil and lubricants stated at R43 776 000 in the financial statements was necessary.

Qualified opinion

10. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Northern Cape Fleet Management Trading Entity as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matter

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

Restatement of corresponding figures

12. As disclosed in note 16 to the financial statements, the corresponding figures for 31 March 2012 have been restated as a result of an errors discovered during 2013. The following components were affected by the restatements:

- Yellow fleet additions not recorded during the 2011 financial year where corrected.
- The white fleet vehicles were previously recorded as operating leases. The white fleet assets have been reclassified to finance leases during the year under review.
- Incorrect principles were applied in calculating yellow fleet revenue. The amount disclosed was adjusted to correct this error.
- The Capitalisation Reserve Fund is no longer applicable due the conversion to GRAP. The prior year figure was adjusted to ensure compliance with GRAP.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

13. I am unable to report findings on the usefulness and reliability of the annual performance report of the Northern Cape Fleet Management Trading Entity as it was not prepared as required by section 40(3)(a) of the PFMA.

Compliance with laws and regulations

14. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Annual financial statements

15. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (a) and (b) of the Public Finance Management Act. Material misstatements of expenditure identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Audit committees

16. An audit committee was not in place, as required by sections 38(1)(a)(ii) and 77 of the Public Finance Management Act and Treasury Regulation 3.1.10.

Internal audit

17. The accounting officer did not ensure that the internal audit function was established, as required by section 38(1)(a)(i) of the Public Finance Management Act and Treasury Regulations 3.2.2, 3.2.3 and 3.2.4.

Expenditure management

18. The accounting officer did not take effective steps to prevent fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.
19. Sufficient appropriate audit evidence could not be obtained that effective and appropriate disciplinary steps were taken against officials who made and/or permitted irregular and fruitless and wasteful expenditure, as required by section 38(h)(iii) of the Public Finance Management Act and Treasury Regulation 9.1.3.
20. Contractual obligations and money owed by the trading entity were not settled within 30 days or an agreed period, as required by section 38(1)(f) of the Public Finance Management Act and Treasury Regulation 8.2.3.

Revenue management

21. The accounting officer did not ensure that appropriate processes were developed and implemented to provide for the recording, reconciliation and safeguarding of information about revenue, as required by Treasury Regulation TR 7.2.1.

Internal control

22. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

23. The leadership did not implement adequate systems to ensure regular, accurate and complete financial reporting. Furthermore, the trading entity did not have any established policies and procedures in place to ensure an effective and efficient control environment. This led to material misstatements in the financial statements not being identified by management.
24. The leadership did not regularly monitor management's compliance with laws, regulations and internally designed policies and procedures. As a result, significant non-compliance issues were noted.

25. The leadership did not ensure that the entity had a separately identifiable annual performance report.

Financial and performance management

26. The financial statements were subject to material corrections resulting from the audit, which can be attributed to insufficient review of accuracy and completeness by management before submission for audit purposes. The trading entity also has a lack of adequate systems to ensure regular, accurate and complete financial reporting.
27. Non-compliance with laws and regulations as it relates to finance, performance and compliance in itself, could have been prevented had compliance been properly reviewed and monitored.
28. Manual and automated controls were not designed, implemented and reviewed to ensure that the transactions had occurred, were authorised, and were completely and accurately processed.

Governance

29. The audit committee was not established during the year and could consequently not fulfil their roles and responsibilities for the year under review.
30. The internal audit function was not established during the year and could consequently not fulfil their roles and responsibilities for the year under review.

Auditor-General

Kimberley

31 July 2013



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2013

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2013

		31 March 2013 R'000	31 March 2012 R'000 <i>Restated</i>
	<i>Notes</i>		
REVENUE			
Revenue from Exchange Transactions	5.1	182 100	128 114
Sale of goods and Rendering of Services		149 047	110 945
Rental of facilities and equipment		12 621	1 118
Finance Income		226	-
Other Income		20 206	16 051
Revenue from Non – Exchange Transaction	5.2	67 681	154 159
Public contributions and donations		7 694	77 329
Government grant and subsidies		59 987	76 830
Total Revenue		249 781	282 273
Operating expenses	6	(101 971)	(95 329)
TOTAL SURPLUS		147 810	186 944
SURPLUS FOR THE PERIOD		147 810	186 944

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2013

STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2013

	Notes	31 March 2013 R'000	31 March 2012 R'000 <i>Restated</i>
ASSETS			
Non-current Assets		273 978	276 982
Fleet, Plant and Equipment	7	149 448	192 783
Finance Lease Asset	15	124 530	84 199
Current Assets		199 726	111 616
Receivables from Exchange Transactions	8	137 734	113 154
Finance Lease Asset	15	34 962	(1 538)
Cash and Cash Equivalents	18	27 030	-
TOTAL ASSETS		473 704	388 598
EQUITY AND LIABILITIES			
Funds and Reserves		455 376	307 566
Accumulated Surplus	16	359 561	211 751
Revaluation Surplus	9	95 815	95 815
Current Liabilities		18 328	81 032
Payables from Exchange Transactions	10	18 328	39 774
Payables from Non-Exchange Transaction	11	-	41 258
Finance Lease Asset	15	-	-
TOTAL EQUITY AND LIABILITIES		473 704	388 598

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2013

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2013

	Note	Accumulated Surplus	Capital Replacement Reserve	Revaluation Surplus	Total
Balance at 31 March 2011 (Restated)		7 865	16 187	95 815	119 867
Restatement due to prior period error – Yellow Fleet Assets		754	-	-	754
Balance at 01 April 2011 (Restated)		8 619	16 187	95 815	120 621
Total Surplus	16	186 945	-	-	186 945
Restatement of Accumulated Surplus	16	16 187	(16 187)	-	-
Balance at 31 March 2012		211 751	-	95 815	307 566
Total Surplus		147 810	-	-	147 810
Balance at 31 March 2013		359 561	-	95 815	455 376

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2013

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2013

		31 March 2013 R'000	31 March 2012 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Receipts from Customers		274 135	363 548
Interest Received	5	226	-
Payments			
Payments to Suppliers		(224 257)	(255 083)
Net Cash Flows from Operating Activities	17	50 104	108 465
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(26 830)	(108 465)
Proceeds on sale of Property, plant and Equipment		3 756	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(23 074)	(108 465)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		27 030	-
CASH AND CASH EQUIVALENTS AT BEGINING OF THE YEAR		-	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		27 030	-

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2013

1. General Information

The annual financial statements of Fleet Management Trading Entity for the year ended **31 March 2013** were authorised for issue by the Accounting Officer on the 31st of May 2013.

Fleet Management Trading Entity is a Trading Entity incorporated in terms of Section 19 of Treasury Regulations as issued in terms of the Public Finance Management Act of 1999.

A Trading Entity is defined as an entity operating within the administration of a department. Fleet Management operates under the administration of Northern Cape Department of Roads and Public Works.

The entity is domiciled in Kimberley within the Northern Cape Province, South Africa.

Principal Activities

The entity is responsible for supplying the Northern Cape Government Departments, National Departments and Local Governments functioning in the Northern Cape Province with affordable and reliable vehicles.

The entity has different categories of vehicles rented to the National Departments:

- a) *Permanent Vehicles:* These vehicles are permanently allocated to a Government Department.
- b) *Road Building Equipment:* The greatest part of the equipment fleet is rented to the Department of Roads and Public Works on a permanent basis.

The entity recovers its costs through charging the following:

White Fleet

- a) *Daily Tariffs:* These tariffs are calculated in such a way that through it, Fleet Management recovers both its overheads and a capital component of the fleet.
- b) *Kilometre Tariffs:* These tariffs are calculated in such a way that through it, Fleet Management recovers the running expenses of the fleet, which is fuel, oil, maintenance, etc.

Yellow Fleet

- a) The entity recovers its cost for managing the fleet by charging the Department of Roads and Public Works the actual costs incurred in respect of the usage of the fleet including the depreciation charge.

2. Basis of preparation

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2013

The entity has adopted Statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board during the 2012/2013 financial year. GRAP standards are not fundamentally different to the South African Generally Accepted

Accounting Practice (SA GAAP) accounting policies adopted in the previous financial years. The effect of the change in accounting policy arising from the implementation of GRAP is set out in Note 3.2.

The annual financial statements have been prepared on a historical cost basis. Trade receivables and trade payables have been measured at fair value, initially and subsequently at amortised cost, using the effective interest method.

The financial statements are presented in South African Rand and all values are rounded to the nearest thousand (R000), except when otherwise indicated.

3.1 Significant accounting judgements, estimates and assumptions

The preparation of the Entity's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the entity's accounting policies, management has made the following judgment, apart from those involving estimates, which has the most significant effect on the amounts recognised in the financial statements:

a) Vehicle fleet rentals treated as finance lease

Management classifies the lease contracts for the renting of vehicles by User Departments (specifically vehicles that have been permanently allocated) as finance leases. Management reached this conclusion after evaluating (which included the performance of calculations to support the evaluation) the six (6) indicators identified in *GRAP 13 – Leases*, paragraph 12, that could individually, or in combination lead to leases being classified as finance leases.

b) White and Yellow fleet valuation

There are some areas where the officials responsible for the valuation have to make their own judgment with regards to the fleet. This is particularly true when rating the vehicle's condition. Management ensures accuracy in this matter by ensuring that only officials with adequate knowledge and expertise are utilised to perform the rating of condition that is performed during physical inspection.

c) Impairments

Based on the results of each year's physical inspection, the management of the trading Entity can at year-end estimate the impairment of each asset.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2013

d) Effective interest rate

The Entity makes use of the official interest rate as issued by National Treasury, for all its discounting calculations.

3.2 Changes in Accounting Policy and Disclosures

During the year, the entity changed the following accounting policies to comply with the requirements of GRAP:

3.2.1 Property, Plant & Equipment

Property, Plant & Equipment is now also recognised when it is probable that the service potential associated with the item (not only economic benefits) will flow to the entity to comply with the requirements of GRAP 17 on Property, Plant & Equipment which requires that assets should also be recognised when it is probable that the service potential associated with the item will flow to the entity.

Property, Plant & Equipment is now also derecognised when no service potential and future economic benefits are expected from its use or disposal to comply with the requirements of GRAP 17 on Property, Plant & Equipment which requires that assets should be derecognised when no service potential and economic benefits are expected from its use or disposal.

The change in accounting policies does not have an effect on the comparative information.

3.2.2 Revenue

GRAP distinguishes between revenue from exchange transactions and revenue from non-exchange transactions.

Revenue from Exchange Transactions

Revenue is now also recognised to the extent that it is probable that the service potential (not only economic benefits) will flow to the entity and the revenue can be reliably measured. The change was made to comply with the requirements of GRAP 9 on Revenue from Exchange Transactions which requires that revenue should be recognised when it is probable that the service potential associated with the transaction will flow to the entity.

The change in accounting policy only has an effect on the presentation of the comparative information.

Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.



**NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2013

3.2.3 Conditional Grants

Previous accounting policy relating to revenue received from conditional grants:

Government grants shall be recognised in surplus or deficit on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Changed accounting policy to comply with the requirements of GRAP 23 on Revenue from Non-Exchange Transactions.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the conditions embodied in the agreement. To the extent that the conditions has not been met a liability is recognised.

The comparative amounts have been appropriately restated. The effect of this change has been disclosed in Note 16.

3.2.4 Statements and interpretations not yet effective

At the date of authorisation of these annual financial statements, the following standards and interpretations were in issue but not yet effective:

GRAP 20 – Related parties

The standard does not yet have an effective dated. This standard provides the requirements for the disclosure of related parties and transactions and balances with related parties. It is based on IPSAS 20, however several principles included from IAS 24 has been included. Furthermore definitions and terms have been amended to be relevant in a South African context.

GRAP 21 – Impairment of Non-Cash Generating Assets

This standard becomes effective for years beginning on or after 1 April 2012. It determines the requirements and provides additional guidance on how to impair non-cash generating assets, being assets that are not held to generate any sort of commercial benefit. The main difference between GRAP 21 and IAS 36 as applied in the development of the impairment accounting policy for previous financial year is limited to the determination of the recoverable amount of non-cash generating assets. Under GRAP 21 the recoverable amount of non-cash generating assets is the higher of its fair value less cost to sell and its remaining service potential. The remaining service potential is determined with reference to the depreciated replacement cost of the non-cash generating asset.

GRAP 23 – Revenue from Non-Exchange Transactions

This standard becomes effective for years beginning on or after 1 April 2012. It determines the requirements and provides additional guidance on how to account for revenue from non-exchange transactions. In particular, it requires the entity to recognise revenue from grants received, to the extent that there are no further conditions attached to the grant that give rise to an obligation to repay.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
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GRAP 26 – Impairment of cash-generating assets

This standard becomes effective for years beginning on or after 1 April 2012 and will not be early adopted. It determines the requirements and provides additional guidance on how to impair cash generating assets, being assets that are expected to generate a commercial return. The standard requires a similar treatment to that currently required by IAS 36.

GRAP 104 – Financial Instruments

This standard becomes effective for periods beginning on or after 1 April 2012. This standard will introduce some relatively significant changes when compared to IAS 39, especially in the way financial assets are classified and measured. Unlike IAS 39, GRAP 104 does not provide for financial assets to be classified as “available for sale”. Accordingly under GRAP 104 none of the fair value movements on financial assets will be deferred in net assets. Where financial instruments are measured subsequently at fair value, those fair value movements will be recorded in surplus / deficit. Also, GRAP 104 provides that investments in equity instruments that are not listed / publicly traded may be subsequently measured at cost.. Furthermore, this standard will also replace the disclosure requirements for financial instruments under IFRS 7. The financial instrument disclosure is also simplified by GRAP 104 when compared to IFRS 7.

4. Summary of significant accounting policies.

4.1 Property, Plant & Equipment

Property, Plant & Equipment is recognised when:

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

Initial Recognition

- An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.
- Where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Subsequent Measurement

After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.



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Motor Vehicle Fleet and Road Building Equipment

Following initial recognition at cost, fleet is carried at a re-valued amount, which is the fair value at the date of the revaluation.

Revaluation of fleet is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

If an item of fleet's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit. If an item of fleet's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus included in net assets in respect of an item of fleet is transferred directly to accumulated surpluses/deficits when the asset is derecognised.

Gains and losses on disposal are determined by deducting the value of the specific fleet item (as determined at the latest financial year-end) from the proceeds obtained from the auction of the specific fleet item.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits or service potential are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance in the year the asset is derecognised.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Motor Vehicle Fleet: 4 years
- Road building equipment: 5 to 20 years

The depreciation also takes into account a residual value. The estimated residual value of each fleet item is determined in the same way as the residual value that is determined by management during the annual calculation of the daily tariffs.

4.2 Impairment of non-financial assets

4.2.1 Impairment of Cash Generating Assets

The Entity assesses at each reporting date whether there is any indication that an asset may be impaired. The Entity considers, as a minimum, the following indications:

External sources of information

- a) During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.

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- b) Significant changes with an adverse effect on the Entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Entity operates or in the market to which an asset is dedicated.
- c) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

Internal sources of information

- a) Evidence is available of obsolescence or physical damage of an asset noted through physical verification.
- b) Significant changes with an adverse effect on the Entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- c) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

4.2.2 Impairment of Non-Cash Generating Assets

- a) The Entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Entity shall estimate the recoverable service amount of the asset.
- b) Irrespective of whether there is any indication of impairment, the Entity also tests an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test can be performed at any time during the reporting period, provided it is performed at the same time every year. Different intangible assets may be tested for impairment at different times. However, if such an intangible asset was initially recognised during the current reporting period, that intangible asset shall be tested for impairment before the end of the current reporting period.

4.3 Financial Instruments

Initial recognition and measurement

When a financial instrument is recognised, the entity measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.



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All financial assets and financial liabilities are measured after initial recognition using the following categories:

a) Financial instruments at fair value.

- Derivatives.
- Compound instruments that are designated at fair value i.e. an instrument that includes a derivative and a non-derivative host contract.
- Instruments held for trading.
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition.
- An investment in a residual interest for which fair value can be measured reliably.

Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

b) Financial instruments at amortised cost.

Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates at fair value at initial recognition or are held for trading.

c) Financial instruments at cost.

Investments in residual interests, which do not have quoted market prices and for which fair value cannot be determined reliably.

The entity assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

Impairments

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

- **For financial assets held at amortised cost**

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a

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group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

- **For financial assets held at cost**

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of financial performance. The losses arising from impairment are recognised in the statement of financial performance in finance costs for loans and in cost of sales or other operating expenses for receivables.



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Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of an Entity of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - a) the Entity has transferred substantially all the risks and rewards of the asset, or
 - b) the Entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Entity's continuing involvement in the asset. In that case, the entity also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Entity could be required to repay.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

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Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

4.4 Revenue Recognition

4.4.1 Revenue from Exchange Transactions

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Entity and the revenue can be reliably measured. An exchange transaction is one in which the Entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

Interest Income

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Rendering of Services

Revenue from the renting of vehicles is recognised with specific reference to:

- Revenue from Kilometre Tariffs: based on the actual kilometres travelled using the approved Kilometre Tariff.
- Revenue from Daily Tariffs: based on the actual days of usage, using the approved Daily Tariff.
- Revenue from Rentals Received: based on the above mentioned tariffs. This is specific to the equipment fleet.

Revenue is recognised in the reporting periods in which the services are rendered.

Recoverable Revenue

Recoverable revenue represents payments relating to the misuse and/or damage of vehicles and/or third party claims. This type of income has its origin from two sources and the income from these sources is recognised as follows:

- Claims against third parties: Income is only recognised when it is actually received.
- Claims against other government departments and municipalities: Income is only recognised when a case has been concluded and the claim has been made out to a specific department.



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4.4.2 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Entity received revenue, vehicles or equipment from another Entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount. The Entity recognises an asset arising from a non-exchange transaction when it gains control of resources that meet the definition of an asset and satisfy the recognition criteria.

4.4.3 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When the Entity receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of financial performance over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grants.

4.5 Post-Reporting Date Events

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

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

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

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

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4.6 Contingent Liability

A contingency is a condition, the ultimate outcome of which will be confirmed only on the occurrence or non-occurrence, of one or more uncertain future events. Contingent liabilities are disclosed, but not recognised.

A contingent liability is:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity; or
- b) a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

4.7 Comparative Figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures reasonable expected to be available.

4.8 Net Assets

Net Asset is the net difference between assets and liabilities. It is represented by the following funds:

- Accumulated Surplus/(Deficit);
- Revaluation Reserve;

The Northern Cape Fleet Management has to replace the fleet of equipment at the end of its useful life. The Accumulated Surplus represent the funds that are available to meet this obligation. The allocation to Accumulated Surplus is thus the following

- Annual transfer of the profit / (loss) to Accumulated Surplus;
- Funding received from the User Department for the purchase of equipment; Any prior year adjustment; and
- Accumulated Surplus are used to finance capital increases in equipment to be replaced.



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4.9 Prior Period Errors

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- (a) was available when financial statements for those periods were authorised for issue; and
- (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements

Material omissions or misstatements of items are material if they could, individually or collectively; influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Prior period errors are corrected retrospectively.

Retrospective restatement is correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.

4.10 Related Parties

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. At a minimum, disclosures shall include:

- a) the amount of the transactions
- b) the amount of outstanding balances, including commitments; and
 - (i) *their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and*
 - (ii) *details of any guarantees given or received;*
- c) provisions for doubtful debts related to the amount of outstanding balances; and
- d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.

4.11 Leases

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Recognition

For those leases that meet the definition of a finance lease, where the entity is the lessor, the entity derecognises the asset subject to the lease at the inception of the lease. Along with the derecognition of the asset the entity recognises a finance lease receivable. Finance lease income is allocated to between the finance lease receivable and finance income using the effective interest rate method and the resulting finance income is recognised in the Statement of Financial Performance as it accrues.

Measurement

Finance lease receivables are recognised at an amount equal to the entity's net investment in the lease. This net investment in the lease is calculated as the sum of the minimum future lease payments and unguaranteed residual value discounted over the lease term at the rate implicit in the lease.

Derecognition

Finance lease receivables are derecognised when the entity's right to the underlying cash flows expire or when the entity no longer expects economic benefits to flow from the finance lease receivable.



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5. Revenue

5.1 Revenue from Exchange Transactions

	31 March 2013 R'000	31 March 2012 R'000
Revenue from Exchange Transactions comprises:		
White Fleet Kilometre Tariffs	33 884	3 609
Yellow Fleet Rental of Road Building Equipment	115 163	107 336
Finance Lease Income	12 621	1 118
Finance Income	226	-
Other Income	20 206	16 051
	182 100	128 114

5.2 Revenue from Non – Exchange Transactions

Grant Received	59 987	76 830
Public contributions and donations	7 694	77 329
	67 681	154 159

6. Operating Expenses

Fuel, Oil and Lubricants (Transport Costs)	56 588	25 914
Maintenance and Repairs	20 281	15 936
Other Expenses	4 003	1 961
Consultants' fees	-	149
Depreciation	14 617	18 180
Bad Debts	-	31 795
Loss on disposal of property, plant and equipment	4 950	-
Impairment Loss	100	267
Licensing fees	801	1 127
Bank Charges	4	-
Advertising Expense	29	-
Donations Made	598	-
	101 971	95 329

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7. Fleet, Plant and Equipment

7.1 Vehicle Fleet (White Fleet)

	31 March 2013 R'000	31 March 2012 R'000
Opening Balance – 1 April	39 033	-
Cost	39 033	-
Accumulated Depreciation	-	-
<u>Movements:</u>		
Additions	19 736	104 504
Disposals	(635)	-
Transfer to Finance Lease Asset	(57 128)	(66 381)
Donations Received	627	910
	1 633	39 033
Closing Balance – 31 March	1 633	39 033
Cost	1 633	39 033
Accumulated Depreciation	-	-

Additions

Additions in the current and prior year which have been purchased by Department of Roads and Public works on behalf of the entity, have been funded by Northern Cape Provincial Treasury.

Transfers

Transfers to the finance lease asset occur when the vehicle is ready for transfer to the user department, resulting in the commencement of the lease period.

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7.2 Road Building Equipment (Yellow Fleet)

	31 March 2013 R'000	31 March 2012 R'000
Opening Balance – 1 April	153 749	91 817
Cost	208 097	127 718
Accumulated Depreciation	(54 348)	(35 901)
<u>Movements:</u>		
Additions	-	3 960
Disposals*	(4 584)	-
Cost	(5 168)	-
Accumulated Depreciation	584	-
Donation Made	(597)	-
Cost	(665)	-
Accumulated Depreciation	68	-
Assets Stolen	(6)	-
Cost	(11)	-
Accumulated Depreciation	5	-
Depreciation Expense	(14 617)	(18 180)
Impairment Loss Recognised in the Statement of Financial Performance	(100)	(267)
Capitalisation	6 901	
Donations Received	7 068	76 419
Closing Balance – 31 March	147 815	153 749
Valuation	216 778	208 097
Accumulated Depreciation and impairment losses	(68 963)	(54 348)

Impairment loss

In 2013, the impairment loss of R100 000 (2012: R267 000) represented the write-down of certain equipment to their recoverable amount. This was recognised in the statement of financial performance under 'Operating expenses'. The recoverable amount was based on the assets' fair value less costs to sell at year end. The fair value was determined after taking into account current market values and market conditions at year end.

Additions

Additions in the current year purchased by the Department of Roads and Public works on behalf of the entity.

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Ownership and control

Although assets within the white and yellow fleet are registered in the name of the Department of Roads and Public Works, the effective management, control and all rights and obligations of these assets remain with the Northern Cape Fleet Management Trading Entity, and are therefore recognised as assets of the Trading Entity. The entity is in the process of transferring the registration of these assets.

Total Fleet, Plant and Equipment	31 March 2012 R '000
At Cost	216 778
Accumulated Depreciation	(68 963)
Net book Value	147 815

8. Receivables from Exchange Transactions

	31 March 2013 R'000	31 March 2012 R'000
Department of Roads and Public Works	129 877	109 484
Other Provincial Departments	7 515	3 670
Aucor Receivable	342	-
	137 734	113 154

At 31 March 2013, the age analysis of trade receivables is as follows:

Year	Total R'000	Current R'000	30 – 60 days R'000	60 – 90 days R'000	>90 days R'000
2012	113 154	113 072	-	-	82
2013	137 734	129 908	3 195	183	4 448



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For the year ended 31 March 2013

At 31 March 2013, the age analysis of trade receivables provided for as impaired is as follows:

Year	Total R'000	> 120 Days R'000
2012	-	-
2013	-	-

Past due and not impaired trade receivables – no detailed breakdown is considered necessary. History has shown, that past due debts are generally recoverable through the assistance of Provincial Treasury.

9. Revaluation Surplus

	31 March 2013 R' 000	31 March 2012 R' 000
Non distributable reserves from revaluation		
Opening Balance	95 815	95 815
Revaluations	-	-
Closing Balance	<u>95 815</u>	<u>95 815</u>

The revaluation surplus represents reserves from revaluations made during the 2010/11 financial year when the yellow fleet was revalued.

10. Payables from Exchange Transactions

Accrued Expenses	16 292	39 774
Ford Payable	756	-
Education Payable	1 280	-
	<u>18 328</u>	<u>39 774</u>

11. Payables from Non-Exchange Transactions

Grant Received	-	41 258
Total Payables	<u>18 328</u>	<u>81 032</u>

Trade and payables are non-interest bearing and in terms of the Public Finance Management Act, have to be settled within 30 days.

Terms and conditions of the above financial liabilities:

- Trade and payables are non-interest bearing and are normally settled within 30-day terms, as required by the Public Finance Management Act.
- For terms and conditions relating to related parties, refer to note 11.

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12. Related Parties

Fleet Management Trading Entity is managed under the administration of the Department of Roads and Public Works. The following table provides the total amount of transactions, which have been entered into with related parties for the related financial year:

2012/2013 Financial year

Related Parties	Amount owed by/(to) related party at 31 March 2012	Rand value of services rendered: (by)/to related party	Rand value of amounts settled to/(by) related party during the financial year	Amount owed by/(to) related party at 31 March 2013
	R'000	R'000	R'000	R'000
Department of Roads and Public Works	109 484	22 680	(2 287)	129 877
Department of Agriculture, Land Reform and Rural Development	128	6 428	(6 012)	544
Department of Cooperative Governance, Human Settlements and Traditional Affairs	124	1 709	(1 403)	430
Department of Economic Development & Tourism	7	602	(530)	79
Department of Education	798	5 475	(5 270)	1 003
Department of Environment and Nature Conservation	170	2 202	(1 897)	475
Department of Health	1 549	13 553	(12 755)	2 347
Office of the Premier	90	475	(522)	43
Provincial Treasury	32	507	(477)	62
Department of Social Development	424	7 149	(6 277)	1 296
Department of Sports, Art and Culture	151	1 632	(786)	997
Department of Transport, Safety and Liaison	195	1 220	(1 178)	237



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2011/2012 Financial year

Related Parties	Amount owed by/(to) related party at 31 March 2011	Rand value of services rendered: (by)/to related party	Rand value of amounts settled to/(by) related party during the financial year	Amount owed by/(to) related party at 31 March 2012
	R'000	R'000	R'000	R'000
Department of Roads and Public Works	31 067	78 562	(145)	109 484
Department of Agriculture, Land Reform and Rural Development	-	128	-	128
Department of Cooperative Governance, Human Settlements and Traditional Affairs	-	124	-	124
Department of Economic Development & Tourism	-	62	(55)	7
Department of Education	-	798	-	798
Department of Environment and Nature Conservation	-	170	-	170
Department of Health	-	1 549	-	1 549
Office of the Premier	-	90	-	90
Provincial Treasury	-	80	(48)	32
Department of Social Development	-	922	(498)	424
Department of Sports, Art and Culture	-	151	-	151
Department of Transport, Safety and Liaison	-	195	-	195

Terms and Conditions of Transactions with Related Parties

The services rendered to related parties are made on the same basis as those applicable to transactions with other Fleet Management User Departments. These transactions were done at market value. In the same way, services rendered by related parties to Fleet Management are rendered on the same terms and conditions as the transactions with other User Departments.

13. Financial Risk Management Objectives and Policies

The Entity's principal financial liabilities comprise trade payables and accruals. The purpose of these financial liabilities is to raise finance for the Entity's operations. The Entity has various financial assets, such as trade receivables which arise directly from its operations.

It is, and has been throughout 2013 and 2012, the Entity's policy that no trading in derivatives shall be undertaken.

The main risk arising from the Entity's financial instruments is credit risk.

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Credit Risk

The Entity trades only with recognised, creditworthy third parties. Northern Cape Provincial Treasury assists Northern Cape Fleet Management Trading Entity in the recovery of debt from the different User Departments. In addition, receivable balances are monitored on an ongoing basis with the result that the Entity's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the entity.

Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate with changing market prices whether caused by factors specific to the instrument or to general external market changes. The Entity has no financial instruments which are affected by changing market prices.

Liquidity Risk

Liquidity risk is the risk of the Entity defaulting on its financial obligations as a result of insufficient funding capacity in relation to such obligations. The Entity does not view this as a risk, in the view of the fact that it has sufficient assets to cover its liabilities. The Entity also has access to possible assistance from the Provincial Treasury, in terms of Treasury Regulation 19.5.

The following are the contractual maturities of financial liabilities:

Payables from Exchange Transactions as at 31 March 2013		
Date	Carrying Amount R'000	Contractual Cash Flows R'000
28 February 2013	7 500	7 500
31 March 2013	10 828	10 828
Within 1 Year	18 328	18 328

Payables from Exchange Transactions as at 31 March 2012		
Date	Carrying Amount R'000	Contractual Cash Flows R'000
30 November 2011	165	165
31 December 2011	165	165
31 January 2012	1 964	1 964
29 February 2012	6 097	6 097
31 March 2012	32 922	32 922
Within 1 Year	41 313	41 313

Payables from Non-Exchange Transactions as at 31 March 2012		
Date	Carrying Amount R'000	Contractual Cash Flows R'000
31 March 2012	41 258	41 258
Within 1 Year	41 258	41 258

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Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate with changes in foreign currency. The Entity has no financial instruments which are affected by changes in foreign currency, as it has no foreign currency transactions.

Interest Rate Risk

Interest rate risk stems from the risk associated with the Entity's exposure to changes within the interest rate, interest earned on cash balances and finance lease asset.

General Risk Management Principles

Risk management is of critical importance to the entity as it understands that changing market conditions make risk unavoidable.

Capital risk management

The Entity's objectives when managing capital are to safeguard the Entity's ability to continue as a going concern in order to provide benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Entity may sell assets to reduce debt.

14. Commitments (Capital)

At 31 March 2013, the entity had no capital commitments.

In 2012 the entity had R 16.7 million of capital commitments principally relating to 76 vehicles that had been ordered before the financial year-end.

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15. Finance Lease Commitments

Finance leases – Entity as lessor

The Entity has entered into finance leases for its motor vehicle fleet. These leases have remaining terms of 4 years. The future lease payments expected as at 31 March 2013 are as follows:

	<i>Minimum Lease Payments</i>	<i>Interest Portion</i>	<i>Net Present Value</i>
	<i>R '000</i>	<i>R '000</i>	<i>R '000</i>
Amounts due within 1 year	47 058	(12 096)	34 962
Amounts due within 2 – 5 years	102 310	(14 028)	88 282
	<u>149 368</u>	<u>(26 124)</u>	<u>123 244</u>
			R '000

The Unguaranteed Residual Value expected at the end of the lease: 36 248

Finance Lease Asset as at 31 March 2013 (88 282 + 36 248) 124 530

Rate Review Clause

The entity reviews rates annually according to Treasury Regulations 19.5.3 which states that “the head must review rates for user charges at least annually before the budget and any tariff increases are subject to approval by the relevant treasury.”

The provincial treasury approved rates have an impact in the finance lease payments.

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The future lease payments expected as at 31 March 2012 was as follows:

	<i>Minimum Lease Payments</i> R '000	<i>Interest Portion</i> R '000	<i>Net Present Value</i> R '000
Amounts due within 1 year	5 552	(7 090)	(1 538)
Amounts due within 2 – 5 years	77 410	(13 125)	64 285
	<u>82 962</u>	<u>(20 215)</u>	<u>62 747</u>

	R '000
The Unguaranteed Residual Value expected at the end of the lease:	19 914
Finance Lease Asset as at 31 March 2012 (64 285 + 19 914)	84 199

16. Prior Period Errors

The following errors occurred, in relation to the prior financial year, which necessitated corrective action in the current year. The error was corrected, retrospectively:

a) *Yellow Fleet assets were not correctly updated for additions.*

In 2011 financial year Property Plant and Equipment was understated by R 753 766 due to assets not being recorded by the entity.

Due to this addition not being recorded in 2012 financial year, the assets were overstated by R 225 593 with the depreciation not recorded. The error has been retrospectively corrected in the annual financial statements and the comparative figures have been restated.

The effect of the above adjustment in the annual financial statements is as follows:

	2011 R'000
Property Plant and Equipment as at 31 March 2011 as previously stated	153 221
Add additions previously not recorded	754
Property Plant and Equipment restated as at 31 March 2011	<u>153 975</u>
Accumulated Surplus balance as at 31 March 2011	7 865
Donations received for yellow assets understated	754
Accumulated Surplus restated as at 31 March 2011	<u>8 619</u>

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The effect of the depreciation is as follows:

	2012 R'000
Accumulated Surplus balance as at 31 March 2012	8 619
Depreciation understated	(226)
Accumulated Surplus restated as at 31 March 2012	8 393

b) White Fleet vehicles reclassified as a Finance Lease

The white fleet vehicles were previously recorded as an operating lease. The white fleet assets have been reclassified to a finance lease. Resulting in the white fleet assets being overstated and the finance lease assets understated.

This will also affect revenue, the entity no longer charges daily tariff rental however finance lease income is being received.

The effect of the above is as follows:

	2012 R'000
Opening Balance of white fleet at 31 March 2012	102 729
Accumulated Depreciation overstated	2 685
Transfer to Finance Lease Asset	(66 381)
White Fleet Assets restated as at 31 March 2012	39 033

The effect on the Finance Lease assets will be as follows:

	2012 R'000
Opening Balance of finance lease asset at 31 March 2012	-
Transfer from white fleet asset	82 431
Capital portion for the 2012 year	229
Finance Lease Asset restated as at 31 March 2012	82 660

The effect on accumulated surplus is as follows:

	2012 R'000
Opening Balance of Accumulated Surplus at 31 March 2012 as restated above in (a)	8 393
Transfer to Finance Lease Asset	16 051
White Fleet Revenue over stated	(889)
Finance Lease Income	1 118
Accumulated Surplus restated as at 31 March 2012	24 673

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c) Restatement on the Yellow Fleet Revenue

The following misstatement was noted in the prior financial year, thus necessitating corrective action in the current year.

Due to unavailability of logsheets, yellow fleet revenue charge for the 2011/12 was computed using the yellow fleet expenses incurred in the managing of the yellow fleet.

The principles used were therefore incorrect therefore understating revenue. Incorrect principles were applied in calculating yellow fleet revenue therefore understating revenue.

The effect of the above is as follows:

	2012 R'000
Opening Balance of Accumulated Surplus at 31 March 2012 as restated above in (b)	24 673
Yellow Fleet Revenue Understated	11 811
Accumulated surplus restated as at 31 March 2012	36 484

d) Conversion to GRAP

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the conditions embodied in the agreement. To the extent that the conditions has not been met a liability is recognised.

The comparative amounts have been appropriately restated. The effect of this change has been disclosed in Note 16.

The Capitalisation Reserve Fund is no longer applicable due the conversion to GRAP, therefore this is transferred to the accumulated surplus.

The effect of the above is as follows:

	2012 R'000
Opening Balance of Accumulated Surplus at 31 March 2012 as restated above in (c)	36 484
Restated Total Surplus	159 080
Transfer of Capitalisation Reserve	16 187
Accumulate Surplus restated as at 31 March 2012	211 751

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17. Cash Generated from Operations

	31 March 2013 R'000	31 March 2012 R'000
Surplus for the Period	147 810	186 944
Adjusted for:		
Donations received	(7 694)	(77 329)
Interest Received	226	-
Donations made	598	-
Impairment loss – Fleets	100	266
Depreciation - Fleet	14 617	18 180
Loss/(profit) on sale of vehicles	4 916	-
Transfer to Finance Lease	(20 169)	(16 051)
Capital Portion on Finance Lease	(3 016)	(229)
Operating Profit before Working Capital Changes	137 388	111 781
Working Capital Changes:	(87 284)	(3 316)
(Increase)/Decrease in Trade and Other Receivables	(24 580)	(81 275)
Increase/(Decrease) in Trade and Other Payables	(62 704)	77 959
Cash Generated from Operations	50 104	108 465

18. Cash and Cash Equivalents

	31 March 2013 R'000	31 March 2012 R'000
Bank Account - ABSA	27 030	-
	27 030	-

For the purpose of the cash flow statement, cash and cash equivalents comprise of the following at 31 March:

27 030	-
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19. Irregular expenditure

Reconciliation of irregular expenditure

	31 March 2013 R'000	31 March 2012 R'000
Opening balance	501	501
Add: Irregular Expenditure relating to prior year	-	-
Add: Irregular expenditure relating to current year	-	-
Less: Amounts condoned	-	-
Closing Balance	501	501

20. Fruitless & Wasteful Expenditure

Fruitless and wasteful expenditure was incurred as a result of penalties and fines due to late payments of the First Auto (Pty) Ltd account. for the renewal of licenses and tracker systems that were not removed from certain vehicles after they were derecognised. This expenditure amounts to:

	31 March 2013 R'000	31 March 2012 R'000
First Auto (Pty) Ltd	116	-
Department of Transport Safety and Liaison	17	-
Fruitless and Wasteful Expenditure	133	-