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PART A:

GENERAL

INFORMATION

1.1 Department's General Information

Contact Details

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1.2 List of Abbreviation/ Acronyms

AO	Accounting Officer	LIM	Labour Intensive Method
APP	Annual Performance Plan	M&E	Monitoring and Evaluation
ACM	Alternative Construction Methods	MEC	Member of Executive Council
BAS	Basic Accounting System	MISS	Minimum Information Security Standards
C-AMP	Custodian Immovable Asset Management Plan	MTEF	Medium Term Expenditure Framework
BBBEE	Broad Based Black Economic Empowerment	MTSF	Medium Term Strategic Framework
CFO	Chief Financial Officer	NC	Northern Cape
CIDB	Construction Industry Development Board	NCPG	Northern Cape Provincial Government
CPI	Consumer Price Index	NCPGDS	Northern Cape Growth and Development Strategy
CSD	Central Supplier Database	NYS	National Youth Service
DAMP	Departmental Asset Management Report	OHSA	Occupational Health and Safety Act
DORA	Division of Revenue Act	PAIA	Promotion of Access to Information Act
DPSA	Department of Public Service and Administration	PAJA	Promotion of Just Administration Act
DQA	Data Quality Assurance	PFMA	Public Finance Management Act
DRE	District Road Engineer	PGDS	Provincial Growth and Development Strategy
DRPW	Department of Roads and Public Works	POE	Portfolio of Evidence
EBE	Engineering Built Environment	PPP	Public Private Partnership
ECD	Early Childhood Development	PPPFA	Preferential Procurement Policy Framework Act
EE	Employment Equity	PSA	Public Service Act
EEA	Employment Equity Act	RMC	Risk Management Committee
EPWP	Expanded Public Works Programme	PRMG	Provincial Roads Maintenance Grant
FMC	Financial Misconduct Committee	RISFSA	Road Infrastructure Strategic Framework of South Africa
FTE	Full Time Equivalent	SABS	South African Bureau of Standards
GIAMA	Government Immovable Asset Management Act	SCM	Supply Chain Management
GMT	Government Motor Transport	SETA	Sectoral Education and Training Authority
HOD	Head of Department	SMME's	Small, Micro, & Medium Enterprises
HR	Human Resource	SLA	Service Level Agreement
HDI	Historically Disadvantaged Individuals	TMH	Technical Methods for Highways
IAR	Immovable Asset Register	U-AMP	User Immovable Asset Management Plan
ICT	Information Communication Technology	VCI	Visual Condition Index
IDP	Integrated Development Plan	WOE	Women Owned Enterprise
IGP	Infrastructure Grant to Provinces	WBS	Web Based System
IPMP	Infrastructure Project Management Plan	WO	Work Opportunity

IRS

Internal Revenue Service

WSP

Workplace Skills Plan

1.3 Forward by the MEC

This year, as we present the annual report to the people of the Northern Cape (NC), we are also marking the centenary of the birth of Nelson Mandela. This annual report reflects just how much the Department of Roads and Public Works (DRPW) has performed in its mandate of infrastructure development. This annual report is guided by the 2017/18 Annual Performance Plan (APP) and by the Strategic Plan of (2015 – 2019).



The DRPW continues to play a pivotal role in the social and economic transformation of the province. The economic environment has remained depressed for most of the years. This has caused our government to impose comprehensive budgetary constraints, which require extreme belt-tightening measures by departments and provinces alike. As a roads infrastructure service delivery department, we have had to do more with less, given the fact that the cost of delivering the services is much more expensive.

The department continues to contribute to the Provincial Growth and Development Strategy (PGDS) 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 (SMME) targeting previously disadvantaged individuals and communities
- Skills development within the workplace and ensuring the realisation of Broad Based Black Economic Empowerment (BBBEE).

As the implementing agent for provincial infrastructure, construction and maintenance, we continued to play an important role in improving socio-economic conditions and job creation in the Northern Cape. Construction of critical infrastructure continued in the year under review with the completion of ECD Classrooms and hospitals, libraries, clinics and other facilities.

The Root out the Dust (ROD) 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

The 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 trendsetters in infrastructure delivery to change the economic landscape of the province 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.



Mr. Mxolisi Sokatsha

EXECUTIVE AUTHORITY: DEPARTMENT OF ROADS AND PUBLIC WORKS

1.4 Report of the Accounting Officer (AO)

▪ Overview of the operations of department

The Department's APP contains several targets which are based on commitments made by various client departments whose projects are implemented by the DRPW. The department as the implementing agent is responsible to ensure that client departments' projects are implemented as planned whilst the clients are expected to maintain their financial commitments for the year. During this year, a number of targets from Public Works Programme could not be achieved due to budget adjustments by client departments.



**Kholekile
Nogwili**

**Head of
Department**

The progress with the filling of posts was slower than expected. The weak economic climate constrained the ability of the Department to appoint staff due to a cost containment measure.

During the reporting period, 37 staff members received support through the staff bursary scheme, and through the departmental Work Place Skills Plan (WSP), another 904 were able to improve their academic qualifications and skills.

A total of 13 students from outside the government sphere received support through the departmental bursary programme. This programme aims to build and strengthen professional capacity in the engineering and built environment sectors. It targets financially disadvantaged youth, women, people with disabilities, and applicants from the rural areas of the Northern Cape.

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

- Code of Conduct
- Fraud Prevention Plan
- Road Maintenance
- Supply Chain Management Procedures

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 two thousand one-hundred and twenty-five (2 125) 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.

We are continuing to improve our systems and processes, including our Supply Chain Management (SCM). A functionally effective SCM is, of course, central to ensuring good governance and socio-economic transformation, and is best measured through the attainment of a clean audit, which has eluded us in the last couple of years. To achieve our clean audit status we will require individual and collective effort, and processes are already in place to ensure that we turn the corner.

We were also able to complete several infrastructure projects with varying complexity which means that more people now have access to roads, education and health facilities. Through the efforts that we have dedicated in the monitoring of the infrastructure projects, we are happy with massive improvements on the quality of workmanship that is beginning to take shape.

Major projects undertaken or completed during the year

Completed Projects

- Hotazel – Tsineng Road phase 3
- Reseal of various roads
- Regravelling of various roads
- Mental Health Facility

The following projects are still under construction.

- Reseal of various roads
- Re-gravelling of various roads
- Construction of Libraries
- Construction of nursing accommodation

▪ **Overview of financial results of the department**
 ❖ **Departmental receipts**

Departmental receipts	2017/18			2016/17		
	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	2 293	1 991	302	4 375	2 191	2 184
Transfers received			-			-
Fines, penalties and forfeits			-			-
Interest, dividends and rent on land	-		-	-	8	(8)
Sale of capital assets			-			-
Financial transactions in assets and liabilities	-	366	(366)	-	232	(232)
Total	2 293	2 357	(64)	4 375	2 431	1 944

Leasing of State housing and Leasing of government buildings: Agreements are entered into market-related tariffs or as approved otherwise by the Provincial Treasury as contemplated in the Public Finance Management Act, 1999 (Act 1 of 1999 as amended).

▪ **Tariff**

The fees charged and recovered for services rendered by the various districts 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. These tariffs are determined by qualified property evaluators on an annual basis except where rental escalation is determined by running contractual agreements. The department was also granted approval by Provincial Treasury to charge one rand (R1) to non-government organisations (NGO's).
- Request for access to Information
- Trading accounts. The basic principle of cost recovery is adhered to in the calculation of trading account tariffs.

❖ Programme Expenditure

Programme Name	2017/18			2016/17		
	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	142 221	142 214	7	125 593	125 584	9
Public works	140 489	138 231	2 258	189 786	189 770	16
Transport Infrastructure	1 458 779	1 451 645	7 134	1 138 954	1 137 402	1 552
Community Based Programme	102 945	102 938	7	107 012	107 001	11
Total	1 844 434	1 835 028	9 406	1 561 345	1 559 757	1 588

The final appropriation for the 2017/18 financial year for the DRPW was R1, 844 billion. The department spent ninety nine per cent of the budget compared to hundred per cent in the previous year.

❖ Virement /Roll overs

Virement means that an AO 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	To	
	R'000	R'000	
Administration	1 239		Savings on funded posts not filled and on skills development levies.
Public Works	12 207		Savings on funded posts not filled and other operating costs linked to unfilled posts.
Transport Infrastructure		9 840	Overspending on capital projects.
Community Based Programme		3 606	Overspending on current projects.

▪ **Unauthorised, Fruitless and Wasteful Expenditure**

❖ **Unauthorised Expenditure**

DESCRIPTION	FINANCIAL YEAR	AMOUNT	ACTIONS
Mittah Seperepere Convention Centre	2011/2012	26,890,775.26	The over spending is as result of the two unfunded mandates. The Maloof Skate Park and the Big Hole Conference Centre that the department had to build

Reason
Interest and Penalties on municipal accounts
No show fees

Actions taken

- The department has introduced the Financial Misconduct Committee (FMC) four years ago to deal with the issues identified above.
- The financial inspectorate is also required to do a monthly audit on all payments to identify possible cases of fruitless and wasteful expenditure
- Disciplinary action against staff who continuously commits irregular, fruitless and wasteful expenditure

▪ **Future plans of the department**

- The EPWP Phase 3 for the 2018/19 financial year has identified 29 315 work opportunities to be created by 41 Public Bodies in the Northern Cape Province which is a breakdown of 19 703 for provincial sector departments and 9 612 for municipalities.
- Our procurement policies are in line with meeting the objectives of BBBEE and the department will ensure that the black owned enterprises and especially SMME's benefit from the 30% set-aside procurement policy reform during implementation of capital projects in the province.
- 60% of employment in infrastructure to be allocated to youth employment and training incentive schemes focusing on artisanship programs and more sustainable training programmes, which will be linked to skills.

▪ Supply Chain Management

A major challenge that is facing the department is the introduction of the new PPPFA regulations that was effective from the 1st April 2017.

Central Supplier Database

The CSD was effective as from 1st July 2016 where the country has one supplier database which required all enterprises that intend to do business with government to register. The province have set up a helpdesk at Provincial Treasury to assist service providers to register.

Committees

The department has established bid committees at districts in order to ease the burden on head office. We have also established a contract management unit that work closely with the project managers. The major challenge that face us is that the majority of the contractors is unable to complete their projects within the contract period.

SCM processes and systems to prevent irregular expenditure

- Procurement of goods and services is done in accordance with the prescribed threshold values by the National Treasury.
- Procurement delegations are implemented and monitored regularly.
- Invitation of competitive bids for threshold values above R500 000.00 are all advertised on E-Portal to ensure that equal opportunities are given to all suppliers to compete.
- Reviewing our system of inviting quotations.
- Check the completeness of SBD 4 to ensure that service providers declare their interest and verify identity numbers of the directors on the Persal System.
- Verify VAT registration of suppliers on the SARS website to ensure that service providers who claim VAT are duly registered.
- Verify the status of CIDB grading of service providers on the CIDB Website to ensure that the status is active prior to awards.
- Proper safekeeping and management of contract records to confirm that awards made are in accordance with the requirements of SCM legislation and prescripts.
- Implemented and monitor transaction checklists to ensure compliance with SCM prescripts.

▪ **Events after the reporting date**

None.

▪ **Other**

Trading entities and public entities

The department has the trading account namely the Northern Cape Fleet Management Trading Entity (NCFMTE).

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

- The DRPW, on an hourly or daily basis, depending on the type of equipment or type of construction project.
- Charge out rates are revised annually.
- The HOD of the department is ultimately accountable for the trading Entity. The day-to-day running of the operations is being delegated to the Chief Executive Officer (CEO) 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 Recognized Accounting Practices) in terms of Treasury Regulation 18.2.

▪ **Performance Information**

The performance of the department is linked between the Strategic Plan and its Annual Performance Plan (APP) and the Budget Statement. The performance agreements of senior managers are linked to the APP. We submit the Quarterly report in the prescribed form to Provincial Treasury, OTP and DPME which is being tabled at the Provincial legislature. 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.

The 2017/18 APP reflects the 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 this Annual Report. In addition to this, the department also submits the following reports to Provincial Treasury:

- In Year Monitoring system
- Quarterly Infrastructure Report

▪ **Sign-off and acknowledgement**

This annual report is guided by the 2017/18 Annual Performance Plan aligned to the Strategic Plan (2015/16 - 2019/20) as stipulated by our current Medium Term Strategic Framework (MTSF) period. I want to thank the staff and management of the DRPW for their commitment.

It is hereby certified that this report:

- Was developed by the management of the DRPW under the guidance of MEC Mxolisi Sokatsha.
- Accurately reflects the goals and achievements for the financial year 2017/18.

A handwritten signature in blue ink, consisting of a large, stylized 'K' followed by a horizontal line and a small flourish.

K. NOGWILI
ACCOUNTING OFFICER

1.5 Statement of Responsibility and confirmation of accuracy for the Annual Report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.


The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2018.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'K. Nogwili', written over a horizontal line.

Accounting Officer

Name: K. Nogwili

Date: 31 August 2018

1.6 Strategic Overview

▪ Vision

Trendsetters in infrastructure delivery to change the economic landscape of the province

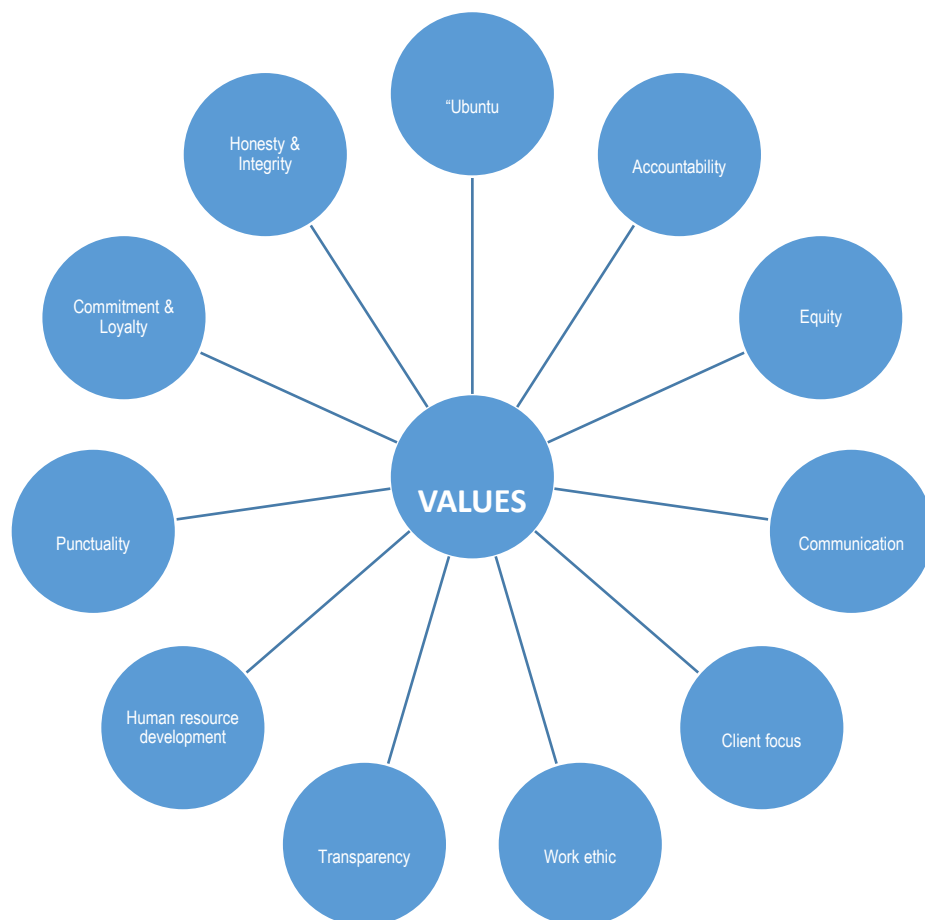
▪ Mission

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

▪ 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.



1.7 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.

1.7.1 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.

1.7.2 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 No. 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, 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, 66 of 1995, ensuring sound labour practices within departments.

National Land Transport 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, 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, 103 of 1994 and Regulations sets out the employments laws for members of the public service and those who are potential public servants 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, 5 of 2000, providing specific guidelines in allocating tenders to historically disadvantaged individuals and entities.

Promotion of Access to Information Act (PAIA), 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, 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 be given reasons.

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

Deeds Registry Act, 1937 (as amended in 2013): To amend the Deeds Registers 'Act, 1937 as to provide discretion in respect of rectification of errors in the name of a person or description of a property mentioned in deeds and other documents, to provide for the issuing of certificates in respect of registered titles taking the place of deeds that have become incomplete or unserviceable.

Municipal Rates Act, 2004 (as amended in 2014)

Infrastructure Development Act, 23 2014:

To provide for the facilitation and co-ordination of public infrastructure development which is of significant economic or social importance to the Republic; to ensure that infrastructure development in the Republic is given priority in planning, approval and implementation; to ensure that the development goals of the state are promoted through infrastructure development; to improve the management of such infrastructure during all life-cycle phases, including planning, approval, implementation and operations; and to provide for matters incidental thereto.

Spatial Planning and Land Use Management Act No. 16, 2013 (SPLUMA):

To provide a framework for spatial planning and land use management in the Republic; to specify the relationship between the spatial planning and the land use management system and other kinds of planning; to provide for the inclusive, developmental, equitable and efficient spatial planning at the different spheres of government.

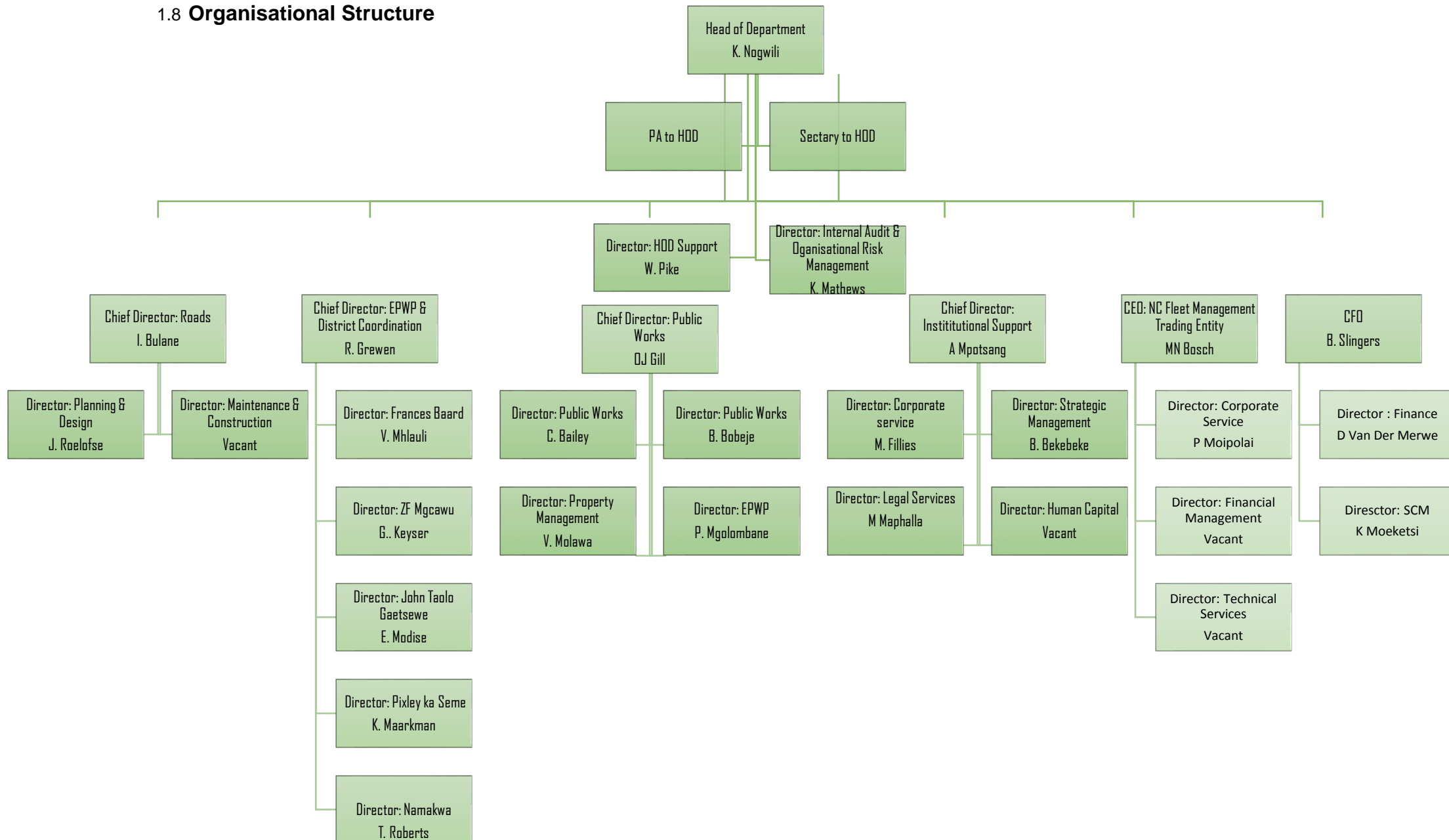
Council for the Built Environment Act No. 43, 2000:

This document presents the Council for the Built Environment's policy for the identification of work to be adopted by the built environment professions councils, and a resulting framework to guide the implementation of the policy.

National Building Regulations and Building Standards as Amended by Standards 8 of 2008

SABS provides a range of standards covering the demands of the Building & Construction industry, from quality management systems to test methods for specific materials or parts. These will help your organization to enhance customer satisfaction, meet regulatory, safety and reliability requirements, and ensure consistency of quality throughout the supply chain.

1.8 Organisational Structure



1.9 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

PART B:

PERFORMANCE

INFORMATION

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service delivery environment

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	(Over)/Under Expenditure R'000
1 683 768	1 844 434	1 835 027	9 407
Responsible MEC	MEC for Roads and Public Works		
Administering Department	Department of Roads and Public Works		
Accounting Officer	Head of Department of Roads and Public Works		

In this year under review, the department was presented with an opportunity to improve on its previous audit findings by testing the effectiveness and strategies in ensuring compliance, financial management, sustainable resource utilisation and adequate management of provincial assets and liabilities has been an enormous task. Various support strategies have been developed and implemented to assist in improving audit outcome of the department. Therefore, 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 department's efforts to implement the 30% set-aside for BBBEE on subcontracting conditions on tenders, have been successful and 30 contractors have benefited from this policy imperative. The department has achieved 97% on 30 day payments to creditors to ensure sustainability and creating an enabling environment for business by reducing the rate of late payments to suppliers. The following table illustrates the number of personnel trained in various fields:

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior managers	4	3		1	2	1			11
Professionals	16	11			2				29
Technicians and associate professionals	8	5							13
Clerks	56	47	3		50	34	2	1	193
Service and sales workers									

Skilled agriculture and fishery workers									
Craft and related trades workers									
Plant and machine operators and assemblers	49	69			7	5			130
Elementary occupations									
Total	129	132	3		59	39	2	1	376
Employees with disabilities	0	0	0	0	0	0	0	0	0

The Department ensured that property management is fully compliant with the GIAMA standards which requires that condition assessments be conducted every five years and we completed our assessments within three years of which this year was the final assessments conducted. We under-achieved the target of this because the previous years were over-achieved. With regard to vesting of properties, reconciliation has been done with the deeds office and national office, therefore we can report that to date that seven hundred and twenty-nine (729) properties have been vested and the rest will be vested by the National Department of Public Works (NDPW). Further-more twenty-five (25) properties have to be investigated and seven hundred-and twenty-five (725) applications have been submitted during this year.

We currently managed two thousand one-hundred and twenty-five (2 125) land parcels which includes state domestic facilities, private facilities awaiting to be acquired, registered and unregistered state properties. The number of facilities residing/built on the latter are one thousand four hundred (1400). The department provides office accommodation solutions to eleven (11) provincial departments and four (4) provincial government agencies and implements infrastructure projects at Head Office as well the District Offices. The department is in process to develop alternative leasing strategies for the province with different options and a concept note has already been submitted to the Premier for consideration. Prestige accommodation is still provided to members of provincial legislature (MPL's) and two new MPL's still need to be provided with housing accommodation in the 2018/19 financial year.

Rates and taxes still remain one of the province's biggest challenge as some municipalities experience power cuts by ESKOM. A budget of R57 million was allocated for this year under review and was paid to municipalities, although the budget was paid to municipal accounts, there is still an arrears amount of R468 million. Therefore, interest accumulated on unsettled accounts which reflects negatively as accruals, not to mention the added implications of defects in the municipal billing systems which makes the current accounts unrealistic.

Provincial Treasury committed to supplement the department's budget in order to settle the long outstanding municipal account of R17,3 million rand for Sol Plaatje municipality in order to have the Mittah Sepherephere Convention Centre (MSCC) transferred from DeBeers mine to the Northern Cape Government. In some cases, the outstanding accounts are as a result of municipalities being non-responsive to the request to provide invoices to the department and this is because of challenges experienced with their billing systems. A provincial revenue task team has been set up by the NDPW of which DRPW is part of dealing with strategies to deal with the billing system problems.

The department is a participant in the Green Energy initiatives and have ensured that the designs of all major new buildings are subsequently incorporated into the physical construction to comply with this initiative. The province is currently participating in the Shared Water Efficiency Programme set up and 30 properties have been identified for inclusion in this project. The department is also represented and actively participates in the Green Building Forum by NDPW.

Fig. 1: Department of Health completed projects:

Project Name	Total Project Value	Progress to date
HOSPITAL REVITALISATION PROGRAM		
Mental Health Facility	R 715 172 364.05	Currently started taking practical completion in areas such as bulk services.
(266 beds)		
Fees	R 239 836 230.02	Practical completion taken on the project and commissioning of equipment and services in progress
CLINICS PROGRAMME		
Boegoeberg: Construction of New Clinic: Ideal clinic	R 17, 062, 336	Construction –20% complete
Fees	R 2, 000, 000	EDC: August 2018
Bankhara Bodulong: Construction of New Clinic	R 19, 803, 026	Construction –15% complete
Fees	R 2, 500, 000	EDC: September 2018
Total	R 1, 578, 985, 592	

Fig. 2: Department of Social Development completed projects:

Project Name	Project Value	Progress to date
SOCIAL DEVELOPMENT		
Kimberley Drug Abuse In-patient Facility: Phase 2 Top Structure	R 53, 922, 761	Completed: Final account & retention outstanding
Fees	R 8, 695, 032	
Lerato Place of Safety: Upgrading and Conversions	R 10, 000, 000	Site handover phase
Fees	R 1 500, 000	
	R 74, 117, 793	

As illustrated above, it is worth mentioning that the New Mental Health Facility which was one of the country's most challenging milestone is finally 100% complete and 515 work opportunities were created on site. Practical completion has been reached at a total cost of R1.6 billion rands from an original cost of R400 million. The increase in costs over the years were as a result of redesigning of the major blocks. The Department is now in the process of commissioning all equipment and services. In addition to our capital projects, is the construction of the Northern Cape Substance Abuse Treatment Facility which is completed with minor hiccups relating to legal battle. It has created 97 work opportunities and the project was handed over to the Department of Social Development and the 40 in-patients facility was anticipated to be operational by July 2018. The department can further report on the other projects which have been completed in the 2017/18 financial year:

Fig. 3: Department of Education projects:

Project Name	Total Project Value	Progress to date
Ablution blocks x 11	R 13, 968, 751	7 x Planning phase 3 x Construction: 40% - 95% complete 1 x Completed
Administration Blocks x 2	R 7, 385, 686	1 x planning phase 1 x Construction : 90% complete
Classroom Blocks X 2	R 9, 903, 809	1 x Planning phase 1 x Site handover phase

ECD Classrooms x 4	R 13, 781, 610	2 x Planning phase 2 x Construction: 70% - 90% complete
New Schools x 1	R 30, 000, 000	Planning phase
Technical Workshops x 1	R 3, 000, 000	Planning phase
Cluster 1: Kalahari High School	R 6, 795, 005	Planning phase
Cluster 2: Wrenchville High School	R 15, 012, 291	Planning phase
Cluster 3: Brandvlei Primary School	R 6, 516, 613	Planning phase
Cluster 4: Lareng Primary School	R 11, 413 635	Planning phase
Cluster 5: Olihile Manchwe High School	R 3, 611, 569	Planning phase
Cluster 6: Sishen High School	R 6, 794, 569	Planning phase
JJ adams High School: Major Rehabilitation and Renovation	R 6, 000, 000	Planning phase
Total	R 138, 215, 093	
Cluster comprises: Ablution blocks, Classrooms blocks, ECD classrooms, Administration blocks, etc		

Fig.4: Department of Sports and Culture projects

Project Name	Total Project Value	Progress to date
SPORT ARTS AND CULTURE		
Upington: New Library Fees	R 23, 711, 696 R 6, 000, 000	Construction: 25% complete
Kuruman: New Library Fees	R 18, 034, 670 R 5, 000, 000	Construction: 20% complete
Carolusberg: New Library Fees	R 4, 035, 920 R 450, 000	Construction: 20% complete
Warrenton: New Library Fees	R 3, 887, 115 R 600, 000	Construction: 20% complete
Niekershoop: New Library Fees	R 14, 800, 000 R 3, 000, 000	Tender evaluation phase

Greenpoint: New Library Fees	R 13, 000, 000 R 2, 800, 000	Tender evaluation phase
Barkley West: Repairs and Upgrading Fees	R 3, 000, 000 R 650, 000	Tender evaluation phase
Dithakong Library Fees	R 4, 000, 000 R 1, 000, 000	Planning phase
Valspan Library Fees	R 4, 000, 000 R 1, 000, 000	Planning phase
Total	R 109, 969, 401	

- Community libraries at Askham, Kamassies, Petrusville and Ritchie
- Community libraries at Carolusburg, Tsineng, Warrenton and District libraries at Upington and Kuruman.

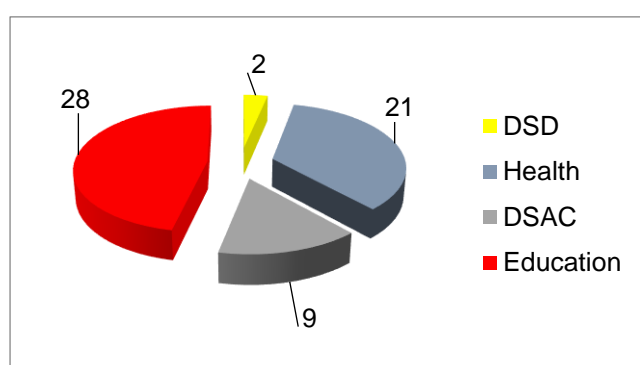
Fig. 5: Department of Health Condition assessments maintenance projects:

Project Name	Total Project Value	Progress to date
HEALTH: UPGRADING / MAINTENANCE / REFURBISHMENT PROGRAMME		
Maintenance of HVAC: FB, JTG, Pixley	R 30, 000, 000	Construction – 90% complete
Maintenance of HVAC: ZFM, Namaqua	R 30, 000, 000	Construction – 10% complete
Maintenance of Fire Fighting Equipment: FB, JTG, Pixley	R 30, 000, 000	Construction – 85% complete
Kimberley Hospital: Upgrading and Replacement of HVAC	R 30, 000, 000	Construction – 15% complete
Condition Assessments: Implementing the outcomes: Francis Baard & JTG	R 80, 000, 000	Construction – 35% complete
Condition Assessments: Implementing the outcomes: Pixley, Namaqua & ZFM	R 80, 000, 000	Construction – 75% complete
Various: Upgrading of Staff Accommodation	R 20, 000, 000	Planning phase

Kimberley Hospital: Structural Defects Fees	R 10, 000, 000 R 2, 000, 000	Documentation phase
West End Hospital: Renovations	R 300, 000	Tender phase
Kimberley Hospital: Renovations – Ward S1	R 300, 000	Tender phase
Tshwaragano Hospital: Nurses College - Renovations	R 1 , 000, 000	Tender phase

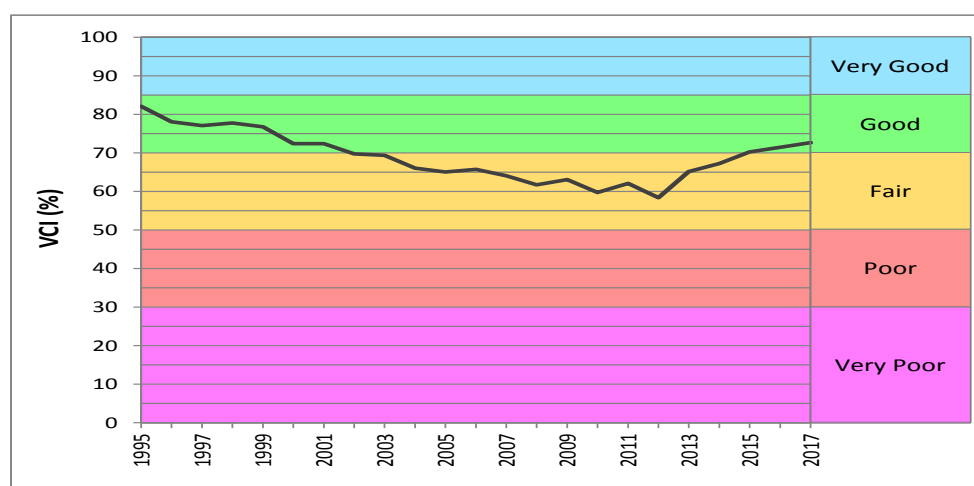
The projects above emanate from the condition assessments which were conducted.

Fig. 6: Projects per user client departments:



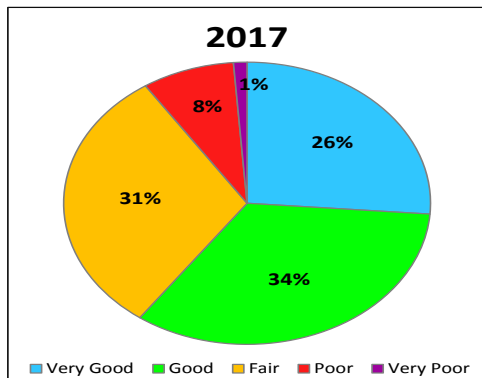
As far as road infrastructure is concerned, the road network of the province has increased to 72% during this year and the performance of the paved road network of the DRPW was investigated for the period 1995 to 2017. The Visual Condition Index (VCI) describes the surface as well as the structural and functional condition of the pavement. The Road Asset Management Plan (2012) of the DRPW, Northern Cape Province, aims for a minimum average VCI of 75%, indicating the overall network condition to be achieved should be “Good”. Good progress towards achieving this goal is noticeable since 2012.

Figure 7: Average paved road VCI trend (1995 – 2017)



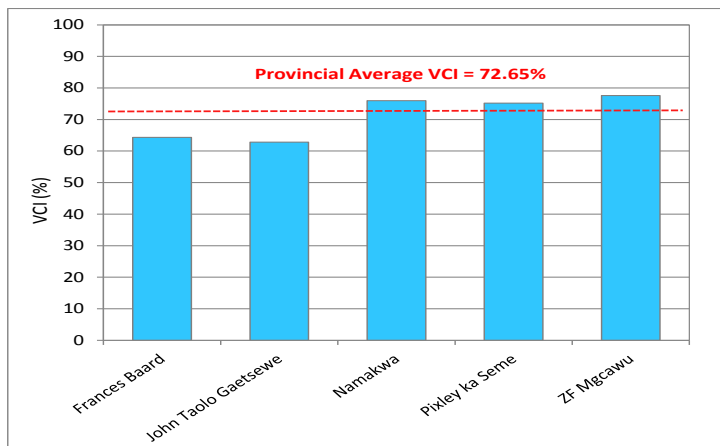
The figure below illustrates the current status quo of the province's road network:

Figure 8: DRPW overall VCI in 2017



With regard to VCI for districts, the latest (2017 data) VCI per district is compared to the average VCI of the province. Three of the maintenance regions show an average VCI higher or equal to the provincial average; i.e. ZF Mgcawu, Pixley ka Seme and Namakwa maintenance regions. John Taolo Gaetsewe and Frances Baard maintenance regions' average VCI of 64% is lower than the Provincial average, showing poorer road conditions than the provincial average.

Figure 9: VCI per district in 2017



Lastly, the EPWP remains government's main job driver for job creation and skills development which still remains our focus and the department achieved twenty-two thousand three hundred and seventy- five (22 375) work opportunities against a target of twenty eight thousand three hundred and seventy seven (28 377) and the variances were as a result of incapacity at municipal level and contractors utilised more machinery and less labour intensive methods which would have created more job opportunities. We can report that an overall of 79% job opportunities were created.

▪ **Service Delivery Improvement Plan Main services and standards**

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Erect and construct buildings facilities and office space e.g. schools, clinics and office accommodation depending on the client departments needs	All provincial departments	Meet required building standards approved by CIDB (Construction Industry Development Board)	Meet required building standards approved by CIDB	All Building projects have been completed according to required norms and standards and regulations
		70% of projects in construction are completed (This is based on the projects' annual milestones as per project plan)	Education (17) Health (31) DSD (2) Agriculture (1) Sport (1) Public work (0)	Education (23) Health (41) Department of Sport (11) DSD (1)
Construction and maintenance of roads	All roads users(communities) including mining industries	<ul style="list-style-type: none"> - Meeting required roads standards. - Ensuring that all roads are in good condition throughout their expected life span by maintaining them on a regular basis. - Use well trained technical staff 	<ul style="list-style-type: none"> - Meeting required roads standards. - Ensuring that all roads are in good condition throughout their expected life span by maintaining them on a regular basis. Use well trained technical staff	-77 km of gravel roads upgraded to surfaced roads -250 000 m ² completed on rehab of paved roads. -42 246 m ² patching of potholes -73 485 km road blading -2 253 478 m ² of surfaced roads resealed -388 km of re-gravel roads
To provide work opportunities and income support to poor and unemployed people through the labour-intensive delivery of public and community assets and services, thereby contributing to development	Communities of the Northern Cape Province	632.2 FTE's created by DRPW Assets constructed to standard	1878 FTE's created by DRPW Meet required standards	•Departments created 15 076 work opportunities •Municipalities created 7 299 work opportunities • 1 631 FTE's created by DRPW

- Batho Pele arrangements with beneficiaries (Consultation, access)

Current/actual arrangements	Desired arrangements	Actual achievements
All departmental projects are client driven and are done according to the needs of the service beneficiaries	<p>Conduct inspections to all active projects to ensure compliance with Standard specifications and for quality control</p> <p>Speedy Service Delivery</p> <p>Continuous improvement in project management.</p>	12 Monthly meetings were held with client departments and other stakeholders

- Service delivery information tool.

Current/actual information tools	Desired information tools	Actual achievements
The department is always striving towards Openness and transparency when delivering services.	<p>Monthly reports, e-mail and distribute hardcopies</p> <p>Monthly meetings</p> <p>Site meetings with contractor (All stakeholders)</p> <p>Cash Flow statements and predictions provided on adhoc basis</p>	<p>12 Monthly meetings were held with client departments and other stakeholders</p> <p>Cash Flow statements are availed on an ad-hoc bases or as and when requested.</p>
The department has developed its service charter to inform our clients on the departmental services, operating hours and procedures, addresses, contact persons	<p>SLA available</p> <p>Cash Flow statements and predictions on every project provided on a monthly basis</p> <p>Implementation of PROMAN system</p> <p>Client participation in the BID committee meetings</p> <p>Annual reports must improve- presently concentrating on activities and outputs</p>	<p>Cash Flow statements are availed on an adhoc bases or as and when requested</p> <p>PROMAN is already being implemented</p>

▪ Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Complaints are dealt with in the following manner - Site meeting - Site visits - One on One interviews	All complaints and complements should be done in writing and registered for monitoring and evaluation process	All complaints were dealt with at during site visit and meetings

2.1.1 Organisational environment

The department received a qualified audit opinion in the previous financial year (2016/17) of which the calculation of bridges was a main contributor towards the department not achieving its audit outcome. The department therefore intensified its efforts to improve on its asset register for bridges and internal control environment and has also implemented measures to curb irregular, fruitless and wasteful expenditure. Disciplinary measures have been implemented as consequence management plan and also to tighten the belt on corruption. The department has intensified its efforts to enforce good governance through the improvement of the managerial processes. The department has ensured that only projects that are on the procurement plan are implemented and has also escalated the non-compliance of client departments to the Provincial Infrastructure Committee. The top structure of the organisation is 99% filled. The current incumbent occupying the Director: Legal Services post is appointed on a fixed-term contract basis; the post is advertised and filling thereof is anticipated during the 2018/19 financial year. The department is committed in continuous skills development and has therefore enrolled eleven (11) senior managers to an Executive Management Development Program with the University of the Free State Business School and there are thirteen (13) full time and thirty-seven (37) part-time bursary holders within the department to ensure we advance the knowledge base of the department. As part of its dedication to youth and women empowerment, twenty (20) interns of which include women and youth are enrolled in the departments' internship programme for a period of 12 to 24 months to obtain both workplace experience and practical knowledge.

As part of ensuring the department carries out its mandate in line with policy imperatives, one policy has been finalised during this period under review, namely; Bridges policy. The department was faced with delays in delivering road infrastructure due to community protests in the John Taolo Gaetsewe (JTG) district and there are currently strategies in place to partner with road forums to mitigate these challenges through community engagements because

these community protests have resulted in serious delays in the delivery of road projects. Despite these challenges, the department managed to form strategic partnerships with the mining houses who contributed to the efficient delivery of road infrastructure in this area by contributing towards the construction of roads such as the Mamatwane road in JTG area.

With regard to liabilities in this year, the department lost one court case which led to a re-instatement of an employee and has costed the department over nine hundred thousand rands (R900 000). The department has also been faced with a high number of litigation cases related to absence of road signs resulting in pothole claims of over four hundred thousand rands (R400 000) and the department has put measures in place to mitigate and improve the road infrastructure.

2.1.2 Key policy developments and Legislative changes

In the year under review, there have not been any significant changes to policies or legislation that might severely affect the operations of the department. National Treasury Gazetted the Preferential Procurement Policy Framework (PPPFA) 2017, which makes provision for 30% set-aside for subcontracting as conditions of tenders over R30 million in order to advance designated groups.

2.2 STRATEGIC OUTCOME ORIENTED GOALS

The Department's Strategic Outcome Orientated Goals and progress made towards the achievement of the five-year strategic plan targets as outlined below:

Strategic goal 1	To promote and support good governance in the department
Aim	The achievement of this goal contributes towards National Outcome 12 and Provincial Strategic Objective 12 To ensuring optimal compliance with legislation and policies and effective and efficient service delivery
Justification	Good governance will eliminate inefficiency and ensure effective and regular decision making.

The department achieved an overall scoring of 2.8 for MPAT 1.7 with Financial Management at a rating 4 and some indicators 'ratings improved, though some remained the same and the department has improved as compared to MPAT version 1.6. The department is now looking into how it will improve during the MPAT version 1.8 by implementing corrective plan through its implementation plan.

Strategic goal 2	Manage and maintain the provincial property portfolio according to the needs identified of client departments
Aim	To provide and maintain functional and accessible buildings, facilities and office accommodation according to the identified needs of provincial departments
Justification	Delivery of social infrastructure, the provision of office accommodation, integrated planning and total asset management

The department has successfully carried out its mandate against the National Development Plan (NDP) for this year and the following infrastructure projects are still in construction phases:

- Springbok Hospital: New Pharmacy;
- Namaqua New Forensic Mortuary;
- Kimberley Hospital – supply and installation of lifts; upgrading of A3 ward; assessment of electrical defects;
- Tshwaragano CHC– installation of solar high mast; maintenance of water pumps;
- Tshwaragano Hospital EMS upgrading;
- Galeshewe Day Hospital – installation of medical gas;
- Cranavon CHC – refurbishment;
- Wegdraai clinic – upgrading;

- Postmasburg, Kakamas, Kuruman, Victoria-West, Pofadder and Springbok Hospitals – installation of new laundry equipment;
- Kimberley construction of new nurses' accommodation;
- Boegoeberg – construction of new clinic;
- Bankara Bodulong – construction of new clinic;
- Pampierstad – construction of new pre-fabricated clinic, guardhouse and fencing;
- The Nursing College.

With regard to disposals, the following properties have been proposed for disposal during this year and other facilities will be done through auction during 2018/19 financial year:

- 10 X adverts for proposed disposals were advertised in the local media.
- 2 X Sol-Plaatje Municipality,
- 4 X Municipality,
- 1 X NDPW,
- 1 X FET college, 1 residence
- 1 X to Islamic Institute

Strategic goal 3	Provide and maintain integrated road infrastructure that is safe and functional to support social and economic development that contribute to outcome 6.
Outcome	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
Justification	This aims to improve the reliability of roads, improve access to communities and foster investment

The department's biggest challenge relates to the unpaved roads in the rural areas and gravel roads to provide access to strategic infrastructure projects (SIPs) and other economic activities. The department could only allocate R275 million towards the annual periodic maintenance of roads which was not sufficient since these projects required additional funding to be ring-fenced. Therefore, the local mining companies were approached to create possible partnerships and they have contributed to accelerate the development of roads in these areas. The average road network Visual Condition Index (VCI) which is a method used to measure the conditions of tarred road has improved to 72% due to road maintenance projects. This department ensured compulsory sub-contracting of 30% of the value of contract for all bids in excess of R30 million. During the 2017/18 financial year, the following reseal projects can be reported on:

- Victoria west towards the N1, from Carnavon to Williston, Frazerburg to Western Cape Border, Danielskuil to Kuruman and all the roads in Vaalharts area;
- Mamatwane;
- The heavy rehabilitation from Postmasburg to Jenn-Haven;

The department together with SANRAL has completed the high risk accident zones in the Frances Baard District, particularly the killer crossings on the Cape Town and Douglas roads and the department contributed R20 million.

Strategic goal 4	Alleviate poverty and create job opportunities
Outcome	Decent employment through inclusive growth
Output	Improved Support To Small Business and Cooperatives Implementation of the Expanded Public Works Programme
Justification	To ensure delivery of accessible service through integrated, socially just developmental and empowering processes in order to improve the quality of life of communities within the province by the way of community developmental programmes

- The annual target for the Northern Cape for 2017/18 was twenty-eight thousand three hundred and seventy-seven (28 377) of which twenty-two thousand three hundred seventy-five (22 375) is for the Infrastructure, Environment & Culture, Social sectors and Municipalities. The performance indicators were achieved a 27% and the individual indicators of the programme's performance is at 79%.

The department initiated the Phakamile Mabija Apprenticeship Programme in honour of the late anti-apartheid activist and fallen hero Phakamile Mabija. On 17 October 2017 the department received the Public Sector Trainers' Forum (PSTF) Achievers Excellence Award for Excellence in Youth Development Training. The Phakamile Mabija Apprenticeship Programme was to address the scarce skills shortage in the following trades Diesel/Motor Mechanics, Fitting, Boiler Making and Electrical within the Province. For this year, 16 artisans graduated during November 2017 which was part of the third intake. The department commenced training on its fourth intake of Phakamile Mabija Artisan Learners during January 2018 which is a unique intake of 100% women. A total of 25 learners coming from all five Districts are being trained in the various trades and the mining houses; Shishen Mine, Kimberley Mine, Afrisam, Blackrock and De Beers are our strategic partners in ensuring placement of the apprenticeship program graduates:

- Five learners are from the Namakwa District,
- Four learners are from the Z.F Mgcawu District,
- Five learners are from the Frances Baard District,
- Two learners are from the Pixley Ka Seme District and
- Nine learners are from the John Taolo Gaetsewe District.

2.3 PERFORMANCE INFORMATION PER PROGRAMME

▪ Description of each programme

Programme	Sub-programme	Performance measure
Administration Provision of administrative, strategic, financial and corporate support services to ensure delivery of the Departments mandate in an integrated, efficient, effective and sustainable manner.	1.1. Office of the MEC	To render advisory, parliamentary, secretarial, and administrative and office support services.
	1.2. Management of the department	Overall management of the department.
	1.3 Corporate Support	To manage personnel, procurement, finance, administration and related support services for the department.
	1.4 Departmental Strategy	Provide operational support in terms of strategic management, strategic planning, Monitoring and Evaluation, integrated planning and coordination across all spheres of government, departments and the private sector organisations including policy development and co-ordination.
Public Works Infrastructure The purpose of this programme is to provide and manage government's immovable property portfolio to support government social, economic, functional and political objectives. In line with the mandate of the Department of Public Works, this programme seeks to achieve the first four strategic objectives of the Department of Public Works. The programme also renders professional services such as architectural, quantity surveying, engineering and project management, horticultural and cleaning services.	2.1. Programme support	Overall management and support of the programme, strategic and administrative support services to the professional services components with regard to provincial government building infrastructure and property management, its management administration, financial matters and supply chain management.
	2.2 Planning	Management of the demand for Infrastructure. Development, monitoring and enforcement of built sector and property management norms and standards. Assist in the development of user asset management plans. Development of Custodian Asset Management Plan. Development of infrastructure Implementation plans.
	2.3 Design	Design of new and upgrading provincial building infrastructure.
	2.4 Construction	New construction, upgrading and refurbishment of provincial building infrastructure.
	2.5 Maintenance	Management of routine maintenance, schedule maintenance, conditions assessment of all provincial buildings and alterations which refers to changes that are required for reasons other than maintaining the asset.
	2.6 Immoveable Asset Management	Management of provincial immovable asset portfolio; 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 immovable assets in terms of the Land Administration which entails NC and GIAMA.
	2.7 Facilities Management	Management of cleaning, greening, beatification, interior decoration.
Transport Infrastructure To promote accessibility and the safe, affordable movement of people, goods and services through the delivery and maintenance of transport infrastructure that is sustainable, integrated and environmentally sensitive, and which supports and facilitates social empowerment and economic growth.	3.1. Programme Support Infrastructure	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.
	3.2. Infrastructure Planning	Provide for the planning and co-ordination towards the formulation of provincial transport policies and statutory plans, to facilitate the provision of road safety audits on all roads and transport infrastructure to ensure safe traffic and people movement.
	3.3. Infrastructure Design	To provide design, of roads and transport infrastructure including all necessary support functions such as

Programme	Sub-programme	Performance measure
		environmental impact assessment, traffic impact assessment, survey, expropriation, material investigations and testing.
	3.4. Construction	To develop new, re-construct, upgrade and rehabilitate road infrastructure and 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.
	3.5. Maintenance	To effectively maintain road infrastructure, 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.
Community Based Programme 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.	4.1. Community Based Programme	Overall management and support of the program, includes the coordination, compliance monitoring and implementation of programs to create work opportunities to alleviate poverty and the implementation of interventions to support contractor and skills development.
	4.2. Community Development	Programmes to bring about the development and empowerment of impoverished communities
	4.3 Innovation and Empowerment	Sub-program includes support to designated groups on contractor development, skills development and artisan development
	4.3. EPWP Co-ordination and Compliance Monitoring	This sub-programme includes the coordination and support to all public bodies to ensure compliance in the creation of work opportunities as per EPWP Phase III targets.

2.3.1 Strategic objectives, performance indicators planned targets and actual achievements

■ PROGRAMME 1: ADMINISTRATION

Purpose

Provision of administrative, strategic, financial and corporate support services to ensure delivery of the Departments mandate in an integrated, efficient, effective and sustainable manner.

Strategic Objectives

Strategic objective	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Attain an unqualified report without material findings	1	1	1	0	N/A

Performance Indicators

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Office of the MEC Render advisory, parliamentary, secretarial, administrative and office support services					
Budget Vote Speech presented to the Legislature	1	1	1	0	N/A
Management of the Department Overall management and support of the department					
Number of senior management meetings assessing and reviewing the departmental performance	4	4	4	0	N/A
Corporate Support To manage personnel, procurement, finance, administration and related support services.					
Number prescribed reports submitted to DPSA, PSETA, CETA and SAHRC in terms of PAIA	24	24	24	0	N/A
Submit financial reports in line with Provincial guidelines and within prescribed period	45	92	92	0	N/A
Percentage of payments processed within 30 days	218%	100%	97%	-3%	<ul style="list-style-type: none"> Migration from BAS v4 to BAS v5 resulted in segments on BAS v5 not available for the processing of payments

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
					• Early closure for the processing of payments by Treasury during December.
Number of risk assessment done to update the Risk Register during the year	4	4	4	0	N/A
SUB PROGRAMME: DEPARTMENTAL STRATEGY: Provide operational support in terms of strategic management, strategic planning, Monitoring and Evaluation, integrated planning and coordination across all spheres of government, departments and the private sector organisations including policy development and co-ordination					
Submit prescribed reports as required by Treasury regulations	6	6	6	0	N/A

Strategy to overcome areas of under performance

- Treasury to be lobbied to extend their early closure in December which affects processing of December payments only in following month;
- Ensure that all service providers comply with CSD requirement before doing business with them and enhance current internal controls.

Changes to planned targets

- No changes were made to performance indicators;

Linking Performance with Budget

Programme 1: ADMINISTRATION									
	2017/18							2016/17	
	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
Sub programme									
1 OFFICE OF THE MEC	11 506	-2 311	24	9 219	9 218	1	100.0%	11 038	11 035
2 MANAGEMENT OF THE DEPARTMENT	13 436	3 368	-542	16 262	16 259	3	100.0%	15 767	15 763
3 CORPORATE SUPPORT	111 753	-1 105	-721	109 927	109 925	2	100.0%	93 405	93 403
4 DEPARTMENTAL STRATEGY	6 765	48	-	6 813	6 811	2	100.0%	5 383	5 383
	143 460	-	-1 239	142 221	142 213	8	100.0%	125 593	125 584

■ PROGRAMME 2 - PUBLIC WORKS INFRASTRUCTURE

Purpose

The purpose of this programme is to provide and manage government's immovable property portfolio to support government's social, economic, functional and political objectives. In line with the mandate of the department of Roads and Public Works. This seeks to achieve the first four strategic objectives of the Department of Public Works. The programme also renders professional services such as architectural, quantity surveying, engineering and project management, horticultural and cleaning services.

Strategic objectives

Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Provision of infrastructure to achieve its intended purpose through the implementation of 186 projects on behalf of client departments	20	30	26	-4	Four laundry projects were terminated due to poor contractor performance and some projects from previous years are only completed this year.
Provide a uniform immovable asset management framework that will promote accountability and transparency within the province by maintaining a credible immovable asset register	300	300	571	271	The over achievement was due to the re-assignment of existing staff to focus solely on the completeness of minimum requirements in the AIR.

Performance Indicator

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	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 .					
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 					
CAMP submitted to the relevant Treasury in accordance with GIAMA	0	1	1	0	N/A
Design					
Number of infrastructure designs ready for tender	30	3	15	+12	Additional projects requested by Department of Health and Department of Transport Safety and Liaison & DSAC.
Number of projects surveyed, planned and costed	30	3	15	+12	Additional projects requested by Department of Health and Department of Transport Safety and Liaison & DSAC.

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Construction New construction, upgrading and refurbishment and will entail two of the prefab stages namely stage [5] Construction Period and Contract Administration and stage 6 project close out and debriefing.					
Number of capital infrastructure projects completed within the agreed time period	14	30	18	-12	Previous years' and quarters' projects carried over due to poor contractor performance resulting 8 projects completed late.
Number of capital infrastructure projects completed within agreed budget	20	30	26	-4	Previous years' and quarters' projects carried over due to poor contractor performance resulting 8 projects completed late.
Number of capital infrastructure projects in construction	40	9	44	+35	Previous years' and quarters' projects carried over due to poor contractor performance resulting in delays in scheduled project completion.
Number of capital infrastructure projects completed	20	30	27	-3	Four laundry projects were terminated due to poor contractor performance and some projects from previous years are only completed this year.
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					

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of planned maintenance projects awarded	23	39	28	-11	Client Department do not implement project as per their proposed list and maintenance projects are requested on an adhoc basis from user departments throughout the year
Number of planned maintenance projects completed within the agreed contract period	13	34	15	-19	Client Department do not implement project as per their proposed list and projects running late due to poor performance by contractors
Number of planned maintenance projects completed within agreed budget	18	34	22	-12	Client Department do not implement project as per their proposed list; they do not allocate projects for maintenance and Projects running late due to poor performance by contractors
Number of planned maintenance projects in construction	24	39	25	-14	Client Department do not implement project as per their proposed list; Don't allocate projects for maintenance and Maintenance projects are requested on an ad-hoc basis from user departments
Number of maintenance projects completed	210	247	248	1	Target was exceeded due to efficiency during day-to day maintenance.
Immovable Asset 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 immovable assets verified in the IAR in accordance with the mandatory requirements of National Treasury	236	300	571	271	The over achievement (271) was due to the re-assignment of existing staff to focus solely on the completeness of minimum requirements in the AIR

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Facilities Operation					
Number of properties receiving facilities management services	22	22	22	0	N/A
Number of condition assessments conducted on state owned buildings	600	300	70	-230	This target was over achieved during previous years, hence the remainder of conditions assessments was conducted.
Number of leased accommodation (leased in) provided within agreed time period	109	3	37	+34	The department only entered into 2 lease agreements on behalf of DRPW. The additional 35 are for the client departments and their leases were not incorporated into our targets during planning stages.

Strategy to overcome areas of under performance

- Targets have been adjusted in this FY to address the AG's concerns;
- Improve project planning cycle with all stakeholders;
- Terminated projects must be re-advertised immediately after termination to meet targets;
- Higher level intervention including Treasury for User Depts. to adhere to SLAs and IDMS processes;
- The department will ensure that only projects that are on the Procurement Plan are implemented and has also escalated the non-compliance of client departments to the Provincial Infrastructure Committee. The department has trained SMME through the contractor and project management development programme.
- User departments to fully adhere to the GIAMA Act requirements to avoid them administering their own lease agreements.

Changes to planned targets

- No changes were made to performance indicators.

Linking Performance with Budget

Programme 2: PUBLIC WORKS INFRASTRUCTURE									
	2017/18							2016/17	
	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
Sub programme									
1. Programme Support	1 978	(234)	(129)	1 615	1 615	-	100.0%	2 514	2 511
2. Design	12 196	195	-	12 391	12 389	2	100.0%	10 084	10 082
3. Construction	18 764	(1 390)	(680)	16 694	16 692	2	100.0%	11 289	11 286
4. Maintenance	33 069	(1 501)	(8 552)	23 016	20 765	2 251	90.2%	28 413	28 410
5. Immovable Asset Management	79 792	3 791	(2 372)	81 211	81 209	2	100.0%	132 241	132 240
6. Facility Operations	6 897	(861)	(474)	5 562	5 561	1	100.0%	5 245	5 241
Total for subprogrammes	152 696	-	(12 207)	140 489	138 231	2 258	98.4%	189 786	189 770

▪ **PROGRAMME 3: TRANSPORT INFRASTRUCTURE**

To promote accessibility and the safe, affordable movement of people, goods and services through the delivery and maintenance of transport infrastructure that is sustainable, integrated and environmentally sensitive, and which supports and facilitates social empowerment and economic growth.

Strategic objectives

Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Provide Accessible transport infrastructure through upgrading of roads.	33km	77km	77km	0	N/A
Keep existing transport infrastructure in good condition throughout its life cycle.	66 124km 40km	68 500km 35,5km	73 485.23 42.2km	+4 985.23 +6.7	Department received additional funding from SANRAL and the mines.

Performance Indicators

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	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.					
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.					
Number of reports done for management system	5	3	3	0	N/A
Number of infrastructure plan compiled	1	1	1	0	N/A
Number of kilometres of surfaced roads visually assessed as per the applicable TMH Manual*	3 553	3 579	3 779	+200	There was an increase in the road network hence more kilometres were surfaced
Number of kilometres of gravel roads visually assessed as per the applicable TMH Manual*	22 619	11 873	11 287	-586	There was an increase in the road network hence more which lead to more tar roads surfaced, resulting in less gravel roads to be surfaced
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 or specification document completed	4	5	5	0	N/A
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 kilometres of gravel roads upgraded to surfaced roads	33 km	77 km	77km	0	N/A
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.					
Number of square metres of surfaced roads rehabilitated	88 800	250 000	250 000	0	N/A
Number of square meters of surfaced roads resealed	3 098 620	1 680 000	2 253 478	+573 478	Reseal Project in Victoria West project was stopped due to community protests in 2016/17 financial year and continued in this financial year adding to the planned target.
Number of kilometres of gravel roads re-gravelled	420.91	347	388.67	+41.67	Some re-gravelling projects started earlier than planned
Number of square meters of blacktop patching	57 056.92	35 350	42 246.11	+6 896.11	The road conditions of Mamathwane road have resulted in more patch work done on the road
Number of kilometres of gravel roads bladed	68 056.65	68 500	73 485.23	+4 985.23	Outsourcing of graders boosted the performance on blading as targets were based on internal grading

Strategy to overcome areas of under performance

- The department is in process to execute an effective communication strategy with road forums over related projects to avoid fear and confusion amongst communities and to create harmony during future projects;
- The department will effectively deal with future anticipated additional funding, and it will be incorporated into planning in future financial years only if there is certainty when the funding will be released to avoid the risk of promised funding increasing targets and spontaneous spending;
- The Mamatwane road will be under construction in 2018/19 to improve the road condition.

Changes to planned targets

- No changes were made to performance indicators;

• Linking Performance with Budget

Programme 3: TRANSPORT INFRASTRUCTURE									
	2017/18							2016/17	
	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
Sub programme									
1. Programme Support Infrastructure	3 270	(250)	-	3 020	3 018	2	99.9%	2 308	2 305
2. Infrastructure Planning	45 986	(28 680)	-	17 306	17 304	2	100.0%	11 657	11 654
3. Infrastructure Design	4 292	(18)	-	4 274	4 273	1	100.0%	4 755	4 753
4. Construction	71 155	3 362	10 333	84 850	77 757	7 093	91.6%	184 229	182 687
5. Maintenance	1 324 236	25 586	(493)	1 349 329	1 349 293	36	100.0%	936 005	936 003
Total for subprogrammes	1 448 939	-	9 840	1 458 779	1 451 645	7 134	99.5%	1 138 954	1 137 402

■ 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.

Strategic objectives:

Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Contribute to the job creation initiatives (Outcome 4) of the province through the creation of 36 237 work opportunities to empower impoverished communities by 2019/20	3 961	9600	6 275	-3 325	The contractors utilised machinery for re-gravelling projects, and less labour intensive methods.
To monitor and evaluate the implementation of the EPWP	25 474	28 377	22 375	-6 002	Public bodies not implementing all their funded projects. MIG projects not labour intensive Municipalities and departments financial year not aligned Fourth Quarter of the municipal financial year work opportunities will not appear in the final report

Performance Indicator

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Programme support Overall management and support of the programme					
Community Development Programmes to bring about the development and empowerment of impoverished communities					
Number of EPWP work opportunities created by the Provincial Department of Public Works/Roads	3 961	9 600	6 275	-3 325	The contractor utilised machinery for re-gravelling projects, and less labour intensive methods.
Number of full time equivalents (FTEs) created by the Provincial Department of Public Works/Roads	1 801	4 032	1 631	-2 401	Duration of projects were too short.
Innovation and empowerment Programme to develop contractors' empowerment, development of new programmes and training. It also includes learner ships and NYS					
Number of Beneficiary Empowerment Interventions	3	3	3	0	N/A
EPWP Coordination and Compliance Monitoring This sub-programme includes the management and coordination of expenditure on the Expanded Public Works Programme.					
Number of work opportunities reported in the EPWPR-S by public bodies aligned to the	New target	28 377	22 375	-6 002	Public bodies not implementing all their funded projects.

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
approved EPWP PHASE III Business Plan targets					MIG projects not labour intensive Municipalities and Departments financial year not aligned Q4 of the municipal financial year work opportunities will not appear in the final report.
Number of public bodies reporting on EPWP targets within the province	41	41	41	0	N/A
Number of interventions implemented to support public bodies in the creation of targeted number of work opportunities in the Province	24	16	16	0	N/A
Number of jobs created	1910	9 600	6 275	-3 325	For re-gravelling projects, the contractor has utilised machinery more than labour intensive methods
Number of full time equivalents (FTEs)	647.82	4 032	1 631	-2 401	Duration of project too short
Number of youths employed (18 – 35)	1 187	4 400	3 824	-576	For re-gravelling projects, the contractor has utilised machinery more than labour intensive methods
Number of women employed	891	4 400	3 195	-1 205	The contractor utilised machinery for re-gravelling

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
					projects, and less labour intensive methods.
Number of people living with disabilities	0	160	0	-160	Unable to attract people living with disabilities due to grant recipients fearing of losing or reduction in their disability grant.

Strategy to overcome areas of under performance

- The department must develop strategies to integrate labour intensive methods on capital projects (e.g. re-gravelling);
- Need to increase duration of projects from an average of 6 months;
- To look into creating more projects that are labour intensive to accommodate women;
- Enhance Technical support implemented and reviving EPWP District forums.

Changes to planned targets

- No changes were made to performance indicators;

Linking Performance with Budget

Programme 4: COMMUNITY BASED PROGRAMME									
	2017/18							2016/17	
	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
Sub programme									
1. Programme Support Community Based	4 204	(867)	-	3 337	3 336	1	100.0%	2 440	2 437
2. Community Development	85 791	782	4 515	91 088	91 085	3	100.0%	97 916	97 913
3. Innovation and Empowerment	7 034	58	(913)	6 179	6 178	1	100.0%	4 503	4 500
4. EPWP Co-Ordination and monitoring	2 310	27	4	2 341	2 339	2	99.9%	2 153	2 151
Total for subprogrammes	99 339	-	3 606	102 945	102 938	7	100.0%	107 012	107 001

2.4 TRANSFER PAYMENTS

The table below reflects zero transfer payments made for the period 1 April 2017 to 31 March 2018.

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Government Motor Transport				-		
Construction SETA						
Public Sector SETA				-		

- There were no transfer payments made during this year.

2.5 CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

	Provincial Roads Maintenance Grant	EPWP Incentive Grant
Department who transferred the grant/earmarked funds	Department of Transport	Department of Public Works (Vote 5)
Purpose of the grant/earmarked funds	-To supplement provincial roads investments and support preventative, routine and emergency maintenance on provincial road networks -Ensure provinces implement and maintain road asset management systems.	-To incentivize the allocation based on the performance of the programmes in prior financial year and use of the allocation is earmarked for EPWP job creation in compliance with the EPWP guidelines
Expected outputs of the grant/earmarked funds	Collected pavement and bridge condition data as well as traffic data-The extent of the road (length) and bridge(number) network-Maintenance needs of the road and bridge network-Number of EPWP work opportunities created-Nr of S3 students provided with experiential internships-Nr of emerging contractor opportunities created - Rehabilitation and repair of roads and bridges damaged by floods	-To incentivize provincial departments to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas of road maintenance and them maintenance of buildings of low traffic volume roads and rural roads of other economic and social infrastructure. Increased number of people employed and receiving income through the EPWP.
Actual outputs achieved	Yes	Yes
Amount per amended DORA		
Amount received(R'000)	R1 084 016	R3 834
Reasons if amount as per DORA was not received	All funds received	All funds received
Amount spent by the department(R'000)	R1 084 016	R3 834
Reasons for the funds unspent by the department	Spent 100%	Spent 100%
Reasons for deviations on performance	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 will make sure that we start early with our job creation project.
Monitoring mechanism by the receiving department	Capacitate the districts with more technical staff to perform oversight on projects.	The department do have a dedicated unit that deal with the payments.

2.6 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Infrastructure projects	2017/2018			2016/2017		
	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	-		-	37 197	37 197	-
Existing infrastructure assets	1 391 432	1 384 337	7 095	1 121 258	1 119 713	1 545
Upgrades and additions	116 480	109 387	7 093	184 376	182 835	1 541
Rehabilitation, renovations and refurbishments	137 303	137 303	-	19 666	19 666	-
Maintenance and repairs	1 137 649	1 137 647	2	917 216	917 212	4
Infrastructure transfer	-	-	-	-	-	-
Current			-			-
Capital						-
Total	1 391 432	1 384 337	7 095	1 158 455	1 156 910	1 545

PART C:

GOVERNANCE

3.1 Introduction

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, asset registers. The following elements of governance will remain the focus for the coming year:

a) Accountability

The department implements the annual performance contracts with senior management of the department that is linked to the APP in terms of all SMS Members. We are using the MPAT assessment tool as a yard stick to monitor the improvement of governance processes in the department. The department will continue to use its managerial processes such as MANCO and EXCO to strengthen working relations in the organization.

b) Discipline

Disciplinary processes within the department are aligned to the Public Service 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 and ensures that employees conform to the required behaviour in the public services.

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 eliminated. The department is continuously striving to improve its annual report, specifically.

3.2 Risk Management

The department has a risk management policy and strategy in place which is reviewed annually. The department continuously conducts risk assessments to identify new and emerging risks and also monitor the effectiveness of its strategy.

- Programme Risk assessments are conducted on a quarterly basis in order for the different programmes to determine the risks that emerged.
- Programme Managers to review and update existing risks and identify emerging risks.
- Significant risks relevant to objectives are assessed in terms of likelihood and impact.

The risk management committee was established in 2012 and is still functional. The committee is chaired by an independent person and is meeting on a quarterly basis. The primary objective of the committee is to assist the AO in discharging his accountability for risk management by reviewing the effectiveness of the institution's risk management systems, practices and procedures, and providing recommendations for improvement.

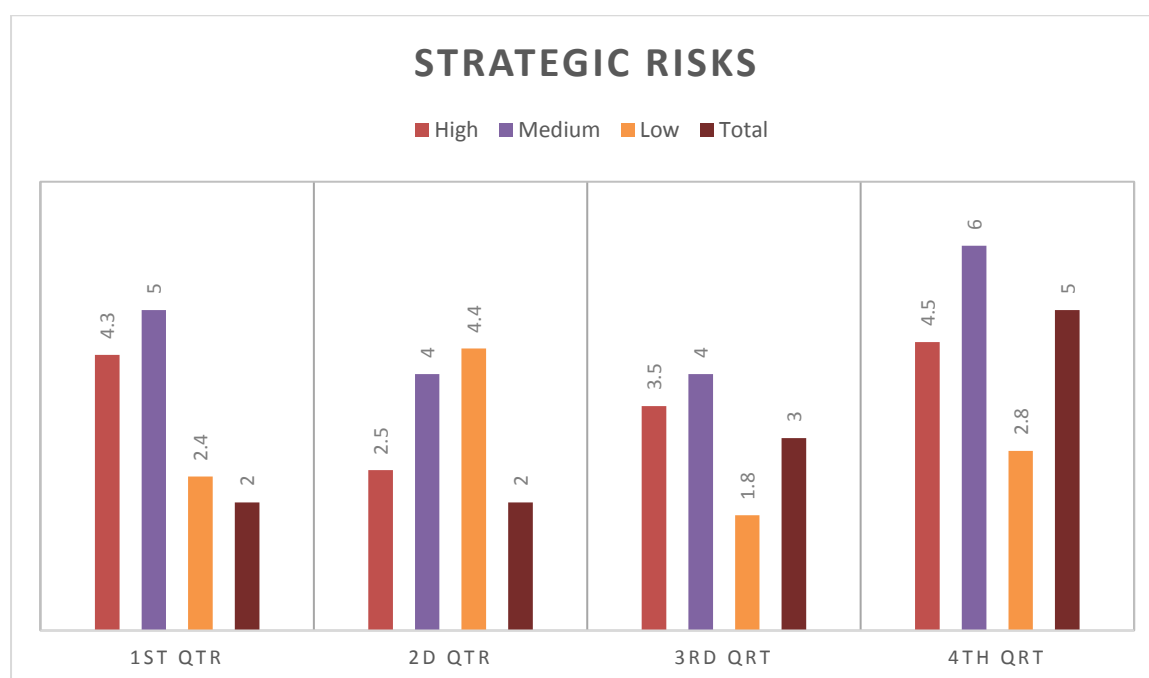
Member	Position
B. Slingers	Chief Financial Officer
I. Bulane	CD: Roads
A. Mpotsang	CD: Corporate Service
OJ Gill	CD: Public Works
R. Grewan	CD: EPWP & District Coordination

The Risk Management Committee meet quarterly and also look at the mitigation of risk in the department and advice management accordingly to mitigate risk in the department. A consolidated risk report was provided by the department in 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, Senior and Middle / Operational management, together with their nominees are active participants in the risk identification and assessment process. The department conducts risk assessments annually, monitors the actions to mitigate risks monthly and report progress on these actions to the Risk Management Committee (RMC) quarterly.

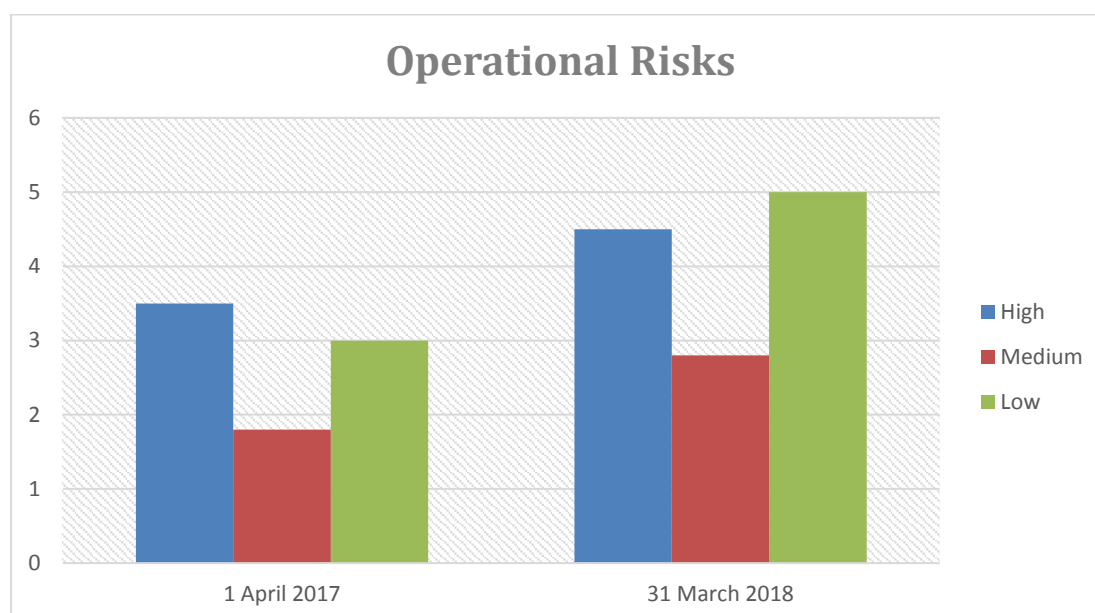
Strategic Risks

The table below depicts strategic risks from beginning to end of the financial year.



b) Operational risks

The table below depicts operational risk from beginning and end of the financial year



- The department sees progress in the management of risks as it was rated level 4 on the DPME Management Performance Assessment Tool (MPAT).

3.3 Fraud Prevention

The department has a fraud and corruption prevention plan and a road show was held, and departmental officials were workshop. We have established a number of units and interventions in order to improve internal controls

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

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 who does follow-ups on all the presidential hotline incidents, Public Service Commission, Public Protector.

The Whistleblowing policy clearly sets out the procedures which must be followed on how to report fraud and corruption e.g. they can approach their immediate supervisor, HOD, SAPS, Audit Committee etc. This policy clearly outlines the procedures which must be followed in reporting fraud and corruption and how such matters must be dealt with. The department has communicated this policy to all its employees. The department is also in a process of conducting workshops in all districts to educate its employees on this policy and the first workshop was held.

During the road shows we also discussed the new Public Service Regulations act of 2016 as well as the department whistle blowing policy. We make use of the presidential hot line to report fraud and corruption and we appointed an official to deal with all reported cases

As cases get reported it gets investigated and action is taken according to the severity of the offence. All departmental officials will be vetted and also let them sign declarations if they do business with any organ of state.

Cases	No of cases
No of cases as at 1 April 2017	
New cases (2017/18)	
Cases being investigated	
Cases currently in progress	
Disciplinary processes completed (2017/18)	
Referred cases	
Open cases as at 31 March 2018	

3.4 Conflict of interest

The Public Service Regulations, 2016 which came into effect 1 August 2016 also provides that the Minister for Public Service and Administration (MPSA) may identify other salary levels that should disclose their financial interest. The Minister determined that employees on Deputy Director level and staff employed in the professions (OSD) on these levels and all levels within Supply Chain Management and Finance should also declare.

- ✓ The content of the new Public Service Regulations was communicated to all officials
- ✓ The transitional arrangement was put into operation
- ✓ All prospective bidders are required to complete and be in compliance with the SBD 4 (Disclosure of interest)
- ✓ The code of conduct for SCM officials as well as BAC members is in place.

National Treasury Instruction 4A of 2016 requires the registration on the Central Supplier Database by all suppliers intending to do business with government. The following key information of prospective suppliers is verified on the CSD:

- ✓ Business registration, including details of directorship and membership;
- ✓ Bank account holder information;
- ✓ In the service of the state status;
- ✓ Tax compliance status;
- ✓ Identity number;
- ✓ BEE status level; and
- ✓ Tender defaulting and restriction status.

3.5 Code of conduct

All employees are expected to comply with the departmental Code of Conduct. 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 code of conduct for the department which was workshopped with all employees throughout the department.

3.6 Safety, health and environmental issues

The Occupational Health and Safety Act, 1993 (Act 85 of 1993) imposes a responsibility on the Department to ensure the physical safeguarding of its infrastructure sites, as well as ensuring the physical health and safety of the contractor and his/her employees. To this end, the minimum requirements relating to how this risk should be managed on infrastructure sites has been standardised and built into the Construction Tender Document suites prescribed by the CIDB. In so far as it pertains to transport infrastructure, environmental impact assessments must be conducted.

The Safety committee is responsible for compliance in terms of OHS not only in the office set-up but also at the camp site and wherever the teams are working. The Occupational Health and Safety unit has appointed departmental safety representatives in all five districts. At every camp there is a representative as well as the grader operators are also part of the safety committee. The grader operators were elected due to the fact that they work in isolated areas and they need to be exposed to first-aid training.

3.7 Portfolio Committees

The department attended the Portfolio Committee meeting on the 1st Quarter on the 24th October 2017. The committee met and adopted the report.

Committee Recommendations

The recommendations by the committee are in table below:

REPORT/S	RESOLUTION	STATUS
1 st Quarter report	The department should urgently prepare a report to Provincial Treasury and the Office of the Premier for the filling of the post	The report was compiled and submitted
	Ensure in their planning that their planning, maintenance budget should be provided for	The department has taken this matter up with provincial Treasury. They in turn indicated that they will with National Treasury to incorporate it in the conditional grants that is earmark for construction. The matter has not been resolved
	<p>The department was also request to submit the following reports within 30 days.</p> <ul style="list-style-type: none"> • Report on the substance abuse centre • Report on the Dulham road houses • Report on Graders • Report on the Laundry service contract 	All these report were submitted within the timeframe
2 nd Quarter Report	<p>The department was request to submit the following reports</p> <p>The construction Industry Development Board (CIDB) grading plan</p>	The department realised that it need to forge partnership with different stateholders in order to ensure that all elements of a business in construction are covered in the programme
	Report on litigation cases of client department paid by the department of roads and public works	The department does not handle litigation matters for client department as their representatives, however we are cited as defendants or respondents in matters involving other departments where we have awarded tenders and those awards are taken on review or a dispute arise for non-performance or non-payment of contract sum, such as the following disputes.

3.8 Scopa Resolutions

The department attended the Standing Committee on Public Accounts meeting on the 8th November 2017. The committee met and adopted the report.

REPORT/S	RESOLUTION	STATUS
Consequence Management	The Department to submit a report on consequence management relating to the Audit Report of 2016/2017.	The Department submitted the report to the Speaker of the Provincial Legislature. The report indicates that investigations were conducted on theft and losses of 38 cases.
Fleet Management Trading Entity.	The department to submit a report on Fleet Management Trading Entity showing breakdown of personnel expenditure including services in kind.	The Department submitted the report to the Speaker of the Provincial Legislature. The report shows the salaries of employees which amounted to R14 513 748.46 for the 2016/2017 financial year.
Yellow Fleet and Graders	The department to submit a report on yellow fleet and grades indicating the quantity and type of plant.	The Department submitted the report to the Speaker of the Provincial Legislature. The report shows type of fleet and the quantity of fleet in the disposal of the NCFMTE for the 2016/2017 financial year.
Contractor Development Programme	The department to submit a report on the contractor development programme.	The Department submitted the report to the Speaker of the Provincial Legislature. The report shows the Rapid Contractor Programme with a total of 24 Grade 1GB contractor learners. The Sihamba Sonke programme with 36 contractors of which 9 are female contractors and Central University of Technology Free State as the training facilitator.
Northern Cape Substance Abuse Rehabilitation Centre	The department to submit a report on the NC Substance Abuse Treatment Centre.	The Department submitted the report to the Speaker of the Provincial Legislature. The report shows the phases of construction of the centre and the reasons for the delay of the project at the time.

3.9 Internal Control Unit

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.

A number of units and interventions is still existing in order to improve internal control

- Compliance with applicable laws, regulations and policies
- RMC is fully operational
- FMC

- Monitoring and Evaluation unit

The Internal Control Unit is vested in the office of the HOD of the Department. The work that the unit performed included but is not limited to the following:

- The focus of this unit was to keep record of all our tender documentation and financial records;
- To establish and maintain financial management policies and procedures.
- The unit checked all payments and submitted twelve reports to the HOD on irregular expenditure and also serve as the secretariat on the financial misconduct committee.
- Conducting of programmed physical site inspections with reporting in the areas of: gift registers, invoice registers, cashiers inspection, face value forms and other ad hoc investigations.
- Investigating the validity of alleged irregular, fruitless and wasteful expenditure and recommending remedial action.

3.10 REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2018. 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.

3.10.1 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 the audit committee charter. The audit committee also met with the Auditor General.

3.10.2 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.

3.10.3 THE EFFECTIVENESS OF INTERNAL CONTROL

From the various reports and assessments of Internal Audit, it can be concluded that the internal control environment is partially adequate and partially effective. However there are pockets of excellence and a positive trend has been noted towards enhancing the control environment.

Follow up audits are a strong governance and risk management practice, included in the charter for Internal Audit, Government Auditing Standards and in the International Standards for the Professional Practice of Internal Auditing. Therefore Internal Audit also performed follow up audits. Management has developed a practical action plan to address the above issues within a reasonable time period.

3.10.4 IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The department has been reporting monthly and quarterly to the Treasury as required by the PFMA.

We had engagements with the Department's management to provide clarity on completeness and quality of the monthly and quarterly reports during our quarterly meetings and officials of the department were able to clarify areas of concern raised by the audit committee. Furthermore, the implementation of recommendations of the audit committee was tracked in the quarterly audit committee meetings.

3.10.5 EVALUATION OF FINANCIAL STATEMENTS

- The audit committee has reviewed the audited financial statements for the year ended 31 March 2018 for the department and has discussed matters of concern with management and Auditor-General as well as the AO.
- The audit committee has reviewed the Auditor-General's management report and management response thereto and directed management to develop a comprehensive action plan to address all issues raised by the Auditor-General. The audit committee will review the action plan and monitor implementation thereof during the quarterly audit committee meetings.
- The audit committee has reviewed the accounting policies applied in the compilation of the annual financial statements and is satisfied that the policies are consistent with those of prior year, have been consistently applied and are in accordance with the National Treasury guidelines.
- 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.
- The audit committee has reviewed the information on predetermined objectives to be included in the annual report as part of the review of the audited financial statements.
- The audit committee has reviewed significant adjustments resulting from the audit as part of the review of the audited financial statements.
- The audit committee hereby indicates its concurrence with the Auditor-General's conclusion on the annual financial statement as well as the unqualified audit opinion of the Auditor-General.

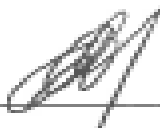
3.10.6 INTERNAL AUDIT

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

3.10.7 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 and that there are no unresolved issues.

We would like to thank Management and AGSA for all their efforts in obtaining an unqualified opinion.



Mr V Magan

Chairperson of the Audit Committee

Date: 8 August 2018

PART D:

HUMAN RESOURCE MANAGEMENT

4.1 Personnel related expenditure

Table 4.1.1 Personnel expenditure by programme for the period 1 April 2017 and 31 March 2018

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	142,214	85,639	1,486	3,782	60.2%	433
Public works infrastructure	138,231	36,444	-	1,186	26.4%	434
Transport infrastructure	1,451,645	139,538	-	260	9.6%	253
Community based programme	102,938	13,162	-	12,717	12.8%	454
Total	1,835,028	274,783	1,486	17,945	15%	319

Table 4.1.2 Personnel costs by salary band for the period 1 April 2017 and 31 March 2018

Salary Bands	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Contract Workers	21,389	7.8%	87	246
Lower skilled (Levels 1-2)	2,107	0.8%	4	527
Skilled (levels 3-5)	94,072	34.2%	488	193
Highly skilled production (levels 6-8)	64,986	23.6%	159	409
Highly skilled supervision (levels 9-12)	61,257	22.3%	96	638
Senior and Top management (levels 13-16)	30,972	11.3%	28	1,106
TOTAL	274,783	100	862	319

Table 4.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2017 and 31 March 2018

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	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 aid. as a % of Personnel Cost
Administration	58,537	68.4%	-	-	2,061	2.4%	4,309	5%
Public works	26,021	71.4%	-	-	660	1.8%	1,514	4.2%
Transport infrastructure	95,937	68.8%	987	0.7%	7,757	5.6%	6,481	4.6%
Community based programme	8,699	66.1%	894	6.8%	225	1.7%	287	2.2%
TOTAL	189,194	68.9%	1,881	0.7%	10,703	3.9%	12,591	4.6%

Table 4.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2017 and 31 March 2018

Salary bands	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	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 aid. as a % of Personnel Cost
Contract Workers	17,491	81.4%	405	1.9%	9	0%	7	0%
Lower skilled (Levels 1-2)	1,283	63.5%	47	2.3%	166	8.2%	199	9.9%
Skilled (levels 3-5)	59,617	63.1%	1,352	1.4%	7,045	7.5%	6,258	6.6%
Highly skilled production (levels 6-8)	43,726	69.7%	77	0.1%	2,200	3.5%	4,148	6.6%
Highly skilled supervision (levels 9-12)	44,004	70.9%	-	-	811	1.3%	1,691	2.7%
Senior and Top management (levels 13-16)	23,073	72%	-	-	472	1.5%	288	0.9%
TOTAL	189,194	68.9%	1,881	0.7%	10,703	3.9%	12,591	4.6%

4.2 Employment and Vacancies

Table 4.2.1 Employment and vacancies by programme as on 31 March 2018

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Administration	224	250	-11.61%	29
Public Works	122	101	17.21%	10
Roads	699	595	14.88%	49
Community Based Programme	27	40	- 48.15%	8
Total	1072	986	8.02%	86

Table 4.2.2 Employment and vacancies by salary band as on 31 March 2018

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	10	50	-400	40
Skilled (3-5)	707	512	26	26
Highly skilled production (6-8)	194	169	13	8
Highly skilled supervision (9-12)	134	106	21	4
Senior management (13-16)	27	26	4	1
Total	1072	863	19.5	79

Table 4.2.3 Employment and vacancies by critical occupations as on 31 March 2018

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Professionals	36	16	56	0
Technicians	27	18	34	0
Total	63	34	46	0

4.3 Filling of SMS Posts**Table 4.3.1 SMS post information as on 31 March 2018**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	0	0	0	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	20	16	80	4	20
Total	26	22	84	4	15

Table 4.3.2 SMS post information as on 31 March 2018

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	0	0	0	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	20	16	80	4	20
Total	26	22	84	4	15

Table 4.3.3**Advertising and filling of SMS posts for the period 1 April 2017 to 31 March 2018**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	0	0	0	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	20	16	80	4	20
Total	26	22	84	4	15

Table 4.3.4

Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2017 to 31 March 2018.

Reasons for vacancies not advertised within six months
Due to the moratorium on the filling of posts no posts were advertised during the reporting period. Only critical posts were advertised.

4.4 Job Evaluation

Table 4.4.1

Job Evaluation by Salary band for the period 1 April 2017 to 31 March 2018

Salary band	Number of posts on approved establishment	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)	10	0	0	0	0	0	0
Skilled (Levels 3-5)	707	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	194	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	134	0	0	0	0	0	0
Senior Management Service Band A	20	0	0	0	0	0	0
Senior Management Service Band B	5	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	1072	0	0	0	0	0	0

Table 4.4.2

Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2017 to 31 March 2018.

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0

Employees with a disability	0
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Table 4.4.3

Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2017 to 31 March 2018.

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/A	0	0	0	N/A
N/A	0	0	0	N/A
N/A	0	0	0	N/A
N/A	0	0	0	N/A
Total number of employees whose salaries exceeded the level determined by job evaluation				N/A
Percentage of total employed				0

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 4.4.4

Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2017 to 31 March 2018.

Gender	African	Asian	Coloured	White	Total
N/A	0	0	0	0	0

Employees with a disability	0	0	0	0	0
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Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
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4.5 Employment Changes

Table 4.5.1 Annual turnover rates by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Number of employees at beginning of period - 1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	128	0	0	0
Skilled (Levels3-5)	388	0	15	3.90
Highly skilled production (Levels 6-8)	182	0	6	3.30
Highly skilled supervision (Levels 9-12)	80	0	3	3.80
Senior Management Service Bands A	18	1	2	11.10
Senior Management Service Bands B	7	0	0	0
Senior Management Service Bands C	1	0	0	0
Senior Management Service Bands D	1	0	0	0
Contracts	78	91	72	81.70
Total	883	92	98	11

Table 4.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 to 31 March 2018

Critical occupation	Number of employees at beginning of period- April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Professionals	23	1	0	0
Technicians & associate professionals	13	0	1	8
TOTAL	36	1	1	3

Table 4.5.3 Reasons why staff left the department for the period 1 April 2017 to 31 March 2018

Termination Type	Number	% of Total Resignations
Death	6	0.05
Resignation	6	0.05
Expiry of contract	80	0.74
Dismissal – operational changes	0	0

Dismissal – misconduct	1	0.93
Dismissal – inefficiency	0	0
Discharged due to ill-health	1	0.93
Retirement	14	12.96
Transfer to other Public Service Departments	0	0
Other	0	0
Total	108	15.66
Total number of employees who left as a % of total employment	12.5%	

Table 4.5.4 Promotions by critical occupation for the period 1 April 2017 to 31 March 2018

Occupation	Employees 1 April 2017	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Professionals	23	0	0	0	0
TOTAL	23	0	0	0	0

Table 4.5.5 Promotions by salary band for the period 1 April 2017 to 31 March 2018

Salary Band	Employees 1 April 2017	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 as a % of employees by salary bands
Lower skilled (Levels 1-2)	170	0	0	4	2.4
Skilled (Levels 3-5)	402	0	0	265	66
Highly skilled production (Levels 6-8)	192	0	0	111	58
Highly skilled supervision (Levels 9-12)	88	0	0	38	43
Senior Management (Level 13-16)	31	1	3.2	2	6.4
Total	883	1	0.1	420	48

4.6 Employment Equity

Table 4.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	5	4	0	0	1	1	0	0	11
Professionals	28	9	0	2	6	7	0	4	56
Technicians and associate professionals	36	22	0	4	19	11	0	2	94
Clerks	44	19	1	3	69	40	1	3	180
Service and sales workers	0	0	0	0	0	0	0	0	0

Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	20	24	0	2	5	5	0	0	56
Plant and machine operators and assemblers	19	31	0	2	1	0	0	0	53
Elementary occupations	137	194	0	0	47	35	0	0	413
Total	289	303	1	13	148	99	1	9	863
Employees with disabilities				2					2

Table 4.6.2

Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	10	8	0	1	4	1	0	0	24
Professionally qualified and experienced specialists and mid-management	38	17	0	4	8	4	0	4	75
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	73	41	1	6	47	27	0	5	200
Semi-skilled and discretionary decision making	148	219	0	2	85	62	1	0	517
Unskilled and defined decision making	17	19	0	0	4	5	0	0	45
Total	288	304	1	13	148	99	1	9	863

Table 4.6.3 Recruitment for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	0	1	0	0	0	0	0	0	1
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 4.6.4 Promotions for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
<i>Top Management</i>	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	1	0	0	0	0	0	0	0	1
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 4.6.5 Terminations for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	1	0	1	0	0	2
Professionally qualified and experienced specialists and mid-management	0	3	0	0	0	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	2	0	0	2	0	0	0	6
Semi-skilled and discretionary decision making	4	10	0	0	1	0	0	0	15
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	6	15	0	1	3	1	0	0	26
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 4.6.7
Skills development for the period 1 April 2017 to 31 March 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers									
Professionals	16	11			2				29
Technicians and associate professionals	8	5							13
Clerks	56	47	3		50	34	2	1	193
Service and sales workers									
Skilled agriculture and fishery workers									
Craft and related trades workers									
Plant and machine operators and assemblers	49	69			7	5			130
Elementary occupations									
Total	129	132	3		59	39	2	1	365
Employees with disabilities	0	0	0	0	0	0	0	0	0

4.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 4.7.1
Signing of Performance Agreements by SMS members as on 31 May 2018

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	0	0	0	0
SalaryLevel16	0	0	0	0
SalaryLevel15	1	1	1	100%
SalaryLevel14	6	6	6	100%
SalaryLevel13	21	19	17	80%
Total	28	28	28	100%

Notes

- In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example if elections took place in April, the reporting date in the heading of the table above should change to 31 July 2017.

Table 4.7.2
Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2018.

Reasons

Notes

- None

Table 4.7.3
Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2018.

Reasons
None

Notes

- None

4.8 Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

Table 4.8.1 Performance Rewards by race, gender and disability for the period 1 April 2017 to 31 March 2018

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	%of total within group	Cost (R'000)	Average cost per employee
African					
Male	152	215	71%	R 1 527 930.09	R 12 370.50
Female	38	72	54%	R 504 877.72	R 13 286.30
Asian					
Male	1	1	100%	R 27 804.87	R 27 804.87
Female	1	2	50%	R 17 414.67	R 17 414.67
Coloured					
Male	102	147	70%	R 1 209 984.09	R 11 862.58
Female	25	34	74%	R 414 292.70	R 16 571.70
White					
Male	7	7	100%	R 135 909.54	R 19 415.64
Female	7	8	88%	R 180 166.17	R 25 738.08
Total	333	486	69%	R 5 618 381.85	R 142 145.00

Table 4.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total expenditure
	Number of beneficiaries	Number of employees	Personnel % of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels1-2)	8	9	89%	R 69 243.66	R 8 655.45	12%
Skilled (level3-5)	214	299	72%	R 1 858 540.98	R 8 684.77	0.4%
Highly skilled production (level6-8)	97	132	70%	R 1 767 908.19	R 19 216.39	0.1%
Highly skilled supervision (level9-12)	14	46	30%	R 363 697.47	R 25 978.39	0.7%
Total	333	486	69%	R 4 059 390.90	R 62 535.00	0.1%

Table 4.8.3 Performance Rewards by critical occupation for the period 1 April 2017 to 31 March 2018

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
ENGINEERING RELATED	2	2	100%	R 82 803.00	R 41 401.50
Total	2	2	100%	R 82 803.00	R 41 401.50

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation—
 - (a) In which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - (b) For which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialized instruction;
 - (c) Where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - (d) In respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

4.9 Leave utilisation

Table 4.9.1 Sick leave for the period 1 January 2017 to 31 December 2017

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)
Lower Skills (Level 1-2)	89	87.65	32	2	4	44
Skilled (levels 3-5)	1865	76.70	279	26.45	5.5	1272
Highly skilled production (levels 6-8)	928	81.10	124	11.70	7.5	1720
Highly skilled supervision (levels 9 - 12)	565	85.35	78	7.35	5.5	1326
Top and Senior management (levels 13-16)	161	67.40	19	1.8	6.5	362
Total	3608	79.64	532	49.30	29	6040

Table 4.9.2 Disability leave (temporary and permanent) for the period 1 January 2017 to 31 December 2017

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	345	100	12	44.40	29	263
Highly skilled production (Levels 6-8)	115	100	9	33.30	13	176
Highly skilled supervision (Levels 9-12)	70	100	3	11.10	23	170
Senior management (Levels 13-16)	57	100	3	11.10	19	235
Total	587	100	27	100	22	844

Table 4.9.3 Annual Leave for the period 1 January 2017 to 31 December 2017

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	809	91	8.9
Skilled Levels 3-5)	11891.60	528	22.5
Highly skilled production (Levels 6-8)	4316	188	23
Highly skilled supervision (Levels 9-12)	2643	117	23
Senior management (Levels 13-16)	696	35	20
Total	20355.60	959	21.2

Table 4.9.4 Capped leave for the period 1 April 2017 to 31 March 2018

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2018
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels (3-5)	14	3	5	33
Highly skilled production (Levels 6-8)	5	2	3	52
Highly skilled supervision(Levels 9-12)	1	1	1	37
Senior management (Levels 13-16)	0	0	0	37
Total	20	6	3	38

Table 4.9.5 Leave payouts for the period 1 April 2017 to 31 March 2018

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2017/18 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2017/18	1 588	19	83 579
Current leave payout on termination of service for 2017/18	0	0	0
Total	1 588	19	83 579

4.10 HIV/AIDS & Health Promotion Programmes

Table 4.10.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Road Workers	Voluntary testing during Wellness Days

Table 4.10.2 Details of Health Promotion and HIV/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		Chief Director: Corporate Services
2. Does the department have a dedicated unit or has it designated specific staff members to promote the 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		3 employees
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	x		HIV/AIDS Testing, TB Testing, Eye Testing, Financial Wellness
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		Ms. Mbekushe – EHW Mr. Pharasi – HRA Ms. Mogoje – Immovable Asset Management Ms. Khaziwa – EHW Ms. Nyati – HRA Mr. Michaels – EPWP Mr. Pitoro – Roads Ms. Khwatane – Finance
5. Has the department reviewed its employment policies and practices 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		Health & Productivity Management Policy
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	
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	x		119 employees tested – 5 positive
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	

4.11 Injury on duty

Table 4.11.1 Injury on duty for the period 1 April 2017 to 31 March 2018

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	0	0

4.12 Labour Relations

Table 4.12.1 Misconduct and disciplinary hearings finalised for the period 1 April 2017 to 31 March 2018

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	4	50%
Suspended without pay	1	12.5%
Fine	0	0
Demotion	0	0
Dismissal	1	12.5%
Not guilty	1	12.5%
Case withdrawn	1	12.5%
Total	8	100

Notes

- If there were no agreements, keep the heading and replace the table with the following:

Total number of Disciplinary hearings finalised	0
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Table 4.12.2 Types of misconduct addressed at disciplinary hearings for the period 1 April 2017 to 31 March 2018

Type of misconduct	Number	% of total
Abuse of Government Vehicle (Speeding)	0	0
Absenteeism	2	15.4
Theft /Fraud	8	62
Leaking of Information	0	0
Under the Influence of Alcohol / Violent Conduct	0	0
Sexual Harassment	1	7.7
False Accusations	0	0
Gross Negligence	2	15.4
Total	13	100

Table 4.12.3 Grievances logged for the period 1 April 2017 to 31 March 2018

Grievances	Number	% of Total
Number of grievances resolved	9	69
Number of grievances not resolved	4	31
Total number of grievances lodged	13	100

Table 4.12.4 Disputes logged with Councils for the period 1 April 2017 to 31 March 2018

Disputes	Number	% of Total
Number of disputes upheld	8	73
Number of disputes dismissed	3	27
Total number of disputes lodged	11	100

Table 4.12.5 Strike actions for the period 1 April 2017 to 31 March 2018

Total number of persons working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	R 0.

Table 4.12.6 Precautionary suspensions for the period 1 April 2017 to 31 March 2018

Number of people suspended	6
Number of people who's suspension exceeded 30 days	1
Average number of days suspended	90 days
Cost of suspension(R'000)	R 117 613.25

PART

FINANCIAL

INFORMATION

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

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Report of the auditor-general to the Northern Cape Provincial Legislature on vote no. 5: Department of Roads and Public works

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Roads and Public Works set out on pages 106 to 196, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. 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 2018, and its financial performance and cash flows for the year then ended in accordance with Modified Cash Standard (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (DoRA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 29.4 to the financial statements, the corresponding figures for 31 March 2017 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2018.

Uncertainty relating to the future outcome of exceptional litigation

8. With reference to note 17 to the financial statements, the department is the defendant in claims against the department. The department is opposing these claims as it believes the claim to be invalid. The ultimate outcome of the matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Accruals and payables not recognised

9. As disclosed in note 19 to the financial statements, payables, which exceed the payment term of 30 days as required in Treasury Regulation 8.2.3 amount to R602 354 000. This amount, in turn, exceeds the funds to be surrendered of R9 739 000 as per the statement of financial performance by R592 615 000. The amount of R592 615 000 would therefore have constituted unauthorised expenditure had the amounts due been paid in a timely manner.

Other matter

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

Unaudited supplementary schedules

11. The supplementary information set out on pages 180 to 196 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.

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with MCS prescribed by National Treasury and the requirements of the PFMA and 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.
13. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably

be expected to influence the economic decisions of users taken on the basis of these financial statements.

15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 2 – Public Works	47 – 52
Programme 3 – Transport Infrastructure	53 – 56
Programme 4 – Community Based Programmes	57 – 61

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

20. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme 4 – Community Based Programme

Number of work opportunities reported in the EPWP-RS by public bodies aligned to the approved EPWP Phase III Business Plan targets

21. The systems and processes to enable reliable reporting of the achievement against the indicator was not adequately designed and implemented. As a result, I was unable to obtain sufficient appropriate audit evidence for the reported achievements. Limitations were placed on the scope of my work as I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report.

Various indicators

22. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of 2 of the 11 indicators relating to this programme. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report of the indicators listed below:

Indicator number	Indicator description
4.2.1	Number of EPWP work opportunities created by the Provincial Department of Public Works/Roads
4.4.4	Number of jobs created

Various indicators

23. The reported achievement in the annual performance report did not agree to the supporting evidence provided for the indicators listed below. The supporting evidence provided indicated that the achievements of these indicators were as follows:

Indicator description	Reported achievement	Audited Value
Number of full time equivalents (FTEs) created by the Provincial Department of Public Works/Roads	1631	1176
Number of full time equivalents (FTEs)	1631	1176
Number of youths employed (18-35)	3824	3278
Number of women employed	3195	2739

24. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programme:

Programme 2 - Public Works
Programme 3 - Transport Infrastructure

Other matters

25. I draw attention to the matters below.

Achievement of planned targets

26. Refer to the annual performance report on pages 43 to 61 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets. This information should be considered in the context of the findings the usefulness and reliability of the reported performance information in paragraph 28 of this report.

Adjustment of material misstatements

27. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the Public Works programme and Community Based programme. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

28. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

29. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements, performance reports and annual reports

30. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1) (a) of the PFMA. Material misstatements of non-current assets and disclosure items identified by the auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.

Expenditure management

31. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R30 156 000, as disclosed in note 31 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the

disclosed irregular expenditure for the current year was caused by supply chain processes not followed in previous years. Irregular expenditure amounting to R6 610 286 was incurred in a contract with consulting engineers and R17 499 195 in regards to a security contract.

32. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.

Strategic planning and performance management

33. Specific information systems were not established to enable the monitoring of progress made towards achieving targets, core objectives and service delivery as required by public service regulation 25(1)(e)(i) and (iii).

Procurement and contract management (Relating to user departments)

34. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and treasury regulations 8.1 and 8.2. Similar non-compliance was also reported in the prior year.

Consequence management

35. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred unauthorised expenditure, irregular expenditure and fruitless expenditure as required by section 38(1)(h)(iii) of the PFMA. This was due to the auditee failing to institute investigations into unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure to determine if disciplinary steps need to be taken against liable officials.

Other information

36. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
37. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
38. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
39. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am

required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

40. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the unqualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
41. Leadership did not take appropriate action with regard to a lack of controls in the finance and supply chain management directorates, resulting in the re-occurrence of the material amendments and compliance issues.
42. The annual financial statements and performance report were subjected to material amendments that can be attributed to a weakness in the implementation of controls.
43. There was not a proper system in place to collate all the required support for programme 4 of the annual report. This resulted in significant findings.
44. The department did not timeously monitor adherence to the audit action plan resulting in the re-occurrence of some of the compliance, financial and annual report issues.

Kimberley

31 July 2018

Auditor General



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the department's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - Obtain an understanding of internal control relevant to the audit 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 department's internal control
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - Conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease continuing as a going concern
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

Appropriation per programme									
	2017/18							2016/17	
	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
Voted funds and Direct charges									
Programme									
1 Administration	143 460	-	-1 239	142 221	142 213	8	100.0%	125 593	125 584
2 Public Works Infrastructure	152 696	-	-12 207	140 489	138 231	2 258	98.4%	189 786	189 770
3 Transport Infrastructure	1 448 939	-	9 840	1 458 779	1 451 645	7 134	99.5%	1 138 954	1 137 402
4 Community Based Programme	99 339	-	3 606	102 945	102 938	7	100.0%	107 012	107 000
Programme sub total	1 844 434	-	-	1 844 434	1 835 027	9 407	99.5%	1 561 345	1 559 756
Statutory Appropriation	-	-	-	-	-	-	-	-	-
TOTAL	1 844 434	-	-	1 844 434	1 835 027	9 407	99.5%	1 561 345	1 559 756
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				332				297	
NRF Receipts				-				-	
Aid assistance				-				-	
Actual amounts per Statement of Financial Performance (Total Revenue)				1 844 766				1 561 642	
Add:									
Aid assistance					-				-
Prior year unauthorised expenditure approved without funding									
Actual amounts per Statement of Financial Performance Expenditure					1 835 027				1 559 756

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

Appropriation per economic classification									
	2017/18							2016/17	
	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	1 525 044	-5 971	-6 382	1 512 691	1 510 385	2 306	99.8%	1 252 998	1 250 994
Compensation of employees	292 137	-2 795	-12 267	277 075	274 783	2 292	99.2%	252 408	251 110
Salaries and wages	248 756	1 315	-9 696	240 375	238 094	2 281	99.1%	218 680	217 507
Social contributions	43 381	-4 110	-2 571	36 700	36 689	11	100.0%	33 728	33 603
Goods and services	1 232 907	-3 176	5 885	1 235 616	1 235 602	14	100.0%	1 000 590	999 884
Administrative fees	987	-33	-	954	953	1	99.9%	588	584
Advertising	522	-178	-	344	344	-	100.0%	1 618	1 617
Minor assets	360	-84	-	276	274	2	99.3%	523	513
Audit costs: External	8 600	1 300	-	9 900	9 900	-	100.0%	7 204	6 833
Bursaries: Employees	383	-35	-	348	348	-	100.0%	250	250
Catering: Departmental activities	727	28	-	755	754	1	99.9%	1 020	1 019
Communication (G&S)	2 541	58	-6	2 593	2 593	-	100.0%	2 435	2 428
Computer services	45 815	426	-	17 389	17 389	-	100.0%	12 844	12 631
Consultants: Business and advisory services	13 020	4 925	-	17 945	17 945	-	100.0%	25 390	25 390
Infrastructure and planning services	2 160	5 135	-	7 295	7 295	-	100.0%	23 916	23 916
Legal services	4 894	-779	-	4 115	4 114	1	100.0%	4 167	4 166
Contractors	843 788	23 030	7 088	873 906	873 905	1	100.0%	467 870	467 867
Agency and support / outsourced services	-	-	-	-	-	-	-	77	77
Fleet services (including government motor transport)	2 808	238	-	3 046	3 046	-	100.0%	3 014	2 999
Inventory: Materials and supplies	66 518	-7 028	-	59 490	59 489	1	100.0%	-	-
Consumable supplies	6 655	3 557	-30	10 182	10 180	2	100.0%	92 049	92 041
Consumable: Stationery, printing and office supplies	2 687	-846	-45	1 796	1 794	2	99.9%	2 412	2 398

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

Appropriation per economic classification									
	2017/18							2016/17	
	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
Operating leases	166 626	3 297	-	169 923	169 923	-	100.0%	305 175	305 174
Property payments	35 206	-4 706	-1 109	29 391	29 391	-	100.0%	29 292	29 291
Travel and subsistence	23 754	-2 183	-36	21 535	21 533	2	100.0%	18 777	18 722
Training and development	3 984	-577	35	3 442	3 441	1	100.0%	1 161	1 160
Operating payments	197	5	-	202	202	-	100.0%	218	218
Venues and facilities	672	125	-12	785	785	-	100.0%	530	530
Rental and hiring	3	1	-	4	4	-	100.0%	60	60
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	74 125	-	-1 363	72 762	72 759	3	100.0%	61 762	61 759
Provinces and municipalities	58 027	-	-1 000	57 027	57 027	-	100.0%	54 312	54 312
Municipalities	58 027	-	-1 000	57 027	57 027	-	100.0%	54 312	54 312
Municipal bank accounts	58 027	-	-1 000	57 027	57 027	-	100.0%	54 312	54 312
Departmental agencies and accounts	905	-	-905	-	-	-	-	701	700
Departmental agencies (non-business entities)	905	-	-905	-	-	-	-	701	700
Households	15 193	-	542	15 735	15 732	3	100.0%	6 749	6 747
Social benefits	4 152	-77	113	4 188	4 185	3	99.9%	5 406	5 404
Other transfers to households	11 041	77	429	11 547	11 547	-	100.0%	1 343	1 343
Payments for capital assets	245 265	5 971	7 745	258 981	251 881	7 100	97.3%	246 585	245 028
Buildings and other fixed structures	239 401	6 623	7 759	253 783	246 691	7 092	97.2%	240 444	238 903
Buildings	890	1 448	-	2 338	2 337	1	100.0%	40 217	40 216
Other fixed structures	238 511	5 175	7 759	251 445	244 354	7 091	97.2%	200 227	198 687

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

Appropriation per economic classification									
	2017/18							2016/17	
	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
Machinery and equipment	5 798	-593	-14	5 191	5 184	7	99.9%	6 110	6 094
Transport equipment	3 308	423	-	3 731	3 731	-	100.0%	-	-
Other machinery and equipment	2 490	-1 016	-14	1 460	1 453	7	99.5%	6 110	6 094
Software and other intangible assets	66	-59	-	7	6	1	85.7%	31	31
Payment for financial assets	-	-	-	-	2	-2	-	-	1 975
	1 844 434	-	-	1 844 434	1 835 027	9 407	99.5%	1 561 345	1 559 756

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 1: ADMINISTRATION									
	2017/18							2016/17	
	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
Sub programme									
1 Office of the MEC	11 506	-2 311	24	9 219	9 218	1	100.0%	11 038	11 035
2 Management of the department	13 436	3 368	-542	16 262	16 259	3	100.0%	15 767	15 763
3 Corporate support	111 753	-1 105	-721	109 927	109 925	2	100.0%	93 405	93 403
4 Departmental strategy	6 765	48	-	6 813	6 811	2	100.0%	5 383	5 383
	143 460	-	-1 239	142 221	142 213	8	100.0%	125 593	125 584
Economic classification									
Current payments	137 277	-	-806	136 471	136 465	6	100.0%	120 504	118 525
Compensation of employees	86 997	-550	-806	85 641	85 639	2	100.0%	78 509	77 221
Salaries and wages	74 994	-394	-493	74 107	74 106	1	100.0%	67 835	66 671
Social contributions	12 003	-156	-313	11 534	11 533	1	100.0%	10 674	10 550
Goods and services	50 280	550	-	50 830	50 826	4	100.0%	41 995	41 304
Administrative fees	443	41	-	484	484	-	100.0%	293	290
Advertising	149	-141	-	8	8	-	100.0%	20	20
Minor assets	272	-57	-	215	215	-	100.0%	119	115
Audit costs: External	8 600	1 300	-	9 900	9 900	-	100.0%	7 204	6 833
Bursaries: Employees	383	-35	-	348	348	-	100.0%	250	250
Catering: Departmental activities	452	-9	-	443	443	-	100.0%	486	485
Communication (G&S)	1 195	171	-	1 366	1 366	-	100.0%	982	975
Computer services	3 262	-1 029	-	2 233	2 233	-	100.0%	2 531	2 318

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 1: ADMINISTRATION									
	2017/18							2016/17	
	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
Consultants: Business and advisory services	302	3 480	-	3 782	3 782	-	100.0%	3 897	3 897
Legal services	580	-360	-	220	220	-	100.0%	676	676
Contractors	263	-20	-	243	241	2	99.2%	266	264
Agency and support / outsourced services	-	-	-	-	-	-	-	77	77
Fleet services (including government motor transport)	2 731	315	-	3 046	3 046	-	100.0%	908	894
Inventory: Materials and supplies	-	11	-	11	11	-	100.0%	-	-
Consumable supplies	1 900	-1 329	-	571	570	1	99.8%	964	956
Consumable: Stationery, printing and office supplies	1 810	-630	-	1 180	1 180	-	100.0%	1 513	1 501
Operating leases	2 658	-363	-	2 295	2 295	-	100.0%	1 522	1 521
Property payments	16 667	359	-	17 026	17 026	-	100.0%	15 191	15 190
Travel and subsistence	6 060	-680	-	5 380	5 380	-	100.0%	4 711	4 659
Training and development	2 109	-622	-	1 487	1 486	1	99.9%	142	141
Operating payments	69	29	-	98	98	-	100.0%	56	56
Venues and facilities	372	118	-	490	490	-	100.0%	178	178
Rental and hiring	3	1	-	4	4	-	100.0%	9	8
Transfers and subsidies	1 706	-	-415	1 291	1 291	-	100.0%	2 717	2 716
Departmental agencies and accounts	905	-	-905	-	-	-	-	701	700
Departmental agencies (non-business entities)	905	-	-905	-	-	-	-	701	700
Households	801	-	490	1 291	1 291	-	100.0%	2 016	2 016
Social benefits	29	4	61	94	94	-	100.0%	732	732
Other transfers to households	772	-4	429	1 197	1 197	-	100.0%	1 284	1 284

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 1: ADMINISTRATION									
	2017/18							2016/17	
	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
Payments for capital assets	4 477	-	-18	4 459	4 457	2	100.0%	2 372	2 368
Machinery and equipment	4 471	-1	-18	4 452	4 451	1	100.0%	2 341	2 337
Transport equipment	3 308	423	-	3 731	3 731	-	100.0%	-	-
Other machinery and equipment	1 163	-424	-18	721	720	1	99.9%	2 341	2 337
Software and other intangible assets	6	1	-	7	6	1	85.7%	31	31
Payment for financial assets	-	-	-	-	-	-	-	-	1 975
	143 460	-	-1 239	142 221	142 213	8	100.0%	125 593	125 584

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

1.1: OFFICE OF THE MEC									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	11 199	-2 311	-	8 888	8 887	1	100.0%	10 191	10 189
Compensation of employees	7 857	-1 418	-	6 439	6 438	1	100.0%	7 151	7 150
Goods and services	3 342	-893	-	2 449	2 449	-	100.0%	3 040	3 039
Transfers and subsidies	240	-	36	276	276	-	100.0%	285	285
Households	240	-	36	276	276	-	100.0%	285	285
Payments for capital assets	67	-	-12	55	55	-	100.0%	562	561
Machinery and equipment	67	-	-12	55	55	-	100.0%	550	549
Software and other intangible assets				-		-	-	12	12
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	11 506	-2 311	24	9 219	9 218	1	100.0%	11 038	11 035

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

1.2: MANAGEMENT OF THE DEPARTMENT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	13 291	3 366	-806	15 851	15 850	1	100.0%	15 526	15 523
Compensation of employees	11 705	-105	-806	10 794	10 794	-	100.0%	9 821	9 820
Goods and services	1 586	3 471	-	5 057	5 056	1	100.0%	5 705	5 703
Transfers and subsidies	-	-	264	264	264	-	100.0%	-	-
Households	-	-	264	264	264	-	100.0%	-	-
Payments for capital assets	145	2	-	147	145	2	98.6%	241	240
Machinery and equipment	139	1	-	140	139	1	99.3%	235	234
Software and other intangible assets	6	1	-	7	6	1	85.7%	6	6
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	13 436	3 368	-542	16 262	16 259	3	100.0%	15 767	15 763

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

1.3: CORPORATE SUPPORT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	106 022	-1 103	-	104 919	104 917	2	100.0%	89 448	87 910
Compensation of employees	61 546	799	-	62 345	62 344	1	100.0%	56 680	55 830
Goods and services	44 476	-1 902	-	42 574	42 573	1	100.0%	32 768	32 080
Transfers and subsidies	1 466	-	-715	751	751	-	100.0%	2 432	2 431
Departmental agencies and accounts	905	-	-905	-	-	-	-	701	700
Households	561	-	190	751	751	-	100.0%	1 731	1 731
Payments for capital assets	4 265	-2	-6	4 257	4 257	-	100.0%	1 525	1 524
Machinery and equipment	4 265	-2	-6	4 257	4 257	-	100.0%	1 512	1 511
Software and other intangible assets	-	-	-	-	-	-	-	13	13
Payment for financial assets	-	-	-	-	-	-	-	-	1 538
Total	111 753	-1 105	-721	109 927	109 925	2	100.0%	93 405	93 403

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

1.4: DEPARTMENTAL STRATEGY									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6 765	48	-	6 813	6 811	2	100.0%	5 339	4 903
Compensation of employees	5 889	174	-	6 063	6 063	-	100.0%	4 857	4 421
Goods and services	876	-126	-	750	748	2	99.7%	482	482
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	44	43
Machinery and equipment	-	-	-	-	-	-	-	44	43
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	437
Total	6 765	48	-	6 813	6 811	2	100.0%	5 383	5 383

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
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APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 2: PUBLIC WORKS INFRASTRUCTURE									
	2017/18							2016/17	
	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
Sub programme									
1 Programme support	1 978	-234	-129	1 615	1 615	-	100.0%	2 514	2 511
2 Design	12 196	195	-	12 391	12 389	2	100.0%	10 084	10 082
3 Construction	18 764	-1 390	-680	16 694	16 692	2	100.0%	11 289	11 286
4 Maintenance	33 069	-1 501	-8 552	23 016	20 765	2 251	90.2%	28 413	28 410
5 Immovable asset management	79 792	3 791	-2 372	81 211	81 209	2	100.0%	132 241	132 240
6 Facility operations	6 897	-861	-474	5 562	5 561	1	100.0%	5 245	5 241
	152 696	-	-12 207	140 489	138 231	2 258	98.4%	189 786	189 770
Economic classification									
Current payments	84 752	-1 185	-12 751	70 816	68 561	2 255	96.8%	93 160	93 151
Compensation of employees	50 209	-	-11 513	38 696	36 444	2 252	94.2%	38 606	38 603
Salaries and wages	43 223	45	-9 255	34 013	31 764	2 249	93.4%	33 466	33 463
Social contributions	6 986	-45	-2 258	4 683	4 680	3	99.9%	5 140	5 140
Goods and services	34 543	-1 185	-1 238	32 120	32 117	3	100.0%	54 554	54 548
Administrative fees	206	-19	-	187	187	-	100.0%	146	146
Advertising	361	-96	-	265	266	-1	100.4%	1 198	1 198
Minor assets	23	5	-	28	27	1	96.4%	370	366
Catering: Departmental activities	65	9	-	74	73	1	98.6%	65	65
Communication (G&S)	631	-63	-6	562	562	-	100.0%	611	611
Computer services	1 319	-688	-	631	631	-	100.0%	1 317	1 317
Consultants: Business and advisory services	-	1 186	-	1 186	1 186	-	100.0%	2 436	2 436
Infrastructure and planning services	2 160	5 135	-	7 295	7 295	-	100.0%	23 916	23 916
Legal services	3 547	-652	-	2 895	2 894	1	100.0%	2 994	2 993

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

**APPROPRIATION STATEMENT
for the year ended 31 March 2018**

Contractors	106	-41	-	65	66	-1	101.5%	112	112
Fleet services (including government motor transport)	77	-77	-	-	-	-	-	1 190	1 190
Inventory: Materials and supplies	2	19	-	21	21	-	100.0%	-	-
Consumable supplies	273	-170	-30	73	73	-	100.0%	133	133
Consumable: Stationery, printing and office supplies	343	-16	-45	282	281	1	99.6%	428	427
Operating leases	2 602	-189	-	2 413	2 413	-	100.0%	2 182	2 182
Property payments	18 539	-5 065	-1 109	12 365	12 365	-	100.0%	14 101	14 101
Travel and subsistence	4 222	-447	-36	3 739	3 738	1	100.0%	3 248	3 248
Operating payments	51	-17	-	34	34	-	100.0%	66	66
Venues and facilities	16	1	-12	5	5	-	100.0%	41	41
Transfers and subsidies	67 027	-	544	67 571	67 569	2	100.0%	54 411	54 410
Provinces and municipalities	57 027	-	-	57 027	57 027	-	100.0%	54 312	54 312
Municipalities	57 027	-	-	57 027	57 027	-	100.0%	54 312	54 312
Municipal bank accounts	57 027	-	-	57 027	57 027	-	100.0%	54 312	54 312
Households	10 000	-	544	10 544	10 542	2	100.0%	99	98
Social benefits	-	-	544	544	542	2	99.6%	99	98
Other transfers to households	10 000	-	-	10 000	10 000	-	100.0%	-	-
Payments for capital assets	917	1 185	-	2 102	2 099	3	99.9%	42 215	42 209
Buildings and other fixed structures	500	1 371	-	1 871	1 871	-	100.0%	40 217	40 216
Buildings	500	1 371	-	1 871	1 871	-	100.0%	40 217	40 216
Machinery and equipment	417	-186	-	231	228	3	98.7%	1 998	1 993
Other machinery and equipment	417	-186	-	231	228	3	98.7%	1 998	1 993
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	2	-2	-	-	-
	152 696	-	-12 207	140 489	138 231	2 258	98.4%	189 786	189 770

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

2.1: PROGRAMME SUPPORT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 965	-221	-129	1 615	1 615	-	100.0%	2 508	2 506
Compensation of employees	1 632	-221	-	1 411	1 411	-	100.0%	2 194	2 193
Goods and services	333	-	-129	204	204	-	100.0%	314	313
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	13	-13	-	-	-	-	-	6	5
Machinery and equipment	13	-13	-	-	-	-	-	6	5
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	1 978	-234	-129	1 615	1 615	-	100.0%	2 514	2 511

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

2.2: DESIGN									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	12 108	215	-	12 323	12 322	1	100.0%	10 004	10 002
Compensation of employees	9 999	374	-	10 373	10 373	-	100.0%	8 200	8 199
Goods and services	2 109	-159	-	1 950	1 949	1	99.9%	1 804	1 803
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	88	-20	-	68	67	1	98.5%	80	80
Machinery and equipment	88	-20	-	68	67	1	98.5%	80	80
Payment for financial assets				-		-	-		
Total	12 196	195	-	12 391	12 389	2	100.0%	10 084	10 082

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APPROPRIATION STATEMENT
for the year ended 31 March 2018

2.3: CONSTRUCTION									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8 607	-1 255	-680	6 672	6 671	1	100.0%	11 186	11 184
Compensation of employees	3 518	-	-680	2 838	2 838	-	100.0%	3 810	3 809
Goods and services	5 089	-1 255	-	3 834	3 833	1	100.0%	7 376	7 375
Transfers and subsidies	10 000	-	-	10 000	10 000	-	100.0%	-	-
Households	10 000	-	-	10 000	10 000	-	100.0%	-	-
Payments for capital assets	157	-135	-	22	21	1	95.5%	103	102
Machinery and equipment	157	-135	-	22	21	1	95.5%	103	102
Payment for financial assets				-		-	-		
Total	18 764	-1 390	-680	16 694	16 692	2	100.0%	11 289	11 286

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APPROPRIATION STATEMENT
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2.4: MAINTENANCE									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	32 458	-2 838	-9 096	20 524	18 275	2 249	89.0%	23 745	23 745
Compensation of employees	22 030	-148	-7 987	13 895	11 646	2 249	83.8%	15 482	15 482
Goods and services	10 428	-2 690	-1 109	6 629	6 629	-	100.0%	8 263	8 263
Transfers and subsidies	-	-	544	544	542	2	99.6%	82	82
Households	-	-	544	544	542	2	99.6%	82	82
Payments for capital assets	611	1 337	-	1 948	1 948	-	100.0%	4 586	4 583
Buildings and other fixed structures	500	1 371	-	1 871	1 871	-	100.0%	3 020	3 019
Machinery and equipment	111	-34	-	77	77	-	100.0%	1 566	1 564
Payment for financial assets				-		-	-		
Total	33 069	-1 501	-8 552	23 016	20 765	2 251	90.2%	28 413	28 410

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APPROPRIATION STATEMENT
for the year ended 31 March 2018

2.5: IMMOVABLE ASSET MANAGEMENT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	22 736	3 780	-2 372	24 144	24 141	3	100.0%	40 630	40 629
Compensation of employees	10 038	-	-2 372	7 666	7 664	2	100.0%	6 673	6 673
Goods and services	12 698	3 780	-	16 478	16 477	1	100.0%	33 957	33 956
Transfers and subsidies	57 027	-	-	57 027	57 027	-	100.0%	54 324	54 324
Provinces and municipalities	57 027	-	-	57 027	57 027	-	100.0%	54 312	54 312
Households	-	-	-	-	-	-	-	12	12
Payments for capital assets	29	11	-	40	39	1	97.5%	37 287	37 287
Buildings and other fixed structures	-	-	-	-	-	-	-	37 197	37 197
Machinery and equipment	29	11	-	40	39	1	97.5%	90	90
Payment for financial assets	-	-	-	-	2	-2	-	-	-
Total	79 792	3 791	-2 372	81 211	81 209	2	100.0%	132 241	132 240

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
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APPROPRIATION STATEMENT
for the year ended 31 March 2018

2.6: FACILITY OPERATIONS									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6 878	-866	-474	5 538	5 537	1	100.0%	5 087	5 085
Compensation of employees	2 992	-5	-474	2 513	2 512	1	100.0%	2 247	2 247
Goods and services	3 886	-861	-	3 025	3 025	-	100.0%	2 840	2 838
Transfers and subsidies	-	-	-	-	-	-	-	5	4
Households	-	-	-	-	-	-	-	5	4
Payments for capital assets	19	5	-	24	24	-	100.0%	153	152
Machinery and equipment	19	5	-	24	24	-	100.0%	153	152
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	6 897	-861	-474	5 562	5 561	1	100.0%	5 245	5 241

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 3: TRANSPORT INFRASTRUCTURE									
	2017/18							2016/17	
	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
Sub programme									
1 Programme support infrastructure	3 270	-250	-	3 020	3 018	2	99.9%	2 308	2 305
2 Infrastructure planning	45 986	-28 680	-	17 306	17 304	2	100.0%	11 657	11 654
3 Infrastructure design	4 292	-18	-	4 274	4 273	1	100.0%	4 755	4 753
4 Construction	71 155	3 362	10 333	84 850	77 757	7 093	91.6%	184 229	182 687
5 Maintenance	1 324 236	25 586	-493	1 349 329	1 349 293	36	100.0%	936 005	936 003
	1 448 939	-	9 840	1 458 779	1 451 645	7 134	99.5%	1 138 954	1 137 402
Economic classification									
Current payments	1 229 848	-4 786	-	1 225 062	1 225 022	40	100.0%	957 855	957 847
Compensation of employees	141 818	-2 245	-	139 573	139 538	35	100.0%	123 729	123 725
Salaries and wages	119 707	1 719	-	121 426	121 396	30	100.0%	107 094	107 090
Social contributions	22 111	-3 964	-	18 147	18 142	5	100.0%	16 635	16 635
Goods and services	1 088 030	-2 541	-	1 085 489	1 085 484	5	100.0%	834 126	834 122
Administrative fees	258	-48	-	210	209	1	99.5%	121	120
Advertising	8	59	-	67	66	1	98.5%	235	234
Minor assets	61	-38	-	23	22	1	95.7%	25	24
Catering: Departmental activities	136	40	-	176	176	-	100.0%	262	262
Communication (G&S)	699	-52	-	647	647	-	100.0%	823	823
Computer services	41 234	709	-	14 525	14 525	-	100.0%	8 996	8 996

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 3: TRANSPORT INFRASTRUCTURE									
	2017/18							2016/17	
	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
Consultants: Business and advisory services	-	260	-	260	260	-	100.0%	-	-
Legal services	767	233	-	1 000	1 000	-	100.0%	497	497
Contractors	806 342	21 424	-	827 766	827 766	-	100.0%	420 675	420 674
Fleet services (including government motor transport)	-	-	-	-	-	-	-	819	819
Inventory: Materials and supplies	61 486	-2 662	-	58 824	58 824	-	100.0%	-	-
Consumable supplies	3 781	2 370	-	6 151	6 150	1	100.0%	90 311	90 311
Consumable: Stationery, printing and office supplies	492	-197	-	295	295	-	100.0%	364	364
Operating leases	161 366	3 849	-	165 215	165 215	-	100.0%	301 463	301 463
Travel and subsistence	11 323	-1 063	-	10 260	10 259	1	100.0%	9 378	9 377
Operating payments	77	-7	-	70	70	-	100.0%	96	96
Venues and facilities	-	-	-	-	-	-	-	10	10
Rental and hiring	-	-	-	-	-	-	-	51	52
Transfers and subsidies	4 088	-	-493	3 595	3 594	1	100.0%	4 613	4 613
Households	4 088	-	-493	3 595	3 594	1	100.0%	4 613	4 613
Social benefits	3 819	-81	-493	3 245	3 244	1	100.0%	4 554	4 554
Other transfers to households	269	81	-	350	350	-	100.0%	59	59
Payments for capital assets	215 003	4 786	10 333	230 122	223 029	7 093	96.9%	176 486	174 942
Buildings and other fixed structures	214 258	5 252	10 333	229 843	222 752	7 091	96.9%	174 955	173 415
Other fixed structures	214 258	5 252	10 333	229 843	222 752	7 091	96.9%	174 955	173 415
Machinery and equipment	685	-406	-	279	277	2	99.3%	1 531	1 527

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 3: TRANSPORT INFRASTRUCTURE									
	2017/18							2016/17	
	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
Other machinery and equipment	685	-406	-	279	277	2	99.3%	1 531	1 527
Software and other intangible assets	60	-60	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
	1 448 939	-	9 840	1 458 779	1 451 645	7 134	99.5%	1 138 954	1 137 402

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

3.1: PROGRAMME SUPPORT INFRASTRUCTURE									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 008	-257	-	2 751	2 750	1	100.0%	2 210	2 208
Compensation of employees	1 779	-497	-	1 282	1 282	-	100.0%	1 545	1 544
Goods and services	1 229	240	-	1 469	1 468	1	99.9%	665	664
Transfers and subsidies	121	15	-	136	136	-	100.0%	59	59
Households	121	15	-	136	136	-	100.0%	59	59
Payments for capital assets	141	-8	-	133	132	1	99.2%	39	38
Machinery and equipment	141	-8	-	133	132	1	99.2%	39	38
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	3 270	-250	-	3 020	3 018	2	99.9%	2 308	2 305

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

3.2: INFRASTRUCTURE PLANNING									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	45 938	-28 632	-	17 306	17 304	2	100.0%	11 642	11 640
Compensation of employees	3 314	-912	-	2 402	2 401	1	100.0%	2 273	2 272
Goods and services	42 624	-27 720	-	14 904	14 903	1	100.0%	9 369	9 368
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	48	-48	-	-	-	-	-	15	14
Machinery and equipment	18	-18	-	-	-	-	-	15	14
Software and other intangible assets	30	-30	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	45 986	-28 680	-	17 306	17 304	2	100.0%	11 657	11 654

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

3.3: INFRASTRUCTURE DESIGN									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 142	116	-	4 258	4 257	1	100.0%	4 676	4 674
Compensation of employees	3 677	88	-	3 765	3 765	-	100.0%	3 770	3 770
Goods and services	465	28	-	493	492	1	99.8%	906	904
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	150	-134	-	16	16	-	100.0%	79	79
Machinery and equipment	120	-104	-	16	16	-	100.0%	79	79
Software and other intangible assets	30	-30	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	4 292	-18	-	4 274	4 273	1	100.0%	4 755	4 753

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

3.4: CONSTRUCTION									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	7 360	-1 715	-	5 645	5 643	2	100.0%	33 305	33 304
Compensation of employees	5 005	-123	-	4 882	4 881	1	100.0%	4 995	4 994
Goods and services	2 355	-1 592	-	763	762	1	99.9%	28 310	28 310
Transfers and subsidies	103	-	-	103	103	-	100.0%	-	-
Households	103	-	-	103	103	-	100.0%	-	-
Payments for capital assets	63 692	5 077	10 333	79 102	72 011	7 091	91.0%	150 924	149 383
Buildings and other fixed structures	63 692	5 077	10 333	79 102	72 011	7 091	91.0%	150 895	149 355
Machinery and equipment	-	-	-	-	-	-	-	29	28
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	71 155	3 362	10 333	84 850	77 757	7 093	91.6%	184 229	182 687

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

3.5: MAINTENANCE									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 169 400	25 702	-	1 195 102	1 195 068	34	100.0%	906 022	906 021
Compensation of employees	128 043	-801	-	127 242	127 209	33	100.0%	111 146	111 145
Goods and services	1 041 357	26 503	-	1 067 860	1 067 859	1	100.0%	794 876	794 876
Transfers and subsidies	3 864	-15	-493	3 356	3 355	1	100.0%	4 554	4 554
Households	3 864	-15	-493	3 356	3 355	1	100.0%	4 554	4 554
Payments for capital assets	150 972	-101	-	150 871	150 870	1	100.0%	25 429	25 428
Buildings and other fixed structures	150 566	175	-	150 741	150 741	-	100.0%	24 060	24 060
Machinery and equipment	406	-276	-	130	129	1	99.2%	1 369	1 368
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	1 324 236	25 586	-493	1 349 329	1 349 293	36	100.0%	936 005	936 003

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 4: COMMUNITY BASED PROGRAMME									
	2017/18							2016/17	
	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
Sub programme									
1 Programme support community based	4 204	-867	-	3 337	3 336	1	100.0%	2 440	2 437
2 Community development	85 791	782	4 515	91 088	91 085	3	100.0%	97 916	97 913
3 Innovation and empowerment	7 034	58	-913	6 179	6 178	1	100.0%	4 503	4 500
4 Epwp co-ordination and monitoring	2 310	27	4	2 341	2 339	2	99.9%	2 153	2 150
	99 339	-	3 606	102 945	102 938	7	100.0%	107 012	107 000
Economic classification									
Current payments	73 167	-	7 175	80 342	80 337	5	100.0%	81 479	81 471
Compensation of employees	13 113	-	52	13 165	13 162	3	100.0%	11 564	11 561
Salaries and wages	10 832	-55	52	10 829	10 828	1	100.0%	10 285	10 283
Social contributions	2 281	55	-	2 336	2 334	2	99.9%	1 279	1 278
Goods and services	60 054	-	7 123	67 177	67 175	2	100.0%	69 915	69 910
Administrative fees	80	-7	-	73	73	-	100.0%	28	28
Advertising	4	-	-	4	4	-	100.0%	165	165
Minor assets	4	6	-	10	10	-	100.0%	9	8
Catering: Departmental activities	74	-12	-	62	62	-	100.0%	207	207
Communication (G&S)	16	2	-	18	18	-	100.0%	19	19
Consultants: Business and advisory services	12 718	-1	-	12 717	12 717	-	100.0%	19 057	19 057
Contractors	37 077	1 667	7 088	45 832	45 832	-	100.0%	46 817	46 817
Fleet services (including government motor transport)	-	-	-	-	-	-	-	97	96
Inventory: Materials and supplies	5 030	-4 396	-	634	633	1	99.8%	-	-

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 4: COMMUNITY BASED PROGRAMME									
	2017/18							2016/17	
	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
Consumable supplies	701	2 686	-	3 387	3 387	-	100.0%	641	641
Consumable: Stationery, printing and office supplies	42	-3	-	39	38	1	97.4%	107	106
Operating leases	-	-	-	-	-	-	-	8	8
Travel and subsistence	2 149	7	-	2 156	2 156	-	100.0%	1 440	1 438
Training and development	1 875	45	35	1 955	1 955	-	100.0%	1 019	1 019
Venues and facilities	284	6	-	290	290	-	100.0%	301	301
Transfers and subsidies	1 304	-	-999	305	305	-	100.0%	21	20
Provinces and municipalities	1 000	-	-1 000	-	-	-	-	-	-
Municipalities	1 000	-	-1 000	-	-	-	-	-	-
Municipal bank accounts	1 000	-	-1 000	-	-	-	-	-	-
Households	304	-	1	305	305	-	100.0%	21	20
Social benefits	304	-	1	305	305	-	100.0%	21	20
Payments for capital assets	24 868	-	-2 570	22 298	22 296	2	100.0%	25 512	25 509
Buildings and other fixed structures	24 643	-	-2 574	22 069	22 068	1	100.0%	25 272	25 272
Buildings	390	77	-	467	466	1	99.8%	-	-
Other fixed structures	24 253	-77	-2 574	21 602	21 602	-	100.0%	25 272	25 272
Machinery and equipment	225	-	4	229	228	1	99.6%	240	237
Other machinery and equipment	225	-	4	229	228	1	99.6%	240	237
Payment for financial assets	-	-	-	-	-	-	-	-	-
	99 339	-	3 606	102 945	102 938	7	100.0%	107 012	107 000

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

4.1: PROGRAMME SUPPORT COMMUNITY BASED									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 785	-850	-	2 935	2 934	1	100.0%	2 376	2 374
Compensation of employees	3 607	-857	-	2 750	2 750	-	100.0%	2 144	2 143
Goods and services	178	7	-	185	184	1	99.5%	232	231
Transfers and subsidies	275	-	-	275	275	-	100.0%	21	20
Households	275	-	-	275	275	-	100.0%	21	20
Payments for capital assets	144	-17	-	127	127	-	100.0%	43	43
Machinery and equipment	144	-17	-	127	127	-	100.0%	43	43
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	4 204	-867	-	3 337	3 336	1	100.0%	2 440	2 437

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

4.2: COMMUNITY DEVELOPMENT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	61 068	782	7 088	68 938	68 936	2	100.0%	72 556	72 554
Compensation of employees	6 202	782	-	6 984	6 983	1	100.0%	6 340	6 339
Goods and services	54 866	-	7 088	61 954	61 953	1	100.0%	66 216	66 215
Transfers and subsidies	29	-	1	30	30	-	100.0%	-	-
Households	29	-	1	30	30	-	100.0%	-	-
Payments for capital assets	24 694	-	-2 574	22 120	22 119	1	100.0%	25 360	25 359
Buildings and other fixed structures	24 643	-	-2 574	22 069	22 068	1	100.0%	25 272	25 272
Machinery and equipment	51	-	-	51	51	-	100.0%	88	87
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	85 791	782	4 515	91 088	91 085	3	100.0%	97 916	97 913

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

4.3: INNOVATION AND EMPOWERMENT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6 004	56	87	6 147	6 146	1	100.0%	4 406	4 404
Compensation of employees	1 243	33	52	1 328	1 327	1	99.9%	1 207	1 207
Goods and services	4 761	23	35	4 819	4 819	-	100.0%	3 199	3 197
Transfers and subsidies	1 000	-	-1 000	-	-	-	-	-	-
Provinces and municipalities	1 000	-	-1 000	-	-	-	-	-	-
Payments for capital assets	30	2	-	32	32	-	100.0%	97	96
Machinery and equipment	30	2	-	32	32	-	100.0%	97	96
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	7 034	58	-913	6 179	6 178	1	100.0%	4 503	4 500

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT
for the year ended 31 March 2018

4.4: EPWP CO-ORDINATION AND MONITORING									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	2 310	12	-	2 322	2 321	1	100.0%	2 141	2 139
Compensation of employees	2 061	42	-	2 103	2 102	1	100.0%	1 873	1 872
Goods and services	249	-30	-	219	219	-	100.0%	268	267
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	15	4	19	18	1	94.7%	12	11
Machinery and equipment	-	15	4	19	18	1	94.7%	12	11
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	2 310	27	4	2 341	2 339	2	99.9%	2 153	2 150

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2018

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
	Public Works Infrastructure	140 489	138 231	2 258	1,6%
	Transport Infrastructure	1 458 779	1 451 645	7 134	0,5%
4.2	Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
		R'000	R'000	R'000	R'000
	Current payments				
	Compensation of employees	277 075	274 783	2 292	0,8%
	Goods and services	1 235 616	1 235 603	13	0%
	Transfers and subsidies				
	Households	15 735	15 732	3	0%
	Payments for capital assets				
	Buildings and other fixed structures	253 783	246 691	7 092	2,8%
	Machinery and equipment	5 191	5 184	7	0,1%
	Intangible assets	7	6	1	14,2%
	Payments for financial assets	-	-	-	-

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2018

	<i>Note</i>	2017/18 R'000	2016/17 R'000
REVENUE			
Annual appropriation	<u>1</u>	1,844,434	1,561,345
Departmental revenue	<u>2</u>	332	297
TOTAL REVENUE		1,844,766	1,561,642
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>3</u>	274,785	251,110
Goods and services	<u>4</u>	1,235,602	999,886
Total current expenditure		1,510,387	1,250,996
Transfers and subsidies			
Transfers and subsidies	<u>6</u>	72,757	61,758
Total transfers and subsidies		72,757	61,758
Expenditure for capital assets			
Tangible assets	<u>7</u>	251,875	244,996
Intangible assets	<u>7</u>	6	31
Total expenditure for capital assets		251,881	245,027
Unauthorised expenditure approved without funding	<u>8</u>	-	-
Payments for financial assets	<u>5</u>	2	1,975
TOTAL EXPENDITURE		1,835,027	1,559,756
SURPLUS/(DEFICIT) FOR THE YEAR		9,739	1,886

Reconciliation of Net Surplus/(Deficit) for the year

Voted funds		9,407	1,589
Annual appropriation		9,407	1,589
Conditional grants		-	-
Departmental revenue and NRF Receipts	<u>12</u>	332	297
SURPLUS/(DEFICIT) FOR THE YEAR		9,739	1,886

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

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STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

	<i>Note</i>	2017/18 R'000	2016/17 R'000
ASSETS			
Current assets		47,312	36,460
Unauthorised expenditure	<u>8</u>	26,891	26,891
Cash and cash equivalents	<u>9</u>	19,896	9,120
Receivables	<u>10</u>	525	449
Non-current assets		5,572	5,540
Receivables	<u>10</u>	5,572	5,540
TOTAL ASSETS		52,884	42,000
LIABILITIES			
Current liabilities		9,773	1,917
Voted funds to be surrendered to the Revenue Fund	<u>11</u>	9,407	1,589
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>12</u>	332	297
Payables	<u>13</u>	34	31
Non-current liabilities			
Payables	<u>14</u>	43,111	40,083
TOTAL LIABILITIES		52,884	42,000
NET ASSETS		-	-
	<i>Note</i>	2017/18 R'000	2016/17 R'000
Represented by:			
Capitalisation reserve		-	-
Recoverable revenue		-	-
Retained funds		-	-
Revaluation reserves		-	-
TOTAL		-	-

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

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STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2018

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Capitalisation Reserves			
Opening balance			
Transfers:			
Movement in Equity			
Movement in Operational Funds			
Other movements			
Closing balance		-	-
Recoverable revenue			
Opening balance			
Transfers:			
Irrecoverable amounts written off			
Debts revised			
Debts recovered (included in departmental receipts)			
Debts raised			
Closing balance		-	-
Retained funds			
Opening balance			
Transfer from voted funds to be surrendered (Parliament/Legislatures ONLY)			
Utilised during the year			
Other transfers			
Closing balance		-	-
Revaluation Reserve			
Opening balance			
Revaluation adjustment (Housing departments)			
Transfers			
Other			
Closing balance		-	-
TOTAL		-	-

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CASH FLOW STATEMENT

for the year ended 31 March 2018

	<i>Note</i>	2017/18 R'000	2016/17 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1,846,791	1,563,775
Annual appropriated funds received	<u>1.1</u>	1,844,434	1,561,345
Departmental revenue received	<u>2</u>	2,357	2,430
Net (increase)/decrease in working capital		(105)	(28)
Surrendered to Revenue Fund		(3,911)	(2,617)
Surrendered to RDP Fund/Donor		-	-
Current payments		(1,510,387)	(1,250,996)
Payments for financial assets		(2)	(1,975)
Transfers and subsidies paid		(72,757)	(61,758)
Net cash flow available from operating activities	<u>15</u>	259,629	246,401
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>5</u>	(251,881)	(245,027)
Net cash flows from investing activities		(251,881)	(245,027)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in non-current payables		3,028	6,256
Net cash flows from financing activities		3,028	6,256
Net increase/(decrease) in cash and cash equivalents		10,776	7,630
Cash and cash equivalents at beginning of period		9,120	1,490
Unrealised gains and losses within cash and cash equivalent		-	-
Cash and cash equivalents at end of period	<u>16</u>	19,896	9,120

PART A: ACCOUNTING POLICIES**Summary of significant accounting policies**

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

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 (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1	Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard.
2	Going concern The financial statements have been prepared on a going concern basis.
3	Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
4	Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5	Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
6	Comparative information
6.1	Prior period comparative information 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.
6.2	Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
7	Revenue
7.1	Appropriated funds Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

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for the year ended 31 March 2018

	The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
7.2	<p>Departmental revenue</p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
7.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and • the amount of revenue can be measured reliably. <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy</p>
8	Expenditure
8.1	Compensation of employees
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
8.2	<p>Other expenditure</p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
8.3	<p>Accruals and payables not recognised</p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>
8.4	Leases
8.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p>

	<p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> • cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.
9	Aid Assistance
9.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
9.2	<p>Aid assistance paid</p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
10	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>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.</p>
11	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> <p><Indicate when prepayments are expensed and under what circumstances.></p>
12	<p>Loans and receivables</p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>
13	<p>Investments</p> <p>Investments are recognised in the statement of financial position at cost.</p>
14	Financial assets
14.1	<p>Financial assets (not covered elsewhere)</p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>

14.2	Impairment of financial assets Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
15	Payables Payables recognised in the statement of financial position are recognised at cost.
16	Capital Assets
16.1	Immovable capital assets Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
16.2	Movable capital assets Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.
16.3	Intangible assets Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

16.4	<p>Project Costs: Work-in-progress</p> <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p>
17	Provisions and Contingents
17.1	<p>Provisions</p> <p>Provisions are recorded in the notes to the financial statements 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 or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
17.2	<p>Contingent liabilities</p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is 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 within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
17.3	<p>Contingent assets</p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>
17.4	<p>Commitments</p> <p>Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>
18	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

	<p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
20	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
21	<p>Changes in accounting policies, accounting estimates and errors</p> <p>Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
22	<p>Events after the reporting date</p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
23	<p>Principal-Agent arrangements</p> <p>The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.</p> <p><i>There were no Principal-Agent arrangements.</i></p>
24	<p>Departures from the MCS requirements</p> <p>The financial statements present fairly the department's primary and secondary information. The financial statements of the department comply with the modified cash standards and the department have not departed from a particular requirement of these standards to achieve fair presentation.</p>
25	<p>Capitalisation reserve</p> <p>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.</p>

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

26	<p>Recoverable revenue</p> <p>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.</p>
27	<p>Related party transactions</p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>
28	<p>Inventories</p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance. Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.</p> <p>The cost of inventories is assigned by using the weighted average cost basis.</p>
29	<p>Public-Private Partnerships</p> <p>Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.</p>
30	<p>Employee benefits</p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

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:

		2017/18		2016/17	
	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/not received R'000	Final Appropriation R'000	Appropriation received R'000
Administration	142,221	142,221	-	125,593	123,610
Public Works					
Infrastructure	140, 489	140, 489	-	189,786	189,770
Transport					
Infrastructure	1,458,779	1,458,779	-	1,138,954	1,140,966
Community Based Programme	102,945	102,945	-	107 012	106 999
Total	1,844,434	1,844,434	-	1,561,345	1,561,345

1.2 Conditional grants

	Note	2017/18 R'000	2016/17 R'000
Total grants received	32	1,087,850	909,162
Provincial grants included in Total Grants received		-	-

2. Departmental revenue

Tax revenue			
Sales of goods and services other than capital assets	2.1	1,992	2,198
Transactions in financial assets and liabilities	2.2	365	232
Total revenue collected		2,357	2,430
Less: Own revenue included in appropriation	12	(2,025)	(2,133)
Departmental revenue collected		332	297

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department

	1,888	2,194
Sales by market establishment	1,360	1,437
Administrative fees	-	-
Other sales	528	757
Sales of scrap, waste and other used current goods	104	4
Total	1,992	2,198

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

2.2 Transactions in financial assets and liabilities

	<i>Note</i> 2	2017/18 R'000	2016/17 R'000
Receivables		365	232
Total		365	232

3. Compensation of employees

3.1 Salaries and Wages

Basic salary		189,194	173,605
Performance award		3,941	4,696
Service Based		255	276
Compensative/circumstantial		3,582	2,840
Periodic payments		148	137
Other non-pensionable allowances		40,975	35,953
Total		238,095	217,507

3.2 Social contributions

Employer contributions

Pension		24,028	21,695
Medical		12,590	11,846
Bargaining council		72	62
Total		36,690	33,603

Total compensation of employees		274,785	251,110
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Average number of employees		863	893
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4. Goods and services

Administrative fees		954	583
Advertising		344	1,617
Minor assets	<i>4.1</i>	274	513
Bursaries (employees)		348	250
Catering		753	1,019
Communication		2,594	2,429
Computer services	<i>4.2</i>	17,390	12,631
Consultants: Business and advisory services		25,240	25,390
Infrastructure and planning services		-	23,916
Legal services		4,114	4,166
Contractors		873,906	467,870
Agency and support / outsourced services		-	77
Audit cost – external	<i>4.3</i>	9,901	6,833
Fleet services		3,045	2,999
Inventory	<i>4.4</i>	59,491	-
Consumables	<i>4.5</i>	11,972	94,438
Operating leases		169,923	305,174
Property payments	<i>4.6</i>	29,391	29,292
Rental and hiring		4	59
Travel and subsistence	<i>4.7</i>	21,532	18,723

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

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for the year ended 31 March 2018

Venues and facilities		785	530
Training and development		3,441	1,160
Other operating expenditure	4.8	200	217
Total		1,235,602	999,886

4.1 Minor assets

	Note	2017/18	2016/17
	4	R'000	R'000
Tangible assets		218	470
Machinery and equipment		218	470
Intangible assets		56	43
Software		56	43
Total		274	513

4.2 Computer services

SITA computer services	2,219	2,302
External computer service providers	15,171	10,329
Total	17,390	12,631

4.3 Audit cost – External

Regularity audits	9,901	6,833
Total	9,901	6,833

4.4 Inventory

Clothing material and accessories	348	-
Materials and supplies	59,143	-
Total	59,491	-

4.5 Consumables

Consumable supplies	10,179	92,039
Uniform and clothing	8,954	2,764
Household supplies	2	562
Building material and supplies	-	87,556
IT consumables	126	120
Other consumables	1,097	1,037
Stationery, printing and office supplies	1,793	2,399
Total	11,972	94,438

4.6 Property payments

Municipal services	4,065	5,279
Property maintenance and repairs	5,389	5,629
Other	19,937	18,384
Total	29,391	29,292

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

4.7 Travel and subsistence

	<i>Note</i> 4	2017/18 R'000	2016/17 R'000
Local		21,413	18,523
Foreign		119	200
Total		21,532	18,723

4.8 Other operating expenditure

Professional bodies, membership and subscription fees		-	38
Other		200	179
Total		200	217

5. Payments for financial assets

Debts written off	<i>5.1</i>	2	1,975
Total		2	1,975

5.1 Debts written off

Nature of debts written off

Other debt written off:

Salary debtors		-	300
Damage and Losses		-	137
Provincial claims recoverable		-	1,538
Dishonoured cheques		2	-
Total		2	1,975
Total debt written off		2	1,975

6. Transfers and subsidies

	<i>Note</i>		
Provinces and municipalities	<i>32, 33</i>	57,027	54,312
Departmental agencies and accounts	<i>Annex 1B</i>	-	700
Households	<i>Annex 1G</i>	15,730	6,746
Total		72,757	61,758

7. Expenditure for capital assets

Tangible assets		251,875	244,996
Buildings and other fixed structures	<i>29</i>	246,690	238,903
Machinery and equipment	<i>27</i>	5,185	6,093
Intangible assets		6	31
Software	<i>29</i>	6	31
Total		251,881	245,027

The following amounts have been included as project costs in Expenditure for capital assets

Compensation of employees	6,105	13,088
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Goods and services	240,585	36,518
Total	246,690	49,606

7.1 Analysis of funds utilised to acquire capital assets – 2017/18

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	251,875	-	251,875
Buildings and other fixed structures	246,690	-	246,690
Machinery and equipment	5,185	-	5,185
Intangible assets	6	-	6
Software	6	-	6
Total	251,881	-	251,881

7.2 Analysis of funds utilised to acquire capital assets – 2016/17

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	244 996	-	244 996
Buildings and other fixed structures	238 903	-	238 903
Machinery and equipment	6 093	-	6 093
Intangible assets	31	-	31
Software	31	-	31
Total	245,027	-	245,027

7.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2017/18 R'000	2016/17 R'000
Tangible assets			
Buildings and other fixed structures			
Machinery and equipment		4,352	5,004
Total		4,352	5,004

8. Unauthorised expenditure

8.1 Reconciliation of unauthorised expenditure

Opening balance	26,891	26,891
Prior period error		-
As restated	26,891	26,891
Closing balance	26,891	26,891

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Analysis of closing balance

Unauthorised expenditure awaiting authorisation	26,891	-
Total	26,891	-

8.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2017/18 R'000	2016/17 R'000
Capital	26,891	26,891
Total	26,891	26,891

8.3 Analysis of unauthorised expenditure awaiting authorisation per type

Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	26,891	26,891
Total	26,891	26,891

8.4 Unauthorised expenditure split into current and non-current asset

	2017/18			2016/17		
	Current	Non-current	Total	Current	Non-current	Total
Details	R'000	R'000	R'000	R'000	R'000	R'000
Completion of capital projects relating to the 2011/2012 financial year	-	26,891	26,891			
Total	-	26,891	26,891			

9. Cash and cash equivalents

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Consolidated Paymaster General Account		19,896	9,120
Total		19,896	9,120

10. Receivables

		2017/18			2016/17		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	<i>Note 10.1</i>	-	3,741	3,741	-	3,750	3,750
Recoverable expenditure	<i>10.2</i>	223	1,557	1,780	186	1,558	1,744
Staff debt	<i>10.3</i>	302	274	576	263	232	495
Total		525	5,572	6,097	449	5,540	5,989

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10.1 Claims recoverable

	<i>Note 10 and Annex 4</i>	2017/18 R'000	2016/17 R'000
Provincial departments		3,741	3,750
Total		3,741	3,750

10.2 Recoverable expenditure (disallowance accounts)

Salary: GEHS Refund Control Account		18	-
Disallowance Dishonoured Cheques		-	1
Disallowance Miscellaneous		1,608	1,554
Salary Income Tax		122	136
Salary Disallowance Account		2	3
Salary Medical Aid		-	14
Salary Pension Fund		5	-
Pension recoverable		25	36
Total		1,780	1,744

10.3 Staff debt

Debt Account	<i>10</i>	501	407
Salary Income Tax		-	3
Salary Reversal Control		75	85
Total		576	495

11. Voted funds to be surrendered to the Revenue Fund

Opening balance		1,589	216
Prior period error		-	-
As restated		1,589	216
Transfer from statement of financial performance (as restated)		9,407	1,589
Paid during the year		(1,589)	(216)
Closing balance		9,407	1,589

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

Opening balance		297	268
Prior period error		-	-
As restated		297	268
Transfer from Statement of Financial Performance (as restated)		332	297
Own revenue included in appropriation		2,025	2,133
Paid during the year		(2,322)	(2,401)
Closing balance		332	297

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13. Payables – current

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Other payables	13.1	34	31
Total		34	31

13.1 Other payables

Disallowance Miscellaneous	-	29
Sal: ACB Recalls	34	-
Finance other institution	-	2
Total	34	31

14. Payables – non-current

		2017/18			2016/17
		R'000	R'000	R'000	R'000
		One to	Two to	More	
	<i>Note</i>	two	three	than	
		years	years	three	
				years	
Amounts owing to other entities		-	-	41,966	38,262
Other payables	14.1	26	316	803	1,821
Total		26	316	42,769	40,083

14.1 Other payables

	<i>14</i>			
Description				
Rental and tender deposits		358	358	
Disallowance Miscellaneous		471	442	
Claims recoverable provincial departments		316	1,021	
Total		1,145	1,821	

15. Net cash flow available from operating activities

Net surplus/(deficit) as per Statement of Financial Performance	9,739	1,886
Add back non cash/cash movements not deemed operating activities	249,890	244,515
(Increase)/decrease in receivables – current	(108)	1,984
Increase/(decrease) in payables – current	3	(2,012)
Expenditure on capital assets	251,881	245,027
Surrenders to Revenue Fund	(3,911)	(2,617)
Own revenue included in appropriation	2025	2,133
Net cash flow generated by operating activities	259,629	246,401

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

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Consolidated Paymaster General account		19,896	9,120
Total		19,896	9,120

17. Contingent liabilities and contingent assets

17.1 Contingent liabilities

Liable to	Nature			
Claims against the department		<i>Annex 3B</i>	107,089	161,192
Intergovernmental payables (unconfirmed balances)		<i>Annex 5</i>	3,038	3,038
Total			110,127	164,230

Most of the amounts are certain as the claimants provide documentary proof of the claim such as a quote received from the panelbeater or mechanic which the insurance had paid. In most cases the mechanic has provided an affidavit as to how the damage occurred and the amount that is cost to repair the damage.

In relation to the timing of the outflow, the difficulty comes when after the submission for approval to settle has been signed by the accounting officer the submission is sent to finance to capture, prepare the disbursement and submit to Treasury for payment. It can take up to 30 days after the submission was approved for the amount to be paid.

In relation to the claims for damages by members of the public there is no possibility of reimbursement as the monies is paid out of the budget of the directorate responsible for the roads.

18. Commitments

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Current expenditure			
Approved and contracted		225,405	252,274
Approved but not yet contracted		15,902	-
		241,307	252,274
Capital expenditure			
Approved and contracted		45,889	182,347
Approved but not yet contracted		-	-
		45,889	182,347
Total Commitments		287,196	434,621

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A contract for the upgrading and surfacing of the existing gravel roads, reseal and fogspray of surface roads, flood damage repairs and plant hire will be completed in a period longer than one year.

19. Accruals and payables not recognised

19.1 Accruals

	2017/18			2016/17
	R'000			R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	15,367	-	15,367	22,008
Interest and rent on land	-	-	-	-
Transfers and subsidies	67	602,354	602,421	402,149
Capital assets	128	-	128	8,660
Other	-	-	-	-
Total	15,562	602,354	617,916	432,817
Listed by programme level				
Administration			2,110	2,609
Public Works Infrastructure			603,090	402,743
Transport Infrastructure			12,243	27,073
Community Based Programme			473	392
Total			617,916	432,817

19.2 Payables not recognised

Listed by economic classification

	30 Days	30+ Days	Total	Total
Goods and services	34,431	187,232	221,663	182,682
Transfers and subsidies	-	5,688	5,688	4,966
Capital assets	11,196	-	11,196	16,320
Total	45,627	192,920	238,547	203,968

Listed by programme level

Administration	399	660
Public Works Infrastructure	6,194	7,392
Transport Infrastructure	228,166	195,509
Community Based Programme	3,788	407
Total	238,547	203,968

Included in the above totals are the following:

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Confirmed balances with other government entities	<i>Annex 5</i>	41,967	38,262
Total		41,967	38,262

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Included in the accruals and payables not recognised, are rates and taxes claimed by local municipalities and also amounts due to NCFMTE.

20. Employee benefits

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Leave entitlement		10,977	10,379
Service bonus (Thirteenth cheque)		7,262	6,949
Performance awards		4,517	4,153
Capped leave commitments		10,478	10,891
Other		836	699
Total		34,070	33,071

At this stage the department is not able to reliably measure the long term portion of the long service awards.

Negative leave balances for 60 officials amounting to R 227 040.85 are not included in the leave entitlement amount disclosed for the current financial year.

21. Lease commitments

21.1 Operating leases

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2017/18					
Not later than 1 year	-	-	1,109	113,000	114,109
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than five years	-	-	-	-	-
Total lease commitments	-	-	1,109	113,000	114,109

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2016/17					
Not later than 1 year	-	-	2,327	113,000	115,327
Later than 1 year and not later than 5 years	-	-	888	-	888
Later than five years	-	-	-	-	-
Total lease commitments	-	-	3,215	113,000	116,215

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The Department is leasing buildings for office space located in Kimberley and De Aar as well as yellow fleet.

21.2 Finance leases **

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2017/18					
Not later than 1 year	-	-	-	4,046	4,046
Later than 1 year and not later than 5 years	-	-	-	8,307	8,307
Later than five years	-	-	-	-	-
Total lease commitments	-	-		12,353	12,353

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2016/17					
Not later than 1 year	-	-	-	2,973	2,973
Later than 1 year and not later than 5 years	-	-	-	4,725	4,725
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	7,698	7,698

**This note excludes leases relating to public private partnership as they are separately disclosed in note no. 35.

The Department is leasing white fleet from the NC Fleet Entity and also photocopiers from external service providers.

21.3 Operating lease future revenue**

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2017/18					
Not later than 1 year	-	-	84	-	84
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than five years	-	-	-	-	-
Total operating lease revenue receivable	-	-	84	-	84

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	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2016/17					
Not later than 1 year	-	-	94	-	94
Later than 1 year and not later than 5 years	-	-	92	-	92
Later than five years	-	-	-	-	-
Total operating lease revenue receivable	-	-	186	-	186

The Department is leasing buildings to tenants for business purposes.

22. Accrued departmental revenue

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Sales of goods and services other than capital assets		5,898	4,467
Total		5,898	4,467

22.1 Analysis of accrued departmental revenue

Opening balance	4,467	3,336
Less: amounts received	(3,172)	(2,926)
Add: amounts recorded	4,603	4,057
Less: amounts written-off/reversed as irrecoverable	-	-
Closing balance	5,898	4,467

23. Irregular expenditure

23.1 Reconciliation of irregular expenditure

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Opening balance		763,988	717,574
Prior period error		-	-
As restated		763,988	717,574
Add: Irregular expenditure – relating to prior year		560	55,159
Add: Irregular expenditure – relating to current year		29,596	34,028
Less: Prior year amounts condoned		-	(42,773)
Less: Current year amounts condoned		-	-
Less: Amounts not condoned and recoverable	10	-	-
Less: Amounts not condoned and not recoverable		-	-
Closing balance		794,144	763,988

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Analysis of awaiting condonation per age classification

Current year	29,596	34,028
Prior years	764,548	729,960
Total	794,144	763,988

23.2 Details of irregular expenditure – added current year (relating to current and prior years)

Incident	Disciplinary steps taken/criminal proceedings	2017/18 R'000
Insufficient Quotations	None	245
No Original Tax Clearance Certificate	None	3,603
Avoiding the Procurement Process	None	16,939
Deficient Tender Procedures	None	8,690
Non-CSD Compliant	None	89
Local Content	None	590
Total		30,156

24. Fruitless and wasteful expenditure

24.1 Reconciliation of fruitless and wasteful expenditure

Opening balance	6,658	6,658
Prior period error	-	-
As restated	-	6,658
Fruitless and wasteful expenditure – relating to current year	17	-
Closing balance	6,675	6,658

Analysis of awaiting resolution per economic classification

Current	6,675	6,658
Capital	-	-
Total	6,675	6,658

24.2 Analysis of Current year's (relating to current and prior years) fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2017/18 R'000
Cancellation Fees	None	16
Interest Paid	None	1
Total		17

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25. Related party transactions

Revenue received	<i>Note</i>	2017/18 R'000	2016/17 R'000
Sales of goods and services other than capital assets		10,551	16,403
Total		10,551	16,403
 Goods and services		 6,846	 11,014
Total		6,846	11,014
 Year end balances arising from revenue/payments			
Payables to related parties		41,967	38,262
Total		41,967	38,262

	<i>Note</i>	2017/18 R'000
In kind goods and services provided/received		
The following client departments within Government Sphere occupies facilities @ R0:		
1. NC Department of Agriculture and Land Reform		-
2. NC Department of COGHSTA		-
3. NC Department of Education		-
4. NC Department of Health		-
5. NC Department of Legislature		-
6. NC Department of Transport, Safety and Liaison		-
7. NC Department of Social Development		-
8. NC Department of Sports, Arts and Culture		-
9. NC Department of Economic Development and Tourism		-
10. NC Department of Environment and Nature Conservation		-
11. NC Office of the Premier		-
12. NC Provincial Treasury		-
13. NC Fleet Management Trading Entity		-
Total		-

The Department provided services to the Northern Cape Fleet Management Trading Entity in the form of personnel, facilities and other administrative support. Due to the many uncertainties and complexities surrounding the services in-kind, the fair value of the services in kind provided cannot be determined and is not recognised.

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26. Key management personnel

	No. of Individuals	2017/18 R'000	2016/17 R'000
Political office bearers (provide detail below)	1	1,978	1,902
Officials:			
Level 15 to 16	1	1,733	1,624
Level 14 (incl. CFO if at a lower level)	6	7,007	6,688
Family members of key management personnel		-	-
Total		10,718	10,214

27. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	17,550	-	833	843	17,540
Transport assets	-	-	-	-	-
Computer equipment	7,609	-	477	616	7,470
Furniture and office equipment	5,396	-	356	106	5,646
Other machinery and equipment	4,545	-	-	121	4,424
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	17,550	-	833	843	17,540

Movable Tangible Capital Assets under investigation

	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	137	1,508

Included in above are assets which consists of thefts, losses and shortages under investigation. Once investigation is completed asset will either be disposed or recovered in cases of negligence.

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27.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	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	5,185	-	(4,352)	-	833
Transport assets	4,352	-	(4,352)	-	-
Computer equipment	477	-	-	-	477
Furniture and office equipment	356	-	-	-	356
Other machinery and equipment	-	-	-	-	-
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	5,185	-	(4,352)	-	833

27.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	-	843	843	-
Transport assets	-	-	-	-
Computer equipment	-	616	616	-
Furniture and office equipment	-	106	106	-
Other machinery and equipment	-	121	121	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	843	843	-

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27.3 Movement for 2016/17

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	19,566	(635)	1,098	2,479	17,550
Transport assets	936	(936)	-	-	-
Computer equipment	7,437	81	357	266	7,609
Furniture and office equipment	5,125	203	183	115	5,396
Other machinery and equipment	6,068	17	558	2,098	4,545
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	19,566	(635)	1,098	2,479	17,550

27.4 Prior period error

	<i>Note</i>	2016/17 R'000
Nature of prior period error		(635)
Relating to 2015/16 <i>[affecting the opening balance]</i>		(936)
Relating to 2016/17 <i>[affecting the opening balance]</i>		
Sub Classification Adjustment		301
Relating to 2016/17		
Total prior period errors		(635)

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27.5 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2018

	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	-	2,401	-	9,022	-	11,423
Value adjustments	-	-	-	17	-	17
Additions	-	56	-	218	-	274
Disposals	-	38	-	202	-	240
TOTAL MINOR ASSETS	-	2,419	-	9,055	-	11,474

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	106	-	106
Number of minor assets at cost	-	598	-	6,093	-	6,691
TOTAL NUMBER OF MINOR ASSETS	-	598	-	6,199	-	6,797

Minor Capital Assets under investigation

	Number	Value R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Specialised military assets	-	-
Intangible assets	-	-
Heritage assets	-	-
Machinery and equipment	387	395
Biological assets	-	-

Included in above are 106 assets with R1 values which consists of thefts, losses and shortages under investigation to be disposed after approval is obtained.

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MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2017

	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	-	2,415	-	9,212	-	11,627
Prior period error	-		-	(301)	-	(301)
Additions	-	46	-	470	-	516
Disposals	-	60	-	359	-	419
TOTAL MINOR ASSETS	-	2,401	-	9,022	-	11,423

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	273	-	273
Number of minor assets at cost	-	569	-	6,181	-	6,750
TOTAL NUMBER OF MINOR ASSETS	-	569	-	6,454	-	7,023

27.7 Prior period error

	<i>Note</i>	2016/17 R'000
Nature of prior period error		
Relating to 2016/17 <i>[affecting the opening balance]</i>		(301)
Sub Classification adjustment		(301)
Total prior period errors		<u>(301)</u>

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27.8 Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2018

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	182	-	182
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	182	-	182

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2017

	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
Assets written off	-	-	-	-	-	-
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	-	-	-

28. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	1,630		6	-	1,636
TOTAL INTANGIBLE CAPITAL ASSETS	1,630		6	-	1,636

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28.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash	Non-Cash	(Develop- ment work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	6	-	-	-	6
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	6	-	-	-	6

28.3 Movement for 2016/17

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	1,599	-	31	-	1,630
TOTAL INTANGIBLE CAPITAL ASSETS	1,599	-	31	-	1,630

29. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000		R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	38,091,743	42,303	316,572	-	38,450,618
Dwellings	60,457	-	180	-	60,637
Non-residential buildings	3,210,923	42,303	25,479	-	3,278,705
Other fixed structures	34,820,363	-	290,913	-	35,111,276
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	38,091,743	42,303	316,572	-	38,450,618

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Dwellings & Non-residential building

Immovable property has been disclosed as per National Treasury Guide (updated March 2017). The properties disclosed in the above note is as per the Assets Register. The criteria followed to record properties in the Asset Register is as follows:

- > Endorsed title deed on hand*
- > Item 28(1) issued*
- > Surveyed not registered Item 28(1) issued*
- > Historic name title*
- > Specific Legislation*
- > Completed construction cost on custodian land*

The Department maintains a Register for the immovable property not in accordance of the above criteria. These immovable properties are disclosed as additional information as per note 41.7

Immovable Tangible Capital Assets under investigation

	Number	Value R'000
Included in the above total of the immovable tangible capital assets per the asset register are assets that are under investigation:		
Buildings and other fixed structures	1	-

The above property under investigation presents a land parcel whereas the municipal value is not available. The Department is currently in the process to liaise with the relevant municipality and external valuers to value the property.

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29.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	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	246,691	23,788	46,093	-	316,572
Dwellings	180	-	-	-	180
Non-residential buildings	1,691	23,788	-	-	25,479
Other fixed structures	244,820	-	46,093	-	290,913
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	246,691	23,788	46,093	-	316,572

Non-cash additions present the following:

>Sec 42 transfers

>Additional properties identified in compliance of the guide that were initially under investigation.

29.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	-	-
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	-	-	-	-
TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS	-	-	-	-

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29.3 Movement for 2016/17

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Prior Period Error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	39,105,922	(1,138,658)	124,479	-	38,091,743
Dwellings	58,030	-	2,427	-	60,457
Non-residential buildings	2,146,152	943,419	121,352	-	3,210,923
Other fixed structures	36,901,740	(2,082,077)	700	-	34,820,363
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	39,105,922	(1,138,658)	124,479	-	38,091,743

29.4 Prior period error

	<i>Note</i>	2016/17 R'000
Nature of prior period error		(1,138,658)
Other fixed structures identified and valued		(2,082,077)
Relating to 2016/2017: Property incorrectly recognised.		
Not in compliance with the guide		(22,020)
Relating to 2016/2017 Value Adjustments		965,439
Total prior period errors		(1,138,658)

29.5 Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018

	<i>Note</i>	Opening balance 1 April 2017 R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated R'000	Closing balance 31 March 2018 R'000
	<i>Annexure 7</i>				
Buildings and other fixed structures		281,975	246,691	292,784	235,882
TOTAL		281,975	246,691	292,784	235,882

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Age analysis on ongoing projects	Number of projects		2017/18
	Planned, Construction not started	Planned, Construction started	Total R'000
0 to 1 Year	2	2	70,407
1 to 3 Years	1	4	165,475
3 to 5 Years	-	-	-
Longer than 5 Years	-	-	-
Total	3	6	235,882

No projects are identified as capital work in progress for longer than 5 years

Accruals and payables not recognised relating to Capital WIP	Note	2017/18 R'000	2016/17 R'000
<i>[Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress]</i>		16,584	
Total		16,584	

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2017

	Opening balance 1 April 2016 R'000	Prior period error R'000	Current Year WIP R'000	Ready for use (Assets to the AR)) / Contracts terminated R'000	Closing balance 31 March 2017 R'000
<i>Note Annexure 7</i>					
Buildings and other fixed structures	84,688	-	197,987	(700)	281,975
TOTAL	84,688	-	197,987	(700)	281,975

29.6 S42 Immovable assets

Assets subjected to transfer in terms of S42 of the PFMA – 2017/18

	Number of assets	Value of assets R'000
BUILDINGS AND OTHER FIXED STRUCTURES	15	46,640
Dwellings	-	-
Non-residential buildings	-	-
Other fixed structures	15	46,640
TOTAL	15	46,640

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EPWP projects are deemed to be transferred.

Assets subjected to transfer in terms of S42 of the PFMA – 2016/17

	Number of assets	Value of assets R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	-
Dwellings	-	-
Non-residential buildings	-	-
Other fixed structures	-	-
TOTAL	-	-

29.8 Immovable assets (additional information)

		<i>Note</i>	2017/18	2016/17
a) Unsurveyed land	Estimated completion date	<i>Annexure 9</i>	Area	Area
b) Properties deemed vested		<i>Annexure 9</i>	Number	Number
Land Parcels			-	-
Facilities				
Schools			1	1
Clinics & Hospitals			1	1
Hospitals			-	-
Office buildings			1	1
Dwellings			-	2
Storage facilities			-	-
Other			-	-
c) Facilities on unsurveyed land	Duration of use	<i>Annexure 9</i>	Number	Number
Schools	Unknown		190	187
Clinics	Unknown		24	25
Hospitals	Unknown		11	11
Office buildings	Unknown		14	7
Dwellings	Unknown		8	-
Storage facilities	Unknown		1	-
Other	Unknown		10	7

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d) Facilities on right to use land	Duration of use	<i>Annexure 9</i>	Number	Number
Schools	Unknown		189	141
Clinics	Unknown		89	70
Hospitals	Unknown		10	27
Office buildings	Unknown		30	34
Dwellings	Unknown		42	11
Storage facilities	Unknown		8	-
Other	Unknown		41	25

e) Agreement of custodianship	<i>Annexure 9</i>	Number	Number
Land parcels			
Facilities			
Schools		-	-
Clinics		-	-
Hospitals		-	-
Office buildings		-	-
Dwellings		-	-
Storage facilities		-	-
Other		-	2

30. Prior period errors

30.1 Correction of prior period errors

	<i>Not e</i>	Amount before error correction 2016/17 R'000	Prior period error 2016/17 R'000	Restated Amount 2016/17 R'000
Assets:				
Movable Tangible Capital Assets	27	936	(936)	-
Movable Tangible Capital Assets	27	17,249	301	17,550
Minor Assets	27.5	9,323	(301)	9,022
Net effect		27,508	(936)	26,572

Asset was transferred out to NCFMTE 2015/2016 financial year, but as asset register was only updated in the current financial year. The sub classification adjustment prior period error relates to assets that were R1 and fair valued in the 16/17 financial year, hence the change in classification from minor asset to capital asset.

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31. Inventories

	<i>Note</i> <i>Annexure</i> 6	2017/18 R'000	2016/17 R'000
Opening balance		64	64
Add/(Less): Adjustments to prior year balances		-	-
Add: Additions/Purchases – Cash		-	-
Add: Additions - Non-cash		-	-
(Less): Disposals		-	-
(Less): Issues		-	-
Add/(Less): Adjustments		-	-
Closing balance		64	64

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32. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT				2016/17	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjust-ments	Other Adjust-ments	Total Available	Amount received by depart-ment	Amount spent by depart-ment	Under / (Overspen ding)	% of available funds spent by depart-ment	Division of Revenue Act	Amount spent by departmen t
	R'000	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	1,084,016	-	-	-	1,084,016	1,084,016	1,084,016	-	100%	905,360	905,360
Expanded Public Work Prog Incent Grant	3,834	-	-	-	3,834	3,834	3,834	-	100%	3,803	3,803
	1,087,850	-	-	-	1,087,850	1,087,850	1,087,850	-		909,163	909,163

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33. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	DoRA and other transfers	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	%
Municipal rates and taxes (see Anx 1A)	57,027	-	-	57,027	57,027	-	-
TOTAL	57,027	-	-	57,027	57,027	-	-

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ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2016/17
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation s by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% 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	R'000	%	R'000
Dikgatlong	-	-	-	-	-	-	-	-	-	-	0%	4
Emthanjeni	2,872	-	-	2,872	2,715	-	-	2,715	-	-	0%	2,735
Gamagara	-	-	-	-	-	-	-	-	-	-	0%	184
Ga-Segonyana	2,149	-	-	2,149	2,149	-	-	2,149	-	-	0%	2,020
Hantam	483	-	-	483	483	-	-	483	-	-	0%	447
Kamiesberg	1,286	-	-	1,286	1,286	-	-	1,286	-	-	0%	1,169
Kareeberg	638	-	-	638	435	-	-	435	-	-	0%	608
Karoo												
Hoogland	246	-	-	246	246	-	-	246	-	-	0%	234
!Kai! Gariep	-	-	-	-	-	-	-	-	-	-	0%	1,222
Kgatelopele	1,362	-	-	1,362	1,884	-	-	1,884	-	-	0%	-
Khai-Ma	172	-	-	172	172	-	-	172	-	-	0%	152
//Khara Hais	7,326	-	-	7,326	7,326	-	-	7,326	-	-	0%	6,780
Kheis	-	-	-	-	-	-	-	-	-	-	0%	58
Magareng	452	-	-	452	452	-	-	452	-	-	0%	1,042

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NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2016/17
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation s by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% 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	R'000	%	R'000
Meir	-	-	-	-	-	-	-	-	-	-	0%	-
Nama Khoi	3,988	-	-	3,988	3,987	-	-	3,987	-	-	0%	4,012
Phokwane	-	-	-	-	-	-	-	-	-	-	0%	-
Renosterberg	-	-	-	-	-	-	-	-	-	-	0%	-
Ritchterveld	34	-	-	34	34	-	-	34	-	-	0%	32
Siyancuma	333	-	-	333	333	-	-	333	-	-	0%	385
Siyathemba	2,115	-	-	2,115	2,115	-	-	2,115	-	-	0%	1,935
Sol Plaatjie	31,692	-	-	31,692	30,894	-	-	30,894	-	-	0%	29,510
Thembelihle	224	-	-	224	224	-	-	224	-	-	0%	209
Tsantsabane	-	-	-	-	637	-	-	637	-	-	0%	-
Ubuntu	870	-	-	870	870	-	-	870	-	-	0%	829
Umsobomvu	785	-	-	785	785	-	-	785	-	-	0%	745
TOTAL	57,027	-	-	57,027	57,027	-	-	57,027	-	-		54,312

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ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2016/17
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Construction SETA	-	-	-	-	-		700
Public Sector SETA	-	-	-	-	-		1
TOTAL	-	-	-	-	-		701

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

	TRANSFER ALLOCATION				EXPENDITURE		2016/17
	Adjusted Appropriation Act	Roll Overs	Adjust- ments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
HOUSEHOLDS							
Transfers							
Leave Gratuity	1,735	-	-	1,735	1,732	100%	2,149
Bursaries (Non-employee)	660	-	-	660	660	100%	999
Post-retirement benefit	2,453	-	-	2,453	2,452	100%	3,257
Donations & Gifts (Cash)	241	-	-	241	236	98%	285
Claims against the state (Cash)	10,646	-	-	10,646	10,650	100%	59
	15,735	-	-	15,735	15,730		6,749
Subsidies	-	-	-	-	-		-
TOTAL	15,735	-	-	15,735	15,730		6,749

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ANNEXURE 1J

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2017/18	2016/17
	R'000	R'000
Made in kind		
Tuition fees (Vuseleta FET College of North West_P Mothibakeledi)	-	7
Tuition fees (Cape Peninsula University of Technology_L Mntuna)	-	26
Build extensor of kitchen_Uniting Reformed Church	-	20
Tuition fees (P Brandt)	-	10
Uniting Reformed Church (Conference Pretoria)	-	15
Merlyn Andries (OP Die Voorpos Primary School Tour)	-	4
JB Praise Centre Trading	-	90
V.G.K Kerk	-	5
Accommodatio for Uniting Reformed Church	-	27
Tuition Fees (University of Pretoria - T Abrams)	-	20
Ikwezi Lokusa Primary school	-	5
Africa Gospel Mission Church	-	5
Nomzamo Pre-school	-	5
Boitumelo School	-	5
Tuition fees (T Mholongo)	-	18
University of Cape Town	-	15
Ikhaya Senior Primary School	-	8
Motivational Social House and Mama Afrika Helping Hand Care Centre (Assets)	-	7
Zecha Trading (Funeral of Mr M Khwinana)	9	-
Ikhaya Senior Primary School	10	-
Monash South Africa - Tuition Fees (D Sebonyane)	20	-
Kyokushin Karate	5	-
Thota Tau Group (Funeral Of M Henyekane)	5	-
K Colesburg	6	-
Christian Women Ministries	22	-

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NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2017/18	2016/17
	R'000	R'000
Funerals Of G Koopman and C Beesnaar	11	-
Northern Cape High School	5	-
Pearson Institute- A Rooi	15	-
MBJBross Group (Funeral)	5	-
Cape Peninsula University of Technology (L Mntuna)	15	-
Ton Arts- South African Police Service	10	-
Kelemogile Primary School	2	-
SLK Trading (Funeral of Joe)	16	-
Orion Church (GND Construction)	10	-
Uniting Reformed Church (Conference Botswana)	10	-
Enoch Mthetho High School	5	-
Uniting Reformed Church (SKL General Traders)	6	-
Homevale High School	4	-
Uniting Reformed Church (URC Masinyusane)	20	-
Noupoort Combined School	16	-
Unisa (T Thibedi)	10	-
TOTAL	237	292

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ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2018

	Opening Balance	Liabilities incurred during the year	Liabilities paid/cancelle d/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance
Nature of Liability	1 April 2017 R'000	R'000	R'000	R'000	31 March 2018 R'000
Claims against the department					
Mr. and Mrs. L & J Azevedo	6,753	-	-	-	6,753
Mr. Carmutshana	229	-	-	-	229
Mr. S J H Venter	3	-	-	-	3
Mr. D. Fourie	18	-	-	-	18
Mr. H. Smook	316	-	316	-	-
Mr. F.O London & 3 others	27,833	-	-	-	27,833
Mr. J.A Meintjies	17	-	-	-	17
Mr. J. Jacobs	24	-	-	-	24
Adv. J. Bekebeke	28	-	-	-	28
Company: Vista Park Development (Pty) Ltd – 1st Plaintiff/ Company: Joh –Arch Investments (Pty)Ltd -2nd Plaintiff *	70,000	-	70,000	-	-
Mr. C.C. van Niekerk	3,100	-	-	-	3,100
Mr. C. Coetzee	1,268	-	-	-	1,268
Mrs. C.E. Loots	7,000	-	-	-	7,000
Mrs. Y. Olen	43	-	-	-	43
Mr. S. Sulliman	12	-	-	-	12
Mr. T. P. Morake	1,200	-	-	-	1,200
Mr. N. Manoto	12	-	-	-	12
Mr. T. V. Molwagae	3	-	-	-	3
Mr. C. Crouch	87	-	-	-	87
Mr. B. Kolberg	2	-	-	-	2

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	Opening Balance	Liabilities incurred during the year	Liabilities paid/cancelle d/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance
Nature of Liability	1 April 2017 R'000	R'000	R'000	R'000	31 March 2018 R'000
Mr. T. E. Borake	32	-	-	-	32
Ms. A. De Nysschen	5	-	-	-	5
Mr. K.G. Thupae	5	-	-	-	5
Mr. J. Kgatlane	4	-	-	-	4
Mr. C. King	18	-	-	-	18
Mr. M. Polelo	10	-	-	-	10
Mr. M.J. Mofoka	4,320	-	-	-	4,320
Mr. H. Rust Rust	26	-	-	-	26
Mr. W.H. Olivier	8,500	-	-	-	8,500
Mr. G. Kriel	20	-	-	-	20
Mr. T. Mei	11	-	-	-	11
NC Fleet Management Trading Entity [Company] // various	824	14	-	-	838
Mr. C.I.L Willemse	75	-	-	-	75
Mr. A.G. van Rooyen	12	-	-	-	12
Mr. G. Ekkerd	11	-	-	-	11
Mr. L.S. Makatong	4	-	4	-	-
Mr. R. Francis	11	-	-	-	11
Mr. R. A. Lottering	9,872	-	-	-	9,872
Mr. R.R. Seboko	4	-	4	-	-
Mr. J. Visser	5	-	-	-	5
Mr. H.C. van Wyk	107	-	-	-	107
Mr. J. Jacobs	87	-	-	-	87
Mrs. E. Venter	32	-	-	-	32
Mr. L. Rapodile	19	-	-	-	19
Mr. J.J. Bouwer	13	-	-	-	13

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

	Opening Balance	Liabilities incurred during the year	Liabilities paid/cancelle d/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance
Nature of Liability	1 April 2017 R'000	R'000	R'000	R'000	31 March 2018 R'000
Mr. I. J. Swart	50	-	-	-	50
Sebata Municipal Solutions Pty Ltd [Company]	10,206	-	-	-	10,206
Mr. O. Van Staden	12	-	-	-	12
Mr. J. J. Steenkamp	207	-	207	-	-
Mr. W. Grant	29	-	-	-	29
Mr. F. P. De Wet	42	-	-	-	42
Mr. V. Nzonda	50	-	-	-	50
MMI Group	3,701	-	3,701	-	-
C Vermeulen	8	-	-	-	8
JS Nxazonke	15	-	-	-	15
H van Wyk	7	-	-	-	7
ACV Civils	2,287	-	2,287	-	-
QS Africa	104	-	-	-	104
DPJ Theys	1	-	-	-	1
P Oganne	17	-	-	-	17
B Molale	478	-	-	-	478
TP Mgolombane	926	-	926	-	-
RN Walsh	18	-	-	-	18
John Freeman	34	-	-	-	34
Jodan Construction	987	-	987	-	-
KM Colane	26	-	-	-	26
L. Moitse	12	-	-	-	12
N Moemedi	-	28	28	-	-
Northwest Development Corporation (Pty) Ltd	-	286	-	-	286
J Rosenberg	-	20	-	-	20

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

	Opening Balance	Liabilities incurred during the year	Liabilities paid/cancelle d/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance
Nature of Liability	1 April 2017 R'000	R'000	R'000	R'000	31 March 2018 R'000
A Boodhram	-	29	-	-	29
JP Mokotedi	-	1	1	-	-
GA Isaacs	-	71	-	-	71
JM Nolte	-	12	-	-	12
J Kershoff	-	26	-	-	26
LD Tsheko	-	4	-	-	4
G Soll	-	15	15	-	-
W Kriek	-	9	-	-	9
JC Dittrich	-	23,846	-	-	23,846
G Louw	-	12	-	-	12
Master of all Contractors /Mr J Van Rensburg	-	242	242	-	-
TOTAL	161,192	24,615	78,718	-	107,089

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

**ANNEXURE 4
CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2017/18 *	
							Receipt date up to six (6) working days after year end	Amount
	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000		R'000
Department								
Health	-	-	3,740	3,741	3,740	3,741	-	-
Office of the Premier	-	-	1	1	1	1	-	-
Provincial Legislature	-	-	-	8	-	8	-	-
	-	-	3,741	3,750	3,741	3,750		
Other Government Entities	-	-	-	-	-	-	-	-
TOTAL	-	-	3,741	3,750	3,741	3,750	-	-

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018**

**ANNEXURE 5
INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2017/18 *	
							Payment date up to six (6) working days before year end	Amount
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017		R'000
	R'000	R'000	R'000	R'000	R'000	R'000		
DEPARTMENTS								
Current								
Office of the Premier	-	-	616	616	616	616	-	-
Provincial Treasury	-	-	154	154	154	154	-	-
Transport, Safety and Liason	-	-	2,268	2,268	2,268	2,268	-	-
Subtotal	-	-	3,038	3,038	3,038	3,038	-	-
OTHER GOVERNMENT ENTITY								
Non-current								
Northern Cape Fleet Management Trading Entity	41,967	38,262	-	-	41,967	38,262	-	-
Subtotal	41,967	38,262	-	-	41,967	38,262	-	-
TOTAL	41,967	38,262	3,038	3,038	45,005	41,300	-	-

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

ANNEXURE 6
INVENTORIES

Inventories [Per major category]	Note	Quantity	2017/18	Quantity	2016/17
			R'000		R'000
Opening balance		499	64	499	64
Add/(Less): Adjustments to prior year balance		-	-	-	-
Add: Additions/Purchases - Cash		-	-	-	-
Add: Additions - Non-cash		-	-	-	-
(Less): Disposals		-	-	-	-
(Less): Issues		-	-	-	-
Add/(Less): Adjustments		-	-	-	-
		-	-	-	-
Closing balance		499	64	499	64

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

ANNEXURE 7
MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	281,975	246,691	(292,784)	235,882
Dwellings	-	180	(180)	-
Non-residential buildings	-	1,691	(1,691)	-
Other fixed structures	281,975	244,820	(290,913)	235,882
TOTAL	281,975	246,691	(292,784)	235,882

Age analysis on ongoing projects	Number of projects		2017/18
	Planned, Construction not started	Planned, Construction started	Total R'000
0 to 1 Year	2	2	70,407
1 to 3 Years	1	4	165,475
3 to 5 Years	-	-	-
Longer than 5 Years	-	-	-
Total	3	6	235,882

No projects are identified as capital work in progress for longer than 5 years

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Prior period error R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	84,688	-	197,987	(700)	281,975
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	84,688	-	197,987	(700)	281,975
TOTAL	84,688	-	197,987	(700)	281,975

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

ANNEXURE 8
ADDITIONAL INFORMATION ON IMMOVABLE ASSETS

	User Departments	No.
Land Parcels Deemed Vested		-
Facilities deemed vested		
Schools	Dept. Education	1
Clinics & Hospitals	Dept. Health	1
Office buildings	Dept. Pub Works	1
Dwellings	All	-
Facilities on unsurveyed land		
Schools	Dept. Education	190
Clinics	Dept. Health	24
Hospitals	Dept. Health	11
Office buildings	All Departments	14
Dwellings	All Departments	8
Storage facilities	All Departments	1
Other	All Departments	10
Facilities on right to use land		No.
Schools	Dept. Education	189
Clinics	Dept. Health	89
Hospitals	Dept. Health	10
Office buildings	All Departments	30
Dwellings	All Departments	42
Storage facilities	All Departments	8
Other	All Departments	41
Agreement of custodianship		No.
Other	All Departments	0

DEPARTMENT OF ROADS AND PUBLIC WORKS
(THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY)

1. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2018 for the Northern Cape Fleet Management Trading Entity. 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 and Chief Executive 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 the audit committee charter. The audit committee also met with the Auditor General.

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

From the various reports and assessments of Internal Auditors, it can be concluded that the internal control environment is partially adequate and partially effective. However a positive trend has been noted towards enhancing the control environment.

Follow up audits are a strong governance and risk management practice, included in the charter for Internal Audit, Government Auditing Standards and in the International Standards for the Professional Practice of Internal Auditing. Therefore, Internal Audit also performed follow up audits. Management has developed a practical action plan to address the above issues within a reasonable time period.

5. IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The entity has been reporting monthly and quarterly to the Treasury as required by the PFMA.

We had engagements with the entity's management to provide clarity on completeness and quality of the monthly and quarterly reports during our quarterly meetings and officials of the Department were able to clarify areas of concern raised by the audit committee. Furthermore the implementation of recommendations of the audit committee was tracked in the quarterly audit committee meetings.

6. EVALUATION OF FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

- 6.1 The audit committee has reviewed the audited financial statements for the year ended 31 March 2018 for the Northern Cape Fleet Management Trading Entity and has discussed matters of concern with management, Auditor-General as well as the Accounting Officer.
- 6.2 The audit committee has reviewed the Auditor-General's management report and management response thereto and directed management to develop a comprehensive action plan to address all issues raised by

the Auditor-General. The audit committee will review the action plan and monitor implementation thereof during the quarterly audit committee meetings.

- 6.3 The Audit Committee has noted various potential risks in relation to the preparation of the AFS in terms of GRAP. The Audit Committee has raised this with management and the AGSA. Management have engaged with the AGSA in order to satisfy the AGSA that the requirements of GRAP have been complied with. On this basis the Audit Committee accepts the audit report as issued. Furthermore, to address the potential risks related to financial reporting due to misstatements identified by the AGSA and the Audit Committee, we recommend to the accounting officer to improve the capacity of the Entity to ensure compliance with GRAP.
- 6.4 The audit committee reviewed the entity'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 has 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 has reviewed significant adjustments resulting from the audit as part of the review of the audited financial statements.
- 6.7 The audit committee hereby indicates its concurrence with the Auditor-General's conclusion on the annual financial statement as well as the unqualified audit opinion of the Auditor-General.

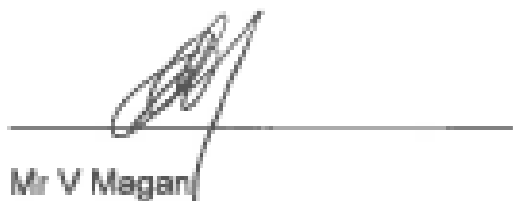
7. INTERNAL AUDIT

The audit committee is satisfied as to effectiveness of internal audit function during the year and that the internal audit activity has to a large extent audited the risks pertinent to the Entity.

8. AUDITOR-GENERAL SOUTH AFRICA

We have reviewed the Entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved and that there are no unresolved issues.

We would like to thank Management and AGSA for all their efforts in obtaining an unqualified opinion.



Mr V Magan

Chairperson of the Audit Committee

Date: 8 August 2018

Report of the auditor-general to the Northern Cape Provincial Legislature on the Northern Cape Fleet Management Trading Entity

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Northern Cape Fleet Management Trading Entity set out on pages 213 to 249 which comprise the statement of financial position as at 31 March 2018, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northern Cape Fleet Management Trading Entity as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 23 to the financial statements, the corresponding figures for 31 March 2017 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2018.

Responsibilities of accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the Standards of GRAP and the requirements of the 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.
9. In preparing the financial statements, the accounting officer is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

<h2>Report on the audit of the annual performance report</h2>
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Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2018:

Programme	Pages in the annual performance report
Programme 1 – Northern Cape Fleet Management Trading Entity	206 – 211

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

Programme 1 – Northern Cape Fleet Management Trading Entity

16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programme:

- Programme 1 – Northern Cape Fleet Management Trading Entity

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on pages 206 to 211 for information on the achievement of planned targets for the year and explanations provided for the under achievement of a significant number of targets.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 1 – Northern Cape Fleet Management Trading Entity. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
21. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements, performance and annual report

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of non-current assets, current assets, current liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified opinion.

Expenditure management

23. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R12 665 000, as disclosed in note 18 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by payments made to suppliers without a valid contract in place.

Procurement and contract management

24. Some of the quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3.
25. The preference point system was not applied in the procurement of goods and services above R30 000 as required by section 2(a) of the PPPFA and treasury regulations 16A6.3(b).
26. Sufficient appropriate audit evidence could not be obtained that quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.
27. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders that scored the highest points in the evaluation process as required by section 2(1)(f) of Preferential Procurement Policy Framework Act Preferential Procurement Regulations.
28. Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official as required by section 44 of the PFMA and treasury regulations 8.1 and 8.2.

Consequence management

29. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure and fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PFMA. This was due to the auditee failing to institute investigations into irregular and fruitless and wasteful expenditure to determine if disciplinary steps need to be taken against liable officials

Other information

30. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
31. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
32. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
33. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

34. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted the findings on the annual performance report and the findings on compliance with legislation included in this report.
35. Leadership did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities.

- 36. The entity did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
- 37. The entity did not review and monitor compliance with applicable laws and regulations.
- 38. The entity did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.
- 39. The entity did not implement controls over daily and monthly processing and reconciling of transactions.

Auditor General

Kimberley

31 July 2018



Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

- 1 As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programme and on the entity’s compliance with respect to the selected subject matters.

Financial statements

- 2 In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit 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
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer’s use of the going concerns basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause an entity to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

- 3 I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- 4 I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

1. Performance by Programme: Northern Cape Fleet Management Trading Entity

The NC: Fleet Management Trading Entity (NCFMTE) is an entity of the department and reports directly to the HOD as the Accounting Officer of the department. This arrangement still stands because it is not a listed entity. It is further mandated to ensure all provincial department's fleet requirements are met through leasing white fleet from the Entity. The Entity possesses white fleet and yellow fleet (graders) which is utilised for road building equipment. The fleet is then leased at an hourly or daily basis depending on the type of equipment or type of construction project. Charge out rates is revised annually.

2. Service Delivery Environment

The internal environment which include operating without a personnel budget; depending on the department Roads and Public Works for certain functions and not having enough warm bodies in the Northern Cape Fleet Management Trading Entity. It was able to effectively carry out its mandate notwithstanding the above mentioned internal environment.

The Northern Cape Fleet Management Trading Entity was able to do the following things in its quest to achieve its strategic objectives and goals:

- Billing and Cost Recovery from client departments;
- Debtor management;
- Report on misuse of vehicles and fuel;
- Utilization of fleet, speeding, fines, etc;
- Communication and Marketing through quarterly and bi-annual steering committee meetings with client departments; and
- Disposal of obsolete fleet and Improve service at District workshops.

The Northern Cape Fleet Management Trading Entity consistently ensured that the client Departments are serviced and that this is done by having quarterly meetings with the client departments and sending them invoices regularly. The objective of the meetings is to deal with all the transport related matters that has a potential of compromising service delivery if they are not adequately addressed. There are no major developments that have an impact of the provision of motor transport to the client departments.

2.1 Organisational Environment

The Northern Cape Fleet Management Trading Entity (Financial Management Services) is currently operated with only three officials and this had a negative impact on the work of processing payments of the Entity. The current process that the Entity is undertaking of filling of posts will be fast tracked during the financial 2018/2019. Due to some work that had to be done by the Directorate of Legal Services at the Department of Roads and Public Works, the Entity could not embark on the process of reviewing the organogram. Now that the Directorate of Legal Services at the Department of Roads and Public Works has completed its work the Entity will start the review of the structure during the financial year 2018/2019.

The Entity has also intensified its internal control processes and as a result it disciplinary case related to corruption and will be finalised in the new financial year.

Because the Entity has set itself a goal to replace white fleet which has either reached four years or 160 000 kilometres, it therefore managed to replace 21 white fleet for the reporting period under review.

2.2 Key policy developments and legislative changes

In the year under review, there have not been any significant changes to policies or legislation that might severely affect the operations of the department. National Treasury Gazetted the Preferential Procurement Policy Framework (PPPFA) 2017, which makes provision for 30% set-aside for subcontracting as conditions of tenders over R30 million in order to advance designated groups.

2.3 Strategic Objective:

To provide reliable fleet to all provincial departments at an economical rate.

Overview of Performance of Strategic Objective Indicator

Programme Name					
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
To provide reliable fleet to all provincial departments at an economical rate	New indicator	1860	1739	-121	The aged graders were disposed of through auctioning process, hence the number of graders planned for maintenance and construction has reduced. The Entity was not registered on the CSD system and the Client Departments could not make payments on time.

▪ Performance of the Strategic Objective

Taking into account the Key Performance Indicators that emanated from the above mentioned Strategic Objectives the Northern Cape Fleet Management Trading Entity managed to achieve most of the targets it has set for its selves. Out of the 1860 annual targets 1780 were achieved resulting in an achievement of 96% of the strategic objective of the Northern Cape Fleet Management Trading Entity.

▪ Reasons for deviations

Some of the targets could not be reached due to various reasons of which amongst others are;

- The aged graders which were disposed of through auctioning process affecting the number of graders planned for maintenance and construction.
- 30 day payments was not fully achieved due to the Entity not being registered on the CSD system and the client Departments were unable to make payments on time.

▪ Performance Indicators

PROGRAMME 1: OFFICE OF THE CHIEF EXECUTIVE OFFICER

Programme Name					
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Ensuring client satisfaction at all times through interventions	New indicator	6	6	-	-

2.4 Strategic objectives, performance indicators, planned targets and actual achievements

This Key Performance Indicators was achieved 100%.

2.5 Programme 2: Technical Services

The purpose is to manage the provision and utilisation of the Road Building equipment and provincial motor transport fleet.

- Sub-programmes
 - Yellow Fleet – To manage the provision and utilisation of the Road Building equipment fleet.
 - White Fleet - To manage the provision and utilisation of the provincial motor transport fleet.
 - Frontline, Repairs and Maintenance Services – To render frontline technical assistance to clients and oversee repairs and maintenance activities to road building equipment and the provincial motor transport fleet.
 - Technical Specifications and Analysis – To ensure that technical specifications and analysis of the roads building equipment and the provincial motor transport fleet are correctly compiled and understood.
 - List the strategic objectives for the financial year under review
 - Cost effective, efficient and optimally utilized fleet.

- TECHNICAL SERVICES**

Programme / Sub-programme: Technical Services						
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations	Remedial Action
Number of white fleet to be replaced to keep fleet within respective live cycle	100%	21	21	-	-	-
Number of additional fleet provided to client departments	100%	15	10	-5	Northern cape management trading entity received less requests	The purchasing of new fleet will be planned for in advance
Servicing Yellow fleet according to the maintenance schedule	New indicator	1784	1548	-236	Aged fleet was disposed of, hence the number of yellow fleet planned for maintenance has reduced	Target will be reduced in new financial year
Number of graders available for roads maintenance and construction	New indicator	55	42	-13	The aged graders were disposed of through auctioning process, hence the number of graders planned for maintenance and construction has reduced	Target will be reduced in new financial year
Number of fleet disposals	2	2	1	-1	The Entity was unable to participate in 2 auctions due to auctioneer unreadiness	Number of auctions conducted will be reduced to only one per annum

- Strategic objectives, performance indicators, planned targets and actual achievements**

Under the section of Technical Services, the target for all the Performance Indicators was 1883 and 1679 of the targets were achieved. This signalled a percentage of 89% achievement. The overall achievement of these targets had a huge bearing on the work of the Entity, in terms of ensuring that there is always reliable fleet to be used by the client departments for services delivery and the services of the yellow fleet in particular also had a positive bearing on the work of the Roads Programme in the Department of Roads and Public Works.

- Reasons for Deviations**

- The aged graders were disposed of through auctioning process, hence the number of graders planned for maintenance and construction has reduced.

▪ **Strategy to overcome areas of under performance**

- Target will be reduced in new financial year.
- Number of auctions conducted will be reduced to only one per annum

• **PROGRAMME 3: FINANCIAL MANAGEMENT SERVICES**

To render financial management services, under the following:

- Budget, Revenue and Expenditure Management – To budget, revenue and expenditure management and control support services.
- Supply Chain and Asset Management – To implement effective and efficient supply chain management and asset management procedures.

Programme / Sub-programme: Financial Management Services						
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations	Remedial Action
Client departmental revenue invoices fully paid within 30 days.	New indicator	156	107	-49	The Entity was not registered on the CSD system and the Client Departments could not make payments on time. Some of the client departments still paid through the department of Roads and Public Works	The CSD registration was finalised and the client departments were directed to pay directly in the account of the Entity.
Percentage of payments processed within 30 days.	New indicator	100%	92%	-8%	The migration from BAS version 4 to 5 and instant resignation of CFO	CFO position will be filled
Recovery of 25% of the R200m of old outstanding debt annually	New indicator	50m	0	0	The client departments failed to pay the outstanding debt	There is ongoing engagements with client departments to recoup outstanding debt

- **Strategic objectives, performance indicators, planned targets and actual achievements**

- The Entity was not registered on the on the CSD system and the Client Departments could not make payments on time. Some of the client departments still paid through the department of Roads and Public Works
- The migration from BAS version 4 to 5 and instant resignation of CFO
- The client departments failed to pay the outstanding debt

- **Strategy to overcome areas of under performance**

The Entity will increase its efforts in engaging client departments and also request Provincial Treasury to assist with recouping the money.

- **PROGRAMME 4: CORPORATE SERVICES**

To render Human Resources Management; Development; Auxiliary Services; Strategic Planning, Monitoring and Evaluation under the following sub-programmes:

- Human Resource Management – To render human resources management and development support services.
- Auxiliary Services – To render auxiliary support services to the Entity.
- Strategic Planning, Monitoring and Evaluation – To monitor and evaluate the performance of the Entity.
- External Liaison and Development – To promote, develop and monitor vehicle and plant services to clients.

Performance indicators

Programme / Sub-programme: Corporate Services					
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Submission of quarterly performance reports	4	4	4	-	-

- **Strategic objectives, performance indicators, planned targets and actual achievements**

- This Key Performance Indicators was achieved 100%.

**NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
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For the period ended 31 March 2018**

**NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2018**

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STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD 31 MARCH 2018

	Notes	31 March 2018 R'000	31 March 2017 R'000
REVENUE			
Revenue from Exchange Transactions	5.1	249 401	238 790
Sale of goods and Rendering of Services		213 926	213 940
Finance lease income		32 025	21 787
Finance Income		3 451	3 063
Revenue from Non – Exchange Transaction	5.2	22 516	20 421
Transfers and Sponsorships – Service in kind	5.3	21 508	19 135
Government grant and subsidies		1 008	1 286
Total Revenue		271 917	259 211
EXPENSES			
Employee related costs	6.1	(8 161)	(7 559)
Repairs and maintenance	6.2	(59 014)	(47 860)
Depreciation and amortisation expense	6.3	(33 062)	(40 731)
General expenses	6.4	(114 629)	(110 935)
Bad debts	6.5	-	-
Total Expenses		(214 866)	(207 085)
SURPLUS		57 051	52 126
Gain on assets		(4 542)	15 306
SURPLUS FOR THE PERIOD		52 509	67 432

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STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2018

	Notes	31 March 2018 R'000	31 March 2017 R'000 (restated)
ASSETS			
Non-current Assets		194 509	192 712
Fleet, Plant and Equipment	7	126 220	163 132
Finance Lease Receivables	14	68 233	29 494
Intangible assets	8	55	86
Current Assets		464 649	397 849
Receivables from Exchange Transactions	9	289 866	271 830
Short-term portion of Finance Lease Receivable	14	18 282	36 016
Cash and Cash Equivalents	16	132 036	56 750
Inventories	17	24 465	33 244
TOTAL ASSETS		659 158	590 551
NETT ASSETS AND LIABILITIES			
Current Liabilities		19 228	16 760
Payables from Exchange Transactions	11.1	18 895	16 427
Current provisions	11.2	333	333
Nett Assets		639 929	573 791
Accumulated Surplus		603 214	532 253
Revaluation Surplus	10	36 715	41 538
TOTAL NETT ASSETS AND LIABILITIES		659 158	590 551

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STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED 31 MARCH 2018

	Note	Accumulated Surplus	Revaluation Surplus	Total
Balance at 01 April 2016		449 500	52 332	501 832
Total surplus for the year		67 432	2 595	70 027
Transfers to accumulated surplus		13 389	-13 389	-
Other movements		1 931	-	1 931
Balance at 31 March 2017		532 253	41 538	573 790
Total surplus for the year		52 509	627	53 136
Transfers to accumulated surplus		5 449	-5 449	-
Other movements		13 003	-	13 003
Balance at 31 March 2018		603 214	36 715	639 929

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STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2018

		31 March 2018 R'000	31 March 2017 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Receipts from Customers		217 908	146 920
Interest Received	5	3 451	3 063
Payments			
Payments to Suppliers		(157 641)	(164 061)
Net Cash Flows from Operating Activities	15	63 718	(14 078)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(2 540)	(13 870)
Proceeds on sale of property, plant and Equipment		14 108	7 619
Loans granted/ received		-	(9 208)
NET CASH FLOWS FROM INVESTING ACTIVITIES		11 568	(15 459)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		75 286	(29 537)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		56 750	86 287
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		132 036	56 750

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. General Information

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 the 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 Provincial 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 a fixed rate tariff for costs incurred in respect of the usage of the fleet including the depreciation charge.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
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2. Basis of preparation

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

The annual financial statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

In the absence of an issued and effective Standards of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with GRAP 3 as read with Directive 5. Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise. Details of any changes in the accounting policies are provided in the note on changes in accounting policies

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

2.1 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.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and 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*, 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 use 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) Review of useful lives of Fleet, plant and equipment and intangible assets

The useful lives of assets are based on management's estimation of the vehicles' conditions as stated above. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
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d) 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. In making the above-mentioned estimates and judgement, management considers the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of Cash generating Assets and GRAP 26: Impairment of non-Cash generating Assets.

e) Effective interest rate

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

f) Capitalisation of Fleet, plant and equipment

The capitalisation of motor vehicle fleet and road building equipment accessories and other items of Fleet, plant and equipment have been evaluated by management based on the reasonable useful life thereof and the significance of commercial resale value. Items not capitalised have been expensed to repairs and maintenance as the entity deems that there are no probable future economic benefits associated with these items that will flow to the entity or that these items will in all probability have a useful life of less than one year and therefore do not view these items as assets.

2.2 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:

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Entity:

Reference	Topic	Effective date
GRAP 18	Segment Reporting	1 April 2019
GRAP 20	Related Party Disclosures (Revised)	
GRAP 32	Service Concession Arrangement Grantor	
GRAP 105	Transfers between entities under common control	1 April 2019
GRAP 106	Transfers between entities not under common control	1 April 2019
GRAP 107	Mergers	1 April 2019
GRAP 108	Statutory Receivables	

All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

The ASB Directive 5 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

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Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the Entity.

3. Going concern

These annual financial statements have been prepared based on the expectation that the Entity will continue to operate as a going concern for at least the next 12 months.

4. Summary of significant accounting policies.

4.1 Fleet, Plant & Equipment

Fleet, 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 fleet, 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

Furniture & Computer equipment

Following initial recognition, furniture and computer equipment, are measured at cost, less accumulated depreciation and accumulated impairment losses.

Motor Vehicle Fleet and Road Building Equipment

Following initial recognition at cost, fleet is 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.

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.

Accumulated depreciation is eliminated against the gross carrying amount of the assets and the net amount restated to the revalued amount of the asset at the date of the revaluation.

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.

Subsequent expenditure relating to the fleet is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset.

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An item of Fleet, plant and equipment is derecognised upon disposal or when no future economic benefits or service potential are expected from its use or disposal.

Gains or loss arising on de-recognition of fleet, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) (or in the case of fleet calculated 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) 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
- Furniture and Computer equipment: 5 years
- Intangible assets 5 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.

Depreciation methods, useful lives and residual values are reviewed on a yearly basis.

4.2 Impairment of fleet, plant and equipment

The Entity classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash-generating 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. If any such indication exists, the Entity estimates the recoverable amount of the individual asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment of assets carried at revalued amount in reduces the revaluation surplus for that asset. 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.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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An Entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

4.2.2 Impairment of Non-Cash Generating Assets

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 estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of non-cash generating asset's fair value less costs to sell and its value in use. The value in use for non-cash generating asset is the present value of the asset's remaining service potential.

The value in use for non-cash generating asset is the present value of the asset's remaining service potential.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An Entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

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.

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4.3 Intangible assets

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Entity and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the Entity, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the statement of financial performance.

4.4 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.

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.

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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. 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.

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 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.

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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.

De-recognition

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

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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.

Inventories

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

The historical cost of inventory includes:

- Purchasing costs (which include all costs directly attributable to the acquisition of the inventories);
- Other costs incurred in bringing inventories to their current location and condition; and
- From these costs, trade discounts and rebates are deducted if included.

Consumable stores and finished goods are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

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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.

4.5 Revenue Recognition

4.5.1 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:

Finance Income (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 when the recognition criteria is met 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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4.5.2 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.

Donations, Contributions and Government Grants

4.5.2.1 Donations and contributions

Donations and funding are recognised as revenue to the extent that the Entity has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance Fleet, plant and equipment, when such items of Fleet, plant and equipment are brought into use.

Assets acquired in non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

4.5.2.2 Government grants and receipts

Unconditional grants

Unconditional grant allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants and receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the Entity has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement

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to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Entity with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance Fleet, plant and equipment, when such items of Fleet, plant and equipment are brought into use.

Interest earned on unspent grants and receipts

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Entity's interest it is recognised as interest earned in the Statement of Financial Performance in accordance with GRAP 9.

4.5.2.3 Services in kind

Services in kind received by the entity are recognised in statement of financial performance and also disclosed as a narrative in the notes to the financial statements.

4.6 Events after the Reporting Date

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.

4.7 Contingent Liabilities and Contingent Assets

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

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A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

4.8 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.

4.9 Net Assets

Net Asset is the net difference between assets and liabilities. It is represented by the following funds:

- Accumulated Surplus/(Deficit);
- Revaluation Reserve;

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. Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

4.11 Finance Leases

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 de-recognition 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.

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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.

4.12 Changes in accounting policies, estimates and the correction of errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Details of changes in accounting policies, changes in estimates and correction of errors are disclosed in the notes to the annual financial statements where applicable.

4.13 Employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service. Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

Short-term employee benefits include:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits for current employees.

4.13 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The

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expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

4.14 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with requirement of any applicable legislation, including -

- a. this Act; or
- b. the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- c. any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

5. Revenue

5.1 Revenue from Exchange Transactions

	31 March 2018 R'000	31 March 2017 R'000
Revenue from Exchange Transactions comprises:		
White Fleet Kilometre Tariffs	73 928	64 129
Yellow Fleet Rental of Road Building Equipment	133 550	143 781
Tracking	6 448	6 030
Finance Lease Income	32 025	21 787
Finance Income	3 451	3 063
	249 402	238 790

5.2 Revenue from Non – Exchange Transactions

Grant Received and Subsidies	1 008	1 286
Transfers and Sponsorships – Service in kind	21 508	19 135
	22 516	20 421

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5.3 Services received in kind

The entity received services in kind from the Northern Cape Department Roads and Public Works in the form of personnel, facilities and other administrative support.

The entity did recognise services in kind of R15 859' (2017: R13 687') relating to employees not contracted to the entity but delivering a service to us.

The entity did recognise services in kind of R5 650' (2017: R5 447') relating to free accommodation provided to the entity by the department.

The entity received services in kind from the Northern Cape Provincial Treasury in the form of the internal audit and audit committee function. Due to the many uncertainties and complexities surrounding services in-kind, the fair value of the services in kind for incidental services cannot be determined and is not recognised by the Entity.

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6. Expenses	31 March 2018 R'000	31 March 2017 R'000
6.1 Employee cost		
Salaries - Employees - Salaries and Wages	4 835	4 768
Salaries - Employees - Performance and other bonuses	353	572
Salaries - Employees - UIF, Pensions and Medical Aid	595	478
Salaries - Employees - Other employee related costs	634	475
Salaries - Employees – Allowances	379	142
Salaries - Employees - Housing benefits and allowances	45	49
Salaries - Employees - Overtime payments	5	5
Salaries - Accounting Authority - Basic remuneration	676	645
Salaries - Accounting Authority - Other non-pensionable allowances	308	298
Salaries - Accounting Authority - Performance awards	94	96
Salaries - Accounting Authority - Compensative or circumstantial	46	83
Salaries - Accounting Authority – Pension	65	48
Salaries - Accounting Authority – Medical	-	-
Movement in Provision - Provision for Leave Pay	126	-101
Employee costs	8 161	7 559
6.2 Maintenance and Repairs		
6.2.1 Maintenance & Repairs per asset classification		
White Fleet assets	18 222	13 419
Yellow Fleet assets	40 792	34 441
Maintenance and Repairs	59 014	47 860
6.2.2 Maintenance and Repairs per expense classification		
Tyres	6 570	7 039
Accidents	2 806	1 979
Repairs & Maintenance	49 613	38 842
Consumables	25	-
	59 014	47 860
6.3 Depreciation		
Depreciation	33 062	40 731
6.4 General expenses		
Bank charges	11	17
Cleaning	158	6
Consulting fees	2 879	2 535
Equipment rentals	41	8
Fuel, Oil and Lubricants (Transport Costs)	63 926	63 088

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Licensing fees	2 574	2 511
Other expenses	5 629	10 115
Printing and stationery	129	83
Professional fees	21 508	19 135
Security	1 046	1 022
Telephone	441	481
Tracking fee	14 186	11 346
Training	49	-
Travel and accommodation	996	588
Uniforms and protective clothing	571	-
Water and electricity	486	-
	114 630	110 935

6.5 Bad Debts

Bad debts	-	-
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Management have implemented controls, which include electronic fleet cards to assist in identifying and correcting errors related to classification and document control. Furthermore, the capitalisation of motor vehicle fleet and road building equipment accessories have been evaluated by management based on the reasonable useful life thereof and the significance of commercial resale value. Items not capitalised have been expensed to repairs and maintenance as the entity deems that there are no probable significant economic benefits associated with these items that will flow to the entity and therefore do not view these items as assets.

7. Fleet, Plant and Equipment
7.1 Vehicle Fleet (White Fleet)

	31 March 2018 R'000	31 March 2017 R'000
Opening Balance – 1 April	22 894	17 568
Cost	28 979	17 997
Accumulated Depreciation	(6 085)	(429)
<u>Movements:</u>		
Additions	7 234	-
Disposals	(8 207)	(5 875)
Transfer to Finance Lease Asset		-
Transfer from Finance Lease Asset		13 342
Depreciation	(6 721)	(5 656)
Revaluation	672	3 515
	(7 022)	5 326
Closing Balance	15 872	22 894
Cost	28 678	28 979
Accumulated Depreciation	(12 806)	(6 085)

Additions

Additions in the current and prior year have been funded by the entity.

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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.

7.2 Road Building Equipment (Yellow Fleet)

	31 March 2018 R'000	31 March 2017 R'000
Opening Balance – 1 April	135 127	169 742
Cost / Valuation	185 873	186 634
Accumulated Depreciation and impairment losses	(50 746)	(16 892)
<u>Movements:</u>		
Additions		
Capitalisation	-	-
Disposals*	(3 614)	(761)
Depreciation Expense	(24 901)	(33 854)
Closing Balance	106 612	135 127
Cost / Valuation	182 259	185 873
Accumulated Depreciation and impairment losses	(75 647)	(50 746)

Impairment loss

During the current period, no impairment loss occurred. Impairment losses normally occurs due to the write-down of certain equipment to their recoverable amount. The recoverable amount was based on the assets' fair value less costs to sell at period end. The fair value was not determined for the current year after taking into account current market values and market conditions at period end.

Additions

Additions in the current year were purchased and funded by the entity.

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.

Revaluation

Road Building Equipment was revalued as at the end of March 2015 by an independent valuer. Fair values were determined directly by reference to observable prices in an active market.

7.3 Equipment and furniture

	31 March 2018 R'000	31 March 2017 R'000
Opening Balance – 1 April	5 111	5 803
Cost	7 456	6 935
Accumulated Depreciation	(2 346)	(1 132)

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Movements:

Additions	34	528
Depreciation	(1 408)	(1 190)
Disposals		(31)
	3 736	5 111
Closing Balance	3 736	5 111
Cost	7 490	7 456
Accumulated Depreciation	(3 754)	(2 346)

Total Fleet, Plant and Equipment

**31 March
2018
R '000**

At Cost	218 427
Accumulated Depreciation	(92 207)
Net book Value	126 220

8. Intangible Assets

**31 March
2018
R'000**

**31 March 2017
R'000**

Opening Balance – 1 April	86	123
Cost	154	154
Accumulated Depreciation	(68)	(31)

Movements:

Additions		
Depreciation	(31)	(31)
Disposals		(6)
	55	86

Closing Balance		
Cost	154	154
Accumulated Depreciation	(99)	(68)

9. Receivables from Exchange Transactions

**31 March
2018
R'000**

**31 March
2017
R'000**

Department of Roads and Public Works	216 742	227 141
Other Provincial Departments	73 121	44 686
Other	3	3
	289 866	271 830

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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
31 March 2018	289 866	18 642	23 084	19 602	228 538
31 March 2017	271 830	24 750	27 887	17 959	201 234

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.

10. Revaluation Surplus

	31 March 2018 R' 000	31 March 2017 R' 000
Non distributable reserves from revaluation		
Opening Balance	41 538	52 332
Revaluations	626	2 595
Transfer to accumulated surplus	-5 449	-13 389
Closing Balance	<u>36 715</u>	<u>41 538</u>

The revaluation surplus represents reserves from revaluations made during the 2014/15 financial year when the yellow fleet was revalued.

11. Current Liabilities

11.1 Payables from Exchange Transactions

Trade and other payables	18 895	16 427
	<u>18 895</u>	<u>16 427</u>

11.2 Current provisions

Employee leave benefits	333	333
	<u>333</u>	<u>333</u>

12. 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 2016/17 and 2015/16, 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.

Credit Risk

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The Entity trades only with recognised, creditworthy third parties. The 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.

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The following are the contractual maturities of financial liabilities:

Payables from Exchange Transactions as at 31 March 2018		
	Carrying Amount R'000	Contractual Cash Flows R'000
Trade creditors	18 895	18 895
	Within 1 Year	Within 1 Year

Payables from Exchange Transactions as at 31 March 2017		
	Carrying Amount R'000	Contractual Cash Flows R'000
Trade creditors	16 427	16 427
	Within 1 Year	Within 1 Year

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.

Fair value of Financial Instruments

The management of the entity is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the annual financial statements approximate their fair values. In accordance with GRAP 104 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

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	31 March 2018		31 March 2017	
	Carrying	Fair	Carrying	Fair
	Amount	Value	Amount	Value
	R	R	R	R
FINANCIAL ASSETS				
Amortised cost				
Finance lease receivable	18 282	18 282	29 494	29 494
Short-term portion of finance lease receivable	68 233	68 233	36 016	36 016
Receivables from exchange transactions	289 866	289 866	271 830	271 830
Cash and cash equivalents	132 036	132 036	56 750	56 750
Total Financial Assets	508 417	508 417	394 090	394 090
FINANCIAL LIABILITIES				
At amortised cost:				
Trade and Other Payables:				
- Accrued expenses	-	-	-	-
- Payables from exchange transactions	18 895	18 895	16 427	16 427
Total Financial Liabilities	18 895	18 895	16 427	16 427

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Commitments (Capital)

At 31 March 2018 (2017: Rnil) the entity had no capital commitments.

14. Finance Lease Receivables

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 2018 are as follows:

Gross investment in leases due	Gross Lease Payments	Unearned Finance Income	Net Present Value
	<i>R '000</i>	<i>R '000</i>	<i>R '000</i>
Amounts due within 1 year			
Amounts due within 2 – 5 years	45 242	(26 960)	18 282
	91 035	(22 802)	68 233
	136 277	(49 762)	86 515

Included in the gross lease payments are Unguaranteed Residual Values expected at the end of the lease of R26,4 million.

Present value of minimum lease payments due	Minimum Lease Payments <i>R '000</i>
Amounts due within 1 year	18 282
Amounts due within 2 – 5 years	68 233
	86 515

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.

The future lease payments expected as at 31 March 2017 was as follows:

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Gross investment in leases due	Gross Lease Payments	Unearned Finance Income	Net Present Value
	<i>R '000</i>	<i>R '000</i>	<i>R '000</i>
Amounts due within 1 year	54 816	(18 800)	36 016
Amounts due within 2 – 5 years	49 403	(19 909)	29 494
	104 219	(38 709)	65 510

Included in the gross lease payments are Unguaranteed Residual Values expected at the end of the lease of R18,6 million.

Present value of minimum lease payments due	Minimum Lease Payments
	<i>R '000</i>
Amounts due within 1 year	48 933
Amounts due within 2 – 5 years	29 494
	78 427

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15. Cash Generated from Operations

	31 March 2018 R'000	31 March 2017 R'000
Surplus for the Period	52 510	67 432
Adjusted for:		
Interest Received	-	(3 063)
Impairment loss – Fleet		-
Depreciation - Fleet	33 062	38 081
Other non-cash items	(2 287)	44 030
Disposal / Transfer to Finance Lease		
Capital Portion on Finance Lease	-	-
Bad debt written off	-	-
Prior year correction	-	-
Operating Profit before Working Capital Changes	83 285	146 480
Working Capital Changes:	(19 567)	(160 558)
(Increase)/Decrease in Inventories	8 779	10 172
Decrease/(Increase) in Trade and Other Receivables	(18 036)	(146 839)
Increase/(Decrease) in Trade and Other Payables	2 467	(41 791)
Other working capital	(12 777)	17 900
Cash Generated from Operations	63 718	(14 078)

16. Cash and Cash Equivalents

	31 March 2018 R'000	31 March 2017 R'000
Bank account – ABSA	132 036	56 750
	132 036	56 750

17. Inventories

	31 March 2017 R'000	31 March 2016 R'000
Opening balance	33 244	43 416
Purchased during year	36 263	38 642
Moved to finance lease assets	(45,042)	(48 814)
Vehicles held for finance lease	24 465	33,244

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18. Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	40 485	32 654
Add: Irregular Expenditure relating to prior year	-	-
Add: Irregular expenditure relating to current year	12,665	7 831
Less: Amounts condoned	-	-
Closing Balance	53,150	40 485

19. Fruitless and Wasteful Expenditure

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Opening balance	328	294
Add: Current year	60	34
	388	328

Fruitless and wasteful expenditure was incurred as a result of penalties and fines due to late payments of the licence fees to Department transport safety and liaison.

20. Change in accounting policy

No change occurred in accounting policy, in relation to the prior financial year or for the current financial year.

21. Contingent asset

	31 March 2018 R'000	31 March 2017 R'000
Opening balance	4 629	3 708
Claims	1 024	921
	5 653	4 629

There has been a number of claims against user departments, due to damages to entity vehicles where the entity have evidence of possible non-compliance by the CLIENT with the provisions of Regulation 12 of the PFMA or breach of the SLA or contravention of any laws;.

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The current standing of these claims is that letters have been dispatched to the user departments to pay the damages (includes repairs and or alternatively replacements cost). The best estimate of the total claims total R5,6 million.

22. Contingent liability

Opening balance	1 353	275
Current year claims	-	1 087
	1 353	1 353

Various legal claims has been lodged against the entity, as the owner of the vehicles, involved in incidents where a 3rd party vehicle was damaged Investigations are still under way to determine the probability of the contingent liability.

23. Prior period error

The capital portion for payments received for finance lease assets during 2017 was included as part of revenue in error and should have been allocated to finance lease receivables. The effect of the above change in the annual financial statements is as follows:

The Net effect of prior period error(s) relating to the Statement of Financial Performance are as follows:

	2017
	R'000
Sale of goods and rendering of services as at 31 March 2017 as previously stated	(229 176)
Less capital portion of finance lease payments	15 236
Sale of goods and rendering of services restated as at 31 March 2017	(213 940)

The Net effect of prior period error(s) relating to the Statement of Financial Position are as follows:

Non-current finance lease receivable as at 31 March 2017 as previously stated	44 730
Less capital portion of finance lease payments	(15 236)
Non-current finance lease receivable restated as at 31 March 2017	29 494

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Inventory was disposed in the 2017 financial year and should have been included in the financial performance. The effect of the above change in the annual financial statements is as follows:

The Net effect of prior period error(s) relating to the Statement of Financial Position are as follows:

	2017 R' 000
Inventory as at 31 March 2017	46,161
Less: Disposal of inventory	(12,917)
Inventory restated as at 31 March 2017	33,244
 Accumulated surplus as at 31 March 2017	 449 501
Minus: Disposal of inventory	12,917
Restated as at 31 March 2017	436 584

Depreciation was re- calculated in the 2017 financial year.
The effect of the above change in the annual financial statements is as follows:

The Net effect of prior period error(s) relating to the Statement of Financial Position are as follows:

	2017 R' 000
Accumulated depreciation Plant & machinery as at 31 March 2017	52 195
Depreciation corrected	(1 449)
Restated as at 31 March 2017	50 746
 Accumulated depreciation Vehicles (White Fleet) as at 31 March 2017	 951
Depreciation corrected	5 134
Restated as at 31 March 2017	6 085

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The valuation of the white fleet was amended to reflect the value on the date that the asset was transferred to the white fleet asset register.

The effect of the above change in the annual financial statements is as follows:

The Net effect of prior period error(s) relating to the Statement of Financial Position are as follows:

	<i>2017</i> <i>R' 000</i>
Cost of Vehicles (White Fleet) as at 31 March 2017	26 384
Revaluation	2 595
Restated as at 31 March 2017	28 979

Revaluation reserve as at 31 March 2017	52 332
Revaluation	2 595
Restated as at 31 March 2017	41 538

The valuation reserve of the yellow fleet was moved to accumulated surplus to account for the depreciation not taken into consideration in the previous financial years with regard to the assets disposed.

The effect of the above change in the annual financial statements is as follows:

The Net effect of prior period error(s) relating to the Statement of Financial Position are as follows:

	<i>2017</i> <i>R' 000</i>
Revaluation surplus as on 31 March 2017	52 332
Amount moved to accumulated surplus	(13 389)
Restated as at 31 March 2017	41 538

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24. Going concern

Management is not aware of any matters or circumstances arising since the end of the financial year which were otherwise not dealt with in the Annual Financial Statements, which significantly affects the financial position of the Entity or the results of its operations. Management has assessed the financial position and related risk of the entity and have determined that the entity will still be in operation for at least the next twelve months.

25. Related parties

Fleet Management Trading Entity is managed under the administration of the Department of Roads and Public Works.

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.

The Entity is provided with these means to operate and housed in facilities owned and controlled by the Northern Cape Department of Roads and Public Works.

Included in note 5.3 and 6.4 is an amount of R21 508 (2017: R19 135) recognised as service in kind for employees contracted to the department working for the entity and free accommodation provided to the entity by the department.

The following key personnel from the Northern Cape Department of Roads and Public Works were involved with the management of the fleet:

Mr. K. Nogwili – Head of Department

Mr. B. Slingers- Acting Chief Financial Officer

Mr. M.N. Bosch – CEO R1 174' (2017: R1 088')