



the dr&pw

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



ANNUAL REPORT

2018/2019

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PART A

GENERAL INFORMATION

1.1. Departments General Information

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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 annual report is a representation of the implementation of the strategic plan of the 2015-2019 medium-term expenditure framework (MTSF) period and the vision of the 5th Administration of our government. The Department of Roads and Public Works and its Northern Cape Fleet Management Trading Entity illustrated good governance by achieving unqualified audit opinions consistently. These institutional characteristics displays that the public can hold the department in high regard when it comes to managing the state's resources effectively and efficiently.

The department remains a catalyst in socio-economic transformation in the province with the aim to create jobs through our infrastructure delivery projects. We therefore reported on major infrastructure achievements of which are in the main the completed building and road infrastructure projects where jobs were created in the process.

The department implemented the final phase of the Expanded Public Works Programme (EPWP) through the roads and root out the dust (ROD) projects and we managed to improve on the women and youth targets. In addition to this we also successfully implemented the numerous skills development programs and contractor development flagship programs through training programs in partnership with the mining houses, private companies and other institutions of higher learning.

With regard to the Northern Cape Fleet Management Trading Entity we have made major progress in maintenance of the road infrastructure by acquiring 20 new graders. The entity has ensured efficient services to client departments with its white fleet solutions and envisage to improve and extent its services in future to other government stakeholders.

The major challenge that our infrastructure sector is faced with is the disjuncture between competing demands of communities against government limited financial resources. We are faced with a consistent test of how we are able to mediate these financial challenges without compromising infrastructure delivery. Due to these budgetary constraints the department was unable to construct and upgrade more gravel roads into tarred road infrastructure.

In this financial year, we also experienced rife community unrests during implementation of our infrastructure projects mainly the road projects especially in the John Taolo Gaetsewe district which resulted in destruction of infrastructure plants and as well as disrupting of service delivery.

Despite these challenges as mentioned above, the department continue to make strides in ensuring Broad-Based Black Economic Empowerment is achieved by successfully implementing the 30% sub-contracting through the procurement of goods & services. The department has achieved 98% 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.

Lastly, I want to thank our stakeholders, the staff and the executive management of the Department of Roads and Public Works for their hard work in ensuring we achieve our mandate in quest for a modern, growing and successful province.



.....
MR. ABRAHAM VOSLOO
EXECUTIVE AUTHORITY: ROADS AND PUBLIC WORKS

1.4. Report of the Accounting Officer

- Overview of the operations of department

The 2018/2019 financial year has been a difficult year as far as the economic climate the country found itself in. The department therefore set itself objectives taking into consideration the stringent financial limitations in order to ensure that as government we do not fail to deliver the services to our people. We did so knowing the plight of our people is in our hands to alleviate through departmental programmes. As a measure to respond and to proactively marshal government resources in our disposal to ease these challenges, the department's Annual Performance Plan (APP) contained both targets based on commitments made by user departments whose projects are implemented by the DRPW and our own departmental targets aimed at attaining our strategic objectives for the development and maintenance of government infrastructure. Through infrastructure development and maintenance, we are able to create jobs to our people, infrastructure for conducive learning, delivery of health and recreational services and to change the economic fortunes of our people to the better.

The department has not only looked at delivering infrastructure services but also trained and skilled young people in the fields of artisanship and engineering studies. We manage to afford young people from disadvantaged and poor families the opportunity to study through departmental bursary programme in the various fields of scarce skills. The objective is to strengthen professional capacity in the engineering and built environment sectors such as quantity surveyors, architects, civil engineers and project management. Due to new policy reforms and moratorium on filling of vacant posts, we could not fill all funded and vacant posts of which some are critical posts especially in the scarce skills environment.

We are poised to contribute to the development of local contractors as we have empowered sixteen (16) emerging contractors from around the province in order to grow within the industry and to upgrade their CIDB grading. This is a continuous programme and it is implemented in phases of 3 years whereby after completion of the programme they will be in a position to qualify and compete for higher CIDB graded projects.

Supply Chain Management (SCM) remains a critical component for the delivery of our mandate and for the economic empowerment of the formerly marginalised people including target groups such as women, youth and people living with disabilities. Hence the department has made strides in the implementation of the New Procurement Policy (2016) by ensuring we include the target groups as part of the tender documentation. We also ensure full compliance with the 30% procurement of all projects above the value R30 million to be subcontracted to local businesses.

Infrastructure is key to our development as a province as it serves as an enabler for socioeconomic growth, an efficient infrastructure system is integral to economic growth. The provincial road network therefore serves as an interlink between communities and their economic and social activities. The department's investment in provincial road infrastructure aims to preserve surfaced roads, gravel roads and bridges and to prevent the accumulation of backlogs. We invested much of our financial resources to the John Taolo Gaetsewe Area in some instances in collaboration with the mines.

Moving forward, we need to put all our efforts, skills and resources to make the province a modern, growing and successful province for the benefit of its citizens. We thank the officials and all our stakeholders for the dedication, efforts and contributions towards us achieving our objectives.

- Overview of financial results of the department

• Departmental receipts

Departmental receipts	2018/19			2017/18		
	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	2 430	1 706	724	2 293	1 991	302
Transfers received			-			-
Fines, penalties and forfeits			-			-
Interest, dividends and rent on land	-		-	-		-
Sale of capital assets			-			-
Financial transactions in assets and liabilities	-	407	(407)	-	366	(366)
Total	2 430	2 113	317	2 293	2 357	(64)

Leasing of State housing and Leasing of government buildings: Agreements are entered into at 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 district 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 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	2018/19			2017/18		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Administration	155 043	155 002	41	142 221	142 213	7
Public works	158 290	158 254	36	140 489	138 231	2 258
Transport Infrastructure	1 354 415	1 354 393	22	1 458 779	1 451 645	7 134
Community Based Programme	120 196	120 189	7	102 945	102 938	7
Total	1 787 944	1 787 841	106	1 844 434	1 835 027	9 406

The final appropriation for the 2018/19 financial year for the Department of Roads and Public Works was R1,787 billion. The Department spent 100 per cent of the budget compared to 99 per cent in the previous year.

The original provision for COE in the Department was determined based on the cost of filled positions plus provision for the filling of a limited number of critical posts, mainly in the road infrastructure components. The underspending on COE was mainly due to vacancies not being filled within the planned timeframe, as well as natural attrition of the staff complement, the cost of which also impacted on related goods and services items.

- **Virement**

Virement means that an Accounting Officer may utilise a saving in the amount appropriated under a main in division within a vote towards the defrayment of excess expenditure under another main division within the same Vote subject to certain conditions and limitations.

The virements were possible largely because there was under-spending across all programmes against *Compensation of employees*, mainly due to delays in the filling of critical vacant posts, because of lengthy recruitment processes.

In addition, there were savings against *Goods and services* resulting from cost cutting implemented on items such as contractors, advertising, minor assets and consumables: stationery, printing and office supplies.

The table below shows the approved virements. The virements

Main Division			Reasons
	From	To	
	R'000	R'000	
Administration	216		Savings on households shift to households in Programme 3.
Public Works	4 345		Savings on funded posts not filled and other property expenditure.
Transport Infrastructure	1 781		Savings on operating leases
Community Based Programme		6 342	Overspending on current and capital projects.

• Unauthorised, Fruitless and Wasteful Expenditure

Unauthorised Expenditure

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

Actions taken

- The department has introduced the Financial Misconduct Committee four years ago to deal with the issues identified above;
 - The department has submitted a comprehensive report on unauthorized expenditure to Provincial Treasury and Provincial Legislature for condonation and we are awaiting an outcome.
 - Disciplinary action was taken against staff who transgressed the procurement procedures;
 - We are deducting money from staff who has lost or damage departmental equipment.
- **Future plans of the department**
 - Create an environment for more labour-intensive production methods, procurement policies that support local jobs and building public-private partnerships.
 - Increase the intake for target groups in the skills development programmes focusing on artisanship programs and contractor development and also increase the intake of work opportunities for target groups.
 - We continue the reseal program to improve the road condition of our paved roads.

- **Supply Chain Management**

- 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 advertise 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 ID 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**

After the 6th general elections, a new Member of Executive Council was appointed as from 28 May 2019.

- **Other**

- Trading entities and public entities**

The department has the following trading account which is the Northern Cape Fleet Management Trading Entity. The Fleet Management Trading Entity is responsible for the acquiring for all fleet requirements for provincial departments in the province. The fleet hired out to all the departments in the province and is charged out on a daily basis depending on the type of vehicle. The road building equipment is hired out to

- The HOD of the department is ultimately accountable for the trading Entity. The day-to-day running of the operations was delegated to the Chief Executive Officer (CEO) and separate financial statements and performance information are submitted on an annual basis.

- Legislation under the Trading accounts was established. Roads Capital Account: Ordinance 10 of 1960. Treasury regulations and PFMA. The latter is presented in accordance with the standards of GRAP (Generally Recognised Accounting Practices) in terms of Treasury Regulation 18.2.
- The Entity charges both a daily and kilometre tariff on vehicles and this is the fourth year that provincial departments have been charged a daily tariff. The income derived from the tariffs is used to cover the replacement, running and maintenance costs of the vehicles as well as the overhead expenses of the Entity.
- The Entity operates in terms of a policy whereby vehicles are renewed at the end of its specific economical lifecycle. Due to a shortfall of capital funds in the past, the replacement programme fell behind, but good progress has since been made and indications are that the backlog will be eliminated within the following coming years.

- **Performance information**

The performance of the department is linked between the National Development Plan, Outcomes 4 & 6, Strategic Plan and its Operational Plan and the Budget Statement. The performance agreements of senior managers are linked to the operational plan. We submitted, quarterly performance reports in the prescribed form to Office of the Premier and the Provincial legislature. All the quarterly reports culminate into an Annual Report. The department's performance improved and this is as a result of improved controls and more projects implemented by public bodies which increased the work opportunities created. The complete and comprehensive report on the performance of the Department is captured on the Annual Report.

An annual performance plan (2018/19) is a plan which align departmental activities, outputs and goals with provincial and national policy priorities and the budget. The performance of the Department, per programme, is detailed in Part 2 of the Annual Report. In Addition to this the department also submits the following reports:

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

- **Sign-off and acknowledgement**

This annual report is guided by the 2018/19 Annual Performance Plan and by the Strategic Plan (2015/16-2019/20). I want to thank the staff and management of the Department of Roads and

Public Works for their hard work in ensuring that the department achieved all the goals that it set itself to achieve during this quarter.

It is hereby certified that this report:

- Was developed by the management of the Department of Roads and Public Works under the guidance of the Accounting Officer; and
- Accurately reflects the goals and achievements for the financial year 2018/19.


ACCOUNTING OFFICER
K. NOGWILI

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 2019.

Yours faithfully



Accounting Officer

Name: K. Nogwili

Date: 31 August 2019

1.6. Strategic Overview

- **Vision**

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

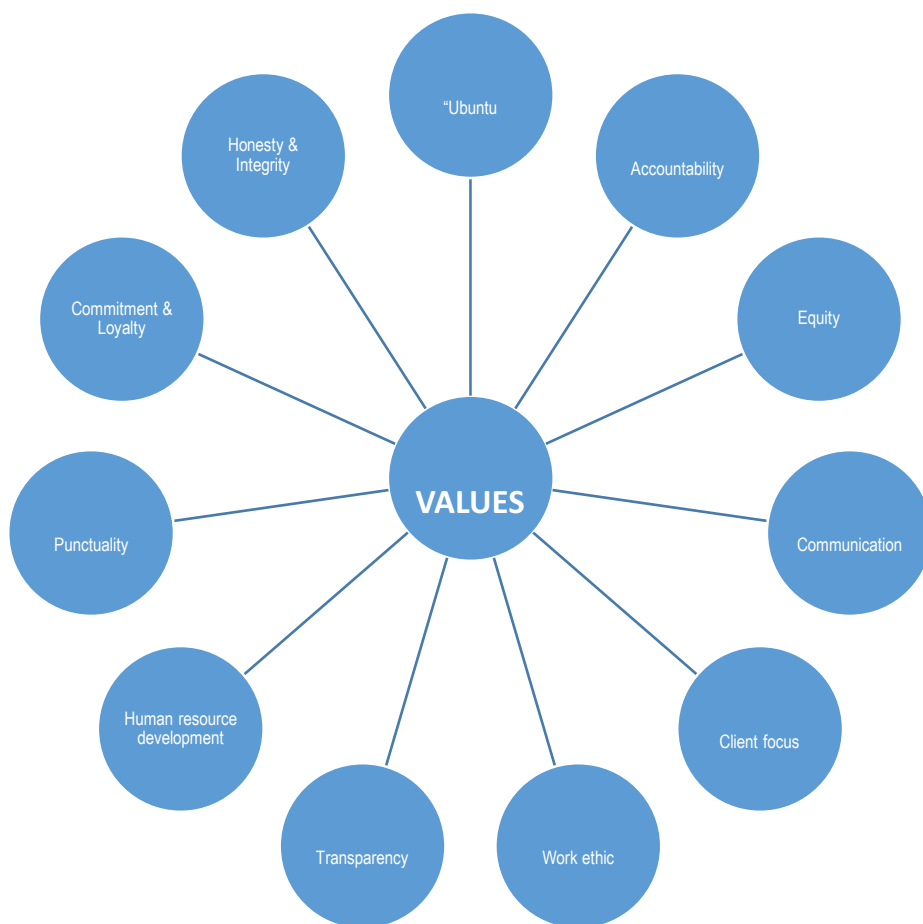
- **Mission**

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 strateg



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.

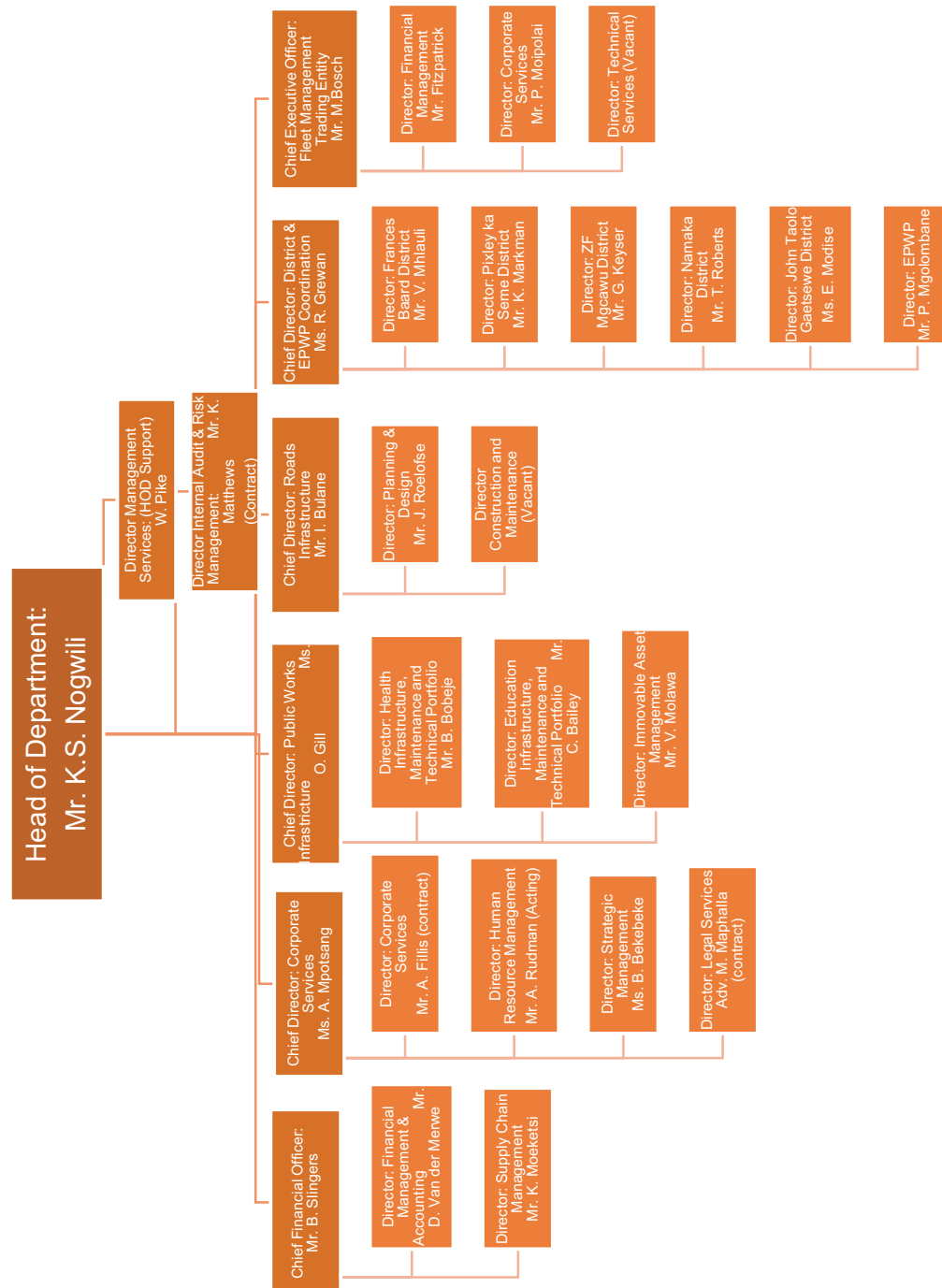
Council for the Built Environment Act No. 43, 2000:

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. Organizational 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



PROGRAMME PERFORMANCE

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
1 747 944	1 787 944	1 787 838	106
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 seized the opportunity to improve on the previous year (2017/18) audit outcomes through implementing effective management strategies and controls. The department was however presented with various service delivery challenges which were influenced by external factors, i.e. rapid growth of protests on our infrastructure projects, poor performing contractors impacted on the quality of certain infrastructure projects and their completion dates. In other instances, delays and in some cases cancellation of projects had a negative impact on the work and empowerment opportunities that could have resulted from these. Despite these challenges, the department still managed to ensure that internal control measures are continually being strengthened and supported by exposing key officials to continuous training and workshops. This is proven by the success in the implementation of and quality of financial management and this is demonstrated by the consecutive achievement of the unqualified audit outcomes over the last period, and again for 2018/19 financial year.

The prudent monitoring of payment of invoices within 30 days and DRPW continues to implement the PPPFA 2017 in the procurement of all goods and services, contractors, and service providers. 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 98% 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 department has made concerted effort in nurturing internal talent as part of our Human Resource Development Plan.

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	6	2	0	1	1	1	0	0	11
Professionals	18	1	0	0	1	0	0	0	20
Technicians and associate professionals	14	4	0	2	6	1	0	0	27
Clerks	0	0	0	0	8	2	0	1	11
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	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	44	36	0	0	25	25	0	0	130
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	82	43	0	3	41	29	0	1	199
Employees with disabilities	0	0	0	0	0	0	0	0	0

The Provincial Department of Roads and Public works managed for the year under review one thousand eight-hundred and forty-seven (1 847) land parcels which includes state domestic facilities, private facilities, registered and unregistered state properties. 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. Prestige accommodation is still provided to members of provincial legislature (MPL's) and Members of Executive Council. The construction sector remains a pivotal driver of provincial economic growth and social empowerment. Therefore, the quality of such infrastructure is critical to the services offered to the residents of the Northern Cape; and during 2018/19, numerous office accommodation projects have been completed in support of both health and education. 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 forty-eight (748) properties have been vested and five (5) properties still need to be investigated.

The department spent one-hundred percent (100%) on its allocated rates and taxes budget for this year under review, even though the budget is insufficient to service this debt and this remains our province's biggest challenge.

With regard to condition assessments, the department completed its condition assessment in the previous financial year (2017/18) and it reflected a bleak picture in terms of the conditions of our state buildings against the budget allocated. The report indicated an estimated maintenance backlog of approximately eight-billion rand (R1.8bn) and due to limited maintenance budget the backlog continues to increase.

The department is a participant in the Green Energy initiatives championed by the National Department of Public Works and it has ensured that the designs of all major new buildings and 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 projects. The following projects include green Energy projects for during 2018/19 financial year:

Fig. 1: DOH completed projects:

Project Name	Progress to date
Mental Health Facility (266 beds)	Completed
Various: Installation of 10 000 lt water tanks	Completed
Tshwaragano Hospital: Eskom power and solar lights	Completed
Tshwaragano Hospital: Installation of 22 water pumps	Completed

As illustrated above, it is worth mentioning that the New Mental Health Facility which was one of the country's most challenging milestones is finally 100% complete and 515 work opportunities were created on site. The increase in costs over the years were as a result of redesigning of the major blocks.

Fig. 2: DSD completed projects:

Project Name	Progress to date
Kimberley Drug Abuse In-patient Facility: Phase 2 Top Structure	Completed

The Northern Cape Substance Abuse Treatment Centre was completed within the extended time after the works were stopped via a court order. The project was also completed with an overall saving on the budget. The facility is operational since the 01 February 2019. The facility also boasts sporting facilities such as a swimming pool and multi-purpose court.

Fig. 3: DOE Completed projects:

Project Name	Progress to date
Ablution blocks x 4	Completed
Administration Blocks x 1	Completed
Classroom Blocks X 1	Completed
ECD Classrooms x 2	Completed

The Department of Education requested that the rest of their projects which were planned to be implemented in 2018 only be done so in 2019 due to budgetary constraints.

Fig. 4: DSAC Completed projects:

Project Name	Progress to date
Carolusberg New Library	Completed
Warrenton New Library	Completed
Kuruman New Library	Completed

Fig. 5: DOH Condition assessments maintenance projects:

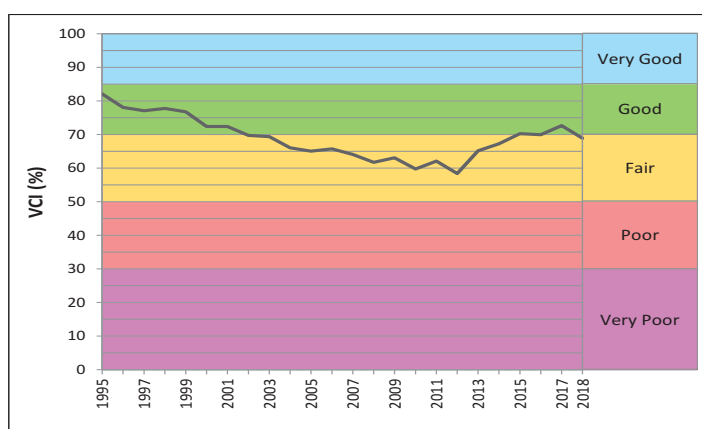
Project Name	Progress to date
Condition Assessments: Implementing the outcomes: Francis Baard & JTG	Construction – 35% complete
Condition Assessments: Implementing the outcomes: Pixley, Namaqua & ZFM	Construction – 75% complete

With regard to road infrastructure, the condition on our road network declined on surfaced roads during 2018 and this was due to reduction of very good network of about 70 kilometres which was handed over to SANRAL. The overall road condition was at a low of 58% percent during 2012, but has since improved to a level above 70% in 2017 and subsequently declined to 68.9% in 2018. The overall network condition of the province has improved from 2012 to 2017 due to a temporary solution through maintaining the roads by patching and re-sealing which is no longer sustainable for the province. In addition to this, the province is running high risk of collapsing provincial network due to over-use and heavy vehicles inter-alia, R31 and due to the increase of manganese haulage to port of Nqura (Coega).

The following road projects were completed under the year under review:

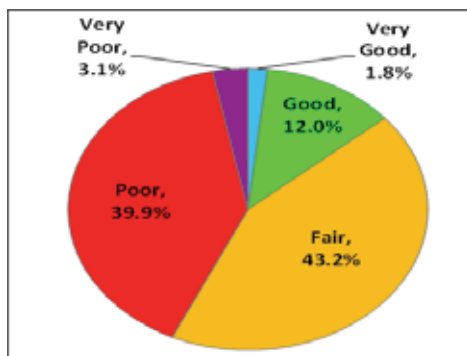
Project Name	Progress to date
Reseal projects	
Reseal of MR 886: Hotazel to Van Zylsrus	Completed
TR16/4: Calvinia- Williston	Completed
Resealing of roads: Prieska to Copperton	Completed
TR52/1 Colesberg -ECBorder	Completed
Reseal MR 569 Fraserburg	Completed
Rehabilitation projects	
Reseal of MR 886: Hotazel to van Zylsrus	Completed
Reseal of roads: Prieska to Copperton	Completed

Figure 11: Average paved road VCI trend (1995 – 2018)



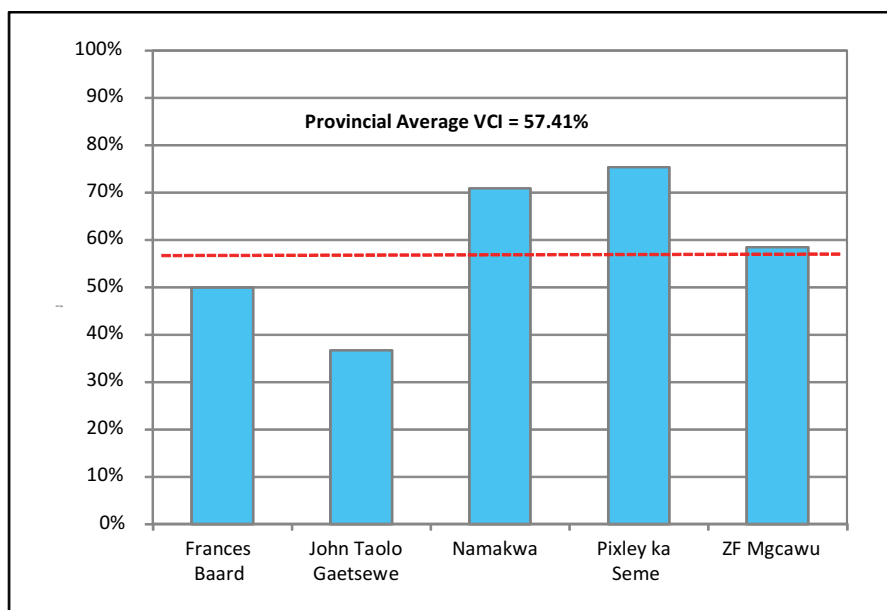
The figure below illustrates the current status quo of the province's road network:

Figure 2: DR&PW overall VCI in 2018



With regard to VCI for districts, the latest (2018 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 below 50% is lower than the Provincial average, showing poorer road conditions than the provincial average.

Figure 3: VCI per district in 2018



Lastly, The Department was expected to create 9660 work opportunities for the 2018/19 financial year of which over eight thousand three hundred was achieved (8 300) and the provincial EPWP target for the 2018/19 financial year is 29 315 work opportunities to be created by 41 Public Bodies in the Northern Cape Province of over twenty-five thousand was achieved. The Namakwa District Municipality remains the only Public Body that has not reported any work opportunities to date, due to withholding of IG Grant by NDPW. All Root out the Dust and Poverty Relief projects were successfully implemented during quarter 4.

▪ 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)	38 Construction Projects	14 Projects completed
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 	<ul style="list-style-type: none"> - 14 km of gravel roads upgraded to surfaced roads - 300 000 m² completed on rehab of paved roads. - 38 543.44 m² patching of pothole - 74 388.86km road blading - 1 880 000 m² of surfaced roads resealed - 323.88 km of re-gravel roads

▪ Batho Pele arrangements with beneficiaries (Consultation access etc.)

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 ad-hoc 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
<p>Complaints are dealt with in the following manner</p> <ul style="list-style-type: none"> - 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 an unqualified audit opinion with matters in the previous financial year (2017/18). The department therefore intensified its efforts to improve on its asset register 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 98% filled. The Directors: Human Resource Management and Legal services are the only two vacancies to be filled and the recruitment processes are under way. To address the recruitment, drive the department has embarked on since the approval of the current structure, in the 4th quarter a total of 40 posts have been filled.

The Employment Equity breakdown of these appointments are depicted in the table below.

MALE				FEMALE			
AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE
13	11	0	0	10	6	0	0

The department is also in the process of reviewing the current organisational structure, the HR unit has commenced with engagements with Directorates as well as Districts. It also aims to identify the root cause and potential solutions or identify strengths to preserve in future organisational design, and/or issues to address in the future organisational design. This process is done to deduce whether the current departmental human resources is addressing the service delivery needs that the department finds itself in, based on the finalisation and outcome of the analysis of the current structure through the questionnaires, the department will or will not review the current Organisational Structure which is still being implemented

The department is committed in continuous skills development and has therefore enrolled eleven (18) senior managers to an Executive Management Development Program with the University of the Free State Business School of which 12 of them have completed and graduated. In the 2018 academic year, nine (9) fulltime bursaries have completed their studies in the following scarce and critical skills; (Quantity Surveying, Electrical-Mechanical Engineering, Mechatronics and Architecture), whilst currently only two learners are still busy with their studies, there were no new intakes. A total of 22 Part time bursaries were also awarded in the previous academic years, and are expected to complete their studies in this academic year, 2019. The department awarded thirteen (13) full time and thirty-seven (37) part-time bursary holders as part of improving our knowledge economy and in addition to contributing to youth and women empowerment, (16) women interns were enrolled in the departments' internship programme for a period of 12 to 24 months to obtain both workplace experience and practical knowledge. The department has also trained SMME through the contractor and project management development programme. The department has various skills programmes; Adult Education and Training, Internships, full and part time bursaries and various training programmes, depending on an employee's Personal Development Plan. The AET programme commenced in the month of February 2019 with workers registered in levels 1 to 4 in the 3 districts, Frances Baard and Pixley Ka Seme did not register any new learners in this academic year.

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 poor 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, all departmental policies have been reviewed 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 and Provincial Treasury has developed a provincial Framework in line with this policy and the department will review the SCM policy in-line with The Provincial Treasury Instruction Note no.1 (2019/2020).

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 has improved from MPAT 1.7 with a score of 2.8 to a score of 3.1 for MPAT 1.8 at a rating of 4.0 for performance indicators, inter-alia; Annual Performance Plans, Assessment of Risk management, Human Resource planning, Organizational design, Performance management System for HOD and Demand management. There was a decline in some of the performance areas of the KPA's and some remained stagnant. DMPE has indicated there will not be an MPAT 1.9 cycle due to requests from provinces to review the monitoring tool.

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:

Fig.1: DOH projects in construction

Project Name	Progress to date
<u>New infrastructure / Installations Programme</u>	
Installation of generator sets at various facilities Part A & B	100% complete
Kimberley: Construction of Nurses Accommodation	Construction - 40% complete
Springbok Hospital: New Pharmacy	Construction - 40% complete
Springbok Hospital: New Forensic Mortuary	Construction - 40% complete
Kimberley Hospital: Installation of lifts	Construction - 45% complete
<u>Upgrading / Maintenance / Refurbishment Programme</u>	
Various: FB, JTG, Pixley: Maintenance of HVAC	Construction – 90% complete
Various: ZFM. Namaqua: Maintenance of HVAC	Construction – 10% complete (terminated)
Various: : FB, JTG, Pixley: Maintenance of Fire Equipment	Construction – 90% complete
Various: FB, JTG, Pixley: Maintenance of Gensets	Construction – 90% complete
Kimberley Hospital: Upgrading and replacement of HVAC	Construction – 90% complete
Tshwaragano Hospital: Nurses College: Refurbishment	Construction - 10% complete
<u>Clinics Programme</u>	
Boegoeberg: Construction of New Clinic	Construction - 50% complete
Bankhara Bodulong: Construction of New Clinic	Construction - 75% complete

Fig.2: DSAC projects in construction

Project Name	Progress to date
Upington: New Library	Construction: 80% complete
Greenpoint: New Library	Construction: 15% complete
Barkley West: Repairs and Upgrading	Construction: 60% complete
Philipstown: Upgrading for Library	Construction: 15% complete

Fig. 3: DSD projects

Project Name	Progress to date
Lerato Place of Safety: Refurbishment	Site-handover

Furthermore, the following infrastructure projects are in various stages of planning, design and tender processes for implementation in the 2019/2020 financial year.

Fig. 2: DoE projects

Project Name	Progress to date
Ablution blocks x 7	7 x Tender adjudication phase
Administration Blocks x 1	1 x Tender adjudication phase
Classroom Blocks X 1	1 x Tender adjudication phase
ECD Classrooms x 2	2 x Tender adjudication phase
New Schools x 1	1 x Tender adjudication phase
Technical Workshops x 1	1 x Tender adjudication phase
Cluster 1: Kalahari High School	Design phase
Cluster 2: Wrenchville High School	Design phase
Cluster 3: Brandvlei Primary School	Design phase
Cluster 4: Lareng Primary School	Design phase
Cluster 5: Olihile Manchwe High School	Design phase
Cluster 6: Sishen High School	Design phase

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 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 the roads which was not sufficient since these projects required additional funding to be ring-fenced. Therefore, the local mining companies were approached to evaluate possible partnerships and they have contributed accelerated the development of roads in these areas. During 2018/19 financial year, the following projects can be reported on:

- Eastern Cape border – Colesburg
- Nababeep – Concordia
- Rehabilitation of MR 938 Mamathwane
- Upgrading of Rusfontein – Laxey, phase 3

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 province's target for the 2018/19 financial year was 29 315-work opportunities to be created by 41 Public Bodies in the Northern Cape Province and the department was expected to create 9660 work opportunities for the 2018/19 financial year. To date, it is reported that public bodies achieved twenty-five thousand two-hundred and twenty-two (25 222) work opportunities which about (86%) against his year's target and the department achieved eight thousand three hundred (8 300) work opportunities which is about 85% against this year's target. There is an enormous increase in jobs created comparing to previous year's achievement and the intense technical support service providers which has since been sourced to increase capacity has yield good results. The work opportunities created are reported in the EPWP reporting system, and incentive grants which are equivalent to the base line targets, are allocated to the reporting bodies. These funds (incentive grants) are also used to create more work opportunities and to increase sustainability of existing projects. This is in respond to the call to empower, educate and create jobs for youth through job placement and internship

schemes. In response, 60 per cent of employment in infrastructure was allocated to women and youth employment and training incentive schemes.

As part of the department's innovation and empowerment initiative drive, the department has yield successful results under various empowerment programs and interventions under the Phakamile Mabija Apprenticeship Program a fourth intake commenced in January 2018 with a total of 25 young female for Women Empowerment over a period of 36 months. The learners to date have completed 99 per cent of their Theoretical and Institutional Training at De Beers Technical Training Campus. Various partnerships formed with Blackrock Mine, Afrisam, De Beers Sight holders South Africa and Kimberley Ekapa Mining assisting with workplace training over a period of 12 months. The trades that the ladies are specialised in are: Electrician, Fitter & Turner, Diesel Mechanic, Boilermaker and Millwright and upon completion of the program in the financial year 2020/2021 they will obtain a red seal qualification that is recognized National and International.

Other successful interventions include:

- Artisan Construction (Frances Baard): under this initiative, forty-three (43) youth commenced in April 2018 with Theoretical Training in partnership with Northern Cape Urban TVET College and funded by the National Skills Fund. The trades that they are specialized in are Carpenters, Plumbers and Bricklayers. The Department has formed partnership with South Africa & Swedish International Housing Company assisting with workplace training for a period of 12 months.
- Artisan Construction (Namakwa District): under this program, twenty-two (22) youth commenced in January 2018 with their Theoretical Training in partnership with Northern Cape Rural TVET College in Okiep as the training provider and funded by Construction Education and Training Authority. The trades that they are specialized in are Electricians and Plumbers and the department has formed partnership with the Namakwa District Municipality and various Contractors assisting with workplace training.
- Learnership: FETC: Computer Aided Drawing Office Practice (Frances Baard): under this program, twenty (20) youth commenced in May 2018 with their theoretical training in partnership with Northern Cape Community Education and Training College and funded by Construction Education and Training Authority. A Joint Project Management Team appointed by the Office of the Premier consists of Social Development, Department of Roads and Public Works and Construction CETA. The Department has formed partnership with South Africa & Swedish International Housing Company assisting with workplace training for a period of 4 months. The learners will be completing the programme in May 2019 of which they will obtain a National Certificate NQF level 4.
- Learnership: Building and Civil Construction (Prieska): Partnership formed the Northern Cape Rural TVET as the training provider and Services Seta funded to the value of si-hundred and fifty-six

thousand rand (R0.656 million). The forty-one (41) learners who commenced with training in May 2017, at Tswelelopele Training Centre in Prieska, thirty (30) of those learners successfully completed the programme during this year and the Launch of Morewag Hostel and Graduation Ceremony took place on the 13th September 2018. Learners obtained a NQF Level 3 certificate and have since been exiting into an Artisan Construction Apprenticeship.

- **Learnership: FETC: Construction Painting and Decorating (Groblershoop):** Partnership formed with !Kheis Local Municipality and funded by Construction Education and Training Authority. Under this program, twenty-eight (28) youth commenced with their theoretical training in November 2018. In order to accelerate this initiative, a joint project management team appointed by the Office of the Premier consists of Social Development, Department of Roads and Public Works and Construction CETA.
- **Short Skills Transfer: Electrical Engineering: Renewable Energy NQF Level 3 (6 months training):** Partnership formed with UV Power Training as the training provider and EWSETA funding the training. The training commenced in May 2018 for the following areas: Frances Baard with hundred (100) EPWP participants, Calvinia, forty (40) EPWP participants and Kuruman, hundred and fifty (150) EPWP participants. Upon completion of the short skills training the EPWP participants obtained 60 credits for Electrical Engineering in Renewable Energy.
- **Short Skills Transfer: Civil and Building Construction (6 months training) – Namakwa District:** Partnership formed with Northern Cape Rural TVET College and Namakwa District Municipality. Twelve (12) youth commenced in January 2018 with their Institutional and Theoretical Training at Okiep Rural TVET. After completion of the short skills programme they will be exiting into a Civil and Building Construction Learnership.
- **Under the Shamba Sonke Contractor Development Program,** partnership formed with Central University of Technology as the Training Provider, thirty-six (36) Contractors from Grade 2 CE to 4CE grading completed the 1st block of training. Furthermore, sixteen (16) projects were awarded to contractors under the program to the value of twenty-four million, seven hundred and thirty-seven thousand rand (R24,737 million). Other projects are at various stages in the approval process ranging from evaluation to adjudication where the targeted companies were owned by eight (8) women, fifteen (15) youth and thirteen other companies.
- **Under the De Aar Rapid Construction Incubator** Partnership formed with NCRTVET College in De Aar as the Training provider and Small Enterprise Development (SEDA) funding the programme to the value of three million, nine-hundred thousand rand (R3.900 million). Under this program, twenty-two (22) Grade 1 contractors completed their theoretical training and successfully build a lecture room as part of their practical experience of which the department contributed an amount of one-million rand (R1 million).

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 Immovable 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	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

Programme	Sub-programme	Performance measure
which supports and facilitates social empowerment and economic growth.		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 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 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Attain an unqualified report yearly without material findings	0	1	0	(1)	Department partly achieved this target through receiving unqualified audit with findings

Performance Indicators

Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Office of the MEC					
Render advisory, parliamentary, secretarial, administrative and office support services					
Budget Vote speech tabled at 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 of 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	92	92	92	0	N/A
Percentage of payments processed within 30 days	97%	100%	97%	(3%)	<ul style="list-style-type: none"> Early closure for the processing of payments by Treasury during December and late submission of invoices by suppliers.

Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
					<ul style="list-style-type: none"> Late submission of invoice documentation by suppliers
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										
2018/19							2017/18			
	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										
Office of the MEC	12 167	-1 254	-60	10 853	10 850	3	100.0%	9 219	9 218	
Management of the Department	14 160	3 794	-	17 954	17 951	3	100.0%	16 262	16 259	
Corporate Support	122 100	-2 030	-156	119 914	119 880	34	100.0%	109 927	109 925	
Departmental Strategy	6 832	-510	-	6 322	6 321	1	100.0%	6 813	6 811	
	155 259	-	-216	155 043	155 002	41	100.0%	142 221	142 213	

■ 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 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Provision of infrastructure to achieve its intended purpose through the implementation of 143 projects on behalf of client departments	26	38	14	(24)	DOH & DOE requested that their projects be put on hold due to budgetary constraints and only be implemented during 2019/20.

Performance Indicator

Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	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	1	1	1	0	N/A
Design					
Number of infrastructure designs ready for tender	15	29	23	(6)	DOH & DOE requested that their projects be put on hold due to budgetary constraints and only be implemented during 2019/20.
Number of projects surveyed, planned and costed	15	29	25	(4)	DOH & DOE requested that their projects be put on hold due to budgetary constraints and only be implemented during 2019/20.

Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	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	18	38	6	(32)	<ul style="list-style-type: none"> DOH & DOE requested that their projects be put on hold due to budgetary constraints and only be implemented during 2019/20. Poor performance by Contractors
Number of capital infrastructure projects completed within agreed budget	26	38	14	(24)	<ul style="list-style-type: none"> DOH & DOE requested that their projects be put on hold due to budgetary constraints and only be implemented during 2019/20. Poor performance by Contractors
Number of capital infrastructure projects in construction	43	45	30	(15)	<ul style="list-style-type: none"> DOH & DOE requested that their projects be put on hold due to budgetary constraints and only be implemented during 2019/20.
Number of capital infrastructure projects completed	26	38	14	(24)	<ul style="list-style-type: none"> DOH & DOE requested that their projects be put on hold due to budgetary constraints and only be implemented during 2019/20. Poor performance by Contractors
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 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number of planned maintenance projects awarded	28	30	41	11	More requests were received from client departments in ZFM district
Number of planned maintenance projects completed within the agreed contract period	15	30	21	(9)	From the requests received from client departments in ZFM district, 7 of the projects could not be completed within time due to poor contractor performance.
Number of planned maintenance projects completed within agreed budget	22	30	41	11	More requests were received from client departments in ZFM district
Number of planned maintenance projects in construction	25	30	34	4	More requests were received from client departments in ZFM district
Number of maintenance projects completed	248	220	200	(20)	Less projects were received due to client departments conducting their own 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	571	300	337	37	Migration to PROMAN lead to an increase in verification of assets
Facilities Operation					
Number of properties receiving facilities management services	22	22	22	0	N/A

Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number of condition assessments conducted on state owned buildings	70	0	0	0	This target was over achieved during previous years.
Number of leased accommodation (leased in) provided within agreed time period	37	2	3	1	The department only entered into 2 lease agreements on behalf of DRPW and additional 1 lease was entered into on behalf of a client department for this year under review.

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										
	2018/19							2017/18		
	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	R'000
Sub programme										
Programme Support										
Design	2 000	-141	-	1 859	1 857	2	99.9%	1 615	1 615	1 615
Construction	13 578	659	-	14 237	14 235	2	100.0%	12 391	12 389	12 389
Maintenance	7 515	257	-	7 772	7 770	2	100.0%	16 694	16 692	16 692
Immovable Asset Management	26 803	401	-2 837	24 367	24 342	25	99.9%	23 016	20 765	20 765
Facility Operations	103 226	398	-1 508	102 116	102 115	1	100.0%	81 211	81 209	81 209
	9 513	-1 574	-	7 939	7 935	4	99.9%	5 562	5 561	5 561
	162 635	-	-4 345	158 290	158 254	36	100.0%	140 489	138 231	138 231

■ **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 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Provide accessible transport infrastructure through upgrading and maintenance of provincial surfaced and gravel roads	77km	17km	14.9km	(2.1km)	Project was stopped due to community unrest in JTG area.
	238km	263.9km	235km	(28km)	Project was stopped due to community unrest in JTG area.

Performance Indicators

Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	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	3	3	3	-	N/A
Number of infrastructure plan compiled	1	1	1	-	N/A
Number of kilometres of surfaced roads visually assessed as per the applicable TMH Manual*	3779	3 579	3 579	-	N/A
Number of kilometres of gravel roads visually assessed as per the applicable TMH Manual*	11287	11 873	11 873	-	N/A
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	5	1	1	-	N/A

Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
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	77km	17km	14.9km	(2.1km)	Project was stopped due to community unrest in JTG area.
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	250 000	300 000	300 000	-	N/A
Number of square metres of surfaced roads resealed	2 253 478	1 880 000	1 880 000	-	N/A
Number of kilometres of gravel roads re-gravelled	388.67	240	323.88	83.88	Mamathwane project started late due to litigations resulted in access funds which were redirected to re-gravelling projects
Number of square meters of blacktop patching	42 246.11	20 500	38 543.44	18 043.44	The road conditions of Mamathwane road have resulted in more patch work done on the road
Number of kilometres of gravel roads bladed	73 485.23	67 500	74 388.86	6 888.86	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 has effected clear measures on tender documents to avoid unnecessary litigations which result in delaying projects.
- The Mamatwane road is under construction in 2018/19 financial year to improve the road condition.
- Department purchased new graders which will improve planning.

Changes to planned targets

- No changes were made to performance indicators;

Linking Performance with Budget

Programme 3: Transport Infrastructure									
2018/19							2017/18		
	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	3 401	1 726	1 716	6 843	6 840	3	100.0%	3 020	3 018
2 Infrastructure Planning	52 354	-31 220	-	21 134	21 132	2	100.0%	17 306	17 304
3 Infrastructure Design	4 456	-239	-	4 217	4 215	2	100.0%	4 274	4 273
4 Construction	77 533	-1 513	-2 150	73 870	73 868	2	100.0%	84 850	77 757
5 Maintenance	1 218 452	31 246	-1 347	1 248 351	1 248 338	13	100.0%	1 349 329	1 349 293
	1 356 196	-	-1 781	1 354 415	1 354 393	22	100.0%	1 458 779	1 451 645

■ 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 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Contribute to the job creation initiatives (Outcome 4) of the province through the creation of 35 414 work opportunities to empower impoverished communities by 2019/20	6 275	9 600	8 217	(1 383)	The department could not report on W/O of beneficiaries on a learnership programme because they received less stipend which is not in line with Ministerial directive as a result the EPWP reporting system excluded the beneficiaries.
To monitor and evaluate the implementation of the EPWP	22 375	29 315	25 222	(4 093)	Non-compliance of Public bodies to the reporting requirements.

Performance Indicator

Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	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	6 275	9 600	8 217	(1 383)	The department could not report on W/O of beneficiaries on a learnership programme because they received less stipend which is not in line with Ministerial directive as a result the EPWP reporting system excluded the beneficiaries.
Number of full time equivalents (FTEs) created by the Provincial Department of Public Works/Roads	1 631	1 873	1 960	87	Duration of projects were increased to sustain beneficiaries for longer.
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	-	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	22 375	29 315	25 222	(4 093)	Non-compliance of Public bodies to the reporting requirements

Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
bodies aligned to the approved EPWP PHASE III Business Plan targets					
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	16	16	19	3	Due to underreporting by Public Bodies more intervention had to be done
Number of jobs created	6 275	9 600	8 217	(1 383)	The department could not report on W/O of beneficiaries on a learnership programme because they received less stipend which is not in line with Ministerial directive as a result the EPWP reporting system excluded the beneficiaries.
Number of full time equivalents (FTEs)	1 631	1 873	1 960	87	Duration of projects were increased to sustain beneficiaries for longer.
Number of youths employed (18 – 35)	3 824	3 840	4 849	1 009	Recruitment drive was focused on youth
Number of women employed	3 195	3 840	4 113	273	Less labour intensive projects were implemented for women.
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									
2018/19								2017/18	
	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									
Programme Support Community Based	3 421	162	-	3 583	3 580	3	99.9%	3 337	3 336
Community Development	97 967	407	6 342	104 716	104 715	1	100.0%	91 088	91 085
Innovation and Empowerment	9 400	-558	-	8 842	8 841	1	100.0%	6 179	6 178
EPWP Co-ordination and Monitoring	3 066	-11	-	3 055	3 053	2	99.9%	2 341	2 339
	113 854	-	6 342	120 196	120 189	7	100.0%	102 945	102 938

2.4 TRANSFER PAYMENTS

The table below reflects zero transfer payments made for the period 1 April 2018 to 31 March 2019.

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				966		
Public Sector SETA				-		

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 111 637	R4 154
Reasons if amount as per DORA was not received	All funds received	All funds received
Amount spent by the department(R'000)	R1 111 637	R4 154
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	2018/2019			2017/2018		
	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	-		-			-
Existing infrastructure assets	1 277 125	1 277 123	2	1 391 432	1 384 337	7 095
Upgrades and additions	83 920	83 919	1	116 480	109 387	7 093
Refurbishment and rehabilitation	106 396	106 395	1	137 303	137 303	-
Maintenance and repairs	1 086 809	1 086 809	-	1 137 649	1 137 647	2
Infrastructure transfer	-	-	-	-	-	-
Current			-			-
Capital						-
Infrastructure leases	3 041	3 040	1	2 413	2 413	-
Non Infrastructure	32 066	32 065	1	27 242	27 242	-
Total	1 312 232	1 312 228	4	1 421 087	1 413 992	7 095

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 link to the Annual Performance plan 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 risk and also monitor the effectiveness of its strategy.

- Programme Risk assessments are conducted on a quarterly basis in order for the relevant risks to be mitigated before they occur.
- Programme Managers 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 Accounting Officer 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.

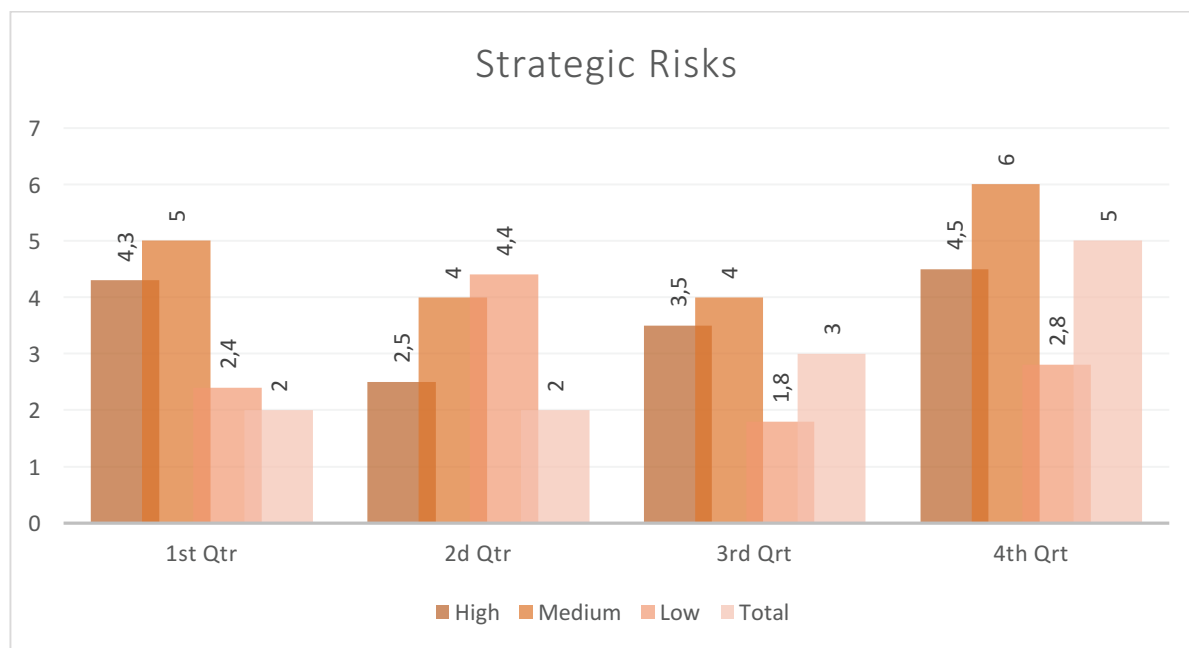
Member	Position
B Sekhoacha	Chairperson (CFO – NCDOE)
B. Slingers	Chief Financial Officer
I. Bulane	CD: Roads
A. Mpotsang	CD: Corporate Service
OJ Gill	CD: Public Works
R. Grewan	CD: EPWP & District Coordination
W Pike	Dir: Office of HOD
K Matthews	Dir: Internal Inspectorate and Risk
M. Maphalla	Dir: Legal Services
Q Fitzpatrick	Dir: Finance NCFMTE
T Arnold	Deputy .Dir: ICT

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.

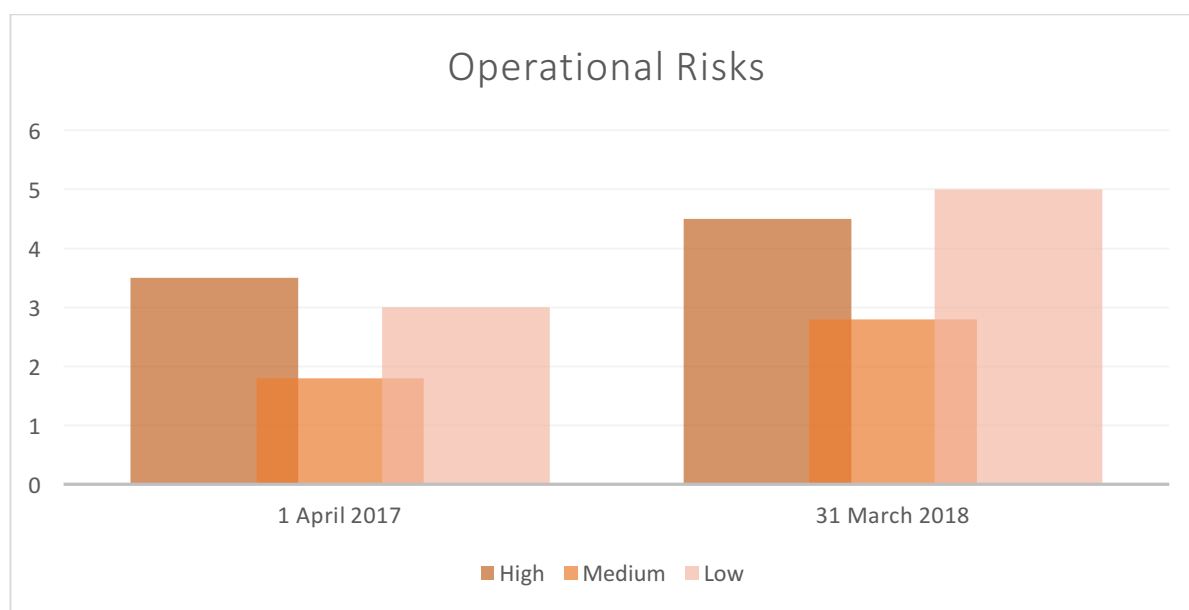
Strategic Risks

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



b) Operational risks

The table below depicts residual 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's fraud prevention plan and how it has been implemented. The department has a fraud and corruption prevention plan and a road show was held, and departmental officials were workshop. We have establish a number of units and interventions is order to improve internal control

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

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

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 as well as the department whistle blowing policy. We make used of the presidential help line to report fraud and corruption and we appoint an official to deal with all reported cases

As cases get reported it get investigated and action is taken accordingly to the severity of the offence. All department officials will be vetted in the department 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 competed (2017/18)	
Referred cases	
Open cases as at 31 March 2018	

3.4 Conflict of interest

The Public Service Regulations, 2016 which came on 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 expose to first-aid training.

3.7 Portfolio Committees

The department attended the Portfolio Committee meeting for the 1st Quarter on the 24th October 2018. 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 complied with and submitted to the Portfolio Committee
Annual Performance Plan	Ensure that they have a culture of management and preservation of information	<ul style="list-style-type: none"> • The department migrated the Immoveable Property Asset Register to an electronic system in order to make sure that we have all the information. • We are also investigating to develop an electronic system for the performance information.
	Ensure that they seriously impress upon officials to carry out their responsibilities, failing which action must be taken against such officials	<ul style="list-style-type: none"> • The department has developed the following Policies and procedures to deal with internal control deficiencies; <ul style="list-style-type: none"> ○ Financial Misconduct Policy ○ Terms of reference for committee members ○ Irregular policy ○ Fruit less and wasteful policy <p>The department did take disciplinary action against relevant officials who did not adhere to SCM requirements</p>
	Investigate and enforce consequence management where officials have been found to have misuse government property	A number of cases was presented to the financial misconduct committee. The outcome was that officials had to pay back the department in terms of the theft and losses policy.

3.8 Scopa Resolutions

The department attended the Standing Committee on Public Accounts meeting on the 8th November 2018. The committee met and adopted the report.

REPORT/S	RESOLUTION	STATUS
Consequence Management	Ensure that in future their presentation must include both performance and financial information of the NCFMTE.	The department will make sure that this is adhere to since the entities annual report information is incorporated in the department
	Endure that they develop a comprehensive strategy to address the departments in dispute with regard to leases to avoid future irregular expenditure	The department has developed a strategy on how to deal with leases. This was done in conjunction with Provincial Treasury. The strategy was based on the approach that National Public Works and other provinces followed.
	Ensure that they urgently address their financial management controls to avoid ever recurring accruals	<ul style="list-style-type: none"> The accruals relate to outstanding rates and taxes and Account payable to the Trading Entity. The department is having discussions with Sol Plaatjie and has develop a debt redemption.
	Develop a payment plan to fast track the facilitation of outstanding rates and taxes by client departments including the DRPW to municipalities	<ul style="list-style-type: none"> The department had engaged with Sol Plaatjie a both pas agreed to work on the accuracy of the information. Provincial Treasury also allocated and additional R40 million to assist the department.

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
- Risk management Committee is fully operational
- Financial Misconduct committee
- 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 check 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 2019. 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 2019 for the department and has discussed matters of concern with management and Auditor-General as well as the Accounting Officer.
- ❖ 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, but the department did not adequately monitor the plan in a timely manner.

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: 16 August 2019

PART D



HUMAN RESOURCE MANAGEMENT

4.1 Personnel related expenditure

Table 4.1.1 Personnel expenditure by programme for the period 1 April 2018 and 31 March 2019

Programme	Total Voted 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	155 002	94 747	888	3 060	61.1%	449
Public Works Infrastructure	158 255	42 280		21 882	26.7%	509
Transport Infrastructure	1 354 394	150 775		593	11.1%	241
Community Based Programme	120 190	12 361		13 983	10.3%	412
TOTAL	1 787 841	300 163	888	39 518	16.8%	316

Table 4.1.2 Personnel costs by salary band for the period 1 April 2018 and 31 March 2019

Salary Bands	Personnel Expenditure (R'000)	% Of total personnel cost	Number of Employees	Average Compensation Cost per Employee (R'000)
Contract workers	24 848	8.3%	117	212
Lower skilled (Levels 1-2)	723	0.2%	3	241
Skilled (Levels 3-5)	105 894	35.3%	537	197
Highly skilled production (Levels 6-8)	65 589	21.9%	162	405
Highly skilled supervision (Levels 9-12)	73 049	24.3%	106	689
Senior management (Levels 13-16)	30 060	10.0%	24	1 253
TOTAL	300 163	100%	949	316

Table 4.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2018 and 31 March 2019

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	65 951	69.6%	34	0.0%	2 141	2.3%	4 571	4.8%
Public Works Infrastructure	29 923	70.8%	-	0.0%	775	1.8%	1 761	4.2%
Transport Infrastructure	104 405	69.2%	1 097	0.7%	7 211	4.8%	7 090	4.7%
Community Based Programme	8 834	71.5%	-	0.0%	209	1.7%	319	2.6%
TOTAL	209 113	69.7%	1 131	0.4%	10 336	3.4%	13 741	4.6%

Table 4.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2018 and 31 March 2019

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	21 470	86.4%	185	0.7%	-	0.0%	19	0.1%
Lower skilled (Levels 1-2)	381	52.7%	-	0.0%	62	8.6%	142	19.6%
Skilled (Levels 3-5)	67 889	64.1%	836	0.8%	6 682	6.3%	7 135	6.7%
Highly skilled production (Levels 6-8)	44 035	67.1%	96	0.1%	2 255	3.4%	4 279	6.5%
Highly skilled supervision (Levels 9-12)	52 884	72.4%	14	0.0%	920	1.3%	1 882	2.6%
Senior management (Levels 13-16)	22 454	74.7%			417	1.4%	284	0.9%
TOTAL	209 113	69.7%	1 131	0.4%	10 336	3.4%	13 741	4.6%

4.2 Employment and Vacancies

Table 4.2.1 Employment and vacancies by programme as on 31 March 2019

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	224	174	22.32%	30
Public Works	122	68	44.26%	14
Roads	699	527	19.88%	56
Community Based Programme	27	27	0%	4
Total	1072	796	25.75%	104

Table 4.2.2 Employment and vacancies by salary band as on 31 March 2019

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	3	70%	50
Skilled (3-5)	707	516	27.01%	31
Highly skilled production (6-8)	194	153	21.13%	16
Highly skilled supervision (9-12)	134	103	23.13%	6
Senior management (13-16)	27	21	22.22%	1
Total	1072	796	25.75%	104

Table 4.2.3 Employment and vacancies by critical occupations as on 31 March 2019

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Professionals	36	18	50%	3
Technicians	27	15	44.44%	6
Total	63	33	47.62%	9

4.3 Filling of SMS Posts**Table 4.3.1 SMS post information as on 31 March 2019**

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	14	70	6	30
Total	26	20	76.92	6	23.08

Table 4.3.2 SMS post information as on 31 March 2019

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	14	70	6	30
Total	26	20	76.92	6	23.08

Table 4.3.3 Advertising and filling of SMS posts for the period 1 April 2018 to 31 March 2019

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	14	70	6	30
Total	26	20	76.92	6	23.08

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 2018 to 31 March 2019

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 2018 to 31 March 2019

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 2018 to 31 March 2019

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 2018 to 31 March 2019

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 2018 to 31 March 2019

Gender	African	Asian	Coloured	White	Total
N/A	0	0	0	0	0
Employees with a disability					
	0	0	0	0	0
Total number of Employees whose salaries exceeded the grades determine by job evaluation					None

4.5 Employment Changes

Table 4.5.1 Annual turnover rates by salary band for the period 1 April 2018 to 31 March 2019

Salary band	Number of employees at beginning of period - 1 April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	4	0	0	0
Skilled (Levels3-5)	511	84	26	5.08
Highly skilled production (Levels 6-8)	156	5	7	4.49
Highly skilled supervision (Levels 9-12)	100	2	1	1
Senior Management Service Bands A	16	1	0	0
Senior Management Service Bands B	6	0	0	0
Senior Management Service Bands C	1	0	0	0
Senior Management Service Bands D	1	0	0	0
Contracts	93	127	102	109.67
Total	888	219	136	15.32

Table 4.5.2 Annual turnover rates by critical occupation for the period 1 April 2018 to 31 March 2019

Critical occupation	Number of employees at beginning of period- April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Engineering & related Professionals	37	9	9	24.32
TOTAL	37	9	9	24.32

Table 4.5.3 Reasons why staff left the department for the period 1 April 2018 to 31 March 2019

Termination Type	Number	% of Total Resignations
Death	6	0.15
Resignation	11	0.26
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	7	0.16
Dismissal – inefficiency	0	0
Discharged due to ill-health	1	0.03
Retirement	15	0.38
Transfer to other Public Service Departments	0	0
Other	0	0
Total	40	0.22
Total number of employees who left as a % of total employment	4.21	

Table 4.5.4 Promotions by critical occupation for the period 1 April 2018 to 31 March 2019

Occupation	Employees 1 April 2018	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
Engineering & related Professionals	37	1	5.30	6	16.21
TOTAL	37	1	5.30	6	16.21

Table 4.5.5 Promotions by salary band for the period 1 April 2018 to 31 March 2019

Salary Band	Employees 1 April 2018	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)	4	0	0	2	50
Skilled (Levels 3-5)	511	13	2.50	361	70.64
Highly skilled production (Levels 6-8)	156	13	8.30	90	57.70
Highly skilled supervision (Levels 9-12)	100	9	9.00	46	46
Senior Management (Level 13-16)	24	0	0	16	66.70
Total	795	35	19.80	515	64.77

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 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	5	5	0	0	2	1	0	0	13
Professionals	31	9	0	2	8	8	0	4	62
Technicians and associate professionals	41	21	0	5	18	11	0	2	98
Clerks	48	19	1	3	75	45	1	3	195
Service and sales workers	1	1	0	0	0	0	0	0	2
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	18	22	0	2	5	5	0	0	52
Plant and machine operators and assemblers	19	31	0	2	5	2	0	0	59
Elementary occupations	153	214	0	0	58	57	0	0	482
Total	316	322	1	14	171	129	1	9	963
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 2019

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	9	0	1	4	1	0	0	25
Professionally qualified and experienced specialists and mid-management	40	15	0	5	9	4	0	4	77
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	82	42	1	6	48	29	0	5	213
Semi-skilled and discretionary decision making	155	227	0	2	103	84	1	0	572
Unskilled and defined decision making	27	24	0	0	1	4	0	0	56
Total	316	317	1	14	165	122	1	9	945

Table 4.6.3 Recruitment for the period 1 April 2018 to 31 March 2019

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	2	0	0	0	0	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	0	0	0	1	1	0	0	5
Semi-skilled and discretionary decision making	18	26	0	0	16	24	0	0	84
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	23	27	0	0	17	25	0	0	92
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 4.6.4 Promotions for the period 1 April 2018 to 31 March 2019

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	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	0	0	1	2	1	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	6	1	1	0	3	1	0	0	12
Semi-skilled and discretionary decision making	6	4			1	2	0	0	13
Unskilled and defined decision making		1					0	0	1
Total	13	6	1	1	6	4	0	0	31
<i>Employees with disabilities</i>	0	0	0	1	0	0	0	0	0

Table 4.6.5 Terminations for the period 1 April 2018 to 31 March 2019

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	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	5	2	0	1	1	0	0	0	9
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	6	9	0	0	0	1	0	0	16
Semi-skilled and discretionary decision making	3	10	0	0	1	1	0	0	15
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	14	21	0	1	2	2	0	0	40
<i>Employees with Disabilities</i>	0	0	0	0	0	0	0	0	0

Table 4.6.7 Skills development for the period 1 April 2018 to 31 March 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	6	2	0	1	1	1	0	0	11
Professionals	18	1	0	0	1	0	0	0	20
Technicians and associate professionals	14	4	0	2	6	1	0	0	27
Clerks	0	0	0	0	8	2	0	1	11
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	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	44	36	0	0	25	25	0	0	130
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	82	43	0	3	41	29	0	1	199
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	19	100%
Total	28	26	26	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.

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

Reasons
None

Notes

- The reporting date in the heading of this table should be aligned with that of Table 1.7.1.

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

Reasons
None

Notes

- The reporting date in the heading of this table should be aligned with that of Table 1.7.1.

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 2018 to 31 March 2019

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	165	240	68	R 1 593 188.67	R 13 251.65
Female	52	68	76	R 630 306.93	R 12 121.26
Asian					
Male	1	1	100	R 29 834.73	R 29 834.73
Female	1	2	50	R 19 699.26	R 9 849.63
Coloured					
Male	147	224	65	R 1 538 072.34	R 10 463.07
Female	26	33	78	R 372 684.03	R 14 334.00
White					
Male	5	5	100	R 158 520.84	R 31 704.00
Female	9	9	100	R 284 817.83	R 31 646.42
Total	406	582	69	R 4 627 124.63	R 11 396.85

Table 4.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2018 to 31 March 2019

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total Personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	18	23	78	R 126 633.06	R 7 035.17	5
Skilled (level 3-5)	290	408	71	R 264 652.32	R 9 085.01	3
Highly skilled production (level 6-8)	80	98	72	R 1 600 059.84	R 20 000.75	1
Highly skilled supervision (level 9-12)	29	53	55	R 886 569.42	R 16 765.46	1
Total	416	582	71	R 2 877 914.64	R 52 886.39	12

Table 4.8.3 Performance Rewards by critical occupation for the period 1 April 2018 to 31 March 2019

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	4	6	66	R 38 851.50	R 9 712.00
Total	4	6	66	R 38 851.50	R 9 712.00

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—

- 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;
- 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;
- Where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
- 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 2018 to 31 December 2018

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)	13	61.50	2	0.40	7	7
Skilled (levels 3-5)	1861	86.90	290	56.10	6	1331
Highly skilled production (levels 6-8)	735	80.80	100	19.30	7	1088
Highly skilled supervision (levels 9 - 12)	556	86.50	65	12.60	9	1470
Top and Senior management (levels 13-16)	47	70.20	10	1.90	5	45
Total	3212	385.90	467	90.3	34	3941

Table 4.9.2 Disability leave (temporary and permanent) for the period 1 January 2018 to 31 December 2018

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)	178	100	16	50	11	131
Highly skilled production (Levels 6-8)	194	100	10	31.30	19	281
Highly skilled supervision (Levels 9-12)	64	100	4	12.50	16	129
Senior management (Levels 13-16)	19	100	2	6.30	10	75
Total	455	100	32	100	14	616

Table 4.9.3 Annual Leave for the period 1 January 2018 to 31 December 2018

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	71	4	17.75
Skilled Levels 3-5)	12400.34	523	23.71
Highly skilled production (Levels 6-8)	4020.92	164	24.51
Highly skilled supervision (Levels 9-12)	2688	104	25.84
Senior management (Levels 13-16)	599	23	26.04
Total	19779.26	818	24.18

Table 4.9.4 Capped leave for the period 1 April 2018 to 31 March 2019

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)	24	6	4	35
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	2	2	1	40
Senior management (Levels 13-16)	3	1	3	24
Total	29	9	8	99

Table 4.9.5 Leave payouts for the period 1 April 2018 to 31 March 2019

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	202	9	27000
Capped leave payouts on termination of service for 2017/18	350	10	19444
Current leave payout on termination of service for 2017/18	408	21	19429
Total	960	40	65873

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 Eugene Lecwedi – Immovable Asset Management Ms. Mantombi Majola – Fleet Entity Ms. Khaziwa – EHW Ms. Precious Kilane – Financial Inspectorate & Risk management Mr. Bonakele Bingwa – Supply Chain Management Ms. Innocentia Rammutla - HRM Ms. Didintle Phiris – Strategic Planning Ms Pumla Pino – Frances Baard Ms Katlego Rifles – Property Management Ms. Mary Magagane – EPWP Ms. Sharon Louw – Transport Administration
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly	x		Health & Productivity Management Policy

Question	Yes	No	Details, if yes
discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.			
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 you achieved.	x		78 employees tested – 3 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	

4.10.2 Injury on duty

Table 4.10.1 Injury on duty for the period 1 April 2018 to 31 March 2019

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

4.11 Labour Relations

Table 4.11.1 Misconduct and disciplinary hearings finalised for the period 1 April 2018 to 31 March 2019

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	1	0.10%
Verbal warning	0	0
Written warning	0	0
Final written warning	20	2.10%
Suspended without pay	4	0.42%
Fine	0	0
Demotion	0	0
Dismissal	4	0.42%
Not guilty	1	0.10%
Case withdrawn	2	0.21%
Total	32	100

Notes

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

Total number of Disciplinary hearings finalised	32
---	----

Table 4.11.2 Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 to 31 March 2019

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 4.11.3 Grievances logged for the period 1 April 2018 to 31 March 2019

Grievances	Number	% of Total
Number of grievances resolved	7	0.73
Number of grievances not resolved	5	0.52
Total number of grievances lodged	12	100

Table 4.11.4 Disputes logged with Councils for the period 1 April 2018 to 31 March 2019

Disputes	Number	% of Total
Number of disputes upheld	6	0.63
Number of disputes dismissed	5	0.52
Total number of disputes lodged	11	100

Table 4.11.5 Strike actions for the period 1 April 2018 to 31 March 2019

Total number of persons working days lost	1
Total costs working days lost	1
Amount recovered as a result of no work no pay (R'000)	R 0.

Table 4.11.6 Precautionary suspensions for the period 1 April 2018 to 31 March 2019

Number of people suspended	4
Number of people who's suspension exceeded 30 days	4
Average number of days suspended	90
Cost of suspension(R'000)	R 123 516

PART E



FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

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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 101 to 184, which comprise the appropriation statement, the statement of financial position as at 31 March 2019, 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 2019, 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, 2018 (Act No. 1 of 2018) (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 sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* 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 codes.
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.

Uncertainty relating to the future outcome of exceptional litigation

7. With reference to note 17 to the financial statements, the department is the defendant in claims against the department amount to R102 424 000 (2017/18: R107 089 000). 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.

Payables not recognised

8. As disclosed in note 19 to the financial statements, payables not recognised of R284 706 000 exceeded the payment term of 30 day, as required by treasury regulation 8.2.3. This amount, in turn, exceeded the R106 000 of voted funds to be surrendered by R284 600 000 as per the statement of financial performance. The amount of R284 600 000 would therefore have constituted unauthorized expenditure had the amounts due been paid in time.

Unauthorised expenditure

9. As disclosed in note 8 to the financial statements, unauthorised expenditure to the amount of R26 891 000 that was incurred in the previous years was still awaiting authorisation by the Provincial Legislature.

Restatement of corresponding figures

10. As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of an error in the financial statements of the department for the year ended, 31 March 2019.

Other matter

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

Unaudited supplementary schedules

12. The supplementary information set out on pages 168 to 184 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

13. 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.
14. In preparing the financial statements, the accounting officer is responsible for assessing the Department of Roads and Public Works'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 appropriate governance structure 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

15. 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.
16. 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

17. 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.
18. 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.
19. 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 2019:

Programmes	Pages in the annual performance report
Programme 2 – Public Works Infrastructure	43 –48
Programme 3 – Transport Infrastructure	49 –52
Programme 4 – Community Based Programme	53–57

20. 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.

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

Programme 4 – Community Based Programme

Various indicators

22. The systems and processes that enable reliable reporting of achievement against these indicators were not adequately designed and implemented. The department did not have an adequate record keeping system to enable reliable reporting on achievement of the indicators listed below. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances, while in other cases the supporting evidence provided did not agree to the reported achievements. Based on the supporting evidence that was provided, the achievement of these indicators was different to the reported achievement in the annual performance report. I was also unable to further confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievements of the indicators listed below.

Indicator description	Reported achievement
Number of work opportunities in the EPWP-RS by public bodies aligned to the approved EPWP III business plan targets	25221
To monitor and evaluate the implementation of the EPWP	25221

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	1960	871
Number of full time equivalents (FTEs)	1960	871
Number of youths employed (18-35)	4849	3772

Programme 2- Public Works Infrastructure

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

Programme 3- Transport Infrastructure

25. I did not raise any material findings on the usefulness and reliability of the reported performance information for this programme

Other matters

26. I draw attention to the matters below.

Achievement of planned targets

27. Refer to the annual performance report on pages 39 to 57 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 22, 23 and 24 of this report.

Adjustment of material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of public works infrastructure and community based programme. As management subsequently corrected only some of the misstatement, I raise material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

29. 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.

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 as required by section 40(1) [(a) and (b)] of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were corrected, 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 R55 182 000, as disclosed in note 23 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 awarding of a security contract. Irregular expenditure amounting to R16 253 648 was incurred in a contract in this 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

Procurement and contract management

33. Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with section 18(1) of the Construction Industry Development Board (CIDB) Act and CIDB regulations 17 and 25(7A).
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.
35. In some instances persons in service of the department whose close family members, partners or associates had a private or business interest in contracts awarded by the department failed to disclose such interest, as required by treasury regulation 16A8.4. This non-compliance was identified in the procurement processes for the vegetation and maintenance control project.

Consequence management

36. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure 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 some of irregular expenditure to determine if disciplinary steps needs to be taken against liable officials.

Strategic Planning

37. 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).

Other information

38. 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.
39. 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.
40. 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.
41. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, 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

42. 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 findings on the annual performance report and the findings on compliance with legislation included in this report.
43. Management did not implement adequate controls in the finance and supply chain management directorates, resulting in the re-occurrence of the material amendments and compliance issues.
44. The annual financial statements and performance report were subjected to material amendments that can be attributed to a weakness in the implementation of controls.
45. There was no proper system in place to collate all the required supporting evidence for programme 4 of the annual performance report. This resulted in significant findings during the audit.
46. 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.

Auditor General

Kimberley

31 July 2019



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 of Roads and Public Works 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 2019

Appropriation per programme									
2018/19							2017/18		
Voted funds and Direct charges	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
Programme									
1 Administration	155 259	-	-2 16	155 043	155 002	41	100.0%	142 221	142 213
2 Public Works Infrastructure	162 635	-	-4 345	158 290	158 254	36	100.0%	140 489	138 231
3 Transport Infrastructure	1 356 196	-	-1 781	1 354 415	1 354 393	22	100.0%	1 458 779	1 451 645
4 Community Based Programme	113 854	-	6 342	120 196	120 189	7	100.0%	102 945	102 938
Programme sub total	1 787 944	-	-	1 787 944	1 787 838	106	100.0%	1 844 434	1 835 027
Statutory Appropriation	-	-	-	-	-	-	-	-	-
TOTAL	1 787 944	-	-	1 787 944	1 787 838	106	100.0%	1 844 434	1 835 027
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				330				332	
NRF Receipts				-				-	
Aid assistance				-				-	
Actual amounts per Statement of Financial Performance (Total Revenue)				1 788 274				1 844 766	
Add:									
Aid assistance					-				-
Prior year unauthorised expenditure approved without funding					-				-
Actual amounts per Statement of Financial Performance Expenditure					1 787 838				1 835 027

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Appropriation per economic classification									
	2018/19						2017/18		
	Adjusted Appropriation	Shiftin g 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	1 530 699	-10 225	-1 325	1 519 149	1 518 633	516	100.0%	1 512 691	1 510 385
Compensation of employees	304 234	-2 658	-913	300 663	300 163	500	99.8%	277 075	274 783
Salaries and wages	262 400	-939	607	262 068	261 584	484	99.8%	240 375	238 094
Social contributions	41 834	-1 719	-1 520	38 595	38 579	16	100.0%	36 700	36 689
Goods and services	1 226 465	-7 567	-412	1 218 486	1 218 470	16	100.0%	1 235 616	1 235 602
Administrative fees	1 002	45	-	1 047	1 045	2	99.8%	954	953
Advertising	400	-168	-	232	231	1	99.6%	344	344
Minor assets	279	4	-	283	282	1	99.6%	276	274
Audit costs: External	9 116	-519	-	8 597	8 597	-	100.0%	9 900	9 900
Bursaries: Employees	406	-69	-	337	337	-	100.0%	348	348
Catering: Departmental activities	1 130	-305	-	825	824	1	99.8%	755	754
Communication (G&S)	2 717	97	-	2 814	2 813	1	100.0%	2 593	2 593
Computer services	54 428	-30 590	-	23 838	23 838	-	100.0%	17 389	17 389
Consultants: Business and advisory services	34 146	-16 941	-	17 205	17 205	-	100.0%	17 945	17 945
Infrastructure and planning services	2 315	19 998	-	22 313	22 313	-	100.0%	7 295	7 295
Legal services	4 366	1 836	-	6 202	6 202	-	100.0%	4 115	4 114
Contractors	796 131	51 213	5 700	853 044	853 044	-	100.0%	873 906	873 905
Fleet services (including government motor transport)	3 992	-107	-	3 885	3 884	1	100.0%	3 046	3 046
Inventory: Clothing material and accessories	178	-	-	178	178	-	100.0%	-	-
Inventory: Materials and supplies	78 925	2 295	-1 626	79 594	79 594	-	100.0%	59 490	59 489
Consumable supplies	2 154	-422	-	1 732	1 729	3	99.8%	10 182	10 180
Consumable: Stationery, printing and office supplies	2 161	-372	-	1 789	1 787	2	99.9%	1 796	1 794

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Appropriation per economic classification									
	2018/19						2017/18		
	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	163 002	-26 522	-2 972	133 508	133 507	1	100.0%	169 923	169 923
Property payments	36 074	-3 443	-1 514	31 117	31 117	-	100.0%	29 391	29 391
Transport provided: Departmental activity	82	-	-	82	82	-	100.0%	-	-
Travel and subsistence	27 129	-2 277	-	24 852	24 851	1	100.0%	21 535	21 533
Training and development	5 279	-1 285	-	3 994	3 994	-	100.0%	3 442	3 441
Operating payments	418	-81	-	337	336	1	99.7%	202	202
Venues and facilities	479	135	-	614	613	1	99.8%	785	785
Rental and hiring	156	-89	-	67	67	-	100.0%	4	4
Transfers and subsidies	67 324	-	1 207	68 531	68 529	2	100.0%	72 762	72 759
Provinces and municipalities	60 335	-	-	60 335	60 335	-	100.0%	57 027	57 027
Municipalities	60 335	-	-	60 335	60 335	-	100.0%	57 027	57 027
Municipal bank accounts	60 335	-	-	60 335	60 335	-	100.0%	57 027	57 027
Departmental agencies and accounts	966	-	-	966	966	-	100.0%	-	-
Departmental agencies (non-business entities)	966	-	-	966	966	-	100.0%	-	-
Households	6 023	-	1 207	7 230	7 228	2	100.0%	15 735	15 732
Social benefits	4 895	-422	-293	4 180	4 179	1	100.0%	4 188	4 185
Other transfers to households	1 128	422	1 500	3 050	3 049	1	100.0%	11 547	11 547
Payments for capital assets	189 921	10 225	118	200 264	200 251	13	100.0%	258 981	251 881
Buildings and other fixed structures	180 732	10 432	62	191 226	191 224	2	100.0%	253 783	246 691
Buildings	1 962	2 374	-	4 336	4 336	-	100.0%	2 338	2 337
Other fixed structures	178 770	8 058	62	186 890	186 888	2	100.0%	251 445	244 354
Machinery and equipment	9 179	-215	56	9 020	9 010	10	99.9%	5 191	5 184

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Appropriation per economic classification									
	2018/19						2017/18		
	Adjusted Appropriation	Shiftin g 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
Transport equipment	7 890	-598	46	7 338	7 336	2	100.0%	3 731	3 731
Other machinery and equipment	1 289	383	10	1 682	1 674	8	99.5%	1 460	1 453
Software and other intangible assets	10	8	-	18	17	1	94.4%	7	6
Payment for financial assets	-	-	-	-	425	-425	-	-	2
	1 787 944	-	-	1 787 944	1 787 838	106	100.0%	1 844 434	1 835 027

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 1: Administration									
2018/19							2017/18		
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	12 167	-1 254	10 853	10 850	3	100.0%	9 219	9 218	
2 Management of the Department	14 160	3 794	17 954	17 951	3	100.0%	16 262	16 259	
3 Corporate Support	122 100	-2 030	119 914	119 880	34	100.0%	109 927	109 925	
4 Departmental Strategy	6 832	-510	6 322	6 321	1	100.0%	6 813	6 811	
	155 259	-	155 043	155 002	41	100.0%	142 221	142 213	
Economic classification									
Current payments	147 692	-295	147 397	147 215	182	99.9%	136 471	136 465	
Compensation of employees	96 086	-1 160	94 926	94 747	179	99.8%	85 641	85 639	
Salaries and wages	82 416	311	82 727	82 558	169	99.8%	74 107	74 106	
Social contributions	13 670	-1 471	12 199	12 189	10	99.9%	11 534	11 533	
Goods and services	51 606	865	52 471	52 468	3	100.0%	50 830	50 826	
Administrative fees	489	51	540	539	1	99.8%	484	484	
Advertising	91	-33	58	58	-	100.0%	8	8	
Minor assets	146	-	146	146	-	100.0%	215	215	
Audit costs: External	9 116	-519	8 597	8 597	-	100.0%	9 900	9 900	
Bursaries: Employees	406	-69	337	337	-	100.0%	348	348	
Catering: Departmental activities	700	-310	390	390	-	99.7%	443	443	
Communication (G&S)	1 955	152	2 107	2 107	-	100.0%	1 366	1 366	
Computer services	2 291	291	2 582	2 582	-	100.0%	2 233	2 233	
Consultants: Business and advisory services	2	3 058	3 060	3 060	-	100.0%	3 782	3 782	

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 1: Administration									
	2018/19						2017/18		
	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
Legal services	827	-214	-	613	613	-	100.0%	220	220
Contractors	171	11	-	182	182	-	100.0%	243	241
Fleet services (including government motor transport)	3 468	-478	-	2 990	2 990	-	100.0%	3 046	3 046
Inventory: Materials and supplies	-	-	-	-	-	-	-	11	11
Consumable supplies	642	-132	-	510	510	-	100.0%	571	570
Consumable: Stationery, printing and office supplies	1 290	-182	-	1 108	1 107	1	99.9%	1 180	1 180
Operating leases	1 419	282	-	1 701	1 701	-	100.0%	2 295	2 295
Property payments	18 120	415	-	18 535	18 535	-	100.0%	17 026	17 026
Transport provided: Departmental activity	82	-	-	82	82	-	100.0%	-	-
Travel and subsistence	8 110	-733	-	7 377	7 377	-	100.0%	5 380	5 380
Training and development	1 766	-878	-	888	888	-	100.0%	1 487	1 486
Operating payments	200	19	-	219	218	1	99.5%	98	98
Venues and facilities	311	134	-	445	445	-	100.0%	490	490
Rental and hiring	4	-	-	4	4	-	100.0%	4	4
Transfers and subsidies	2 023	-	-216	1 807	1 805	2	99.9%	1 291	1 291
Departmental agencies and accounts	966	-	-	966	966	-	100.0%	-	-
Departmental agencies (non-business entities)	966	-	-	966	966	-	100.0%	-	-
Households	1 057	-	-216	841	839	2	99.8%	1 291	1 291
Social benefits	21	88	-	109	108	1	99.1%	94	94
Other transfers to households	1 036	-88	-216	732	731	1	99.9%	1 197	1 197
Payments for capital assets	5 544	295	-	5 839	5 836	3	99.9%	4 459	4 457
Machinery and equipment	5 539	294	-	5 833	5 831	2	100.0%	4 452	4 451
Transport equipment	4 806	114	-	4 920	4 920	-	100.0%	3 731	3 731

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 1: Administration									
2018/19							2017/18		
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	
733	180	-	913	911	2	99.8%	721	720	
5	1	-	6	5	1	83.3%	7	6	
-	-	-	-	146	-146	-	-	-	
155 259	-	-216	155 043	155 002	41	100.0%	142 221	142 213	
Other machinery and equipment									
Software and other intangible assets									
Payment for financial assets									

Sub programme: 1.1: Office of the MEC									
2018/19							2017/18		
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	
11 269	-1 341	-	9 928	9 926	2	100.0%	8 888	8 887	
6 725	-818	-	5 907	5 906	1	100.0%	6 439	6 438	
4 544	-523	-	4 021	4 020	1	100.0%	2 449	2 449	
398	-	-60	338	337	1	99.7%	276	276	
398	-	-60	338	337	1	99.7%	276	276	
500	87	-	587	587	-	100.0%	55	55	
500	87	-	587	587	-	100.0%	55	55	
-	-	-	-	-	-	-	-	-	
12 167	-1 254	-60	10 853	10 850	3	100.0%	9 219	9 218	
Economic classification									
Current payments									
Compensation of employees									
Goods and services									
Transfers and subsidies									
Households									
Payments for capital assets									
Machinery and equipment									
Payment for financial assets									
Total									

Sub programme: 1.2: Management of the Department									
	2018/19						2017/18		
	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	14 072	3 780	-	17 852	17 850	2	100.0%	15 851	15 850
Compensation of employees	11 891	951	-	12 842	12 841	1	100.0%	10 794	10 794
Goods and services	2 181	2 829	-	5 010	5 009	1	100.0%	5 057	5 056
Transfers and subsidies	-	-	-	-	-	-	-	264	264
Households	-	-	-	-	-	-	-	264	264
Payments for capital assets	88	14	-	102	101	1	99.0%	147	145
Machinery and equipment	88	14	-	102	101	1	99.0%	140	139
Software and other intangible assets	-	-	-	-	-	-	-	7	6
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	14 160	3 794	-	17 954	17 951	3	100.0%	16 262	16 259

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Sub programme: 1.3: Corporate Support									
	2018/19						2017/18		
	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	115 530	-2 218	-	113 312	113 203	109	99.9%	104 919	104 917
Compensation of employees	71 505	-1 161	-	70 344	70 235	109	99.8%	62 345	62 344
Goods and services	44 025	-1 057	-	42 968	42 968	-	100.0%	42 574	42 573
Transfers and subsidies	1 614	-	-156	1 458	1 457	1	99.9%	751	751
Departmental agencies and accounts	966	-	-	966	966	-	100.0%	-	-
Households	648	-	-156	492	491	1	99.8%	751	751
Payments for capital assets	4 956	188	-	5 144	5 142	2	100.0%	4 257	4 257
Machinery and equipment	4 951	187	-	5 138	5 137	1	100.0%	4 257	4 257
Software and other intangible assets	5	1	-	6	5	1	83.3%	-	-
Payment for financial assets	-	-	-	-	78	-78	-	-	-
Total	122 100	-2 030	-156	119 914	119 880	34	100.0%	109 927	109 925

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Sub programme: 1.4: Departmental Strategy									
	2018/19						2017/18		
	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	6 821	-516	-	6 305	6 236	69	98.9%	6 813	6 811
Compensation of employees	5 965	-132	-	5 833	5 765	68	98.8%	6 063	6 063
Goods and services	856	-384	-	472	471	1	99.8%	750	748
Transfers and subsidies	11	-	-	11	11	-	100.0%	-	-
Households	11	-	-	11	11	-	100.0%	-	-
Payments for capital assets	-	6	-	6	6	-	100.0%	-	-
Machinery and equipment	-	6	-	6	6	-	100.0%	-	-
Payment for financial assets	-	-	-	-	68	-68	-	-	-
Total	6 832	-510	-	6 322	6 321	1	100.0%	6 813	6 811

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 2: Public Works Infrastructure									
2018/19							2017/18		
Adjusted Appropriation	Shift in 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	2 000	-141	1 859	1 857	2	99.9%	1 615	1 615	
2 Design	13 578	659	14 237	14 235	2	100.0%	12 391	12 389	
3 Construction	7 515	257	7 772	7 770	2	100.0%	16 694	16 692	
4 Maintenance	26 803	401	24 367	24 342	25	99.9%	23 016	20 765	
5 Immovable Asset Management	103 226	398	102 116	102 115	1	100.0%	81 211	81 209	
6 Facility Operations	9 513	-1 574	7 939	7 935	4	99.9%	5 562	5 561	
	162 635	-	158 290	158 254	36	100.0%	140 489	138 231	
Economic classification									
Current payments	99 659	-2 674	-4 052	92 933	92 621	312	99.7%	70 816	68 561
Compensation of employees	45 124	-	-2 538	42 586	42 280	306	99.3%	38 696	36 444
Salaries and wages	38 044	154	-1 018	37 180	36 879	301	99.2%	34 013	31 764
Social contributions	7 080	-154	-1 520	5 406	5 401	5	99.9%	4 683	4 680
Goods and services	54 535	-2 674	-1 514	50 347	50 341	6	100.0%	32 120	32 117
Administrative fees	232	-1	-	231	231	-	100.0%	187	187
Advertising	136	-25	-	111	111	-	100.0%	265	266
Minor assets	72	34	-	106	105	1	99.1%	28	27
Catering: Departmental activities	49	1	-	50	50	-	100.0%	74	73
Communication (G&S)	527	80	-	607	606	1	99.8%	562	562
Computer services	3 320	510	-	3 830	3 830	-	100.0%	631	631
Consultants: Business and advisory services	20 162	-20 000	-	162	162	-	100.0%	1 186	1 186
Infrastructure and planning services	1 723	19 998	-	21 721	21 720	1	100.0%	7 295	7 295

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APPROPRIATION STATEMENT
for the year ended 31 March 2019

Legal services	2 415	759	-	3 174	3 174	-	100.0%	2 895	2 894
Contractors	149	-17	-	132	131	1	99.2%	65	66
Fleet services (including government motor transport)	-	67	-	67	67	-	100.0%	-	-
Inventory: Materials and supplies	212	37	-	249	249	-	100.0%	21	21
Consumable supplies	209	-57	-	152	152	-	100.0%	73	73
Consumable: Stationery, printing and office supplies	350	-12	-	338	337	1	99.7%	282	281
Operating leases	3 060	-13	-	3 047	3 046	1	100.0%	2 413	2 413
Property payments	17 954	-3 858	-1 514	12 582	12 582	-	100.0%	12 365	12 365
Travel and subsistence	3 920	-182	-	3 738	3 738	-	100.0%	3 739	3 738
Operating payments	43	5	-	48	48	-	100.0%	34	34
Venues and facilities	2	-	-	2	2	-	100.0%	5	5
Transfers and subsidies	60 628	-	-293	60 335	60 335	-	100.0%	67 571	67 569
Provinces and municipalities	60 335	-	-	60 335	60 335	-	100.0%	57 027	57 027
Municipalities	60 335	-	-	60 335	60 335	-	100.0%	57 027	57 027
Municipal bank accounts	60 335	-	-	60 335	60 335	-	100.0%	57 027	57 027
Households	293	-	-293	-	-	-	-	10 544	10 542
Social benefits	293	-	-293	-	-	-	-	544	542
Other transfers to households	-	-	-	-	-	-	-	10 000	10 000
Payments for capital assets	2 348	2 674	-	5 022	5 019	3	99.9%	2 102	2 099
Buildings and other fixed structures	1 962	2 374	-	4 336	4 336	-	100.0%	1 871	1 871
Buildings	1 962	2 374	-	4 336	4 336	-	100.0%	1 871	1 871
Machinery and equipment	386	300	-	686	683	3	99.6%	231	228
Transport equipment	-	175	-	175	175	-	100.0%	-	-
Other machinery and equipment	386	125	-	511	508	3	99.4%	231	228
Payment for financial assets	-	-	-	-	279	-279	-	-	2
	162 635	-	-4 345	158 290	158 254	36	100.0%	140 489	138 231

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Sub programme: 2.1: Programme Support									
	2018/19						2017/18		
	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	1 964	-141	-	1 823	1 821	2	99.9%	1 615	1 615
Compensation of employees	1 727	-107	-	1 620	1 619	1	99.9%	1 411	1 411
Goods and services	237	-34	-	203	202	1	99.5%	204	204
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	36	-	-	36	36	-	100.0%	-	-
Machinery and equipment	36	-	-	36	36	-	100.0%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	2 000	-141	-	1 859	1 857	2	99.9%	1 615	1 615

Sub programme: 2.2: Design									
	2018/19						2017/18		
	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	13 498	629	-	14 127	14 127	-	100.0%	12 323	12 322
Compensation of employees	11 431	646	-	12 077	12 077	-	100.0%	10 373	10 373
Goods and services	2 067	-17	-	2 050	2 050	-	100.0%	1 950	1 949
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	80	30	-	110	108	2	98.2%	68	67
Machinery and equipment	80	30	-	110	108	2	98.2%	68	67
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	13 578	659	-	14 237	14 235	2	100.0%	12 391	12 389

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Sub programme: 2.3: Construction									
2018/19							2017/18		
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	7 490	248	-	7 738	7 736	2	100.0%	6 672	6 671
Compensation of employees	2 550	-353	-	2 197	2 196	1	100.0%	2 838	2 838
Goods and services	4 940	601	-	5 541	5 540	1	100.0%	3 834	3 833
Transfers and subsidies	-	-	-	-	-	-	-	10 000	10 000
Households	-	-	-	-	-	-	-	10 000	10 000
Payments for capital assets	25	9	-	34	34	-	100.0%	22	21
Machinery and equipment	25	9	-	34	34	-	100.0%	22	21
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	7 515	257	-	7 772	7 770	2	100.0%	16 694	16 692

Sub programme: 2.4: Maintenance									
2018/19							2017/18		
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	26 154	-2 167	-2 544	21 443	21 142	301	98.6%	20 524	18 275
Compensation of employees	15 870	-	-1 030	14 840	14 541	299	98.0%	13 895	11 646
Goods and services	10 284	-2 167	-1 514	6 603	6 601	2	100.0%	6 629	6 629
Transfers and subsidies	293	-	-293	-	-	-	-	544	542
Households	293	-	-293	-	-	-	-	544	542
Payments for capital assets	356	2 568	-	2 924	2 923	1	100.0%	1 948	1 948
Buildings and other fixed structures	187	2 374	-	2 561	2 561	-	100.0%	1 871	1 871
Machinery and equipment	169	194	-	363	362	1	99.7%	77	77
Payment for financial assets	-	-	-	-	277	-277	-	-	-
Total	26 803	401	-2 837	24 367	24 342	25	99.9%	23 016	20 765

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Sub programme: 2.5: Immovable Asset Management									
Economic classification	2018/19					2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Current payments	42 838	331	-1 508	41 661	41 660	1	100.0%	24 144	24 141
Compensation of employees	10 921	-	-1 508	9 413	9 413	-	100.0%	7 666	7 664
Goods and services	31 917	331	-	32 248	32 247	1	100.0%	16 478	16 477
Transfers and subsidies	60 335	-	-	60 335	60 335	-	100.0%	57 027	57 027
Provinces and municipalities	60 335	-	-	60 335	60 335	-	100.0%	57 027	57 027
Payments for capital assets	53	67	-	120	120	-	100.0%	40	39
Machinery and equipment	53	67	-	120	120	-	100.0%	40	39
Payment for financial assets	-	-	-	-	-	-	-	-	2
Total	103 226	398	-1 508	102 116	102 115	1	100.0%	81 211	81 209

Sub programme: 2.6: Facility Operations									
Economic classification	2018/19					2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Current payments	7 715	-1 574	-	6 141	6 135	6	99.9%	5 538	5 537
Compensation of employees	2 625	-186	-	2 439	2 434	5	99.8%	2 513	2 512
Goods and services	5 090	-1 388	-	3 702	3 701	1	100.0%	3 025	3 025
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	1 798	-	-	1 798	1 798	-	100.0%	24	24
Buildings and other fixed structures	1 775	-	-	1 775	1 775	-	100.0%	-	-
Machinery and equipment	23	-	-	23	23	-	100.0%	24	24
Payment for financial assets	-	-	-	-	2	-2	-	-	-
Total	9 513	-1 574	-	7 939	7 935	4	99.9%	5 562	5 561

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 3: Transport Infrastructure									
2018/19							2017/18		
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	3 401	1 726	6 843	6 840	3	100.0%	3 020	3 018	
2 Infrastructure Planning	52 354	-31 220	21 134	21 132	2	100.0%	17 306	17 304	
3 Infrastructure Design	4 456	-239	4 217	4 215	2	100.0%	4 274	4 273	
4 Construction	77 533	-1 513	73 870	73 868	2	100.0%	84 850	77 757	
5 Maintenance	1 218 452	31 246	1 248 351	1 248 338	13	100.0%	1 349 329	1 349 293	
	1 356 196	-	1 354 415	1 354 393	22	100.0%	1 458 779	1 451 645	
Economic classification									
Current payments	1 205 248	-5 758	-2 973	1 196 517	1 196 499	18	100.0%	1 225 062	1 225 022
Compensation of employees	149 164	-	1 625	150 789	150 775	14	100.0%	139 573	139 538
Salaries and wages	129 713	-144	1 625	131 194	131 181	13	100.0%	121 426	121 396
Social contributions	19 451	144	-	19 595	19 594	1	100.0%	18 147	18 142
Goods and services	1 056 084	-5 758	-4 598	1 045 728	1 045 724	4	100.0%	1 085 489	1 085 484
Administrative fees	226	-14	-	212	211	1	99.5%	210	209
Advertising	127	-110	-	17	16	1	94.1%	67	66
Minor assets	49	-30	-	19	19	-	100.0%	23	22
Catering: Departmental activities	163	37	-	200	200	-	100.0%	176	176
Communication (G&S)	235	-135	-	100	100	-	100.0%	647	647
Computer services	48 776	-31 350	-	17 426	17 426	-	100.0%	14 525	14 525
Consultants: Business and advisory services	-	-	-	-	-	-	-	260	260
Infrastructure and planning services	592	-	-	592	593	-1	100.2%	-	-

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 3: Transport Infrastructure									
	2018/19						2017/18		
	Adjusted Appropriation	Shiftin g of Funds	Virement	Final Appropriatio n	Actual Expendit ure	Variance	Expenditure as % of final appropriatio n	Final Appropriatio n	Actual Expendit ure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Legal services	1 124	1 291	-	2 415	2 415	-	100.0%	1 000	1 000
Contractors	754 506	50 419	-	804 925	804 926	-1	100.0%	827 766	827 766
Fleet services (including government motor transport)	524	281	-	805	804	1	99.9%	-	-
Inventory: Materials and supplies	77 892	2 334	-1 626	78 600	78 600	-	100.0%	58 824	58 824
Consumable supplies	978	-177	-	801	799	2	99.8%	6 151	6 150
Consumable: Stationery, printing and office supplies	444	-160	-	284	284	-	100.0%	295	295
Operating leases	158 433	-26 767	-2 972	128 694	128 694	-	100.0%	165 215	165 215
Travel and subsistence	11 655	-1 184	-	10 471	10 470	1	100.0%	10 260	10 259
Operating payments	175	-105	-	70	70	-	100.0%	70	70
Venues and facilities	34	1	-	35	35	-	100.0%	-	-
Rental and hiring	151	-89	-	62	62	-	100.0%	-	-
Transfers and subsidies	4 673	-	1 716	6 389	6 389	-	100.0%	3 595	3 594
Households	4 673	-	1 716	6 389	6 389	-	100.0%	3 595	3 594
Social benefits	4 581	-510	-	4 071	4 071	-	100.0%	3 245	3 244
Other transfers to households	92	510	1 716	2 318	2 318	-	100.0%	350	350
Payments for capital assets	146 275	5 758	-524	151 509	151 505	4	100.0%	230 122	223 029
Buildings and other fixed structures	143 078	6 572	-524	149 126	149 125	1	100.0%	229 843	222 752
Other fixed structures	143 078	6 572	-524	149 126	149 125	1	100.0%	229 843	222 752
Machinery and equipment	3 197	-821	-	2 376	2 373	3	99.9%	279	277
Transport equipment	3 084	-902	-	2 182	2 181	1	100.0%	-	-
Other machinery and equipment	113	81	-	194	192	2	99.0%	279	277
Software and other intangible assets	-	7	-	7	7	-	100.0%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
	1 356 196	-	-1 781	1 354 415	1 354 393	22	100.0%	1 458 779	1 451 645

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Sub programme: 3.1: Programme Support Infrastructure									
Economic classification	2018/19					2017/18			
	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	3 399	1 216	-	4 615	4 612	3	99.9%	2 751	2 750
Compensation of employees	1 860	-18	-	1 842	1 841	1	99.9%	1 282	1 282
Goods and services	1 539	1 234	-	2 773	2 771	2	99.9%	1 469	1 468
Transfers and subsidies	-	510	1 716	2 226	2 226	-	100.0%	136	136
Households	-	510	1 716	2 226	2 226	-	100.0%	136	136
Payments for capital assets	2	-	-	2	2	-	100.0%	133	132
Machinery and equipment	2	-	-	2	2	-	100.0%	133	132
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	3 401	1 726	1 716	6 843	6 840	3	100.0%	3 020	3 018

Sub programme: 3.2: Infrastructure Planning									
Economic classification	2018/19					2017/18			
	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	52 354	-31 230	-	21 124	21 123	1	100.0%	17 306	17 304
Compensation of employees	2 977	174	-	3 151	3 150	1	100.0%	2 402	2 401
Goods and services	49 377	-31 404	-	17 973	17 973	-	100.0%	14 904	14 903
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	10	-	10	9	1	90.0%	-	-
Machinery and equipment	-	10	-	10	9	1	90.0%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	52 354	-31 220	-	21 134	21 132	2	100.0%	17 306	17 304

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Sub programme: 3.3: Infrastructure Design									
	2018/19						2017/18		
	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	4 456	-247	-	4 209	4 207	2	100.0%	4 258	4 257
Compensation of employees	3 636	-39	-	3 597	3 597	-	100.0%	3 765	3 765
Goods and services	820	-208	-	612	610	2	99.7%	493	492
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	8	-	8	8	-	100.0%	16	16
Machinery and equipment	-	8	-	8	8	-	100.0%	16	16
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	4 456	-239	-	4 217	4 215	2	100.0%	4 274	4 273

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Sub programme: 3.4: Construction									
	2018/19						2017/18		
	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	8 814	-1 471	-1 626	5 717	5 716	1	100.0%	5 645	5 643
Compensation of employees	5 293	-458	-	4 835	4 834	1	100.0%	4 882	4 881
Goods and services	3 521	-1 013	-1 626	882	882	-	100.0%	763	762
Transfers and subsidies	111	-	-	111	111	-	100.0%	103	103
Households	111	-	-	111	111	-	100.0%	103	103
Payments for capital assets	68 608	-42	-524	68 042	68 041	1	100.0%	79 102	72 011
Buildings and other fixed structures	68 585	-88	-524	67 973	67 972	1	100.0%	79 102	72 011
Machinery and equipment	23	46	-	69	69	-	100.0%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	77 533	-1 513	-2 150	73 870	73 868	2	100.0%	84 850	77 757

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Subprogramme: 3.5: Maintenance									
	2018/19						2017/18		
	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	1 136 225	25 974	-1 347	1 160 852	1 160 841	11	100.0%	1 195 102	1 195 068
Compensation of employees	135 398	341	1 625	137 364	137 353	11	100.0%	127 242	127 209
Goods and services	1 000 827	25 633	-2 972	1 023 488	1 023 488	-	100.0%	1 067 860	1 067 859
Transfers and subsidies	4 562	-510	-	4 052	4 052	-	100.0%	3 356	3 355
Households	4 562	-510	-	4 052	4 052	-	100.0%	3 356	3 355
Payments for capital assets	77 665	5 782	-	83 447	83 445	2	100.0%	150 871	150 870
Buildings and other fixed structures	74 493	6 660	-	81 153	81 153	-	100.0%	150 741	150 741
Machinery and equipment	3 172	-885	-	2 287	2 285	2	99.9%	130	129
Software and other intangible assets	-	7	-	7	7	-	100.0%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	1 218 452	31 246	-1 347	1 248 351	1 248 338	13	100.0%	1 349 329	1 349 293

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 4: Community Based Programme									
Sub programme	2018/19						2017/18		
	Adjusted Appropriation	Shift in Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1 Programme Support Community Based	3 421	162	-	3 583	3 580	3	99.9%	3 337	3 336
2 Community Development	97 967	407	6 342	104 716	104 715	1	100.0%	91 088	91 085
3 Innovation and Empowerment	9 400	-558	-	8 842	8 841	1	100.0%	6 179	6 178
4 EPWP Co-ordination and Monitoring	3 066	-11	-	3 055	3 053	2	99.9%	2 341	2 339
	113 854	-	6 342	120 196	120 189	7	100.0%	102 945	102 938
Economic classification									
Current payments	78 100	-1 498	5 700	82 302	82 298	4	100.0%	80 342	80 337
Compensation of employees	13 860	-1 498	-	12 362	12 361	1	100.0%	13 165	13 162
Salaries and wages	12 227	-1 260	-	10 967	10 966	1	100.0%	10 829	10 828
Social contributions	1 633	-238	-	1 395	1 395	-	100.0%	2 336	2 334
Goods and services	64 240	-	5 700	69 940	69 937	3	100.0%	67 177	67 175
Administrative fees	55	9	-	64	64	-	100.0%	73	73
Advertising	46	-	-	46	46	-	100.0%	4	4
Minor assets	12	-	-	12	12	-	100.0%	10	10
Catering: Departmental activities	218	-33	-	185	184	1	99.5%	62	62
Communication (G&S)	-	-	-	-	-	-	-	18	18
Computer services	41	-41	-	-	-	-	-	-	-
Consultants: Business and advisory services	13 982	1	-	13 983	13 983	-	100.0%	12 717	12 717
Contractors	41 305	800	5 700	47 805	47 805	-	100.0%	45 832	45 832
Fleet services (including government motor transport)	-	23	-	23	23	-	100.0%	-	-
Inventory: Clothing material and accessories	178	-	-	178	178	-	100.0%	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 4: Community Based Programme									
	2018/19						2017/18		
	Adjusted Appropriation	Shift in 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
Inventory: Materials and supplies	821	-76	-	745	745	-	100.0%	634	633
Consumable supplies	325	-56	-	269	268	1	99.6%	3 387	3 387
Consumable: Stationery, printing and office supplies	77	-18	-	59	59	-	100.0%	39	38
Operating leases	90	-24	-	66	66	-	100.0%	-	-
Travel and subsistence	3 444	-178	-	3 266	3 266	-	100.0%	2 156	2 156
Training and development	3 513	-407	-	3 106	3 106	-	100.0%	1 955	1 955
Venues and facilities	132	-	-	132	131	1	99.2%	290	290
Rental and hiring	1	-	-	1	1	-	100.0%	-	-
Transfers and subsidies	-	-	-	-	-	-	-	305	305
Households	-	-	-	-	-	-	-	305	305
Social benefits	-	-	-	-	-	-	-	305	305
Payments for capital assets	35 754	1 498	642	37 894	37 891	3	100.0%	22 298	22 296
Buildings and other fixed structures	35 692	1 486	586	37 764	37 763	1	100.0%	22 069	22 068
Buildings	-	-	-	-	-	-	-	467	466
Other fixed structures	35 692	1 486	586	37 764	37 763	1	100.0%	21 602	21 602
Machinery and equipment	57	12	56	125	123	2	98.4%	229	228
Transport equipment	-	15	46	61	60	1	98.4%	-	-
Other machinery and equipment	57	-3	10	64	63	1	98.4%	229	228
Software and other intangible assets	5	-	-	5	5	-	100.0%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
	113 854	-	6 342	120 196	120 189	7	100.0%	102 945	102 938

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Subprogramme: 4.1: Programme Support Community Based									
	2018/19						2017/18		
	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	3 404	167	-	3 571	3 569	2	99.9%	2 935	2 934
Compensation of employees	3 100	139	-	3 239	3 239	-	100.0%	2 750	2 750
Goods and services	304	28	-	332	330	2	99.4%	185	184
Transfers and subsidies	-	-	-	-	-	-	-	275	275
Households	-	-	-	-	-	-	-	275	275
Payments for capital assets	17	-5	-	12	11	1	91.7%	127	127
Machinery and equipment	12	-5	-	7	6	1	85.7%	127	127
Software and other intangible assets	5	-	-	5	5	-	100.0%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	3 421	162	-	3 583	3 580	3	99.9%	3 337	3 336

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Subprogramme: 4.2: Community Development									
	2018/19						2017/18		
	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	62 268	-1 079	5 700	66 889	66 889	-	100.0%	68 938	68 936
Compensation of employees	6 586	-1 570	-	5 016	5 016	-	100.0%	6 984	6 983
Goods and services	55 682	491	5 700	61 873	61 873	-	100.0%	61 954	61 953
Transfers and subsidies	-	-	-	-	-	-	-	30	30
Households	-	-	-	-	-	-	-	30	30
Payments for capital assets	35 699	1 486	642	37 827	37 826	1	100.0%	22 120	22 119
Buildings and other fixed structures	35 692	1 486	586	37 764	37 763	1	100.0%	22 069	22 068
Machinery and equipment	7	-	56	63	63	-	100.0%	51	51
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	97 967	407	6 342	104 716	104 715	1	100.0%	91 088	91 085

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Subprogramme: 4.3: Innovation and Empowerment									
	2018/19						2017/18		
	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	9 398	-573	-	8 825	8 825	-	100.0%	6 147	6 146
Compensation of employees	1 673	-266	-	1 407	1 407	-	100.0%	1 328	1 327
Goods and services	7 725	-307	-	7 418	7 418	-	100.0%	4 819	4 819
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	2	15	-	17	16	1	94.1%	32	32
Machinery and equipment	2	15	-	17	16	1	94.1%	32	32
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	9 400	-558	-	8 842	8 841	1	100.0%	6 179	6 178

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Subprogramme: 4.4: EPWP Co-ordination and Monitoring									
	2018/19						2017/18		
	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	3 030	-13	-	3 017	3 015	2	99.9%	2 322	2 321
Compensation of employees	2 501	199	-	2 700	2 699	1	100.0%	2 103	2 102
Goods and services	529	-212	-	317	316	1	99.7%	219	219
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	36	2	-	38	38	-	100.0%	19	18
Machinery and equipment	36	2	-	38	38	-	100.0%	19	18
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	3 066	-11	-	3 055	3 053	2	99.9%	2 341	2 339

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2019

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.

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2019

	<i>Note</i>	2018/19 R'000	2017/18 R'000
REVENUE			
Annual appropriation	1	1,787,944	1,844,434
Departmental revenue	2	330	332
TOTAL REVENUE		1,788,274	1,844,766
EXPENDITURE			
Current expenditure			
Compensation of employees	3	300,162	274,785
Goods and services	4	1,218,470	1,235,602
Total current expenditure		1,518,632	1,510,387
Transfers and subsidies			
Transfers and subsidies	6	68,530	72,757
Total transfers and subsidies		68,530	72,757
Expenditure for capital assets			
Tangible assets	7	200,235	251,875
Intangible assets	7	17	6
Total expenditure for capital assets		200,252	251,881
Payments for financial assets	5	424	2
TOTAL EXPENDITURE		1,787,838	1,835,027
SURPLUS/(DEFICIT) FOR THE YEAR		436	9,739
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		106	9,407
Annual appropriation		106	9,407
Conditional grants		-	-
Departmental revenue and NRF Receipts	12	330	332
SURPLUS/(DEFICIT) FOR THE YEAR		436	9,739

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
STATEMENT OF FINANCIAL POSITION
as at 31 March 2019

	<i>Note</i>	2018/19 R'000	2017/18 R'000
ASSETS			
Current assets		39,092	47,312
Unauthorised expenditure	8	26,891	26,891
Cash and cash equivalents	9	11,542	19,896
Receivables	10	659	525
Non-current assets		6,649	5,572
Receivables	10	6,649	5,572
TOTAL ASSETS		45,741	52,884
LIABILITIES			
Current liabilities		4,302	9,773
Voted funds to be surrendered to the Revenue Fund	11	106	9,407
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	12	330	332
Payables	13	3,866	34
Non-current liabilities			
Payables	14	41,439	43,111
TOTAL LIABILITIES		45,741	52,884
NET ASSETS		-	-
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 2019

	<i>Note</i>	2018/19 R'000	2017/18 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 2019

	<i>Note</i>	2018/19 R'000	2017/18 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1,790,057	1,846,791
Annual appropriated funds received	1.1	1,787,944	1,844,434
Departmental revenue received	2	2,113	2,357
Net (increase)/decrease in working capital		2,621	(105)
Surrendered to Revenue Fund		(11,522)	(3,911)
Current payments		(1,518,632)	(1,510,387)
Payments for financial assets		(424)	(2)
Transfers and subsidies paid		(68,530)	(72,757)
Net cash flow available from operating activities	15	193,570	259,629
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(200,252)	(251,881)
Net cash flows from investing activities		(200,252)	(251,881)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in non-current payables		(1,672)	3,028
Net cash flows from financing activities		(1,672)	3,028
Net increase/(decrease) in cash and cash equivalents		(8,354)	10,776
Cash and cash equivalents at beginning of period		19,896	9,120
Cash and cash equivalents at end of period	9	11,542	19,896

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PART A: ACCOUNTING POLICIES

<p>Summary of significant accounting policies</p> <p>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.</p> <p>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.</p> <p>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.</p>	
1	<p>Basis of preparation</p> <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
2	<p>Going concern</p> <p>The financial statements have been prepared on a going concern basis.</p>
3	<p>Presentation currency</p> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
4	<p>Rounding</p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
5	<p>Foreign currency translation</p> <p>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.</p>
6	<p>Comparative information</p>
6.1	<p>Prior period comparative information</p> <p>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.</p>
6.2	<p>Current year comparison with budget</p> <p>A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
7	<p>Revenue</p>
7.1	<p>Appropriated funds</p> <p>Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>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.</p>

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	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>

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	<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>

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14.2	<p>Impairment of financial assets</p> <p>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.</p>
15	<p>Payables</p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
16	<p>Capital Assets</p>
16.1	<p>Immovable capital assets</p> <p>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.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.</p>
16.2	<p>Movable capital assets</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.3	<p>Intangible assets</p> <p>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.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>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.</p> <p>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.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p>

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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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	<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>
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>

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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 <i>(Effective from date determined in a Treasury Instruction)</i></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>

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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:

		2018/19		2017/18	
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	155,043	155,043	-	142,221	142,221
Public Works					
Infrastructure	158,290	158,290	-	140,489	140,489
Transport					
Infrastructure	1,354,415	1,354,415	-	1,458,779	1,458,779
Community Based					
Programme	120,196	120,196	-	102,945	102,945
Total	1,787,944	1,787,944	-	1,844,434	1,844,434

1.2 Conditional grants

	Note	2018/19 R'000	2017/18 R'000
Total grants received	32	1,115,791	1,087,850
Provincial grants included in Total Grants received		-	-

2. Departmental revenue

	Note	2018/19 R'000	2017/18 R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	1,706	1,992
Transactions in financial assets and liabilities	2.2	407	365
Total revenue collected		2,113	2,357
Less: Own revenue included in appropriation	12	(1,783)	(2,025)
Departmental revenue collected		330	332

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2.1 Sales of goods and services other than capital assets

	<i>Note</i> 2	2018/19 R'000	2017/18 R'000
Sales of goods and services produced by the department		1,669	1,888
Sales by market establishment		1,180	1,360
Other sales		489	528
Sales of scrap, waste and other used current goods		37	104
Total		1,706	1,992

2.2 Transactions in financial assets and liabilities

Receivables	2	407	365
Total		407	365

3. Compensation of employees

3.1 Salaries and Wages

	R'000	R'000
Basic salary	206,641	189,194
Performance award	6,608	3,941
Service Based	702	255
Compensative/circumstantial	3,601	3,582
Periodic payments	256	148
Other non-pensionable allowances	43,776	40,975
Total	261,584	238,095

3.2 Social contributions

	R'000	R'000
Employer contributions		
Pension	24,756	24,028
Medical	13,741	12,590
Bargaining council	81	72
Total	38,578	36,690
Total compensation of employees	300,162	274,785
Average number of employees	957	863

4. Goods and services

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Administrative fees		1,046	954
Advertising		230	344
Minor assets	4.1	283	274
Bursaries (employees)		337	348
Catering		824	753
Communication		2,813	2,594
Computer services	4.2	23,838	17,390
Consultants: Business and advisory services		39,517	25,240

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Legal services		6,203	4,114
Contractors		853,044	873,906
Audit cost – external	4.3	8,597	9,901
Fleet services		3,883	3,045
Inventory	4.4	79,772	59,491
Consumables	4.5	3,516	11,972
Operating leases		133,507	169,923
Property payments	4.6	31,117	29,391
Rental and hiring		67	4
Travel and subsistence	4.7	24,932	21,532
Venues and facilities		614	785
Training and development		3,994	3,441
Other operating expenditure	4.8	336	200
Total		1,218,470	1,235,602

4.1 Minor assets

	4	R'000	R'000
Tangible assets		216	218
Machinery and equipment		216	218
Intangible assets		67	56
Software		67	56
Total		283	274

4.2 Computer services

	4	R'000	R'000
SITA computer services		2,562	2,219
External computer service providers		21,276	15,171
Total		23,838	17,390

4.3 Audit cost – External

	4	R'000	R'000
Regularity audits		8,597	9,901
Total		8,597	9,901

4.4 Inventory

	4	R'000	R'000
Clothing material and accessories		4,686	348
Materials and supplies		75,086	59,143
Total		79,772	59,491

4.5 Consumables

	<i>Note</i>	2018/19	2017/18
	4	R'000	R'000
Consumable supplies		1,728	10,179
Uniform and clothing		486	8,954
Household supplies		472	2
IT consumables		150	126
Other consumables		620	1,097
Stationery, printing and office supplies		1,788	1,793

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Total		3,516	11,972
4.6 Property payments			
	4	R'000	R'000
Municipal services		4,477	4,065
Property maintenance and repairs		4,697	5,389
Other		21,943	19,937
Total		31,117	29,391
4.7 Travel and subsistence			
	4	R'000	R'000
Local		22,981	21,413
Foreign		1,951	119
Total		24,932	21,532
4.8 Other operating expenditure			
	4	R'000	R'000
Professional bodies, membership and subscription fees		105	-
Other		231	200
Total		336	200
5. Payments for financial assets			
		R'000	R'000
Debts written off	5.1	424	2
Total		424	2
5.1 Debts written off			
	5	R'000	R'000
Nature of debts written off			
Disallowances Miscellaneous		354	-
Debt Account		70	-
Dishonoured cheques		-	2
Total		424	2
Total debt written off		424	2
6. Transfers and subsidies			
		2018/19 R'000	2017/18 R'000
Provinces and municipalities	Note 33	60,335	57,027
Departmental agencies and accounts	Annex 1B	966	-
Households	Annex 1G	7,229	15,730
Total		68,530	72,757

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7. Expenditure for capital assets

		R'000	R'000
Tangible assets		200,235	251,875
Buildings and other fixed structures	29	191,225	246,690
Machinery and equipment	27	9,010	5,185
Intangible assets		17	6
Software	28	17	6
Total		200,252	251,881

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

Compensation of employees	5,910	6,105
Goods and services	183,539	240,585
Total	189,449	246,690

7.1 Analysis of funds utilised to acquire capital assets – 2018/19

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	200,235	-	200,235
Buildings and other fixed structures	191,225	-	191,225
Machinery and equipment	9,010	-	9,010
Intangible assets	17	-	17
Software	17	-	17
Total	200,252	-	200,252

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

	Voted funds R'000	Aid assistance R'000	Total 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

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7.3 Finance lease expenditure included in Expenditure for capital assets

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Tangible assets			
Machinery and equipment		8,251	4,352
Total		8,251	4,352

8. Unauthorised expenditure

8.1 Reconciliation of unauthorised expenditure

	R'000	R'000
Opening balance	26,891	26,891
Prior period error	-	-
As restated	26,891	26,891
Closing balance	26,891	26,891
Analysis of closing balance		
Unauthorised expenditure awaiting authorisation	26,891	26,891
Total	26,891	26,891

8.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	R'000	R'000
Capital	26,891	26,891
Total	26,891	26,891

8.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2018/19 R'000	2017/18 R'000
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	26,891	26,891
Total	26,891	26,891

9. Cash and cash equivalents

	R'000	R'000
Consolidated Paymaster General Account	11,542	19,896
Total	11,542	19,896

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10. Receivables

		Current	2018/19 Non-current	Total	Current	2017/18 Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	<i>Note 10.1</i>	98	4,744	4,842	-	3,741	3,741
Recoverable expenditure	<i>10.2</i>	106	1,659	1,765	223	1,557	1,780
Staff debt	<i>10.3</i>	455	246	701	302	274	576
Total		659	6,649	7,308	525	5,572	6,097

10.1 Claims recoverable

	<i>Note 10 and Annex 4</i>	2018/19 R'000	2017/18 R'000
Provincial departments		4,842	3,741
Total		4,842	3,741

10.2 Recoverable expenditure (disallowance accounts)

	<i>10</i>	R'000	R'000
Salary: GEHS Refund Control Account		-	18
Disallowance Miscellaneous		1,665	1,608
Salary Income Tax		88	122
Salary Disallowance Account		2	2
Salary Pension Fund		-	5
Pension recoverable		10	25
Total		1,765	1,780

10.3 Staff debt

	<i>Note 10</i>	2018/19 R'000	2017/18 R'000
Debt Account		692	501
Salary Tax Debt		6	-
Salary Reversal Control		3	75
Total		701	576

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11. Voted funds to be surrendered to the Revenue Fund

	R'000	R'000
Opening balance	9,407	1,589
As restated	9,407	1,589
Transfer from statement of financial performance (as restated)	106	9,407
Voted funds not requested/not received	-	-
Paid during the year	(9,407)	(1,589)
Closing balance	106	9,407

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

	R'000	R'000
Opening balance	332	297
As restated	332	297
Transfer from Statement of Financial Performance (as restated)	330	332
Own revenue included in appropriation	1,783	2,025
Paid during the year	(2,115)	(2,322)
Closing balance	330	332

13. Payables – current

	R'000	R'000
Other payables	3,866	34
Total	3,866	34

13.1 Other payables

	R'000	R'000
Description		
Claims recoverable provincial departments	2,453	-
Disallowance Miscellaneous	1,375	-
Salary GEHS Refund	37	-
Salary ACB recalls	1	34
Total	3,866	34

14. Payables – non-current

		2018/19		2017/18
	R'000	R'000	R'000	R'000
	One to two years	Two to three years	More than three years	Total
	Total			
Amounts owing to other entities	-	-	40,264	41,966
Other payables	76	-	1,099	1,145

Note

14.1

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Total	76	-	41,363	41,439	43,111
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14.1 Other payables

	Note 14	2018/19 R'000	2017/18 R'000
Description			
Rental and tender deposits		339	358
Disallowance Miscellaneous		520	471
Claims recoverable provincial departments		316	316
Total		1,175	1,145

15. Net cash flow available from operating activities

	R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance	436	9,739
Add back non cash/cash movements not deemed operating activities	193,134	249,890
(Increase)/decrease in receivables	(1,211)	(108)
Increase/(decrease) in payables – current	3,832	3
Expenditure on capital assets	200,252	251,881
Surrenders to Revenue Fund	(11,522)	(3,911)
Own revenue included in appropriation	1,783	2,025
Net cash flow generated by operating activities	193,570	259,629

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

	Note	2018/19 R'000	2017/18 R'000
Consolidated Paymaster General account		11,542	19,896
Total		11,542	19,896

17. Contingent liabilities and contingent assets

17.1 Contingent liabilities

	Note	2018/19 R'000	2017/18 R'000
Liable to			
Nature			
Claims against the department	Annex 3B	102,424	107,089
Intergovernmental payables (unconfirmed balances)	Annex 5	3,070	3,038
Total		105,494	110,127

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

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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

	Note	2018/19 R'000	2017/18 R'000
Current expenditure			
Approved and contracted		219,027	225,405
Approved but not yet contracted		578	15,902
		<u>219,605</u>	<u>241,307</u>
Capital expenditure			
Approved and contracted		257,933	45,889
		<u>257,933</u>	<u>45,889</u>
Total Commitments		<u>477,538</u>	<u>287,196</u>

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

19. Accruals and payables not recognised

19.1 Accruals

			2018/19 R'000	2017/18 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	41,388	-	41,388	15,367
Transfers and subsidies	12,609	665,030	677,639	602,421
Capital assets	659	-	659	128
Total	<u>54,656</u>	<u>665,030</u>	<u>719,686</u>	<u>617,916</u>
			R'000	R'000
Listed by programme level				
Administration			1,429	2,110
Public Works Infrastructure			682,977	603,090
Transport Infrastructure			35,100	12,243
Community Based Programme			180	473
Total			<u>719,686</u>	<u>617,916</u>

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19.2 Payables not recognised

			R'000	R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	38,778	192,238	231,016	221,663
Transfers and subsidies	6,221	92,468	98,689	5,688
Capital assets	14	-	14	11,196
Total	45,013	284,706	329,719	238,547
			R'000	R'000
Listed by programme level				
Administration			4,290	399
Public Works Infrastructure			102,754	6,194
Transport Infrastructure			220,522	228,166
Community Based Programme			2,153	3,788
Total			329,719	238,547
<i>Included in the above totals are the following:</i>			R'000	R'000
Confirmed balances with other departments	Annex 5		4	-
Confirmed balances with other government entities	Annex 5		40,265	41,967
Total			40,269	41,967

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

	Note	2018/19 R'000	2017/18 R'000
Leave entitlement		12,234	10,977
Service bonus		7,992	7,262
Performance awards		4,810	4,517
Capped leave commitments		11,235	10,478
Other		599	836
Total		36,870	34,070

At this stage the department is not able to reliably measure the long term portion of the long service awards. Negative leave balances for 47 officials amounting to R 214 895,53 are not included in the leave entitlement amount disclosed for the current financial year.

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21. Lease commitments

21.1 Operating leases

2018/19	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	161	113,000	113,161
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than five years	-	-	-	-	-
Total lease commitments	-	-	161	113,000	113,161

2017/18	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
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

21.2 Finance leases **

2018/19	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	9,440	9,440
Later than 1 year and not later than 5 years	-	-	-	16,418	16,418
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	25,858	25,858

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	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2017/18	R'000	R'000	R'000	R'000	R'000
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

**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 R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
2018/19					
Not later than 1 year	-	-	-	-	-
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than five years	-	-	-	-	-
Total operating lease revenue receivable	-	-	-	-	-

	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
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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The Department is leasing buildings to tenants for business purposes.

22. Accrued departmental revenue

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Sales of goods and services other than capital assets		7,488	5,898
Total		7,488	5,898

22.1 Analysis of accrued departmental revenue

	R'000	R'000
Opening balance	5,898	4,467
Less: amounts received	(2,989)	(3,172)
Add: amounts recorded	4,579	4,603
Closing balance	7,488	5,898

23. Irregular expenditure

23.1 Reconciliation of irregular expenditure

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Opening balance		800,181	763,988
Prior period error		-	6,037
As restated		800,181	770,025
Add: Irregular expenditure – relating to prior year		5,215	560
Add: Irregular expenditure – relating to current year		49,967	29,596
Less: Prior year amounts condoned		(9,537)	-
Closing balance		845,826	800,181

Analysis of awaiting condonation per age classification

Current year	49,967	29,596
Prior years	795,859	770,585
Total	845,826	800,181

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

Incident	Disciplinary steps taken/criminal proceedings	2018/19 R'000
Inadequate Procurement:		
Delegated Authority Exceeded		5,213
Insufficient number of quotations		4,755
No original Tax Clearance Certificate		7,595
Non-compliant tax status		1,828
Avoiding procurement process		17,431
Deficient tender procedures		14,828
Non-CSD compliant		41
Inadequate Procurement:		
Declaration of interest		3,062
Inadequate Procurement:		
Incorrect CIDB grading		429
Total		55,182

23.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2018/19 R'000
Cost Containment	HOD	1,082
Deficient tender procedures	HOD	508
Delegated Authority Exceeded	HOD	30
Deliberate splitting	HOD	31
Deviation not approved	HOD	21
Inadequate Procurement: Delegated Authority Exceeded	HOD	3,378
Insufficient Number Of Quotes	HOD	2,930
Invoice Amount Exceeds Quote	HOD	8
Lowest Quote not selected	HOD	50
No Declaration of interest	HOD	87
No Original Tax Clearance Certificate	HOD	1,115
Non Compliance:30 Days	HOD	10
Non Compliance: Internal controls	HOD	18
Non Compliance: SITA	HOD	24
Non Compliance: Supplier database	HOD	56
Payments exceeding contract value	HOD	115
Various SCM Procedures	HOD	74
Total		9,537

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Investigation reports consisting of 10 877 incidents, amounting to R563, 145, 907 was sent to Treasury for condonation during the 2018_19 financial year. The bulk of the irregular expenditure that relates to the current year is carry-through expenditure of contracts awarded in prior years. For the year under review we have taken disciplinary steps against 37 officials in terms of consequence management.

23.4 Details of irregular expenditures under determination or investigation (not included in the main note)

Incident	2018/19 R'000
Inadequate procurement: Deficient tender procedures	497
Inadequate procurement: Payment amount exceeds contract amount	490
Total	987

23.5 Prior period error

Note	2017/18 R'000
Nature of prior period error	
Relating to 2015/16, 2014/15, 2013/14, 2012/13 (affecting the opening balance)	6,037
	6,037
Total prior period errors	6,037

Prior period error relates to the overpayment of a supplier where the VAT portion was initially classified as Fruitless and Wasteful expenditure.

24. Fruitless and wasteful expenditure

24.1 Reconciliation of fruitless and wasteful expenditure

Note	2018/19 R'000	2017/18 R'000
Opening balance	638	6,658
Prior period error	(6,037)	(6,037)
As restated	638	622
Fruitless and wasteful expenditure – relating to current year	(97)	17
Closing balance	541	638

24.2 Analysis of awaiting resolution per economic classification

	R'000	R'000
Current	541	638
Total	541	638

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24.3 Prior period error

	Note	2017/18 R'000
Nature of prior period error		
Relating to 2015/16, 2014/15, 2013/14, 2012/13 (affecting the opening balance)		(6,037)
Overpayment to supplier		(6,037)
Total prior period errors		(6,037)

Prior period error relates to the overpayment of a supplier where the VAT portion was initially classified as Fruitless and Wasteful expenditure.

25. Related party transactions

Revenue received	Note	2018/19 R'000	2017/18 R'000
Sales of goods and services other than capital assets		7,233	10,551
Total		7,233	10,551
 Goods and services		 8,934	 6,846
Total		8,934	6,846

Year end balances arising from revenue/payments

Receivables from related parties	(1,004)	-
Payables to related parties	40,265	41,967
Total	39,261	41,967

Note **2018/19
R'000**

In kind goods and services provided/received

The following client departments within Government Sphere occupies facilities @ RO:

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	-
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.

(2018: R35 319 000; 2019: R32 208 000).

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26. Key management personnel

	No. of Individuals	2018/19 R'000	2017/18 R'000
Political office bearers (provide detail below)	1	1,978	1,978
Officials:			
Level 15 to 16	1	1,787	1,733
Level 14 (incl. CFO if at a lower level)	6	8,850	7,007
Total		12,615	10,718

27. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	17,540	14	773	(1,265)	17,062
Computer equipment	7,470	14	423	(1,141)	6,766
Furniture and office equipment	5,646	-	152	(46)	5,752
Other machinery and equipment	4,424	-	198	(78)	4,544
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	17,540	14	773	(1,265)	17,062

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	107	1,189

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 2019

	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	9,010	-	(8,251)	14	773
Transport assets	8,251	-	(8,251)	-	-
Computer equipment	423	-	-	-	423
Furniture and office equipment	143	-	-	9	143
Other machinery and equipment	193	-	-	5	198
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	9,010	-	(8,251)	14	773

27.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	1,192	73	1,265	-
Computer equipment	1,068	73	1,141	-
Furniture and office equipment	46	-	46	-
Other machinery and equipment	78	-	78	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	1,192	73	1,265	-

27.3 Movement for 2017/18

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	17,550	-	833	(843)	17,540
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

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27.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2019

	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
Opening balance	-	2,419	-	9,055	-	11,474
Value adjustments	-	-	-	42	-	42
Additions	-	67	-	215	-	282
Disposals	-	(382)	-	(487)	-	(869)
TOTAL MINOR ASSETS	-	2,104	-	8,825	-	10,929

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	64	-	64
Number of minor assets at cost	-	523	-	5,869	-	6,392
TOTAL NUMBER OF MINOR ASSETS	-	523	-	5,933	-	6,456

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:		
Intangible assets	64	197
Machinery and equipment	389	388

Included in above are 64 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 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
Opening balance	-	2,401	-	9,039	-	11,440
Prior period error	-	-	-	-	-	-
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

27.5 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

28. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	1,636	-	17	(52)	1,601
TOTAL INTANGIBLE CAPITAL ASSETS	1,636	-	17	(52)	1,601

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28.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	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	17	-	-	-	17
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	17	-	-	-	17

28.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
SOFTWARE	-	52	52	-
TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS	-	52	52	-

28.3 Movement for 2017/18

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

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

29. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000		R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	38,751,191	(5,283)	594,774	5,500	39,335,183
Dwellings	60,637	-	2,495	-	63,132
Non-residential buildings	3,278,705	(5,283)	58,059	5,500	3,325,981
Other fixed structures	35,411,850	-	534,221	-	35,946,070
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	38,751,191	(5,283)	594,774	5,500	39,335,183

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Dwellings & Non-residential buildings.

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 29.6

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.

29.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
BUILDING AND OTHER FIXED STRUCTURES	191,224	310,555	92,995	-	594,774
Dwellings	2,495	-	-	-	2,495
Non-residential buildings	1,841	56,218	-	-	58,059
Other fixed structures	186,888	254,337	92,995	-	534,220
TOTAL ADDITIONS TO IMMOVABLE	191,224	310,555	92,995	-	594,774

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Non cash additions present the following:

- > *Additional properties identified in compliance of the guide that were initially under investigation*
- > *Road segments re-evaluated*
- > *Additional roads proclaimed*

29.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	5,500	5,500	-
Dwellings	-	-	-	-
Non-residential buildings	-	5,500	5,500	-
Other fixed structures	-	-	-	-
	-	-		
TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS	-	5,500	5,500	-

The Non cash disposal presents a property that has been de-recognised that is not in compliance of the National Treasury Guide (updated March 2017).

29.3 Movement for 2017/18

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	38,134,046	300,574	316,572	-	38,751,191
Dwellings	60,457	-	180	-	60,637
Non-residential buildings	3,253,226	-	25,479	-	3,278,704
Other fixed structures	34,820,363	300,574	290,913	-	35,411,850
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	38,134,046	300,574	316,571	-	38,751,191

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29.3.1 Prior period error

	Note	2017/18 R'000
Nature of prior period error		300,574
Other Fixed Structures: Road segments updated		300,574
Relating to 2017/18		-
Property incorrectly recognised. Not in compliance of the guide		-
Value Adjustments		-
Total prior period errors		-

29.4 Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2019

	Opening balance 1 April 2018	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2019
<i>Note</i>	R'000	R'000	R'000	R'000
<i>Annexure 7</i>				
Buildings and other fixed structures	235,882	191,224	(284,219)	142,887
TOTAL	235,882	191,224	(284,219)	142,887

	Number of projects	2018/19
Age analysis on ongoing projects		
	Planned, Construction not started	Planned, Construction started
		Total R'000
0 to 1 Year	-	-
1 to 3 Years	1	2
3 to 5 Years	-	1
Longer than 5 Years	-	-
Total	1	3

No projects are identified that is capital work in progress for longer than 5 years.

	Note	2018/19 R'000	2017/18 R'000
Accruals and payables not recognised relating to Capital WIP			
<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	16,584
Total		16,584	16,584

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CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018

<i>Note</i> <i>Annexure 7</i>	Opening balance 1 April 2017 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 2018 R'000
Buildings and other fixed structures	281,975	-	244,820	(290,913)	235,882
TOTAL	281,975	-	244,820	(290,913)	235,882

	Number of projects	2017/18
Age analysis on ongoing projects		
	Planned, Construction not started	Planned, Construction started
0 to 1 Year	2	2
1 to 3 Years	1	4
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

29.5 S42 Immovable assets
Assets to be transferred in terms of S42 of the PFMA – 2018/19

	Number of assets	Value of assets R'000
BUILDINGS AND OTHER FIXED STRUCTURES	1	84,403
Dwellings	-	-
Non-residential buildings	-	-
Other fixed structures	1	84,403
TOTAL	1	84,403

EPWP projects are deemed to be transferred. The project presents Root-Out-The Dust (ROD's)

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Assets to be transferred 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

EPWP projects are deemed to be transferred. The project presents Root-Out-The Dust (ROD's)

29.6 Immovable assets (additional information)

		<i>Note</i>	2018/19	2017/18
a) Unsurveyed land	Estimated completion date	<i>Annexure 9</i>	Area	Area
212 land parcels	unknown		Unknown	-
b) Properties deemed vested		<i>Annexure 9</i>	Number	Number
Land parcels			-	-
Facilities			-	-
Schools			-	1
Clinics			-	1
Hospitals			-	-
Office buildings			-	1
Dwellings			-	2
c) Facilities on unsurveyed land	Duration of use	<i>Annexure 9</i>	Number	Number
Schools			147	190
Clinics			32	24
Hospitals			1	11
Office buildings			12	14
Dwellings			8	8
Storage facilities			1	1
Other			11	10
d) Facilities on right to use land	Duration of use	<i>Annexure 9</i>	Number	Number
Schools			223	189
Clinics			89	89
Hospitals			11	10
Office buildings			29	30

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Dwellings		-	42
Storage facilities		12	8
Other		51	41
e) Agreement of custodianship	<i>Annexure 9</i>	Number	Number
Land parcels			
Facilities		-	-

Included in the register is a farm property under investigation. The property could not be verified by the Department yet.

30. Prior period errors

30.1 Correction of prior period errors

<i>Note</i>	Amount bef error correction	Prior period error	Restated Amount
	2017/18	2017/18	2017/18
	R'000	R'000	R'000
Liabilities			
Contingent Liability	107,089	(3,840)	103,249
Commitments	287,196	(6,921)	280,275
Payables Not Recognised	238,547	8,161	246,708
Net effect	632,832	(2,600)	630,232

The amount disclosed as a commitment was overstated with the actual contract amount in the commitment register. The amounts per the summons and the legal confirmations from the attorneys did not correspond in the contingent liability register. The amount disclosed for the accruals/payables did not correspond with the actual amount as recognised in the supporting documents provided.

31. Inventories *(Effective from date determined in a Treasury Instruction)*

31.1

Inventories for the year ended 31 March 2019

	Movable Assets R'000	TOTAL R'000
Opening balance	64	64
Add: Additions/Purchases – Cash	-	-
(Less): Issues	-	-
Closing balance	64	64

Inventories for the year ended 31 March 2018

	Movable assets R'000	TOTAL R'000
Opening balance	64	64
Add: Additions/Purchases – Cash	-	-
(Less): Issues	-	-
Closing balance	64	64

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32. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION				SPENT			2017/18	
	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 / (Overspe nding)	% of available funds spent by depart-ment
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	Division of Revenue Act	Amount spent by department
Division Of Revenue Act									
Provincial Grants:									
Provincial Roads Maintenance Grant	1,111,637	-	-	-	1,111,637	1,111,637	1,111,637	-	100%
Expanded Public Work Prog Incent Grant	4,154	-	-	-	4,154	4,154	4,154	-	100%
	1,115,791	-	-	-	1,115,791	1,115,791	1,115,791	-	100%
								1,087,850	1,087,850

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)	60,335	-	-	60,335	60,335	-	-
TOTAL	60,335	-	-	60,335	60,335	-	-

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ANNEXURE 1A
STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2017/18	
	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	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Dikgatlong	382	-	-	382	382	-	-	382	-	-	-	-	-
Emthanjeni	2,945	-	-	2,945	2,945	-	-	2,945	-	-	-	2,872	2,715
Gamagara	-	-	-	-	-	-	-	-	-	-	-	-	-
Ga-Segonyana	2,399	-	-	2,399	2,399	-	-	2,399	-	-	-	2,149	2,149
Hantam	508	-	-	508	508	-	-	508	-	-	-	483	483
Kamiesberg	1,363	-	-	1,363	1,363	-	-	1,363	-	-	-	1,286	1,286
Kareeberg	785	-	-	785	785	-	-	785	-	-	-	638	435
Karoo	293	-	-	293	293	-	-	293	-	-	-	246	246
Hoogland	-	-	-	-	-	-	-	-	-	-	-	-	-
IKai! Gariep	-	-	-	-	-	-	-	-	-	-	-	-	-
Kgatelopele	2,190	-	-	2,190	2,190	-	-	2,190	-	-	-	1,362	1,884
Khai-Ma	182	-	-	182	182	-	-	182	-	-	-	172	172
//Khara Hais	7,668	-	-	7,668	7,668	-	-	7,668	-	-	-	7,326	7,326
Kheis	326	-	-	326	326	-	-	326	-	-	-	-	-
Magareng	789	-	-	789	789	-	-	789	-	-	-	452	452
Meir	-	-	-	-	-	-	-	-	-	-	-	-	-

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NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2017/18	
	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 municipal ity	Unspent funds	% of available funds spent by municipi- pality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Nama Khoi	4,123	-	-	4,123	4,123	-	-	4,123	-	-	-	3,988	3,987
Phokwane	607	-	-	607	607	-	-	607	-	-	-	-	-
Renosterberg	136	-	-	136	136	-	-	136	-	-	-	-	-
Richterveld	36	-	-	36	36	-	-	36	-	-	-	34	34
Siyancuma	384	-	-	384	384	-	-	384	-	-	-	333	333
Siyathemba	2,547	-	-	2,547	2,547	-	-	2,547	-	-	-	2,115	2,115
Sol Plaatjie	29,877	-	-	29,877	29,877	-	-	29,877	-	-	-	31,692	30,894
Thembelihle	408	-	-	408	408	-	-	408	-	-	-	224	224
Tsantsabane	351	-	-	351	351	-	-	351	-	-	-	-	637
Ubuntu	850	-	-	850	850	-	-	850	-	-	-	870	870
Umsobomvu	1,186	-	-	1,186	1,186	-	-	1,186	-	-	-	785	785
TOTAL	60,335	-	-	60,335	60,335	-	-	60,335	-	-	-	57,027	57,027

ANNEXURE 1B
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2017/18
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
							Final Appropriation R'000
Skills Development Levy	966	-	-	966	966	100%	-
TOTAL	966	-	-	966	966	-	-

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ANNEXURE 1G
STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2017/18
	Adjusted Appropriation Act	Roll Overs	Adjust- ments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Leave Gratuity	937	-	-	937	937	100%	1,735
Bursaries (Non-employee)	462	-	-	462	462	100%	660
Post-retirement benefit	3,243	-	-	3,243	3,242	100%	2,453
Donations & Gifts (Cash)	270	-	-	270	270	100%	241
Claims against the state (Cash)	2,318	-	-	2,318	2,318	100%	10,646
	7,230	-	-	7,230	7,229		15,735
Subsidies	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
TOTAL	7,230	-	-	7,230	7,229	-	15,735

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ANNEXURE 1J

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2018/19	2017/18
	R'000	R'000
Made in kind		
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
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
Noupoot Combined School	-	16
Unisa (T Thibedi)	-	10

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NATURE OF GIFT, DONATION OR SPONSORSHIP	2018/19	2017/18
	R'000	R'000
Hugenote Kollege	12	-
University of Free State	22	-
Forever Resorts Gariep	44	-
Methodist Preachers Association	10	-
Richmond Property Management	14	-
Makoloi Legacy General Pty	14	-
SKL General Traders (Pty) Ltd	18	-
SKL General Traders (Pty) Ltd	11	-
CPUT	10	-
Varsity College, Rosebank College	25	-
University Of Free State	10	-
Vega	25	-
Caminando Holdings	17	-
Vega	10	-
Caminando Holdings	14	-
Richmond High School	4	-
TOTAL	270	237

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ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2019

Nature of Liability	Opening Balance 1 April 2018 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2019 R'000
Claims against the department					
Mr. and Mrs. L & J Azevedo	6,753		2,300		4,453
Mr. Carmutshana	229		20		209
Mr. S J H Venter	3				3
Mr. D. Fourie	18				18
Mr. F.O London & 3 others	27,833		200		27,633
Mr. J.A Meintjies	17		10		7
Mr. J. Jacobs	24				24
Adv. J. Bekebeke	28		28		-
Mr. C.C. van Niekerk	3,100		800		2,300
Mr. C. Coetzee	1,268		1,268		-
Mrs. C.E. Loots	7,000		2,617		4,383
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
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

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Nature of Liability	Opening Balance 1 April 2018 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2019 R'000
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	838				838
Mr. C.I.L. Willemse	75				75
Mr. A.G. van Rooyen	12				12
Mr. G. Ekkerd	11				11
Mr. R. Francis	11				11
Mr. R. A. Lottering	9,872				9,872
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	1			14
Mr. I. J. Swart	50		50		-
Sebata Municipal Solutions Pty Ltd [Company]	10,206	105			10,311
Mr. O. Van Staden	12				12
Mr. W. Grant	29				29
Mr. F. P. De Wet	42		42		-
Mr. V. Nzonda	50				50
C Vermeulen	8				8
JS Nxazonke	15				15
H van Wyk	7				7

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Nature of Liability	Opening Balance 1 April 2018 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2019 R'000
QS Africa	104				104
DPJ Theys	1				1
P Oganne	17		17		-
B Molale	478				478
RN Walsh	18				18
John Freeman	34				34
KM Colane	26		26		-
L. Moitse	12				12
Northwest Development Corporation (Pty) Ltd	286				286
J Rosenberg	20				20
A Boodhram	29		29		-
GA Isaacs	71				71
JM Nolte	12				12
J Kershoff	26				26
LD Tsheko	4				4
W Kriek	9				9
JC Dittrich	23,846				23,846
G Louw	12				12
Mr. K.R. Brown		1,249			1,249
Mr. H Maritz		10			10
Mr. W.H.X Sampson		7			7
Mr. T. Moeti		9			9
Mr. O.M Jacobs		1,050			1,050
Mr. M.E. Voght		126			126
Mrs. K Matsime		10	10		-
Griffin Claassen		12			12
VT Mogamisi		77			77

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

Nature of Liability	Opening Balance 1 April 2018 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelle d/reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2019 R'000
Onjanja Trust – Mr. Johan Karsten		88			88
Petrus Fourie		17			17
Lobelo Ketshepaone		12			12
S. Mokgopane		78			78
Rendanie Elvis Nevhutalu		20			20
N.J. Dippenaar		18	18		-
C. Thompson		13	13		-
Alkara 79 CC	-	-	-	-	-
Ocean Echo	-	-	-	-	-
Exilaclox	-	-	-	-	-
KRA Joint Ventures	-	-	-	-	-
M Moyo	-	17	17	-	-
TOTAL	107,089	2,919	7,584	-	102,424

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

ANNEXURE 4
CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2018/19 *	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
Health	-	-	3,740	3,740	3,740	3,740	-	-
Office of the Premier	-	-	1	1	1	1	-	-
CATHSSETA	-	-	98	-	98	-	-	-
	-	-	3,839	3,741	3,839	3,741	-	-
Other Government Entities								
NCFMTE	1,004				1,004			
TOTAL	1,004	-	3,839	3,741	4,843	3,741	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

ANNEXURE 5
INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2018/19 *	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
Office of the Premier	4	-	616	616	620	616	-	-
Provincial Treasury	-	-	154	154	154	154	-	-
Transport, Safety and Liaison	-	-	2,268	2,268	2,268	2,268	-	-
Justice and Constitutional Development	-	-	32	-	32	-	-	-
Subtotal	4	-	3,070	3,038	3,074	3,038	-	-
OTHER GOVERNMENT ENTITY								
Non-current								
Northern Cape Fleet Management								
Trading Entity	40,265	41,967	-	-	40,265	41,967	-	-
Subtotal	40,265	41,967	-	-	40,265	41,967	-	-
TOTAL	40,269	41,967	3,070	3,038	43,339	45,005	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

ANNEXURE 6
INVENTORIES

Inventories	Note	Quantity	2018/19 R'000	Quantity	2017/18 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): Received current, not paid (Paid current year, received prior year)		-	-	-	-
Add/(Less): Adjustments		-	-	-	-
Closing balance		499	64	499	64

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

ANNEXURE 7
MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	235,882	191,224	(284,219)	142,887
Dwellings		2,495	(2,495)	
Non-residential buildings		1,841	(1,841)	
Other fixed structures	235,882	186,888	(279,883)	142,887
TOTAL	235,882	191,224	(284,219)	142,887

No Projects are identified that is capital work in progress for longer than 5 years.

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

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

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

ANNEXURE 9
ADDITIONAL INFORMATION ON IMMOVABLE ASSETS

	User Departments	No.
Properties Deemed Vested		
Land parcels		-
Facilities deemed vested		
Schools	Dept. Education	-
Clinics & Hospitals	Dept. Health	-
Office buildings	All Departments	-
Dwellings	All Departments	-
Storage facilities	All Departments	-
Other	All Departments	-
Facilities on unsurveyed land		
Schools	Dept. Education	147
Clinics	Dept. Health	33
Hospitals	Dept. Health	-
Office buildings	All Departments	12
Dwellings	All Departments	8
Storage facilities	All Departments	1
Other	All Departments	11
Facilities on right to use land		No.
Schools	Dept. Education	223
Clinics	Dept. Health	89
Hospitals	Dept. Health	11
Office buildings	All Departments	29
Dwellings	All Departments	-
Storage facilities	All Departments	12
Other	All Departments	51
Agreement of custodianship		No.
Other	All Departments	-

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 2019 for the Northern Cape Fleet Management Trading Entity (Trading account under the management of the Department of Roads and Public Works). 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 2019 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 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.
- 6.4 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.
- 6.5 The audit committee has reviewed significant adjustments resulting from the audit as part of the review of the audited financial statements.
- 6.6 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: 16 August 2019

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 204 to 249, which comprise the statement of financial position as at 31 March 2019, 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 Northern Cape Fleet Management Trading Entity as at 31 March 2019, 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 sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* 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 codes.
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 2018 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2019.

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 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 Northern Cape Fleet Management Trading 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 appropriate governance structure 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.

Report on the audit of the annual performance report

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 programme presented in the annual performance report of the entity for the year ended 31 March 2019:

Programme	Pages in the annual performance report
Programme 1 – Northern Cape Fleet Management Trading Entity	196 - 202

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 this programme.

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 196 to 202 for information on the achievement of planned targets for the year and explanations provided for the under and over achievement of a significant number of targets.

Report on the audit of compliance with legislation

Introduction and scope

19. 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.
20. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (b) of the PFMA. Material misstatements of non-current assets, current assets, 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

22. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The value, as disclosed in note 18 to the financial statements, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the irregular expenditure disclosed in the financial statements was caused by payments to service providers without valid contracts in place.

Revenue management

23. Interest was not charged on debts, as required by treasury regulation 11.5.1.

Consequence management

24. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of

the PFMA. This was due to the auditee failing to institute investigations into irregular expenditure to determine if disciplinary steps need to be taken against liable officials.

Other information

25. 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.
26. 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.
27. 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 presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, 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

29. 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.
30. The accounting officer did not effectively exercise oversight responsibility regarding financial reporting and compliance and related internal controls
31. The entity did not develop and monitor the implementation of action plans to address internal control deficiencies arising from prior years' audit findings.

- 32. The entity did not implement controls over daily and monthly processing and reconciling of transactions
- 33. The entity did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information
- 34. The entity did not review and monitor compliance with applicable laws and regulations

Other reports

- 35. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Auditor General

Kimberley

31 July 2019



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 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 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 Northern Cape Fleet Management Trading 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 utilized 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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
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2.1 Organizational Environment

Entity has embarked on a process of filling of posts, which will be fast tracked during the 2019/2020 financial period. 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 2019/2020.

The Entity has also intensified its internal control processes and as a result it disciplinary case related to corruption and will be finalized 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 kilometers, it therefore managed to replace 158 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.

3. Strategic Objective:

3.1 Overview of Performance of Strategic Objective Indicator

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

Programme Name					
Strategic objectives	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
To provide reliable fleet to all provincial departments at an economical rate	1739	3487	3022	(465)	Aged fleet was disposed of, hence the number of yellow/white fleet planned for maintenance has reduced

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
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3.2 Performance indicators, planned targets and actual achievements

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 3487 annual targets 3022 were achieved resulting in an achievement of 87% 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;
 - Aged fleet was disposed of, hence the number of yellow/white fleet planned for maintenance has reduced
 - 30 day payments was not fully achieved due to the Entity not having CFO for most part of the financial period
 - Unavailability of client departments due to prior commitments

3.2.1 Programme 1: Office of the Chief Executive Officer

Performance indicators

Programme Name: Office of the Chief Executive Officer					
Strategic objectives	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number of engagements held with client department	New indicator	6	4	(2)	Unavailability of client departments due to prior commitments

3.2.2 Programme 2: Technical Services

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

Sub-programmes

- Yellow Fleet – To manage the provision and utilization of the Road Building equipment fleet.
- White Fleet - To manage the provision and utilization of the provincial motor transport fleet.
- Front line, Repairs and Maintenance Services – To render front line technical assistance to clients and oversee repairs and maintenance activities to road building equipment and the provincial motor transport fleet.

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- 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.

Performance indicators

Programme / Sub-programme: Technical Services						
Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations	Remedial Action
Number of white fleet to be replaced to keep fleet within respective live cycle	21	122	158	+36	Entity is having back lock of cars that they must replace, but due to increase in revenue collection rate and money generated from auction the entity managed to increase cars that they distribute	Entity will address the back lock issue in the future
Servicing Yellow fleet according to the maintenance schedule	1548	1396	1322	(74)	Aged fleet was disposed of, hence the number of yellow fleet planned for maintenance has reduced	Target will be reduced in new financial year, to account for the possible disposal
Number of graders available for roads maintenance and construction	55	42	53	+11	During the planning phase, the entity anticipated that 42 graders will be working out of 60	In future the entity will report all graders that are functional

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
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					graders, due to aging and frequent breakdowns on the old graders, but in reality the entity has 60 graders of which 2 are redundant, and 5 were having frequent breakdowns	
Number of fleet disposals	1	1	1	-	-	-
Servicing white fleet according to the maintenance schedule	New Indicator	1760	1324	(436)	Aged fleet was disposed of, hence the number of white fleet planned for maintenance has reduced	Target will be reduced in new financial year, to account for the possible disposal

Under the section of Technical Services, the target for all the Performance Indicators was 3321 and 2858 of the targets were achieved. This signaled a percentage of 86% 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

- Aged fleet was disposed of, hence the number of yellow/white fleet planned for maintenance has reduced

Strategy to overcome areas of under performance

- Target will be reduced in new financial year.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
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3.2.3. 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.

Performance indicators: Financial Management Services

Programme / Sub-programme: Financial Management Services						
Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations	Remedial Action
Number of billing invoices to client departments	New indicator	156	156	-	-	-
Percentage of payments processed within 30 days.	92%	100%	96.90%	(3)%	Entity operated without CFO for 10 months of the financial period	All payments will be paid on time in the future as vacancies in finance unit were filled

Reasons for all deviations

- Entity operated without CFO for 10 months of the financial period

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.

3.3.4 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.

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- 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: Corporate Services

Programme / Sub-programme: Corporate Services					
Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Submission of quarterly performance reports	4	4	4	-	-

- This Key Performance Indicators was achieved 100%.

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STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD 31 MARCH 2019

	<i>Notes</i>	31 March 2019 R'000	31 March 2018 R'000 (restated)
REVENUE			
Revenue from Exchange Transactions	5.1	268 743	249 401
Sale of goods and Rendering of Services		253 512 4	213 926
Finance lease income		576	32 025
Finance Income		9 820	3 451
Other Income		834	-
Revenue from Non – Exchange Transaction	5.2	35 567	30 677
Transfers and Sponsorships – Service in kind	5.3	32 209	29 669
Government grant and subsidies		3 357	1 008
Total Revenue		304 309	280 078
EXPENSES			
Employee related costs	6.1	-	-
Repairs and maintenance	6.2	(57 905)	(59 014)
Depreciation and amortisation expense	6.3	(34 525)	(33 062)
General expenses	6.4	(153 878)	(121 865)
Bad debts	6.5	-	-
Total Expenses		(246 307)	(213 940)
SURPLUS		58 002	66 138
Loss on assets		(7 874)	(4 542)
SURPLUS FOR THE PERIOD		50 128	61 595

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STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2019

	Notes	31 March 2019 R'000	31 March 2018 R'000 (restated)
ASSETS			
Non-current Assets		233 731	194 509
Property, Plant and Equipment	7	161 387	126 220
Finance Lease Receivables	14	72 269	68 233
Intangible assets	8	75	55
Current Assets		488 031	472 476
Receivables from Exchange Transactions	9	329 289	297 693
Short-term portion of Finance Lease Receivable	14	22 273	18 282
Cash and Cash Equivalents	16	110 961	132 036
Inventories	17	25 508	24 465
TOTAL ASSETS		721 762	666 985
NETT ASSETS AND LIABILITIES			
Current Liabilities		17 473	17 970
Payables from Exchange Transactions	11.1	17 417	17 970
Current provisions	11.2	-	-
Other liabilities		56	-
Nett Assets		704 290	649 015
Accumulated Surplus		669 775	612 300
Revaluation Surplus	10	34 515	36 715
TOTAL NETT ASSETS AND LIABILITIES		721 762	666 985

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STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED 31 MARCH 2019

	Note	Accumulated Surplus R'000	Revaluation Surplus R'000	Total R'000
Balance at 01 April 2017		545 256	41 538	586 794
Total surplus for the year		61 595	627	62 222
Transfers to accumulated surplus		5 449	(5 449)	-
Balance at 31 March 2018		612 300	36 715	649 015
Total surplus for the year		50 128	-	50 128
Transfers to accumulated surplus		6 160	(6 160)	-
Other movements		1 187	-	1 187
Revaluation of Property, Plant and Equipment		-	3 960	3 960
Balance at 31 March 2019		669 775	34 515	704 290

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STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2019

		31 March 2019 R'000	31 March 2018 R'000 (restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Customers		223 495	189 071
Payments to Suppliers		(181 647)	(150 150)
Cash generated from operations	15	<u>41 848</u>	<u>38 921</u>
Interest Received	5	9 820	3 451
Net Cash Flows from Operating Activities		<u>51 668</u>	<u>42 372</u>
INVESTING ACTIVITIES			
Purchase of equipment	7	(69)	(34)
Purchase of inventory		(109 069)	(36 263)
Proceeds on sale of property, plant and Equipment		12 485	14 358
Purchase of intangible assets		-	-
Nett increase in finance lease assets		(8)	41 936
		23 862	
Prior year correction Inventory		-	12 917
NET CASH (OUT) / IN FLOWS FROM INVESTING ACTIVITIES		<u>(72 799)</u>	<u>32 914</u>
FINANCING ACTIVITIES			
Increase in other liabilities		56	-
		<u>56</u>	<u>-</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(21 075)	75 286
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		<u>132 036</u>	<u>56 750</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		<u>110 961</u>	<u>132 036</u>

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.

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

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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 property, 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.

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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 property, plant and equipment

The capitalisation of motor vehicle fleet and road building equipment accessories and other items of property, 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	

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GRAP 105	Transfers between entities under common control	1 April 2019
	Transfers between entities not under common	
GRAP 106	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.

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 Property, Plant & Equipment

Property, Plant & Equipment is recognised when:

- it is probable that future economic benefits or service potential associated with the item will flow to the Entity and

- the cost or fair value of the item can be measured reliably

Initial Recognition

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

Subsequent Measurement

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.

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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.

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

Gains or loss arising on de-recognition of property, 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: | 3-10 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. Residual values on white fleet and finance lease assets are calculated at 30% of its cost price/revalued amount, whilst assets transferred from finance lease to white fleet are calculated at 15% of its revalued amount due to the reassessment of useful life when such assets reaches the end of their finance lease term. 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 property, 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.

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.

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.

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- Instruments held for trading.
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition.
- An investment in a residual interest for which fair value can be measured reliably.
- Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

b) Financial instruments at amortised cost.

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

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 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.

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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.

For non-financial assets: 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.

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.

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.

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

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

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Recognition

For those leases that meet the definition of a finance lease, where the entity is the lessor, the entity derecognises the asset subject to the lease at the inception of the lease. Along with the 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.

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.

4.14 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 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.

4.15 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

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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.

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5. Revenue

5.1 Revenue from Exchange Transactions

	31 March 2019 R'000	31 March 2018 R'000
Revenue from Exchange Transactions comprises:		
White Fleet Kilometre Tariffs	120 850	73 928
Yellow Fleet Rental of Road Building Equipment	125 719	133 550
Tracking	6 944	6 448
Finance Lease Income	4 576	32 025
Finance Income	9 820	3 451
Other Income	834	-
	268 743	249 402

5.2 Revenue from Non – Exchange Transactions

Grant Received and Subsidies	3 357	1 008
Transfers and Sponsorships – Service in kind	32 209	29 669
	35 567	30 677

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
- Assistance in human resource management
- Assistance in Risk and Legal affairs
- Assistance in investigating of Irregular expenditure
- Assistance in SCM procedures on procurement above R30 000

The entity did recognise services in kind of R26 349' (2018: R24 019') relating to employees not contracted to the entity but delivering a service to us.

This does not include the service received from the HOD, CFO and The SCM unite as the services received cannot be quantified on assessment that was done.

The entity did recognise services in kind of R5 859' (2018: R5 650') relating to free accommodation provided to the entity by the department.

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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.

6. Expenses	31 March 2019 R'000	31 March 2018 R'000
6.1 Employee related cost		
Employee cost has been reclassified. The cost of employees is disclosed as professional fee expenses by the NC Department of Roads and Public works and service in kind through income: transfers and sponsorships.		
6.2 Maintenance and Repairs		
6.2.1 Maintenance & Repairs per asset classification		
White Fleet assets	16 180	18 222
Yellow Fleet assets	41 725	40 792
Maintenance and Repairs	57 905	59 014
6.2.2 Maintenance and Repairs per expense classification		
	9 343	6 570
Tyres	2 940	2 806
Accidents	45 621	49 613
Repairs & Maintenance	1	25
Consumables	57 905	59 014
6.3 Depreciation		
Depreciation and amortization	34 525	33 062
6.4 General expenses		
Bank charges	8	11
Cleaning	265	158
Consulting fees	1 941	18
Equipment rentals	20 945	70
Fuel, Oil and Lubricants (Transport Costs)	71 915	63 926
Licensing fees	2 637	2 578
Other expenses	13 578	7 458
Printing and stationery	-	129
Professional fees	26 349	29 669
Security	695	1 046
Telephone	287	441
Tracking fee	13 788	14 186
Training	26	49

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Travel and accommodation	984	1 037
Uniforms and protective clothing	7	571
Water and electricity	453	518
	153 878	121 865

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. Property, Plant and Equipment

7.1 Vehicle Fleet (White Fleet)

	31 March 2019 R'000	31 March 2018 R'000
Opening Balance – 1 April	15 872	22 894
Cost	28 678	28 979
Accumulated Depreciation	(12 806)	(6 085)
<u>Movements:</u>		
Additions		
Transfers from Finance lease asset	9 062	3 140
Transfers from Inventory	10 366	4 094
Disposals	(5 359)	(8 207)
Depreciation	(8 689)	(6 721)
Revaluation	3 960	672
	9 340	(7 022)
Closing Balance	25 212	15 872
Cost	43 759	28 678
Accumulated Depreciation	(18 547)	(12 806)

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Additions

Additions were transferred from Inventory. Additions in the current and prior year have been funded by the entity.

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.

Revaluation

Revaluation on white fleet occur when assets are transferred in from finance lease. No specific date can be determined for revaluation as it only occur when the asset reaches the end of its lease term and all assets have different purchase dates, thus all assets are not revalued at a specific point in time during the year. The new carrying amount is calculated at 60% of the fair value on date of transfer as it is of managements experience that only 60% will be able to be obtained if the assets that reach the end of their lease term would to be sold on auction. On said date the asset is revalued by comparing its residual value at which it is transferred against the fair value of the asset in its current state. The fair values are determined directly by reference to prices observable in an active market. The difference between the carrying value of the asset brought over and revalued amount is accounted for in the revaluation surplus.

7.2 Road Building Equipment (Yellow Fleet)

	31 March 2019 R'000	31 March 2018 R'000
Opening Balance – 1 April	106 612	135 127
Cost / Valuation	182 259	185 873
Accumulated Depreciation and impairment losses	(75 647)	(50 746)
<u>Movements:</u>		
Additions	57 078	
Capitalisation	-	-
Disposals*	(6 764)	(3 614)
Depreciation Expense	(24 037)	(24 901)

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	26 277	(28 515)
Closing Balance	132 888	106 612
Cost / Valuation	228 898	182 259
Accumulated Depreciation and impairment losses	(96 010)	(75 647)

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 of R54 704 were transferred from Finance Lease Assets and R2 374 were donations from the Department of Public Works. 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.

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7.3 Equipment and furniture

	31 March 2019 R'000	31 March 2018 R'000
Opening Balance – 1 April	3 736	5 111
Cost	7 490	7 456
Accumulated Depreciation	(3 754)	(2 346)
<u>Movements:</u>		
Additions	1 450	34
Depreciation	(1 758)	(1 408)
Disposals	(142)	-
	(450)	3 736
Closing Balance	3 287	3 736
Cost	8 409	7 490
Accumulated Depreciation	(5 122)	(3 754)

Total Property, Plant and Equipment

	31 March 2019 R '000
At Cost	281 066
Accumulated Depreciation	(119 679)
Net book Value	161 387

8. Intangible Assets

	31 March 2019 R'000	31 March 2018 R'000
Opening Balance – 1 April	55	86
Cost	154	154
Accumulated Depreciation	(99)	(68)
<u>Movements:</u>		
Additions	60	
Depreciation	(40)	(31)
Disposals	20	(31)
Closing Balance	75	55
Cost	214	154
Accumulated Depreciation	(139)	(99)

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9. Receivables from Exchange Transactions

	31 March 2019 R'000	31 March 2018 R'000
Department of Roads and Public Works	235 911	224 569
Other Provincial Departments	93 362	73 121
Other	16	3
	<u>329 289</u>	<u>297 693</u>

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 2019	329 289	22 569	23 024	19 041	264 655
31 March 2018	297 693	18 642	23 084	19 602	236 366

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.

Revaluation Surplus

	31 March 2019 R' 000	31 March 2018 R' 000
Non distributable reserves from revaluation		
Opening Balance	36 715	41 538
Revaluations	3 960	626
Transfer to accumulated surplus	(6 160)	(5 449)
Closing Balance	<u>34 515</u>	<u>36 715</u>

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

11. Current Liabilities

11.1 Payables from Exchange Transactions

Trade and other payables	17 417	17 970
	<u>17 417</u>	<u>17 970</u>

11.2 Current provisions

Employee leave benefits	-	-
	<u>-</u>	<u>-</u>

Employee benefits are not applicable as personnel from NC-DPW are seconded to the fleet.

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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

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.

The following are the contractual maturities of financial liabilities:

Payables from Exchange Transactions as at 31 March 2019		
	Carrying Amount R'000	Contractual Cash Flows R'000
Trade creditors	17 417	17 417
	Within 1 Year	Within 1 Year

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Payables from Exchange Transactions as at 31 March 2018		
	Carrying Amount R'000	Contractual Cash Flows R'000
Trade creditors	17 970	17 970
	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 2019 R'000		31 March 2018 R'000	
	Carrying Amount R'000	Fair Value R'000	Carrying Amount R'000	Fair Value R'000
FINANCIAL ASSETS				
Amortised cost				
Finance lease receivable	72 269	72 269	68 233	68 233
Short-term portion of finance lease receivable	22 273	22 273	18 282	18 282
Receivables from exchange transactions	329 289	329 289	297 693	297 693
Cash and cash equivalents	110 961	110 961	132 036	132 036
Total Financial Assets	534 792	534 792	516 244	516 244

13. Commitments

	31 March 2019 R'000	31 March 2018 R'000
Capital: contracted	6 011	-
Operation: contracted	15 528	-
Total	21 539	-

14. Finance Lease Receivables

Finance leases – Entity as lessor

The Entity has entered into finance leases for its motor vehicle fleet. Finance lease assets are leased over a 4-year term.

Gross investment in leases due	Gross Lease Payments R '000	Unearned Finance Income R '000	Net Present Value R '000
Amounts due within 1 year	51 216	(28 943)	22 273
Amounts due within 2 – 5 years	95 668	(23 399)	72 269
	146 884	(52 342)	94 542

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Included in the gross lease payments are Unguaranteed Residual Values expected at the end of the lease of R25.9 million.

Present value of minimum lease payments due	<i>Minimum Lease Payments R '000</i>
Amounts due within 1 year	22 273
Amounts due within 2 – 5 years	72 269
	94 542

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 2018 was as follows:

Gross investment in leases due	<i>Gross Lease Payments R '000</i>	<i>Unearned Finance Income R '000</i>	<i>Net Present Value 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	<i>Minimum Lease Payments R '000</i>
Amounts due within 1 year	18 282
Amounts due within 2 – 5 years	68 233
	86 515

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15. Cash Generated from Operations

	31 March 2019 R'000	31 March 2018 R'000
Surplus for the Period	50 128	61 595
Adjusted for:		
Interest Received	(9 820)	(3 451)
Finance lease income	(4 576)	(32 025)
Impairment loss – Fleet	34 525	-
Depreciation - Fleet	7 874	33 062
Loss on disposal of assets		4 542
Other non-cash items	(4 125)	(490)
Operating Profit before Working Capital Changes	74 004	63 234
Working Capital Changes:	(32 156)	(24 313)
Decrease/(Increase) in Trade and Other Receivables	(31 596)	(25 863)
Increase/(Decrease) in Trade and Other Payables	(560)	1 550
Cash Generated from Operations	41 848	38 921

16. Cash and Cash Equivalents

	31 March 2019 R'000	31 March 2018 R'000
Bank account – ABSA	110 961	132 036
	110 961	132 036

17. Inventories

	31 March 2019 R'000	31 March 2018 R'000
Opening balance	24 465	33 244
Purchased during year	109 069	36 263
Transfer to White Fleet:	(10 366)	(4 095)
Transfer to Finance lease	(42 956)	(40 947)
Transfer to Yellow fleet	(54 704)	-
Closing balance	25 508	24 465

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Inventory presents vehicles on year-end, not issued to user departments as finance leases and not transferred to PPE to be utilised as operating lease assets.

18. Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	53 150	40 485
Add: Irregular Expenditure relating to prior year	-	-
Add: Irregular expenditure relating to current year	15 078	12 665
Less: Amounts condoned	-	-
Closing Balance	68 228	53 150

Irregular expenditure disclosed is confirmed irregular the full extent of irregular cannot be confirmed as there is still expenditure that is under investigation that can possibly lead to irregular.

19. Fruitless and Wasteful Expenditure

Opening balance	388	328
Add: Current year	106	60
Lees: Amounts condoned	226	-
	268	388

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

20.1 Property plant and Equipment

There has been a change in the accounting treatment/estimate of residual values of finance lease assets transferred to white fleet at the end of their lease term. Under normal circumstances white fleet and finance lease assets residual values are calculated at 30% as determined by management estimates that the 30% would be recoverable at the end of the 4 years of said assets. Assets that reach the end of their lease term are evaluated to determine whether further use can be made of them by reference to their operating condition. If assets are in a good working condition the assets are accounted for under white fleet and given an additional 3-year useful life. The residual values of these assets transferred from finance lease to white fleet are calculated at 15%. The estimate of residual value of 15% is based on

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management's estimates and of prior years' knowledge that approximately 15% of the cost of an asset will be recovered if it is to be in use for 7 years. The amount of the change in estimate is not practically measurable since this process occurs throughout the year and not at a specific time of the year.

20.2 Trade and other receivables

There has been a change in accounting policy with regards to trade receivables during the year. The accounting policy now excludes the charging of interest on overdue accounts. Due to the fact that all receivables are other state departments it is not deemed necessary to charge interest on overdue accounts as state entities does not charge each other interest. The change took effect from the beginning of the year and the extent and effect of the amount on the financial statements is R 0 (zero) due to the fact that interest was not charged in prior years.

21. Contingent asset

	30 March 2019 R'000	31 March 2018 R'000
Opening balance	5 653	4 629
Claims	-	1 024
Closing balance	5 653	5 653

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;

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	1 353
Current year claims	-	-
	1 353	1 353

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Various legal claims have 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 payments by NC-DPW on behalf of the entity for salaries was disclosed as employee costs and should have been allocated to service in kind. The effect of the above change in the annual financial statements is as follows:

(a) *The Net effect of prior period error(s) relating to the Statement of Financial Performance are as follows:*

	2018 R'000
Transfers and Sponsorships	21,508
Plus: Portion of employee costs as service in kind	8 161
Revenue from non-exchange transactions services restated as at 31 March 2018	29 669

(b) *The Net effect of prior period error(s) relating to the Statement of Financial Position are follow:*

	2018 R'000
Receivables from exchange transactions as at 31 March 2018 as previously stated	289 866
Plus: Employee costs recoupment allocated as service in kind	8 161
Plus: employee benefits de-recognised	-333
Receivables from exchange transactions restated as at 31 March 2018	297 694

(c) Payables from Exchange Transactions:

During the 2017/2018 financial year an error was identified on the Payables from Exchange Transactions where an invoice was duplicated.

There was also some cut off issues with expenses recorded in the 2019 financial year but are actually 2018 expenses.

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The effect of the above changes in the annual financial statements is as follows:

	2018 R'000
Payables as at 31 March 2018 as previously stated	18 895
Cartrack expense duplicated	(1 035)
Assets under R 5 000 cut off issue	2
Electricity and water cut off issue	32
General expense cut off issue	2
Rental Printer/Copier cut off issue	28
Rental security cameras cut off issue	2
SAGE – PASTEL cut off issue	4
Travel and accommodation cut off issue	40
Payables restated as at 31 March 2018 (overstated with 925)	17 970
Profit as at 31 March 2018 as previously stated	60
	671
Cartrack expense duplicated	1 035
Assets under R 5 000 cut off issue	(2)
Electricity and water cut off issue	(32)
General expense cut off issue	(2)
Rental Printer/Copier cut off issue	(28)
Rental security cameras cut off issue	(2)
SAGE – PASTEL cut off issue	(4)
Travel and accommodation cut off issue	(40)
Profit restated as at 31 March 2018 (understated with 925)	61 595
Accumulated Surplus as at 31 March 2018 as previously stated	611
	375
Cartrack expense duplicated	1 035
Assets under R 5 000 cut off issue	(2)
Electricity and water cut off issue	(32)
General expense cut off issue	(2)
Rental Printer/Copier cut off issue	(28)
Rental security cameras cut off issue	(2)
SAGE – PASTEL cut off issue	(4)
Travel and accommodation cut off issue	(40)
Accumulated Surplus restated as at 31 March 2018 (understated with 925)	612 300

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(d) Correction of carrying amount incorrectly calculated on register - Restatement of opening balance & accumulated depreciation

	2018 R'000
Furniture and equipment carrying value as at 31 March 2018 as previously stated	3 736
Furniture and equipment at cost price was overstated	-389
Furniture and equipment at accumulated depreciation understated	389
Furniture and equipment carrying value as at 31 March 2018 restated	3 736

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.

	2018 R'000
Computer Software carrying value as at 31 March 2018 as previously stated	55
Computer Software at cost price understated	5
Computer Software at accumulated depreciation overstated	-5
Computer Software carrying value as at 31 March 2018 restated	55

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

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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 R32 209 (2018: R29 669) recognized as service in kind for employees contracted to the department working for the entity and free accommodation provided to the entity by the department.

Included under Government grants and subsidies is an amount of R2 612 relating to assets that were transferred from DRPW to Fleet. These assets mostly contributed to yellow fleet, equipment and furniture to help with the establishment of the entity. These assets were transferred from DRPW at no remuneration (R'0).

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- Chief Financial Officer

Mr. M.N. Bosch – Chief Executive Officer

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