



the dr&pw

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

ANNUAL REPORT 2022 / 2023

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PART A:

GENERAL INFORMATION

GENERAL INFORMATION

1.1. Departments General Information

Contact Details

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1.2. List of Abbreviation/ Acronyms

AO	Accounting Officer	M&E	Monitoring and Evaluation
APP	Annual Performance Plan	MEC	Member of Executive Council
ACM	Alternative Construction Methods	MISS	Minimum Information Security Standards
BAS	Basic Accounting System	MTEF	Medium Term Expenditure Framework
C-AMP	Custodian Immovable Asset Management Plan	MTSF	Medium Term Strategic Framework
BBBEE	Broad Based Black Economic Empowerment	NCEDA	Northern Cape Economic Development Agency
CFO	Chief Financial Officer	NCPG	Northern Cape Provincial Government
CIDB	Construction Industry Development Board	NCPGDS	Northern Cape Growth and Development Strategy
CPI	Consumer Price Index	NYS	National Youth Service
CSD	Central Supplier Database	OHSA	Occupational Health and Safety Act
DAMP	Departmental Asset Management Report	PAIA	Promotion of Access to Information Act
DDM	District Development Model	PAJA	Promotion of Just Administration Act
DORA	Division of Revenue Act	PFMA	Public Finance Management Act
DPSA	Department of Public Service and Administration	PGDS	Provincial Growth and Development Strategy
DQA	Data Quality Assurance	PGDP	Provincial Growth Development Plan
DRE	District Road Engineer	POE	Portfolio of Evidence
DRPW	Department of Roads and Public Works	PPP	Public Private Partnership
EBE	Engineering Built Environment	PPPFA	Preferential Procurement Policy Framework Act
ECD	Early Childhood Development	PSA	Public Service Act
EE	Employment Equity	PYEI	Presidential Youth Employment Intervention
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

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IRS	Internal Revenue Service	SLA	Service Level Agreement
HDI Individuals	Historically Disadvantaged	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
IGCSD	Integrated Governance, Coordinated and Service Delivery Model	WSP	Workplace Skills Plan
IGP	Infrastructure Grant to Provinces	WBS	Web Based System
LIM	Labour Intensive Method		

1.3. FOREWARD BY THE MEC



I am humbled by the trust bestowed upon me by the Premier of the Northern Cape, Dr Zamani Saul as the Executive Authority for Northern Cape Department of Roads and Public Works. We have reached the end of the mid-term of the 2019-2024 MTSF period and we have immensely contributed towards a "Better Africa and a World". The Northern Cape is centred around the borders of Namibia and Botswana and economic growth and investment remains our priority with our provincial roads interconnected with National roads connecting to other countries. It for this reason that Infrastructure investment is our priority to stimulate the provincial growth whilst maximising job creation. Despite the reeling effects of Covid-19 and the prolonged negative impact of the geoeconomics as a result of the war between Russia and Ukraine. We were unfortunately also immensely affected by our country's shrinking fiscus as a result of several natural disasters including the severe floods experienced by Kwa-Zulu Natal and Eastern Cape and not to mention the catastrophic hurricane Katrina that left us without any access to services as a result of damaged roads and bridges. All these factors left the department with no option but to reprioritise and thus some of the priorities with regards to roads infrastructure could not be achieved but had positive spill-off effects since more work opportunities could be created from the roads and bridges rehabilitation and road maintenance projects.

The department is determined to ensure that infrastructure investment remains a priority as the following apex Priorities were achieved:

Priority 1: we achieved an unqualified audit opinion between 2019/20 to 2022/23 financial years, and we have over-achieved on our capacity building interventions for 2022/23 financial year.

Priority 2: 100 % achievement for procurement of goods & services spent on women and youth enterprises through 30% set-aside for between 2020/21 to 2022/23 financial years.

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Priority 2: 42 capital infrastructure projects were completed against target of 51 between 2019/20 to 2022/23 financial years and the department put a catch-up plan in place to address the shortfall 9 projects.

Priority 2: Improved paved road network VCI from 68,9% to 72%; 93.8 roads were upgraded from gravel to surfaced roads against the target of 132.2km between 2019/20 to 2022/23 financial years the department put a catch-up plan in place to address the shortfall of 38.4 km.

Priority 2: The Department implemented 1 829 Skill Empowerment initiatives implemented in 2020/21-2023 which includes the following programmes:

- Phakamile Mabija;- Diesel Mechanical ;- Apprenticeships: Welding, Refrigeration, Rigger
- Learning for life : Electrical and Capentry;- Building and Civil Construction
- Welding, Refrigeration and Rigger Apprenticeship
- Community House Building Prieska
- Pampierstad (Learning4life)
- Construction road works Prieska (Learning4Life)
- IT System Support
- EW SETA

Priority 2: Since the commencement of the 2019-2024 MTSF period, the province has to date 71 548 work opportunities were created by the province against the MTSF target of 104 031 which is 69% against its five-year target of 104 031. (2019/20 - 2023/24).

The state-owned construction company was launched by the Premier, Dr. Zamani Saul in the 2022/23 financial year and 30% of our infrastructure projects will be allocated to the construction company. The company recruited 100% youth and the main purpose of the Northern Cape Construction Company is to enable equitable access for construction SMME's to medium and large-scale construction projects. The main purpose of the Northern Cape Construction Company is to enable equitable access for construction SMME's to medium and large-scale construction projects.

In response to the call for Land and Spatial Transformation, the department identified 29 vacant buildings and 27 vacant land that are being transferred/exchanged between NDPWI and Municipalities/TVET. The Department has managed to move from 6% Black ownership to 32% Black ownership (participation) i.e 20 of the 61 leases. The Department is also making some progress, to get women to participate in the industry whilst the Department is now reducing the duration of leases awarded to white-owned companies and longer leases to BBBEE companies.

The Department of Roads and Public Works continues to play a pivotal role in improving socio-economic conditions, ensuring economic transformation happens and more jobs are created in the Northern Cape Province. During the year under review, we report on the following strategic achievements:

- An achievement of 99% for spending on women & 50% for spending achievement on youth owned enterprises through 30% set-aside on procurement of goods & services;
- Completion of various road infrastructure projects;
- Completion of various EPWP and skills development interventions; and
- Replacement of yellow and white fleet.

As part of DRPW pothole eradication program to improve road safety through Rooting out the Dust (RoD) programs. The RoD projects are identified from the Municipal IDP's in line with the department District Development Model. The interventions include the following:

- Pothole patching
- Grass cutting
- Cleaning
- Clearing of illegal dumps
- Transporting and provision of material (soil) fill low laying settlements flooded as result of rains
- Blading of internal streets mainly in informal settlements
- Cleaning of public facilities

GENERAL INFORMATION

Lastly, I want to thank our stakeholders, management and staff of the Department of Roads and Public Works and our Fleet Entity for illustrating their unwavering commitment in ensuring that the department achieves its vision as the "Trendsetters in infrastructure delivery to change the economic landscape of the province".

A handwritten signature in black ink, appearing to read 'F.B.P. Makatong', written over a horizontal line.

MS. F.B.P MAKATONG (MPL)

EXECUTIVE AUTHORITY: ROADS AND PUBLIC WORKS

DATE: 31 August 2023

1.4 REPORT OF THE ACCOUNTING OFFICER



The department's contribution towards the vision of a Modern, Growing and Successful province was realized through implementation of contemporary alternative construction methods which stimulated the green energy solutions. Closely associated with these initiatives to support modernization, were various interventions in place in digitization, new technologies as alternative methods for road infrastructure and various training interventions.

Insufficient funding towards municipal rates and taxes remains one of our biggest challenge whilst the province is still battling with the payment of rates and taxes. There will be continuous negotiations between the province and Treasury to address and settle accruals. A settlement agreement is in place in order to deal with accruals with a total amount of R180m is needed to settle the balance of the settlement agreement. We furthermore need approximately R200m to fund the current rates and taxes. This means that, the estimated total allocation for rates and taxes per annum must be R400m.

The process of disposing excess residential properties currently registered in the name of the Province, at market rate is underway. A total number of 80 (previously planned 77) properties were identified with a market value of R44,7m. Only 6 properties have been sold with a total income of R2.8m generated, 26 Offer to Purchase's from the Namakwa, ZFM and France Baard Districts have been signed by prospective buyers and are awaiting approval by the Department. The disposal will assist the Department in reducing the holding costs of these properties (rates and taxes and the maintenance burden). The remaining 45 will be auctioned as part of Phase 2 (subject to reprioritization). A total of 40 residential size vacant land parcels will be disposed through auction, donation and transfers. These exclude land identified for redistribution purposes (done with DPWI & DRDLR), these land parcels will be disposed at a market related cost through public auction subject to reprioritization.

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The transportation of goods and services on a well-maintained road network acts as a catalyst in bringing about economic transformation. Despite the negative critique which the Department received regarding the flooded R31 provincial road which is a key economic route; the Department completed the elevation of the R31 provincial road in the vicinity of the Wildebeeskuil Pan. In response to the negative media reports, the outcry of the public, high incidence of accidents and pothole claims, maintenance work and pothole repairs on the R31 from Koopmansfontein towards the Danielskuil T-junction is ongoing. In collaboration with SANRAL, (the entity of the Department of Transport), the Department launched Operation Vala Zonke on the 8 August 2022. Due to the funding pressure to rehabilitate the provincial roads put a heavy financial burden on the province, the department transferred these roads over to SANRAL on 02 November 2022.

Skills development remains a catalyst for poverty through opportunities like the construction and maintenance of buildings and facilities. We achieved this through including unemployed young people in construction-related trades as part of the National Youth Service Programme and providing artisanal training to apprentices in trades like electrical wiring, welding, carpentry, and plumbing. Our Apprenticeship Programme took in the form of incubation theoretical and practical training to trainees over three years. In addition, the following empowerment programmes were implemented over this 2019-2024 MTSF period:

- Artisan Apprenticeship Programmes in Engineering and Construction;
- The Skills Development programmes;
- Construction Road works in Prieska, Community House Building in Prieska, Building and Civil Construction in Prieska, ICT System Support NQF Level 5 in Upington and Kimberley, Electrical Renewable Energy NQf Level 2 in Prieska, De Aar, Richmond, Upington, Kathu and Kuruman.
- The Short Skills Transfer programmes;
- Safety Representatives in Hartswater, First Aid Level 1 & 2 in Pampierstad and Jankemp Dorp / Ganspan, Road Safety Procedures in Hartswater and Pampierstad, Construction work in Pampierstad, Ganspan and Pampierstad, Access Road in Pampierstad.

1.4.1 Overview of the operations of department

The Department's APP contains several targets which are based on commitments made by various client departments whose projects are implemented by the DRPW. The Department as the implementing agent is responsible to ensure that client departments' projects are implemented as planned whilst the clients are expected to maintain their financial commitments for the year.

The department is responsible for the management of government's immovable assets, to provide accommodation solutions to all provincial departments and other government owned entities; to must hasten to say that this is work in progress as both national and provincial departments are in the process of verifying and reconciling immovable assets owned by the state at different spheres. We must nonetheless express gratitude to our client departments for their confidence in our abilities as an implementing agent. We trust that our record of accomplishment will be the basis for the further allocation of projects in anticipation of an improvement in the funding climate.

The Department will continue to leverage the development and empowerment of communities, emerging contractors and the construction industry in its work to positively contribute to sustainable economic and employment growth. To enhance empowerment and skills development in the construction and civil engineering sector, the Department provides various interventions to empower emerging contractors, develop the skills of the youth in construction-relevant trades, offer bursaries in the construction and technical fields, and support graduates to become professionally registered.

Events

The maintenance backlog on some of our key service delivery assets, including roads, health and education facilities, is threatening the long-term viability of our asset base. Considerable investment is required to maintain the existing infrastructure portfolio. In a context of low economic growth and constrained

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national finances, the DRPW has adopted a strategic approach to the management of its assets across their life cycles in order to maximise their value to society.

An increase in criminal activity as well as community unrest at construction sites has added further pressure on activities in the sector. These factors have led to delays in the delivery of infrastructure, and increase in the cost of delivery.

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

1.4.2 Overview of financial results of the department

Departmental receipts

Departmental receipts	2022/23			2021/22		
	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	1.557	2.446	(889)	1.491	2.542	(1.051)
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	1.107	(1.107)
Financial transactions in assets and liabilities	-	211	(211)	-	43	(43)
Total	1.557	2.657	(1.100)	1.491	3.692	(2.201)

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	2022/23			2021/22		
	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	175.399	174.642	757	176.125	173.186	2.939
Public works	218.026	218.015	11	137.028	136.962	66
Transport Infrastructure	1.348.057	1.348.047	10	1.532.987	1.532.976	11
Community Based Programme	158.565	158.552	13	182.520	182.506	14
Total	1.900.047	1.899.256	791	2.028.660	2.025.630	3.30

GENERAL INFORMATION

1.4.3. 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.

The table below shows the approved virements.

Main Division			Reason
	From R'000	To R'000	
Administration	(9.361)		Mainly underspending on compensation of employees and other related expenditure.
Public Works		3.614	Overspending mainly on rates and taxes.
Transport Infrastructure		11.474	Overspending mainly on infrastructure.
Community Based Programme	(5.727)		Savings on compensation of employees and infrastructure.

1.4.4. Unauthorised, Fruitless and Wasteful Expenditure

Unauthorised Expenditure

None

Information on irregular expenditure and fruitless and wasteful expenditure is included in the annual report under the PFMA Compliance Report.

Fruitless and Wasteful Expenditure

Reason
<i>An amount of R19,722 million for fruitless and wasteful expenditure is under assessment.</i>

Actions taken

- The department has introduced the Financial Misconduct Committee four years ago to deal with the issues identified above.
- The financial inspectorate is also required to do a monthly audit on all payments to identify possible cases of Fruitless and Wasteful Expenditure
- Disciplinary action is taken against staff who commits themselves continuously to irregular and F&W expenditure.

1.4.5. Strategic focus over short to medium term period

- Restructuring and remodeling of the department;
- Renaming of the department;
- Increase the intake for target groups in the skills development programs 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.

1.4.6. Discontinued key activities

The department will continue to render key services under its mandate.

1.4.7. New proposed key activities

- Enterprise development will become a new strategic focus area of the department to ensure successful business continuity of small and medium enterprises enrolled under the department's skills development and innovation programmes.

1.4.8. 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 R1 000 000.00 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.

1.4.8.1. Central Supplier Database

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

1.4.8.2. Committees

We established supply chain management unit and all the committees at head office and district committees in order to ease the burden on head office. We have also established a contract management unit that work closely with the project managers. The major challenge that faces us is that the majority of the contractors is unable to complete their projects within the contract period.

1.4.9. Gifts and donations received in kind from non-related parties

- N/A

1.4.10. Exemptions and deviation received from National Treasury

- N/A

1.4.11 Events after the reporting date

Flood damages occurred in the Namakwa district area. The department is currently busy with the assessment process to determine the extent and estimated costs of the floods.

1.4.12 Other**Trading entities and public entities**

The department has the following trading account which is the Northern Cape Fleet Management Trading Entity.

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

- The HOD of the department is ultimately accountable for the Trading Entity. The day-to-day running of the operations was delegated to the

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Head of the Trading Entity. Separate financial statements are submitted on an annual basis.

- Legislation under the Trading accounts was established. Roads Capital Account: Ordinance 10 of 1960. Treasury regulations and PFMA. The latter is presented in accordance with the standards of GRAP (Generally Recognised Accounting Practices) in terms of Treasury Regulation 18.2.
- The Entity charges both a daily and kilometre tariff on vehicles. 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 next year.

1.4.13. 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 (2022/23) is a plan aligned to 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

1.4.14 Sign-off and acknowledgement

This report was measured against the 2022/23 annual performance plan and by the Strategic Plan (2020-2025) which is aligned to departmental activities, outputs and goals with provincial and national policy priorities and the budget. I therefore 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 Acting Accounting Officer; and
- Accurately reflects the goals and achievements for the financial year 2022/23.



Accounting Officer

Dr. J. Mac Kay

Date: 31 August 2023

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.

The annual report reflects the performance information, the human resources information and the financial information of both the department and its trading entity for the financial year ended 31 March 2023.



Accounting Officer

Dr. J. Mac Kay

Date: 31 August 2023

1.6. STRATEGIC OVERVIEW

- **Vision**

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

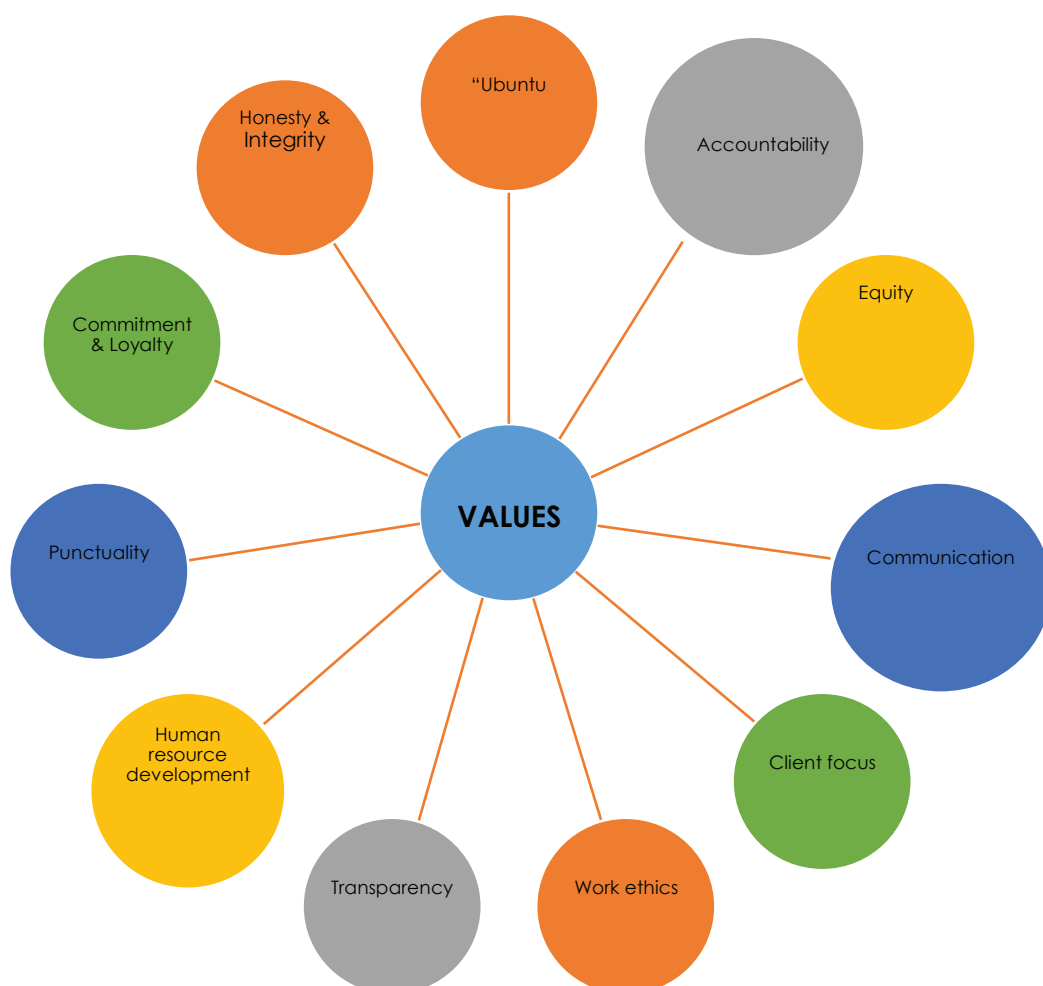
- **Mission**

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

- **Values**

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

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



1.7. Legislative and other Mandates

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

1.7.1 Constitutional

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

1.7.2 Legislative mandates

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

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

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

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

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

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

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

Basic Conditions of Employment Act No. 75 of 1997: Ensures sound principles in the management of personnel in terms of opportunities, working conditions, time management, etc.

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

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

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

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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 and Preferential Procurement Regulations 2017, 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.

GENERAL INFORMATION

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.

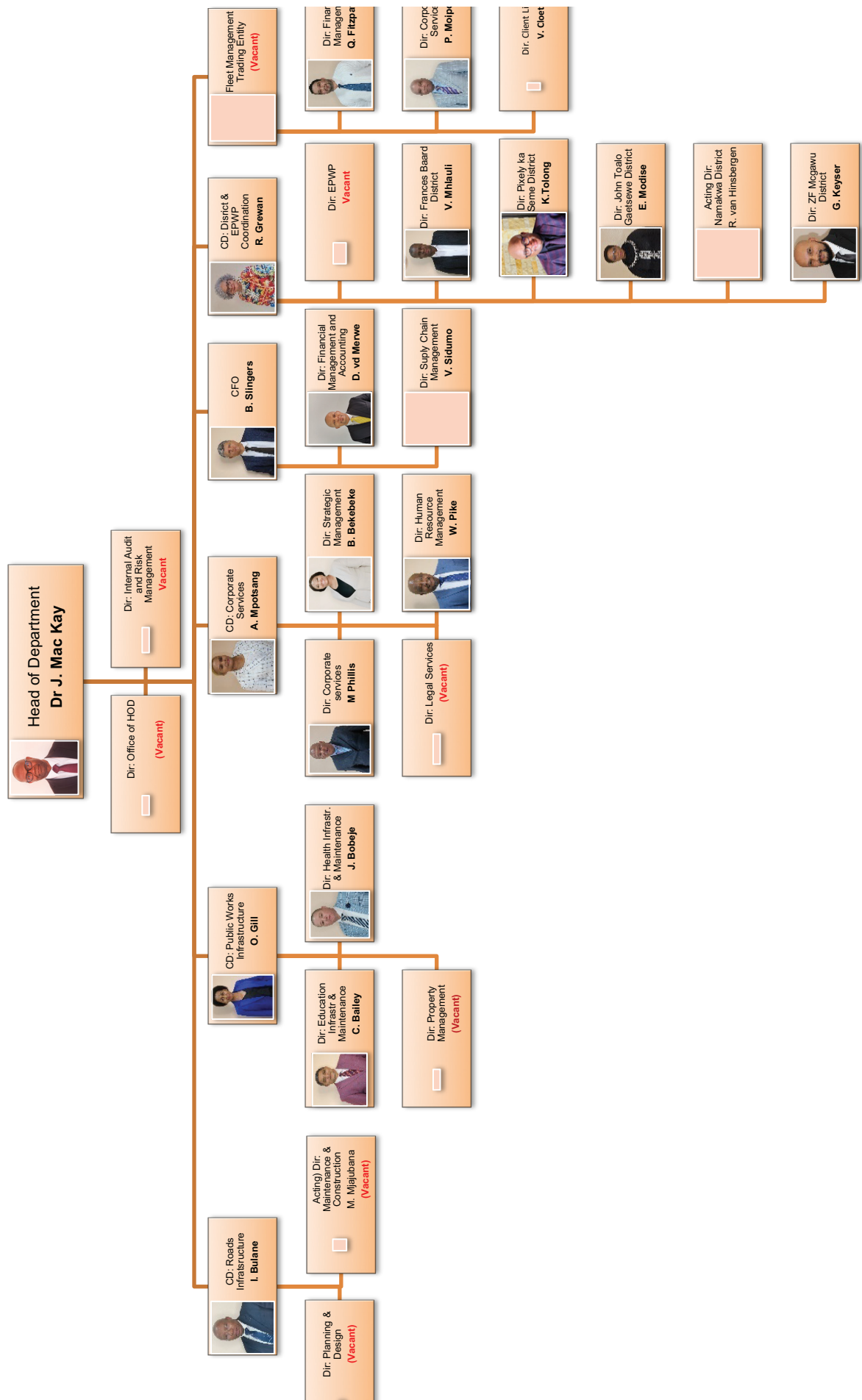
National Building Regulations and Building Standards as Amended by Standards 8 of 2008

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. 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

DEPARTMENT OF ROADS AND PUBLIC WORKS: ANNUAL REPORT: 2022/23





PART B:

**PROGRAMME
PERFORMANCE**

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1. Service delivery environment

The department completed numerous social infrastructure and roads infrastructure and maintenance projects for the year under review. This demonstrates our outcomes by promoting sustainable infrastructure and accessible transport infrastructure and job creation to support socio economic development. We completed 6 social capital infrastructure and 8 capital maintenance projects for various client departments, such as Department of Health, Department of Education, Department of Social Development, Department of Economic Development and Tourism, and the Department of Sports, Arts and Culture. We furthermore successfully completed roads infrastructure projects of which amongst others are the 39 km gravel roads upgraded to surfaced roads, 304.32 km of re-gravelling projects, 121 750 square meters of re-seal projects and these contributed to the overall road network of the province. The road network VCI of the province has improved from 69% to 72% which is a good rating according to the roads assessments reports. The department created 6 829 (96%) work opportunities infrastructure projects of which 4 818 is from roads our projects and the department benefited 533 (108%) participants under the skills development interventions implemented.

Department of Health

A total of 8 Infrastructure projects were identified including multi-year projects of which 3 are capital projects and 5 are maintenance projects.

Capital Project Name	Progress to date
Kimberley: Completion of Nurses Accommodation	Construction – 45% complete
Boegoeberg: Construction of New Clinic	Construction – 98% complete
Bankhara Bodulong: Construction of New Clinic	Construction – 90% complete
Maintenance Project Name	Progress to date
Kimberley Hospital Robert Mangaliso Sobukwe Hospital: Installation and Maintenance of lifts	Ongoing – 3-year contract

PROGRAMME PERFORMANCE

Capital Project Name	Progress to date
Mental Health Hospital: Term Maintenance Contract: Completed	Completed
Various facilities: Medical Gas Upgrade and Installation: Phase 1 and 2	Completed
F Baard, JTG, Pixley: Maintenance of Standby Gensets	Ongoing
Carnavon CHC: Upgrading	Construction – 90%

Department of Education

Capital Project Name	Progress to date
ECD Classrooms x 2	2 x Tender phase
Cillie Primary School:	Construction – 65% complete
Petrusville Primary School:	Construction – 40% complete
Cluster 2: Wrenchville H/S: 10 Classrooms, School Hall, Large Ablution, High Security Fence, Multi-purpose court:	Construction – 80% complete
Cluster Project: Lareng P/S: 10 Classrooms, Double ECD, Medium Admin and R & R:	Tender phase
Cluster Project: Olihile Manchwe I/S: 5 Classrooms (replace burnt classrooms), Large Ablution and R & R:	Completed
Cluster Project: Voorspoed P/S: Construction of ECD Classroom, 6 Classroom Block, Ablution Block and R & R:	Tender phase
Cluster Project: Gaoshupe Makodi P/S: Medium Admin Block, Open Assembly Area & Replacement of Asbestos Roof:	Site handover
Magojaneng P/S: New School:	Construction - 5%
Oranje-Oewer P/S: New Replacement School:	Construction - 5%
Rietrivier I/S: New Replacement School:	Construction - 5%

Capital Project Name	Progress to date
Bankhara Bodilong: P/S: New School:	Construction - 5%
Kalahari I/S: New School:	Construction - 5%
Carlton van Heerden S/S: New Replacement School:	Construction - 5%
Franciscus P/S: New Replacement School:	Tender phase
Carlton van Heerden: New Mobile School:	Completed

A total of 16 Capital linfrastructure projects were identified including multi-year projects

Department of Sport, Arts and Culture

A total of 8 Infrastructure projects were identified including multi-year projects of which 3 are capital projects and 5 maintenance projects.

Capital Project Name	Progress to date
Kimberley: Construction of Provincial Library Depot:	Construction – 95% complete
Kimberley: Construction of Provincial Offices:	Completed
Masiza School: District Offices: Upgrading and Conversions:	Construction 8%
Maintenance Project Name	Progress to date
Sternham Library: Upgrading:	Completed
Kimberley: Ministry Maintenance and Security Upgrades:	Completed
Springbok Office: Replacement of Asbestos Roof:	Completed
Nababeep Library: Upgrading:	Completed
Hartswater Library: Maintenance and Refurbishment:	Construction 10%

Department of Social Development

A total of 1 Capital and 3 maintenance Infrastructure projects were identified including multi-year projectss

PROGRAMME PERFORMANCE

Capital Project Name	Progress to date
Danielskuil: Construction of Offices	Completed
Maintenance Project Name	Progress to date
Kimberley: Drug Rehabilitation Centre: 2-Year Term Maintenance Contract	Ongoing
De Aar: Secure Care Centre: 2-Year Term Maintenance Contract	Ongoing
Springbok: Secure Care Centre: 2-Year Term Maintenance Contract.	Ongoing

Northern Cape Economic Development Agency

A total of 2 Capital Infrastructure projects were identified including multi-year projects

Capital Project Name	Progress to date
Witsand: Construction and upgrading of chalets – Ph 2	Completed
Witsand: Construction of Camp Site:	Construction 75% complete

Department of Economic Development and Tourism

A total of 2 Infrastructure projects were identified including multi-year projects

Project Name	Progress to date
McGregor Museum Bagpipe Lodge: Upgrading	Completed
Maintenance Project Name	Progress to date
NC Theatre: Repairs to Roof:	Completed

Implementation of projects is faced with communities' challenges, intensive community engagements help to calm the situations. Interruptions of projects by business forums is affecting the performance of the department negatively as projects are stopped or disrupted. The recent rainfall has also accelerated the deterioration of our road infrastructure which is due for rehabilitation.

The department will continue to create and foster joint ventures with the mines and other stakeholders for roads construction and maintenance, especially in the John

Taolo Gaetsewe District (JTG), where an increase of mining activities is taking place. The following roads have been prioritised by the department:

- The upgrading of MR950, MR952 and MR947 roads, in partnership with Sishen Iron Ore Community Trust (SIOC).
- Hotazel to Tsineng phase 5 (Gatsekedi). The project aims to provide paved access between Hotazel and Tsineng. It is a joint venture between South 32 Mining Group and the department, thus forming a paved road link between Hotazel and Tsineng.
- Magobing to Sedibeng phase 1. The project aims to provide paved access between Hotazel and Sedibeng. It is a joint venture between ASSMANG Mining Group and the Department.
- The rehabilitation of a section of MR938 between Kathu and Hotazel. The project aims to improve the condition and safety of the road. It is implemented in conjunction with the mines, e.g. ASSMANG, SOUTH 32, UMK and KUDUMANE.

The lack of Contract Management and Disposal of assets need to be addressed in the department and the focus should be on the problematic R31 as this road needs to be repaired as a matter of urgency, it is risky to the road users and will ultimately cost the department more money on accident litigation cases.

The Northern Cape Provincial Government launched the Northern Cape Construction Company (NCCC). The state-owned company was announced by the Premier, Dr. Zamani Saul during his State of the Province address in 2019. In his address he emphasised the province cares for young people that's why 100% youth were recruited to assist the Northern Cape Construction Company and that the NCCC will assist Provincial Government to deal with the triple challenges of poverty, inequality, and employment in our Province. The main purpose of the Northern Cape Construction Company is to enable equitable access for construction SMME's to medium and large-scale construction projects.

Platfontein area was affected by flooding which resulted into road closure and delays for motorists because they had to detour to Windsorton towards Barkley-West. Due to the funding pressure to rehabilitate these roads put a heavy financial burden on the

province, the Department transferred these roads over to SANRAL on 02 November 2022. This will now elevate the province in spending and concentrate on roads which are used mainly by local motorists. The Minister of Transport Proclaimed a declaration of the following roads from Provincial to National roads:

- R31 Section 4: Santoy – Kuruman, a distance of approximately 73.48km;
- R31 Section 5: Kuruman – Daniëlskuil Turnoff, a distance of approximately 92.50km;
- R31 Section 6: Daniëlskuil Turnoff – Delporthoop, a distance of approximately 78.71km;
- R31 Section 7: Delporthoop – Barkly West, a distance of approximately 30.61km;
- R31 Section 8: Barkly West – N8 Junction, a distance of approximately 39.79km;
- R380 Section 2: Santoy – McCarthy's Rest, a distance of approximately 115.87km;
- R325 Section 2: Postmasburg – N14 Junction, a distance of approximately 50.87km;
- R58 Section 1: Colesberg – Norvalspont, a distance of approximately 37.22km;
- R382 Section 1: Alexander Bay Airport – Port Nolloth, a distance of approximately 88.24km;
- R382 Section 2: Port Nolloth – Steinkopf, a distance of approximately 91.88km;
- R385 Section 3: Daniëlskuil Turnoff – Postmasburg, a distance of approximately 51.4km;
- N8 Section 9: MR900 Junction – N8 Junction in Kimberley from Landbou road proceeding Oliver street, a distance of approximately 0.8km;
- R48 Section 1: Phillipstown – Petrusville, a distance of approximately 45.2km;
- R48 Section 2: Petrusville – R369 Junction, a distance of approximately 16.1km;
- R389 Section 2: Hanover – Phillipstown, a distance of approximately 72.25km; and
- R369 Section 2: Hopetown – R48 Junction, a distance of approximately 68.02km.

The Department implemented Skill Empowerment initiatives which empowered beneficiaries on the following programmes:

- Phakamile Mabija;- Dlesel Mechanical ;- Apprenticeships: Welding, Refrigeration, Rigger
- Leaning for life : Electrical and Capentry;- Building and Civil Construction
- Welding, Refrigeration and Rigger Apprenticeship
- Community House Building Prieska
- Pampierstad (Learning4life)

- Construction road works Prieska (Learning4Life)
- IT System Support
- EW SETA

The primary objective of the Department Learner Artisan Project is to foster, develop and realize economic and social development within the previously disadvantaged communities in the Northern Cape by increasing the contribution of disadvantaged groups (specifically youth) to the formal economy through an artisan skills development program.

The Province, in partnership with the relevant SETA's, Northern Cape Rural TVET College, Artisan Training Institute and Air Conditioning and Refrigeration Academy initiate Artisan Development, skills development and Learner ship programmes with a particular emphasis on empowering youth and women, which will gain further traction during this financial year.

Phakamile Mabija Apprenticeship:

The Phakamile Mabija Apprenticeship Program as a sub-program within the National Youth Service Program (NYS) was conceptualised in 2007. It was brought about in an attempt to address the scarce skills shortage in the Province and the country as a whole. This program is borne from the Expanded Public Works Programmes (EPWP) need to alleviate poverty by way of job creation through training and development.

The Phakamile Mabija Artisanship Programme includes trades such as Electrician, Diesel Mechanics, Boilermaker, Fitting & Turning and Millwright. The programme is over a period of 3 years of which phase 1 and 2 (Institutional and Theoretical Training), Phase 3 (Workplace Training and Phase 4 (3rd year modules, revision, prep and trade test). Upon completion of the programme the apprentices obtain a red seal qualification that is recognized National and International.

The Department of Roads and Public Works is proud to announce that out of 83 apprentices, 80 (Gender: 36 x Male, 44 x Female) successfully completed the programme and obtained work opportunities in the private and mining sector. Through this programme in alignment of governments mandate we are taking action against the triple burden of poverty, inequality and unemployment.

PROGRAMME PERFORMANCE

Merseta Artisan Programmes:

The Department was awarded a Discretionary Grant worth R10 million by the Manufacturing, Engineering and Related Services Sector Education and Training Authority (MERSETA) which are invested towards the training of 20 youth towards becoming qualified Riggers, Refrigeration and Diesel Mechanics.

- 18 Diesel Mechanics were recruited and 17 successfully passes trade test. The difference of 1 learner in process of completion by end May 2023
- There are 9 refrigeration apprentices currently contributing on building a trade test centre for the Province in Kimberley funded by Air Conditioning Refrigeration Academy to the value of R2,000,000.
- The 10 Riggers successfully completed their required subjects as well as Institutional and Theoretical training. They are currently busy with preparation for trade test in August 2023.

Construction Seta Artisan Programmes:

- 18 Learners enrolled on the Electrical Artisan program and successfully completed their trade test.

LEARNERSHIP PROGRAMMES

EWSETA Learnership Programmes

The Energy and Water Sector Education and Training Authority awarded the Department a discretionary grant to the value of R8, 6 million to develop and train 170 unemployed youth in the field of Electrical Engineering Renewable Energy NQF Level 3, the learners successfully completed the programme end of 2022. We are awaiting on external moderation, statement of results and certification from EWSETA.

Construction Health and Safety NQF Level 3

This Program commence in Oct 2022 with 48 learners of which 25 is female and 18 male. The learners successfully completed the theoretical part of the training and are currently placed at the following Host Companies namely, Sol Plaatje University, Department of Sport Arts and Culture, West End Primary School, Robert Mangiliso

Sobukwe Hospital, Redirile Primary School and Department of Health for practical's.

The department of Roads and Public Works has a Partnership agreements in place with sector educational training authorities for 2023/24 financial year. These partners provide funding during the duration of implementation of the various skills development initiatives.

Short Skills Development Programmes

Construction Road Maintenance Short Skill Programme

The Department invested in the development of essential skills for young people, whereas 300 learners in was enrolled over period of 3 months into various Construction Road Maintenance Short Skill Program split into five (5) Districts to transform the economy and society in the Northern Cape Province. The Construction Road Maintenance Short Skills Program funded by Construction Seta to the value of R R4, 5 million rand.

2.1.1 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 needs2	All Provincial Departments	Meet required building standards approved by CIDB (Construction Industry Development Board)	14	6 capital infrastructure projects completed (57% under achievement)
Construction and maintenance of roads	All roads users (communities) including mining industries	Meeting required roads standards. Ensuring that all roads are in good condition	39 km of gravel roads upgraded to surfaced roads	39 km of gravel roads upgraded to surfaced roads (100% achievement).

PROGRAMME PERFORMANCE

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
		<p>throughout their expected life span by maintaining them on a regular basis.</p> <p>Use well trained technical staff</p>	300 km of gravel roads re-gravelled	304.32 of gravel roads were re-gravelled (1.4% over-achievement)
			64000 square meters of surfaced roads re-sealed (9 1km)	121 750 square meters or (17,39 km) surfaced roads were re-sealed (91% over-achievement)
			18 500 square meters or (2,6km) of blacktop patching	42 165.27 square meters or (6km) of blacktop patching was conducted (117% over-achievement)
			367 120 square meters (52,4km) of roads rehabilitated	109 467.20 of square meters (15,6km) of roads were rehabilitated (70% under achievement of
			73 000 kilometers of roads bladed	55 162.03 kilometers (76%) of roads were bladed

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

Current/actual arrangements	Desired arrangements	Actual achievements
All departmental projects implemented on behalf of client departments in line with their approved user asset management plan (UAMP) which are informed by the municipal integrated development plans (IDP's).	<p>All departmental projects must be implemented on in line with municipal integrated development plans (IDP's).</p> <p>Conduct inspections to all active projects to ensure compliance with Standard specifications and for quality control.</p> <p>Continuous improvement in project management.</p>	The department fully complied with GIAMA /CAMP requirements and all road projects are implemented in line with IDP's.

Service delivery information tool.

Current/actual information tools	Desired information tools	Actual achievements
<p>The department tables the budget vote speech and it is publicised through various communication channels, i.e. Whatsapp line, radio, social media platforms.</p> <p>Published annual performance plans and reports on departmental website.</p> <p>Regular update of information on all communication platforms.</p>	<p>The department must publish all its service delivery plans through various communication channels, i.e. radio, social media platforms.</p> <p>Published annual performance plans and reports on departmental website.</p> <p>Site meetings with contractor (All stakeholders)</p>	<p>The department published all its service delivery plans through various communication channels, i.e. Whatsapp line, website, radio, social media platforms.</p> <p>Published annual performance plans and reports on departmental website.</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 are available Cash Flow statements/reports and predictions on every project are provided on a monthly basis.</p> <p>Implementation of PROMAN system.</p> <p>Client participation in the</p>	<p>Cash Flow statements are availed on an ad-hoc bases or as and when requested.</p> <p>PROMAN effectively operational</p>

PROGRAMME PERFORMANCE

Current/actual information tools	Desired information tools	Actual achievements
	<p>BID committee meetings</p> <p>Annual reports must improve- presently concentrating on activities and outputs</p>	

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Complaints are dealt with through site visits, bilateral meetings and one on one interviews. Exco outreach programmes where communities render their complaints.	Written complaints must be submitted, and a register must be regularly updated. Formal planned bilateral meetings must be held with complainants. To provide communities feedback during one-on-one exco outreach sessions.	All complaints were resolved through the one-on-one exco outreach feedback sessions.

2.1.2 Organisational environment

Remodelling remains the department's priority into a single infrastructure delivery agent and the department is undergoing a process of a Change Management Programme through workshops conducted in all districts. Twenty employees are enrolled in an Emerging Management Development (NQF Level 5) Course for six months. Twenty Middle Managers are enrolled for a Middle Management Development Course (NQF Level 7), Ninety roadworkers were trained in road maintenance, Forty foremen and senior roadworkers were trained in Supervisory Road Construction, Twenty Five roadworkers were trained in road safety, flagmen and Fifteen Public Works officials has been trained in MS Project Management, Thirty officials were trained in a hands on approach in risk and project management with the intention to assist in professional registration.

Currently only 8 interns from the 15 is still in the programme and their current contracts will be extended in line with DPSA 48 months candidacy programme which focus by taking them through professional development programme which results them to qualify as professionally registered. The department may subsequently appoint them additional to the structure as OSD technical registered professionals. DPWI received funding from skills SETA's to identify officials in any function for recognition of prior learning (RPL) and 30 officials were identified part of upskilling unskilled staff through CUT.

2.1.3 Key policy developments and Legislative changes

N/A

2.1.4 Progress towards Achievement of Institutional Impact and Outcomes

Impact	Progress
Inclusive growth and investment	N/A

Outcome	Progress
Functional, Efficient and Integrated Government (Priority 1: MTSF)	The department achieved an unqualified audit opinion with material findings for 2019/20, 2020/21 and 2021/22 financial years. 2022/23 financial year: 98% achievement on 30-day payments
Professional, Meritocratic and ethical public administration (Priority 1: MTSF)	2021/22: 28% candidates were registered on different programmes. 2022/23: the department achieved an over performance of 128% on professional development as a result of more candidates registered on different programmes.
More decent jobs created and sustained with youth, women and persons with disabilities	Since the implementation of the EPWP phase iv, the department created between 2019/20 and 2022/23 financial years, 24 581 (94%) work opportunities against

PROGRAMME PERFORMANCE

Outcome	Progress
(Priority 2; MTSF)	<p>26 249 target and the northern cape province has to date created seventy-one thousand five-hundred and forty-eight (71 548) which is 69% against the five-year target of hundred and four thousand and thirty-one (104 031).</p> <p>During 2022/23 financial year, a total of 6 829 work opportunities were created within the department of which 4818 are from road projects. This brings our achievement to (96%) work opportunities against a target of 7147.</p>
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	<p>The following infrastructure projects were implemented: 44 (68%) against the target of 65 capital infrastructure projects were completed between 2019/20 to 2022/23 financial year.</p> <p><i>Breakdown:</i></p> <p>2019/20 18 capital projects were completed</p> <p>2020/21: 12 capital projects were completed</p> <p>2021/22: 8 Capital project completed which includes 4 School, 1 Pharmacy, 1 Office, 1 Place of safety and 1 Bridgeway.</p> <p>2022/23: Capital infrastructure projects, 6 (43%) have been completed against a target of 14 and 23 capital infrastructure projects are in construction and 8 capital maintenance projects completed.</p>
Increase access to affordable and reliable transport infrastructure (Priority 2: MTSF)	<p>Improved paved road network VCI from 69% to 72%. 93.8 km were upgraded from gravel to surfaced roads between 2019/20 and 2022/23 financial years.</p> <p>2022/23: 39 km roads were upgraded from gravel to surfaced roads between 2022/23 financial year.</p> <p>1 303.88km of re-gravelling were conducted between 2019/20 and 2022/23 financial years. 188 159.62 km of gravel roads were bladed between 2019/20 and 2022/23 financial years. 2 230,284 square meters of surfaced roads were resealed across the province between 2019/20 and 2022/23 financial years. 788 753 square meters of blacktop patching was conducted on</p>

Outcome	Progress
	surfaced roads 2019/20 and 2022/23 financial years.
Increased economic participation, ownership and access to resources and opportunities by women, youth and persons with disabilities (Priority 2:MTSF)	<p>Persons with disabilities 100% on procurement spent on goods & services.</p> <p>During 2021/22 100% was achieved on 30% sub-contracting for procurement of goods and services.</p> <p>During 2022/23, no projects were awarded for 30% sub-contracting on procurement of goods & services of R30 million and above due to new preferential procurement Regulations moratorium.</p> <p>2022/23 financial year: 99% achievement for procurement of goods & services spent on women owned enterprises through 30% set-aside.</p> <p>50% achievement for procurement of goods & services spent on youth owned enterprises through 30% set-aside.</p>
Integrated service delivery, settlement transformation and inclusive growth in urban and rural areas (Priority 5; MTSF)	40 land parcels have been identified but could unfortunately not be achieved during 2021/22 and 2022/23 financial years. The offer to purchase was finalised and the disposal process will be implemented in 2023/24 financial year.
Massify FTE, skills, and entrepreneurial training for youth NEET linked to key industries and 4IR (priority 2: PGDP)	<p>1 946 beneficiaries benefited from the skills empowerment initiatives implemented between 2020/21 and 2022/23 financial years. The department achieved an over performance of 8% for 2022/23 financial year with 533 against a target of 510.</p> <p>To date, 64 contractors benefited from the contractors development programme between 2021/22 and 2022/23 financial years.</p>

Significant achievement with regard to contribution towards the 2019-2024 MTSF

AUDIT OUTCOMES COMPARED TO THE PRIOR YEARS

Annual Financial Statements:

2022/23 Unqualified: with emphasis of matters

2021/22 Unqualified: with emphasis of matters

2020/21 Unqualified: with emphasis of matters

2019/20 Unqualified: with emphasis of matters

PERFORMANCE INFORMATION

Public Works	Roads	EPWP
2022/23 Unqualified with no matters of emphasis	2022/23 Unqualified	2022/23 Unqualified
2021/22 Unqualified with no matters of emphasis	2021/22 Unqualified	2021/22 Not audited
2020/21 Unqualified	2020/21 Unqualified	2020/21 Not audited
2019/20 Unqualified	2019/20 Unqualified	2019/20 not audited

2.2. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

2.2.1. ANNUAL DEPARTMENTAL OVERALL PERFORMANCE

Programme	Total number of indicators for the year	Number of indicators achieved	% Achieved
Administration	6	2	33%
Public Works	16	10	63%
Transport Infrastructure	10	7	70%
Community Based Programme	8	3	38%
TOTAL	40	22	55%

2.2.2 PERFORMANCE INFORMATION PER PROGRAMME

2.2.2.1 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.

Sub-Programme	Purpose
Office of the MEC	To render advisory, parliamentary, secretarial, administrative and office support services
Management Services	Overall management and support of the department.
Financial Management	Overall financial management of the department
Corporate Support	To manage personnel, procurement, finance, administration, and related support services
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

Outcome	Progress
Functional, Efficient and Integrated Government (Priority 1: MTSF)	The department achieved an unqualified audit opinion with material findings between 2019/20 and 2022/23 financial years. 2022/23 financial year: 98% achievement on 30-day payments
Professional, Meritocratic, and ethical public administration (Priority 1: MTSF)	2021/22: 28% candidates were registered on different programmes. 2022/23: the department achieved an over performance of 185% on professional development as a result of more candidates registered on different programmes.
Increased economic participation, ownership and access to resources and opportunities by women, youth and persons with disabilities (Priority 2: MTSF)	Persons with disabilities 100% on procurement spent on goods & services. During 2021/22 100% was achieved on 30% sub-contracting for procurement of goods and services. During 2022/23, no projects were awarded for 30% sub-contracting on procurement of goods & services of R30 million and above due to new preferential procurement Regulations moratorium. 2022/23 financial year: 99% achievement for procurement of goods & services spent on women owned enterprises through 30% set-aside. 50% achievement for procurement of goods & services spent on youth owned enterprises through 30% set-aside.

2.2.2.2 Outcome, outputs, output indicators, targets and actual achievements

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
Functional, Efficient and Integrated Government (Priority 1: MTSF)	Improved audit report	An unqualified audit achieved annually	1	-	1	1	-	N/A
	Improved financial management	Percentage of payments processed within 30 days	92%	98%	100%	98%	2%	Insufficient budget due to conditional grant received late, invoice discrepancies and CSD non-compliance.
Increased economic participation, ownership and access to resources and opportunities by women,	An Increase in procurement allocated to women owned enterprises	Percentage spent on women owned enterprises through 30% set-aside on procurement of goods &	231%	81%	100%	99%	1%	Due to new preferential procurement Regulations moratorium, we could not do procurement

PROGRAMME PERFORMANCE

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
youth and persons with disabilities (PWD) (Priority 2: MTSF)		services						
	An increase in procurement allocated to youth owned enterprises	Percentage spent on youth owned enterprises through 30% set-aside on procurement of goods & services	64%		100%	50%	50%	
	An increased in economic empowerment through procurement allocated to SMME's	Percentage spent on Designated Group enterprises through 30% sub-contracting on procurement	New indicator	New indicator	100%	0%	100%	Due to new preferential procurement Regulations moratorium no tenders were awarded

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
	& QSE'S	of goods & services of R30 million and above annually						
Professional, Meritocratic and ethical public administration	An increase in the professionalization of the department	Percentage of professional capacity building programmes implemented	New indicator	28%	40%	225%	(185%)	More candidates were trained than planned

Strategy to overcome areas of under performance

The department is aiming towards clean audit outcomes and has measures in place to strengthen its governance processes and controls

The department will make concerted effort to attain 30-day payments at 100%.

2.2.2.3. Linking Performance with Budget

Sub-programme Name	2022/23		2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure (Over)/Under Expenditure
Office of the Mec	12.522	12 108	414	11 898	11 895 3
Management of the Department	12 133	12 131	2	10 874	10 870 4
Corporate Support	143 063	142 725	338	145 966	145 966 -
Departmental Strategy	7 681	7 678	3	7 387	7 386 1
TOTAL	175.399	174.642	757	176.125	176 117 8

2.2.3 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.

Sub-Programme	Purpose
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.
Design	Design of new and upgrading provincial building infrastructure
Construction	New construction, upgrading and refurbishment of provincial building infrastructure
Maintenance	Management of routine maintenance, scheduled maintenance, conditions assessment of all provincial buildings and alterations which refers to changes that are required for reasons other than maintaining the asset
Immovable Asset Management	Management of the provincial immovable asset portfolio; to establish and manage the provincial strategic and infrastructure plan; to provide accommodation for all provincial department and other institutions; to acquire and dispose of immovable assets in terms of the Land Administration Act and GIAMA.
Facility Operations	Management of cleaning, greening, beautification, and interior decoration

Outcome	Progress
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Only 26 Capital projects were completed between 2020/21 and 2022/23 financial years. 2022/23: 6 capital infrastructure projects (43%) completed against a target of 14 and 8 capital maintenance projects completed.
Integrated service delivery, settlement transformation and inclusive growth in urban and rural areas (Priority 5: MTSF)	40 land parcels have been identified but could unfortunately not be achieved during 2021/22 and 2022/23 financial years. The offer to purchase was finalised and the disposal process will be implemented in 2023/24 financial year.

2.2.3.1 Outcome, outputs, output indicators, targets and actual achievements

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
Sub –Programme: Planning								
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Sustainable Infrastructure Delivered	CAMP submitted to the Treasury annually	1	1	1	1	-	N/A
Sub-Programme: Design								
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Sustainable Infrastructure Delivered	Number of infrastructures designs ready for tender annually	7	17	9	9	-	NA
		Number of Projects costed annually	7	17	9	9	-	NA

PROGRAMME PERFORMANCE

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
Sub-Programme: Construction								
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Sustainable Infrastructure Delivered	Number of capital infrastructure projects completed within the agreed time period.	6	4	14	4	10	3 projects were not awarded due to the lapse of tender validity and 7 projects are running late.
		Number of capital infrastructure projects completed within agreed budget.	12	8	14	6	8	3 projects were not awarded due to the lapse of tender validity and 5 projects are running late.
		Number of capital infrastructure projects in	18	22	29	23	6	Projects which were planned to go into construction is

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
		construction						still / BAC processes, procurement regulations moratorium contributed to the delays.
		Number of capital infrastructure projects completed	12	8	14	6	8	3 projects were not awarded due to the lapse of tender validity and 5 projects are running late.
Sub-Programme: Maintenance								
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Sustainable Infrastructure Delivered	Number of maintenance projects surveyed, planned and costed	18	18	16	28	(12)	Maintenance of prestige houses contributed to over performance

PROGRAMME PERFORMANCE

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
		Number of planned maintenance projects awarded	45	22	8	39	(31)	
		Number of planned maintenance projects completed within the agreed contract period	14	10	16	25	(9)	The department received more requests to conduct planned maintenance from client departments and 4 projects were transferred from capital to maintenance which contributed to the overperformance

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
		Number of planned maintenance projects completed within agreed budget	40	17	16	28	(12)	The department received more requests to conduct planned maintenance from client departments and 5 projects were transferred from capital to maintenance which contributed to the overperformance
		Number of planned maintenance projects in	31	20	16	40	(24)	The department received more requests to conduct planned

PROGRAMME PERFORMANCE

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
		construction						maintenance from client departments 7 projects were transferred from capital to maintenance which contributed to the overperformance
		Number of maintenance projects completed.	60	84	40	143	(103)	More day to day was done as per request from client department

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
Sub-Programme: Immovable Asset Management								
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Disposed properties	Number of properties disposed	New indicator	-	40	0	40	There was a delay in the disposal process, the offer to purchase were only signed in the 4th Quarter
Sub-Programme: Facilities Operations								
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Sustainable Infrastructure Delivered	Number of properties receiving facilities management services	20	14	10	15	(5)	There are 2 properties which were supposed to be merged during the planning of the 2022/23 and it did not happen. Additional facilities were

PROGRAMME PERFORMANCE

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
								also added which also include the residence for the new MEC. Two properties received once off gardening services which also had an impact on the total number of properties Gardening services were conducted which contributed to more facilities management services

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
		Number of valid Leases on behalf of client departments	53	54	60	52	8	The leases expired because the clients were not responsive on time

Strategy to overcome areas of underperformance.

The department is in the process of finalizing the remodelling process through the PMOG process.

The department will implement strategy to improve on the leasing portfolio to potential developers.

2.2.3.2 Linking Performance with Budget

Sub-programme Name	2022/23			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
2.1. Programme support	2 506	2 505	1	2 084	2 083	1
2.2. Design	12 479	12 478	1	11 724	11 722	2
2.3. Construction	9 517	9 516	1	8 235	8 233	2
2.4 Maintenance	24 684	24 682	2	22 391	22 388	3
2.5 Immovable asset management	161 174	161 170	4	81 795	81 746	49
2.6 Facility operations	7 666	7 664	2	10 799	10 790	9
	218 026	218 015	11	137 028	136 962	66

2.2.4. 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.

Sub-Programme	Purpose
Infrastructure Planning	Provide for the planning and co-ordination towards the formulation of provincial transport policies and statutory plans, to facilitate the provision of road safety audits on all roads and transport infrastructure to ensure safe traffic and people movement.
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.
Construction	To develop new, re-construct, upgrade and rehabilitate road infrastructure through contracts and Public Private Partnerships (PPP's); to render transfer payments to local authorities for road projects that qualify for subsidy.
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.

Outcome	Progress
<p>Increase access to affordable and reliable transport infrastructure (Priority 2: MTSF)</p>	<p>Improved paved road network VCI from 69% to 72% .</p> <ul style="list-style-type: none"> • 69.6 km roads were upgraded from gravel to surfaced roads between 2020/21 and 2022/23 financial years. 2022/23: 39 km (100%) of gravel roads were upgraded to surfaced roads. • 906.71km of re-gravelling was conducted between 2020/21 and 2022/23 financial years. 2022/23: over-achievement of 1.4% (304.32 against a target of 300). • 175 945.62 km of gravel roads were bladed across the province between 2020/21 and 2022/23 financial years. • 1 063 951square meters of surfaced roads were resealed across the province between 2020/21 and 2022/23 financial years. (2022/23: over-achievement of 90% (121 750 against target of 64000). • 90 650 square meters of blacktop patching was conducted on surfaced roads across the province between 2020/21 and 2022/23 financial years. 2022/23: an over achievement of 117% (42 165.27 against a target of 18 500).

2.2.4.1 Outcome, outputs, output indicators, targets and actual achievements

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
Sub –Programme: Planning								
Increase access to affordable and reliable transport infrastructure (Priority 2: MTSF)	Expansion and maintenance of transport infrastructure to improve the Network VCI	Number of consolidated infrastructure plans developed	1	1	1	1	-	NA
		Number of kilometres of surfaced roads visually assessed as per the applicable TMH manual	3 622	3660	3 820	3 820	-	N/A
		Number of kilometres of gravel roads visually	10 910	11773	11 688	11 688	-	N/A

PROGRAMME PERFORMANCE

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
		assessed as per the applicable TMH manual						
Sub-Programme: Design								
Increase access to affordable and reliable transport infrastructure (Priority 2: MTSF)	Expansion and maintenance of transport infrastructure to improve the Network VCI	Number of road construction specification documents completed	2	10	4	0	4	The deviation for specification on document was not approved according to SCM process
Sub-Programme: Construction								
Increase access to affordable and reliable transport infrastructure (Priority	Expansion and maintenance of transport infrastructure to	Number of kilometres of gravel roads upgraded to	10.7	19.9	39	39	-	N/A

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
2: MTSF)	improve the Network VCI	surfaced roads						
Sub-Programme: Maintenance								
Increase access to affordable and reliable transport infrastructure (Priority 2: MTSF)	Expansion and maintenance of transport infrastructure to improve the Network VCI.	Number of square metres of surfaced roads rehabilitated	353 761	0	367 120	109 467.20	257 652.8	There was conflict between the joint venture partners which caused major delays
		Number of square meters of surfaced roads resealed	896 200	46 000	64 000	121 750	(57 750)	The R31 required an emergency intervention due to flood damages

PROGRAMME PERFORMANCE

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
		Number of kilometres of gravel roads re-gravelled	161.61	440.78	300	304.32	(4.32)	emergency intervention due to flood damages contributed to over performance
		Number of square meters of blacktop patching	16 547.15	33 951.80	18 500	42 165.27	(23 665.27)	Vala Zonke intensified the efforts for pothole repairs
		Number of kilometres of gravel roads bladed	57 023.98	63 759.61	73 000	55 162.03	17 837.97	There was a major breakdown of aged graders

Outcome, outputs, output indicators, targets and actual achievements

Strategy to overcome areas of under performance

Establish a pothole eradication program to improve road safety.

Implementing re-gravelling as capital projects and use chemical stabilisation and crushing to improve gravel road riding quality.

Bridge maintenance - Implement routine bridge maintenance and critical bridge maintenance projects

Replacement of graders and outsourcing of graders through the framework agreement to speed up performance.

2.2.4.2 Linking Performance with Budget

Sub-programme Name	2022/23			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
3.1. Programme support	2 913	2 912	1	5 612	5 611	1
3.2. Planning	32 819	32 818	1	31 421	31 421	-
3.3. Design	4 518	4 516	2	3 266	3 265	1
3.4. Construction	225 187	225 184	3	222 035	222 032	3
3.5. Maintenance	1 082 620	1 082 617	3	1 270 653	1 270 647	6
	1 348 057	1 348 047	10	1 532 987	1 532 976	11

2.2.5. 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.

Sub-Programme	Purpose
Community Development	Support to district offices to implement ROD and Poverty relief projects
Innovation and Empowerment	Sub-program includes support to designated groups on contractor development, skills development and artisan development
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 IV targets

Outcome	Progress
More decent jobs created and sustained with youth, women and persons with disabilities (Priority 2; MTSF)	The EPWP Phase IV is currently in its third year in 2022/23 and the Northern Cape has a target of 104 031 work opportunities to achieve by 2024/25 financial year. During 2022/23 financial year, a total of 6 829 work opportunities were created within the department of which 4818 are from road projects. This brings our achievement to (96%) work opportunities against a target of 7147, the province has to date achieved 71 548 which is 69% against its five-year target of 104 031.

Outcome	Progress
<p>Massify FTE, skills, and entrepreneurial training for youth NEET linked to key industries and 4IR (priority 2: PGDP)</p>	<p>1 946 beneficiaries benefited from the skills empowerment initiatives implemented between 2020/21-2022/23 financial years. The department achieved an over performance of 8% for 2022/23 financial year with 533 against a target of 510.</p> <p>The following programmes were implemented</p> <ul style="list-style-type: none"> • Phakamile Mabija • Diesel Mechanics • Welding Apprenticeship • Refrigeration Apprenticeship • Rigger Apprenticeship • National Certificate IT System Support NQF Level 5 (Kimberley & Upington) • Civil and Building Construction (Pampierstad) • Civil and Building Construction (Carpenters) - Prieska • Community House Building Prieska • Electrical Engineering Renewable Energy NQF Level 3 (All 5 Districts) • Business Analysis NQF Level 6 (Kimberley) • IT System Support Kimberley • IT System Support Upington • IT System Support Kuruman • Construction Road Maintenance Short Skills Programme (All 5 Districts)

Outcome	Progress
Massify FTE, skills, and entrepreneurial training for youth NEET linked to key industries and 4IR (priority 2: PGDP)	To date, 64 contractors benefited from the contractors development programme between 2021/22 and 2022/23 financial years.

2.2.5.1 Outcome, outputs, output indicators, targets and actual achievements

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
Sub-Programme : Community Development								
More decent jobs created and sustained with youth, women and persons with disabilities (Priority 2; MTSF)	Create work opportunities through EPWP and CWP (Priority 1; PGDP pillar 1)	Number of work opportunities created by Provincial department of Roads and Public Works	5 356	7 169	7 147	6 829	318	Withdrawal of delegations of powers from R500 000 to R30 000 contributed to projects not being implemented in the districts and

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
								procurement was only done by head office and this caused a red-tape and delays in EPWP projects implementation.
		Number of youths employed (18 – 35)	3 372	4 610	3 931	3 996	(65)	More youth were employed to address youth unemployment

PROGRAMME PERFORMANCE

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
		Number of women employed	2 546	3 411	4 288	3 454	834	Withdrawal of delegations of powers from R500 000 to R30 000 contributed to projects not being implemented in the districts and procurement was only done by head office and this caused a red-tape and delays in EPWP
		Number of persons with disabilities employed	0	85	143	96	47	

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
Sub-Programme: Innovation and Empowerment								
Massify FTE, skills, and entrepreneurial training for youth NEET linked to key industries and 4IR (priority 2: PGDP)	Implementation of Skills and contractor development programmes to assist in the empowerment initiatives for the NC communities	Number of contractors participating in the Contractor Development Programme	-	30	50	34	16	There was a delay during the implementation of the CDP
		Number of beneficiaries on skills development initiatives	718	695	510	553	(43)	More beneficiaries were appointed on the programme
Sub-Programme: EPWP Co-ordination and Compliance Monitoring								
More decent jobs created	Effective compliance,	Number of public bodies	40	38	40	39	1	One municipality did not

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
and sustained with youth, women and persons with disabilities (Priority 2; MTSF)	monitoring and of support EPWP	reporting on EPWP targets within the province						comply with reporting requirements
		Number of interventions implemented to support public bodies	16	17	16	19	(3)	More interventions were implemented

Strategy to overcome areas of under performance

- Strengthen partnerships with disability organizations, SETAs, TVET Colleges/Institutions of higher learning and private sector to ensure placement after training.
- Strengthen technical support to Districts and Public Bodies to increase reporting and achieving agreed work opportunities targets.
- Explore under the root out the dust program alternative road paving methodologies and projects to ensure greater efficiencies and labour intensity.
- Increasing the labour intensity of infrastructure expenditure through influencing how public bodies implement their infrastructure activities.

2.2.5.2. Linking Performance with Budget

Sub-programme Name	2022/23			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
5.1. Programme support	2.853	2.851	2	2.550	2.548	2
5.2. Community Development	138.335	138.328	7	158.861	158.853	8
5.3. Innovation and Empowerment	14.058	14.057	1	17.997	17.994	3
5.4. EPWP Co-ordination and Monitoring	3.319	3.316	3	3.112	3.111	1
Total	158.565	158.552	13	182.520	182.506	14

2.3. Performance in relation to Standardised Outputs and Output Indicators for Sectors with Concurrent Functions

The province has to date achieved 71 548 which is 69% against its five-year target of 104 031.

2.4. TRANSFER PAYMENTS

The table below reflects zero transfer payments made for the period 1 April 2022 to 31 March 2023.

N/A

2.5. CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

	Provincial Roads Maintenance Grant	EPWP Integrated Grant
Department to whom the grant has been transferred	Department of Transport	Department of Public Works (Vote 5)
Purpose of the grant	<ul style="list-style-type: none"> - To supplement provincial roads and support preventative, routine and emergency maintenance on provincial road networks - Ensure provinces implement and road asset management systems - Promote the use of labour-intensive methods in road maintenance - Repair roads and bridges damaged by floods 	<p>To incentivise provincial departments to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines:</p> <ul style="list-style-type: none"> - road maintenance and the maintenance of buildings - low traffic volume roads and rural roads - other economic and social infrastructure - sustainable land based livelihood

	Provincial Roads Maintenance Grant	EPWP Integrated Grant
Expected outputs of the grant	<p>Collected pavement and bridge condition data as well as traffic data (number)</p> <ul style="list-style-type: none"> - The extent of the road (length) and bridge network - Current condition distribution of the road and bridge network, as well as traffic distribution - Maintenance needs of the road and bridge network - Change in network condition distribution over time due to prioritised maintenance actions - Number of EPWP work opportunities created - Number of S3 students provided with experiential internships - Number of emerging contractor created opportunities - Rehabilitation and repair of roads and bridges damaged by floods 	<ul style="list-style-type: none"> - Increased number of people employed and receiving income through the EPWP - Increased average duration of the work opportunities created - Increased income per EPWP beneficiary
Actual outputs achieved	Yes	Yes
Amount per amended DORA	1 064 972	4 187
Amount received (R'000)	1 064 972	4 187

	Provincial Roads Maintenance Grant	EPWP Integrated Grant
Reasons if amount as per DORA was not received	All funds received	All funds received
Amount spent by the department (R'000)	1 064 972	4 182
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	We have a Chief Directorate in the department that specifically deal with road infrastructure. We appoint a project manager for each projects that we undertake. It is also part of our reporting procedure to National Department of Transport on a monthly basis.	The department do have a dedicated unit that deal with the payments.

2.6. CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Infrastructure projects	2022/2023			2021/2022		
	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
New and replacement assets			-	2.950	2.950	-
Existing infrastructure assets	1.258.502	1.258.496	6	1.490.743	1.490.739	4
Upgrades and additions	135.170	135.164	6	109.975	109.973	2
Refurbishment and rehabilitation	99.743	99.743	-	116.112	116.112	-
Maintenance and repairs	1.023.589	1.023.589	-	1.264.656	1.264.654	2
Infrastructure transfer	-	-	-	-	-	-
Current			-			-
Capital						-
Infrastructure leases	6.233	6.233	-	6.364	6.364	-
Non Infrastructure	61.644	61.644	-	42.766	42.766	-
Total	1.326.379	1.326.373	6	1.542.823	1.542.819	4

A photograph of a row of white Volkswagen cars parked in a dealership or showroom. The cars are parked in a line, and the image is partially obscured by a large orange diagonal shape on the left side. The text 'PART C:' is overlaid on a white circular graphic in the lower-left area.

PART C:

GOVERNANCE

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1. INTRODUCTION
2. RISK MANAGEMENT
3. FRAUD AND CORRUPTION
4. MINIMISING CONFLICT OF INTEREST
5. CODE OF CONDUCT
6. HEALTH AND SAFETY AND ENVIRONMENTAL ISSUES
7. PORTFOLIO COMMITTEE
8. SCOPA RESOLUTIONS
9. PRIOR MODIFICATIONS TO AUDIT REPORTS
10. INTERNAL CONTROL UNIT
11. INTERNAL AUDIT AND AUDIT COMMITTEES
12. AUDIT COMMITTEE REPORT
13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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. The department is having quarterly review sessions to measure the performance, but also the different program managers come and report on their performance. The department will continue to use its managerial processes such as MANCO and Exco to strengthen working relations in the organization.

b) Discipline

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. The department is having quarterly review sessions to measure the performance, but also the different program managers come and report on their performance. The department will continue to use its managerial processes such as MANCO and Exco to strengthen working relations in the organization.

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.

The department is required to submit a report to the Public Service Commission and the Provincial Legislature on financial performance.

3.2. RISK MANAGEMENT

The department has a risk management policy and strategy in place which is reviewed annually. 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.

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 is still functional. An independent chairperson have been appointed from 01 May 2022 till 30 April 2024 to serve and chair the Risk Management meetings 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.

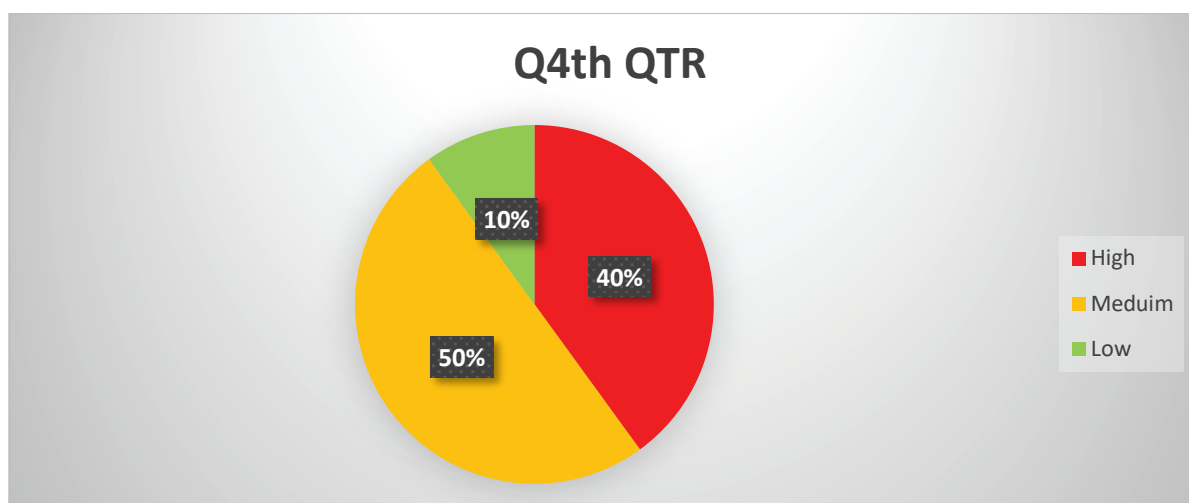
Member	Position
R Beukes	Chairperson (Municipal Manager- Kamiesberg)
B. Slingers	Chief Financial Officer
I. Bulane	CD: Roads
A. Mpotsang	CD: Corporate Service
OJ Gill	CD: Public Works
R. Grewan	CD: EPWP & District Coordination
Q Fitzpatrick	Dir: Finance NCFMTE
S Thiso	Acting Dir: Legal Services

The Risk Management Committee meet quarterly to 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 following is some of the responsibilities of the Risk Management Committee:

- Reviewed the Department's Risk Management Policy, Strategy and Implementation Plan for approval by the Accounting Officer;
- To make sure it reviews the risk appetite and tolerances and identify risk assessment methodology;
- Reported to the Accounting Officer any material changes to the risk profile of the Department;
- Reviewed the Fraud Prevention Plan (Strategy, Policy and Implementation Plan) and review the effectiveness of the implementation of the Fraud Prevention Plan;
- Assessed the implementation of the departmental Risk Management Policy, Strategy and Implementation Plan and Ethics Management Implementation Plan;

a) Strategic Risks 2022/23

The table below depicts residual risks for the end of the financial year.



3.3. FRAUD AND CORRUPTION

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 established a number of units and interventions in order to improve internal control.

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

The Ethics Committee is now fully functional and already had two meetings. 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. We make use of the presidential help line to report fraud and corruption and we appoint an official to deal with all reported cases.

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. More importantly, cases of fraud can also be reported to the fraud and corruption hotline, Public Protector, Presidential Hotline, Public Service Commission. 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 use 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.

3.4. Minimising 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.
- All bid committee officials are required to declare their interest before the meeting can commence.

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. HEALTH SAFETY 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 of Roads and Public Works briefed the Committee on its 2022/23 APP on the 2nd of June 2022.

OBSERVATIONS	RESPONSES
1. The water leakages occurring leading to the closure of the R31 road.	The department made strides in the completion of the R31 project and various stakeholders involved in the project were consulted to resolve the water leakages.
2. The Department's commitment to clean audit outcomes for the financial year 2022/23.	The department has put measures in place for improving its internal controls in order to derive to its clean audit status
3. The possible disasters that might strike and affect provincial infrastructure.	The department works closely with various stakeholders to establish proactive disaster management plan and strategies.
RECOMMENDATIONS	RESPONSES
1. Ensure that R31 road water leakages are urgently attended to, and work closely with the Sol Plaatje Municipality to address this problem as it could seriously affect the economy of the Province.	The recommendations are appreciated and the department collaborated with the Sol Plaatje Municipality and Water and Sanitation in order to resolve the water leakages into the R31.
2. Develop a plan on how they will roll out the clean audit outcomes and consider sanctions with disciplinary action for non-compliance where necessary.	The recommendations are appreciated, and the department will develop a clear plan in order to derive towards a clean audit
3. Continue its engagements with the Departments of COGTA and COGHSTA to mitigate the possible disasters that negatively affect communities and infrastructure.	The recommendation will be implemented accordingly.

REPORTS	RESPONSE
1. A brief report as the Department reviews the status of the R31 and the manganese route as a national road, because of the financial and cost implications on the Provincial fiscus.	<ul style="list-style-type: none"> • The Manganese Haulage Route starts from Blackrock, in John Taolo Gaetsewe, through Kimberley up to Hanover. • The route has narrow sections that needs to be widened and widened for safe passing of heavy traffic. • The route has reached its design life and the number of daily heavy traffic is accelerating the deterioration of the road conditions. • The Province cannot afford the rehabilitation and widening of the route and therefore the Department requested to the Minister of Transport to transfer the route to SANRAL through the Premier's office. • The Department has also requested that the transfer of roads to SANRAL should not affect the budget allocation to the Province through PRMG so that the Department may be able to attend to the road maintenance backlog in the Province. • The Department awaits response from Minister of Transport with regards to both the transfer of roads and the effects on Provincial Fiscus and continues to maintain the route while awaiting response.

The department presented on 23 September 2022 and before tabling the 2022/23 1st quarter report, The PC requested reports which were submitted, and no additional reports requested from the department.

Observations
<p>The Committee made the following observations from the presentation:</p> <ol style="list-style-type: none"> 1. The deteriorating road infrastructure, due to the heavy mining trucks passing through provincial roads.

2. That the Department established a provincial state infrastructure company.
3. The concerning irregular, fruitless and wasteful expenditure that occurs in the Department.
RECOMMENDATIONS
Department must:
1. Ensure to engage the mining houses to assist in the maintenance of the roads, as most of their trucks are damaging the roads of the Province.
2. Brief the Committee on the envisaged operations of the provincial state infrastructure company.
3. Intensify their efforts in combatting the financial misconduct regarding irregular, fruitless and wasteful expenditure and apply consequence management to those who incur these.
REPORTS SUBMITTED
1. Internal Audit Report
2. Audit Committee Report
3. Risk Management Report
4. Irregular Expenditure Report
5. Fruitless & Wasteful Expenditure Report
6. Consequence Management Report
7. Audit Action plan

3.8. SCOPA RESOLUTIONS

The department tabled its 2021/22 Annual report to the joint SCOPA on the 1 November 2022 (virtual hearing) and the committee met and adopted the report.

There were no questions only observations and recommendations were made.

OBSERVATIONS	STATUS
<p>1. The Annual Financial Statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework impacting on Material corrections in the Annual Financial Statements (AFS) which resulted in non-compliance with laws and regulations.</p> <p>2. Recurrence of irregular expenditure resulted in increase irregular expenditure. It is evident that the department need to focus on strengthening the control environment, in order to avoid non-compliance to supply chain regulations and other relevant regulations, which in some instances affect user departments such as Health and Education in instances where the department is acting as an implementing agent. The department has not addressed the internal controls weaknesses identified by the auditors in prior years, resulting in the re-occurrence of non-compliance which results in irregular expenditure.</p>	<p>We have developed a AFS implementation plan wherein we have outlined the different responsibilities that must be performed for the completion of disclosure notes. Each disclosure note has been assigned to an official in Finance and the affected cost centre with an indicative due date. It further outlines the respective activities that will enable the completion of the disclosure notes.</p> <p>In some instances, certain disclosure notes cannot be completed as it is dependent upon another activity or disclosure note. It is envisaged that, such instances will have to run concurrently where possible to ensure timeous completion.</p> <p>We are currently providing training and the necessary capacitation for each disclosure note that has been assigned to a respective employee.</p>

OBSERVATIONS	STATUS
3. Lack of implementation of adequate consequences management.	The coaching and mentoring is on-going with the view that, the compilation and review process will be seamless.
<p>The Committee recommends that the Accounting Officer of the Department must:</p> <ol style="list-style-type: none"> 4. Ensure that its financial statements are supported adequately by audit evidence by ensuring that its financial statements are subjected to three levels of review before submission for auditing purposes. As such, submission within 30 days is required of an Implementation plan on a framework for the compilation of financial statements that details Capacity, Frequency, Timing, Methodology and Assurance. 5. The internal Audit committee must on a quarterly basis submit a Report to the committee that monitors, tracks and traces unauthorised, irregular, fruitless and wasteful expenditure for inclusion in the Consequence Management Report. 6. The internal Audit committee must on a quarterly basis submit a Consequence Management Progress report to the committee that monitors implementation of consequent management (disciplinary steps) against officials who made or permitted unauthorised, irregular, fruitless and wasteful expenditure. 7. Ensure that the Internal Audit Function monitors, assesses, and 	<p>The department is in the process of strengthening the human capacity within the Finance directorate to provide the necessary support for the compilation of the AFS. As such, this will enable us to execute the review process on the proposed three (3) levels as recommended by SCOPA.</p> <p>The disclosure notes will be reviewed by the Director: Finance with the assigned employee/s as per the AFS implementation plan. Thereafter the second review will take place between the Director: Finance and the CFO. It is our intention that, the final review will be done with Internal Audit after the submission of the draft AFS. Our indication is that, the draft AFS will be submitted during the first week of May 2023.</p> <p>The department regards the matter of non-compliance with internal controls serious in that, we have had an Internal Control workshop in October 2022. The aim of the workshop was to highlight the importance of internal controls within each employee's area of responsibility. Matters of non-compliance will be referred to the Labour Relations unit for investigation and the outcomes thereof will determine the appropriate disciplinary actions if any, to be followed.</p>

OBSERVATIONS	STATUS
<p>implements the recommendations of the Audit Action Plan. As such, the department must submit on a quarterly basis a report that monitors and evaluates the implementation of an Audit Action Plan.</p>	<p>The department has a zero tolerance towards irregular, fruitless and wasteful expenditure and we continue to prevent any in all the area of procure and each cost centre. We have a backlog with regard to the finalization of the investigation into our irregular expenditure due to human capacity. However, we have approved overtime for the Financial Inspectorate team to expedite the investigation process before 31 March 2023. The aim is to complete the investigation by February 2023 so that Provincial Treasury can review the outcomes for the condonation process. We will provide an updated consequence register after the review of the investigation by the Financial Misconduct Committee which is schedule for February 2023.</p> <p>The audit action is monitored and updated on a quarterly basis. We are currently finalizing the update for the quarter ending 31 December 2022.</p> <p>The updated audit action plan will be submitted to Internal Audit for review and the recommendations thereof will be discussed with Internal Audit and the respective cost centers.</p>
REPORTS SUBMITTED	
<p>The following requested reports attached on 27 January 2023.</p> <ul style="list-style-type: none"> 8. Annexure A: Provincial Asset register 9. Annexure B: Sector skills program report 10. Annexure C: Report on AG action plan 11. Annexure D: Report and Risk management register 	

3.9. PRIOR MODIFICATIONS TO AUDIT REPORTS

None

3.10. INTERNAL CONTROL UNIT

3.10.1 Internal Audit

The Executive Council of the Northern Cape Provincial Government has established an Internal Audit Unit (Internal Audit) to provide internal audit services to all 11 departments, 6 listed public entities and one trading entity within the province. The shared Internal Audit Unit is divided into 4 clusters, Department of Road and Public Works being serviced by the Internal Audit Unit – Public Works Cluster. The IAU is an independent, objective assurance and consulting activity designed to add value and improve the client's operations.

3.10.2 Mandate

The Internal Audit Unit was established according to the Public Finance Management Act, 1999 (Act No 1 of 1999) section 38(a)(ii) which requires that the accounting officer establish a system of internal audit under the control and direction of an audit committee. Internal Audit assisted the department and management with the achievement of their objectives and remains a vital part of the department's governance and combined assurance structures. Internal Audit is the primary independent assurance provider on the adequacy and effectiveness of the department's governance, risk management and control structures, systems and processes. Internal audit operates in general conformance to the International Standards for the Professional Practice of Internal Audit (Standards).

3.10.3 Annual internal audit assurance statement

Internal Audit assurance can only be reasonable and not absolute and does not supersede the department's and management's responsibility for the ownership, design, implementation, monitoring and reporting of governance, risk management and internal controls.

3.10.4 Independence and authority

The independence of internal audit is considered by the Chief Audit Executive and Audit Committee on an ongoing basis. It has been determined and confirmed that Internal Audit has remained independent of all operational functions and that the functional reporting to the Audit Committee and administrative reporting to the Treasury Head of Department have enabled appropriate organisational positioning. A shared internal audit model is in place, stationed in Provincial Treasury and operates in 4 clusters of 3 departments each. This contributed positively to independence. Internal Audit has access to all stakeholders as well as free and unrestricted access to all areas within the department.

3.10.5 Key activities of the internal audit:

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

- AGSA Audit rectification plan – completeness and adequacy
- Follow-up AGSA rectification plan implementation status
- ICT governance reviews
- Irregular Expenditure Framework Compliance review
- Moveable asset management
- Immovable property management
- ICT
- Performance information quarterly report review
- Pothole litigation
- Review of Interim Financial Statements
- Risk, fraud and ethics management
- Review Draft Annual Financial Statements
- Review Draft Annual Performance Report

The internal audit unit also attended and contributed to the departmental risk management committee meetings and management meetings.

3.10.6 Audit Committee

Key activities and objectives of the audit committee:

The Executive Council of the Northern Cape Provincial Government has established Cluster Audit Committees for the 12 Provincial Departments, 6 listed public entities and one trading entity. The Public Works Cluster Audit Committee deals with 3 departments and one trading entity including the Department of Transport, Safety and Liaison. The Audit Committee assists the department by providing advice relating to the reporting process, the system of internal control, the risk management processes, the internal and external audit process and the departments processes for monitoring compliance with laws and regulations and the code of conduct.

The Audit Committee consists of the members listed below. It meets as frequent as mandated by the approved Audit Committee charter and as often as it deems necessary. The AC also provided the MEC with a written report subsequent to the AC meetings to ensure the executive is informed about matters of concern.

During the financial year under review, 4 meetings were convened as per its charter including a meeting convened to discuss rectification plan status of implementation.

The table below discloses relevant information on the audit committee members:

The term of audit committee members is three years with an opportunity to be renewed for another 3 year term. The audit committee members and their attendance are:

Name	Qualifications	Internal or external	If internal, position in the department	No. of Meetings attended
Viren Magan	B. (Compt), CA(SA)	External	n/a	4
George Higgins	B. Com, B Com Bonours (Tax), CA(SA)	External	n/a	4
Tembela Mnqeta	Risk certification and Project Management	External	n/a	4
T Monoametsi	BCom, in Accounting and Auditing; BCom in Risk Management; Masters in Business Leadership, Majoring in Supply Chain Masters in Business Administration, Majoring in Agile Supply Chain	Internal	Director – SCM	3

3.11. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2023. 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.

3.11.1 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 AGSA. The Audit Committee met four times during the year in compliance with the PFMA and the Audit Committee charter. The Audit Committee also met with the AGSA.

3.11.2 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.

3.11.3. 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.

3.11.3.1. Governance

- Audit rectification plans were developed but not implemented on time resulting in repeat audit findings by internal and external auditors.
- Key executive management and senior management positions vacant and filled for extended periods with acting officials.
- Delegations within the department were not made to operational levels resulting in procurement and other operational decisions being made at provincial level. This impacts on efficiency of operations.

3.11.3.2. Risk management

- The department faces reputational risk due to continued supply chain management non-compliance.

3.11.3.3. Internal control

- Critical control weaknesses requiring immediate management action were identified in the areas of supply chain management compliance, irregular expenditure framework compliance, performance information reporting and fraud & ethics management.
- Control weaknesses identified by internal audit and material incidents that need to be corrected indicate that the system of internal control can only be partially relied upon to provide assurance that business objectives will be met. The control weaknesses as reported by internal and external audit require urgent management intervention.

3.11.4. Information Technology governance and controls

- Information technology governance was found not to be adequately designed and implemented with repeat deficiencies being reported.
- Certain information technology controls related to security, information technology service continuity and user access management were not effectively designed and implemented.

Follow up audits are a strong governance and risk management practice, included in the Internal Audit Charter and in the International Standards for the Professional Practice of Internal Auditing. Therefore internal audit also performed follow up

audits. Management has developed an action plan to address the above issues within a reasonable time period but implementation were not timeous resulting in repeat audit findings.

3.11.5. 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.

Key concerns identified by the Audit Committee:

- Irregular expenditure continues to increase as a result of supply chain non-compliance not being detected and prevented.
- The Audit Committee commended the department for implementing the processes and requirements of the Irregular Expenditure Framework to ensure the cumulative balance is reduced. The Audit Committee requested the department and AGSA teams to engage and clarify the adequacy of consequence management steps taken by the department.
- Outstanding debts owed to municipalities by the department, as custodian of municipal accounts for government buildings, continued to increase. The budget allocation to the department is insufficient to fund monthly municipal accounts resulting in debts to municipalities increasing annually.
- The AGSA reported on Material Irregularities and potential losses under investigation. The Audit Committee requested the AGSA to provide progress quarterly.
- The Audit Committee requested quarterly feedback on the intended remodelling of the public works function within the province. The Audit Committee recommended that risks related to remodelling the process should be assessed and factored into the project plan for the remodelling process.

3.11.6. INTERNAL AUDIT

The Audit Committee is satisfied as to the effectiveness of the internal audit function during the year and that the internal audit function has to a large extent audited the risks pertinent to the department. The internal audit function continues to function with one vacancy on assistant director level, one vacancy on senior internal auditor level and one vacancy on auditor level.

The following internal audit work was completed during the year under review:

- AGSA Audit Rectification Plan – completeness and adequacy
- Follow-up AGSA rectification plan implementation status
- ICT Governance reviews
- Immovable Property Management
- Irregular Expenditure Framework Compliance review
- Moveable Asset Management
- Performance Information
- Pothole Litigation
- Review Draft Annual Financial Statements
- Review Draft Annual Performance Report
- Review of Interim Financial Statements
- Risk, Fraud and Ethics management

3.11.7. EVALUATION OF AUDITED ANNUAL FINANCIAL STATEMENTS AND PERFORMANCE REPORT

3.11.7.1 The Audit Committee has reviewed the audited financial statements for the year ended 31 March 2023 and has discussed matters of concern with the Accounting Officer, management and AGSA. The Audit Committee expressed concern at the misalignment of budget utilization at almost 100% versus performance achievement of planned targets of only 51%. The Audit Committee recommended the budget to be aligned to planned targets so that performance and budget utilization are comparable.

3.11.7.2 The Audit Committee has reviewed the AGSA's audit report, management report and management response thereto and directed management to develop a comprehensive action plan to address all issues raised by the AGSA. The Audit Committee will review the action plan and monitor

implementation thereof during the quarterly Audit Committee meetings in the coming year.

3.11.7.3 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 Modified Cash Standard.

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

3.11.7.5 The Audit Committee has reviewed the information on predetermined objectives to be included in the annual report as part of the review of the audited financial statements.

3.11.7.6 The Audit Committee has reviewed significant adjustments resulting from the audit as part of the review of the audited financial statements.

3.11.8 AUDITOR-GENERAL SOUTH AFRICA

The Audit Committee concurs with the findings on the reported performance information, financial statements as well as the findings from non-compliance with relevant laws and legislation. The Audit Committee is of the view that the audited financial statements be accepted and read together with the report of the external auditors. The Audit Committee confirms that it has been actively involved throughout the audit process and has been thoroughly appraised of the issues giving rise to the audit opinion.

The external audit function, performed by the AGSA, is independent of the Department. The Audit Committee has met with the AGSA to ensure that there are no unresolved issues and acknowledges the diligence and cooperation of the external audit team.

3.11.9. REPORTING

The Audit Committee reported quarterly to the Member of the Executive Council and the Head of Department. The Member of the Executive Council has a standing invite to the Audit Committee meetings and the Head of Ministry regularly attends Audit Committee meetings.

The Committee wishes to thank all the stakeholders for their cooperation and assistance.



Viren Magan CA(SA) CIA MBL

Chairperson of the Audit Committee

Date: 16 August 2023

3.12. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Reporting by organs of state and public entities in terms of section 13(g)(1) of the broad-based black economic empowerment act 53 of 2003 as amended by act 46 of 2013.

The following table must be completed in full by the Sphere of Government / Public Entity / Organ of State:

Name of Sphere of Government / Public Entity / Organ of State:	Department of Roads and Public Works Northern Cape Province
Registration Number (If Applicable):	N/A
Physical Address:	9-11 Stockroos Street, Square Hill Park, Kimberley
Type of Sphere of Government / Public Entity / Organ of State:	Provincial Government
Organisation Industry / Sector	Government

Has the Sphere of Government / Public Entity / Organ of State applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Circle relevant answer	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	Yes / No	Not applicable for this period
Developing and implementing a preferential procurement policy?	Yes / No	The procurement include provisions that address preferential procurements requirements
Determining qualification criteria for the sale of state-owned enterprises?	Yes / No	Not applicable for this Period

Has the Sphere of Government / Public Entity / Organ of State applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Circle relevant answer	Discussion
Developing criteria for entering into partnerships with the private sector	Yes / <input checked="" type="radio"/> No	Not applicable for this period
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	Yes / <input checked="" type="radio"/> No	Not applicable for this period



PART D:

HUMAN RESOURCE MANAGEMENT

4.1 Personnel related expenditure

Table 4.1.1 Personnel expenditure by programme for the period 1 April 2022 and 31 March 2023

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)	Employment
Administration	174 642	99 147	3 424	35	56,8%	503	197
Public Works Infrastructure	218 015	43 934	345	5 371	20,2%	571	77
Transport Infrastructure	1 348 047	138 615	-	2 309	10,3%	255	544
Community Based Programme	158 553	14 323	-	12 827	9,0%	530	27
TOTAL	1 899 257	296 019	3 769	20 542	15,6%	350	845

Table 4.1.2 Personnel costs by salary band for the period 1 April 2022 and 31 March 2023

Salary Bands	Personnel Expenditure (R'000)	% Of total personnel cost	Number of Employees	Average Compensation Cost per Employee (R'000)
Contract workers	21 347	7,2%	34	628
Lower skilled (Levels 1-2)	990	0,3%	7	141
Skilled (Levels 3-5)	119 758	40,5%	539	222
Highly skilled production (Levels 6-8)	64 307	21,7%	156	412
Highly skilled supervision (Levels 9-12)	67 882	22,9%	90	754
Senior management (Levels 13-16)	21 735	7,3%	19	1 144
TOTAL	296 019	100%	845	350

Table 4.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2022 and 31 March 2023

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	76 035	76,7%	144	0,1%	2 545	2,6%	5 973	6,0%
Public Works Infrastructure	35 170	80,1%	-	0,0%	1 059	2,4%	2 030	4,6%
Transport Infrastructure	101 510	73,2%	925	0,7%	7 201	5,2%	8 791	6,3%
Community Based Programme	11 617	81,1%	-	0,0%	328	2,3%	617	4,3%
TOTAL	224 332	75,8%	1 069	0,4%	11 133	3,8%	17 411	5,9%

Table 4.1.4 Salaries, Overtime, Homeowners Allowance and Medical Aid by salary band for the period 1 April 2022 and 31 March 2023

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	19 729	92,4%	62	0,3%	-	0,0%	-	0,0%
Lower skilled (Levels 1-2)	627	63,3%	-	0,0%	160	16,2%	125	12,6%
Skilled (Levels 3-5)	81 015	67,6%	786	0,7%	7 387	6,2%	9 433	7,9%
Highly skilled production (Levels 6-8)	48 062	74,7%	172	0,3%	2 466	3,8%	5 469	8,5%
Highly skilled supervision (Levels 9-12)	55 301	81,5%	49	0,1%	861	1,3%	2 199	3,2%
Senior management (Levels 13-16)	19 598	90,2%	-		259	1,2%	185	0,9%
TOTAL	224 332	75,8%	1 069	0,4%	11 133	3,8%	17 411	5,9%

4.2 Employment and Vacancies

Table 4.2.1 Employment and vacancies by programme as on 31 March 2023

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	306	195	36.3	4
Public Works	136	77	43.4	6
Roads	857	544	36.5	13
Community Based Programme	42	27	35.7	1
Total	1341	843	37.1	24

Table 4.2.2 Employment and vacancies by salary band as on 31 March 2023

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)	49	8	83.7	1
Skilled (3-5)	875	550	37.1	5
Highly skilled production (6-8)	253	169	33.2	12
Highly skilled supervision (9-12)	137	97	29.2	6
Senior management (13-16)	27	19	29.6	0
Total	1341	843	37.1	24

Table 4.2.3 Employment and vacancies by critical occupations as on 31 March 2023

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Professionals	36	22	39	5
Technicians	27	20	26	3
Total	63	42	33	8

4.3 Filling of SMS Posts

Table 4.3.1 SMS post information as on 31 March 2023

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	12	60	8	40
Total	26	18	69	8	31

Table 4.3.2 SMS post information as on 31 September 2023

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	12	60	8	40
Total	26	18	69	8	31

Table 4.3.3 Advertising and filling of SMS posts for the period 1 April 2022 to 31 March 2023

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	12	60	8	40
Total	26	18	69	8	31

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 2022 to 31 March 2023.

Reasons for vacancies not advertised within six months
Due to the Provincial moratorium on the filling of posts, and budget cuts no posts were advertised.

4.4 Job Evaluation

Table 4.4.1 Job Evaluation by Salary band for the period 1 April 2022 to 31 March 2023

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)	49	0	0	0	0	0	0
Skilled (Levels 3-5)	875	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	253	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	137	0	0	0	0	0	0
Senior Management Service Band A	19	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	1341	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 2022 to 31 March 2023

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 2022 to 31 March 2023

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 2022 to 31 March 2023

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

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

Table 4.5.1 Annual turnover rates by salary band for the period 1 April 2022 to 31 March 2023

Salary band	Number of employees at beginning of period -1 April 2022	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 (Levels 3-5)	483	64	28	5.7
Highly skilled production (Levels 6-8)	143	8	4	2.7
Highly skilled supervision (Levels 9-12)	93	1	6	6.4
Senior Management Service Bands A	13	1	2	15.3
Senior Management Service Bands B	5	0	0	0
Senior Management Service Bands C	0	1	0	0
Senior Management Service Bands D	1	0	0	0
Contracts	98	0	0	0
Total	840	75	40	4.7

Table 4.5.2 Annual turnover rates by critical occupation for the period 1 April 2022 to 31 March 2023

Critical occupation	Number of employees at beginning of period-April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Engineering & related Professionals	19	0	2	10.5
TOTAL	19	0	2	10.5

Table 4.5.3 Reasons why staff left the department for the period 1 April 2022 to 31 March 2023

Termination Type	Number	% of Total Resignations
Death	11	27.5
Resignation	7	17.5
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	2	5
Retirement	20	50
Transfer to other Public Service Departments	0	0
Other	0	0
Total	40	
Total number of employees who left as a % of total employment		4.7

Table 4.5.4 Promotions by critical occupation for the period 1 April 2022 to 31 March 2023

Occupation	Employees 1 April 2022	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	19	0	0		7	37
TOTAL	19	0	0		7	37

Table 4.5.5 Promotions by salary band for the period 1 April 2022 to 31 March 2023

Salary Band	Employees 1 April 2022	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)	42	0	0	7	16
Skilled (Levels 3-5)	515	25	4.8	248	48
Highly skilled production (Levels 6-8)	160	3	1.8	67	42
Highly skilled supervision (Levels 9-12)	101	0	0	38	38
Senior Management (Level 13-16)	18	0	0	0	0
Total	836	28	3.3	360	43

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 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	2	4	0	0	3	2	0	0	11
Professionals	28	5	0	2	11	8	0	4	58
Technicians and associate professionals	33	16	0	2	20	9	0	2	82
Clerks	39	13	1	3	77	37	0	3	173
Service and sales workers	2	0	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	22	20	0	4	9	1	0	0	56
Plant and machine operators and assemblers	18	26	0	2	0	0	0	0	46
Elementary occupations	139	156	0	0	67	53	0	0	415
Total	283	240	1	13	187	110	0	9	843
Employees with disabilities	2	0	0	1	0	0	0	0	3

Table 4.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	1	0	0	1	0	0	0	2
Senior Management	5	6	0	0	4	2	0	0	17
Professionally qualified and experienced specialists and mid-management	28	7	0	3	9	3	0	3	53
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	73	31	1	6	51	27	0	6	195
Semi-skilled and discretionary decision making	172	195	0	4	119	78	0	0	568
Unskilled and defined decision making	4	0	0	0	4	0	0	0	8
Total	282	240	1	13	188	110	0	9	843

Table 4.6.3 Recruitment for the period 1 April 2022 to 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	1	0	0	0	0	0	0	1
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	6	0	0	0	2	0	0	0	8
Semi-skilled and	17	16	0	0	18	13	0	0	64

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
discretionary decision making									
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	25	17	0	0	20	13	0	0	75
Employees with disabilities	1	0	0	0	0	0	0	0	0

Table 4.6.4 Promotions for the period 1 April 2022 to 31 March 2023

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	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	1	0	0	0	3
Semi-skilled and discretionary decision making	17	5	0	0	3	0	0	0	25
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	19	5	0	0	4	0	0	0	28
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 4.6.5 Terminations for the period 1 April 2022 to 31 March 2023

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	1	1	0	0	0	0	0	0	2
Professionally qualified and experienced	4	1	0	1	0	0	0	0	6

HUMAN RESOURCE MANAGEMENT

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
specialists and mid-management									
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	0	0	0	0	0	0	0	4
Semi-skilled and discretionary decision making	15	10	0	0	2	1	0	0	28
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	24	12	0	1	2	1	0	0	40
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 4.6.6 Skills development for the period 1 April 2022 to 31 March 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	4	1	0	0	7	2	0	0	14
Professionals	10	4	0	0	1	0	0	0	15
Technicians and associate Professionals	21	2	0	0	4	2	0	0	29
Clerks	6	1	0	0	6	5	0	0	18
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	71	44	0	0	21	19	0	0	155
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	112	52	0	0	39	28	0	0	231
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 2022

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	1	1	0	0
SalaryLevel16	0	0	0	0
SalaryLevel15	0	0	0	0
SalaryLevel14	5	5	5	100%
SalaryLevel13	20	12	9	75%
Total	26	18	14	78%

Notes

- In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example if elections took place in April, the reporting date in the heading of the table above should change to 31 July 2022.

Table 4.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2023

Reasons
Non Compliance

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 2023.

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 2022 to 31 March 2023

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	0	0	0	0	0
Female	0	0	0	0	0
Asian					
Male	0	0	0	0	0
Female	0	0	0	0	0
Coloured					
Male	0	0	0	0	0
Female	0	0	0	0	0
White					
Male	0	0	0	0	0
Female	0	0	0	0	0
Total	0	0	0	0	0

Table 4.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2022 to 31 March 2023

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total 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)	0	0	0	0	0	0
Skilled (level 3-5)	0	0	0	0	0	0
Highly skilled production (level 6-8)	0	0	0	0	0	0
Highly skilled supervision (level 9-12)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 4.8.3 Performance Rewards by critical occupation for the period 1 April 2022 to 31 March 2023

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Not applicable	0	0	0	0	0
Total	0	0	0	0	0

Notes

The CORE classification, as prescribed by the DPSA, should be used for completion of this table.

Critical occupations are defined as occupations or sub-categories within an occupation–

- (a) In which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;

- (b) for which persons require advanced knowledge in a specified subject are a or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialized instruction;
- (c) Where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
- (d) In respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;

4.9 Leave utilisation

Table 4.9.1 Sick leave for the period 1 January 2022 to 31 December 2022

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)	69	97.10	3	0.60	23	43
Skilled (levels 3-5)	2495	89.10	290	53.30	9	2047
Highly skilled production (levels 6-8)	1282	86.70	113	20.80	11	2199
Highly skilled supervision (levels 9-12)	656.50	83.20	73	13.40	9	1970
Top and Senior management (levels 13-16)	85	80	12	2.20	7	385
Total	4587.50	436.10	491	90.30	9	6644

Table 4.9.2 Disability leave (temporary and permanent) for the period 1 January 2022 to 31 December 2022

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)
Skilled (Levels 3-5)	18	100	2	25	9	17
Highly skilled production (Levels 6-8)	60	100	3	37.50	20	109
Highly skilled supervision (Levels 9-12)	12	100	1	12.50	12	35
Total	90	100	6	75	25	161

Table 4.9.3 Annual Leave for the period 1 January 2022 to 31 December 2022

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	106	21	5
Skilled Levels 3-5)	11577.01	21	544
Highly skilled production (Levels 6-8)	4031	26	157
Highly skilled supervision (Levels 9-12)	2492	27	94
Senior management (Levels 13-16)	393	22	18
Total	18599.01	117	25

Table 4.9.4 Capped leave for the period 1 April 2022 to 31 March 2023

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 2023
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels (3-5)	6	3	2	40
Highly skilled production (Levels 6-8)	0	0	0	47
Highly skilled supervision (Levels 9-12)	59	2	30	34
Senior management (Levels 13-16)	0	0	0	25
Total	65	5	32	146

Table 4.9.5 Leave payouts for the period 1 April 2022 to 31 March 2023

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2022/23 due to non-utilisation of leave for the previous cycle	96	1	96000
Capped leave payouts on termination of service for 2022/23	552	18	30667
Current leave payout on termination of service for 2022/23	836	28	62381
Total	1484	47	189 048

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 – Immoveable 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 discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	x		Health & Productivity Management Policy
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	x		The department has a policy on HIV/AIDS where it announces that no employee will be discriminated against due to her/his status. Consequence management will be applied against those discriminating against any employee who is HIV positive
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	x		
8. Has the department developed measures/indicators to monitor & evaluate the		x	

Question	Yes	No	Details, if yes
impact of its health promotion programme? If so, list these measures/indicators.			

4.11 Labour Relations

Table 4.11.1 Misconduct and disciplinary hearings finalised for the period 1 April 2022 to 31 March 2023

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	2	2
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	6	75
Not guilty	1	12.5
Case withdrawn	1	12.5
Total	8	

Notes

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

Total number of Disciplinary hearings finalised	8
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Table 4.11.2 Types of misconduct addressed at disciplinary hearings for the period 1 April 2022 to 31 March 2023

Type of misconduct	Number	% of total
Abuse of Government Vehicle (Speeding)	23	46%
Absenteeism	9	18%
Theft /Fraud	12	24%
Leaking of Information	0	0%
Under the Influence of Alcohol / Violent Conduct	4	8%
Sexual Harassment	0	0%
False Accusations	0	0%
Gross Negligence	2	4%
Total	50	

Table 4.11.3 Grievances logged for the period 1 April 2022 to 31 March 2023

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

Table 4.11.4 Disputes logged with Councils for the period 1 April 2022 to 31 March 2023

Disputes	Number	% of Total
Number of disputes upheld	1	20
Number of disputes dismissed	4	80
Total number of disputes lodged	5	

Table 4.11.5 Strike actions for the period 1 April 2022 to 31 March 2023

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

Table 4.11.6 Precautionary suspensions for the period 1 April 2022 to 31 March 2023

Number of people suspended	10
Number of people whose suspension exceeded 30 days	10
Average number of days suspended	150
Cost of suspension(R'000)	R1 376 340

4.12 Skills Development

4.12.1 Training needs identified for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 31 March 2023	Training need at start of reporting period			
			Learnership	Skills Programme and other short courses	Other forms of training	Total
Legislators, senior and officials and managers	Female	20		20		20
	Male	20		20		20
Professionals	Female	15		15		15
	Male	15		15		15
Technicians and associate Professionals	Female	30		30		30
	Male	30		30		30
Clerks	Female	78		78		78
	Male	77		77		77
Service and sales workers	Female	0		0		0
	Male	0		0		0
Skilled agriculture and fishery workers	Female	0		0		0
	Male	0		0		0
Craft and related trades workers	Female	0		0		0
	Male	0		0		0
Plant and machine operators and assemblers	Female	13		13		13
	Male	12		12		12
Elementary occupations	Female	90		90		90
	Male	90		90		90
Sub Total	Female	246		246		246
	Male	244		244		244
Total		490		490		490

4.12.2 Training provided for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 31 March 2023	Training provided within the reporting period			
			Learnership	Skills Programme and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	20	0	20	1	21
	Male	20	0	20	0	20
Professionals	Female	15	0	15	0	15
	Male	15	0	15	0	15
Technicians and associate Professionals	Female	30	0	3	0	3
	Male	30	0	3	0	3
Clerks	Female	78	0	0	0	0
	Male	77	0	0	0	0
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	13	0	0	0	0
	Male	12	0	0	0	0
Elementary occupations	Female	90	0	78	0	78
	Male	90	0	77		77
Sub Total	Female	246	0	116	1	117
	Male	244	0	115		115
Total		490	0	231	1	232

4.13 Injury on duty

Table 4.13.1 Injury on duty for the period 1 April 2022 to 31 March 2023

Nature of injury on duty	Number	% of total
Required basic medical attention only	11	100%
Temporary Total Disablement	0	
Permanent Disablement	0	
Fatal	0	
Total	11	0

4.14 Utilisation of Consultants

4.14.1 Report on Consultants using appropriated funds for the period 1 April 2022 and March 2023

Project Title	Total number of consultants that worked on projects	Duration (Work Days)	Contract value in Rand
Schmitdrift Clinic	There are 5 consultants appointed the project has no started as yet still in the implementing phase Civil and Structural Engineer, Quantity Surveyor and Project Manager, Mechanical and Electrical Engineer and Architect	Unable to specify as the project has not started	Gazetted rates
Upgrade of Tshwaragano Hospital	There are two consultants on the project Quantity Surveyor and Architect	Unable to specify project is on advert stage	Gazetted rates
Conversion of School (MasizaPS) into Offices for DSAC District	One consultant appoint Civil Engineer	Unable to specify. Project is under construction	Gazetted rates
New Library in Galeshewe	There are four consultants appointed Civil and Structural Engineer, Quantity Surveyor and Architect, Mechanical and Electrical Engineer	Unable to specify project in advert phase	Gazetted rates
Maintenance Springbok Hospital	One consultant appointed Mechanical Engineer	Unable to specify	Gazetted rates
Upgrade of Kitchen at Robert Sobukwe Hospital Kimberley	One consultant appointed Mechanical Engineering and Quantity Surveying	Unable to specify	Gazetted rates
Trunk Road 5/1 (R31)	One consultant appointed Civil Engineering	Unable to specify	Gazette rates
Rehab of bridges Upington and De Aar Areas	One consultant appointed Civil Engineering	Unable to specify	Gazetted rates
Refurbishment of Author Letele Medical Depot	One consultant Quantity Surveyor	Unable to specify	Gazetted rates
Harry Surtie and Mental Health Hospital	One consultant Mechanical Engineer	Unable to specify	Gazetted rates
Upgrade of Robert Sobukwe Hospital Kimberley	One consultant appointed Project Manager and Mechanical Engineering	Unable to specify	Gazetted rates

HUMAN RESOURCE MANAGEMENT

Project Title	Total number of consultants that worked on projects	Duration (Work Days)	Contract value in Rand
Refurbishment of Steinkopf Clinic	One consultant Architech	Unable to specify	Gazetted rates
Upgrade of Mental Health Units	Two consultants appointed Architech and Quantity Surveyor	Unable to specify	Gazetted rates
MR803 Campbell	One consultant Land Surveyor	Unable to specify	Gazetted rates

Total Number of projects	Total individual consultants	Duration (Work Days)	Contract value in Rand
14	23	Unable to specify	Gazetted rates

4.14.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDI) for the period 1 April 2022 and March 2023

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that worked on the projects
Schmitdrift Clinic	100%	100%	5
Upgrade of Tshwaragano Hospital	100%	100%	2
Conversion of School (MasizaPS) into Offices for DSAC District	100%	100%	1
New Library in Galeshewe	100%	100%	4
Maintenance Springbok Hospital	100%	100%	1
Upgrade of Kitchen at Robert Sobukwe Hospital Kimberley	100%	100%	1
Trunk Road 5/1 (R31)	100%	100%	1
Rehab of bridges Upington and De Aar Areas	100%	100%	1
Refurbishment of Author Letele Medical Depot	100%	100%	1
Harry Surtie and Mental Health Hospital	100%	100%	1
Refurbishment of Steinkopf Clinic	100%	100%	1
Upgrade of Mental Health Units	100%	100%	2
MR803 Campbell	100%	100%	1

4.14.3 Report on consultants appointed using Donor funds for the period 1 April2022 and March 2023

N/A

4.14.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDI) for the period 1 April2022 and March 2023

N/A

4.15 Severance Packages

4.15.1 Granting of employee initiated severance package for the period 1 April2022 and March 2023

N/A



PART E:

**PFMA
COMPLIANCE
REPORT**

5.1. Irregular Expenditure

a) Reconciliation of irregular expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening Balance	4 034 142	3 785 878
Prior Period Error	(25 878)	168 586
Add: Irregular expenditure confirmed	24 721	80 088
Less: Irregular expenditure condoned	72 100	-
Less: Irregular expenditure not condoned and removed	106 799	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	410
Closing balance	3 854 086	4 034 142

Reconciliation Notes

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure that was under assessment in 2021/22		
Irregular expenditure that relate to 2021/22 and identified in 2022/23		
Irregular expenditure for the current year	24 721	80 088
Total	24 721	80 088

During the year ended March 2023, an amount of R4 000 was identified as irregular expenditure incurred in 2021/22 but was identified in the 2022/23 financial year by internal auditors during a review of irregular expenditure transactions

b) Details of current and previous irregular expenditure (under assessment, determination and investigation)

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure that under assessment	123 813	-
Irregular expenditure under determination	24 721	80 088
Irregular expenditure for under investigation		
Total	148 534	80 088

Irregular expenditure to an amount of R123 813 million was raised as audit findings for various incidents by the Auditor-General. The department have responded to all the audit issues but the matters have not been resolved at the finalisation for the issue of the audit report. The amount has been disclosed under assessment.

C) Detail of current and previous year Irregular expenditure condoned

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure condoned	72 100.00	-
Total	72 100.00	-

d) Detail of current and previous year Irregular expenditure removed- (Not condoned)

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure not condoned and removed	106 799.00	-
Total	106 799.00	-

e) Detail of current and previous year Irregular expenditure recovered

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure recovered		
Total		

f) Detail of current and previous year Irregular expenditure written off (irrecovered)

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure written off	-	410.00
Total	-	410.00

Additional disclosure relating to inter-Institutional Arrangements

g) Detail of non- compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description
None
Total

h) Detail of non- compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2022/23	2021/22
	R'000	R'000
<i>The institution procured services of another organ of state to conduct business case analysis for a division that is to be established, and it was found that the supplier awarded the contract did not meet the minimum requirement and Entity A was part of the bid committee meeting</i>	-	-
Total	-	-

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
Total

5.2. Fruitless and wasteful expenditure

a) Reconcillation of Fruitless and wastful expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening Balance	4	4
Add: Fruitless and wasteful expenditure confirmed		
Less: Fruitless and wastful expenditure written off	4	
Less: Fruitless and wasteful expenditure recoverable		
Closing balance	-	4

Reconcillation Notes

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2021/22	-	-
Fruitless and wasteful expenditure that relate to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	-	-
Total	-	-

b) Details of current and previous Fruitless and wasteful expenditure (under assessment, determination and investigation)

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure that under assessment	19 722	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure for under investigation	-	-
Total	19 722	-

An amount of R474 000 relates to default court judgement; R274 000 relates to vat charged by contractor who is not vat registered and R19 014 513 relates to an overpayment on rehabilitation contract. These amounts are under assessment at year-end.

C) Detail of current and previous year Fruitless and wasteful expenditure recovered

N/A

d) Detail of current and previous year Fruitless and wasteful expenditure not recovered and written off

N/A

e) Details of current and previous year disciplinary or criminal steps taken as a result of Fruitless and wasteful expenditure

N/A

5.3. Unauthorised Expenditure

N/A

5.4. Information on late and/non payment of suppliers

Description	Number of invoices	Consolidated Value
Valid invoice received	4 645	1 703 410
Invoices paid within 30 days or agreed period	4 570	1 664 818
Invoices paid after 30 days or agreed period	75	38 592
Invoice older than 30 days or agreed period(Unpaid and without dispute	-	-
Invoice older than 30 days or agreed period(Unpaid and without dispute	-	-

The variance can be attributed to insufficient budget, invoice discrepancies and CSD non-compliance.

5.5. Information on Supply Chain management

Procurement by other

N/A

Contract variations and expansions

Project description	Name of suppliers	Contract Modification type (Expansion of variation)	Contract Number	Original Contract Value	Value of previous contract Expansion of variation)	Value of Current contract expansion of variation
Roads Regravelling: MR567 Sutherland- Middelpos	Down Touch	Variation	DRPW002/2019 NC643	R58,694,447.50	R11,968,889.50	R70,663,337.00



PART F:

FINANCIAL MANAGEMENT

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Report of the auditor-general to 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 **163 to 225**, which comprise the appropriation statement, statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as 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 2023, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Context 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 responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

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Restatement of corresponding figures

7. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2023.

Payables

8. As disclosed in note 18.2 to the financial statements, payables not recognised of R1 074 003 000 exceeded the payment term of 30 days, as required by treasury regulation 8.2.3. This amount, in turn, exceeded the R791 000 of voted funds to be surrendered by R1 073 212 000 as per the statement of financial position. The amount of R1 074 003 000 would therefore have constituted unauthorised expenditure had the amounts due been paid in time.

Other matters

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

National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework

10. On 23 December 2022, the National Treasury issued Instruction No. 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, among others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in note 22 to the financial statements of the Department of Roads and Public Works. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g., condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the department. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Unaudited supplementary schedules

11. The supplementary information set out on pages **212 to 225** 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 on them.

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Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS prescribed by National Treasury and the requirements of the PFMA, Dora and for such internal control, as the accounting officer determines, what is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

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

Report on the audit of the annual performance report

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
-

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for the year ended 31 March 2023

17. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023, for auditing. I selected programmes that measures the department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Public infrastructure works	53	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 and acts as an implementing agent for Client Departments.
Transport infrastructure	65	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.
Community based programme	72	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.

18. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice.

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When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department's planning and delivery on its mandate and objectives.

19. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

20. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

21. I did not identify any material findings on the reported performance information for the selected programmes.

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements.

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24. The department plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement
Public works infrastructure <i>Targets achieved: 62.5%</i> <i>Budget spent: 100%</i>		
Number of capital infrastructure projects completed within the agreed time period	14	4
Number of capital infrastructure projects completed within agreed budget	14	6
Number of capital infrastructure projects in construction	29	23
Number of capital infrastructure projects completed	14	6
Number of properties disposed	40	0
Number of valid leases on behalf of client departments	60	52
Transport infrastructure <i>Targets achieved: 70%</i> <i>Budget spent: 100%</i>		
Number of road construction specification documents completed	4	0
Number of square metres of surfaced roads rehabilitated	367 120	109 467.20
Number of kilometres of gravel roads bladed	73 000	55 162.03
Community based programme <i>Targets achieved: 37.5%</i> <i>Budget spent: 100%</i>		
Number of work opportunities created by provincial Department of Roads and Public Works	7 147	6 829
Number of women employed	4 288	3 454
Number of persons with disabilities employed	143	96
Number of contractors participating in the contractor development programme	50	34
Number of public bodies reporting on EPWP targets within the province	40	39

Reasons for the underachievement of targets are included in the annual performance report on pages **47 to 78**.

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

Material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of public works infrastructure, transport infrastructure and community-based programme. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.
27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

30. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework as required by section 40(1)(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.

Procurement and contract management

31. Some of the goods and services were procured without obtaining at least three written price quotations in accordance with treasury regulation 16A6.1

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and paragraph 3.2.1 of Supply Chain Management (SCM) instruction note 2 of 2021-22. Similar non-compliance was also reported in the prior year

32. Some of the contracts and quotations were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act (PPPFA) and Preferential Procurement Regulation 2017 and 2022. Similar non-compliance was also reported in the prior year.
33. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids and deviations were approved by the accounting officer, but it was practical to invite competitive bids, as required by treasury regulation 16A6.1, paragraph 3.3.1 and 3.2.4(a) of National Treasury Instruction (NTI) 2 of 2021-22, paragraph 4.1 of NTI 3 of 2021-22 and treasury regulation 16A6.4.
34. I was unable to obtain sufficient appropriate audit evidence that all extensions or modifications to contracts were approved by a properly delegated official as required by section 44 of the PFMA and treasury regulations 8.2.1 and 8.2.2.

Expenditure management

35. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R24 721 000, as disclosed in note 22 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 non – compliance with supply chain management prescripts.
36. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.

Revenue management

37. Effective and appropriate steps were not taken to collect all money due, as required by section 38(1)(c)(i) of the PFMA.
38. Interest was not charged on debts as required by treasury regulation 11.5.1.

Other information in the annual report

39. The accounting officer is responsible for the other information included in the annual report. The other information referred to 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 on in this auditor's report.

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40. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
41. My responsibility is to read this other information and, in doing so, consider whether it 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.
42. The other information I obtained prior to the date of this auditor's report is the disclosure of the unauthorised, irregular and fruitless and wasteful expenditure and the remaining information is expected to be made available to us after 31 July 2023.
43. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have not identified any material findings.
44. When I do receive and read the remaining other 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

45. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
46. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the material findings on compliance with legislation included in this report.
47. The accounting of the department did not adequately fulfil his oversight responsibility in ensuring the development and implementation of appropriate

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for the year ended 31 March 2023

internal control procedures, which would have facilitated the production of accurate and comprehensive financial reports. Furthermore, no action was taken regarding significant findings related to non-compliance with laws and regulations that were previously reported.

48. The accounting officer and senior management failed to establish a control environment conducive to fostering financial reporting disciplines. Both repeat and new findings were identified in relation to transactions, balances, and disclosures within the financial statements, which have been corrected. Of particular concern is the adverse impact of the control environment on compliance requirements, which has exhibited a regression in effectiveness.
49. The annual financial statements contained material misstatements that were subsequently corrected, this can be attributed to weaknesses in the implementation of controls. In addition, the collation of different information from various units for incorporation into the financial statements was not done in time to allow for sufficient and adequate reviews.

Material irregularities

50. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Status of previously reported material irregularities

Tender not awarded to the highest scoring bidder

51. On 15 October 2019, the department awarded tender DRPW023/2018 - Construction of 2 classrooms, large admin block, large ablution and convert old toilets to media centre for Brandvlei Primary School. The bid was awarded to a contractor that did not score the highest points. The non-compliance with section 2(1)(f) of the Preferential Procurement Policy Framework Act 5 of 2000, resulted in a financial loss of R1 003 090.13 for the Department of Education.
52. I notified the accounting officer of the material irregularity on 7 July 2022 and invited the AO to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer had not taken any action in response to being notified of the material irregularity. I recommended that the accounting officer should take the following actions to address the material irregularity, which should be implemented by 15 September 2023:

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

- The accounting officer should investigate the irregular expenditure for the purpose of taking appropriate corrective actions and to address control weaknesses, in accordance with the applicable instruction note(s) issued by the National Treasury dealing with irregular expenditure.
- Effective and appropriate disciplinary steps should be taken against any official that the investigation found to be responsible, as required by section 38(1)(h) of the PFMA and in accordance with treasury regulation 9.1.3 without undue delay.

53. In a progress report provided on 20 June 2023 on the implementation of the recommendations, the accounting officer reported that an independent service provider had been appointed on 14 June 2023 to investigate the material irregularity. The investigation scope addresses the irregular expenses incurred and a review of the internal control measures with the objective to implement corrective and preventive measures.

54. I will continue to monitor the progress with the implementation of recommendations that is due by 15 September 2023.

Standing Time and Settlement Costs Claimed by Contractor (DRPW039/2017: The rehabilitation of MR938 between MR884 (KM18.37) and TR5/5 (KM 60.42))

55. The Department awarded a tender (DRPW039/2017: The rehabilitation of MR938 between MR884 (KM18.37) and TR5/5 (KM 60.42)) to a contractor in July 2018. The contract was cancelled based on a court judgement made in terms of case no. 2124/2018 issued on 26 March 2020. The contractor experienced various stoppages and claimed standing time related costs as well as settlement claims which related to loss of future profits which were invalid claims. The payment made was in contravention with section 45(a) of the Public Finance Management Act No. 1 of 1999 (PFMA) and resulted in a financial loss of R38 078 919.80 for the department.

56. I notified the accounting officer of the material irregularity on 4 October 2022 and invited the AO to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer has not taken any action in response to being notified of the material irregularity. I recommend that the accounting authority should take the following actions to address the material irregularity, which should be implemented by 20 January 2024 with feedback in three (3) months:

- Appropriate action should be taken to investigate the non-compliance with section 45(a) of the PFMA, to determine the circumstances that led to the

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non-compliance for the purpose of taking appropriate corrective actions. All persons, including juristic persons, liable for the losses should be identified.

- The financial loss should be quantified, and appropriate action should commence to recover the financial loss suffered. The recovery process should not be unduly delayed.
- Effective and appropriate disciplinary steps should be initiated, without undue delay, against any official that the investigation found to be responsible, as required by section 38(1)(h) of the PFMA.
- If it appears that the department suffered the financial loss through criminal acts or possible criminal acts or omission, this should be reported to the South African Police Service, as required by Treasury regulation 12.5.1.

Suppliers appointed using panels without applying PPPFA Requirements on Reseal MR828 – Colesberg to Phillipolis and MR 793 Petrusville.

57. Contract DRPW 065/2016: Reseal MR828 – Colesberg to Phillipolis and MR 793 Petrusville was awarded on 20 June 2019. Work was allocated to the supplier without obtaining quotations from the suppliers in the panel to ensure that suppliers compete on prices and that the project is cost-effective. The non-compliance with section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000 resulted in a likely financial loss.

58. I notified the accounting officer of the material irregularity on 17 August 2022 and invited the AO to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer has not taken any action in response to being notified of the material irregularity. I recommend that the accounting authority should take the following actions to address the material irregularity, which should be implemented by 30 January 2024 with feedback in three (3) months:

- The irregular expenditure should be investigated, and the financial loss quantified in accordance with the applicable instruction note(s) issued by the National Treasury dealing with irregular expenditure. Appropriate action should be taken to determine whether the responsible official is liable by law for the losses suffered by the department for the purpose of recovery, as required by treasury regulations 9.1.4 and 12.7.1.
- Effective and appropriate disciplinary steps should be initiated, without undue delay, against any official that the investigation found to be responsible, as

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for the year ended 31 March 2023

required by section 38(1)(h) of the PFMA and in accordance with treasury regulation 9.1.3.

- Reasonable steps should be taken to implement internal controls to ensure that framework agreements (panels) comply with the relevant provisions outlined in the Preferential Procurement Policy Framework Act (PPPFA) and the PPR and SCM Policy. In this regard, the department should develop and implement standard operating procedures (SOP) on framework agreements (panels) to guide officials on the process to be followed and at a minimum, the SOP should include internal controls that address the following:
 - a. The criteria to be applied to allocate projects to contractors on the panel must be stipulated upfront in the bidding documents and the framework agreement. This criteria must be objectively fair, equitable, competitive, and cost-effective.
 - b. The procedures to ensure competition between the contractors on the panel. This may be achieved by requesting quotations either from all the contractors in the panel or from the contractors selected on a rotational basis, based on the relevant requirements of the department's SCM policy or as stipulated in the specific framework contract.
 - c. The proper evaluation of the quotations received which demonstrates and ensures compliance with the relevant provisions of the PPPFA and PPR.
- If it appears that the department suffered the financial loss through criminal acts or possible criminal acts or omission, this should be reported to the South African Police Service, as required by Treasury regulation 12.5.1."

Material irregularities in progress

59. I identified other material irregularities during the current year and previous year audit and notified the accounting officer authority of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the responses from the accounting officer. These material irregularities will be included in next year's auditor's report.

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for the year ended 31 March 2023

Other reports

60. I draw attention to the following engagements conducted by various parties. 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.

61. The directorate for Priority Crime Investigation (Hawks) is investigating allegations of fraud, corruption and money laundering relating to the department. These proceedings were in progress at the date of this report.

Auditor General

Kimberley

31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 selected requirements in key legislation.

Financial statements

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
- conclude on the appropriateness of the 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 relating to events or conditions that may cast significant doubt on the ability of the department 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 my opinion on the financial

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for the year ended 31 March 2023

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 operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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for the year ended 31 March 2023

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	PFMA 1 (Definition of irregular expenditure) PFMA 38(1)(c)(i) PFMA 40(1)(a); 40(1)(b); 40(1)(c)(i) PFMA 38(1)(b); 38(1)(c)(ii); 39(1)(a); 39(2)(a); 43(4); 45(b) PFMA 38(1)(d) PFMA 38(1)(h)(iii) PFMA 38(1)(a)(iv); 38(1)(b); 38(1)(c); 38(1)(c)(ii); 44; 44(1); 44(2); 45(b); 50 (3); 50(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 7.2.1; 11.5.1 Treasury Regulation 17.1.1; 18.2; 19.8.4 Treasury Regulation 6.3.1(a); 6.3.1(b); 6.3.1(c); 6.3.1(d); 6.4.1(b); 8.1.1; 8.2.1; 8.2.3; 9.1.1; 15.10.1.2(c) Treasury Regulation 10.1.1(a); 10.1.2; 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7 Treasury Regulation 8.4.1 Treasury Regulation 5.1.1 ;5.2.1 ;5.2.3(a) ;5.2.3(d) ;5.3.1 Treasury Regulation 4.1.1; 4.1.3; 9.1.4; 12.5.1; 16A9.1(b)(ii); 16A9.1(e); 16A9.1(f) Treasury Regulation 16A 3.1; 16A 3.2 (fairness); 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A8.2 (1) and (2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A 9; 16A 9.1; 16A9.1 (c); 16A 9.1(d); 16A 9.1(e); 16A 9.2; 16A 9.2(a)(ii); 16A 9.2(a)(iii); 8.2.1; 8.2.2
Division of Revenue Act No. 5 of 2022	DoRA 11(6)(a); 12(5); 16(1); 16(3); 16(3)(a)(i); 16(3)(a)(ii)(bb)
Public service regulation	Public service regulation 25(1)(e)(i); 25(1)(e)(iii) Public service regulation 13(c);18; 18 (1) and (2)
Prevention and Combating of Corruption Activities Act No.12 of 2004 (PRECCA)	Section 34(1) PRECCA Section 29
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2; 12.1 and 12.2
PPR 2022	Paragraph 3.1; 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
SITA ACT	SITA Act section 7(3); 20(1)(a)(l); 7(6)(b)

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Legislation	Sections or regulations
SITA regulations	SITA reg 8.1.1 (b); 8.1.4; reg 8.1.7; reg 9.6; reg 9.4; reg 12.3; reg 13.1 (a); reg 14.1; reg 14.2
PFMA SCM Instruction no. 09 of 2022/2023	Par. 3.1; par. 3.3 (b); par. 3.3 (c); par. 3.3 (e); par 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.4 (c) - (d); 4.6; 5.4; 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2; 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2; 4.3.2; 4.3.3
Competition Act	Section 4(1)(b)(ii)
NT instruction note 4 of 2015/16	Paragraph 3.4
NT instruction 3 of 2019/20 - Annexure A	Section 5.5.1 (iv) and (x)
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1; 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1
Public Service Act	Section 30 (1)

APPROPRIATION STATEMENT

for the year ended 31 March 2023

Appropriation per programme									
	2022/23					2021/22			
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Voted funds and Direct charges									
Programme									
1 ADMINISTRATION	184 760	-	9 361	175 399	174 642	757	99,6%	176 125	173 186
2 PUBLIC WORKS INFRASTRUCTURE	214 412	-	3 614	218 026	218 015	11	100,0%	137 028	136 962
3 TRANSPORT INFRASTRUCTURE	1 336 583	-	11 474	1 348 057	1 348 047	10	100,0%	1 532 987	1 532 976
4 COMMUNITY BASED PROGRAMME	164 292	-	5 727	158 565	158 552	13	100,0%	182 520	182 506
Programme sub total	1 900 047	-	-	1 900 047	1 899 256	791	100,0%	2 028 660	2 025 630
Statutory Appropriation	-	-	-	-	-	-	-	-	-
TOTAL	1 900 047	-	-	1 900 047	1 899 256	791	100,0%	2 028 660	2 025 630
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				2 386				2 420	
				1 902 433				2 031 080	
Actual amounts per Statement of Financial Performance (Total Expenditure)					1 899 256				2 025 630

APPROPRIATION STATEMENT

for the year ended 31 March 2023

Appropriation per economic classification										
	2022/23						2021/22			
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments	1 537 008	-	21 477	-	7 954	1 507 577	1 507 551	26	100,0%	1 731 741
Compensation of employees	314 862	-	5 094	-	13 737	296 031	296 019	12	100,0%	296 820
Goods and services	1 222 146	-	16 383	-	5 783	1 211 546	1 211 532	14	100,0%	1 434 921
Transfers and subsidies	135 501	-	-	-	6 771	142 272	141 521	751	99,5%	53 664
Provinces and municipalities	128 969	-	-	-	7 056	136 025	136 025	-	100,0%	44 404
Departmental agencies and accounts	917	-	-	-	123	794	458	336	57,7%	-
Households	5 615	-	-	-	162	5 453	5 038	415	92,4%	9 260
Payments for capital assets	227 538	21 477	-	-	1 183	250 198	250 184	14	100,0%	235 905
Buildings and other fixed structures	219 174	14 516	-	-	1 223	234 913	234 908	5	100,0%	229 034
Machinery and equipment	8 100	6 991	-	-	25	15 066	15 057	9	99,9%	6 778
Software and other intangible assets	264	-	30	-	15	219	219	-	100,0%	93
Payment for financial assets	-	-	-	-	-	-	-	-	-	4 320
	1 900 047	-	-	-	-	1 900 047	1 899 256	791	100,0%	2 025 630

APPROPRIATION STATEMENT

for the year ended 31 March 2023

Programme 1: ADMINISTRATION

	2022/23							2021/22		
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	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	14 311	-	395	-	1 394	12 522	414	96,7%	11 898	11 895
2 MANAGEMENT OF THE DEPARTMENT	11 803	426	-	96	12 133	12 133	2	100,0%	10 874	10 870
3 CORPORATE SUPPORT	150 917	17	-	7 871	143 063	142 725	338	99,8%	145 966	143 035
4 DEPARTMENTAL STRATEGY	7 729	-	48	-	-	7 681	3	100,0%	7 387	7 386
	184 760	-	-	-	9 361	175 399	757	99,6%	176 125	173 186
Economic classification										
Current payments	179 403	-	269	-	8 587	170 547	5	100,0%	168 453	162 549
Compensation of employees	106 681	-	-	-	7 532	99 149	2	100,0%	102 418	96 519
Goods and services	72 722	-	269	-	1 055	71 398	3	100,0%	66 035	66 030
Transfers and subsidies	2 277	-	-	-	466	1 811	750	58,6%	1 436	1 435
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	917	-	-	-	123	794	336	57,7%	-	-
Households	1 360	-	-	-	343	1 017	414	59,3%	1 436	1 435
Payments for capital assets	3 080	269	-	-	308	3 041	2	99,9%	6 236	6 235
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 014	269	-	308	-	2 975	2	99,9%	6 143	6 142
Software and other intangible assets	66	-	-	-	-	66	-	100,0%	93	93
Payment for financial assets	-	-	-	-	-	-	-	-	-	2 967
	184 760	-	-	-	9 361	175 399	757	99,6%	176 125	173 186

APPROPRIATION STATEMENT

for the year ended 31 March 2023

Programme 2: PUBLIC WORKS INFRASTRUCTURE									
	2022/23					2021/22			
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 PROGRAMME SUPPORT	2 260	289	43	2 506	2 505		100,0%	2 084	2 083
2 DESIGN	14 897	985	1 433	12 479	12 478	1	100,0%	11 724	11 722
3 CONSTRUCTION	8 306	1 440	229	9 517	9 516	1	100,0%	8 235	8 233
4 MAINTENANCE	28 388	3 676	28	24 684	24 682	2	100,0%	22 391	22 388
5 IMMOVABLE ASSET MANAGEMENT	152 385	3 124	5 665	161 174	161 170	4	100,0%	81 795	81 746
6 FACILITY OPERATIONS	8 176	192	318	7 666	7 664	2	100,0%	10 799	10 790
	214 412	-	3 614	218 026	218 015	11	100,0%	137 028	136 962
Economic classification									
Current payments	84 368	-	3 314	81 043	81 036	7	100,0%	86 680	86 268
Compensation of employees	47 898	647	3 314	43 937	43 935	2	100,0%	45 697	45 291
Goods and services	36 470	636	-	37 106	37 101	5	100,0%	40 983	40 977
Transfers and subsidies	129 075	-	7 056	136 131	136 130	1	100,0%	46 147	46 145
Provinces and municipalities	128 969	-	7 056	136 025	136 025	-	100,0%	44 405	44 404
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Households	106	-	-	106	105	1	99,1%	1 742	1 741
Payments for capital assets	969	11	128	852	849	3	99,6%	4 201	4 199
Buildings and other fixed structures	168	11	-	179	179	-	100,0%	3 951	3 951
Machinery and equipment	633	-	113	520	517	3	99,4%	250	248
Software and other intangible assets	168	-	15	153	153	-	100,0%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	350
	214 412	-	3 614	218 026	218 015	11	100,0%	137 028	136 962

APPROPRIATION STATEMENT

for the year ended 31 March 2023

Programme 3: TRANSPORT INFRASTRUCTURE									
	2022/23					2021/22			
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 PROGRAMME SUPPORT INFRASTRUCTURE	2 889	-	25	2 913	2 912	1	100,0%	5 612	5 611
2 INFRASTRUCTURE PLANNING	42 514	-	9 695	32 819	32 818	1	100,0%	31 421	31 421
3 INFRASTRUCTURE DESIGN	5 886	-	1 388	4 518	4 516	2	100,0%	3 266	3 265
4 CONSTRUCTION	216 558	7 406	1 223	225 187	225 184	3	100,0%	222 035	222 032
5 MAINTENANCE	1 068 736	3 682	10 202	1 082 620	1 082 617	3	100,0%	1 270 653	1 270 647
	1 336 583	-	11 474	1 348 057	1 348 047	10	100,0%	1 532 987	1 532 976
Economic classification									
Current payments	1 119 865	-	16 026	1 113 513	1 113 505	8	100,0%	1 309 548	1 309 540
Compensation of employees	143 066	-	4 447	138 619	138 615	4	100,0%	139 534	139 528
Goods and services	976 799	-	11 579	974 894	974 890	4	100,0%	1 170 014	1 170 012
Transfers and subsidies	3 876	-	181	4 057	4 057	-	100,0%	5 365	5 364
Households	3 876	-	181	4 057	4 057	-	100,0%	5 365	5 364
Payments for capital assets	212 842	16 026	1 619	230 487	230 485	2	100,0%	218 074	218 072
Buildings and other fixed structures	208 433	9 277	1 223	218 933	218 933	-	100,0%	217 758	217 756
Machinery and equipment	4 379	6 779	396	11 554	11 552	2	100,0%	316	316
Software and other intangible assets	30	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
	1 336 583	-	11 474	1 348 057	1 348 047	10	100,0%	1 532 987	1 532 976

APPROPRIATION STATEMENT

for the year ended 31 March 2023

Programme 4: COMMUNITY BASED PROGRAMME									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 PROGRAMME SUPPORT COMMUNITY BASED	3 409	-	41	2 853	2 851	2	99,9%	2 550	2 548
2 COMMUNITY DEVELOPMENT	144 179	-	1 617	138 335	138 328	7	100,0%	158 861	158 853
3 INNOVATION AND EMPOWERMENT	12 745	1 785	473	14 058	14 057	1	100,0%	17 997	17 994
4 EPWP CO-ORDINATION AND MONITORING	3 959	128	512	3 319	3 316	3	99,9%	3 112	3 111
	164 292	-	5 727	158 565	158 552	13	100,0%	182 520	182 506
Economic classification									
Current payments	153 372	-	5 171	142 474	142 468	6	100,0%	174 397	173 384
Compensation of employees	17 217	-	2 891	14 326	14 322	4	100,0%	16 494	15 482
Goods and services	136 155	-	5 171	128 148	128 146	2	100,0%	157 903	157 902
Transfers and subsidies	273	-	-	273	273	-	100,0%	722	720
Households	273	-	-	273	273	-	100,0%	722	720
Social benefits	41	-	-	41	41	-	100,0%	722	720
Other transfers to households	232	-	-	232	232	-	100,0%	-	-
Payments for capital assets	10 647	5 171	-	15 818	15 811	7	100,0%	7 401	7 399
Buildings and other fixed structures	10 573	5 228	-	15 801	15 796	5	100,0%	7 328	7 327
Other fixed structures	10 573	5 228	-	15 801	15 796	5	100,0%	7 328	7 327
Machinery and equipment	74	57	-	17	15	2	88,2%	73	72
Transport equipment	-	-	-	-	-	-	-	53	52
Other machinery and equipment	74	57	-	17	15	2	88,2%	20	20
Payment for financial assets	-	-	-	-	-	-	-	-	1 003
	164 292	-	5 727	158 565	158 552	13	100,0%	182 520	182 506

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2023

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, and Annexure 1A-H of the Annual Financial Statements.

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

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

3. Detail on payments for financial assets

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

4. Explanations of material variances from Amounts Voted (after Virement):**4.1 Per programme**

Programme	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
	R'000	R'000	R'000	%
Administration	175,399	174,642	757	99.6
Public Works Infrastructure	218,026	218,015	11	100
Roads Infrastructure	1,348,057	1,348,047	10	100
Community Based Programme	158,565	158,552	13	100
Total	1,900,047	1,899,256	791	100

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2023

4.2 Per economic classification

	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
Economic classification	R'000	R'000	R'000	%
Current payments				
Compensation of employees	296,031	296,019	12	100
Goods and services	1,211,546	1,211,532	14	100
Transfers and subsidies				
Provinces and municipalities	136,025	136,025	-	100
Departmental agencies and accounts	794	458	336	57.7
Households	5,453	5,038	415	92.4
Payments for capital assets				
Buildings and other fixed structures	234,913	234,908	5	100
Machinery and equipment	15,066	15,057	9	99.9
Intangible assets	219	219	-	100
Total	1,900,047	1,899,256	791	100

4.3 Per conditional grant

	Final Budget	Actual Expenditure	Variance	Variance as a percentage of Final Budget
Conditional grant	R'000	R'000	R'000	%
EPWP Incentive Grant	4,187	4,182	5	100
Provincial Road Maintenance Grant	1,064,972	1,064,972	-	100
Total	1,069,159	1,069,154	5	100

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
REVENUE			
Annual appropriation	1	1,900,047	2,028,660
Departmental revenue	2	2,386	2,420
TOTAL REVENUE		1,902,433	2,031,080
EXPENDITURE			
Current expenditure			
Compensation of employees	3	296,020	296,820
Goods and services	4	1,211,530	1,434,919
Total current expenditure		1,507,550	1,731,739
Transfers and subsidies			
Transfers and subsidies	6	141,522	53,664
Total transfers and subsidies		141,522	53,664
Expenditure for capital assets			
Tangible assets	7	249,966	235,815
Intangible assets	7	218	92
Total expenditure for capital assets		250,184	235,907
Payments for financial assets	5	-	4,320
TOTAL EXPENDITURE		1,899,256	2,025,630
SURPLUS/(DEFICIT) FOR THE YEAR		3,177	5,450

Reconciliation of Net Surplus/(Deficit) for the year

Voted funds		791	3,030
Annual appropriation		786	3,030
Statutory appropriation		-	-
Conditional grants		5	-
Departmental revenue and NRF receipts	12	2,386	2,420
SURPLUS/(DEFICIT) FOR THE YEAR		3,177	5,450

STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
ASSETS			
Current assets		36,215	82,053
Cash and cash equivalents	8	31,656	66,982
Prepayments and advances	9	1,446	1,629
Receivables	10	3,113	13,442
Non-current assets			
TOTAL ASSETS		36,215	82,053
LIABILITIES			
Current liabilities		36,215	82,053
Voted funds to be surrendered to the Revenue Fund	11	791	3,030
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	12	271	1,271
Payables	13	35,153	77,752
Non-current liabilities			
TOTAL LIABILITIES		36,215	82,053
NET ASSETS		-	-

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1,902,704	2,031,245
Annual appropriation funds received	1.1	1,900,047	2,028,660
Departmental revenue received	2	2,657	2,585
Net (increase)/decrease in net working capital		(32,087)	35,350
Surrendered to Revenue Fund		(6,687)	(24,434)
Current payments		(1,507,550)	(1,731,739)
Payments for financial assets		-	(4,320)
Transfers and subsidies paid		(141,522)	(53,664)
Net cash flow available from operating activities	14	214,858	252,438
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(250,184)	(235,907)
Proceeds from sale of capital assets	2.2	-	1,107
Net cash flow available from investing activities		(250,184)	(234,800)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(35,326)	17,638
Cash and cash equivalents at beginning of period		66,982	49,344
Cash and cash equivalents at end of period	8	31,656	66,982

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

PART A: ACCOUNTING POLICIES

Summary of significant accounting policies

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

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

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1.	Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard.
2.	Going concern The financial statements have been on a going concern basis.
3.	Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
4.	Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5.	Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
6.	Comparative information
6.1	Prior period comparative information Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

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> <p>Appropriated funds are measured at the amounts receivable.</p> <p>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.</p>
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>Departmental revenue is measured at the cash amount received.</p> <p>In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value.</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>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

8.	Expenditure
8.1	Compensation of employees
8.1.1	Salaries and wages Salaries and wages are recognised in the statement of financial performance on the date of payment.
8.1.2	Social contributions Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. 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.
8.2	Other expenditure 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. Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.
8.3	Accruals and payables not recognised Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value at the reporting date.
8.4	Leases
8.4.1	Operating leases Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue. The operating lease commitments are recorded in the notes to the financial statements.
8.4.2	Finance leases Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

	<p>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.	<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>
10.	<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>Prepayment and advances are expensed at cost when payment is received.</p>
11.	<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>
12.	<p>Financial assets</p>
12.1	<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>
12.2	<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>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

13.	Payables Payables recognised in the statement of financial position are recognised at cost.
14.	Capital assets
15.1	Immovable capital assets Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
15.2	Movable capital assets Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.
15.3	Intangible capital assets Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

	<p>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>
15.4	<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>
16.	Provisions and contingents
16.1	<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>
16.2	<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>
16.3	<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>
16.4	<p>Capital commitments</p> <p>Capital commitments are recorded at cost in the notes to the financial statements.</p>
17.	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is</p>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

	<p>measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of .</p> <ul style="list-style-type: none"> • fruitless and wasteful expenditure that was under assessment in the previous financial year; • fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and • fruitless and wasteful expenditure incurred in the current year.
18.	<p>Irregular expenditure</p> <p>Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.</p> <p>Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of:</p> <ul style="list-style-type: none"> • irregular expenditure that was under assessment in the previous financial year; • irregular expenditure relating to previous financial year and identified in the current year; and • irregular expenditure incurred in the current year.
19.	<p>Changes in accounting estimates and errors</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>
20.	<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>
21.	<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>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

22.	<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>
23.	<p>Related party transactions</p> <p>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>The full compensation of key management personnel is recorded in the notes to the financial statements.</p>
24.	<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.</p> <p>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 were 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>
25.	<p>Employee benefits</p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the Employee benefits note.</p> <p>Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date.</p> <p>The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

PART B: EXPLANATORY NOTES

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:

Programmes	Final Budget R'000	Actual Funds Received R'000	Final Budget R'000	Appropriation Received R'000
Administration	175,399	175,399	176,125	176,125
Public Works Infrastructure	218,026	218,026	137,028	137,028
Transport Infrastructure	1,348,057	1,348,057	1,532,987	1,532,987
Community Based Programme	158,565	158,565	182,520	182,520
Total	1,900,047	1,900,047	2,028,660	2,028,660

1.2. Conditional grants

	Note	2022/23 R'000	2021/22 R'000
Total grants received	31	1,069,159	1,299,578

2. Departmental revenue

	Note	2022/23 R'000	2021/22 R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	2,446	2,542
Sales of capital assets	2.2	-	1,107
Transactions in financial assets and liabilities	2.3	211	43
Total revenue collected		2,657	3,692
Less: Own revenue included in appropriation	12	(271)	(1,272)
Total		2,386	2,420

2.1. Sales of goods and services other than capital assets

	Note	2022/23 R'000	2021/22 R'000
Sales of goods and services produced by the department	2	2,446	2,542
Sales by market establishment		1,865	1,958
Other sales		581	584
Total		2,446	2,542

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

2.2. Sales of capital assets

	Note 2	2022/23 R'000	2021/22 R'000
Tangible capital assets		-	1,107
Buildings and other fixed structures		-	1,107
Total		-	1,107

2.3. Transactions in financial assets and liabilities

	Note 2	2022/23 R'000	2021/22 R'000
Receivables		211	43
Total		211	43

3. Compensation of employees**3.1. Analysis of balance**

	Note	2022/23 R'000	2021/22 R'000
Basic salary		198,200	198,142
Performance award		60	1,069
Service based		343	265
Compensative/circumstantial		2,505	2,893
Other non-pensionable allowances		52,837	55,055
Total		253,945	257,424

3.2. Social contributions

Employer contributions	Note	2022/23 R'000	2021/22 R'000
Pension		24,494	23,470
Medical		17,411	15,747
Bargaining council		88	89
Insurance		82	90
Total		42,075	39,396

Total compensation of employees**296,020****296,820**

Average number of employees

843**887**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

4. Goods and services

	Note	2022/23 R'000	2021/22 R'000
Administrative fees		781	501
Advertising		194	257
Minor assets	4.1	346	573
Bursaries (employees)		18	102
Catering		985	289
Communication		3,824	3,998
Computer services	4.2	35,284	31,791
Consultants: Business and advisory services		13,069	13,993
Infrastructure and planning services		1,948	76,085
Legal services		9,462	13,250
Contractors		792,719	967,245
Audit cost - external	4.3	9,153	7,012
Fleet services		19,924	4,801
Inventories	4.4	98,077	105,161
Consumables	4.5	5,058	5,866
Operating leases		135,143	125,531
Property payments	4.6	52,596	51,231
Rental and hiring		1,003	694
Transport provided as part of the departmental activities		48	114
Travel and subsistence	4.7	21,848	22,625
Venues and facilities		1,074	162
Training and development		8,943	3,583
Other operating expenditure	4.8	33	55
Total		1,211,530	1,434,919

Contractors

The expenditure for the item contractors is spent on periodic maintenance and where the larger portion of conditional grant is budgeted for. The spending decreased due to a decrease in the Provincial Maintenance Grant.

Operating leases

The increase in the item is directly linked to the processing of outstanding fleet invoices.

Training and development

The spending increased due to training interventions implemented with CETA during the financial year

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

4.1. Minor assets

	Note 4	2022/23 R'000	2021/22 R'000
Tangible capital assets		270	462
Machinery and equipment		270	462
Intangible capital assets		76	111
Software		76	111
Total		346	573

4.2. Computer services

	Note 4	2022/23 R'000	2021/22 R'000
SITA computer services		1,977	2,492
External computer service providers		33,307	29,299
Total		35,284	31,791

4.3. Audit cost - external

	Note 4	2022/23 R'000	2021/22 R'000
Regularity audits		9,153	7,012
Total		9,153	7,012

4.4. Inventories

	Note 4	2022/23 R'000	2021/22 R'000
Clothing material and accessories		7,194	2,270
Materials and supplies		90,883	102,891
Total		98,077	105,161

4.5. Consumables

	Note 4	2022/23 R'000	2021/22 R'000
Consumable supplies		2,955	4,007
Uniform and clothing		1,121	889
Household supplies		865	1,579
Building material and supplies		85	344
IT consumables		214	203
Other consumables		670	992
Stationery, printing and office supplies		2,103	1,859
Total		5,058	5,866

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

4.6. Property payments

	Note 4	2022/23 R'000	2021/22 R'000
Municipal services		5,956	5,604
Property maintenance and repairs		6,258	3,889
Other		40,382	41,738
Total		52,596	51,231

Other property payments include costs for Security Services, Cleaning Services, Water and Electricity and Property Maintenance.

4.7. Travel and subsistence

	Note 4	2022/23 R'000	2021/22 R'000
Local		21,848	22,625
Total		21,848	22,625

4.8. Other operating expenditure

	Note 4	2022/23 R'000	2021/22 R'000
Professional bodies, membership and subscription fees		4	11
Other		29	44
Total		33	55

5. Payments for financial assets

	Note	2022/23 R'000	2021/22 R'000
Debts written off	5.1	-	4,320
Total		-	4,320

5.1 Debts written off

	Note	2022/23 R'000	2021/22 R'000
Debt Account	5	-	430
Claims Recoverable		-	3,890
Total		-	4,320

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

6. Transfers and subsidies

	Note	2022/23 R'000	2021/22 R'000
Provinces and municipalities	32	136,025	44,404
Departmental agencies and accounts	Annex 1B	459	-
Households	Annex 1G	5,038	9,260
Total		141,522	53,664

The increase in province and municipalities relates to additional funding received for the settlement of rates and taxes relating to Sol Plaatje Municipality

7. Expenditure for capital assets

	Note	2022/23 R'000	2021/22 R'000
Tangible capital assets		249,966	235,815
Buildings and other fixed structures	28	234,907	229,036
Machinery and equipment	7.3; 26	15,059	6,779
Intangible capital assets		218	92
Software	27	218	92
Total		250,184	235,907

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

Compensation of employees	-	1,770
Goods and services	46,643	32,073
Total	46,643	33,843

7.1. Analysis of funds utilised to acquire capital assets – 2022/23

Name of entity	2022/23		
	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible capital assets	249,966	-	249,966
Buildings and other fixed structures	234,907	-	234,907
Machinery and equipment	15,059	-	15,059
Intangible capital assets	218	-	218
Software	218	-	218
Total	250,184	-	250,184

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

7.2. Analysis of funds utilised to acquire capital assets – 2021/22

Name of entity	2021/22		
	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible capital assets	235,815	-	235,815
Buildings and other fixed structures	229,036	-	229,036
Machinery and equipment	6,779	-	6,779
Intangible capital assets	92	-	92
Software	92	-	92
Total	235,907	-	235,907

7.3. Finance lease expenditure included in Expenditure for capital assets

	Note	2022/23 R'000	2021/22 R'000
Tangible capital assets			
Machinery and equipment		14,070	5,115
Total		14,070	5,115

8. Cash and cash equivalents

	Note	2022/23 R'000	2021/22 R'000
Consolidated Paymaster General Account		31,683	66,982
Disbursements		(27)	-
Total		31,656	66,982

9. Prepayments and advances

	Note	2022/23 R'000	2021/22 R'000
Advances paid (Not expensed)	9.1	1,446	1,629
Total		1,446	1,629

Analysis of Total Prepayments and advances

Current Prepayments and advances	1,446	1,629
Total	1,446	1,629

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

9.1. Advances paid (Not expensed)

		2022/23				
	Note	Amount as at 1 April 2022	Less: Amounts expensed in current year	Add / Less: Other	Add Current year advances	Amount as at 31 March 2023
		R'000	R'000	R'000	R'000	R'000
Other Institutions		1,629	(183)	-	-	1,446
Total	9	1,629	(183)	-	-	1,446

		2021/22				
	Note	Amount as at 1 April 2021	Less: Amounts expensed in current year	Add / Less: Other	Add Current year advances	Amount as at 31 March 2022
		R'000	R'000	R'000	R'000	R'000
Other Institutions		1,629	-	-	-	1,629
Total	9	1,629	-	-	-	1,629

The advance relates to the payment of rates and taxes to Renosterberg Municipality.

10. Receivables

		2022/23			2021/22		
	Note	Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	10.1	1,739	-	1,739	1,739	-	1,739
Recoverable expenditure	10.2	1,219	-	1,219	11,536	-	11,536
Staff debt	10.3	155	-	155	167	-	167
Total		3,113	-	3,113	13,442	-	13,442

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

10.1. Claims recoverable

	Note 10	2022/23 R'000	2021/22 R'000
Provincial departments		1,739	1,739
Total		1,739	1,739

10.2. Recoverable expenditure

	Note 10	2022/23 R'000	2021/22 R'000
Disallowance Miscellaneous		1,106	11,496
Salary Income Tax		83	10
Salary Disallowance Account		2	2
Pension Fund		28	28
Total		1,219	11,536

10.3. Staff debt

	Note 10	2022/23 R'000	2021/22 R'000
Debt Account		155	167
Total		155	167

11. Voted funds to be surrendered to the Revenue Fund

	Note	2022/23 R'000	2021/22 R'000
Opening balance		3,030	21,385
Prior period error		-	-
As restated		3,030	21,385
Transferred from statement of financial performance (as restated)		791	3,030
Conditional grants surrendered by the provincial department		-	-
Paid during the year		(3,030)	(21,385)
Closing balance		791	3,030

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

11.1. Reconciliation on unspent conditional grants

	Note	2022/23 R'000	2021/22 R'000
Total conditional grants received	1.2	1,069,159	1,299,578
Total conditional grants spent		(1,069,154)	(1,299,578)
Unspent conditional grants to be surrendered		5	-
Less: Paid to the Provincial Revenue Fund by Provincial department		-	-
Approved for rollover		-	-
Not approved for rollover		-	-
Add: Received from provincial revenue fund by national department		-	-
Due by the Provincial Revenue Fund		5	-

An amount of R5 000 relating to the EPWP Incentive Grant was unspent at year end.

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

	Note	2022/23 R'000	2021/22 R'000
Opening balance		1,271	628
Prior period error		-	-
As restated		1,271	628
Transferred from statement of financial performance (as restated)		2,386	2,420
Own revenue included in appropriation		271	1,272
Paid during the year		(3,657)	(3,049)
Closing balance		271	1,271

13. Payables - current

	Note	2022/23 R'000	2021/22 R'000
Amounts owing to other entities		33,609	40,089
Other payables	13.1	1,544	37,663
Total		35,153	77,752

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

13.1. Other payables

Description	Note	2022/23 R'000	2021/22 R'000
Disallowances Miscellaneous		1,237	37,538
Salary GEHS Refund		297	115
Rental Deposits		10	10
Total	13	1,544	37,663

14. Net cash flow available from operating activities

	Note	2022/23 R'000	2021/22 R'000
Net surplus/(deficit) as per Statement of Financial Performance		3,177	5,450
Add back non-cash/cash movements not deemed operating activities		211,412	246,988
(Increase)/decrease in receivables		10,329	315
(Increase)/decrease in prepayments and advances		183	(1,629)
Increase/(decrease) in payables - current		(42,599)	36,664
Expenditure on capital assets		250,184	235,907
Surrenders to Revenue Fund		(6,687)	(24,434)
Own revenue included in appropriation		271	165
Net cash flow generated by operating activities		214,858	252,438

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

	Note	2022/23 R'000	2021/22 R'000
Consolidated Paymaster General account		31,683	66,982
Disbursements		(27)	-
Total		31,656	66,982

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

16. Contingent liabilities and contingent assets**16.1. Contingent liabilities**

Liable to	Nature	Note	2022/23 R'000	2021/22 R'000
Claims against the department		Annex 3B	104,201	159,249
Intergovernmental payables		Annex 5	770	770
Total			104,971	160,019

Claims against the Department

Claims relate to documentary proof of summonses received from claimants which were submitted to legal services and the state attorney. In most cases, these claims are provided in the form of a summons from the court as to how the damage occurred and the amount of cost of repairs or loss suffered. Some of the claims are very old and have been removed through the application of the Prescription Act

16.2. Contingent assets

Nature of contingent asset	Note	2022/23 R'000	2021/22 R'000
Vista Park Development		10,000	10,000
Sedibeng Iron Ore		-	-
Moditi Consulting		5,186	5,186
Total		15,186	15,186

A claim against Sedibeng Iron Ore, who is mining on government owned land and who has paid rental to the surrounding community that is also occupying the government owned land illegally. The matter is still in progress at the High Court. The amount is unquantifiable thus no disclosure at this stage.

17. Capital commitments

	Note	2022/23 R'000	2021/22 R'000
Buildings and other fixed structures		194,910	390,686
Machinery and equipment		183	32
Intangible Capital Assets		25	-
Total		195,118	390,718

A contract for the upgrading and surfacing of the existing gravel roads will be completed in a period longer than one year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

18. Accruals and payables not recognised**18.1. Accruals**

Listed by economic classification	Note	2022/23			2021/22
		30 Days	30+ Days	Total	Total
		R'000	R'000	R'000	R'000
Goods and services		14,360	-	14,360	35,674
Transfers and subsidies		6,362	-	6,362	4,492
Capital assets		-	-	-	-
Total		20,722	-	20,722	40,166

Listed by programme level	Note	2022/23 R'000	2021/22 R'000
Administration		877	5,590
Public Works		7,118	5,423
Transport Infrastructure		12,085	27,586
Community Based Programme		642	1,567
Total		20,722	40,166

18.2. Payables not recognised

Listed by economic classification	Note	2022/23			2021/22
		30 Days	30+ Days	Total	Total
		R'000	R'000	R'000	R'000
Goods and services		976	438,565	439,541	360,403
Transfers and subsidies		-	635,438	635,438	667,541
Capital assets		-	-	-	2,732
Total		976	1,074,003	1,074,979	1,030,676

Listed by programme level	Note	2022/23 R'000	2021/22 R'000
Administration		562	523
Public Works		636,775	667,728
Transport Infrastructure		437,488	362,394
Community Based Programme		154	31
Total		1,074,979	1,030,676

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
Included in the above totals are the following:			
Confirmed balances with other departments	Annex 5	-	-
Confirmed balances with other government entities	Annex 5	33,609	40,629
Total		33,609	40,629

The material payables not recognised represent amounts for rates and taxes, infrastructure payments and maintenance of yellow-fleet for the Northern Cape Fleet Management Trading Entity.

19. Employee benefits

	Note	2022/23 R'000	2021/22 R'000
Leave entitlement		13,733	12,601
Service bonus		7,836	7,188
Capped leave		7,188	8,241
Other		12	-
Total		28,769	28,030

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

Negative leave balances for 24 officials amounting to R160,862 are not included in the leave entitlement amount disclosed for the current period.

20. Lease commitments

Operating leases

	2022/23				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	5,152	-	5,152
Later than 1 year and not later than 5 years	-	-	1,816	-	1,816
Total lease commitments	-	-	6,968	-	6,968

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

	2021/22				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	3,742	-	3,742
Later than 1 year and not later than 5 years	-	-	4,324	-	4,324
Total lease commitments	-	-	8,066	-	8,066

Property lease commitments are calculated on a contractual obligation between the department and the lessors. The department currently leases 17 facilities.

	Note	2022/23 R'000	2021/22 R'000
Rental earned on sub-leased assets	2	455	396
Total		455	396

20.1. Finance leases **

	2022/23				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	3,106	3,106
Later than 1 year and not later than 5 years	-	-	-	6,427	6,427
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	9,533	9,533

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

	2021/22				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	6,186	6,186
Later than 1 year and not later than 5 years	-	-	-	7,194	7,194
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	13,380	13,380

The Department is leasing white fleet from the NC Fleet Entity, photocopiers and cellular phones from external service providers

20.2. Operating lease future revenue

	2022/23				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	999	-	999
Later than 1 year and not later than 5 years	-	-	1,288	-	1,288
Later than 5 years	-	-	696	-	696
Total operating lease revenue receivable	-	-	2,983	-	2,983

	2021/22				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	228	-	228
Later than 1 year and not later than 5 years	-	-	891	-	891
Later than 5 years	-	-	949	-	949
Total operating lease revenue receivable	-	-	2,068	-	2,068

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

The lease commitments are calculated based on a contractual obligation between the department and the lessee and indicates the amount of revenue that is expected to be received. This amounts to 35 leases.

21. Accrued departmental revenue

	Note	2022/23 R'000	2021/22 R'000
Sales of goods and services other than capital assets		14,331	13,536
Other		-	-
Total		14,331	13,536

21.1. Analysis of accrued departmental revenue

	Note	2022/23 R'000	2021/22 R'000
Opening balance		13,536	12,158
Less: amounts received		(2,907)	(2,330)
Add: amounts recorded		3,702	3,708
Other		-	-
Closing balance		14,331	13,536

22. Unauthorised, Irregular and Fruitless and wasteful expenditure

	Note	2022/23 R'000	2021/22 R'000
Irregular expenditure - current year		24,721	80,088
Fruitless and wasteful expenditure - current year		-	-
Total		24,721	80,088

*Information on irregular expenditure and fruitless and wasteful expenditure is included in the annual report under the PFMA Compliance Report. The amount of R24.721m represents recurring irregular expenditure. A further amount of R123 812 million is under assessment for the 2022/2023 financial year. An amount of R19,722 million for fruitless and wasteful expenditure is under assessment.

23. Related party transactions

Revenue received	Note	2022/23 R'000	2021/22 R'000
Tax revenue		-	-
Total		-	-

Year end balances arising from revenue/payments	Note	2022/23 R'000	2021/22 R'000
Payables to related parties		33,609	40,089
Total		33,609	40,089

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
In kind goods and services provided/received			
The following client departments within Government Sphere occupies facilities @ R0:			
1. NC Department of Agriculture and Land Reform		-	-
2. NC Department of COGHSTA		-	-
3. NC Department of Education		-	-
4. NC Department of Health		-	-
5. NC 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 is party to a service delivery agreement with Department of Education. The budget is with Department of Education for the construction of infrastructure projects and is transferred to the department on quarterly basis for the payment of contractors. The department does not receive any reimbursement for this function. All other risks and rewards are borne by the Department of Education.

The Department provided services to the Northern Cape Fleet Management Trading Entity in the form of personnel, facilities and other administrative support.

24. Key management personnel

	2022/23 R'000	2021/22 R'000
Political office bearers	2,075	1,999
Officials:		
Level 15 to 16	1,301	421
Level 14	7,194	7,289
Level 13	449	-
Total	11,019	9,709

25. Provisions

	Note	2022/23 R'000	2021/22 R'000
Retention		8,746	7,634
Total		8,746	7,634

Provision for retention has been made for three (3) projects for the period under review. Retention is paid after twelve (12) months respectively after the defect's notification period, if any.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

25.1. Reconciliation of movement in provisions – 2022/23

	2022/23			
	Retention	Provision 2	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	7,634	-	-	7,634
Increase in provision	2,931	-	-	2,931
Settlement of provision	(1,819)	-	-	(1,819)
Closing balance	8,746	-	-	8,746

Reconciliation of movement in provisions – 2021/22

	2021/22			
	Retention	Provision 2	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	5,700	-	-	5,700
Increase in provision	5,335	-	-	5,335
Settlement of provision	(3,438)	-	-	(3,438)
Change in provision due to change in estimation of inputs	37	-	-	37
Closing balance	7,634	-	-	7,634

Retention is provided for at 5% or 10% per the contract to a maximum amount of R2 300 000. 50% of this amount is paid with final payment certificate and the other 50% is paid after 12 months of completion. 50% of Retention for one (1) project was settled during the 2022/2023 financial year. Retention for two (2) projects were increased during the 2022/2023 financial year.

26. Non-adjusting events after reporting date

Nature of event	2022/23
Flood damages in Namakwa District area	-
Total	-

Flood damages occurred in the Namakwa district area. The department is currently busy with the assessment process to determine the extent and estimated costs of the floods.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

27. Movable Tangible Capital Assets**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23				
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	18,014	-	987	(383)	18,618
Transport assets	472		-	-	472
Computer equipment	7,016		677	(243)	7,450
Furniture and office equipment	6,108		273	(67)	6,314
Other machinery and equipment	4,418		37	(73)	4,382
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	18,014	-	987	(383)	18,618

Movable Tangible Capital Assets under investigation

	Note	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register that are under investigation:			
Machinery and equipment		50	714
Total		50	714

Assets could not be located during the verification process. Recommendations will be submitted to Financial Misconduct Committee for appropriate action where cases of negligence are determined.

27.1. MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	2021/22				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	17,329	(10)	1,662	(967)	18,014
Transport assets	472	-	-	-	472
Computer equipment	6,675	(10)	1,023	(672)	7,016
Furniture and office equipment	5,714	-	433	(39)	6,108
Other machinery and equipment	4,468	-	206	(256)	4,418
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	17,329	(10)	1,662	(967)	18,014

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

27.1.1 Prior Period Error

	Note	2021/22 R'000
Nature of prior period error		
Relating to 2021/22 (affecting the opening balance)		(10)
Computer Equipment duplicated	27.1	(10)
Total		(10)

27.2. Minor assets

MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23				
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets
	R'000	R'000	R'000	R'000	R'000
Opening balance	-	1,390	-	8,129	-
Value adjustments	-	-	-	-	-
Additions	-	75	-	270	-
Disposals	-	(53)	-	(122)	-
Total Minor assets	-	1,412	-	8,277	-

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	544	-	4,606	-	5,150
Total number of minor assets	-	544	-	4,606	-	5,150

Minor capital assets under investigation

	Note	Number	Value R'000
Included in the above total of the minor capital assets per the asset register that are under investigation:			
Machinery and equipment		59	119

Assets could not be located during the verification process. Recommendations will be submitted to Financial Misconduct Committee for appropriate action where cases of negligence are determined.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	2021/22					
	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	-	1,282	-	7,957	-	9,239
Prior period error	-	(2)	-	(2)	-	(4)
Additions	-	110	-	462	-	572
Disposals	-	-	-	(288)	-	(288)
Total Minor assets	-	1,390	-	8,129	-	9,519

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	2	-	2
Number of minor assets at cost	-	531	-	4,613	-	5,144
Total number of minor assets	-	531	-	4,615	-	5,146

27.2.1 Prior period error

	Note	2021/22 R'000
Nature of prior period error		
Relating to 2021/22 (affecting the opening balance)		(4)
Computer Equipment duplicated	27.2	(2)
Intangible Assets duplicated	27.2	(2)
Total		(4)

27.3. Movable tangible capital assets written off**MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23					
	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	-	-	-	714	-	714
Total movable assets written off	-	-	-	714	-	714

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2022

	2021/22					
	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	-	-	-	853	-	853
Total movable assets written off	-	-	-	853	-	853

28. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
SOFTWARE	1,010	218	(31)	1,197
TOTAL INTANGIBLE CAPITAL ASSETS	1,010	218	(31)	1,197

28.1. MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	2021/22				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	918	-	92	-	1,010
TOTAL INTANGIBLE CAPITAL ASSETS	918	-	92	-	1,010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

29. Immovable Tangible Capital Assets**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	39,525,927	227,732	(7,446,015)	32,307,644
Dwellings	109,879	908	-	110,787
Non-residential buildings	3,369,383	112,625	-	3,482,008
Other fixed structures	36,046,665	114,199	(7,446,015)	28,714,849
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	39,525,927	227,732	(7,446,015)	32,307,644

29.1. MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	2021/22				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	39,616,333	(103,804)	16,341	(2,943)	39,525,927
Dwellings	107,988	-	3,211	(1,320)	109,879
Non-residential buildings	3,361,057	-	8,326	-	3,369,383
Other fixed structures	36,147,288	(103,804)	4,804	(1,623)	36,046,665
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	39,616,333	(103,804)	16,341	(2,943)	39,525,927

29.1.1. Prior period error

Nature of prior period error	Note	2021/22 R'000
Relating to 2021/22 (affecting the opening balance)		(103,804)
Other fixed structures	29.1	(103,804)
Total prior period errors		(103,804)

The error relates to Dingelton and Kathu roads transferred as per Gazette in February 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

29.2. Immovable tangible capital assets: Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2023

	Note Annex 7	2022/23			
		Opening balance 1 April 2022	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2023
		R'000	R'000	R'000	R'000
Buildings & other fixed structures		444,670	234,907	(115,118)	564,459
Total		444,670	234,907	(115,118)	564,459

Payables not recognised relating to Capital WIP

	Note	2022/23 R'000	2021/22 R'000
Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress		190	2,732
Total		190	2,732

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2022

	Note	2021/22				
		Opening balance 1 April 2021	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2022
		R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures		238,771	-	229,035	(23,136)	444,670
Total		238,771	-	229,035	(23,136)	444,670

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

29.3. Immovable capital assets (additional information)

	Note	2022/23	2021/22
		Area	Area
a) Unsurveyed land	Estimated completion date		
	Annex 9		
b) Properties deemed vested	Annex 9		
Land parcels			
Facilities			
Schools		-	-
Clinics		-	-
Hospitals		-	-
Office buildings		-	-
Dwellings		-	-
Storage facilities		-	-
Other		-	-
c) Facilities on unsurveyed land	Duration of use		
	Annex 9		
Schools		11	11
Clinics		6	2
Hospitals		-	-
Office buildings		3	3
Dwellings		-	-
Storage facilities		-	-
Other		-	-
d) Facilities on right to use land	Duration of use		
	Annex 9		
Schools		380	363
Clinics		147	120
Hospitals		21	17
Office buildings		41	39
Dwellings		14	18
Storage facilities		11	12
Other		46	51
e) Agreement of custodianship	Annex 9		
Land parcels			
Facilities			
Schools		-	-
Clinics		-	-
Hospitals		-	-
Office buildings		-	-
Dwellings		-	-
Storage facilities		-	-
Other		9	9

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Total of 9 ROD projects have been transferred from work-in-progress to the register. These are paving projects on municipal land

30. Prior period errors**30.1. Correction of prior period errors**

		2022/23		
		Amount bef error correction	Prior period error	Restated
		R'000	R'000	R'000
		Note		
Assets:				
Immovable Assets: Other fixed structures	29.1	36,150,469	(103,804)	36,046,665
Movable Tangible Capital Assets	27.1	7,026	(10)	7,016
Machinery and equipment	27.2	8,131	(2)	8,129
Intangible Minor Assets	27.2	1,392	(2)	1,390
Net effect		36,167,018	(103,818)	36,063,200

*The error relates to Dingelton and Kathu roads transferred as per Gazette in February 2022

*Duplication of major, minor and intangible assets corrected

		2022/23		
		Amount bef error correction	Prior period error	Restated
		R'000	R'000	R'000
		Note		
Liabilities:				
Operating Lease Commitment	20	7,251	815	8,066
Net effect		7,251	815	8,066

*Lease contract in 2021 entered into with Kamiesberg Municipality not disclosed. Clinic was built on municipal land.

for the year ended 31 March 2023

31. Statement of conditional grants received

	2022/23					2021/22					
	GRANT ALLOCATION				Total Available	SPENT					
	Division of Revenue Act / Provincial grants	Roll overs	DORA Adjust-ments	Other Adjust-ments		Amount received by depart-ment	Amount spent by depart-ment	Under - / (Overs pending)	% of available funds spent by depart-ment	Division of Revenue Act / Provincial grants	Amount spent by depart-ment
Name of grant	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Division Of Revenue Act											
Provincial Grants:											
Provincial Road Maintenance Grant	1,064,972	-	-	-	1,064,972	1,064,972	1,064,972	-	100%	1,296,240	1,296,240
Expanded Public Works Prog Incent Grant	4,187	-	-	-	4,187	4,187	4,182	5	100%	3,338	3,338
TOTAL	1,069,159	-	-	-	1,069,159	1,069,159	1,069,154	5	100%	1,299,578	1,299,578

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

32. Statement of conditional grants and other transfers paid to municipalities

Name of municipality	2022/23					2021/22	
	GRANT ALLOCATION			TRANSFER			
	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocation by National Treasury / National Department of Transport
Municipal rates and taxes (Anx1A)	128,969	-	7,056	136,025	136,025	-	-
TOTAL	128,969	-	7,056	136,025	136,025	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

33. Broad Based Black Economic Empowerment performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

34. COVID 19 Response expenditure

	Note	2022/23 R'000	2021/22 R'000
Goods and services	Annex 11	12	1,328
Total		12	1,328

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

2022/23													2021/22	
GRANT ALLOCATION					TRANSFER			SPENT						
Name of Municipality	DORA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000	
Dikgatlong	-	-	-	-	-	-	-	-	-	-	-	-	-	
Emthanjeni	2,432	-	-	2,432	2,432	-	-	-	-	-	-	3,179	3,179	
Gamagara	747	-	-	747	747	-	-	-	-	-	-	972	972	
Ga-Segonyana	2,796	-	-	2,796	2,796	-	-	-	-	-	-	2,862	2,862	
Hantam	1,822	-	-	1,822	1,822	-	-	-	-	-	-	1,740	1,740	
Kamiesberg	-	-	-	-	-	-	-	-	-	-	-	1,615	1,615	
Kareeberg	599	-	-	599	599	-	-	-	-	-	-	1,733	1,733	
Karoo														
Hoogland	275	-	-	275	275	-	-	-	-	-	-	633	633	
IKail' Garib	1,601	-	-	1,601	1,601	-	-	-	-	-	-	1,595	1,595	
Kgatelopele	786	-	-	786	786	-	-	-	-	-	-	-	-	
Khai-Ma	229	-	-	229	229	-	-	-	-	-	-	2,603	2,603	
Dawid Kruiper	8,885	-	-	8,885	8,885	-	-	-	-	-	-	9,024	9,024	
Kheis	-	-	-	-	-	-	-	-	-	-	-	1,670	1,670	

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS - VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Name of Municipality	2022/23												2021/22	
	GRANT ALLOCATION				TRANSFER			SPENT						
	DORA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000	
Magareng	3,183	-	-	3,183	3,183	-	-	-	-	-	-	1,638	1,638	
Nama Khoi	2,127	-	-	2,127	2,127	-	-	-	-	-	-	-	-	
Phokwane	180	-	-	180	180	-	-	-	-	-	-	134	134	
Renosterberg	183	-	-	183	183	-	-	-	-	-	-	693	693	
Richtersveld	126	-	-	126	126	-	-	-	-	-	-	138	138	
Siyancuma	421	-	-	421	421	-	-	-	-	-	-	1,350	1,350	
Siyathemba	3,851	-	-	3,851	3,851	-	-	-	-	-	-	3,607	3,607	
Sol Plaatje	92,175	-	-	92,175	92,175	-	-	-	-	-	-	1,621	1,621	
Thembelihle	335	-	-	335	335	-	-	-	-	-	-	-	-	
Tsantsabane	447	-	-	447	447	-	-	-	-	-	-	541	541	
Ubuntu	10,593	-	-	10,593	10,593	-	-	-	-	-	-	5,677	5,677	
Umsobomvu	2,232	-	-	2,232	2,232	-	-	-	-	-	-	1,379	1,379	
Joe Morolong	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL	136 025	-	-	136 025	136 025	-	-	-	-	-	-	44 404	44 404	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

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

Departmental Agency or Account	2022/23					2021/22	
	TRANSFER ALLOCATION			TRANSFER		Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Skills Development Levy	794	-	-	794	459	-	-
TOTAL	794	-	-	794	459	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 1G
STATEMENT OF TRANSFERS TO HOUSEHOLDS

Household	2022/23					2021/22	
	TRANSFER ALLOCATION			EXPENDITURE		Final Budget	Actual transfer
	Adjusted Budget R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual transfer R'000	% of available funds transferred	R'000
Transfers							
Leave Gratuity	1,583	-	-	1,583	1,581	100%	2,820
Bursaries (Non-employee)	-	-	-	-	-	-	148
Post-retirement benefit	2,632	-	-	2,632	2,632	100%	2,494
Donations & Gifts (Cash)	740	-	-	740	328	44%	403
Claims against the state (Cash)	498	-	-	498	497	100%	494
Pension Penalty	-	-	-	-	-	-	2,906
Total	5,453	-	-	5,453	5,038	-	9,265
TOTAL	5,453	-	-	5,453	5,038	-	9,260

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 1J

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

Nature of gift, donation or sponsorship	2022/23	2021/22
	R'000	R'000
Made in kind		
Gabo Magic Tours and Transport		17
Chulp Printz		11
Borotsetse Secondary		224
Makoloi Legacy General Trading		47
Makoloi Legacy General Trading		86
Tylor B General Trading		18
Canfield Industries (Pty) Ltd	28	
Increase Properties	4	
Levao Trading (Pty) Ltd	44	
Medupe PA	6	
Vega	12	
Baiole Transport	22	
Methodist Church Of Southern Africa	10	
Tebonngwe Enterprise	21	
Lochshin Graphix	53	
Levao Trading (Pty) Ltd	85	
Luthando Nkakana	24	
TOTAL	309	403

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2023

Nature of liability	Opening balance 1 April 2022	Liabilities incurred during the year	Liabilities paid / cancelled / reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2023
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Contract Dispute (6)	79,996	-	(10,624)	-	69,372
Labour Dispute (0)	107	-	(107)	-	-
Pothole Claim (44)	70,951	6,398	(49,826)	-	27,523
Rental Arrears (1)	286	-	-	-	286
Collisions (3)	7,909	-	(889)	-	7,020
Subtotal	159,249	6,398	(61,446)	-	104,201
TOTAL	159,249	6,398	(61,446)	-	104,201

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 4
CLAIMS RECOVERABLE

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2022/23 *	
	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000	Receipt date up to six (6) working days after year end	Amount R'000
Departments								
Health	-	-	1,720	1,720	1,720	1,720	-	-
Education	-	-	19	19	19	19	-	-
Subtotal	-	-	1,739	1,739	1,739	1,739	-	-
TOTAL	-	-	1,739	1,739	1,739	1,739	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 5

INTERGOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2022/23 *	
	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000	Payment date up to six (6) working days after year end	Amount R'000
DEPARTMENTS								
Current								
Office of The Premier	-	-	616	616	616	616	-	-
Provincial Treasury	-	-	154	154	154	154	-	-
Total Departments	-	-	770	770	770	770	-	-
OTHER GOVERNMENT ENTITIES								
Current								
Northern Cape Fleet Management Trading Entity	33,609	40,629	-	-	33,609	40,629	-	-
Total Other Government Entities	33,609	40,629	-	-	33,609	40,629	-	-
TOTAL INTERGOVERNMENT PAYABLES	33,609	40,629	770	770	34,379	41,399	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

**ANNEXURE 6
INVENTORIES**

	Movable Assets	Legal Books	Insert major category of inventory	Insert major category of inventory	Total
	R'000	R'000	R'000	R'000	R'000
Inventories for the year ended 31 March 2023					
Opening balance	-	64	-	-	64
Add/(Less): Adjustments to prior year balances	-	-	-	-	-
Add: Additions/Purchases - Cash	-	-	-	-	-
Add: Additions - Non-cash	-	-	-	-	-
(Less): Disposals	-	-	-	-	-
(Less): Issues	-	-	-	-	-
Add/(Less): Received current, not paid; (Paid current year, received prior year)	-	-	-	-	-
Add/(Less): Adjustments	-	-	-	-	-
Closing balance	-	64	-	-	64

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

	Movable Assets		Legal Books		Insert major category of inventory		Insert major category of inventory		Total	
	R'000		R'000		R'000		R'000		R'000	
Inventories for the year ended 31 March 2022										
Opening balance	-		64		-		-		64	
Add/(Less): Adjustments to prior year balances	-		-		-		-		-	
Add: Additions/Purchases - Cash	-		-		-		-		-	
Add: Additions - Non-cash	-		-		-		-		-	
(Less): Disposals	-		-		-		-		-	
(Less): Issues	-		-		-		-		-	
Add/(Less): Received current, not paid; (Paid current year, received prior year)	-		-		-		-		-	
Add/(Less): Adjustments	-		-		-		-		-	
Closing balance	-		64		-		-		64	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

ANNEXURE 7**MOVEMENT IN CAPITAL WORK IN PROGRESS****Movement in capital work in progress for the year ended 31 March 2023**

	Opening balance	Current year CWIP	Ready for use (Asset Register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	444,670	234,907	(115,118)	564,459
Dwellings	740	168	(908)	-
Non-residential buildings	-	11	(11)	-
Other fixed structures	443,930	234,728	(114,199)	564,459
TOTAL	444,670	234,907	(115,118)	564,459

Movement in capital work in progress for the year ended 31 March 2022

	Opening balance	Prior period error	Current year CWIP	Ready for use (Asset Register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	238,771	-	229,035	(23,136)	444,670
Dwellings	-	-	3,951	(3,211)	740
Non-residential buildings	-	-	-	-	-
Other fixed structures	238,771	-	225,084	(19,925)	443,930
TOTAL	238,771	-	229,035	(23,136)	444,670

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

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	11
Clinics	Dept. Health	6
Hospitals	Dept. Health	-
Office buildings	All Departments	3
Dwellings	All Departments	-
Storage facilities	All Departments	-
Other	All Departments	-

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS - VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

Facilities on right to use land		No.
Schools	Dept. Education	380
Clinics	Dept. Health	147
Hospitals	Dept. Health	21
Office buildings	All Departments	41
Dwellings	All Departments	14
Storage facilities	All Departments	11
Other	All Departments	46
Agreement of custodianship		No.
Other	Municipalities	9

Total of 9 ROD projects have been transferred from work-in-progress to the register. These are paving projects on municipal land

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 11**COVID 19 RESPONSE EXPENDITURE**

Per quarter and in total

Expenditure per economic classification	APRIL 2022	MAY 2022	JUN 2022	Subtotal Q1	JUL 2022	AUG 2022	SEPT 2022	Subtotal Q2	OCT 2022	NOV 2022	DEC 2022	Subtotal Q3	JAN 2023	FEB 2023	MAR 2023	Subtotal Q4	2022/23 TOTAL	2021/22 TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goods services	-	-	-	-	-	8	-	8	-	-	4	4	-	-	-	-	12	1,328
Contrfrts:Medical Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12
Cons Supp:Medical Supplies	-	-	-	-	-	8	-	8	-	-	4	4	-	-	-	-	12	309
Cons Supp:Uni/Prot Clth&Clothes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3
Cons Hous Sup:Toiletries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16
Cons Hous Sup:Wash/ Clean Detergents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	988
P/P:Pest Cntrl/Fumigation Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
T&S:Dorm Non Empl:Transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL COVID 19 RESPONSE EXPENDITURE	-	-	-	-	-	8	-	8	-	-	4	4	-	-	-	-	12	1,328

REPORT OF THE AUDIT COMMITTEE
ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
for the year ended 31 March 2023

1. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2023 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 Acting Chief Executive Officer in the Audit Committee meetings.

The Audit Committee commended the entity on improving to a financially unqualified audit outcome with no findings on performance information and no findings on compliance to laws and regulations.

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 AGSA. The Audit Committee met four times during the year in compliance with the PFMA and the Audit Committee charter. The Audit Committee also met with the AGSA.

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 audit, 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.

Internal audit summary of overall controls adequacy and effectiveness:

Governance

- The Chief Executive Officer, key management and senior management positions were vacant and filled for extended periods with acting officials.

REPORT OF THE AUDIT COMMITTEE
ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
for the year ended 31 March 2023

Internal controls

- Due to the controls weaknesses reported and material incidents that need to be corrected, the system of internal control can only be partly relied upon to provide assurance that business objectives will be met. These control weaknesses require urgent management intervention.

Follow up audits are a strong governance and risk management practice, included in the Internal Audit Charter and in the International Standards for the Professional Practice of Internal Auditing. Therefore, internal audit also performed follow up audits. 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.

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.

Key concerns identified by the Audit Committee:

- Debt owed to the entity by the Department of Roads and Public Works remained significant with insufficient monthly payments from the department.

6. INTERNAL AUDIT

The entity is obliged, in terms of the PFMA, to ensure that the entity has a system of internal audit under the control and direction of the Audit Committee. The Audit Committee is satisfied that the internal audit function has properly discharged its functions and responsibilities during the year under review. The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity.

The following internal audit work was completed during the year under review:

- AGSA Audit rectification plan – completeness and adequacy
- Review Draft Annual Financial Statements
- Review Draft Annual Performance Report
- Disposal Management
- Follow-up AGSA rectification plan implementation status
- Performance Information
- Review of Interim Financial Statements

REPORT OF THE AUDIT COMMITTEE
ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
for the year ended 31 March 2023

7 EVALUATION OF AUDITED ANNUAL FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

- 7.1 The Audit Committee has reviewed the audited financial statements for the year ended 31 March 2023 and has discussed matters of concern with the Acting Chief Executive Officer, management and AGSA.
- 7.2 The Audit Committee has reviewed the AGSA's audit report, management report and management response thereto and directed management to develop a comprehensive action plan to address all issues raised by the AGSA.
- 7.3 The Audit Committee reviewed the entity's compliance with legal and regulatory provisions during the quarterly Audit Committee meetings.
- 7.4 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.
- 7.5 The Audit Committee noted there were no significant adjustments resulting from the audit of the financial statements.

8. AGSA SOUTH AFRICA

The Audit Committee concurs with and accepts the conclusion and audit opinion of the AGSA on the annual financial statements and performance information.

The Committee is of the view that the audited financial statements be accepted and read together with the report of the external auditors. The Audit Committee confirms that it has been actively involved throughout the audit process and has been thoroughly appraised of the issues giving rise to the audit opinion.

The external audit function, performed by the AGSA, is independent of the entity. The Audit Committee has met with the AGSA to ensure that there are no unresolved issues and acknowledges the diligence and cooperation of the external audit team.

REPORT OF THE AUDIT COMMITTEE
ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
for the year ended 31 March 2023

9. REPORTING

The Audit Committee reported quarterly to the Member of the Executive Council, the Head of Department and Acting Chief Executive Officer. The Member of the Executive Council has a standing invite to the Audit Committee meetings and the Head of Ministry regularly attends Audit Committee meetings. The Acting Chief Executive Officer, relevant members of the Department of Roads and Public Works management team, Head of Department and Chief Financial Officer attended the quarterly Audit Committee meetings.

We congratulate management in obtaining an unqualified opinion with no other matters and wish to thank all the stakeholders for their cooperation and assistance.



Viren Magan CA(SA) CIA MBL
Chairperson of the Audit Committee
Date: 16 August 2023

Report of the auditor-general to Northern Cape Provincial Legislature on 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 **255 to 300**, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, and statement of cash flows for the year then ended, as well as 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 2023, and its financial performance and cash flows for the year then ended in accordance with the 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 responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the trading entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Auditor General Report

for the year ended 31 March 2023

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 24 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the trading entity at, and for the year ended, 31 March 2023.

Responsibilities of the 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 the Standards of GRAP and the requirements of the PFMA; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the 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 trading entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general 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

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programme presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

13. I selected the following indicators presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected indicators that measures the trading entity's performance on its primary mandated functions and that is of significant national, community or public interest.

- Number of white fleet replaced
- Number of yellow fleet replaced
- Number of white fleet regularly serviced
- Number of yellow fleet regularly serviced
- Percentage of graders for roads maintenance and construction
- Number of auctions conducted
- Billing client departments on fleet services rendered

14. I evaluated the reported performance information for the selected indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the trading entity's planning and delivery on its mandate and objectives.

15. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the trading entity's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

Auditor General Report

for the year ended 31 March 2023

- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. I performed the procedures for the purpose of reporting material findings only.

17. I did not identify any material findings on the reported performance information of the following selected material performance indicator:

- Number of white fleet replaced
- Number of yellow fleet replaced
- Number of white fleet regularly serviced
- Number of yellow fleet regularly serviced
- Percentage of graders for roads maintenance and construction
- Number of auctions conducted
- Billing client departments on fleet services rendered

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements.

Report on compliance with legislation

20. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the trading entity's compliance with legislation.

21. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

Auditor General Report

for the year ended 31 March 2023

22. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the trading entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
23. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

24. The accounting officer is responsible for the other information included in the annual report. The other information referred to 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 on in this auditor's report.
25. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
26. My responsibility is to read this other information and, in doing so, consider whether it 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.
27. 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.

Auditor General Report

for the year ended 31 March 2023

Internal control deficiencies

28. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

29. I did not identify any significant deficiencies in internal control.

Auditor General

Kimberley

31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Auditor General Report

for the year ended 31 March 2023

Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 trading entity's compliance with selected requirements in key legislation.

Financial statements

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 trading entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made

Auditor General Report

for the year ended 31 March 2023

- conclude on the appropriateness of the 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 relating to events or conditions that may cast significant doubt on the ability of the trading entity 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 my 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 trading entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Auditor General Report

for the year ended 31 March 2023

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	PFMA 51(1)(b)(i) PFMA 55(1)(a); 55(1)(b); 55(1)(c)(i) PFMA 51(1)(b)(ii); 53(4); 57(b) PFMA 54(2)(c); 54(2)(d) PFMA 66(4) PFMA 51(1)(e)(iii) PFMA 51(1)(b)(ii); 51(1)(a)(iv); 56(1); 56(2); 57(b)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 31.1.2(c) Treasury Regulation 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 31.2.1; 31.3.3 Treasury Regulation 31.2.5; 31.2.7(a) Treasury Regulation 30.1.1; 30.1.3(a-d); 30.2.1 Treasury Regulation 16A9.1(b)(ii); 16A9.1(e); 16A9.1(f); 33.1.1; 33.1.3 Treasury Regulation 16A 3.1; 16A 3.2 (fairness); 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A8.2 (1) and (2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A 9; 16A 9.1; 16A9.1 (c); 16A 9.1(d); 16A 9.1(e); 16A 9.2; 16A 9.2(a)(ii); 16A 9.2(a)(iii); 8.2.1; 8.2.2
Public service regulation	Public service regulation 13(c); 18; 18 (1) and (2)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	PRECCA Section 29
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2; 12.1 and 12.2
PPR 2022	Paragraph 3.1; 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Par. 3.1; par. 3.3 (b); par. 3.3 (c); par. 3.3 (e); par 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.4 (c) -(d); 4.6; 5.4; 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1 (vi); 5.5.1 (x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1; 6.2; 6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2; 4.1

Auditor General Report*for the year ended 31 March 2023*

Legislation	Sections or regulations
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2; 4.3.2; 4.3.3
Competition Act	Section 4(1)(b)(ii)
NT instruction note 4 of 2015/16	Paragraph 3.4
NT instruction 3 of 2019/20 - Annexure A	Section 5.5.1 (iv) and (x)
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1; 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1
Public Service Act	Section 30 (1)

2. OVERVIEW OF FLEET MANAGEMENT TRADING ENTITY PERFORMANCE

The Northern Cape Executive Council mandated the Northern Cape Fleet Management Trading Entity. To ensure that all the Departments in the Northern Cape Provincial Government are provided with transport in an effective and efficient manner, this is to ensure that service delivery is carried out by the core departments. The mandate of Northern Cape Fleet Management Trading Entity (NCFMTE) is achieved through leasing, replacing, disposing; maintenance and repairing of fleet including the provision of short-term rentals to client departments. The Provisioning of fleet includes the special provision of yellow fleet to the Department of Roads and Public Works and this support function is regarded as an enabler of road maintenance services.

2.1 Service delivery environment

The entity still experienced high misuse of vehicles and the renewal of the contract for vehicle tracking services was advertised. The procurement process is underway and the service provider will appointed through the Department of Roads and Public Works. The Northern Cape Fleet Management Trading Entity will continue to implement the Northern Cape Provincial Procurement Policy Framework as approved by cabinet which dictates that such policy be implemented in accordance with the Treasury Instructions.

Even after the COVID-19 pandemic has been brought under control, its effects were still felt within the Automobile industry as the Northern Cape Fleet Management Trading Entity had to face long delays in the delivery of the vehicles which were ordered, as it took the service providers more time than usual to deliver the orders. Despite challenges experienced during this financial year, that of losing one of the most experienced Engineer due to retirement, the Northern Cape Fleet Management Trading Entity remained steadfast in ensuring all provincial departments' fleet requirements are met and that road maintenance services are conducted especially where flooding in some of the vulnerable areas is concerned.

The Northern Cape Fleet Management Trading Entity continues to support the implementation of the District Development Model (DDM) through its provision of yellow fleet to the Department of Roads and Public Works, who are responsible for road maintenance projects in all districts of the Northern Cape Province. This was achieved through the Department of Roads and Public Works participation through consultation with the Municipality IDP consultation process. The Entity strategically contributes towards the DDM through implementation of its Outcome; Increase access to affordable and reliable transport infrastructure and this was evident through the road maintenance targets.

The Department of Transport is the custodian of fleet services for the South African Government and the Northern Cape Fleet Management Trading Entity consistently ensured that the client departments are serviced with efficiency. The Entity performed well and achieved 75% of its planned targets for 2022/23 financial year and this was contributed by effective controls that has been put in place. As part of its stakeholder management processes, regular engagements were held through quarterly meetings with the client departments and issuing them with invoices regularly. The objective of these engagements is meant to address all the transport related matters and risks that could contribute towards delays in the delivery of vehicles to the client departments and therefore compromise of service delivery.

In order to provide assurance, the Northern Cape Fleet Management Trading Entity ensured risks are mitigated timeously. As part the Northern Cape Fleet Management Trading Entity's revenue strategy, clients were periodically appraised with all the relevant developments.

The new contract between Wes bank and National Government started on 1 April 2021. This contract is the one that governs the purchasing of fleet by government departments and entities. This process of appointing a services provider also affected the purchasing of fleet on time despite the delays during the transitioning of this process. This did not only affect the purchasing of fleet; it also affected the auction which was planned in terms of the Entity's Annual Performance Plan for

2021/2022. However, the Northern Cape Fleet Management Trading Entity had its auction in the last quarter of the financial under review (2022/2023).

Due to the appointment of the service provider for the tracking of the government vehicles, the Northern Cape Fleet Management Trading Entity has experienced low levels of misuse of vehicles

2.1.1 Service Delivery Improvement Plan, Main services, and standards

This section of the Annual Performance Report that deal with Service Delivery Improvement plan does not relate to the work that the Northern Cape Fleet Management Trading Entity do. Its broad mandate is to provide fleet to the Northern Cape Provincial Administration.

2.1.2 Organisational environment

The internal environment of the Northern Cape Fleet Management Trading Entity has improved to such an extent that even the finance directorate audit outcomes has improved drastically. The Audit outcomes for the past four financial years (2019/2020; 2020/2021, 2021/2022 and 2022/23) are clear indication of an organization on the rise and hard at work to improve on its adherence to legislation; policies and regulation of government.

It is with mentioning, that on top of the Northern Cape Fleet Management Trading Entity's over all audit outcomes improvements, Performance Information audit outcomes for the past four financial years (2019/2020; 2020/2021, 2021/2022 and 2022/23) was basically clean audits. We are equally confident that the 2023 financial year audits will be favourable.

The Entity has also started the process of reviewing its organogram, but because of the fact that there is move towards the establishment of a Mega Entity in the Northern Cape Province, a decision was taken that we abandoned the process of the review of the organisational structure and give the processes of the establishment of the Mega Entity to ran its full cause.

2.1.3 Key policy developments and Legislative changes

The PPPFA 2017 court judgement was repealed by National Treasury

2.1.4 Progress towards Achievement of Institutional Impact and Outcomes

Impact	Progress
Inclusive growth and investment	N/A

Outcome	Progress
Functional, Efficient and Integrated Government. (Priority 1: MTSF)	The department achieved an unqualified audit opinion with material findings for the past four financial years (2018/2019; 2019/2020; 2020/2021 and 2021/2022) financial years. 100% achievement on 30-day payments and this positively contributes towards creating a sustainable environment for enterprises.
Increase access to affordable and reliable transport infrastructure (Priority 2: MTSF)	67% was achieved on technical services which contributed towards the management of fleet and this had a direct contribution on the service delivery environment of client departments.

2.1.4.1 Significant achievement with regard to contribution towards the 2019-24 MTSF

- The overall annual performance of the Entity is 75% achievement.
- The Entity achieved an unqualified audit opinion with material findings past four financial years (2019/2020; 2020/2021, 2021/2022 and 2022/23) financial years.
- 100% achievement on billing client departments on fleet services rendered which contributes to revenue management.

PERFORMANCE INFORMATION

for the year ended 31 March 2023

- 100% achievement on 30-day payments and this positively contributes towards creating a sustainable environment for enterprises.
- 67% was achieved on technical services which contributes towards the management of fleet.

2.2 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

Sub-Programme	Purpose
Technical Services	To manage the provision and utilization of the road building equipment and provincial motor transport fleet.
Financial Management Services	To render financial management services
Corporate Services	To manage Corporate Services in the Entity

2.2.1. ANNUAL DEPARTMENTAL OVERALL PERFORMANCE

Programme	Total number of indicators for the year	Number of indicators achieved	% Achieved
Technical Services	6	4	67%
Financial Management Services	2	2	100%
Total	8	6	75%

PERFORMANCE INFORMATION

for the year ended 31 March 2023

2.2.2 PERFORMANCE INFORMATION PER PROGRAMME**2.2.2.1 SUB-PROGRAMME 2: TECHNICAL SERVICES****Purpose**

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

Sub-Programme	Purpose
Technical Services	Yellow Fleet: To manage the provision and utilization of 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.
	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.

Outcome	Progress
Functional, Efficient and Integrated Government (Priority 1: MTSF)	100% achievement on 30-day payments 100% achievement on 30-day payments and this positively contributes towards creating a sustainable environment for enterprises.
Increase access to affordable and reliable transport Infrastructure (Priority 2)	67% was achieved on technical services which contributed towards the management of fleet and this had a direct contribution on the service delivery environment of client departments.

PERFORMANCE INFORMATION

for the year ended 31 March 2023

2.2.2.2 Outcome, outputs, output indicators, targets and actual achievements

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
Increase access to affordable and reliable transport infrastructure (Priority 2)	Increased access of efficient fleet to Client department	Number of white fleet replaced	60	42	50	114	+64	Entity have increased number replacements, due to improved payment behaviour by client departments
		Number of yellow fleet replaced	20	24	20	-	(20)	Non Payment by Department of Roads and Public Works
		Number of yellow fleet regularly serviced	704	812	713	740	+27	Entity serviced more yellow fleet than originally planned, due to plant accumulating more kilometers to

PERFORMANCE INFORMATION

for the year ended 31 March 2023

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
								qualify for servicing
		Number of white fleet regularly serviced	887	915	766	810	+44	Entity serviced more white fleet than originally planned, due to vehicles accumulating more kilometers to qualify for servicing
		Percentage of graders for roads maintenance and construction	60	60	85%	73%	(12%)	Major Breakdowns in graders Delays in repairs due to unavailability of mechanical parts
		Number of auctions conducted	1	1	1	1	-	-

PERFORMANCE INFORMATION

for the year ended 31 March 2023

Reasons for Deviations:

- The entity serviced more yellow/white fleet than originally planned, due to plant accumulating enough kilometre or hours to qualify for servicing
- Delays in repairs due to unavailability of mechanical parts and Major Breakdowns in graders
- Entity have started replacing health vehicles, duo to improved payment behaviour by department of health

Strategy to overcome areas of under performance

- Entity will develop a plan in preparation of the buying of yellow fleet.

2.2.3 SUB-PROGRAMME 3: FINANCIAL MANAGEMENT SERVICES

Purpose

To render financial management services

Sub-Programme	Purpose
Financial Management Services	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 INFORMATION

for the year ended 31 March 2023

Outcome	Progress
Functional, Efficient and Integrated Government (Priority 1: MTSF)	100% achievement on 30-day payments and this positively contributes towards creating a sustainable environment for enterprises.

2.2.3.1 Outcome, outputs, output indicators, targets and actual achievements

Outcome	Outputs	Output Indicators	Audited Actual 2020/21	Audited Actual 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reason for deviation
Increase access to affordable and reliable transport infrastructure (Priority 2)	Increased access of efficient fleet to client department	Billing client departments on fleet services rendered Percentage of payments processed within 30 days	156	156	144	144	-	-
			100%	100%	100%	100%	-	-

PERFORMANCE INFORMATION

for the year ended 31 March 2023

Strategy to overcome areas of under performance

- The is no reason for deviation as all indicators under financial management were achieved 100%

2.2.3.2 Linking Performance with Budget

	31 March 2023	31 March 2022	Comments
Revenue	261 160	223 623	Vehicles outside finance period, charged at reduced rate
Operating expenses	(257 169)	(207 553)	Increase in fuel price and km travelled
Gain/(loss) on assets	4 966	17 618	Entity had an auction in the current year
SURPLUS	8 957	33 689	

Item	Budget 2022-23	Actual 2022-23	% of budget spent	Comments
Revenue	247 046	259 538	105%	More vehicles were replaced resulting in increase in finance lease income
Expenditure	(210 533)	(257 169)	117%	Increase in fuel price

PERFORMANCE INFORMATION

for the year ended 31 March 2023

2.3 REPORT ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

N/A

2.4 TRANSFER PAYMENTS

N/A

2.5 CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

N/A

2.6 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Operational Budget		MTEF Targets		
Items	Estimated Budget	2022/2023	2024/2025	2025/2026
	000'	000'	000'	000'
Revenue				
Sale of goods and Rendering of Services	238517	262368	288605	317466
Finance lease income	4715	5187	5706	6276
Finance Income	3814	3432	3089	2780

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

PERFORMANCE INFORMATION

for the year ended 31 March 2023

Operational Budget	Estimated Budget	MTEF Targets		
Total	247046	270987	297400	326522
Expenditure				
Admin fees	2314	2546	2800	3080
Audit fees	1896	1896	1896	2086
Auction fees	2200	2420	2662	2928
Advertising expenses	16	18	20	21
Bank charges	44	48	53	59
Cleaning	353	389	428	470
Consulting fees	486	535	588	647
Depreciation	32633	35897	39486	43435
Employee costs	29081	31989	35188	38707
Equipment rentals	97	106	117	129
Fuel, Oil and Lubricants (Transport Costs)	65430	71973	79171	87088
Licensing fees	2656	2922	3214	3535
Maintenance and Repairs	53006	58307	64138	70552
Insurance	1518	1670	1837	2020
Other expenses	10309	11340	12474	13722
Printing and stationery	249	273	301	331

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

PERFORMANCE INFORMATION

for the year ended 31 March 2023

Operational Budget	Estimated Budget	MTEF Targets		
Security	2719	2991	3290	3619
Telephone	293	323	355	390
Tracking fees	10217	11238	12362	13599
Transport claims	47	52	57	62
Travel and accommodation	450	495	545	599
Uniforms and protective clothing	252	277	305	335
Valuation costs	1125	1238	1361	1497
Water and electricity	321	353	389	428
Total	217715	239296	263036	289340
Net profit	29331	31691	34363	37182
Capital				
White fleet replacement	30000	30000	30000	30000
Yellow fleet replacement	20000	20000	20000	20000
Receivables	380407	350000	330000	310000

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
FINANCIAL STATEMENTS
For the year ended 31 March 2023

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NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
FINANCIAL STATEMENTS
For the year ended 31 March 2023

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	31 March 2023 R'000	31 March 2022 R'000 Restated
REVENUE			
Revenue from Exchange Transactions	5.1	254 020	216 957
Sale of goods and Rendering of Services		223 146	211 160
Finance lease income		25 305	1 631
Finance Income		5 109	4 117
Other Income		460	49
Revenue from Non – Exchange Transaction	5.2	7 140	6 667
Transfers and Sponsorship's – Service in kind		7 140	6 667
Total Revenue		261 160	223 623
EXPENSES			
Employee related costs	6.1	(26 256)	(25 556)
Repairs and maintenance	6.2	(73 180)	(56 060)
Depreciation and amortisation expense	6.3	(27 847)	(30 912)
General expenses	6.4	(119 545)	(105 367)
Total Expenses		(246 827)	(217 894)
(DEFICIT) / SURPLUS		14 333	5 729
Gain on asset		4 966	17 618
(DEFICIT) / SURPLUS FOR THE PERIOD		19 299	23 348

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
FINANCIAL STATEMENTS
For the year ended 31 March 2023

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	31 March 2023 R'000	31 March 2022 R'000 Restated
ASSETS			
Non-current Assets		205 355	212 353
Property, Plant and Equipment	7	164 266	175 972
Finance Lease Receivables	14	41 035	36 332
Intangible assets	8	54	50
Current Assets		668 272	617 093
Receivables from Exchange Transactions	9	507 691	485 617
Short-term portion of Finance Lease Receivable	14	9 651	12 002
Cash and Cash Equivalents	16	48 372	95 270
Inventories	17	102 560	24 204
TOTAL ASSETS		873 627	829 446
NETT ASSETS AND LIABILITIES			
Current Liabilities		50 182	30 330
Payables from Exchange Transactions	11.1	48 196	28 813
Current provisions	11.2	1 983	1 514
Other liabilities	11.3	3	3
Nett Assets		823 445	799 116
Accumulated Surplus		764 511	736 774
Revaluation Surplus	10	58 934	62 342
TOTAL NETT ASSETS AND LIABILITIES		873 627	829 446

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
FINANCIAL STATEMENTS
For the year ended 31 March 2023

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	Accumulated Surplus Restated	Revaluation Surplus R'000	Total R'000
		R'000		
Balance at 01 April 2021		697 889	38 685	736 574
Total surplus for the year		23 348	-	23 348
Other movements		-	-	-
Revaluation of Property, Plant and Equipment		1 311	37 884	39 195
Transfers to accumulated surplus		14 227	(14 227)	-
Balance at 31 March 2022		736 774	62 342	799 116
Total surplus for the year		19 299	-	19 299
Transfers to accumulated surplus		8 438	(8 438)	-
Other movements		-	-	-
Revaluation of Property, Plant and Equipment		-	5 030	5 030
Balance at 31 March 2023		764 511	58 934	823 445

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
FINANCIAL STATEMENTS
For the year ended 31 March 2023

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

		31 March 2023 R'000	31 March 2022 R'000 Restated
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Customers		201 072	111 302
Payments to Suppliers		(199 597)	(172 059)
Cash generated from operations	15	1 475	(60 757)
Interest Received	5	5 109	4 117
Net Cash in / (out) Flows from Operating Activities		6 584	(56 640)
INVESTING ACTIVITIES			
Purchase of equipment	7	-	-
Purchase of inventory	17	(117 401)	(34 760)
Proceeds on sale of property, plant and Equipment		12 830	31 174
Purchase of intangible assets		(31)	(20)
Nett increase in finance lease assets		51 120	22 080
Other movements			-
NET CASH IN FLOWS FROM INVESTING ACTIVITIES		(53 482)	18 474
FINANCING ACTIVITIES			
Decrease in other liabilities			-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(46 899)	(38 167)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		95 270	133 436
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		48 372	95 270

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 and National Departments 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.
- c) *General Hire Vehicles*: These vehicles are available for rental by clients, as and when they need extra transport

d)

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 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.

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 some standard are not yet effective and have not been early adopted by the Entity:

Topic	Effective date
GRAP 25 Employee Benefits	01 April 2023
GRAP 104 on Financial instruments (revised)	01 April 2025
Amendments to GRAP 1	01 April 2023
IGRAP 7 Limit on Defined Benefit Asset Min Fund Requirement and Interact	01 April 2023
IGRAP 21 The Effect on Past Decisions on Materiality	01 April 2023
Guideline on accounting for Landfill Sites 2022	01 April 2023
Guideline on The Application of Materiality to Financial statements 2022	01 April 2023

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.

FINANCIAL STATEMENTS

for the year ended 31 March 2023

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

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

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

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

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

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

FINANCIAL STATEMENTS

for the year ended 31 March 2023

proceeds and the carrying value and is recognised in the statement of financial performance.

4.4 Financial Instruments*Initial recognition and measurement*

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

Subsequent measurement

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

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

- a) Financial instruments at fair value.
 - Derivatives.
 - Compound instruments that are designated at fair value i.e. an instrument that includes a derivative and a non-derivative host contract.
 - Instruments held for trading.
 - Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition.
 - An investment in a residual interest for which fair value can be measured reliably.
 - Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

- 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.

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.

Non-financial assets: Inventories

Inventories comprise vehicles held for use in the provision of services and revenue generation during the ordinary course of business. Inventories are initially recognized at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. As the assets could be specifically identified, specific costs have been attributed to each item of inventory using the cost of the asset per the invoice. The identification of the assets via Vehicle Identification Number is used to allocate each invoiced price to the vehicles.

Any transfers made thereafter are done at the specific costs already attributed to the vehicles

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.

In conclusion, cost formula used is the specific identification cost formula.

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.

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 receiptsUnconditional 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.

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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

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 the PFMA, State Tender Board Act, 1968 (Act No. 86 of 1968), any regulations made in terms of the PFMA, or any provincial legislation providing for procurement procedures in that provincial government.

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5. Revenue**5.1 Revenue from Exchange Transactions**

	31 March 2023 R'000	31 March 2022 R'000
Revenue from Exchange Transactions comprises:		
	97 253	86 915
White Fleet Rental of Vehicles	125 893	124 245
Yellow Fleet Rental of Road Building Equipment	25 305	1 631
Finance Lease Income	5 109	4 117
Finance Income	460	49
Other Income	254 020	216 957

5.2 Revenue from Non – Exchange Transactions

Transfers and Sponsorships – Service in kind	<u>7 140</u>	<u>6 667</u>
	7 140	6 667

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 R500 000

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

The entity did recognise services in kind of R7 140 000 in 2023 (2022:R6 667 000) relating to free accommodation provided to the entity by the department.

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

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6. Expenses	31 March 2023 R'000	31 March 2022 R'000
6.1 Employee cost		
Basic salary	17 196	17 590
Housing allowance	614	602
Medical aid and pension	4 136	4 119
Performance bonus	52	58
Service bonus	1 454	1 516
Travel allowance	340	270
Other allowances	1 997	2 273
Provision for leave movement	128	(678)
Provision for long service awards movement	(4)	(26)
Provision for service bonus movement	343	(168)
	26 256	25 556
6.2 Maintenance and Repairs		
6.2.1 Maintenance & Repairs per asset classification		
White Fleet assets	24 776	18 198
Yellow Fleet assets	48 404	37 862
Maintenance and Repairs	73 180	56 060
6.2.2 Maintenance and Repairs per expense classification		
Tyres	12 225	4 478
Accidents	4 356	1 318
Repairs & Maintenance	56 599	50 264
	73 180	56 060

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6.3 Depreciation

Depreciation assets	27 847	30 912
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6.4 General expenses

	31 March 2023 R'000	31 March 2022 R'000
Admin fees	-	1 929
Advertising	-	11
Audit fees	2 165	1
Bank charges	62	928
Cleaning	403	51
Consulting fees	-	321
Equipment rentals/Building	7 140	486
Fuel, Oil and Lubricants (Transport Costs)	89 125	13
Fixed fee	922	078
Insurance		63 230
		381
		1 114
Entertainment	16	17
Licensing fees	577	1 873
Other expenses	3 568	2 226
Printing and stationery	480	269
Security	2 472	2 477
Telephone	243	
Toll fees	42	291
		76
Tracking fee	8 191	13 642
Transaction fees	2	870
Travel and accommodation	914	461
	553	
Uniforms and protective clothing	283	278
Water and electricity	389	356
	119 545	105 366

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

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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 2023 R'000	31 March 2022 R'000 Restated
Opening Balance – 1 April	25 033	24 555
Cost	53 599	59 334
Accumulated Depreciation	(28 566)	(34 779)
<u>Movements:</u>		
Additions	4 134	8 317
Transfers from Finance lease asset	14 574	13 194
Disposals	(4 217)	(11 162)
Depreciation	(9 428)	(12 963)
Revaluation	5 030	3 094
Closing Balance	35 126	25 033
Cost	67 387	53 599
Accumulated Depreciation	(32 261)	(28 566)

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 occurs when assets are transferred in from finance lease. No specific date can be determined for revaluation as it only occurs 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

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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 2023 R'000	31 March 2022 R'000 Restated
Opening Balance – 1 April	149 828	122 855
Cost / Valuation	273 062	234 510
Accumulated Depreciation	(123 234)	(111 656)
<u>Movements:</u>		
Additions	-	12 073
Revaluation	-	34 789
Disposals*	(3 646)	(2 393)
Depreciation Expense	(17 902)	(17 496)
Closing Balance	128 280	149 828
Cost / Valuation	267 435	273 062
Accumulated Depreciation	(139 155)	(123 234)

Additions

The was no additions to yellow fleet in 2023 (R12 074 000:2022) were transferred from inventory. 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 2022 by an independent valuator. Fair values were determined directly by reference to observable prices in an active market. Entity perform Yellow fleet valuation in 5 year intervals.

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7.3 Equipment and furniture

	31 March 2023 R'000	31 March 2022 R'000
Opening Balance – 1 April	1 111	951
Cost	9 685	9 094
Accumulated Depreciation	(8 574)	(8 143)
<u>Movements:</u>		
Additions	239	591
Depreciation	(490)	(431)
Disposals	-	-
Closing Balance	860	1 111
Cost	9 924	9 685
Accumulated Depreciation	(9 064)	(8 574)

Total Property, Plant and Equipment

	31 March 2023 R'000	31 March 2022 R'000
At Cost	344 746	336 347
Accumulated Depreciation	(180 480)	(160 375)
Net Book Value	<u>164 266</u>	<u>175 972</u>

8. Intangible Assets

	31 March 2023 R'000	31 March 2022 R'000
Opening Balance – 1 April	49	51
Cost	276	256
Accumulated Depreciation	(227)	(205)
<u>Movements:</u>		
Additions	31	20
Depreciation	(27)	(22)
Disposals		
Closing Balance	53	49
Cost	307	276
Accumulated Depreciation	(254)	(227)

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9. Receivables from Exchange Transactions

	31 March 2023 R'000	31 March 2022 R'000
Department of Roads and Public Works	417 377	379 214
Other Provincial Departments	90 314	76 315
Other	-	30 088
	507 691	485 617

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 2023	507 691	17 650	19 974	17 071	452 996
31 March 2022	485 617	65 315	19 394	16 917	383 991

Past due and not impaired trade receivables -. History has shown, that past due debts are generally recoverable through the assistance of Provincial Treasury.

10. Revaluation Surplus

	31 March 2023 R' 000	31 March 2022 R' 000
Non distributable reserves from revaluation		
Opening Balance	62 342	38 685
Revaluations	5 030	37 884
Transfer to accumulated surplus	(8 438)	(14 227)
Closing Balance	58 934	62 342

The revaluation surplus represents reserves from revaluations made during the 2014/15 and 2021/2022 financial period when the yellow fleet was revalued as well as from revaluation made during the current financial year when the white fleet was revalued.

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11. Current Liabilities**11.1 Payable from Exchange Transactions**

	31 March 2023 R' 000	31 March 2022 R' 000
Trade and other payable	48 196	28 813
	48 196	18 471

11.2 Current provisions

	31 March 2023 R' 000	31 March 2022 R' 000
Provision for leave	1 272	928
Provision for long service awards	23	27
Provision for service bonus	688	559
	1 983	1 514

11.3 Other liabilities

	31 March 2023 R' 000	31 March 2022 R' 000
Unresolved suspense account prior year	3	3
Accrued interest	-	-
ABSA account	-	-
	3	3

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 prior years, 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

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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 2023		
	Carrying Amount R'000	Contractual Cash Flows R'000
Trade creditors	48 196	48 196
	Within 1 Year	Within 1 Year

Payables from Exchange Transactions as at 31 March 2022		
	Carrying Amount R'000	Contractual Cash Flows R'000
Trade creditors	28 813	28 813
	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

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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:

	31 March 2023 R'000		31 March 2022 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	41 035	41 035	36 332	36 332
Short-term portion of finance lease receivable	9 651	9 651	12 002	12 002
Receivables from exchange transactions	507 691	507 691	485 617	485 617
Cash and cash equivalents	48 372	48 372	95 270	95 270
Total Financial Assets	606 749	606 749	629 221	629 221

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13. Commitments

	31 March 2023 R'000	31 March 2022 R'000
Capital: contracted	28 618	4 077
Operation: contracted	14	26
Total	28 632	4 103

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

The future lease payments expected as at 31 March 2023 was as follows:

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	25 866	(16 215)	9 651
Amounts due within 2 – 5 years	56 549	(15 514)	41 035
	82 415	(31 729)	50 686

Present value of minimum lease payments due	Minimum Lease Payments R '000
Amounts due within 1 year	9 651
Amounts due within 2 – 5 years	41 035
	50 686

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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 2022 was as follows:

Gross investment in leases due	Gross Lease Payments	Unearned Finance Income	Net Present Value
	R '000	R '000	R '000
Amounts due within 1 year	23 033	(11 031)	12 002
Amounts due within 2 – 5 years	45 879	(9 547)	36 332
	68 912	(20 578)	48 334

Present value of minimum lease payments due	Minimum Lease Payments
	R '000
Amounts due within 1 year	12 002
Amounts due within 2 – 5 years	36 332
	48 334

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15. Cash Generated from Operations

	31 March 2023 R'000	31 March 2022 R'000 Restated
Surplus for the Period	19 299	23 348
Adjusted for:		
Interest Received	(5 109)	(4 117)
Finance lease income	(25 305)	(1 631)
Impairment loss – Fleet	-	-
Depreciation - Fleet	27 847	30 912
Loss on disposal of assets	-	-
Gain on Sale of Intangible Assets	(4 966)	(18 119)
Transfer and Sponsorship in kind	(7 140)	(6 667)
Other non-cash items	(460)	(49)
Operating Profit before Working Capital Changes	4 166	23 677
Working Capital Changes:	(2 690)	(84 434)
Decrease/(Increase) in Trade and Other Receivables	(22 074) 19 384	(99 358) 14 924
Increase/(Decrease) in Trade and Other Payables		
Cash Generated from Operations	1 475	(60 757)

16. Cash and Cash Equivalents

	31 March 2023 R'000	31 March 2022 R'000
Standard Bank	48 372	95 270
	48 372	95 270

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17. Inventories

	31 March 2023 R'000	31 March 2022 R'000
Opening balance	24 204	26 912
Purchased during year	117 316	33 973
Transfer to White Fleet:	(4 134)	(7 364)
Transfer to Finance lease	(34 826)	(17 929)
Transfer to Yellow fleet	-	(11 388)
Closing balance	102 560	24 204

Inventory presents vehicles on hand at year end, not issued to user departments or transferred to property, plant and equipment

18. Irregular expenditure

Reconciliation of irregular expenditure

	31 March 2023 R'000	31 March 2022 R'000
Opening balance	37 907	95 611
Add: Irregular Expenditure relating to prior year	-	-
Add: Irregular expenditure relating to current year	-	17 951
Less: Prior Period Write Offs	-	(25)
Less: Amounts condoned	-	(74 832)
Less: Amount Writtern Off	(27 326)	(798)
Closing Balance	10 581	37 907

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	31 March 2023 R'000	31 March 2022 R'000
19. Fruitless and Wasteful Expenditure		
Opening balance	283	283
Add: Current year	-	-
Less: Amounts written off	(261)	-
	<u>22</u>	<u>283</u>

Fruitless and wasteful expenditure was incurred as a result of fines due to late payments.

20. Contingent asset

	31 March 2023 R'000	31 March 2022 R'000
Opening balance	5 653	5 653
Claims	-	-
Closing balance	<u><u>5 653</u></u>	<u><u>5 653</u></u>

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

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	31 March 2023 R'000	31 March 2022 R'000 Restated
21. Contingent liability		
Opening balance	1 431	1 431
Current year claims	-	-
Payment of Claims	-	-
	1 431	1 431

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.

22. Going concern

Management is not aware of any matters or circumstances arising since the end of the financial year which was otherwise not dealt with in the Annual Financial Statements, which significantly affects the financial position of the Entity or the results of its operations. Management has assessed the financial position and related risk of the entity and have determined that the entity will still be in operation for at least the next twelve months.

23. Related parties

Fleet Management Trading Entity is managed under the administration of the Department of Roads and Public Works.

Terms and Conditions of Transactions with Related Parties

The services rendered to related parties are made on the same basis as those applicable to transactions with other Fleet Management User Departments. These transactions were done at market value. In the same way, services rendered by related parties to Fleet Management are rendered on the same terms and conditions as the transactions with other User Departments.

The Entity is provided with these means to operate and housed in facilities owned and controlled by the Northern Cape Department of Roads and Public Works.

Included in note 5.3 is an amount of R7 140 000 (2022:R6 667 000) 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.

FINANCIAL STATEMENTS

for the year ended 31 March 2023

The following key personnel from the Northern Cape Department of Roads and Public Works were involved with the management of the fleet:

Mr Johnny MacKay - Head of Department

Mr. V Mhlauli - Acting Head of Department

Mr. B. Slingers- Chief Financial Officer

Mr. Q. Fitzpatrick – Acting Chief Executive Officer

Related party transactions**1. Remuneration of management****31 March 2023**

Items	Q Fitzpatrick R'000	Total R'000
Basic salary	641	641
Service bonus	-	-
Travel allowance	40	40
Pension	66	66
Other allowances	91	91
Total	838	838

Remuneration of management**31 March 2022**

Items	Q Fitzpatrick R'000	Total R'000
Basic salary	944	944
Service bonus	63	63
Travel allowance	60	60
Pension	98	98
Other allowances	130	130
Total	1 294	1 294

FINANCIAL STATEMENTS

for the year ended 31 March 2023

2. Northern Cape: Department of Public Works

Year end balances arising from revenue/payments	31 March 2023 R'000	31 March 2022 R'000
Receivables from related parties	417 377	379 214
Payables to related parties	6 252	2 373
Total	423 629	381 587

24. Prior period Error

During the 2021/2022 financial period audit, Office of the Auditor General of South Africa had identified misstatement in Annual Financial Statement, and raised audit finding with regard to the misstatement. Misstatement was raised under Issue 1 and Issue 19

Cause of the misstatement was as follow

1. Vehicle that Office of the Premier requested so that, they can donate it was correctly recorded on the inventory and white fleet register, but adjustment was not made in the Financial Position and Statement of financial Performance ISS 1. misstatement amount R499 882
2. Calculation error in depreciation resulting in depreciation being understatement by R67 000. ISS 19 in Statement Financial Position
3. Calculation error in depreciation resulting in Gain from disposal being understatement by R47 333,33 . ISS 19 in Statement of Financial Performance
4. SA Fleet was classified as contingent liability in 2021/2022 financial period. Dispute was settled in 2022/2023 financial period. Expenditure was incorrectly classified in 2022/2023 financial period instead of 2021/2022 financial period. ISS 14

FINANCIAL STATEMENTS

for the year ended 31 March 2023

Transactions listed above affected multiple accounts which are disclosed below

(a) Statement of Financial Performance**General expenses**

	31 March 2022 R'000
Balance as per 31 March 2022	95 026
Adjustment (Issue 14)	10 341
Adjusted Balance as per 31 March 2022	<u>105 367</u>

Gain on sale of assets

	31 March 2022 R'000
Balance as per 31 March 2022	18 071
Adjustment (Issue 1)	(500)
Adjustment (Issue 1)	47
Adjusted Balance 31 March 2022	<u>17 618</u>

Depreciation

	31 March 2022 R'000
Balance as per 31 March 2022	30 844
Adjustment (Issue 19)	67
Adjusted Balance 31 March 2022	<u>30 912</u>

Total Expenses

	31 March 2022 R'000
Balance as per 31 March 2022	207 553
Adjustment (Issue 14)	10 341
Adjusted Balance as per 31 March 2022	<u>217 894</u>

FINANCIAL STATEMENTS

for the year ended 31 March 2023

Total Surplus for the year**31 March 2022**
R'000

Balance as per 31 March 2022	34 209
Adjustment (Issue 1)	(500)
Adjustment (Issue 1)	47
Adjustment (Issue 19)	(67)
Adjustment (Issue 14)	(10341)
Adjusted Balance 31 March 2022	<u>23 348</u>

(b) Statement of Financial Position Non Current Assets (Property, Plant and Equipment)**31 March 2022**
R'000

Balance as per 31 March 2022 (Property, Plant and Equipment)	176 492
Adjustment (Issue 1)	(500)
Adjustment (Issue 1)	47
Adjustment (Issue 19)	(67)
Adjusted Balance 31 March 2022 (Property, Plant and Equipment)	<u>175 972</u>

Total Assets**31 March 2022**
R'000

Balance as per 31 March 2022 (Total Assets)	829 966
Adjustment (Issue 1)	(500)
Adjustment (Issue 1)	47
Adjustment (Issue 19)	(67)
Adjusted Balance 31 March 2022 (Total Assets)	<u>829 446</u>

FINANCIAL STATEMENTS

for the year ended 31 March 2023

Payables from Exchange Transactions

	31 March 2022 R'000
Balance as per 31 March 2022	18 471
Adjustment (Issue 14)	10341
Adjusted Balance 31 March 2022	<u>28 812</u>

Current Liabilities

	31 March 2022 R'000
Balance as per 31 March 2022	19 988
Adjustment (Issue 14)	10341
Adjusted Balance 31 March 2022	<u>30 330</u>

Accumulated Surplus

	31 March 2022 R'000
Balance as per 31 March 2022	747 116
Adjustment (Issue 14)	(10341)
Adjusted Balance 31 March 2022	<u>736 774</u>

Total net assets and liability

	31 March 2022 R'000
Balance as per 31 March 2022 (Total net asset: and liability)	829 966
Adjustment (Issue 1)	(500)
Adjustment (Issue 1)	47
Adjustment (Issue 19)	(67)
Adjusted Balance 31 March 2022(Total net assets and liability)	<u>829 446</u>

FINANCIAL STATEMENTS

for the year ended 31 March 2023

25. Change in Estimates31 March 2022
R'000**Expenses**

Depreciation

1097
1 097

During the year a re-assessment of useful lives of assets was done, resulting in the change of remaining useful lives of certain assets, this was accounted for prospectively in the financial statements and no restatements were done. The impact of this is a decrease in depreciation of R1 097 127 in the current period. The effect on future periods is an increase in total depreciation expense for the remaining useful life of R1 097 127

PR239/2023

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