the dr&pw

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



2025/2026

ANNUAL REPORT



30 YEARS OF FREEDOM

Who are we?

the dr&pw
Department:
Roads and Public Works
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

NORTHERN CAPE DEPARTMENT OF ROADS & PUBLIC WORKS



Our Executive Authority

Mr Bentley Vass

MEC: Roads and Public Works



Our Head of Department

Dr S Jonkers

Accounting Officer

Vision

Trend setters 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 vision and mission are driven by the following set of values.

Client focus
The people we serve come first

Communication
Open, clear and timely

Work ethics
Accountable in all we do

Transparency
Decisions open to scrutiny

Equity
Fair access for every community

Human resource development
Growing the people who deliver

Guided by Batho Pele. The department applies the Batho Pele principles together with all government legislated directives and national prescripts.

What did we achieve?

the dr&pw
Department:
Roads and Public Works
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

HIGHLIGHTS OF THE 2025/26 FINANCIAL YEAR

WORK OPPORTUNITIES · PROVINCE

23 481

Work opportunities achieved across the province.

WORK OPPORTUNITIES · DEPARTMENT

12 516 107.3%

Created by the department — an over-achievement against target.

Unqualified

Audit outcome received for the year.

99%

Of supplier invoices paid within 30 days.

19.266 km

Of roads upgraded from gravel to surfaced.

9

Public infrastructure projects completed — clinics, schools, a hospital, recreation centres, offices and a library.

58

Participants in the Contractor Development programme.

137

Beneficiaries who completed the Innovation and Empowerment programmes.

Also achieved this year

Inclusive growth

Continued investment in infrastructure that grows the provincial economy.

Procurement transformation

Over-achievement on procurement spent with women- and youth-owned enterprises.

Building technical skills

Over-achievement on technical personnel registered under the Candidacy programme.

CONTENTS

PART A: GENERAL INFORMATION		
1.1.	Departments General Information	5
1.2.	List of Abbreviation/ Acronyms	6
1.3.	Foreword by the MEC	8
1.4.	Report by Accounting Officer	11
1.5.	Statement of accuracy	25
1.6.	Strategic Overview	26
1.7.	Legislative Mandates and other mandates	27
1.8.	Entities reporting to the MEC	31
1.9.	Organisational Structure	32
PART B: PROGRAMME PERFORMANCE		
2.1.	Service delivery environment	34
2.2.	Service Delivery Improvement Plan	41
2.3.	Organisational Environment	44
2.4.	Key policy development and legislative changes	44
2.5.	Progress towards Achievement of Instititional Impact and Outcomes	45
2.6.	Institutional Programme Performance Information	49
2.7.	Performance Information per Programme	52
2.8.	Performance in relation to Standardised Outputs and Output Indicators for Sectors with Concurrent Functions	84
2.9.	Transfer Payments	84
2.10.	Conditional Grants and Earmarked Funds Paid	85
PART C: GOVERNANCE		88
PART D: HUMAN RESOURCE MANAGEMENT		114
PART E: PFMA COMPLIANCE REPORT		136
PART F: FINANCIAL INFORMATION		146
	Report of Auditor-General	147
	Appropriation Statement	168
	Notes to Appropriation Statement	179
	Statement of Financial Performance	181
	Statement of Financial Position	182
	Cash Flow Statement	183
	Statement of Net Changes in Assets	184
	Notes to the Annual Financial Statements	185
	Annexures	223



PART A:

GENERAL INFORMATION

1.1 Departments General Information

Department of Roads and Public Works: Northern Cape Province

Physical address of Head Office

9-11 Stokroos Street

Squarehill Park

Kimberley

8301

Postal Address of Head Office

P.O. Box 3132

Kimberley

8300

Contact telephone numbers

Mrs B Bekebeke (053) 8392260

Ms C. Robertson (053) 8392183

Email – address

Bbekebeke@gmail.com

Crobertson@ncpg.gov.za

Website address

URL – Http://ncrpw.ncpg.gov.za

Intranet – Http://ncrpwintranet.ncpg.gov.za

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
GESF	Gender Equality strategic Framework	SABS	South African Bureau of Standards
FTE	Full Time Equivalent	SCM	Supply Chain Management
GIAMA	Government Immovable Asset Management Act	SETA	Sectoral Education and Training Authority
GMT	Government Motor Transport	SMME's	Small, Micro, & Medium Enterprises
HOD	Head of Department	SLA	Service Level Agreement
IRS	Internal Revenue Service	TMH	Technical Methods for Highways
HDI	Historically Disadvantaged Individuals	U-AMP	User Immovable Asset Management Plan

IAR	Immovable Asset Register	VCI	Visual Condition Index
ICT	Information Communication Technology	WBS	Web Based System
IDP	Integrated Development Plan	WOE	Women Owned Enterprise
IGCSD	Integrated Governance, Coordinated and Service Delivery Model	WPRPD	White Paper on the Rights of People with Disabilities
IGP	Infrastructure Grant to Provinces	WSP	Workplace Skills Plan
LIM	Labour Intensive Method		

1.3 FOREWORD BY THE MEC



The 2025/26 financial year closed against a sharply altered global backdrop. In the final weeks of the year, the outbreak of military conflict involving Iran and the effective closure of the Strait of Hormuz removed roughly a fifth of the world's seaborne oil trade from normal circulation. What began as a distant geopolitical event became, within a matter of weeks, a direct input cost to every road we build and every building we maintain. The transmission into our economy was immediate and the increases arrived at precisely the point at which we were committing the 2026/27 construction programme to contract.

What this means for infrastructure delivery

Our sector is among the most fuel-exposed in the provincial economy. The Northern Cape is the largest province by land area, with the longest road network relative to its population, and every cubic metre of gravel, every load of bitumen and every plant hour on a remote site carries a diesel cost that rises with the oil price. The effects reach us through three channels: the direct cost of plant and haulage on our own projects; the cost base of the materials themselves, since bitumen, cement, steel and plastic pipe are all energy-intensive or petrochemical-linked; and the cash flow of the contractors we appoint, particularly emerging contractors with limited working capital.

We therefore anticipate upward pressure on tender prices, an increase in contractual escalation and variation claims, and a real risk that budgeted kilometres and square metres purchase less in 2026/27 than the same rand purchased in 2025/26. Where projects were priced before the shock and delivered after it, contractors carry losses they could not foresee — a circumstance that tests the stability of the very contractor development pipeline we have worked to build.

The same conditions have strengthened the case for choices this department had already made. Our reliance on labour-intensive construction methods under the Expanded Public Works Programme is, in an environment of expensive fuel and constrained capital, both the socially correct and the economically rational approach: it shifts spending from imported diesel toward local wages. Our emphasis on preventative maintenance — resealing and blacktop patching before roads fail — protects the asset base at a fraction of the cost of rehabilitation. Our strategy of transferring strategic economic roads to the South African National Roads Agency places the heaviest capital burden with the institution best financed to carry it. And our use of local materials and borrow pits shortens haulage distances, which is the single largest fuel cost we control.

The political reality we must name

These are not challenges the province can budget its way out of and they arise from decisions taken far from our borders, in a national fiscal environment that is itself constrained. What we can control is the discipline of our planning: earlier procurement, realistic escalation provisions in contracts, honest project pricing, closer collaboration with user departments on payment, and a delivery model that converts every rand of infrastructure spend into the maximum number of local work opportunities. That is the posture this department carries into 2026/27.

The 7th Administration reviewed its priorities amid the province's changing needs to ensure commitments are accommodated. The department is determined to ensure that infrastructure investment remains a priority as the following apex Priorities were achieved:

Priority 1: Between the 2024/25 to 2025/26 MTDP period, 17 (45%) capital infrastructure projects were successfully completed against a target of 38 and this includes amongst others, schools, clinics, libraries, office spaces, and safety facilities, etc.

Priority 2: The Northern Cape Province has a provincial road network of 26 530 km, comprising 3 032 km of flexible (surfaced) pavements and 23 498 km of unpaved (gravel) roads. The current paved road network VCI is 65% which has declined due to delayed periodic and preventative maintenance. 19.266 km of roads were upgraded from gravel to surfaced road exemplifying a holistic approach to infrastructure enhancement and road network expansion.

Priority 3: 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.

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”.



MR. BENTLEY VASS

EXECUTIVE AUTHORITY (MPL)

DEPARTMENT OF ROADS AND PUBLIC WORKS

DATE: 31 August 2026

1.4 REPORT OF THE ACCOUNTING OFFICER



1.4.1 Strategic operations

The department entered 2025/26 with a mandate that sits at the centre of the provincial administration's vision of a modern, growing and successful Northern Cape. Infrastructure is the instrument through which that vision becomes physical: clinics and schools that bring services closer to communities, offices from which government administers, and a road network that determines whether the province's mining, agricultural and tourism economies can move goods to market. Our operations for the year were organised around four programmes — Administration, Public Works, Transport Infrastructure and the Community Based Programme — with Transport Infrastructure accounting for R1 652.1 million, or 74%, of total actual expenditure, reflecting the road network's weight in the provincial economy.

Our operating model rests on three deliberate choices: labour-intensive construction methods wherever technically appropriate, so that infrastructure spend converts into local work opportunities; preventative maintenance ahead of rehabilitation, which protects the asset base at a fraction of the cost of failure; and partnership with institutions of greater financial capacity, most significantly the South African National Roads Agency, to accelerate the upgrading of strategic economic roads.

Financial performance

Total revenue rose 13.3% to R2 441.9 million, driven by a higher annual appropriation of R2 432.1 million and departmental revenue of R9.8 million. Expenditure increased more modestly, by 6.7% to R2 229.6 million, with higher transfers, subsidies and capital spending partly offset by reduced spending on goods and services. The year closed with a surplus of R212.2 million, of which R202.5 million is attributable to voted funds and includes R169.3 million in conditional grants.

Measured against the final appropriation of R2 432.1 million, actual expenditure of R2 231.8 million represents under-expenditure of R200.3 million, or 8.2%, against R4.1 million or 0.2% in 2024/25. All four programmes underspent against their final appropriations. This is the principal financial matter arising from the year and is addressed under challenges below.

Virements of R9.015 million were approved within the vote, shifting savings from Administration and the Community Based Programme to defray excess expenditure in Public Works and Transport Infrastructure. Cash generated from operating activities rose 66.0% to R513.5 million, and cash and cash equivalents closed at R193.9 million, an increase of R136.9 million, leaving the department in a materially stronger cash position than at the start of the year.

Achievements

The department received an unqualified audit outcome. It settled 99% of supplier invoices within 30 days — a direct contribution to the survival of the small and emerging contractors on whom delivery depends. It created 12 516 work opportunities, 107.3% of target, within a provincial total of 23 481, bringing cumulative delivery under EPWP Phase V to 46 048 opportunities, or 40% of the five-year target of 112 995 at the halfway mark. Nine public infrastructure projects were completed, including clinics, schools, a hospital, recreation centres, offices and a library. A further 19.266 kilometres of road were upgraded from gravel to surfaced standard. Fifty-eight (58) participants were enrolled in the Contractor Development programme and 137 beneficiaries completed the Innovation and Empowerment programmes, while the department over-achieved on procurement spend with women- and youth-owned enterprises and on technical personnel registered under the Candidacy programme.

Challenges

Three constraints shaped the year. First, project failures in the Public Works sector arising from non-cooperation between user departments as budget holders and this department as implementing agent: budgets confirmed at procurement stage are not always honoured at implementation, and delayed and non-payment by user departments to contractors has produced unresolved and recurring disputes. Second, the pace of delivery against appropriation, evidenced by the 8.2% under-expenditure, with reprioritisation of capital projects and roll-over requests within the Provincial Roads Maintenance Grant. Third, the physical environment itself: recent rainfall accelerated the

deterioration of road infrastructure already due for rehabilitation, adding to a maintenance backlog the province does not have the fiscal capacity to close on its own.

To these must be added the condition described in the Executive Authority's foreword. The conflict that erupted in late February 2026 and the resulting disruption to global oil supply did not materially affect our costs within the year under review — diesel was at a multi-year low as late as February 2026 — but the 2026/27 programme was tendered and committed in those closing weeks, and the increases that followed on 1 April 2026 fall directly on contracts priced before them.

Interventions

We established reforms to support SCM and contract management efficiency like the selection panel committee and the Combined assurance committee which comprise of Head of department as the chairperson, CFO, Director Risk management, Corporate support, Roads and Public Works Infrastructure. These committees will assist in reducing the project failure challenges experienced in project management.

The Financial Misconduct Committee, established four years ago, continues to address financial irregularities, supported by a monthly audit of all payments by the financial inspectorate to identify potential fruitless and wasteful expenditure, and by disciplinary action against repeat transgressors. The fruitless and wasteful expenditure of R11.910 million confirmed in 2024/25 was recovered in full through payment certificates submitted by the contractor. On payment disputes, the department continues to engage user departments directly, as sustainable resolution requires cooperation from the budget holder. On the road network, the transfer of a further 649.99 kilometres of strategic economic roads to SANRAL is under way, and the feasibility study for the parliamentary village is well advanced.

Outlook

The department enters 2026/27 with a stronger cash position, an unqualified audit, and a delivery model whose labour-intensive orientation is well suited to an environment of expensive fuel and constrained capital. The tasks ahead are to convert appropriation into delivery at a faster rate, to protect contractors against input cost shocks through realistic escalation provisions and earlier procurement, and to hold the payment discipline that has kept our supplier base intact.

1.4.2 Overview of financial results of the department

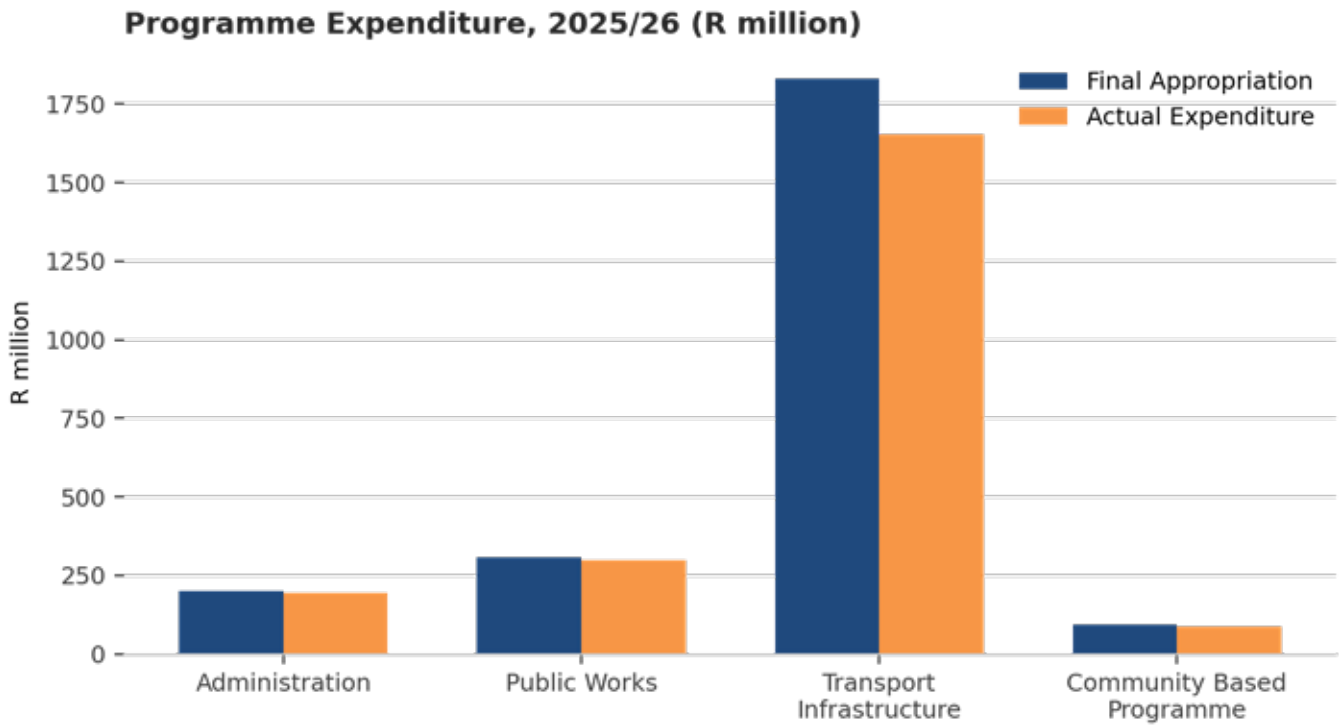
- **Departmental receipts**

	2025/26			2024/25		
Departmental receipts	**Estimate**	**Actual Amount Collected**	**(Over)/Under Collection**	**Estimate**	**Actual Amount Collected**	**(Over)/Under Collection**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Tax Receipts						
Sale of goods and services other than capital assets	1 791	2 387	(596)	1.862	2.490	(628)
Transfers received				-	-	-
Fines, penalties and forfeits				-	-	-
Interest, dividends and rent on land				-	-	-
Sale of capital assets		5 556	(5 556)	-	-	-
Financial transactions in assets and liabilities		2 352	(2 352)	264	257	(7)
Total	**1 791**	**10 295**	**(8 504)**	**2.126**	**2.747**	**(621)**

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).

Programme Expenditure

	2025/26			2024/25		
Programme Name	**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	200,500	193,831	6,669	189 662	188 217	1 445
Public works	307,211	297,800	9,411	246 296	245 505	791
Transport Infrastructure	1,831,768	1,652,113	179,655	1 577 117	1 575 534	1 583
Community Based Programme	92,631	88,105	4,526	115 785	115 517	268
Total	**2,432,110**	**2,231,849**	**200,261**	**2 128 860**	**2 124 773**	**4 087**



Analysis: Transport Infrastructure accounted for R1 652.1 million (74%) of total actual expenditure of R2 231.8 million in 2025/26, the largest share of the four programmes. All programmes underspent against their final appropriations, contributing to overall under-expenditure of R200.3 million (8.2%) for the year, compared to under-expenditure of R4.1 million (0.2%) in 2024/25.

Financial Analysis

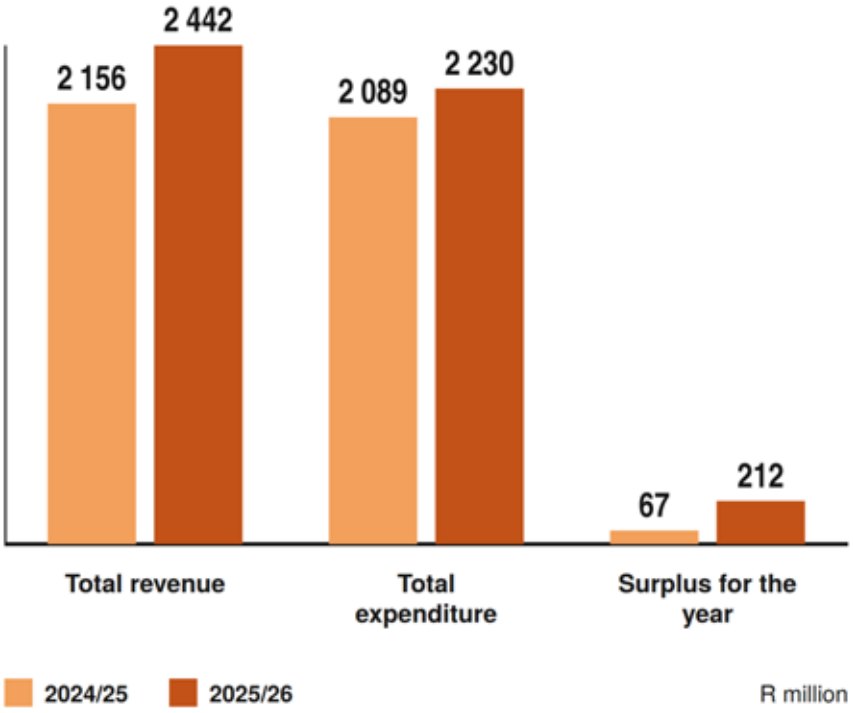
the dr&pw
Department:
Roads and Public Works
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

REVENUE, EXPENDITURE AND SURPLUS · 2025/26 COMPARED WITH 2024/25

TOTAL REVENUE
R2 441.9 m
▲ 13.3% from R2 155.9m

TOTAL EXPENDITURE
R2 229.6 m
▲ 6.7% from R2 089.2m

SURPLUS FOR THE YEAR
R212.2 m
▲ 218% from R66.7m



Where the spending moved

Goods and services
R1 409.3m → R1 306.9m ▼ 7.3%

Transfers and subsidies
R107.4m → R213.2m ▲ 98.5%

Payments for capital assets
R261.2m → R378.8m ▲ 45.0%

What this shows

Revenue grew faster than spending. The increase was driven mainly by a higher annual appropriation of R2 432.1 million, up from R2 153.8 million, and departmental revenue of R9.8 million, up from R2.1 million. Expenditure rose more slowly, as higher transfers, subsidies and capital spending were partly offset by lower spending on goods and services. The resulting surplus of R212.2 million is attributable largely to voted funds of R202.5 million, which includes R169.3 million in conditional grants.

Cash flow

the dr&pw
Department:
Roads and Public Works
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

NET CASH FLOW BY ACTIVITY · 2025/26 COMPARED WITH 2024/25

CASH FROM OPERATING ACTIVITIES

R513.5 m

▲ 66.0% from R309.3m

CASH USED IN INVESTING

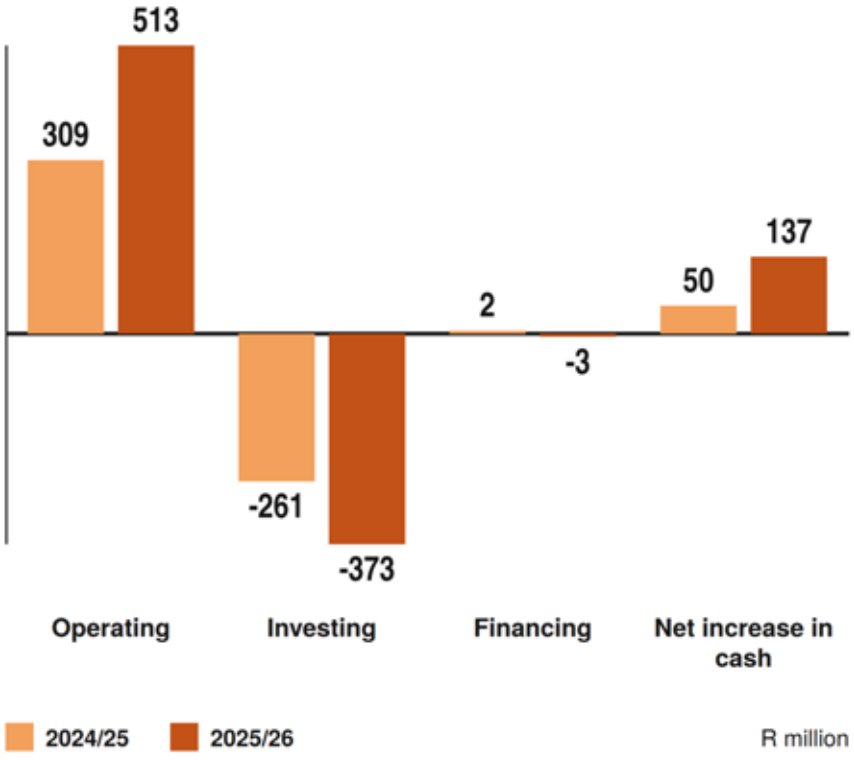
R373.2 m

Up from R261.2m, in line with capital spending

CASH AT YEAR END

R193.9 m

▲ 175.8% from R56.9m



Closing cash position

2024/25

R56.9m

2025/26

R193.9m ▲ R136.9m

Stronger collections and a higher appropriation lifted operating cash well above the additional cash absorbed by capital projects.

What this shows

Operating cash flow rose 66.0% to R513.5 million, reflecting the higher revenue collected during the year. Cash used in investing activities increased to R373.2 million, in line with higher expenditure on capital assets. Cash and cash equivalents at year end rose by R136.9 million to R193.9 million, leaving the department in a considerably stronger cash position at the close of 2025/26.

Virements

the dr&pw
Department:
Roads and Public Works
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

1.4.3 · APPROVED VIREMENTS FOR 2025/26

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

Shifted from

7 296 R'000
Administration

1 719 R'000
Community Based Programme

→ 9 015

Shifted to

7 705 R'000
Public Works

1 310 R'000
Transport Infrastructure

MAIN DIVISION	FROM R'000	TO R'000	REASON
Administration	7 296		R7.926 million is shifted from compensation of employees, goods and services and transfers and subsidies to defray the over expenditure in goods and services and transfers and subsidies in Public Works. R0.631 million is shifted from payments for capital assets in Community Based Programme, to defray the over expenditure in Administration.
Public Works		7 705	R5.619 million is shifted from compensation of employees and goods in Administration. R2.501 million is shifted from compensation of employees within the programme and transfers and subsidies in Administration and Transport Infrastructure. R1.398 million is shifted from payments for capital assets in Community Based Programme.
Transport Infrastructure		1 310	R0.993 million is shifted from within the programme to goods and services. R56.961 million, of which R58.744 million is of the PRMG maintenance/goods and services, is shifted to payments for capital assets for the reprioritisation of capital projects for a request for a roll-over of funds. R1.538 million is shifted from transfers and subsidies to Public Works transfers and subsidies.
Community Based Programme	1 719		R2.107 million is shifted from compensation of employees to goods and services transfers and subsidies within the programme. R2.029 million is shifted from payments for capital assets in Community Based Programme to payments for capital assets in Administration and Public Works.
Total	9 015	9 015	**Movements balance within the vote**

Programme 3: PRMG had a total of R50 032 rolled over from the 2024/25 financial year to the 2025/26 financial year.

Unauthorised, fruitless and wasteful expenditure

the dr&pw
Department:
Roads and Public Works
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

1.4.4 · POSITION AT 31 MARCH 2026

UNAUTHORISED EXPENDITURE

None

No unauthorised expenditure was incurred.

FRUITLESS AND WASTEFUL · 2024/25

R11 910 000

Confirmed during 2024/25 and subsequently recovered through the payment certificates submitted by the contractor to the department.

WHAT MADE UP THE REMAINING AMOUNTS

Payments made before the invoice date	R1 365 000
VAT charged by a supplier whose VAT registration could not be confirmed	R266 000
Unforeseen costs relating to a variation order and an increase in expenditure emanating from the same scope of work	R94 159

Actions taken

- The department introduced the Financial Misconduct Committee four years ago to deal with the issues identified above.
- The financial inspectorate is 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 continuously commit irregular and fruitless and wasteful expenditure.

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

1.4.5 Strategic focus over short to medium term period

- Restructuring and remodeling 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; and
- The transfer of white fleet to Northern cape Economic Development Agency (NCEDA).

1.4.6 Discontinued key activities

The department will continue to render key services under its mandatesuch white fleet rental.

1.4.7 New proposed key activities

- Enterprise development will become a new strategic focus area for the department, to ensure the successful business continuity of small and medium enterprises enrolled in 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 a helpdesk at Provincial Treasury to assist service providers with registration.

1.4.8.2 Committees

All committees of the department are established according to related policy directives and they are functional.

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

N/A

1.4.12 Other

Trading entities and public entities

This is the final year of the department's trading account which is the Northern Cape Fleet Management Trading Entity. The Entity will cease to exist from 01 April 2026 since the transfer of the white fleet to NCEDA and all staff and yellow fleet will be merged into the

department.The NC: Fleet Management Trading Entity was responsible for the acquiring for all fleet requirements for provincial departments in the province.

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 because 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.

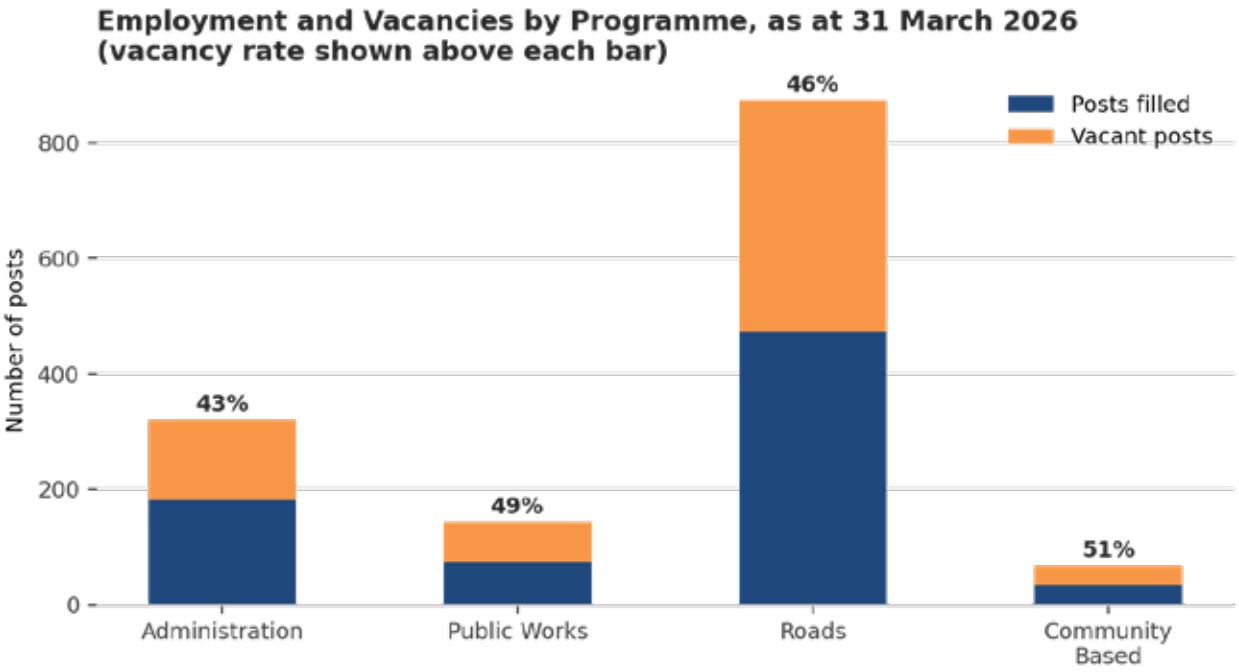
An annual performance plan (2025/26) is a plan aligned to departmental activities, outputs and goals with provincial and national policy priorities and the budget. The performance of the Department, per programme, is detailed in Part 2 of the Annual Report. In Addition to this the department also submits the following reports:

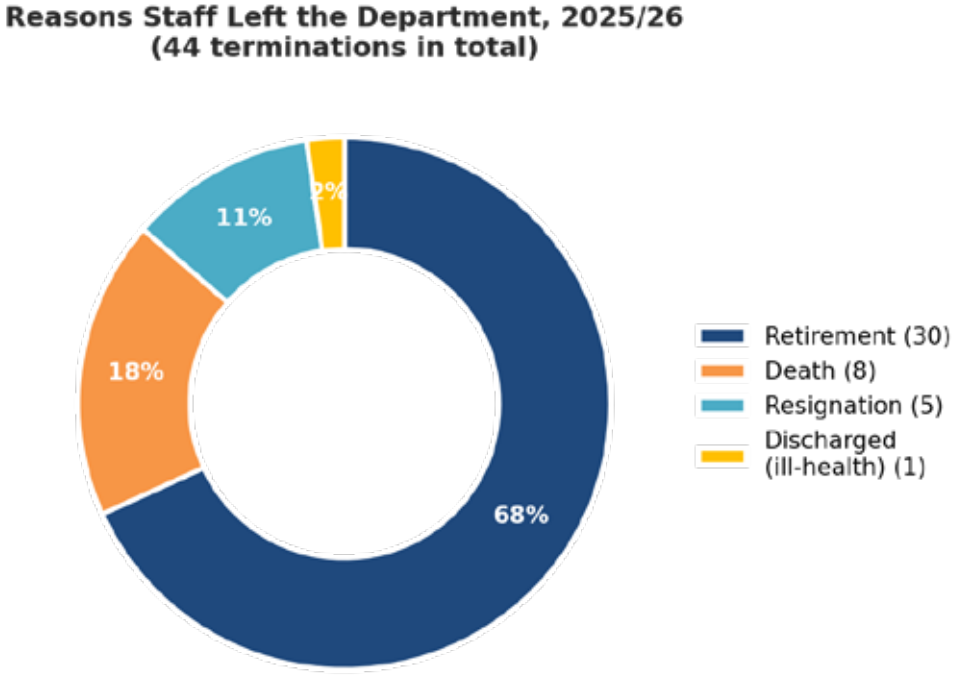
- In Year Monitoring system
- Quarterly Reports.
- Quarterly Infrastructure Report

1.4.14 Human Resource Management

The department's overall vacancy rate stood at 45% as at 31 March 2026, with 760 of the 1 405 approved posts filled. The Community Based programme recorded the highest vacancy rate (51%), followed by Public Works (49%) and Roads (46%), while Administration recorded the lowest vacancy rate of the four programmes (43%).

The department also experience an exodus of retirement during 2025/26, accounting for 30 of the 44 terminations (68%), followed by death in service (8, 18%) and resignation (5, 11%). Only one employee was discharged due to ill-health, and there were no dismissals during the year. The figures below depict the overall vacany rate and a graph to depict staff retirements.


Employment and Vacancies by Programme, as at 31 March 2026
(vacancy rate shown above each bar)
Posts filled
Vacant posts
Number of posts
800
600
400
200
0
43%
49%
46%
51%
Administration
Public Works
Roads
Community Based


Reasons Staff Left the Department, 2025/26
(44 terminations in total)
68%
18%
11%
2%
Retirement (30)
Death (8)
Resignation (5)
Discharged (ill-health) (1)

1.4.15 Sign-off and acknowledgement

This report was assessed against the 2025/26 Annual Performance Plan and the Strategic Plan (2025-2030), 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 2025/26.



DR. S JONKERS

ACCOUNTING OFFICER

DEPARTMENT OF ROADS AND PUBLIC WORKS

DATE: 31 AUGUST 2026

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 2026.



DR. S JONKERS

ACCOUNTING OFFICER

DEPARTMENT OF ROADS AND PUBLIC WORKS

DATE: 31 AUGUST 2026

Strategic overview

the dr&pw
Department:
Roads and Public Works
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

1.6 · VISION, MISSION AND VALUES

Vision

Trend setters 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 ARE DRIVEN BY THIS SET OF VALUES

- Client focus
- Work ethics
- Communication
- Transparency
- Human resource development
- Equity
- Commitment & loyalty
- Accountability
- Innovation
- Honesty & integrity

Guided by Batho Pele

The mission and vision statements are driven by the values above, together with the Batho Pele principles, all government legislated directives and all national prescripts that govern the work of the department.

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.

Architectural Profession Act (No. 44 of 2000): To provide for the establishment of a juristic person to be known as the South African Council for the Architectural Profession; to provide for the registration of professionals, candidates and specified categories in the architectural profession; to provide for the regulation of the relationship between the South African Council for the Architectural Profession and the Council for the Built Environment; and to provide for matters connected therewith.

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.

Broad Based Black Economic Empowerment Act (No. 53 of 2004): The Broad-Based Black Economic Empowerment Act, Act No. 53 of 2003, is a South African law aimed at addressing the economic inequalities created by apartheid. It establishes a framework for promoting the participation of Black South Africans in the economy.

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

Constitution of the Republic of South Africa (No. 108 of 1996): acknowledges the right of every person to equality before the law and to equal protection of the law. To ensure that this constitutional guarantee is achieved, independent judiciary is imperative.

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.

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

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.

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.

Engineering Profession Act (No. 46 of 2000):to provide for the establishment of a juristic person to be known as the Engineering Council of South Africa. To provide for the registration of professionals, candidates and specified categories in the engineering profession.

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.

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.

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

Local Government: Municipal Property Rates Amendment Act, Act No. 29 of 2014: to refine the processes and regulations related to property rates levied by municipalities. Key changes include the amendment and insertion of definitions, the deletion of provisions related to district management areas, and adjustments to how municipalities determine and implement rates policies.

Municipal Rates Act, 2004 (as amended in 2014): aims to amend the Local Government: Municipal Property Rates Act, 2004

National Building Regulations and Building Standards Act, 1977 (103 0f 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.

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 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.

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

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.

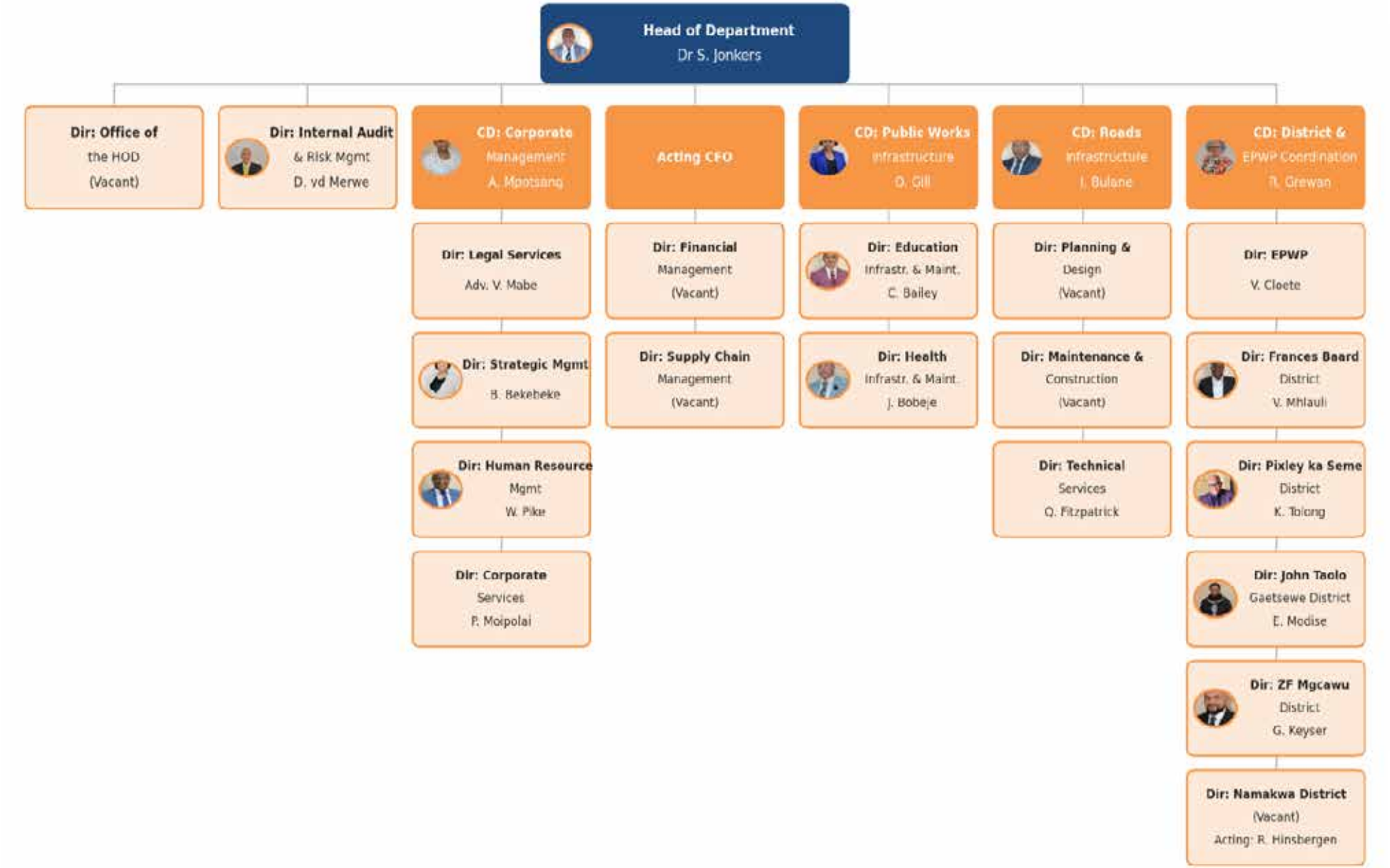
Spatial Planning and Land Use Management Act No. 16, 2013 (SPLUMA):
To provide a framework for spatial planning and land use management in the Republic; to specify the relationship between the spatial planning and the land use management system and other kinds of planning; to provide for the inclusive, developmental, equitable and efficient spatial planning at the different spheres of government.

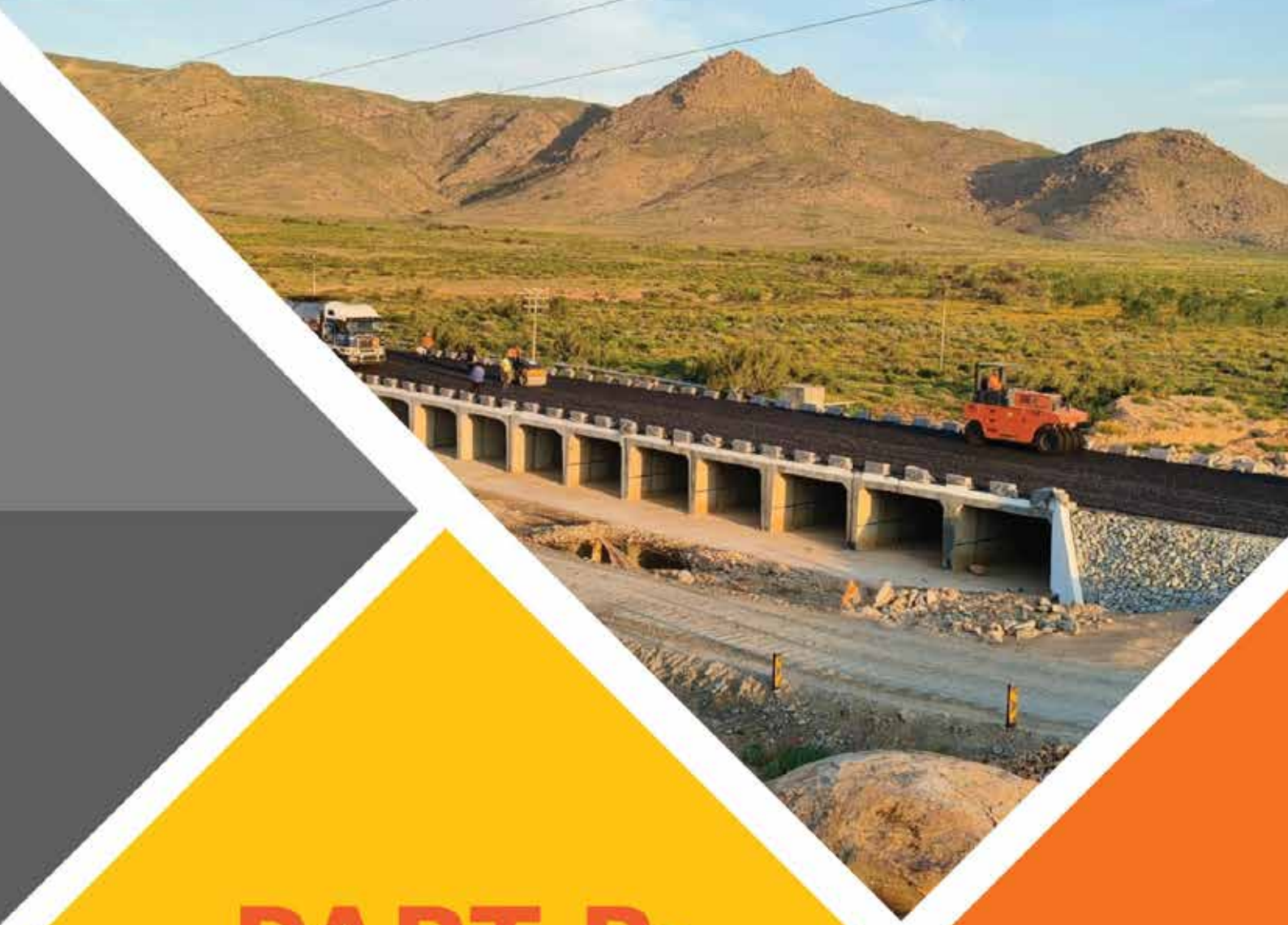
National Building Regulations and Building Standards as Amended by Standards 8 of 2008
SABS provides a range of standards covering the demands of the Building & Construction industry, from quality management systems to test methods for specific materials or parts. These will help your organization to 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

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

1.9 Organizational Structure





PART B:

PROGRAMME PERFORMANCE

Service delivery environment

the dr&pw
Department:
Roads and Public Works
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

Accommodation for the legislature

In response to the requirement of providing accommodation for members of the provincial legislature, the feasibility study for the construction of the parliamentary village is well underway.

Roads maintenance

Substantial progress in road infrastructure was made in terms of resealing treatments, ensuring their durability and safety, blacktop patching and also addressing key maintenance needs for surfaced roads.

Recent rainfall has accelerated the deterioration of road infrastructure that is due for rehabilitation.

Project failures and payment disputes

The Public Works sector is facing wicked problems due to project failures mostly caused by non-cooperation between the budget holder, being the user department, and DRPW as the implementing agent, and these are out of the custodian's control. During the procurement stages the user confirms the budget for the projects; however, during implementation various problems are recorded, chief among them delays in payment and non-payment by user departments to the contractors. This predicament has resulted in unresolved and recurring disputes, year in and year out.

Partnership with SANRAL

The collaboration between the Northern Cape Provincial Government and the South African National Roads Agency yielded significant results, and the development of the Infrastructure Investment Plan could be a significant effort to boost growth in the province. The province does not have sufficient financial capacity to improve the status of its roads, so strategic roads are transferred to SANRAL, which has greater financial capacity, to accelerate upgrading and maintenance. A further **649.99 km** of key strategic economic roads is proposed for transfer and the process is under way.

- **Hotazel – Vanzylsrus**
- **Vanzylsrus – Askham**
- **Kathu – Hotazel**
- **Washington – Hotazel**
- **Hotazel – Madibeng**
- **Madibeng – Perth**
- **Perth – Heuningsvlei**
- **Heuningsvlei – North West border**

Pressure on job creation

The unemployment rate in the province has put more pressure on government to generate more job opportunities than the economy can afford, which shapes the department's use of labour-intensive methods across its infrastructure programme.

Expanded Public Works Programme

the dr&pw
Department:
Roads and Public Works
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

EPWP PHASE V · PROGRESS AT THE END OF YEAR TWO

YEAR 1 · 2024/25
22 567
Work opportunities created

YEAR 2 · 2025/26
23 481
Work opportunities created

ACHIEVED SO FAR
46 048
40% of the five-year target of 112 995



Year 1 22 567 | Year 2 23 481 | 40% of target reached in two years

Pathways from education to employment

With national youth unemployment rates persistently high – among the highest globally – initiatives that provide a tangible and impactful response, such as creating meaningful pathways from education to employment, are essential. The department is not only contributing to the empowerment of young people, but also playing a vital role in building an inclusive and sustainable economy. Such programmes bridge the gap between theoretical knowledge and practical workplace exposure, ultimately enhancing employability and reducing economic vulnerability among youth.

The importance of inclusivity was addressed by Disabled People South Africa, stressing the need to ensure that people with disabilities are not excluded from empowerment programmes. A certificate and pledge-signing ceremony was held to mark the occasion.

Rooting Out the Dust · Douglas

Launched with a sod-turning ceremony, the project paves 400 metres of Ngxila Street, improving the street surface and bringing socio-economic benefits to the community. Labour-intensive construction methods were used to maximise job creation, and on completion the community will have gained hands-on experience in paving brick installation, kerb laying and general road finishing works.

METRES PAVED
400

JOBS CREATED
50

WOMEN / YOUTH
22 / 31

Public Works Infrastructure Capital Projects

Department of Health

Project Name	Progress to date
CAPITAL	
RMSH (Robert Mangaliso Sobukwe Hospital): Block KLM: Upgrading of HVAC	Completed
Dr Arthur Letele Medical Depot: Upgrading of Dr Arthur Letele Medical Depo	Completed

Department of Health

Projects under construction

Project Name	Progress to date
Tshwaragano Hospital: Phase 1: Upgrading of Gateway Clinic & Walkways	In Construction
Kuruman Hospital: Conversion of Old Boiler House to EMS Station	In Construction
RMSH (Robert Mangaliso Sobukwe Hospital): Replacement of Transformers and Capacitors	In Construction
Schmidtsdrift: Construction of New Clinic	In Construction
Kimberley: NMHF: Phase 2A: College, Admin and Classrooms.	In Construction

Department of Education

The following infrastructure projects were identified, including multi-year projects:

Project Name	Progress to date
GaoshupeMakodi P/S: Phase 1: Double ECD, Nutrition Centre	Completed
Petrusville P/S: New Full-Service School	Completed
Wrenchville P/S: Multi-purpose Court, Fencing, Hall, Classrooms and Ablution	In Construction

Project Name	Progress to date
Voorspoed P/S: Double ECD, 6 Classroom, Medium Ablution	In Construction
Cillie P/S: New Full-Service School: Contract	In Construction
Magojaneng P/S: New primary school	In Construction
Oranje-Oewer I/S: Replacement of Intermediate school	In Construction
Rietrivier P/S: Replacement of primary school	In Construction
BankharaBodulong P/S: New primary school	In Construction
Kalahari S/S: New Secondary School	In Construction
Carlton Van Heerden S/S: Replacement of School	In Construction
Franciscus P/S: Replacement Intermediate School	In Construction

Department of Sport, Arts and Culture

Project Name	Progress to date
Galeshewe: Construction of New Library	In Construction
Masiza School: Upgrading and Conversion of the school to district offices	In Construction
Mayibuye Recreational Centre: Upgrading	In Construction
De Aar Offices: Fencing and Minor Repairs	Completed

Roads Projects

Completed Regravelling roads projects

Project Name	Progress to date
MR886 Askham-VanZylsrus Phase 2	100%
MR 616 Victoria Wes-Vosburg	100%

MR 617 & MR 618 Noupoort	100%
MR615 Britstown	100%
MR 767 Van Wyksvlei	100%
MR 674 Colesburg	100%

Regravelling roads projects under construction

Project Name	Progress to date
MR791 Petrusville-Colesberg Phase 2	Planned
MR745 Komagas-Kleinzee Phase 2	81%

Reseal Roads Projects

Project Name	Progress to date
MR948 Churchill to Bendel.	72%
MR913 Barkley West to Windsorton	62%
TR38/1 Phillipstown to De Aar	23%
MR807 Plooyberg -Douglas	45%

Rehabilitation Roads Projects

Project Name	Progress to date
A section of MR938 between Kathu and Hotazel (Mamathwane);	37%
MR804 from N12 to Free State border - Modderrivier	100%

Upgrading of Capital Roads projects under construction

Project Name	Progress to date
MR974 between Laxey and Heuningvlei Phase 1;	76%
Paving MR778 in Kakamas - Phase 2;	84%

Completed Upgraded Roads projects

Project Name	Progress to date
Paving side-walk along MR947 in Batlharos - Phase 3;	100%
Paving of MR12476 from R31 to Pniel - Phase 2;	100%

Progress on EPWP projects

Innovation and Empowerment Programmes within EPWP Phase V, the Department entered into a strategic partnership with BankSETA to implement the Entrepreneurship Development Programme (Women and Youth – Grade 1 GB and CE).

Through this intervention, a total of 60 work opportunities were created, targeting women, youth and persons with disabilities. Of the 60 participants enrolled, 44 are persons with disabilities, thereby contributing towards the EPWP target for the inclusion of persons with disabilities. The programme is currently being implemented in Frances Baard and ZF Mgcawu Districts

Furthermore, under the New Venture Creation Entrepreneurship Development Programme, the Department, in partnership with Disabled People of South Africa (DPSA), created an additional 50 work opportunities exclusively for persons with disabilities.

Under the Construction SETA (CETA) Artisan Development Programme, the Department facilitated accredited training interventions aimed at strengthening artisan development and sector-specific skills within the infrastructure sector.

A total of 14 youth beneficiaries is enrolled in the Electrical Construction Apprenticeship Programme. These learners have successfully completed their first year of training, which included both theoretical and practical components, contributing towards artisan pipeline development and long-term employability within the construction sector.

In addition, 17 youth beneficiaries enrolled in the Construction Health and Safety Learnership Programme successfully completed their learnership in August 2025 and are currently awaiting moderation and certification. Upon final certification, beneficiaries will obtain a National Certificate in Construction Health and Safety (NQF Level 3), thereby contributing to accredited skills development and improving compliance capacity within EPWP infrastructure projects.

Furthermore, under short skills training interventions, a total of 43 participants successfully completed training in Roads Construction, enhancing technical competencies to support labour-intensive infrastructure delivery and maintenance programmes.

These training interventions contribute towards:

- EPWP Phase V targetstraining and skills development
- Youth empowerment and employability outcomes
- Strengthening the artisan development pipeline
- Improving quality and compliance within labour-intensive infrastructure projects

Under the Phakamile Mabija Apprenticeship Programme, the Department has selected a total of 30 beneficiaries to participate in artisan development training within the following priority trades:

- Fitter and Turner
- Boilermaker
- Welding
- Refrigeration

This intervention forms part of the Department’s Artisan Development and Skills Pipeline Strategy aimed at strengthening technical capacity and improving long-term employability outcomes for youth.

The apprenticeship programme spans a three (3) year duration and comprises the following structured components:

- Institutional and theoretical training
- Workplace-based practical training
- Third-year advanced training
- Trade test preparation and review
- Trade testing

Upon successful completion, beneficiaries will obtain a Red Seal Qualification, which is nationally and internationally recognised, thereby enhancing mobility and employment prospects within the construction and engineering sectors.

2.2 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)	17 projects planned to be implemented	5 projects were implemented which includes clinics, hospital renovation, offices, camp and library.
Construction and maintenance of roads	All roads users (communities) including mining industries	Meeting required roads standards. Ensuring that all roads are in good condition throughout their expected life span by maintaining them on a	26.45 km of gravel roads upgraded to surfaced roads	19.266 km of gravel roads upgraded to surfaced roads
			306km of gravel roads re-gravelled	349.59 km of gravel roads were re-gravelled

		regular basis. Use well trained technical staff	843 600 square meters of surfaced roads re-sealed	250 000 of square meters or surfaced roads were re-sealed
			18 400 square meters of blacktop patching	41 752.855square meters of blacktop patching was conducted
			395 200 square meters of roads rehabilitated	48 000 of square meters of roads were rehabilitated
			61 000kilometers of roads bladed	60 812.84 kilometers 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).	All departmental projects must be implemented on in line with municipal integrated development plans (IDP's). Conduct inspections to all active projects to ensure compliance with Standard specifications and for quality control. Continuous improvement in project management.	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
The department tables the budget vote speech and it is publicised through various communication channels, i.e. Watsapp line, radio, social media platforms. Published annual performance plans and reports on departmental website. Regular update of information on all communication platforms.	The department must publish all its service delivery plans through various communication channels, i.e. radio, social media platforms. Published annual performance plans and reports on departmental website. Site meetings with contractor (All stakeholders)	The department published all its service delivery plans through various communication channels, i.e. Watsapp line, website, radio, social media platforms. Published annual performance plans and reports on departmental website.
The department has developed its service charter to inform our clients on the departmental services, operating hours and procedures, addresses, contact persons.	SLA are available Cash Flow statements/reports and predictions on every project are provided monthly. Implementation of PROMAN system. Client participation in the BID committee meetings Annual reports must improve- presently concentrating on activities and outputs	Cash Flow statements are availed on an ad-hoc bases or as and when requested. PROMAN effectively operational

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.

2.3 Organisational environment

The vacancy rate of the department is 53.3% this is increasing due to terminations monthly in terms of retirements, deaths, etc currently 22 posts were advertised and HRA are busy with a recruitment drive to fill all vacant and funded posts.

Payment and funding agreement of the Construction Sector Education and Training Authority (CETA) funding for professional development candidacy programme to be effected for the allocation of 10 candidate registered technical personnel. The objective of the programme is to develop them in order to qualify as professionally registered. The department may subsequently appoint them additional to the structure as OSD technical registered professionals in line with DPSA prescripts and guidelines. The candidates have been loaded on the CETA indicium system for the candidacy development program to commence during this financial year

2.4 Key policy development and legislative changes

N/A

2.5 Progress towards Achievement of Institutional Impact and Outcomes

Impact	Progress
Inclusive growth and investment in infrastructure	The department made strides towards infrastructure delivery and increased job creation, by implementing 4 projects which included medical centre, offices and schools. Through expansion and maintenance of transport infrastructure, 15.39 km of road were elevated from gravel to surfaced status, exemplifying a holistic approach to infrastructure enhancement and road network expansion. The EPWP Phase V is currently in its second year in 2025/26. The Northern Cape has a 5-year target of 112 995 work opportunities to achieve between 2024/25 and, 2028/29 financial years for 2025/26 the province achieved 23 481. The overall achievement of 46 048 which is 40% of its Five-year target. Five-Year Performance summary Year 1 = 22 567 Year 2 (Q4) = 23 481
Progress against the 2025-2030 Strategic Plan	
Improved Audit outcomes	The department planned to achieved an unqualified audit by the end of 2025/26 financial year, there are measures in place to improve towards a clean audit report.
Professionalized institution according to OSD in line with professional counsels	The department's planned target was 15 but due to the pressure on completion of projects public Works requested to be prioritised. Therefore the funding of 10 engineering is from CETA and other 8 is departmental funding
Strengthened the public procurement system, in line with the Public Procurement Act, for efficiencies, effectiveness and to stimulate demand.	The department overachieved on 40% for women and 30% youth owned enterprises for procurement of goods and services spent
Improved quality of infrastructure delivered to support growth and job creation	The department made strides towards the increase of quality public infrastructure with the following infrastructure projects implemented • Medical centre

	• clinics • Hospitals • Recreation centre • Offices • Schools
Invest in infrastructure development through focus on underserviced areas	As part of some initiatives of spatial transformation, non-strategic assets which include vacant land will be disposed of through proposals that unlock economic value focusing on previously disadvantaged individuals and organisations.
Road asset condition restored to required level of service	The Northern Cape Province has a provincial road network of 26 530 km, comprising 3 032 km of flexible (surfaced) pavements and 23 498 km of unpaved (gravel) roads. 349.59 km of re-gravelling was conducted. 60 812.84 km of gravel roads were bladed across the province 250 000 sq meters surfaced roads were resealed across the province 41 752.855 sq meters of blacktop patching was conducted on surfaced roads across the province
Improved road surface condition	The current paved road network VCI is 65% which has declined due to the delayed periodic and preventative maintenance 19.266 km of roads was upgraded from gravel to surfaced road exemplifying a holistic approach to infrastructure enhancement and road network expansion.
Economic opportunities created for the previously disadvantaged and vulnerable groups (women, youth and persons with disabilities)	The department has a total of 58 participants in the Contractor Development programme.
Decent jobs sustained and created	The EPWP Phase V is currently in its second year in 2025/26. The Northern Cape has a 5-year target of 112 995 work opportunities to achieve between 2024/25 and, 2028/29 financial years for 2025/26 the province achieved 23 481. The overall achievement of 46 048 which is 40% of its Five-year target. The department created 12 516 (107.3%) work opportunities within the 2025/26 financial year against a target of 11 659.
Skilled economy through skills development initiatives	Through this intervention, a total of 60 work opportunities were created, targeting women, youth and persons with disabilities. Of the 60 participants enrolled, 44 are persons with disabilities, thereby

	contributing towards the EPWP target for the inclusion of persons with disabilities. The programme is currently being implemented in Frances Baard and ZF Mgcawu Districts. Furthermore, under the New Venture Creation Entrepreneurship Development Programme, the Department, in partnership with Disabled People of South Africa (DPSA), created an additional50 work opportunities exclusively for persons with disabilities. Under the Construction SETA (CETA) Artisan Development Programme**,** the Department facilitated accredited training interventions aimed at strengthening artisan development and sector-specific skills within the Infrastructure sector. Under the Phakamile Mabija Apprenticeship Programme, the Department has selected a total of 30 beneficiaries to participate in artisan development training within the following priority trades: • Fitter and Turner • Boilermaker • Welding • Refrigeration

Significant achievements with regard to contribution towards the 2024-2029 MTDP

AUDIT OUTCOMES COMPARED TO THE PRIOR YEARS

Annual Financial Statements:

2024/25 Unqualified: With emphasis of matters

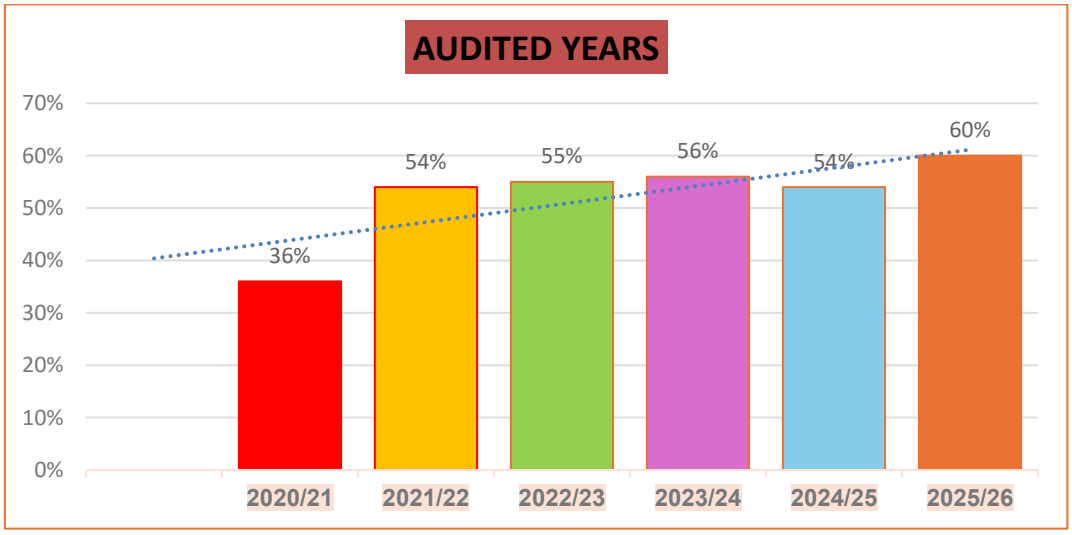
2025/26 Unqualified: With emphasis of matters

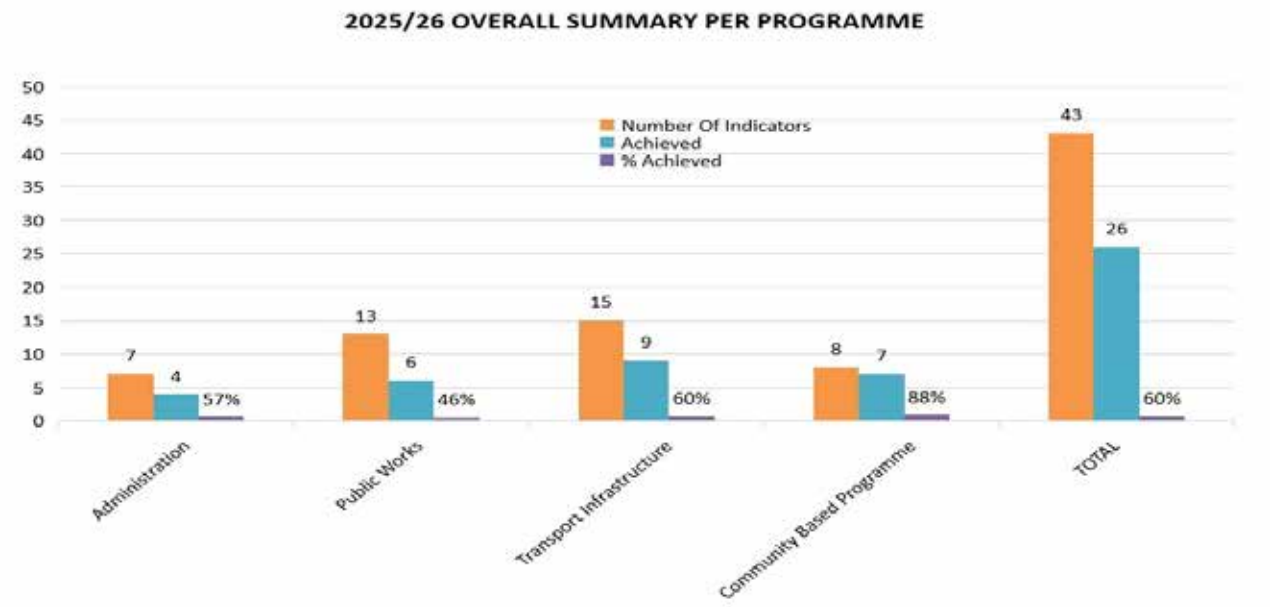
PERFORMANCE INFORMATION		
Public Works	Roads	EPWP
2024/25 Unqualified 2025/26 Unqualified	2024/25 Unqualified 2025/26 Unqualified	2024/25 Not Audit 2025/26 Not Audit

MTDP 2024-2029 period, the department achieved the following:

- An unqualified audit opinion with material findings in performance information and Annual Financial Statement
- 99% achievement on 30-day payments
- Over achievement on procurement spend on women and youth own enterprises.
- Over achievement on the technical personnel registered under Candidacy programme which is due to the pressure on completion of projects public Works requested to be prioritised. Therefore, the funding of 10 engineering is from CETA and other 8 is departmental funding.
- 9 Capital projects were successfully completed which included Clinics, Schools, recreation centres, hospital, offices, library and offices.
- 49.642 km of roads were upgraded from gravel to surface roads
- The EPWP Phase V is currently in its second year in 2025/26. The Northern Cape has a 5-year target of 112 995 work opportunities to achieve between 2024/25 and, 2028/29 financial years for 2025/26 the province achieved 23 481. The overall achievement of 46 048 which is 40% of its Five-year target.
- Department Work Opportunity achievement is 23 893for the year 2024/25 to 2025/26

2.6 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION





ANNUAL DEPARTMENTAL OVERALL PERFORMANCE

Programme	Total number of indicators for the year	Number of indicators achieved	% Achieved
Administration	7	4	57%
Public Works	13	6	46%
Transport Infrastructure	15	9	60%
Community Based Programme	8	7	88%
TOTAL	**43**	**26**	**60%**

Performance Analysis

The department achieved 26 of its 43 planned annual performance indicators in 2025/26, an overall achievement rate of 60%. Performance varied considerably across programmes. The Community Based Programme was the strongest performer, achieving 7 of its 8 indicators (88%). Transport Infrastructure achieved 9 of 15 indicators (60%), in line with the departmental average, while Administration achieved 4 of 7 (57%). Public Works recorded the lowest achievement rate of the four programmes, meeting 6 of its 13 indicators (46%), indicating that this programme should be a priority focus area for the strategies to overcome under-performance set out later in this Part.

This performance was achieved alongside continued improvement in financial and compliance outcomes: the department maintained an unqualified audit opinion (with emphasis of matter) in both 2024/25 and 2025/26, achieved 99% of payments processed within 30 days, and exceeded its procurement targets for women-owned (114.26% against a 40% target) and youth-owned enterprises (73.72% against a 30% target). On service delivery, the department created 12 516 work opportunities in 2025/26 (107.3% of its 11 659 target) and has reached 46 048 of its 112 995 five-year EPWP Phase V target (40%) within the first two years of the programme.

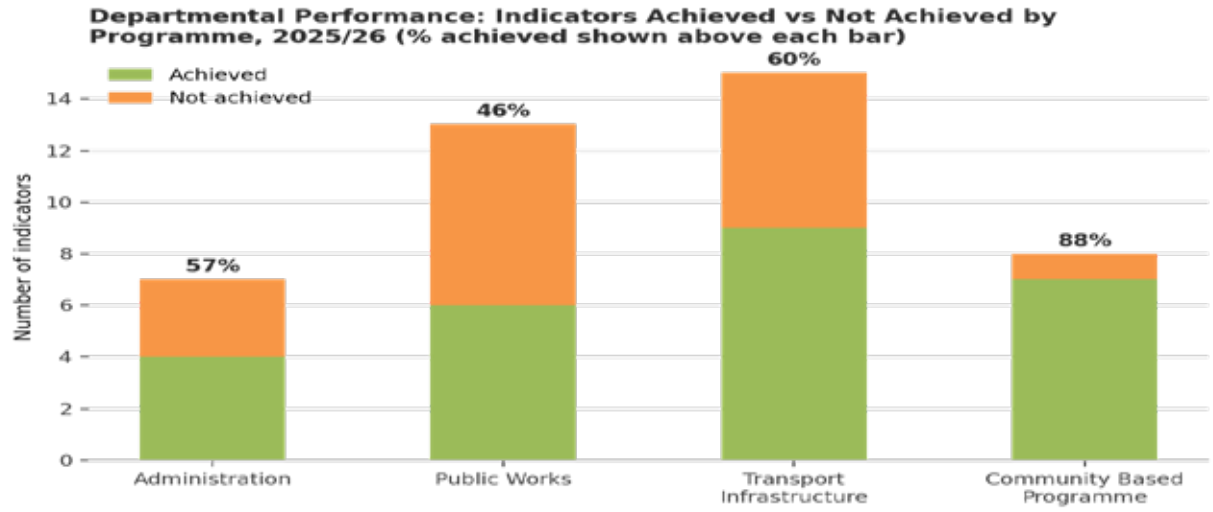


Chart: Number of performance indicators achieved versus not achieved per programme, 2025/26, with the percentage achievement rate shown above each bar.

Financial Performance versus Service Delivery Performance

Reading the department's budget execution (section 1.4.2) alongside its performance achievement (section 2.6) shows that spending levels are not always matched by service delivery results. Overall, the department spent 91.8% of its final appropriation (R2 231.8 million of R2 432.1 million) while achieving 60% of its 43 planned indicators – a gap of close to 32 percentage points between money spent and results delivered.

The gap is widest in Public Works, which spent 96.9% of its budget (the highest spending rate of the four programmes) but achieved only 46% of its indicators (the lowest achievement rate) – a difference of close to 51 percentage points, and a clear value-for-money concern. Administration shows a similar, though smaller, gap: 96.7% of its budget spent against 57% of indicators achieved. Transport Infrastructure spent the smallest share of its budget (90.2%) while achieving 60% of its indicators, close to the departmental average on both measures. The Community Based Programme shows the closest alignment between spending and delivery, achieving 88% of its indicators against 95.1% of its budget spent – a gap of only 7 percentage points, and the best-performing programme on both financial and non-financial measures combined. This pattern reinforces the conclusion in the Performance Analysis above that Public Works, in particular, warrants closer attention to ensure that budget execution translates into service delivery results.

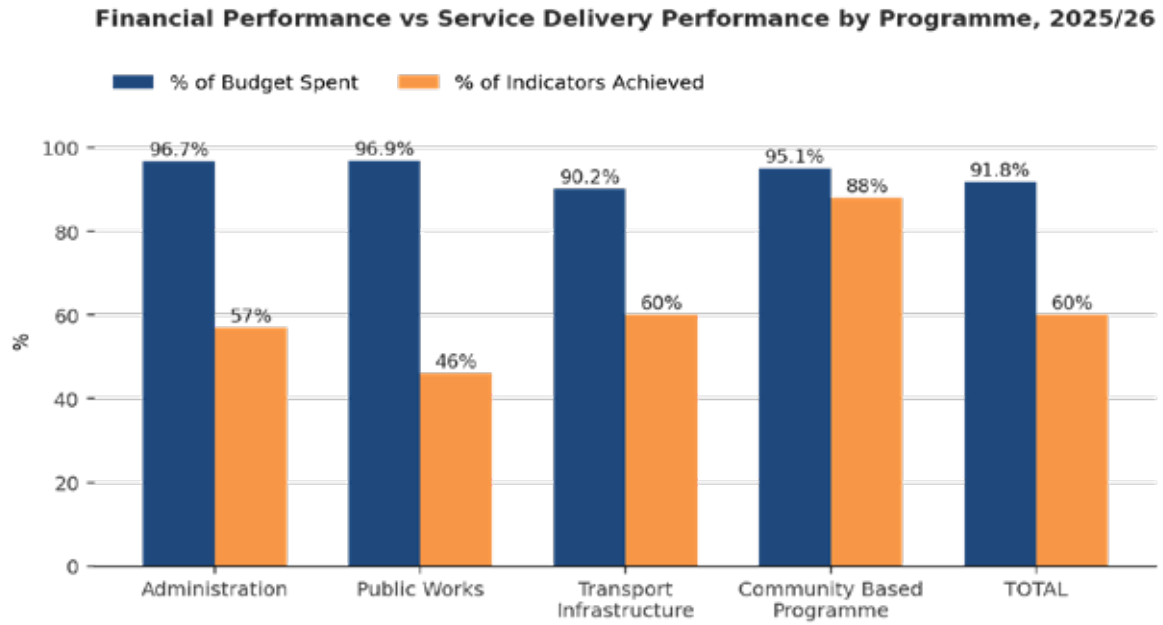


Chart: Percentage of final appropriation spent compared with the percentage of planned performance indicators achieved, by programme, 2025/26.

2.7 PERFORMANCE INFORMATION PER PROGRAMME

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
Improved Audit outcomes	The department planned to achieve a clean audit by the end of 2025/26 financial year, there are measures in place to improve towards a clean audit report.
Professionalized institution according to OSD in line with professional counsels	The department's planned target was 15 but due to the pressure on completion of projects public Works requested to be prioritised. Therefore the funding of 10 engineering is from CETA and other 8 is departmental funding
Strengthened the public procurement system, in line with the Public Procurement Act, for efficiencies, effectiveness and to stimulate demand.	The department over achieved on 40% for women and 30% youth owned enterprises for procurement of goods and services spent

Outcome, outputs, output indicators, targets and actual achievements

Outcome	Outputs	Output Indicators	Audited Actual 2023/24	Audited Actual 2024/25	Planned Annual Target 2025/26	Actual Achievement 2025/26	Deviation from planned target to Actual Achievement	Reason for deviation
Sub Programme: Financial management								
Improved Audit outcomes	Improved financial management	An audit opinion achieved annually	Qualified Report	Unqualified audit report	Unqualified audit report	In process		

	Improved financial management	Percentage of payments processed within 30 days	100%	98.75%	100%	99%	-1	Late submission of invoices for processing and inadequate budget from department of Education.
Strengthened the public procurement system, in line with the Public Procurement Act, for efficiencies, effectiveness and to stimulate demand.	Optimised allocated of procurement to women owned enterprises	Percentage spent on women owned enterprises through procurement of goods & services	53%	138.68%	40%	114.26%	74.26%	More women and youth owned enterprise were prioritised
	Optimised allocated of procurement to youth owned enterprises	Percentage spent on youth owned enterprises through procurement of goods & services	18%	67.49%	30%	73.72%	43.72%	

	An increased in economic empowerment through procurement allocated to SMME's & QSE'S	Percentage spent on Designated Group enterprises through sub-contracting on procurement of goods & services of R30 million and above annually	100%	100%	100%	0	-100%	Projects in access of R30 million were awarded but there was no sub contracting due to projects being machine intense.
Sub Programme: Corporate Support								
Professionalized institution according to OSD in line with professional counsels	An increase in the professionalization of the department	Number of technical personnel registered under Candidacy Programme	100%	0	15	18	3	The department's planned target was 15 but due to the pressure on completion of projects public Works requested to be prioritised. Therefore the funding of 10

								engineering is from CETA and other 8 is departmental funding
	Centralised infrastructure function	Remodelling plan developed	New indicator	0	1	0	-1	The remodelling plan was development but not approved

Strategy to overcome areas of under performance

- Planning for Complaint Management System to give effect to the service delivery improvement plan (SDIP)of service standards and the service delivery model (SDM)

- Modernisation/Digital infrastructure management ecosystem:

  - Implementation of an integrated cloud enterprise system like Microsoft 365.
  - Digitization of the RFQ system.
  - Infrastructure monitoring tools: Drones, Pothole detectors etc.
  - Digital Records Management
  - Complaints and Feedback Management System
  - Electronic Security Management System (biometrics)

- Implement a strategy for contract and project management
- Enhancement of the retention strategy through professionalization.
- Policy position of the department in terms of the subcontracting.

Linking Performance with Budget

Sub-programme Name	2025/26			2024/25		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Office of the MEC	12 101	10 421	1 680	17 443	16 851	547
Management of the Department	19,857	19 857	-	13 838	13 834	2
Corporate Support	159 646	155 212	4 434	151 151	150 641	801
Departmental Strategy	8 896	8 341	555	7 175	6 891	95
TOTAL	**200 500**	**193 831**	**6 669**	**189 607**	**188 217**	**1 445**

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 of infrastructure delivered to support growth and job creation	The department made strides towards the increase of quality public infrastructure with the following infrastructure projects implemented • Medical centre • clinics • Hospitals • Recreation centre • Offices • Schools
Invest in infrastructure development through focus on underserviced areas	As part of some initiatives of spatial transformation, non-strategic assets which include vacant land will be disposed of through proposals that unlock economic value focusing on previously disadvantaged individuals and organisations.

Outcome, outputs, output indicators, targets and actual achievements

Outcome	Outputs	Output Indicators	Audited Actual 2023/24	Audited Actual 2024/25	Planned Annual Target 2025/26	Actual Achievement 2025/26	Deviation from planned target to Actual Achievement	Reason for deviation
Sub –Programme: Planning								
Improved quality of infrastructure delivered to support growth and job creation	Sustainable Infrastructure delivered and Increased job creation	Number of CAMP submitted to the Treasury annually	1	1	1	1	-	N/A
Sub-Programme: Design								
Improved quality of infrastructure delivered to support growth and job creation	Sustainable Infrastructure Delivered	Number of infrastructure designs completed	21	1	-	-	-	N/A
There were 2 requests received from client department after the APP was approved. These designs request are planned to be completed in 2026/27 financial year.								

Sub-Programme: Construction								
Improved quality of infrastructure delivered to support growth and job creation	Sustainable Infrastructure Delivered	Number of capital infrastructure projects in construction	30	26	23	23	-	Of the total achieved there are 2 projects on hold
		Number of new construction projects completed	6	8	17	9 4 additional projects were moved from Maintenance to Capital due to the nature of the project	-8	There was an under achievement of 12 project whereby not completed as 10 are running and late and 2 projects were terminated. 4 additional projects were moved from Maintenance to Capital due to the nature of the project

Sub-Programme: Maintenance								
Improved quality of infrastructure delivered to support growth and job creation	Sustainable Infrastructure Delivered and increased job creation	Number of planned maintenance projects costed	0	25	29	25	-4	Project moved to Capital project and Property Management due to nature of project
		Number of planned maintenance projects awarded	1	33	35	29	-6	Projects moved to capital projects and also to planned and costed due to nature of projects
		Number of planned maintenance projects in construction	0	33	36	32	-4	3 Projects moved to capital projects and 1 project of cleaning and gardening moved facility management
		Number of maintenance projects completed	101	25	32	31	-1	Project moved to Capital projects due to nature of

								Projects
	Sustainable Infrastructure Delivered and increased job creation	Number of work opportunities created by Provincial Public Works	315	290	232	265	33	Physical Verification of Assets were done in 3 districts which contributed to the over performance.
		Number of contracts awarded to contractors on the contractor development programme	0	0	0	0	0	N/A
		The department implement project on behalf of client department and client department only budget for actual construction works and not contractor development, therefore department could performance this indicator due to availability of funds as the department did not budget for it.						

Outcome	Outputs	Output Indicators	Audited Actual 2023/24	Audited Actual 2024/25	Planned Annual Target 2025/26	Actual Achievement 2025/26	Deviation from planned target to Actual Achievement	Reason for deviation
Sub-Programme: Immovable Asset Management								
Improved quality of infrastructure delivered to support growth and job creation	Disposed properties	Number of properties disposed	12	3	20	10	-10	Disposals have been put on hold subject to new valuations being conducted as raised by AG
Sub-Programme: Facilities Operations								
Improved quality of infrastructure delivered to support growth and job creation	Sustainable Infrastructure Delivered	Number of facilities provided.	New	57	60	61	1	New lease was entered into for an MPL
		Number SLA's signed with client departments	New	3	3	1	-2	The Service Level Agreement for client department (Health and DSAC) was not

								signed by client departments
	Inspections conducted for optimal utilisation	Number of utilisation inspections conducted for office accommodation.	New	50	60	100	40	Asses Verifications were conducted at district offices and was omitted as approval was granted after the targets was set
	Sustainable Infrastructure Delivered	Number of properties receiving facilities management services	15	11	12	12	-	

Strategy to overcome areas of underperformance.

- Embrace new digital infrastructure development technologies for efficiency.
- Disposal of all superfluous immovable assets through exchanges, sale, donation
- Management of the Provincial Government property portfolio as custodian
- Compliance to legislation and regulations relevant to infrastructure development throughout the life cycle of the immovable assets (including conducting condition assessment).

Linking Performance with Budget

Sub-programme Name	2025/26			2024/25		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Programme Support	2,320	2,320	-	2 213	2 308	29
Design	19,684	13,340	6,344	11 801	11 909	2
Construction	22,713	21,646	1,067	12 323	11 497	485
Maintenance	29,946	29,946	-	31 737	29 038	165
Immovable Asset Management	225,044	224,903	141	125 456	183 154	20
Facility Operations	7,504	5,645	1,859	8 184	7 599	90
Total	**307,211**	**297,800**	**9,411**	**191 714**	**245 505**	**791**

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
Road asset condition restored to required level of service	The Northern Cape Province has a provincial road network of 26 530 km, comprising 3 032 km of flexible (surfaced) pavements and 23 498 km of unpaved (gravel) roads. 349.59 km of re-gravelling was conducted. 60 812.84 km of gravel roads were bladed across the province 250 000 sq meters surfaced roads were resealed across the province 41 752.855sq meters of blacktop patching was conducted on surfaced roads across the province
Improved road surface condition	The current paved road network VCI is 65% which has declined due to the delayed periodic and preventative maintenance 19.266 km of roads was upgraded from gravel to surfaced road exemplifying a holistic approach to infrastructure enhancement and road network expansion
Economic opportunities created for the previously disadvantaged and vulnerable groups (women, youth and persons with disabilities)	The department has a total of 58 participants in the Contractor Development programme.

Outcome, outputs, output indicators, targets and actual achievements

Outcome	Outputs	Output Indicators	Audited Actual 2023/24	Audited Actual 2024/25	Planned Annual Target 2025/26	Actual Achievement 2025/26	Deviation from planned target to Actual Achievement	Reason for deviation
Sub –Programme: Planning								
Road asset condition restored to required level of service	Infrastructure plans developed	Number of consolidated infrastructure plans developed	1	1	1	1	-	N/A
	Surfaced roads visually assessed	Number of kilometres of surfaced roads visually assessed as per the applicable TMH manual	2 816	3 073	3 034	3 034	-	N/A
	Gravel roads visually assessed	Number of kilometres of gravel roads visually	11 763	12 005	11 560	11 560	-	N/A

		assessed as per the applicable TMH manual						
Sub-Programme: Infrastructure Design								
Road asset condition restored to required level of service	Expansion and maintenance of transport infrastructure to improve the Network VCI	Number of road construction specification documents completed	10	5	5	5	-	N/A
Sub-Programme: Infrastructure Construction								
Improved road surface condition	Gravel roads upgraded to surfaced roads	Number of kilometres of gravel roads upgraded to surfaced roads	11.379	30.382	26.45	19.266	-7.184	The Laxey project encountered several challenges from rainfall delays to lack of water, which then hindered the production on site. Kakamas paving phase 2: contractor poor performance due to financial mismanagement.

								Penalty issue to contractor.
Sub-Programme: Maintenance								
Road asset condition restored to required level of service	Surfaced roads rehabilitated	Number of square metres of surfaced roads rehabilitated	0	0	395 200	48 000	-347 200	The following Rehabilitation projects have negatively affected the performance on this indicator: 1. Mamathwane (Delays in consultants issuing out drawings and designs) 2. Barkley west (Poor performance by contractor)
	Surfaced roads resealed	Number of square meters of surfaced roads resealed	10 000	0	843 600	250 000	-593 600	The underperformance of the indicator is due to slow

								progress on projects
	Gravel roads re-gravelled	Number of kilometres of gravel roads re-gravelled	453.45	661.03	306	349.59	43.59	There was a lot of gravel roads affected by the floods in March
	Surfaced roads blacktop patched	Number of square meters of blacktop patching	29 199.85	36 960.29	18 400	41 752.85	23 352.85	The over performance is caused by the delay in preventative maintenance (Reseal) which has led to the need for more pothole patching.
	Gravel roads bladed	Number of kilometres of gravel roads bladed	69 475.72	60 805,53	61 300	60 812.84	-487.16	Grader availability was lower than anticipated, which then resulted in districts not being able to meet their targets. The withdrawal of grader operators that are

								not certified to operate also affected the performance of the districts negatively. Two districts do not have enough operators as compared to the grader areas and graders they have.
Economic opportunities created for the previously disadvantaged and vulnerable groups (women, youth and persons with disabilities)	Implementation of the National Contractor Development Programme (NCDP) in Road Infrastructure Projects	Number of contractors participating in the National Contractor Development Programme (NCDP)	58	58	58	58	-	N/A
Decent jobs sustained and created	Work opportunities created	Number of work opportunities created	8 368	7 173	7 994	8 333	339	There was an intentional effort to achieve all work

	Youth employed	Number of youths employed (18 – 35)	5 124	4 270	4 397	4808	411	opportunities by implementing controls
	Women employed	Number of women employed	4 188	3 546	4 796	4046	-750	Most of the projects were more machine intense driven and could not accommodate all women and PWD in this regard.
	Persons with disabilities employed	Number of persons with disabilities employed	5	9	160	48	-112	

Strategy to overcome areas of under performance

- Implementation of the Strategy to develop emerging local contractors through Contractor development program.
- Implementing re-gravelling using chemical stabilisation and crushing to improve gravel road riding quality.

Linking Performance with Budget

Sub-programme Name	2025/26			2024/25		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Programme Support Infrastructure	10,839	10,839	-	5 904	5 904	-
Infrastructure Planning	47,751	47,751	-	40 596	40 596	-
Infrastructure Design	4,176	4,176	-	3 610	3 610	-
Construction	487,357	366,446	120,911	352 706	240 265	112 441
Maintenance	1,281,645	1,222,901	58,744	1 289 376	1 350 097	(60 721)
TOTAL	**1,831,768**	**1,652,113**	**179,655**	**1 692 192**	**1 640 472**	**51 720**

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
Programme Support	Overall management and support of the program, includes the coordination, compliance monitoring and implementation of programs in order to create work opportunities, alleviate poverty and the implementation of interventions to support contractor and skills development.
Community Development	Support to district offices to implement ROD and Poverty relief projects
Innovation and Empowerment	Sub-program includes support to designated groups on skills development and artisan development programmes
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
Decent jobs sustained and created	• The EPWP Phase V is currently in its second year in 2025/26. The Northern Cape has a 5-year target of 112 995 work opportunities to achieve between 2024/25 and, 2028/29 financial years for 2025/26 the province achieved 23 481. The overall achievement of 46 048 which is 40% of its Five-year target. • The department created 12 516 (107.3%) work opportunities within the 2025/26 financial year against a target of 11659.
Skilled economy through skills development initiatives	• The Directorate of Innovation and Empowerment recorded significant progress in the implementation of skills development and empowerment programmes across the Northern Cape Province. • A total of 43 participants successfully completed the Short Skills Programme in Road Maintenance Construction and obtained 45 credits, with training conducted in the JTG and Frances Baard Districts. • In addition, 50 people living with disabilities successfully completed the New Venture Creation Programme and obtained 20 credits towards the full qualification in the Namakwa and JTG Districts. • Through funding support from Construction SETA, 14 participants are currently enrolled in the Construction Electrical Apprenticeship Programme, which is in its final phase of second-year workplace training across the province. Furthermore, 17 participants successfully completed the Occupational Health and Safety Learnership Programme at the end of August 2026 and are awaiting certification from Construction CETA. • The Directorate also implemented a Carpentry Furniture Making short

	skills and learnership programme, with 38 EPWP participants currently enrolled, contributing towards artisan skills development and employment creation initiatives.

Outcome, outputs, output indicators, targets and actual achievements

Outcome	Outputs	Output Indicators	Audited Actual 2023/24	Audited Actual 2024/25	Planned Annual Target 2025/26	Actual Achievement 2025/26	Deviation from planned target to Actual Achievement	Reason for deviation
Sub-Programme : Community Development								
Decent jobs sustained and created	Paid work opportunity created	Number of work opportunities created by Community Development	4 086	3 514	3 433	3 918	485	The overachievement reflects improved implementation capacity and commitment by Districts to maximize job
		Number of youths employed (18 – 35)	2 369	1 947	2 059	2 166	107	

		Number of women employed	2 207	2 035	1 888	2 248	360	creation under the EPWP given the demand for jobs.
		Number of persons with disabilities employed	5	57	68	89	21	
Sub-Programme: Innovation and Empowerment								
Skilled economy through skills development initiatives	Skills development and Enterprise development programmes implemented	Number of beneficiaries on skills development initiatives	169	187	170	137	- 33	The variance was mainly caused by delays in the implementation of training programmes, slower learner recruitment and on boarding processes, and challenges experienced with participant

								retention and attendance during the initial phases of implementation. In addition, some training providers experienced delays in finalising training schedules and confirming learner intake dates, which affected the timely commencement of interventions and achievement of quarterly targets.

		Number of beneficiaries under the Enterprise Development Programme	10%	96%	75	85	10	The positive variance was mainly driven by increased stakeholder collaboration, effective mobilisation and recruitment initiatives, and improved implementation efficiencies by programme partners and service providers.
Sub-Programme: EPWP Co-ordination and Compliance Monitoring								
Decent jobs sustained and created	Participation of Public bodies in EPWP	Number of Public Bodies reporting on EPWP targets in the province	35	39	40	40	-	N/A

		Number of interventions implemented to support public bodies	16	16	16	17	1	The Environment and Culture Sector Requested DRPW to give support and report on EPWP Sector Compliance in order to improve quality of reporting -9 Sep 2025

Strategy to overcome areas of under performance

- Enhanced Stakeholder and SETA Coordination Strengthen collaboration with SETAs, training providers, municipalities, and industry partners to improve programme implementation and workplace placement opportunities.
- Engage SETAs regularly to expedite learner certification and assessment processes.
- Learner Retention and Support Introduce learner support and mentorship interventions to reduce dropout rates and improve programme completion.

- Improve communication with beneficiaries regarding attendance, assessments, and workplace requirements.

Linking Performance with Budget

Sub-programme Name	2025/26			2024/25		
	Final Appropriation	Final Appropriation	Final Appropriation	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Programme Support Community Based	2,934	2,934	-	2 961	2 961	-
Community Development	75,534	71,008	4,526	64 633	58 879	5 754
Innovation and Empowerment	10,696	10,696	-	9 474	9 474	-
EPWP Coordination and Monitoring	3,467	3,467	-	3 183	3 183	-
TOTAL	**92,631**	**88,105**	**4,526**	**80 251**	**74 497**	**5 754**

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

Institution	Output indicator	Annual target	Data source
Public Works Infrastructure: Sub Programme: Community Based Programme	Number of work opportunities reported on the EPWP RS system	22 124	23 481

2.9 TRANSFER PAYMENTS

The table below reflects zero transfer payments made for the period 1 April 2025 to 31 March 2026.

Name of transferee	Type of organisation	Purpose for which the fund were used	Did the dept Comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity R'000	Reasons for the funds unspent by the entity

2.10 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	- To supplement provincial roads investments and support preventative, routine and emergency maintenance on provincial road networks - Ensure provinces implement and maintain road asset management systems - Promote the use of labour-intensive methods in road maintenance - Repair roads and bridges damaged by floods	To incentivise provincial departments to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines: - road maintenance and the maintenance of buildings - low traffic volume roads and rural roads - other economic and social infrastructure - sustainable land based livelihood
Expected outputs of the grant	Collected pavement and bridge condition data as well as traffic data - The extent of the road (length) and bridge (number) 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 opportunities created - Rehabilitation and repair of roads	- Increased number of people employed and receiving income through the EPWP - Increased average duration of the work opportunities created - Increased income per EPWP beneficiary

	and bridges damaged by floods	
Actual outputs achieved	Yes	Yes
Amount per amended DORA	R1 612 642 000	R4 480 000
Amount received (R'000)	R1 612 642 000	R4 480 000
Reasons if amount as per DORA was not received	All funds received	All funds received
Amount spent by the department (R'000)	R1 443 347 000	R4 480 000
Reasons for the funds unspent by the department	N/A	N/A
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 does have a dedicated unit that deal with the payments.



PART C:

GOVERNANCE

CONTENTS

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 of Roads and Public Works as stewards of public infrastructure and assets, recognizes that transparency, accountability and ethical leadership maintained through internal and external governance structures which ensures effective oversight, sound decision-making and maintaining public trust.

The external governance structures such as Provincial Treasury, Internal Audit and the Audit Committee provide continuous support to ensure proper oversight, compliance with legislative frameworks and prudent financial management. The internal structures which comprise the Executive Committee, Risk Management Committee, the Risk Owners and Risk Champions are responsible for the internal controls, risk management systems of review and performance mechanisms which are all designed to effectively, efficiently and economically utilize public resources.

3.2 RISK MANAGEMENT

The department has an established Risk Management Committee which is supported by the risk management policy and risk management strategy. In addition, the Risk Tolerance and Risk Appetite framework was also implemented as endorsed by the Executive of the Department. During the 2025/2026 financial year the Risk Implementation Plan was approved by the Accounting Officer which is aligned to the legislative framework and departmental priorities. The risk implementation plan and progress thereof are reviewed on a quarterly basis.

The Risk Management Unit was responsible for regular risk reviews and assessments to determine the effectiveness of its risk management strategy and mitigating controls to identify emerging risks. The Risk Management Committee was chaired by an independent chairperson who advised management and the Accounting Officer on the overall risk profile of the department.

Apart from critical vacancies that exist within the Risk and Internal Control Unit, its is evident that considerable improvements have been made. However, the department acknowledges that translating risk mitigating controls into a broader performance understanding by Risk Owners and Risk Champions, efforts are underway to enhance integration between risk management, performance monitoring and assurance functions. The department will intensify its awareness and training interventions through the assistance of Provincial

Treasury Risk Management Support, to strengthen institutional performance governance, accountability and coordination.

3.3 FRAUD AND CORRUPTION

The department maintains zero tolerance stance towards fraud and corruption and is committed to promoting a culture of integrity, transparency and accountability. In the promotion of an ethical culture towards fraud in all its forms both internally and externally, the department implements approve policies and strategies that guides ethical behaviour through the following legislative prescripts;

- Fraud Prevention Plan
- Whistleblowing Policy,
- Fraud Prevention Strategy
- Ethics Management Strategy
- Fraud and Ethics Implementation Plan

The highlights for the year under review included the following;

- The annual declaration of financial interests by SMS members was completed at 100% compliance
- Security screenings and criminal checks for new appointees
- A headcount verification was completed by February 2026 to detect ghost workers
- The awareness of the Remunerative Work Outside the Public Service application process
- The awareness session for declaration of receipt of Gifts and Donations awareness
- Through support of Provincial Treasury, we receive quarterly reports of officials who are flagged by the Central Supplier Database as officials who are conducting business with the state

The department is supported by Internal Audit to track the implementation of recommendation arising from audit findings of risk and ethics. These efforts form part of the broader approach to ensure that employees understand the ethical standards and requirements associated with their roles and responsibilities.

3.4 MINIMISING CONFLICT OF INTEREST

Declaration of Interests

The SCM legislation provides for the declaration of interest by bidders through their procurement processes to disclose a potential conflict of interest. Bid committee members are also required to declare any interest that might exist before the evaluation and adjudication of bids.

Code of Conduct

All bid committee members have been provided with the code of conduct and the Accounting Officer conducted an awareness session with all members on their fiduciary duties as members of SCM committees.

Training and Awareness

The Risk and Internal Control Unit in conjunction with SCM, has provided an awareness session with district offices on the verification of persons who is in the employ of the state and does business with the state. These include the verification of the CSD reports before the finalization of the procurement process.

3.5 THE CODE OF CONDUCT

The Accounting Officer has established a Labour Relations Management Forum that deals with seeking solutions to foster and maintain sound labour relations between employees and the employer. Employees are informed about their rights and the grievance procedures within reasonable timeframes. The forum has developed and approved its term of reference and is functional. Meetings will be on a quarterly basis where recommendations will be documented and reported to the Accounting Officer.

3.6 HEALTH AND SAFETY

The department has identified occupational health and safety risks for the period under review. Such risk is reviewed on a quarterly basis and the progress to strengthen the respective mitigating controls are communicated through the appointed Health and Safety Officers.

The department has a dedicated Health and Safety Officer that do compliance checks on a regular basis of all construction projects. The adherence of and compliance levels by contractors, are measured and non-compliance incidents are reported to the Accounting Officer and project leaders for corrective action and measure to be implemented.

3.7 PORTFOLIO COMMITTEES

OBSERVATIONS	RESPONSES
1. The failure of the department to recoup money lost through poor workmanship and project abandonment by contractors and consultants.	*Roads Infrastructure* For the project of Mamatwan, the Department is in a process of recouping the funds of the second contractor according to the contract.
2. The poor state of bridges in the province.	*Public Works Infrastructure* The Department through the Project Teams does not certify defective work or poor workmanship in the monthly evaluation of work done for payment purposes. Hence defective work is not included in the payment certificates until its rectified. No money is thus lost. This is normal Quantity Surveying best practices. Penalties for late completion as stated in the Contract are applied in cases where sites are abandoned due to the contractor's default.
3. The extremely high vacancy rate of 48%.	The Department is in the process of identifying posts to be filled in the 2025/26 financial year within available budget which should be advertised following the due legislative processes. During the 2024/25 financial year 88 posts were advertised of which 44 have been filled. The rest have either been interviewed or shortlisted. Through the latter processes all efforts are made to decrease the vacancy rate within the department.

RECOMMENDATIONS	RESPONSES
The department must: 1. Ensure that they put stringent measures in place for contractors to see their projects through and find it difficult to abandon the contracts.	*Roads Infrastructure* Department has put the measures in place to guide and assist contractors to complete the projects successful. *Public Works Infrastructure* All contracts are governed by specific Conditions of Contract which binds both the Contractor and the Implementing Agent. The following clauses, related to default by either the Contractors or Employer, amongst others, can be effected to curb loss, damage or abandonment of projects: • Clause 14: Security / construction guarantees can be called up. Retension oney withheld • Clause 30: Penalty for late completion • Clause 33: Recovery of expense or loss • Clause 36: Cancellation by Employer –contractors' default • Clause 37: Cancellation by Employer – loss or damage Clause 38: Cancellation by Contractor – employer default
2. Ensure that the province's bridges are fully maintained and rehabilitated.	Department had put program of accessing all the bridges in the province and maintain them according to their conditions.

3. Ensure the right people with the requisite skills are recruited and employed.	All efforts are made to employ the right people with the requisite skills within the department through detailed job adverts. The latter is further enhanced through adherence to the directive on Human Resource Management and development for public service professionalization as issued by the Department of Public Service and Administration. The letter directive enforces pre-entry assessments which take the form of practical exercises as well as integrity (ethical conduct) assessments. Selection panels shall score both technical exercises as an additional criterion in the interview process. Competency based assessments are utilise in the selection of SMS members within the department. All the mechanisms mentioned have been put in place to ensure the right people are recruited within the department.
4. The Remodeling plan to be developed and submitted in the 1st quarter.	The department is in process of finalising the remodelling plan
REPORTS	**RESPONSE**
1. Comprehensive report detailing a breakdown of EPWP opportunities for the different regions.	Annexure A attached
2. A report on areas where nanotechnology has been successfully used and demonstrating its cost efficiency.	**Road Destination Cost** MR791 Petrusvile-Colesberg R50 389 693.75 MR886 Askham-Vanzylsrus R41 622 703.25 MR745 Komagas-Kleinsee R40 233 023.70
3. Package and contractor development programme statistics including numbers and CIDB gradings.	Annexure B Attached
4. EE Plan to be submitted	Annexure C Attached

5. A report on how many persons with disabilities employed in the department	Currently the department has on record of having two disabled employees. All efforts are made through the advertising of posts to encourage persons with disabilities to apply. With future posts to be advertised, disabled people's organizations will be approached to reach potential applicants with disabilities. Numerical targets for disabilities have been set within the EE plan of the department to enforce such employments within the department.

RESPONSES TO PORTFOLIO COMMITTEE ON 2024/25 ANNUAL REPORT

OBSERVATIONS	
The department takes note of all the observations made by the committee.	
RECOMMENDATIONS	
The Department must ensure that they appraise the Committee on all roads that need urgent attention, repairs and reconstruction.	List of provincial roads attached as Annexure A
Ensure to fast-track the recruitment process and ensure that people with the requisite skills needed in the department are recruited and retained.	The department is in the process of reducing gits high vacancy rate through various processes which also includes the reviewing of the organisational structure.

Ensure that they entice, develop and lure small contractors into higher building grades which will benefit them in the future.	The Department is developing the small contractors through contractor development. Currently there are 58 contractors under the program across the province. The program duration is three years. The contractor development programme has a high success rate on upgrading of its 58 civil engineering contractors on the programme. Despite this success, department is working on reviewing its contractor development programme to ensure full implementation of its full value chain.
Ensure that joint meeting with DRPW, Committee and SANRAL is conveyed in order tofast track repairs of roads already handed over to them.	The meeting will be arranged since SANRAL have offices in the province, in Kimberley. If the committee may suggest the date, the Department will arrange that meeting. However, SANRAL has started with the repairs of roads already handed to them.
Ensure to capacitate officials in project management and ascertain there is skills transfer from consultants contracted.	The department has a 100% achievement on professionalization programme and is in the process of intensifying its professionalization programme as part of capacitating its project management.
REPORTS TO BE SUBMITTED	
List of Provincial roads that requires urgent attention for repairs, maintenance and reconstruction.	Annexure A: Attached
The approved Equity Plan for the Department Roads and Public Works.	Annexure B: Attached

Property maintenance report on all properties including those of the DRPW and the related budget.	Annexure C: Attached
A list of buildings that have been rendered over to the Department of Roads and Public Works, to ensure proper record keeping of the property portfolio.	Annexure D: Attached

3.8 PRIOR MODIFICATIONS TO AUDIT REPORTS

None

3.9 INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit Function

- **Key activities and objectives of the internal audit**

Purpose and mandate

The Internal Audit Function (IAF) is performed by the “Provincial Internal Audit Service”. The function was setup under section 38(1)(a)(ii) and 76(4)(e) of the PFMA as a shared function for the Northern Cape Provincial Administration, and in terms of paragraph 3.2.3. of the Treasury Regulations. The function fulfils an independent and objective assurance and advisory role and is housed within the Provincial Treasury.

In accordance with Treasury Regulation 3.2.6, which requires internal audit activities to be conducted in accordance with the standards issued by the Institute of Internal Auditors (IIA), the IAF conducts its activities in accordance with the Global Internal Audit Standards (GIAs) issued by the IIA. The IAF acts independently and objectively in providing assurance and advisory services over the Department's governance, risk management, and internal control processes. The IAF's functional reporting relationship to the Audit Committee (AC), together with its administrative reporting to the Head of the Provincial Treasury, safeguards its independence and objectivity.

The AC is established in accordance with the PFMA and its core functions and responsibilities are spelled out in the Treasury Regulations and the AC Charter, approved by the Executive Authority. The AC plays a pivotal role in assessing and advising the Accounting Officer and Executive Authority regarding:

- the effectiveness of the department’s overall governance, risk management and internal control system;
- the effectiveness of the IAF;
- the adequacy, reliability and accuracy of financial and performance information produced by the department;
- accounting and auditing concerns identified through internal and statutory audits; and
- the department’s compliance with legal and regulatory provisions.

The AC thus assists the department in enhancing its integrity and operational effectiveness through good governance and adherence to the legislative, accounting, and auditing frameworks.

Vision statement

To be a trusted, collaborative, and value-adding assurance partner that strengthens governance, risk management, and control across all Northern Cape Provincial Departments.

Strategy Statement

Through a shared internal audit service model, the IAF delivers coordinated, risk-based, and high-quality internal audit services that support the achievement of the strategic objectives of each department while promoting efficiency, accountability, and continuous improvement across the province.

Charter, methodology and internal audit plans

The IAF is guided by an internal audit charter endorsed by the Accounting Officer and approved by the AC; and performs its functions as provided in the PFMA and the internal audit charter. The IAF reviewed and updated its methodology to ensure alignment with the Global Internal Audit Standards™. The IAF compiles a rolling three-year risk-based audit plan and prepares an annual plan after taking into consideration the risks facing the department, its strategic objectives, mandate, audit issues, and input from management. The AC reviewed and approved these plans.

Independence and authority

The independence of IAF is considered by the Chief Audit Executive and AC on an ongoing basis. It has been determined and confirmed that the IAF remained independent from all operational activities and that the functional reporting to the AC and administrative reporting to the Provincial Treasury Head of Department have enabled appropriate organisational positioning. The IAF has access to all stakeholders as well as free and unrestricted access to all areas within the department.

Internal audit modality

The IAF operates under a shared services model, whereby internal audit services are provided centrally to eleven departments, three listed public entities and one trading entity within the province. The shared IAF is organised into four clusters, with the Department of Roads and Public Works being serviced by Cluster 4. This structure further promotes the independence and objectivity of the Internal Audit Function.

Staffing

The IAF recorded a vacancy rate of 20% at year-end. Budget constraints limited the IAF's ability to fill the vacant posts.

Training and development of IAF staff were undertaken through the Department's bursary programme, courses offered by the IIA, free online training, and on-the-job training. The collective skills, knowledge, and experience of the IAF staff are appropriate to fulfil the Function's mandate

Stakeholder relationships

The IAF maintains combined assurance agreements with the Office of the Premier (performance information), the Northern Cape Provincial Treasury (Infrastructure unit, FIMS unit, Accounting Services) and AGSA (regulatory and ISA units).

Clean audit drive

The IAF aligned its activities in support of the Province's Operation Clean Audit initiative. The IAF reviewed the completeness and adequacy of the AGSA audit action plan and conducted follow-up audits in quarters 3 and 4 of the financial year to monitor the implementation thereof.

Quality assurance and improvement program

The compulsory five-year external quality assessment was completed in December 2022. The outcome was the highest possible rating, namely "Generally Conforms", against the International Standards for the Professional Practice of Internal Auditing that were applicable at the time.

The IAF's annual self-assessment indicates continued general conformance with the GIAs.

- **Summary of audit work done**

Planned and completed audits

Assignment	Status	Type
Annual financial statements	Completed	Assurance
Annual performance report review	Completed	Assurance
Roads: provincial roads maintenance grant	Completed	Assurance
Public works: property management - infrastructure utilisation	Completed	Assurance
Leave management	Completed	Assurance
Performance information	Completed	Assurance
Interim financial statements	Completed	Assurance
Risk, ethics and fraud management, including NCFMTE	Completed	Assurance
Information technology, including NCFMTE	Completed	Assurance
Asset management	Completed	Assurance

The IAF completed all planned audits (100%) for the financial year.

Ad hoc projects

Several follow-up projects were undertaken in response to management comments and emerging risks, including support on digitisation initiatives and property management; however, no ad hoc audits were conducted during the current financial year.

Internal audit recommendations

Recommendations were issued to management to address control weaknesses. The AC tracked implementation progress, recommending earlier timelines for implementation where necessary.

Value add

The IAF's work has contributed to improved compliance, identification of inefficiencies, and informed decision-making, particularly in areas such as leave management, asset management and public works: property management - infrastructure utilisation.

Limitations

There were two vacancies at the Internal Auditor level during the reporting period, which placed additional pressure on the available audit resources. Despite these capacity constraints, the IAF effectively managed its resources and successfully achieved its approved annual audit plan and met all its annual performance targets.

- **Key activities and objectives of the audit committee**

Purpose and mandate

The Audit Committee (AC) is an independent advisory body that provides oversight on governance, risk management, internal controls, compliance and the integrity of financial and performance reporting.

Independence

The AC operates independently in accordance with its approved charter and relevant legislation, including the PFMA and Treasury Regulations.

Protecting the independence of the IAF

The AC ensures the internal audit function remains independent and adequately resourced, with unrestricted access to all departmental records and personnel.

Performance against statutory duties

The AC has fulfilled its obligations under Treasury Regulations 3.1.10 – 3.1.13, reviewing key reports, financial statements, audit findings, and risk registers.

Composition of the AC

The AC comprised four members during the financial year—three external and one internal.

Meeting attendance

The AC held five meetings, two ordinary and three special, with satisfactory attendance recorded.

Combined assurance

The AC oversaw combined assurance efforts, ensuring coordination among internal audit, risk management, external audit, and other oversight functions.

Resolution of AC recommendations

Management has made notable progress in addressing the AC's recommendations, although the AC emphasized the need for earlier implementation of corrective actions and greater internal controls focus.

AC performance evaluation

An annual self-assessment was conducted, with results indicating effective performance and areas for continuous development identified.

Name	Qualifications	Professional Affiliation	Appointment: Term of Office	No. of Meetings attended 2025/26	Has the AC member declared private and business interests in every meeting? (Yes/No)	Is the AC member an employee of an organ of state? (Yes / No)	No. of other ACs that the member served on during the reporting period (whether in the public sector or not)	No. of other governance structures the member served on during the reporting period, e.g., Boards, Risk Committee, IT Committee, etc, whether in this or any other institution(s)
Mr. Faizal Docrat	- Master of Business Administration - Chartered Director (SA) - Certified Information Security Manager - Certified Information Systems Auditor - Certified in the Governance of Enterprise Information Technology - Certified Risk Management Practitioner - Management Advancement Program - Total Quality Management - Computer Operations Proficiency Examination	-Institute of Directors SA (IoD SA) -Institute of Risk Management SA (IRMSA) -ISACA -Information Technology Governance Institute (ITGI)	1 Dec 2023 -30 Nov 2026	5	Yes	No	7	2
Ms. Thobeka Njozela	- CIA, CCSA, CRMA - Cert Director - Executive Development Programme 2005 - Certificate in Management Practice - MBA - B. Compt (Hons) - B. Com	-Institute of Directors SA -Institute of Risk Management SA -Institute of Internal Auditors SA	1 Dec 2023 -30 Nov 2026	5	Yes	No	5	4
Mr. Satish Roopa	- B Luris, LLB, M Phil	-Member: Legal Practice Council -Certified Director® with the IoDSA	1 Dec 2023 -30 Nov 2026	5	Yes	No	2	3

Name	Qualifications	Professional Affiliation	Appointment: Term of Office	No. of Meetings attended 2025/26	Has the AC member declared private and business interests in every meeting? (Yes/No)	Is the AC member an employee of an organ of state? (Yes / No)	No. of other ACs that the member served on during the reporting period (whether in the public sector or not)	No. of other governance structures the member served on during the reporting period, e.g., Boards, Risk Committee, IT Committee, etc, whether in this or any other institution(s)
Ms. Z Langeveldt	- B. Com Honors in Business Management - National Diploma in Administrative Management - Certificate in Project Management - Diploma in Computers - Certificate in Theology	None	1 Dec 2023 -30 Nov 2026	4	Yes	Yes	2	0

Remuneration of AC members

External Audit Committee members were not employed by organs of state and received remuneration in accordance with the applicable National Treasury guidelines, based on attendance at Audit Committee meetings. The internal members were not remunerated, but their contributions were recognised in performance evaluations. All meetings during the reporting period were held virtually, resulting in financial savings. No additional reimbursements were incurred. The total cost of AC remuneration was provided for under Programme 6 of the Provincial Treasury budget.

3.10 AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2026.

Part 1: Audit Committee Reflections – 2026

The Audit Committee (AC) remains committed to upholding the principles of good governance, transparency, and accountability. Our purpose is to provide independent oversight of financial reporting, internal controls, risk management, compliance, and governance practices within the department. The AC operates in accordance with its legislated mandate, guided by the values of integrity, objectivity, and professionalism.

In the 2025/26 financial year, the AC focused strategically on strengthening internal controls, improving audit outcomes, ensuring compliance with legislative requirements, and promoting the effective functioning of internal audit. Particular attention was given to addressing recurring audit findings, monitoring the implementation of corrective action plans and progress on raised Material Irregularities, and overseeing the department's performance and financial reporting integrity.

The AC maintained its independence throughout the year. All members declared their interests, and no conflicts of interest were recorded. The AC engaged constructively with key stakeholders, including the Head of Department, internal and external auditors, the Chief Financial Officer, and other senior officials.

The effectiveness of the Internal Audit Function (IAF) continued to receive attention through regular oversight and strategic direction. The Chief Audit Executive continued to play a critical role not only in executing the approved internal audit plan but also in advising the Department on governance, risk management, compliance and internal control matters. The AC confirmed that the Chief Audit Executive provided valuable counsel beyond assurance activities, including advice on financial sustainability, risk mitigation, and process optimisation.

The AC confirms that it has fulfilled its responsibilities in terms of the Public Finance Management Act (PFMA) and Treasury Regulations 3.1.10 to 3.1.13. We have adopted and complied with the AC Charter and functioned independently and without hindrance throughout the reporting period.

The AC exercised oversight over the IAF's conformance with the Global Internal Audit Standards™ and supported the implementation of the Standards through its oversight responsibilities. We

confirm that our affairs were conducted in line with these standards and our Charter, with no deviations to report. Key challenges during the year included capacity constraints within the IAF, delays in resolving material audit findings, and external logistical issues affecting departmental operations. The AC worked closely with management to develop responsive action plans and continuously monitored their implementation.

In conclusion, the AC remains dedicated to strengthening governance structures and processes. We appreciate the support received from management, the internal and external auditors, and the Provincial Treasury, which has enabled us to effectively discharge our mandate.

Part 2: Audit Committee Composition and Meeting Attendance

The AC consisted of four members: three external and one internal. The AC remained properly constituted throughout the year, with a balanced representation of independent members possessing a diverse and appropriate mix of qualifications, skills, and experience. The AC convened five meetings during the financial year, comprising two ordinary meetings and three special meetings.

The attendance of AC members at the meetings is detailed below:

Name (Position)	Qualifications	Is the AC member an employee of an organ of state? (Yes / No)	Number of ordinary meetings attended	Number of special meetings attended
Mr. Faizal Docrat	- Master of Business Administration - Chartered Director (SA) - Certified Information Security Manager - Certified Information Systems Auditor - Certified in the Governance of Enterprise Information Technology - Certified Risk Management Practitioner - Management Advancement Program - Total Quality Management Computer Operations Proficiency Examination	No	2	3
Ms. Thobeka Njozela	- CIA, CCSA, CRMA - Cert Director - Executive Development Programme 2005 - Certificate in Management Practice - MBA - B. Compt (Hons) B. Com	No	2	3
Mr. Satish Roopa	B Luris, LLB, M Phil	No	2	3
Ms. Z Langeveldt	-B. Com Honors in Business Management -National Diploma in Administrative Management -Certificate in Project Management -Diploma in Computers -Certificate in Theology	Yes	2	3

Part 3: The AC's focus areas

During the financial year under review, the AC considered and provided oversight over the following areas:

1. Effectiveness of the Internal Control Systems

The AC reviewed reports from both Internal Audit and External Audit, which highlighted weaknesses in internal controls in certain operational areas. Management action plans were monitored to ensure corrective action. The AC concludes that internal controls are generally adequate but require strengthening in key risk areas.

2. Effectiveness of the Internal Audit Function (IAF)

The AC assessed the IAF's performance and found it to be effective and operating in accordance with its approved Internal Audit Charter and the Global Internal Audit Standards. The internal audit plan was risk-based and aligned with the department's strategic objectives. Notably, the IAF achieved 92% completion of its approved audit plan for the year under review.

3. Activities of the IAF

The IAF conducted assurance engagements covering financial controls and performance information. Follow-up audits were also conducted to assess the implementation of agreed management action plans arising from prior audit recommendations. In addition, the IAF submitted quarterly reports on its activities and performed an annual assessment of the effectiveness of internal controls, providing management and the AC with assurance and insights to support the strengthening of governance, risk management and control processes.

4. Effectiveness of risk management

The AC noted the departmental risk management committee did not function adequately for the year under review in that the risk management committee did not meet on a quarterly basis. The AC encourages the department to continue strengthening its risk mitigation measures and embed risk management into daily operations. The lack of an embedded risk management posture has resulted in poor consequence management.

5. Adequacy, reliability, and accuracy of financial and performance information

The AC reviewed financial and non-financial performance reports submitted during the year. Some issues of accuracy and completeness were identified and referred back to

management for correction. Minor improvements were noted over the quarters, and the AC concludes that information quality is improving but focussed oversight is required.

6. Accounting and auditing concerns identified by internal and external audit

Both internal and external audit reports highlighted recurring concerns such as irregular expenditure and non-compliance with supply chain policies. These were escalated to management and monitored through the AC's meeting resolutions and matters arising.

7. Compliance with legal and regulatory provisions

The AC noted that, while the Department generally complied with applicable legal and regulatory requirements, some instances of non-compliance were identified and processes need updating. Management has committed to address these through ongoing training, strengthened internal controls, and continuous monitoring to improve compliance.

8. Quality of in-year management and monthly/quarterly reports

The AC reviewed in-year financial and performance reports and found that submission timelines were generally met.

9. Combined assurance

The AC noted that while combined assurance efforts have commenced, they are still in the early stages. The AC recommended formalisation of the combined assurance framework, including clear roles for internal audit and other assurance role players.

10. Evaluation of the annual financial statements

The Audit Committee considered the Department's Annual Financial Statements (AFS) and Annual Performance Report (APR) and noted the outcome of the Auditor-General's audit. The Committee noted the unqualified audit opinion on the AFS and further noted the matters identified during the audit, including the material misstatements identified in the APR that were corrected by management. The Committee also noted the findings relating to compliance with applicable legislation and weaknesses in internal controls and emphasised the need for management to address these matters.

11. External audit

The Audit Committee considered the Auditor-General's audit outcomes and noted the unqualified audit opinion on the AFS, as well as the findings relating to the APR, compliance with applicable legislation and internal control deficiencies. The Committee emphasised the importance of implementing appropriate corrective measures and strengthening the control

environment to improve the quality of financial and performance reporting and prevent the recurrence of identified weaknesses.

12. Auditor-General's Report

The Audit Committee considered the Auditor-General's Report and noted the unqualified audit opinion on the AFS, together with the findings raised on the APR, compliance with legislation and internal controls. The Committee noted management's responsibility to implement the recommendations and corrective measures arising from the audit and will continue to monitor progress in addressing the matters raised by the Auditor-General.

SIGNATURE



Mr. F Docrat
Chairperson of the Audit Committee
Date: 25 August 2026

3.11 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
Developing criteria for entering into partnerships with the private sector	**Yes / 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 / No**	Not applicable for this period



PART D:

HUMAN RESOURCE MANAGEMENT

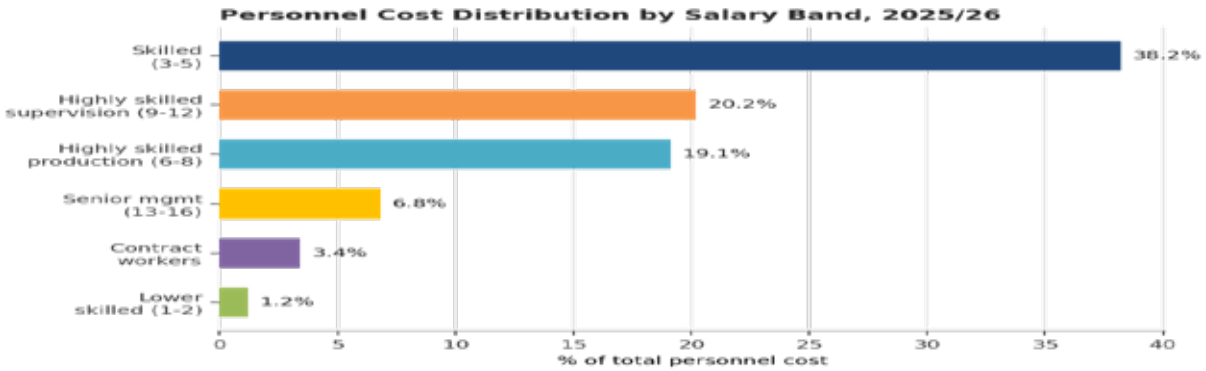
4.1 Personnel related expenditure

Table 4.1.1 Personnel expenditure by programme for the period 1 April 2025 and 31 March 2026

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	108 699	108 699	270	11	91%	563	193
Public Works Infrastructure	47 685	47 685		46	91%	18	1002
Transport Infrastructure	156 631	156 631			99%	250	191
Community Based Programme	17 872	17 872			89%	120	1 305
TOTAL	**330 887**	**330 887**	**270**	**57**	**94%**	**123**	**2691**

Table 4.1.2 Personnel costs by salary band for the period 1 April 2025 and 31 March 2026

Salary Bands	Personnel Expenditure (R'000)	% Of total personnel cost	Number of Employees	Average Compensation Cost per Employee (R'000)
Contract workers	13960	3.4%	18	4990
Lower skilled (Levels 1-2)	4833	1.2%	27	179
Skilled (Levels 3-5)	154 111	38.2%	499	309
Highly skilled production (Levels 6-8)	76956	19.1%	138	558
Highly skilled supervision (Levels 9-12)	81737	20.2%	82	997
Senior management (Levels 13-16)	27630	6.8%	20	1 382
TOTAL	**359 228**	**88.9%**	**784**	**8415**



Analysis: The Skilled salary band (Levels 3-5) accounts for the largest share of personnel cost at 38.2%, followed by Highly Skilled Supervision (20.2%) and Highly Skilled Production (19.1%). Senior Management (Levels 13-16), while comprising a small share of headcount, accounts for 6.8% of total personnel cost.

Table 4.1.3 Salaries, Overtime, Homeowners Allowance and Medical Aid by programme for the period 1 April 2025 and 31 March 2026

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	85786	79.6%	347	0.3%	3194	3%	7440	6.9%
Public Works Infrastructure	45271	83.3%			1 139	2.1%	2 410	4.4%
Transport Infrastructure	130100	85.4%	1 499	0.8%	8265	4.6%	16601	9.2%
Community Based Programme	51 559	100%			1 568	2.6%	2 664	4.4%
TOTAL	**312 717**	**77.5%**	**1 631**	**0.5%**	**14167**	**3.5%**	**29115**	**7.2%**

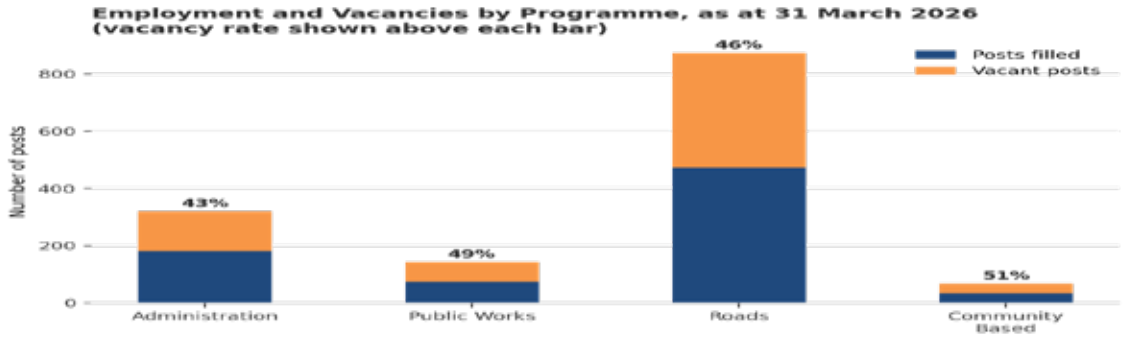
Table 4.1.4 Salaries, Overtime, Homeowners Allowance and Medical Aid by salary band for the period 1 April 2024 and 31 March 2025

Salary Bands	Salaries		Overtime		Homeowners 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	13 285	95.6%			34	1%		
Lower skilled (Levels 1-2)	3 137	64.9%			415	8.6%	892	18.5%
Skilled (Levels 3-5)	107653	66.8%	1 443	0.9%	9 828	6.1%	20 065	12.5%
Highly skilled production (Levels 6-8)	60284	77.9%	239	0.3%	2 754	3.6%	5 794	7.5%
Highly skilled supervision (Levels 9-12)	70552	83.6%	164	0.2%	887	1%	2 210	2.6%
Senior management (Levels 13-16)	24772	86.9%			259	0.9%	155	0.5%
TOTAL	**279683**	**85.8%**	**1 846**	**0.5%**	**14167**	**3.5%**	**29115**	**7.2%**

4.2 Employment and Vacancies

4.2.1 Employment and vacancies by programme as on 31 March 2026

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	320	182	43%	5
Public Works	143	73	49%	5
Roads	874	472	46%	0
Community Based	68	33	51%	0
Total	**1405**	**760**	**45%**	**10**



Analysis: The department's overall vacancy rate stood at 45% as at 31 March 2026, with 760 of the 1 405 approved posts filled. The Community Based programme recorded the highest vacancy rate (51%), followed by Public Works (49%) and Roads (46%), while Administration recorded the lowest vacancy rate of the four programmes (43%).

4.2.2 Employment and vacancies by salary band as on 31 March 2026

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	27	45%	0
Skilled (3-5)	903	488	46%	1
Highly skilled production (6-8)	289	138	52%	2
Highly skilled supervision (9-12)	137	87	37%	6
Senior management (13-16)	27	20	25%	1
Total	**1405**	**760**	**45%**	**10**

4.2.3 Employment and vacancies by critical occupations as on 31 March 2026

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Professionals	36	25	31%	5
Technicians	27	17	37%	0
Total	**63**	**42**	**67%**	**5**

4.3 Filling of SMS Posts

4.3.1 SMS post information as on 31 March 2026

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
Director-General/ 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	4	80%	1	20%
Salary Level 13	20	14	70%	6	30%
Total	**26**	**19**	**73%**	**7**	**27%**

4.3.2 SMS post information as on 31 March 2026

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
Director-General/ 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	4	80%	1	20%
Salary Level 13	20	14	70%	6	30%
Total	**26**	**19**	**73%**	**7**	**27%**

4.3.3 Advertising and filling of SMS posts for the period 1 April 2025 and 31 March 2026

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	0	0	0
Total	0	0	0

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 2027 and 31 March 2026

Reasons for vacancies not advertised within six months
Posts has not been filled due to complying with treasury and job evaluation processes before filling of the pots.

Reasons for vacancies not filled within twelve months

4.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2025 and 31 March 2026

Reasons for vacancies not advertised within six months

Reasons for vacancies not filled within six months

4.4 Job Evaluation

4.4.1Job Evaluation by Salary band for the period 1 April 2025 and 31 March 2026

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 (Levels1-2)	49	0	0	0	0	0	0
Skilled (Levels 3-5)	903	1	0.1%	0	0	0	0
Highly skilled production (Levels 6-8)	289	1	0.3%	0	0	1	12.5%
Highly skilled supervision (Levels 9-12)	137	4	2.9%	0	0	0	0
Senior Management Service Band A	27	2	7.4%	0	0	0	0
Senior Management Service Band B	0	0	0	0	0	0	0
Senior Management Service Band C	0	0	0	0	0	0	0
Senior Management Service Band D	0	0	0	0	0	0	0
Total	**1405**	**8**	**0.6%**	**0**	**0**	**1**	**12.5%**

4.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2025 and 31 March 2026

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	

4.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2025 and 31 March 2026

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
State Accountant	2	7	253 581	JE Outcome
Total number of employees whose salaries exceeded the level determined by job evaluation				**2 Employees**
Percentage of total employed				

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

4.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2025 and 31 March 2026

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	1	0	0	1	2
Total	**1**	**0**	**0**	**1**	**2**

Employees with a disability	**0**	**0**	**0**	**1**	**1**

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None

4.5 Employment Changes

4.5.1 Annual turnover rates by salary band for the period 1 April 2025 and 31 March 2026

Salary band	Number of employees at beginning of period-1 April 2025	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	6	22	1	16.67%
Skilled (Levels3-5)	484	28	26	5.37%
Highly skilled production (Levels 6-8)	137	4	11	8.03%
Highly skilled supervision (Levels 9-12)	85	0	5	5.88%
Senior Management Service Bands A	18	0	1	5.56%
Senior Management Service Bands B	0		0	0
Senior Management Service Bands C	0	0	0	0
Senior Management Service Bands D	0	0	0	0
Contracts	25	10	7	28%
Total	**755**	**64**	**51**	**6.75%**

4.5.2 Annual turnover rates by critical occupation for the period 1 April 2025 and 31 March 2026

Critical occupation	Number of employees at beginning of period-April 2025	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
TOTAL				

4.5.3 Reasons why staff left the department for the period 1 April 2025 and 31 March 2026

Termination Type	Number	% of Total Resignations
Death	8	18%
Resignation	5	11%
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	1	2.3%
Retirement	30	68%
Transfer to other Public Service Departments	0	0
Other	0	0
Total	**44**	**5.8%**
Total number of employees who left as a % of total employment	**44**	**5.8%**

4.5.4 Promotions by critical occupation for the period 1 April 2025 and 31 March 2026

Occupation	Employees 1 April 20YY	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
TOTAL					

4.5.5 Promotions by salary band for the period 1 April 2025 and 31 March 2026

Salary Band	Employees 1 April 20YY	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)	7	0	0	0	0
Skilled (Levels3-5)	489	2	0.4%	0	0
Highly skilled production (Levels 6-8)	147	0	0	0	0
Highly skilled supervision (Levels 9-12)	91	0	0	0	0
Senior Management (Level 13-16)	21	0	0	0	0
Total	**755**	**2**	**0.3%**	**0**	**0**

4.6 Employment Equity

4.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2026

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	0	0	0	0	0	0	0	0
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	0	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Employees with disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

4.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2026

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	1	0	0	0	2
Senior Management	8	5	0	0	4	1	0	0	18
Professionally qualified and experienced specialists and mid-management	27	6	0	2	12	4	0	1	52
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	60	23	1	2	48	25	0	2	161
Semi-skilled and discretionary decision making	146	162	0	1	112	79	0	0	500
Unskilled and defined decision making	4	1	0	0	18	4	0	0	27
Total	**246**	**197**	**1**	**5**	**195**	**113**	**0**	**3**	**760**

4.6.3 Recruitment for the period 1 April 2025 to 31 March 2026

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	3	0	0	0	1	0	0	0	4
Semi-skilled and discretionary decision making	7	11	0	0	11	5	0	0	28
Unskilled and defined decision making	1	1	0	0	17	3	0	0	22
Total	**11**	**12**	**0**	**0**	**29**	**8**	**0**	**0**	**54**
Employees with disabilities									

4.6.4 Promotions for the period 1 April 2025 to 31 March 2026

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	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	2	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**2**	**0**	**0**	**0**	**0**
Employees with disabilities									

4.6.5 Terminations for the period 1 April 2025 to 31 March 2026

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	1	0	0	**1**
Professionally qualified and experienced specialists and mid-management	7	3	0	2	1	0	0	0	**13**
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	7	8	0	1	2	0	0	1	**19**
Semi-skilled and discretionary decision making	5	3	0	0	2	1	0	0	**11**
Unskilled and defined decision making	0	0	0	0	0	0	0	0	**0**
Total	**19**	**14**		**3**	**5**	**2**		**1**	**44**
Employees with Disabilities									

4.6.6 Disciplinary action for the period 1 April 2025 to 31 March 2026

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	

4.6.7 Skills development for the period 1 April 2025 to 31 March 2026

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	0	0	0	0	0		0	0
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	0	0	0	0	0	0	0	0	0
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	10	10	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	10	10	0	0	0	0	0	0	0
Employees with disabilities									

4.7 Signing of Performance Agreements by SMS Members

4.7.1 Signing of Performance Agreements by SMS members as on 31 May 2025

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				
Salary Level 16				
Salary Level 15		1	1	100%
Salary Level 14		4	4	100%
Salary Level 13		14	12	89%
Total		**19**	**17**	**89%**

4.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2026

Reasons
The PMDS process is guided by the Provincial EPMDS Policy as well as the Chapter 4 of the SMS Handbook
Which both prescribe the submission dates of the performance agreements and the department did conclude in time for the SMS members, there are only two SMS members who did not submit their PAs

4.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2026

Reasons
The department has written non compliance letters to them, and will soon also write to their supervisors to address it.

4.8 Performance Rewards

4.8.1 Performance Rewards by race, gender and disability for the period 1 April 2025 to 31 March 2026

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
Asian	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
Coloured	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
White	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

4.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2025 to 31 March 2026

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	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**

4.8.3 Performance Rewards by critical occupation for the period 1 April 2025 to 31 March 2026

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Total					

4.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2025 to 31 March 2026

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	0	0	0	0	0	0
Band B	0	0	0	0	0	0
Band C	0	0	0	0	0	0
Band D	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

4.9 Foreign Workers

4.9.1 Foreign workers by salary band for the period 1 April 2025 and 31 March 2026

Salary band	01 April 2025		31 March 2026		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

4.9.2 Foreign workers by major occupation for the period 1 April 2025 and 31 March 2026

Major occupation	01 April 2025		31 March 2026		Change	
	Number	% of total	Number	% of total	Number	% Change

4.10 Leave utilisation

4.10.1 Sick leave for the period 1 January 2025 to 31 December 2025

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)	168	88.1	14	2.7	12	129
Skilled (levels 3-5)	14	92.9	4	0.80	4	14
Highly skilled production (levels 6-8)	10	70	4	0.80	3	17
Highly skilled supervision (levels 9 -12)	4	0	1	0.2	4	10
Top and Senior management (levels 13-16)	130	90	11	2.10	12	654
Total	**326**	**3.41**	**34**	**7.28**	**0.35**	**824**

4.10.2 Disability leave (temporary and permanent) for the period 1 January 2025 to 31 December 2025

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	142	100	5	5.60	28	182
Highly skilled production (Levels 6-8)	180	100	2	22.20	90	398
Highly skilled supervision (Levels 9-12)	100	100	2	22.20	50	273
Senior management (Levels 13-16)	409					
Total	**831**	100	**9**	**7.53**	**1.68**	**853**

4.10.3 Annual Leave for the period 1 January 2025 to 31 December 2025

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	264	24	11
Skilled Levels 3-5)	11431.92	495	23
Highly skilled production (Levels 6-8)	3691	139	27
Highly skilled supervision (Levels 9-12)	2350	85	28
Senior management (Levels 13-16)	409	17	24
Total	**19145.92**	**760**	**25**

4.10.4 Capped leave for the period 1 January 2025 to 31 December 2025

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 20ZZ
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	2	2	1	41
Highly skilled production (Levels 6-8)	0	0	0	51
Highly skilled supervision (Levels 9-12)	0	0	0	30
Senior management (Levels 13-16)	0	0	0	21
Total	**2**	**2**	**1**	**40**

4.10.5 Leave payouts for the period 1 April 2025 and 31 March 2026

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2025/26 due to non-utilisation of leave for the previous cycle	435086.26	13	334.68
Capped leave payouts on termination of service for 2025/26	488424.48	7	697.74
Current leave payout on termination of service for 2025/26	90859.08	3	302.86
Total	**1014369.82**	**23**	**441.03**

4.11 HIV/AIDS & Health Promotion Programmes

4.11.1 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
All employee especially road workers who are staying at camps	Testing
	Wellness Days Gems Days

4.11.2 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		DIRECTOR HRM
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, 2 interns Budget is with finance for EHW
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		Distribution of condoms, wellness, HIV/AIDS testing, TB testing, financial testing
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		Mrs.Mbekushe – EHW Mr. Eugene Lecwedi – immovable asset management Ms.Mantombi Majola – Roads and public Ms Khaziwa – EHW Ms Precious Kilane – financial, Inspectorate and risk management Mr Bonakele Bingwa – supply chain managment Innocentia Ramutla – HRM MS Didintle Phiris – strategic planning Pumla Pino – Frances baard Ms Mary Magagan – 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		Basic health and productivity. Basic conditions of employment Act.no.75 HIV/AIDS 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 his/ her status. Consequence management will be applied against those who discriminate against any employee who has 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		Wellllness days, gems days Social worker for EHW unit
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.			Social worker for EHW councelling

4.12 Labour Relations

4.12.1 Misconduct and disciplinary hearings finalised for the period 1 April 2025 to 31 March 2026

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	
Verbal warning	0	
Written warning	0	
Final written warning	0	
Suspended without pay	0	
Fine	0	
Demotion	0	
Dismissal	0	
Not guilty	0	
Case withdrawn	0	
Total	**0**	

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

Total number of Disciplinary hearings finalised	0

Table 4.12.2 Types of misconduct addressed at disciplinary hearings for the period 1 April 2025 to31 March 2026

Type of misconduct	Number	% of total
Abuse of Government Vehicle (Speeding)	0	0
Absenteeism	0	0
Theft /Fraud	3	75%
Leaking of Information	0	0
Under the Influence of Alcohol / Violent Conduct	0	0
Sexual Harassment	0	0
False Accusations	0	0
Gross Negligence	1	25%
Total	**4**	**100%**

Table 4.12.3 Grievances logged for the period 1 April 2025 to 31 March 2026

Grievances	Number	% of Total
Number of grievances resolved	6	27%
Number of grievances not resolved	16	73%
Total number of grievances lodged	22	100%

Table 4.12.4 Disputes logged with Councils for the period 1 April 2025 to 31 March 2026

Disputes	Number	% of Total
Number of disputes upheld	2	100%
Number of disputes dismissed	0	0
Total number of disputes lodged	**2**	**100%**

Table 4.12.5 Strike actions for the period 1 April 2025 to 31 March 2026

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 4.12.6 Precautionary suspensions for the period 1 April 2025 to 31 March 2026

Number of people suspended	2
Number of people whose suspension exceeded 30 days	2
Average number of days suspended	Eight months
Cost of suspension(R'000)	R367 770

4.13 Skills development

4.13.1 Training needs identified for the period 1 April 2025 and 31 March 2026

Occupational category	Gender	Number of employees as at 1 April 2026	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female		0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	10	61	0	0
	Male	0	10	49	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	0	0	0	0	0
	Male	20	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		**20**	**20**	**110**	**0**	**160**

Table 4.13.2 Training provided for the period 1 April 2025 and 31 March 2026

Occupational category	Gender	Number of employees as at 1 April 2026	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female		0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	10	61	0	0
	Male	0	10	49	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	0	0	0	0	0
	Male	20	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		20	20	110	0	160

4.14 Injury on duty

Table 4.14.1 Injury on duty for the period 1 April 2025 and 31 March 2026

Nature of injury on duty	Number	% of total
Required basic medical attention only	**6**	**66.7**
Temporary Total Disablement	**0**	**0**
Permanent Disablement	**1**	**11.1**
Fatal	**2**	**22.2**
Total	**9**	**100**



PART E:

PFMA COMPLIANCE REPORT

30 YEARS OF FREEDOM

5. PFMA COMPLIANCE REPORT

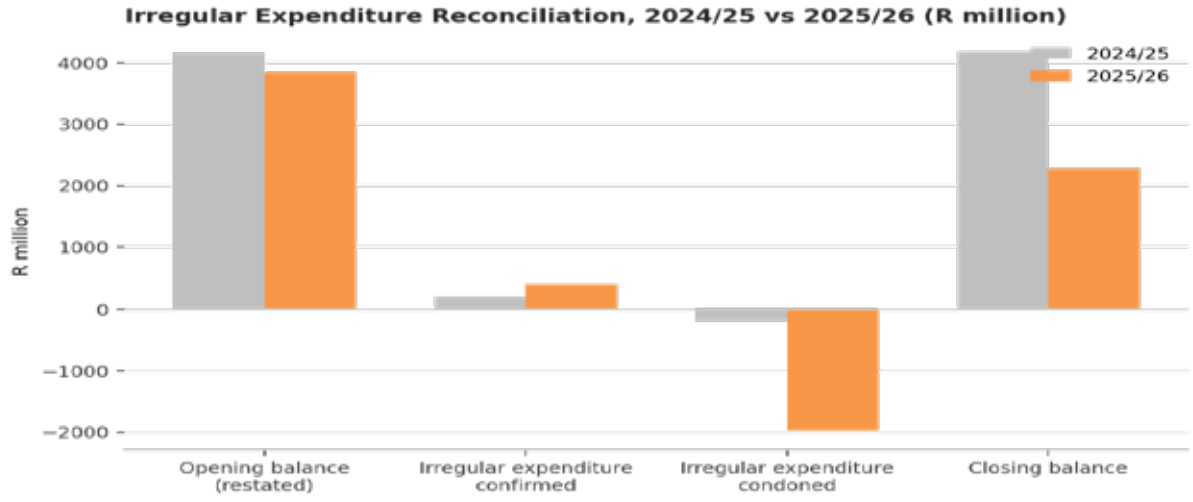
5.1 Irregular Expenditure

a) Reconciliation of irregular expenditure

Description	2025/26 R'000	2024/25 R'000
Opening balance	3,844,943	4,111,594
Adjustment to opening balance		52,432
Opening balance as restated	3,844,943	4,164,026
Add: Irregular expenditure confirmed	411,405	205,040
Less: Irregular expenditure condoned	- 1,974,374	- 187,327
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recoverable and written off	-	-
Closing balance	**2,281,974**	**4,181,739**

The opening balance of 2024/2025 was adjusted with an amount of R52 432 million which relates to DRPW 030/2021 Contractor Development Programme which was incurred during the 2023/2024 financial year being declared Irregular by the Auditor General, during the end of 2024/2025 Audit Cycle. The Confirmed Irregular Expenditure amount of R205 040 million for 2024/2025 was adjusted with an amount of R45 741 million which relates to Contractor Development Programme for the 2024/2025 financial year. An additional amount of R560 000 was incurred during the 2024/2025 financial year by Provincial Treasury for leasing of office buildings; DRPW did not follow proper procurement processes resulting in deviation being regarded as not valid by Auditor-General.

Included in the 2025/2026 Irregular Expenditure Confirmed is the Institutional arrangements for Office of the Premier R23 591 million, Department of Education R303 417 million and DRPW R47 938 million. Irregular expenditure amounting to R1 974 374 billion was condoned by Provincial Treasury.



Analysis: The closing balance of irregular expenditure decreased from R4 181.7 million in 2024/25 to R2 282.0 million in 2025/26, a reduction of 45%. This was mainly attributable to R1 974.4 million being condoned by Provincial Treasury during the year, which more than offset the R411.4 million in newly confirmed irregular expenditure.

Reconciling Notes

Description	2025/26 R'000	2024/25 R'000
Irregular expenditure that was under assessment in 2024/25	-	-
Irregular expenditure that relate to 2024/25 and identified in 2025/26	36,460	
Irregular expenditure for the current year	374,945	205,040
Total	**411,405**	**205,040**

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

Description	2025/26 R'000	2024/25 R'000
Irregular expenditure that under assessment	80,123	84,648
Irregular expenditure under determination	47,937	48,696
Irregular expenditure for under investigation	-	-
Total	**128,060**	**133,344**

The Auditor General identified Irregular Expenditure of R128 615 million for 2024/2025 financial year during their audit process. DRPW conducted assessments on part of the sample, of which the outcome was that R48 967 million met all the compliance requirements therefore deemed not irregular and R48 696 million was deducted from the R128 615 million leaving the balance of R84 648 million Irregular Expenditure under assessment. The assessment process is still underway.

Inter-institutional arrangement

Description	2025/26 R'000	2024/25 R'000
Irregular expenditure under assessment		
Irregular expenditure under determination	327,008	156,344
Irregular expenditure under investigation		
Total	**327,008**	**156,344**

Irregular Expenditure under determination for the 2024/2025 Financial Years comprises of the Department of Education Irregular Expenditure for Implementing Agent amounting to R134 239m, Office of the Premier for Office Accommodation amounting to R21 545m and Provincial Treasury for leases amounting to R560 000. Irregular expenditure under determination for the 2025/2026 financial years comprises of the Department of Education Irregular Expenditure for Implementing Agent amounting to R303 417m, Office of the Premier for Office Accommodation amounting to R23 591m.

C) Detail of Irregular expenditure condoned

Description	2025/26	2024/25
	R'000	R'000
Irregular expenditure condoned	-1,974,374	-187,327
Total	**-1,974,374**	**-187,327**

Irregular expenditure amounting to R1 974 374 billion in respect of framework contracts procurement was condoned by Provincial Treasury. An additional amount of Irregular expenditure amounting to R187 327 million was condoned by Provincial Treasury.

d) Detail of Irregular expenditure removed- (Not condoned)

Description	2025/26	2024/25
	R'000	R'000
Irregular expenditure NOT condoned and removed		
Total		

Discussions

e) Detail of Irregular expenditure recoverable

Description	2025/26	2024/25
	R'000	R'000
Irregular expenditure recovered		
Total		

f) Detail of Irregular expenditure written off (irrecoverable)

Description	2025/26	2024/25
	R'000	R'000
Irregular expenditure written off		
Total		

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
Total

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

Description	2025/26 R'000	2024/25 R'000
Department of Education	303,417	134,239
Office of the Premier	23,591	21,545
Provincial Treasury	-	560
Total	**327,008**	**156,344**

i) Details of disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
Total

5.2 Fruitless and wasteful expenditure

a) Reconciliation of Fruitless and wasteful expenditure

Description	2025/26 R'000	2024/25 R'000
Opening Balance	11,910	765
Adjustment to opening balance		
Opening balance as restated	11,910	765
Add: Fruitless and wasteful expenditure confirmed	-	11,910
Less: Fruitless and wasteful expenditure recoverable	-11,910	
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-765
Closing balance	**-**	**11,910**

The amount under assessment during the previous financial year was recovered from the payment certificates of the contractor for the Sutherland-Midelpos project.

Reconciliation Notes

Description	2025/26 R'000	2024/25 R'000
Fruitless and wasteful expenditure that was under assessment	-	11,910
Fruitless and wasteful expenditure that relate to 2024/25 and identified in 2025/26	-	-
Fruitless and wasteful expenditure for the current year	-	-
Total	**-**	**11,910**

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

Description	2025/26 R'000	2024/25 R'000
Fruitless and wasteful expenditure that under assessment	95,792	-
Fruitless and wasteful expenditure under determination	-	11,910
Fruitless and wasteful expenditure for under investigation	-	-
Total	**95,792**	**11,910**

The amount for 2025/2026 financial year relates to R94 159 for Mamatwane as a result of unforeseen costs relating to variation order, increase in expenditure emanating from same scope of work; R1 365 million relates to payments made before the invoice date; R266 000 relates to VAT charged by a supplier whose vat vendor status could not be confirmed before the audit was concluded.

C) Detail of Fruitless and wasteful expenditure recoverable

Description	2025/26 R'000	2024/25 R'000
Fruitless and wasteful expenditure recoverable	- 11,910	-
Total	**- 11,910**	**-**

The amount of R11 910 000 was confirmed as fruitless and wasteful expenditure during the 2024/25 financial year. The amount was subsequently recovered through the payment certificates submitted by the contractor to the department.

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

Description	2025/26	2024/25
	R'000	R'000
Fruitless and wasteful expenditure written off	-	- 765
Total	**-**	**- 765**

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

Description
Fruitless and wasteful expenditure written off

5.3 Unauthorised Expenditure

a) Reconciliation of unauthorised expenditure

Description	2025/26	2024/25
	R'000	R'000
Opening Balance		
Adjustment to opening balance		
Opening balance as restated		
Add: Unauthorised expenditure confirmed		
Less: Unauthorised expenditure approved with funding		
Less: Unauthorised expenditure approved without funding		
Less: Unauthorised expenditure recoverable		
Less: Unauthorised expenditure not recoverable and written off		
Closing balance		

Reconciliation Notes

Description	2025/26	2024/25
	R'000	R'000
Unauthorised expenditure that was under assessment	-	-
Unauthorised expenditure that relate to 2023/24 and identified in 2024/25	-	-
Unauthorised expenditure for the current year	-	-
Total	**-**	**-**

b) Details of Unauthorised expenditure(under assessment, determination and investigation)

Description	2025/26	2024/25
	R'000	R'000
Unauthorised expenditure that under assessment		-
Unauthorised expenditure under determination		-
Unauthorised expenditure for under investigation		-
Total		**-**

Additional disclosure relating to material losses in terms of PFMA Section 40(3) (b) (i) & (iii)

a) Details of material losses through criminal conduct

Material Losses through criminal conduct	2025/26 R'000	2024/25 R'000
Theft		
Other material losses		
Less; Recoverable		
Less not recoverable and written off		
Total		

b) Details of other material losses

Nature of other losses *(Group major categories, but list material items)*	2025/26 R'000	2024/25 R'000
Total		

c) Other material losses recoverable

Nature of other losses *(Group major categories, but list material items)*	2025/26 R'000	2024/25 R'000
Total		

d) Other material losses not recoverable and written off

Nature of other losses *(Group major categories, but list material items)*	2025/26 R'000	2024/25 R'000
Total		

5.4 Information on late and/ non payment of suppliers

Description	Number of invoices	Consolidated Value
Valid invoice received	3,254	1,868,841
Invoices paid within 30 days or agreed period	3,230	1,868,841
Invoices paid after 30 days or later than the period agreed	24	24,795
Invoice older than 30 days or in excess of the period agreed (without dispute)		
Invoice older than 30 days or in excess of the period (without dispute)		

5.5 Information on Supply Chain management

Procurement by other

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
The procurement of a single quotation for print media is justified due to the specialized	Ntanzimaka Trading	Deviation	OR-032289	R 28,995.00
The procurement of a single quotation for print media is justified due to the specialized	Noordwes Koerante	Deviation	OR-032290	R 26,047.50
The procurement of a single quotation for print media is justified due to the specialized	Pixley Independent News and Projects	Deviation	OR-032292	R 29,500.00
The procurement of a single quotation for print media is justified due to the specialized	SABC	Deviation	OR-032252	R 64,260.00
Leaking plumbing - 4 Bebington Street	Dr do it all spacial projects	Deviation	OR-032723	R 25,469.90
Total				**R174 272.40**

Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Approval for a month to month extension of security services contract for a period of six 6 months commecing on the 1st August 2025 to 31 January 2026	Sothombela Security Services	Expansion	DRPW 003/2022	R 54,435,544.91	R 54,435,544.91	R 18,242,461.80
Cleaning Services: Kimberley - Rendering Cleaning at Padkamp and Frances Baard Workshop	Bonke Laundry and Cleaning services	Expansion	DRPW 010/2017	R 1,632,621.00	R 57,015.36	R 57,015.36
Cleaning Services: Prieska: Cleaning of Prieska Offices	Silver Solutions	Expansion	DRPW 040/2018	R 422,170.96	R 30,947.55	R 30,947.55
Gardening Services: Kimberley Garderning Services at District Office and House	Diteboho Services (Pty) Ltd	Expansion	DRPW 031/2018	R 1,005,085.44	R 35,100.66	R 35,100.66
Garderning Services: Kimberley Garderning Services at Tebogo Leon Tume Complex and Prestige Accommodation	Maphatsiphatsi Trading Solutions	Expansion	DRPW 010/2018	R 487,468.80	R 28,695.96	R 28,695.96
Garderning Services: Kimberley - Garrdening Services at Frances Baardt Workshop	Diteboho Services (Pty) Ltd	Expansion	DRPW 032/2018	R 2,279,898.02	R 81,150.96	R 81,150.96
Garderning Services: Kimberley - Garrdening Services at Frances Baardt Workshop	Amor De Dior	Expansion	DRPW 033/2018	R 975,002.49	R 28,673.00	R 28,673.00
Total						**R18 504 045.29**



PART F:

FINANCIAL INFORMATION

30 YEARS OF FREEDOM

Table of Contents

Report of the Auditor-General	*147*
Appropriation Statement	*168*
Notes to the Appropriation Statement	179
Statement of Financial Performance	181
Statement of Financial Position	182
Cash Flow Statement	183
Statement of Net Changes In Assets	184
Notes to the Annual Financial Statements (including Accounting policies)	185
Annexures	223

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of Roads and Public Works (the department) set out on pages 168 to 234, which comprise the appropriation statement, statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets and the 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 Roads and Public Works as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) as issued by National Treasury of South Africa and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 2 of 2025 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the 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.



Underspending of the budget

7. As disclosed in the appropriation statement, the department materially under spent the budget by R181 713 000 on Programme 3 – Transport infrastructure.

Payables not recognised

8. As disclosed in note 16.2 to the financial statements, payables not recognised of R914 873 000 exceeded the payment term of 30 days, as required by treasury regulation 8.2.3. This amount, in turn, exceeded the R202 465 000 of voted funds to be surrendered by R712 408 000 as per the statement of financial performance. The amount of R712 408 000 would therefore have constituted unauthorised expenditure had the amounts due been paid in time.

Claims against the department

9. With reference to note 14.1 to the financial statements, the department is the defendant in legal claims instituted against the department. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Net current liability

10. Note 32 in the financial statements deals with the possible effects of the department's net current liability position, arising from significant unrecognised accruals and payables, on the department's ability to continue its operations and discharge its liabilities. Management has described how these circumstances are being addressed, including the key assumptions and actions considered in concluding that no material uncertainty exists.

Other matter – Unaudited supplementary schedules

11. The supplementary information set out on pages 223 to 234 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.

12. My opinion is not modified in respect of this matter.

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS as issued by National Treasury of South Africa and the requirements of the PFMA and the Dora and for such internal control as the accounting officer

determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

14. In preparing the financial statements, the accounting officer is responsible for assessing the department'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

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

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 165 of the annexure to the auditor's report, forms part of my auditor's report.

Report on the audit of the annual performance report

17. 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 the selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

18. I selected the following programmes presented in the annual performance report for the year ended 31 March 2026 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.



Programme	Page numbers	Purpose
Public works infrastructure	58-66	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.
Transport infrastructure	67-75	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.

19. 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. 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.

20. 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
- all the indicators relevant for measuring the department's performance against its primary mandated and prioritised functions and planned objectives are included



- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those 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 and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

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

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

Other matters

23. I draw attention to the matters below.

Achievement of planned targets

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

25. The tables that follow provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 59 to 76.



Public works infrastructure

Targets achieved: 46% *Budget spent:97%*		
Key service delivery indicator not achieved	**Planned target**	**Reported achievement**
Number of new construction projects completed	17	9
Number of planned maintenance projects costed	29	25
Number of planned maintenance projects awarded	35	29
Number of planned maintenance projects in construction	36	32
Number of maintenance projects completed	32	31
Number of properties disposed	20	10

Transport infrastructure

Targets achieved: 60% *Budget spent:90%*		
Key service delivery indicator not achieved	**Planned target**	**Reported achievement**
Number of kilometers of gravel roads upgraded to surfaced roads	26.45	19.266
Number of square metres of surfaced roads rehabilitated	395 200	48 000
Number of square meters of surfaced roads resealed	843 600	250 000
Number of kilometres of gravel roads bladed	61 300	60 812.84
Number of women employed	4 796	4 046
Number of persons with disabilities employed	160	48

Material misstatements

26. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for public

works infrastructure. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

27. 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.

28. 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.

29. 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.

30. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

31. 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 current assets, liabilities and disclosure items identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified opinion.

Expenditure management

32. Effective and appropriate steps were not taken to prevent irregular expenditure, as disclosed in note 20 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.



33. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by section 38(1)(f) of the PFMA and treasury regulation 8.2.3.

Revenue management

34. Effective and appropriate steps were not taken to collect all money due, as required by section 38(1)(c)(i) of the PFMA.

Asset management

35. The department did not sell immovable state assets at market value, as required by treasury regulation 16A.7.3.

Procurement and contract management

36. Some goods and services of a transaction value above R1 000 000 were procured without inviting competitive bids, as required by treasury regulation 16A6.1, paragraph 3.3.1 of National Treasury Instruction (NTI) 02 of 2021-22 , paragraph 4.1 of NTI 03 of 2021-22 and TR 16A6.4.

Consequence management

37. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

Other information in the annual report

38. The accounting officer is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

39. My opinion on the financial statements, and my reports on the audit of the annual performance report and 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.

40. 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.



41. 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 me after 31 July 2026.

42. 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 nothing to report in this regard.

43. 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

44. 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.

45. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.

46. The accounting officer did not exercise effective oversight to ensure that appropriate preventative and detective controls were designed, implemented and monitored. As a result, material non-compliance with applicable legislation and recurring weaknesses in financial reporting and supply chain management were not identified and addressed timeously.

47. The accounting officer did not implement effective consequence management or adequately respond to previously reported audit findings. Known control deficiencies and prior-year recommendations were not addressed, resulting in recurring instances of non-compliance and repeat audit findings.

48. The accounting officer did not maintain effective processes to support timely, accurate and complete financial reporting. Financial information was not compiled and reviewed throughout the



year, resulting in material misstatements in the annual financial statements that required correction during the audit.

Material irregularities

49. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Material irregularities in progress

50. I identified another material irregularity during the audit and notified the accounting officer, as required by material irregularity regulation 3(2). By the date of this auditor's report, the response of the accounting officer was not yet due. This material irregularity will be included in next year's auditor's report.

Status of previously reported material irregularities

Overpayments made to the first contractor on the rehabilitation of the road MR938 between MR884 (18.37km) and TR5/5 (60.20km)

51. On 11 September 2018, the department appointed a contractor to carry out the works. The project entailed the rehabilitation of an existing tarred road MR938 between MR884 (km 18.37) and TR5/5 (km 60.2) for a total contract value of R259 930 025 (Inc. Vat). The appointment was subsequently challenged in court, and the matter was concluded on 26 March 2020 with a ruling stating the appointment of the contractor was unlawful. The department then appealed the ruling and during that period, the contractor continued working onsite. The contract was subsequently terminated upon the dismissal of the appeal in July 2020. When the contract was terminated, project related payments totallingR174806 987 were made to the contractor.

52. In April 2021, a new contractor was appointed to complete the project for a total amount of R243 276 653. The construction works commenced on 18 June 2021 with a planned practical completion to be achieved by 28 February 2023.

53. During the audit work which was performed a number of overpayments to the contractor were noted relating to payments made for work not delivered, extension of time claims and completion of work whilst the progress on site was less. The non-compliance with section 45(a) of the PFMA was likely



to result in a material financial loss to the amount of R10 829 694, if not recovered from the contractor.

54. I notified the accounting officer of the material irregularity on 17 November 2023 and was invited to make a written submission on the actions taken and that will be taken to address the matter. No response to the MI notification was provided. The accounting officer did not take any action in response to being notified of the material irregularity.

55. I referred the material irregularity to the Special Investigating Unit (SIU) on 29 August 2024 for investigation as provided for in section 5(1A) of the PAA. I notified the accounting officer of the decision to refer the material irregularity on the same day. The SIU acknowledged the referral on 31 August 2024, and a motivation was submitted to the Department of Justice on 7 February 2025 to motivate for a presidential proclamation to investigate the matter further. The decision is awaited.

56. I further notified the accounting officer on 8 August 2024 of the following recommendations, which had to implemented by 30 January 2025:

- Take appropriate steps to assess the reasons and circumstances that led to the non-compliance with section 45(a) of the PFMA, for the purposes of taking appropriate corrective actions and to address the internal control weaknesses.
- Effective and appropriate disciplinary steps should be initiated, without undue delay, against any official that the assessment found to be responsible, as required by section 38(1)(h) of the PFMA.
- Reasonable steps should be taken to implement internal controls to prevent unsubstantiated payments. The controls should as a minimum include:

  (i) Confirmation that services have been rendered as per the invoices before approval or release of payment.

  (ii) A review of the invoices to detect items for which the department has been invoiced already.

57. The accounting officer was required to provide a progress report on 30 October 2024 but provided an update on 2 September 2024 on the reasons for the payments made. The accounting officer was reminded on 10 October 2024 to submit a progress report on the implementation of the recommendations but failed to submit the progress report and the report received on 2 September 2024 was assessed as the progress report. On 29 November 2024, I provided feedback to the



accounting officer on the shortcomings that had to be addressed with the final response that was due on 30 January 2025.

58. On 13 January 2025, I reminded the accounting officer to submit a final response and substantiating documentation on the implementation of the recommendations. On 30 January 2025, the accounting officer submitted a final response with substantiating documentation on the implementation of the recommendations.

59. I assessed the response and substantiating documentation and noted that the overpayment of R3 620 150 for work not delivered was recovered from the contractor. However, no further actions were taken to recover the other overpayments that were identified.

60. The accounting officer performed an assessment of the circumstances that led to the material irregularity, but the shortcomings were noted in the assessment as all the responsible officials were not identified. The accounting officer commenced with actions against the official found to be responsible, but the limited progress was made with the consequence management process.

61. The accounting officer commenced with a process to improve the internal control environment, but evidence could not be provided that internal controls were implemented to confirm that a review of the invoices is done to detect items for which the department has already been invoiced.

62. Based on the outcome of my assessment, I concluded that all the recommendations were not adequately implemented, or satisfactorily progress made with the implementation.

63. I notified the accounting officer on 3 July 2025 of the following remedial action to address the material irregularity, which had to be implemented by 3 October 2025 with a progress report by 4 August 2025:

- Reasonable steps must be taken to implement internal controls to prevent unsubstantiated payments. The controls must as a minimum include:

  (i) Confirmation that services have been rendered as per the invoices before approval or release of payment.

  (ii) A review of the invoices to confirm that payments are made in terms of the contract and that no duplicate payments are made.



64. The accounting officer was reminded on 29 July 2025 to submit a progress report on the implementation of the remedial action, and a progress report was received on 5 August 2025. I assessed the progress report and on12 August 2025, I provided feedback to the accounting officer on the shortcomings that had to be addressed with the final response that was due on 3 October 2025.

65. On 6 September 2025, I reminded the accounting officer to submit a final response and substantiating documentation on the implementation of the remedial action. On 3 October 2025, the accounting officer submitted a final response with substantiating documentation on the implementation of the remedial action.

66. I assessed the accounting officer's response and substantiating documentation and based on the outcome of the assessment I requested additional substantiating documentation on 17 October 2025 and an engagement with the accounting officer to discuss the shortcomings identified. The accounting officer has been non-responsive to the request for additional documentation and an engagement to discuss the outcome of the assessment.

67. I am in the process of making a decision on the further actions to take.

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

68. 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 June 2018. The contract was set aside by a court order on 26 March 2020 following an application that the procurement process was irregular and the award to the contractor was unlawful. 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 payments for these claims were made in contravention with section 45(a) of the PFMA and resulted in a likely financial loss of R38 078 919for the department, if not recovered.

69. I notified the accounting officer of the material irregularity on 4 October 2022 and was invited 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 due to disagreement with the merits of material irregularity. I notified the accounting officer on 21 July 2023 of the following recommendations, which had to be implemented by 20 January 2024:



- 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 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.

70. The accounting officer requested an extension on 17 January 2024 to submit a written response and substantiating documentation on the implementation of the recommendations. I granted the accounting officer an extension up to 15 April 2024 for the submission of a written response and substantiating documentation on the implementation of recommendations.

71. On 2 May 2024, the accounting officer's response (dated 22 April 2024) on the implementation of recommendations was received. I assessed the written response and noted that the response was not supported by substantiating documentation and that the accounting officer still disagreed with the merit of the material irregularity.

72. On 5 July 2024, I provided the accounting officer with the outcome of my assessment of the written response and requested additional information and substantiating documentation to complete my assessment, which was due on 12 July 2024.

73. On 12 July 2024 a response was received from the accounting officer requesting an engagement to discuss the additional information required and the basis for the department's disagreement with the merits of the material irregularity. The engagement was held on 27 August 2024 where the merits of the material irregularity was discussed, and the department requested an opportunity to submit a supplementary response and additional documentation by 6 September 2024.

74. The accounting officer submitted a supplementary response and substantiating documentation on 2 September 2024, which was duly assessed. It was noted from the response that the accounting



officer is still disputing the validity of the material irregularity and maintained the opinion that the claims paid to the contractor was valid and paid in accordance with the conditions of the contract.

75. Based on the assessment of the responses and substantiating documentation provided, I concluded that the recommendations had not been adequately implemented, and the material irregularity appropriately addressed.

76. I notified the accounting officer on 3 July 2025 of the decision to refer the material irregularity to the Special Investigating Unit (SIU) for further investigation, as provided for in section 5(1A) of the PAA. The matter was referred to the SIU on 17 July 2025 for investigation and acknowledged by the SIU on 18 July 2025. A motivation was submitted to the Department of Justice on 6 August 2025 to motivate for a presidential proclamation to investigate the matter further. The decision is awaited.

Failure to charge interest on overdue rental accounts

77. Treasury Regulations 11.5.1 states that interest must be charged on debts to the state at the interest rate determined by the Minister of Finance in terms of section 80 of the Act. Contrary to the above compliance requirement, the department failed to charge interest for the 2022-23, 2023-24 and 2024-25 financial years relating to all accrued departmental revenue transactions with long outstanding balances.

78. This has resulted in a likely material financial loss for the department as revenue that should have accrued to the department was not billed to the rental debtors' accounts in accordance with the applicable legislation. Reduced revenue can have a direct impact on the provision of public services, risking compromise to the essential delivery of services.

79. The accounting officer was notified of the material irregularity on 22July 2025 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer made a submission on 22 August 2025.The lease database was cleaned and verified before uploading it to PROMAN to ensure that the information is credible and reliable. The department began charging interest on overdue accounts from 1 April 2024 and PROMAN is now being used to automate interest calculations. The department further planned to appoint debt collectors and the vacant assistant director position in the property management unit was advertised. A determination was issued on 20 October 2025, in which I indicated that I would follow-up on the planned actions.



80. During a follow–up performed in May 2026, I reviewed supporting documentation and noted that debt collectors were only appointed on 9 February 2026. The assistant director position had also not yet been filled. While demand letters were issued, they were only issued to a limited number of tenants with overdue accounts. No evidence was provided that the Department had quantified the interest that should have been charged on overdue accounts prior to 1 July 2024 or had taken adequate steps to recover interest due as at 31 March 2026.

81. I notified the accounting officer on 30 July 2026 of the following recommendations, which should be implemented by 28 February 2027 with a progress report by 30 October 2026:

    b) Appropriate action should be taken to investigate the non-compliance with Treasury Regulation 11.5.1, in order to determine the circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions. All persons, including juristic persons, liable for the losses should be identified.

    c) The financial loss relating to the interest charges for prior years should be fully quantified, taking into account the latest available information.

    d) Appropriate action should commence to recover the interest not charged in accordance with the policies of the department. The recovery process should not be unduly delayed.

    e) Appropriate action should be taken to address any control deficiencies that the investigation identifies.

    f) Effective and appropriate disciplinary steps should be initiated, without undue delay, against all officials that the investigation found to be responsible, as required by section 38(1)(h) of the PFMA.

Effective and appropriate steps not taken to collect all money due to the department

82. Section 38(1)(c)(i) of the PFMA states that the accounting officer of a department must take effective and appropriate steps to collect all money due to the department. Contrary to the above requirement, the department failed to follow its debt recovery procedures, resulting in the opening balance of accrued departmental revenue relating to the rental of properties each year being carried forward without any amounts recovered



83. The department failed to act within the prescribed period despite having the systems, policies, and a legal framework to do so. This amount represents a direct and avoidable financial loss to the state. Reduced revenue can have a direct impact on the provision of public services, risking compromise to the essential delivery of services.

84. The accounting officer was notified of the material irregularity on 22July 2025 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer made a submission on 22 August 2025.The accounting officer planned to appoint debt collectors, and a process of verification and categorisation of debtors would be undertaken before handover to ensure the information handed over to the debt collectors is accurate to determine steps to undertake to recover such debt. Letters of demand would further be sent out when accounts fall due and should tenants not comply, the account would be handed over to legal services for further attention. A determination was issued 20 October 2025, in which I indicated that I would do follow-up on the planned actions.

85. During a follow–up performed in May 2026, I reviewed supporting documentation and noted that debt collectors were only appointed on 9 February 2026. While demand letters were issued, they were only issued to a limited number of tenants with overdue accounts. No evidence was provided that the Department had verified and categorised debtors or handed appropriate cases over to legal services as committed to by the accounting officer. In addition, no evidence was provided that monthly statements were issued to debtors. Accordingly, key recovery actions committed to by the accounting officer had not been implemented as at 31 March 2026.

86. I notified the accounting officer on 29 July 2026 of the following recommendations, which should be implemented by 30 November 2026 with a progress report by 30 September 2026:

    g) Appropriate action should be taken to investigate the non-compliance with Section 38(1)(c)(i), in order to determine the circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions. All persons, including juristic persons, liable for the losses should be identified.

    h) The financial loss should be quantified.

    i) Reasonable steps should be taken to implement internal controls as per the departmental debt management policy to collect monies owed.



j) Effective and appropriate disciplinary steps should be initiated, without undue delay, against all officials that the investigation found to be responsible, as required by section 38(1)(c)(i) of the PFMA.

Other reports

87. In addition to the investigations relating to material irregularities, 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.

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

Auditor General.

Kimberley

31 July 2026

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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 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 the 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 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.



Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows: Legislation	**Sections or regulations**
Public Finance Management Act 1 of 1999	Section 1; 38(1)(b); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(f); 38(1)(h)(iii); 39(1)(a); 39(2)(a); 40(1)(a); 40(1)(b); 40(1)(c)(i); 43(1); 43(4); 44; 45(b)
Treasury Regulations, 2005	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1; 6.3.1(a); 6.3.1(b); 6.3.1(c); 6.3.1(d); 6.4.1(b); 7.2.1; 8.1.1; 8.2.1; 8.2.3; 8.4.1; 9.1.1; 9.1.4; 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; 11.5.1; 12.5.1; 15.10.1.2(c); 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A 6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 17.1.1; 18.2; 19.8.4
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A); 25(9)(a); 25(10)
Division of Revenue Act 2 of 2025	Section 11(6)(a); 12(5); 16(1); 16(3); 16(3)(a)(i); 16(3)(a)(ii)(bb)
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Regulation, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Public Service Regulations, 2016	Regulation 18(1); 18(2); 25(1)(e)(i); 25(1)(e)(iii)
State Information Technology Agency Act 88 of 1998	Section 7(3)



NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT

for the year ended 31 March 2026

Appropriation per programme

		2025/26							2024/25	
		Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
Voted funds and Direct charges		**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
	Programme									
1	ADMINISTRATION	207 796	-	- 7 296	200 500	193 668	6 832	96,6%	189 607	186 915
2	PUBLIC WORKS INFRASTRUCTURE	299 489	-	7 705	307 194	297 800	9 394	96,9%	191 714	187 275
3	TRANSPORT INFRASTRUCTURE	1 830 458	-	1 310	1 831 768	1 650 055	181 713	90,1%	1 692 192	1 640 472
4	COMMUNITY BASED PROGRAMME	94 367	-	- 1 719	92 648	88 122	4 526	95,1%	80 251	74 497
	Programme sub total	**2 432 110**	**-**	**-**	**2 432 110**	**2 229 645**	**202 465**	**91,7%**	**2 153 764**	**2 089 159**
	Statutory Appropriation	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
	TOTAL	**2 432 110**	**-**	**-**	**2 432 110**	**2 229 645**	**202 465**	**91,7%**	**2 153 764**	**2 089 159**
Reconciliation with Statement of Financial Performance										
Add:										
	Departmental receipts				9 782				2 129	
	NRF Receipts				-				-	
	Aid assistance				-				-	
Actual amounts per Statement of Financial Performance (Total revenue)					**2 441 892**				**2 155 893**	
Add:	Aid assistance					-				-
	Prior year unauthorised expenditure approved without funding									
Actual amounts per Statement of Financial Performance (Total expenditure)						**2 229 645**				**2 089 159**

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT

for the year ended 31 March 2026

Appropriation per economic classification									
	2025/26							2024/25	
	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	**1 719 996**	**220**	**- 61 689**	**1 658 527**	**1 637 664**	**20 863**	**98,7%**	**1 662 696**	**1 720 578**
Compensation of employees	350 204	-	- 9 403	340 801	330 741	10 060	97,0%	314 654	311 235
Salaries and wages	292 483	1 162	- 9 591	284 054	274 857	9 197	96,8%	263 508	260 530
Social contributions	57 721	- 1 162	188	56 747	55 884	863	98,5%	51 146	50 705
Goods and services	1 369 792	220	- 52 286	1 317 726	1 306 923	10 803	99,2%	1 348 042	1 409 343
Administrative fees	833	53	- 83	803	803	-	100,0%	555	556
Advertising	1 002	- 251	- 111	640	640	-	100,0%	419	419
Minor assets	364	- 121	- 24	219	219	-	100,0%	396	158
Audit costs: External	8 428	-	- 157	8 271	8 271	-	100,0%	10 790	10 790
Bursaries: Employees	573	-	- 189	384	384	-	100,0%	956	956
Catering: Departmental activities	371	326	-	697	697	-	100,0%	849	848
Communication (G&S)	4 369	- 25	- 1 072	3 272	3 272	-	100,0%	2 928	2 928
Computer services	43 860	2 888	2 257	49 005	49 005	-	100,0%	41 675	41 675
Consultants: Business and advisory services	11 108	1 166	- 104	12 170	5 843	6 327	48,0%	2 136	2 136
Infrastructure and planning services	3 490	-	- 147	3 343	3 343	-	100,0%	41 789	41 789
Legal services	12 076	6 670	4 781	23 527	23 527	-	100,0%	13 521	13 521
Contractors	1 000 514	- 260 092	- 58 134	682 288	677 829	4 459	99,3%	919 391	974 262
Fleet services (including government motor transport)	15 009	3 855	- 4 590	14 274	14 274	-	100,0%	16 363	19 904
Inventory: Clothing material and accessories	102	-	-	102	102	-	100,0%	-	-
Inventory: Materials and supplies	107 218	64 487	-	171 705	171 705	-	100,0%	96 057	128 209
Consumable supplies	3 396	433	1 293	5 122	5 105	17	99,7%	5 118	5 118
Consumable: Stationery, printing and office supplies	2 930	- 514	- 43	2 373	2 373	-	100,0%	1 784	1 784
Operating leases	75 695	184 668	- 1 690	258 673	258 673	-	100,0%	111 696	82 713
Property payments	51 093	- 3 621	8 228	55 700	55 700	-	100,0%	59 209	59 209
Travel and subsistence	19 124	- 965	513	18 672	18 672	-	100,0%	16 506	16 464
Training and development	6 315	1 333	- 3 054	4 594	4 594	-	100,0%	3 449	3 449
Operating payments	332	- 256	3	79	79	-	100,0%	23	23
Venues and facilities	864	186	- 117	933	933	-	100,0%	586	505
Rental and hiring	726	-	154	880	880	-	100,0%	1 846	1 927
Interest and rent on land	-	-	-	-	-	-	-	-	-

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT

for the year ended 31 March 2026

Transfers and subsidies	**212 364**	**-**	**855**	**213 219**	**213 218**	**1**	**100,0%**	**112 470**	**107 427**
Provinces and municipalities	202 948	-	2 368	205 316	205 316	-	100,0%	102 835	98 396
Municipalities	202 948	-	2 368	205 316	205 316	-	100,0%	102 835	98 396
Municipal bank accounts	202 948	-	2 368	205 316	205 316	-	100,0%	102 835	98 396
Departmental agencies and accounts	1 055	-	- 157	898	897	1	99,9%	467	-
Departmental agencies	1 055	-	- 157	898	897	1	99,9%	467	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	8 361	-	- 1 356	7 005	7 005	-	100,0%	9 168	9 031
Social benefits	4 355	161	- 1 430	3 086	3 086	-	100,0%	3 652	3 652
Other transfers to households	4 006	- 161	74	3 919	3 919	-	100,0%	5 516	5 379
Payments for capital assets	**499 750**	**- 220**	**60 834**	**560 364**	**378 763**	**181 601**	**67,6%**	**378 598**	**261 154**
Buildings and other fixed structures	495 603	- 6 661	60 109	549 051	367 450	181 601	66,9%	355 694	238 566
Buildings	-	-	1 336	1 336	1 336	-	100,0%	631	631
Other fixed structures	495 603	- 6 661	58 773	547 715	366 114	181 601	66,8%	355 063	237 935
Machinery and equipment	4 147	6 413	607	11 167	11 167	-	100,0%	22 776	22 462
Transport equipment	2 480	6 090	- 848	7 722	7 722	-	100,0%	20 678	20 339
Other machinery and equipment	1 667	323	1 455	3 445	3 445	-	100,0%	2 098	2 123
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	28	118	146	146	-	100,0%	128	126
Payment for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**2 432 110**	**-**	**-**	**2 432 110**	**2 229 645**	**202 465**	**91,7%**	**2 153 764**	**2 089 159**

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT

for the year ended 31 March 2026

Programme 1: ADMINISTRATION

	2025/26							2024/25	
	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 MEMBER OF THE EXECUTIVE COUNCIL	19 244	- 2 975	- 4 168	12 101	10 400	1 701	85,9%	17 443	17 266
2 MANAGEMENT OF THE DEPARTMENT	17 204	2 504	149	19 857	19 715	142	99,3%	13 838	13 838
3 CORPORATE SUPPORT	162 543	442	- 3 339	159 646	155 212	4 434	97,2%	151 151	148 636
4 DEPARTMENTAL STRATEGY	8 805	29	62	8 896	8 341	555	93,8%	7 175	7 175
TOTAL	**207 796**	**-**	**- 7 296**	**200 500**	**193 668**	**6 832**	**96,6%**	**189 607**	**186 915**
Economic classification									
Current payments	**198 564**	**-**	**- 7 719**	**190 845**	**184 014**	**6 831**	**96,4%**	**180 656**	**178 884**
Compensation of employees	119 840	-	- 4 473	115 367	108 536	6 831	94,1%	109 164	107 410
Salaries and wages	101 229	791	- 4 473	97 547	91 340	6 207	93,6%	92 277	90 964
Social contributions	18 611	- 791	-	17 820	17 196	624	96,5%	16 887	16 446
Goods and services	78 724	-	- 3 246	75 478	75 478	-	100,0%	71 492	71 474
Administrative fees	451	23	- 35	439	439	-	100,0%	303	303
Advertising	303	-	- 105	198	198	-	100,0%	182	182
Minor assets	206	- 50	- 32	124	124	-	100,0%	53	53
Audit costs: External	8 428	-	- 157	8 271	8 271	-	100,0%	10 790	10 790
Bursaries: Employees	573	-	- 189	384	384	-	100,0%	956	956
Catering: Departmental activities	173	335	-	508	508	-	100,0%	75	75
Communication (G&S)	3 945	- 29	- 1 029	2 887	2 887	-	100,0%	2 510	2 510
Computer services	3 077	-	- 499	2 578	2 578	-	100,0%	1 849	1 849
Consultants: Business and advisory services	763	- 763	-	-	-	-	-	1 002	1 002
Legal services	5 387	149	486	6 022	6 022	-	100,0%	4 563	4 563
Contractors	121	22	-	143	143	-	100,0%	255	255
Fleet services (including government motor transport)	8 692	164	- 4 590	4 266	4 266	-	100,0%	3 812	3 812
Consumable supplies	1 166	- 1	-	1 165	1 165	-	100,0%	491	491
Consumable: Stationery, printing and office supplies	1 267	117	-	1 384	1 384	-	100,0%	1 097	1 097
Operating leases	1 945	- 154	374	2 165	2 165	-	100,0%	3 255	3 255
Property payments	34 353	-	4 923	39 276	39 276	-	100,0%	36 486	36 486
Travel and subsistence	4 848	- 18	- 64	4 766	4 766	-	100,0%	3 669	3 651
Training and development	2 460	24	- 2 214	270	270	-	100,0%	57	57
Operating payments	17	6	2	25	25	-	100,0%	6	6
Venues and facilities	549	175	- 117	607	607	-	100,0%	81	81
Interest and rent on land	-	-	-	-	-	-	-	-	-

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT

for the year ended 31 March 2026

Transfers and subsidies	**5 223**	**-**	**- 208**	**5 015**	**5 014**	**1**	**100,0%**	**5 162**	**4 558**
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 055	-	- 157	898	897	1	99,9%	467	-
Departmental agencies	1 055	-	- 157	898	897	1	99,9%	467	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	4 168	-	- 51	4 117	4 117	-	100,0%	4 695	4 558
Social benefits	162	259	- 51	370	370	-	100,0%	759	759
Other transfers to households	4 006	- 259	-	3 747	3 747	-	100,0%	3 936	3 799
Payments for capital assets	**4 009**	**-**	**631**	**4 640**	**4 640**	**-**	**100,0%**	**3 789**	**3 473**
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	4 009	-	528	4 537	4 537	-	100,0%	3 713	3 399
Transport equipment	2 480	-	- 848	1 632	1 632	-	100,0%	2 178	1 839
Other machinery and equipment	1 529	-	1 376	2 905	2 905	-	100,0%	1 535	1 560
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	103	103	103	-	100,0%	76	74
Payment for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**207 796**	**-**	**- 7 296**	**200 500**	**193 668**	**6 832**	**96,6%**	**189 607**	**186 915**

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT

for the year ended 31 March 2026

Programme 2: PUBLIC WORKS INFRASTRUCTURE

	2025/26							2024/25	
	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	2 406	- 86	-	2 320	2 320	-	100,0%	2 213	2 213
2 DESIGN	23 693	- 3 313	- 713	19 667	13 340	6 327	67,8%	11 801	11 801
3 CONSTRUCTION	10 900	8 368	3 445	22 713	21 646	1 067	95,3%	12 323	12 323
4 MAINTENANCE	31 567	- 1 277	- 344	29 946	29 946	-	100,0%	31 737	31 737
5 IMMOVABLE ASSET MANAGEMENT	226 306	- 3 692	2 430	225 044	224 903	141	99,9%	125 456	121 017
6 FACILITY OPERATIONS	4 617	-	2 887	7 504	5 645	1 859	75,2%	8 184	8 184
TOTAL	**299 489**	**-**	**7 705**	**307 194**	**297 800**	**9 394**	**96,9%**	**191 714**	**187 275**
Economic classification									
Current payments	**96 541**	**-**	**3 806**	**100 347**	**90 953**	**9 394**	**90,6%**	**86 910**	**86 910**
Compensation of employees	52 566	-	- 1 813	50 753	47 686	3 067	94,0%	44 776	44 776
Salaries and wages	44 917	137	- 1 188	43 866	41 038	2 828	93,6%	38 652	38 652
Social contributions	7 649	- 137	- 625	6 887	6 648	239	96,5%	6 124	6 124
Goods and services	43 975	-	5 619	49 594	43 267	6 327	87,2%	42 134	42 134
Administrative fees	158	- 24	- 48	86	86	-	100,0%	80	80
Advertising	244	-	-	244	244	-	100,0%	51	51
Minor assets	83	- 63	- 9	11	11	-	100,0%	123	105
Catering: Departmental activities	2	-	-	2	2	-	100,0%	1	1
Communication (G&S)	369	2	- 43	328	328	-	100,0%	358	358
Computer services	3 364	- 939	- 411	2 014	2 014	-	100,0%	3 554	3 554
Consultants: Business and advisory services	10 152	1 676	- 17	11 811	5 484	6 327	46,4%	363	363
Infrastructure and planning services	258	-	- 147	111	111	-	100,0%	214	214
Legal services	1 314	6 521	3 444	11 279	11 279	-	100,0%	6 551	6 551
Contractors	152	- 62	- 18	72	72	-	100,0%	71	71
Fleet services (including government motor transport)	-	-	-	-	-	-	-	18	18
Inventory: Materials and supplies	98	1	-	99	99	-	100,0%	23	65
Consumable supplies	235	- 126	- 48	61	61	-	100,0%	162	162
Consumable: Stationery, printing and office supplies	419	- 156	- 24	239	239	-	100,0%	297	297
Operating leases	7 656	- 1 692	-	5 964	5 964	-	100,0%	5 847	5 847
Property payments	16 690	- 3 641	3 305	16 354	16 354	-	100,0%	22 674	22 674
Travel and subsistence	2 686	- 1 448	- 366	872	872	-	100,0%	1 290	1 266
Training and development	-	-	-	-	-	-	-	58	58
Operating payments	95	- 49	1	47	47	-	100,0%	-	-
Rental and hiring	-	-	-	-	-	-	-	399	399
Interest and rent on land	-	-	-	-	-	-	-	-	-

Transfers and subsidies	**202 948**	**-**	**2 501**	**205 449**	**205 449**	**-**	**100,0%**	**103 005**	**98 566**
Provinces and municipalities	202 948	-	2 368	205 316	205 316	-	100,0%	102 835	98 396
Municipalities	202 948	-	2 368	205 316	205 316	-	100,0%	102 835	98 396
Municipal bank accounts	202 948	-	2 368	205 316	205 316	-	100,0%	102 835	98 396
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	133	133	133	-	100,0%	170	170
Social benefits	-	-	133	133	133	-	100,0%	170	170
Payments for capital assets	**-**	**-**	**1 398**	**1 398**	**1 398**	**-**	**100,0%**	**1 799**	**1 799**
Buildings and other fixed structures	-	-	1 336	1 336	1 336	-	100,0%	1 710	1 710
Buildings	-	-	1 336	1 336	1 336	-	100,0%	631	631
Other fixed structures	-	-	-	-	-	-	-	1 079	1 079
Machinery and equipment	-	-	47	47	47	-	100,0%	54	54
Other machinery and equipment	-	-	47	47	47	-	100,0%	54	54
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	15	15	15	-	100,0%	35	35
Payment for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**299 489**	**-**	**7 705**	**307 194**	**297 800**	**9 394**	**96,9%**	**191 714**	**187 275**

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT

for the year ended 31 March 2026

Programme 3: TRANSPORT INFRASTRUCTURE

	2025/26							2024/25	
	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	7 989	1 383	1 467	10 839	10 839	-	100,0%	5 904	5 904
2 INFRASTRUCTURE PLANNING	42 500	2 330	2 921	47 751	47 751	-	100,0%	40 596	40 596
3 INFRASTRUCTURE DESIGN	3 921	255	-	4 176	4 176	-	100,0%	3 610	3 610
4 INFRASTRUCTURE CONSTRUCTION	486 660	- 4 060	65 559	548 159	370 905	177 254	67,7%	351 859	240 265
5 INFRASTRUCTURE MAINTENANCE	1 289 388	92	- 68 637	1 220 843	1 216 384	4 459	99,6%	1 290 223	1 350 097
TOTAL	**1 830 458**	**-**	**1 310**	**1 831 768**	**1 650 055**	**181 713**	**90,1%**	**1 692 192**	**1 640 472**
Economic classification									
Current payments	**1 344 091**	**-**	**- 57 954**	**1 286 137**	**1 281 678**	**4 459**	**99,7%**	**1 324 364**	**1 384 238**
Compensation of employees	157 622	-	- 993	156 629	156 629	-	100,0%	145 436	143 771
Salaries and wages	129 279	234	- 2 374	127 139	127 139	-	100,0%	119 534	117 869
Social contributions	28 343	- 234	1 381	29 490	29 490	-	100,0%	25 902	25 902
Goods and services	1 186 469	-	- 56 961	1 129 508	1 125 049	4 459	99,6%	1 178 928	1 240 467
Administrative fees	120	43	-	163	163	-	100,0%	32	32
Advertising	213	- 160	-	53	53	-	100,0%	8	8
Minor assets	8	- 8	-	-	-	-	-	-	-
Catering: Departmental activities	102	-	-	102	102	-	100,0%	208	208
Communication (G&S)	55	2	-	57	57	-	100,0%	60	60
Computer services	37 328	3 827	3 258	44 413	44 413	-	100,0%	36 272	36 272
Consultants: Business and advisory services	193	253	- 87	359	359	-	100,0%	-	-
Infrastructure and planning services	3 232	-	-	3 232	3 232	-	100,0%	3 440	3 440
Legal services	5 375	-	851	6 226	6 226	-	100,0%	2 407	2 407
Contractors	951 421	- 258 600	- 58 744	634 077	629 618	4 459	99,3%	918 484	973 355
Fleet services (including government motor transport)	6 304	3 691	-	9 995	9 995	-	100,0%	12 515	16 056
Inventory: Materials and supplies	102 486	64 211	-	166 697	166 697	-	100,0%	92 909	125 019
Consumable supplies	1 649	330	- 81	1 898	1 898	-	100,0%	1 595	1 595
Consumable: Stationery, printing and office supplies	1 063	- 464	- 5	594	594	-	100,0%	268	268
Operating leases	66 088	186 514	- 2 058	250 544	250 544	-	100,0%	99 612	70 629
Property payments	50	20	-	70	70	-	100,0%	-	-
Travel and subsistence	10 076	554	- 95	10 535	10 535	-	100,0%	10 453	10 453
Operating payments	220	- 213	-	7	7	-	100,0%	17	17
Rental and hiring	486	-	-	486	486	-	100,0%	648	648
Interest and rent on land	-	-	-	-	-	-	-	-	-

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT

for the year ended 31 March 2026

Transfers and subsidies	**4 193**	**-**	**- 1 538**	**2 655**	**2 655**	**-**	**100,0%**	**3 858**	**3 858**
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	4 193	-	- 1 538	2 655	2 655	-	100,0%	3 858	3 858
Social benefits	4 193	- 98	- 1 538	2 557	2 557	-	100,0%	2 723	2 723
Other transfers to households	-	98	-	98	98	-	100,0%	1 135	1 135
Payments for capital assets	**482 174**	**-**	**60 802**	**542 976**	**365 722**	**177 254**	**67,4%**	**363 970**	**252 376**
Buildings and other fixed structures	482 174	- 6 397	60 802	536 579	359 325	177 254	67,0%	345 410	233 816
Other fixed structures	482 174	- 6 397	60 802	536 579	359 325	177 254	67,0%	345 410	233 816
Machinery and equipment	-	6 369	-	6 369	6 369	-	100,0%	18 552	18 552
Transport equipment	-	6 090	-	6 090	6 090	-	100,0%	18 500	18 500
Other machinery and equipment	-	279	-	279	279	-	100,0%	52	52
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	28	-	28	28	-	100,0%	8	8
Payment for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**1 830 458**	**-**	**1 310**	**1 831 768**	**1 650 055**	**181 713**	**90,1%**	**1 692 192**	**1 640 472**

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT

for the year ended 31 March 2026

Programme 4: COMMUNITY BASED PROGRAMME

	2025/26							2024/25	
	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	2 859	- 27	- 118	2 714	2 714	-	100,0%	2 961	2 961
2 COMMUNITY DEVELOPMENT	74 409	2 070	- 725	75 754	71 245	4 509	94,0%	64 413	58 879
3 INNOVATION AND EMPOWERMENT	13 182	- 2 043	- 426	10 713	10 696	17	99,8%	9 694	9 474
4 EXPANDED PUBLIC WORKS PROGRAMME COORDINATION AND MONITORING	3 917	-	- 450	3 467	3 467	-	100,0%	3 183	3 183
TOTAL	**94 367**	**-**	**- 1 719**	**92 648**	**88 122**	**4 526**	**95,1%**	**80 251**	**74 497**
Economic classification									
Current payments	**80 800**	**220**	**178**	**81 198**	**81 019**	**179**	**99,8%**	**70 766**	**70 546**
Compensation of employees	20 176	-	- 2 124	18 052	17 890	162	99,1%	15 278	15 278
Salaries and wages	17 058	-	- 1 556	15 502	15 340	162	99,0%	13 045	13 045
Social contributions	3 118	-	- 568	2 550	2 550	-	100,0%	2 233	2 233
Goods and services	60 624	220	2 302	63 146	63 129	17	100,0%	55 488	55 268
Administrative fees	104	11	-	115	115	-	100,0%	140	141
Advertising	242	- 91	- 6	145	145	-	100,0%	178	178
Minor assets	67	-	17	84	84	-	100,0%	220	-
Catering: Departmental activities	94	- 9	-	85	85	-	100,0%	565	564
Computer services	91	-	- 91	-	-	-	-	-	-
Consultants: Business and advisory services	-	-	-	-	-	-	-	771	771
Infrastructure and planning services	-	-	-	-	-	-	-	38 135	38 135
Contractors	48 820	- 1 452	628	47 996	47 996	-	100,0%	581	581
Fleet services (including government motor transport)	13	-	-	13	13	-	100,0%	18	18
Inventory: Clothing material and accessories	102	-	-	102	102	-	100,0%	-	-
Inventory: Materials and supplies	4 634	275	-	4 909	4 909	-	100,0%	3 125	3 125
Consumable supplies	346	230	1 422	1 998	1 981	17	99,1%	2 870	2 870
Consumable: Stationery, printing and office supplies	181	- 11	- 14	156	156	-	100,0%	122	122
Operating leases	6	-	- 6	-	-	-	-	2 982	2 982
Property payments	-	-	-	-	-	-	-	49	49
Travel and subsistence	1 514	- 53	1 038	2 499	2 499	-	100,0%	1 094	1 094
Training and development	3 855	1 309	- 840	4 324	4 324	-	100,0%	3 334	3 334
Venues and facilities	315	11	-	326	326	-	100,0%	505	424
Rental and hiring	240	-	154	394	394	-	100,0%	799	880
Interest and rent on land	-	-	-	-	-	-	-	-	-

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
APPROPRIATION STATEMENT

for the year ended 31 March 2026

Transfers and subsidies	**-**	**-**	**100**	**100**	**100**	**-**	**100,0%**	**445**	**445**
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	100	100	100	-	100,0%	445	445
Social benefits	-	-	26	26	26	-	100,0%	-	-
Other transfers to households	-	-	74	74	74	-	100,0%	445	445
Payments for capital assets	**13 567**	**- 220**	**- 1 997**	**11 350**	**7 003**	**4 347**	**61,7%**	**9 040**	**3 506**
Buildings and other fixed structures	13 429	- 264	- 2 029	11 136	6 789	4 347	61,0%	8 574	3 040
Other fixed structures	13 429	- 264	- 2 029	11 136	6 789	4 347	61,0%	8 574	3 040
Machinery and equipment	138	44	32	214	214	-	100,0%	457	457
Other machinery and equipment	138	44	32	214	214	-	100,0%	457	457
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	9	9
Payment for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**94 367**	**-**	**- 1 719**	**92 648**	**88 122**	**4 526**	**95,1%**	**80 251**	**74 497**

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	%
Transport Infrastructure	1,831,768	1,652,113	179,655	90
TOTAL	**1,831,768**	**1,652,113**	**179,655**	**90**

The variance is as a result of underspending on the Provincial Road Maintenance Grant. Capital projects were committed towards year-end. The request for rollover was submitted to Provincial Treasury

4.2 Per economic classification:

Economic classification	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
	R'000	R'000	R'000	%
Current payments				
Compensation of employees	340 801	330,744	10,057	97%
Goods and services	1 317 725	1,306,920	10,805	99%
Transfers and subsidies				
Provinces and municipalities	205 316	205 316	-	100%
Departmental agencies and accounts	898	897	1	100%
Households	7 005	7 005	-	100%
Payments for capital assets				
Buildings and other fixed structures	547 715	367,450	180,265	67%
Machinery and equipment	11,168	11,168	-	100%
Intangible assets	146	146	-	100%
Payments for financial assets				

The variance is as a result of underspending on the Provincial Road Maintenance Grant. Capital projects were committed towards year-end. The request for rollover was submitted to Provincial Treasury

4.3 Per conditional grant

Conditional grant	Final Budget	Actual Expenditure	Variance	Variance as a percentage of Final Budget
	R'000	R'000	R'000	%
PROVINCIAL ROADS MAINTENANCE GRANT	1,612,642	1,443,376	169,266	90

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS
VOTE 5
STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2026

	Note	2025/26 R'000	2024/25 R'000
REVENUE			
Annual appropriation	*1*	2,432,110	2,153,764
Departmental revenue	*2*	9,782	2,129
TOTAL REVENUE		**2,441,892**	**2,155,893**
EXPENDITURE			
Current expenditure			
Compensation of employees	*3*	330,744	311,235
Goods and services	*4*	1,306,920	1,409,343
		1,637,664	**1,720,578**
Transfers and subsidies			
Transfers and subsidies	*5*	213,218	107,427
		213,218	**107,427**
Expenditure for capital assets			
Tangible assets	*6*	378,617	261,028
Intangible assets	*6*	146	126
		378,763	**261,154**
Unauthorised expenditure approved without funding		-	-
Payments for financial assets		-	-
TOTAL EXPENDITURE		**2,229,645**	**2,089,159**
SURPLUS/(DEFICIT) FOR THE YEAR		**212,247**	**66,734**

Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		202,465	64,605
Annual appropriation		33,199	14,573
Statutory appropriation		-	-
Conditional grants		169,266	50,032
Departmental revenue and NRF receipts	*10*	9,782	2,129
SURPLUS/(DEFICIT) FOR THE YEAR		**212,247**	**66,734**

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS

VOTE 5

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2026

	Note	2025/26 R'000	2024/25 R'000
ASSETS			
Current assets		**220,033**	**83,802**
Cash and cash equivalents	*7*	193,857	56,913
Receivables	*8*	26,176	26,889
Non-current assets			
TOTAL ASSETS		**220,033**	**83,802**
LIABILITIES			
Current liabilities		**205,116**	**65,537**
Voted funds to be surrendered to the Revenue Fund	*9*	202,465	64,602
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	*10*	513	635
Payables	*11*	2,138	300
Non-current liabilities			
TOTAL LIABILITIES		**205,116**	**65,537**
NET ASSETS		**14,917**	**18,265**

	Note	2024/25 R'000	2023/24 R'000
Represented by:			
Capitalisation reserve		-	-
Recoverable revenue		14,917	18,265
Retained funds		-	-
Revaluation reserves		-	-
Unauthorised expenditure		-	-
TOTAL		**14,917**	**18,265**

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS

VOTE 5

CASH FLOW STATEMENT

for the year ended 31 March 2026

	Note	2025/26 R'000	2024/25 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**2,436,849**	**2,156,525**
Annual appropriation funds received	*1.1*	2,432,110	2,153,764
Departmental revenue received	*2*	4,739	2,761
Net (increase)/decrease in net working capital		2,551	(12,363)
Surrendered to Revenue Fund		(75,019)	(6,896)
Current payments		(1,637,664)	(1,720,578)
Payments for financial assets		-	-
Transfers and subsidies paid		(213,218)	(107,427)
Net cash flow available from operating activities	*12*	**513,499**	**309,261**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	*6*	(378,763)	(261,154)
Proceeds from sale of capital assets		5,556	-
Net cash flow available from investing activities		**(373,207)**	**(261,154)**
CASH FLOWS FROM FINANCING ACTIVITIES		(3,348)	1,551
Increase/(decrease) in net assets			
Net cash flows from financing activities		**(3,348)**	**1,551**
Net increase/(decrease) in cash and cash equivalents		136,944	49,658
Cash and cash equivalents at beginning of period		56,913	7,255
Cash and cash equivalents at end of period	*13*	**193,857**	**56,913**

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5

STATEMENT OF NET CHANGES IN ASSETS

for the year ended 31 March 2026

	Note	2025/26	2024/25
		R'000	R'000
Recoverable revenue			
Opening balance		18,265	16,714
Transfers:		**(3,348)**	**1,551**
Debts recovered (included in departmental revenue)		(3,348)	-
Debts revised		-	
Debts raised		-	1,551
Closing balance		**14,917**	**18,265**
Unauthorised expenditure			
Opening balance		-	-
Less: Amounts recoverable		-	-
Closing Balance		**-**	**-**
TOTAL		**14,917**	**18,265**

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.

6.2	**Current year comparison with budget** A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
7.	**Revenue**
7.1	**Appropriated funds** Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. Appropriated funds are measured at the amount's receivable. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
7.2	**Departmental revenue** Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Departmental revenue is measured at the cash amount received. In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.
7.3	**Accrued departmental revenue** Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: • 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. The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's debt write-off policy.

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 portions. At commencement of the finance lease term, finance lease assets acquired are recorded and measured at: the fair value of the leased asset; or if lower,

	the present value of the minimum lease payments. Finance lease assets acquired prior to 1 April 2024, are recorded and measured at the present value of the minimum lease payments.
9.	**Cash and cash equivalents** Cash and cash equivalents are stated at cost in the statement of financial position. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.
10.	**Prepayments and advances** Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost. Prepayment and advances are expensed at cost when payment is received
11.	**Loans and receivables** 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.
12.	**Financial assets**
12.1	**Financial assets (not covered elsewhere)** 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. 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.
12.2	**Impairment of financial assets** Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
13.	**Payables** Payables recognised in the statement of financial position are recognised at cost.
14.	**Capital assets**
14.1	**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 [or R1000 for specific assets per MCS 11.72A] 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.
14.2	**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.
14.3	**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 depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
14.4	**Project costs: Work-in-progress** Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. 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. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.
15.	**Provisions and contingents**
15.1	**Provisions** Provisions are recorded in the notes to the financial statements when a present legal or constructive obligation exists as a result of past events, 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.
15.2	**Contingent liabilities** 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.
15.3	**Contingent assets** 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.
15.4	**Capital commitments** Capital commitments are recorded at cost in the notes to the financial statements.
16.	**Unauthorised expenditure** Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure. Unauthorised expenditure is recognised in the statement of changes in net assets until such time as the expenditure is either: • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. Unauthorised expenditure recorded in the notes to the financial statements comprise of • unauthorised expenditure that was under assessment in the previous financial year;

	• unauthorised expenditure relating to previous financial year and identified in the current year; and • Unauthorised incurred in the current year.
17.	**Fruitless and wasteful expenditure** Fruitless and wasteful expenditure receivables are recognised 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. Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of: • 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.	**Irregular expenditure** 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. Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of: • 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.	**Changes in accounting policies, estimates and errors** Changes in accounting policies are applied in accordance with MCS requirements. Changes in accounting estimates are applied prospectively in accordance with MCS requirements. 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.
20.	**Events after the reporting date** 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.
21.	**Capitalisation reserve** The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related

	funds are received.
22.	**Recoverable revenue** Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.
23.	**Related party transactions** 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. The full compensation of key management personnel is recorded in the notes to the financial statements.
24.	**Inventories** ***(Effective from date determined by the Accountant-General)*** At the date of acquisition, inventories are recognised at cost in the statement of financial performance. Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition. Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value. The cost of inventories is assigned by using the weighted average cost basis.
25.	**Employee benefits** The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the Employee benefits note. Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date. The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

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:

	2025/26			2024/25		
	Final Budget	Actual Funds Received	Funds not requested / not received	Final Budget	Appropriation Received	Funds not requested / not received
Programmes	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Administration	200,500	200,500	-	191,492	191,492	-
Public Works Infrastructure	307,211	307,211	-	186,193	186,193	-
Transport Infrastructure	1,831,768	1,831,768	-	1,684,353	1,684,353	-
Community Based	92,631	92,631	-	91,7266	91,726	-
Total	**2,432,110**	**2,432,110**	**-**	**2,153,764**	**2,153,764**	**-**

1.2. Conditional grants

		2025/26	2024/25
	Note	**R'000**	**R'000**
Total grants received	*30*	1,617,122	1,479,237
Provincial grants included in total grants received		-	-

2. Departmental revenue

		2025/26	2024/25
	Note	**R'000**	**R'000**
Tax revenue			
Sales of goods and services other than capital assets	*2.1*	2,387	2,606
Sales of capital assets	*2.2*	5,556	-
Transactions in financial assets and liabilities	*2.3*	2,352	155
Total revenue collected		**10,295**	**2,761**
Less: Own revenue included in appropriation	*10*	(513)	(632)
Total		**9,782**	**2,129**

2.1. Sales of goods and services other than capital assets

	Note	2025/26 R'000	2024/25 R'000
Sales of goods and services produced by the department		2,387	2,606
Sales by market establishment		1,631	1,965
Other sales		756	641
Sales of scrap, waste and other used current goods			
Total	*2*	**2,387**	**2,606**

2.2. Sales of capital assets

Tangible capital assets

	Note	2025/26 R'000	2024/25 R'000
Tangible capital assets		**5,556**	**-**
Buildings and other fixed structures		5,556	-
Total	*2*	**5,556**	**-**

2.3. Transactions in financial assets and liabilities

	Note	2025/26 R'000	2024/25 R'000
Receivables		4	155
Other Receipts including Recoverable Revenue		2,348	-
Total	*2*	**2,352**	**155**

3. Compensation of employees

3.1. Analysis of balance

	Note	2025/26 R'000	2024/25 R'000
Basic salary		225,268	214,029
Performance award		67	-
Service based		261	237
Compensative/circumstantial		4,031	3,727
Other non-pensionable allowances		45,234	42,540
Total		**274,861**	**260,533**

3.2. Social contributions

		2025/26	2024/25
Employer contributions	*Note*	**R'000**	**R'000**
Pension		28,824	27,285
Medical		26,926	23,298
Bargaining council		102	89
Insurance		31	30
Total		**55,883**	**50,702**
Total compensation of employees		**330,744**	**311,235**
Average number of employees		**768**	**774**

4. Goods and services

		2025/26	2024/25
	Note	**R'000**	**R'000**
Administrative fees		802	556
Advertising		640	420
Minor assets	*4.1*	219	159
Bursaries (employees)		384	956
Catering		694	848
Communication		3,272	2,927
Computer services	*4.2*	49,005	41,693
Consultants: Business and advisory services		9,076	2,136
Infrastructure and planning services		111	3,654
Legal services		23,528	13,522
Contractors		677,828	1,012,378
Audit cost - external	*4.3*	8,271	10,790
Fleet services		14,274	19,904
Inventories	*4.4*	171,807	128,209
Consumables	*4.5*	7,478	6,902
Operating leases		258,674	82,713
Property payments	*4.6*	55,701	59,208
Rental and hiring		880	1,846
Travel and subsistence	*4.7*	18,672	16,462
Venues and facilities		933	587
Training and development		4,593	3,450
Other operating expenditure	*4.8*	78	23
Total		**1,306,920**	**1,409,343**

Contractors and Inventories
The expenditure for item contractors and inventories is spent on periodic road maintenance and where the larger portion of the conditional grant is budgeted for.

Operating Leases

The increase in the item is directly linked to the processing of outstanding fleet invoicesor the 2025/26 financial year.

4.1. Minor assets

	Note	2025/26 R'000	2024/25 R'000
Tangible capital assets			
Machinery and equipment		213	137
Intangible capital assets			
Software		6	22
Total	*4*	**219**	**159**

4.2. Computer services

	Note	2025/26 R'000	2024/25 R'000
SITA computer services		2,578	1,781
External computer service providers		46,427	39,912
Total	*4*	**49,005**	**41,693**

4.3. Audit cost – external

	Note	2025/26 R'000	2024/25 R'000
Regularity audits		8,271	10,790
Total	*4*	**8,271**	**10,790**

4.4. Inventories

	Note	2025/26 R'000	2024/25 R'000
Clothing material and accessories		102	6,158
Materials and supplies		171,705	122,051
Total	*4*	**171,807**	**128,209**

4.5. Consumables

	Note	2025/26 R'000	2024/25 R'000
Consumable supplies		**5,105**	**5,117**
Uniform and clothing		379	1,357
Household supplies		1,913	2,665
Building material and supplies		1,402	68
IT consumables		-	123
Other consumables		1,411	904
Stationery, printing and office supplies		2,373	1,785
Total	*4*	**7,478**	**6,902**

4.6. Property payments

	Note	2025/26 R'000	2024/25 R'000
Municipal services		1,689	3,264
Other		54,012	55,944
Total	*4*	**55,701**	**59,208**

Other property payments include costs for Security Services and Property Maintenance costs.

4.7. Travel and subsistence

	Note	2025/26 R'000	2024/25 R'000
Local		18,672	16,462
Total	*4*	**18,672**	**16,462**

4.8. Other operating expenditure

	Note	2025/26 R'000	2024/25 R'000
Professional bodies, membership and subscription fees		57	4
Other		21	19
Total	*4*	**78**	**23**

5. Transfers and subsidies

	Note	2025/26 R'000	2024/25 R'000
Provinces and municipalities	*31*	205,316	98,396
Departmental agencies and accounts	*Annex 1B*	897	-
Households	*Annex 1G*	7,005	9,031
Total		**213,218**	**107,427**

The increase of provinces and municipalities in comparison to previous financial year results from a settlement agreement signed of R95m to write off debt owed to Sol Plaatje municipality.

5.1.1. Gifts, donations and sponsorships received in-kind

	Note	2025/26 R'000	2024/25 R'000
Donations	*Annex 1J*	3,816	3,939
Total		**3,816**	**3,939**

6. Expenditure for capital assets

	Note	2025/26 R'000	2024/25 R'000
Tangible capital assets		**378,617**	**261,028**
Buildings and other fixed structures		367,451	238,566
Machinery and equipment		11,166	22,462
Intangible capital assets		**146**	**126**
Software		146	126
Total		**378,763**	**261,154**
The following amounts have been included as project costs in Expenditure for capital assets			
Compensation of employees		1,563	-
Goods and services		40,964	45,055
Total		**42,527**	**45,055**

6.1. Analysis of funds utilised to acquire capital assets –2025/26

	2025/26		
	Voted funds	Aid assistance	Total
Name of entity	**R'000**	**R'000**	**R'000**
Tangible capital assets	**378,617**		**378,617**
Buildings and other fixed structures	367,451		367,451
Machinery and equipment	11,166		11,166
Intangible capital assets	**146**		**146**
Software	146		146
Total	**378,763**		**378,763**

6.2. Analysis of funds utilised to acquire capital assets –2024/25

	2024/25		
	Voted funds	Aid assistance	Total
Name of entity	**R'000**	**R'000**	**R'000**
Tangible capital assets	**261,028**	**-**	**261,028**
Buildings and other fixed structures	238,566	-	238,566
Machinery and equipment	22,462	-	22,462
Intangible capital assets	**126**	**-**	**126**
Software	126	-	126
Total	**261,154**	**-**	**261,154**

6.3. Finance lease expenditure included in Expenditure for capital assets

		2025/26	2024/25
	Note	R'000	R'000
Tangible capital assets			
Machinery and equipment		9,370	21,692
Total		**9,370**	**21,692**

7. Cash and cash equivalents

		2025/26	2024/25
	Note	R'000	R'000
Consolidated Paymaster General Account		193,857	56,913
Total		**193,857**	**56,913**

8. Receivables

		2025/26			2024/25		
		Current	Non-current	Total	Current	Non-current	Total
	Note	R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	*8.1*	25,521	-	25,521	24,272	-	24,272
Recoverable expenditure	*8.2*	95	-	95	2,391	-	2,391
Staff debt	*8.3*	560	-	560	226	-	226
Total		**26,176**	**-**	**26,176**	**26,889**	**-**	**26,889**

The balance for 2025/26 has been increased with interest of R1,146m.

8.1. Claims recoverable

		2025/26	2024/25
	Note	R'000	R'000
Provincial departments		8,150	1,996
Private Enterprises		17,371	22,276
Total	*8*	**25,5212**	**24,272**

8.2. Recoverable expenditure

		2025/26	2024/25
	Note	R'000	R'000
Disallowance Miscellaneous		-	2,227
Salary Income Tax		-	114
Salary Disallowance Account		2	1
Pension Fund		28	28
Salary Deduction Disallowance Account		-	1
Salary Disallowance Account		-	2
Salary Reversal Control		-	14
Salary Tax Debt		6	3
Salary Medical Aid		52	1
Salary Insurance Deductions		7	-
Total	*8*	**95**	**2,391**

8.3. Staff debt

	Note	2024/25 R'000	2023/24 R'000
Debt Account		560	226
Total	*8*	**560**	**226**

9. Voted funds to be surrendered to the Revenue Fund

	Note	2025/26 R'000	2024/25 R'000
Opening balance		64,602	4,082
Prior period error			
As restated		64,602	4,082
Transferred from statement of financial performance (as restated)		202,465	64,605
Conditional grants surrendered by the provincial department	*9.1*	-	-
Voted funds not requested/not received		-	-
Paid during the year		(64,602)	(4,085)
Closing balance		**202,465**	**64,602**

9.1. Reconciliation on unspent conditional grants

	Note	2025/26 R'000	2024/25 R'000
Opening balance		50,032	-
Total conditional grants received	*1.2*	1,617,122	1,479,237
Total conditional grants spent		(1,447,856)	(1,429,205)
Unspent conditional grants to be surrendered		219,298	50,032
Less: Paid to the Provincial Revenue Fund by Provincial department		(50,032)	
Approved for rollover		(50,032)	
Due by the Provincial Revenue Fund		**169,266**	**50,032**

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

		2025/26	2024/25
	Note	R'000	R'000
Opening balance		635	685
Prior period error			
As restated		635	685
Transferred from statement of financial performance (as restated)		9,782	2,129
Own revenue included in appropriation		513	632
Paid during the year		(10,417)	(2,811)
Closing balance		**513**	**635**

11. Payables - current

		2025/26	2024/25
	Note	R'000	R'000
Amounts owing to other entities		241	3
Other payables	*11.1*	1,897	297
Total		**2,138**	**300**

11.1. Other payables

		2024/25	2023/24
Description	*Note*	R'000	R'000
Disallowances Miscellaneous		915	169
Sal: GEHS Refund Control		932	94
Rental Deposits		10	10
Sal: ACB Recalls		1	24
Sal: Income Tax		39	-
Total		**1,897**	**297**

12. Net cash flow available from operating activities

	Note	2025/26 R'000	2024/25 R'000
Net surplus/(deficit) as per Statement of Financial Performance		212,247	66,734
Add back non-cash/cash movements not deemed operating activities		301,252	242,527
(Increase)/decrease in receivables		713	(5,882)
(Increase)/decrease in prepayments and advances		-	1,254
Increase/(decrease) in payables - current		1,838	(7,735)
Proceeds from sale of capital assets		(5,556)	-
Expenditure on capital assets		378,763	261,154
Surrenders to Revenue Fund		(75,019)	(6,896)
Voted funds not requested/not received		-	-
Statutory Appropriation not requested/not received		-	-
Own revenue included in appropriation		513	632
Net cash flow generated by operating activities		**513,499**	**309,261**

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

	Note	2025/26 R'000	2024/25 R'000
Consolidated Paymaster General account		193,857	56,913
Total		**193,857**	**56,913**

14. Contingent liabilities and contingent assets

14.1. Contingent liabilities

Liable to	Nature	Note	2025/26 R'000	2024/25 R'000
Claims against the department		*Annex 3B*	86,129	53,109
Intergovernmental payables		*Annex 5*	296	-
Total			**86,425**	**53,109**

As a result of contractual disputes with various service providers and contractors, the Department has been compelled to defend or oppose legal proceedings resulting in this litigation. These matters have given rise to contingent liabilities currently under review.

These litigation matters are at varying stages, including pleadings, discovery, and pre-trial processes. In line with the Department's Standard Operating Procedure for the Assessment of Contingent Liabilities, each matter has been carefully evaluated with regard to the likelihood of outcomes, ranging from possibility to probability and remoteness. Following this assessment, the reasonable estimated outflow value of the contingent liability has

been determined at between fifty percent (50%) and seventy percent (70%) of the overall contingent liability value.

*It must be noted that the particulars of the parties involved are not disclosed herein, in observance of statutory legal limitations and in recognition that the matters remain *sub judice* (under judicial consideration). These particulars, however, remain available for access and may be provided upon request through the appropriate channels.*

As it relates to contingent assets, the Department has instituted legal actions to pursue the contingent assets. Noting the likelihood, possibility and probability, reasonable estimated inflow value of the contingent liability will be conclusively determined after the closing of pleading.

14.2. Contingent assets

		2025/26	2024/25
Nature of contingent asset	*Note*	**R'000**	**R'000**
Granaker-LTA/Lubocon		48,826	48,826
Total		**48,826**	**48,826**

15. Capital commitments

		2025/26	2024/25
	Note	**R'000**	**R'000**
Buildings and other fixed structures		504,241	608,098
Machinery and equipment		-	11
Total		**504,241**	**608,109**

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

16. Accruals and payables not recognised

16.1. Accruals

		2025/26			2024/25
		30 Days	**30+ Days**	**Total**	**Total**
Listed by economic classification	*Note*	**R'000**	**R'000**	**R'000**	**R'000**
Goods and services		7,810	16	7,826	42,697
Transfers and subsidies		-	-	-	7
Total		**7,810**	**16**	**7,826**	**42,704**

		2025/26	2024/25
	Note	R'000	R'000
Intergovernmental accruals not recognised (included in above)	*Annex 5*	-	10,196

16.2. Payables not recognised

		2025/26			2024/25
		30 Days	30+ Days	Total	Total
Listed by economic classification	*Note*	R'000	R'000	R'000	R'000
Goods and services		10,614	310,605	321,219	462,245
Transfers and subsidies		4,179	604,268	608,447	645,202
Total		**14,793**	**914,873**	**929,666**	**1,107,447**

		2025/26	2024/25
	Note	R'000	R'000
Intergovernmental payables not recognised (included in above)	*Annex 5*	310,579	462,245

The material payables not recognised represent mainly amounts for municipal rates and taxes and maintenance of yellow-fleet of Northern Cape Fleet Management Trading Entity.

17. Employee benefits

		2025/26	2024/25
	Note	R'000	R'000
Leave entitlement		15,892	15,294
Service bonus		8,729	8,461
Capped leave		5,142	6,268
Other		2,153	1,836
Total		**31,916**	**31,859**

		2025/26	2024/25
	Note	R'000	R'000
Intergovernmental payables not recognised (included in above)	*Annex 5*	142	-

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

18. Lease commitments

18.1. Operating leases

	2025/26				
	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			5,016		5,016
Later than 1 year and not later than 5 years			6,264		6,264
Total lease commitments	**-**	**-**	**11,280**	**-**	**11,280**

	2024/25				
	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			4,285		4,285
Later than 1 year and not later than 5 years			9,967		9,967
Total lease commitments	**-**	**-**	**14,252**	**-**	**14,252**

The department is leasing office space located in Kimberley and De Aar.

18.2. Finance leases **

	2025/26				
	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	-	-	-	4,561	4,561
Later than 1 year and not later than 5 years	-	-	-	3,803	3,803
Total lease commitments	**-**	**-**	**-**	**8,364**	**8,364**

	2024/25				
	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	-	-	-	5,795	5,795
Later than 1 year and not later than 5 years	-	-	-	7,665	7,665
Later than 5 years	-	-	-	-	-
Total lease commitments	**-**	**-**	**-**	**13,460**	**13,460**

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

18.3. Operating lease future revenue

	2025/26				
	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	-	-	240	-	240
Later than 1 year and not later than 5 years	-	-	803	-	803
Later than 5 years	-	-	-	-	-
Total operating lease revenue receivable	**-**	**-**	**1,043**	**-**	**1,043**

	2024/25				
	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	-	-	1	-	1
Later than 1 year and not later than 5 years	-	-	722	-	722
Later than 5 years	-	-	696	-	696
Total operating lease revenue receivable	**-**	**-**	**1,419**	**-**	**1,419**

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.

19. Accrued departmental revenue

		2025/26	2024/25
	Note	R'000	R'000
Sales of goods and services other than capital assets		20,812	16,424
Sales of capital assets		(2,980)	2,980
Transfers received		-	-
Total		**17,832**	**19,404**

19.1. Analysis of accrued departmental revenue

		2025/26	2024/25
	Note	R'000	R'000
Opening balance		19,404	15,419
Less: amounts received		2,691	2,827
Add: amounts recorded		4,099	6,812
Proceeds from Sale of dwellings		(2,980)	-
Closing balance		**17,832**	**19,404**

20. Unauthorised, Irregular and Fruitless and wasteful expenditure

	Note	2025/26 R'000	2024/25 R'000
Irregular expenditure - current year		411,405	205,040
Fruitless and wasteful expenditure - current year		-	11,910
Total		**411,405**	**216,950**

The opening balance of 2024/2025 was adjusted with an amount of R52 432 million which relates to DRPW 030/2021 Contractor Development Programme which was incurred during the 2023/2024 financial year being declared Irregular by the Auditor General, during the end of 2024/2025 Audit Cycle. The Confirmed Irregular Expenditure amount of R205 040 million for 2024/2025 was adjusted with an amount of R45 741 million which relates to Contractor Development Programme for the 2024/2025 financial year. An additional amount of R560 000 was incurred during the 2024/2025 financial year by Provincial Treasury for leasing of office buildings; DRPW did not follow proper procurement processes resulting in deviation being regarded as not valid by Auditor-General. Included in the 2025/2026 Irregular Expenditure Confirmed is the Institutional arrangements for Office of the Premier R23 591 million, Department of Education R303 417 million and DRPW R47 938 million. Irregular expenditure amounting to R1 974 374 billion was condoned by Provincial Treasury.

21. Related Parties Transactions

Year end balances arising from revenue/payments	Note	2025/26 R'000	2024/25 R'000
Receivable from related parties		8,150	1,040
Payables to related parties		1,897	173
Total		**10,047**	**1,213**

	Note	2025/26 R'000	2024/25 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		-	-
10. NC Provincial Treasury		-	-

The department is party to a service delivery agreement with all provincial departments for the procurement and implementation of infrastructure projects. The budget for the construction of infrastructure projects is appropriated at departments. The department does not receive any reimbursement for this function.

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

22. Key Management Personnel

	2025/26	2024/25
	R'000	R'000
Political office bearers (*provide detail below)*	2,306	2,278
Officials:		
Level 15 to16	2,160	1,903
Level 14	7,030	7,787
Level 13	-	1,439
Total	**11,496**	**13,407**

23. Provisions

		2025/26	2024/25
	Note	R'000	R'000
Retention		2,991	2,653
Total		**2,991**	**2,653**

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. Retention for four (4) projects were settled during the 2025/26 financial year. Retention for five (5) projects were increased during the 2025/26 financial year.

23.1 Reconciliation of movement in provisions –2025/26

	2025/26			
	Retention	Provision 2	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	2,653			2,653
Increase in provision	4,682			4,682
Settlement of provision	(4,344)			(4,344)
Closing balance	**2,991**			**2,991**

23.2 Reconciliation of movement in provisions –2024/25

	2024/25			
	Retention	Provision 2	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	3,828			3,828
Increase in provision	-			-
Settlement of provision	(1,175)			(1,175)
Closing balance	**2,653**			**2,653**

24. Non-adjusting events after reporting date

Nature of event	2025/26
Flood damages in John Taolo Gaetsewe District area	-
Flood damages in ZF Mgcawu District area	-
Rationalisation of Northern Cape Fleet Management Trading Entity	-
	-

Flood damages occurred during April 2026 in the John Taolo Gaetsewe and ZF Mgcawu district areas. The department is conducting the assessment to determine the extent and estimated costs of the floods.

25. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2026

	2025/26				
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	**18,878**	**-**	**1,798**	**-**	**20,676**
Transport assets	472	-	-	-	472
Computer equipment	7,233	-	1,213	-	8,446
Furniture and office equipment	6,567	-	395	-	6,962
Other machinery and equipment	4,606	-	190	-	4,796
FINANCE LEASE ASSETS	**18,939**	**-**	**797**	**6,769**	**12,967**
Finance lease assets	18,939	-	797	6,769	12,967
	37,817	**-**	**2,595**	**6,769**	**33,643**

25.1.1 MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2025

	2024/25				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	**18,108**	**-**	**770**	**-**	**18,878**
Transport assets	472	-	-	-	472
Computer equipment	6,945	-	288	-	7,233
Furniture and office equipment	6,310	-	257	-	6,567
Other machinery and equipment	4,381	-	225	-	4,606
FINANCE LEASE ASSETS	**19,441**	**3**	**-**	**505**	**18,939**
Finance lease assets	19,441	3	-	505	18,939
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**37,549**	**3**	**770**	**505**	**37,817**

Finance lease assets are recognised due to the change in accounting estimates during the 2023/24 financial year.

25.1.2 Prior period error

		2024/25
Nature of prior period error	*Note*	**R'000**
Relating to 2024/2025		**3**
The disposal amount of R505,000 for 2024/2025 has been de-recognised with R3,000		3
Total prior period errors		**3**

25.2 Minor assets

MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2026

	2025/26					
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	1,140		8,063	13	9,216
Value adjustments					-	-
Additions	-	6	-	214	-	220
Disposals	-	-	-	-	-	-
Total Minor assets	**-**	**1,146**	**-**	**8,277**	**13**	**9,436**
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Finance lease assets	Total
Number of minor assets at cost	-	477	-	4,520	7	5,004
Total number of minor assets	**-**	**477**	**-**	**4,520**	**7**	**5,004**

MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2025

	2024/25					
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	1,118	-	8,008	13	9,139
Prior period error	-	-	-	(76)	-	(76)
Additions	-	22	-	136	-	158
Disposals	-	-	-	5	-	5
Total Minor assets	**-**	**1,140**	**-**	**8,063**	**13**	**9,216**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Finance lease assets	Total
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	657	-	450	-	1,107
Total number of minor assets	**-**	**657**	**-**	**450**	**-**	**1,107**

25.2.1 Prior period error

Nature of prior period error	Note	2024/25 R'000
Relating to 2023/24 *[affecting the opening balance]*		**(76)**
Assets disposed during 2023/24 has been de-recognised during 2025/26		(76)
Relating to 2024/25		
Total prior period errors		**(76)**

26. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2026

	2025/26			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
SOFTWARE	1,415	146	-	1,561
TOTAL INTANGIBLE CAPITAL ASSETS	**1,415**	**146**	**-**	**1,561**

26.1 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2025

	2024/25				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	1,289	-	126	-	1,415
TOTAL INTANGIBLE CAPITAL ASSETS	**1,289**	**-**	**126**	**-**	**1,415**

27. Immovable Tangible Capital Assets

	2025/26				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000		R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	**32,505,136**	**-**	**116,798**	**6,431**	**32,615,503**
Dwellings	112,902	-	539	5,581	107,860
Non-residential buildings	3,622,389	-	2,068	850	3,623,607
Other fixed structures	28,769,845	-	114,191	-	28,884,036
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	**32,505,136**	**-**	**116,798**	**6,431**	**32,615,503**

27.1 MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2025

	2024/25				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	**32,769,244**	**-**	**324,017**	**588,125**	**32,505,136**
Dwellings	132,470	(16,768)	-	2,800	112,902
Non-residential buildings	3,569,582	16,768	36,039	-	3,622,389
Other fixed structures	29,067,192	-	287,978	585,325	28,769,845
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	**32,769,244**	**-**	**324,017**	**588,125**	**32,505,136**

27.1.1 Prior period error

		2024/25
Nature of prior period error	*Note*	R'000
Relating to 2024/25 *[affecting the opening balance]*		**(16,768)**
De-recognising balance of non-residential buildings		(16,768)
Relating to 2024/25		**16,768**
Recognising balance of dwellings (residential)		16,768
Total prior period errors		**-**

The opening balance of dwellings was adjusted against the opening balance of non-residential buildings.

27.2 Immovable tangible capital assets: Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2026

	2025/26				
	Opening balance 1 April 2025	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2026
	R'000		R'000	R'000	R'000
Buildings and other fixed structures	534,258	-	367,450	127,283	774,425
Total	**534,258**	**-**	**367,450**	**127,283**	**774,425**

Payables not recognised relating to Capital WIP		2025/26	2024/25
	Note	R'000	R'000
Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress		411	2,732
Total		**411**	**2,732**

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2025

	2024/25				
	Opening balance 1 April 2024	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2025
Note	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures	449,540	-	238,566	153,848	534,258
Total	**449,540**	**-**	**238,566**	**153,848**	**534,258**

27.3 Immovable capital assets (additional information)

			Note	2025/26	2024/25
a)	**Unsurveyed land**	**Estimated completion date**	*Annex 9*	**Area**	**Area**
b)	**Facilities on unsurveyed land**	**Duration of use**	*Annex 9*		
	Schools			7	7
	Clinics			5	5
	Hospitals			-	-
	Office buildings			3	3
	Dwellings			-	-
	Storage facilities			-	-
	Other			-	-
c)	**Facilities on right to use land**	**Duration of use**	*Annex 9*		
	Schools			305	313
	Clinics			142	142
	Hospitals			20	21
	Office buildings			37	39
	Dwellings			16	17
	Storage facilities			11	11
	Other			58	43
d)	**Agreement of custodianship**		*Annex 9*		
	Land parcels				
	Facilities				
	Schools			-	-
	Clinics			-	-
	Hospitals			-	-
	Office buildings			-	-
	Dwellings			-	-
	Storage facilities			-	-
	Other			4	-

>Total of 2 ROD projects have been transferred from work-in-progress to the register. These are paving projects completed on municipal land

>Total of 2 Public Works projects have been transferred from work-in-progress to the register. These are guardhouse projects completed that are not on state-owned land

28. Principal-agent arrangements

Department acting as the principal

		2025/26	2024/25
	Note	R'000	R'000
V3 Consulting		19,525	6,395
IDT		-	-
GIC		10,374	-
Darkhorse Projects and Investments Group		7,363	-
KVS and Associates		19,312	-
MVD Kalahari		2,655	-
Total		**59,229**	**6,395**

The department appointed implementing agents to provide procurement and project management support for various infrastructure projects on behalf of provincial departments (DoE, DoH and DRPW).

The costs related to the provision of these services are not borne by the department.

29. Prior period errors

		2024/25		
		Amount bef error correction	Prior period error	Restated
	Note	R'000	R'000	R'000
Assets:				
Movable Tangible Capital Assets: Finance Lease Assets		19,441	3	19,444
Movable Minor Capital Assets: Machinery and Equipment		8,139	(76)	8,063
Immovable Tangible Capital Assets – Dwellings		132,470	(16,768)	115,702
Immovable Tangible Capital Assets – Non-Residential Buildings		3,569,582	16,768	3,586,350
Net effect		**3,729,632**	**(73)**	**3,729,559**

>The disposal amount for 2024/25 of R505 000 was erroneously overstated with R3 000 and has been de-recognised.

>The disposal of assets during 2023/24 has not been de-recognised in previous year. The de-recognition was made during 2025/26 affecting the opening balance of 2024/25.

		2024/25		
		Amount bef error correction	**Prior period error**	**Restated**
	Note	**R'000**	**R'000**	**R'000**
Liabilities:				
Operating Lease Expenditure: Buildings and Other Fixed Structures	<1 year	404	3,881	4,285
Operating Lease Expenditure: Buildings and Other Fixed Structures	>1 year<5 years	-	9,967	9,967
Net effect		**404**	**13,848**	**14,252**

Two operating lease contracts for Southern Life Building and John Dube Building was not recognised at 31 March 2025. The leases have been correctly recognised during the 2025/26 financial year.

30. Statement of conditional grants received

	2025/26									2024/25	
	GRANT ALLOCATION					SPENT					
Name of grant	Division of Revenue Act / Provincial grants	Roll overs	DORA Adjust-ments	Other Adjust-ments	Total Available	Amount received by depart-ment	Amount spent by depart-ment	Under- / (Overspe nding)	% of available funds spent by depart-ment	Division of Revenue Act / Provincial grants	Amount spent by depart-ment
	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	1,612,642	-	-	-	1,612,642	1,612,642	1,443,376	169,266	89.5%	1,475,843	1,425,811
Expanded Public Works Prog Incent Grant	4,480	-	-	-	4,480	4,480	4,480	-	100%	3,394	3,394
TOTAL	**1,617,122**	**-**	**-**	**-**	**1,617,122**	**1,617,122**	**1,447,856**	**169,266**		**1,479,237**	**1,429,205**

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

	2025/26							2024/25	
	GRANT ALLOCATION				TRANSFER				
Name of municipality	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury / National Department	DORA and other transfers	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Municipal rates and taxes (Anx1A)	205,316	-	-	205,316	205,316	-	-	101,584	98,396
TOTAL	**205,316**	**-**	**-**	**205,316**	**205,316**	**-**	**-**	**101,584**	**98,396**

32. Net Current liability position

	R'000
Current Assets	
Cash and cash equivalents	193,857
Prepayments and advances	-
Receivables	28,377
Total current assets	**222,234**
Current liabilities	
Voted funds to be surrendered to revenue fund	202,465
Statutory Appropriation to be surrendered to the Revenue Fund	-
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	513
Payables	19,256
	222,234
Add: Current liabilities in Notes	
Accruals and payables not realised	937,492
Employee benefits	31,916
Total current liabilities	**1,191,642**

Net liability justification

The overall net liability position of R969 408 million reflects an unfavourable financial standing; however, it is not considered to pose a risk to the Department's ability to continue as a going concern. The unrecognised accruals and payables, amounting to R937 492, relate to payments not made to suppliers within the prescribed 30-day period. The current financial assessment of the Department is based on the MTEF budget allocations over a period of three (3) years. This affords the Department an opportunity to budget for goods and services over the MTEF period, taking into account all funding, revenue estimates and conditional grant allocations. The department asset balance is more than R32billion and affords department opportunity to cover the shortfall if the need should arise.

Conclusion

The financial statements have been prepared on the assumption that the Department will continue to operate as a going concern for at least the next twelve (12) months. Except for the economic outlook which does not pose a risk to the existence of the department, management is not aware of any matters or circumstances that arose since the end of the financial year which were otherwise not dealt with in the Annual Financial Statements, and which can significantly affect the financial position of the Department or the results of its operations as a going concern.

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

	2025/26											2024/25	
	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	2,696	-	-	2,696	2,696	-	-	-	-	-	-	1,363	1,363
Emthanjeni	10,749	-	-	10,749	10,749	-	-	-	-	-	-	28	28
Gamagara	2,856	-	-	2,856	2,856	-	-	-	-	-	-	-	-
Ga-Segonyana	3,203	-	-	3,203	3,203	-	-	-	-	-	-	3,276	3,276
Hantam	2,101	-	-	2,101	2,101	-	-	-	-	-	-	1,985	1,985
Kamiesberg	897	-	-	897	897	-	-	-	-	-	-	-	-
Kareeberg	-	-	-	-	-	-	-	-	-	-	-	-	-
Karoo Hoogland	378	-	-	378	378	-	-	-	-	-	-	-	-

	2025/26											2024/25	
	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
!Kai Garib	2,981	-	-	2,981	2,981	-	-	-	-	-	-	2,755	2,755
Kgatelopele	160	-	-	160	160	-	-	-	-	-	-	-	-
Khai Ma	342	-	-	342	342	-	-	-	-	-	-	332	332
DawidKruiper	20,505	-	-	20,505	20,505	-	-	-	-	-	-	11,493	11,493
Kheis	-	-	-	-	-	-	-	-	-	-	-	-	-
Magareng	1,577	-	-	1,577	1,577	-	-	-	-	-	-	2,171	2,171
Nama Khoi	4,128	-	-	4,128	4,128	-	-	-	-	-	-	9,020	9,020
Phokwane	351	-	-	351	351	-	-	-	-	-	-	-	-
Renosterberg	2,360	-	-	2,360	2,360	-	-	-	-	-	-	-	-
Richtersveld	215	-	-	215	215	-	-	-	-	-	-	-	-
Siyancuma	-	-	-	-	-	-	-	-	-	-	-	956	956
Siyathemba	4,803	-	-	4,803	4,803	-	-	-	-	-	-	-	-
Sol Plaatje	134,195	-	-	134,195	134,195	-	-	-	-	-	-	54,974	51,788
Thembelihle	636	-	-	636	636	-	-	-	-	-	-	1,048	1,048

	2025/26											2024/25	
	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
Tsantsabane	-	-	-	-	-	-	-	-	-	-	-	488	488
Ubuntu	10,183	-	-	10,183	10,183	-	-	-	-	-	-	9,322	9,322
Umsobomvu	-	-	-	-	-	-	-	-	-	-	-	2,373	2,373
Joe Morolong	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**205,316**	**-**	**-**	**205,316**	**205,316**	**-**	**-**	**-**	**-**	**-**	**-**	**101,584**	**98,397**

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

	2025/26						2024/25	
	TRANSFER ALLOCATION				TRANSFER			
Departmental Agency or Account	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Skills Development Levy	897	-	-	897	897	0.0%	1,001	-
TOTAL	**897**	**-**	**-**	**897**	**897**	**0.0%**	**1,001**	**-**

ANNEXURE 1G

STATEMENT OF TRANSFERS TO HOUSEHOLDS

	2025/26						2024/25	
	TRANSFER ALLOCATION				EXPENDITURE			
Household	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers								
Leave Gratuity	1,350	-	-	1,350	1,350	98.6%	696	1,794
Bursaries (Non-employee)	-	-	-	-	-	-	-	-
Post-retirement benefit	1,735	-	-	1,735	1,735	94.6%	3,636	1,859
Donations & Gifts (Cash)	3,816	-	-	3,816	3,816	100.00%	4,000	3,798
Claims against the state (Cash)	104	-	-	104	104	100.00%	1,580	1,580
Pension Penalty	-	-	-	-	-	-	-	-
Total	**7,005**	-	-	**7,005**	**7,005**	-	**9,912**	**9,031**
Subsidies								
Total								
TOTAL	**7,005**	-	-	**7,005**	**7,005**	-	**9,912**	**9,031**

ANNEXURE 1J

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

Nature of gift, donation or sponsorship *(Group major categories but list material items including name of organisation)*	2025/26 R'000	2024/25 R'000
Made in kind		
Donations	-	-
	1,582	61
Households	1,392	2,412
Non-profit institutions	842	1,466
Private entities		
Total donations	**3,816**	**3,939**
Sponsorships		
Total Sponsorships	-	-
Total gifts, Donations and Sponsorships made in kind	**3,816**	**3,939**

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2026

Nature of liability	Opening balance 1 April 2025	Liabilities incurred during the year	Liabilities paid / cancelled / reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2026
	R'000	R'000	R'000	R'000	R'000
Claims against the department					-
Accident Due To No Road Sign (1)	5,130	-	-	-	5,130
Collision Fleet (1)	4	-	(2)	-	2
Contractual Claim (5)	27,309	20,930	-	-	48,239
Dilectual Claim (2)		14,272	-	-	14,272
Pothole Claim (24)	20,666	98	(2,278)	-	18,486
Subtotal	**53,109**	**35,300**	**(2,280)**	**-**	**86,129**
Environmental liability					
TOTAL	**53,109**	**35,300**	**(2,280)**	**-**	**86,129**

ANNEXURE 4

CLAIMS RECOVERABLE

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2025/26*	
	31/03/2026	31/03/2025	31/03/2026	31/03/2025	31/03/2026	31/03/2025	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
Health	-	-	1,720	1,720	1,720	1,720	-	-
	-	-	-	-	-	-	-	-
Subtotal	**-**	**-**	**1,720**	**1,720**	**1,720**	**1,720**	**-**	**-**
Other Government Entities								
Subtotal	-	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**1,720**	**1,720**	**1,720**	**1,720**	**-**	**-**

ANNEXURE 5

INTERGOVERNMENTAL CONTINGENT LIABILITIES, PROVISIONS, ACCRUALS, PAYABLES NOT RECOGNISED AND EMPLOYEE BENEFITS

GOVERNMENT ENTITY	Total		Cash-in-transit at year end 2025/26	
	31/03/2026	31/03/2025	Payment date up to six (6) working days after year end	Amount
	R'000	R'000		R'000
DEPARTMENTS				
Payables not recognised				
Office Of the Premier	-	700		
Provincial Treasury	154	154		
Subtotal	**154**	**854**		
Employee benefits				
Office Of the Premier	142			
Subtotal	**142**			
Total Departments	**296**	**854**		
Payables not recognised	154	854		
Employee benefits	142			
Payables not recognised				
Northern Cape Fleet Maintenance Trading Entity	320,478	472,441		
Subtotal	**320,478**	**472,441**		
Total Other Government Entities	**320,478**	**472,441**		
Payables not recognised	320,478	472,441		
Employee benefits				
TOTAL INTERGOVERNMENT CONTINGENT LIABILITIES, PROVISIONS, ACCRUALS, PAYABLES NOT RECOGNISED AND EMPLOYEE BENEFITS	**320,774**	**473,296**		

ANNEXURE 6

INVENTORIES

	Movable Assets	Legal Books	Insert major category of inventory	Insert major category of inventory	Total
Inventories for the year ended 31 March 2026	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Opening balance		64			64
Closing balance		64			64

	Movable Assets	Legal Books	Insert major category of inventory	Insert major category of inventory	Total
Inventories for the year ended 31 March 2025	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Opening balance		64			64
Closing balance		**64**			**64**

ANNEXURE 7

MOVEMENT IN CAPITAL WORK IN PROGRESS

Movement in capital work in progress for the year ended 31 March 2026

	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	**534,258**	**367,450**	**(127,283)**	**774,425**
Dwellings	539		(539)	-
Non-residential buildings	1,620	1,336	(2,724)	232
Other fixed structures	532,099	366,114	(124,020)	774,193
TOTAL	**534,258**	**367,450**	**(127,283)**	**774,425**

Movement in capital work in progress for the year ended 31 March 2025

	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	**449,541**	**-**	**238,565**	**153,848**	**534,258**
Dwellings	-	539	-	-	539
Non-residential buildings	-	1,620	-	-	1,620
Other fixed structures	449,541	(2,159)	238,565	153,848	532,099
TOTAL	**449,541**	**-**	**238,565**	**153,848**	**534,258**

ANNEXURE 9

ADDITIONAL INFORMATION ON IMMOVABLE ASSETS

a. Immovable capital assets (additional information)

		2025/26	2024/25
	User Department	No.	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	-	-
e) **Facilities on unsurveyed land**			
Schools	Dept. Education	7	7
Clinics	Dept. Health	5	5
Hospitals	Dept. Health	-	-
Office buildings	All Departments	3	3
Dwellings	All Departments	-	-
Storage facilities	All Departments	-	-
Other	All Departments	-	-
f) **Facilities on right to use land**			
Schools	Dept. Education	305	313
Clinics	Dept. Health	142	142
Hospitals	Dept Health	20	21
Office buildings	All Departments	37	39
Dwellings	All Departments	16	17
Storage facilities	All Departments	11	11
Other	All Departments	58	43
g) Agreement of custodianship			
Land parcels			
Facilities			
Other	Other	4	-

>Total of 2 ROD projects have been transferred from work-in-progress to the register. These are paving projects completed on municipal land. Total of 2 Public Works projects have been transferred from work-in-progress to the register. These are guardhouse projects completed that are not on state-owned land

1. REPORT OF THE AUDIT COMMITTEE

Internal Audit Function

- **Key activities and objectives of the internal audit**

Purpose and mandate

The Internal Audit Function (IAF) is performed by the "Provincial Internal Audit Service". The function was set up under section 38(1)(a)(ii) and 76(4)(e) of the PFMA as a shared function for the Northern Cape Provincial Administration, and in terms of paragraph 3.2.3. of the Treasury Regulations. The function fulfils an independent and objective assurance and advisory role and is housed within the Provincial Treasury.

In accordance with Treasury Regulation 3.2.6, which requires internal audit activities to be conducted in accordance with the standards issued by the Institute of Internal Auditors (IIA), the IAF conducts its activities in accordance with the Global Internal Audit Standards (GIAs) issued by the IIA. The IAF acts independently and objectively in providing assurance and advisory services over the Department's governance, risk management, compliance and internal control processes. The IAF's functional reporting relationship to the Audit Committee (AC), together with its administrative reporting to the Head of the Provincial Treasury, safeguards its independence and objectivity.

The AC is established in accordance with the PFMA and its core functions and responsibilities are spelled out in the Treasury Regulations and the AC Charter, approved by the Executive Authority. The AC plays a pivotal role in assessing and advising the Accounting Officer and Executive Authority regarding:

- the effectiveness of the entity's overall governance, risk management and internal control system;

- the effectiveness of the internal audit function;
- the adequacy, reliability and accuracy of financial and performance information produced by the entity;
- accounting and auditing concerns identified through internal and statutory audits; and
- the entity's compliance with legal and regulatory provisions.

The AC thus assists the entity in enhancing its integrity and operational effectiveness through good governance and adherence to the legislative, accounting, and auditing frameworks.

Vision statement

To be a trusted, collaborative, and value-adding assurance partner that strengthens governance, risk management, and control across all Northern Cape Provincial Departments.

Strategy Statement

Through a shared internal audit service model, the IAF delivers coordinated, risk-based, and high-quality internal audit services that support the achievement of the strategic objectives of each department while promoting efficiency, accountability, and continuous improvement across the province.

Charter, methodology and internal audit plans

The IAF is guided by an internal audit charter endorsed by the Accounting Officer and approved by the AC; and performs its functions as provided in the PFMA and the internal audit charter. The IAF reviewed and updated its methodology to ensure alignment with the Global Internal Audit Standards™. The IAF compiles a rolling three-year risk-based audit plan and prepares an annual plan after taking into consideration the risks facing the entity, its strategic objectives, mandate, audit issues, and input from management. The AC reviewed and approved these plans.

NREPORT OF THE AUDIT COMMITTEE

ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
for the year ended 31 March 2026

Independence and authority

The independence of IAF is considered by the Chief Audit Executive and the AC on an ongoing basis. It has been determined and confirmed that the IAF has remained independent from all operational activities and that the functional reporting to the AC and administrative reporting to the Provincial Treasury Head of Department have enabled appropriate organisational positioning. The IAF has access to all stakeholders as well as free and unrestricted access to all areas within the entity.

Internal audit modality

The IAF operates under a shared services model, whereby internal audit services are provided centrally to eleven departments, three listed public entities and one trading entity within the province. The shared IAF is organised into four clusters, with the Northern Cape Fleet Management Trading Entity being serviced by Cluster 4. This structure further promotes the independence and objectivity of the Internal Audit Function.

Staffing

The IAF recorded a vacancy rate of 20% at year-end. Budget constraints limited the IAF's ability to fill the vacant posts.

Training and development of IAF staff were undertaken through the Department's bursary programme, courses offered by the IIA, free online training, and on-the-job training. The collective skills, knowledge, and experience of the IAF staff are appropriate to fulfil the Function's mandate

Stakeholder relationships

The IAF maintains combined assurance agreements with the Office of the Premier (performance information), the Northern Cape Provincial Treasury (Infrastructure unit, FIMS unit, Accounting Services) and AGSA (regulatory and ISA units).

Clean audit drive

The IAF aligned its activities in support of the Province's Operation Clean Audit initiative. The IAF reviewed the completeness and adequacy of the AGSA audit action plan and conducted follow-up audits in quarters 3 and 4 of the financial year to monitor the implementation thereof.

Quality assurance and improvement program

The compulsory five-year external quality assessment was completed in December 2022. The outcome was the highest possible rating, namely "Generally Conforms", against the International Standards for the Professional Practice of Internal Auditing that were applicable at the time.
The IAF's annual self-assessment indicates continued general conformance with the GIAs.

- **Summary of audit work done**

Planned and completed audits

Assignment	Status	Type
Annual financial statement and annual performance report review	Completed	Assurance
Audit action plan for Internal Audit and AGSA	Completed	Assurance
Fleet Management	Completed	Assurance
Interim Financial Statements	Completed	Assurance
Performance Information	Completed	Assurance
Asset Disposals	Completed	Assurance

The IAF completed all planned audits (100%) for the financial year.

Ad hoc projects

Several follow-up projects were undertaken in response to management comments and claims and emerging risks, including support on digitisation initiatives and fleet management; however, no ad-hoc audits were conducted during the current financial year.

Internal audit recommendations

Recommendations were issued to management to address control weaknesses. The AC tracked implementation progress, recommending earlier timelines for implementation where necessary.

Value add

The IAF's work contributed to improved compliance, identification of inefficiencies, and informed decision-making, particularly in areas such as fleet management and asset disposals.

Limitations

There was one vacancy at the Senior Internal Auditor level during the reporting period. In addition, one official was on extended sick leave in the fourth quarter, which placed additional pressure on the available audit resources. Despite these capacity constraints, the IAF effectively managed its resources and successfully achieved its approved annual audit plan and met all its annual performance targets.

- **Key activities and objectives of the audit committee**

Purpose and mandate

The AC is an independent advisory body that provides oversight on governance, risk management, internal controls, and the integrity of financial and performance reporting.

Independence

The AC operates independently in accordance with its approved charter and relevant legislation, including the PFMA and Treasury Regulations.

Protecting the independence of the IAF

The AC ensures the IAF remains independent and adequately resourced, with unrestricted access to all entity's records and personnel.

NREPORT OF THE AUDIT COMMITTEE

ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
for the year ended 31 March 2026

Performance against statutory duties

The AC fulfilled its obligations under Treasury Regulations 3.1.10 – 3.1.13, reviewing key reports, financial statements, audit findings, and risk registers.

Composition of the AC

The AC comprised four members during the financial year—three external and one internal.

Meeting attendance

The AC held four meetings, two ordinary and three special, with satisfactory attendance recorded.

Combined assurance

The AC oversaw combined assurance efforts, ensuring coordination among internal audit, risk management, external audit, and other oversight functions.

Resolution of AC recommendations

Management has made notable progress in addressing the AC's recommendations, although the AC emphasized the need for earlier implementation of corrective actions.

AC performance evaluation

An annual self-assessment was conducted, with results indicating effective performance and areas for continuous development identified.

NREPORT OF THE AUDIT COMMITTEE

ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
for the year ended 31 March 2026

The table below discloses relevant information on the AC members:

Name	Qualifications	Professional Affiliation	Appointment: Term of Office	No. of Meetings attended 2025/26	Has the AC member declared private and business interests in every meeting? (Yes/No)	Is the AC member an employee of an organ of state? (Yes / No)	No. of other ACs that the member served on during the reporting period (whether in the public sector or not)	No. of other governance structures the member served on during the reporting period, e.g., Boards, Risk Committee, IT Committee, etc, whether in this or any other institution(s)
Mr. Faizal Docrat	- Master of Business Administration - Chartered Director (SA) - Certified Information Security Manager - Certified Information Systems Auditor - Certified in the Governance of Enterprise Information Technology - Certified Risk Management Practitioner - Management Advancement Program - Total Quality Management Computer Operations Proficiency Examination	-Institute of Directors SA (IoD SA) -Institute of Risk Management SA (IRMSA) -ISACA -Information Technology Governance Institute (ITGI)	1 Dec 2023 -30 Nov 2026	4	Yes	No	7	2
Ms. Thobeka Njozela	- CIA, CCSA, CRMA - Cert Director - Executive Development	- Institute of Directors SA - Institute of Risk	1 Dec 2023 -30 Nov 2026	4	Yes	No	5	4

NREPORT OF THE AUDIT COMMITTEE

ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
for the year ended 31 March 2026

Name	Qualifications	Professional Affiliation	Appointment: Term of Office	No. of Meetings attended 2025/26	Has the AC member declared private and business interests in every meeting? (Yes/No)	Is the AC member an employee of an organ of state? (Yes / No)	No. of other ACs that the member served on during the reporting period (whether in the public sector or not)	No. of other governance structures the member served on during the reporting period, e.g., Boards, Risk Committee, IT Committee, etc, whether in this or any other institution(s)
	Programme 2005 - Certificate in Management Practice - MBA - B. Compt (Hons) B. Com	Management SA - Institute of Internal Auditors SA						
Mr. Satish Roopa	- B Luris, LLB, M Phil	- Member: Legal Practice Council - Certified Director® with the IoDSA	1 Dec 2023 -30 Nov 2026	4	Yes	No	2	3
Ms. Z Langeveldt	- B. Com Honors in Business Management - National Diploma in Administrative Management - Certificate in Project Management - Diploma in Computers - Certificate in Theology	None	1 Dec 2023 -30 Nov 2026	4	Yes	Yes	2	0

Remuneration of AC members

External Audit Committee members were not employed by organs of state and received remuneration in accordance with the applicable National Treasury guidelines, based on attendance at Audit Committee meetings. The internal members were not remunerated, but their contributions were recognised in performance evaluations. All meetings during the reporting period were held virtually, resulting in financial savings. No additional reimbursements were incurred. The total cost of AC remuneration was provided for under Programme 6 of the Provincial Treasury budget.

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2026.

Part 1: Audit Committee Reflections – 2026

The Audit Committee (AC) remains committed to upholding the principles of good governance, transparency, and accountability. Our purpose is to provide independent oversight over financial reporting, internal controls, risk management, compliance, and governance practices within the entity. The AC operates in accordance with its legislated mandate, guided by the values of integrity, objectivity, and professionalism.

In the 2025/26 financial year, the AC focused strategically on strengthening internal controls, improving audit outcomes, ensuring compliance with legislative requirements, and promoting the effective functioning of internal audit. Particular attention was given to addressing recurring audit findings, monitoring the implementation of corrective action plans, revenue collection, and overseeing the entity's performance and financial reporting integrity.

The AC maintained its independence throughout the year. All members declared their interests, and no conflicts of interest were recorded. The AC engaged constructively with key stakeholders, including the Head of Department, internal and external auditors, the Chief Financial Officer, and other senior officials.

The effectiveness of the **Internal Audit Function (IAF)** continued to receive attention through regular oversight and strategic direction.
The Chief Audit Executive continued to play a critical role not only in executing the approved internal audit plan but also in advising the Department on governance, risk management, and internal control matters. The AC confirmed that the Chief Audit Executive provided valuable counsel beyond

assurance activities, including advice on financial sustainability, risk mitigation, and process optimisation.

The AC confirms that it has fulfilled its responsibilities in terms of the Public Finance Management Act (PFMA) and Treasury Regulations 3.1.10 to 3.1.13. We have adopted and complied with the AC Charter and functioned independently and without hindrance throughout the reporting period.

The AC exercised oversight over the Internal Audit Function's conformance with the Global Internal Audit Standards™ and supported the implementation of the Standards through its oversight responsibilities. We confirm that our affairs were conducted in line with these standards and our Charter, with no deviations to report.

Key challenges during the year included capacity constraints within the IAF, delays in resolving audit findings, and external logistical issues affecting the entity's operations (merger). The AC worked closely with management to develop responsive action plans and continuously monitored their implementation.

In conclusion, the AC remains dedicated to strengthening governance structures and processes. We appreciate the support received from management, the internal and external auditors, and the Provincial Treasury, which has enabled us to effectively discharge our mandate.

Part 2: AC Composition and Meeting Attendance

The AC consisted of four members: three external and one internal. The AC remained properly constituted throughout the year, with a balanced representation of independent members possessing a diverse and appropriate mix of qualifications, skills, and experience. The AC convened five meetings during the financial year, comprising two ordinary meetings and three special meetings.

NREPORT OF THE AUDIT COMMITTEE

ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
for the year ended 31 March 2026

The attendance of AC members at the meetings is detailed below:

Name (Position)	Qualifications	Is the AC member an employee of an organ of state? (Yes / No)	Number of ordinary meetings attended	Number of special meetings attended
Mr. Faizal Docrat	- Master of Business Administration - Chartered Director (SA) - Certified Information Security Manager - Certified Information Systems Auditor - Certified in the Governance of Enterprise Information Technology - Certified Risk Management Practitioner - Management Advancement Program - Total Quality Management Computer Operations Proficiency Examination	No	2	3
Ms. Thobeka Njozela	- CIA, CCSA, CRMA - Cert Director - Executive Development Programme 2005 - Certificate in Management Practice - MBA - B. Compt (Hons) B. Com	No	2	3
Mr. Satish Roopa	B Luris, LLB, M Phil	No	2	3
Ms. Z Langeveldt	-B. Com Honors in Business Management -National Diploma in Administrative Management -Certificate in Project Management -Diploma in Computers -Certificate in Theology	Yes	2	3

Part 3: Audit Committee Focus Areas

During the financial year under review, the AC considered and provided oversight over the following areas:

1. Effectiveness of the internal control systems

The AC reviewed reports from both Internal Audit and External Audit, which highlighted weaknesses in internal controls in certain operational areas. Management action plans were monitored to ensure corrective action is applied. The AC concludes that internal controls are generally adequate but require strengthening in key risk areas.

2. Effectiveness of the IAF

The AC assessed the IAF's performance and found it to be effective and operating in accordance with its approved Internal Audit Charter and the Global Internal Audit Standards. The internal audit plan was risk-based and aligned with the entity's strategic objectives. Notably, the IAF achieved 100% completion of its approved audit plan for the year under review.

3. Activities of the IAF

The IAF conducted assurance engagements covering financial controls and performance information. Follow-up audits were also conducted to assess the implementation of agreed management action plans arising from prior audit recommendations. In addition, the IAF submitted quarterly reports on its activities and performed an annual assessment of the effectiveness of internal controls, providing management and the AC with assurance and insights to support the strengthening of governance, risk management and control processes.

4. Effectiveness of risk management

The entity's risk management unit falls under the Department of Roads and Public Works. The AC noted the departmental risk management committee did not function adequately for the year under review in that the risk management committee did not meet on a quarterly basis. The AC encourages the department and entity to continue strengthening its risk mitigation measures and embed risk management into daily operations.

5. Adequacy, reliability, and accuracy of financial and performance information

The AC reviewed financial and non-financial performance reports submitted during the year. Some issues of accuracy and completeness were identified and referred back to management for correction. Improvements were noted over the quarters, and the AC concludes that information quality is improving but further focused oversight is required.

6. Accounting and auditing concerns identified by internal and external audit

Both internal and external audit reports highlighted weaknesses in fleet management and asset disposals. These were escalated to management and monitored through the AC's meeting resolutions and tracking tool.

7. Compliance with legal and regulatory provisions

The AC noted that, while the Entity generally complies with applicable legal and regulatory requirements, some instances of non-compliance were identified. Management has committed to addressing these through ongoing training, strengthened internal controls, and continuous monitoring to improve compliance.

8. Quality of in-year management and monthly/quarterly reports

The AC reviewed in-year financial and performance reports and found that submission timelines were generally met.

9. Combined assurance

The AC noted that while combined assurance efforts have commenced, but are still in the early stages. The AC recommended formalisation of the combined assurance framework, including clear roles for the IAF and other assurance role players.

10. Evaluation of the Annual Financial Statements and Annual Performance Report

The Audit Committee considered the entity's Annual Financial Statements (AFS) and Annual Performance Report (APR) and noted the outcome of the Auditor-General's audit. The Committee noted the unqualified audit opinion on the AFS and considered the matters raised in relation to the APR. The Committee further noted the findings relating to compliance with applicable legislation and weaknesses in internal controls and emphasised the need for management to address the identified matters and strengthen the control environment.

11. External audit

The Audit Committee considered the Auditor-General's audit outcomes and noted the unqualified audit opinion issued on the AFS, together with the findings arising from the audit of the APR, compliance with applicable legislation and internal control weaknesses. The Committee emphasised the importance of implementing appropriate corrective measures to improve the quality and reliability of financial and performance reporting and to prevent the recurrence of identified deficiencies.

12. Auditor-General's report

The Audit Committee considered the Auditor-General's Report and noted the unqualified audit opinion on the AFS, as well as the findings relating to the APR, compliance with legislation and internal control deficiencies. The Committee noted management's commitment to implementing corrective measures in response to the matters raised and will continue to monitor progress in addressing the Auditor-General's recommendations.

SIGNATURE



Mr. F Docrat
Chairperson of the Audit Committee
Date: 25 August 2026

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the NC Fleet Management Trading Entity set out on pages 277 to 329, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets and the 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 NC Fleet Management Trading Entity as at 31 March 2026 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) as issued by the Accounting Standards Board of South Africa and the requirements of the Public Finance Management Act 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 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.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 27 to the financial statements, the corresponding figures for 31 March 2025 were restated as a result of an error in the financial statements of the Trading Entity at, and for the year ended, 31 March 2026.

Significant subsequent event that occurred between the date of the financial statements and the date of the auditor's report

8. I draw attention to note 22 in the financial statements. The trading entity is in the process of restructuring the White Fleet function, which will be moving to NCEDA. The detail of the transaction is further described in the disclosure note. The matter was treated as a non-adjusting subsequent event. My opinion is not modified in this regard.

Close calls relating to going concern

9. Note 23 in the financial statements deals with the possible effects of substantial and recurring operating deficits and collection shortfalls on the trading entity's ability to continue its operations. Management have described how these circumstances are being addressed, including the key assumptions and actions considered and the significant judgement applied in concluding that no material uncertainty exists

Responsibilities of the Accounting Officer for the financial statements

10. The Accounting Officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP as issued by the Accounting Standards Board of South Africa and the requirements of the Public Finance Management Act 1 of

1999 (PFMA); and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

11. 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

12. 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.

13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 259 forms part of my auditor's report.

Report on the annual performance report

14. 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 the selected material performance indicators presented in the annual performance report. The Accounting Officer is responsible for the preparation of the annual performance report.

15. I selected the following material performance indicators related to Northern Cape Fleet Management Trading Entity presented in the annual performance report for the year ended 31 March 2026. I selected those indicators that measure the Trading Entity's performance on its primary mandated functions and that are 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 available for roads maintenance and construction
- Number of auctions conducted
- Billing client departments on fleet services rendered

16. I evaluated the reported performance information for the selected material performance 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.

17. 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
- all the indicators relevant for measuring the Trading Entity's performance against its primary mandated and prioritised functions and planned objectives are included

- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those 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 is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

18. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

19. I did not identify any material findings on the reported performance information for the selected indicators

Other matter

20. I draw attention to the matter below.

Achievement of planned target

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

22. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 262 to 275.

Northern Cape Fleet Management Trading Entity

Targets achieved: 78% *Budget spent: 97%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Number of white fleet replaced	60	0
Percentage of graders available for roads maintenance and construction	75%	74%

Report on compliance with legislation

23. 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.

24. 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.

25. 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.

26. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance reports and annual reports

27. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 40(1) (a) and (b) of the PFMA. Material misstatements of revenue from exchange transactions, expenditure and receivables from exchange transactions identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified opinion.

Expenditure management

28. Effective and appropriate steps were not taken to prevent irregular expenditure, as disclosed in note 18 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by non-compliance with SCM prescripts.

Other information in the annual report

29. The Accounting Officer is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected material performance indicators presented in the annual performance report that have been specifically reported on in this auditor's report.

30. My opinion on the financial statements and my reports on the audit of the annual performance report and 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.

31. 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.

32. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

33. 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.

34. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.

35. Management did not review and monitor compliance with applicable laws and regulations.



Kimberley

31 July 2026

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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 material performance indicators 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.

- 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 Office 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 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.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows: Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 1; 38(1)(b); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(f); 38(1)(h)(iii); 39(1)(a); 39(2)(a); 40(1)(a); 40(1)(b); 40(1)(c)(i); 43(1); 43(4); 44; 45(b)
Treasury Regulations, 2005	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1; 6.3.1(a); 6.3.1(b); 6.3.1(c); 6.3.1(d); 6.4.1(b); 7.2.1; 8.1.1; 8.2.1; 8.2.3; 8.4.1; 9.1.1; 9.1.4; 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; 11.5.1; 12.5.1; 15.10.1.2(c); 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A 6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A7.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 17.1.1; 18.2; 19.8.4
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulation, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulation, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

1. OVERVIEW OF FLEET MANAGEMENT TRADING ENTITY PERFORMANCE

This is the Northern Cape Fleet Management Trading Entity's last Annual Performance Report for the 2025/2026 financial year, marking the start of a new phase in which the white fleet is transferred to the Northern Cape Development Agency and the remaining former Entity staff are transferred to the Department of Roads and Public Works.

Given the above the Northern Cape Fleet Management 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.

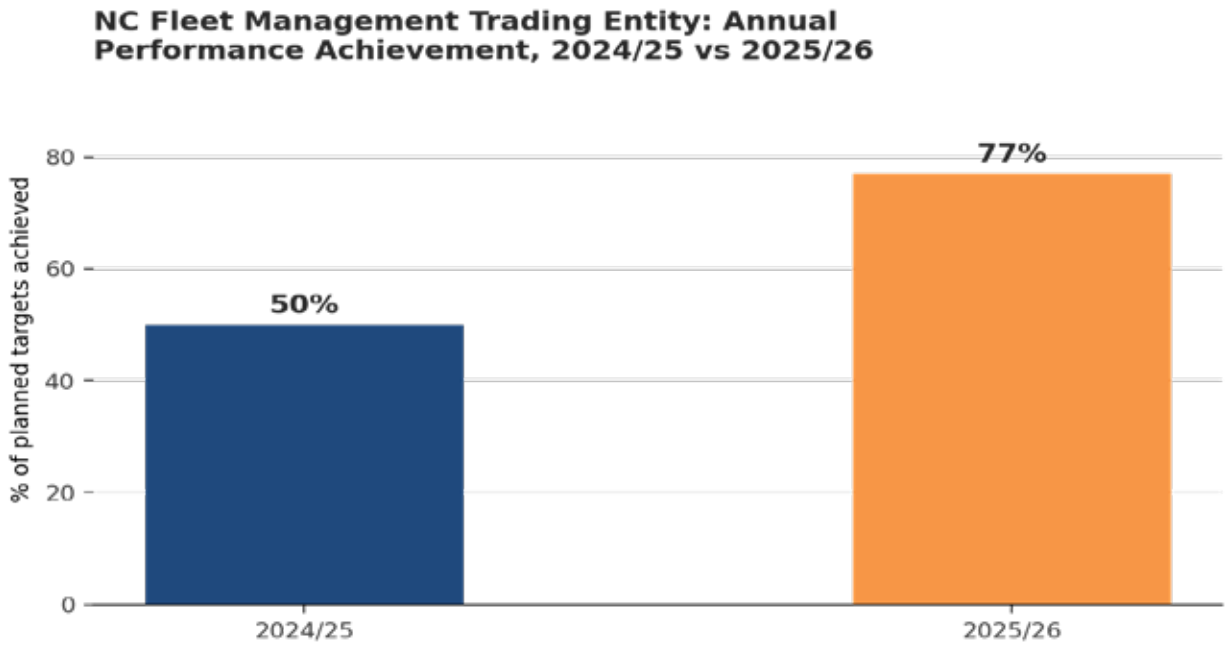
This Annual Performance Report is the last one that will be prepared by the Northern Cape Fleet Management Trading Entity.

5.6 Service delivery environment

The Northern Cape Fleet Management Trading Entity has continued 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 Municipal IDP processes. 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 Roads and Public Works 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 efficiently. The Entity achieved 77% of its planned targets for the 2025/26 financial year, contributed to by the effective controls that have been put in place.



Analysis: The Entity's overall performance achievement rate improved markedly, from 50% of planned targets in 2024/25 to 77% in 2025/26 – a 27 percentage-point improvement attributed to strengthened controls.

As part of its stakeholder management processes, the Northern Cape Fleet Management Trading Entity held regular engagement quarterly meetings with the client departments

Issuance of invoices regularly to client departments forms the backbone of our stakeholder relationship. In addition the other major objective of this engagement 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.

The other important stakeholder that the Northern Cape Fleet Management Trading Entity engages with is Wesbank; this relationship remains crucial in as far as the repairs & maintenance and the fuel cards used by our client departments. The new contract governs the purchasing, repairs and maintenance of fleet, and the management of fuel cards, for government departments and entities.

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

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 be 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.

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 Municipally 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 at an average level in 2024/25, achieving 50% of its planned targets for the 2024/25 financial year. 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 and is scheduled to end 30 June 2026. This contract is the one that governs the purchasing of fleet by government departments and entities.

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

5.6.1 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.

5.7 Organization environment

Besides the fact that the Performance Information of the Northern Cape Fleet Management Trading Entity has improved over the last four financial years (2021/2022; 2022/2023; 2023/2024 and 2024/2025) The internal environment of the Northern Cape Fleet Management Trading Entity has kept on improving to such an extend that even the finance directorate audit committee has improved drastically. This led to the Northern Cape Fleet Management Trading Entity achieved its first clean audit in 2025, and thus signalling an organization on the rise and hard at work to improve on its adherence to legislation; policies and regulation of government.

It is also worth mentioning that, in addition to the Northern Cape Fleet Management Trading Entity's overall audit improvement, its Performance Information audit outcomes for the past five financial years (2020/2021;2021/2022; 2022/2023; 2023/2024 and 2025/2026) were essentially clean audits. We are equally confident that the 2026 financial year audit will be favourable. The Northern Cape Fleet Management Trading Entity's confidence is derived from the fact that the systems and procedures that guide its work are functioning well and need only constant improvement.

The entity has also started the process of reviewing its organogram, but because of the fact that there is a move towards the establishment of a Mega Entity in the Northern Cape

province, a decision was taken to abandon the review of the organisational structure and allow the process of establishing the Mega Entity to run its full course

5.8 Key policy developments and Legislative changes

The PPPFA 2017 court judgement was repealed by National Treasury

5.9 Progress towards Achievement of Institutional Impact and Outcomes

Impact	Progress
Inclusive growth and investment in infrastructure	N/A

Outcome	**Progress**
Improved Audit outcomes	The department achieved an unqualified audit opinion with for the past four financial years 2024/2025 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	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.

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

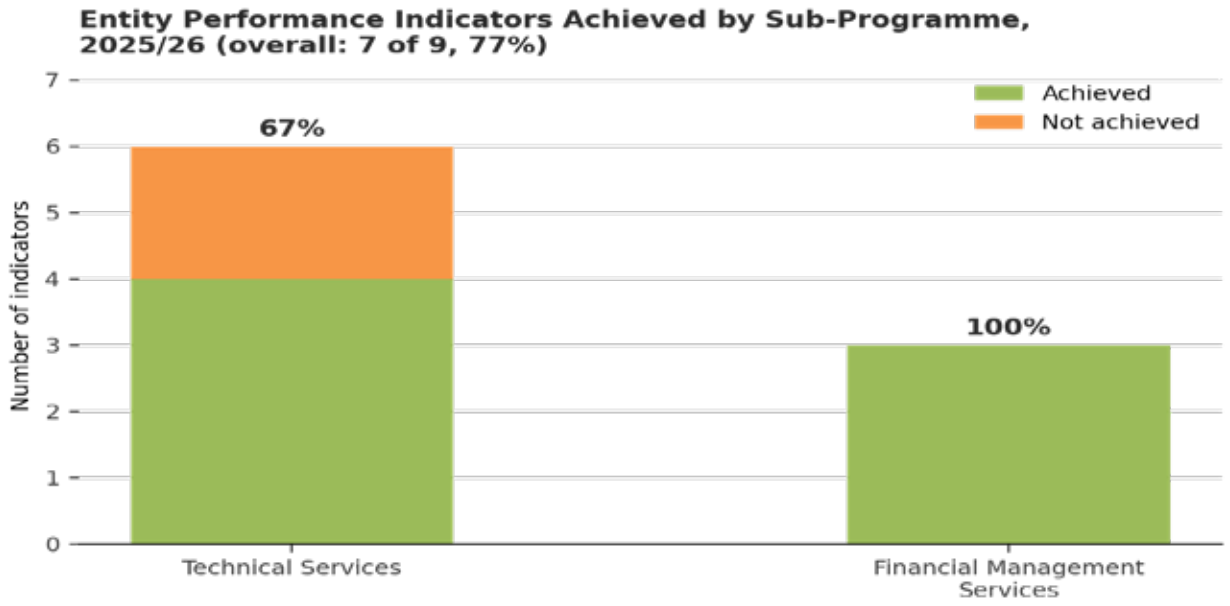
- The overall annual performance of the Entity is 78% achievement.
- The Entity achieved an unqualified audit opinion with material findings past four financial years (2021/2022; 2022/2023; 2023/2024 and 2024/2025) financial years.
- 100% achievement on billing client departments on fleet services rendered which contributes to revenue management.
- 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.

6 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

2.1. 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	3	3	100%
Total	**9**	**7**	**77%**



Analysis: Financial Management Services achieved 100% of its 3 planned indicators, while Technical Services achieved 4 of its 6 indicators (67%) – the lower technical achievement rate was driven mainly by the white fleet replacement target, where 0 of a planned 60 vehicles were replaced due to low cash flow.

2.2 PERFORMANCE INFORMATION PER PROGRAMME

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
Improved Audit outcomes	The department planned to achieve a clean audit by the end of 2025/26 financial year, there are measures in place to improve towards a clean audit report.
Increase access to affordable and reliable transport Infrastructure	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.

Outcome, outputs, output indicators, targets and actual achievements

Outcome	Output	Output Indicators	Audited Actual 2023/24	AuditedActual2024/25	Planned Annual Target 2025/26	Actual Achievement 2025/26	Deviation from planned target to Actual Achievement	Reason for deviation
Increase access to affordable and reliable transport Infrastructure	Increased access of efficient fleet to Client department	Number of white fleet replaced	182	38	60	0	-60	Entity could not purchase vehicle due to low cash flow that was experienced in the first 3 quarters
		Number of yellow fleet replaced	20	1	30	30	-	-
		Number of white fleet regularly serviced	809	820	850	874	+24	Entity serviced more white fleet than originally planned, due to

								vehicles accumulating more kilometers to qualify for servicing
		Number of yellow fleet regularly serviced	668	671	680	701	+21	Entity serviced more yellow fleet than originally planned, due to plant accumulating morekilometers to qualify for servicing
		Percentage of graders available for roads maintenance and construction	71%	69%	75%	73.32%	-1.68%	Major breakdowns on graders. Delays in repairs due to unavailability of mechanical parts
		Number of auctions conducted	1	0	1	1	1	-

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
- Major Breakdowns in graders
- Entity could not purchase vehicles due low cash flow

Strategy to overcome areas of under performance

- Replace old graders and purchase more vehicles

2.2.2 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.

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.

Outcome, outputs, output indicators, targets and actual achievements

Outcome	Outputs	Output Indicators	Audited Actual 2023/24	Audited Actual2 024/25	Planned Annual Target 2025/26	Actual Achievement 2025/26	Deviation from planned target ActualAch ievement	Reason for deviation
Improved Audit outcome	Increased access of efficient fleet to client department	Achieve an unqualified audit opinion annually	-	-	Unqualified Audit Opinion	Unqualified Audit Opinion	-	-
		Billing client departments on fleet services rendered	156	144	144	144	-	-

		Percentage of payments processed within 30days	100%	100%	100%	100%	-	-

Strategy to overcome areas of under performance

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

2.3 TRANSFER PAYMENTS

N/A

2.4 CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

N/A

2.5 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Operating Budget Item	**Estimated Budget 2025/26 000'**	**MTEF Targets**		
		2026/27	**2027/28**	**2028/29**
		'000	**'000**	**'000**
Revenue	**322015**	**354216**	**389638**	**428602**
Sale of goods and Rendering of Services	281054	309159	340075	374083
Finance lease income	35481	39029	42932	47225
Finance Income	5480	6028	6631	7294
Expenditure	**289473**	**318421**	**350263**	**385289**
Bank charges	68	75	82	90
Cleaning	399	439	483	531
Depreciation	41053	45158	49674	54641
Employee costs	34016	37417	41159	45275
Fuel, Oil and Lubricants (Transport Costs)	90884	99973	109970	120967
Licensing fees	3300	3630	3993	4392

Maintenance and Repairs	93500	102850	113135	124449
Other expenses	17604	19365	21301	23431
Printing and stationery	519	571	628	691
Security	5500	6050	6655	7321
Telephone	387	426	469	515
Training	340	374	412	453
Transport claims	375	413	454	499
Travel and accommodation	613	675	742	817
Uniforms and protective clothing	440	484	532	586
Water and Electricity	474	522	574	631
Net profit	**32541**	**35796**	**39375**	**43313**
Capital set aside				
White fleet replacement	40000	42000	44000	46000
Yellow fleet replacement	20000	22000	24200	26620
Receivables	605000	665500	732050	805255

Contents

STATEMENT OF FINANCIAL PERFORMANCE 277

STATEMENT OF FINANCIAL POSITION 278

STATEMENT OF CHANGES IN NET ASSETS 279

STATEMENT OF CASH FLOWS 280

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 281



STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	31 March 2026 R'000	**31 March 2025 R'000 (Restated)**
REVENUE			
Revenue from Exchange Transactions	*5.1*	**241 758**	**248 398**
Sale of goods and Rendering of Services		200 168	199 989
Finance lease income		35 222	46 623
Finance Income		1 336	1 786
Other Income		5 032	-
Revenue from Non – Exchange Transaction	*5.2*	**7 961**	**7 721**
Transfers and Sponsorship's – Service in kind		7 961	7 721
Total Revenue		**249 719**	**256 119**
EXPENSES			
Employee related costs	6.1	(25 946)	(25 230)
Repairs and maintenance	6.2	(108 488)	(92 002)
Depreciation and amortisation expense	6.3	(30 028)	(28 904)
General expenses	6.4	(116 732)	(126 868)
Total Expenses		**(281 195)**	**(273 005)**
(DEFICIT) / SURPLUS		**(31 476)**	**(16 886)**
Gain on assets		**3 086**	-
Impairment loss		**(190)**	
(DEFICIT) / SURPLUS FOR THE PERIOD		**(28 580)**	**(16 886)**

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	31 March 2026 R'000	31 March 2025 R'000
ASSETS			
Non-current Assets		**170 015**	**226 523**
Property, Plant and Equipment	7	116 367	141 676
Finance Lease Receivables	14	53 558	84 783
Intangible assets	8	89	64
Current Assets		**683 253**	**649 828**
Receivables from Exchange Transactions	9	456 708	603 309
Short-term portion of Finance Lease Receivable	14	27 101	26 008
Cash and Cash Equivalents	16	199 444	20 511
Inventories	17	0	0
TOTAL ASSETS		**853 268**	**876 351**
NET ASSETS AND LIABILITIES			
Current Liabilities		**66 572**	**62 479**
Payables from Exchange Transactions	11.1	64 186	60 238
Current provisions	11.2	2 383	2 238
Other liabilities	11.3	3	3
Net Assets		**786 696**	**813 872**
Accumulated Surplus		718 075	737 204
Revaluation Surplus	10	68 621	76 668
TOTAL NETT ASSETS AND LIABILITIES		**853 268**	**876 351**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2026

	Note	Accumulated Surplus R'000	Revaluation Surplus R'000	Total R'000
Balance at 01 April 2024		**754 089**	**74 412**	**828 501**
Total surplus for the year		(16 886)	-	(16 886)
Other movements		-	-	-
Revaluation of Property, Plant a Equipment		-	2 256	2 256
Transfers to accumulated surplus		-	-	-
Balance at 31 March 2025		**737 204**	**76 668**	**813 872**
Total surplus for the year		(28 580)	-	(28 580)
Transfers to accumulated surplus		9 451	(9 451)	-
Other movements		-	-	-
Revaluation of Property, Plant an Equipment		-	1 404	1 404
Balance at 31 March 2026		**718 075**	**68 621**	**786 696**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	31 March 2026 R'000	31 March 2025 R'000 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Customers		351 801	156 027
Payments to Suppliers		(239 303)	(225 144)
Cash generated from operations	15	**112 498**	**(69 117)**
Interest Received	5	1 336	1 786
Net Cash in / (out) Flows from Operating Activities		**113 834**	**(67 331)**
INVESTING ACTIVITIES			
Purchase of equipment	7	(287)	(208)
Purchase of inventory	17	(409)	(2 799)
Proceeds on sale of property, plant and Equipment		10 420	-
Purchase of intangible assets		(42)	(33)
Nett increase in finance lease assets		55 417	65 504
Other movements		-	-
NET CASH IN FLOWS FROM INVESTING ACTIVITIES		**65 099**	**62 464**
FINANCING ACTIVITIES			
Decrease in other liabilities			
NET DECREASE IN CASH AND CASH EQUIVALENTS		**178 933**	**(4 867)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		20 511	25 378
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**199 444**	**20 511**

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 judgement, 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 judgement 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 1 on Presentation of Financial Statements (amended 202	To be Determined
GRAP 103 on Heritage assets (amended)	To be Determined
GRAP 105 on Transfer of Functions between Entities Under cor Control (amended)	To be Determined
GRAP 106 on Transfer of Functions between Entities Under cor Control (amended)	To be Determined
GRAP 107 on Mergers (amended)	To be Determined
Improvements to Standards of GRAP (2023)	To be Determined

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

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

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

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

3. Going concern

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

4. Summary of significant accounting policies.

4.1 Property, Plant & Equipment

Property, Plant & Equipment is recognised when:

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

Initial Recognition

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

Subsequent Measurement

Furniture & Computer equipment

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

Motor Vehicle Fleet and Road Building Equipment

Following initial recognition at cost, fleet is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

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

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

decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

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

4.2 Impairment of property, plant and equipment

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

4.2.1 Impairment of Cash Generating Assets

The Entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Entity estimates the recoverable amount of the individual asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.
The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

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

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

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

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

An impairment of assets carried at revalued amount in reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

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

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

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

4.2.2 Impairment of Non-Cash Generating Assets

The Entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Entity estimates the recoverable service amount of the asset.

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

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

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

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

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

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

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

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.
A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Irrespective of whether there is any indication of impairment, the Entity also tests an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test can be performed at any time during the reporting period,

provided it is performed at the same time every year. Different intangible assets may be tested for impairment at different times. However, if such an intangible asset was initially recognised during the current reporting period, that intangible asset shall be tested for impairment before the end of the current reporting period.

4.3 Intangible assets

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

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

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

4.4 Financial Instruments

The NCMFTE uses GRAP 104 Financial Instruments in accounting for its receivables.

Definition

Receivables that are financial assets are contractual rights to receive cash or another financial asset. Receivables arise because credit is extended for the sale of goods, the provision of services or use of assets.

Recognition

Recognise receivables when entity becomes party to the contractual provisions of the instrument, e.g. when an entity provides goods and services on credit.

Classification of financial assets

The entity classifies financial assets as subsequently measured at amortised cost or fair value through surplus or deficit on the basis of both:
(a) the entity's management model for managing the financial assets; and
(b) the contractual cash flow characteristics of the financial asset.

The financial assets are measured at amortised cost if both of the following conditions are met:
(a) the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows; and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Initial Measurement

The entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets

After initial recognition, the entity measures financial assets (a) amortised cost; (b) fair value through surplus or deficit or (c) at Cost.

The entity applies the impairment requirements in paragraphs 5.17 to 5.35 to financial assets that are measured at amortised cost in accordance with paragraph 4.2 and paragraph 5.36 to financial assets measured at cost in accordance with paragraph 4.5.

a) Amortised cost measurement

Financial assets

Interest revenue shall be calculated by using the effective interest method

Modification of contractual cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with this Standard, an entity shall recalculate the gross carrying amount of the financial asset and shall recognise a modification gain or loss in surplus or deficit.

Write-off

An entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

Impairment

Simplified approach for receivables

The entity measures the loss allowance at an amount equal to lifetime expected credit losses for receivables and lease receivables.

Measurement of expected credit losses

An entity shall measure expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(b) the time value of money; and

(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Criteria for credit losses

Receivables with a recovery rate of less than 75% are considered to be high risk debtors and undergo an assessment to determine the Expected Credit Losses, the following criterion will be used;

1. Recovery rate over a 5 year period < 75%
2. No payments at all in the 2025/2026 period
3. Debtors falling within both criteria 1 and 2

Expected Credit Loss Calculation

Formula:

ECL = Exposure at Default × Probability of Default × Loss Given Default

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.

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.

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 receipts

Unconditional grants

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

Conditional grants and receipts

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

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

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

Interest earned on unspent grants and receipts

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

4.5.2.3 Services in kind

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

4.6 Events after the Reporting Date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

4.7 Contingent Liabilities and Contingent Assets

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

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

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

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

4.8 Comparative Figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures reasonable expected to be available.

4.9 Net Assets

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

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

4.10 Related Parties

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

4.11 Finance Leases

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 of1968),any regulations made in terms of the PFMA, or any provincial legislation providing for procurement procedures in that provincial government.

5. Revenue

5.1 Revenue from Exchange Transactions

	31 March 2026 R'000	31 March 2025 R'000
Revenue from Exchange Transactions comprises:		
White Fleet Rental of Vehicles	101 710	101 747
Yellow Fleet Rental of Road Building Equipment	98 458	98 242
Finance Lease Income	35 222	46 623
Finance Income	1 336	1 786
Other Income	5 032	-
	241 758	**248 398**

5.2 Revenue from Non – Exchange Transactions

Transfers and Sponsorships – Service in kind	7 961	7 721
	7 961	**7 721**

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 961 000 in 2026(2025:R7 721 000) 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.

6.	Expenses	31 March 2026 R'000	31 March 2025 R'000
6.1	**Employee cost**		
	Basic salary	17 745	17 577
	Housing allowance	820	891
	Medical aid and pension	4 439	4 389
	Performance bonus	-	-
	Service bonus	1 539	1 522
	Travel allowance	262	282
	Other allowances	997	791
	Provision for leave movement	171	(190)
	Provision for long service awards movement	-	(53)
	Provision for service bonus movement	(27)	21
		25 946	**25 230**
6.2	**Repairs and Maintenance**		
6.2.1	***Repairs & Maintenance per asset classification***		
	White Fleet assets	34 373	32 891
	Yellow Fleet assets	74 115	59 111
	Maintenance and Repairs	**108 488**	**92 002**
6.2.2	***Repairs & Maintenance per expense classification***		
		7 671	6 044
	Tyres	5 703	5 634
	Accidents	95 114	80 324
	Repairs & Maintenance		
		108 488	**92 002**
6.3	**Depreciation**		
	Depreciation assets	**30 028**	**28 904**

6.4 General expenses

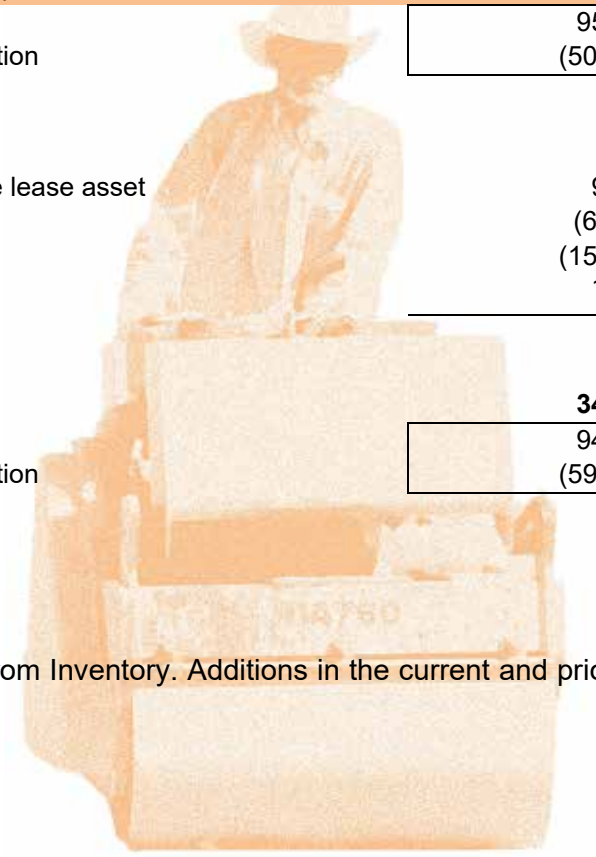
	31 March 2026 R'000	31 March 2025 R'000 (Restated)
Audit fees	3 234	2 802
Bank charges	12	12
Cleaning	744	790
Equipment rentals/Building	17 553	23 763
Fuel, Oil and Lubricants (Transport Costs)	68 595	74 590
Insurance	1 305	1 565
Licensing fees	2 173	2 564
Other expenses	2 261	768
Printing and stationery	527	486
Security	6 178	5 813
Telephone	282	272
Toll fees	41	32
Tracking fee	9 617	9 093
Transaction fees	2 841	2 884
Travel and accommodation	743	683
Uniforms and protective clothing	410	368
Water and electricity	216	383
	116 732	**126 868**

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

7. Property, Plant and Equipment

7.1 Vehicle Fleet (White Fleet)

	31 March 2026 R'000	31 March 2025 R'000
Opening Balance – 1 April	**45 104**	**52 361**
Cost	95 371	88 703
Accumulated Depreciation	(50 266)	(36 342)
Movements:		
Additions	-	-
Transfers from Finance lease asset	9 938	4 413
Disposals	(6 335)	-
Depreciation	(15 233)	(13 925)
Revaluation	1 404	2 254
Closing Balance	**34 889**	**45 104**
Cost	94 694	95 371
Accumulated Depreciation	(59 805)	(50 266)



Additions

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

Transfers

Transfers from finance lease asset occur when the vehicle has reached the end of the finance 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 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 2026 R'000	31 March 2025 R'000
Opening Balance – 1 April	**96 105**	**110 125**
Cost / Valuation	267 122	266 481
Accumulated Depreciation	(171 017)	(156 356)
Movements:		
Additions	409	641
Revaluation	-	-
Disposals*	(1 011)	-
Depreciation Expense	(14 493)	(14 661)
Closing Balance	**81 010**	**96 105**
Cost / Valuation	265 697	267 122
Accumulated Depreciation	(184 687)	(171 017)

Additions

There was aadditions of R409 000 in 2025/2026.

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.

7.3 Equipment and furniture

	31 March 2026 R'000	31 March 2025 R'000
Opening Balance – 1 April	**467**	**568**
Cost	10 207	10 000
Accumulated Depreciation	(9 741)	(9 432)
Movements:		
Additions	287	208
Depreciation	(287)	(309)
Disposals	-	-
Closing Balance	**468**	**467**
Cost	10 494	10 207
Accumulated Depreciation	(10 027)	(9 741)

Total Property, Plant and Equipment

	31 March 2026 R'000	31 March 2025 R'000
At Cost	370 885	372 699
Accumulated Depreciation	(254 518)	(231 023)
Net Book Value	**116 367**	**141 676**

8. Intangible Assets

	31 March 2026 R'000	31 March 2025 R'000
Opening Balance – 1 April	**64**	**42**
Cost	346	313
Accumulated Depreciation	(282)	(271)
Movements:		
Additions	43	33
Depreciation	(16)	(11)
Disposals		
Closing Balance	**89**	**64**
Cost	389	346
Accumulated Depreciation	(298)	(282)

9. Receivables from Exchange Transactions

	31 March 2026 R'000	31 March 2025 R'000
Department of Roads and Public Works	320 478	472 441
Other Provincial Departments	136 420	130 868
Impairment Provision	(190)	-
	456 708	**603 309**

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 2026	**456 708**	21 314	19 675	18 032	397 687
31 March 2025	**603 309**	14 895	18 618	18 287	551 510

Entity utilized simplified approach as stipulated under par 5.30 of GRAP 104 2019 (Revised)

Entity measures the loss allowance at an amount equal to lifetime expected credit losses for Receivables from Exchange Transactions

10. Revaluation Surplus

	31 March 2026 R' 000	31 March 2025 R' 000
Non distributable reserves from revaluation		
Opening Balance	76 668	74 413
Revaluations	1 404	2 255
Transfer to accumulated surplus	(9 451)	-
Closing Balance	**68 621**	**76 668**

The revaluation surplus represents reserves from revaluations made during the 2014/15, 2021/2022 and 2024/25 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.

11. Current Liabilities

11.1 Payable from Exchange Transactions

	31 March 2026 R' 000	31 March 2025 R' 000
Trade and other payable	64 186	60 238
	64 186	**60 238**

11.2 Current provisions

	31 March 2026 R' 000	31 March 2025 R' 000
Provision for leave	1 669	1 498
Provision for long service awards	-	-
Provision for service bonus	714	740
	2 383	**2 238**

11.3 Other liabilities

	31 March 2026 R' 000	31 March 2025 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 recognized, client departments, which are government departments. The Northern Cape Provincial Treasury provides funding to all client department 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.

The entity applies the expected credit loss model prescribed by GRAP 104 onreceivables from exchange transactions. Receivables arise from exclusiveagreements with National and Provincial Government Departments and other public-sector institutions funded through legislative appropriations.

Government departments are assessed as having a very low risk of default due to their continuing legal existence and ongoing funding through approved budget appropriations.

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 2026		
	Carrying Amount R'000	**Contractual Cash Flows R'000**
Trade creditors	64 186	64 186
	Within 1 Year	**Within 1 Year**

Payables from Exchange Transactions as at 31 March 2025		
	Carrying Amount R'000	**Contractual Cash Flows R'000**
Trade creditors	60 238	60 238
	Within 1 Year	**Within 1 Year**

Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate with changes in foreign currency. The Entity has no financial instruments which are affected by changes in foreign currency, as it has no foreign currency transactions.

Interest Rate Risk

Interest rate risk stems from the risk associated with the Entity's exposure to changes within the interest rate, interest earned on cash balances and finance lease asset.

General Risk Management Principles

Risk management is of critical importance to the entity as it understands that changing market conditions make risk unavoidable.

Capital risk management

The Entity's objectives when managing capital are to safeguard the Entity's ability to continue as a going concern in order to provide benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Entity may sell assets to reduce debt.

Fair value of Financial Instruments

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

	31 March 2026 R'000		31 March 2025 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	53 558	53 558	84 783	84 783
Short-term portion of finance lease receivable	27 101	27 101	26 008	26 008
Receivables from exchange transactions	456 708	456 708	603 309	603 309
Cash and cash equivalents	199 444	199 444	20 511	20 511
Total Financial Assets	**736 811**	**736 811**	**734 611**	**734 611**

13. Commitments

	31 March 2026 R'000	31 March 2025 R'000
Capital: contracted	98 951	-
Operation: contracted	24	164
Total	**98 975**	**164**

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 2026 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			
Amounts due within 2 – 5 years	42 298	(15 197)	27 101
	57 710	(4 152)	53 558
	100 008	**(19 349)**	**80 659**

Present value of minimum lease payments due	***Minimum Lease Payments***
	R '000
	27 100
Amounts due within 1 year	53 558
Amounts due within 2 – 5 years	
	80 659

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 2025 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	56 140	(30 132)	26 008
Amounts due within 2 – 5 years	129 876	(45 093)	84 783
	186 016	**(75 225)**	**110 791**

Present value of minimum lease payments due	***Minimum Lease Payments***
	R '000
Amounts due within 1 year	26 008
Amounts due within 2 – 5 years	84 783
	110 791

15. Cash Generated from Operations

	31 March 2026 R'000	31 March 2025 R'000
Surplus for the Period	(28 580)	(16 886)
Adjusted for:		
Interest Received	(1 336)	(1 786)
Finance lease income	(35 222)	(46 623)
Depreciation - Fleet	30 028	28 904
Loss on disposal of assets	-	-
Gain on Sale of Intangible Assets	(3 086)	-
Transfer and Sponsorship in kind(Income)	(7 961)	(7 721)
Transfer and Sponsorship in kind(Expense)	7 961	7 721
Movement in Provision	144	(223)
Operating Profit before Working Capital Changes	**(38 052)**	**(36 613)**
Working Capital Changes:	**150 548**	**(32 503)**
Increase in Trade and Other Receivables	146 601	(43 962)
Increase in Trade and Other Payables	3 947	11 459
Cash Generated from Operations	**112 497**	**(69 116)**

16. Cash and Cash Equivalents

	31 March 2026 R'000	31 March 2025 R'000
Standard Bank	199 445	20 511
	199 445	**20 511**

17. Inventories

	31 March 2026 R'000	31 March 2025 R'000
Opening balance	0	**18 365**
Purchased during year	409	2 800
Transfer toWhite Fleet:	0	-
Transfer to Finance lease	0	(20 525)
Transfer to Yellow fleet	(409)	(640)
Closing balance	**0**	**-**

18. Irregular expenditure

Reconciliation of irregular expenditure

	31 March 2026 R'000	31 March 2025 R'000 Restated
Opening balance	**30 753**	**6 542**
Add: Irregular Expenditure relating to prior year	-	30 749
Add: Irregular expenditure relating to current year	9 692	-
Less:Prior Period Write Offs	-	-
Less: Amounts condoned	-	(6 268)
Less:Amount Writtern Off	-	(270)
Closing Balance	**40 445**	**30 753**

	31 March 2026 R'000	31 March 2025 R'000

19. Fruitless and Wasteful Expenditure

Opening balance	0	5
Add: Current year	-	-
Less: Amounts written off	-	(5)
	0	**0**

20. Contingent asset

	31 March 2026 R'000	31 March 2025 R'000
Opening balance	5 653	5 653
Claims	-	-
Invoiced	(5 032)	-
Closing balance	**621**	**5 653**

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

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

21. Contingent liability

	31 March 2026 R'000	31 March 2025 R'000
Opening balance	72	343
Current year claims	-	72
Payment of Claims	-	-
Write Offs	-	(343)
	72	**72**

Legal claims have been lodged against the entity, due to payment dispute.

22. Non Adjusting Subsequent Event

Management aware of white fleet functions moving to NCEDA that is disclosed under note 24 (Event after reporting) . The are no other 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. Going Concern

Northern Cape Fleet Management Trading Entity prepared Annual Financial Statements as going concern.

All indicators of going concern were positive with exception of the following indicators

Deficit was realized for the year

Deficit for the year was caused by the following factors

1. Entity not purchasing vehicles in order to increase revenue
2. Less vehicles in Finance Lease in comparison to previous financial Period, resulting in less finance lease income
3. Disposal of assets

Corrective Measures

1. Purchase vehicles
2. Invest in new yellow fleet
3.Investing in new fleet will increase revenue, and sharply reduce repairs and maintenance for the next 5 Financial Periods

Debtors days exceed 30 days

Majority of entity debt is on 90 days+ with Department of Roads and Public Works being the biggest debt holder of Northern Cape Fleet Management Trading Entity

Corrective Measures

Entity debt decline by 25% in 2025/26 financial period, due to controls that entity implemented in 2025/26 Financial Period. Entity to continue with current controls

Entity to notify Provincial Treasury of client departments that are falling behind for potential ring fencing, as all client department appropriation budget includes transport budget

Key positive indicators

Cash and Cash Equivalents

Cash and Cash increased by 872% due to revenue collection mechanism that were implemented in 2025/26 Financial Period, which indicates strong cash coverage compared to previous Financial Periods

Overview of Cash Coverage on 31 March 2026

1. Northern Cape Fleet Management Trading Entity has the bank balance of R199 444 000
2. At 31 March 2021 the Entity had commitments of R98 975 000
3. Entity have the total current liability of R66 572 000

Remaining cash and cash equivalents after settling current liabilities and commitments is R33 897 000, which can be used for additional capital investment in order to accelerate revenue generation

24. 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 961 for 2026 (2025:R7 721 000) recognized as service in kind for free accommodation provided to the entity by the department.

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

Dr Johnny MacKay - Head of Department

Mrs C Shupping - Acting Chief Financial Officer

Mr V Mhlauli -Acting Chief Executive Officer

Mr D Van Der Merwe - Acting Chief Financial Officer

Dr S Jonkers - Head of Department

Related party transactions

Remuneration of management **31 March 2026**

Items	V Mhlauli R'000	Total R'000
Basic salary	-	-
Service bonus	-	-
Travel allowance	-	-
Pension	-	-
Other allowances	175	**175**
Total	175	**175**

Remuneration of management **31 March 2025**

Items	B Bekebeke R'000	Total R'000
Basic salary	-	-
Service bonus	-	-
Travel allowance	-	-
Pension	-	-
Other allowances	-	-
Total	**-**	**-**

Northern Cape: Department of Public Works

Year end balances arising from revenue/payments	31 March 2026 R'000	31 March 2025 R'000
Receivables from related parties	320 478	472 440
Payables to related parties	45 624	43 000
Total	**366 102**	**515 440**

25. Segment Information

The NCFTME is organized and structured mainly to provide vehicles, passenger vehicles (White Fleet) and earth moving vehicles (Yellow Fleet). The allocation of resources is based on the environmental factors for earth moving vehicles (Yellow Fleet) and transportation needs for White Fleet. Revenue & assets between the two classes is reported in note 5.1, note 7.1 and 7.2. respectively. Further allocation of other revenue, expenses, other assets and liabilities between these classes is not possible and this information is not included in any regularly reviewed reports that are integrated in the management accounts per segment.

The NCFMTE has its footprint spread across the entire region of the Northern Cape through operating in all the Districts. The activities of NCFMTE are, however, not organized on the basis of differences in these geographical areas of operations.

Revenue generated from these districts could not be determined as it not available and the cost to develop it would result in exorbitant expenses.



Notes

Notes

Notes

Notes

Notes

Notes

Notes

PR 237/2026
ISBN: 978-0-621-52226-6

To obtain additional copies of this document,
please contact:

Northern Cape Department of Roads and Public Works

P.O. Box 3132
KIMBERLEY
8300

Tell: (053) 839 2220
Fax: (053) 839 2291

Web address: http://ncrpw.ncpg.gov.za