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## PART 1

# GENERAL INFORMATION

# **1. Department's General Information**

## **Contact Details**

Department of Roads and Public Works: Northern Cape Province3

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8301

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Intranet – [Http://ncrpwintranet.ncpg.gov.za](http://ncrpwintranet.ncpg.gov.za)

## 2. List of Abbreviation/ Acronyms

BAS	Basic Accounting System	MPAT	Management Performance Assessment Tool
BEE	Black Economic Empowerment	LOGIS	Logistical Information System
BBBEE	Broad Based Black Economic Empowerment	MTEF	Medium Term Expenditure Framework
CFO	Chief Financial Officer	MTSF	Medium Term Strategic Framework
CIDB	Construction Industry Development Board	NC	Northern Cape
COBIT	Control Objectives for Information and Related Technology	NCPG	Northern Cape Provincial Government
DORA	Division of Revenue	NCPGDS	Northern Cape Growth and Development Strategy
DPSA	Department of Public Service and Administration	NYS	National Youth Service
DRE	District Road Engineer	PAIA	Promotion of Access to Information Act
DRPW	Department of Roads and Public Works	PAJA	Promotion of Just Administration Act
EIR	Effective interest rate	PIC	Provincial Infrastructure Committee
EBE	Engineering Built Environment	PPP	Public Private Partnership
EE	Employment Equity	PPPFA	Preferential Procurement Policy Framework Act
EEA	Employment Equity Act	PSA	Public Service Act
EPWP	Expanded Public Works Programme	PGDS	Provincial Growth and Development Strategy
FTE	Full Time Equivalent	PFMA	Public Finance Management Act
GIAMA	Government Immovable Asset Management Act	RISFSA	Road Infrastructure Strategic Framework of South Africa
HOD	Head of Department	SCOPA	Standing Committee on Public Accounts (South Africa)
HR	Human Resource	SETA	Sectoral Education and Training Authority
IT	Information Technology	SMME	Small, Micro, & Medium Enterprises
M&E	Monitoring and Evaluation	SLA	Service Level Agreement
MEC	Member of Executive Council	VCI	Visual Condition Index



### 3. Foreword by the MEC

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

- Enhancing job creation through infrastructure investment;
- Implementation and coordination of the Second phase of the Expanded Public Works Programme (EPWP) to address poverty and unemployment while contributing to service delivery;
- The development and strengthening of the Small Medium and Micro Enterprises' targeting previously disadvantaged individuals and communities
- Skills development within the work; and
- Ensuring the realisation of Broad Based Black Economic Empowerment (BBBEE).



**Honourable MEC  
Dawid Rooi**

The department is responsible for the management of government's immovable assets, to provide accommodation solutions to all provincial departments and other government owned entities; to acquire and dispose of immovable assets in terms of the relevant legislations and prescripts. Currently there are 1,943 land parcels recorded in the immovable asset register. I must hasten to say that this is work in progress as both national and provincial departments are in the process of verifying and reconciling immovable assets owned by the state at different spheres.

We have reached the end of Phase 2 of the Expanded Public works Programme (EPWP) and, the Northern Cape Province has a 5 year target of 106 193 job opportunities. The province failed to reach its year target and created only 82,515 job opportunities.

The Provincial program named 'Operation Kgotso Pula Nala' is a Township Revitalisation Program which intends to revitalise and beautify townships thus ensuring habitable, safe and good living conditions. The department has started to disburse the R50 million allocation to 17 municipalities across the province to benefit 20 towns that were identified by the Executive Committee. It is anticipated that 1,400 work opportunities will be created through this program.

## GENERAL INFORMATION

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The 'Rooting Out the Dust Programme' entails targeting towns for eradication of the dusty environment in all the municipalities in the Northern Cape Province. This program is covering the following sectors:

- Infrastructure:
- Refurbishment of state owned non-functional buildings.
- Environmental and Culture Sector

The successful completion of the following projects:

- Hopetown - Douglas Road
- Upington Hospital, renamed as the Dr Harry Surtie Hospital
- Hotazel – Tsineng Road
- Provincial Archives Repository

This annual report is guided by the 2013/14 Annual Performance Plan and by the Medium Term Strategic Framework (2004 – 2009) as identified by the ruling party. I want to thank the staff and management of the Department of Roads and Public Works for their hard work in ensuring that the department achieved all the goals that it set itself to achieve during this quarter.

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

### 4. Report of the Accounting Officer

#### 4.1 Overview of the operations of department

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

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

The promulgation of the Government Immovable Management Act (GIAMA) in November 2007 (Act 19 of 2007), will enhance the asset management function. The Premier appointed the MEC for this department as the custodian of immovable assets. We are maintaining a complete asset register that encapsulates our service delivery objectives.

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

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

- Accounting matters
- Budget process management
- Treasury Regulations
- Public Finance Management Act (PFMA)
- Delegations and policies

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

- The effective implementation of Expanded Public Works Programme (EPWP);
- The effective implementation of the IDIP process;
- Development of a complete Immovable Asset Register
- The valuation and conditional assessments of all properties
- The effective implementation of Operation Khotso Pula Nala



**HOD Kholekile  
Nogwili**

## GENERAL INFORMATION

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

### Major projects undertaken or completed during the year

Completed Projects:

- Hotazel – Tsineng Road, Phase 2
- Rehabilitation of Postmasburg – Olifantshoek Turnoff road
- Widening of Kuruman – Hatazel Road
- Reseal of various roads
- Hopetown – Douglas road

The following projects are still under construction:

- De Aar Hospital
- Mental Health Facility
- Reseal of various roads
- Regravelling of various roads

## 4.2 Overview of financial results of the department

### 4.2.1 Departmental receipts

	2013/14			2012/13		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
Departmental receipts	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts						
Sale of goods and services other than capital assets	4,961	4,126	835	4,019	4,039	(20)
Transfers received						
Fines, penalties and forfeits						
Interest, dividends and rent on land						
Sale of capital assets						
Financial transactions in assets and liabilities	54	142	(88)	417	482	(65)
<b>Total</b>	<b>5,015</b>	<b>4,268</b>	<b>747</b>	<b>4,436</b>	<b>4,521</b>	<b>(85)</b>



## GENERAL INFORMATION

### 4.2.2 Programme Expenditure

Programme Name	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	120,660	119,842	818	148,564	146,874	1,690
Public works	146,704	137,697	9,007	127,758	125,094	2,664
Transport Infrastructure	898,239	898,223	16	668,684	668,540	144
Community Based Programme	135,895	125,156	10,739	112,484	76,028	36,456
<b>Total</b>	<b>1,301,498</b>	<b>1,280,918</b>	<b>20,580</b>	<b>1,057,490</b>	<b>1,016,536</b>	<b>40,954</b>

The final appropriation for the 2013/14 financial year for the Department of Roads and Public Works was R1,301 billion of this we spent R 1,281 billion which resulted in a under spending of R20.6 million. The under expenditure relates to the following:

Item	Budget	Amount Spent	Underspending
Rates and Taxes (Grant)	49 223	49 052	271
Operation Khotso Pula Nala	30 063	25 971	4 092
Conditions assessments	30 000	21 322	8 678
Bloodhound project	7 597	4 091	3 506
Operation Khotso Pula Nala : Olifantshoek	10 000	6 317	3 683
Other	26 311	25 961	350
			<b>20 580</b>

A total of R19 411.00 of the above amount has been applied for a roll-over as it relates to specific projects that have already been committed.

### 4.2.3 Virement / Roll overs

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

## GENERAL INFORMATION

Main Division			Reason
	From R000	To R'000	
Administration		4 336	Overspending due to consultant fees, legal costs and audit fees.
Public Works		1 502	Overspending due to high advertising costs of tenders and municipal accounts
Roads Infrastructure	476		Savings on compensation budget
Community Based programmes	5 362		Savings on capital expenditure

The department requested roll overs to complete the following projects from Provincial Treasury.

- Conditional assessment – earmarked funds
- The bricks and pavement, Fraserburg project – earmarked funds
- Operation Khotso Pula Nala: projects – earmarked funds
- The Bloodhound project – earmarked funds

### 4.3 Unauthorised, Fruitless and Wasteful Expenditure

Reason	Amounts
Incorrect Supplier paid	R 5 217.09
Interest and Penalties	R 9 096.73
No show fees	R 27 212.04

#### Actions taken

- Implementation of checklists to prevent Fruitless and Wasteful Expenditure
- Workshops presented to Head office and District office staff
- Focus on preventative instead of detective controls and measures
- Disciplinary action against staff who commits themselves continuously to irregular and Fruitless and Wasteful Expenditure
- Recoupment of money from incorrect supplier paid

### 4.4 Future plans of the department

- Phase 3 of EPWP has identified 73 236 jobs opportunities for Provincial the budget for job creation for the 5 year period of 2014 – 2019.
- Create an environment for more labour-intensive production methods, procurement policies that support local jobs and building public-private partnerships.
- Our procurement policies are in line with meeting the objectives of BBBEE and our employment policies support affirmative action.
- Launch a much larger national youth development programme focusing on artisanship programs and more sustainable training programmes, which will be linked to skills development opportunities and build decent work opportunities for young people.

### 4.5 Supply Chain Management

The department has an established supply chain management unit and all the committees are operational. We have also established district committees and order ease the burden on head office. We have also established a contract management unit that work closely with the project managers.

The major challenge that we face is that the majority of the contractors is unable to complete their projects within the contract period.

### 4.6 Events after the reporting date

The national elections took place on the 9 May 2014. A new Executive Council may be appointed that could affect the department.

### 4.7 Other

#### Trading entities and public entities

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

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

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

### Performance information

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

An Annual Performance Plan (APP) (2013/14) was tabled in the Provincial Legislature during May 2013. These plans attempt to align departmental activities, outputs and goals with provincial and national policy priorities and the budget. The performance of the Department, per programme, is detailed in Part 2 of the Annual Report. In Addition to this the department also submits the following reports:

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

### 4.8 Sign-off and acknowledgement

This annual report is guided by the 2013/14 Annual Performance Plan and by the Medium Term Strategic Framework (2009 – 2014) as identified by the ruling party. I want to thank the staff and management of the Department of Roads and Public Works for their hard work in ensuring that the department achieved all the goals that it set itself to achieve during this quarter.

It is hereby certified that this report:

- Was developed by the management of the Department of Roads and Public Works under the political guidance of Honourable MEC Dawid Rooi.
- Accurately reflects the goals and achievements for the financial year 2013/14.

  
**ACCOUNTING OFFICER**

### 5. Strategic Overview

#### 5.1 Vision

To be trendsetters through excellence in service delivery.

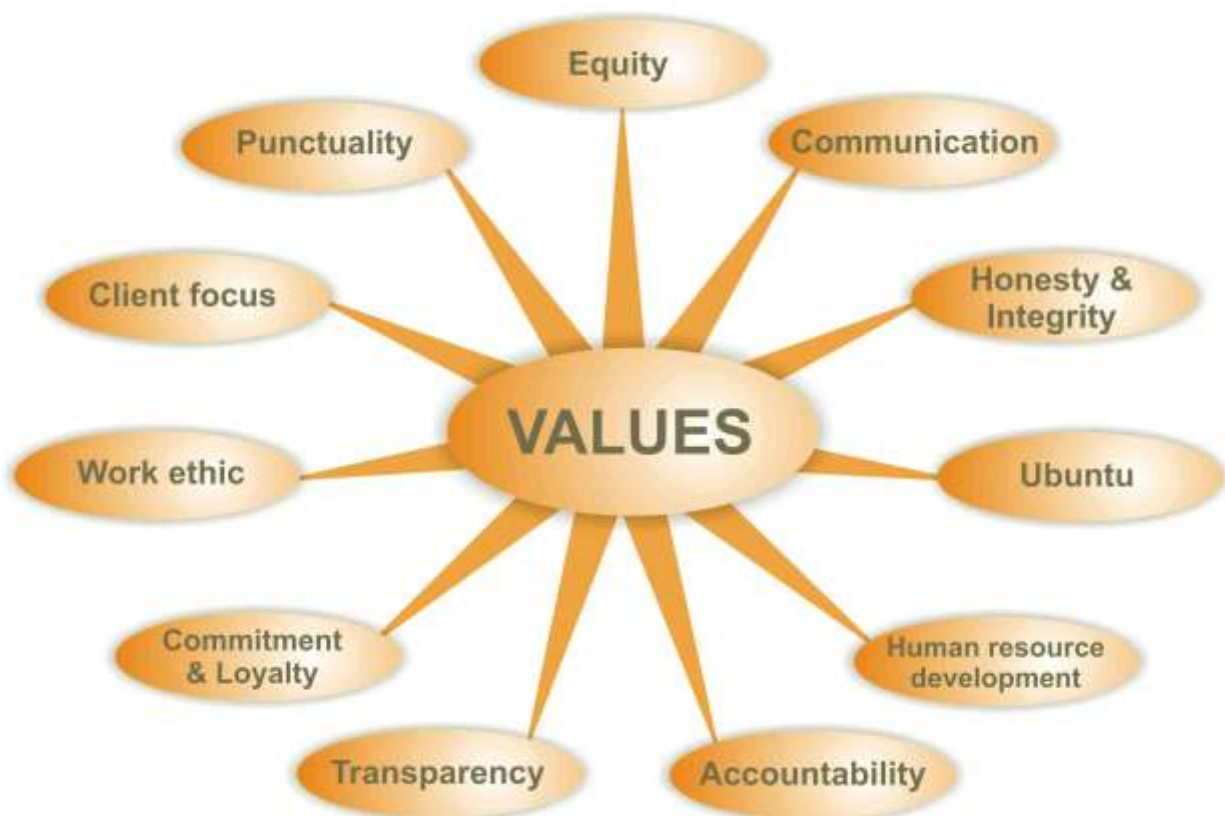
#### 5.2 Mission

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

#### 5.3 Values

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

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



### 6. 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.

#### 6.1 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.

#### 6.2 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 (cidb); to implement an integrated strategy for the reconstruction, growth and development of the construction industry and to provide for matters connected therewith. Identifying best practice and setting national standards. Promoting common and ethical standards for construction delivery and contracts.

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

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

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



## GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

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

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

## GENERAL INFORMATION

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

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

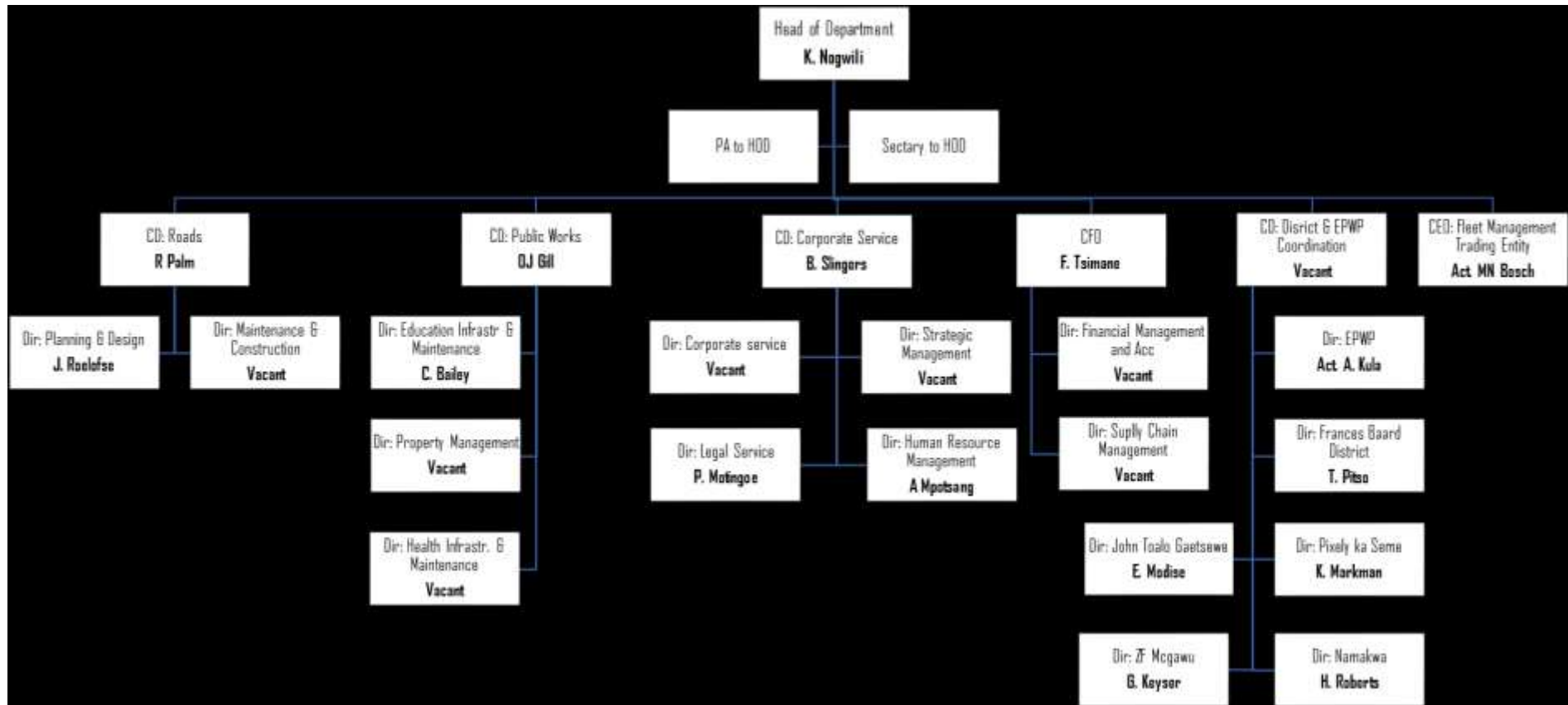
**Promotion of Access to Information Act (PAIA), Act 2 of 2000:** This act gives effect to section 32 of the constitution that indicate that everyone has the right to information held by the state. It encourages transparency and accountability in the public and private bodies.

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

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

## GENERAL INFORMATION

### 7. Organisational Structure



## GENERAL INFORMATION

### 8. Entities reporting to the MEC

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



NTSIKELELO TIDA  
SENGAENH APTRIBUUTSEK  
SITHAKA WADI LUBAHLALI  
COMMUNITY LIBRARY

**PART 2**

**PROGRAM  
PERFORMANCE**

## PERFORMANCE INFORMATION

### 1. Overview of departmental Performance

#### 1.1 Service delivery environment

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	(Over)/Under Expenditure R'000
1 146 915	1 301 498	1 280 918	20 580
Responsible MEC	MEC of Roads and Public Works		
Administering Department	Department of Roads and Public Works		
Accounting Officer	Head of Department of Roads and Public Works		

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

The upgrading and maintenance of provincial roads taking into account the huge backlog with limited funds, poses an enormous challenge for the department. Community unrest and poor performance by contractors has cause delays in the implementation on some of our projects.

There is a need for the department to revive all coordinating structures in the province to improve communication and working relations with client departments. Our client is still making use of other agencies for the implementation of their projects.

The department will give effect with the contribution to the promotion of SMME's and Broad Based Black Economic Empowerment. We are still struggling with the implementation of our contractor development programme especially with the civil and specialised works, since most of the contractors does not have qualified and registered professionals in their employ as well as the require plant.

The department is experiencing an acute shortage of registered professionals internally in the technical field such as architectural services, Quantity Surveying, Project Management, Engineers, etc. Factors such as salary scales that are not competitive with the private sector and the long travelling distances in the Northern Cape Province make it difficult to attract and retain these professionals. It is for this reason that we have started to award fulltime bursaries to student in these field of study with a commitment that they will come back and work in the Department once they have graduated.

The Expanded Public Works Programme remains a priority for this department although it is still a struggle to achieve the provincial set targets. The turnover rate of EPWP workers is still very high since projects are of a temporary nature. The process for institutionalising the Programme at district level in the Province is completed, providing the platform for increased performance. Municipalities now have EPWP policies and have committed to achieving set targets.



## PERFORMANCE INFORMATION

### Service Delivery Improvement Plan

**Table 1.1 – Main services provided and standards**

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
1. Construct, refurbish buildings and office facilities e.g. schools, clinics, libraries; office accommodation; etc.; on behalf of user departments	All Provincial Departments	70% of projects in construction are completed (This is based on the projects' annual milestones as per project plan)  Meet required building standards approved by cidb.	Health 7 Education 52 Social Dev 4 Sport 4 Agriculture 3 Public Works 4  Keep on improving building standards as required by new developments in the industry	All building projects have been completed according to required norms and standards and regulations .e.g. the Dr Harry Surtie Hospital and De Aar Hospitals. The others are nearing completion
2. Construction and maintenance of roads	All roads users e.g., communities, farmers and the mining industry	<ul style="list-style-type: none"> <li>- Meets required roads standards.</li> <li>- Ensured that all roads are in good condition throughout their expected life span by maintaining them on a regular basis.</li> <li>- Use well trained technical staff.</li> </ul>	<ul style="list-style-type: none"> <li>- Maintain current standard of roads and improve on where there is need for improvement.</li> <li>- Ensuring that all roads are in good condition throughout their expected life span by maintaining them on a regular basis. Use well trained technical staff</li> </ul>	Completed the following roads: <ul style="list-style-type: none"> <li>- Carnarvon – Vosburg Roads</li> <li>- Hopetown- Douglas road</li> <li>- Reseal projects</li> <li>- Regravelling projects</li> </ul>

**Table 1.2 – Batho Pele arrangements with beneficiaries (Consultation access etc.)**

Current/actual arrangements	Desired arrangements	Actual achievements
All the departmental projects are client driven and are done according to the needs of the service beneficiaries	Consultation processes should not be limited to the primary clients , which is the municipalities, farmers and, mining industries , but should also be extended to our secondary clients who are the end users( community members)	Two of our flagship projects .i.e. Vosburg –Carnarvon Road and Battharos Road Maintenance projects, won silver and bronze awards in the Premier's Batho – Pele Service Excellence awards.

## PERFORMANCE INFORMATION

Table 1.3 – Service delivery information tool		
Current/actual information tools	Desired information tools	Actual achievements
<p>The Department is always striving towards Openness &amp; Transparency when delivering services.</p> <p>The department has developed its service charter to inform our clients on the departmental services, operating hours and procedures, addresses, contact and contact persons</p>	<ul style="list-style-type: none"> <li>- Monthly reports, e-mail and distribute hardcopies</li> <li>- Monthly meetings</li> <li>- Site meetings with contractors (All stakeholders)</li> <li>- Cash Flow statements and predictions provided on adhoc basis</li> <li>- SLA available</li> <li>- Implementation of PROMAN system</li> <li>- Client participation in the BID committee meetings</li> <li>- Annual reports must improve- presently concentrating on activities and output</li> </ul>	<ul style="list-style-type: none"> <li>- The Departmental was scored a 3 on MPAT for its SDIP and for the promotion of Access to information to its clients</li> <li>- PROMAN which is an Project Information Management System is being implemented at the moment</li> <li>- The departmental Service Charter has been adopted and displayed on billboards at all our offices including the districts</li> </ul>

Table 1.4 – Complaints mechanism		
Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
<p>Complaints are dealt with in the following manner:</p> <ul style="list-style-type: none"> <li>- Site meetings</li> <li>- Site visits</li> <li>- One on One interviews</li> </ul>	<p>All complaints and Complements should be done in writing and registered for monitoring and evaluation purposes.</p>	<p>All 28 received complaints that were lodged through the Presidential Hotline for 2013/2014 were 100% resolved with only one pending.</p> <p>The department also received complimentary letters from the farmers around the Carnavon – Vosburg area and Batlharos Community to show their appreciation to department for improving their lives.</p>

### 1.2 Overview of the organisational environment for 2013/14

The organisational structure of the Department has been reviewed to bring it in line with its service delivery capacity and to adhere to the sector specific structure for public works departments. The changes were also as a result of the establishment of district offices, reconfiguration of Property Management Unit and Strategic planning and Monitoring.

The loss of our road workers through retirement and natural attrition create a major challenge in losing all those skills. The major risk is that we are running short of grader operators taking into consideration the condition of our gravel roads.

We intend to fill all vacant funded posts during the new financial year in order to deliver on our mandate as a department.

The Skills Development Committee awarded 23 part-time bursaries and 14 full-time bursaries to out of school youth who are residing within the above mention province on the 18 January 2014. The recipients were mostly from Frances Baard District, John Taolo Gaetsewe District and Siyanda District and no bursaries were awarded for the Namakwa and Pixley ka Seme Districts.

The department had 3 full-time bursary holders who were enrolled for the 2014 academic of which 12 students were continuing from the previous years of studies.

### 1.3 Key policy developments and legislative changes

Phase 2 of EPWP started in 2009 to end March 2014 (5 years). The Province has committed to create 106 193 jobs opportunities by Provincial Departments; whereas Municipalities are expected to create 29,102 work opportunities over the same period.

The programme seeks to create an environment for more labor-intensive production methods, procurement policies that support local jobs and building public-private partnerships.

Vigorously implement Broad-Based Black Economic Empowerment (BBBEE) as revised in December 2011 and affirmative action policies and adjust them to ensure that they benefit wider broader sections of our people, especially the workers, youth, women and people with disabilities. Our procurement policies are in line with and meeting the objectives of BBBEE and our employment policies support Affirmative Action.

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

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

Vigorously implement broad-based economic empowerment as revised in December 2011 and affirmative action policies and adjust them to ensure that they benefit more broad sections of our people, especially the workers, youth, women and people with

disabilities. Our procurement policies are in line with meeting the objectives of BBBEE and our employment policies support affirmative action.

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

The Management Performance Assessment Framework and Tool is a collaborative initiative led by the Department of Performance Monitoring and Evaluation (DPME). This has been done in collaboration with the transversal departments responsible for improving management practice. It is:

- A tool that collates existing management policy and guidelines into a framework of standards and indicators of good practice in order to promote a common understanding of good management practice;
- A basis for ongoing learning about how improved management practice can improve public service so that we can collaboratively refine and develop the framework over time;
- A tool for senior managers to test their own practice against and identify management practice improvements that will enable improved service delivery;
- A tool to provide a snapshot of management practice in a range of key performance areas within departments and across the public service and identify what further support is needed from the relevant transversal departments.

## 2. STRATEGIC OUTCOME ORIENTED GOALS

### Road Infrastructure

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

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

- **Hondeklip Bay Road**

The road links Hondeklip Bay with the N7 near Garies. Hondeklip Bay phase 1: Started November 2013 and the anticipated completion date is September 2014. The cost of the first phase of the project amounts to R58 million.

- **Hotazel to Tsineng**

The BHP Billiton mine contributed half of the cost to upgrade. An estimated cost of R 60 million has been invested in this project. We are ready to commence with Phase 3 which amounts to R 38 million. Phase 1 and phase 2 of the project is completed with phase 3, between Tsineng and Gasesse, under construction with an estimated completion date end of August 2014.

- **Widening of Kuruman –Hotazel Road**

This project is made possible through support from our development partners namely, ASSMANG Black Rock Mining Operations – R70 million, BHP Billiton Hotazel Manganese Mine – R17 million, United Manganese of Kalahari Pty Ltd – R12 million. In total R99 million was sponsored by these mining companies. The project is 100% complete.



### **Hopetown – Douglas Road**

The Hopetown –Douglas Road was selected as a project in order to boost tourism and economic routes within the Northern Cape, directed to enhance infrastructure for economic and social development. The total cost for the project amounts to R240million and is 100% completed.

## PERFORMANCE INFORMATION



### BATHLAROS HOUSEHOLD ROAD MAINTENANCE PROJECT

Approximately 40,000 residences are located within this area and the majority make use of public transport to commute to and from their places of work. Due to this traffic characteristic, with taxis and busses collecting passengers along the road, edge breaks occurs in such a severe state that it creates a dangerous road condition.

This project focused on the construction of the edge beams on the Bathlaros in the Gasegonyane Local Municipality and has benefitted the community in many ways. A total of 160 community members were employed with 50% of them being women and youth.



### SOL PLAATJE POTHOLE REPAIR PROJECT - LUNGIS' INDELELA

Named the Lungis 'indlela pothole repair project, the aim is to repair potholes in close to 30 suburbs in and around Kimberley including Homevale, Roodepan, Galeshewe, Westend and Hadison Park. The project will last for 18 weeks and is conducted under the EPWP principals. Currently 100 workers from both our roads division as well as EPWP workers are working on the project

### Community Based Program

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

In the previous 5 year period, preliminary results indicate that the Province has not achieved its target of creating 106,193 work opportunities by creating 80,756 work opportunities (representing 76% of the target). Municipalities on the other hand have achieved 97% of their targets by creating 28,132 work opportunities against a target of 29,102.



### • OPERATION KHOTSO PULA NALA



#### OLIFANTSHOEK

This Operation Khotso Pula Nala initiative offers economic and social benefits to the local community through 160 employment opportunities.

Beneficiaries will have the opportunity to undergo training.



#### SOL PLAATJE CLEANING PROJECT

The Sol Plaatje Cleaning Project was successfully launched during December 2013, and commenced on 2 December 2013 ending on 30 May 2014.

The Department in a joint venture with the Sol Plaatje Municipality and the Department of Environment and Nature Conservation created 930 job opportunities in all 31 branches of the Sol Plaatje Municipality through the cleaning of the Sol Plaatje municipal area.



#### CONSTRUCTION OF 1KM INTERLOCKING BRICK PAVING – LOXTON

The project location is in Loxton (Ward 3) for the construction and upgrading of 1 km road paving interlocking bricks. UBUNTU MUNICIPALITY is appointed as the main contractor. The budget of this project amounts to R 3 million.

The project is funded by the Department of Roads and Public Works. The project commenced on the 9<sup>th</sup> February 2013, and ended in March 2014.



### GARIES AND FRASERBURG BRICK MAKING FACTORY

The department came forward with a turnaround strategy by starting their own interlocking and curb stone manufacturing projects with two brickmaking projects in Fraserburg and another in Garies.

A total of 45 job opportunities will be created for these projects. The bricks will arrive sooner at the project sites and the benefits of poverty alleviation and job creation will be increased.

This machine will be able to manufacture paving blocks as well as building blocks of different sizes. The machine can produce approximately 8000 paving bricks per day.



### SOL PLAATJE POTHOLE REPAIR PROJECT - LUNGIS' INDLELA

Named the Lungis 'indlela pothole repair project, the aim is to repair potholes in close to 30 suburbs in and around Kimberley including Homevale, Roodepan, Galeshewe, Westend and Hadison Park.

The project will last for 18 weeks and is conducted under the EPWP principals.

Currently 100 workers from both our roads division as well as EPWP workers are working on the project.

To streamline the process the department will make use of the fast and effective repair method utilizing the Jetpatcher truck, a self-contained unit which employs the latest technology to repair an average size pothole in under 5 minutes.

Five new Jetpatchers have been purchased by the department in addition to the current owns already owned.

As part of the program 42 workers have been trained to operate the Jetpatchers.

### Property Management and Public Works

Public Works include functions ranging from asset management to maintenance of the provincial building infrastructure of the province. These responsibility as custodian as determined by GIAMA

- Construction and maintenance of government buildings.
- Development of community infrastructure linked to economic development,
- Provision of government accommodation.

The Department implemented a total of 68 infrastructure projects on behalf of the Department of Education of which 12 were completed. One is in design phase, 15 are in tender evaluation / adjudication phase, 40 in construction. These projects consisted of ablution blocks, administration blocks, classroom blocks, computer classroom blocks, conversion centres, Early Childhood Development (ECD) blocks, Media centres, new schools and science laboratories.

- A total number of 15 projects were implemented on behalf of the Department of Health of which 10 were completed and 5 are in construction. These consisted of hospitals, community health centres and new clinics.
- A total number of 4 infrastructure projects were identified for the 2013/2014 financial year by the Department of Sports, Arts and Culture. Of these, 3 are under construction and 1 is completed.



#### DE AAR HOSPITAL

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

TB Unit: 100% completed and delivery taken in January 2014.

Perimeter Fence: 100% Complete

Construction of a Water Reservoir: 100% Complete

Main Hospital: 65% complete and revised completion is expected in December 2014.



#### LIBRARIES

Roads and Public Works is currently Constructing a library in Churchill, right next to the Joe Morolong Municipality. A similar project is taking place in Groblershoop.

## PERFORMANCE INFORMATION

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

### **Vesting**

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

### **Valuations and Surveying**

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

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

### **NC Fleet Management and Trading Entity**

We have acquired additional vehicles for the Department of Social Development and a number of replacement vehicles for those that we have written off during the previous financial year. All the white fleet has been fitted with the tracker system and has already assisted us with taking disciplinary action against officials.



## PERFORMANCE INFORMATION

### Outcome

OUTCOME	OUTPUT	PERFORMANCE												
<b>Outcome 6</b> An efficient, competitive and responsive economic infrastructure network	To ensure the maintenance and strategic expansion of our road and rail network, and the operational efficiency, capacity and competitiveness of our sea ports	<ul style="list-style-type: none"><li>The department received R700 million in grant funding for maintenance in the province and spent 100% of the funding.</li><li>We have started with the Implementation of the Road Infrastructure Strategic framework for South Africa (RIFSA) and have already completed our assessment on roads in the province. The assessment for roads in municipality is still outstanding.</li><li>We entered into joint ventures agreements with the mines and municipalities in order to source external funding for the maintenance of our roads.</li></ul>												
<b>Outcome 4</b> Decent employment through inclusive growth	Improved Support To Small Business And Cooperatives	<ul style="list-style-type: none"><li>A Policy Document to guide Contractor Development in the Department has been developed. The purpose of the program is to create an enabling environment within which selected existing contracting enterprises can develop into sustainable contracting enterprises. Preference will be applied in the accessing of work so that enterprises owned and controlled by blacks, women and the disabled persons are advanced.</li></ul>												
	Implementation of the Expanded Public Works Programme	<ul style="list-style-type: none"><li>Phase 2 of the Expanded Public Works Programme (EPWP) the target for the Province is to create 106 194 work opportunities for the 5 year period of phase 2 Provincial Departments. At the end 5 years the province has created 82,515 job opportunities</li></ul> <table><tr><th>Year</th><th>Job opportunities</th></tr><tr><td>2009/10</td><td>13,840</td></tr><tr><td>2010/11</td><td>9,803</td></tr><tr><td>2011/12</td><td>18,655</td></tr><tr><td>2012/13</td><td>22,435</td></tr><tr><td>2013/14</td><td>17 782</td></tr></table>	Year	Job opportunities	2009/10	13,840	2010/11	9,803	2011/12	18,655	2012/13	22,435	2013/14	17 782
Year	Job opportunities													
2009/10	13,840													
2010/11	9,803													
2011/12	18,655													
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2013/14	17 782													

### 3. PERFORMANCE INFORMATION BY PROGRAMME

#### 3.1 Description of each programme

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



## PERFORMANCE INFORMATION

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

## **3.2 Strategic objectives, performance indicators planned targets and actual achievements**

### **3.2.1 PROGRAMME 1: ADMINISTRATION**

This programme's core function is to Provide support services and management of the department through giving managerial and administrative leadership. The corporate services provides various support services to ensure the smooth running of the department to create a productive, efficient and creative working environment to enable the department to achieve its overall strategic objective.

- **Strategic objectives**

<b>Strategic objectives</b>		<b>Actual Achievement 2012/2013</b>	<b>Planned Target 2013/2014</b>	<b>Actual Achievement 2013/2014</b>	<b>Deviation from planned target to Actual Achievement for 2013/2014</b>	<b>Comment on deviations</b>
1	Provide efficient and effective administrative support		9 Meetings	5	4	All MANCOM meetings was attended by the EA
	Implement economic, efficient, effective and transparent managerial processes in the department		Managing of processes and amending processes if needed	4	3	
	Render an efficient and Effective and Human Capital services to the department		95% of all performance indicators achieved	71%	-24	The posts took longer to fill than what was anticipated
	Render effective support services within the department		85% of all performance indicators achieved	81%	-4%	
	To setup a structural and develop systems for effective Legal Advisory and support services		Performance indicator achieved	Achieved		
	Providing efficient support service through Financial administration and management services to the department		1 Unqualified report	Achieved		

## PERFORMANCE INFORMATION

### • Performance Indicators

Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
<b>Office of the MEC</b> Render advisory, parliamentary, secretarial, administrative and office support services					
Assessments of performance through executive meetings	1	4	3	-1	The meetings are planned according to the MEC's availability
Budget Vote Speech presented to the Legislature	1	1	1	-	
<b>Management</b> Overall management and support of the department					
Number of management meetings assessing the departmental performance	4	4	3	-1	Number of management meetings assessing the departmental performance
<b>Corporate Services</b> To manage personnel, procurement, finance, administration and related support services.					
Ensure that the vacancy rate remain within the norm		15%	12%		The department filled the majority of vacant funded posts
Number of awareness campaigns to promote physical wellness and health of employees		12	4	- 8	We were unable to have all the awareness campaigns due to capacity constraints.
Number of training interventions undertaken on the Works Place skills plan	48%	40	52	+ 12	The department needs its employees to be competent in their core duties, hence there was a need to increase the number of training interventions to be attended by departmental employees
Number of day's grievances, disputes, disciplinary matters, misconduct and appeals resolved.	60	30	30		9 grievances 8 disciplinary
Number of Internal policies approve and revised to promote internal control	10	10	10	-	We have intensify our efforts in developing more policies to improve controls.

## PERFORMANCE INFORMATION

Performance Indicator		Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
	Number of performance reports submitted to Provincial Treasury and the Provincial Legislature.	6	6	6	-	
	Number of internal newsletters published	18	4	1	- 3	The department could not meet the target sine we change our approach by releasing weekly newsletters
	Ensure an effective IT system is kept updated		4	2	- 2	We have introduced the electronic fault register late that is why we only manage to achieve two.
	Number of records management inspection done to ensure proper management and care of records	4	4	4	-	
	Number of security, pre- and screening of all officials and service providers facilitated		400 admin. staff	466	+ 66	Security pre-screening was also done to the consultants and contract workers
	Establish legal service forums within the department		4	-	-	We have joint the provincial legal forum instead of having our own as a department.
	Submit prescribed reports as required by Treasury regulations:	18				We only submitted 3 sets of interim financial statements
	IYM		14	14	-	
	IRM		4	4	-	
	Compliance Certificate		12	12	-	
	Interim Financial Statements		4	3	-1	
	Annual Financial Statement		1	1	-	
	Submit EPRE in line with Provincial guidelines and within prescribed period	4	4	4	-	
	Number of payments not processed within 30 days		360 payments	1146	+ 786	The departmental contractors do not always submit the invoices on time, therefore resulting in late payments
	Payroll administration to be returned within 30	253	276 ports	221	- 55	Non-compliance to time frames by paymasters in returning

## PERFORMANCE INFORMATION

Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
days after pay date					pay rolls.
Submit annual and bi-annual tax reconciliation within prescribed period		2	1	- 1	We have not submitted any interim tax reconciliations for the year.
Submission of Procurement statistics report with regard to monthly spending on BBEEE suppliers	24	13	13	-	
Number of Compliance Audits performed	21	15	23	- 8	Final Audit Reports. The filling of the vacant post in this unit made it possible to exceed the target set
No of risk assessment done to update the Risk Register during the year	6	10	4	- 65	We were unable to do a risks assessment for the district offices.

- Strategy to overcome areas of under performance**

It will require of the department to make sure that it starts some of its programs earlier in particular your awareness campaigns and risk assessments.

- Linking Performance with Budget**

Programme Name	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1.1 Office of the MEC	9,721	9,719	2	8,454	8,450	4
1.2. Management	13,561	13,560	1	11,468	11,466	2
1.4. Corporate Support	97,378	96,563	815	128,642	126,958	1,684
	<b>120,660</b>	<b>119,842</b>	<b>818</b>	<b>148,564</b>	<b>146,874</b>	<b>1,690</b>

### **3.2.2 PROGRAMME 2 - PUBLIC WORKS**

The purpose of this programme is to meet the accommodation and other specific needs of the provincial departments by initiating, planning, and designing, implementing and managing construction, upgrading, rehabilitation and scheduled and unplanned maintenance of infrastructure related projects. It also includes the rendering of professional services such as architecture, quantity surveying, engineering and project management. Horticultural, telecommunications and cleaning services are also provided under the auspices of property management.

- **Strategic objectives**

	<b>Strategic objectives</b>	<b>Actual Achievement 2012/2013</b>	<b>Planned Target 2013/2014</b>	<b>Actual Achievement 2013/2014</b>	<b>Deviation from planned target to Actual Achievement for 2013/2014</b>	<b>Comment on deviations</b>
	Overall management of the program		95%	108%	13%	Special meetings called whenever required to provide intervention where required.
	Planning and designing of new public infrastructure		95%	135%	+ 40%	Education has shifted some of the projects to the IDT
	Construction, refurbishment and upgrading of public infrastructure		95%	75%	- 20	Education has shifted some of the projects to the IDT
	Maintenance and upgrading of existing public Infrastructure		95%	137%	+ 42%	Late receipt of user plans result in late start and implementation of projects.
	Facilitating the implementation, by complying to all relevant sections pertaining to GIAMA		60%	68%	+ 2%	More Departments started to participate in the GIAMA Forum and the Provincial Infrastructure Committee (PIC) led by Treasury has assisted in institutionalising GIAMA in User planning processes.
	Provide and manage offices and residential accommodation (private and state owned)		60%	93%	+ 33%	More client departments surrendered their leases to DRPW. DRPW intensified its efforts to renew those leases that had expired.

## PERFORMANCE INFORMATION

### ● Performance Indicator

	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
<b>Program Support</b> Overall management and support of the program; to manage the activities of the professional components strategically; to render an administrative support service to the professional components with regard to provincial government building infrastructure and property management its management administration, financial matters and supply chain management .						
	Client relations and coordination meetings	21	18	21	+ 3	The department had additional meetings with Treasury and all infrastructure departments
	Number of Coordinated implementation infrastructure programme management plans in place	2	1	2	+ 1	The DoH and DoE complied with Giama requirements to submit their plans by the set date
	Fully functional PROMAN Business System through registering of projects on the system	59	51	70	+ 19	DoE requested five additional in order to fast-track expenditure
<b>Planning and Design</b> Development, monitoring and enforcement of built sector and property management norms and standards and Design of new and upgrading building infrastructure Assist in the development of user asset management plans. <ul style="list-style-type: none"> <li>• Development of Custodian Management Plans.</li> <li>• Development of Infrastructure Plans.</li> <li>• Development of Infrastructure Implementation Plans</li> </ul>						
	Compiled and submitted compliant CAMP as per requirement of Provincial Treasury		1	1	-	
<b>Design</b>						
	Number of detail design completed for implementation	19	48	64	+ 16	DoE and DoH had additional projects
	Number of projects surveyed, planned and costed	18	48	68	+ 20	DoE and DoH had additional projects

## PERFORMANCE INFORMATION

<b>Construction</b> New construction, upgrading and refurbishment and will entail two of the procab stages namely stage [5] Construction Period and Contract Administration and stage 6 project close out and debriefing.						
	Number of projects completed within the contract period	10	11	9	- 2	The non-performance of contractors remain a problem especially your lower grade contractors
	Number of projects completed within budget	20	41	20	- 21	Some projects from client departments DoE started very late in the financial year
	Value of contracts awarded to HDI contractors expressed as a percentage of the total value of contracts awarded	17	51	38	- 13	Internal processes led to the appointment letters signed late in the year
	Value of contracts awarded to WOE contractors expressed as a percentage of the total value of contracts awarded	5	3	6	+ 3	More WOE Contractors are now submitting tenders and qualifying for awards
	Number of projects in construction	49	58	50	- 8	The contractors performed not according to the timelines
<b>Maintenance</b> Will entail the following four maintenance activities and or sub sub-programmes: 2.5.1 Routine maintenance 2.5.2 Schedule maintenance 2.5.3 Conditions assessment of all buildings 2.5.4 Alterations						
	Number of maintenance projects completed as a ratio to the number of planned maintenance	76	60	107	+ 47	User Departments allocated more projects to the districts than anticipated
	Number of maintenance projects awarded	114	86	123	+ 37	User Departments allocated more projects to the districts than anticipated
	Number of scheduled maintenance projects completed within contract period	44	18	58	+ 40	User Departments allocated more projects to the districts than anticipated



## PERFORMANCE INFORMATION

	Number of scheduled maintenance project completed within agreed budget	69	60	107	+ 47	User Departments allocated more projects to the districts than anticipated
	Number of condition assessments conducted on state owned buildings		100	114	- 4	The service provider was able to faster than what was anticipated on the Health portfolio
	Number of projects surveyed, planned and costed	93	86	105	- 19	User Departments allocated more projects to the districts than anticipated
	Number of projects documented and ready for procurement	93	86	92	+ 6	User Departments allocated more projects to the districts than anticipated
	Number of projects in construction	111	86	95	+ 9	User Departments allocated more projects to the districts than anticipated
<b>Immovable Asset Management</b> To manage the property portfolio of the province; to establish and manage the provincial strategic and infrastructure plan; to provide accommodation for all provincial departments and other institutions; to acquire and dispose of accommodation in terms of the plan and in terms of the Northern Cape Land Administration Act.						
	Percentage of erf data checked for completeness to the total number of erven in Asset Register		60%	68%		No POE submitted
<b>Facilities Operation</b>						
	Number of properties receiving facilities management services		14	13	- 1	Contracts were terminated.

### • Strategy to overcome areas of under performance

- We will continue to try and convince our client that they must submit their plans during November the previous year in order for us to plan better.
- We are only responsible for coordinating. We will make sure that we improve our communication with the client department in order to make sure that we get a credible project list.
- We also need to bring in Provincial Treasury to assist to arrange a planning meeting where we will be able to give highlight issues that might affect the implementation.

## PERFORMANCE INFORMATION

- **Linking Performance with Budget**

Programme Name	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
2.1. Programme support	3,830	3,829	1	3,475	3,473	2
2.2. Design	4,726	4,723	3	3,453	3,450	3
2.3. Construction	12,152	12,103	49	26,169	26,166	3
2.4 Maintenance	58,422	49,741	8,681	20,819	20,815	4
2.5 Immovable asset management	64,963	64,690	273	73,842	71,190	2,652
2.6 Facility operations	2,611	2,611	-	-	-	-
	<b>146,704</b>	<b>137,697</b>	<b>9,007</b>	<b>127,758</b>	<b>125,094</b>	<b>2,664</b>

### 3.2.3 PROGRAMME 3: TRANSPORT INFRASTRUCTURE

The purpose of this program is to provide a balanced, equitable provincial road network. The main functions include the planning, design, construction and upgrading of Provincial road infrastructure, as well as the routine preventative and periodic maintenance and rehabilitation of roads. When referring to roads this include the paved, unpaved roads and bridges.

- **Strategic objectives**

	Strategic objectives	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
	Overall management of the program		90%	91%	1%	The budget was spent 100%.  96% of the targets were achieved which translates to 6% over achievement.
	Planning Tools to enhance directorate functions		8	8	-	
	Design necessary roads and related structures		5 Designs	5	-	
	Upgrade to surface and rehabilitate surfaced roads in Northern Cape		6	3	-3	Were only able to start with 3 of the roads due to constraints on our equitable share.
	Maintenance on surfaced & gravel roads, including structures		95% of all performance indicators achieved for programme support 75% of all gravel roads  65% of all structures and road furniture	90%  77%  62%	-5%  2%  -3%	

## PERFORMANCE INFORMATION

### • Performance Indicators

	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
<b>Programme Support</b>						
The overall management and support of the programme managing activities of the professional components strategically, rendering administrative support services to the professional components with regard to road proclamations, way leaves and financial matters.						
	Overall management of the program	91	90%	100%	- 10%	
<b>Planning</b>						
Provide policy and legislative framework for transport to provide network planning for proclaimed roads; to integrate transport and spatial/development planning; transfer payments to local authorities for planning and design of roads that qualify for subsidy.						
	Number of reports done for management system	5	5	5	-	
	Report- Infrastructure reports	1	1	1	-	
<b>Design</b>						
Provide geometric, material, structural and traffic engineering designs of provincial proclaimed roads; provide laboratory, survey, drafting, expropriation, and computer and road accident data services; to provide management information systems for the provincial road network.						
	Number of designs completed		5	5	-	
	Number of specification documents for structures		3	3	-	
<b>Construction</b>						
To construct and rehabilitate provincial proclaimed roads through contracts and Public Private Partnerships (PPP's); to render transfer payments to local authorities for road projects that qualify for subsidy.						
	Number of lane-km of new surfaced roads constructed	-	-	-	-	
	Number of new gravel roads constructed	-	-	-	-	
	Number of square meter of surfaced road upgraded	-	-	-	-	
	Number of km of gravel roads upgraded to surfaced roads	0	57	50.1	- 6.9	There was a delay in the start of the Hondeklipbaai phase 1
	Number of square meter of non-motorised transport facility constructed	-	-	-	-	

## PERFORMANCE INFORMATION

<b>Maintenance</b> To maintain provincial proclaimed roads; transfer payments to local authorities acting as agents for the province; augmentation of roads capital account (Ordinance 3 of 1962) to provide for additional capital; to render technical support including radio network services and training.						
	Number of lane-km of surfaced roads rehabilitated	25.7	37	35.8	- 1.2	Rain delay on asbestos
	Number of square meters surfaced roads resealed	190 816	1400 000	1 740 222	+ 340 222	Due to the delay in construction of the Hondeklip Bay Road (upgrade for gravel to pave above) funding was moved to reseat
	Number of kilometers of roads re-gravelled	82.5	162	601.90	+ 439.90	The production of floods damages contributed a considerable number of kms. Add funding from Department of Agriculture was obtain. Partnership with the mines increased the available funding.
	Number of square meters of blacktop patching	47 573.72	34 768	80 611.57	+ 46 037.85	Pothole patching is related to reseals and due to the increase in reseat, the pothole patching increased.  Due to increased mine traffic on the route to Kouga, Pixley was forced to instate a fulltime pothole team on the Hanover road.
	Number of kilometers of roads bladed	71 635.88	71 918	73 456.34	+ 1 538.34	The graders were available slightly more than anticipated
	Number of emerging contractors appointed		29	27	-2	93% achieved
	Number of work opportunities created		850	1 497	+ 647	We receive additional funding from NT hence could increase the job opportunities

## PERFORMANCE INFORMATION

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

- We have already improved as a department on our performance by involving the MEC on issues where we find that communities are unstable.
- The districts remain within their operational plan budgets and follow the blading program that will assist with the improvement of our gravel roads.
- We will give regular training to road workers and other officials in order to make sure that they understand the processes, procedures on collecting and collating of performance information.

- **Linking Performance with Budget**

Programme Name	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
3.1. Programme support	8,317	8,315	2	3,658	3,656	2
3.2. Planning	19,889	19,888	1	23,613	23,610	3
3.3. Design	2,475	2,471	4	3,043	3,039	4
3.4. Construction	391,664	391,657	7	404,312	404,307	5
3.5. Maintenance	475,894	475,892	2	234,058	233,928	130
	<b>898,239</b>	<b>898,223</b>	<b>16</b>	<b>668,684</b>	<b>668,540</b>	<b>144</b>

## 3.2.4 PROGRAMME 4: COMMUNITY BASED PROGRAMMES

To manage the implementation of programmes and strategies that lead to the development and empowerment of communities and contractors. This includes the provincial management and co-ordination of the Expanded Public Works Programme. Overall management and support of the branch including provision of back office technical administration ,provision of built sector knowledge management services, finance, built sector supply chain management and management of stores, tele-communications as well as serving as the co coordinating division of the branch.

### • Strategic objectives

	Strategic objectives	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
	Management and support to the programme		Targets achieved	89%	-11%	It remain a challenge
	Ensure Designated Groups Targets are met		100%	100%	-	It's a challenge to attract PLWD into the programme
	Improving of Grading status of contractors		20	15	-5	The contractor development program did not kick of as anticipated.
	Inter governmental relations		In line with IGR	Achieved	-	



## PERFORMANCE INFORMATION

- **Performance Indicator**

	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
<b>Programme support</b>						
Overall management and support of the programme						
	Facilitate Provincial Program Steering Committee		4	4	-	
	Profiling and Promotion of the program		5	2	- 3	Human and Financial Resources Challenges
<b>Community Development</b>						
Programmes to bring about the development and empowerment of impoverished communities						
	Number of EPWP work opportunities created by the department of Road and Public Works	2	1 200	3,426	+ 2 226	Operation Khotso Pula Nala boosted the program by creating additional work opportunities.
	Number of full time equivalents (FTE's) created by the department of Roads and Public Works	2	0	535	+ 535	Operation Khotso Pula Nala boosted the program by creating additional work opportunities.
<b>Innovation and empowerment</b>						
Programme to develop contractors' empowerment, development of new programmes and training. It also includes learner ships and NYS						
	Number of beneficiary empowerment interventions		3	2	-1	Contractor Development Program not in place yet.
<b>EPWP Coordination and Monitoring</b>						
This sub-programme includes the management and coordination of expenditure on the Expanded Public Works Programme.						
	Number of work opportunities created by the Province	22 435	33 744	17 782	- 15 962	Under reporting by public bodies.
	Number of FTE's created by the Province	3 868	9 683	3,221	- 6 462	Under reporting of by public bodies
	Number of work opportunities created for people with disabilities by the Province	12	337	18	- 319	It's a challenge to attract PLWD into the programme
	Number of work opportunities created for youth by the province	12 114	13 497	9 068	- 4 429	Under reporting by public bodies
	Number of jobs created	22 435	33 744	17 782	- 15 962	Operation Khotso Pula Nala boosted the program by creating

## PERFORMANCE INFORMATION

	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
						additional work opportunities.
	Number of full time equivalents (FTEs)	3 868	9 683	3,221	- 6 462	Under reporting by public bodies
	Number of youth employed (18-35)	12 114	1 397	9 068	- 4 429	Under reporting by public bodies
	Number of women employed	12 563	20 246	10 669	9 577	Under reporting by public bodies
	Number of people living with disabilities employed	12	337	18	- 319	Under reporting by public bodies
	Number of Work opportunities created by Municipalities		8 826	7 535	- 1 291	Under reporting by public bodies
	Number of FTE created by Municipalities		2 532	1,782	750	Under reporting by public bodies

- Strategy to overcome areas of under performance**

The underperformance of creating job opportunities would remain a challenge since we each department is responsible capturing their own information. We will have to relook at the types of jobs that we create in order to make sure that we reach the FTE targets that we set for ourselves. The contractor development program will start in full swing since we have finalised our policy

- Linking Performance with Budget**

Programme Name	2013/2014			2012/2013		
	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
5.1. Programme support	1,296	1,296	-	477	378	99
5.2. Community Development	114,314	103,578	10,736	-	-	-
5.3. Innovation and Empowerment	8,518	8,518	-	11,697	11,614	83
5.4. EPWP Co-ordination and Monitoring	11,767	11,764	3	100,310	64,036	36,274
<b>Total</b>	<b>2,467,101</b>	<b>2,436,680</b>	<b>30,421</b>	<b>2,002,496</b>	<b>1,957,044</b>	<b>45,452</b>

### **Operation Khotso Pula Nala Project**

The department received an amount of R10 million during the adjustment budget as earmarked funds for the projects. We only transferred funds to the municipalities who have submitted their business plans and who was ready for implementation. We also took in consideration the financial status of the municipalities and negotiated with the districts to receive the funds. The identified municipalities were unable to finalise their business plans in order for us to payout of all these funds before the end of the 2013/14 financial year.

**Operation Khotso Pula Nala: Olifantshoek** This project entails the construction of a bridge, upgrading of the community hall and town cleaning.

### **Bloodhound project – Earmarked funds**

A budget of R 7,597 million was allocated to the department as earmarked funds for the above-mentioned project during the 2013/14 financial year. The project was delayed due to flooding of the Hakskeenpan. As a result, we had to lay off the workers for that period and suspend the machines that were hired at the time.

## **4. TRANSFER PAYMENTS**

The table below reflects the transfer payments made for the period 1 April 2012 to 31 March 2014

<b>Name of transferee</b>	<b>Purpose for which the funds were used for</b>	<b>Compliance with s 38 (1) (j) of the PFMA</b>	<b>Amount transferred (R'000)</b>	<b>Amount spent by the entity R'000</b>	<b>Reasons for the funds unspent by the entity</b>
Emthanjeni Municipality	Khotso Pula Nala	y	560	560	
Pokwane Municipality	Khotso Pula Nala	y	3,209	3,209	
Ga Segonyana Municipality	Khotso Pula Nala	y	2,435	2,435	
Kai Garib	Khotso Pula Nala	y	1,200	1,200	
Magareng Municipality	Khotso Pula Nala	y	2,488	2,488	
Sol Plaatje Municipality	Khotso Pula Nala	y	1,002	1,002	
Mier Municipality	Khotso Pula Nala	y	2,375	2,375	
Siyathemba Municipality	Khotso Pula Nala	y	2,500	2,500	
Umsobomvu Municipality	Khotso Pula Nala	y	2,651	2,651	
Kamiesberg Municipality	Khotso Pula Nala	y	2,551	2,551	
Hantam Municipality	Khotso Pula Nala	y	5,000	5,000	
Pixley Ka Seme DM	Replacement/ Maintenance of electricity meters	y	5,000	5,000	
Fleet Management Trading Entry	Compensation and operating costs of fleet entity	y	14,398	14,398	

## PERFORMANCE INFORMATION

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The table below reflects the transfer payments which were budgeted for in the period 1 April 2012 to 31 March 2014, but no transfer payments were made.

Name of transferee	Purpose for which the funds were used for	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
Karoo Hoogland	Khotso Pula Nala	2,500	0	Business case was not received by department
Pokwane	Khotso Pula Nala	1,592	0	Business case was not received by department

## PERFORMANCE INFORMATION

### 5. CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

	Provincial Roads Maintenance Grant	EPWP Incentive Grant
Department who transferred the grant/earmarked funds	Department of Roads	Public Works (Vote 7)
Purpose of the grant/earmarked funds	<input type="checkbox"/> To supplement provincial roads investments and support preventative, routine and emergency maintenance on provincial road networks <input type="checkbox"/> Ensure provinces implement and maintain road asset management systems <input type="checkbox"/> Promote the use of labour-intensive methods in road maintenance <input type="checkbox"/> Repair roads and bridges damaged by floods	To 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: <ul style="list-style-type: none"> <li>- road maintenance and the maintenance of buildings</li> <li>- low traffic volume roads and rural roads</li> <li>- other economic and social infrastructure</li> <li>- sustainable land based livelihood</li> </ul>
Expected outputs of the grant/earmarked funds	Collected pavement and bridge condition data as well as traffic data <input type="checkbox"/> The extent of the road (length) and bridge (number) network <input type="checkbox"/> Current condition distribution of the road and bridge network, as well as traffic distribution <input type="checkbox"/> Maintenance needs of the road and bridge network <input type="checkbox"/> Change in network condition distribution over time due to prioritised maintenance actions <input type="checkbox"/> Number of EPWP work opportunities created <input type="checkbox"/> Number of S3 students provided with experiential internships <input type="checkbox"/> Number of emerging contractor opportunities created <input type="checkbox"/> Rehabilitation and repair of roads and bridges damaged by floods	<input type="checkbox"/> Increased number of people employed and receiving income through the EPWP <input type="checkbox"/> Increased average duration of the work opportunities created <input type="checkbox"/> Increased income per EPWP beneficiary
Actual outputs achieved	Yes	Yes
Amount per amended DORA	R 699,484,000	R 4,915,000
Amount received (R'000)	R 699,484,000	R 4,915,000
Reasons if amount as per DORA was not received	All funds recieved	All funds recieved
Amount spent by the department (R'000)	R 699,483,000	R 4,915,000
Reasons for the funds unspent by the department	Spent 100%	Spent 100%
Reasons for deviations on performance	No deviation	No deviation
Measures taken to improve performance	We intend to make sure that we start early with the procurement processes and that the designs is completed.	We will make sure that we start early with our job creation project.
Monitoring mechanism by the receiving department	We have a Chief Directorate in the deparment that specifically deal with road infrastrcuture. We appoint a project manager for each projects that we undertake. Ot is also part of our reporting procedure to National Department of Transport on a monthly basis.	The department do have a dedicated unit that deal with the payments.

## PERFORMANCE INFORMATION

### 6. CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Infrastructure projects	2013/2014			2012/2013		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
New and replacement assets	149	102	47	14,689	14,688	1
Existing infrastructure assets	881,020	865,680	15,340	613,127	606,212	6,915
Upgrades and additions	120,696	114,049	6,647	411,107	408,170	2,937
Rehabilitation, renovations and refurbishments	25,823	25,823	-	13,466	13,464	2
Maintenance and repairs	734,501	725,808	8,693	188,554	184,578	3,976
Infrastructure transfer	35,063	30,971	4,092	50,000	19,937	30,063
Current	35,063	30,971	4,092	50,000	19,937	30,063
Capital						
<b>Total</b>	<b>916,232</b>	<b>896,753</b>	<b>19,479</b>	<b>677,816</b>	<b>640,837</b>	<b>36,979</b>

#### i. ROAD INFRASTRUCTURE

The road network as defined by the Department's Road Referencing System is as follows:

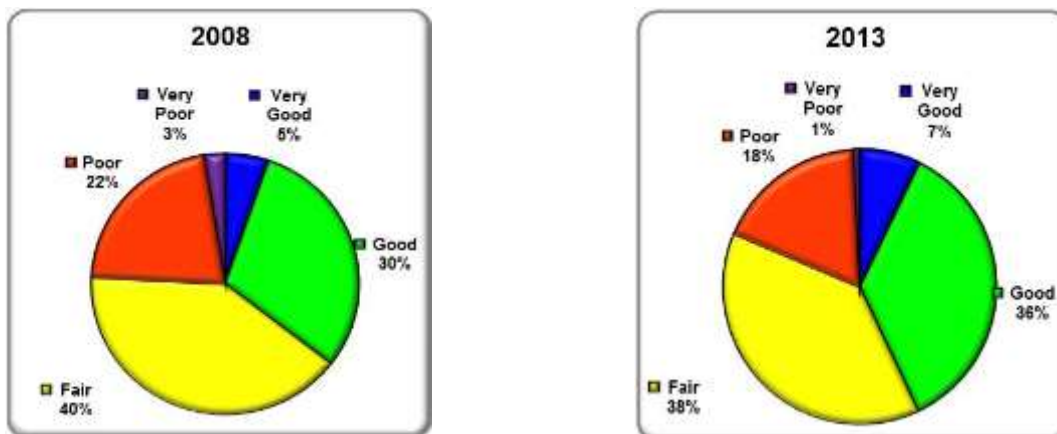
Table -1: road network according to network 6		
	Authority 1 (Provincial)	Authority 2 (Municipal)
Paved Roads	3,489	141
Block Roads	22	1.4
Unpaved Roads*	22,510	102
Minor roads (not incl. in the assessment)	34,000	
Total Network	60,021	

\*The unpaved roads include 25.85 km of earth roads.

Currently the National road network in the Northern Cape Province consists of 2,680 km of road.

### a. Paved Roads Condition

Northern Cape paved roads historic condition distribution



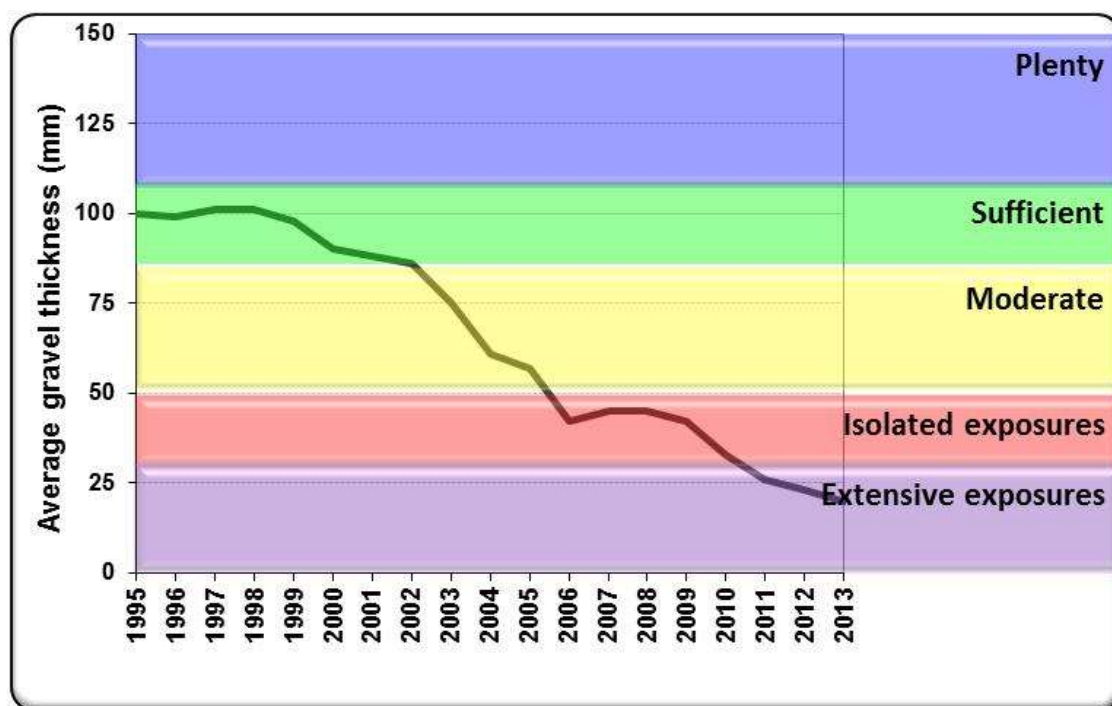
The overall condition of provincial paved roads has deteriorated from 85% in 1991, to 58% in 2012, in 2013 the average Visual Condition Index (VCI) has improved to 65%, which is only 10% less than the goal of the 2012 RAMP.

The average VCI for the provincial paved road network, since 2008 reflects that the portion of;

- Very good roads has increased from 5% to 7%;
- Good roads has increased from 30% to 36%;
- Fair roads has decreased from 40% to 38%;
- Poor category roads has decreased from 22% to 18%;
- Very poor roads have decreased from 3% to 1%.
- These are the results of the current reseal programme.



## b. Unpaved / Gravel Road



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An assessment shows that only 165 km of the unpaved network has a gravel wearing course of 150 mm or more, this proportion is less than 2% of the unpaved road network. The length of road with no gravel material is 35% (7,834 km), and roads operating with gravel material less than 50 mm thick is 11,155km. In total 84% of the unpaved road network can potentially have serious passability problems due to insufficient gravel thickness of the gravel wearing course. This analysis assumes that all unpaved roads should be treated according to the same re-gravelling standard.

- The current funding level is not sufficient to maintain the Northern Cape Provincial road network. Consequently, the condition of the paved road network will continue to deteriorate over the next ten analysis years. At current funding level; the backlog of gravel roads requiring preventative maintenance will increase to approximately 95% of the road network. Funding remains an imperative to maintaining and expanding the current network. However, the current funding level is not sufficient to reduce the total backlog, especially on roads with low traffic volumes.

## PERFORMANCE INFORMATION

- **Project**

### Completed projects

<b>Regravelling Projects</b>
Flood Damage: Colesburg East: Dr3169 And Dr3179
Flood Damage: Colesburg West: Dr3058
Flood Damage: Colesburg North Area: Dr3193 & Mn47c
Flood Damage: Petrusville Area: Mr791 & Mn16/4ph
Flood Damage: Petrusville West Area: Dr3085,
Flood Damage: Richmond Area: Mr606
Flood Damage: Repairs Jen Haven Dr3387
<b>Reseal</b>
Reseal: Dr3456: Kuruman-Mothibistad
Reseal: Mr807 Kimberley - Riet River
Reseal: Mr900, Mr898, Mr803 & Tr79/2
Reseal: Mr904 & Tr8/1: Kimberley
Reseal: Tr5/1 Between Kimberley And Barkley
Reseal: Tr5/2 Hartsriver - Koopmansfontein
Reseal: Tr5/2 In Barkley West
Reseal: Tr8701 Norokeipan - Askham
Reseal: Tr8702: Askham - Koopan
<b>Routine Maintenance</b>
Dr3256 Rooipad: Edge Break Repair & Slurry: Km83-88.5
Drainage Improvements Marchand-Augrabies: Mr858: Km10-15
Kanon Eiland: Bridge B677 On Mr875
Maintenance On Louisville Road Mr857: Km0-13
Maintenance On Louisville Road Mr857: Km13-26
Maintenance: Marchand-Augrabies: Mr858: (Km 5-10)

### Projects under Construction

<b>Name of Project</b>	<b>% Progress</b>
Flood Damage: Gariep-Grootdrink: Dr3309	0%
Flood Damage: Groblershoop-Olifantshoek: Mr874	15%
Flood Damage: Groblershoop-Swartkop: Mr873	45%
Flood Damage: Groblershoop-Witsand: Dr3304	35%
Flood Damage: Loxton Area Dr2324	35%
Flood Damage: Loxton Area Dr2329	15%
Flood Damage: Marchand-Perdeneiland: Dr3266	50%
Flood Damage: Richmond: Mr607	68%
Flood Damage: Spitskop-Schmidtsdrift: Dr3353, Dr3400 & Dr3373	37%
Flood Damage: Victoria West: Dr2318 & Dr2320	0%
Flood Damage: Windsorton: Dr3380 & Dr3391	56%

## PERFORMANCE INFORMATION

Name of Project	Type of Works	% Progress
Asbestos	Safety improvement	5 %
Garies - Hondeklip Bay Road	Upgrade to Pave	1%
Hotazel - Tsineng Phase 2	Upgrade to Pave	63 %
Household Contract Maintenance: Batlharos: Mr947	Routine Maintenance	Continuing
Reseal: Mr913: Barkley West-Windsorton	Reseal	55%
Postmasburg To N14	Widening of road	0%

### ii. Public Works and Property Management

#### a. Immovable Asset Register

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

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

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

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

#### b. Projects erected on behalf of client departments

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

- **New Mental Health Facility (Multi-year Project)**

The initial main project is 63% complete. The initial contract was terminated on 7 December 2009 due to unsatisfactory performance by the Contractor. The site was handed over to the new contractor on 21 December 2011 and revised completion is expected in August 2014. The estimated cost amounts to R 401 million to complete the project.

## PERFORMANCE INFORMATION

### • New De Aar Hospital

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

- TB Unit: 100% completed and delivery taken in January 2014.
- Staff Accommodation A : 100% Complete
- Staff Accommodation B : 100% Complete
- Perimeter Fence : 100% Complete
- Construction of a Water Reservoir : 100% Complete
- Main Hospital: 65% complete and revised completion is expected in December 2014.

### Clinics

Name of Project	Type of Works	% Progress
New Deurham Clinic	New Clinics	100%
Gamopedi Clinic	New Clinics	100%
Tshwaragano Hospital	New OPD, Gatehouse and Siteworks:	100%
Kimberley Hospital	Upgrading of James Exum Building	99%
– Richmond Clinic	Upgrading of Access Road	25%
Fraserburg CHC	Upgrading of CHC	25%
Sutherland CHC	Upgrading of CHC	25%

## DEPARTMENT OF EDUCATION

A total number of 68 infrastructure projects were identified for the 2013/2014 financial year. Of these, 1 are in design phase, 15 are in tender evaluation / adjudication phase, 40 in construction and 12 completed.

### Ablution Blocks

The programme consists of the construction of 25 units. The budget for the programme amounts to R 16.9 million. Of these projects, 10 are in tender evaluation / adjudication phase, 12 are under construction and are between 15% to 80% complete and 3 are completed. Expenditure on this programme at the end of the 2013/2014 financial year amounts to R 6.1 million. No of jobs created amounts to 212.

### **Administration Blocks**

The programme consists of the construction of 5 units. The budget for the programme amounts to R 7.15 million. Of these projects, 1 is tender evaluation / adjudication phase, 4 are under construction and are between 10% to 60% complete. Expenditure on this programme at the end of the 2013/2014 financial year amounts to R 2.9 million. No of jobs created amounts to 51

### **Classroom Blocks**

The programme consists of the construction of 3 units. The budget for the programme amounts to R 9.9 million. Of these projects, 1 is tender evaluation / adjudication phase and 6 is under construction and between 10% and 65% complete. Expenditure on this programme at the end of the 2013/2014 financial year amounts to R 1.7 million. No of jobs created amounts to 107

### **Conversion of Offices**

The programme consists of the construction of 3 units. The budget for the programme amounts to R 3.1 million. Of these projects, 1 is in design phase (designs only for this year), 1 is in tender evaluation / adjudication phase and 1 is completed. Expenditure on this programme at the end of the 2013/2014 financial year amounts to R 3.1 million. No of jobs created amounts to 16

### **Early Childhood Development (ECD) Classrooms**

The programme consists of the construction of 26 classroom units. The budget for the programme amounts to R 34.3 million. Of these projects, 2 are in tender evaluation / adjudication phase, 16 are under construction and between 10% and 95% complete and 8 are completed. Expenditure on this programme at the end of the 2013/2014 financial year amounts to R 14.1 million. No of jobs created on this programme as at end of 2013/2014 financial year amounts to 346

### **New Schools / Major Additions to Schools**

The programme consists of the construction of 2 schools. The budget for the programme amounts to R 13.7 million. Both of these projects are under construction and between 60% complete. Expenditure on this programme at the end of the 2013/2014 financial year amounts to R 8.7 million. No of jobs created amounts to 43.

### **Community Libraries**

The programme consists of the construction of 2 libraries, one at and Sternham and one at Churchill. The budget for the programme amounts to R 23.0 million. Sternham library is 98% complete while Churchill library is 40% complete. Expenditure as at the end of the 2013/2014 financial year amounts to R 13.1 million. No of jobs created amounts to 49.





**PART 3**

**GOVERNANCE**



### 1. Introduction

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

#### a) Accountability

Annual performance contracts were entered into with senior management of the department that is link to the Annual Performance plan. We are using the MPAT assessment tool as a yard stick to monitor the improvement of governance processes in the department.

#### b) Discipline

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

#### c) External Reporting

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

### 2. Risk Management

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

- Executive and operational management, together with their nominees should be active participants in the risk identification and assessment process. The department conducts risk assessments annually.
- The risk management committee was establish and already had two meetings. . This committee is meeting on a quarterly basis and advices management on the overall system of risk management. It monitors the effectiveness of the controls that was put in place to limit the risks identified.
- The department sees progress in the management of risks as it was rated level 4 on the DPME Management Performance Assessment Tool (MPAT).

### 3. Fraud Prevention

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

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

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

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

The department has a fraud prevention plan which was approved September 2013. The department has a Whistleblowing policy which had been approved in September 2013. This policy clearly outlines the procedures which must be followed in reporting fraud and corruption and how such matters must be dealt with. The department has communicated this policy to all its employees. The department is also in a process of conducting workshops in all districts to educate its employees on this policy and the first workshop was held at the JTG District on the 2<sup>nd</sup> December 2013.

The Whistleblowing policy clearly sets out the procedures which must be followed on how to report fraud and corruption e.g. they can approach their immediate supervisor, HOD, and the South African Police Services, Audit Committee etc.

### 4. Conflict of interest

- Members of the Senior Management Service as well as other employees annually disclose their financial interest. All declarations of the senior management are submitted to the Public Service Commission. We have a register of other officials to declare their interest annually.
- All Members of Bid Adjudicating Committee (BAC) and the Bid Evaluation Committee (BEC) must sign a declaration of interest at each meeting. The contractors are also required to declare their interest.

**5. Code of conduct**

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

**6. Safety, health and environmental issues**

- The Department has and maintains a Health and Safety Management Programme inclusive of Health and Safety Policy in accordance with the Occupational Health and Safety Act, 1993. We have appointed Health Officers in all the districts in order to make sure that all our employees are not exposed to an unsafe environment. Some of the issues that was identified were:
  - Camp sites of road workers
  - The fire extinguishers that must be on all plant
  - Need to make sure that all vehicles is road worthy
- We are also making provision in our contract documents for Health and Safety requirements that the contractors should adhere to. We have appointed and trained Health Officers at all our districts.

**7. Portfolio Committees**

The department attended the Portfolio Committee meeting on the budget during April 2013. The committee accepted our budget, but raised a concern with regard to the condition of our roads.

**8. SCOPA Resolutions**

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
6.1	Ensure that set targets relating to the programme aimed at uplifting and empowering of emerging contractors and the community are realised	Lack of policies and capacity within the unit	We have finalized the contractor development policy which was approved.	No
6.2	Ensure that the register with tenants occupying state owned property is updated speedily	Some of the leases were concluded by the client department without our knowledge.	We have collected all the information from them and were able to compile the register	Yes

### 9. Internal Control Unit

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

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

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

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

The focus of this unit was to keep record of all our tender documentation and financial records. The unit submitted twelve reports to the HOD on irregular expenditure and also serve as the secretariat on the financial misconduct committee.

### 10. Internal Audit and Audit Committees

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

The Provincial Internal Audit Unit's (PIAU) mandate is to provide assurance that the risks in the department and the Northern Cape Fleet Trading Entity are managed in a way that allows for the achievement of management objectives. This mandate is derived from the Public Finance Management Act (Act 1 of 1999 and as amended by Act 29 of 1999).

The Internal Audit unit was functional for the 2013/2014 financial year. The following internal audit assignments were completed during the year under review:

- Management Performance Assessment Tool
- Fleet management - internal controls
- Interim Financial Statement as at 30 September 2013
- Annual Financial Statement for 2012/2013
- Supply Chain Management
- Risk management (fraud/all)
- Information Technology Governance

## GOVERNANCE

The Internal Audit unit also attended and contributed to the departmental risk management committee meetings, quarterly departmental review sessions and ad hoc management meetings as and when requested.

The audit committee's responsibilities arise from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The audit committee adopted an audit committee charter and has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein for the 2013/2014 financial year.

The audit committee assisted the department by providing advice relating to the reporting process, the system of internal control, the risk management processes, the internal and external audit processes and the department's processes for monitoring compliance with laws and regulations as well as the code of conduct.

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

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Chairperson Mr HC Ogu	B. Sc Hons (Acc), CIA, CA, MBA	External	N/A	1 October 2011	N/A	4 out of 4
Mr ZL Fihlani	B.Com, B.Compt (Hons), M.Com, H.DipTax, CA (SA)	External	N/A	1 October 2011	N/A	4 out of 4
Adv FJ van der Westhuizen	LLB, B.luris, Dip.luris	External	N/A	1 October 2011 for the Health cluster AC. Assisted with the Roads cluster AC as from the 2013/2014 financial year.	N/A	4 out of 4

## 1. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2014. The audit committee was operational throughout the year and had several engagements with management on crucial financial management, internal control, risk management and governance issues during the year. The audit committee acknowledges the attendance and participation of senior management including the Accounting Officer in the audit committee meetings.

## 2. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

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

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

Name	Qualifications	Internal or external	Date appointed	No. of Meetings attended
Chairperson Mr HC Ogu	B.Sc Hons (Acc), CIA, CA, MBA	External	1 October 2011	4
Mr ZL Fihlani	B.Com, B.Compt (Hons), M.Com, H.DipTax, CA (SA)	External	1 October 2011	4
Adv FJ van der Westhuizen	LLB, B.luris, Dip.luris	External	1 October 2011 for the Health cluster AC. Assisted with the Roads cluster AC as from the 2013/2014 financial year.	4

### **3. AUDIT COMMITTEE RESPONSIBILITY**

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

### **4. THE EFFECTIVENESS OF INTERNAL CONTROL**

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

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

- Management Performance Assessment Tool
- Fleet management - internal controls
- Interim Financial Statement as at 30 September 2013
- Annual Financial Statement for 2012/2013
- Supply Chain Management
- Risk management (fraud/all)
- Information Technology Governance

The following were areas of concern:

#### **Fleet Management operations**

- Inadequate controls were noted concerning the security of the supporting documentation relating to the approval of the vehicle purchases.
- The controls over the performance and approval of vehicle transactions were inadequate as no physical verification of vehicles was performed.
- The controls relating to the completeness of trip authorisation forms were inadequate.
- Ineffective controls were noted concerning the accident reporting procedures.

### **Supply Chain Management:**

- The controls pertaining to the supply chain management policy was inadequate. The department has a draft supply chain management policy, which has not been finalized and approved.
- The controls pertaining to good and services below R30 000 were ineffective due to lack of requisition forms in some cases and in other cases the minimum number of quotations and/or deviations were not evidenced.
- The controls relating to the authorization and processing of monthly payments were ineffective due to payment certificates, order forms, proof of receipt and signing of invoices were not adequately evidenced in some cases.

### **Risk Management**

The current reporting of the Risk Management Committee needs attention to be in line with the risk management policy and strategy. Risk owners must take responsibility to report on the progress made with implementation plans as well as possible revision of the risk ratings as a result of the actions taken.

### **Information Technology Governance**

- Of the nine objectives identified by DPSA to be implemented by the March 2014 only two objectives has been completed.
- An IT Governance framework is yet to be developed and approved coupled with the fact that the COBIT framework does not exist.
- IT risk is not well understood and not communicated to relevant Risk Manager for inclusion on strategic risk level.
- Key controls for the safeguarding of IT assets are missing or not functioning.

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

The following internal audits were still in progress at the date of this year end:

- Assets (department and fleet entity)
- Performance Information
- Follow up audits on supply chain management and fleet entity (internal controls)



## **5. IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT**

The department has been reporting monthly and quarterly to the Treasury as is required by the PFMA. We had engagements with the Department's management to provide clarity on completeness and quality of the monthly and quarterly reports during our quarterly meetings and officials of the Department were able to clarify areas of concern raised by the audit committee.

## **6. EVALUATION OF FINANCIAL STATEMENTS**

- 6.1 The audit committee reviewed the unaudited financial statements for the year ended 31 March 2014 for both the department and the Northern Cape Fleet Trading Entity and has discussed matters of concern with management. The audit committee further reviewed the audited financial statements and discuss the statements with the Auditor-General as well as the Accounting Officer.
- 6.2 The audit committee has reviewed the Auditor-General's management report and management response thereto and has directed management to develop a comprehensive action plan to address the issues raised by the Auditor-General.
- 6.3 The audit committee has reviewed the accounting policies applied in the compilation of the annual financial statements and is satisfied that the policies are consistent with those of prior year, have been consistently applied and are in accordance with the National Treasury guidelines.
- 6.4 The audit committee reviewed the department's compliance with legal and regulatory provisions during the quarterly audit committee meetings and management has been directed to implement remedial measures where instances of non-compliance were noted.
- 6.5 The audit committee has reviewed the information on predetermined objectives to be included in the annual report as part of the review of the audited financial statements.
- 6.6 The audit committee has reviewed significant adjustments resulting from the audit as part of the review of the audited financial statements.
- 6.7 The audit committee hereby indicates its concurrence with the Auditor-General's conclusion on the annual financial statement as well as the unqualified audit opinion of the Auditor-General.

## **7. INTERNAL AUDIT**

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

## 8. AUDITOR-GENERAL SOUTH AFRICA

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

- Payment of invoices within 30 days
- Non-compliance with Supply Chain Management prescripts resulting in irregular expenditure
- Under- achievement of targets on APP
- Lack of adequate portfolio of evidence for reported achievements



C. Ogu

Chairperson of the Audit Committee

Date: 2014-08-01



## **PART 4**

# **HUMAN RESOURCE MANAGEMENT**

## HUMAN RESOURCE MANAGEMENT

### HUMAN RESOURCE MANAGEMENT

#### 3.1. Personnel related expenditure

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

*Table 3.1.1 Personnel expenditure by programme for the period 1 April 2013 and 31 March 2014*

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	119 842	66 687	1 644	7 361	47.8	347
Community Based Programme	125 156	15 676	0	9 286	12.5	682
Public Works Infrastructure	137 697	38 003	48	2 323	27.6	317
Transport Infrastructure	898 223	90 347	0	6 478	10.1	191
<b>Total</b>	<b>1 280 918</b>	<b>210 713</b>	<b>1 692</b>	<b>25 448</b>	<b>15.7</b>	<b>261</b>

*Table 3.1.2 Personnel costs by salary band for the period 1 April 2013 and 31 March 2014*

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	890	0.4	37	24
Skilled (level 3-5)	73 028	34.6	440	166
Highly skilled production (levels 6-8)	57 975	27.5	197	294
Highly skilled supervision (levels 9-12)	53 203	25.2	113	471
Senior and Top management (levels 13-16)	25 617	12.2	21	1 220
<b>Total</b>	<b>210 713</b>	<b>100</b>	<b>808</b>	<b>261</b>

## HUMAN RESOURCE MANAGEMENT

*Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2013 and 31 March 2014*

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	45 436	68.1	488	0.9	1 551	2.3	2 849	4.3
Public Works Infrastructure	26 549	69.9	71	0.2	1 055	2.8	2 031	5.1
Transport Infrastructure	61 917	68.5	632	0.7	4 301	4.8	4 655	5.2
Community Based Programme	4 683	21.9	0	0	135	0.9	203	1.3
<b>Total</b>	<b>138 585</b>	<b>65.8</b>	<b>1 191</b>	<b>0.6</b>	<b>7 042</b>	<b>3.3</b>	<b>9 738</b>	<b>4.6</b>

*Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2013 and 31 March 2014*

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	430	48.3	7	0.8	63	7.1	77	8.7
Skilled (level 3-5)	44 829	61.5	625	0.9	4 012	5.7	5 190	7.1
Highly skilled production (levels 6-8)	36 948	63.7	416	0.8	1 756	3.0	2 982	5.1
Highly skilled supervision (levels 9-12)	37 495	70.5	143	0.3	654	1.2	1 250	2.3
Senior management (level 13-16)	18 783	73.3	0	0	557	2.2	239	1
<b>Total</b>	<b>138 585</b>	<b>65.8</b>	<b>1 191</b>	<b>0.6</b>	<b>7 042</b>	<b>3.3</b>	<b>9 738</b>	<b>4.6</b>

## HUMAN RESOURCE MANAGEMENT

### Employment and Vacancies

*Table 3.2.1 Employment and vacancies by programmes on 31 March 2014*

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	224	191	14.7	1
Public Works Infrastructure	122	119	2.4	1
Transport Infrastructure	699	458	34.4	15
Community Based	27	23	14.8	0
<b>Total</b>	<b>1072</b>	<b>791</b>	<b>26.2</b>	<b>17</b>

*Table 3.2.2 Employment and vacancies by salary band as on 31 March 2014*

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled ( 1-2)	10	36	-260	1
Skilled(3-5)	707	427	39.6	13
Highly skilled production (6-8)	194	195	-0.5	2
Highly skilled supervision (9-12)	134	112	16.4	1
Senior management (13-16)	27	21	22.2	
<b>Total</b>	<b>1072</b>	<b>791</b>	<b>26.2</b>	<b>17</b>

*Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2014*

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Engineers and related professionals	21	12	42.85	0
Works Inspectors	36	29	19.44	0
Civil Engineering Technicians	54	19	64.81	0
Quantity Surveyors & related professionals	16	8	50	0
<b>Total</b>	<b>127</b>	<b>68</b>	<b>46.45</b>	<b>0</b>

## HUMAN RESOURCE MANAGEMENT

### 3.2. Filling of SMS Posts

*Table 3.3.1 SMS post information as on 31 March 2014*

<b>SMS Level</b>	<b>Total number of funded SMS posts</b>	<b>Total number of SMS posts filled</b>	<b>% of SMS posts filled</b>	<b>Total number of SMS posts vacant</b>	<b>% of SMS posts vacant</b>
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	4	4	100	0	0
Salary Level 13	8	5	62.5	3	37.5
<b>Total</b>	<b>13</b>	<b>10</b>	<b>76.92</b>	<b>3</b>	<b>37.5</b>

*Table 3.3.2 SMS post information as on 30 September 2013*

<b>SMS Level</b>	<b>Total number of funded SMS posts</b>	<b>Total number of SMS posts filled</b>	<b>% of SMS posts filled</b>	<b>Total number of SMS posts vacant</b>	<b>% of SMS posts vacant</b>
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	4	4	100	0	0
Salary Level 13	8	6	75	2	25
<b>Total</b>	<b>13</b>	<b>11</b>		<b>2</b>	<b>25</b>

## HUMAN RESOURCE MANAGEMENT

*Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2013 and 31 March 2014*

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 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
<b>Total</b>	0	0	0

*Table 3.3.4 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 20YY and 31 March 20ZZ*

Reasons for vacancies not advertised within six months
Advertising of SMS posts placed on hold

Reasons for vacancies not filled within six months
Advertising of SMS posts placed on hold

*Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 20YY and 31 March 20ZZ*

Reasons for vacancies not advertised within six months
None

Reasons for vacancies not filled within six months
None



## HUMAN RESOURCE MANAGEMENT

### 3.3. Job Evaluation

*Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2013 and 31 March 2014*

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	11	0	0	0	0	0	0
Skilled (Levels 3-5)	413	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	172	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	103	0	0	0	0	0	0
Senior Management Service Band A	19	0	0	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
<b>Total</b>	<b>718</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2013 and 31 March 2014*

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Employees with a disability					0

*Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2013 and 31 March 2014*

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
<b>Female</b>	0			
<b>Male</b>	0			
<b>Total</b>	0			
Total number of employees whose salaries exceeded the level determined by job evaluation				0
<b>Percentage of total employed</b>				None

## HUMAN RESOURCE MANAGEMENT

*Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2013 and 31 March 2014*

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	0	0	0	0	None

<b>Employees with a disability</b>					
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### 3.4. Employment Changes

*Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2013 and 31 March 2014*

Salary band	Number of employees at beginning of period-1 April 2013	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled ( Levels 1-2)	6	0	0	0
Skilled (Levels 3-5)	447	7	25	5.6
Highly skilled production (Levels 6-8)	180	11	3	1.7
Highly skilled supervision (Levels 9-12)	88	4	6	6.8
Senior Management Service Bands A	21	0	1	4.8
Senior Management Service Bands B	4	0	0	0
Senior Management Service Bands C	1	0	0	0
Senior Management Service Bands D	1	0	0	0
Contracts	36	67	54	
<b>Total</b>	<b>784</b>	<b>89</b>	<b>89</b>	<b>11.4</b>

*Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2013 and 31 March 2014*

Critical occupation	Number of employees at beginning of period-April 2013	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Engineers and related professionals	11	1	1	9.1
Works Inspectors	25	4	3	12
Civil Engineering Technicians	14	5	1	7.1
Quantity Surveyors & related professionals	7	1	1	14.3
<b>TOTAL</b>	<b>57</b>	<b>11</b>	<b>6</b>	<b>10.5</b>

## HUMAN RESOURCE MANAGEMENT

*Table 3.5.3 Reasons why staff left the department for the period 1 April 2013 and 31 March 2014*

Termination Type	Number	% of Total Resignations
Death	12	13.4
Resignation	6	6.7
Expiry of contract	54	60.6
Dismissal – operational changes	0	0
Dismissal – misconduct	2	2.2
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	15	16.8
Transfer to other Public Service Departments	5	5.6
Other	0	0
<b>Total</b>	<b>89</b>	
<b>Total number of employees who left as a % of total employment</b>	<b>10.7</b>	

*Table 3.5.4 Promotions by critical occupation for the period 1 April 2013 and 31 March 2014*

Occupation	Employees 1 April 2013	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
Engineers and related professionals	11	0	N/A		
Works Inspectors	25	0	N/A		
Civil Engineering Technicians	14	0	N/A		
Quantity Surveyors & related professionals	7	0	N/A		
<b>TOTAL</b>	<b>57</b>	<b>0</b>	<b>N/A</b>		

*Table 3.5.5 Promotions by salary band for the period 1 April 2013 and 31 March 2014*

Salary Band	Employees 1 April 2013	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)	32	0	0	2	33.3
Skilled (Levels3-5)	472	56	11.86	285	63.8
Highly skilled production (Levels 6-8)	187	17	9	117	65
Highly skilled supervision (Levels 9-12)	112	10	8.9	51	58
Senior Management (Level 13-16)	24	0	0	25	92.6
<b>Total</b>	<b>827</b>	<b>85</b>	<b>29.76</b>	<b>480</b>	

## HUMAN RESOURCE MANAGEMENT

### 3.5. Employment Equity

*Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2014.*

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	3	4		1	2	2			12
Professionals	26	11		2	8	5		5	57
Technicians and associate professionals	35	23		5	24	9		4	100
Clerks	48	22	1	5	63	37	1	6	183
Service and sales workers	2	1							3
Skilled agriculture and fishery workers									
Craft and related trades workers	23	34		2	4	1		1	65
Plant and machine operators and assemblers	42	43		2	1	1			89
Elementary occupations	129	153		1	26	8			317
<b>Total</b>	308	291	1	18	128	63	1	16	826
<b>Employees with disabilities</b>				<b>2</b>					

## HUMAN RESOURCE MANAGEMENT

*Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2014*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	1							2
Senior Management	6	6		2	4	3			21
Professionally qualified and experienced specialists and mid-management	39	17		6	10	3		5	80
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	69	52	1	6	51	29		11	219
Semi-skilled and discretionary decision making	185	194		4	61	27	1		472
Unskilled and defined decision making	8	21			2	1			32
<b>Total</b>	<b>308</b>	<b>291</b>	<b>1</b>	<b>18</b>	<b>128</b>	<b>63</b>	<b>1</b>	<b>16</b>	<b>826</b>

*Table 3.6.3 Recruitment for the period 1 April 2013 to 31 March 2014*

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	3	1							4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	8	2			4				14
Semi-skilled and discretionary decision making	8	1			1	1	1		12
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>19</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>30</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## HUMAN RESOURCE MANAGEMENT

*Table 3.6.4 Promotions for the period 1 April 2013 to 31 March 2014*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
<i>Top Management</i>	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management					1				1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	6	6			7	5			24
Semi-skilled and discretionary decision making	21	7			15	10			53
Unskilled and defined decision making	3	2							5
<b>Total</b>	30	15			23	15			83
<b>Employees with disabilities</b>	0	0	0	0	0	0	0	0	0

*Table 3.6.5 Terminations for the period 1 April 2013 to 31 March 2014*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management				1					1
Professionally qualified and experienced specialists and mid-management	0	0	0	1	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	2	0	0	1	0	0	0	7
Semi-skilled and discretionary decision making	13	9	0	0	0	0	0	0	22
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>Total</b>	17	11	0	2	1	0	0	0	31
<b>Employees with Disabilities</b>	0	0	0	0	0	0	0	0	0

## HUMAN RESOURCE MANAGEMENT

*Table 3.6.6 Disciplinary action for the period 1 April 2013 to 31 March 2014*

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	8	2							10

*Table 3.6.7 Skills development for the period 1 April 2013 to 31 March 2014*

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	14	4	1	0	12	2	0	0	33
Professionals	20	8	0	0	1	0	0	0	29
Technicians and associate professionals	8	2	0	0	1	0	0	0	11
Clerks	79	27	0	1	49	25	1	1	183
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	33	5	0	0	2	0	0	0	40
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	13	10	0	0	2	0	0	0	25
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	167	56	1	1	67	27	1	1	321
Employees with disabilities									

## HUMAN RESOURCE MANAGEMENT

### Signing of Performance Agreements by SMS Members

*Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2013*

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		1		100%
Salary Level 15		1	1	
Salary Level 14		4	4	
Salary Level 13		15	15	
Total		21	21	

*Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 20ZZ*

Reasons
None

*Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 20ZZ*

Reasons
None

### **3.6. Performance Rewards**

*Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2013 to 31 March 2014*

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
<b>African</b>					
Male	71	218	33	125	4 464
Female	28	55	50	658	7 290
<b>Asian</b>					
Male	2	2	100	25	12 500
Female	1	1	100	12	6 750
<b>Coloured</b>					
Male	64	182	35	182	7 300
Female	30	41	73	41	6 900
<b>White</b>					
Male	8	11	72	18	8 000
Female	3	11	27	11	8 990
<b>Total</b>	<b>207</b>	<b>520</b>	<b>39</b>	<b>1 790</b>	<b>13 324</b>



## HUMAN RESOURCE MANAGEMENT

*Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2013 to 31 March 2014*

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)	2	4	50	250	6 600	33
Skilled (level 3-5)	110	315	36	147	7 900	46
Highly skilled production (level 6-8)	67	134	51	350	5000	38
Highly skilled supervision (level 9-12)	28	67	41	467	12 500	51
<b>Total</b>	<b>207</b>	<b>520</b>	<b>42</b>	<b>1 214</b>	<b>13 890</b>	<b>50</b>

*Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2014 to 31 March 2013*

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Engineers	7	9	77	536	15 900
Quantity Survey	0	3	0	0	0
Industrial Technicians	1	8	13	320	9 990
Project Managers	0	2	0	0	0
<b>Total</b>	<b>8</b>	<b>22</b>	<b>37</b>	<b>1 123</b>	<b>16 000</b>

*Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2013 to 31 March 2014*

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	6	15	40	360	16 500	60
Band B	0	4	0	0	0	0
Band C	0	1	0	0	0	0
Band D	0	1	0	0	0	0
<b>Total</b>	<b>6</b>	<b>21</b>	<b>28</b>	<b>0</b>	<b>16 500</b>	<b>0</b>

## HUMAN RESOURCE MANAGEMENT

### 3.7. Foreign Workers

*Table 3.9.1 Foreign workers by salary band for the period 1 April 2013 and 31 March 2014*

Salary band	01 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0					
Highly skilled production (Lev. 6-8)	1	0,1%			1	0.1%
Highly skilled supervision (Lev. 9-12)	1	0,1%			1	0,1%
Contract (level 9-12)	0					
Contract (level 13-16)	0					
<b>Total</b>	<b>2</b>				<b>2</b>	

*Table 3.9.2 Foreign workers by major occupation for the period 1 April 2013 and 31 March 2014*

Major occupation	01 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% Change
Engineering Candidate Technician	1	0,1%	1			0,1%
Project Managers	1		1			0,1%

## HUMAN RESOURCE MANAGEMENT

### 3.8. Leave utilisation

*Table 3.10.1 Sick leave for the period 1 January 2013 to 31 December 2013*

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	89	93.3	7	1.4	13	25
Skilled (levels 3-5)	2249.5	93.4	240	47.9	9	821
Highly skilled production (levels 6-8)	1229	90.6	138	27.5	9	881
Highly skilled supervision (levels 9 -12)	490	87.8	70	14	7	687
Top and Senior management (levels 13-16)	105	83.8	13	2.6	8	325
<b>Total</b>	<b>4 162.50</b>	<b>448.90</b>	<b>468</b>	<b>93.4</b>	<b>46</b>	<b>2739</b>

*Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2013 to 31 December 2013*

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)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*Table 3.10.3 Annual Leave for the period 1 January 2013 to 31 December 2013*

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	119	8	15
Skilled Levels 3-5)	10541.25	444	24
Highly skilled production (Levels 6-8)	4268	185	23
Highly skilled supervision (Levels 9-12)	2461	107	23
Senior management (Levels 13-16)	556	24	23
<b>Total</b>	<b>18 064.25</b>	<b>768</b>	<b>108</b>

## HUMAN RESOURCE MANAGEMENT

*Table 3.10.4 Capped leave for the period 1 January 2013 to 31 December 2013*

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 2014
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	28	6	5	45
Highly skilled production (Levels 6-8)	1	1	1	39
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	22	2	11	40
<b>Total</b>	<b>51</b>	<b>9</b>	<b>17</b>	<b>124</b>

*Table 3.10.5 Leave payouts for the period 1 April 2013 and 31 March 2014*

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-outs for 2013/14 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2013/14	1 339 117.30	27	49596937
Current leave pay-outs on termination of service for 2013/14	0	0	0
<b>Total</b>	<b>1 339 117.30</b>	<b>27</b>	<b>49596937</b>

### 3.9. HIV/AIDS & Health Promotion Programmes

*Table 3.11.1 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
Road workers	The department has trained them on HIV/AIDS through the departmental Employee Health & Wellness Programme

## HUMAN RESOURCE MANAGEMENT

*Table 3.11.2 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		Ms. A.L. Mpotsang – Senior Manager: Human Capital Management
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		Two employees (one on contract)
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		
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		X	
5. Has the department reviewed 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		All relevant HR Policies
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.		X	
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		At Departmental Wellness Days
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	

## HUMAN RESOURCE MANAGEMENT

### 3.10. Labour Relations

*Table 3.12.1 Collective agreements for the period 1 April 20YY and 31 March 20ZZ*

#### Notes

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

<b>Total number of Collective agreements</b>	<b>None</b>
--	-------------

*Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2013 and 31 March 2014*

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	2	16, 66
Verbal warning		
Written warning	3	25
Final written warning	2	16, 66
Suspended without pay	1	8,33
Fine		
Demotion		
Dismissal	1	8,33
Not guilty	1	8,33
Case withdrawn	2	16, 66
<b>Total</b>	<b>12</b>	<b>100 %</b>

## HUMAN RESOURCE MANAGEMENT

*Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2013 and 31 March 2014*

Type of misconduct	Number	% of total
Damage to State Property	1	10
Dereliction of Duty	1	10
Absenteeism	2	20
Theft	2	20
Endangering Safety of Colleagues	1	10
Intimidation	2	20
Misuse of State Vehicle	1	10
Total	10	100%

*Table 3.12.4 Grievances logged for the period 1 April 2013 and 31 March 2014*

Grievances	Number	% of Total
Number of grievances resolved	12	70, 59
Number of grievances not resolved	5	29,41
<b>Total number of grievances lodged</b>	<b>17</b>	<b>100 %</b>

*Table 3.12.5 Disputes logged with Councils for the period 1 April 2013 and 31 March 2014*

Disputes	Number	% of Total
Number of disputes upheld	2	40 %
Number of disputes dismissed		
Total number of disputes lodged	5	100 %

*Table 3.12.6 Strike actions for the period 1 April 20YY and 31 March 20ZZ*

Total number of persons working days lost	None
Total costs working days lost	
Amount recovered as a result of no work no pay (R'000)	

*Table 3.12.7 Precautionary suspensions for the period 1 April 2013 and 31 March 2014*

Number of people suspended	4
Number of people who's suspension exceeded 30 days	3
Average number of days suspended	85, 75
Cost of suspension(R'000)	R399 381.30

## HUMAN RESOURCE MANAGEMENT

### 3.11. Skills development

This section highlights the efforts of the department with regard to skills development.

*Table 3.13.1 Training needs identified for the period 1 April 2013 and 31 March 2014*

Occupational category	Gender	Number of employees as at 1 April 2013	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	7	3	7	11	21
	Male	20	4	20	18	42
Technicians and associate professionals	Female	5	0	5	0	5
	Male	35	0	35	0	35
Clerks	Female	70	0	70	16	86
	Male	81	0	81	8	89
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	5	0	5	0	5
	Male	122	0	122	2	124
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	87	3	87	27	117
	Male	258	4	258	28	290
<b>Total</b>		<b>345</b>	<b>7</b>	<b>345</b>	<b>55</b>	<b>407</b>



## HUMAN RESOURCE MANAGEMENT

*Table 3.13.2 Training provided for the period 1 April 2013 and 31 March 2014*

Occupational category	Gender	Number of employees as at 1 April 2013	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	14	0	14	0	14
	Male	19	0	19	0	19
Professionals	Female	1	0	1	14	15
	Male	28	0	28	38	66
Technicians and associate professionals	Female	1	0	1	0	1
	Male	10	0	10	0	10
Clerks	Female	76	0	76	0	76
	Male	107	0	107	0	107
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	2	0	2	1	3
	Male	38	0	38	1	39
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	2	0	2	1	3
	Male	23	0	23	1	24
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	96	0	96	16	112
	Male	225	0	225	40	265
<b>Total</b>		<b>321</b>	<b>0</b>	<b>321</b>	<b>56</b>	<b>377</b>

### 3.12. Injury on duty

*Table 3.14.1 Injury on duty for the period 1 April 2013 and 31 March 2014*

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

## HUMAN RESOURCE MANAGEMENT

*Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2013 and 31 March 2014*

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand

*Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2013 and 31 March 2014*

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project

*Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2013 and 31 March 2014*

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand

## HUMAN RESOURCE MANAGEMENT

*Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2013 and 31 March 2014*

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project

### 3.13. Severance Packages

*Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2013 and 31 March 2014*

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



115	745	145
216	321	1236
753	709	2315
215	745	876
321	753	345
753	9	145
9	1236	1236
	2315	876
	876	345
	345	145
	145	1236
	1236	315



**PART 5**

**FINANCIAL  
INFORMATION**

**REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL  
LEGISLATURE ON VOTE NO. 5: DEPARTMENT OF ROADS AND PUBLIC WORKS**

**REPORT ON THE FINANCIAL STATEMENTS**

**Introduction**

1. I have audited the financial statements of the Department of Roads and Public works set out on pages 105 to 184, which comprise the appropriation statement, the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

**Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the *Modified Cash Standard* prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor-general's responsibility**

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

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the department as at 31 March 2014, and its financial performance and cash flows for the year then ended in accordance with the basis of accounting described in accounting policies note 1 to the financial statements and the requirements of the PFMA and DoRA.

**Emphasis of matters**

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

**Financial reporting framework**

7. As disclosed in note 30 to the financial statements, the National Treasury exempted the department from disclosing immovable assets at cost for the year under review.

**Irregular expenditure**

8. The full extent of the irregularities of R35 551 000 as disclosed in note 23.3 to the financial statements, was still in the process of being determined.

**Material underspending of the budget:**

9. As disclosed in the appropriation statement, the department materially underspent the budget on programmes 2 and 4 by R9 007 003 and R10 739 000 respectively.

**Additional matters**

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

**Financial reporting framework**

11. In accordance with the International Standards on Auditing, the wording of my opinion should not include the phrase “fairly present” when a departure to the applicable financial reporting framework has been granted in terms of the PFMA and where the aim of such a departure was not to achieve fair presentation. Refer to note 30 to the financial statements where the department applied such departure. However, section 20(2)(a) of the PAA, requires me to reflect whether the financial statements “fairly present”, in all material respects, the financial position and results of its operations and cash flows for the period in accordance with the applicable financial reporting framework. The wording of my opinion is therefore worded as such.

**Unaudited supplementary schedules**

12. The supplementary information set out on pages 167 to 184 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

13. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to

identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### **Predetermined objectives**

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2014:
  - Programme 2: Public works on pages 39 to 42
  - Programme 3: Transport infrastructure on pages 43 to 46
  - Programme 4: Community based programme on pages 47 to 50
15. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. The material findings in respect of the selected programmes are as follows:

### **Programme 2: Public works**

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

### **Programme 3: Transport infrastructure**

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

### **Programme 4: Community based programme**

#### **Usefulness of reported performance information**

21. The FMPPI requires the following:
  - Performance targets must be measurable. I could not measure the required performance for 100% of the targets.
  - Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicators. A total of 100% of the indicators were not verifiable.

This was due to a lack of proper systems and processes.

### **Reliability of reported performance information**

22. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. In addition the variances reported could not be corroborated with substantive evidence. This was due to limitations placed on the scope of my work and the auditee's records did not permit the application of alternative audit procedures due to the absence of information systems.

### **Additional matter**

23. I draw attention to the following matter:

### **Achievement of planned targets**

24. Refer to the annual performance report on pages 38 to 41 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected programme reported in paragraph 14 to 22 of this report.

### **Compliance with legislation**

25. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

### **Financial statements, performance and annual reports**

26. 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 Public Finance Management Act. Material misstatements of the statement of expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### **Procurement and contract management**

27. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1.
28. Invitations for competitive bidding were not always advertised in at least the government tender bulletin, as required by treasury regulation 16A6.3(c).
29. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they were employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3.



### **Human resource management and compensation**

- 30. Employees were appointed without following a proper process to verify the claims made in their applications in contravention of public service regulation 1/VII/D.8.
- 31. Funded vacant posts were not filled within 12 months as required by public service regulation 1/VII/C.1A.2.

### **Expenditure management**

- 32. Effective steps were not taken to prevent irregular and fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.

### **Revenue management**

- 33. Effective and appropriate steps were not taken to collect all money due, as required by section 38(1)(c)(i) of the Public Finance Management Act and treasury regulations 11.2.1, 15.10.1.2(a) and 15.10.1.2(e).
- 34. Interest was not charged on debts as required by treasury regulation 11.5.1.

### **Asset management**

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

### **Consequence management**

- 36. Sufficient appropriate audit evidence could not be obtained that effective and appropriate disciplinary steps were taken against officials who made or permitted irregular and fruitless and wasteful expenditure, as required by section 38(h)(iii) of the Public Finance Management Act and treasury regulation 9.1.3.

### **Predetermined objectives**

- 37. Effective, efficient and transparent systems of risk management and internal control with respect to performance information and management were not in place, as required by section 38(1)(a)(i) of the PFMA

### **Internal control**

- 38. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on non-compliance with legislation included in this report.

### Leadership

39. The supply chain management unit was insufficiently staffed and could consequently not prevent some of the irregular expenditure as mentioned in the emphasis of matter paragraphs.
40. The leadership did not take appropriate action with regard to a lack of controls at the finance and supply chain management units, resulting in non-compliance with applicable legislation. This, in turn, contributed to irregular and fruitless and wasteful expenditure.
41. The leadership did not sufficiently exercise oversight responsibility of performance reporting and compliance with laws and regulations and internal control.

### Financial and performance management

42. The financial statements were subject to material corrections resulting from the audit, which can be attributed to the weaknesses in the design and implementation of internal control in respect of financial management and financial reporting, and weaknesses in the information systems
43. The financial statements and other information to be included in the annual report were not sufficiently reviewed due to staff constraints at the finance unit.
44. The department did not have a delegated employee to review and monitor compliance with applicable laws and regulations. There were deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations and performance information
45. The underlying systems and controls were inadequate to provide reliable and accurate evidence to support the reporting on predetermined objectives.

### Governance

46. The fraud prevention plan was not approved for the entire year and the risk assessment not adequately implemented resulting in the findings raised.

## OTHER REPORTS

### Performance audits

47. The report of the Auditor-General of South Africa on the readiness of government to report on its performance will be tabled during 2014. The Northern Cape Department of Roads and Public Works was one of the 61 institutions/departments audited during this audit. The performance audit focused on the following:
  - The systems and processes that government departments have put in place to report on their performance.
  - The performance reporting guidance and oversight government departments received.

### Investigations

48. At the time of the report, investigations were conducted by the HAWKS and a private audit firm to probe the matter in which four contracts were awarded. The investigations aim to establish whether the proper procurement processes had been followed with the awarding of the contracts. The investigations were still on-going at the reporting date.

*Auditor-General*

Kimberley

31 July 2014



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**DEPARTMENT OF ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2014

Appropriation per programme									
APPROPRIATION STATEMENT	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1. Administration</b>									
Current payment	97,748	-	3,876	101,624	111,196	(9,572)	109.4%	90,029	89,831
Transfers and subsidies	16,552	-	(71)	16,481	6,094	10,387	37.0%	55,476	53,986
Payment for capital assets	2,024	-	531	2,555	2,552	3	99.9%	3,059	3,057
Payment for financial assets	-	-	-	-	-	-		-	-
	116,324	-	4,336	120,660	119,842	818		148,564	146,874
<b>2. Public Works Infrastructure</b>									
Current payment	94,771	-	1,665	96,436	87,740	8,696	91.0%	56,772	56,762
Transfers and subsidies	49,713	-	(79)	49,634	49,362	272	99.5%	55,069	52,419
Payment for capital assets	718	-	(84)	634	595	39	93.8%	15,917	15,913
Payment for financial assets	-	-	-	-	-	-		-	-
	145,202	-	1,502	146,704	137,697	9,007		127,758	125,094
<b>3. Transport Infrastructure</b>									
Current payment	785,120	(2,674)	(7,098)	775,348	775,341	7	100.0%	262,215	262,079
Transfers and subsidies	4,089	-	430	4,519	4,518	1	100.0%	2,280	2,279
Payment for capital assets	109,506	2,674	6,192	118,372	118,364	8	100.0%	404,189	404,182
Payment for financial assets	-	-	-	-	-	-		-	-
	898,715	-	(476)	898,239	898,223	16		668,684	668,540

**DEPARTMENT OF ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2014

Appropriation per programme									
2013/14								2012/13	
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>4. Community Based Programme</b>									
Current payment	70,385	(3,000)	1,429	68,814	68,810	4	100.0%	40,788	36,271
Transfers and subsidies	35,215	-	(152)	35,063	30,971	4,092	88.3%	50,000	19,937
Payment for capital assets	35,657	3,000	(6,639)	32,018	25,375	6,643	79.3%	21,696	18,760
Payment for financial assets	-	-	-	-	-	-		-	1,060
	141,257	-	(5,362)	135,895	125,156	10,739		112,484	76,028
<b>Subtotal</b>	1,301,498	-	-	1,301,498	1,280,918	20,580	98.4%	1,057,490	1,016,536
<b>Statutory Appropriation</b>									
Current payment									
Transfers and subsidies									
Payment for capital assets									
Payment for financial assets									
<b>TOTAL</b>	<b>1,301,498</b>	<b>-</b>	<b>-</b>	<b>1,301,498</b>	<b>1,280,918</b>	<b>20,580</b>	<b>98.4%</b>	<b>1,057,490</b>	<b>1,016,536</b>
<b>Reconciliation with statement of financial performance</b>									
<b>Add:</b>									
Departmental receipts				4,268				4,521	
<b>Actual amounts per statement of financial performance (total revenue)</b>				1,305,766				1,062,011	
<b>Actual amounts per statement of financial performance (total expenditure)</b>					<b>1,280,918</b>				<b>1,016,536</b>

**DEPARTMENT OF ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2014**

Appropriation per economic classification									
2013/14								2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	218,787	(15,779)	(1,646)	201,362	210,713	(9,351)	104.6%	182,992	182,850
Goods and services	829,237	10,105	1,518	840,860	832,374	8,486	99.0%	266,812	262,094
Interest and rent on land	-	-	-	-	-	-		-	-
<b>Transfers and subsidies</b>									
Provinces and municipalities	84,386	-	-	84,386	80,023	4,363	94.8%	105,011	72,298
Departmental agencies and accounts	15,517	-	-	15,517	5,131	10,386	33.1%	54,439	52,950
Households	5,666	-	128	5,794	5,791	3	99.9%	3,375	3,373
<b>Payments for capital assets</b>									
Buildings and other fixed structures	141,957	5,320	(619)	146,658	139,975	6,683	95.4%	407,583	404,644
Machinery and equipment	5,948	344	535	6,837	6,828	9	99.9%	37,278	37,267
Intangible assets	-	-	84	84	83	1	98.8%	-	-
<b>Payments for financial assets</b>									
<b>Total</b>	<b>1,301,498</b>	<b>-</b>	<b>-</b>	<b>1,301,498</b>	<b>1,280,918</b>	<b>20,580</b>	<b>98.4%</b>	<b>1,057,490</b>	<b>1,016,536</b>

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

Detail per programme 1 - ADMINISTRATION For the year ended 31 March 2014									
2013/14								2012/13	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1.1 OFFICE OF THE MEC</b>									
Current payment	6,994	1,091	334	8,419	8,417	2	100.0%	8,031	8,028
Transfers and subsidies	240	-	(11)	229	229	-	100.0%	230	230
Payment for capital assets	1,082	(9)	-	1,073	1,073	-	100.0%	193	192
Payment for financial assets	-	-	-	-	-	-		-	-
<b>1.2 MANAGEMENT OF THE DEPARTMENT</b>									
Current payment	11,398	920	1,060	13,378	13,377	1	100.0%	11,171	11,169
Transfers and subsidies	8	-	-	8	8	-	100.0%	93	93
Payment for capital assets	154	9	12	175	175	-	100.0%	204	204
Payment for financial assets	-	-	-	-	-	-		-	-
<b>1.3 CORPORATE SUPPORT</b>									
Current payment	79,356	(2,011)	2,482	79,827	89,402	(9,575)	112.0%	70,827	70,634
Transfers and subsidies	16,304	-	(60)	16,244	5,857	10,387	36.1%	55,153	53,663
Payment for capital assets	788	-	519	1,307	1,304	3	99.8%	2,662	2,661
Payment for financial assets	-	-	-	-	-	-		-	-
<b>Total</b>	<b>116,324</b>	<b>-</b>	<b>4,336</b>	<b>120,660</b>	<b>119,842</b>	<b>818</b>	<b>99.3%</b>	<b>148,564</b>	<b>146,874</b>

**Detail per programme 1 - ADMINISTRATION**

**For the year ended 31 March 2014**

<b>2013/14</b>								<b>2012/13</b>	
<b>Program 1 Per Economic classification</b>	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>									
Compensation of employees	58,558	(1,232)	-	57,326	66,687	(9,361)	116.3%	49,281	49,279
Goods and services	39,190	1,232	3,876	44,298	44,509	(211)	100.5%	40,748	40,552
Interest and rent on land	-	-	-	-	-	-		-	-
<b>Transfers and subsidies</b>									
Provinces and municipalities	-	-	-	-	-	-		-	-
Departmental agencies and accounts	15,517	-	-	15,517	5,131	10,386	33.1%	54,439	52,950
Households	1,035	-	(71)	964	963	1	99.9%	1,037	1,036
<b>Payments for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-		-	-
Machinery and equipment	2,024	-	447	2,471	2,469	2	99.9%	3,059	3,057
Intangible assets	-	-	84	84	83	1	98.8%	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-		-	-
<b>Total</b>	<b>116,324</b>	<b>-</b>	<b>4,336</b>	<b>120,660</b>	<b>119,842</b>	<b>818</b>	<b>99.3%</b>	<b>148,564</b>	<b>146,874</b>



**DEPARTMENT OF ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2014*

Detail per programme 2 - PUBLIC WORKS INFRASTRUCTURE For the year ended 31 March 2014									
2013/14								2012/13	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>2.1 PROGRAMME SUPPORT</b>									
Current payment	3669	141	-	3,810	3,809	1	100.0%	3,401	3,399
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	24	(4)	-	20	20	-	100.0%	74	74
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>2.2 DESIGN</b>									
Current payment	4,080	235	-	4,315	4,314	1	100.0%	3,390	3,388
Transfers and subsidies	351	(96)	(79)	176	175	1	99.4%	-	-
Payment for capital assets	174	71	-	245	244	1	99.6%	63	62
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>2.3 CONSTRUCTION</b>									
Current payment	8,337	1,794	1,665	11,796	11,794	2	100.0%	11,343	11,341
Transfers and subsidies	16	96	-	112	112	-	100.0%	-	-
Payment for capital assets	418	(100)	(84)	234	197	37	84.2%	14,826	14,825
Payment for financial assets	-	-	-	-	-	-	-	-	-

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

**Detail per programme 2 - PUBLIC WORKS INFRASTRUCTURE**  
**For the year ended 31 March 2014**

2013/14								2012/13	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>2.4 MAINTENANCE</b>									
Current payment	61,302	(2,987)	-	58,315	49,625	8,680	85.1%	19,931	19,928
Transfers and subsidies	23	-	-	23	23	-	100.0%	11	11
Payment for capital assets	56	28	-	84	83	1	98.8%	877	876
Payment for financial assets	-	-	-	-	-	-		-	-
<b>2.5 IMMOVABLE ASSET MANAGEMENT</b>									
Current payment	14,979	625	-	15,604	15,602	2	100.0%	18,707	18,706
Transfers and subsidies	49,323	-	-	49,323	49,052	271	99.5%	55,058	52,408
Payment for capital assets	34	2	-	36	36	-	100.0%	77	76
Payment for financial assets	-	-	-	-	-	-		-	-
<b>2.6 FACILITY OPERATIONS</b>									
Current payment	2,404	192	-	2,596	2,596	-	100.0%	-	-
Transfers and subsidies	-	-	-	-	-	-		-	-
Payment for capital assets	12	3	-	15	15	-	100.0%	-	-
Payment for financial assets	-	-	-	-	-	-		-	-
<b>Total</b>	<b>145,202</b>	<b>-</b>	<b>1,502</b>	<b>146,704</b>	<b>137,697</b>	<b>9,007</b>	<b>93.9%</b>	<b>127,758</b>	<b>125,094</b>

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

**Detail per programme 2 - PUBLIC WORKS INFRASTRUCTURE**  
**For the year ended 31 March 2014**

<b>2013/14</b>								<b>2012/13</b>	
<b>Programme 2 Per Economic classification</b>	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>									
Compensation of employees	40,530	(2,523)	-	38,007	38,003	4	100.0%	31,566	31,560
Goods and services	54,241	2,523	1,665	58,429	49,737	8,692	85.1%	25,206	25,202
Interest and rent on land	-	-	-	-	-	-		-	-
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	49,323	-	-	49,323	49,052	271	99.5%	55,011	52,361
Households	390	-	(79)	311	310	1	99.7%	58	58
<b>Payment for capital assets</b>									
Buildings and other fixed structures	340	(117)	(84)	139	102	37	73.4%	14,689	14,688
Machinery and equipment	378	117	-	495	493	2	99.6%	1,228	1,225
<b>Payments for financial assets</b>	-	-	-	-	-	-		-	-
<b>Total</b>	<b>145,202</b>	<b>-</b>	<b>1,502</b>	<b>146,704</b>	<b>137,697</b>	<b>9,007</b>	<b>93.9%</b>	<b>127,758</b>	<b>125,094</b>

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

Detail per programme 3 - TRANSPORT INFRASTRUCTURE For the year ended 31 March 2014									
2013/14								2012/13	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>3.1 PROGRAMME SUPPORT INFRASTRUCTURE</b>									
Current payment	2,776	6,512	(1,031)	8,257	8,255	2	100.0%	3,556	3,555
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	48	-	12	60	60	-	100.0%	102	101
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>3.2 INFRASTRUCTURE PLANNING</b>									
Current payment	29,289	(7,338)	(2,102)	19,849	19,848	1	100.0%	23,566	23,563
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	25	-	15	40	40	-	100.0%	47	47
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>3.3 INFRASTRUCTURE DESIGN</b>									
Current payment	3,706	(435)	(899)	2,372	2,370	2	99.9%	3,014	3,011
Transfers and subsidies	17	-	1	18	17	1	94.4%	11	11
Payment for capital assets	24	-	61	85	84	1	98.8%	18	17

**DEPARTMENT OF ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2014*

Detail per programme 3 - TRANSPORT INFRASTRUCTURE For the year ended 31 March 2014									
2013/14								2012/13	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>3.4 CONSTRUCTION</b>									
Current payment	371,627	(86,404)	(1,420)	283,803	283,801	2	100.0%	35,582	35,580
Transfers and subsidies	48	-	-	48	48	-	100.0%	-	-
Payment for capital assets	105,970	1,843	-	107,813	107,808	5	100.0%	368,730	368,727
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>3.5 MAINTENANCE</b>									
Current payment	377,722	84,991	(1,646)	461,067	461,067	-	100.0%	196,497	196,370
Transfers and subsidies	4,024	-	429	4,453	4,453	-	100.0%	2,269	2,268
Payment for capital assets	3,439	831	6,104	10,374	10,372	2	100.0%	35,292	35,290
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>898,715</b>	<b>-</b>	<b>(476)</b>	<b>898,239</b>	<b>898,223</b>	<b>16</b>	<b>100.0%</b>	<b>668,684</b>	<b>668,540</b>

**DEPARTMENT OF ROADS AND PUBLIC WORKS**

**VOTE 5**

**APPROPRIATION STATEMENT**

**Detail per Economic classification programme 3 - TRANSPORT INFRASTRUCTURE**

**For the year ended 31 March 2014**

<b>2013/14</b>								<b>2012/13</b>	
<b>Programme 3 Economic classification</b>	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>									
Compensation of employees	109,473	(12,024)	(7,098)	90,351	90,347	4	100.0%	87,417	87,286
Goods and services	675,647	9,350	-	684,997	684,994	3	100.0%	174,798	174,793
Interest and rent on land	-	-	-	-	-	-		-	-
<b>Transfers and subsidies to:</b>									
Households	4,089	-	430	4,519	4,518	1	100.0%	2,280	2,279
<b>Payment for capital assets</b>									
Buildings and other fixed structures	106,012	2,447	6,104	114,563	114,558	5	100.0%	371,304	371,301
Machinery and equipment	3,494	227	88	3,809	3,806	3	99.9%	32,885	32,881
<b>Payments for financial assets</b>	-	-	-	-	-	-		-	-
<b>Total</b>	<b>898,715</b>	<b>-</b>	<b>(476)</b>	<b>898,239</b>	<b>898,223</b>	<b>16</b>	<b>100.0%</b>	<b>668,684</b>	<b>668,540</b>

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

Detail per programme 4 – COMMUNITY BASED PROGRAMME For the year ended 31 March 2014									
2013/14								2012/13	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>4.1 PROGRAMME SUPP COMMINTY BASE</b>									
Current payment	239	1,054	-	1,293	1,293	-	100.0%	477	378
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	5	(2)	-	3	3	-	100.0%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>4.2 COMMUNITY DEVELOPMENT</b>									
Current payment	51,924	(4,826)	182	47,280	47,278	2	100.0%	-	-
Transfers and subsidies	35,063	-	-	35,063	30,971	4,092	88.3%	-	-
Payment for capital assets	35,204	3,011	(6,244)	31,971	25,329	6,642	79.2%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>4.3 INNOVATION AND EMPOWERMENT</b>									
Current payment	5,134	2,249	1,112	8,495	8,495	-	100.0%	11,691	10,998
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	439	(21)	(395)	23	23	-	100.0%	6	5
Payment for financial assets	-	-	-	-	-	-	-	-	611

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

**Detail classification programme 4 – COMMUNITY BASED PROGRAMME**  
**For the year ended 31 March 2014**

<b>2013/14</b>								<b>2012/13</b>	
<b>Detail per sub-programme</b>	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>4.4 EPWP COORDINATION AND MONITORING</b>									
Current payment	13,088	(1,477)	135	11,746	11,744	2	100.0%	28,620	24,895
Transfers and subsidies	152	-	(152)	-	-	-	-	50,000	19,937
Payment for capital assets	9	12	-	21	20	1	95.2%	21,690	18,755
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	449
<b>Total</b>	<b>141,257</b>	<b>-</b>	<b>(5,362)</b>	<b>135,895</b>	<b>125,156</b>	<b>10,739</b>	<b>92.1%</b>	<b>112,484</b>	<b>76,028</b>



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

**Detail per Economic classification programme 4 – COMMUNITY BASED PROGRAMME**

**For the year ended 31 March 2014**

2013/204								2012/13	
<b>Programme 4 Per Economic classification</b>	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>									
Compensation of employees	10,226	-	5,452	15,678	15,676	2	100.0%	14,728	14,725
Goods and services	60,159	(3,000)	(4,023)	53,136	53,134	2	100.0%	20,060	21,547
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	35,063	-	-	35,063	30,971	4,092	88.3%	50,000	19,937
Households	152	-	(152)	-	-	-	-	-	-
<b>Payment for capital assets</b>									
Buildings and other fixed structures	35,605	2,990	(6,639)	31,956	25,315	6,641	79.2%	21,590	18,655
Machinery and equipment	52	10	-	62	60	2	96.8%	106	104
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>141,257</b>	<b>-</b>	<b>(5,362)</b>	<b>135,895</b>	<b>125,156</b>	<b>10,739</b>	<b>92.1%</b>	<b>112,484</b>	<b>76,028</b>

**DEPARTMENT OF ROADS AND PUBLIC WORKS**

**VOTE 5**

**NOTES TO THE APPROPRIATION STATEMENT**  
*For the year ended 31 March 2014*

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

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

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

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

**3. Detail on payments for financial assets**

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

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

<b>4.1 Per programme</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance R'000</b>	<b>Variance as a % of Final Appropriation</b>
Programme 2: Public Works Infrastructure	146,704	137,696	9,008	6%

The under spending is committed to the project conditional assessment of buildings. An amount of R8.678 million will be requested as a roll over for this specific project.

Programme 4: Community Based Programme	135,895	125,156	10,739	8%
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An amount of R4.092 million was underspent on the Khotso Pula Nala project and will be requested as a roll-over. A further amount of R6.641 million was not paid out during this year but will be requested as a roll over to complete the committed projects.

<b>4.2 Per economic classification</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Variance as a % of Final Appropriation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>				
Compensation of employees	201,362	210,713	(9,351)	105%
Goods and services	840,860	832,374	8,486	99%
Interest and rent on land	-	-	-	0%
Unauthorised expenditure approved	-	-	-	0%

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

**NOTES TO THE APPROPRIATION STATEMENT**  
*for the year ended 31 March 2014*

**Transfers and subsidies**

Provinces and municipalities	84,386	80,023	4,363	95%
Departmental agencies and accounts	15,517	5,131	10,386	33%
Households	5,794	5,790	4	100%

**Payments for capital assets**

Buildings and other fixed structures	146,668	139,975	6,693	95%
Machinery and equipment	6,827	6,818	9	100%
Land and subsoil assets				
Intangible assets	84	83	1	99%

**Compensation:** Over expenditure due to payments through Persal for the employees of the entity.

**Departmental agencies and accounts:** The underspending is as a result of the expenditure for the entity that was allocated against compensation of employees and goods and services instead of Departmental agencies and accounts where it was budgeted for.

4.3	Per conditional grant	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
	<b>Public Works</b>				
	EPWP Incent Grn Prov-Soc	4,915	4,915	-	100%
	<b>Transport</b>				
	Prov Roads Maint Grant	699,484	699,483	1	100%

**DEPARTMENT OF ROADS AND PUBLIC WORKS**

**STATEMENT OF FINANCIAL PERFORMANCE**

*for the year ended 31 March 2014*

<b>PERFORMANCE</b>		<b>2013/14 R'000</b>	<b>2012/13 R'000</b>
	<b>Note</b>		
<b>REVENUE</b>			
Annual appropriation	1	1,301,498	1,057,490
Departmental revenue	2	4,268	4,521
<b>TOTAL REVENUE</b>		<b>1,305,766</b>	<b>1,062,011</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	210,713	182,850
Goods and services	5	832,374	262,094
<b>Total current expenditure</b>		<b>1,043,087</b>	<b>444,944</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	7	90,945	128,621
<b>Total transfers and subsidies</b>		<b>90,945</b>	<b>128,621</b>
<b>Expenditure for capital assets</b>			
Tangible capital assets	8	146,803	441,911
Software and other intangible assets	8	83	-
<b>Total expenditure for capital assets</b>		<b>146,886</b>	<b>441,911</b>
<b>Payments for financial assets</b>	6	-	1,060
<b>TOTAL EXPENDITURE</b>		<b>1,280,918</b>	<b>1,016,536</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>24,848</b>	<b>45,475</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		20,580	40,954
Annual appropriation		20,579	36,390
Conditional grants		1	4,564
Unconditional grants		-	-
Departmental revenue and NRF Receipts	13	4,268	4,521
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>24,848</b>	<b>45,475</b>

**DEPARTMENT OF ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**STATEMENT OF FINANCIAL POSITION**  
*for the year ended 31 March 2014*

<b>POSITION</b>		<b>2013/14</b>	<b>2012/13</b>
	<b>Note</b>	<b>R'000</b>	<b>R'000</b>
<b>ASSETS</b>			
<b>Current assets</b>		55,949	67,896
Unauthorised expenditure	9	26,891	34,148
Cash and cash equivalents	10	20,199	24,573
Receivables	11	4,561	4,877
Aid assistance receivable	3	4,298	4,298
<b>TOTAL ASSETS</b>		<b>55,949</b>	<b>67,896</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		55,949	67,896
Voted funds to be surrendered to the Revenue Fund	12	20,580	40,954
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	410	248
Payables	14	34,959	26,694
<b>TOTAL LIABILITIES</b>		<b>55,949</b>	<b>67,896</b>
<b>NET ASSETS</b>		<b>-</b>	<b>-</b>

**DEPARTMENT OF ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**STATEMENT OF CASH FLOW**  
**for the year ended 31 March 2014**

<b>CASH FLOW</b>		<b>2013/14</b>	<b>2012/13</b>
	<b>Note</b>	<b>R'000</b>	<b>R'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		1,305,766	1,062,011
Annual appropriated funds received	1.1	1,301,498	1,057,490
Departmental revenue received	2	4,268	4,521
Net (increase)/decrease in working capital		15,838	8,304
Surrendered to Revenue Fund		(45,060)	(62,186)
Surrendered to RDP Fund/Donor		-	-
Current payments		(1,043,087)	(444,944)
Payments for financial assets		-	(1,060)
Transfers and subsidies paid		(90,945)	(128,621)
<b>Net cash flow available from operating activities</b>	15	<u>142,512</u>	<u>433,504</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	8	<u>(146,886)</u>	<u>(441,911)</u>
<b>Net cash flows from investing activities</b>		<u>(146,886)</u>	<u>(441,911)</u>
Net increase/(decrease) in cash and cash equivalents		(4,374)	(8,407)
Cash and cash equivalents at beginning of period		24,573	32,980
<b>Cash and cash equivalents at end of period</b>	16	<u>20,199</u>	<u>24,573</u>

**DEPARTMENT OF ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ACCOUNTING POLICIES**  
*for the year ended 31 March 2014*

<b>Summary of significant accounting policies</b> <p>The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.</p> <p>The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.</p> <p>Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.</p>	
<b>1</b>	<b>Basis of preparation</b> <p>The financial statements have been prepared in accordance with the Modified Cash Standard. Management concludes that the financial statements present fairly the department's primary and secondary information, except for the departure on immovable assets disclosed in note 30.1.</p>
<b>2</b>	<b>Going concern</b> <p>The financial statements have been prepared on a going concern basis.</p>
<b>3</b>	<b>Presentation currency</b> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
<b>4</b>	<b>Rounding</b> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
<b>5</b>	<b>Foreign currency translation</b> <p>Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment / receipt.</p>
<b>6</b>	<b>Current year comparison with budget</b> <p>A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
<b>7</b>	<b>Revenue</b>
<b>7.1</b>	<b>Appropriated funds</b> <p>Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.</p>

**DEPARTMENT OF ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ACCOUNTING POLICIES**  
*for the year ended 31 March 2014*

<b>7.2</b>	<p><b>Departmental revenue</b></p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
<b>7.3</b>	<p><b>Accrued departmental revenue</b></p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> <li>• it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>• the amount of revenue can be measured reliably.</li> </ul> <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p>
<b>8</b>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of employees</b>
<b>8.1.1</b>	<p><b>Salaries and wages</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
<b>8.1.2</b>	<p><b>Social contributions</b></p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
<b>8.2</b>	<p><b>Other expenditure</b></p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
<b>8.3</b>	<p><b>Accrued expenditure payable</b></p> <p>Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department.</p> <p>Accrued expenditure payable is measured at cost.</p>



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**DEPARTMENT OF ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ACCOUNTING POLICIES**  
*for the year ended 31 March 2014*

<b>8.4</b>	<b>Leases</b>
<b>8.4.1</b>	<p><b>Operating leases</b></p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
<b>8.4.2</b>	<p><b>Finance leases</b></p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"><li>• cost, being the fair value of the asset; or</li><li>• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li></ul>

**DEPARTMENT OF ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ACCOUNTING POLICIES**  
*for the year ended 31 March 2014*

<b>9</b>	<b>Aid Assistance</b>
<b>9.1</b>	<p><b>Aid assistance received</b></p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
<b>9.2</b>	<p><b>Aid assistance paid</b></p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
<b>10</b>	<p><b>Cash and cash equivalents</b></p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
<b>11</b>	<p><b>Prepayments and advances</b></p> <p><i>There were no Prepayments and advances.</i></p>
<b>12</b>	<p><b>Loans and receivables</b></p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
<b>13</b>	<p><b>Inventory</b></p> <p>Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.</p> <p>All inventory items at year end are reflected using the weighted average cost or FIFO cost formula.</p>
<b>14</b>	<p><b>Investments</b></p> <p>Investments are recognised in the statement of financial position at cost.</p>
<b>15</b>	<p><b>Impairment of financial assets</b></p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
<b>16</b>	<p><b>Payables</b></p> <p>Loans and receivables are recognised in the statement of financial position at cost.</p>

**DEPARTMENT OF ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ACCOUNTING POLICIES**  
*for the year ended 31 March 2014*

<b>17</b>	<b>Capital Assets</b>
<b>17.1</b>	<p><b>Immovable capital assets</b></p> <p>Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1. Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.</p>
<b>17.2</b>	<p><b>Movable capital assets</b></p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
<b>17.3</b>	<p><b>Intangible assets</b></p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>

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<b>18</b>	<b>Provisions and Contingents</b>
<b>18.1</b>	<p><b>Provisions</b></p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
<b>18.2</b>	<p><b>Contingent liabilities</b></p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably</p>
<b>18.3</b>	<p><b>Contingent assets</b></p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department</p>
<b>18.4</b>	<p><b>Commitments</b></p> <p>Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash</p>
<b>19</b>	<p><b>Unauthorised expenditure</b></p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> <li>• approved by Parliament or the Provincial Legislature with funding and the related funds are received; or</li> <li>• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> <li>• transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
<b>20</b>	<p><b>Fruitless and wasteful expenditure</b></p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>

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<b>21</b>	<b>Irregular expenditure</b> Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable. Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.
<b>22</b>	<b>Changes in accounting estimates</b> <i>There were no Changes in accounting estimates.</i>
<b>23</b>	<b>Prior period errors</b> There were no Prior period errors.
<b>24</b>	<b>Non-adjusting events after the reporting date</b> <i>There were no Non-adjusting events after the reporting date.</i>
<b>25</b>	<b>Agent-Principal arrangements</b> There were no Agent-Principal arrangements.

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**1. Annual Appropriation**

**1.1 Annual Appropriation**

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

Programme	2013/14		Funds not requested/ not received	2012/13
	Final Appropriation R'000	Actual Funds Received R'000		Appropriation received R'000
Administration	120,660	120,660	-	148,564
Public Works Infrastructure	146,704	146,704	-	127,758
Transport Infrastructure	898,239	898,239	-	668,684
Community Based Programme	135,895	135,895	-	112,484
Total	<u><b>1,301,498</b></u>	<u><b>1,301,498</b></u>	<u><b>-</b></u>	<u><b>1,057,490</b></u>

**1.2 Conditional grants**

	Note	2013/14 R'000	2012/13 R'000
Total grants received	31	<u>704,399</u>	<u>540,632</u>
Provincial grants included in Total Grants received		<u>-</u>	<u>-</u>

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**2. Departmental revenue**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Sales of goods and services other than capital assets	2.1	4,126	4,039
Transactions in financial assets and liabilities	2.2	142	482
Total revenue collected		<b>4,268</b>	<b>4,521</b>
Less: Own revenue included in appropriation	13	-	-
<b>Departmental revenue collected</b>		<b>4,268</b>	<b>4,521</b>

**2.1 Sales of goods and services other than capital assets**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Sales of goods and services produced by the department	2	4,126	4,014
Sales by market establishment		2,996	3,087
Administrative fees		-	-
Other sales		1,130	927
Sales of scrap, waste and other used current goods		-	25
<b>Total</b>		<b>4,126</b>	<b>4,039</b>

**2.2 Transactions in financial assets and liabilities**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Receivables	2	142	482
<b>Total</b>		<b>142</b>	<b>482</b>

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**3. Aid assistance**

**3.1 Aid assistance received in cash from other sources**

	<b>2013/14</b>	<b>2012/13</b>
	<b>R'000</b>	<b>R'000</b>
<b>Local</b>		
Opening Balance	(4,298)	(4,298)
<b>Closing Balance</b>	<u>(4,298)</u>	<u>(4,298)</u>

**3.2 Total**

	<b>2013/14</b>	<b>2012/13</b>
	<b>R'000</b>	<b>R'000</b>
Opening Balance	(4,298)	(4,298)
<b>Closing Balance</b>	<u>(4,298)</u>	<u>(4,298)</u>

**3.3 Analysis of balance**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
<b>Aid assistance receivable</b>		(4,298)	(4,298)
Other sources		(4,298)	(4,298)
<b>Closing balance</b>		<u>(4,298)</u>	<u>(4,298)</u>

**4. Compensation of employees**

**4.1 Salaries and Wages**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Basic salary		138,587	118,184
Performance award		2,743	2,550
Service Based		447	234
Compensative/circumstantial		2,242	1,434
Periodic payments		9,624	8,980
Other non-pensionable allowances		30,497	27,121
<b>Total</b>		<u><b>184,140</b></u>	<u><b>158,503</b></u>



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**4.2 Social contributions**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
<b>Employer contributions</b>			
Pension		16,768	14,737
Medical		9,738	9,560
Bargaining council		67	50
<b>Total</b>		<b>26,573</b>	<b>24,347</b>
		<hr/>	<hr/>
<b>Total compensation of employees</b>		<b>210,713</b>	<b>182,850</b>
		<hr/>	<hr/>
Average number of employees		828	827
		<hr/>	<hr/>

**DEPARTMENT ROADS AND PUBLIC WORKS**  
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**5. Goods and services**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Administrative fees		918	1,175
Advertising		2,705	3,944
Minor assets	5.1	1,013	824
Bursaries (employees)		248	189
Catering		1,284	1,471
Communication		2,219	2,821
Computer services	5.2	20,447	1,982
Consultants, contractors and agency/outsourced services	5.3	521,164	163,361
Entertainment		5	186
Audit cost – external	5.4	6,448	5,967
Fleet services		4,295	-
Inventory	5.5	50	2,828
Consumables	5.6	58,837	17,823
Operating leases		135,269	10,699
Property payments	5.7	47,855	24,756
Rental and hiring		74	53
Transport provided as part of the departmental activities		-	7
Travel and subsistence	5.8	25,396	19,080
Venues and facilities		495	373
Training and staff development		3,035	3,174
Other operating expenditure	5.9	617	1,381
<b>Total</b>		<b>832,374</b>	<b>262,094</b>

**5.1 Minor assets**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
<b>Tangible assets</b>	5	741	552
Machinery and equipment		741	552
<b>Intangible assets</b>		272	272
<b>Total</b>		<b>1,013</b>	<b>824</b>

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**5.2 Computer services**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
	<b>5</b>	<b>R'000</b>	<b>R'000</b>
SITA computer services		1,932	1,122
External computer service providers		18,515	860
<b>Total</b>		<b>20,447</b>	<b>1,982</b>

**5.3 Consultants, contractors and agency/outsourced services**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
	<b>5</b>	<b>R'000</b>	<b>R'000</b>
Business and advisory services		16,647	13,913
Infrastructure and planning		159	42
Laboratory services		47	-
Legal costs		8,595	25,655
Contractors		495,716	123,751
<b>Total</b>		<b>521,164</b>	<b>163,361</b>

**5.4 Audit cost – External**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
	<b>5</b>	<b>R'000</b>	<b>R'000</b>
Regularity audits		6,448	5,967
<b>Total</b>		<b>6,448</b>	<b>5,967</b>

**5.5 Inventory**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
	<b>5</b>	<b>R'000</b>	<b>R'000</b>
Food and food supplies		21	-
Fuel, oil and gas		3	-
Materials and supplies		26	2,802
Medical supplies		-	26
<b>Total</b>		<b>50</b>	<b>2,828</b>

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**5.6 Consumables**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
	<i>5</i>	<b>R'000</b>	<b>R'000</b>
Consumables suppliers		56,605	14,938
Uniform and clothing		4,775	1,534
Household suppliers		276	153
Building material and suppliers		49,423	13,251
Communication accessories		-	-
IT consumables		176	-
Other consumables		1,955	-
Stationery, printing and office suppliers		2,232	2,885
<b>Total</b>		<b>58,837</b>	<b>17,823</b>

**5.7 Property payments**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
	<i>5</i>	<b>R'000</b>	<b>R'000</b>
Municipal services		5,839	6,026
Property maintenance and repairs		29,688	5,278
Other		12,328	13,452
<b>Total</b>		<b>47,855</b>	<b>24,756</b>

**5.8 Travel and subsistence**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
	<i>5</i>	<b>R'000</b>	<b>R'000</b>
Local		25,321	18,944
Foreign		75	136
<b>Total</b>		<b>25,396</b>	<b>19,080</b>

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**5.9 Other operating expenditure**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
	<b>5</b>	<b>R'000</b>	<b>R'000</b>
Learnerships			
Professional bodies, membership and subscription fees		146	167
Resettlement costs		64	124
Other		407	1,090
<b>Total</b>		<b>617</b>	<b>1,381</b>

**6. Payments for financial assets**

	<i>Note</i>	<b>2013/14</b>	<b>2013/14</b>
		<b>R'000</b>	<b>R'000</b>
Debts written off	<b>6.1</b>	-	1,060
<b>Total</b>		<b>-</b>	<b>1,060</b>

**6.1 Debts written off**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
	<b>6</b>	<b>R'000</b>	<b>R'000</b>
Other debt written off		-	1,060
<b>Total</b>		<b>-</b>	<b>1,060</b>
<b>Total debt written off</b>		<b>-</b>	<b>1,060</b>

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**7. Transfers and subsidies**

		<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
	<i>Note</i>		
Provinces and municipalities	31, Annex 1A, Annex 1B	80,023	72,298
Departmental agencies and accounts	Annex 1C	5,130	52,949
Households	Annex 1H	5,555	3,051
Gifts, donations and sponsorships made	Annex 1K	237	323
<b>Total</b>		<b>90,945</b>	<b>128,621</b>

**8. Expenditure for capital assets**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
<b>Tangible assets</b>		146,803	441,911
Buildings and other fixed structures	30	139,975	404,642
Machinery and equipment	28	6,828	37,269
<b>Intangible assets</b>		83	-
Software	29	83	-
<b>Total</b>		<b>146,876</b>	<b>441,911</b>

**8.1 Analysis of funds utilised to acquire capital assets – 2013/14**

	<b>Voted funds</b>	<b>Aid assistance</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Tangible assets</b>	146,803	-	146,803
Buildings and other fixed structures	139,975	-	139,975
Machinery and equipment	6,828	-	6,828
<b>Intangible assets</b>	83	-	83
Software	83	-	83
<b>Total</b>	<b>146,886</b>	<b>-</b>	<b>146,886</b>

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

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

**8.3 Finance lease expenditure included in Expenditure assets**

	2013/14 R'000
<b>Tangible assets</b>	1,710
Machinery and equipment	1,710
<b>Total</b>	<b>1,710</b>

**9. Unauthorised expenditure**

**9.1 Reconciliation of unauthorised expenditure**

	Note	2013/14 R'000	2012/13 R'000
Opening balance		34,148	34,148
Less: Amounts approved by Parliament/Legislature with funding		(7,257)	-
<b>Unauthorised expenditure awaiting authorisation / written off</b>		<b>26,891</b>	<b>34,148</b>

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**9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification**

	2013/14 R'000	2012/13 R'000
Current	-	2,038
Capital	26,891	32,110
<b>Total</b>	<b>26,891</b>	<b>34,148</b>

**9.3 Analysis of unauthorised expenditure awaiting authorisation per type**

	2013/14 R'000	2012/13 R'000
Unauthorised expenditure relating to overspending of the vote or a main division within the vote	-	5,219
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	26,891	28,929
<b>Total</b>	<b>26,891</b>	<b>34,148</b>

**10. Cash and cash equivalents**

	Note	2013/14 R'000	2012/13 R'000
Consolidated Paymaster General Account		20,199	24,573
<b>Total</b>		<b>20,199</b>	<b>24,573</b>

**11. Receivables**

		2013/14			2012/13
		R'000	R'000	R'000	R'000
		Less than	One to	Older than	
		one year	three	three years	
			years		
	Note				Total
Claims recoverable	11.1	-	487	1,790	2,277
	Annex 4				
Recoverable expenditure	11.2	126	2	892	1,020
Staff debt	11.3	102	165	293	560
Other debtors	11.4	-	-	704	704
<b>Total</b>		<b>228</b>	<b>654</b>	<b>3,679</b>	<b>4,561</b>



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**11.1 Claims recoverable**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
National departments		29	29
Provincial departments		2,248	2,650
<b>Total</b>		<b>2,277</b>	<b>2,679</b>

**11.2 Recoverable expenditure (disallowance accounts)**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Disallowance Damages & Losses	11	447	447
Disallowance Dishonoured cheques		28	28
Disallowance Miscellaneous		477	419
Salary Income tax		68	75
<b>Total</b>		<b>1,020</b>	<b>969</b>

**11.3 Staff debt**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Debt Account	11	536	519
Pension Recoverable Debt		-	3
Salary Income \Tax		6	3
Salary Reversal Control		16	-
Salary Pension Fund		2	-
<b>Total</b>		<b>560</b>	<b>525</b>

**11.4 Other debtors**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Claims Recoverable National	11	704	704
<b>Total</b>		<b>704</b>	<b>704</b>

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**12. Voted funds to be surrendered to the Revenue Fund**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Opening balance		40,954	25,906
As restated		40,954	25,906
Transfer from statement of financial performance		20,580	40,954
Paid during the year		(40,954)	(25,906)
<b>Closing balance</b>		<b>20,580</b>	<b>40,954</b>

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

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Opening balance		248	32,007
Transfer from Statement of Financial Performance		4,268	4,521
Paid during the year		(4,106)	(36,280)
<b>Closing balance</b>		<b>410</b>	<b>248</b>

**14. Payables – current**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Amounts owing to other entities		32,419	24,101
Other payables	14.1	2,540	2,593
<b>Total</b>		<b>34,959</b>	<b>26,694</b>

**14.1 Other payables**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Salary reversal control	14	-	2
Claims Recoverable Province Department		911	975
Disallowance Miscellaneous		582	544
Salary Disallowance Account		9	9
Sal: ACB Recalls		26	5
Rental and Tender Deposits		1,012	1,024
Removed Tender Deposits		-	34
<b>Total</b>		<b>2,540</b>	<b>2,593</b>

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**15. Net cash flow available from operating activities**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Net surplus/(deficit) as per Statement of Financial Performance		24,848	45,475
Add back non cash/cash movements not deemed operating activities		117,664	388,029
(Increase)/decrease in receivables – current		316	967
(Increase)/decrease in prepayments and advances		-	31
(Increase)/decrease in other current assets		7,257	-
Increase/(decrease) in payables – current		8,265	7,306
Proceeds from sale of capital assets		-	-
Proceeds from sale of investments		-	-
(Increase)/decrease in other financial assets		-	-
Expenditure on capital assets		146,886	441,911
Surrenders to Revenue Fund		(45,060)	(62,186)
Surrenders to RDP Fund/Donor		-	-
Voted funds not requested/not received		-	-
Own revenue included in appropriation		-	-
Other non-cash items		-	-
<b>Net cash flow generated by operating activities</b>		<b>142,512</b>	<b>433,504</b>

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

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Consolidated Paymaster General account		20,199	24,573
<b>Total</b>		<b>20,199</b>	<b>24,573</b>

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**17. Contingent liabilities and contingent assets**

**17.1 Contingent liabilities**

		Note	2013/14 R'000	2012/13 R'000
<b>Liable to</b>	<b>Nature</b>			
Housing loan guarantees	Employees	Annex 3A	24	24
Other guarantees		Annex 3A	-	-
Claims against the department		Annex 3B	101,997	13,685
Other departments (interdepartmental unconfirmed balances)		Annex 5	396	284
Environmental rehabilitation liability		Annex 3B	-	-
Other		Annex 3B	-	-
<b>Total</b>			<b>102,417</b>	<b>19,993</b>

**Note:**

***Uncertainties relating to the amount or timing of any outflow:***

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

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

***Possibility of reimbursement:***

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

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**17.2 Contingent assets**

	<i>Note</i>	<b>2013/14</b> <b>R'000</b>	<b>2012/13</b> <b>R'000</b>
<b>Nature of contingent asset</b>			
Khumbula Property Service		-	15,835
Khumbula Property Service		-	23,852
Guard Risk		-	8,369
Mperefere Edith Mocwaledi		-	211
Vista Park Developments		-	468
Khumbula Property Service		-	-
<b>Total</b>		<b>-</b>	<b>48,735</b>

**18. Commitments**

	<i>Note</i>	<b>2013/14</b> <b>R'000</b>	<b>2012/13</b> <b>R'000</b>
<b>Current expenditure</b>		231,308	142,360
Approved and contracted		89	102
Approved but not yet contracted		231,397	142,462
<b>Capital expenditure(including transfers)</b>			
Approved and contracted		35,245	239,182
Approved but not yet contracted		-	15,000
		35,245	254,182
<b>Total Commitments</b>		<b>266,642</b>	<b>396,644</b>

*A contract for the upgrading and surfacing of the existing gravel roads, reseal and fog-spray of surface roads, flood damage repairs and plant hire will be completed in a period longer than 1 year.*

*Contract for cleaning, gardening and security services id for a period longer than one year.*

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**19. Accruals**

			<b>2013/14</b>	<b>2012/13</b>
			<b>R'000</b>	<b>R'000</b>
<b>Listed by economic classification</b>				
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	51,266	142,551	193,817	130,340
Interest and rent on land	-	-	-	-
Transfers and subsidies	57	203,517	203,574	51,207
Capital assets	6,439	99	6,538	1,741
Other	-	-	-	441
<b>Total</b>	<b>57,762</b>	<b>346,167</b>	<b>403,929</b>	<b>183,729</b>
		<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
			<b>R'000</b>	<b>R'000</b>
<b>Listed by programme level</b>				
Administration			3,340	127,880
Public Works			214,587	49,640
Transport Infrastructure			181,638	3,440
Community Based Programme			4,364	2,769
<b>Total</b>			<b>403,929</b>	<b>183,729</b>
		<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<i>Annex 5</i>	<b>R'000</b>	<b>R'000</b>
Confirmed balances with other departments			548	994
<b>Total</b>			<b>548</b>	<b>994</b>

**20. Employee benefits**

		<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
	<i>Note</i>		
Leave entitlement		9,219	8,204
Service bonus (Thirteenth cheque)		5,515	5,090
Performance awards		3,282	2,981
Capped leave commitments		11,103	10,924
<b>Total</b>		<b>29,119</b>	<b>27,199</b>

**Note:** The leave entitlement includes negative balances for 30 officials amounting to R 133 218.39 which relates to the current year leave cycle.

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**21. Lease commitments**

**21.1 Operating leases expenditure**

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2013/14</b>					
Not later than 1 year	-	-	1,741	-	1,741
Later than 1 year and not later than 5 years	-	-	6,774	-	6,774
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	-	-	<b>8,515</b>	-	<b>8,515</b>

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2012/13</b>					
Not later than 1 year	-	-	1,614	-	1,641
Later than 1 year and not later than 5 years	-	-	7,626	-	7,626
Later than five years	-	-	888	-	888
<b>Total lease commitments</b>	-	-	<b>10,128</b>	-	<b>10,128</b>

**21.2 Finance leases expenditure\*\***

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2013/14</b>					
Not later than 1 year	-	-	-	3,601	3,601
Later than 1 year and not later than 5 years	-	-	-	3,211	3,211
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	-	-	-	<b>6,812</b>	<b>6,812</b>

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

**21.3 Operating lease revenue\*\***

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2013/14</b>					
Not later than 1 year	-	-	272	-	<b>272</b>
Later than 1 year and not later than 5 years	-	-	381	-	<b>381</b>
Later than five years	-	-	-	-	-
<b>Total operating lease revenue receivable</b>	<b>-</b>	<b>-</b>	<b>653</b>	<b>-</b>	<b>653</b>

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



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**22. Accrued departmental revenue**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Sales of goods and services other than capital assets		2,058	1,560
<b>Total</b>		<b><u>2,058</u></b>	<b><u>1,560</u></b>

**22.1 Analysis of accrued departmental revenue**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Opening balance		1,560	1,017
Less: amounts received		3,273	3,089
Add: amounts recognised		3,771	3,632
Less: amounts written-off/reversed as irrecoverable		-	-
<b>Closing balance</b>		<b><u>2,058</u></b>	<b><u>1,560</u></b>

**23. Irregular expenditure**

**23.1 Reconciliation of irregular expenditure**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Opening balance		425,506	221,355
Add: Irregular expenditure – relating to prior year		112,872	142,724
Add: Irregular expenditure – relating to current year		42,611	94,728
Less: Amounts condoned		-	(33,301)
Less: Amounts recoverable (not condoned)		-	-
Less: Amounts not recoverable (not condoned)		-	-
<b>Irregular expenditure awaiting to be condoned</b>		<b><u>580,989</u></b>	<b><u>425,506</u></b>

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**Analysis of awaiting condonation per age classification**

Current year	42,611	94,728
Prior years	538,378	330,779
<b>Total</b>	<b>580,989</b>	<b>425,507</b>

**23.2 Details of irregular expenditure – current year**

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2013/14 R'000</b>
Inadequate Procurement:		
Delegated Authority Exceeded	Under investigation	3,667
Deliberate Splitting	Under investigation	79
Insufficient Number of Quotations	Under investigation	364
Invoice Amount Exceeds Quote	Under investigation	8
No Original Tax Clearance Certificate	Under investigation	1,529
No Points system applied	Under investigation	111
Procurement Process Not Followed	Under investigation	3,656
Various SCM Procedures	Under investigation	1,788
Cost Containment	Under investigation	15
Deficient tender procedures	Under investigation	18,387
Payments exceed contract amount	Under investigation	519
Tender Advertising	Under investigation	12,487
		<b>42,611</b>

**23.3 Details of irregular expenditures under investigation**

<b>Incident</b>	<b>2013/14 R'000</b>
Inadequate Procurement:	
Delegated Authority Exceeded	9,303
Insufficient Number of Quotations	444
No Declaration of Interest	40
No Original Tax Clearance Certificate	32
Deficient tender procedures	6,931
Deficient tender procedures	7,918
Tender Advertising	9,510
Various SCM Procedures	1,374
	<b>35,551</b>

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**NOTE:** Further instances of Irregular Expenditure that might have resulted from non-compliance with the supply chain management processes are under investigation to determine the full extent of the amount.

## **24. Fruitless and wasteful expenditure**

### **24.1 Reconciliation of fruitless and wasteful expenditure**

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Opening balance		1,565	1,490
Fruitless and wasteful expenditure – relating to prior year		-	-
Fruitless and wasteful expenditure – relating to current year		42	77
Less: Amounts resolved		(1,158)	(2)
Less: Amounts transferred to receivables for recovery		-	-
<b>Fruitless and wasteful expenditure awaiting resolution</b>		<b>449</b>	<b>1,565</b>

### **24.2 Analysis of awaiting resolution per economic classification**

	<b>2013/14</b>	<b>201/13</b>
	<b>R'000</b>	<b>R'000</b>
Current	42	77
Capital	-	-
Transfers and subsidies	-	-
<b>Total</b>	<b>42</b>	<b>77</b>

### **24.3 Analysis of Current year's fruitless and wasteful expenditure**

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2013/14</b>
		<b>R'000</b>
Incorrect Supplier paid	None	5
Interest and Penalties	None	9
No Show fees	None	28
<b>Total</b>		<b>42</b>

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**25. Related party transactions**

<b>Revenue received</b>	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Revenue Received		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

<b>Payments made</b>	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Goods and services		145,658	84,402
Interest and rent on land		-	-
Purchases of capital assets		-	31,679
Transactions in financial assets and liabilities		-	-
Transfers		-	-
<b>Total</b>		<b>145,658</b>	<b>116,081</b>

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
<b>Year end balances arising from revenue/payments</b>			
Receivables from related parties		-	-
Payables to related parties		32,419	24,101
<b>Total</b>		<b>32,419</b>	<b>24,101</b>

An amount payable of R149 489 869.59 in respect of the Northern Cape Fleet Entity is included as accruals. The total amount payable is R 181 909 226, 77.

<b>In kind goods and services provided/received</b>	<b>2013/14</b>
	<b>R'000</b>
<b>The following client departments within Government Sphere occupies facilities @ R0:</b>	
1. NC Department of Agriculture and Land Reform	-
2. NC Department of GOGHSTA	-
3. NC Department of Education	-
4. NC Department of Health	-
5. NC Department of Legislature	-
6. NC Department of Safety and Liaison	-
7. NC Department of Social Development	-
8. NC Department of Sports, Arts and Culture	-
9. NC Department of Tourism	-
<b>TOTAL</b>	<b>-</b>

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**26. Key management personnel**

	No. of Individuals	2013/14	2012/13
		<b>R'000</b>	<b>R'000</b>
Political office bearers (provide detail below)	1	1,735	1,652
Officials:			
Level 15 to 16	1	1,251	1,184
Level 14 (incl. CFO if at a lower level)	5	4,435	3,675
Family members of key management personnel	0	-	-
<b>Total</b>		<b>7,421</b>	<b>6,511</b>

**27. Public Private Partnership**

	Note	2013/14	2012/13
		<b>R'000</b>	<b>R'000</b>
<b>Contract fee paid</b>		-	-
Fixed component		-	-
Indexed component		-	-
<b>Other</b>			25
Prepayments and advances		-	-
Pre-production obligations		-	-
Other obligations		-	25

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**28. Movable Tangible Capital Assets**

**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	13,572	2,322	5,269	6,111	15,052
Transport assets	759	-	3,867	3,690	936
Computer equipment	6,188	-	978	131	7,035
Furniture and office equipment	3,834	162	(53)	194	3,749
Other machinery and equipment	2,791	2,160	477	2,096	3,332
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>13,572</b>	<b>2,322</b>	<b>5,269</b>	<b>6,111</b>	<b>15,052</b>

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**28.1 Additions**

**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>6,827</b>	<b>57</b>	<b>(1,710)</b>	<b>95</b>	<b>5,269</b>
Transport assets	5,577	-	(1,710)	-	3,867
Computer equipment	859	24	-	95	978
Furniture and office equipment	333	(386)	-	-	(53)
Other machinery and equipment	58	419	-	-	477
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>6,827</b>	<b>57</b>	<b>(1,710)</b>	<b>95</b>	<b>5,269</b>

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**28.2 Disposals**

**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>171</b>	<b>5,904</b>	<b>6,111</b>	<b>13</b>
Transport assets	-	3,689	3,690	-
Computer equipment	131	-	131	-
Furniture and office equipment	32	162	194	-
Other machinery and equipment	8	2,088	2,096	13
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>171</b>	<b>5,094</b>	<b>6,111</b>	<b>13</b>

**28.3 Movement for 2012/13**

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

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



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**28.4 Minor assets**

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2014**

		<b>Specialised military assets R'000</b>	<b>Intangible assets R'000</b>	<b>Heritage assets R'000</b>	<b>Machinery and equipment R'000</b>	<b>Biological assets R'000</b>	<b>Total R'000</b>
Opening balance		-	3,846	-	2,849	-	6,695
Curr Year		-	69	-	-	-	69
Adjustments to Prior Year balances							
Additions		-	267	-	631	-	898
Disposals		-	-	-	-	-	-
<b>TOTAL MINOR ASSETS</b>		<b>-</b>	<b>4,182</b>	<b>-</b>	<b>3,480</b>	<b>-</b>	<b>7,662</b>

		<b>Specialis ed military assets</b>	<b>Intangible assets</b>	<b>Heritage assets</b>	<b>Machinery and equipment</b>	<b>Biological assets</b>	<b>Total</b>
Number of R1 minor assets		-	-	-	3,156	-	3,156
Number of minor assets at cost		-	941	-	2,536	-	3,477
<b>TOTAL NUMBER OF MINOR ASSETS</b>		<b>-</b>	<b>941</b>	<b>-</b>	<b>5,692</b>	<b>-</b>	<b>6,633</b>

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

	Specialise d military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	3,574	-	2,264	-	5,838
Curr Year Adjustments to Prior Yr Balances	-	-	-	-	-	-
Additions	-	272	-	585	-	857
Disposals	-	-	-	-	-	-
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>3,846</b>	<b>-</b>	<b>2,849</b>	<b>-</b>	<b>6,695</b>

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

**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2014**

**29. Intangible Capital Assets**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Opening balance	Current Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	1,341	-	122	-	1,463
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>1,341</b>	<b>-</b>	<b>122</b>	<b>-</b>	<b>1,463</b>

**29.1 Additions**

**ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Cash	Non-Cash	(Develop- ment work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	83	39	-	-	122
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	<b>83</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>122</b>

**DEPARTMENT ROADS AND PUBLIC WORKS**  
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**for the year ended 31 March 2014**

**29.2 Movement for 2012/13**

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

	Opening balance	Curr year adjustment to prior year balance	Additions	Disposals	Closing balance
	R'000		R'000	R'000	R'000
SOFTWARE	1,325	16	-	-	1,341
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>1,325</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>1,341</b>

**30. Immovable Tangible Capital Assets**

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>32,351,984</b>	<b>254,309</b>	<b>4,110,699</b>	<b>4,529</b>	<b>36,712,463</b>
Dwellings	-	50,207	-	-	50,207
Non-residential buildings	1,530,896	204,102	1,255,655	4,529	2,986,124
Other fixed structures	30,821,088	-	2,855,044	-	33,676,132
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>32,351,984</b>	<b>254,309</b>	<b>4,110,699</b>	<b>4,529</b>	<b>36,712,463</b>

**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2014*

**30.1 Additions**

**ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	<b>139,975</b>	<b>4,010,291</b>	<b>(39,567)</b>	<b>-</b>	<b>4,110,699</b>
Dwellings	-	-	-	-	-
Non-residential buildings	6,393	1,249,262	-	-	1,255,655
Other fixed structures	133,582	2,761,029	(39,567)	-	2,855,044
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>139,975</b>	<b>4,010,291</b>	<b>(39,567)</b>	<b>-</b>	<b>4,110,699</b>

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**DEPARTMENT ROADS AND PUBLIC WORKS**  
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- a) Management concludes that the financial statements present fairly the department's primary and secondary information
- b) the department complies with the Standard except that it has departed from a particular requirement to achieve fair presentation
- c) the requirement from which the department has departed, the nature and reason for departure is as follows:

**Reasons:** Initial cost of roads infrastructure assets could not be determined however in accordance to the MCS departments are encouraged to determine the fair value of immovable assets as soon as possible in arriving at a deemed cost for the financial reporting purposes, but not later than two years from the effective date of the MCS therefore the department adopted early to value infrastructure assets at fair value.

**Nature:** Roads infrastructure has been carried at fair value, including additions; contrary to the requirements of the Modified Cash Standard.

A exemption was granted from National Treasury for the department from valuing assets at cost, but that allows the department to have the fair value as deemed cost until 31 March 2014.

The fair value shall be deemed cost for the purpose of recognising these assets and shall remain in the assets register at such values until they are disposed of.

**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2014*

**30.2 Disposals**

**DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	-	4,529	4,529	-
Dwellings	-	-	-	-
Non-residential buildings	-	4,529	4,529	-
Other fixed structures	-	-	-	-
<b>TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	-	<b>4,529</b>	<b>4,529</b>	-

**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2014*

**30.3 Movement for 2012/13**

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

	Opening balance	Curr year adjustment to prior year balances	Additions	Disposals	Closing balance
	R'000		R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>21,717,009</b>	<b>643,801</b>	<b>9,991,174</b>	<b>-</b>	<b>32,351,984</b>
Dwellings	-	-	-	-	-
Non-residential buildings	1,066,289	643,801	(179,19)	-	1,530,896
Other fixed structures	20,650,720	-	10,170,368	-	30,821,088
<b>TOTAL IMMOVABLE TANGIBLE ASSETS</b>	<b>21,717,009</b>	<b>643,801</b>	<b>9,991,174</b>	<b>-</b>	<b>32,651,984</b>

**30.4 Immovable assets valued at R1**

**IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2014**

	Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Total
	R'000	R'000	R'000	R'000
R1 Immovable assets	3,233	-	-	3,233
<b>TOTAL</b>	<b>3,233</b>	<b>-</b>	<b>-</b>	<b>3,233</b>

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

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



**DEPARTMENT ROADS AND PUBLIC WORKS**  
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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**31 STATEMENT OF CONDITIONAL GRANTS RECEIVED**

NAME OF DEPARTMENT	GRANT ALLOCATION					Amount received by department	SPENT			2012/13	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available		Amount spent by department	Under / (Overspending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Division of Revenue Act Provincial Grants:											
Provincial Roads Maintenance Grant	659,484	-	(147,719)	187,719	699,484	699,484	699,483	1	100%	483,706	483,706
Dev of Prop Rates Funds Grant to Prov	-	-	-	-	-	-	-	-	-	55,011	52,362
Expanded Public Works Prog Incent Grant	3,000	-	1,915	-	4,915	4,915	4,915	-	100%	1,915	-
	<b>662,484</b>	<b>-</b>	<b>(145,804)</b>	<b>187,719</b>	<b>704,399</b>	<b>704,399</b>	<b>704,398</b>	<b>1</b>		<b>540,632</b>	<b>536,068</b>

**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 1A**  
**STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2012/13
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%	R'000
Emthanjeni	-	-	-	-	-	-	-	-	-	-	710
Gammagara	-	-	-	-	-	-	-	-	-	-	125
Ga-Segonyana	-	-	-	-	-	-	-	-	-	-	610
Hantam	-	-	-	-	-	-	-	-	-	-	381
Kamiesberg	-	-	-	-	-	-	-	-	-	-	223
Kareeberg	-	-	-	-	-	-	-	-	-	-	464
Karoo Hoogland	-	-	-	-	-	-	-	-	-	-	169
!Kai! Gariep	-	-	-	-	-	-	-	-	-	-	824
Kgatelopele	-	-	-	-	-	-	-	-	-	-	91
Khai-Ma	-	-	-	-	-	-	-	-	-	-	164
//Khara Hais	-	-	-	-	-	-	-	-	-	-	1,634
Kheis	-	-	-	-	-	-	-	-	-	-	9
Magareng	-	-	-	-	-	-	-	-	-	-	286
Meir	-	-	-	-	-	-	-	-	-	-	155
Nama Khoi	-	-	-	-	-	-	-	-	-	-	1,306
Phokwane	-	-	-	-	-	-	-	-	-	-	367

**DEPARTMENT ROADS AND PUBLIC WORKS**  
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 1A**  
**STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2012/13
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%	R'000
Renosterberg	-	-	-	-	-	-	-	-	-	-	108
Ritchterveld	-	-	-	-	-	-	-	-	-	-	40
Siyancuma	-	-	-	-	-	-	-	-	-	-	206
Siyathemba	-	-	-	-	-	-	-	-	-	-	1,058
Sol Plaatjie	-	-	-	-	-	-	-	-	-	-	42,114
Thembelihle	-	-	-	-	-	-	-	-	-	-	203
Tsantsabane	-	-	-	-	-	-	-	-	-	-	311
Ubuntu	-	-	-	-	-	-	-	-	-	-	578
Umsobomvu	-	-	-	-	-	-	-	-	-	-	227
Namakwa	-	-	-	-	-	-	-	-	-	-	-
Dikgatlong	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	<b>52,363</b>

**DEPARTMENT ROADS AND PUBLIC WORKS**  
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 1B**  
**STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2012/13
	Amount					% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	Roll Overs	Adjust-ments	Total Available	Actual Transfer	%	R'000	R'000	%	R'000
Frances Baard DM	-	7,063	-	7,063	6,699	95%	6,699	6,699	100%	17,500
JT Gaetsewe DM	-	3,000	-	3,000	2,436	81%	2,436	2,436	100%	2,500
Namakwa DM	-	8,000	-	8,000	7,551	94%	7,551	7,551	100%	10,000
Pixley Ka Seme DM	-	7,000	-	7,000	5,711	82%	5,711	5,711	100%	10,000
ZF Mgcawu DM	-	5,000	-	5,000	3,574	71%	3,574	3,574	100%	10,000
Emthanjeni	1,920	-	-	1,920	1,920	100%	1,920	1,920	100%	-
Gammagara	131	-	-	131	131	100%	131	131	100%	-
Ga-Segonyana	653	-	-	653	653	100%	653	653	100%	-
Hantam	251	-	-	251	251	100%	251	251	100%	-
Kamiesberg	236	-	-	236	236	100%	236	236	100%	-
Kareeberg	324	-	-	324	324	100%	324	324	100%	-
Karoo Hoogland	323	-	-	323	323	100%	323	323	100%	-
!Kai! Gariep	907	-	-	907	907	100%	907	907	100%	-
Kgatelopele	174	-	-	174	174	100%	174	174	100%	-
Khai-Ma	135	-	-	135	135	100%	135	135	100%	-
//Khara Hais	7,735	-	-	7,735	7,735	100%	7,735	7,735	100%	-

**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 1B**  
**STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2012/13
	Amount					% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	Roll Overs	Adjust-ments	Total Available	Actual Transfer	%	R'000	R'000	%	R'000
Kheis	-	-	-	-	-	-	-	-	-	-
Magareng	300	-	-	300	300	100%	300	300	100%	-
Mier	-	-	-	-	-	-	-	-	-	-
Nama Khoi	-	-	-	-	-	-	-	-	-	-
Phokwane	-	-	-	-	-	-	-	-	-	-
Renosterberg	89	-	-	89	-	-	-	-	-	-
Richtersveld	25	-	-	25	25	100%	25	25	100%	-
Siyancuma	231	-	-	231	231	100%	231	231	100%	-
Siyathemba	1,220	-	-	1,220	1,220	100%	1,220	1,220	100%	-
Sol Plaatje	29,221	2,646	-	31,867	31,685	99%	31,685	31,685	100%	-
Thembelihle	216	-	-	216	216	100%	216	216	100%	-
Tsanstabane	246	-	-	246	246	100%	246	246	100%	-
Ubuntu	613	-	-	613	613	100%	613	613	100%	-
Umsobomvu	240	-	-	240	240	100%	240	240	100%	-
Nama Khoi	1,487	-	-	1,487	1,487	100%	1,487	1,487	100%	-
Pixley Ka Seme	-	-	5,000	5,000	5,000	100%	5,000	5,000	100%	-
	<b>46,677</b>	<b>32,709</b>	<b>5,000</b>	<b>84,386</b>	<b>80,023</b>		<b>80,023</b>	<b>80,023</b>		<b>50,000</b>

**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 1C**  
**STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2012/13
	Adjusted Appropriation	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Government Motor Transport	14,900	-	-	14,900	4,822	32%	54,439
Construction SETA	617	-	(47)	570	262	46%	-
Public Sector SETA	-	-	47	47	46	98%	-
	<b>15,517</b>	<b>-</b>	<b>-</b>	<b>15,517</b>	<b>5,130</b>		<b>54,439</b>

**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 1H**  
**STATEMENT OF TRANSFERS TO HOUSEHOLDS**

	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>HOUSEHOLDS</b>							
<b>Transfers</b>							
Other	5,666	-	-	5,666	5,555	98%	3,152
	5,666	-	-	5,666	5,555	98%	3,152
<b>Subsidies</b>	-	-	-	-	-	-	-
	5,666	-	-	5,666	5,555	98%	3,152
<b>Total</b>	<b>5,666</b>	<b>-</b>	<b>-</b>	<b>5,666</b>	<b>5,555</b>	<b>98%</b>	<b>3,152</b>

**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2014*

**ANNEXURE 1K**

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

<b>NATURE OF GIFT, DONATION OR SPONSORSHIP</b> <b>(Group major categories but list material items including name of organisation)</b>	<b>2013/14</b>	<b>2012/13</b>
	<b>R'000</b>	<b>R'000</b>
<b>Paid in cash</b>		
<b>Transport assistance Provincial Youth</b>	-	46
Venue for Provincial Youth Workshop	-	47
HA RE ETSE MOSADI TRADING	-	3
MEC: Donation of Groceries	-	3
SA Van Wyk School	-	10
St Cyprians Primary School	-	4
Mcgregor Shop	-	7
Ms N Fortuin(House in Hondeklip Bay)	-	88
John Sejaka(Lategan Monumental and General Stone Masons-Tomb Stone)	-	12
School Shoes to Dikjathong H/S Delportshoop Intermediate School and Frances Mohanetelo P/S Procured	-	44
Sipho Mabula (Bathroom for disabled couple)	-	35
Nabebeep Rugby Club	-	3
PM Swarts (Unisa University)	-	7
TI Motubi (Unisa University)	-	2
Donation Bontekoe Mine Disaster Financial Contribution	-	5
Golden Voices Gospel Group		7
Washing machine for Fraserburg Hospital	8	-
JM Don (University of the Free State)	7	-
Donation of 5 sheep to a church	6	-



**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2014*

**ANNEXURE 1K**

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

<b>NATURE OF GIFT, DONATION OR SPONSORSHIP</b> <b>(Group major categories but list material items including name of organisation)</b>	<b>2013/14</b>	<b>2012/13</b>
	<b>R'000</b>	<b>R'000</b>
Renovations of community radio station in Petrusville	30	-
Payment for food parcels in the JTG district	61	-
Payment for food parcels in the JTG district	22	-
Bathroom for disabled lady living with Elephantiasis	53	-
Donation of 5 sheep for the funeral of 3 year old boy	6	-
Payment for food parcels in the JTG district	44	-
<b>TOTAL</b>	<b>237</b>	<b>323</b>

**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2014*

**ANNEXURE 3A**  
**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2014 – LOCAL**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2012	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2014	Guaranteed interest for year ended 31 March 2014	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Firststrand BANK		273	24	-	-	-	24	-	-
	<b>Subtotal</b>	<b>273</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>-</b>
	<b>TOTAL</b>	<b>273</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>-</b>

**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2014*

**ANNEXURE 3B**  
**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2014**

Nature of Liability	Opening Balance  1 April 2013 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelle d/reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance  31 March 2014 R'000
<b>Claims against the department</b>					
Renier Reynecke	1,290	-	1,290	-	-
L&J Azevedo	1,000	5,813	-	-	6,813
Carmutshana	250	100	41	-	309
SJH Venter	5	1	2	-	4
Danie Fourie	20	2	2	-	20
M Van Der Ryst	7,000	3,860	10,860	-	-
H Smook	75	239	-	-	314
VC Rose	10	-	10	-	-
Babereki Consulting Engineers	60	-	60	-	-
G Akker	500	379	-	-	879
Pemberley Investments	1,000	4,865	-	-	5,865
FO London & 3 others	500	27,333	-	-	27,833
D Mass	10	46	-	-	56
MI Molelekwa	10	28	38	-	-
JA Meintjies	10	10	3	-	17
H Steyn	10	18	-	-	28
CA Peterson	500	3,900	-	-	4,400
J Jacobs	10	14	-	-	24

**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2014*

<b>Nature of Liability</b>	<b>Opening Balance  1 April 2013 R'000</b>	<b>Liabilities incurred during the year R'000</b>	<b>Liabilities paid/cancelle d/reduced during the year R'000</b>	<b>Liabilities recoverable (Provide details hereunder) R'000</b>	<b>Closing Balance 31 March 2014 R'000</b>
Red Coral Investments 64 (PTY) LTD	50	1,698	1,748		
Reder Construction (PTY) LTD	550	-	550	-	-
J Bekebeke	10	18	-	-	28
Belize/Freelance Construction Joint Venture	150	1,350	-	-	1,500
Vista Park (in liquidation) and Joh Arch Investments	350	54,918	-	-	55,268
MB Geco	15	8	-	-	23
MP Dhlamini	-	8	8	-	-
IJ De Witt	300	-	300	-	-
L Letebele	-	1	1	-	-
CC Van Niekerk	-	2,303	-	-	2,303
Re A Kgoni General Services	-	200	-	-	200
MS Motingoe	-	45	-	-	45
E Crouch	-	360	-	-	360
C Coetzee	-	1,268	-	-	1,268
Vista Park Development PTY(LTD) (Legal Fees) *	-	443	-	-	443
Digwe Projects	-	3,247	1,143	-	2,104
<b>Subtotal</b>	<b>13,685</b>	<b>112,475</b>	<b>16,056</b>	<b>-</b>	<b>110,104</b>
<b>TOTAL</b>	<b>13,685</b>	<b>112,475</b>	<b>16,056</b>	<b>-</b>	<b>110,104</b>

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**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2014*

*\* Vista Park is in liquidation, the insolvent estate was ordered by the court to pay the costs but should the estate not be able to pay these costs the department will be liable to pay.*

**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2014*

**ANNEXURE 4**  
**CLAIMES RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
Agriculture Land Reforms and Rural Development	-	-	-	8	-	8
Education	-	-	166	169	166	169
Health	-	-	632	754	632	754
Co-operative Governance, Human Settlement & Traditional Affairs	-	-	-	3	-	3
Office of the Premier	-	-	140	142	140	142
Transport, Safety and Liaison	-	-	498	737	498	737
Social Development	-	-	663	663	663	663
Sports, Arts and Culture	-	-	149	149	149	149
Provincial Legislature	-	-	-	1	-	1
National Department	29	29	-	-	29	29
Environment and Nature Conservation	-	-	-	25	-	25
<b>TOTAL</b>	<b>29</b>	<b>29</b>	<b>2,248</b>	<b>2,651</b>	<b>2,277</b>	<b>2,680</b>

**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2014*

**ANNEXURE 5**  
**INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
<b>DEPARTMENTS</b>						
<b>Current</b>						
Office of the Premier	397	-	396	264	793	264
Department of Justice and Constitutional Development	-	-	-	20	-	20
Claims Recoverable Province Department	-	975	-	-	-	975
Economic Development	69	19	-	-	69	19
Transport, Safety and Liaison	82	-	-	-	82	-
<b>TOTAL INTERGOVERNMENTAL</b>	<b>548</b>	<b>994</b>	<b>396</b>	<b>284</b>	<b>944</b>	<b>1,278</b>

**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2014*

**ANNEXURE 6**  
**INVENTORY**

Inventory		2013/14		2012/13	
	Note	Quantity	R'000	Quantity	R'000
Opening balance		1,949	56	5,965	6
Add/(Less): Adjustments to prior year balance		-	16	(705)	46
Add: Additions/Purchases - Cash		7,413	237	204	35
Add: Additions - Non-cash		-	-	241	-
(Less): Disposals		-	-	-	-
(Less): Issues		(5,969)	(243)	(4,285)	(4)
Add/(Less): Adjustments		(410)		529	(27)
<b>Closing balance</b>		<b>2,983</b>	<b>66</b>	<b>1,949</b>	<b>56</b>



**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2014*

**ANNEXURE 7A**  
**MOVEMENT IN CAPITAL WORK IN PROGRESS**

**MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2014**

	Opening balance	Current Year Capital WIP	Completed Assets	Closing balance
	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>217,658</b>	<b>39,566</b>	<b>217,658</b>	<b>39,566</b>
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	<b>217,658</b>	<b>39,566</b>	<b>217,658</b>	<b>39,566</b>
<b>TOTAL</b>	<b>217,658</b>	<b>39,566</b>	<b>217,658</b>	<b>39,566</b>

**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2014*

**ANNEXURE 9**  
**IMMOVABLE ASSET ADDITIONAL DISCLOSURE**

**Provincial facilities not registered in the name of custodian:**

Department	Facility Function	Average Duration: Agreement to use	Private	Municipal	Tribal	Unregistered Land	North West Pro.GOV	Western Cape Prov.Gov	Total
NC Department of Education	Schools	Indefinite	5	9	-	28	4	-	46
NC Department of Sports, Arts & Culture	Sports and Recreational	Indefinite	-	3	-	-	-	-	3
NC Department of Social Development	Social Services	Indefinite	-	-	-	-	-	-	-
NC Department of Health	Health Services	Indefinite	11	53	2	15	-	-	81
NC Department of Agriculture and Land Reform	Agriculture Services	Indefinite	-	-	-	-	-	-	-
NC Department of COGHSTA	Housing Services	Indefinite	-	-	-	-	-	-	-
NC Department of Roads and Public Works	Infrastructure Services	Indefinite	-	-	-	1	-	-	1
NC Department of Economic Affairs	Treasury Services	Indefinite	-	-	-	-	-	-	-

**DEPARTMENT ROADS AND PUBLIC WORKS**  
**VOTE 5**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2014*

Department	Facility Function	Average Duration: Agreement to use	Private	Municipal	Tribal	Unregistered Land	North West Pro.GOV	Western Cape Prov.Gov	Total
NC Department of Safety and liaison	Transport Services	Indefinite	-	1	-	1	-	-	2
NC Department of Tourism	Tourism Development	Indefinite	-	-	-	-	-	-	-
NC Regional Council	Roads Function	Indefinite	-	-	-	-	-	-	-
NC Provincial Legislature	Legislature Services	Indefinite	-	-	-	-	-	-	-
NC Department of Environment and Nature Conservation	Nature Conservation and Ledger	Indefinite	-	-	-	-	-	-	-



## PART 6

# ANNEXURE NORTHERN CAPE FLEET MANAGEMENT

TABLE OF CONTENTS	
Performance Information	
Report of the Accounting Officer	
Auditor General's Report	
Financial Statements	
Statement of Financial Performance	
Statement of Financial Position	
Statement of Changes in Net Assets	
Statement of Cash Flows	
Notes to the Annual Financial Statements	
Capital Investment	

### Performance Information

A single Programme accommodates Fleet Management which is responsible to provide cost efficient, and quality motor transport to provincial and national government departments.

	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
	No of vehicles purchased		25	36		Social Development avail additional funding for the purchasing
	No of replacement vehicles acquired		20	22		
	No of vehicles serviced and maintained		1 200			The other vehicle was service though the service plan that was on it.
	No of vehicle inspections carried out		500			We were unable to do inspections on all vehicles due to capacity constraints
	No of fuel efficiency reports processed and submitted to clients		-	-	-	
	Refurbishments of vehicles		2	2	-	
	Development of an Asset Management system that would assist with invoicing		1	0	-1	We were awaiting the implementation of BAS and LOGIS at the entity which will only be 1 <sup>st</sup> April 2014.
	Write-off of irrecoverable amounts from debtors.		-	-	-	
	Collect and capture all log sheets in time		-	-	-	
	Submit the Asset register reconciliation on a monthly basis to the HOD		1	1	-	
	Submit the financial statements that are GRAP compliant to the Auditor General.		1	1	-	

## REPORT OF THE ACCOUNTING OFFICER

### 1. General review of the state of financial affairs

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

All 752 vehicles were delivered to the province. We have procured additional vehicles and replacement vehicles during the year of review. This is already having huge spin-offs for the various departments as their fleet budget has been significantly reduced.

We have implemented certain monitoring mechanisms in order to curb misuse by implementing the following:

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

### 2. Services rendered by the Entity

- **Permanently allocated vehicles:** These vehicles will be purchased and allocated to specific User Departments. This means that the vehicles will be situated, and under the control of these User Departments for 365 days a year. The User Departments will be charged for the use of these vehicles, regardless of whether or not they actually make use of these vehicles.
- **General hire vehicles:** These vehicles can be rented by User Departments in need of additional vehicles for a short-term period. The rental price is slightly higher than that of a permanently allocated vehicle, as it takes into account a lower utilisation rate.
- **Road building equipment:** The equipment will mainly be rented to the Department of Roads and Public Works, and comprises equipment used in the building and maintenance of roads.
- **Relief vehicle:** This vehicle will be available for User Departments' usage during periods when the permanently allocated vehicles are unavailable, due to servicing. These vehicles will consist of the older general hire vehicles.

## 2.1 Tariff Structure

The entity's tariff structure aim to recover all expected costs of the entity for any particular year and for all effective purposes is the entity's budget for the year. To accomplish this, the tariff structure of the proposed entity will comprise the following elements:

- a) **Daily tariff:** This tariff, to be charged on a daily basis, regardless of the vehicle's usage, will aim to recover the following:
  - i. The capital to be spent in purchasing the current vehicle's replacement vehicle, after completion of the vehicle's selected term in use. This will be based on the current vehicle's cost price adjusted for the expected inflation effect of future years.
  - ii. The overhead cost of the entity. These costs will be those associated with the day-to-day operation of the entity, and will include: salaries and wages; license fees; fees charged by the Office of the Auditor General; building rental, etc.
  - iii. An element for tracking charges, if the entity decides to implement tracking.
  - iv. An element for accident cost provision. This element will aim to recover costs associated with future expected accidents (where the driver did not forfeit state cover), on a monthly basis. This treatment will result in a reserve created to cover the costs of repairing or writing – off vehicles damaged in accidents and incidents.
- b) **Kilometre tariff:** This tariff will aim to recover the fuel, maintenance and tyre expenditure associated with vehicles. The tariff will be based on the tariffs suggested by the Automobile Association of South Africa, as these tariffs will result in costs being recovered. The most significant contributor to the running cost of a vehicle, is the fuel cost element. This element is also the most volatile given recent movements in the price of crude oil.

Road Building Equipment tariff: This tariff will aim to recover on a daily basis/hourly basis/ per kilometer basis (depending on the type of equipment), the costs associated with the road building equipment.

## 3. Capacity constraints

The entity has developed a draft structure that will make sure that we deliver a better service. The structure was approved by the DPSA, but we are currently operating on skeleton staff whilst we are implementing the structure. We need to strengthen our workshops by appointing qualified staff and provide the proper equipment in order to make it fully operational.



#### **4. Corporate governance arrangements**

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

#### **5. Asset management**

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

#### **6 Significant events notified to the Executive Authority during the year**

We have informed the Executive Authority on issues around the delay in payments from clients as well as the high rate of abuse. Although we have implemented the tracker system and send it on a weekly basis to all clients, it still happens that officials abuse the vehicles. The entity had to write off 16 vehicles during the previous financial year.

#### **7 Auditor General report**

Finding	Response/ Action
<p><b>Trade &amp; other receivables and Revenue</b></p> <ul style="list-style-type: none"> <li>• Material misstatements of revenue, expenditure and fruitless and wasteful expenditure identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.</li> </ul>	<ul style="list-style-type: none"> <li>• Management of the entity ensures that a follow up process with the department is conducted monthly to ensure that payments are processed within 30 days. Unnecessary penalties and interest imposed on the entity are avoided.</li> <li>• Assets noted on the Wesbank report but not on the billing appendix are investigated and billed accordingly monthly.</li> </ul>

Finding	Response/ Action
<p><b>Revenue Management</b></p> <p>The accounting officer did not ensure that appropriate processes were developed and implemented to provide for the recording, reconciliation and safeguarding of information about revenue, as required by TR 7.2.1.</p>	<ul style="list-style-type: none"> <li>• All source documents used for the billing of the yellow fleet are compared monthly to ensure completeness of revenue.</li> <li>• Assets noted on the Wesbank report but not on the billing appendix are investigated and billed accordingly monthly.</li> <li>• Assets noted on the Fixed Asset Register but not on the billing appendix are investigated and billed accordingly monthly if necessary.</li> </ul>
<p><b>Internal Control:</b></p> <ul style="list-style-type: none"> <li>• The financial statements were subject to material corrections resulting from the audit, which can be attributed to insufficient review for accuracy and completeness by management before submission for audit purposes. The trading entity also has a lack of adequate systems to ensure regular, accurate and complete financial reporting.</li> </ul>	<ul style="list-style-type: none"> <li>• All lead schedules with supporting documentation signed-off by relevant managers. Units to provide audit trail on performance management</li> <li>• Proper review of AFS before submission by senior management</li> </ul>

## 8. Progress with financial management improvements

The PFMA implementation is progressing according to schedule with the inception of the accounting system. The Entity is required to apply standards of GRAP in preparing their Annual Financial Statements for the period commencing on 1 April 2013, early application is permitted. Early application of the standards of GRAP has been adopted in preparation of the 2013/14 Annual Financial Statements.

The attached Annual Financial Statements set out on pages 196 to 234 have been approved by the Accounting Officer.



**K. NOGWILI**  
**ACCOUNTING OFFICER**  
**DATE: 31 MAY 2014**

## AUDITOR'S REPORT

### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

- 1 I have audited the financial statements of the entity set out on pages 196 to 234, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

#### Accounting officer's responsibility for the financial statements

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

#### Auditor-general's responsibility

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

#### Basis for qualified opinion

##### Property, plant and equipment

- 6 I was unable to obtain sufficient appropriate evidence for property, plant and equipment relating to yellow fleet disclosed as R148 066 000 (2013: R147 815 000) in note 7.2 to the annual financial statements due to insufficient documentation regarding the revaluation of assets being available. In addition I was not able to determine the effect of GRAP 17 on the value disclosed for assets as I could not verify whether the client reviewed the residual values, depreciation method and depreciation rates of assets during the financial year under review. Consequently I was unable to determine whether any adjustment relating to the revaluation reserve stated at R90 019 000 (2013:

R95 815 000) in the financial statements was necessary. Additionally, there is a consequential impact on depreciation, the surplus for the period and the accumulated surplus

### **Revenue from exchange transactions**

- 7 I was unable to obtain sufficient appropriate audit evidence regarding revenue relating the yellow fleet as the systems in place for the recording of revenue was insufficient. I was unable to confirm the revenue by alternative means. Consequently I was unable to determine whether any adjustments to revenue for Yellow Fleet Rental of Road Building Equipment reflected as R114 988 000 (2013: R115 163 000) in note 5.1 to the financial statements were necessary. Additionally, there is a consequential impact on trade and other receivables, the surplus for the period and the accumulated surplus

### **Qualified opinion**

- 8 In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the entity as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the *General Notice* issued in terms of the PAA.

### **Emphasis of matters**

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

### **Restatement of corresponding figures**

- 10 As disclosed in note 19 to the financial statements, the corresponding figures for 31 March 2013 have been restated as a result of an error discovered during 2014 in the financial statements of the Northern Cape Fleet Management Trading Entity at, and for the year ended, 31 March 2014.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

- 11 In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programme presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### **Predetermined objectives**

- 12 I am unable to report on the usefulness and reliability of the performance information, as the annual performance report of the trading entity was not prepared as required by section 40(3)(a) of the PFMA.

**Compliance with legislation**

- 13 I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

**Financial statements, performance and annual reports**

- 14 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 Public Finance Management Act. Material misstatements of non-current assets, current assets, liabilities, expenditure identified by the auditors in the submitted financial statement were subsequently corrected, but the uncorrected material supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

**Expenditure management**

- 15 Contractual obligations and money owed by the trading entity were not settled within 30 days or an agreed period, as required by section 38(1)(f) of the Public Finance Management Act and Treasury Regulation 8.2.3.

**Revenue management**

- 16 Appropriate processes were not developed and implemented to provide for the identification, collection and recording of information about revenue, as required by Treasury Regulation 7.2.1.

**Asset management**

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

**Consequence management**

- 18 Sufficient appropriate audit evidence could not be obtained that effective and appropriate disciplinary steps were taken against officials who made irregular expenditure and fruitless and wasteful expenditure, as required by section 38(h)(iii) of the Public Finance Management Act and Treasury Regulation 9.1.3.

**Internal control**

- 19 I considered internal control relevant to my audit of the financial statements and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, and the findings on predetermined objectives and non-compliance with legislation included in this report.

**Leadership**

- 20 The leadership did not implement adequate systems to ensure regular, accurate and complete financial reporting. Furthermore, the trading entity did not have any established policies and procedures in place to ensure an effective and efficient control environment. This led to material misstatements in the financial statements not being identified by management.

- 21 The leadership did not regularly monitor management's compliance with laws, regulations and internally designed policies and procedures. As a result, significant non-compliance issues were noted.
- 22 The leadership did not ensure that the entity had a separately identifiable annual performance report.

#### **Financial and performance management**

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

#### **Governance**

- 26 The fraud prevention plan and risk management strategy was not approved and adequately implemented resulting in the findings raised.

*Auditor General*

Kimberley

31 July 2014



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY  
ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 31 MARCH 2014

		31 March	31 March
	Notes	2014	2013
		R'000	R'000
			<i>Restated</i>
REVENUE			
Revenue from Exchange Transactions	5.1	171 351	182 506
Sale of goods and Rendering of Services		157 172	149 047
Rental of facilities and equipment		12 064	12 621
Finance Income		2 115	226
Other Income		-	20 612
Revenue from Non – Exchange Transaction	5.2	18 638	67 681
Public contributions and donations		-	7 694
Government grant and subsidies		18 638	59 987
Total Revenue		189 989	250 187
Operating expenses	6	(130 491)	(101 863)
TOTAL SURPLUS		59 498	148 324
SURPLUS FOR THE PERIOD		59 498	148 324

**STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2014**

	Notes	31 March 2014 R'000	31 March 2013 R'000 <i>Restated</i>
<b>ASSETS</b>			
Non-current Assets		<b>235 140</b>	<b>273 978</b>
Fleet, Plant and Equipment	7	147 950	149 448
Finance Lease Receivables	14	87 190	124 530
Current Assets		<b>293 497</b>	<b>200 241</b>
Receivables from Exchange Transactions	8	208 231	138 248
Short-term portion of Finance Lease Receivable	14	43 295	34 962
Cash and Cash Equivalents	16	41 971	27 030
<b>TOTAL ASSETS</b>		<b>528 637</b>	<b>474 219</b>
<b>NETT ASSETS AND LIABILITIES</b>			
Current Liabilities		<b>13 248</b>	<b>18 328</b>
Payables from Exchange Transactions	10	13 248	18 328
Nett Assets		<b>515 389</b>	<b>455 891</b>
Accumulated Surplus		425 370	365 872
Revaluation Surplus	9	90 019	90 019
<b>TOTAL NETT ASSETS AND LIABILITIES</b>		<b>528 637</b>	<b>474 219</b>



**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	Accumulated Surplus	Revaluation Surplus	Total
<b>Balance at 01 April 2012</b>		<b>211 751</b>	<b>95 815</b>	<b>307 566</b>
Total Surplus		147 810	-	147 810
Opening balance as previously reported		359 561	95 815	455 376
Correction of errors	19	6 311	(5 796)	515
<b>Balance at 01 April 2013 (restated)</b>		<b>365 872</b>	<b>90 019</b>	<b>455 891</b>
Total Surplus		59 498	-	59 498
<b>Balance at 31 March 2014</b>		<b>425 370</b>	<b>90 019</b>	<b>515 389</b>

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

		<b>31 March 2014 R'000</b>	<b>31 March 2013 R'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from Customers		100 012	274 135
Interest Received	5	2 115	226
<b>Payments</b>			
Payments to Suppliers		(72 884)	(224 257)
<b>Net Cash Flows from Operating Activities</b>	15	<b>29 243</b>	<b>50 104</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	7	(14 302)	(26 830)
Proceeds on sale of Property, plant and Equipment		-	3 756
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(14 302)</b>	<b>(23 074)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>14 941</b>	<b>27 030</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>27 030</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>41 971</b>	<b>27 030</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 1. General Information

The annual financial statements of Fleet Management Trading Entity for the year ended **31 March 2014** were authorised for issue by the Accounting Officer on the 31<sup>st</sup> of May 2014.

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

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

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

### Principal Activities

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

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

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

The entity recovers its costs through charging the following:

### *White Fleet*

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

*Yellow Fleet*

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

**2. Basis of preparation**

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

The entity has adopted Statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board.

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

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

**3.1 Significant accounting judgements, estimates and assumptions**

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

**Judgements**

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

*a) Vehicle fleet rentals treated as finance lease*

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

*b) White and Yellow fleet valuation*

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

*c) Impairments*

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

*d) Effective interest rate*

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

*e) Capitalisation of assets*

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 economic benefits associated with these items that will flow to the entity and therefore do not view these items as assets.

### **3.2 Statements and interpretations not yet effective**

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

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

<b>Reference</b>	<b>Topic</b>
GRAP 18	Segment Reporting - issued March 2005
GRAP 20	Related Party Disclosures (Revised)
GRAP 32	Service Concession Arrangement Grantor
GRAP 105	Transfers between entities under common control - issued November 2010
	Transfers between entities not under common control - issued November 2010
GRAP 106	November 2010
GRAP 107	Mergers - issued November 2010
GRAP 108	Statutory Receivables

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

The ASB Directive 5 paragraph 29 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.

#### **4. Summary of significant accounting policies.**

##### **4.1 Property, Plant and Equipment**

Property, Plant and Equipment is recognised when:

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

##### *Initial Recognition*

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

### *Subsequent Measurement*

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

### *Motor Vehicle Fleet and Road Building Equipment*

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

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

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

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

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

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

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

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

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

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

## **4.2 Impairment of non-financial assets**

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 Financial Instruments**

#### *Initial recognition and measurement*

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

#### *Subsequent measurement*

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

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

a) Financial instruments at fair value.

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

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

b) Financial instruments at amortised cost.

Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates at fair value at initial recognition or are held for trading. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of financial performance. The losses arising from impairment are recognised in the statement of financial performance.

c) Financial instruments at cost.

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

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

### **Gains and losses**

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

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

### **Impairments**

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

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

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

- **For financial assets held at cost**

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

### **De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of an Entity of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - a) The entity has transferred substantially all the risks and rewards of the asset, or
  - b) The entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Entity's continuing involvement in the asset. In that case, the entity also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Entity could be required to repay.

**Cash and cash equivalents**

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks

**Trade and other receivables**

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

**Trade and other payables**

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

**4.4 Revenue Recognition****4.4.1 Revenue from Exchange Transactions**

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Entity and the revenue can be reliably measured. An exchange transaction is one in which the Entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

### *Interest Income*

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

### *Rendering of Services*

Revenue from the renting of vehicles is recognised with specific reference to:

- Revenue from Kilometre Tariffs: based on the actual kilometres travelled using the approved Kilometre Tariff.
- Revenue from Daily Tariffs: based on the actual days of usage, using the approved Daily Tariff.
- Revenue from Rentals Received: based on the above mentioned tariffs. This is specific to the equipment fleet.

Revenue is recognised in the reporting periods in which the services are rendered.

### *Recoverable Revenue*

Recoverable revenue represents payments relating to the misuse and/or damage of vehicles and/or third party claims. This type of income has its origin from two sources and the income from these sources is recognised as follows:

- Claims against third parties: Income is only recognised when it is actually received.
- Claims against other government departments and municipalities: Income is only recognised when a case has been concluded and the claim has been made out to a specific department.

#### **4.4.2 Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the Entity received revenue, vehicles or equipment from another Entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount. The Entity recognises an asset arising from a non-exchange transaction when it gains control of resources that meet the definition of an asset and satisfy the recognition criteria.

### **4.4.3 Donations, Contributions and Government Grants**

#### **4.4.3.1 *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.

#### **4.4.3.2 *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 Post-Reporting Date Events**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

## **4.6 Contingent Liability**

A contingency is a condition, the ultimate outcome of which will be confirmed only on the occurrence or non-occurrence, of one or more uncertain future events. Contingent liabilities are disclosed, but not recognised.

A contingent liability is:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity; or
- b) a present obligation that arises from past events but is not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

#### **4.7 Comparative Figures**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures reasonable expected to be available.

#### **4.8 Net Assets**

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

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

#### **4.9 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.

If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements.

At a minimum, disclosures shall include:

- a) the amount of the transactions
- b) the amount of outstanding balances, including commitments; and
  - (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and*
  - (ii) details of any guarantees given or received;*
- c) provisions for doubtful debts related to the amount of outstanding balances; and
- d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.

### 4.10 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 derecognition of the asset the entity recognises a finance lease receivable. Finance lease income is allocated to between the finance lease receivable and finance income using the effective interest rate method and the resulting finance income is recognised in the Statement of Financial Performance as it accrues.

#### *Measurement*

Finance lease receivables are recognised at an amount equal to the entity's net investment in the lease. This net investment in the lease is calculated as the sum of the minimum future lease payments and unguaranteed residual value discounted over the lease term at the rate implicit in the lease.

#### *Derecognition*

Finance lease receivables are derecognised when the entity's right to the underlying cash flows expire or when the entity no longer expects economic benefits to flow from the finance lease receivable.

#### **4.11 Prior Period Errors**

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- (a) was available when financial statements for those periods were authorised for issue; and
- (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements

Material omissions or misstatements of items are material if they could, individually or collectively; influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud. Prior period errors are corrected retrospectively. Retrospective restatement is correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.

#### **4.12 Employee benefits**

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

Short-term employee benefits include:

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

**4.13 Fruitless and wasteful expenditure**

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

**4.14 Irregular expenditure**

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

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

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

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

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

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

**5. Revenue**

**5.1 Revenue from Exchange Transactions**

	<b>31 March 2014 R'000</b>	<b>31 March 2013 R'000</b>
--	------------------------------------	------------------------------------

Revenue from Exchange Transactions comprises:

White Fleet Kilometre Tariffs	42 184	33 884
Yellow Fleet Rental of Road Building Equipment	114 988	115 163
Finance Lease Income	12 064	12 621
Finance Income	2 115	226
Other Income	-	20 612
	<u><b>171 351</b></u>	<u><b>182 506</b></u>

**5.2 Revenue from Non – Exchange Transactions**

Grant Received	18 638	59 987
Public contributions and donations	-	7 694
	<u><b>18 638</b></u>	<u><b>67 681</b></u>

Due to a lack of controls in prior years, it is impossible for management of the entity to correct any errors that might exist within the comparative amounts presented for revenue from exchange transactions, which led to a limitation of scope as identified by the Auditor General of South Africa during 2012/13 and prior. Management have implemented controls for the 2013/14 financial year, which include electronic tracking equipment to monitor the accuracy of km-charges charged.

## NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

	31 March 2014 R'000	31 March 2013 R'000
<b>6. Operating Expenses</b>		
Advertising expenses	-	29
Bank charges	6	4
Consulting fees	1 863	-
Depreciation	15 064	14 617
Donations made	-	598
Equipment rentals	812	-
Finance costs	54	-
Fuel, Oil and Lubricants (Transport Costs)	68 925	56 588
Impairment loss 4.4	10	100
Damages and Losses	2 921	-
Licensing fees	2 019	801
Loss on disposal of property, plant and equipment	-	4 950
Maintenance and Repairs	30 187	20 281
Other expenses	7 973	3 895
Printing and stationery	123	-
Telephone	99	-
Travel and accommodation	398	-
Uniforms and protective clothing	37	-
	<b>130 491</b>	<b>101 863</b>

Due to a lack of controls in prior years, it is impossible for management of the entity to correct any errors that might exist within the comparative amounts presented for repairs and maintenance, which led to a limitation of scope as identified by the Auditor General of South Africa during 2012/13 and prior. Management have implemented controls for the 2013/14 financial year, which include electronic fleet cards to assist in identifying and correcting errors related to classification and document control identified by the AG in prior years. 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 economic benefits associated with these items that will flow to the entity and therefore do not view these items as assets.

**7. Fleet, Plant and Equipment**

**7.1 Vehicle Fleet (White Fleet)**

	<b>31 March 2014 R'000</b>	<b>31 March 2013 R'000</b>
Opening Balance – 1 April	<b>1 633</b>	<b>39 033</b>
Cost	1 633	39 033
Accumulated Depreciation	-	-
<u>Movements:</u>		
Additions	1 043	19 736
Disposals	-	(635)
Transfer to Finance Lease Asset	(1 008)	(57 128)
Donations Received	-	627
	<b>1 668</b>	<b>1 633</b>
Closing Balance – 31 March	<b>1 668</b>	<b>1 633</b>
Cost	1 668	1 633
Accumulated Depreciation	-	-

**Additions**

Additions in the current and prior year which have been purchased by Department of Roads and Public works on behalf of the entity have been funded by Northern Cape Provincial Treasury.

**Transfers**

Transfers to the finance lease asset occur when the vehicle is ready for transfer to the user department, resulting in the commencement of the lease period.



## 7.2 Road Building Equipment (Yellow Fleet)

	<b>31 March 2014 R'000</b>	<b>31 March 2013 R'000</b>
Opening Balance – 1 April	<b>147 815</b>	<b>153 749</b>
Cost / Valuation	216 778	208 097
Accumulated Depreciation and impairment losses	(68 963)	(54 348)
<b>Movements:</b>		
Additions	-	-
Capitalisation	13 424	6 901
Donations Received	-	7 068
Disposals*	-	(4 584)
Cost	-	(5 168)
Accumulated Depreciation	-	584
Donation Made	-	(597)
Cost	-	(665)
Accumulated Depreciation	-	68
Assets Stolen	-	(6)
Cost	-	(11)
Accumulated Depreciation	-	5
Depreciation Expense	(15 049)	(14 617)
Impairment Loss Recognised in the Statement of Financial Performance	(10)	(100)
Closing Balance – 31 March	<b>146 180</b>	<b>147 815</b>
Cost / Valuation	230 142	216 778
Accumulated Depreciation and impairment losses	(83 962)	(68 963)

### Impairment loss

In 2014, the impairment loss of R10 000 (2013: R100 000) represented the write-down of certain equipment to their recoverable amount. This was recognised in the statement of financial performance under 'Operating expenses'. The recoverable amount was based on the assets' fair value less costs to sell at year end. The fair value was determined after taking into account current market values and market conditions at year end.

### Additions

Additions in the current year purchased by the Department of Roads and Public works on behalf of the entity.

### 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.

### 7.3 Computer equipment

	31 March 2014 R'000	31 March 2013 R'000
Opening Balance – 1 April	-	-
Cost	-	-
Accumulated Depreciation	-	-
<u>Movements:</u>		
Additions	118	-
Depreciation	(16)	-
	<b>102</b>	-
Closing Balance – 31 March	<b>102</b>	-
Cost	118	-
Accumulated Depreciation	(16)	-

#### Total Fleet, Plant and Equipment

	31 March 2014 R '000
At Cost	231 928
Accumulated Depreciation	(83 978)
Net book Value	<b>147 950</b>

### 8. Receivables from Exchange Transactions

	31 March 2014 R'000	31 March 2013 R'000
Department of Roads and Public Works	181 909	130 391
Other Provincial Departments	26 322	7 515
Aucor Receivable	-	342
	<b>208 231</b>	<b>138 248</b>

At 31 March 2014, 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
2013	138 248	130 422	3 195	183	4 448
2014	208 231	87 973	14 907	11 955	93 396

## NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

At 31 March 2014, the age analysis of trade receivables provided for as impaired is as follows:

Year	Total R'000	> 120 Days R'000
2013	-	-
2014	-	-

*Past due and not impaired trade receivables* – no detailed breakdown is considered necessary. History has shown, that past due debts are generally recoverable through the assistance of Provincial Treasury.

### 9. Revaluation Surplus

	31 March 2014 R' 000	31 March 2013 R' 000
<b>Non distributable reserves from revaluation</b>		
Opening Balance	90 019	95 815
Revaluations	-	-
Transfer to accumulated surplus	-	(5 796)
Closing Balance	<u>90 019</u>	<u>90 019</u>

The revaluation surplus represents reserves from revaluations made during the 2010/11 financial year when the yellow fleet was revalued.

### 10. Payables from Exchange Transactions

Accrued Expenses	53	-
Trade and other payables	<u>13 195</u>	<u>18 328</u>
	<u>13 248</u>	<u>18 328</u>

## **11. Related Parties**

Fleet Management Trading Entity is managed under the administration of the Department of Roads and Public Works. The following table provides the total amount of transactions, which have been entered into with related parties for the related financial year:

### **2013/2014 Financial year**

<b>Related Parties</b>	<b>Amount owed by/(to) related party at 31 March 2013</b>	<b>Rand value of services rendered: (by)/to related party</b>	<b>Rand value of amounts settled to/(by) related party during the financial year</b>	<b>Amount owed by/(to) related party at 31 March 2014</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Department of Roads and Public Works	130 391	160 552	(109 034)	181 909
Department of Agriculture, Land Reform and Rural Development	544	13 156	(12 180)	1 520
Department of Cooperative Governance, Human Settlements and Traditional Affairs	430	(60)	-	370
Department of Economic Development & Tourism	79	66	-	145
Department of Education	1 003	9 783	(5 503)	5 283
Department of Environment and Nature Conservation	475	267	-	742
Department of Health	2 347	28 931	(16 064)	15 214
Office of the Premier	43	1 036	(957)	122
Provincial Treasury	62	985	(868)	179
Department of Social Development	1 296	13 815	(14 090)	1 021
Department of Sports, Art and Culture	997	3 706	(3 382)	1 321
Department of Transport, Safety and Liaison	237	2 385	(2 220)	402

# NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

## 2012/2013 Financial year

Related Parties	Amount owed by/(to) related party at 31 March 2012	Rand value of services rendered: (by)/to related party	Rand value of amounts settled to/(by) related party during the financial year	Amount owed by/(to) related party at 31 March 2013
	R'000	R'000	R'000	R'000
Department of Roads and Public Works	109 484	23 194	(2 287)	130 391
Department of Agriculture, Land Reform and Rural Development	128	6 428	(6 012)	544
Department of Cooperative Governance, Human Settlements and Traditional Affairs	124	1 709	(1 403)	430
Department of Economic Development & Tourism	7	602	(530)	79
Department of Education	798	5 475	(5 270)	1 003
Department of Environment and Nature Conservation	170	2 202	(1 897)	475
Department of Health	1 549	13 553	(12 755)	2 347
Office of the Premier	90	475	(522)	43
Provincial Treasury	32	507	(477)	62
Department of Social Development	424	7 149	(6 277)	1 296
Department of Sports, Art and Culture	151	1 632	(786)	997
Department of Transport, Safety and Liaison	195	1 220	(1 178)	237

### *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.

Due to a lack of controls in prior years, it is impossible for management of the entity to correct any errors that might exist within the comparative amounts presented for transactions with related parties, which led to a limitation of scope as identified by the Auditor General of South Africa during 2012/13 and prior. Management have implemented controls for the 2013/14 financial year, which include electronic tracking equipment to monitor the accuracy of km-charges charged to related parties.

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.

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

Mr. K. Nogwili – Head of Department  
Mr. B. Slingers- Chief Director  
Me. F. Tsimane- Chief Financial Officer  
Mr. M.N. Bosch - Director

## **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 2014 and 2013, the Entity's policy that no trading in derivatives shall be undertaken.

The main risk arising from the Entity's financial instruments is credit risk.

### *Credit Risk*

The Entity trades only with recognised, creditworthy third parties. Northern Cape Provincial Treasury assists Northern Cape Fleet Management Trading Entity in the recovery of debt from the different User Departments. In addition, receivable balances are monitored on an ongoing basis with the result that the Entity's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the entity.

### *Market Risk*

Market risk is the risk that the value of a financial instrument will fluctuate with changing market prices whether caused by factors specific to the instrument or to general external market changes. The Entity has no financial instruments which are affected by changing market prices.

### *Liquidity Risk*

Liquidity risk is the risk of the Entity defaulting on its financial obligations as a result of insufficient funding capacity in relation to such obligations. The Entity does not view this as a risk, in the view of the fact that it has sufficient assets to cover its liabilities. The Entity also has access to possible assistance from the Provincial Treasury, in terms of Treasury Regulation 19.5.

The following are the contractual maturities of financial liabilities:

<b>Payables from Exchange Transactions as at 31 March 2014</b>		
<b>Date</b>	<b>Carrying Amount R'000</b>	<b>Contractual Cash Flows R'000</b>
28 February 2014	-	-
31 March 2014	13 248	13 248
<b>Within 1 Year</b>	<b>13 248</b>	<b>13 248</b>

<b>Payables from Exchange Transactions as at 31 March 2013</b>		
<b>Date</b>	<b>Carrying Amount R'000</b>	<b>Contractual Cash Flows R'000</b>
28 February 2013	7 500	7 500
31 March 2013	10 828	10 828
<b>Within 1 Year</b>	<b>18 328</b>	<b>18 328</b>

### *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.

### **13. Commitments (Capital)**

At 31 March 2014 the entity had R 4.6 million of capital commitments principally relating to 19 vehicles that had been ordered before the financial year-end but had not been received at year-end.

At 31 March 2013, the entity had no capital commitments.

### **14. Finance Lease Commitments**

#### **Finance leases – Entity as lessor**

The Entity has entered into finance leases for its motor vehicle fleet. These leases have remaining terms of 3 years. The future lease payments expected as at 31 March 2014 are as follows:

<b>Gross investment in leases due</b>	<b>Gross Lease Payments</b>	<b>Unearned Finance Income</b>	<b>Net Present Value</b>
	<i>R '000</i>	<i>R '000</i>	<i>R '000</i>
Amounts due within 1 year			
Amounts due within 2 – 5 years	50 861	(7 566)	43 295
	92 193	(5 003)	87 190
	<b>143 054</b>	<b>(12 569)</b>	<b>130 485</b>

Included in the gross lease payments are Unguaranteed Residual Values expected at the end of the lease of R 36 956.

<b>Present value of minimum lease payments due</b>	<b>Minimum Lease Payments <i>R '000</i></b>
Amounts due within 1 year	43 295
Amounts due within 2 – 5 years	87 190
	<b>130 485</b>



**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 2013 was as follows:

<b>Gross investment in leases due</b>	<b>Gross Lease Payments</b>	<b>Unearned Finance Income</b>	<b>Net Present Value</b>
	<i>R '000</i>	<i>R '000</i>	<i>R '000</i>
Amounts due within 1 year			
Amounts due within 2 – 5 years	47 058	(12 096)	34 962
	138 558	(14 028)	124 530
	<b>185 616</b>	<b>(26 124)</b>	<b>159 492</b>

Included in the gross lease payments are Unguaranteed Residual Values expected at the end of the lease of R 36 248.

<b>Present value of minimum lease payments due</b>	<b>Minimum Lease Payments R '000</b>
Amounts due within 1 year	34 962
Amounts due within 2 – 5 years	124 530
	<b>159 492</b>

**15. Cash Generated from Operations**

	<b>31 March 2014 R'000</b>	<b>31 March 2013 R'000</b>
Surplus for the Period	59 498	147 810
<b>Adjusted for:</b>		
Donations received	-	(7 694)
Interest Received	(2 115)	226
Donations made	-	598
Impairment loss – Fleets	10	100
Depreciation - Fleet	15 064	14 617
Loss/(profit) on sale of vehicles	-	4 916
<b>Transfer to Finance Lease</b>	(1 008)	(20 169)
<b>Capital Portion on Finance Lease</b>	32 857	(3 016)
<b>Operating Profit before Working Capital Changes</b>	<b>104 306</b>	<b>137 388</b>
<b>Working Capital Changes:</b>	<b>(75 063)</b>	<b>(87 284)</b>
(Increase)/Decrease in Trade and Other Receivables	(69 983)	(24 580)
Increase/(Decrease) in Trade and Other Payables	(5 080)	(62 704)
<b>Cash Generated from Operations</b>	<b>29 243</b>	<b>50 104</b>

**16. Cash and Cash Equivalents**

	<b>31 March 2014 R'000</b>	<b>31 March 2013 R'000</b>
Bank Account - ABSA	41 971	27 030
	<b>41 971</b>	<b>27 030</b>
<i>For the purpose of the cash flow statement, cash and cash equivalents comprise of the following at 31 March:</i>	<b>41 971</b>	<b>27 030</b>

**17. Irregular expenditure**

Reconciliation of irregular expenditure

	<b>31 March 2014 R'000</b>	<b>31 March 2013 R'000</b>
<b>Opening balance</b>	<b>501</b>	<b>501</b>
Add: Irregular Expenditure relating to prior year	-	-
Add: Irregular expenditure relating to current year	200	-
Less: Amounts condoned	-	-
<b>Closing Balance</b>	<b>701</b>	<b>501</b>

**18. Fruitless and Wasteful Expenditure**

Fruitless and wasteful expenditure was incurred as a result of penalties and fines due to late payments of the First Auto (Pty) Ltd account for the renewal of licenses and tracker systems that were not removed from certain vehicles after they were derecognised. This expenditure amounts to:

	<b>31 March 2014 R'000</b>	<b>31 March 2013 R'000</b>
<b>Opening balance</b>	<b>133</b>	<b>-</b>
First Auto (Pty) Ltd	39	116
Department of Transport Safety and Liaison	15	17
<b>Fruitless and Wasteful Expenditure</b>	<b>187</b>	<b>133</b>

**19. Prior period errors**

The following errors occurred, in relation to the prior financial year, which necessitated corrective action in the current year. The error was corrected, retrospectively:

*a) Car Track expense recoveries.*

During the 2013 financial year the Department of Public Works was not charged for Car Track expenses regarding the white vehicle fleet.

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

	<b>2013</b>
	<b>R'000</b>
Receivables from exchange transactions as at 31 March 2013 as previously stated	137 734
Add billings to the Department of Public Works	514
<b>Receivables from exchange transactions restated as at 31 March 2013</b>	<b>138,248</b>
Other income as at 31 March 2013 as previously stated	(20 206)
Add recoveries	(406)
<b>Other income restated as at 31 March 2013</b>	<b>20 612</b>
Other expenses as at 31 March 2013 as previously stated	4 003
Less recoveries	(108)
<b>Other expenses restated as at 31 March 2013</b>	<b>3 895</b>
<b>Increase in accumulated surplus</b>	<b>514</b>

*b) The revaluation surplus in respect of Fleet, Plant and Equipment*

A proportionate transfer of the revaluation surplus to the accumulated surplus relating to derecognised revalued Fleet, Plant and Equipment in the 2013 financial year was not made during the 2013 financial year.

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

	<b>2013</b> <b>R'000</b>
Revaluation surplus as at 31 March 2013 as previously stated	95 815
Transfer to accumulated surplus	(5 796)
<b>Revaluation surplus restated as at 31 March 2013</b>	<b>90 019</b>
Accumulated surpluses at 31 March 2013 as previously stated	359 561
Transfer from revaluation surplus	5 797
Effect of increase in accumulated surplus (ref.19.a)	514
<b>Accumulated surplus restated as at 31 March 2013</b>	<b>365 872</b>