

ANNUAL REPORT 2016/2017



the dr&pw

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

TABLE OF CONTENTS

1. PART A: GENERAL INFORMATION	PG
1.1 Departments' General Information	3
1.2 List of abbreviations/acronyms	4
1.3 Forward by MEC	6
1.4 Report of the Accounting Officer	8
1.5 Statement of Accuracy	16
1.6 Strategic Overview	17
1.7 Legislative Mandates and other mandates	18
1.8 Organisational Structure	21
1.9 Entities reporting to the MEC	22
2. PART B: PERFORMANCE INFORMATION	23
2.1 Service Delivery Environment	24
2.2 Strategic Outcome Oriented Goals	36
2.3 Performance Information by Programmes	39
PART C: GOVERNANCE	65
Audit Committee Report	76
PART D: HUMAN RESOURCE MANAGEMENT	81
PART E: FINANCIAL INFORMATION	97
Report of Auditor-General	99
Appropriation Statement	106
Notes to Appropriation Statement	141
Statement of Financial Performance	142
Statement of Financial Position	143
Cash Flow Statement	144
Accounting Policies	146
Notes to the Annual Financial Statements	154
Annexures	185

PART A

GENERAL INFORMATION

1.1 DEPARTMENTS' GENERAL INFORMATION

Contact Details

Department of Roads and Public Works: Northern Cape Province

Physical address of Head Office

9-11 Stokroos Street

Squarehill Park

Kimberley

8301

Postal Address of Head Office

P.O. Box 3132

Kimberley

8300

Contact telephone numbers

Mr B Slingers (053) 8392221

Ms C. Robertson (053) 8392183

Email – addresses

Bslingers@ncpg.gov.za

Crobertson@ncpg.gov.za

Website and Intranet address

URL – <http://ncrpw.ncpg.gov.za>

Intranet – <http://ncrpwintranet.ncpg.gov.za>

1.2 LIST OF ABBREVIATIONS/ACRONYMS

APP	Annual Performance Plan	MTEF	Medium Term Expenditure Framework
BAC	Bid Adjudication Committee	MTSF	Medium Term Strategic Framework
BEC	Bid Evaluation Committee	NC	Northern Cape
BEE	Black Economic Empowerment	NCFMTE	Northern Cape Fleet Management and Trading Entity
BBBEE	Broad Based Black Economic Empowerment	NCPG	Northern Cape Provincial Government
CFO	Chief Financial Officer	NCPGDS	Northern Cape Growth and Development Strategy
CSD	Central Supplier Database	NGO	Non-governmental Organisation
cidb	Construction Industry Development Board	NYS	National Youth Service
DORA	Division of Revenue	PAIA	Promotion of Access to Information Act
DPME	Department of Planning, Monitoring and Evaluation	PAJA	Promotion of Just Administration Act
DPSA	Department of Public Service and Administration	PDI	Previously Disadvantaged Individuals
DRPW	Department of Roads and Public Works	PERSAL	Personnel Salary System
ECD	Early Childhood Development	PPP	Public Private Partnership
EE	Employment Equity	PPPFA	Preferential Procurement Policy Framework Act
EEA	Employment Equity Act	PSA	Public Service Act
EHW	Employee Health and Wellness	PGDS	Provincial Growth and Development Strategy
EPWP	Expanded Public Works Programme	PFMA	Public Finance Management Act
FMC	Financial Misconduct Committee	PROMAN	Project Management System
FTE	Full Time Equivalent	RAMP	Roads Asset Management Plan
GIAMA	Government Immovable Asset Management Act	RISFSA	Road Infrastructure Strategic Framework of South Africa
GRAP	Generally Recognised Accounting Practice	RMC	Risk Management Committee
HOD	Head of Department	SARS	South African Revenue Services
HR	Human Resource	SDIP	Service Delivery Improvement Plan

IT	Information Technology	SEDA	Small Enterprise Development Agency
IESBA	International Ethics Standards Board for Accountants	SETA	Sector Education and Training Authority
MANCO	Management Meeting	SMME	Small, Micro, & Medium Enterprises
M&E	Monitoring and Evaluation	SOM	Sector Oversight Model
MEC	Member of Executive Council	SLA	Service Level Agreement
MPAT	Management Performance Assessment Tool	TVET	Technical and Vocational Education and Training

GENERAL INFORMATION

1.3 FORWARD BY MEC

This Annual Report is guided by the 2016/17 Annual Performance Plan and by the Strategic Plan of (2015 – 2019). The Department of Roads and Public Works continues to play a pivotal role in the social and economic transformation of the province.

The economic environment has remained depressed for most of the years. This has caused our government to impose comprehensive budgetary constraints, which require extreme belt-tightening measures by departments and provinces alike. As an infrastructure service delivery department, we have had to do more with less, taking into consideration the increasing cost of service delivery.



MEC MXOLISA SOKATSHA

Northern Cape Province 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 (SMME's) targeting previously disadvantaged individuals and communities
- Skills Development within the work; and ensuring the realisation of Broad Based Black Economic Empowerment (BBBEE).

The technical needs determined for the provincial road network amounts to R8,6 billion.

- The need for paved roads is R2.2 billion. This is also referred to as the 'technical needs' of the paved roads.
 - R45 million is needed for fogsprays. This is a total 304 km of paved roads that should receive fogsprays as a preventive measure.
 - R973 million is needed for reseal. This is in total 1,134 km of paved roads that should receive some form of reseal action as a preventive measure to prevent water ingress to the pavement layers.
 - R1,3 billion is needed for light and heavy rehabilitation: This is 446 km of road where the roughness and/or structural cracking have developed beyond preventive maintenance; structural repair is needed to improve these roads to functional levels.
 - Light rehabilitation is required on 242 km and heavy rehabilitation on 204 km.

GENERAL INFORMATION

- The maintenance of unpaved roads amounts to R6,373 billion. This is also referred to as the 'technical needs' of the unpaved roads.
 - R3,571 million is needed for regravelling. In total 1,134 km of unpaved roads should be regravelled to ensure passability on the unpaved road network.

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

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 different spheres of government

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 covers the following sectors:

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

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 infrastructure delivery to change the economic landscape of the province and is therefore not necessarily bound to old ideas.

Excellence in performance must start at management level, and the necessary changes to meet the new challenges must be initiated from management. The rest of the officials must be drawn into this new way of thinking.



Mr. Mxolisa Sokatsha
EXECUTIVE AUTHORITY: ROADS AND PUBLIC WORKS

GENERAL INFORMATION

1.4 REPORT BY ACCOUNTING

- **Overview of the operations of department**

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



HOD Kholekile Nogwili

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

During the reporting period, 11 staff members received support through the Staff Bursary Scheme, and through the Departmental Work Place Skills Plan, another 904 were able to improve their academic qualifications and skills.

A total of 18 students from outside the government sphere received support through the departmental Bursary Programme. This Programme aims to build and strengthen professional capacity in the engineering and built environment sectors. It targets financially disadvantaged youth, women, people with disabilities and applicants from the rural areas of the Northern Cape.

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

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

The department is responsible for the management of government's immovable assets, to provide accommodation solutions to all provincial departments and other government owned entities; to acquire and dispose of immovable assets in terms of the relevant legislations and prescripts. Currently there are 1,943 land parcels recorded in the Immoveable Asset Register (IAR). 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 different spheres of government.

GENERAL INFORMATION

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

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

Major projects undertaken or completed during the year

Completed Projects

- Hotazel to Tsineng Road: Phase 3
- Reseal of various roads

The following projects are still under construction:

- Mental Health Facility
- Reseal of various roads
- Regravelling of various roads

GENERAL INFORMATION

- **Overview of financial results of the department**
 - **Departmental receipts**

Departmental receipts	2016/17			2015/16		
	Estimate	Actual Amount Collected	(Over)/ Under Collection	Estimate	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts Sale of goods and services other than capital assets	4,375	2,191	2,184	4,064	3,330	734
Transfers received			-			
Fines, penalties and forfeits			-			
Interest, dividends and rent on land	-	8	(8)			
Sale of capital assets			-			
Financial transactions in assets and liabilities	-	232	(232)		816	(816)
Total	4,375	2,431	1,944	4,064	4,146	(82)

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

- **Tariff**

The fees charged and recovered for services rendered by the various district within the Department have been calculated in accordance with either Provincial or National policy directives and paid into the Provincial Revenue Fund. Tariffs are reviewed annually and are based on sound economic and cost recovery principles in consultation with the Provincial Treasury. Approved tariffs exist for the following major services:

- Letting of properties and related services. This Department maintains a policy of levying market related tariffs for all leaseholds. These tariffs are determined by qualified property evaluators on an annual basis except where rental escalation is determined by running contractual agreements. The department was also granted approval by Provincial Treasury to charge R1 to non-government organisations (NGO's).
- Request for Access to Information
- Trading accounts. The basic principle of cost recovery is adhered to in the calculation of trading account tariffs.

GENERAL INFORMATION

- Programme Expenditure

Programme Name	2016/17			2015/16		
	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	125,593	125,584	9	125,736	125,652	84
Public works	189,786	189,770	16	178,024	178,013	11
Transport Infrastructure	1,138,954	1,137,402	1,552	1,066,629	1,066,517	112
Community Based Programme	107,012	107,001	11	93,244	92,226	1,018
Total	1,561,345	1,559,757	1,588	1,463,633	1,462,408	1,225

The final appropriation for the 2016/17 financial year for the Department of Roads and Public Works was R1,561 billion. The Department spent 100 per cent of the budget compared to 100 per cent in the previous year.

- 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.

Main Division			Reasons
	From	To	
	R'000	R'000	
Administration	7,434		Saving on funded post not filled and operating costs related to unfilled posts.
Public Works Infrastructure	7,322		Saving on funded post not filled and operating costs related to unfilled posts.
Transport Infrastructure		11,710	Overspending on capital projects.
Community Based Programme		3,046	Overspending on current projects.

GENERAL INFORMATION

- **Unauthorised, Fruitless and Wasteful Expenditure**
 - **Unauthorised Expenditure**

DESCRIPTION	FINANCIAL YEAR	AMOUNT	ACTIONS
Mittah Seperepere Convention Centre	2011/2012	R26,890,775.26	The over spending is as result of the two unfunded mandates. The Kimberley Diamond Cup (KDC) Skatepark and the Mittah Seperepere Convention Centre (MSCC), which the department constructed.

Reason
Incorrect Supplier Paid
Interest and Penalties
No show fees

Actions taken

- The department has introduced the Financial Misconduct Committee (FMC) four years ago to deal with the issues identified above.
- The financial inspectorate is also required to do a monthly audit on all payments to identify possible cases of Fruitless and Wasteful Expenditure.
- Disciplinary action against staff who commits themselves continuously to irregular and Fruitless and Wasteful Expenditure.
- Recoupment of money from incorrect supplier paid.

- **Future plans of the department**

- Phase 3 of EPWP has identified 106 193 jobs opportunities for Provincial the budget for job creation for the five 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 Broad Based Black Economic Empowerment (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.

GENERAL INFORMATION

- **Supply Chain Management**

A major challenge that is facing the department is the introduction of the new Preferential Procurement Policy Framework Act (PPPFA) regulations that is effective from the 1st April 2017.

Central Supplier Database

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

Committees

We established a Supply Chain Management Unit, committees at Head Office and at the District Offices in 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 is that the majority of the contractors is unable to complete their projects within the prescribed contract period.

SCM processes and systems to prevent irregular expenditure

- Procurement of goods and services is done in accordance with the prescribed threshold values by the National Treasury.
- Procurement delegations are implemented and monitored regularly.
- Invitation of competitive bids for threshold values above R500 000.00 are advertised on E-Portal to ensure that equal opportunities are given to all suppliers to compete.
- Reviewing our system of inviting quotations.
- Deviations from normal procurement processes (procurement without inviting competitive bids) are justified, approved by the Accounting Officer, recorded and reported to both the Provincial Treasury and the Auditor General.
- Check the completeness of SBD 4 to ensure that service providers declare their interest and verify ID numbers of the directors on the Personnel Salary System (PERSAL).
- Verify VAT Registration of suppliers on the South African Revenue Services (SARS) website to ensure that service providers who claim VAT are duly registered.
- Verify the status of Construction Industry Development Board (cidb) grading of service providers on the CIDB website to ensure that the status is active prior to awards.
- Proper safekeeping and management of contract records to confirm that awards made are in accordance with the requirements of SCM legislation and prescripts.
- Implemented and monitor transaction checklists to ensure compliance with SCM prescripts.

GENERAL INFORMATION

- **Events after the reporting date**

A new Member of Executive Council was appointed as from 9 May 2017 which effected the department.

- **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 Entity. 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 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 and table it at the Provincial Legislature. All the quarterly reports culminate into an Annual Report. The complete and comprehensive report on the performance of the Department is captured on the Annual Report.

GENERAL INFORMATION

Annual Performance Plan (2016/17) aligns the departmental activities, outputs and goals with provincial and national policy priorities and the budget. The performance of the Department, per programme, is detailed in Part 2 of the Annual Report. In addition to this, the Department also submits the following reports:

- In Year Monitoring System
 - Quarterly Reports
 - Quarterly Infrastructure Report
-
- **Sign-off and acknowledgement**

This Annual Report is guided by the 2016/17 Annual Performance Plan and by the Strategic Plan (2016/17) 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 set during this quarter.

It is hereby certified that this report:

- Was developed by the Management of the Department of Roads and Public Works under the guidance of MEC Mxolisa Sokatsha.
- Accurately reflects the goals and achievements for the financial year 2016/17.



ACCOUNTING OFFICER
K. NOGWILI

GENERAL INFORMATION

1.5 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

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

The Annual Report is complete, accurate and is free from any omissions.

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

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

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

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

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

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2017

Yours faithfully



Mr. Kholekile Nogwili
**HEAD OF THE DEPARTMENT/
ACCOUNTING OFFICER**

Date: 28 AUGUST 2017

GENERAL INFORMATION

1.6 STRATEGIC OVERVIEW

- **Vision**

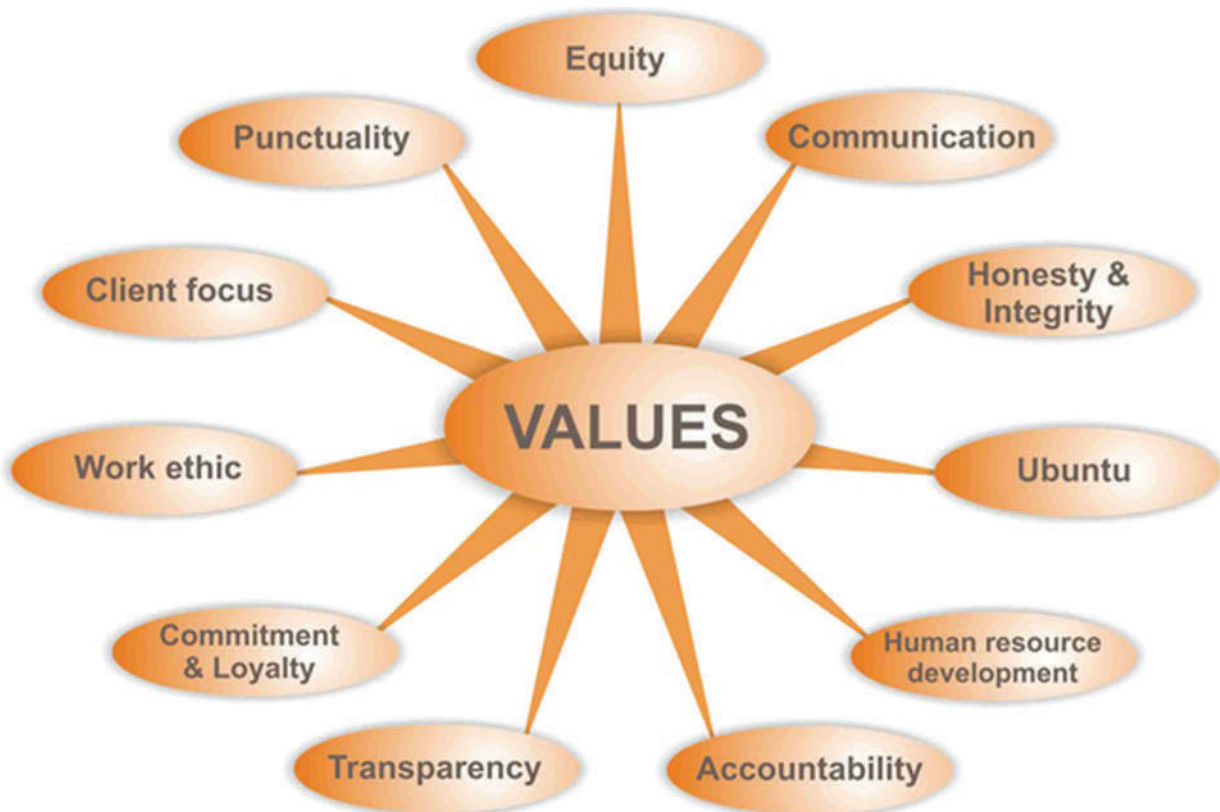
Trendsetters in infrastructure delivery to change the economic landscape of the province.

- **Mission**

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

- **Values**

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



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

GENERAL INFORMATION

1.7 LEGISLATIVE AND OTHER MANDATES

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

1.7.1 Constitutional

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

1.7.2 Legislative mandates

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

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

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

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

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

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

GENERAL INFORMATION

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

Basic Conditions of Employment Act, 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;

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 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.

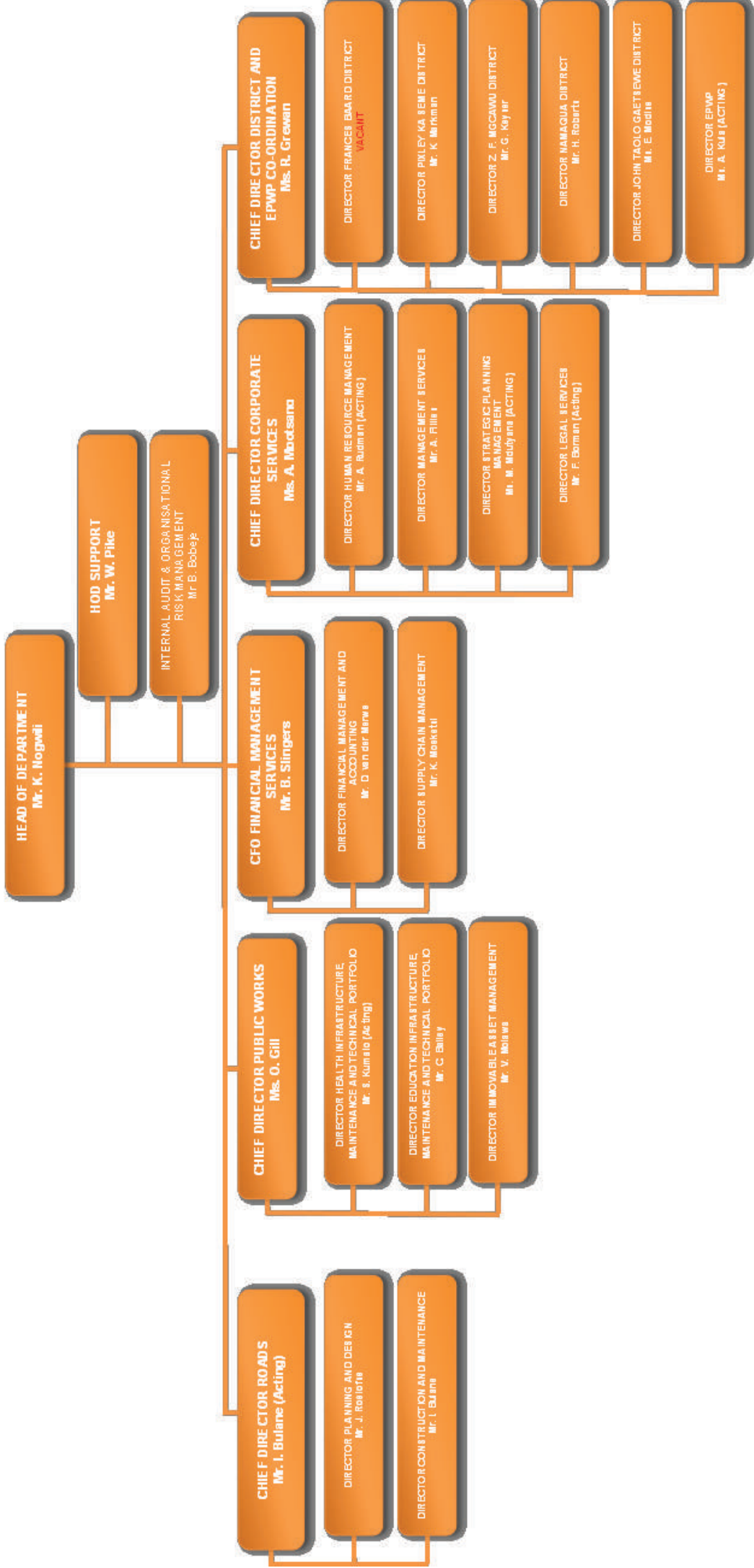
GENERAL INFORMATION

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.

1.8 ORGANISATIONAL STRUCTURE



PERFORMANCE INFORMATION

1.9 ENTITIES REPORTING TO THE MEC

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

PART B

PERFORMANCE INFORMATION

PERFORMANCE INFORMATION

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	(Over)/Under Expenditure R'000
1 473 773	1 561 345	1 559 756	1 589
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		

Administration

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 focus is on Broad Based Black Economic Empowerment (BBBEE) and therefore there is a need to intensify our support for SMME's as a critical component of BBBEE. The support for SMME's should entail but should not be limited to government instruments such as licensing, registration with the cidb, registration on the provincial supplier database, financial assistance etc. The implementation of the policy or strategy that all service providers must procure their goods and materials within the boundaries of the Northern Cape will further enhance the economic development and financial stability of the SMME's.

Encourage Professional to register to address the shortage of skills in the engineering and built environment fields

The department is currently having seven participants successfully attained professional registration with the relevant professional bodies, details below.

Discipline	Category	Total	Race				Gender	
			A	C	W	I	M	F
Architectural	Architect	0	0	0			0	
	Technologist	0						
Mechanical	Engineer	0						
	Technologist	0						
Project management	Engineer	0						
	Technician	4	3	1			4	
Engineering	Civil	1	1				1	
	Technologist	0						
Quantity Surveying		2	2				2	
TOTAL		7	6	1	0	0	7	0

A=African; C=coloured; I=Indian; W=white; F=female; M=male

PERFORMANCE INFORMATION

Provide bursaries for deserving students

Bursary Programme focuses on attracting students studying towards a higher diploma, degree qualification in the built environment or engineering fields. This bursary is aimed at assisting pupils that have past Grade 12 to further their studies.

Discipline	Total	Race				Gender	
		A	C	W	I	M	F
Architectural	2		1	1		1	1
Mechanical	6	4	2			5	1
Electrical	5	3	2			4	1
Engineering	1	1				1	
Quantity Surveying	4	2	2			1	3
TOTAL	18	10	7	1	0	12	6

A=African; C=coloured; I=Indian; W=white; F=female; M=male

Property Management and 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 and cleaning services are also provided under the auspices of Property Management.

Infrastructure investment amongst others focused not only on maximizing the economic benefits derived from its construction, but further achieving social objectives as a way to activate and support local economies. It has proven to be critical in human development and improves productivity in all aspects of economic endeavor if it is done in a manner that is sustainable, sound, responsive, effective and efficient. That being said, infrastructure is worthless if it does not elevate the economic status and the well-being of the people to whom it serves; hence it must be centered on human capital development.

PERFORMANCE INFORMATION

GIAMA requires condition assessments on the entire portfolio of properties in the province once every five years. The Department contracted-in capacity to assist with condition assessments.

Very Good	C5	Accommodation has no apparent defects. Appearance is as new. Risk index: No effect on service capability. No risk.
Good	C4	Accommodation exhibits superficial wear and tear, with minor defects and minor signs of deterioration to surface finishes. Risk index: Intermittent, minor inconvenience to operations. Probability of risk to health and safety or property is slight. Low cost implication.
Average	C3	Accommodation is in average condition, deteriorated surfaces require attention; services are functional, but require attention, there is a backlog of maintenance work. Risk index: Constant inconvenience to operations. Some risk to health and safety or property. Medium cost implications.
Poor	C1	Accommodation has deteriorated badly, with serious structural problems. General appearance is poor with eroded protective coatings; elements are broken, services are not performing; there is a significant number of major defects. Risk index: Major disruption to service capability, high probability of risk to health and safety or property. High cost implication/financial loss.
	C2	Accommodation has failed; is not operational and is unfit for occupancy. Risk index: Accommodation is unusable, immediate high risk to security, health and safety or property. Significant cost impact.

In the case of general office accommodation, the Department is prioritising budget allocation for maintenance to retain and raise the condition of this category of building to at least “Average”. With regard to client department facilities where the maintenance budgets reside with them, the Department will continue working closely with them to highlight the need for appropriate budgeting for maintenance.

The Provincial Department of Roads and Public Works has currently 2 124 land parcels which includes state domestic facilities, private facilities waiting to be acquired, registered and unregistered state properties. The number of facilities residing or built on the latter is 1400. The department provides office accommodation solutions to eleven provincial departments and four provincial government agencies and implements infrastructure projects at Head Office as well the District Offices.

Three properties were acquired on behalf of the User Departments viz.:

- Department of Sports, Arts and Culture – 49 Skool Street, Office accommodation, Kuruman
- Department of Agriculture and Land Reform - Office accommodation, Kimberley
- Prestige accommodation – 9 Lock Year Street, Kimberley

The Immovable Assets have been successfully migrated to the PROMAN system.

PERFORMANCE INFORMATION

The department is also responsible to implement different infrastructure projects for the client departments.

Although the Province does not have a funded structure to execute the mandate, the department have therefore formulated an interim structure that will execute the mandate of the Green Building Initiative and therefore have identified ten facilities which will be piloted on for the financial year 2016/17 and beyond.

The purpose of Public Works is achieved through the implementation of the following strategic and key focus areas:

Implementation of a total of 95 infrastructure projects on behalf of the following client departments; Department of Education, Department of Social Development, Department of Agriculture and the Department of Health which are in the following different phases:

- Planning Phase: 4 projects
- Design Phase: 5 projects
- Tender Phase: 2 projects
- Site handover: 17 projects
- Construction: 40 projects
- Complete: 27 projects with Final Account outstanding

Transport 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:

Table 3-5: Unpaved Road Network by Maintenance Regions and Traffic Volume							
Maintenance Region	Length (km) for Vehicles per Day						Total (km)
	AADT: < 50	AADT: 50-100	AADT: 100-250	AADT: 250-500	AADT: 500-1000	AADT: 1000+	
Pixley ka Seme	4,542	1,355	536	356	62	127	6,977
Frances Baard	724	812	1,207	273	87	193.	3,295
ZF Mgcawu	1,933	729	756	87	106	56	3,666
John Taolo Gaetsewe	610	750	772	219	45	245	2,641
Namakwa	4,788	1,429	620	127	142	62	7,168
Total Unpaved	12,596	5,074	3,890	1,063	442	683	23,747

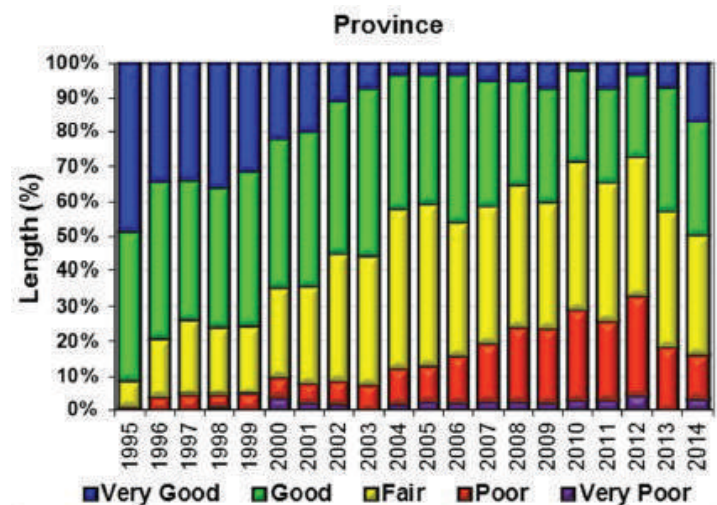
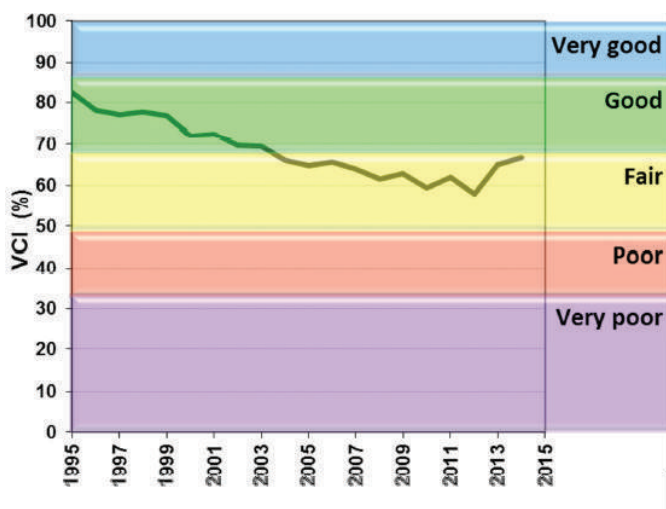
PERFORMANCE INFORMATION

Table 3-6: Paved Road Network by RCAM Class and Traffic Volume					
Road Class	Length (km) for Vehicles per Day				Total (km)
	AADT = 0-100	AADT = 100-500	AADT = 500-1000	AADT = 1000+	
Class 1	-	-	-	-	-
Class 2		1,140	242	754	2,136
Class 3	108	354	113	277	851
Class 4	103	270	105	102	579
Class 5	1	3	0	8	12
Total Paved	211	1,766	460	1,141	3,579

The construction of new infrastructure and the upgrading of existing, 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.

Paved Roads

The figure below indicate the Visual Condition Index



PERFORMANCE INFORMATION

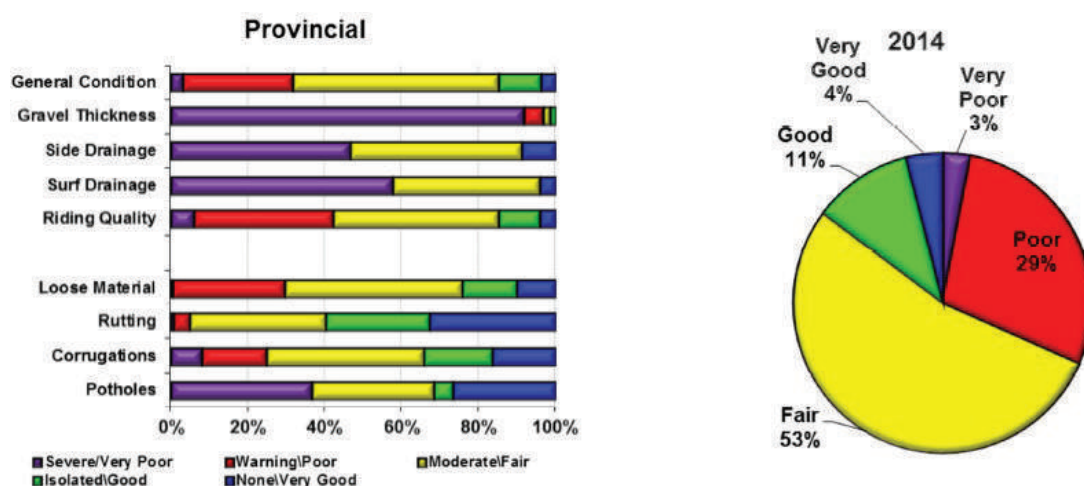
The DRPW is challenged to continue with the good work done on the paved network in 2012/2013 and 2013/14. It is very important that the roads in a “fair” condition should be treated preventively to postpone costly alternatives like rehabilitation as far as possible.

The roads classified as being in a “Poor” and “Very Poor” condition should be treated timeously to ensure that these roads do not deteriorate to non-existence.

The overall condition of DRPW paved roads has deteriorated from 85% in 1991, to 58% in 2012, since 2013 the average Visual Condition Index (VCI) has improved to a level of 69% in 2014, which is only 6% less than the goal of the 2012 Road Asset Management Plan (RAMP).

The deterioration of the paved road network over the last 19 years must be noted. Between 1995 and 2012 the proportion of very good roads has decreased by 41%. This had a direct effect on the network condition, resulting in the average VCI improving 7% in 2013 and another 2% in 2014. More attention should also be given to the rehabilitation of poor and very poor roads of this important asset of the Province.

Unpaved road evaluation and general condition of unpaved roads

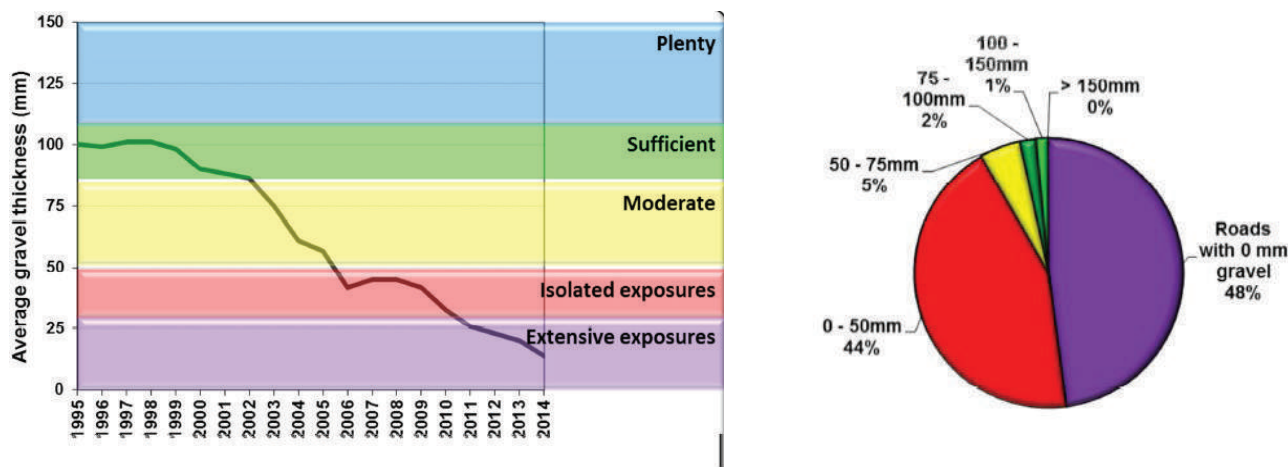


The most recent visual evaluation information showed that apart from the lack of sufficient gravel thickness, the surface drainage and side drainage were rated as the next worst two items on the unpaved road network; potholes are not following far behind. These ratings are also reflected in the “General Condition” rating where more than 30% of the network was rated in the lowest two categories, i.e. very poor and poor states. The proportion of the unpaved road network with “good” and “very good” condition in 2014 is only 14%.

PERFORMANCE INFORMATION

Average gravel thickness

The historic average gravel thickness on the DRPW unpaved roads is illustrated in Figure below.



The last regravelling was done towards the end of 1999. The graph shows that the average gravel thickness of the network was sufficiently maintained between 1995 and 1999. The lack of funds over the last 15 years caused a decline in the average gravel thickness and the majority of unpaved roads operate with extensive exposure of the subgrade, meaning with no or little gravel left.

Bridge Infrastructure

During 2012/2013, 2013/2014 and 2014/2015 a total of 373 bridges and 78 major culverts were inventorised and captured in the Struman Bridge Management System (BMS) Software. A total of 371 bridges and 76 of the major culverts were also inspected, and the inspection data captured. Finalisation of the inventory of structures is however subject to the finalisation of a number of ownership issues.

The 371 bridges currently indicate an ageing bridge stock with large backlogs of urgent repair and maintenance needs for these bridges. The bridges are in a fair condition and most exhibit some form of deterioration. It is significant that 80% of all bridges require attention to the decks and slabs of the superstructure and 77% of all bridges require attention to the substructure as represented by the abutments and piers and columns. Also significant is that 90% of all bridges require attention to their parapets, and 84% to their expansion joints.

Structure	Maintenance needs (R m)	Critical repair needs (R m)	Repairs within next 5 years (R m)	Repairs within next 10 years (R m)	Total needs (R m)
Bridges	37.34	102.20	160.74	42.52	342.80
Major Culverts	0.84	34.40	10.03	3.26	48.54
Totals	38.18	136.60	170.77	45.78	391.34

PERFORMANCE INFORMATION

According to the most recent condition assessment data of 2015, the overall condition of paved DRPW roads can be classified between “fair” and “good”. Substantial preventive maintenance from 2012 increased the average network condition from mid fair to the border line between fair and good. The 14% poor and very poor roads have high investment needs and high associated road user costs. A total of 32% of the paved roads are now in a fair condition, requiring preventive maintenance whereby their useful lives could be extended to postpone expensive future rehabilitation costs. The overall gravel thickness of the DRPW unpaved road network is 17mm with 31% of these roads having no gravel wearing course material on them.

Community Based Program

The Expanded Public Works Programme continues to be one of governments' key programmes to deal with the source of poverty and unemployment, and make sure that the previously disadvantaged individuals (PDI) enter into the productive sector of the economy, gaining skills while they work and increasing their capacity to earn income. It is covering all spheres of the government and state owned enterprises. The work opportunities target for departments in the province for Phase 3 (2014/5 to 2018/19) is 85 290, while the target for municipalities for the same period is 30 228.

The work opportunities created are reported in the EPWP reporting system, and incentive grants which are equivalent to the base line targets are allocated to the reporting bodies. These funds (incentive grants) are also used to create more work opportunities and to increase sustainability of existing projects. This will respond to the call to empower, educate and create jobs for youth through job placement, learnership and internship schemes, allocating 60% of employment in infrastructure and other projects to youth employment and training incentive schemes.

Public bodies receiving the EPWP incentive grant requires the Department to increase its capacity to provide support to these public bodies. Technical support service provider has since been sourced to increase capacity to provide this support in order to achieve targets.

Contractor Development Program

The revised Contractor Development Policy and guidelines was approved and signed and approved by the HOD in the third quarter. A total of 208 contractors applied to be part of Department of Roads and Public Works Contractor Development Program, and only 153 were responsive to be placed on the departmental database, 30 contractors are now attending an 18 month skills program with a theoretical and practical component with the Central University of Technology (CUT).

In the 2017/18 financial year the department will earmark projects for the contractor development program. A total of 20 mentors applied and 7 were registered as mentors.

The Department of Road and Public Works in partnership with the Northern Cape Rural Technical Vocational Education and Training College and Small Enterprise Development Agency have established the Northern Cape Construction Rapid Incubator in De Aar for Grade 1 contractors with the aim of improving the skills of contractors through training on financial/entrepreneurial and SMME development as well mechanisms to improve their cidb-Grading.

PERFORMANCE INFORMATION

2.1.1 Service Delivery Improvement Plan (SDIP)

- **Main Services and Standards**

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Erect and construct buildings facilities and office space e.g. Schools, clinics and office accommodation depending on the client departments needs	All Provincial Departments	Meet required building standards approved by cidb (Construction Industry Development Board)	Meet required building standards approved by cidb	All building projects have been completed according to required norms and standards and regulations
		70% of projects in construction are completed (This is based on the projects' annual milestones as per project plan)	Education (20) Health (31) DSD (1) Agriculture (1) DSAC (1) Public Works (0)	Education (24) <ul style="list-style-type: none"> • Construction -13 • Completed -11 Health (30) <ul style="list-style-type: none"> • Construction -17 • Completed -13 Department of Sports, Arts and Culture (4) <ul style="list-style-type: none"> • Construction -04 • Completed -0 Department of Social Development (2) <ul style="list-style-type: none"> • Construction -01 • Completed -01 Department of Roads and Public Works (0) <ul style="list-style-type: none"> • Construction -00 • Completed -00
Construction and maintenance of roads	All roads users(communities) including mining industries	<ul style="list-style-type: none"> - Meeting required roads standards. - Ensuring that all roads are in good condition throughout their expected life span by maintaining them on a regular basis. - Use well trained technical staff 	<ul style="list-style-type: none"> • Meeting required roads standards. • Ensuring that all roads are in good condition throughout their expected life span by maintaining them on a regular basis. • Use well trained technical staff 	Completed 3.09Square metres of reseal and 420km of re-gravel
To provide work opportunities and income support to poor and unemployed people through the labour-intensive delivery of public and community assets and services, thereby contributing to development	Communities of the Northern Cape Province	632.2 Full Time Equivalent (FTE's) created by DRPW Assets constructed to standard	1878 FTE's created by DRPW Meet required standards	

PERFORMANCE INFORMATION

- Batho Pele arrangements with beneficiaries (Consultation access etc.)**

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

- Service Delivery Information Tool**

Current/actual information tools	Desired information tools	Actual achievements
<p>Progress reports</p> <p>Community engagement Forums</p> <p>Site visits for information sharing</p> <p>Imbizo's</p>	<p>Progress reports</p> <p>Community engagement Forums</p> <p>Site visits for information sharing</p> <p>Imbizo's</p>	<p>The department developed and approved Service Standards and Charter to inform its clients of available services, service standards, operating hours and procedures, addresses and the relevant contact persons.</p> <p>The Service Standards and Charter including the Service Delivery Report for 2015/2016 is available on the Department's website and intranet. Service Delivery information also gets escalated to MANCO Level</p>
The department has developed its service charter to inform our clients on the departmental services, operating hours and procedures, addresses, contact persons	<p>SLA available</p> <p>Cash Flow statements and predictions on every project provided on a monthly basis</p> <p>Implementation of PROMAN system</p> <p>Client participation in the BID committee meetings</p> <p>Annual reports must improve- presently concentrating on activities and outputs</p>	

PERFORMANCE INFORMATION

- **Complaints mechanism**

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Complaints are dealt with in the following manner <ul style="list-style-type: none"> - Site meeting - Site visits - One on One interviews 	All complaints and complements should be done in writing and registered for monitoring and evaluation process	Complaints and complements are dealt with at site meetings and are recorded in the minutes of such meetings and visits. Customer satisfaction survey document has been developed and approved.

2.1.2 Organisational Environment

The Department recorded progress in the filling of critical vacant management positions. The vacant positions of Director: Supply Chain Management and of Director: Financial and Management Accounting were filled. This will enhance stability at top management level. The implementation of the organisational structure is continuing with more emphasis on the scarce and critical skills, in this quarter a total of five contract workers were appointed. Through the Employee Health and Wellness (EHW) sub-directorate the departmental officials attended the National Sports Tournament where the team performed well in golf. There was a Employee Health and Wellness session held in the John Taolo Gaetsewe District. Performance moderations for the 2015/16 performance cycle, in respect of the Employee Performance and Management Development System (EPMDS) and Chapter 4 of the SMS Handbook, was finalised with all qualifying departmental employees being rewarded for outstanding work performance; this included salaries levels 1 – 12 and Senior Managers.

One of the Civil Engineering Technicians have been registered as a Professional Engineering Technician and this has improved the quality of performance information as well as the maintenance of the provincial roads, due to the experience that she has gained through the registration process. The Department has improved on the number of payments that are processed within 30 days and prestige houses are prioritised through the appointment of gardening services.

2.1.3 Key policy developments and legislative changes

The Expanded Public Works Programme (EPWP) continues to be one of governments' key programmes to deal with the source of poverty and unemployment, and make sure that the previously disadvantaged individuals (PDI) enter into the productive sector of the economy, gaining skills while they work and increasing their capacity to earn income. It is covering all spheres of the government and state owned enterprises. The work opportunities target for the departments in the province for Phase 3 (2014/15 to 2018/2019) is 85 290, while the target for municipalities for the same period is 30 228.

The Management Performance Assessment Framework and Tool (MPAT) is a collaborative initiative led by the Department for 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.

PERFORMANCE INFORMATION

- 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.

The department challenged the scoring of the moderated scores during the MPAT Challenge Period, and some indicators ratings improved, though some remained the same. The department has observed that the moderators are not consistent when moderating as additional information was not considered. In the fourth quarter the department received the final moderated scores from the Department of Performance Monitoring and Evaluation, and the department has regressed with -0.1 point as compared to a score of 2.8 of MPAT Version 1.5. The department is now looking into how it will improve during the MPAT Version 1.7.

PERFORMANCE INFORMATION

2.2 STRATEGIC OUTCOME ORIENTED GOALS

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

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

The department has 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 the implementation of bar-coding, assets registers and filling of vacant posts etc.

Strategic goal 2	Manage and maintain the provincial property portfolio according to the needs identified of client departments
Aim	To provide and maintain functional and accessible buildings, facilities and office accommodation according to the identified needs of provincial departments
Justification	With contribution to Accelerated and Shared Growth Initiative for South Africa (AsgiSA). Delivery of social infrastructure, the provision of office accommodation, integrated planning and total asset management

Although the Province does not have a funded structure to execute the mandate, we have therefore formulated an interim structure that will execute the mandate of the Green Building Initiative and therefore have identified 10 facilities which will be piloted on for the financial year 2016/17 and beyond.

The Department continues to experience strain on the following:

- The increasing demand for infrastructure related projects by user departments against the limited resources and skills.
- Determining the fair size and fair value of the State immovable assets portfolio.
- Sustaining the condition assessment program every five years in order to meet GIAMA requirements.
- Management of state properties leased out to individuals and/ or Non-Government Organisations.
- The increasing demand for office accommodation by user departments as user Departments continue to expand.
- Poor performance of contractors.
- Client departments not submitting their project list before the departmental Annual Performance Plan is finalised, this create a huge problem during the year, as client departments find it easy to

PERFORMANCE INFORMATION

either request less or more projects in year, thus affecting the performance of the department during the financial year.

- The Department lacks funds to refurbish the houses of the Members of Parliament, a presentation was done at the NC Provincial Legislature.
- Insufficient rates and taxes budget to meet the Department's needs

Strategic goal 3	Provide and maintain integrated road infrastructure that is safe and functional to support social and economic development that contribute to outcome 6.
Outcome	An efficient, competitive and responsive economic infrastructure network To ensure the maintenance and strategic expansion of our road and rail network, and the operational efficiency, capacity and competitiveness of our sea ports
Justification	This aims to improve the reliability of roads, improve access to communities and foster investment

The 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.

According to the most recent condition assessment data of 2015, the overall condition of paved DRPW roads can be classified as on the border between “fair” and “good”. Substantial preventive maintenance from 2012 increased the average network condition from mid fair to the border line between fair and good. The 14% poor and very poor roads have high investment needs and high associated road user costs. 32% of the paved roads are now in a fair condition requiring preventive maintenance whereby their useful lives could be extended to postpone expensive future rehabilitation costs. The overall gravel thickness of the DRPW unpaved road network is 17mm with 31% of these roads having no gravel wearing course material on them.

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

PERFORMANCE INFORMATION

The Northern Cape Province is expected to create 134 210 work opportunities between the period 2014/15 and 2018/19 (with 10 provincial departments collectively contributing 94 016 work opportunities and 31 municipalities contributing 40 194 work opportunities).

Up to the December 2016, the Province has only achieved 36 354 work opportunities (51% of midterm target of 70 710). Hence the province still has a shortfall of 34 356 work opportunities by the midterm review period.

In terms of the mid-term performance to-date (December 2016), the provincial departments have achieved 26 093 work opportunities (49%) against a target of 53 074 for the midterm review period).

Furthermore, even though municipalities have not achieved the mid-year target, at least 10 261 work opportunities (58.18%) performance has been attained. There is a 7 375 work opportunity shortfall against the mid-year target (i.e. 17 636 work opportunities) for municipalities.

The department will continue to broaden the base of black economic empowerment, for example through contractor development programmes, with a particular emphasis on empowering youth and women by capacitating them with skills such as Financial Management, Contractor and Project Management. These skills will allow them to be able to produce capital projects of worth of millions of rands. By doing this the department will ensure that historically excluded and vulnerable groups, in particular youth and black women, have increased access to economic opportunities.

PERFORMANCE INFORMATION

2.3 PERFORMANCE INFORMATION BY PROGRAMME

- Description of each programme

Programme	Sub-programme	Performance measure
Administration 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 of the Department	Overall management of the department.
	1.3 Corporate Support	To manage personnel, procurement, finance, administration and related support services for the department.
	1.4 Departmental Strategy	Provide operational support in terms of strategic management, strategic planning, Monitoring and Evaluation, integrated planning and coordination across all spheres of government, departments and the private sector organisations including policy development and co-ordination
Public Works 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	To render an administrative support service to the professional components with regard to provincial government building infrastructure and property management.
	2.2 Planning	Management of the Demand for Infrastructure. Development, monitoring and enforcement of built sector and development of Infrastructure Implementation plans.
	2.3. Design	Design of new public infrastructure – the intention is that plans should be ready for funding.
	2.4. Construction	New construction and refurbishment
	2.5 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
	2.6 Immovable Asset Management	To manage the property portfolio of the province; to establish and manage the provincial strategic and infrastructure plan; to provide accommodation for all provincial departments and other institutions; to acquire and dispose of accommodation in terms of the plan and in terms of the Land Administration
	2.7 Facility Management	To manage the operation of buildings including facilities management, cleaning, greening, beautification, interior decoration and design and day to day preventative maintenance of electronic, electrical, and mechanical equipment. All services related to managing a building, the actual implementation cost of the projects will be captured under the appropriate sub-sub

PERFORMANCE INFORMATION

Programme	Sub-programme	Performance measure
		programme, including security services
Road Infrastructure 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 Infrastructure	Overall management and support of the program
	3.2 Infrastructure Planning	Provides planning for all modes of transport including the movement of goods and passenger to integrate transport and spatial planning
	3.3 Infrastructure 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.
	3.5 Maintenance	To effectively maintain road and transport infrastructure.
Community Based Programme 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 leaner 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.

PERFORMANCE INFORMATION

2.3.1 Strategic objectives, performance indicators planned targets and actual achievements

- **Programme 1: Administration**

Purpose

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.

Sub-programmes

- Office of the MEC
- Management of the Department
- Corporate Support
- Departmental Strategy

Strategic objectives

Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Ensure submission of Human Resource Plan to DPSA that meet all requirements	1 Human Resource Plan	1 Human Resource Plan	1 Human Resource Plan	1 Human Resource Plan	
To render contractual and legal advisory services	Section 32 PAIA Report submitted	Section 32 PAIA Report submitted	Section 32 PAIA Report submitted	Section 32 PAIA Report submitted	
Providing efficient support service through Financial administration and management services to the department	1 Unqualified report	1 Unqualified report	1 Unqualified report	1 Unqualified report	
To render a comprehensive strategic planning and policy development function		6 Performance reports and 24 Policies	6 Performance reports and 24 Policies	6 Performance reports and 24 Policies	

PERFORMANCE INFORMATION

Performance Indicators

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Office of the MEC							
Render advisory, parliamentary, secretarial, administrative and office support services							
Budget Vote Speech presented to the Legislature	1	1	1	1	1	0	
Management of the Department							
Overall management and support of the department							
Number of senior management meetings assessing and reviewing the departmental performance	-	4	4	4	4	0	
Corporate Support							
To manage personnel, procurement, finance, administration and related support services.							
Vacancy rate kept according to national norm	15%	32%	-	10%	7.29%	2.71%	PERSAL clean up took place within Department. Vacant posts removed from PERSAL
Number of Section 32 reports submitted to the South African Human Rights Commission in terms of Promotion of Access to Information Act (PAIA)			1	1	1	0	
Submit financial reports in line with Provincial guidelines and within prescribed period			43	45	45	0	

PERFORMANCE INFORMATION

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Number of payments processed within 30 days	360		1 676	4 000	8 707	4 707	The implementation of internal controls around the processing of payments
Payroll certification be returned within 30 days after pay date	276	287	177	336	284	-52	Due to distance and location of road camps. Inadequate postal services in rural areas
Number of Tax reconciliation submitted to SARS within prescribed period	0	1	2	2	2	0	
Number of risk assessment done to update the Risk Register during the year	10	5	4	4	4	0	
SUB PROGRAMME: DEPARTMENTAL STRATEGY:							
Provide operational support in terms of strategic management, strategic planning, Monitoring and Evaluation, integrated planning and coordination across all spheres of government, departments and the private sector organisations including policy development and co-ordination							
Submit prescribed reports as required by Treasury regulations	18	7	6	6	6	0	

Strategies to overcome areas of under performance

The Department is satisfied that adequate control measures and strategies we implement to ensure that we meet the set service delivery standards.

Changes to Planned target

None

PERFORMANCE INFORMATION

Linking Performance with Budget

2015/16				2016/17		
	Final Appropriation	Actual Expenditure	(Over) Under Expenditure	Final Appropriation	Actual expenditure	(Over) Under Expenditure
	R'000	R'000		R'000	R'000	
Sub programme						
1. Office of the MEC	11 038	11 035	3	9 057	9 054	3
2. Management of the Department	15 767	15 763	4	13 199	13 197	2
3. Corporate support	93 405	93 403	2	99 005	98 928	77
4. Departmental strategy	5 383	5 383	2	4 475	4 473	2
Total for sub programmes	125 593	125 584	11	125 736	125 652	84

PERFORMANCE INFORMATION

• PROGRAMME 2 - PUBLIC WORKS

Purpose

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. Horticulture and cleaning services are also provided under the auspices of property management.

Sub-Programme

- Programme support
- Planning
- Design
- Construction
- Maintenance
- Immovable Asset Management
- Facility Management

Strategic objectives

Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Provide management support to enhance service delivery	95%	95%	54%	-41%	
Develop a comprehensive plan of new public infrastructure annually	1 CAMP	1 CAMP	0	-1	
Provide designs of new public infrastructure	29	27	30	3	
Ensure proper Construction and upgrading of Public Infrastructure	75%	46	20	-26	
Maintenance of Public Infrastructure that meet required standards	39	240	210	-30	
Maintain a credible and accurate Immovable Asset Register to meet National Treasury mandatory requirements	68%	95%	78%	-17%	
Provide and manage offices and residential accommodation (private and state owned)	93%	729	427	-302	

PERFORMANCE INFORMATION

Performance Indicator

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Program Support							
Overall management and support of the program; to manage the activities of the professional components strategically; to render an administrative support service to the professional components with regard to provincial government building infrastructure and property management its management administration, financial matters and supply chain management .							
Planning and Design							
Development, monitoring and enforcement of built sector and property management norms and standards and Design of new and upgrading building infrastructure							
Assist in the development of user asset management plans.							
<ul style="list-style-type: none"> • Development of Custodian Management Plans. • Development of Infrastructure Plans. 							
Development of Infrastructure Implementation Plans							
CAMP submitted to the relevant Treasury in accordance with GIAMA	1	1	1	1	0	-1	Incomplete U-AMPs received from clients
Design							
Number of infrastructure designs ready for tender	48	11	29	27	30	3	Upington Library; Nursing College; Galeshewe Medical Gas: Additional Projects received.
Number of projects surveyed, planned and costed	48	11	29	27	30	3	Upington Library; Nursing College; Galeshewe Medical Gas: Additional Projects received.
Construction							
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 capital infrastructure projects completed within the agreed time period	11	17	7	46	14	-32	Target for the year was 46 but the Department only received 20 projects to implement. These lists were received late. For the year under

PERFORMANCE INFORMATION

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
							review 14 of the 20 projects completed were within time and 5 were late. Poor performance by contractors. Late requests by user departments affecting planning.
Number of capital infrastructure projects completed within agreed budget	41	31	15	46	20	-26	Target for the year was 46 but the Department only received 20 projects to implement. These lists were received late. 20 projects received were completed within budget.
Number of capital infrastructure projects in construction	50	10	24	35	40	5	Project were reported under contraction on the 2015/16 financial year therefore after consultation with Auditor General the department was advised to report the status of these projects
Number of capital infrastructure projects completed	18	31	15	46	20	-26	Contractor performance and Late requests by user depts affecting planning. The projects are under construction.
Maintenance							
Will entail the following four maintenance activities and or sub sub-programmes:							
2.5.1 Routine maintenance							
2.5.2 Schedule maintenance							
2.5.3 Conditions assessment of all buildings							
2.5.4 Alterations							
Number of planned maintenance		24	43	34	23	-11	Department received only 23 projects on an ad hoc basis for implementation. User Depts also implementing

PERFORMANCE INFORMATION

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
projects awarded							infrastructure projects themselves.
Number of planned maintenance projects completed within the agreed contract period		29	19	34	13	-21	Of the 23 projects received and awarded 10 projects were not completed within contract period due to delays in payments to contractors as well as poor performance of contractors.
Number of planned maintenance projects completed within agreed budget	60	29	39	34	18	-16	Of the 23 projects received and awarded 5 projects were not completed within contract budget due to delays in payments to contractors as well as poor performance of some of the contractors.
Number of planned maintenance projects in construction		70	45	34	24	-10	Department received 24 projects for implementation and all 24 were under construction
Number of maintenance projects completed		29	94	240	210	-30	Department received only 208 day-to-day projects for implementation
Immovable Asset Management							
To manage the property portfolio of the province; to establish and manage the provincial strategic and infrastructure plan; to provide accommodation for all provincial departments and other institutions; to acquire and dispose of accommodation in terms of the plan and in terms of the Northern Cape Land Administration Act.							
Number of immovable assets verified in the IAR in accordance with the mandatory requirements of National Treasury	60%	1235	286	300	236	-64	Migration of the IAR from excel to web-based system delayed the activity of verification as attention had to be given to completeness of the register

PERFORMANCE INFORMATION

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Facilities Operation							
Number of properties receiving facilities management services	14	12	13	22	22	0	
Number of condition assessments conducted on state owned buildings	100	306	408	600	600	0	
Number of leased accommodation (leased in) provided within agreed time period	-	-	-	107	109	2	Additional requests for leasing received Department of Economic Development: NCEDA and Tourism

PERFORMANCE INFORMATION

Strategy to overcome areas of under performance

- Client departments need to be enforced to submit plans before due date for the department to planned the procurement process properly and Clear Business processes on variation orders and increase of scope to be developed and adhered to.
- Improved engagement with client departments.
- The Departmental policy on the contractor development program has been approved and data-base of contractors and mentors are established. It is anticipated that the 2017/2018 identified projects will be channelled through this programme with the objective of improving the performance of the service providers.
- The contract period allocated to these projects are too short as these equipment s are manufactured and supplied based on order. Careful consideration will be given to the contract periods allocated for similar projects in future.
- Packaging of contracts that may be delivered over three years.
- Entering into framework contracts over a three year period for maintenance projects as well as specialised services such as electrical, mechanical, lifts over three year period..

Changes to Planned target

None

Linking Performance with Budget

2015/16				2016/17		
	Final Appropriation	Actual Expenditure	(Over) Under Expenditure	Final Appropriation	Actual expenditure	(Over) Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Sub programme						
1. PROGRAMME SUPPORT	2 514	2 511	3	2 133	2 132	1
2. DESIGN	10 084	10 082	2	8 613	8 611	2
3. CONSTRUCTION	11 289	11 286	3	8 891	8 890	1
4. MAINTENANCE	28 413	28 410	3	38 500	38 497	3
5. IMMOVABLE ASSETS	132 241	132 240	1	115 171	115 169	2
6. FACILITY OPERATIONS	5 245	5 241	4	4 716	4 714	2
Total for sub programmes	189 786	189 770	16	178 024	178 013	11

PERFORMANCE INFORMATION

• PROGRAMME 3: TRANSPORT INFRASTRUCTURE

Purpose

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.

Sub-Programmes

- Programme support Infrastructure
- Infrastructure Planning
- Infrastructure Design
- Construction
- Maintenance

Strategic objectives

Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Strategies developed to ensure proper transport infrastructure is provided		2	2	0	
Ensure necessary tools are in place to develop appropriate plans for transport infrastructure on a yearly basis	6	6	6	0	
Design necessary roads and related structures that ensures safer roads	10	4	4	0	
Ensure construction and upgrading of transport infrastructure to improve safety.	26.2km	33km	33km	0	
Provide Maintenance and rehabilitation on surfaced & gravel roads, including structures	2% (100km) gravel roads 6% (40km) structures and road furniture	2%(100km) 6%(40km)	2%(100km) 6%(40km)	0	

PERFORMANCE INFORMATION

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Programme Support							
The overall management and support of the programme managing activities of the professional components strategically, rendering administrative support services to the professional components with regard to road proclamations, way leaves and financial matters.							
Planning							
Provide policy and legislative framework for transport to provide network planning for proclaimed roads; to integrate transport and spatial/development planning; transfer payments to local authorities for planning and design of roads that qualify for subsidy.							
Number of reports done for management system	5	5	5	5	5	0	
Number of Infrastructure plan compiled	1	1	1	1	1	0	
Number of kilometres of surfaced roads visually assessed as per the applicable TMH manual		3 553	3 579	3 553	3 553	0	
Number of kilometres of gravel roads visually assessed as per the applicable TMH Manual		11 310	11 662	22 619	22 619	0	
Design							
Provide geometric, material, structural and traffic engineering designs of provincial proclaimed roads; provide laboratory, survey, drafting, expropriation, and computer and road accident data services; to provide management information systems for the provincial road network.							
Number of designs or specification document completed	3	5	4	4	4	0	
Construction							
To construct and rehabilitate provincial proclaimed roads through contracts and Public Private Partnerships (PPP's); to render transfer payments to local							

PERFORMANCE INFORMATION

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
authorities for road projects that qualify for subsidy.							
Number of kilometres of gravel roads upgraded to surfaced roads		17.3 km	26.2 km	33 km	33 km	0	
Maintenance							
To maintain provincial proclaimed roads; transfer payments to local authorities acting as agents for the province; augmentation of roads capital account (Ordinance 3 of 1962) to provide for additional capital; to render technical support including radio network services and training.							
Number of square metres of surfaced roads rehabilitated		71.319	40 700	88 800	88 800	0	
Number of square meters of surfaced roads resealed	1400 000	1 492 114.12	1 778 005	3 610 312	3 098 620	--511 692	Project of Victoria West – Western Cape border was cancelled due to community unrest.
Number of kilometres of gravel roads re-gravelled	162	341.30	352.13	412	420.91	8.91	Due to extra kilometres re-gravelled on Rooifontein road
Number of square meters of blacktop patching	34768	72 976.407	48 026.68	40 000	57 056.92	17 056.92	Over performance due to donation of asphalt by mines for patching of Mamatwan Road.
Number of kilometres of gravel roads bladed	71918	69 009.95	66 124.56	69 000	68 406.65	-593.35	Under performance was due to breakdown of aging graders.

PERFORMANCE INFORMATION

Strategy to overcome areas of under performance

- The use of alternative methods such effluent water and dry compaction will be experimented.
- Intervention is sought to prevent community unrest in future that result in major financial losses for the department.
- The maintenance backlog can only be addressed if more maintenance projects are executed. More projects require additional funding allocated towards road infrastructure.
- The department resolved that the current plant with an average age of more than twenty years would not solve the problem routine maintenance hence we have started looking at alternative options that will be implemented in the next financial year.

Changes to Planned Target

None

Linking Performance with Budget

2015/16				2016/17		
	Final Appropriation	Actual Expenditure	(Over) Under Expenditure	Final Appropriation	Actual expenditure	(Over) Under Expenditure
	R'000	R'000	R'000	R'000	R'000	
Sub programme						
1. Programme support infrastructure	2 308	2 305	3	5 005	5 003	2
2. Infrastructure planning	11 657	11 654	3	22 381	22 380	1
3. Infrastructure design	4 755	4 753	2	4 449	4 447	2
4. Construction	184 229	182 687	1 542	122 411	122 408	3
5. Maintenance	936 005	936 003	2	912 383	912 279	104
Total for sub programmes	1 138 954	1 137 402	1 552	1 066 629	1 066 517	112

PERFORMANCE INFORMATION

• PROGRAMME 4: COMMUNITY BASED PROGRAMMES

Purpose

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, telecommunications as well as serving as the co coordinating division of the branch

Sub-Programmes

- Programme support
- Community Development
- Innovation and Empowerment
- EPWP Co-ordination and Monitoring

Strategic objectives:

Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
SUB-PROGRAMME: PROGRAMME SUPPORT					
Provide support to all programmes to ensure they comply with creating work opportunity as required	4 meetings	4 meetings	4 meetings	0	
SUB-PROGRAMME: COMMUNITY DEVELOPMENT					
Develop Programmes to empowers impoverished communities through creation of work opportunities	-52%	100%	80%	-20%	This under performance is due to lack of technical personnel at district level to implement infrastructure related EPWP projects.
SUB-PROGRAMME: INNOVATION AND EMPOWERMENT					
Ensure EPWP designated groups are empowered through training to improve opportunities of being employable	3	3	3	0	
SUB-PROGRAMME: EPWP COORDINATION AND COMPLIANCE MONITORING					
Ensure Provincial coordination and support function is extended to all public bodies to ensure compliance	0	58	65	7	Additional interventions were conducted due to EPWP Phase 3 backlog on provincial performance

PERFORMANCE INFORMATION

Performance Indicator

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Programme support							
Overall management and support of the programme							
Community Development							
Programmes to bring about the development and empowerment of impoverished communities							
Number of EPWP work opportunities created by the Provincial Department of Public Works / Roads	3426	1 187	2 533	4 904	3 961	-943	Reprioritization and hire of plant due to an increased in mechanical breakdown of graders in order to ensure blading and re-graveling of roads.
Number of full time equivalents (FTE's) created by the Provincial Department of Public Works / Roads	535	554.51	632.2	2 013	1 801	-212	Reprioritization and hire of plant due to an increased in mechanical breakdown of graders in order to ensure blading and re-graveling of roads.
Innovation and empowerment							
Programme to develop contractors' empowerment, development of new programmes and training. It also includes leaner ships and National Youth Service (NYS)							
Number of Beneficiary Empowerment Interventions		2	3	3	3	0	
EPWP Coordination and Compliance Monitoring							
This sub-programme includes the management and coordination of expenditure on the Expanded Public Works Programme.							

PERFORMANCE INFORMATION

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Number of public bodies reporting on EPWP targets within the province	-	41	39	42	41	-1	There is currently 41 Public Bodies as two municipalities (Mier and Khara Hais) merged and is named Dawid Kruiper Municipality
Number of interventions implemented to support public bodies in the creation of targeted number of work opportunities in the Province	-	9	13	16	24	8	More interventions were implemented to support the public bodies
Number of jobs created	-	-	1 228	3304	1 910	-1 394	Reprioritisation and hire of plant due to an increased in mechanical breakdown of graders in order to ensure blading and re-graveling of roads.
Number of full time equivalents (FTEs) Created	-	-	212.4	1364	647.82	-716.18	Reprioritisation and hire of plant due to an increased in mechanical breakdown of graders in order to ensure blading and re-graveling of roads.
Number of youths employed (18-35 years of age)	-	-	710	1817	1 187	-630	Absorbed youth into Department's NYS Artisan and Learnership programs training initiative
Number of women employed	-	-	508	1817	891	-926	Labour intensive projects failed to attract women
Number of people living with disabilities	-	-	0	66	0	-66	Challenge to attract disabled due to the labour intensity of the projects

PERFORMANCE INFORMATION

Strategy to overcome areas of under performance

A recovery plan was implemented by the department to catch up with the backlog on the EPWP job creation targets, it include:

- One-on-one engagements with all of the public bodies on Data collection and data capturing approach.
- Interventions include data collection and capturing support which will be determined via bi-weekly performance reports and during strategic engagements.
- High-level engagements, mainly with the infrastructure departments and strategic partners such as South African Local Government Association (SALGA)
- Technical support to implementing bodies will be enhanced to assist with increasing the labour intensity on projects.
- The expenditure and reporting on the EPWP to increase job creations by public bodies will be monitored on a monthly basis with written reports.

Changes to Planned Target

None

Linking Performance with Budget

2015/16						
	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
Sub programme						
1. Programme Support Community Based	2 440	2 437	3	2 326	2 325	1
2. Community Development	97 916	97 913	3	81 037	80 025	1 012
3. Innovation and Empowerment	4 503	4 500	3	7 969	7 966	3
4. EPWP Co-Ordination and Monitoring	2 153	2 150	3	1 912	1 910	2
Total for sub programmes	107 012	107 000	12	93 244	92 226	

PERFORMANCE INFORMATION

2.4 TRANSFER PAYMENTS

The table below reflects the transfer payments made for the period 1 April 2016 to 31 March 2017

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Government Motor Transport				-		
Construction SETA				700		
Public Sector SETA				1		

PERFORMANCE INFORMATION

2.5 CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

	Provincial Roads Maintenance Grant	EPWP Incentive Grant
Department who transferred the grant/earmarked funds	Department of Transport	Department of Public Works (Vote 7)
Purpose of the grant	-To supplement provincial roads investments and support preventative, routine and emergency maintenance on provincial road networks-Ensure provinces implement and maintain road asset management systems-Promote the use of labour-intensive methods in road maintenance-Repair roads and bridges damaged by floods	-To incentivise provincial departments to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines: of road maintenance and the maintenance of buildings of low traffic volume roads and rural roads of other economic and social infrastructure
Expected outputs of the grant	Collected pavement and bridge condition data as well as traffic data-The extent of the road (length) and bridge(number) network-Maintenance needs of the road and bridge network-Number of EPWP work opportunities created-Number of S3 students provided with experiential internships-Number of emerging contractor opportunities created - Rehabilitation and repair of roads and bridges damaged by floods	-Increased number of people employed and receiving income through the EPWP-Increased average duration of the work opportunities created-Increased income per EPWP beneficiary
Actual outputs achieved	Yes	Yes
Amount per amended DORA		
Amount received(R'000)	R905 360	R3 803
Reasons if amount as per DORA was not received	All funds received	All funds received
Amount spent by the department(R'000)	R905 360	R3 803
Reasons for the funds unspent by the department	Spent 100%	Spent 100%
Reasons for deviations on performance	No deviation	No deviation
Measures taken to improve performance	We intend to make sure that we start early with the procurement processes and that the designs is completed.	We will make sure that we start early with our job creation project.
Monitoring mechanism by the receiving department	We have a Chief Directorate in the department that specifically deals with road infrastructure. We appoint a project manager for each project that we undertake.	The department does have a dedicated unit that deal with the payments.

PERFORMANCE INFORMATION

2.6 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

	2016/2017			2015/16		
Infrastructure projects	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	37,197	37,197	-	11,105	10,687	418
Existing infrastructure assets	1,121,258	1,119,713	1,545	830,455	830,453	2
Upgrades and additions	184,376	182,835	1,541	116,781	116,779	2
Rehabilitation, renovations and refurbishments	19,666	19,666	-	32,750	32,750	-
Maintenance and repairs	917,216	917,212	4	680,924	680,924	-
Infrastructure transfer	-	-	-	2,411	2,410	1
Current			-	2,411	2,410	1
Capital						-
Total	1,158,455	1,156,910	1,545	843,971	843,550	421

The following projects were constructed:

- John Taolo Gaetsewe - Sishen Iron Ore Community Development Trust (SIOC-cdt) Roads
- Hondeklip Bay; Phase 2
- Hotazel – Tsineng: Phase 5: Gatsekedi to Maipeng

Alternative Service Delivery methods and funding mechanisms on roads development and to address the acute maintenance backlog

- Form Joint Ventures with the Mines and other stakeholders.
- Develop alternative funding strategy for maintenance and upgrading of roads with private sector partners
- The department is busy with the rehabilitation of TR70/2 Postmasburg – N14 in partnership with Assmang Mine.

PERFORMANCE INFORMATION

The Public Works' purpose is achieved through the implementation of the following strategic and key areas of focus:

Implementation of a total of 95 infrastructure projects on behalf of the following client departments:

Department of Education, Department of Social Development, Department of Agriculture and the Department of Health which are in different phases:

Project Name	Number of units	Progress to date
THE DEPARTMENT OF EDUCATION		
Ablution blocks	17	6 x Site handover phase 8 x Construction – 5% to 85% complete 3 x Completed
Administration blocks	1	1 x Construction - 30% complete
Classroom Blocks	5	2 x Site handover phase 1 x Construction – 5% complete 2 x Completed
School Halls	2	1 x Completed 1 x Construction – 50% complete
Media Centres	1	1 x Completed
ECD Classrooms	9	1 x Tender adjudication phase 2 x Site handover phase 2 x Construction – 5% to 85% complete 4 x Completed
New Schools	1	Planning phase
Technical Workshops	1	Planning phase
THE DEPARTMENT OF SPORT, ARTS AND CULTURE		
Library	8	3 x 65%-85% complete 3 x Site handover – identification of site 1 x Tender adjudication phase 1 x Design phase
THE DEPARTMENT OF AGRICULTURE		
Conversion of Offices into Vet Offices		Ph1 – Completed Ph 2 - Planning
THE DEPARTMENT OF HEALTH		
Kimberley Drug Abuse In-patient Facility: Bulk Earthworks FEES	1	Complete: final account paid
Kimberley Drug Abuse In-patient Facility: Superstructure	1	20% complete

PERFORMANCE INFORMATION

De Aar Hospital Main Hospital -	92 beds including Infrastructure	Completed: F/A and retention o/s
Mental Health Facility Main facility -	266 beds FEES	90% Complete – behind schedule
UPGRADING / MAINTENANCE / REFURBISHMENT PROGRAMME		
Tshwaragano Hospital: EMS: Upgrading		Construction – 85% complete
Calvinia Hospital: Upgrading of EMS		Completed: F/A paid
Galeshewe Day Hospital: Medical Gas		Construction – 5% complete
Carnarvon CHC: Refurbishment		Construction – 35% complete
Wegdraai Clinic: Upgrading		Construction – 75% complete
Alexander Bay Clinic: Refurbishment		Planning phase
Various: FB, JTG, Pixley: Maintenance of HVAC		Construction – 30% complete
Various: ZFM. Namaqua: Maintenance of HVAC		Construction – 10% complete
Various: Maintenance of Fire Equipment		Construction – 30% complete
Kimberley: Dr Arthur Lethale Clinic: Refurbish		Completed: F/A paid
Kimberley: West End Hospital: Repairs		Completed: F/A outstanding
Conversion Programme		
Gordonia Hospital: Conversion of Existing Facility to Satellite Nursing College FEES		Design phase (On Hold)
NEW INFRASTRUCTURE / INSTALLATIONS PROGRAMME		
Kuruman Hospital: New Guardhouse and Fencing		Completed – F/A paid
Installation of generator sets at various facilities Part A & B		Construction – 75% complete
Kimberley: Construction of New Nurses Accommodation FEES		Construction – 5% complete
Springbok Hospital: New Pharmacy		Design phase
Postmasburg:: Installation of New Laundry Equipment		Construction – 10% complete
Kakamas: Installation of New Laundry Equipment		Construction – 10% complete

PERFORMANCE INFORMATION

Kuruman: Installation of New Laundry Equipment		Construction – 5% complete
Victoria West: Installation of New Laundry Equipment		Construction – 10% complete
Pofadder: Installation of New Laundry Equipment		Construction – 10% complete
Springbok: Installation of New Laundry Equipment		Construction – 15% complete
Prieska CHC: Construction of Guardhouse & Fencing		Completed – f/a paid
Douglas Hospital: Construction of Guardhouse & Fencing		Completed – f/a and retention o/s
Victoria West: Construction of Guardhouse & Fencing		Completed – f/a and retention o/s
Noupoort CHC: Construction of Guardhouse & Fencing		Completed – f/a and retention o/s
Britstown CHC: Construction of Guardhouse & Fencing		Completed – f/a and retention o/s
Uppington: Gordonia Hospital: Construction of Fence and Solar Lights		Completed – f/a paid
Namaqua: New Forensic Mortuary		Design phase
CLINICS PROGRAMME		
Boegoeberg: Construction of New Clinic FEES		Site handover – ideal clinic design
Bankhara Bodulong: Construction of New Clinic FEES		Site handover – ideal clinic design
Pampierstad : Construction of New Mobile Clinic, Guardhouse, Fence FEES		Construction – 10% complete
INTERNAL ROADS PROGRAMME		
Griekwastad CHC: Upgrading of Internal Roads		Completed – f/a paid
Mental Health Hospital: Access Road to Emergency Medical Services (EMS) Unit		Completed – f/a paid

PART C

GOVERNANCE

3.1 Introduction

The Department has intensified its efforts to enforce good governance through the improvement of the managerial processes such as, budgeting, strategic planning, internal control manuals, control of movable assets and implementation of bar-coding, asset registers, filling of vacant posts, etc. The following elements of governance will remain the focus for the coming year:

a) Accountability

Departments implements the annual performance contracts with senior management of the department that is link to the Annual Performance plan in terms of all SMS Members within the Senior Management Service (SMS) Handbook Chapter 4 provisions. 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 the Public Service Disciplinary Code and Procedures and are geared towards ensuring service delivery. The department at all times strives towards consistent and just application of our disciplinary processes and ensures that employees conform to the required behaviour in the public services.

c) External Reporting

Monthly reporting, focusing primarily on financial issues, will still continue during the new-year. The department will however increase its focus on reliable and accurate projections of expenditure and revenue. In the first instance, this will control the risk of incurring 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.

3.2 Risk Management

The Department has a Risk Management Policy and Strategy in place which is reviewed annually. The Department continuously conducts risk assessments to identify new and emerging risk and also monitor the effectiveness of its strategy.

- Programme Risk assessments are conducted on a quarterly basis in order for the relevant
- Programme Managers to review and update existing risks; and identify emerging risks.
- Significant risks relevant to objectives are assessed in terms of likelihood and impact.
- Risk treatment plans with target dates are developed and risk owners are allocated for the treatment of the risks. The Programme risk register is approved by Programme Managers.

GOVERNANCE

- The Department also established the Risk Champions Committee whose role is to assist the Chief Risk Officer and Risk Owners resolve risk related problems.

The Risk Management Committee (RMC) meet quarterly and also look at the mitigation of risk in the department and advice management accordingly to mitigate risk in the department. A Consolidated Risk Report was provided by the department in order to gain an understanding of the most significant inherent risks facing the Department, an approach of identifying and rating the most significant risks that could prevent the Department from achieving its objectives was adopted. The methodology is based on the principle that: -

- Executive, Senior and Middle / Operational Management, together with their nominees are active participants in the risk identification and assessment process. The department conducts risk assessments annually, monitors the actions to mitigate risks monthly and report progress on these actions to the RMC quarterly.
- The RMC was established during 2012 and is still functional. The committee is chaired by an independent person and is meeting on a quarterly basis. The primary objective of the Committee is to assist the Accounting Officer in discharging his accountability for risk management by reviewing the effectiveness of the institution's risk management systems, practices and procedures, and providing recommendations for improvement.

During audit committee meetings the strategic risk are presented at the audit committee and the audit committee advice and monitor the effective controls put in place from the department to mitigate the departmental risks.

- The department sees progress in the management of risks as it was rated level 4 on the DPMEs' Management Performance Assessment Tool (MPAT).
- There is progress in the mitigation of risk and we have a risk implementation plan in place to monitor risk and we also have Risk Champions in each program that meet regularly with the Chief Risk Officer.

3.3 Fraud and Prevention

The department's fraud prevention plan and how it has been implemented. The department has a fraud and corruption prevention plan and a roadshow was held to workshop staff. We have established a number of units and intervention strategies are in place to improve internal control, such as:

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

Even an effective internal control system can only provide reasonable assurance with respect to financial statement preparation and the safeguarding of assets. We have dedicated officials

who do follow-ups on all the calls logged on the Presidential Hotline, Public Service Commission, and the Public Protector.

The Whistle Blowing Policy clearly sets out the procedures which must be followed on how to report fraud and corruption. Any employee may approach their immediate supervisor, the HOD, the South African Police Service, the Audit Committee etc. This policy clearly outlines the procedures which must be followed in reporting fraud and corruption and how such matters must be dealt with. The Department has communicated this policy to all its employees. The Department is also in a process of conducting workshops in all districts to educate its employees regarding this policy and the New Public Service Regulations Act. All department officials will be vetted and sign declarations if they do business with any organ of state.

3.4 Minimising Conflict of Interest

- Members of the Senior Management Service as well as other employees annually disclose their financial interest. SMS members submit online financial disclosure of interest declarations which is reported to the Public Service Commission. The Department has a register of other officials to declare their interest annually.
- All Members of the Bid Adjudication Committee (BAC) and Bid Evaluation Committee (BEC) must sign a declaration of interest at each meeting. The contractors are also required to declare their interest.

3.5 Code of Conduct

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

3.6 Safety, health and environmental issues

- The Department of Roads and Public Works is one of a very few Departments who is compliant in terms of the Occupational Health and Safety (OHS) Act.
- The Safety Committee is responsible for compliance in terms of OHS not only in the office set-up, but also at the camp sites and wherever the teams are working.
- The Occupational Health and Safety Unit is currently in the process of appointing new departmental Safety Representatives. In all five districts the nomination and election process has been completed. The training will take place in three districts, namely the Namaqua, Z.F Mgcawu and JTG District.
- In all five regions people from all the different directorates were elected namely Public Works, Corporate Service, and EPWP and of management to be part of the safety committee. At every camp there is a representative as well as the grader operators are

GOVERNANCE

also part of the safety committee. The grader operators were elected due to the fact that they work in isolated areas and they need to be equipped in First Aid training.

- The training that the committee members are going to receive is First Aid Level One and Two, Basic Fire Fighting and Safety Training.

3.7 Portfolio Committees

The department attended the Portfolio Committee meeting on the budget during April 2015. The committee accepted our budget, but raised a concern with regard to the condition of our roads.

We also presented our first quarter performance against Annual Performance Plan Report in August 2015, second quarter report in November 2015 and third quarter report in February 2016.

Committee Recommendations

The recommendations by the committee are in table below:

REPORT	RESOLUTION	STATUS
1 st Quarter Report 2015/2016	6.1 Quarterly report must provide clear breakdown (as per programme; sub programmes and economic classification) of how much of the annual budget must be spent for the quarter under review.	This has been rectified as per the recommendation of the Portfolio Committee – refer to subsequent quarterly reports presented.
	6.2 Reporting of progress on construction of buildings of client departments are consistent.	The Department as custodian of immovable assets always reports correct and factual information to the Committee. The department has engaged with client departments to verify information with the department before they present to the portfolio committee.
	6.3 The information in the presentation gives clear specific reasons for deviations and under/over performance on its programmes	This has been corrected and all the department subsequent quarterly reports to the Portfolio Committee reflect reasons for deviation for both under/over expenditure.
	6.4 In future, it reports on the 75% local procurement, SMMEs and woman empowerment on its performance report.	The Department will report to the Portfolio Committee during its quarterly reporting session on these aspects for the 2016/2017 financial year.
	7.1 List of government owned buildings including the residential addresses of Members of Parliament, the Executive Council and civil servants within 7 days of tabling in the house 7.2 Reports on how the withdrawal of projects by its client department has affected the department's annual performance plan in the past three years.	This report was submitted as requested. It has a underperformance effect for the department against the planned target
2 nd Quarter Report 2015/2016	6.1 Department must ensure that it reports quarterly on the agreed objectives/priorities in terms of the Sector Oversight Model (SOM).	The department reports quarterly to the Portfolio Committee.
	6.2 Projected expenditure and actual expenditure	This has been rectified and when the department reports

GOVERNANCE

REPORT	RESOLUTION	STATUS
	<p>are relevant to the specific programmes per quarter.</p> <p>6.3 The Mental Hospital is completed.</p> <p>6.4 Initiate a process to resolve its relationship between the National Department, the Independent Development Trust (IDT) and its client Departments.</p>	<p>to the portfolio committee, projected and actual expenditure are reported per programme.</p> <p>The department is committed to ensure that the Mental Health Hospital is completed.</p> <p>There have been engagements on this issues, not only between the Department and IDT but also at MinMec and other high level structures provincially, such as EXCO.</p>
3 rd Quarter Report 2015/2016	Ensure that EPWP job opportunities are indicative of all departments in the Province.	NDPW EPWP Annexures to be used which indicate job opportunities created by all departments and municipalities
APP & Budget Presentation 2015/2016	<p>7.1 To intervene to ensure that certain state institutions in consultation with Treasury pay their arrears on rates and taxes.</p> <p>7.2 Work on the ability to plan and adhere to set measures and indicators as committed.</p> <p>7.3 Speedily fill all funded and vacant senior management posts.</p> <p>7.4 Ensure that all relevant stakeholders are consulted regarding the unfunded shelved projects.</p> <p>7.5 Create and coordinate a plan to monitor and evaluate the impact of job creation opportunities.</p> <p>8.1 To submit a comprehensive report on litigation and money spent on them.</p>	<p>The Department reported on the processes that are being undertaken at province and nationally to resolve the challenges that pertain to Rates and Taxes/ This issue is at a MinMec level.</p> <p>The Department is committed to ensure that what is has planned for gets implemented and targets achieved. In cases where there are identified external risks that may contribute to none achievement of targets, the Department to implement measures to mitigate against such.</p> <p>Recruitment processes for three vacant Chief Director posts were finalised in June/July 2015 with appointment effected in August/September 2015. Another three Director positions was also finalised in February 2016 and appointments effected in May 2016. Remaining current five vacant Director positions to be included in the department critical posts to be approved and advertised during this 2016/17 first quarter.</p> <p>Reported to the Portfolio Committee</p> <p>DRPW has appointed Technical Support to assist to monitor and evaluate impact of job creation opportunities</p> <p>This report was submitted as requested.</p>
Contracting Agreement	<p>The Department will report quarterly on dates to be determined by the Programming Committee of the NCPL on progress on the following objectives/priorities:</p> <ul style="list-style-type: none"> a) Performance of the department with regard to insufficient and inadequate infrastructure; b) Maintenance and expansion of the road network; c) The implementation of the road 	<p>The Department report to the Portfolio Committee on a quarterly basis in line with the schedule of the NCPL.</p> <p>No funding for constructing new tar roads.</p> <p>No funding for expansion of tar network.</p> <p>Is being implemented. Classification is done.</p>

GOVERNANCE

REPORT	RESOLUTION	STATUS
	d) infrastructure strategic framework; Unpack on the job creation in the province and all other departments as well as the Sol Plaatjie Municipality.	NDPW EPWP Annexures to be used which indicate job opportunities created by all departments and municipalities

3.8 Standing Committee on Public Accounts (SCOPA) Resolutions

PORTFOLIO COMMITTEE HOUSE RESOLUTIONS REPORT BASED ON THE ANNUAL REPORT OF THE DEPARTMENT OF ROADS AND PUBLIC WORKS FOR THE 2015/2016 FINANCIAL YEAR

House Recommendations

The Department must ensure that:

- **At all times adhere to labour legislation, guidelines and policies related to precautionary suspension.**

The Department adheres to the newly implemented provincial policy on precautionary suspension within the public service. At this moment there is no pending suspension within the Department.

- **Accelerate filing of funded vacant posts**

The Department has accelerated the funding of posts and all critical posts have been identified. Submission has been submitted to the Provincial Treasury to look at the affordability to fill in the posts and have ultimately been approved by the Hon Premier. A number of posts have been advertised and some shortlisted and interviewed while a number is still in the process of being shortlisted. We envisage advertising some at least by end of July 2017.

- **Ensure contractors adhere to specific timeframes.**

The department is trying its best to ensure that all the projects are completed within project period and budget. However, in cases where a contractor defaults in terms of timeframes, the department activates the penalty clauses as per the contract agreement.

- **Ensure that at all times officials are held accountable for their actions especially, when it relates to financial misconduct.**

The Department established the departmental Financial Misconduct Committee (FMC) which analyses all suspected financial misconduct cases and advises the Accounting Officer on what action to take.

PORTFOLIO COMMITTEE HOUSE RESOLUTIONS REPORT BASED ON THE 2ND QUARTER REPORT OF THE DEPARTMENT OF ROADS AND PUBLIC WORKS FOR THE 2016/2017 FINANCIAL YEAR.

HOUSE RECOMMENDATIONS

The Department must ensure that:

- **Projects must be completed within agreed time frames**

The Department noted the recommendation.

- **Expedite the development of Provincial policy which would assist local developers to improve their CIDB grades**

Revised Contractor Development Policy and guidelines was approved in 2016 subsequent to that, advertisement were done to request small contractors to apply to participate in the programme.

A total of 208 contractors applied to be part Contractor Development Program.

Contractors were evaluated and adjudicated and 153 were responsive and qualified to be part of the programme (55 of the 153 were found to be none responsive).

A total of 20 mentors applied and 7 was evaluated and adjudicated to be registered as mentors on the Department's Mentors Data base.

For the period 2017/18 projects will be earmarked for under the contractor development program.

3.9 Reports to the Committee

- **The Construction Industry Development Board Grading plan**

The Department realised that it would need to forge partnership with different stakeholders in order to ensure that all elements of a business in construction are covered in the programme:

A partnership has been established with the Northern Cape Rural TVET College, Small Enterprise Development Agency (SEDA) and the Free State Central University of Technology.

The Northern Cape Construction Rapid Incubator in De Aar is for Grade 1 Contractors with the aim of improving the skills of contractors as well their cidb-grading.

A total of 30 contractors were selected and are attending a 18 months skills program with a theoretical and practical component.

The Rapid Incubator Centre was launched during November 2016.

Once successful and their grades improve from 1 – 2, these contractors will then be registered for the contractor development programme from Grade 2CE– 4CE.

GOVERNANCE

- The contractor development programme with Grade 2CE – 4CE has a total of 35 Contractors and will attend a structured training program.
- Contractors with cidb grades between 2CE to 4CE will be trained and subsequently will obtain a qualification in construction – National Certificate: Construction
- Training to commence in April 2017 over a period of 3 years
- The department has forged partnership with the Central University of Technology Free State to facilitate the training of grade 2CE – 4CE.

- **Report on litigation cases of client departments paid for by the Department of Roads and Public Works.**

The Department does not handle litigation matters for client Departments as their representatives, however we are cited as defendants or respondents in matters involving other Departments where we have awarded tenders and those awards are taken on review or a dispute arises for non-performance or non- payment of contract sum, such as the following disputes:

- ✓ **Pemberley Investments:**-Fleet services provided to provincial government where Department is defending along with the Office of the Premier and Department of Transport, Safety and Liaison currently pending in the High Court Northern Cape. The cause of action is one of specific performance regarding the contract claim by Pemberley is that they are owed money for a period of January 2009 to June 2010 for services rendered. The Department is arguing that all monies were paid and nothing is owed.
- ✓ **Mota Engil South Africa:** - Kimberley Mental Health Facility project where money was owing to the Contractor by the Department of Health with Roads and Public Works as the implementing agent. In this matter the budget is with the Department of Health, but DRPW is the implementing agent, which means the contract is concluded on behalf of the DOH as client department. Contractor has subsequently been paid thus resolving the matter;
- ✓ **Schauman Builders CC** – This was a review application brought in terms of PAJA Act 3 of 2000. The Contractor claimed that the award of the tender to then Kobus Duvenhage Construction for the construction of the Substance Abuse In-Patient Treatment Centre for Client Department Social Development. The award of the contract was placed on hold while the court finalised the review matter. The Court found that the award was proper and did not need to be reviewed and set aside. This translated into the fact that Duvenhage can continue to finalise the project.
- ✓ Other matters involve the NC Fleet Management Trading Entity where the vehicles belong to the Department. Client Departments use the vehicles. These are involved in accidents which the Entity must defend. The DRPW does this as the Entity is a component of the Department.

3.10 Internal Control Unit

The Internal Audit Unit (Internal Audit) was established according to the Public Finance Management Act, 1999 (Act No 1 of 1999) section 38(a)(ii) which requires that the Accounting Officer establish a system of internal audit under the control and direction of an audit committee.

Internal Audit assisted the department and management with the achievement of their objectives and remains a vital part of the department's governance and combined assurance structures.

Internal Audit is the primary independent assurance provider on the adequacy and effectiveness of the department's governance, risk management and control structures, systems and processes.

Annual internal audit assurance statement

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

Professional positioning and recognition

Internal audit operates in general conformance to the International Standards for the Professional Practice of Internal Audit (Standards).

During 2014/2015, the Institute of Internal Auditors performed the 5-yearly compulsory QAR. The outcome was the highest rating, namely general conformance to the Standards.

For the last 4 consecutive years, the Auditor-General did not raise any negative findings during their annual review of Internal Audit. Internal Audit introduced the combined assurance model and is in constant communication with the Auditor-General.

Internal Audit scored 100% for the last 3 consecutive years in the annual Management Performance Assessment Tool outcome, as per the Standard prescribed by the National Department of Planning, Monitoring and Evaluation.

Independence and authority

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

Scope of work

There were no undue scope limitations or impairments to the independence. In our professional judgement, sufficient and appropriate audit procedures have been conducted through the completion of the risk-based audit plan and evidence gathered to support the conclusions contained in this report.

3.11 Audit Committee

The audit committee was established according to the Public Finance Management Act, 1999 (Act No 1 of 1999,) section 77 and Treasury regulation 3.1. The audit committee reviewed the activities of the internal audit function, including its annual work plan, coordination with external auditors and the responses of management to specific recommendations.

AUDIT COMMITTEE REPORT

DEPARTMENT OF ROADS AND PUBLIC WORKS

3.12 REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2017. 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.

3.12.1 AUDIT COMMITTEE MEMBERS AND ATTENDANCE

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

The names of the members of the audit committee as well as the number of meetings attended by the members are reported in the annual report.

3.12.2 AUDIT COMMITTEE RESPONSIBILITY

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

3.12.3 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.

AUDIT COMMITTEE REPORT

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

- Draft annual financial statements – 2015/2016
- Interim financial statements – 30 September 2016
- Management Performance Assessment Tool - 2016
- Performance information
- Provincial Road Maintenance Grant (PRMG)
- White fleet
- Risk management, including Ethics and fraud management
- Contract management
- Project management
- Immovable assets (leases)
- IT Disaster recovery plan (consulting assignment)

Follow up audits are a strong governance and risk management practice, included in the charter for Internal Audit, Government Auditing Standards and in the International Standards for the Professional Practice of Internal Auditing. Therefore, Internal audit also performed follow up audits of Information and Communication Technology, fleet management, performance information, risk management, immovable assets, white fleet and PRMG.

The following were areas of concern:

Risk Management should to be strengthened as follows:

- Implement the complete risk management model as an integral part of the departmental processes to facilitate the achievement of departmental objectives.
- Consider a risk management system (information management system) to monitor the operational and strategic risk registers and the relevant implementation plans.

Project Management should to be strengthened as follows:

- Increase the usage of the Department's project management system.
- Monitor projects through PROMAN to improve the quality of information provided by the Project management system.
- Regularly attend and participate effectively in Provincial Infrastructure Committee meetings.
- Review the retention and liability period on projects to enhance the quality of work produced by the service providers.

Lease management should be strengthened as follows:

AUDIT COMMITTEE REPORT

- Review the approved letting policy and the standard operating procedures and monitor the implementation thereof.
- Capacitate the lease management unit.
- Consider the development of an electronic real estate system.

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

3.12.4 IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

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

We had engagements with the Department's management to provide clarity on completeness and quality of the monthly and quarterly reports during our quarterly meetings and officials of the Department were able to clarify areas of concern raised by the audit committee, except in the instance of immoveable assets where the assurance provided by management to the audit committee proved to lack credibility. Furthermore, the implementation of recommendations of the audit committee was tracked in the quarterly audit committee meetings.

3.12.5 EVALUATION OF FINANCIAL STATEMENTS

- 3.12.5.1 The audit committee has reviewed the unaudited financial statements for the year ended 31 March 2017 for the department and has discussed matters of concern with management. The audit committee further reviewed the audited financial statements and discussed the statements with the Auditor-General as well as the Accounting Officer.
- 3.12.5.2 The audit committee has reviewed the Auditor-General's management report and management response thereto and directed management to develop a comprehensive action plan to address all issues raised by the Auditor-General. The audit committee will review the action plan and monitor implementation thereof during the quarterly audit committee meetings.
- 3.12.5.3 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.
- 3.12.5.4 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.

AUDIT COMMITTEE REPORT

3.12.5.5 The audit committee has reviewed the information on predetermined objectives to be included in the annual report as part of the review of the audited financial statements.

3.12.5.6 The audit committee has reviewed significant adjustments resulting from the audit as part of the review of the audited financial statements.

3.12.5.7 The audit committee hereby indicates its concurrence with the Auditor-General's conclusion on the annual financial statement as well as the qualified audit opinion of the Auditor-General.

3.12.6 INTERNAL AUDIT

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

3.12.7 AUDITOR-GENERAL SOUTH AFRICA

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

Supply chain Management:

- Development of Standard operating procedures, and
- Review of the Irregular expenditure policy.

Financial Management:

- Development of a Petty cash policy,
- Inventory Management policy,
- Banking and cash management policy,
- Usage and clearance of suspense accounts,
- Payables policy, and
- Journals and authorization policy.

Human Resource Management:

- Policy on casual labour.
- Database of SMS performance agreements (2016/17).

Strategic Planning:

- Development of Operational Plans.

Public Infrastructure/Property Management

- Strategy to address Maintenance backlog,

AUDIT COMMITTEE REPORT

- Project Managers not registered with SACPCMP, and
- Electronic rental billing system.

The audit committee met with representatives from the Office of the Auditor-General South Africa during the year to discuss issues of mutual concern to ensure that there were no unresolved issues.



C. Ogu

Chairperson of the Audit Committee

Date: _____

PART D

HUMAN RESOURCE MANAGEMENT

HUMAN RESOURCE MANAGEMENT

4.1 Personnel related expenditure

Table 4.1.1 Personnel expenditure by programme for the period 1 April 2016 and 31 March 2017

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	125,584	77,221	841	3,897	61.5%	375
Public Works Infrastructure	189,770	38,603	-	2,436	20.3%	489
Transport Infrastructure	1,137,402	123,725	-	-	10.9%	214
Community Based Programme	107,001	11,561	-	19,057	10.8%	350
Total	1,559,757	251,110	841	25,390	16.1%	280

Table 4.1.2 Personnel costs by salary band for the period 1 April 2016 and 31 March 2017

Salary Bands	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Contract Workers	17,879	6.48	87	205.51
Lower skilled (Levels 1-2)	1,511	0.6%	4	377.75
Skilled (levels 3-5)	85,653	34.0%	511	167.62
Highly skilled production (levels 6-8)	60,976	24.2%	170	358.68
Highly skilled supervision (levels 9-12)	55,940	22.2%	97	576.70
Senior and Top management (levels 13-16)	29,714	11.8%	27	1 100.52
TOTAL	251 810	100	896	281.04

Table 4.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2016 and 31 March 2017

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of Personnel Cost	Amount (R'000)	Overtime as a % of Personnel Cost	Amount (R'000)	HOA as a % of Personnel Cost	Amount (R'000)	Medical aid. as a % of Personnel Cost
Administration	52,898	68.5%	40	0.1%	1,880	2.4%	3,977	5.2%
Public Works Infrastructure	27,388	70.9%	-	0.0%	879	2.3%	1,711	4.4%
Transport Infrastructure	85,058	68.7%	894	0.7%	6,071	4.9%	5,881	4.8%
Community Based Programme	8,261	71.5%	-	0.0%	232	2.0%	278	2.4%
TOTAL	173,605	69.1%	934	0.4%	9,062	3.6%	11,569	4.6%

HUMAN RESOURCE MANAGEMENT

Table 4.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2016 and 31 March 2017

Salary bands	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of Personnel Cost	Amount (R'000)	Overtime as a % of Personnel Cost	Amount (R'000)	HOA as a % of Personnel Cost	Amount (R'000)	Medical aid. As a % of Personnel Cost
Contract Workers	17,720	97.2%	71	1%	14	0.3%	0	0
Lower skilled (Levels 1-2)	885	57.8%	17	1%	135	8.8%	150	9.8%
Skilled (levels 3-5)	53,872	62.5%	751	1%	5,342	6.2%	5,722	6.6%
Highly skilled production (levels 6-8)	39,393	67.0%	94	0%	2,270	3.9%	3,827	6.5%
Highly skilled supervision (levels 9-12)	39,133	69.9%	1	0%	836	1.5%	1,601	2.9%
Senior and Top management (levels 13-16)	22,602	74.7%			465	1.5%	269	0.9%
TOTAL	173 605	69.1%	934	0%	9 062	3.6%	11 569	4.6%

4.2 Employment and Vacancies

Table 4.2.1 Employment and vacancies by programme as on 31 March 2017

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	224	206	11.21	20
Public Works	122	79	10.23	1
Roads	699	578	6.32	38
Community Based Programme	27	33	21.43	5
Total	1072	896	8.48	64

Table 4.2.2 Employment and vacancies by salary band as on 31 March 2017

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	57	60.00	44
Skilled(3-5)	707	523	6.24	6
Highly skilled production (6-8)	194	180	9.09	7
Highly skilled supervision (9-12)	134	105	16.38	7
Senior Management (13-16)	27	31	20.59	0
Total	1072	896	8.48	64

HUMAN RESOURCE MANAGEMENT

Table 4.2.3 Employment and vacancies by critical occupations as on 31 March 2017

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Professionals	36	19	47	0
Technicians	27	21	22	0
Total	63	40	36	0

4.3 Filling of SMS Posts

Table 4.3.1 SMS post information as on 31 March 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	0	0	0	0	0
Salary Level 14	5	4	80	1	20
Salary Level 13	18	15	83	3	17
Total	24	20	83	4	17

Table 4.3.2 SMS post information as on 31 March 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	0	0	0	0	0
Salary Level 14	5	4	80	1	20
Salary Level 13	18	15	83	3	17
Total	24	20	83	4	17

Table 4.3.3 Advertising and filling of SMS posts for the period 1 April 2016 and 31 March 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	0	0	0	0	0
Salary Level 14	5	4	80	1	20
Salary Level 13	18	15	83	3	17
Total	24	20	83	4	17

HUMAN RESOURCE MANAGEMENT

Table 4.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2016 and 31 March 2017

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

4.4 Job Evaluation

Table 4.4.1 Job Evaluation by Salary band for the period 1 April 2016 and 31 March 2017

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	10	0	0	0	0	0	0
Skilled (Levels 3-5)	707	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	194	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	134	0	0	0	0	0	0
Senior Management Service Band A	20	0	0	0	0	0	0
Senior Management Service Band B	5	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	1072	0	0	0	0	0	0

Table 4.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2016 and 31 March 2017

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

Employees with a disability	0
-----------------------------	---

HUMAN RESOURCE MANAGEMENT

4.5 Employment Changes

Table 4.5.1 Annual turnover rates by salary band for the period 1 April 2016 and 31 March 2017

Salary band	Number of employees at beginning of period-1 April 2015	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	77	0	1	1.30
Skilled (Levels3-5)	453	0	24	5.30
Highly skilled production (Levels 6-8)	197	0	19	9.64
Highly skilled supervision (Levels 9-12)	81	0	2	2.47
Senior Management Service Bands A	19	1	2	10.53
Senior Management Service Bands B	6	0	0	0.00
Senior Management Service Bands C	1	0	0	0.00
Senior Management Service Bands D	1	0	0	0.00
Contracts	76	36	11	51.51
Total	911	37	59	6.48

Table 4.5.2 Annual turnover rates by critical occupation for the period 1 April 2016 and 31 March 2017

Critical occupation	Number of employees at beginning of period-April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Professionals	25	0	0	0
Technicians & associate professionals	14	0	0	0
TOTAL	39	0	0	0

Table 4.5.3 Reasons why staff left the department for the period 1 April 2016 and 31 March 2017

Termination Type	Number	% of Total Resignations
Death	9	15.25
Resignation	15	25.42
Expiry of contract	10	16.95
Dismissal – operational changes	0	0
Dismissal – misconduct	5	8.47
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	20	33.90
Transfer to other Public Service Departments	0	0
Other	0	0
Total	20	33.90
Total number of employees who left as a % of total employment	59	100.00

HUMAN RESOURCE MANAGEMENT

Table 4.5.4 Promotions by critical occupation for the period 1 April 2016 and 31 March 2017

Occupation	Employees 1 April 2016	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Professionals	25	0	0	0	0
TOTAL	25	0	0	0	0

Table 4.5.5 Promotions by salary band for the period 1 April 2016 and 31 March 2017

Salary Band	Employees 1 April 2015	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)	77	0	0.00	2	2.60
Skilled (Levels3-5)	453	0	0.00	293	64.68
Highly skilled production (Levels 6-8)	197	0	0.00	114	57.87
Highly skilled supervision (Levels 9-12)	81	1	1.23	54	66.67
Senior Management (Level 13-16)	27	3	11.11	12	44.44
Total	835	4	12.34	475	56.88

4.6 Employment Equity

Table 4.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	2	5	0	1	1	1	0	0	10
Professionals	28	12	0	2	7	7	0	4	60
Technicians and associate professionals	34	24	0	5	20	11	0	2	96
Clerks	41	21	1	3	70	38	1	3	178
Service and sales workers	1	1	0	0	0	0	0	0	2
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	21	26	0	2	6	5	0	0	60
Plant and machine operators and assemblers	22	33	0	2	1	0	0	0	58
Elementary occupations	141	206	0	0	49	36	0	0	432
Total	290	328	1	15	154	98	1	9	896
Employees with disabilities									

HUMAN RESOURCE MANAGEMENT

Table 4.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2017

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	12	6	0	2	3	2	0	0	25
Professionally qualified and experienced specialists and mid-management	38	23	0	4	18	8	0	6	97
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	61	39	1	6	37	23	0	3	170
Semi-skilled and discretionary decision making	147	231	0	2	76	54	1	0	511
Unskilled and defined decision making	2	0	0	0	2	0	0	0	4
Total	262	299	1	14	136	87	1	9	809

Table 4.6.3 Recruitment for the period 1 April 2016 to 31 March 2017

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

HUMAN RESOURCE MANAGEMENT

Table 4.6.4 Promotions for the period 1 April 2016 to 31 March 2017

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

Table 4.6.5 Terminations for the period 1 April 2016 to 31 March 2017

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	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	1	1	0	0	0	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	8	5	0	1	2	0	0	3	19
Semi-skilled and discretionary decision making	11	13	0	0	0	0	0	0	24
Unskilled and defined decision making	1	0	0	0	0	0	0	0	1
Total	22	19	0	1	2	0	0	3	47
Employees with Disabilities	0	0	0	0	0	0	0	0	0

HUMAN RESOURCE MANAGEMENT

Table 4.6.7 Skills development for the period 1 April 2016 to 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	18	1			4	1			24
Professionals									
Technicians and associate professionals									
Clerks	5				13	4			22
Service and sales workers									
Skilled agriculture and fishery workers									
Craft and related trades workers									
Plant and machine operators and assemblers		1							1
Elementary occupations									
Total									47
Employees with disabilities									

HUMAN RESOURCE MANAGEMENT

4.7 Signing of Performance Agreements by SMS Members

Table 4.7.1 Signing of Performance Agreements by SMS members as on 31 May2017

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
Head of Department				
SalaryLevel16				
SalaryLevel15	1	1	1	100%
SalaryLevel14	6	6	6	100%
SalaryLevel13	10	10	10	100%
Total	17	17	17	100%

4.8 Performance Rewards

Table 4.8.1 Performance Rewards by race, gender and disability for the period 1 April 2016 to 31 March2017

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	%of total within group	Cost (R'000)	Average cost per employee
African					
Male	38	259	15%	R120 758.58	R 12 370.50
Female	49	82	60%	R53 870.34	R 18 222.96
Asian					
Male	1	1	100%	R22 630.56	R 22 630.56
Female	1	2	50%	R 9 267.93	R 9 267.93
Coloured					
Male	147	172	85%	R 423 534.00	R 13 526.25
Female	21	29	72%	R 160 675.53	R 16 475.22
White					
Male	10	13	77%	R 187 450.07	R 13 935.15
Female	11	12	92%	R 220 325.37	R 15 023.19
Total	278	570	49%	R 277 178.03	R 121 451.76

HUMAN RESOURCE MANAGEMENT

Table 4.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2016 to 31 March 2017

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	28	28	100%	R 108 984.65	R 4 831.20	5%
Skilled (level 3-5)	313	337	92%	R 2 063 134.87	R 12 476.88	0.6%
Highly skilled production (level 6-8)	89	131	67%	R 1 261 344.17	R 18 496.88	2%
Highly skilled supervision (level 9-12)	39	68	57%	R 1 009 170.63	R 49 148.85	5%
Total	469	496	94%	R 4 442 633.67	R 84 953.81	20%

Table 4.8.3 Performance Rewards by critical occupation for the period 1 April 2016 to 31 March 2017

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Engineer Chief	7	8	88%	R 268 202.70	R 38 314.67
Total					

4.9 Leave utilisation

Table 1.9.1 Sick leave for the period 1 January 2016 to 31 December 2017

Salary band	Total days	% of total 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)	46	58.7	11	2.14	4.18	23.00
Skilled (levels 3-5)	2096	56.54	251	48.93	8.35	1344.00
Highly skilled production (levels 6-8)	1354	54.58	135	26.32	10.03	1728.00
Highly skilled supervision (levels 9 - 12)	589	53.14	71	13.84	8.3	1294.00
Top and Senior management (levels 13-16)	96	55.21	14	2.73	6.86	372.00
Total	4181	55.41	482	93.96	8.67	4761

HUMAN RESOURCE MANAGEMENT

Table 4.9.2 Disability leave (temporary and permanent) for the period 1 January 2016 to 31 December 2017

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	65	100	6	42.86	10.83	47.00
Highly skilled production (Levels 6-8)	104	100	6	42.86	17.33	141.00
Highly skilled supervision (Levels 9-12)	67	100	2	14.29	33.5	125.00
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	236	100	14	100	16.85	313

Table 4.9.3 Annual Leave for the period 1 January 2016 to 31 December 2017

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	219	31	7.06
Skilled Levels 3-5)	11064	537	20.6
Highly skilled production (Levels 6-8)	4224	197	21.44
Highly skilled supervision(Levels 9-12)	2454	106	23.15
Senior management (Levels 13-16)	676	31	21.81
Total	18637	902	20.66

Table 4.9.4 Capped leave for the period 1 January 2016 to 31 December 2016

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 2016
Lower skilled (Levels 1-2)				
Skilled Levels 3-5)	11	1	11	32.45
Highly skilled production (Levels 6-8)	5	1	5	54.52
Highly skilled supervision(Levels 9-12)	7	1	7	39.24
Senior management (Levels 13-16)	6	1	6	39.95
Total	29	4	7.25	38.55

Table 4.9.5 Leave payouts for the period 1 April 2016 and 31 March 2017

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2015/16 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2015/16	2 109	40	52 715
Current leave payout on termination of service for 2015/16	123	9	13 718
Total	2 232	49	45 553

HUMAN RESOURCE MANAGEMENT

4.10 HIV/AIDS & Health Promotion Programmes

Table 4.10.1 Steps taken to reduce the risk of occupational exposure

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

Table 4.10.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	x		Chief Director: Corporate Services
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	x		3 employees
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	x		HIV/AIDS Testing, TB Testing, Eye Testing, Financial Wellness
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	x		Ms. Mbekushe – EHW Mr. Pharasi – HRA Ms. Mogoje – Immovable Asset Management Ms. Khaziwa – EHW Ms. Nyati – HRA Mr. Michaels – EPWP Mr. Pitoro – Roads Ms. Khwatane - Finance
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	x		Health & Productivity Management Policy
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.		x	
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	x		133 employees tested – 2 positive
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		x	

4.10.2 Injury on duty

Table 4.10.1 Injury on duty for the period 1 April 2016 and 31 March 2017

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

4.11 Labour Relations

Table 1.11.1 Misconduct and disciplinary hearings finalised for the period 1 April 2016 and 31 March 2017

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	4	16.6%
Verbal warning	0	0
Written warning	3	12.5%
Final written warning	4	16.6%
Suspended without pay	4	16.6%
Fine	0	0
Demotion	0	0
Dismissal	3	12.5%
Not guilty	0	0
Case withdrawn	6	25%
Total	24	100

Notes

Total number of Disciplinary hearings finalised	17
--	----

Table 4.11.2 Types of misconduct addressed at disciplinary hearings for the period 1 April 2016 and 31 March 2017

Type of misconduct	Number	% of total
Abuse of Government Vehicle (Speeding)	4	22%
Absenteeism	2	11%
Theft /Fraud	0	20
Leaking of Information	0	10
Under the Influence of Alcohol / Violent Conduct	5	28%
Sexual Harassment	2	11%
False Accusations	0	0
Gross Negligence	5	28%
Total	18	100

Table 4.11.3 Grievances logged for the period 1 April 2016 and 31 March 2017

Grievances	Number	% of Total
Number of grievances resolved	17	50%
Number of grievances not resolved	17	50%
Total number of grievances lodged	34	100%

Table 4.11.4 Disputes logged with Councils for the period 1 April 2016 and 31 March 2017

Disputes	Number	% of Total
Number of disputes upheld	1	50%
Number of disputes dismissed	1	50%
Total number of disputes lodged	11	

HUMAN RESOURCE MANAGEMENT

Table 4.11.5 Strike actions for the period 1 April 2016 and 31 March 2017

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

Table 4.11.6 Precautionary suspensions for the period 1 April 2016 and 31 March 2017

Number of people suspended	4
Number of people whose suspension exceeded 30 days	4
Average number of days suspended	
Cost of suspension(R'000)	R 206 188.35

PART E

FINANCIAL INFORMATION

SUB-TABLE OF CONTENTS

Report of the Auditor-General

Appropriation Statement

Notes to the Appropriation Statement

Statement of Financial Performance

Statement of Financial Position

Cash Flow Statement

Notes to the Annual Financial Statements (including Accounting policies)

Annexures

REPORT OF THE AUDITOR GENERAL

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

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Department of Roads and Public works set out on pages 106 to 199, which comprise the appropriation statement, the statement of financial position as at 31 March 2017, and the statement of financial performance and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Department of Roads and Public works as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

Basis for qualified opinion

Immovable tangible capital assets

3. The department did not value all items of buildings and other fixed structures in accordance with the chapter on *Capital Assets* in the MCS. As the department did not maintain adequate records of the values of these assets, I was not able to determine the impact on the amount for buildings and other fixed structures disclosed in note 29 as part of immovable tangible assets as it was impracticable to do so.
4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
5. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

REPORT OF THE AUDITOR GENERAL

Emphasis of matters

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

Uncertainty relating to the future outcome of exceptional litigation

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

Accruals and payables not recognised

9. As disclosed in note 19 to the financial statements, payables, which exceed the payment term of 30 days as required in Treasury Regulation 8.2.3 amount to R605 749 000. This amount, in turn, exceeds the funds to be surrendered of R1 886 000 as per the statement of financial performance by R603 863 000. The amount of R603 863 000 would therefore have constituted unauthorised expenditure had the amounts due been paid in a timely manner.

Irregular expenditure

10. As disclosed in note 23 to the financial statements, the department incurred irregular expenditure of R34 028 000 (2016: R56 272 000) during the year under review mainly due to non-compliance with supply chain management requirements. The total amount of irregular expenditure recorded in the annual financial statements at 31 March 2017 amount to R763 988 000 (R717 574 000). In addition, the full extent of the irregular expenditure is still in the process of being determined.

Other matter

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

Unaudited supplementary schedules

12. The supplementary information set out on pages 185 to 199 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 OF THE AUDITOR GENERAL

Responsibilities of the accounting officer for the financial statements

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

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

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

Report on the audit of the annual performance report

Introduction and scope

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

REPORT OF THE AUDITOR GENERAL

19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 – Public Works	45 – 50
Programme 3 – Transport Infrastructure	51 - 54
Programme 4 – Community Based Programmes	55 - 58

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

21. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 2 – Public Works
- Programme 3 – Transport Infrastructure
- Programme 4 – Community Based Programmes

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. Refer to the annual performance report on pages 24 to 64 for information on the achievement of planned targets for the year and explanations provided for the under and overachievement of a number of targets.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2: Public Works, Programme 3: Transport Infrastructure and Programme 4: Community Based Programmes. As management subsequently corrected the misstatements, I did not report any material findings on the usefulness and reliability of the reported performance information.

REPORT OF THE AUDITOR GENERAL

Report on audit of compliance with legislation

Introduction and scope

25. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
26. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Annual financial statements, performance reports and annual report

27. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 40(1) (a) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

28. Effective steps were not taken to prevent irregular expenditure as required by section 38(1)(c)(ii) of the PFMA and treasury regulation (TR) 9.1.1. The value of R763 988 000, as disclosed in note 23, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the disclosed irregular expenditure for the current year was caused by supply chain processes not followed in previous years on the following projects.
- A security contract to the value of R 9 831 226
 - A contract with financial consultants to the value of R 4 432 002
 - A contract with consulting engineers to the value of R 3 999 129
29. Contractual obligations and money owed by the department were not settled within 30 days, as required by section 38(1)(f) of the PFMA and TR 8.2.3.

Procurement and contract management

30. Commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by Preferential Procurement Regulation 9(1).

REPORT OF THE AUDITOR GENERAL

31. Commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by Preferential Procurement Regulation 9(5).
32. IT related goods and services, classified as mandatory, were not procured through SITA as required by TR 16A6.3(e).

Procurement and contract management (Relating to user departments)

33. Contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA
34. Invitations for competitive bidding were not always advertised for a required minimum period, as required by Treasury Regulations 16A6.3(c). This limitation was mainly identified for the Pampierstad Clinic for the construction of a prefabricated clinic, guardhouse and fencing.

Other information

35. The Department of Roads and Public works accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
36. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
37. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated
38. I have not yet received the annual report. When I do receive this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected I may have to re-issue my auditor's report amended as appropriate.

Internal control deficiencies

39. I considered internal control relevant to my audit of the statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the

REPORT OF THE AUDITOR GENERAL

findings on the annual performance report, and the findings on compliance with legislation included in this report.

- Leadership did not take appropriate action with regard to a lack of controls in the finance and supply chain management directorates, resulting in non-compliance with applicable legislation and irregular expenditure.
- Leadership did not ensure that the immovable asset registers are properly maintained.
- Leadership did not exercise sufficient oversight over the information used for performance reporting.
- The department did not have a delegated employee to review and monitor compliance with applicable laws and regulations.
- The annual financial statements and performance report were subjected to material amendments that can be attributed to a weakness in the implementation of controls.

Auditor General

Kimberley

31 August 2017



Auditing to build public confidence

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Appropriation per programme										
		2016/17						2015/16		
Voted funds and Direct charges	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
	1 ADMINISTRATION	133 027	-	-7 434	125 593	125 584	9	100.0%	125 736	125 652
	2 PUBLIC WORKS INFRASTRUCTURE	197 108	-	-7 322	189 786	189 770	16	100.0%	178 024	178 013
	3 TRANSPORT INFRASTRUCTURE	1 127 244	-	11 710	1 138 954	1 137 402	1 552	99.9%	1 066 629	1 066 517
	4 COMMUNITY BASED PROGRAMME	103 966	-	3 046	107 012	107 000	12	100.0%	93 244	92 226
	Programme sub total	1 561 345	-	-	1 561 345	1 559 756	1 589	99.9%	1 463 633	1 462 408
	Statutory Appropriation	-	-	-	-	-	-	-	-	-
	TOTAL	1 561 345	-	-	1 561 345	1 559 756	1 589	99.9%	1 463 633	1 462 408

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

	2016/17			2015/16	
	Final Appropriation	Actual Expenditure		Final Appropriation	Actual Expenditure
TOTAL (brought forward)	1 561 345	1 559 756		1 463 633	1 462 408
Reconciliation with statement of financial performance					
ADD					
Departmental receipts	297			82	
NRF Receipts	-			-	
Aid assistance	-			-	
Actual amounts per statement of financial performance (total revenue)	1 561 642			1 463 715	
ADD					
Aid assistance		-			-
Prior year unauthorised expenditure approved without funding		-			-
Actual amounts per statement of financial performance (total expenditure)		1 559 756			1 462 408

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Appropriation per economic classification									
2016/17									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	1 282 262	-20 436	-8 828	1 252 998	1 250 994	2 004	99.8%	1 224 563	1 223 827
Compensation of employees	273 934	-11 201	-10 325	252 408	251 110	1 298	99.5%	240 240	240 154
Salaries and wages	237 662	-9 615	-9 367	218 680	217 507	1 173	99.5%	208 273	208 197
Social contributions	36 272	-1 586	-958	33 728	33 603	125	99.6%	31 967	31 957
Goods and services	1 008 328	-9 235	1 497	1 000 590	999 884	706	99.9%	984 323	983 673
Administrative fees	594	255	-261	588	584	4	99.3%	667	665
Advertising	1 582	36	-	1 618	1 617	1	99.9%	1 692	1 691
Minor assets	534	-11	-	523	513	10	98.1%	430	430
Audit costs: External	8 129	-481	-444	7 204	6 833	371	94.9%	8 795	8 795
Bursaries: Employees	417	-167	-	250	250	-	100.0%	94	94
Catering: Departmental activities	953	67	-	1 020	1 019	1	99.9%	1 075	1 073
Communication (G&S)	2 340	96	-1	2 435	2 428	7	99.7%	2 278	2 277
Computer services	16 873	-3 055	-974	12 844	12 631	213	98.3%	26 063	26 063
Consultants: Business and advisory services	14 748	4 479	6 163	25 390	25 390	-	100.0%	5 797	5 796
Infrastructure and planning services	26 846	-281	-2 649	23 916	23 916	-	100.0%	46 769	46 769
Laboratory services	-	-	-	-	-	-	-	32	32
Legal services	4 132	35	-	4 167	4 166	1	100.0%	5 729	5 729
Contractors	534 400	-67 513	983	467 870	467 867	3	100.0%	529 101	528 470

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Appropriation per economic classification									
	2016/17					2015/16			
	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
Agency and support / outsourced services	77	-	-	77	77	-	100.0%	218	218
Fleet services (including government motor transport)	3 778	-764	-	3 014	2 999	15	99.5%	6 945	6 944
Consumable supplies	79 179	12 870	-	92 049	92 041	8	100.0%	93 193	93 190
Consumable: Stationery, printing and office supplies	2 569	-157	-	2 412	2 398	14	99.4%	2 397	2 397
Operating leases	256 431	48 744	-	305 175	305 174	1	100.0%	195 129	195 127
Property payments	30 649	-38	-1 319	29 292	29 291	1	100.0%	28 533	28 533
Travel and subsistence	20 939	-2 161	-1	18 777	18 722	55	99.7%	24 030	24 028
Training and development	2 350	-1 189	-	1 161	1 160	1	99.9%	4 346	4 346
Operating payments	214	4	-	218	218	-	100.0%	464	462
Venues and facilities	448	82	-	530	530	-	100.0%	287	285
Rental and hiring	146	-86	-	60	60	-	100.0%	259	259
Transfers and subsidies	60 088	-	1 674	61 762	61 759	3	100.0%	58 570	58 567
Provinces and municipalities	54 312	-	-	54 312	54 312	-	100.0%	51 578	51 578
Municipalities	54 312	-	-	54 312	54 312	-	100.0%	51 578	51 578
Municipal bank accounts	54 312	-	-	54 312	54 312	-	100.0%	51 578	51 578
Departmental agencies and accounts	824	-	-123	701	700	1	99.9%	737	737

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Appropriation per economic classification									
	2016/17					2015/16			
	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
Departmental agencies and accounts	824	-	-123	701	700	1	99.9%	737	737
Households	4 952	-	1 797	6 749	6 747	2	100.0%	6 255	6 252
Social benefits	3 160	31	2 215	5 406	5 404	2	100.0%	5 449	5 447
Other transfers to households	1 792	-31	-418	1 343	1 343	-	100.0%	806	805
Payments for capital assets	218 995	20 436	7 154	246 585	245 028	1 557	99.4%	180 500	179 477
Buildings and other fixed structures	214 261	19 029	7 154	240 444	238 903	1 541	99.4%	171 529	170 519
Buildings	37 848	2 369	-	40 217	40 216	1	100.0%	9 565	9 565
Other fixed structures	176 413	16 660	7 154	200 227	198 687	1 540	99.2%	161 964	160 954
Machinery and equipment	4 703	1 407	-	6 110	6 094	16	99.7%	8 796	8 784
Transport equipment	-	-	-	-	-	-	-	246	246
Other machinery and equipment	4 703	1 407	-	6 110	6 094	16	99.7%	8 550	8 538
Software and other intangible assets	31	-	-	31	31	-	100.0%	175	174
Payments for financial assets	-	-	-	-	1 975	-1 975	-	-	537
	1 561 345	-	-	1 561 345	1 559 756	1 589	99.9%	1 463 633	1 462 408

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 1: ADMINISTRATION									
2016/17							2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
5. OFFICE OF THE MEC	11 222	-114	-70	11 038	11 035	3	100.0%	9 057	9 054
6. MANAGEMENT OF THE DEPARTMENT	13 429	3 916	-1 578	15 767	15 763	4	100.0%	13 199	13 197
7. CORPORATE SUPPORT	102 221	-3 862	-4 954	93 405	93 403	2	100.0%	99 005	98 928
8. DEPARTMENTAL STRATEGY	6 155	60	-832	5 383	5 383	-	100.0%	4 475	4 473
Total for sub programmes	133 027	-	-7 434	125 593	125 584	9	100.0%	125 736	125 652
Economic classification									
Current payments	127 547	-152	-6 891	120 504	118 525	1 979	98.4%	120 041	119 961
Compensation of employees	85 063	-107	-6 447	78 509	77 221	1 288	98.4%	72 378	72 300
Salaries and wages	73 218	106	-5 489	67 835	66 671	1 164	98.3%	62 606	62 537
Social contributions	11 845	-213	-958	10 674	10 550	124	98.8%	9 772	9 763
Goods and services	42 484	-45	-444	41 995	41 304	691	98.4%	47 663	47 661
Administrative fees	293	-	-	293	290	3	99.0%	276	276
Advertising	120	-100	-	20	20	-	100.0%	486	486
Minor assets	138	-19	-	119	115	4	96.6%	282	282
Audit costs: External	8 129	-481	-444	7 204	6 833	371	94.9%	8 795	8 795
Bursaries: Employees	417	-167	-	250	250	-	100.0%	94	94
Catering: Departmental activities	477	9	-	486	485	1	99.8%	772	772
Communication	930	52	-	982	975	7	99.3%	751	751
Computer services	2 666	-135	-	2 531	2 318	213	91.6%	3 352	3 352

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 1: ADMINISTRATION									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
								Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consultants: Business and advisory services	96	3 801	-	3 897	3 897	-	100.0%	3 268	3 267
Legal services	694	-18	-	676	676	-	100.0%	2 947	2 947
Contractors	303	-37	-	266	264	2	99.2%	735	735
Agency and support / outsourced services	77	-	-	77	77	-	100.0%	218	218
Fleet services (including government motor transport)	2 038	-1 130	-	908	894	14	98.5%	1 397	1 397
Consumable supplies	1 108	-144	-	964	956	8	99.2%	826	826
Consumable: Stationery, printing and office supplies	1 650	-137	-	1 513	1 501	12	99.2%	1 649	1 649
Operating leases	1 618	-96	-	1 522	1 521	1	99.9%	1 072	1 072
Property payments	15 531	-340	-	15 191	15 190	1	100.0%	13 280	13 280
Travel and subsistence	5 058	-347	-	4 711	4 659	52	98.9%	4 773	4 773
Training and development	915	-773	-	142	141	1	99.3%	2 172	2 172
Operating payments	55	1	-	56	56	-	100.0%	89	88
Venues and facilities	163	15	-	178	178	-	100.0%	174	174
Rental and hiring	8	1	-	9	8	1	88.9%	255	255
Transfers and subsidies	3 260	-	-543	2 717	2 716	1	100.0%	1 872	1 871
Departmental agencies and accounts	824	-	-123	701	700	1	99.9%	737	737

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 1: ADMINISTRATION									
2016/17							2015/16		
	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
Departmental agencies (non-business entities)	824	-	-123	701	700	1	99.9%	737	737
Households	2 436	-	-420	2 016	2 016	-	100.0%	1 135	1 134
Social benefits	701	31	-	732	732	-	100.0%	329	329
Other transfers to households	1 735	-31	-420	1 284	1 284	-	100.0%	806	805
Payments for capital assets	2 220	152	-	2 372	2 368	4	99.8%	3 823	3 820
Machinery and equipment	2 189	152	-	2 341	2 337	4	99.8%	3 681	3 678
Other machinery and equipment	2 189	152	-	2 341	2 337	4	99.8%	3 681	3 678
Software and other intangible assets	31	-	-	31	31	-	100.0%	142	142
Payments for financial assets	-	-	-	-	1 975	-1 975	-	-	-
	133 027	-	-7 434	125 593	125 584	9	100.0%	125 736	125 652

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

1.1 OFFICE OF THE MEC									
2016/17							2015/16		
	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
Economic classification	10 518	-327	-	10 191	10 189	2	100.0%	8 374	8 372
Current payments	7 236	-85	-	7 151	7 150	1	100.0%	6 343	6 342
Compensation of employees	3 282	-242	-	3 040	3 039	1	100.0%	2 031	2 030
Goods and services									
Transfers and subsidies	355	-	-70	285	285	-	100.0%	233	232
Households	355	-	-70	285	285	-	100.0%	233	232
Payments for capital assets	349	213	-	562	561	1	99.8%	450	450
Machinery and equipment	337	213	-	550	549	1	99.8%	450	450
Software and other intangible assets	12	-	-	12	12	-	100.0%	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	11 222	-114	-70	11 038	11 035	3	100.0%	9 057	9 054

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

1.2 MANAGEMENT OF THE DEPARTMENT									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
								Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	13 221	3 883	-1 578	15 526	15 523	3	100.0%	12 922	12 920
Compensation of employees	11 421	-22	-1 578	9 821	9 820	1	100.0%	8 196	8 195
Goods and services	1 800	3 905	-	5 705	5 703	2	100.0%	4 726	4 725
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	208	33	-	241	240	1	99.6%	277	277
Machinery and equipment	202	33	-	235	234	1	99.6%	266	266
Software and other intangible assets	6	-	-	6	6	-	100.0%	11	11
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	13 429	3 916	-1 578	15 767	15 763	4	100.0%	13 199	13 197

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

1.3 CORPORATE SUPPORT									
2016/17							2015/16		
	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
Economic classification	97 666	-3 737	-4 481	89 448	87 910	1 538	98.3%	94 444	94 369
Current payments	60 717	-	-4 037	56 680	55 830	850	98.5%	54 059	53 984
Compensation of employees	36 949	-3 737	-444	32 768	32 080	688	97.9%	40 385	40 385
Goods and services									
Transfers and subsidies	2 905	-	-473	2 432	2 431	1	100.0%	1 610	1 610
Departmental agencies and accounts	824	-	-123	701	700	1	99.9%	737	737
Households	2 081	-	-350	1 731	1 731	-	100.0%	873	873
Payments for capital assets	1 650	-125	-	1 525	1 524	1	99.9%	2 951	2 949
Machinery and equipment	1 637	-125	-	1 512	1 511	1	99.9%	2 833	2 831
Software and other intangible assets	13	-	-	13	13	-	100.0%	118	118
Payments for financial assets	-	-	-	-	1 538	-1 538	-	-	-
Total	102 221	-3 862	-4 954	93 405	93 403	2	100.0%	99 005	98 928

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

1.4: DEPARTMENTAL STRATEGY									
2016/17							2015/16		
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6 142	29	-832	5 339	4 903	436	91.8%	4 301	4 300
Compensation of employees	5 689	-	-832	4 857	4 421	436	91.0%	3 780	3 779
Goods and services	453	29	-	482	482	-	100.0%	521	521
Transfers and subsidies	-	-	-	-	-	-	-	29	29
Households	-	-	-	-	-	-	-	29	29
Payments for capital assets	13	31	-	44	43	1	97.7%	145	144
Machinery and equipment	13	31	-	44	43	1	97.7%	132	131
Software and other intangible assets	-	-	-	-	-	-	-	13	13
Payments for financial assets	-	-	-	-	437	-437	-	-	-
Total	6 155	60	-832	5 383	5 383	-	100.0%	4 475	4 473

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 2: PUBLIC WORKS INFRASTRUCTURE									
2016/17							2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
7. PROGRAMME SUPPORT	2 412	102	-	2 514	2 511	3	99.9%	2 133	2 132
8. DESIGN	10 606	-522	-	10 084	10 082	2	100.0%	8 613	8 611
9. CONSTRUCTION	12 533	-7	-1 237	11 289	11 286	3	100.0%	8 891	8 890
10. MAINTENANCE	26 911	1 420	82	28 413	28 410	3	100.0%	38 500	38 497
11. IMMOVABLE ASSETS	139 126	-713	-6 172	132 241	132 240	1	100.0%	115 171	115 169
12. FACILITY OPERATIONS	5 520	-280	5	5 245	5 241	4	99.9%	4 716	4 714
Total for sub programmes	197 108	-	-7 322	189 786	189 770	16	100.0%	178 024	178 013
Economic classification									
Current payments	103 801	-3 232	-7 409	93 160	93 151	9	100.0%	113 985	113 978
Compensation of employees	44 019	-3 209	-2 204	38 606	38 603	3	100.0%	36 806	36 802
Salaries and wages	38 110	-2 440	-2 204	33 466	33 463	3	100.0%	31 658	31 654
Social contributions	5 909	-769	-	5 140	5 140	-	100.0%	5 148	5 148
Goods and services	59 782	-23	-5 205	54 554	54 548	6	100.0%	77 179	77 176
Administrative fees	139	268	-261	146	146	-	100.0%	135	135
Advertising	1 124	74	-	1 198	1 198	-	100.0%	1 103	1 103
Minor assets	367	3	-	370	366	4	98.9%	115	115
Catering: Departmental activities	53	12	-	65	65	-	100.0%	40	40
Communication	619	-7	-1	611	611	-	100.0%	682	682

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 2: PUBLIC WORKS INFRASTRUCTURE									
2016/17							2015/16		
	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
Computer services	3 632	-1 341	-974	1 317	1 317	-	100.0%	3 155	3 155
Consultants: Business and advisory services	1 758	678	-	2 436	2 436	-	100.0%	2 280	2 280
Infrastructure and planning services	26 844	-279	-2 649	23 916	23 916	-	100.0%	46 769	46 769
Legal services	2 489	505	-	2 994	2 993	1	100.0%	42	42
Contractors	183	-71	-	112	112	-	100.0%	13	13
Fleet services	1 041	149	-	1 190	1 190	-	100.0%	1 222	1 222
Consumable supplies	231	-98	-	133	133	-	100.0%	293	291
Consumable: Stationery, printing and office supplies	457	-29	-	428	427	1	99.8%	338	338
Operating leases	2 225	-43	-	2 182	2 182	-	100.0%	2 325	2 325
Property payments	15 070	350	-1 319	14 101	14 101	-	100.0%	15 123	15 123
Travel and subsistence	3 484	-235	-1	3 248	3 248	-	100.0%	3 326	3 326
Operating payments	66	-	-	66	66	-	100.0%	211	211
Venues and facilities	-	41	-	41	41	-	100.0%	6	6
Transfers and subsidies	54 324	-	87	54 411	54 410	1	100.0%	51 915	51 914
Provinces and municipalities	54 312	-	-	54 312	54 312	-	100.0%	51 578	51 578
Municipalities	54 312	-	-	54 312	54 312	-	100.0%	51 578	51 578
Municipal bank accounts	54 312	-	-	54 312	54 312	-	100.0%	51 578	51 578
Households	12	-	87	99	98	1	99.0%	337	336
Social benefits	12	-	87	99	98	1	99.0%	337	336
Payments for capital assets	38 983	3 232	-	42 215	42 209	6	100.0%	12 124	12 121

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 2: PUBLIC WORKS INFRASTRUCTURE									
2016/17							2015/16		
	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
Buildings and other fixed structures	37 848	2 369	-	40 217	40 216	1	100.0%	9 565	9 565
Buildings	37 848	2 369	-	40 217	40 216	1	100.0%	9 565	9 565
Machinery and equipment	1 135	863	-	1 998	1 993	5	99.7%	2 554	2 551
Other machinery and equipment	1 135	863	-	1 998	1 993	5	99.7%	2 554	2 551
Software and other intangible assets	-	-	-	-	-	-	-	5	5
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	197 108	-	-7 322	189 786	189 770	16	100.0%	178 024	178 013

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

2.1 PROGRAMME SUPPORT									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
								Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	2 400	108	-	2 508	2 506	2	99.9%	2 108	2 107
Compensation of employees	2 196	-2	-	2 194	2 193	1	100.0%	1 859	1 858
Goods and services	204	110	-	314	313	1	99.7%	249	249
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	12	-6	-	6	5	1	83.3%	25	25
Machinery and equipment	12	-6	-	6	5	1	83.3%	25	25
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	2 412	102	-	2 514	2 511	3	99.9%	2 133	2 132

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

2.2 DESIGN									
2016/17							2015/16		
	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
Economic classification									
Current payments	10 504	-500	-	10 004	10 002	2	100.0%	8 481	8 479
Compensation of employees	8 183	17	-	8 200	8 199	1	100.0%	6 844	6 843
Goods and services	2 321	-517	-	1 804	1 803	1	99.9%	1 637	1 636
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	102	-22	-	80	80	-	100.0%	132	132
Machinery and equipment	102	-22	-	80	80	-	100.0%	127	127
Software and other intangible assets	-	-	-	-	-	-	-	5	5
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	10 606	-522	-	10 084	10 082	2	100.0%	8 613	8 611

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

2.3 CONSTRUCTION									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
								Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	12 397	26	-1 237	11 186	11 184	2	100.0%	8 666	8 666
Compensation of employees	3 580	230	-	3 810	3 809	1	100.0%	2 724	2 724
Goods and services	8 817	-204	-1 237	7 376	7 375	1	100.0%	5 942	5 942
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	136	-33	-	103	102	1	99.0%	225	224
Machinery and equipment	136	-33	-	103	102	1	99.0%	225	224
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	12 533	-7	-1 237	11 289	11 286	3	100.0%	8 891	8 890

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

2.4 MAINTENANCE									
	Adjusted Appropriation	Shifting of Funds	2016/17				2015/16		
			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
Economic classification									
Current payments	25 557	-1 812	-	23 745	23 745	-	100.0%	26 930	26 929
Compensation of employees	18 078	-2 596	-	15 482	15 482	-	100.0%	16 757	16 757
Goods and services	7 479	784	-	8 263	8 263	-	100.0%	10 173	10 172
Transfers and subsidies	-	-	82	82	82	-	100.0%	329	328
Households	-	-	82	82	82	-	100.0%	329	328
Payments for capital assets	1 354	3 232	-	4 586	4 583	3	99.9%	11 241	11 240
Buildings and other fixed structures	651	2 369	-	3 020	3 019	1	100.0%	9 565	9 565
Machinery and equipment	703	863	-	1 566	1 564	2	99.9%	1 676	1 675
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	26 911	1 420	82	28 413	28 410	3	100.0%	38 500	38 497

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

2.5 IMMOVABLE ASSET MANAGEMENT									
2016/17							2015/16		
	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
Economic classification	47 536	-734	-6 172	40 630	40 629	1	100.0%	63 201	63 200
Current payments	9 609	-732	-2 204	6 673	6 673	-	100.0%	6 774	6 773
Compensation of employees	37 927	-2	-3 968	33 957	33 956	1	100.0%	56 427	56 427
Goods and services									
Transfers and subsidies	54 324	-	-	54 324	54 324	-	100.0%	51 578	51 578
Provinces and municipalities	54 312	-	-	54 312	54 312	-	100.0%	51 578	51 578
Households	12	-	-	12	12	-	100.0%	-	-
Payments for capital assets	37 266	21	-	37 287	37 287	-	100.0%	392	391
Buildings and other fixed structures	37 197	-	-	37 197	37 197	-	100.0%	-	-
Machinery and equipment	69	21	-	90	90	-	100.0%	392	391
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	139 126	-713	-6 172	132 241	132 240	1	100.0%	115 171	115 169

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

2.6 FACILITY OPERATIONS									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
								Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	5 407	-320	-	5 087	5 085	2	100.0%	4 599	4 597
Compensation of employees	2 373	-126	-	2 247	2 247	-	100.0%	1 848	1 847
Goods and services	3 034	-194	-	2 840	2 838	2	99.9%	2 751	2 750
Transfers and subsidies	-	-	5	5	4	1	80.0%	8	8
Households	-	-	5	5	4	1	80.0%	8	8
Payments for capital assets	113	40	-	153	152	1	99.3%	109	109
Buildings and other fixed structures	-	-	-	-	-	-	99.3%	-	-
Machinery and equipment	113	40	-	153	152	1	99.3%	109	109
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	5 520	-280	5	5 245	5 241	4	99.9%	4 716	4 714

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 3: TRANSPORT INFRASTRUCTURE									
2016/17							2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. PROGRAMME SUPPORT INFRASTRUCTURE	3 048	-740	-	2 308	2 305	3	99.9%	5 005	5 003
2. INFRASTRUCTURE PLANNING	13 230	-1 573	-	11 657	11 654	3	100.0%	22 381	22 380
3. INFRASTRUCTURE DESIGN	4 990	-235	-	4 755	4 753	2	100.0%	4 449	4 447
4. CONSTRUCTION	142 731	30 223	11 275	184 229	182 687	1 542	99.2%	122 411	122 408
5. MAINTENANCE	963 245	-27 675	435	936 005	936 003	2	100.0%	912 383	912 279
Total for sub programmes	1 127 244	-	11 710	1 138 954	1 137 402	1 552	99.9%	1 066 629	1 066 517
Economic classification									
Current payments	976 579	-17 050	-1 674	957 855	957 847	8	100.0%	935 604	934 961
Compensation of employees	132 732	-7 329	-1 674	123 729	123 725	4	100.0%	120 030	120 029
Salaries and wages	115 526	-6 758	-1 674	107 094	107 090	4	100.0%	104 234	104 233
Social contributions	17 206	-571	-	16 635	16 635	-	100.0%	15 796	15 796
Goods and services	843 847	-9 721	-	834 126	834 122	4	100.0%	815 574	814 932
Administrative fees	135	-14	-	121	120	1	99.2%	227	226
Advertising	173	62	-	235	234	1	99.6%	101	100
Minor assets	21	4	-	25	24	1	96.0%	31	31
Catering: Departmental activities	216	46	-	262	262	-	100.0%	153	152
Communication	770	53	-	823	823	-	100.0%	840	839
Computer services	10 575	-1 579	-	8 996	8 996	-	100.0%	19 556	19 556
Consultants: Business and advisory services	-	-	-	-	-	-	-	240	240

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 3: TRANSPORT INFRASTRUCTURE									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
	R'000	R'000	R'000	R'000	R'000	R'000	%	Final Appropriation	Actual expenditure
Infrastructure and planning services	2	-2	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	32	32
Legal services	949	-452	-	497	497	-	100.0%	2 740	2 740
Contractors	490 016	-69 341	-	420 675	420 674	1	100.0%	491 502	490 871
Fleet services	634	185	-	819	819	-	100.0%	4 093	4 093
Consumable supplies	76 440	13 871	-	90 311	90 311	-	100.0%	91 671	91 670
Consumable: Stationery, printing and office supplies	336	28	-	364	364	-	100.0%	353	353
Operating leases	252 588	48 875	-	301 463	301 463	-	100.0%	191 612	191 610
Property payments	48	-48	-	-	-	-	-	130	130
Travel and subsistence	10 707	-1 329	-	9 378	9 377	1	100.0%	12 007	12 005
Training and development	-	-	-	-	-	-	-	48	48
Operating payments	93	3	-	96	96	-	100.0%	164	163
Venues and facilities	6	4	-	10	10	-	100.0%	70	69
Rental and hiring	138	-87	-	51	52	-1	102.0%	4	4
Transfers and subsidies	2 504	-	2 109	4 613	4 613	-	100.0%	4 765	4 764
Households	2 504	-	2 109	4 613	4 613	-	100.0%	4 765	4 764
Social benefits	2 447	-	2 107	4 554	4 554	-	100.0%	4 765	4 764
Other transfers to households	57	-	2	59	59	-	100.0%	-	-
Payments for capital assets	148 161	17 050	11 275	176 486	174 942	1 544	99.1%	126 260	126 255
Buildings and other fixed structures	147 228	16 452	11 275	174 955	173 415	1 540	99.1%	123 991	123 991
Other fixed structures	147 228	16 452	11 275	174 955	173 415	1 540	99.1%	123 991	123 991
Machinery and equipment	933	598	-	1 531	1 527	4	99.7%	2 241	2 237
Transport equipment	-	-	-	-	-	-	-	246	246
Other machinery and equipment	933	598	-	1 531	1 527	4	99.7%	1 995	1 991
Software and other intangible assets	-	-	-	-	-	-	-	28	27

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 3: TRANSPORT INFRASTRUCTURE									
2016/17							2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for financial assets	-	-	-	-	-	-	-	-	537
Total	1 127 244	-	11 710	1 138 954	1 137 402	1 552	99.9%	1 066 629	1 066 517

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

3.1 PROGRAMME SUPPORT INFRASTRUCTURE									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
								Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	2 949	-737	-2	2 210	2 208	2	99.9%	4 948	4 947
Compensation of employees	1 812	-265	-2	1 545	1 544	1	99.9%	1 994	1 994
Goods and services	1 137	-472	-	665	664	1	99.8%	2 954	2 953
Transfers and subsidies	57	-	2	59	59	-	100.0%	-	-
Households	57	-	2	59	59	-	100.0%	-	-
Payments for capital assets	42	-3	-	39	38	1	97.4%	57	56
Machinery and equipment	42	-3	-	39	38	1	97.4%	57	56
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	3 048	-740	-	2 308	2 305	3	99.9%	5 005	5 003

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

3.2 INFRASTRUCTURE PLANNING									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
								Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	13 212	-1 570	-	11 642	11 640	2	100.0%	22 366	22 366
Compensation of employees	2 256	17	-	2 273	2 272	1	100.0%	2 195	2 195
Goods and services	10 956	-1 587	-	9 369	9 368	1	100.0%	20 171	20 171
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	18	-3	-	15	14	1	93.3%	15	14
Machinery and equipment	18	-3	-	15	14	1	93.3%	15	14
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	13 230	-1 573	-	11 657	11 654	3	100.0%	22 381	22 380

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

3.3 INFRASTRUCTURE DESIGN									
2016/17							2015/16		
	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
Economic classification	4 937	-261	-	4 676	4 674	2	100.0%	4 390	4 389
Current payments	3 867	-97	-	3 770	3 770	-	100.0%	3 547	3 546
Compensation of employees	1 070	-164	-	906	904	2	99.8%	843	843
Goods and services	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	53	26	-	79	79	-	100.0%	59	58
Machinery and equipment	53	26	-	79	79	-	100.0%	53	53
Software and other intangible assets	-	-	-	-	-	-	-	6	5
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	4 990	-235	-	4 755	4 753	2	100.0%	4 449	4 447

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

3.4 CONSTRUCTION									
2016/17							2015/16		
	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
Economic classification	42 733	-9 428	-	33 305	33 304	1	100.0%	13 475	13 473
Current payments	5 162	-167	-	4 995	4 994	1	100.0%	5 158	5 158
Compensation of employees	37 571	-9 261	-	28 310	28 310	-	100.0%	8 317	8 315
Goods and services									
Transfers and subsidies	-	-	-	-	-	-	-	54	54
Households	-	-	-	-	-	-	-	54	54
Payments for capital assets	99 998	39 651	11 275	150 924	149 383	1 541	99.0%	108 882	108 881
Buildings and other fixed structures	99 965	39 655	11 275	150 895	149 355	1 540	99.0%	108 826	108 826
Machinery and equipment	33	-4	-	29	28	1	96.6%	56	55
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	142 731	30 223	11 275	184 229	182 687	1 542	99.2%	122 411	122 408

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

3.5 MAINTENANCE									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
								Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	912 748	-5 054	-1 672	906 022	906 021	1	100.0%	890 425	889 786
Compensation of employees	119 635	-6 817	-1 672	111 146	111 145	1	100.0%	107 136	107 136
Goods and services	793 113	1 763	-	794 876	794 876	-	100.0%	783 289	782 650
Transfers and subsidies	2 447	-	2 107	4 554	4 554	-	100.0%	4 711	4 710
Households	2 447	-	2 107	4 554	4 554	-	100.0%	4 711	4 710
Payments for capital assets	48 050	-22 621	-	25 429	25 428	1	100.0%	17 247	17 246
Buildings and other fixed structures	47 263	-23 203	-	24 060	24 060	-	100.0%	15 165	15 165
Machinery and equipment	787	582	-	1 369	1 368	1	99.9%	2 060	2 059
Software and other intangible assets	-	-	-	-	-	-	-	22	22
Payments for financial assets	-	-	-	-	-	-	-	-	537
Total	963 245	-27 675	435	936 005	936 003	2	100.0%	912 383	912 279

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 4: COMMUNITY BASED PROGRAMME									
2016/17							2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. PROGRAMME SUPPORT COMMUNITY BASED	2 582	-163	21	2 440	2 437	3	99.9%	2 326	2 325
2. COMMUNITY DEVELOPMENT	93 450	1 441	3 025	97 916	97 913	3	100.0%	81 037	80 025
3. INNOVATION AND EMPOWERMENT	5 759	-1 256	-	4 503	4 500	3	99.9%	7 969	7 966
4. EPWP CO-ORDINATION AND MONITORING	2 175	-22	-	2 153	2 150	3	99.9%	1 912	1 910
Total for sub programmes	103 966	-	3 046	107 012	107 000	12	100.0%	93 244	92 226
Economic classification									
Current payments	74 335	-2	7 146	81 479	81 471	8	100.0%	54 933	54 927
Compensation of employees	12 120	-556	-	11 564	11 561	3	100.0%	11 026	11 023
Salaries and wages	10 808	-523	-	10 285	10 283	2	100.0%	9 775	9 773
Social contributions	1 312	-33	-	1 279	1 278	1	99.9%	1 251	1 250
Goods and services	62 215	554	7 146	69 915	69 910	5	100.0%	43 907	43 904
Administrative fees	27	1	-	28	28	-	100.0%	29	28
Advertising	165	-	-	165	165	-	100.0%	2	2
Minor assets	8	1	-	9	8	1	88.9%	2	2
Catering: Departmental activities	207	-	-	207	207	-	100.0%	110	109
Communication	21	-2	-	19	19	-	100.0%	5	5
Consultants: Business and advisory services	12 894	-	6 163	19 057	19 057	-	100.0%	9	9
Contractors	43 898	1 936	983	46 817	46 817	-	100.0%	36 851	36 851
Fleet services	65	32	-	97	96	1	99.0%	232	232

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 4: COMMUNITY BASED 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
Consumable supplies	1 400	-759	-	641	641	-	100.0%	403	403
Consumable: Stationery, printing and office supplies	126	-19	-	107	106	1	99.1%	57	57
Operating leases	-	8	-	8	8	-	100.0%	120	120
Travel and subsistence	1 690	-250	-	1 440	1 438	2	99.9%	3 924	3 924
Training and development	1 435	-416	-	1 019	1 019	-	100.0%	2 126	2 126
Venues and facilities	279	22	-	301	301	-	100.0%	37	36
Transfers and subsidies									
Households	-	-	21	21	20	1	95.2%	18	18
Social benefits	-	-	21	21	20	1	95.2%	18	18
Payments for capital assets									
Buildings and other fixed structures	29 631	2	-4 121	25 512	25 509	3	100.0%	38 293	37 281
Other fixed structures	29 185	208	-4 121	25 272	25 272	-	100.0%	37 973	36 963
Machinery and equipment	29 185	208	-4 121	25 272	25 272	-	100.0%	37 973	36 963
Other machinery and equipment	446	-206	-	240	237	3	98.8%	320	318
Payments for financial assets									
	446	-206	-	240	237	3	98.8%	320	318
Total	103 966	-	3 046	107 012	107 000	12	100.0%	93 244	92 226

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

4.1 PROGRAMME SUPPORT COMMUNITY BASED									
2016/17							2015/16		
	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
Economic classification	2 561	-185	-	2 376	2 374	2	99.9%	2 304	2 303
Current payments	2 273	-129	-	2 144	2 143	1	100.0%	2 095	2 094
Compensation of employees	288	-56	-	232	231	1	99.6%	209	209
Goods and services									
Transfers and subsidies	-	-	21	21	20	1	95.2%	-	-
Households	-	-	21	21	20	1	95.2%	-	-
Payments for capital assets	21	22	-	43	43	-	100.0%	22	22
Machinery and equipment	21	22	-	43	43	-	100.0%	22	22
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	2 582	-163	21	2 440	2 437	3	99.9%	2 326	2 325

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

4.2 COMMUNITY DEVELOPMENT									
2016/17							2015/16		
	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
Economic classification									
Current payments	63 931	1 479	7 146	72 556	72 554	2	100.0%	42 813	42 812
Compensation of employees	6 338	2	-	6 340	6 339	1	100.0%	6 514	6 514
Goods and services	57 593	1 477	7 146	66 216	66 215	1	100.0%	36 299	36 298
Transfers and subsidies	-	-	-	-	-	-	-	18	18
Households	-	-	-	-	-	-	-	18	18
Payments for capital assets	29 519	-38	-4 121	25 360	25 359	1	100.0%	38 206	37 195
Buildings and other fixed structures	29 185	208	-4 121	25 272	25 272	-	100.0%	37 973	36 963
Machinery and equipment	334	-246	-	88	87	1	98.9%	233	232
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	93 450	1 441	3 025	97 916	97 913	3	100.0%	81 037	80 025

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

4.3 INNOVATION AND EMPOWERMENT									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
								Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	5 680	-1 274	-	4 406	4 404	2	100.0%	7 913	7 911
Compensation of employees	1 706	-499	-	1 207	1 207	-	100.0%	829	828
Goods and services	3 974	-775	-	3 199	3 197	2	99.9%	7 084	7 083
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	79	18	-	97	96	1	99.0%	56	55
Machinery and equipment	79	18	-	97	96	1	99.0%	56	55
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	5 759	-1 256	-	4 503	4 500	3	99.9%	7 969	7 966

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2017

4.4 EPWP CO-ORDINATION AND MONITORING									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
								Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	2 163	-22	-	2 141	2 139	2	99.9%	1 903	1 901
Compensation of employees	1 803	70	-	1 873	1 872	1	99.9%	1 588	1 587
Goods and services	360	-92	-	268	267	1	99.6%	315	314
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	12	-	-	12	11	1	91.7%	9	9
Machinery and equipment	12	-	-	12	11	1	91.7%	9	9
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	2 175	-22	-	2 153	2 150	3	99.9%	1 912	1 910

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2017

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

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

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

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

3. Detail on payments for financial assets

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

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

4.1	Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	Programme 3: Transport Infrastructure	1,138,954	1,137,402	1,552	0%
4.2	Per economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
	Current payments	-	-	-	-
	Transfers and subsidies	-	-	-	-
	Payments for capital assets				
	Buildings and other fixed structures	240,220	238,679	1,541	1%
	Payments for financial assets	-	-	-	-

A request for the rollover of R1.539 million was submitted to Provincial Treasury to complete a capital project during the 2017/18 financial year.

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2017

	<i>Note</i>	2016/17 R'000	2015/16 R'000
REVENUE			
Annual appropriation	<u>1</u>	1,561,345	1,463,633
Departmental revenue	<u>2</u>	297	82
TOTAL REVENUE		1,561,642	1,463,715
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>3</u>	251,110	240,154
Goods and services	<u>4</u>	999,886	983,673
Total current expenditure		1,250,996	1,223,827
Transfers and subsidies			
Transfers and subsidies	<u>6</u>	61,758	58,567
Total transfers and subsidies		61,758	58,567
Expenditure for capital assets			
Tangible assets	7	244,996	179,303
Intangible assets	7	31	174
Total expenditure for capital assets		245,027	179,477
Unauthorised expenditure approved without funding	8	-	-
Payments for financial assets	<u>5</u>	1,975	537
TOTAL EXPENDITURE		1,559,756	1,462,408
SURPLUS/(DEFICIT) FOR THE YEAR		1,886	1,307

Reconciliation of Net Surplus/(Deficit) for the year

Voted funds		1,589	1,225
Annual appropriation		1,589	1,225
Conditional grants		-	-
Departmental revenue and NRF Receipts	12	297	82
SURPLUS/(DEFICIT) FOR THE YEAR		1,886	1,307

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

STATEMENT OF FINANCIAL POSITION

as at 31 March 2017

	<i>Note</i>	2016/17 R'000	2015/16 R'000
ASSETS			
Current assets		36,460	31,348
Unauthorised expenditure	<u>8</u>	26,891	26,891
Cash and cash equivalents	<u>9</u>	9,120	1,490
Receivables	<u>10</u>	449	2,967
Non-current assets		5,540	5,006
Receivables	<u>10</u>	5,540	5,006
TOTAL ASSETS		42,000	36,354
LIABILITIES			
Current liabilities		1,917	2,527
Voted funds to be surrendered to the Revenue Fund	<u>11</u>	1,589	216
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>12</u>	297	268
Payables	<u>13</u>	31	2,043
Non-current liabilities			
Payables	<u>14</u>	40,083	33,827
TOTAL LIABILITIES		42,000	36,354
NET ASSETS		-	-
	<i>Note</i>	2016/17 R'000	2015/16 R'000
Represented by:			
Capitalisation reserve		-	-
Recoverable revenue		-	-
Retained funds		-	-
Revaluation reserves		-	-
TOTAL		-	-

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

CASH FLOW STATEMENT

for the year ended 31 March 2017

[Financial Statement Presentation par .03]

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Capitalisation Reserves			
Opening balance			
Transfers:			
Movement in Equity			
Movement in Operational Funds			
Other movements			
Closing balance			
Recoverable revenue			
Opening balance			
Transfers:			
Irrecoverable amounts written off	<u>8.3</u>		
Debts revised			
Debts recovered (included in departmental receipts)			
Debts raised			
Closing balance			
Retained funds			
Opening balance			
Transfer from voted funds to be surrendered (Parliament/Legislatures ONLY)			
Utilised during the year			
Other transfers			
Closing balance			
Revaluation Reserve			
Opening balance			
Revaluation adjustment (Housing departments)			
Transfers			
Other			
Closing balance			
TOTAL			

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

CASH FLOW STATEMENT

for the year ended 31 March 2017

	<i>Note</i>	2016/17 R'000	2015/16 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1,563,775	1,466,770
Annual appropriated funds received	<u>1.1</u>	1,561,345	1,462,624
Departmental revenue received	<u>2</u>	2,430	4,146
Net (increase)/decrease in working capital		(28)	(264)
Surrendered to Revenue Fund		(2,617)	(4,765)
Surrendered to RDP Fund/Donor		-	-
Current payments		(1,250,996)	(1,223,827)
Payments for financial assets		(1,975)	(537)
Transfers and subsidies paid		(61,758)	(58,567)
Net cash flow available from operating activities	<u>15</u>	246,401	178,810
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>7</u>	(245,027)	(179,477)
Net cash flows from investing activities		(245,027)	(179,477)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in non-current payables		6,253	(1,800)
Net cash flows from financing activities		6,253	(1,800)
Net increase/(decrease) in cash and cash equivalents		7,630	(2,467)
Cash and cash equivalents at beginning of period		1,490	3,957
Unrealised gains and losses within cash and cash equivalents		-	-
Cash and cash equivalents at end of period	<u>16</u>	9,120	1,490

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

ACCOUNTING POLICIES

for the year ended 31 March 2017

Summary of significant accounting policies

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

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

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

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

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

ACCOUNTING POLICIES

for the year ended 31 March 2017

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

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

ACCOUNTING POLICIES

for the year ended 31 March 2017

8.4	Leases
8.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> • cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.
9	Aid Assistance
9.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
9.2	<p>Aid assistance paid</p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
10	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
11	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> <p>There were no Prepayments and advances</p>

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

ACCOUNTING POLICIES

for the year ended 31 March 2017

12	<p>Loans and receivables</p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>
13	<p>Investments</p> <p>Investments are recognised in the statement of financial position at cost.</p>
14	<p>Financial assets</p>
14.1	<p>Financial assets (not covered elsewhere)</p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
14.2	<p>Impairment of financial assets</p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
15	<p>Payables</p> <p>Loans and payables are recognised in the statement of financial position at cost.</p>
16	<p>Capital Assets</p>
16.1	<p>Immovable capital assets</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 are measured at fair value as at the date of acquisition.</p> <p>Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at fair value for recording in the asset register.</p> <p>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>
16.2	<p>Movable capital assets</p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined reliably, the movable capital</p>

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

ACCOUNTING POLICIES

for the year ended 31 March 2017

	<p>assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>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>
16.3	<p>Intangible assets</p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>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>
17	Provisions and Contingents
17.1	<p>Provisions</p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
17.2	<p>Contingent liabilities</p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
17.3	<p>Contingent assets</p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

ACCOUNTING POLICIES

for the year ended 31 March 2017

17.4	<p>Commitments</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>
18	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by the Provincial Legislature with funding and the related funds are received; or • approved by the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
20	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
21	<p>Changes in accounting policies, accounting estimates and errors</p> <p>Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall</p>

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
ACCOUNTING POLICIES
for the year ended 31 March 2017

	<p>restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p><i>There were no Changes in accounting estimates.</i></p>
22	<p>Events after the reporting date</p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p> <p><i>There were no Events after the reporting date.</i></p>
23	<p>Principal-Agent arrangements</p> <p>The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.</p> <p><i>There were no Agent-Principle arrangements.</i></p>
24	<p>Departures from the MCS requirements</p> <p>The financial statements present fairly the department's primary and secondary information; the department has not departed from a particular requirement to achieve fair presentation.</p>
25	<p>Capitalisation reserve</p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
26	<p>Recoverable revenue</p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
27	<p>Related party transactions</p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

ACCOUNTING POLICIES

for the year ended 31 March 2017

28	<p>Inventories (<i>Effective from 1 April 2017</i>)</p> <p>At the date of acquisition, inventories are recorded at cost price in the notes to the financial statements</p> <p>Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and current replacement value.</p>
29	<p>Public-Private Partnerships</p> <p>Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.</p>

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

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:

		2016/17			2015/16	
		Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/not received R'000	Final Appropriation R'000	Appropriation received R'000
Administration		125,593	123,610	1,983	125,736	125,736
Public Works		189,786	189,770	16	178,024	178,024
Infrastructure						
Transport		1,138,954	1,140,966	(2,012)	1,066,629	1,066,629
Infrastructure						
Community Based		107 012	106 999	13	93,244	92,235
Programme						
Total		1,561,345	1,561,345	-	1,463,633	1,462,624

1.2 Conditional grants

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Total grants received	31	909,162	824,914
Provincial grants included in Total Grants received		-	-

2. Departmental revenue

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Sales of goods and services other than capital assets	2.1	2,198	3,330
Transactions in financial assets and liabilities	2.2	232	816
Total revenue collected		2,430	4,146
Less: Own revenue included in appropriation	12	(2,133)	(4,064)
Departmental revenue collected		297	82

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

2.1 Sales of goods and services other than capital assets

	<i>Note</i> 2	2016/17 R'000	2015/16 R'000
Sales of goods and services produced by the department		2,194	3,311
Sales by market establishment		1,437	2,553
Administrative fees		-	-
Other sales		757	758
Sales of scrap, waste and other used current goods		4	19
Total		2,198	3,330

2.2 Transactions in financial assets and liabilities

	<i>Note</i> 2	2016/17 R'000	2015/16 R'000
Receivables		232	816
Total		232	816

3. Compensation of employees

3.1 Salaries and Wages

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Basic salary		173,605	166,008
Performance award		4,696	4,427
Service Based		276	188
Compensative/circumstantial		2,840	2,666
Periodic payments		137	757
Other non-pensionable allowances		35,953	34,151
Total		217,507	208,197

3.2 Social Contributions

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Employer contributions			
Pension		21,695	20,549
Medical		11,846	11,345
Bargaining council		62	63
Total		33,603	31,957

Total compensation of employees

	251 110	240,154
Average number of employees	893	889

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

4. Goods and services

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Administrative fees		583	665
Advertising		1,617	1,692
Minor assets	4.1	513	430
Bursaries (employees)		250	94
Catering		1,019	1,074
Communication		2,429	2,277
Computer services	4.2	12,631	26,062
Consultants: Business and advisory services		25,390	5,796
Infrastructure and planning services		23,916	46,768
Laboratory services		-	32
Legal services		4,166	5,728
Contractors		467,870	528,470
Agency and support / outsourced services		77	218
Audit cost – external	4.3	6,833	8,796
Fleet services		2,999	6,944
Consumables	4.4	94,438	95,587
Operating leases		305,174	195,127
Property payments	4.5	29,292	28,533
Rental and hiring		59	259
Travel and subsistence	4.6	18,723	24,027
Venues and facilities		530	285
Training and development		1,160	4,346
Other operating expenditure	4.7	217	463
Total		999,886	983,673

4.1 Minor Assets

	<i>Note</i>	2016/17	2015/16
	4	R'000	R'000
Tangible assets		470	339
Machinery and equipment		470	339
Intangible assets		43	91
Software		43	91
Total		513	430

4.2 Computer services

	<i>Note</i>	2016/17	2015/16
	4	R'000	R'000
SITA computer services		2,302	3,175
External computer service providers		10,329	22,887
Total		12,631	26,062

4.3 Audit cost - External

	<i>Note</i>	2016/17	2015/16
	4	R'000	R'000
Regularity audits		6,833	8,796
Total		6,833	8,796

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

4.4 Consumables

	<i>Note</i> 4	2016/17 R'000	2015/16 R'000
Consumable supplies		92,039	93,190
Uniform and clothing		2,764	3,674
Household supplies		562	599
Building material and supplies		87,556	87,729
IT consumables		120	271
Other consumables		1,037	917
Stationery, printing and office supplies		2,399	2,397
Total		94,438	95,587

4.5 Property payments

	<i>Note</i> 4	2016/17 R'000	2015/16 R'000
Municipal services		5,279	5,723
Property maintenance and repairs		5,629	7,050
Other		18,384	15,760
Total		29,292	28,533

4.6 Travel and subsistence

	<i>Note</i> 4	2016/17 R'000	2015/16 R'000
Local		18,523	23,948
Foreign		200	79
Total		18,723	24,027

4.7 Other operating expenditure

	<i>Note</i> 4	2016/17 R'000	2015/16 R'000
Professional bodies, membership and subscription fees		38	37
Other		179	426
Total		217	463

5. Payments for financial assets

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Debts written off	5.1	1,975	537
Total		1,975	537

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

5.1 Debts written off

	<i>Note</i>	2016/17	2015/16
	5	R'000	R'000
Nature of debts written off			
Other debt written off:			
Salary debtors		300	-
Damage and Losses		137	-
Provincial claims recoverable		1,538	537
Total		1,975	537
Total debt written off		1,975	537

6. Transfers and subsidies

		2016/17	2015/16
		R'000	R'000
	<i>Note</i>		
Provinces and municipalities	32	54,312	51,578
Departmental agencies and accounts	<i>Annex 1B</i>	700	737
Households	<i>Annex 1G</i>	6,746	6,252
Total		61,758	58,567

7. Expenditure for capital assets

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Tangible assets		244,996	179,303
Buildings and other fixed structures	28	238,903	170,519
Machinery and equipment	27	6,093	8,784
Intangible assets		31	174
Software	28	31	174
Total		245,027	179,477

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

Compensation of employees	13,088	7,500
Goods and services	36,518	35,115
Total	49,606	42,615

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

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	244 996	-	244 996
Buildings and other fixed structures	238 903	-	238 679
Machinery and equipment	6 093	-	6 317
Intangible assets	31	-	31
Software	31	-	31
Total	245,027	-	245,027

7.2 Analysis of funds utilised to acquire capital assets – 2015/16

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	179,303	-	179,303
Buildings and other fixed structures	170,519	-	170,519
Machinery and equipment	8,784	-	8,784
Intangible assets	174	-	174
Software	174	-	174
Total	179,477	-	179,477

7.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2016/17 R'000	2015/16 R'000
Tangible assets			
Machinery and equipment		5,004	6,571
Total		5,004	6,571

8. Unauthorised expenditure

8.1 Reconciliation of unauthorised expenditure

	Note	2016/17 R'000	2015/16 R'000
Opening balance		26,891	26,891
Prior period error		-	-
As restated		26,891	26,891
Unauthorised expenditure – discovered in current year (as restated)		-	-
Less: Amounts approved by Legislature with funding		-	-
Less: Amounts approved by Legislature without funding		-	-
Capital		-	-
Current		-	-
Transfers and subsidies		-	-
Less: Amounts transferred to receivables for recovery	15	-	-
Closing balance		26,891	26,891

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

Analysis of awaiting authorisation per economic classification

	2016/17 R'000	2015/16 R'000
Capital	26,981	26,981
Current	-	-
Transfers and subsidies	-	-
Total	26,981	26,981

8.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2016/17 R'000	2015/16 R'000
Capital	26,981	26,981
Current	-	-
Transfers and subsidies	-	-
Total	26,981	26,981

8.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2016/17 R'000	2015/16 R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	-	-
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	26,891	26,891
Total	26,891	26,891

9. Cash and cash equivalents

	2016/17 R'000	2015/16 R'000
Consolidated Paymaster General Account	9,120	1,490
Total	9,120	1,490

10. Receivables

		2016/17		2015/16	
		Current	Non-current	Current	Non-current
		R'000	R'000	R'000	R'000
	<i>Note</i>				
Claims recoverable	10.1	-	3,750	1,689	3,528
Recoverable expenditure	10.2	186	1,558	899	1,101
Staff debt	10.3	263	232	379	377
Total		449	5,540	2,967	5,006

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

10.1 Claims recoverable

	<i>Note 11 and Annex 4</i>	2016/17 R'000	2015/16 R'000
Provincial departments		3,750	5,217
Total		3,750	5,217

10.2 Recoverable expenditure (disallowance accounts)

	<i>Note 10</i>	2016/17 R'000	2015/16 R'000
Disallowance Damages and Losses		-	137
Disallowance Dishonoured Cheques		1	2
Disallowance Miscellaneous		1,554	1,695
Salary Income Tax		136	131
Salary Disallowance Account		3	3
Salary Medical Aid		14	14
Salary Pension Fund		-	17
Pension recoverable		36	1
Total		1,744	2,000

10.3 Staff debt

	<i>Note 10</i>	2016/17 R'000	2015/16 R'000
Debt Account		407	680
Salary Income Tax		3	8
Salary Reversal Control		85	68
Total		495	756

11. Voted funds to be surrendered to the Revenue Fund

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Opening balance		216	499
Prior period error		-	-
As restated		216	499
Transfer from statement of financial performance (as restated)		1,589	1,225
Add: Unauthorised expenditure for current year		-	-
Voted funds not requested/not received	<i>1.1</i>	-	(1,009)
Paid during the year		(216)	(499)
Closing balance		1,589	216

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

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

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Opening balance		268	388
Prior period error			-
As restated		268	388
Transfer from Statement of Financial Performance		297	82
Own revenue included in appropriation		2,133	4,064
Transfer from aid assistance		-	-
Paid during the year		(2,401)	(4,266)
Closing balance		297	268

13. Payables – current

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Amounts owing to other entities		-	-
Other payables	13.1	31	2,043
Total		31	2,043

13.1 Other payables

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Description	13		
Claims Recoverable Provincial Departments		-	2,001
Disallowance Miscellaneous		29	2
Sal: ACB Recalls		-	37
Finance other institution		2	3
Total		31	2,043

14. Payables – non-current

	<i>Note</i>	2016/17 R'000	2016/17 R'000	2016/17 R'000	2016/17 R'000	2015/16 R'000
		One to two years	Two to three years	More than three years	Total	Total
Amounts owing to other entities		-	-	38,262	38,262	32,872
Other payables	14.1	-	1,023	798	1,821	955
Total		-	1,023	39,060	40,083	33,827

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

14.1 Other payables

	<i>Note</i> 14	2016/17 R'000	2015/16 R'000
Description			
Rental and tender deposits		358	370
Disallowance Miscellaneous		442	585
Claims recoverable provincial departments		1,021	-
Total		1,821	955

15. Net cash flow available from operating activities

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Net surplus/(deficit) as per Statement of Financial Performance		1,886	1,307
Add back non-cash/cash movements not deemed operating activities		244,515	177,503
(Increase)/decrease in receivables – current		1,984	(2,303)
Increase/(decrease) in payables – current		(2,012)	2,039
Expenditure on capital assets		245,027	179,477
Surrenders to Revenue Fund		(2,617)	(4,765)
Voted funds not requested/not received		-	(1,009)
Own revenue included in appropriation		2,133	4,064
Net cash flow generated by operating activities		246,401	178,810

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

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Consolidated Paymaster General account		9,120	1,490
Total		9,120	1,490

17. Contingent liabilities and contingent assets

17.1 Contingent Liabilities

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Liable to			
Nature			
Claims against the department	<i>Annex 3B</i>	161,192	156,718
Intergovernmental payables (unconfirmed balances)	<i>Annex 5</i>	3,038	3,044
Total		164,230	159,762

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.

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

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

18. Commitments

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Current expenditure			
Approved and contracted		252,274	436,116
Approved but not yet contracted		-	-
		252,274	436,116
Capital expenditure			
Approved and contracted		182,347	63,931
Approved but not yet contracted		-	-
		182,347	63,931
Total Commitments		434,621	500,047

Contract for cleaning is for a longer period than one year.

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

19. Accruals and payables not recognised

19.1 Accruals

			2016/17 R'000	2015/16 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	21,234	774	22,008	31,285
Transfers and subsidies	166	401,982	402,149	3,427
Capital assets	7,067	1,593	8,660	-
Total	28,467	404,350	432,817	34,712
		<i>Note</i>	2016/17 R'000	2015/16 R'000
Listed by programme level				
Administration			2,609	4,907
Public Works Infrastructure			402,743	3,469
Transport Infrastructure			27,073	24,850
Community Based Programme			392	1,486
Total			432,817	34,712

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

19.2 Payables not recognised

			2016/17 R'000	2015/16 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	2,523	180,159	182,682	144,737
Transfers and subsidies	45	4,921	4,966	353,607
Capital assets	1	16,319	16,320	-
Total	2,569	201,399	203,968	498,344
		<i>Note</i>	2016/17 R'000	2015/16 R'000
Listed by programme level				
Administration			660	2,646
Public Works Infrastructure			7,392	359,020
Transport Infrastructure			195,509	132,442
Community Based Programme			407	4,236
Total			203,968	498,344
		<i>Note</i>	2016/17 R'000	2015/16 R'000
Included in the above totals are the following:				
Confirmed balances with other departments		<i>Annex 5</i>	-	-
Confirmed balances with other government entities		<i>Annex 5</i>	38,262	32,872
Total			38,262	32,872

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

20. Employee benefits

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Leave entitlement		10,379	10,844
Service bonus (Thirteenth cheque)		6,949	6,934
Performance awards		4,153	3,778
Capped leave commitments		10,891	11,083
Other		699	461
Total		33,071	33,100

At this stage the department is not able to reliably measure the long term portion of the long service awards.
Negative leave balances for 64 officials amounting to R265 731,60 are not included in the leave entitlement amount disclosed for the current financial year

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

21. Lease commitments

21.1 Operating leases expenditure

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

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2015/16					
Not later than 1 year	-	-	2,362	120,000	122,362
Later than 1 year and not later than 5 years	-	-	3,215	-	3,125
Later than five years	-	-	-	-	-
Total lease commitments	-	-	5,577	120,000	125,577

<i>The Department is leasing building for office space located in Kimberley and De Aar well as yellow fleet.</i>
--

21.2 Finance leases expenditure**

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

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2015/16					
Not later than 1 year	-	-	-	2,404	2,404
Later than 1 year and not later than 5 years	-	-	-	1,587	1,587
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	3,991	3,991

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

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

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

21.3 Operating lease revenue**

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

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2015/16					
Not later than 1 year	-	-	90	-	90
Later than 1 year and not later than 5 years	-	-	189	-	189
Later than five years	-	-	-	-	-
Total operating lease revenue receivable	-	-	279	-	279

The Department is leasing buildings to tenants for official purposes.

22. Accrued departmental revenue

	Note	2016/17 R'000	2015/16 R'000
Sales of goods and services other than capital assets		4,467	3,336
Other		-	-
Total		4,467	3,336

22.1 Analysis of accrued departmental revenue

	Note	2016/17 R'000	2015/16 R'000
Opening balance		3,336	2,841
Less: amounts received		(2,926)	(2,434)
Add: amounts recognised		4,057	2,929
Less: amounts written-off/reversed as irrecoverable		-	-
Closing balance		4,467	3,336

23. Irregular expenditure**Reconciliation of irregular expenditure**

	Note	2016/17 R'000	2015/16 R'000
Opening balance		717,574	655,677
Prior period error			-
As restated		717,574	655,677
Add: Irregular expenditure – relating to prior year		55,159	5,625
Add: Irregular expenditure – relating to current year		34,028	56,272
Less: Prior year amounts condoned		(42,773)	-
Less: Current year amounts condoned		-	-
Less: Amounts not condoned and recoverable		-	-
Less: Amounts not condoned and not recoverable		-	-
Closing balance		763,988	717,574

Analysis of awaiting condonation per age classification

Current year	34,028	56,272
Prior years	729,960	661,302
Total	763,988	717,574

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

Incident	Disciplinary steps taken/criminal proceedings	2016/17 R'000
Inadequate Procurement:		
Deliberate Splitting	None	596
Insufficient Number of Quotations	None	10,142
No Original Tax Clearance Certificate	None	5,202
Deficient tender procedures	None	47,961
Lowest quote not selected	None	12
Non-CSD Compliant	None	20
Tender Advertising	None	23,885
Various SCM Procedures	None	803
Cost Containment	None	68
No Points System	None	285
Delegated Authority Exceeded	None	214
Total		89,188

23.2 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2016/17 R'000
Inadequate Procurement:		
Delegated Authority Exceeded	HOD	12,161
Insufficient Number of Quotations	HOD	311
Deficient Tender Procedures	HOD	29,589
No SBD 4	HOD	712
Total		42,773

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

29 Investigation reports which consists of 1392 incidents and amounts to R 263,486,506 were sent to Treasury for approval. Awaiting feedback.

23.3 Details of irregular expenditures under investigation (not included in the main note)

Incident	2016/17 R'000
Inadequate Procurement:	
Deficient tender procedures	540
Local Content	47
Non-CSD Compliant	20
Total	607

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

Reconciliation of fruitless and wasteful expenditure

	Note	2016/17 R'000	2015/16 R'000
Opening balance		6,658	5,063
Prior period error		-	-
As restated		6,658	5,063
Fruitless and wasteful expenditure – relating to prior year		-	-
Fruitless and wasteful expenditure – relating to current year		-	1,595
Less: Amounts resolved		-	-
Less: Amounts transferred to receivables for recovery	15.6	-	-
Closing balance		6,658	6,658

Analysis of awaiting resolution per economic classification

	2016/17 R'000	2015/16 R'000
Current	6,658	6,658
Capital	-	-
Total	6,658	6,658

24.1 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2016/17 R'000
Late Cancellation	None	-
Total		-

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

24.2 Details of fruitless and wasteful expenditures under investigation (not included in the main note)

Incident	2016/17 R'000
Cancellation Fees	2
Limit Exceeded	2
Total	4

25. Related party transactions

Revenue received	<i>Note</i>	2016/17 R'000	2015/16 R'000
Sales of goods and services other than capital assets		16,403	9,950
Total		16,403	9,950

Payments made	<i>Note</i>	2016/17 R'000	2015/16 R'000
Goods and services		11,014	1,095
Total		11,014	1,095

Year end balances arising from revenue/payments	<i>Note</i>	2016/17 R'000	2015/16 R'000
Receivables from related parties		-	-
Payables to related parties		38,262	32,872
Total		38,262	32,872

In kind goods and services provided/received	<i>Note</i>	2016/17 R'000
---	-------------	--------------------------

The following client departments within Government Sphere occupies facilities @ R0:

1. NC Department of Agriculture and Land Reform	-
2. NC Department of COGHSTA	-
3. NC Department of Education	-
4. NC Department of Health	-
5. NC Department of Legislature	-
6. NC Department of Transport, Safety and Liaison	-
7. NC Department of Social Development	-
8. NC Department of Sports, Arts and Culture	-
9. NC Department of Economic Development and Tourism	-
10. NC Department of Environment and Nature Conservation	-
11. NC Office of the Premier	-
12. NC Provincial Treasury	-
13. NC Fleet Management Trading Entity	-
Total	-

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

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

26. Key management personnel

	No. of Individuals	2016/17 R'000	2015/16 R'000
Political office bearers (provide detail below)	1	1,902	1,917
Officials:			
Level 15 to 16	1	1,624	1,563
Level 14 (incl. CFO if at a lower level and Acting Chief Director)	6	6,688	7,128
Total		10,214	10,608

The amount of R1 062 987,05 paid to Mrs. RR Palm in the capacity of Acting HOD at the Department of Sport, Arts and Culture, is not included in the amounts disclosed in the note. The amount of the Acting Chief Director (Level 13) is included in the amount of the Level 14 officials.

27. Movable Tangible Capital Assets

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

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	19,566	-	1,098	2,479	18,185
Transport assets	936	-	-	-	936
Computer equipment	7,437	-	357	266	7,528
Furniture and office equipment	5,125	-	183	115	5,193
Other machinery and equipment	6,068	-	558	2,098	4,528
Capital Work-in-progress (Effective 1 April 2016)	-	-	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	19,566	-	1,098	2,479	18,185

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

27.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash*	Non-cash**	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	6,094	8	(5,004)	-	1,098
Transport assets	5,004	-	(5,004)	-	-
Computer equipment	349	8	-	-	357
Furniture and office equipment	183	-	-	-	183
Other machinery and equipment	558	-	-	-	558
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	6,094	8	(5,004)	-	1,098

27.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	-	2,479	2,479	-
Transport assets	-	-	-	-
Computer equipment	-	266	266	-
Furniture and office equipment	-	115	115	-
Other machinery and equipment	-	2,098	2,098	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	2,479	2,479	-

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

27.3 Movement for 2015/16

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	17,650	-	2,475	550	19,566
Transport assets	936	-	-	-	936
Computer equipment	7,322	(9)	625	501	7,437
Furniture and office equipment	4,056	-	1,103	34	5,125
Other machinery and equipment	5,336	-	747	15	6,068
Capital Work-in-progress	-	-	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	17,650	(9)	2,475	550	19,566

27.4 Prior period error

	Note	2016/17 R'000
Nature of prior period error		
Relating to prior years <i>[affecting the opening balance]</i>		(9)
Relating to prior years <i>[affecting the opening balance]</i>		(9)
Relating to 2015/16		
Total prior period errors		(9)

Include discussion here where deemed relevant

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

27.5 Minor assets

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

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	2,415	-	9,212	-	11,627
Value adjustments	-		-		-	-
Additions	-	46	-	470	-	516
Disposals	-	60	-	359	-	419
TOTAL MINOR ASSETS	-	2,401	-	9,323	-	11,724

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

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

Minor Capital Assets under investigation

	Number	Value R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	740	2,325

Included in above are 273 assets with R1 values which consist of thefts, losses and shortages under investigation to be disposed after approval is obtained.

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2016

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	2,314	-	5,921	-	8,235
Prior period error	-	-	-	3,139	-	3,139
Additions	-	101	-	328	-	429
Disposals	-	-	-	176	-	176
TOTAL MINOR ASSETS	-	2,415	-	9,212	-	11,627

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	1,437	-	1,437
Number of minor assets at cost	-	588	-	6,415	-	7,003
TOTAL NUMBER OF MINOR ASSETS	-	588	-	7,852	-	8,440

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

27.6 Prior period error

	<i>Note</i>	2016/17 R'000
Nature of prior period error		
Relating to prior years <i>[affecting the opening balance]</i>		3,139
Relating to prior years <i>[affecting the opening balance]</i>		3,139
Relating to 2015/16		-
Total prior period errors		3,139

28. Intangible Capital Assets

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

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	1,599	-	31	-	1,630
Capital Work-in-progress (Effective 1 April 2016)	-	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	1,599	-	31	-	1,630

28.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash R'000	Non-Cash R'000	(Develop- ment work in progress – current costs) R'000	Received current year, not paid (Paid current year, received prior year) R'000	Total R'000
SOFTWARE	31	-	-	-	31
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	31	-	-	-	31

28.2 Movement for 2015/16

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	1,426	-	173	-	1,599
TOTAL INTANGIBLE CAPITAL ASSETS	1,426	-	173	-	1,599

29 Immovable Tangible Capital Assets

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

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	36,997,332	2,108,590	124,479	-	39,230,401
Dwellings	58,030	-	2,427	-	60,457
Non-residential buildings	1,761,515	384,637	121,352	-	2,267,504
Other fixed structures	35,177,787	1,723,953	700	-	36,902,440
Capital Work-in-progress (Effective 1 April 2016)	84,688	-	197,987	(700)	281,975
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	37,082,020	2,108,590	322,466	(700)	39,512,376

Dwellings and Non-residential buildings

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

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

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

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

Immovable Tangible Capital Assets under investigation

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

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

29.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
BUILDING AND OTHER FIXED STRUCTURES	238,323	84,143	(197,987)	-	124,479
Dwellings	2,427	-	-	-	2,427
Non-residential buildings	37,209	84,143	-	-	121,352
Other fixed structures	198,687	-	(197,987)	-	700
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	238,323	84,143	(197,987)	-	124,479

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

29.2 Movement for 2015/16

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	37,726,886	(1,632,366)	902,812	-	36,997,332
Dwellings	58,030	-	-	-	58,030
Non-residential buildings	2,961,202	(1,632,366)	432,679	-	1,761,515
Other fixed structures	34,707,654	-	470,133	-	35,177,787
Capital Work-in-progress	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	37,726,886	(1,632,366)	902,812	-	36,997,332

29.2.1

Note

**2015/16
R'000**

Nature of prior period error

Relating to prior years *[affecting the opening balance]*

(1,632,366)

Change in disclosure to comply with National Treasury Guide regarding "Accounting and Reporting for immovable assets (Property)"

(1,632,366)

Total prior period errors

(1,632,366)

29.3 Immovable assets valued at R1

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2017

	Buildings and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Total R'000
R1 Immovable assets	-	-	-	-
TOTAL	-	-	-	-

Include discussion here where deemed relevant

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2016

	Buildings and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Total R'000
R1 Immovable assets	466	-	-	466
TOTAL	466	-	-	466

29.4 S42 Immovable assets

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

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

Assets subjected to transfer in terms of S42 of the PFMA – 2015/16

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

Include discussion here where deemed relevant

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

29.5 Immovable assets additional information

		Note	2016/17	2015/16
a) Unsurveyed land	Estimated completion date	Annexure 9	Area	Area
b) Properties deemed vested		Annexure 9	Number	Number
Facilities				
Schools			1	1
Clinics			1	1
Hospitals			-	-
Office buildings			1	1
Dwellings			2	2
Storage facilities			-	-
Other			-	-
c) Facilities on unsurveyed land	Duration of use	Annexure 9	Number	Number
Schools	Unknown		187	193
Clinics	Unknown		25	26
Hospitals	Unknown		11	3
Office buildings	Unknown		7	11
Dwellings			-	22
Storage facilities			-	1
Other	Unknown		7	8
d) Facilities on right to use land	Duration of use	Annexure 9	Number	Number
Schools	Unknown		141	306
Clinics	Unknown		70	139
Hospitals	Unknown		27	18
Office buildings	Unknown		34	48
Dwellings	Unknown		11	52
Storage facilities			-	17
Other	Unknown		25	54
e) Agreement of custodianship		Annexure 9	Number	Number
Land parcels				
Facilities				
Schools			-	-
Clinics			-	-
Hospitals			-	-
Office buildings			-	-
Dwellings			-	-
Storage facilities			-	-
Other			2	3

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

30 Inventory

	<i>Note</i> <i>Annexure 6</i>	2016/17 R'000	2015/16 R'000
Opening balance		64	64
Add/(Less): Adjustments to prior year balances		-	-
Add: Additions/Purchases - Cash		-	126
Add: Additions - Non-cash		-	-
(Less): Disposals		-	-
(Less): Issues		-	(126)
Add/(Less): Adjustments		-	-
Closing balance		<u>64</u>	<u>64</u>

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

31 STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION						SPENT				2015/16	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjust-ments	Other Adjust-ments	Total Available	Amount received by depart-ment	Amount spent by depart-ment	Under / (Overspend ing)	% of available funds spent by depart-ment	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	905,360	-	-	-	905,360	905,359	905,360	-	100%	822,430	822,430	
Expanded Public Work Prog Incent Grant	3,803	-	-	-	3,803	3,803	3,803	-	100%	2,484	2,484	
	909,163	-	-	-	909,163	909,162	909,163	-		824,914	824,914	

Departments are reminded of the requirement to certify that all transfers in terms of this Act were deposited into the primary bank account of the province or, where appropriate, into the CPD account of the province.

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

32 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	DoRA and other transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %
Municipal rates and taxes (see Anx 1A)	54,312	-	-	54,312	54,312	-	-
TOTAL	54,312	-	-	54,312	54,312	-	-

Departments are required to include a summary of expenditure per conditional grant to aid in the identification of under- / over spending of such funds and to allow the department to provide an explanation for the variance

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

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

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2015/16
	DoRA and other transfers	Roll Overs	Adjust-ments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by munici-pality	Amount spent by municipality	% of available funds spent by munici-pality	
											R'000
Dikgatlong	4	-	-	4	4	-	-	4	4	100%	6
Emthanjeni	2,735	-	-	2,735	2,735	-	-	2,735	2,735	100%	1,982
Gamagara	184	-	-	184	184	-	-	184	184	100%	173
Ga-Segonyana	2,020	-	-	2,020	2,020	-	-	2,020	2,020	100%	1,895
Hantam	447	-	-	447	447	-	-	447	447	100%	460
Kamiesberg	1,169	-	-	1,169	1,169	-	-	1,169	1,169	100%	849
Kareeberg	608	-	-	608	608	-	-	608	608	100%	572
Karoo Hoogland	234	-	-	234	234	-	-	234	234	100%	216
!Kail Gariep	1,222	-	-	1,222	1,222	-	-	1,222	1,222	100%	1,217
Kgatelopele	-	-	-	-	-	-	-	-	-	-	197
Khai-Ma	152	-	-	152	152	-	-	152	152	100%	144
//Khara Hais	6,780	-	-	6,780	6,780	-	-	6,780	6,780	100%	6,047
Kheis	58	-	-	58	58	-	-	58	58	100%	65
Magareng	1,042	-	-	1,042	1,042	-	-	1,042	1,042	100%	357
Mier	-	-	-	-	-	-	-	-	-	-	129
Nama Khoi	4,012	-	-	4,012	4,012	-	-	4,012	4,012	100%	3,420
Phokwane	-	-	-	-	-	-	-	-	-	-	293
Renosterberg	-	-	-	-	-	-	-	-	-	-	-
Richterveld	32	-	-	32	32	-	-	32	32	100%	30
Siyancuma	385	-	-	385	385	-	-	385	385	100%	311

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2015/16
	DoRA and other transfers	Roll Overs	Adjust-ments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipi-pality	Amount spent by municipality	% of available funds spent by municipi-pality	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	Division of Revenue Act
Siyathemba	1,935	-	-	1,935	1,935	-	-	1,935	1,935	100%	1,688
Sol Plaatje	29,510	-	-	29,510	29,510	-	-	29,510	29,510	100%	29,573
Thembelihle	209	-	-	209	209	-	-	209	209	100%	164
Tsantsabane	-	-	-	-	-	-	-	-	-	-	285
Ubuntu	829	-	-	829	829	-	-	829	829	100%	766
Umsobomvu	745	-	-	745	745	-	-	745	745	100%	739
TOTAL	54,312	-	-	54,312	54,312	-	-	54,312	54,312		51,578

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

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

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2015/16
	Adjusted Appropriation	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	
R'000	R'000	R'000	R'000	R'000	%	R'000	
Government Motor Transport							-
Construction SETA	700	-	-	700	700	100%	626
Public Sector SETA	1	-	-	1	-	0%	111
TOTAL	701	-	-	701	700		737

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

ANNEXURE 1G
STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2015/16
	Adjusted Appropriation Act	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000		R'000		R'000	%	R'000
Transfers							
Leave Gratuity	2,149	-	-	2,149	2,146	100%	2,063
Bursaries (Non-employee)	999	-	-	999	999	100%	399
Post-retirement benefit	3,257	-	-	3,257	3,257	100%	3,386
Donations & Gifts (Cash)	285	-	-	285	285	100%	233
Claims against the state (Cash)	59	-	-	59	59	100%	174
TOTAL	6,749	-	-	6,749	6,746		6,255
Subsidies	-	-	-	-	-		-
TOTAL	6,749	-	-	6,749	6,746		6,255

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

ANNEXURE 1J

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2016/17	2015/16
	R'000	R'000
Made in kind		
Donation of Rugby Kit (Klipfontein Rugby Team)	-	5
Tuition fees and Books (University of the Free State_ G Engelbrecht)	-	5
Tuition fees (Cape Peninsula University of Technology_ E Cloete)	-	5
Transport for school tour (St Anna's School in Matjieskloof)	-	5
Tuition fees (University of Western Cape_ A Beukes)	-	5
Donation of Soccer Kit (Xhobes Football Club in Eksteenfontein)	-	11
Tuition fees (Rhodes University)	-	12
Assistance towards National Choir Festival (Paballelo Choral Choir)	-	5
Assistance towards S.Y.M/Run-Rooirand Youth Day Event in Barkley	-	3
Assistance towards educational tour (Kevin Nkoane Primary School)	-	5
Assistance towards repairs to wheelchair bike (Mr J Bok)	-	3
Repair faults at 4 Houses in Green Point (Exco Outreach Programme)	-	41
Christmas lunch for the Elderly of Garies	-	31
Tuition fees (University of the Free State_ MJ Hans)	-	25
Tuition Books (University of the Free State_ G Engelbrecht)	-	5
Ms DV Apple (Funeral arrangements)	-	5
Donation of Soccer kit (Xhobes Football Club in Eksteenfontein)	-	6
Tuition fees and Books (University of North West_ TP Landu)	-	7
Tuition fees (Grooffontein College of Agriculture_ LR Cloete)	-	17
Tuition fees (University of Western Cape_ NT Stevens)	-	10
Student accommodation at the Vuseleta FET College of North West	-	12
Transport cost (Uniting Reformed Church)	-	9
Tuition fees (Vuseleta FET College of North West_ P Mothibakeledi)	7	-

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

NATURE OF GIFT, DONATION OR SPONSORSHIP	2016/17	2015/16
	R'000	R'000
Tuition fees (Cape Peninsula University of Technology_ L Mntuna)	26	-
Build extensor of kitchen_ Uniting Reformed Church	20	-
Tuition fees (P Brandt)	10	-
Uniting Reformed Church (Conference Pretoria)	15	-
Merlyn Andries (OP Die Voorpos Primary School Tour)	4	-
JB Praise Centre Trading	90	-
V.G.K Kerk	5	-
Accommodation for Uniting Reformed Church	27	-
Tuition Fees (University of Pretoria - T Abrams)	20	-
Ikwezi Lokusa Primary school	5	-
Africa Gospel Mission Church	5	-
Nomzamo Pre-school	5	-
Boitumelo School	5	-
Tuition fees (T Mholongo)	18	-
University of Cape Town	15	-
Ikhaya Senior Primary School	8	-
Motivational Social House and Mama Afrika Helping Hand Care Centre (Assets)	7	-
TOTAL	292	232

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2017

Nature of Liability	Opening Balance 1 April 2016 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/re- duced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2017 R'000
Claims against the department					
L & J Azevedo	6,753	-	-	-	6,753
Carmutshana	229	-	-	-	229
S J H Venter	3	-	-	-	3
Danie Fourie	18	-	-	-	18
Mr H Smook	316	-	-	-	316
F.O London & 3 others	27,833	-	-	-	27,833
Duane Maass	56	-	56	-	-
J.A Meinijies	17	-	-	-	17
CA Peterson	4,200	-	4,200	-	-
Jakes Jacobs	24	-	-	-	24
Justice Bekebeke	28	-	-	-	28
Vista Park Development (Pty) Ltd – 1st Plaintiff/ Joh –Arch Investments (Pty)Ltd -2nd Plaintiff *	70,000	-	-	-	70,000
Colin Cyril van Niekerk	3,100	-	-	-	3,100
C Coetzee	1,268	-	-	-	1,268
CE Loots	7,000	-	-	-	7,000
Y Olen	43	-	-	-	43
S. Sulliman	12	-	-	-	12
Tebogo Patric Morake	1,200	-	-	-	1,200
Nenkazi Manoto	12	-	-	-	12
T V Molwagae	3	-	-	-	3
Crouch Pothole Claim	87	-	-	-	87
Boitumelo Kolberg	2	-	-	-	2
Thapelo Elliot Borake	32	-	-	-	32

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

Nature of Liability	Opening Balance 1 April 2016 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/re duced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2017 R'000
A De Nysschen	5	-	-	-	5
KG Thupae	5	-	-	-	5
J Kgatlane	4	-	-	-	4
Clive King	18	-	-	-	18
Mosa Polelo	10	-	-	-	10
Molatsi J. Mofoka	4,320	-	-	-	4,320
Hendrik Rust Rust	26	-	-	-	26
Willem Hendrik Olivier	8,500	-	-	-	8,500
Gideon Kriel	20	-	-	-	20
Tshepileng May	11	-	-	-	11
NC Fleet Management TE	787	37	-	-	824
Reynecke	200	-	200	-	-
Christopher Irvin Lee Willemse	75	-	-	-	75
AG Van Rooyen	12	-	-	-	12
Gustaaf Ekkerd	11	-	-	-	11
L S Makatong	4	-	-	-	4
P Mothibantwa	17	-	17	-	-
R Francis	11	-	-	-	11
Rodney A Lottering	9,872	-	-	-	9,872
Rolang Reginald Seboko	4	-	-	-	4
J Visser	5	-	-	-	5
HC van Wyk	107	-	-	-	107
A Coetzee	2	-	2	-	-
J Jacobs	87	-	-	-	87
Rupert Bergstrom	14	-	14	-	-
Elizabeth Venter	32	-	-	-	32
Lebogang Rapodile	19	-	-	-	19

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

Nature of Liability	Opening Balance 1 April 2016 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/re duced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2017 R'000
JJ Bouwer	13	-	-	-	13
A George	35	-	35	-	-
Inus Jean Swart	50	-	-	-	50
Sebata Municipal Solutions	10,206	-	-	-	10,206
O Van Staden	-	12	-	-	12
Jacobus Johannes Steenkamp	-	207	-	-	207
Wayne Grant	-	29	-	-	29
John Modise	-	57	57	-	-
Frans P De Wet	-	42	-	-	42
Vuyisa Nzonda	-	50	-	-	50
MMI Group	-	3,701	-	-	3,701
C Vermeulen	-	8	-	-	8
JS Nxazonke	-	15	-	-	15
H van Wyk	-	7	-	-	7
ACV Civils	-	2,287	-	-	2,287
QS Africa	-	104	-	-	104
DPJ Theys	-	1	-	-	1
P Oganne	-	17	-	-	17
B Molale	-	478	-	-	478
TP Mgolombane	-	926	-	-	926
RN Walsh	-	18	-	-	18
John Freeman	-	34	-	-	34
Jodan Construction	-	987	-	-	987
KM Colane	-	26	-	-	26
L. Moitse	-	12	-	-	12
TOTAL	156,718	9,055	4,581	-	161,192

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

ANNEXURE 4
CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2016/17 *	
	31/03/2017		31/03/2016		31/03/2017		Receipt date up to six (6) working days after year end	
	R'000	R'000	R'000	R'000	R'000	R'000		Amount R'000
Department								
Health	-	-	3,741	4,365	3,741	4,365	-	-
Office of the Premier	-	-	1	142	1	142	-	-
Transport, Safety and Liaison	-	-	-	485	-	485	-	-
Social Development	-	-	-	48	-	48	-	-
Sports, Arts and Culture	-	-	-	149	-	149	-	-
Environment and Nature Conservation	-	-	-	25	-	25	-	-
COGHSTA	-	-	-	3	-	3	-	-
Provincial Legislature	-	-	8	-	8	-	-	-
	-	-	3,750	5,217	3,750	5,217	-	-
Other Government Entities	-	-	-	-	-	-	-	-
TOTAL	-	-	3,750	5,217	3,750	5,217	-	-

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

**ANNEXURE 5
INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2016/17	
	31/03/2017		31/03/2016		31/03/2017		31/03/2016	
	R'000	R'000	R'000	R'000	R'000	R'000	Payment date up to six (6) working days before year end	Amount R'000
DEPARTMENTS								
Current								
Office of the Premier	-	-	616	616	616	616	-	-
Provincial Treasury	-	-	154	154	154	154	-	-
Sport, Arts and Culture	-	-	-	6	-	6	-	-
Transport, Safety and Liaison	-	-	2,268	2,268	2,268	2,268	-	-
Social Development	-	-	-	-	-	-	-	-
Subtotal	-	-	3,038	3,044	3,038	3,044	-	-
OTHER GOVERNMENT ENTITY								
Non-current								
Northern Cape Fleet Management Trading Entity	38,262	32,872	-	-	38,262	32,872	-	-
Subtotal	38,262	32,872	-	-	38,262	32,872	-	-
TOTAL	38,262	32,872	3,038	3,044	41,300	35,916	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

**ANNEXURE 6
INVENTORIES**

Inventory [Per major category]	Note	Quantity	2016/17 R'000	Quantity	2015/16 R'000
Opening balance		499	64	499	64
Add/(Less): Adjustments to prior year balance		-	-		
Add: Additions/Purchases – Cash		-	-	353	126
Add: Additions - Non-cash		-	-		
(Less): Disposals		-	-		
(Less): Issues		-	-	(353)	(126)
Add/(Less): Adjustments		-	-		
Closing balance		499	64	499	64

Include discussion where deemed relevant

ANNEXURE 7 MOVEMENT IN CAPITAL WORK IN PROGRESS

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

	Opening balance R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
MACHINERY AND EQUIPMENT				
Transport assets	-	-	-	-
Computer equipment	-	-	-	-
Furniture and office equipment	-	-	-	-
Other machinery and equipment	-	-	-	-
BUILDINGS AND OTHER FIXED STRUCTURES	84,688	197,987	(700)	281,975
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	84,688	197,987	(700)	281,975
SOFTWARE				
Software	-	-	-	-
TOTAL	84,688	197,987	(700)	281,975

Age analysis on ongoing projects	Number of projects		2016/17
	Planned, Construction not started	Planned, Construction started	Total R'000
0 to 1 Year			
1 to 3 Years			
3 to 5 Years			
Longer than 5 Years			
Total			

Include discussion on projects longer than 5 years in Capital WIP

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Prior period error R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	141,844	-	157,449	(214,605)	84,688
Dwellings	-	-	-	-	-
Non-residential buildings	1,567	-	-	(1,567)	-
Other fixed structures	140,277	-	157,449	(213,038)	84,688
TOTAL	141,844	-	157,449	(214,605)	84,688

ANNEXURE 9

IMMOVABLE ASSETS ADDITIONAL DISCLOSURE

	User Departments	No.
Facilities deemed vested		
Schools	Dept. Education	1
Clinics	Dept. Health	1
Office buildings	Dept. Pub Works	1
Dwellings	All	2
Facilities on unsurveyed land		
Schools	Dept. Education	187
Clinics & Hospitals	Dept. Health	25
Hospitals	Dept. Health	11
Office buildings	All Departments	7
Dwellings	All Departments	-
Storage facilities	All Departments	-
Other	All Departments	7
Facilities on right to use land		No.
Schools	Dept. Education	141
Clinics	Dept. Health	70
Hospitals	Dept. Health	27
Office buildings	All Departments	34
Dwellings	All Departments	11
Storage facilities	All Departments	-
Other	All Departments	25
Agreement of custodianship		No.
Other	All Departments	2

DEPARTMENT OF ROADS AND PUBLIC WORKS
THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
AUDIT COMMITTEE CHAIRPERSON'S REPORT

1. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2017. The audit committee was operational throughout the year and had several engagements with management on crucial financial management, internal control, risk management and governance issues during the year. The audit committee acknowledges the attendance and participation of senior management including the Accounting Officer and Chief Executive Officer in the audit committee meetings.

2. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

In terms of PFMA, section 77(b), an audit committee must meet at least twice a year. In addition, Treasury Regulations, section 3.1.16, provides that an audit committee must meet at least annually with the Auditor-General. The audit committee met five times during the year in compliance with the PFMA and 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	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Chairperson Mr HC Ogu	Bsc Hons (Acc), CIA, CA, MBA	External	N/A	Re appointed on 12 December 2015	N/A	5 out of 5
Ms MK Mbonambi	B. Acc B. Com Hons. Board Governance (Cert)	External	N/A	12 December 2014	N/A	4 out of 5
Ms P Mzizi	BBusSci Finance Hon. (BCompt Hon. CTA CA (SA) B. Com Hons. Transport Economics	External	N/A	12 December 2014	N/A	4 out of 5
Adv MS Phera	Bachelors in Law B Tech: Public Management Masters in Governance and	Internal	Chief Operating Officer - Department of Economic Develop-	12 December 2014	N/A	2 out of 5

	Political science		ment and Tourism			
Mr RL Banda	Bachelor of Social Science Bachelor of Social Science (Honours) MPhil - Public Policy	Internal	Chief Director - Department of Agriculture, Land Reform and Rural Development	12 December 2014	Resigned effective 1 April 2015	N/A

Mr L Kimmie (external audit committee member for cluster 1) attended for Ms M Mbonambi on 26 July 2016.

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:

- Draft Annual Financial Statement – 2015/2016
- Interim Financial Statement – 30 September 2016
- Performance information
- Revenue management
- Yellow fleet management

Follow up audits are a strong governance and risk management practice, included in the charter for Internal Audit, Government Auditing Standards and in the International Standards for the Professional Practice of Internal Auditing. Therefore Internal audit also performed follow up audits of white and yellow fleet management, performance information and revenue.

The following were areas of concern:

Performance Management should be strengthened as follows:

- Revise the current strategic planning documents to ensure compliance with the framework on strategic management.
- Capacitate the Entity for the collation of information for the purpose of continuous monitoring and evaluation the achievement of planned targets.
- Consider an integrated fleet management system to provide performance information as aligned to the operations of the Entity.

Revenue Management should be strengthened as follows:

- The relationship with client departments by ensuring proper individual engagements for discussions on the signing of Service level agreement.
- Reconcile and review the finance bills for correctness and completeness.
- Confirm balances at least quarterly with client departments.
- Maintain evidence of follow-ups on receivables.
- Consider a fleet Asset management system.

Yellow Fleet Management should be strengthened as follows:

- A service level agreement which specifically states how and when the risks and responsibilities of the yellow fleet assets are transferred from the NCFMTE to the Department of Roads and Public works. The Service level agreement should specifically state the terms and conditions of safeguarding of yellow fleet assets.
- Internal procedure manuals on the management of yellow fleet Assets should be developed.
- Review of the organisational structure to ensure that employees are conducting responsibilities according to their competencies, skills and job descriptions.
- All employees' files should encompass their appointment, transfer and secondment documents including; job descriptions, work plans, performance agreements and performance development plans of each employee.
- Management should strive to ensure that all critical posts are filled.
- Continuous monitoring of the fleet through car track by the workshop managers,
- Regular updates of the asset register after verifications. A loss register should be kept and cases should be referred to the fraud investigation unit.
- Security at the fleet workshops/camps should be upgraded by ensuring that there is physical security and cameras installed at the workshops/camps.
- The workshop managers should keep copies of signed invoices with service providers to substantiate and confirm the invoices issued by Standard bank before the consolidated payment is processed by Standard Bank.
- Management should keep a tender register for services that are not covered by contracts.
- NCFMTE to consider a construction fleet asset management solution to manage possible misuse of yellow fleet.

Even though management has developed a pragmatic action plan to address the above issues, we are concerned that implementation thereof has been lukewarm.

5. IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The department has been reporting monthly and quarterly to 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.

EVALUATION OF FINANCIAL STATEMENTS

- 6.1 The audit committee has reviewed the unaudited financial statements for the year ended 31 March 2017 for Northern Cape Fleet Trading Entity and has discussed matters of concern with management. The audit committee will review the audited financial statements and discuss the statements with the Auditor-General as well as the Accounting Officer.
- 6.2 The audit committee will review the Auditor-General's management report and management response thereto in July 2017.
- 6.3 The audit committee has not reviewed the accounting policies applied in the compilation of the annual financial statements. This will be performed as part of the review of the audited financial statements.
- 6.4 The audit committee reviewed the entity's compliance with legal and regulatory provisions during the quarterly audit committee meetings and management has been directed to implement remedial measures where instances of non-compliance were noted.
- 6.5 The audit committee will review 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 will review any significant adjustments resulting from the audit as part of the review of the audited financial statements.
- 6.7 The audit committee will indicate its concurrence or non-concurrence with the Auditor-General's conclusion on the annual financial statement after the review of the audited financial statements.

7. INTERNAL AUDIT

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

8. AUDITOR-GENERAL SOUTH AFRICA

The Auditor General reported 33 audit findings at the year-end audit of 2015/2016.

We have reviewed the department's implementation plan for audit issues raised in the prior year and we are concerned that some of the significant matters have not been satisfactorily addressed as noted below:

Budget:

- Approved Budget for NCFMTE.

Financial Statements, performance and annual reports

- Implementation of the Treasury GRAP checklist for the financial statements.

Expenditure Management

- Development of the NCFMTE SCM policy

- Implementation of the updated procurement documentation checklist to adhere to section 38(1) (c) (ii) of the Public Finance Management Act and Treasury Regulation 9.1.1. (prevent irregular expenditure)
- Monthly Reconciliations.

Debtors:

- Development and implementation of a Debt write off policy.

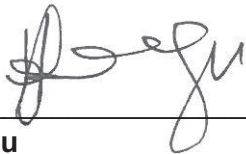
Finance Lease

- Approval of the Finance Leases SLA's.

Revenue Management

- Implementation of quarterly asset counts.
- Signing off of final billing invoices.

The audit committee met with representatives from the Office of the Auditor-General South Africa during the year to discuss issues of mutual concern and ensure that there are no unresolved issues.



C. Ogu
Chairperson of the Audit Committee
Date: 31 May 2017

THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

1. PERFORMANCE INFORMATION BY PROGRAMME

1.1 Programme 1: Technical Services

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

Strategic objectives:

Programme Name					
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Cost effective, efficient and optimally utilized fleet.	-	3	3	-	-

Performance indicators

Programme / Sub-programme: Technical Services					
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Number of white fleet up for replacement to be issued within three months	-	100%	100%	-	-
Number of white fleet requested by the client departments to be processed within 3 months	-	100%	100%	-	-
Number of fleet up for disposals be done within 6 Months	-	2	2	-	-
Implementation of yellow fleet management systems by March 2017	-	1	0	The process is currently at the level of tender	-

Provide reasons for all deviations

The Northern Cape Fleet Management Trading Entity was unable to attain the key performance indicator (Implementation of yellow fleet management systems by March 2017) due to the fact that the process was at the level of tender.

Strategy to overcome areas of under performance

Because the yellow fleet management system is crucial to the effective running of the Northern Cape Fleet Management Trading Entity, the Entity will ensure that the system is developed and implemented.

1.2 Programme 2: Financial Management Services

- 1.2.1 To render financial management services
- 1.2.2 Budget, Revenue and Expenditure Management – To budget, revenue and expenditure management and control support services
- 1.2.3 Supply Chain and Asset Management – To implement effective and efficient supply chain management and asset management procedures
- 1.2.4 List the strategic objectives for the financial year under review
- 1.2.5 Sound financial, debt and risk management systems

Strategic objectives:

Programme Name					
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Sound financial, debt and risk management systems	-	44	23	Not all the financial reports were submitted due to the systems that are in the process of development	-

Provide reasons for all deviations

The strategic objective that reads Sound financial, debt and risk management systems was not achieved in totality due to the fact that not all the financial reports were submitted due to the systems that are in the process of development.

Performance indicators

Programme / Sub-programme: Financial Management Services					
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Number of utilization and risk management reports distributed to the departments	-	12	12	-	-
Number of timeous submission of legislative reports	-	32	14	Not all the financial reports were submitted due to the systems that are in the process of development	-

Provide reasons for all deviations

Not all the financial reports were submitted due to the systems that are in the process of development

Strategy to overcome areas of under performance

The Northern Cape Fleet Management Trading Entity will ensure that there are systems in place to report of the financial performance.

1.3 Programme 3: Corporate Services

1.3.1 To render Human Resources Management; Development; Auxiliary Services; Strategic Planning, Monitoring and Evaluation.

1.3.1.1 Human Resource Management – To render human resources management and development support services.

1.3.1.2 Auxiliary Services – To render auxiliary support services to the Entity.

1.3.1.3 Strategic Planning, Monitoring and Evaluation – To monitor and evaluate the performance of the Entity.

1.3.1.4 External Liaison and Development – To promote, develop and monitor vehicle and plant services to clients.

1.3.2 List the strategic objectives for the financial year under review

1.3.2.1 Improved client liaison

1.3.2.2 To provide effective and efficient administrative support

Strategic objectives:

Programme Name					
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Improved client liaison	-	4	4	-	-
To provide effective and efficient administrative support	-	5	5	-	-

Performance indicators

Programme / Sub-programme: Financial Management Services					
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Number of quarterly meetings with Clients Departments	-	4	4	-	-
Number of timeous performance reports submitted	-	4	4	-	-
Number of strategic plan developed and submitted	-	1	1	-	-

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Northern Cape Fleet Management Trading Entity set out on pages 215 to 256, which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Northern Cape Fleet Management Trading Entity as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

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

Emphasis of matters

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

Irregular expenditure

7. As disclosed in note 18 to the financial statements, irregular expenditure to the amount of (2016: R32 654 000), (2017: R7 831 000) was incurred, as a proper tender process had not been followed.

Restatement of corresponding figures

8. As disclosed in note 23 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of an error in the financial statements of the Northern Cape Fleet management Trading Entity at, and for the year ended, 31 March 2017.

Responsibilities of the Accounting Officer

9. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting officer is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
14. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 1-Fleet Management Trading Entity	205 - 208

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

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

Programme 1- Fleet Management Trading Entity

Indicator: Number of timeous submission of financial legislative reports.

18. The indicator was reported as number of timeous submission of financial legislative reports while the indicator was approved as Number of timeous submission of legislative reports in the annual performance plan. This is not in line with the requirements of treasury regulation 5.2.4.

Indicators not specific

Indicator: Number of white fleet up for replacement to be issued within 3 months

19. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of target 100%. This was due to proper performance management systems and processes and formal standard operating that predetermined how the achievement would be measured, monitored and reported, as required by the Framework for managing programme performance information. I was unable to confirm that the reported achievement of this indicator was reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 100%.

Various indicators

20. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the following indicators. This was due to limitations placed on the scope of my work as the information supporting the reported achievement was not provided to the auditor's; I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

- Number of timeous performance reports submitted.
- Number of strategic plan developed and submitted.
- Implementation of yellow fleet management system by March 2017
- Number of timeous submission of finance legislative report

Indicator: Number of timeous submission of financial legislative reports.

21. The entity did not have an adequate performance management system to maintain records to enable reliable reporting on achievement of targets. Sufficient appropriate audit evidence could not be provided in some instances while in other cases the evidence provided did not agree to the recorded achievements. This resulted in a misstatement of the target achievement reported as the evidence provided indicated that it was 11 and not 14. I was also unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievements.

Various indicators

22. I was unable to obtain sufficient appropriate audit evidence to support the reported reason for the variance on the following indicators, as required by the Annual report guide for national and provincial department. This was due to limitations placed on the scope of my work. I was unable to confirm the reason for the variance by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reason for the variance as reported.
- Implementation of yellow fleet management system by March 2017
 - Number of timeous submission of legislative report

Other matter

23. I draw attention to the matter below.

Achievement of planned targets

24. Refer to the annual performance report on pages 205 to 208; for information on the achievement of planned targets for the year and explanations provided for the under achievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 2.3 of this report.

Report on audit of compliance with legislation

Introduction and scope

25. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
26. The material findings in respect of the compliance criteria for the applicable subject matters are as follow.

Financial statements, performance and annual reports

27. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1) (a) and (b) of the PFMA. Material misstatements of non-current assets, current assets, and revenue, expenditure and disclosure items identified by the auditors in the

submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Strategic planning and performance management

28. The strategic plan for 2016/17 was not approved by the MEC, as required by treasury regulation 5.1.1.
29. Quarterly reports were not prepared and submitted to the executive authority, as required by treasury regulation 5.3.1.

Procurement and contract management

30. 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.
31. Contracts were extended or modified without the approval of a properly delegated official as required by Treasury Regulation 8.1 and 8.2.

Expenditure management

32. Effective steps were not taken to prevent irregular expenditure amounting to R7 831 000 as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The expenditure disclosed does not reflect the full extent of the irregular expenditure. The majority of the irregular expenditure was caused by payments made without a valid contract in place.

Other information

33. The Northern Cape Fleet Management Trading Entity's accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected programme presented in the annual performance report that have been specifically reported on in the auditor's report.
34. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
35. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
36. I have not yet received the final annual report. When I do receive this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected I may have to re-issue my auditor's report amended as appropriate.

Internal control deficiencies

37. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

- The leadership did not implement adequate systems to ensure regular and accurate performance reporting.
- The entity did not have policies and procedures in place to ensure an effective information control environment. This led to material misstatements in the performance information not being identified by management.
- 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.

Auditor General

Kimberley

31 July 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2017

Contents

<u>STATEMENT OF FINANCIAL PERFORMANCE</u>
<u>STATEMENT OF FINANCIAL POSITION</u>
<u>STATEMENT OF CHANGES IN NET ASSETS</u>
<u>STATEMENT OF CASH FLOWS</u>
<u>NOTES TO THE ANNUAL FINANCIAL STATEMENTS</u>

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD 31 MARCH 2017

	Notes	31 March 2017 R'000	31 March 2016 R'000
REVENUE			
Revenue from Exchange Transactions	5.1	254 025	217 016
Sale of goods and Rendering of Services		229 176	201 909
Finance lease income		21 787	12 789
Finance Income		3 063	2 317
Revenue from Non – Exchange Transaction	5.2	20 421	30 336
Transfers and Sponsorships – Service in kind	5.3	19 135	18 183
Government grant and subsidies		1 286	12 198
Total Revenue		274 446	247 352
EXPENSES			
Employee related costs	6.1	(7 559)	(5 409)
Repairs and maintenance	6.2	(47 860)	(44 394)
Depreciation and amortisation expense	6.3	(38 081)	(18 887)
General expenses	6.4	(110 935)	(112 894)
Bad debts	6.5	-	(97 673)
Total Expenses		(204 435)	(279 257)
TOTAL (DEFICIT)/SURPLUS		70 011	(31 905)
Gain on sale of assets		28 223	(6 061)
(DEFICIT)/SURPLUS FOR THE PERIOD		98 235	(37 966)

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2017

	Notes	31 March 2017 R'000	31 March 2016 R'000
ASSETS			
Non-current Assets		208 003	229 680
Fleet, Plant and Equipment	7	163 187	194 035
Finance Lease Receivables	14	44 730	35 522
Intangible assets	8	86	123
Current Assets		410 756	330 805
Receivables from Exchange Transactions	9	271 830	195 065
Short-term portion of Finance Lease Receivable	14	36 016	6 037
Cash and Cash Equivalents	16	56 750	86 287
Inventories	17	46 161	43 416
TOTAL ASSETS		618 760	560 484
NETT ASSETS AND LIABILITIES			
Current Liabilities		16 760	58 652
Payables from Exchange Transactions	11.1	16 427	58 218
Current provisions	11.2	333	434
Nett Assets		602 000	501 833
Accumulated Surplus		549 668	449 501
Revaluation Surplus	10	52 332	52 332
TOTAL NETT ASSETS AND LIABILITIES		618 760	560 484

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED 31 MARCH 2017

	Note	Accumulated Surplus	Revaluation Surplus	Total
Balance at 01 April 2015		496 476	52 332	548 808
Total Deficit for the year		(37 966)	-	(37 966)
Transfers from accumulated surplus		(6 554)	-	(6 554)
Other movements		(5)	-	(5)
Correction of error		(2 450)		(2 450)
Balance at 31 March 2016		449 501	52 332	501 833
Total surplus for the year		98 235	-	98 235
Transfers from accumulated surplus		-	-	-
Other movements		1 933	-	1 933
Balance at 31 MARCH 2017		549 668	52 332	602 001

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2017

		31 March 2017 R'000	31 March 2016 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Receipts from Customers		146 920	225 010
Interest Received	5	3 063	2 317
Payments			
Payments to Suppliers		(164 061)	(181 098)
Net Cash Flows from Operating Activities	15	(14 078)	46 229
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(13 870)	(34 766)
Proceeds on sale of property, plant and Equipment		7 619	11 139
Loans granted/ received		(9 208)	36 425
NET CASH FLOWS FROM INVESTING ACTIVITIES		(15 459)	12 694
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(29 537)	59 027
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		86 287	27 260
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		56 750	86 287

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. General Information

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

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

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

Principal Activities

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

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

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

The entity recovers its costs through charging the following:

White Fleet

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

Yellow Fleet

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

2. Basis of preparation

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

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

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

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

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

2.1 Significant accounting judgements, estimates and assumptions

The preparation of the Entity's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

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

a) Vehicle fleet rentals treated as finance lease

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

b) White and Yellow fleet valuation

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

c) Review of useful lives of Fleet, plant and equipment and intangible assets

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

d) Impairments

Based on the results of each year's physical inspection, the management of the trading Entity can at year-end estimate the impairment of each asset. In making the above-mentioned estimates and judgement, management considers the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of Cash generating Assets and GRAP 26: Impairment of non-Cash generating Assets.

e) Effective interest rate

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

f) Capitalisation of Fleet, plant and equipment

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

2.2 Statements and interpretations not yet effective

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

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

Reference	Topic	Effective date
GRAP 18	Segment Reporting	1 April 2015
GRAP 20	Related Party Disclosures (Revised)	
GRAP 32	Service Concession Arrangement Grantor	
GRAP 105	Transfers between entities under common control	1 April 2015
GRAP 106	Transfers between entities not under common control	1 April 2015
GRAP 107	Mergers	1 April 2015
GRAP 108	Statutory Receivables	

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

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

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

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

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

3. Going concern

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

4. Summary of significant accounting policies.

4.1 Fleet, Plant & Equipment

Fleet, Plant & Equipment is recognised when:

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

Initial Recognition

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

Subsequent Measurement

Furniture & Computer equipment

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

Motor Vehicle Fleet and Road Building Equipment

Following initial recognition at cost, fleet is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

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

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

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

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

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

Gains or loss arising on de-recognition of fleet, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) (or in the case of fleet calculated by deducting the value of the specific fleet item (as determined at the latest financial year-end) from the proceeds obtained from the auction of the specific fleet item) is included in the Statement of Financial Performance in the year the asset is derecognised.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

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

- Motor Vehicle Fleet: 4 years
- Road building equipment: 5 to 20 years
- Furniture and Computer equipment: 5 years
- Intangible assets 5 years

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

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

4.2 Impairment of fleet, plant and equipment

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

4.2.1 Impairment of Cash Generating Assets

The Entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Entity estimates the recoverable amount of the individual asset.

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

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test can be performed at any time during the reporting period, provided it is performed at the same time every year. Different intangible assets may be tested for impairment at different times. However, if such an intangible asset was initially recognised during the current reporting period, that intangible asset shall be tested for impairment before the end of the current reporting period.

4.3 Intangible assets

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

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

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

4.4 Financial Instruments

Initial recognition and measurement

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

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.

Inventories

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

The historical cost of inventory includes:

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

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

of cost and current replacement cost.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

4.5 Revenue Recognition

4.5.1 Revenue from Exchange Transactions

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Entity and the revenue can be reliably measured. An exchange transaction is one in which the Entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

Finance Income (Interest income)

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Rendering of Services

Revenue from the renting of vehicles is recognised with specific reference to:

- Revenue from Kilometre Tariffs: based on the actual kilometres travelled using the approved Kilometre Tariff.
- Revenue from Daily Tariffs: based on the actual days of usage, using the approved Daily Tariff.
- Revenue from Rentals Received: based on the above mentioned tariffs. This is specific to the equipment fleet.

Revenue is recognised in the reporting periods in which the services are rendered.

Recoverable Revenue

Recoverable revenue represents payments relating to the misuse and/or damage of vehicles and/or third party claims. This type of income has its origin from two sources and the income from these sources is recognised when the recognition criteria is met as follows:

- Claims against third parties: Income is only recognised when it is actually received.
- Claims against other government departments and municipalities: Income is only recognised when a case has been concluded and the claim has been made out to a specific department.

4.5.2 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Entity received revenue, vehicles or equipment from another Entity without directly giving approximately equal value in exchange.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount. The Entity recognises an asset arising from a non-exchange transaction when it gains control of resources that meet the definition of an asset and satisfy the recognition criteria.

Donations, Contributions and Government Grants

4.5.2.1 Donations and contributions

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

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

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

4.5.2.2 Government grants and receipts

Unconditional grants

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

Conditional grants and receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the Entity has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria,

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

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 Fleet, plant and equipment, when such items of Fleet, plant and equipment are brought into use.

Interest earned on unspent grants and receipts

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

4.5.2.3 Services in kind

Services in kind received by the entity are not recognised, but disclosed as a narrative in the notes to the financial statements.

4.6 Events after the Reporting Date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

The entity will disclose the nature of the event and an estimate its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

4.7 Contingent Liabilities and Contingent Assets

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

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

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

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

4.8 Comparative Figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures reasonable expected to be available.

4.9 Net Assets

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

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

4.10 Related Parties

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

4.11 Finance Leases

Recognition

For those leases that meet the definition of a finance lease, where the entity is the lessor, the entity derecognises the asset subject to the lease at the inception of the lease. Along with the de-recognition of the asset the entity recognises a finance lease receivable. Finance lease income is allocated to between the finance lease receivable and finance income using the effective interest rate method and the resulting finance income is recognised in the Statement of Financial Performance as it accrues.

Measurement

Finance lease receivables are recognised at an amount equal to the entity's net investment in the lease. This net investment in the lease is calculated as the sum of the minimum future lease payments and unguaranteed residual value discounted over the lease term at the rate implicit in the lease.

Derecognition

Finance lease receivables are derecognised when the entity's right to the underlying cash flows expire or when the entity no longer expects economic benefits to flow from the finance lease receivable.

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

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

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

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

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

4.13 Employee benefits

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

Short-term employee benefits include:

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

4.13 Fruitless and wasteful expenditure

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

5. Revenue

5.1 Revenue from Exchange Transactions

	31 March 2017 R'000	31 March 2016 R'000
Revenue from Exchange Transactions comprises:		
White Fleet Kilometre Tariffs	79 365	72 062
Yellow Fleet Rental of Road Building Equipment	143 781	122 072
Tracking	6 030	7 776
Finance Lease Income	21 787	12 789
Finance Income	3 063	2 317
	254 025	217 016

5.2 Revenue from Non – Exchange Transactions

Grant Received and Subsidies	1 286	12 198
Transfers and Sponsorships – Service in kind	19 135	18 183
	20 421	30 336

5.3 Services received in kind

The entity received services in kind from the Northern Cape Department Roads and Public Works in the form of personnel, facilities and other administrative support. Due to the many uncertainties and complexities surrounding services in-kind, the fair value of the services in kind for incidental services cannot be determined and is not recognised by the Entity.

The entity did recognise services in kind of R13 687' (2016: R12 691') relating to employees not contracted to the entity but delivering a service to us.

The entity did recognise services in kind of R5 447' (2016: R5 447') relating to free accommodation provided to the entity by the department.

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

6.	Expenses	31 March 2017 R'000	31 March 2016 R'000
6.1	Employee cost		
	Salaries - Employees - Salaries and Wages	4 768	2 874
	Salaries - Employees - Performance and other bonuses	572	410
	Salaries - Employees - UIF, Pensions and Medical Aid	478	256
	Salaries - Employees - Other employee related costs	475	239
	Salaries - Employees – Allowances	142	49
	Salaries - Employees - Housing benefits and allowances	49	42
	Salaries - Employees - Overtime payments	5	6
	Salaries - Accounting Authority - Basic remuneration	645	595
	Salaries - Accounting Authority - Other non-pensionable allowances	298	289
	Salaries - Accounting Authority - Performance awards	96	52
	Salaries - Accounting Authority - Compensative or circumstantial	83	112
	Salaries - Accounting Authority – Pension	48	45
	Salaries - Accounting Authority – Medical	-	5
	Movement in Provision - Provision for Leave Pay	-101	434
	Employee costs	7 559	5 409
6.2	Maintenance and Repairs		
	Maintenance and Repairs	47 860	44 394
6.3	Depreciation		
6.4	General expenses		
	Advertising expenses	-	29
	Bank charges	17	13
	Cleaning	6	790
	Consulting fees	2 535	1 848
	Equipment rentals	8	12
	Finance costs	-	-
	Fuel, Oil and Lubricants (Transport Costs)	63 088	60 591
	Damages and Losses	-	5 080
	Licensing fees	2 511	2 864
	Loss on disposal of property, plant and equipment	-	-
	Other expenses	10 115	9 186
	Printing and stationery	83	4 602
	Professional fees	19 135	18 183
	Security	1 022	852
	Telephone	481	415
	Tracking fee	11 346	8 992
	Training	-	33
	Transport claims	-	74
	Travel and accommodation	588	406
	Uniforms and protective clothing	-	4
	Valuation costs	-	4 039
	Water	-	8
		110 935	112 894

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

6.5 Bad Debts

Bad debts	0	97 676
-----------	---	--------

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

7. Fleet, Plant and Equipment

7.1 Vehicle Fleet (White Fleet)

	31 March 2017 R'000	31 March 2016 R'000
Opening Balance – 1 April	18 489	3 190
Cost	19 440	3 618
Accumulated Depreciation	(951)	(428)
<u>Movements:</u>		
Additions	-	-
Disposals	(5 875)	(626)
Transfer to Finance Lease Asset	-	-
Transfer from Finance Lease Asset	13 342	16 448
Depreciation	(1 099)	(523)
	24 857	18 489
Closing Balance	24 857	18 489
Cost	26 384	19 440
Accumulated Depreciation	(1 527)	(951)

Additions

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

Transfers

Transfers to the finance lease asset occur when the vehicle is ready for transfer to the user department, resulting in the commencement of the lease period.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

7.2 Road Building Equipment (Yellow Fleet)

	31 March 2017 R'000	31 March 2016 R'000
Opening Balance – 1 April	169 742	184 187
Cost / Valuation	186 634	184 187
Accumulated Depreciation and impairment losses	(16 892)	
<u>Movements:</u>		
Additions		
Capitalisation	-	12 050
Disposals*	(761)	(9 134)
Depreciation Expense	(35 761)	(17 361)
Closing Balance	133 219	169 743
Cost / Valuation	185 415	187 103
Accumulated Depreciation and impairment losses	(52 195)	(17 361)

Impairment loss

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

Additions

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

Ownership and control

Although assets within the white and yellow fleet are registered in the name of the Department of Roads and Public Works, the effective management, control and all rights and obligations of these assets remain with the Northern Cape Fleet Management Trading Entity, and are therefore recognised as assets of the Trading Entity. The entity is in the process of transferring the registration of these assets.

Revaluation

Road Building Equipment was revalued as at the end of March 2015 by an independent valuer.

Fair values were determined directly by reference to observable prices in an active market.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

Equipment and furniture

	31 March 2017 R'000	31 March 2016 R'000
Opening Balance – 1 April	5 803	519
Cost	6 935	668
Accumulated Depreciation	(1 132)	(149)
<u>Movements:</u>		
Additions	528	6 268
Depreciation	(1 190)	(983)
Disposals	(31)	-
	5 111	5 803
Closing Balance	5 111	5 803
Cost	7 456	6 935
Accumulated Depreciation	(2 346)	(1 132)

Total Fleet, Plant and Equipment

	31 March 2017 R '000
At Cost	220 681
Accumulated Depreciation	(57 494)
Net book Value	163 187

8. Intangible Assets

	31 March 2017 R'000	31 March 2016 R'000
Opening Balance – 1 April	123	40
Cost	154	50
Accumulated Depreciation	(31)	(10)
<u>Movements:</u>		
Additions		103
Depreciation	(31)	(20)
Disposals	(6)	-
	86	123
Closing Balance	86	123
Cost	154	154
Accumulated Depreciation	(68)	(31)

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

9. Receivables from Exchange Transactions

	31 March 2017 R'000	31 March 2016 R'000
Department of Roads and Public Works	227 141	166 104
Other Provincial Departments	44 686	28 958
Other	3	3
	<u>271 830</u>	<u>195 065</u>

The age analysis of trade receivables is as follows:

Year	Total R'000	Current R'000	30 – 60 days R'000	60 – 90 days R'000	>90 days R'000
31 March 2017	271 830	24 750	27 887	17 959	201 234
31 March 2016	195 065	111 797	19 298	16 956	47 114

Past due and not impaired trade receivables – no detailed breakdown is considered necessary. History has shown, that past due debts are generally recoverable through the assistance of Provincial Treasury.

10. Revaluation Surplus

	31 March 2017 R' 000	31 March 2016 R' 000
Non distributable reserves from revaluation		
Opening Balance	52 332	52 332
Revaluations	-	-
Transfer to accumulated surplus	-	-
Closing Balance	<u>52 332</u>	<u>52 332</u>

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

11. Current Liabilities

11.1 Payables from Exchange Transactions

Trade and other payables	16 427	58 218
	<u>16 427</u>	<u>58 218</u>

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

11.2 Current provisions

Employee leave benefits	333	434
	<u>333</u>	<u>434</u>

12. Financial Risk Management Objectives and Policies

The Entity's principal financial liabilities comprise trade payables and accruals. The purpose of these financial liabilities is to raise finance for the Entity's operations. The Entity has various financial assets, such as trade receivables which arise directly from its operations.

It is, and has been throughout 2016/17 and 2015/16, the Entity's policy that no trading in derivatives shall be undertaken.

The main risk arising from the Entity's financial instruments is credit risk.

Credit Risk

The Entity trades only with recognised, creditworthy third parties. The Northern Cape Provincial Treasury assists Northern Cape Fleet Management Trading Entity in the recovery of debt from the different User Departments. In addition, receivable balances are monitored on an ongoing basis with the result that the Entity's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the entity.

Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate with changing market prices whether caused by factors specific to the instrument or to general external market changes. The Entity has no financial instruments which are affected by changing market prices.

Liquidity Risk

Liquidity risk is the risk of the Entity defaulting on its financial obligations as a result of insufficient funding capacity in relation to such obligations. The Entity does not view this as a risk, in the view of the fact that it has sufficient assets to cover its liabilities. The Entity also has access to possible assistance from the Provincial Treasury, in terms of Treasury Regulation 19.5.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

The following are the contractual maturities of financial liabilities:

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

Payables from Exchange Transactions as at 31 March 2016			
	Carrying Amount R'000	Contractual Flows R'000	Cash
Trade creditors	58 218	58 218	
Within 1 Year	58 218	58 218	

Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate with changes in foreign currency. The Entity has no financial instruments which are affected by changes in foreign currency, as it has no foreign currency transactions.

Interest Rate Risk

Interest rate risk stems from the risk associated with the Entity's exposure to changes within the interest rate, interest earned on cash balances and finance lease asset.

General Risk Management Principles

Risk management is of critical importance to the entity as it understands that changing market conditions make risk unavoidable.

Capital risk management

The Entity's objectives when managing capital are to safeguard the Entity's ability to continue as a going concern in order to provide benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Entity may sell assets to reduce debt.

Fair value of Financial Instruments

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

	31 March 2017 Carrying Amount R	Fair Value R	31 March 2016 Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Amortised cost				
Finance lease receivable	44 730	44 730	35 522	35 522
Short-term portion of finance lease receivable	36 016	36 016	6 037	6 037
Receivables from exchange transactions	271 830	271 830	195 065	195 065
Cash and cash equivalents	56 750	56 750	86 287	86 287
Total Financial Assets	409 326	409 326	322 911	322 911
FINANCIAL LIABILITIES				
At amortised cost:				
Trade and Other Payables:				
- Accrued expenses	-	-	-	-
- Payables from exchange transactions	16 427	16 427	58 218	58 218
Total Financial Liabilities	16 427	16 427	58 218	58 218

Impairment loss

13. Commitments (Capital)

At 31 March 2017 (2016) the entity had no capital commitments.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

14. Finance Lease Receivables

Finance leases – Entity as lessor

The Entity has entered into finance leases for its motor vehicle fleet. These leases have remaining terms of 4 years. The future lease payments expected as at 31 March 2017 are as follows:

Gross investment in leases due	Gross Lease Payments	Unearned Finance Income	Net Present Value
	<i>R '000</i>	<i>R '000</i>	<i>R '000</i>
Amounts due within 1 year			
Amounts due within 2 – 5 years	54 816	(18 800)	36 016
	64 639	(19 909)	44 730
	119 455	(38 709)	80 746

Included in the gross lease payments are Unguaranteed Residual Values expected at the end of the lease of R18 674 million.

Present value of minimum lease payments due	Minimum Lease Payments
	<i>R '000</i>
Amounts due within 1 year	36 016
Amounts due within 2 – 5 years	44 730
	80 746

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 2016 was as follows:

Gross investment in leases due	Gross Lease Payments	Unearned Finance Income	Net Present Value
	<i>R '000</i>	<i>R '000</i>	<i>R '000</i>
Amounts due within 1 year			
Amounts due within 2 – 5 years	18 774	(12 737)	6 037
	39 169	(3 647)	35 522
	57 943	(16 384)	41 559

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

Included in the gross lease payments are Unguaranteed Residual Values expected at the end of the lease of R36 541'.

Present value of minimum lease payments due	Minimum Lease Payments R '000
	6 037
Amounts due within 1 year	35 522
Amounts due within 2 – 5 years	<u>41 559</u>

15. Cash Generated from Operations

	31 March 2017 R'000	31 March 2016 R'000
(Deficit)/Surplus for the Period	98 235	(37 966)
Adjusted for:		
Interest Received	(3 063)	(2 317)
Impairment loss – Fleet	-	-
Depreciation - Fleet	38 081	18 887
Loss/(profit) on sale of vehicles	41 380	48 527
Disposal / Transfer to Finance Lease	-	-
Capital Portion on Finance Lease	-	-
Bad debt written off	-	(97 673)
Prior year correction	-	-
Operating Profit before Working Capital Changes	<u>174 633</u>	<u>(70 542)</u>
Working Capital Changes:	(188711)	116 771
(Increase)/Decrease in Inventories	(2 745)	(22 798)
Decrease/(Increase) in Trade and Other Receivables	(146 839)	90 491
Increase/(Decrease) in Trade and Other Payables	(41 791)	48 096
Other working capital	2 664	982
Cash Generated from Operations	<u>(14 078)</u>	<u>46 229</u>

16. Cash and Cash Equivalents

	31 March 2017 R'000	31 March 2016 R'000
Bank Account – ABSA	56 750	86 287
	<u>56 750</u>	<u>86 287</u>

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

17. Inventories

	31 March 2017 R'000	31 March 2016 R'000
Opening balance	43 416	20 618
Purchased during year	38 642	45 415
Moved to finance lease assets	(35 897)	(22 617)
Vehicles held for finance lease	<u>46 161</u>	<u>43 416</u>

18. Irregular expenditure

Reconciliation of irregular expenditure

	31 March 2017 R'000	31 March 2016 R'000
Opening balance	32 654	9 657
Add: Irregular Expenditure relating to prior year	-	-
Add: Irregular expenditure relating to current year	7 831	22 997
Less: Amounts condoned	-	-
Closing Balance	<u><u>40 485</u></u>	<u><u>32 654</u></u>

19. Fruitless and Wasteful Expenditure

	31 Dec 2016 R'000	31 March 2016 R'000
Opening balance	294	196
Add: Current year	<u>34</u>	<u>98</u>
	<u><u>328</u></u>	<u><u>294</u></u>

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

20. Change in accounting policy

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

21. Contingent asset

	31 Dec 2016 R'000	31 March 2016 R'000
Opening balance	3 708	3 390
Claims	921	318
	<u>4 629</u>	<u>3 708</u>

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

The current standing of these claims is that letters have been dispatched to the user departments to pay the damages (includes repairs and or alternatively replacements cost). The best estimate of the total claims total R4 629'.

22. Contingent liability

	31 March 2017 R'000	31 March 2016 R'000
Opening balance	275	107
Claims against NCFMTE	1 087	168
	<u>1 353</u>	<u>275</u>

Various legal claims has been lodged against the entity, as the owner of the vehicles, involved in incidents where a 3rd party vehicle was damaged Investigations are still under way to determine the probability of the contingent liability.

23. Prior period error

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

Depreciation		(343)
Government Grants		5 368
Net effect on surplus/(deficit) for the year	<u>-</u>	<u>5 025</u>

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

Receivables		(2 575)
Net effect on Statement of Financial Position	<u>-</u>	<u>(2 575)</u>

The Net effect of prior period error(s) relating to the Statement of changes in Net Assets are as follows:

Accumulated Surplus/(Deficit)		(2 450)
Net Effect on Statement of changes in Net Assets	<u>-</u>	<u>(2 450)</u>

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

24. Going concern

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

25. Related parties

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

Terms and Conditions of Transactions with Related Parties

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

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

Included in note 5.3 and 6.4 is an amount of R19 135 (2016: R18 183) recognised as service in kind for employees contracted to the department working for the entity and free accommodation provided to the entity by the department.

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

Mr. K. Nogwili – Head of Department

Mr. B. Slingers- Acting Chief Financial Officer

Mr. M.N. Bosch – Chief Executive Officer R1 088' (2016: R986')

PR302/2017
ISBN: 978-0-621-45833-6

To obtain additional copies of this document, please contact:

Department of Roads and Public Works
Northern Cape

P.O. Box 3132
KIMBERLEY
8300

Tel: (053) 839-2220
Fax: (053) 839-2291

Web address: <http://ncrpw.ncpg.gov.za>

