the dr&pw

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

ANNUAL REPORT 2021 / 2022

ANNUAL REPORT

2021 / 2022

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PART A:

GENERAL INFORMATION

1.1. Departments General Information

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1.2. List of Abbreviation/ Acronyms

AO	Accounting Officer	M&E	Monitoring and Evaluation
APP	Annual Performance Plan	MEC	Member of Executive Council
ACM	Alternative Construction Methods	MISS	Minimum Information Security Standards
BAS	Basic Accounting System	MTEF	Medium Term Expenditure Framework
C-AMP	Custodian Immovable Asset Management Plan	MTSF	Medium Term Strategic Framework
BBBEE	Broad Based Black Economic Empowerment	NCEDA	Northern Cape Economic Development Agency
CFO	Chief Financial Officer	NCPG	Northern Cape Provincial Government
CIDB	Construction Industry Development Board	NCPGDS	Northern Cape Growth and Development Strategy
CPI	Consumer Price Index	NYS	National Youth Service
CSD	Central Supplier Database	OHSA	Occupational Health and Safety Act
DAMP	Departmental Asset Management Report	PAIA	Promotion of Access to Information Act
DDM	District Development Model	PAJA	Promotion of Just Administration Act
DORA	Division of Revenue Act	PFMA	Public Finance Management Act
DPSA	Department of Public Service and Administration	PGDS	Provincial Growth and Development Strategy
DQA	Data Quality Assurance	PGDP	Provincial Growth Development Plan
DRE	District Road Engineer	POE	Portfolio of Evidence
DRPW	Department of Roads and Public Works	PPP	Public Private Partnership
EBE	Engineering Built Environment	PPPFA	Preferential Procurement Policy Framework Act
ECD	Early Childhood Development	PSA	Public Service Act
EE	Employment Equity	PYEI	Presidential Youth Employment Intervention
EEA	Employment Equity Act	RMC	Risk Management Committee
EPWP	Expanded Public Works Programme	PRMG	Provincial Roads Maintenance Grant
FMC	Financial Misconduct Committee	RISFSA	Road Infrastructure Strategic Framework of South Africa
FTE	Full Time Equivalent	SABS	South African Bureau of Standards
GIAMA	Government Immovable Asset Management Act	SCM	Supply Chain Management
GMT	Government Motor Transport	SETA	Sectoral Education and Training Authority
HOD	Head of Department	SMME's	Small, Micro, & Medium Enterprises
IRS	Internal Revenue Service	SLA	Service Level Agreement
HDI	Historically Disadvantaged Individuals	TMH	Technical Methods for Highways
IAR	Immovable Asset Register	U-AMP	User Immovable Asset Management Plan
ICT	Information Communication Technology	VCI	Visual Condition Index
IDP	Integrated Development Plan	WOE	Women Owned Enterprise
IGCSD	Integrated Governance, Coordinated and Service Delivery Model	WSP	Workplace Skills Plan
IGP	Infrastructure Grant to Provinces	WBS	Web Based System
LIM	Labour Intensive Method		

1.3. FOREWARD BY THE MEC

After the country was hit by series of several natural disasters including floods, the department suffered severe service delivery and budgets were redirected towards flood damages as part of a disaster management response. During 2021/22 financial year, the department of Roads and Public Works made significant progress in infrastructure delivery and job creation in comparison to the decline in performance which was mainly attributed by the effects of COVID-19. The Economic Reconstruction and Recovery Plan (ERRP) was introduced and R69 million was allocated towards roads infrastructure investment, delivery and maintenance and job creation. This stimulated and revived the construction industry not to mention that it reinvigorated the economies since suppliers and SMME's were empowered through the delivery of infrastructure. I would like to in the same breath report that the ERRP made positive contribution towards the improvement of overall performance of the department.

The department made significant strides in achieving government's 2019-2024 MTSF Priorities and the following are reported:

- Priority 1; we achieved an unqualified audit opinion with material findings for 2019/20, 2020/21, 2021/22 financial years.
- Priority 2; 125% achievement for procurement of goods & services spent on women and youth enterprises through 30% set-aside for between 2020/21 to 2021/22 financial years. (25% over-achievement).
- Priority 2; 38 capital infrastructure projects were completed against target of 51 between 2019/20 to 2021/22 financial years and the department put a catch-up plan in place to address the shortfall 13 projects.
- Priority 2; Improved paved road network VCI from 68,9% to 72%;
    - 54.8km roads were upgraded from gravel to surfaced roads against the target of 93,2km between 2019/20 to 2021/22 financial years the department put a catch-up plan in place to address the shortfall of 38.4 km.

- Priority 2; to date, 53 971 (51%) work opportunities in progress against the target of 104 031 between 2020/21 to 2021/22 financial years.

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

The department is part of coherent planning processes towards the macro-organization and restructuring of the departments and Entities led by Office of the Premier. These includes short to medium term processes that involves the finalization of the Remodelling process, the establishment of the state-owned construction company which resides under the Northern Cape Economic Development Agency (NCEDA).

MS. F.B.P MAKATONG
EXECUTIVE AUTHORITY: ROADS AND PUBLIC WORKS
Date: 31 August 2022

1.4. REPORT OF THE ACCOUNTING OFFICER

The department's planning is predominantly informed by the planning of two sector departments namely the Department of Public Works and Infrastructure (DPWI) and the Department of Transport (DOT).

During 2021/22 financial year, the department of Roads and Public Works achieved an unqualified audit opinion with material findings and has made significant progress in performance after a decline in the previous financial year attributed by budget cuts and of COVID-19. The department was allocated R69 million as part of the Economic Reconstruction and Recovery Plan (ERRP) towards roads infrastructure and job creation. This spiked the improvement of overall performance of the department from 36% during 2020/21 financial year to 51% and the Fleet Entity 75% in 2021/22 financial year. The department further reports the following for 2021/22 financial year:

- Achievement of 81% for women and 64% youth owned enterprises for procurement of goods & services spent and respectively through 30% set-aside;
- Persons with disabilities 100% on procurement spent on goods & services;
- 28 % from the 20% planned candidates were registered on different programmes;
- 2021/22: 8 Capital project completed which includes 4 School, 1 Pharmacy, 1 Office, 1 Place of safety and 1 Bridgeway;
- 20 Capital infrastructure projects are in construction;
- 695 Skills empowerment initiatives were implemented for 2021/22 financial year:
- An over-achievement of 38% on beneficiaries on skills development initiatives – (695 against target of 502).
- An over achievement of 6% on work opportunities created (7228 against a target of 6742) and 7169 Work opportunities were created within the department according to validated information and this variance is caused by the difference in reporting requirements.

The department implemented the following empowerment programmes:

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

1.4.1 - Overview of financial results of the department

- **Departmental receipts**

Departmental received	2021/22			2020/21		
	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						
Sales of goods and services other than capital assets	1 491	2 542	(1 051)	1 432	1 634	(202)
Transfers received						
Fines, penalties and forfeits						
Interest, dividends and rent on land						
Sales of capital assets		1 107	(1 107)		1 474	(1 474)
Transactions in financial assets and liabilities		43	(43)		979	(979)
Total departmental receipts	**1 491**	**3 692**	**(2 201)**	**1 432**	**4 087**	**(2 655)**

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).

1.4.2 Tariffs

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.

1.4.3 Programme Expenditure

	2021/22			2020/21		
Programme Name	**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	176 125	173 186	2 939	150 440	149 659	781
Public works	137 028	136 962	66	165 152	144 601	20 551
Transport Infrastructure	1 532 987	1 532 976	11	1 324 923	1 324 909	14
Community Based Programme	182 520	182 506	14	108 556	108 517	39
Total	**2 028 660**	**2 025 630**	**3 030**	**1 749 071**	**1 727 686**	**21 385**

The final appropriation for the 2021/2022 financial year for the Department of Roads and Public Works was R2,028 billion. The Department spent 100 per cent of the budget compared to 99 per cent in the previous year.

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

1.4.4 Virements

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

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

The table below shows the approved virements.

Main Division			Reason
	From	To	
	R'000	R'000	
Administration		1 247	Overspending on machinery and equipment.
Public Works	2 116		Savings on Provinces and Municipalities.
Transport Infrastructure		15 176	Overspending on projects as a result of reprioritisings during the financial year.
Community Based Programme	14 307		Savings on current projects to defray over spending on projects in Programme 3.

1.4.5 Unauthorised, Fruitless and Wasteful Expenditure

Unauthorised Expenditure

DESCRIPTION	FINANCIAL YEAR	AMOUNT	REASON
NA	N/A	N/A	N/A

Fruitless and Wasteful Expenditure

Reason
Incorrect Supplier paid
Interest and Penalties on municipal accounts
No show fees

Actions taken

- The department has introduced the Financial Misconduct Committee four years ago to deal with the issues identified above.
- The financial inspectorate is also required to do a monthly audit on all payments to identify possible cases of Fruitless and Wasteful Expenditure.
- Disciplinary action is taken against staff who commits themselves continuously to irregular and F&W expenditure.
- Recoupment of money from incorrect supplier paid.
- We are deducting money from staff who has lost or damage departmental equipment.

1.4.6 Future plans of the department

- Restructuring and remodeling of the department;
- Renaming of the department;
- Increase the intake for target groups in the skills development programs focusing on artisanship programs and contractor development and also increase the intake of work opportunities for target groups;
- We continue the reseal program to improve the road condition of our paved roads.

1.4.7 Supply Chain Management

SCM processes and systems to prevent irregular expenditure

- A major challenge that is facing the department is the introduction of the new PPPFA regulations that is effective from the 1st April 2017.

1.4.7.1 Central Supplier Database

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

1.4.7.2 Committees

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

1.4.7.3 SCM processes and systems to prevent irregular expenditure

- Procurement of goods and services is done in accordance with the prescribed threshold values by the National Treasury.
- Procurement delegations are implemented and monitored regularly
- Invitation of competitive bids for threshold values above R500 000.00 are all advertise on E-Portal to ensure that equal opportunities are given to all suppliers to compete.
- Reviewing our system of inviting quotations
- Check the completeness of SBD 4 to ensure that service providers declare their interest and verify ID numbers of the directors on the Persal System.
- Verify VAT Registration of suppliers on the SARS Website to ensure that service providers who claim VAT are duly registered.
- Verify the status of CIDB grading of service providers on the CIDB Website to ensure that the status is active prior to awards.
- Proper safekeeping and management of contract records to confirm that awards made are in accordance with the requirements of SCM legislation and prescripts.
- Implemented and monitor transaction checklists to ensure compliance with SCM prescripts.

1.4.8 Events after the reporting date

None

1.4.9 Other

Trading entities and public entities

The department has the following trading account which is the Northern Cape Fleet Management Trading Entity. The Fleet Management Trading Entity is responsible for the acquiring for all fleet requirements for provincial departments in the province. The fleet is leased out to all the departments in the province and is charged on a daily basis depending on the type of vehicle. The Department provides services to the Northern Cape Fleet Management Trading Entity in the form of personnel, facilities and other administrative support.

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

1.4.10 Performance information

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

An annual performance plan (2021/22) is a plan aligned to departmental activities, outputs and goals with provincial and national policy priorities and the budget. The performance of the Department, per programme, is detailed in Part 2 of the Annual Report. In Addition to this the department also submits the following reports:

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

1.4.11 Sign-off and acknowledgement

This report was measured against the 2021/22 annual performance plan and by the Strategic Plan (2020-2025) which is aligned to departmental activities, outputs and goals with provincial and national policy priorities and the budget. I therefore want to thank the staff and management of the Department of Roads and Public Works for their hard work in ensuring that the department achieved all the goals that it set itself to achieve during this quarter.

It is hereby certified that this report:

- Was developed by the management of the Department of Roads and Public Works under the guidance of the Acting Accounting Officer; and
- Accurately reflects the goals and achievements for the financial year 2021/22.

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

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

- All information and amounts disclosed throughout the annual report are consistent.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury. The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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

The external auditors engaged to express an independent opinion on the annual financial statements. The annual report reflects the performance information, the human resources information and the financial information of both the department and its trading entity for the financial year ended 31 March 2022.

Accounting Officer
Dr. J. Mac Kay
Date: 31 August 2022

1.6. STRATEGIC OVERVIEW

- **Vision**

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

- **Mission**

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

- **Values**

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

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

1.7. Legislative and other Mandates

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

1.7.1 Constitutional

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

1.7.2 Legislative mandates

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

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

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

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

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

National Building Regulations and Building Standards Act, 1977 (103 0f 1977): requires the department, as custodian and regulator of the built environment, to ensure that all building and construction work on government property, irrespective of by whom it is undertaken, complies with the legislation.

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

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

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

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

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

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

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

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

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

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

Public Service Act, 103 of 1994 and Regulations sets out the employments laws for members of the public service and those who are potential public servants and the publication of a Service Delivery Improvement Plan which indicates the level of services to be rendered and procedures for communication with clients and the public.

Preferential Procurement Policy Framework Act, **5 of 2000 and Preferential Procurement Regulations 2017,** providing specific guidelines in allocating tenders to historically disadvantaged individuals and entities.

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

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

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

Deeds Registry Act, 1937 (as amended in 2013): To amend the Deeds Registers 'Act, 1937 as to provide discretion in respect of rectification of errors in the name of a person or description of a property mentioned in deeds and other documents, to provide for the issuing of certificates in respect of registered titles taking the place of deeds that have become incomplete or unserviceable.

Municipal Rates Act, 2004 (as amended in 2014)

Infrastructure Development Act, 23 2014:

To provide for the facilitation and co-ordination of public infrastructure development which is of significant economic or social importance to the Republic; to ensure that infrastructure development in the Republic is given priority in planning, approval and implementation; to ensure that the development goals of the state are promoted through infrastructure development; to improve the management of such infrastructure during all life-cycle phases, including planning, approval, implementation and operations; and to provide for matters incidental thereto.

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

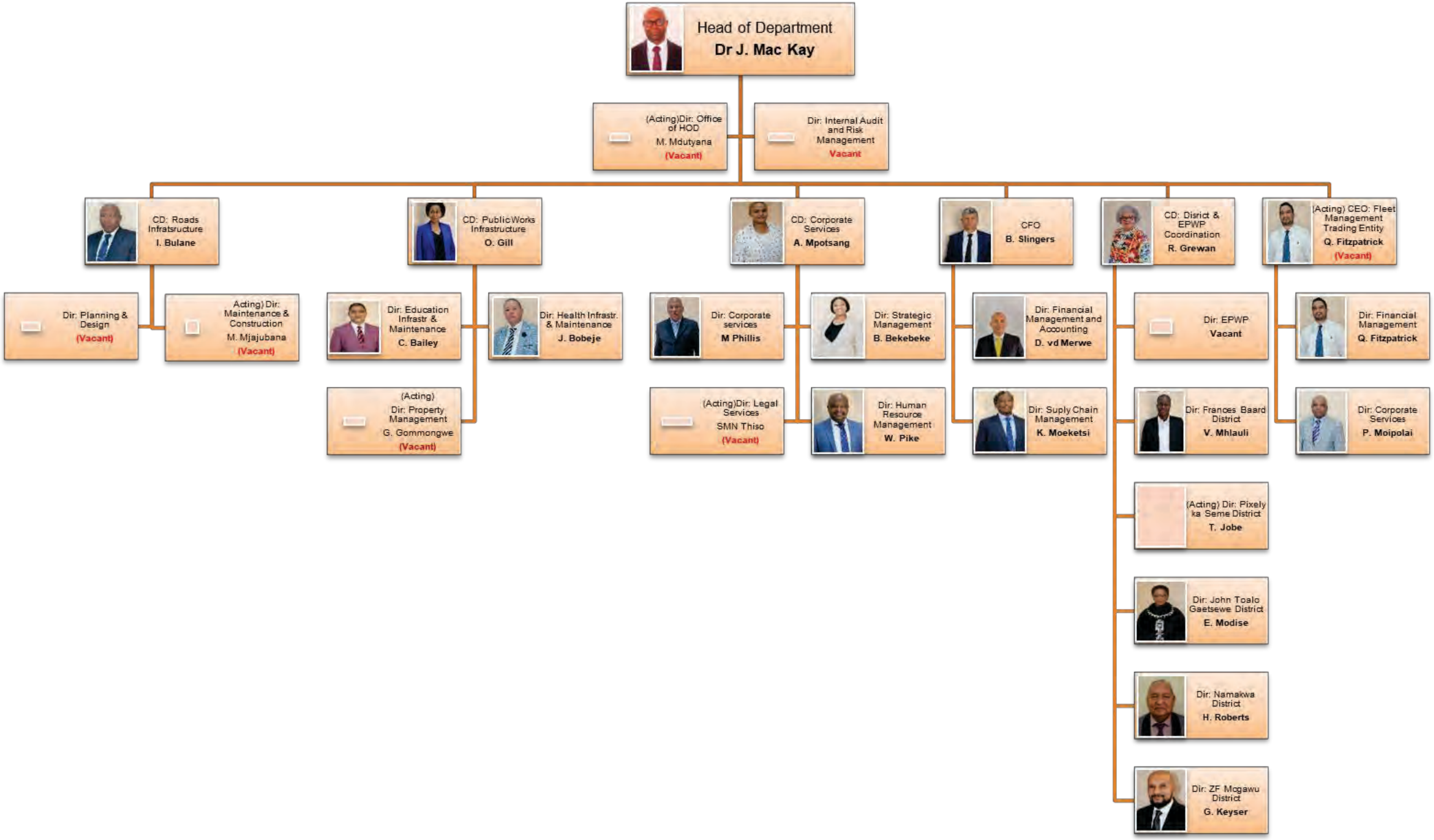
Council for the Built Environment Act No. 43, 2000:
This document presents the Council for the Built Environment's policy for the identification of work to be adopted by the built environment professions councils, and a resulting framework to guide the implementation of the policy.

National Building Regulations and Building Standards as Amended by Standards 8 of 2008
SABS provides a range of standards covering the demands of the Building & Construction industry, from quality management systems to test methods for specific materials or parts. These will help your organization to enhance customer satisfaction, meet regulatory, safety and reliability requirements, and ensure consistency of quality throughout the supply chain.

Entities reporting to the MEC

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

1.8. Organizational Structure



PART B:

PROGRAMME PERFORMANCE

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service delivery environment

The department still experienced effects COVID-19 and the regulations were implemented from levels 4 to 1 progressively. This had a negative impediment on the full operations of the department because of the limited number staff permitted. The department was unable to fully implement procurement imperatives during the last quarter of this financial year due to a national procurement moratorium as a result of a court judgement that rendered certain sections of the PPPFA 2017 unlawful. This impediment partly contributed to under-achievement to some indicators which were reliant on major procurement.

With regard to release of land for empowerment purposes, the department planned to dispose 40 land parcels for the 2021/22 financial year but has subsequently withdrawn 19 to improve the revenue collection. As part of the property transformation agenda, 21 land parcels will be disposed through the redistribution process which in progress. The department has seventy (70) residential houses of which six (6) were disposed to the current tenants, twenty-eight (28) are in the process of disposal to current tenants and the remainder will be disposed through an auction process. The department has 43% of leases contracted with BBBEE owners and is in the process to introduce more property developers.

The following list details some projects that were completed and some that were in progress in 2021/22

Department of Health

A total of 8 Infrastructure projects were identified including multi-year projects

Project Name	Progress to date
Upgrading, Maintenance and Refurbishment	
Mental Health Hospital: Term Maintenance Contract	Construction – Ongoing
Various facilities	Upgrading of Gas Banks Oxygen Supply Phase 1 Completed. Phase 2 80% Complete
F Baard, JTG, Pixley: Maintenance of Standby Gensets	Ongoing
New infrastructure / Installations Programme	
Kimberley: Completion of Nurses Accommodation	Construction – 65% complete
Springbok Hospital: New Pharmacy	Completed
Kimberley Hospital Robert Mangaliso Sobukwe Hospital: Installation and Maintenance of lifts	Ongoing – 3-year contract
Clinics Programme	
Boegoeberg: Construction of New Clinic	Construction – 95% complete
Bankhara Bodulong: Construction of New Clinic	Construction – 90% complete

Department of Education

A total of 15 Infrastructure projects were identified including multi-year projects

Project Name	Progress to date
Classroom blocks x 1	Construction – 96% complete
ECD Classrooms x 4	3 x Tender evaluation phase 1 x Completed
Cillie Primary School	Construction – 60% complete
Petrusville Primary School	Construction – 7% complete
Technical Workshops x 1	Completed
Cluster 1: Kalahari H/S: 10 classrooms, large ablution block	1 x Completed:
Cluster 2: Wrenchville H/S: 10 Classrooms, School Hall, Large Ablution, High Security Fence, Muli-purpose court	1 x Construction – 75% complete
Cluster 3: Brandvlei P/S: 2 Classrooms, Large Admin Block, Large Ablution & convert old toilets to media centre	Completed
Cluster 4: Lareng P/S: 10 Classrooms, Double ECD, Medium Admin and R & R	Tender evaluation phase
Cluster 5: Olihile Manchwe I/S: 5 Classrooms (replace burnt classrooms), Large Ablution and R & R	1 x Construction – 80% complete
Cluster 6: Sishen I/S: 5 Classrooms, Double ECD, Large Ablution and R & R	Completed
Cluster 7: Voorspoed P/S: Construction of ECD Classroom, 6 Classroom Block, Ablution Block and R & R	Tender evaluation phase

Department of Sport, Arts and Culture

A total of 6 Infrastructure projects were identified including multi-year projects

Project Name	Progress to date
Kimberley: Construction of Provincial Library Depot	Construction – 32% complete
Kimberley: Construction of Provincial Offices	Construction – 58% complete
Springbok: Conversion of school hostels into Namakwa District Offices	Completed
Nababeep Library: Upgrading	Tender evaluation phase
Sternham Library: Upgrading	Tender evaluation phase
Kimberley: Maintenance and Security Upgrades	Site handover phase

Department of Social Development

A total of 5 Infrastructure projects were identified including multi-year projects

Project Name	Progress to date
Lerato Place of Safety: repairs and renovations	Construction – 92% complete
Kimberley: Drug Rehabilitation Centre: 2-Year Term Maintenance Contract	Ongoing
De Aar: Secure Care Centre: 2-Year Term Maintenance Contract	Site handover phase
Springbok: Secure Care Centre: 2-Year Term Maintenance Contract.	Tender evaluation phase
Danielskuil: Construction of Offices	Construction – 15% complete

Northern Cape Economic Development Agency

A total of 1 Infrastructure projects were identified including multi-year projects

Project Name	Progress to date
Witsand: Construction and upgrading of chalets – Ph 2	Site handover phase

Department of Economic Development and Tourism

A total of 1 Infrastructure projects were identified including multi-year projects

Project Name	Progress to date
McGregor Museum Bagpipe Lodge: Upgrading	Construction – 25% complete

The Department of Roads and Public Works has developed and implemented a comprehensive set of roads management systems that includes pavement and bridge management. These systems are updated on an annual basis and the visual condition assessments were conducted on paved and unpaved road network during 2021/22 financial year. 50 per cent of the network was conducted during 2020/21 and 50 per cent during 2021/22 by professional service providers.

The current condition of the network is generally in fair condition as compared to what it was three years ago and according to the most recent condition assessment data of 2021, most paved provincial roads can be classified as “good”. This was as a result of substantial preventive maintenance from 2012 which increased the average network condition from 60% to 72% in 2021; the impact of the flood damages at parts of the province and the continued damages caused by heavy loaded vehicles on the manganese corridor reduced the chance of achieving a higher percentage of the road network condition. The 6% of “poor” roads have high investment needs and high associated road user costs. A total 31% 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 provincial unpaved road network is 50mm with 58% (13 180km) of the unpaved road network with insufficient (<50mm) gravel material.

The DR&PW road network has no Class 1 roads. Class 2 roads are the regional distributors and carry most of the traffic on the DR&PW network. Of Class 2 roads, 62% (1185 km) are in good and very good condition. Approximately 106 km (6%) of Class 2 roads are currently in a poor and very poor condition, which is below the accepted maximum value of 10% for poor and very poor roads.

The financial analysis completed, determined the impact of the current DRPW funding levels considering the following intervention treatments: reseal, rehabilitation, re-gravelling and upgrading of unpaved roads to paved standards. To determine the amount that is required for preventative maintenance and rehabilitation needs, the unit rates were determined.

The service delivery environment for roads infrastructure is continuing to be volatile. The implementation of projects is faced with community challenges. The trend of community interference in the projects is gaining momentum. The community demands are beyond what the projects can economically carry. This challenge started in the John Taolo Gaetsewe district and is now spreading into other areas. Damage to assets during protests is an ongoing challenge. The COVID 19 impact in terms of job losses, has put more pressure on government to generate more job opportunities than what the economy can afford.

The province experienced excessive rain and flood damages have also put pressure on the budget allocated for routine road maintenance. The department has intensified the regravelling programme in attending to the flood damages and attending to the backlog on re-gravelling as most of our gravel roads have a gravel thickness of less than 25mm. More than 80 % of day-to-day road maintenance is being implemented internally by the internal teams through the utilization of modern machinery. The planning and design and project management for preventative maintenance is also implemented by internal team.

Currently, one of the biggest challenge is insufficient funding whereby all these mining activities are deteriorating our provincial roads and the funding through the conditional grants is not sufficient to attend to all the demands of damaged roads. The over-haulage on our roads due to transportation of minerals have huge impact on the condition of the roads within the province. The roads which are impacted negatively are the R31 from John Taolo Gaetsewe district, via Frances Baard and from N12 Hopetown to N1 at Hanover in Pixley Ka Seme district to the other parts of the country, especially to COEGA in the Eastern Cape Province. The R31 towards Koopmansfontein and Platfontein area was also affected by flooding which resulted into road closure and delays for motorists because they had to detour to Windsorton towards Barkley-West. The funds to rehabilitate these roads are insufficient for the province hence the Department has considered to request the transfer of these roads to SANRAL. This will elevate the province in spending on these roads and concentrate on roads which are used mainly by local motorists. There are proactive effective communications strategies in place over social media platforms and a WhatsApp line to monitor the high-risk areas to keep citizens informed.

The following roads infrastructure projects have been completed in 2021.

- Upgrading of Dithakong road in JTG
- Flood damages: DR3118 Belmont: FBD

- Flood damages: DR3388 Ulco-Boetsap: FBD
- Flood damages: DR2318, DR2319, DR2320 Victoria west:PKS
- Flood damages: DR3474 Stilerus: JTG
- Flood damages: Gasehunelo wyk 3,4 (MN0033) (DR3477): JTG
- Re-gravelling: MR567 Sutherland-Middelpos: Namakwa

The department will continue to create and foster joint ventures with the mines and other stakeholders for roads construction and maintenance, especially in the John Taolo Gaetsewe District (JTG), where an increase of mining activities is taking place.

Other Interventions

The department has entered into a standing agreement with the Sol Plaatje Municipality as part of the provincial intervention to address service delivery backlogs in particular the pothole repairs. These interventions are implemented through DRPW internal Maintenance teams, Contractor appointed for Sol Plaatje Cleaning, and various contractors to execute pothole patching in 39 wards on a cluster program of 10 wards identified by SPM. The supervision and other support is conducted by the DRPW engineers and technicians and a technical committee (Rapid Response Task Team) which will oversees and progress and reports accordingly. To date, a total of 19 contractors have been appointed of which 18 are black owned and the value of R53,6 million. As part of DRPW pothole eradication program to improve road safety through Rooting out the Dust (RoD) programs. The RoD projects are identified from the Municipal IDP's in line with the department District Development Model. The interventions include the following:

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

The expanded public works programme (EPWP) remains one of the department key economic drivers in line with tackling the triple challenges of poverty, inequality and unemployment through creation of more decent and sustainable jobs. Since the commencement of the 2019-2024 MTSF period, 18 199 (87%) work opportunities were created within the province for 2021/2022 financial year against the target of 20910 and 7169 Work opportunities were created within the department according to validated information and 7 228 was reported on the EPWP reporting system and this resulted is an over-achievement of 6%. This variance is caused by the difference in reporting requirements.

To date, progress is 53 971 (51%) work opportunities which has been reported against the MTSF target of 104 031. Public bodies have achieved 46 063 (44%) achieved against its set 5-year target of 104 031 (2019/20 - 2023/24”).

Summary of skills development intervention programmes

The Department of Roads and Public Works implemented more skills development initiatives during this year than originally planned despite the delays in the implementation of these skills programmes as a result of COVID-19 restrictions. The delays were mainly caused by the Skills CETA’s verification processes. The Department implemented 695 Innovation and Empowerment programmes against a target of 502 and this contributed to an over-achievement of 38%. These are Learnerships, Artisan programmes and Short Skills and the Artisan apprenticeship Programme is a flagship programme part of building a capable skilled state. We achieved this through stakeholder relations.

Phakamile Mabija Apprenticeship programme

The 3-year Artisan Apprenticeship Programme in Engineering and Construction trades which commenced during 2019 is still in its incubation and phases 1 to 3 has been completed during 2021/22 financial year. The original intake for these programmes were 124 candidates (40 % male and 60 % female) of which 30 completed in prior years.

During 2021/22 financial year, the program rolled over with 94 participants (52 female & 42 male) who will complete their trade test in 2022/23 financial year. The programme was to the value of R6,5million and was funded by the MERSETA for the development of Engineering trades of 20 Diesel Mechanics, 10 Refrigeration Mechanics, 10 Riggers. As part of the programmes exit strategy, the artisans have been placed at DRPW district offices, private companies, and mines for their practical training.

- Diesel Mechanics placed at the artisan training institute.
- Riggers workplace training at the mines since January 2022.
- Refrigeration repair apprentices commenced with workplace training from October 2021.

This Apprenticeship programme is a three (3)-year programme which commenced in 2018 with 100% (24) female youth enrolled. To date, only 21 learners successfully completed in 2021/22 financial year in the trades of millwright, boilermaker, fitter & turner, electricians, and diesel mechanic.

Learnership Programmes

Renewable energy initiatives: During 2020/21 financial year, the department enrolled 131 learners (72 female & 59 male) over a 12-months programme in electrical engineering renewable energy but due to COVID-19, the programme was halted and was rolled over into 2021/22 financial year. This is regarded as our flagship skills development programme according to the 4th industrial revolution and the learners will complete in 2022/22 financial year.

Business Analysis: During October 2021/22 financial year, the department enrolled 15 learners (12 female & 3 male) over a 12-months programme in a business analysis learnership programme in Frances Baard district. The learners will complete in October 2022.

Short skills development programme

During October 2021/22 financial year, the department implemented a 3-months construction road maintenance skills programme with an intake of 400 youth learners (40 % male and 60 % female) youth learners and only three-hundred and eighty (380) successfully completed. This programme was funded by Construction Education and Training Authority (CETA). The department planned a new intake of 126 learners in June 2022 for Frances Baard and Pixley ka Seme districts as part of the department's intervention to assist municipalities with internal road maintenance. This programme involves the following modules:

- Application of Safety Procedures
- Handle compacting equipment
- Bitumous Layering
- Pothole Repair
- Kerbing
- Paving

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)	14	8
Construction and maintenance of roads	All roads users (communities) including mining industries	Meeting required roads standards. Ensuring that all roads are in good condition throughout their expected life span by maintaining them on a regular basis. Use well trained technical staff	47 kilometers of gravel roads upgraded to surfaced roads.	19.9 kilometers of gravel roads upgraded to surfaced roads.
			414 800 square metres of surfaced roads rehabilitated	0 square metres of surfaced roads rehabilitated
			123200 square meters of surfaced roads resealed	46 000 square meters of surfaced roads resealed
			386 kilometres of gravel roads re-gravelled	440.78 kilometres of gravel roads re-gravelled
			9 900 square meters of blacktop patching	33951.80 square meters of blacktop patching
			71 000 kilometres of gravel roads bladed	63759.61 kilometres of gravel roads bladed

The department of Roads and Public Works have the following Partnership agreements in place with sector educational training authorities for 2021/22 financial year. These partners provide funding during the duration of implementation of the various skills development initiatives.

FUNDING PARTNER	MOU'S IN PLACE
CONSTRUCTION CETA	Funding agreement in place with CETA and they funded R6 million for 400 learners for construction road maintenance short skills

	program in 5 districts.
MERSETA	MERSETA funded R 6,5million for various apprenticeships and the programs in the trades of 20 Diesel Mechanics, 10 Refrigeration Mechanics, 10 Riggers.

2.1.1 Service Delivery Improvement Plan Main services and standards

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

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

- Service delivery information tool.

Current/actual information tools	Desired information tools	Actual achievements
The department tables the budget vote speech and it is publicised through various communication channels, i.e. Watsapp line, radio, social media platforms. Published annual performance plans and reports on departmental website. Regular update of information on all communication platforms.	The department must publish all its service delivery plans through various communication channels, i.e. radio, social media platforms. Published annual performance plans and reports on departmental website. Site meetings with	The department published all its service delivery plans through various communication channels, i.e. Watsapp line, website, radio, social media platforms. Published annual performance plans and reports on departmental website.

	contractor (All stakeholders)	
The department has developed its service charter to inform our clients on the departmental services, operating hours and procedures, addresses, contact persons.	SLA are available Cash Flow statements/reports and predictions on every project are provided on a monthly basis. Implementation of PROMAN system. Client participation in the BID committee meetings Annual reports must improve- presently concentrating on activities and outputs	Cash Flow statements are availed on an ad-hoc bases or as and when requested. PROMAN effectively operational

- Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Complaints are dealt with through site visits, bilateral meetings and one on one interviews.	Written complaints must be submitted, and a register must be regularly updated. Formal planned bilateral meetings must be held with complainants.	Not all complaints were resolved due to budget challenges by client departments.

2.1.2 Organisational environment

The department received an unqualified audit with matters of emphasis for the past 4 years and has improved on its internal control environment with mechanisms in place to reduce its irregular expenditure. The department is still reeling from the effects of COVID-19 which affected the department's operations therefore a risk assessment plan was developed in order to assist the department to comply to the covid-19 protocols in the working arrangements of staff and movement of visitors.

The department made progress with the process of implementing recommendations made by COEGA report during 2020/21 financial year as part of the remodelling process. The department is in the process of the review of the organizational structure is underway together with all stakeholders. The consultation process with organized labour has commenced and further consultations were planned.

2.1.3 Key policy developments and Legislative changes

The PPPFA 2017 was repealed by court judgement, there were no procurement regulations in place during the last quarter of 2021/22 financial year.

2.1.4 Progress towards Achievement of Institutional Impact and Outcomes

Impact	Progress
Inclusive growth and investment	N/A

Outcome	Progress
Functional, Efficient and Integrated Government (Priority 1: MTSF)	The department achieved an unqualified audit opinion with material findings for 2019/20, 2020/21 financial years.
Professional, Meritocratic and ethical public administration (Priority 1: MTSF)	28 % from the 20% planned candidates were registered on different programmes.
More decent jobs created and sustained with youth, women and persons with disabilities (Priority 2; MTSF)	An over achievement of 6% on work opportunities created – (7169 against a target of 6742). 7169 Work opportunities were created within the department according to validated information and 7 228 was reported on the EPWP reporting system. This variance is caused by the difference in reporting requirements. 18 664 work opportunities created for the province this financial year and progress to date is 53 971 work opportunities which has been reported against the target of 104 031 which 51% progress.
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	The following infrastructure projects were implemented: 20 capital infrastructure projects were completed between 2020/21 to 2021/22 financial year. *Breakdown:* 2020/21: 12 capital projects were completed 2021/22: 8 Capital project completed which includes 4 School, 1 Pharmacy, 1 Office, 1 Place of safety and 1 Bridgeway. 20 capital infrastructure projects are in construction for 2021/22 financial year.
Increase access to affordable and reliable transport infrastructure (Priority 2: MTSF)	Improved paved road network VCI from 68,9% to 72% . 30.6 km roads were upgraded from gravel to surfaced roads between 2020/21 to 2021/22 financial year.
Increased economic participation, ownership	125% achievement for procurement of goods & services spent on women

and access to resources and opportunities by women, youth and persons with disabilities (Priority 2:MTSF)	and youth enterprises through 30% set-aside for between 2020/21 to 2021/22 financial years. (25% over-achievement) *Breakdown:* 2020/21 financial year: 231% achievement for procurement of goods & services spent on women and youth owned enterprises through 30% set-aside. 2021/22 financial year: Achievement of 81% for women and 64% youth owned enterprises for procurement of goods & services spent and respectively through 30% set-aside. Persons with disabilities 100% on procurement spent on goods & services
Integrated service delivery, settlement transformation and inclusive growth in urban and rural areas (Priority 5; MTSF)	40 land parcels have been identified and awaiting guidance to proceed with Redistribution and the department is awaiting on amendment of the constitution as the department need to transfer land to municipalities for construction of RDPs.
Massify FTE, skills, and entrepreneurial training for youth NEET linked to key industries and 4IR (priority 2: PGDP)	695 Skills empowerment initiatives were implemented for 2021/22 financial year: • Phakamile Mabija • Diesel Mechanics • Welding Apprenticeship • Refrigeration Apprenticeship • Rigger Apprenticeship • Community House Building Prieska • Building Construction & Civil Carpentry (Prieska) • Building and civil construction: • Pampierstad (Learning4life) • Construction road works Prieska (Learning4Life) • IT System Support Kimberley • IT System Support Upington • EW SETA

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

- The department achieved an unqualified audit opinion with material findings for 2019/20, 2020/21 financial years.
- 100% achievement on percentage spent on Designated Group enterprises through 30% sub-contracting on procurement of goods & services of R30 million and above annually.
- Achievement of 81% spent on women and 64 % on youth owned enterprises through 30% set-aside on procurement of goods & services.
- An over-achievement of 8% on professional capacity building programmes for candidates registered – (28% against the target of 20%).
- An over-achievement of 16% on capital infrastructure projects in construction – (22 against the target of 19).
- An over-achievement of 325% for capital infrastructure designs completed – (17 against target of 4).
- Improved paved road network VCI from 68,9% to 72%.
- An over-achievement of 14.5% on kilometres of gravel roads re-gravelled – (442.09 against the target of 386).

- An over-achievement of 230.21% on number of square meters of blacktop patching – (32 690.79 against the target of 9 900).
- An over achievement of 6% on work opportunities created – (7169 against a target of 6742).
- An over-achievement of 38% on beneficiaries on skills development initiatives – (695 against target of 502).
- John Taolo Gaetsewe Roads in partnership with Sishen Iron Ore Community Trust (SIOC).

- Upgrading projects
    - The upgrading of MR950, MR952 and MR947 roads, which have been prioritised in the district Integrated Transport Plan (ITP) and the district strategic plan continued in the 2021/22 financial year. Phase 3 of these roads are planned to be completed in 2022/23 financial year.
    - Upgrading of MR567 between Sutherland and Middelpos.
    - A section of MR567 is being upgraded from gravel road to surfaced road. This phase is planned to be completed in 2022/23 financial years.

- The rehabilitation of a section of MR938 between Kathu and Hotazel.
    - The project aims to improve the condition and safety of the road. It is implemented in conjunction with the mines, e.g. ASSMANG, SOUTH 32, UMK and KUDUMANE. This project was terminated in 2020. The new project is now on construction stage, with the new Contractor.

- Raising of Vertical Alignment on TR5/1 (R31) near Platfontein.
    - The project aims to lift the level of the existing road to a level higher than water level in the pan. The main source of the water that filled the pan is the storm water, waste water and fresh water leakages within the municipal area. The project is planned to be completed within 2022/23 financial year.
- Flood Damage Repairs.
    - The department embarked on the repair of flood damaged roads throughout the province. John Taolo Gaetsewe District was the worst affected. The damages are from the floods that occurred through December 2020 to February 2021.

- Re-graveling projects

Two re-graveling projects are being implemented. These projects are planned to be completed in the 2022/23 financial year. These projects are:

- Re-graveling of a section of MR803 between Campbel and Papkuil
- Re-graveling of a section of DR3538 between Samsokol and Loopeng

- The District Offices continued with the spot re-graveling of sections of different roads through the province.

- Road Safety Projects

The department embarked on numerous safety projects including road marking andvegetation control.

- Improvement in the EPWP work opportunities on recruitment of persons with disabilities through partnership with Learning 4 Life and Disabled People South Africa Northern Cape which resulted into 106 work opportunities reported on the EPWP reporting system only and this is against an annual target of 127.

2.2 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

2.2.1 ANNUAL DEPARTMENTAL OVERALL PERFORMANCE

Programme	Total number of indicators for the year	Number of indicators achieved	% Achieved
Administration	6	3	50%
Public Works	16	8	50%
Transport Infrastructure	10	6	60%
Community Based Programme	9	4	44%
TOTAL	**41**	**21**	**51%**

2.2.2 PERFORMANCE INFORMATION PER PROGRAMME

2.2.2.1 PROGRAMME 1: ADMINISTRATION

Purpose

Provision of administrative, strategic, financial, and corporate support services to ensure delivery of the Departments mandate in an integrated, efficient, effective and sustainable manner.

Sub-Programme	Purpose
Office of the MEC	To render advisory, parliamentary, secretarial, administrative and office support services
Management Services	Overall management and support of the department.
Financial Management	Overall financial management of the department
Corporate Support	To manage personnel, procurement, finance, administration, and related support services
Departmental Strategy	Provide operational support in terms of strategic management, strategic planning, Monitoring and Evaluation, integrated planning and coordination across all spheres of government, departments and the private sector organisations including policy development and co-ordination

Outcome	Progress
Functional, Efficient and Integrated Government (Priority 1: MTSF)	Achievement of unqualified audit report 98% achievement on 30-day payments
Professional, Meritocratic, and ethical public administration (Priority 1: MTSF)	28 % from the 20% planned candidates were registered on different programmes.
Increased economic participation, ownership and access to resources and opportunities by women, youth and persons with disabilities (Priority 2: MTSF)	100% achievements on 30% sub-contracting for procurement of goods and services Achievement of 81% spent on women & 64 % on youth owned enterprises through 30% set-aside on procurement of goods & services.

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

Outcome	Outputs	Output Indicators	Audited Actual 2019/20	Audited Actual 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual Achievement	Reason for deviation
Functional, Efficient and Integrated Government (Priority 1: MTSF)	Improved audit report	An unqualified audit achieved annually	1	1	1	1	-	
	Improved financial management	% of payments processed within 30 days	97%	92%	100%	98%	(2%)	Cashflow challenges experienced due to

								conditional grant received late
Increased economic participation, ownership and access to resources and opportunities by women, youth and persons with disabilities (PWD) (Priority 2: MTSF)	An increased in procurement allocated to women, youth & PWD enterprises	% spent on women owned enterprises through 30% set-aside on procurement of goods & services	New indicator	231% (for 30% set-aside for procurement spent on both women & youth owned enterprises)	100%	81%	(19%)	The department could not achieve the targets due to moratorium as a result of court judgement on PPPFA 2017.
		% spent on youth owned enterprises through 30% set-aside on procurement of goods & services	New indicator		100%	64%	(36%)	
	An increased in economic empowerment through procurement allocated to SMME's	% spent on enterprises through 30% sub-contracting on procurement of goods & services of R30 million and	New indicator	New indicator	100%	100%	-	N/A

	& QSE'S	above annually						
Professional, Meritocratic and ethical public administration	An increase in the professionalization of the department	Percentage of professional capacity building programmes implemented	New indicator	New indicator	20%	28%	8%	More Candidates were registered on different programmes.

Strategy to overcome areas of under performance

- The department is aiming towards clean audit outcomes and has measures in place to strength its governance processes and controls.
- The department will develop a procurement register plan for districts to prioritise empowerment imperatives.
- The department will make concerted effort to attain 30-day payments at 100%.

2.2.2.3 Linking Performance with Budget

Sub-programme Name	2021/22			2020/21		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Office of the Mec	11 898	11 895	3	10 569	10 151	418
Management of the Department	10 874	10 870	4	16 129	16 057	72
Corporate Support	145 966	143 035	2 931	116 310	116 024	286
Departmental Strategy	7 387	7 386	1	7 432	7 427	5
TOTAL	**176 125**	**173 186**	**2 939**	**150 440**	**149 659**	**781**

2.2.3 PROGRAMME 2: PUBLIC WORKS INFRASTRUCTURE

Purpose

The purpose of this programme is to provide and manage government's immovable property portfolio to support government's social, economic, functional and political objectives. In line with the mandate of the department of Roads and Public Works. This seeks to achieve the first four strategic objectives of the Department of Public Works. The programme also renders professional services such as architectural, quantity surveying, engineering and project management, horticultural and cleaning services.

Sub-Programme	Purpose
Planning	Management of the demand for Infrastructure. Development, monitoring and enforcement of built-sector and property management norms and standards. Assist in the development of user asset management plans. development of custodian Asset Management Plan. Development of infrastructure Implementation plans.
Design	Design of new and upgrading provincial building infrastructure
Construction	New construction, upgrading and refurbishment of provincial building infrastructure
Maintenance	Management of routine maintenance, scheduled maintenance, conditions assessment of all provincial buildings and alterations which refers to changes that are required for reasons other than maintaining the asset
Immovable Asset Management	Management of the provincial immovable asset portfolio; to establish and manage the provincial strategic and infrastructure plan; to provide accommodation for all provincial department and other institutions; to acquire and dispose of immovable assets in terms of the Land Administration Act and GIAMA.

Facility Operations	Management of cleaning, greening, beautification, and interior decoration

Outcome	Progress
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	8 Capital project completed which includes 4 School, 1 Pharmacy, 1 Office, 1 Place of safety and 1 Bridgeway.
Integrated service delivery, settlement transformation and inclusive growth in urban and rural areas (Priority 5; MTSF)	40 land parcels have been identified and the department is awaiting on amendment of the constitution as the department need to transfer land to municipalities for construction of RDPs. 54 leases were concluded as finding suitable accommodation in the Province remains a challenge and there is a lack of response from the landlord.

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

Outcome	Outputs	Output Indicators	Audited Actual 2019/20	Audited Actual 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual Achievement	Reason for deviation
Sub –Programme: Planning								
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Functional and accessible Public infrastructure by 2025	CAMP submitted to the Treasury annually	1	1	1	1	-	N/A
Sub-Programme: Design								
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Functional and accessible Public infrastructure by 2025	Number of infrastructure designs ready for tender annually	16	7	4	17	13	DoE had previously moved projects to the outer years and now brought them again forward. This is an attempt to minimise the under-expenditure patterns on the infrastructure

								grant
		Number of Projects costed annually	16	7	4	17	13	DoE had previously moved projects to the outer years and now brought them again forward. This is an attempt to minimise the under-expenditure patterns on the infrastructure grant
Sub-Programme: Construction								
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Functional and accessible Public infrastructure by 2025	Number capital infrastructure projects completed within the agreed time period.	12	6	14	4	(10)	Projects are running late due late due to late payments and community protest.
		Number of capital infrastructure projects	18	12	14	8	(6)	

		completed within agreed budget.						
		Number of capital infrastructure projects in construction	33	18	19	22	3	There was additional 3 projects requested from DRPW, DoE and DSAC
		Number of capital infrastructure projects completed	18	12	14	8	(6)	Delays in project timeframe due to late payments and community protest.
Sub-Programme: Maintenance								
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Functional and accessible Public infrastructure by 2025	Number of maintenance projects surveyed, planned and costed	0	18	12	18	6	6 Additional projects were received from client departments
		Number of planned maintenance projects	23	45	40	22	(18)	Client departments provided less projects due

		awarded						budget constraints
		Number of planned maintenance projects completed within the agreed contract period	11	14	40	10	(30)	Client department provided less projects due budget constraints
		Number of planned maintenance projects completed within agreed budget	17	40	40	17	(23)	Client department provided less projects due budget constraints
		Number of planned maintenance projects in construction	17	31	20	20	-	N/A
		Number of maintenance projects completed	125	60	200	84	(116)	Less day-to-day projects were conducted due to budget cuts

Outcome	Outputs	Output Indicators	Audited Actual 2019/20	Audited Actual 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual Achievement	Reason for deviation
Sub-Programme: Immovable Asset Management								
quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Credible Provincial uniform and immovable asset register	Provincial Immovable asset register verified annually	511	79	1	1	-	N/A
Sub-Programme: Facilities Operations								
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Functional and accessible Public infrastructure by 2025	Number of properties receiving facilities management services	23	20	10	14	4	Services were conducted on more properties than planned
	Effective management of property portfolio	Number of valid Leases on behalf of client	38	53	60	54	(6)	The department did not enter into new leases with departments
		departments						

Strategy to overcome areas of under performance

- The department is in the process of finalizing the remodelling process through the PMOG process.
- The department will implement strategy to improve on the leasing portfolio to potential developers

2.2.3.2 Linking Performance with Budget

Sub-programme Name	2021/22			2020/21		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Programme Support	2 084	2 083	1	2 134	2 133	1
Design	11 724	11 722	2	12 525	12 042	483
Construction	8 235	8 233	2	6 143	6 141	2
Maintenance	22 391	22 388	3	17 799	17 796	3
Immovable Asset Management	81 795	81 746	49	116 184	96 123	20 061
Facility Operations	10 799	10 790	9	10 367	10 366	1
TOTAL	**137 028**	**136 962**	**66**	**165 152**	**144 601**	**20 551**

2.2.4 PROGRAMME 3: TRANSPORT INFRASTRUCTURE

To promote accessibility and the safe, affordable movement of people, goods and services through the delivery and maintenance of transport infrastructure that is sustainable, integrated and environmentally sensitive, and which supports and facilitates social empowerment and economic growth.

Sub-Programme	Purpose
Infrastructure Planning	Provide for the planning and co-ordination towards the formulation of provincial transport policies and statutory plans, to facilitate the provision of road safety audits on all roads and transport infrastructure to ensure safe traffic and people movement.
Infrastructure Design	To provide design, of roads and transport infrastructure including all necessary support functions such as environmental impact assessment, traffic impact assessment, survey, expropriation, material investigations and testing.
Construction	To develop new, re-construct, upgrade and rehabilitate road infrastructure through contracts and Public Private Partnerships (PPP's); to render transfer payments to local authorities for road projects that qualify for subsidy.
Maintenance	To effectively maintain road infrastructure, provincial proclaimed roads; transfer payments to local authorities acting as agents for the province; augmentation of roads capital account (Ordinance 3 of 1962) to provide for additional capital; to render technical support including radio network services and training.

Outcome	Progress
Increase access to affordable and reliable transport infrastructure (Priority 2: MTSF)	The paved road network VCI Improved from 68,9% to 72%. Only 19.9 km of road upgraded. The construction of the 7,3 kilometre sidewalk from Mothibistad to Kuruman next to the DR3456 provincial road is progressing well. This main route which passes in front of Promiseland usually experiences high traffic volumes as it connects the two towns.

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

Outcome	Outputs	Output Indicators	Audited Actual 2019/20	Audited Actual 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual Achievement	Reason for deviation
Sub –Programme: Planning								
Increase access to affordable and reliable transport infrastructure (Priority 2: MTSF)	Expansion and maintenance of transport infrastructure to improve the Network VCI	Number of consolidated Infrastructure plans	1	1	1	1	-	N/A
		Number of kilometres of surfaced roads visually assessed as per the	0	3 622	3660	3660	-	N/A

		applicable TMH manual						
		Number of kilometres of gravel roads visually assessed as per the applicable TMH manual	0	10 910	11773	11773	-	N/A
Sub-Programme: Design								
Increase access to affordable and reliable transport infrastructure (Priority 2: MTSF)	Expansion and maintenance of transport infrastructure to improve the Network VCI	Number of road construction designs completed	1	2	10	10	-	N/A
Sub-Programme: Construction								
Increase access to affordable and reliable transport	Expansion and maintenance of transport	Number of kilometers of gravel roads	24.2	10.7	47	19.9	(27.10)	Reprioritisation of budget to the flood

infrastructure (Priority 2: MTSF)	infrastructure to improve the Network VCI	upgraded to surfaced roads						damages and Community unrest on the Laxey project caused delays on the project.
Sub-Programme: Maintenance								
Increase access to affordable and reliable transport infrastructure (Priority 2: MTSF)	Expansion and maintenance of transport infrastructure to improve the Network VCI	Number of square metres of surfaced roads rehabilitated	236 334	353 761	414 800	0	(414 800)	Site Establishment was delayed due to community challenges. Heavy rains experienced affected the road layers moisture content allowed for the road to be surfaced

		Number of square meters of surfaced roads resealed	1 166 334	896 200	123 200	46 000	(77 200)	Reprioritisation of budget to the flood damages
		Number of kilometres of gravel roads re-gravelled	397.17	161.61	386	440.78	54.78	More gravelling was done due to the heavy rains experienced throughout the year which negatively affected the gravel road network.
		Number of square meters of blacktop patching	22 029.75	16 547.15	9 900	33 951.80	24 051.80	Heavy rains experienced throughout the year contributed to the acceleration of potholes

								developing on most of our paved road network
		Number of kilometres of gravel roads bladed	85 498.75	57 023.98	71 000	63 759.61	(7 240.39)	Delay in repair of graders has affected the performance

Strategy to overcome areas of under performance

- The department will be piloting alternative regravelling methods of rural roads, this initiative will ensure cost effective solutions for the state, meaningful skills transfer and higher potential for labour intensive job creation than conventional roads construction methods.
- Establish a pothole eradication program to improve road safety.
- Implementing re-gravelling as capital projects and use chemical stabilisation and crushing to improve gravel road riding quality.
- Bridge maintenance - Implement routine bridge maintenance and critical bridge maintenance projects.

2.2.4.2 Linking Performance with Budget

Sub-programme Name	2021/22			2020/21		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Programme Support Infrastructure	5 612	5 611	1	2 073	2 071	2
Infrastructure Planning	31 421	31 421	-	29 580	29 578	2
Infrastructure Design	3 266	3 265	1	2 984	2 982	2
Construction	222 035	222 032	3	204 668	204 665	3
Maintenance	1 270 653	1 270 647	6	1 085 618	1 085 613	5
TOTAL	**1 532 987**	**1 532 976**	**11**	**1 324 923**	**1 324 909**	**14**

2.2.5 PROGRAMME 4: COMMUNITY BASED PROGRAMMES

To manage the implementation of programmes and strategies that lead to the development and empowerment of communities and contractors. This includes the provincial management and co-ordination of the Expanded Public Works Programme.

Sub-Programme	Purpose
Community Development	Support to district offices to implement ROD and Poverty relief projects
Innovation and Empowerment	Sub-program includes support to designated groups on contractor development, skills development and artisan development
EPWP Co-ordination and Compliance Monitoring	This sub-programme includes the coordination and support to all public bodies to ensure compliance in the creation of work opportunities as per EPWP Phase IV targets

Outcome	Progress
More decent jobs created and sustained with youth, women and persons with disabilities (Priority 2; MTSF)	• 7169 Work opportunities were created within the department according to validated information and 7 228 was reported on the EPWP reporting system. This variance is caused by the difference in reporting requirements. • 18 664 work opportunities created for the province and progress to date is 53 971 work opportunities which has been reported against the target of 104 031 which 51% progress.

Massify FTE, skills, and entrepreneurial training for youth NEET linked to key industries and 4IR (priority 2: PGDP)	The following programmes were implemented • Phakamile Mabija • Diesel Mechanics • Welding Apprenticeship • Refrigiration Apprenticeship • Rigger Apprenticeship • Community House Building Prieska • Building Construction & Civil Carpentry (Prieska) • Building and civil construction: Pampierstad (Learning4life) • Construction road works Prieska (Learning4Life) • IT System Support Kimberley • IT System Support Upington • EW SETA

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

Outcome	Outputs	Output Indicators	Audited Actual 2019/20	Audited Actual 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual Achievement	Reason for deviation
Sub-Programme : Community Development								
More decent jobs created and sustained with youth, women and persons with disabilities (Priority 2; MTSF)	Create work opportunities through EPWP and CWP (Priority 1; PGDP pillar 1)	Number of EPWP work opportunities created by the Provincial Department of Public Works / Roads	5 227	5 356	6 742	7 169	427	More jobs were created through road maintenance projects in all districts.
		Number of full time equivalents (FTEs)	1459.30	-	2 611	1 209	(1402)	Projects implemented was of short duration of

		Number of work opportunities created for youth (18-35)	3 134	3 372	3 708	4 610	902	more youth were identified within communities
		Number of work opportunities created for women	2 625	2 546	4 045	3 411	(634)	Less women employed due to the nature of the projects
		Number of work opportunities created for people living with disabilities	0	0	135	85	(50)	Department formed a strategic partnership with Learning 4 Life and Disabled People of South Africa in Northern Cape to ensure more soft skills

								were targeted.
Sub-Programme: Innovation and Empowerment								
More decent jobs created and sustained with youth, women and persons with disabilities (Priority 2; MTSF)	Implementation of Skills development programmes to assist in the empowerment initiatives for the NC communities	Number of beneficiaries participating in the Contractor Development Programme	-	-	50	30	(20)	There was a delay in the finalisation of Emerging Contractor Development Program
		Number of beneficiaries on skills development initiatives	3	718	502	695	193	Additional skills development programmes were implemented

Sub-Programme: EPWP Co-ordination and Compliance Monitoring								
More decent jobs created and sustained with youth, women and persons with disabilities (Priority 2; MTSF)	Effective compliance, monitoring and of support EPWP	Number of public bodies reporting on EPWP targets within the province	40	40	40	38	(2)	Lack of planning by some Municipalities to meet job creation targets
		Number of interventions implemented to support public bodies	16	16	16	17	1	Increased support/training provided to Public Bodies following the implementation of a New EPWP Reporting System

Strategy to overcome areas of under performance

- Strengthen partnerships with disability organizations, SETAs, TVET Colleges/Institutions of higher learning and private sector to ensure placement after training.
- Promote and support the development of sustainable contracting enterprises.
- Continuing supporting Roads S'hamba Sonke Contractor Development Program through skills development.
- Process to implement revised Emerging Contractor Development Incubation Program

2.2.5.2 Linking Performance with Budget

Sub-programme Name	2021/22			2020/21		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Programme Support Community Based	2 550	2 548	2	2 972	2 972	-
Community Development	158 861	158 853	8	90 029	89 995	34
Innovation and Empowerment	17 997	17 994	3	12 456	12 454	2
EPWP Coordination and Monitoring	3 112	3 111	1	3 099	3 096	3
TOTAL	**182 520**	**182 506**	**14**	**108 556**	**108 517**	**39**

2.2.5.3 Linking performance with Budget

Sub-programme Name	2021/22			2020/21		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Administration	176 125	173 186	2 939	150 440	149 659	781
Public Works Infrastructure	137 028	136 962	66	165 152	144 601	20 551
Transport Infrastructure	1 532 987	1 532 976	11	1 324 923	1 324 909	14
Community Based Programme	182 520	182 506	14	108 556	108 517	39
TOTAL	**2 028 660**	**2 025 630**	**3 030**	**1 749 071**	**1 727 686**	**21 385**

2.2.6. Report on the Institutional response to the COVID-19 Pandemic

Budget Programme	Intervention	Geographic location (Province/ district/ Local/ municipality)	No. of beneficiaries	Disaggregation of Beneficiaries[1]	Total budget allocation per intervention (R'000)	Budget spent on intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
Programme 1	Renovations of buildings to ensure COVD readiness • Medical Services • Supply of medical supplies • Supply of Uniform and Protective Clothing Supply of toiletries • Clean Detergents	Districts	Staff and clients	All target groups	12 309 3 16 988	1,328	Yes	Facilities fully complied with COVID-19 regulations

[1] Disaggregate beneficiaries by gender, youth, children, people with disabilities, persons requiring special health services, migrants including undocumented and refugees or any other relevant demographics

2.3 TRANSFER PAYMENTS

The table below reflects transfer payments made for the period 1 April 2021 to 31 March 2022.

Name of transferee	Type of organisation	Purpose for which the fund were used	Did the dept Comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity R'000	Reasons for the funds unspent by the entity
Dikgatlong Emthanjeni Gammagara Ga-Segonyana Hantam Kamiesberg Kareeberg Karoo Hoogland !Kai! Garib Kgatelopele Khai-Ma Dawid Kruiper Kheis Magareng Nama Khoi	Municipalities	Rates and Taxes	yes	44 404	44 404	-

Sol Plaatje Phokwane Renosterberg Ritchtersveld Siyancuma Siyathemba Thembelihle Tsantsabane Ubuntu Umsobomvu Joe Morolong						

2.4 CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

	Provincial Roads Maintenance Grant	**EPWP Integrated Grant (Incentive grant)**
Department to whom the grant has been transferred	From Department of Transport to Northern Cape Department of Roads & Public Works (Vote 5)	From Department of Public Works & Infrastructure to Northern Cape Department of Roads & Public Works (Vote 5)
Purpose of the grant	• To supplement provincial roads investments and support preventative, routine and emergency maintenance on provincial road networks • Ensure provinces implement and maintain road asset management systems • Promote the use of labour-intensive methods in road maintenance. • Repair roads and bridges damaged by floods.	To incentivize provincial departments to expand work creation efforts through the use of labour-inensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines: • Road maintenance and the maintenance of buildings. • Low traffic volume roads and rural roads. • Other economic and social infrastructure. • Sustainable land-based livelihood.
Expected outputs of the grant	• Collected pavement and bridge condition data as well as traffic data. • The extent of the road (length) and bridge (number) network. • Current condition distribution of the road and bridge network, as well as traffic distribution. • Maintenance needs of the road and bridge network. • Change in network condition distribution over time due to prioritized maintenance actions. • Number of EPWP work opportunities created. • Number of S3 students provided with experiential internships. • Number of emerging contractor opportunities created • Rehabilitation and repair of roads 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	1 296 240	3 338
Amount received (R'000)	1 296 240	3 338
Reasons if amount as per DORA was not received	All funds received	All funds received
Amount spent by the department (R'000)	1 296 240	3 338
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 are completed.	We will make sure that we start early with our job creation projects.
Monitoring mechanism by the receiving department	We have a Chief Directorate in the department that specifically deal with road infrastructure. We appoint a project manager for each projects that we undertake. It is also part of our reporting procedure to National Department of Transport on a monthly basis.	The department do have a dedicated unit that deal with the payments.

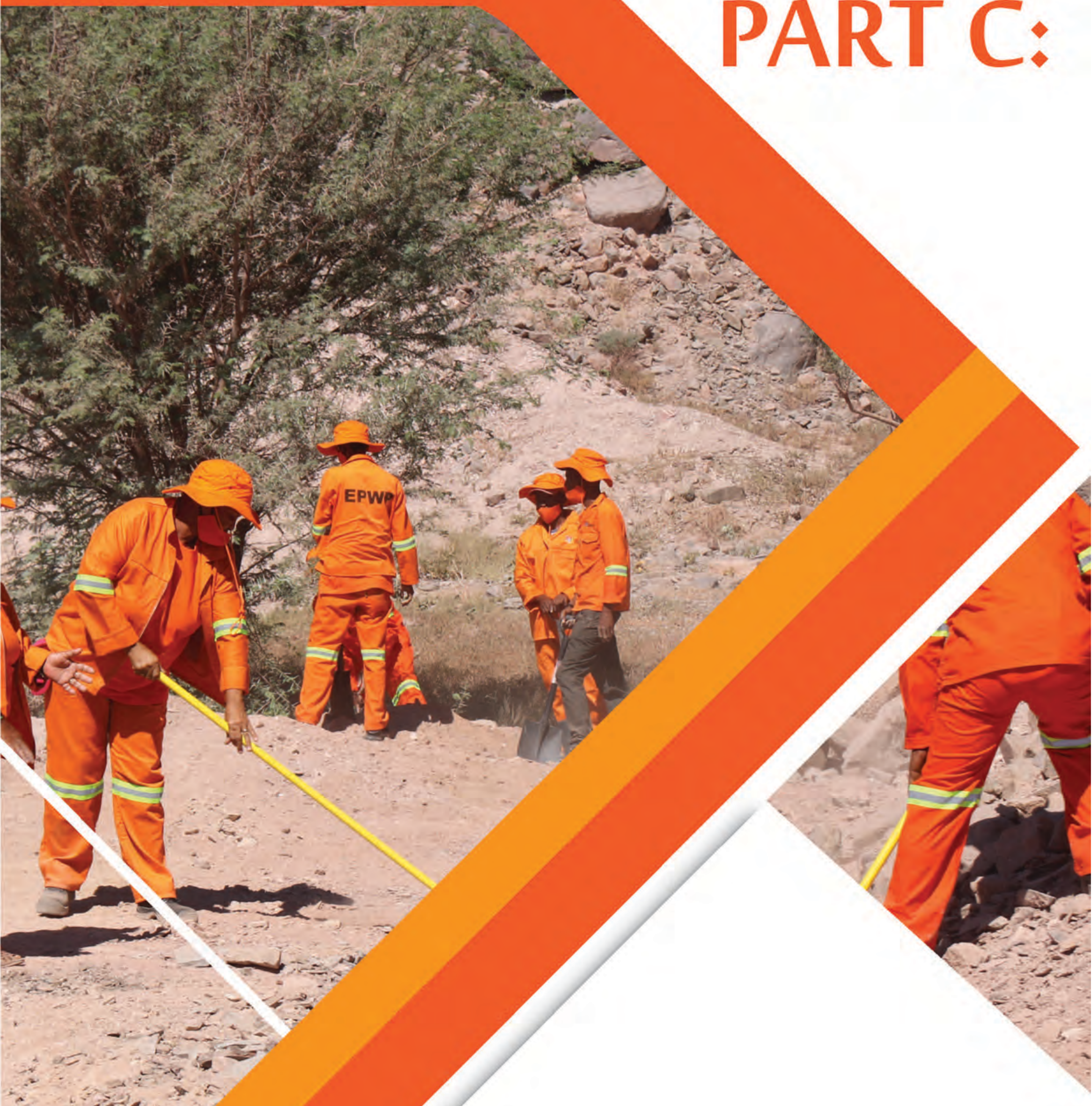
1

2.5 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Summary of provincial Infrastructure payments and estimates by category

R thousand	Outcome 2018/19	Outcome 2019/20	Outcome 2020/21	Main appropriation 2021/22	Adjusted appropriation 2021/22	Revised estimate 2021/22	Medium-term estimates 2022/23	Medium-term estimates 2023/24	Medium-term estimates 2024/25
Existing infrastructure assets	**1.277.123**	**1.288.955**	**1.223.126**	**1.387.167**	**1.449.729**	**1.490.739**	**1.223.501**	**1.216.008**	**1.280.248**
Maintenance and repairs	1.086.809	1.055.421	82.205	1.239.836	1.320.136	1.264.654	1.016.495	1.000.175	1.060.381
Upgrades and additions	83.919	123.386	134.330	84.423	66.685	109.973	85.006	111.076	115.110
Refurbishment and rehabilitation	106.395	110.148	1.006.591	62.908	62.908	116.112	122.000	104.757	104.757
New infrastructure assets	**1.775**	–	–	–	**2.995**	**2.950**	–	–	–
Infrastructure transfers	–	–	–	–	–	–	–	–	–
Current	–	–	–	–	–	–	–	–	–
Capital	–	–	–	–	–	–	–	–	–
Infrastructure payments for financial assets	–	–	–	–	–	–	–	–	–
Infrastructure leases	**3.040**	**3.937**	**4.902**	**5.324**	**5.324**	**6.364**	**6.758**	**7.017**	**7.333**
Non infrastructure	**32.065**	**38.525**	**48.338**	**48.178**	**48.178**	**42.766**	**50.509**	**52.887**	**53.612**
Total department infrastructure	**1.314.003**	**1.331.417**	**1.276.366**	**1.440.669**	**1.506.226**	**1.542.819**	**1.280.768**	**1.275.912**	**1.341.193**

PART C:



GOVERNANCE

CONTENTS

3.1 Introduction

The department has intensified its efforts to enforce good governance through the improvement of the managerial processes such as, budgeting, strategic planning, internal control manuals, asset registers. The following elements of governance will remain the focus for the coming year:

a) Accountability

The department implements the annual performance contracts with senior management of the department that is link to the Annual Performance plan in terms of all SMS Members. The department is having quarterly review sessions to measure the performance, but also the different program managers come and report on their performance. The department will continue to use its managerial processes such as MANCO and Exco to strengthen working relations in the organization.

b) Discipline

The department implements the annual performance contracts with senior management of the department that is link to the Annual Performance plan in terms of all SMS Members. The department is having quarterly review sessions to measure the performance, but also the different program managers come and report on their performance. The department will continue to use its managerial processes such as MANCO and Exco to strengthen working relations in the organization.

c) External Reporting

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

Secondly, wasteful expenditure, in the form of interest penalties due to late payments will also be eliminated. The department is continuously striving to improve its annual report, specifically.

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

3.2 RISK MANAGEMENT

The department has a risk management policy and strategy in place which is reviewed annually. Executive, Senior and Middle / Operational management, together with their nominees are active participants in the risk identification and assessment process. The department conducts risk assessments annually, monitors the actions to mitigate risks monthly and report progress on these actions to the Risk Management Committee (RMC) quarterly.

The department continuously conducts risk assessments to identify new and emerging risk and also monitor the effectiveness of its strategy.

- Programme Risk assessments are conducted on a quarterly basis in order for the relevant risks to be mitigated before they occur.
- Programme Managers review and update existing risks; and identify emerging risks.
- Significant risks relevant to objectives are assessed in terms of likelihood and impact.

The Risk Management Committee is still functional. An independent chair person has been appointed from 01 May 2022 till 30 April 2024 to serve and chair the Risk Management meetings on a quarterly basis. The primary objective of the Committee is to assist the Accounting Officer in discharging his accountability for risk management by reviewing the effectiveness of the institution's risk management systems, practices and procedures, and providing recommendations for improvement.

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

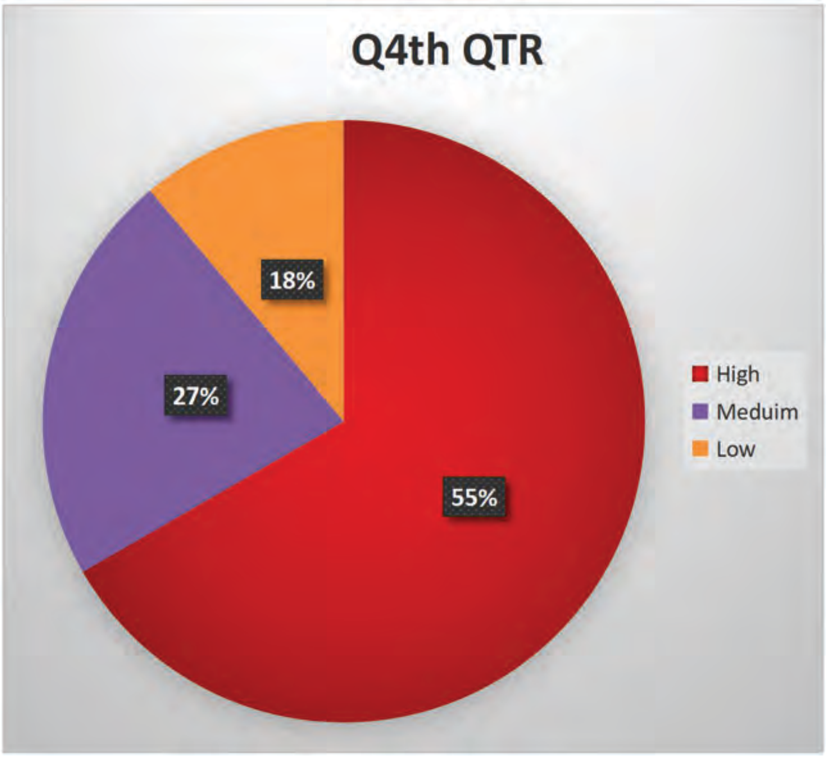
The Risk Management Committee meet quarterly and also look at the mitigation of risk in the department and advice management accordingly to mitigate risk in the department. A Consolidated Risk Report was provided by the department in order to gain an understanding of the most significant inherent risks 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 following is some of the responsibilities of the Risk Management Committee: -

Reviewed the Department's Risk Management Policy, Strategy and Implementation Plan for approval by the Accounting Officer;

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

a) Strategic Risks 2021/22

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



3.3 FRAUD AND CORRUPTION

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

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

The Ethics Committee is now fully functional and already had two meetings. The department is also in a process of conducting workshops in all districts to educate its employees on this policy and the first workshop was held. We make used of the presidential help line to report fraud and corruption and we appoint an official to deal with all reported cases.

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

The Whistleblowing policy clearly sets out the procedures which must be followed on how to report fraud and corruption e.g. they can approach their immediate supervisor, HOD, SAPS, Audit Committee etc. More importantly, cases of fraud can also be reported to the fraud and corruption hotline, Public Protector, Presidential Hotline, Public Service Commission. This policy clearly outlines the procedures which must be followed in reporting fraud and corruption and how such matters must be dealt with. The department has communicated this policy to all its employees. The department is also in a process of conducting workshops in all districts to educate its employees on this policy and the first workshop was held.

During the road shows we also discussed the new public service regulations as well as the department whistle blowing policy. We make used of the presidential help line to report fraud and corruption and we appoint an official to deal with all reported cases

As cases get reported it get investigated and action is taken accordingly to the severity of the offence. All department officials will be vetted in the department and also let them sign declarations if they do business with any organ of state.

3.4 MINIMISING CONFLICT OF INTEREST

The Pubic Service Regulations, 2016 which came on 1 August 2016 also provides that the Minister for Public Service and Administration) (MPSA) may identify other salary levels that should disclose their financial interest. The Minister determined that employees on Deputy Director level and staff employed in the professions (OSD) on these levels and all levels within Supply Chain Management and Finance should also declare.

- The content of the new Public Service Regulations was communicated to all officials
- The transitional arrangement was put into operation
- All prospective bidders are required to complete and be in compliance with the SBD 4 (Disclosure of interest)
- The code of conduct for SCM officials as well as BAC members is in place.
- All bid committee officials are required to declare their interest before the meeting can commence.

National Treasury Instruction 4A of 2016 requires the registration on the Central Supplier Database by all suppliers intending to do business with government. The following key information of prospective suppliers is verified on the CSD:

- Business registration, including details of directorship and membership;
- Bank account holder information;
- In the service of the state status;
- Tax compliance status;
- Identity number;
- BEE status level; and
- Tender defaulting and restriction status.

3.5 CODE OF CONDUCT

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

3.6 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Occupational Health and Safety Act, 1993 (Act 85 of 1993) imposes a responsibility on the Department to ensure the physical safeguarding of its infrastructure sites, as well as ensuring the physical health and safety of the contractor and his/her employees. To this end, the minimum requirements relating to how this risk should be managed on infrastructure sites has been standardised and built into the Construction Tender Document suites prescribed by the CIDB. In so far as it pertains to transport infrastructure, environmental impact assessments must be conducted.

The Safety committee is responsible for compliance in terms of OHS not only in the office set-up but also at the camp site and wherever the teams are working. The

Occupational Health and Safety unit has appointed Departmental Safety Representatives in all five districts. At every camp there is a representative as well as the grader operators are also part of the safety committee. The grader operators were elected due to the fact that they work in isolated areas and they need to expose to first-aid training.

3.7 PORTFOLIO COMMITTEES

The department tabled its 2021/22 Annual Performance plan to the Portfolio Committee on the 15 April 2021 and the committee met and adopted the report.

OBSERVATIONS	RESPONSE	STATUS
The awarding of a big tender to one service provider.	In most instance big tenders (Roads) which are awarded to one service provider, is due to CIDB requirement, which indicated that the bidder/service provider should be awarded a tender according to their CIDB Grade. The grading represents the capability of performing the works in terms of finance, skills and other resources. The department has in the past since the introduction of PPPFA Regulation 2017, included the sub-contracting clause to all projects that exceed the value of R30 000 000, to accommodate other lower lever CIDB Graded Contractors.	Ongoing
The small contractors that cannot participate fairly in the major building tenders.	All building construction tenders are published in the tender bulletin and e-portal for fairness as required by Treasury Regulations to give all qualifying bidders chance to respond to the invitation to bid. The department assess all the bids received according to the set evaluation and adjudication criteria and award the highest points scorer. In the instance where the bid is envisaged to exceed the value of R30 Million, the 30% sub-contract clause will apply. It is regrettably that high percentage of contractors within Northern cape province are the lower level of CIDB grade, even when 30% sub-contract clause is applied, it is still not permissible for them to participate in the major tenders	Ongoing
RECOMMENDATION	**RESPONSE**	**STATUS**
Ensure that tenders are broken down and shared equally to different service providers, instead of one getting a greater share for project/s.	The department would explore other means of increasing high number of contractors/ service providers participation in awarding one bid tender to number of contractors. The department has introduced Framework Contracts in on regravelling and resealing in order to increase the number of participants on road maintenance. Treasury Regulation does not permit split of the bid. Breaking down on project into equal shares will be regarded as a spilt procurement, which will result into irregular expenditure.	Ongoing
Ensure that major contractors enter into joint ventures with the small contractors in order to allow skill transference and improve on their CIDB grading. 1	Formation of Joint Ventures and sub contract agreements can be encouraged amongst the bidders who intend to respond to the invitation of the big project, and place enforcement measure to ensure that this formation results into expected outcomes, that is growth (Skills, experience and CIDB Grade Upgrade.	

<table>
<tr><th>REPORTS ATTACHED</th><th>RESPONSE</th><th>STATUS</th></tr>
<tr><td>A list of provincial roads that need rehabilitation.</td><td>
1. Mamatwan road
2. N12 – N1 through Petrusville, Phillipstown and Hanover
3. R31 from Barkley west to Danielskuil
4. Danielskuil - Postmasburg
5. Barkley West – N12 (Windsorton)
6. Kimberley – Douglas
7. N8 to N12 (Laanbou road)
8. De Aar – Phillipstown
<table>
<tr><th>Road No.</th><th>Description</th><th>Length (km)</th></tr>
<tr><td>MR900</td><td>Kimberley</td><td>8.65</td></tr>
<tr><td>MR904</td><td>Kimberley</td><td>3.74</td></tr>
<tr><td>MR905</td><td>Kimberley</td><td>3.75</td></tr>
<tr><td>MR909</td><td>Kimberley to 3SAI</td><td>3.34</td></tr>
<tr><td>MR808</td><td>Ritchie to FS Border (Jacobsdal)</td><td>10.96</td></tr>
<tr><td>MR804</td><td>Modderrivier to FS Border (Jacobsdal)</td><td>5.92</td></tr>
<tr><td>MR807</td><td>Kimberley to Douglas</td><td>101.48</td></tr>
<tr><td>MR803</td><td>Douglas</td><td>3.39</td></tr>
<tr><td>TR5/4</td><td>Kuruman to Koopmansforntein</td><td>92.50</td></tr>
<tr><td>TR5/3</td><td>Danielskuil to Koopmansfontein</td><td>48.04</td></tr>
<tr><td>TR5/2</td><td>Koopmansfontein to Barkley west</td><td>61.28</td></tr>
<tr><td>TR5/1</td><td>Barkley West to Kimberley</td><td>30.72</td></tr>
<tr><td>TR61/1</td><td>Hopetown to Petrusville</td><td>68.02</td></tr>
<tr><td>TR38/3</td><td>Petrusville to FS Border (Koffiefontein)</td><td>22.41</td></tr>
<tr><td>TR38/2</td><td>Petrusville to Phillipstown</td><td>44.86</td></tr>
</table>
</td><td>Submitted

Currently Mamatwan is on construction.
R31 from Koopmasfontein and Danielskuil is planned for 2022/2023 financial year.</td></tr>
</table>

	TR39/1	Phillipstown to Hanover	72.25		
	TR38/1	Phillipstown to De Aar	62.54		
	TR70/1	Danielskuil to Postmasburg	48.86		
	TR70/2	Postmasburg	2.17		
	TR82/1	Steinkopf to Port Nolloth	91.88		
	MR731	Port Nolloth to Alexanderbay	88.30		
	DR2931	Port Nolloth to Mcdougal	3.16		

The department tabled its 2021/22 1st quarter report to the Portfolio Committee on the 02 December 2021 and the committee met and adopted the report.

OBSERVATIONS	RESPONSE	STATUS
The delayed and non-payment of service providers in 30 days.	The department has drastically improved on 30-day payments and will continue to impress on improvement measures.	Achieved 90% - Ongoing improvement
The serious backlog in the repairs and maintenance of roads of the Province.	The department acknowledges the observation despite the fact that the department experiences insufficient funds.	Ongoing effort in this regard. The backlog has been increased by flood damages but the Department is in talks with National to source additional funding.
RECOMMENDATION	**RESPONSE**	**STATUS**
Ensure that service providers are paid within the stipulated 30-day payment period.	The department acknowledges the recommendation and will continue to ensure full compliance.	Achieved 90% - Ongoing improvement
Ensure that all Provincial Road repairs and maintenance backlogs are resolved with timeframes attached.	The department acknowledges the recommendation and will ensure we adhere to the full implementation of road maintenance schedules.	Ongoing: The backlog has been increased by flood damages but the Department is in talks with National to source additional funding.
REPORTS ATTACHED	**RESPONSE**	**STATUS**
1. A report on the R500 million that was budgeted for the Sol Plaatje	**Annexure A (Report on SP roads maintenance project)**	To date R63 598 381.52 was spent on pothole repars, the department is still

	Local Municipality,	**Annexure A 1 (list of Wards where the project was implemented**	implementing the remainder of the R167m.
2.	and the R167 million from the Department of Roads & Public Works.	The department only contributed R167 million towards the R500 million and the department unfortunately does not have the information on the R500 million. The R167million was for the Sol Plaatje Municipality towards infrastructure upgrade and maintenance. No funding was transferred to Sol Plaatje Municipality. The DRPW implemented the following road maintenance and upgrading activities: • Pothole patching • Erection of Road Signs • Paving Certain Streets • Road Marking • Reseal • De-bushing and Vegetation Control (deploying 500 EPWP beneficiaries from around the Sol Plaatje Municipal area).	
3.	Proof of letter stipulating the status of the current Acting Head of Department position.	**Annexure B** Hod Acting Letter attached for the period in question	Submitted
4.	Report on the rates and taxes from municipalities on all the departments.	**Annexure C** List on Rates & taxes paid to municipalities To date a total number of 739 properties have been paid from a budget of R68m. The Department continues to have a shortfall to pay the Departments liability to municipalities. As part of the strategy to reduce the rates and taxes bill the Department is in the process of disposing, subdividing land parcels within the Province. The arrears owed to Sol Plaatje remains a major challenge as an offer of R282m was provided by the municipality however the budget adjustment from Provincial remains outstanding considering that the current budget allocation is funded from equitable share.	Submitted
5.	List and report on state owned farms in the Province, in terms of: Are they occupied. What other assets are on the farms. Are they used for their intended purposes.	**Annexure D** List of unallocated vacant farms registered These are vacant land parcels and are not utilized and there are no assets are on the farms and in some cases are not utilised for the intended purpose. These properties are not protected however the Department continues to conduct inspections to ensure that the land does not get occupied by illegal tenants. This is considering that the cost to protect these assets is unaffordable.	Submitted

6. Are they protected (security).	It is important to note that as Provincial Government, the farms allocated to emerging farmers by the Department of Agriculture, Rural Development and Land Reform are owned by National Public Works and not the Province. The land parcels have been submitted to the Department of Rural Development and Land Reform for consideration in the land redistribution process. Our office is still awaiting feedback on the outcome of which will be applicable for redistribution.	

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3.8 2020/21 SCOPA RESOLUTIONS

The department presented the 2020/21 Annual report presentation meeting to the joint Standing Committee on Public Accounts on the 18 March 2022. The committee met and adopted the report. There were no additional reports requested from the department.

Resolution No.	STATUS	Detail	Response by the department	Resolved(Yes/No)
	The department will implement road maintenance projects through the ROD programmes and the pothole patching is part of this intervention.	The appalling state of the Sol Plaatje Municipal area roads and deadly potholes	It is important to note that as a provincial entity it is not sustainable to plan and implement internal municipal roads project. The department continues its support of road maintenance projects through the provincial intervention has reached its conclusion based on the remaining allocated resources.	Yes
	The budget allocated is not sufficient but the department in consultation with Treasury is making a concerted effort to service the rates & taxes debt owed to municipalities.	The exorbitant debt amounts owed to municipalities especially by the government departments.	The department is only responsible for rates & taxes and not for the services accounts of the departments. The budget allocated is not sufficient but the department in consultation with Treasury is making a concerted effort to service the rates & taxes debt owed to municipalities.	Yes
	The department will implement road maintenance projects through the ROD programmes and the pothole patching is part of this intervention.	Support and assist the Sol Plaatjie municipality in order to ensure that they repair the roads and potholes, to avoid unnecessary future litigations and fatalities.	The department assistance towards the Sol Plaatje Municipality is only an interim provincial intervention as part of the pothole eradication project. The department does not have the resources to plan and sustain internal municipal roads.	Yes

Resolution No.	STATUS	Detail	Response by the department	Resolved(Yes/No)
	There are continuous stakeholder engagements with departments to ensure outstanding municipal debt is serviced despite financial constraints	Ensure that they encourage departments to pay their rates and taxes especially to poor municipalities that cannot raise their own revenues.	The budget allocated is not sufficient and the department in consultation with Treasury is making a concerted effort to service the rates & taxes debt owed to municipalities. There are continuous stakeholder engagements with departments to ensure outstanding municipal debt is serviced despite financial constraints.	NO
	consequence management processes are in place and in an event where there are transgressors, relevant actions will be taken procedurally.	Ensure that they institute disciplinary action and consequence management to officials incurring irregular expenditure.	The department has put in place internal control measures to ensure consequence management processes in place and in an event where there are transgressors, relevant actions will be taken procedurally.	Yes

2020/21 SCOPA reports submitted

REPORTS	STATUS
Report on the internal control environment	Submitted
Audit Action Plan	Submitted
Report on Irregular Expenditure Consequence Management	Submitted
A list of Departments with outstanding municipal accounts. The list must be accompanied by a plan, commitment with timeframes on how the outstanding municipal accounts will be cleared.	Submitted list of departments owing rates and taxes to municipalities.

1

3.9 PRIOR MODIFICATIONS TO AUDIT REPORTS

None

3.10 INTERNAL CONTROL UNIT

3.10.1 Internal Audit

The Executive Council of the Northern Cape Provincial Government has established an Internal Audit Unit (Internal Audit) to provide internal audit services to all 12 departments, 6 listed public entities and one trading entity within the province. The shared Internal Audit Unit is divided into 4 clusters, Department of Environment and Nature Conservation being serviced by the Internal Audit Unit – Public Works Cluster. The IAU is an independent, objective assurance and consulting activity designed to add value and improve the client's operations.

3.10.2 Mandate

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

3.10.3 Annual internal audit assurance statement

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

3.10.4 Independence and authority

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

3.10.5 Key activities of the internal audit:

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

- AGSA Audit rectification plan – completeness and adequacy
- Follow-up AGSA rectification plan implementation status
- Follow-up – performance information reporting
- Desk review Draft Annual Financial Statement – 31 March 2022
- Asset management
- Supply Chain Management
- Revenue management

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

3.10.6 Audit Committee

Key activities and objectives of the audit committee:

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

The Audit Committee consists of the members listed below. It meets as frequent as mandated by the approved Audit Committee charter and as often as it deems necessary. The AC also provided the MEC with a written report subsequent to the AC meetings to ensure the executive is informed about matters of concern.
During the financial year under review, 4 meetings were convened as per its charter including a meeting convened to discuss rectification plan status of implementation.

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

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

Name	Qualifications	Internal or external	If internal, position in the department	Contract start date / end date	No. of Meetings attended
Viren Magan	B. (Compt), CA(SA)	External	n/a	n/a	4
George Higgins	B. Com, B Com Bonours (Tax), CA(SA)	External	n/a	n/a	4
Molefinyana Phera	LLB, Masters in Governance and Political Transformation, B Tech Public Management	Internal	Chief Operations Officer – Department of Economic Development and Tourism	30 November 2020	2

Tembela Mnqeta	Risk certification and Project Management	External	n/a	1 December 2020	2
Kapache Victor	BA Law and LLB	Internal	Director Legal Services Office of the Premier	1 December 2020	2
Dona Boboko	Human Resource Management, Labour Relations and Organisational Behaviour	Internal	Acting Chief Director Corporate Services	1 December 2020	2

3.11 REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2022. 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.

The Audit Committee congratulated the department on achieving a financially unqualified audit outcome with no findings on performance information. The Audit Committee requested management to improve controls related to compliance monitoring to address non-compliance identified by the Auditor-General.

3.11.1 AUDIT COMMITTEE MEMBERS AND ATTENDANCE

In terms of PFMA, section 77(b), an Audit Committee must meet at least twice a year. In addition, Treasury Regulations, section 3.1.16, provides that an Audit Committee must meet at least annually with the 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. One Internal Audit Committee member retired from government on 28 February 2022 creating a vacancy. This did not impact on the functioning of the Audit Committee and the March 2022 Audit Committee formed a quorum regardless of the vacancy. The vacancy was filled in April 2022

3.11.2 AUDIT COMMITTEE RESPONSIBILITY

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

3.11.3 THE EFFECTIVENESS OF INTERNAL CONTROL

From the various reports and assessments of internal audit, it can be concluded that the internal control environment is partially adequate and partially effective. However there are pockets of excellence and a positive trend has been noted towards enhancing the control environment.

3.11.3.1 Governance

- The governance committee structure related to ethics management were vacant for the biggest portion of the year and were not filled within reasonable timeframe.
- Audit rectification plans were developed but not implemented on time resulting in repeat audit findings by internal and external auditors.
- The Head of Department and key executive management and senior management positions vacant and filled for extended periods with acting officials. The Audit Committee noted the appointment of Head of Department, Dr Mac Kay from July 2022.
- Delegations within the department were not made to operational levels.

3.11.3.2 Risk management

- The risk management committee was operational but not chaired by an independent chairperson as required by the Public Sector Risk Management Framework. The Audit Committee takes note that an independent chairperson was appointed subsequent to financial year end.
- Reputational risk due to continued supply chain management non- compliance.

3.11.3.3 Internal control

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

3.11.4 Information Technology governance and controls

- Information Technology governance was found not to be adequately designed and implemented with repeat deficiencies being reported.

- Certain
  Information Technology controls related to security, information technology service continuity and user access management were not effectively designed and implemented.

Follow up audits are a strong governance and risk management practice, included in the Internal Audit charter and in the International Standards for the Professional Practice of Internal Auditing. Therefore internal audit also performed follow up audits. Management has developed a practical action plan to address the above issues within a reasonable time period but implementation were not timeous resulting in repeat audit findings.

3.11.5 IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

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

We had engagements with the Department's management to provide clarity on completeness and quality of the monthly and quarterly reports during our quarterly meetings and officials of the Department were able to clarify areas of concern raised by the Audit Committee. Furthermore the implementation of recommendations of the Audit Committee was tracked in the quarterly Audit Committee meetings.

Key concerns identified by the Audit Committee:

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

3.11.6 INTERNAL AUDIT

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

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

- Completeness and adequacy of the Auditor-General audit rectification plan
- Follow-up audit on the Auditor-General rectification plan implementation
- Review of the draft Annual Financial Statements
- Review of the draft Annual Performance Report
- Review of the Interim Financial Statements
- Performance information quarterly report review
- Irregular Expenditure Framework Compliance review
- Risk, fraud and ethics management review
- ICT governance review
- Provincial Road Maintenance Grant review

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 and there are no material unresolved issues.

3.11.7 EVALUATION OF FINANCIAL STATEMENTS AND PERFORMANCE REPORT

- The Audit Committee has reviewed the financial statements for the year ended 31 March 2022 and has discussed matters of concern with the Acting Accounting Officer, management and Auditor-General. The Audit Committee expressed concern at the misalignment of budget utilization at almost 100% versus performance achievement of planned targets of only 51%. The Audit Committee recommended the budget to be aligned to planned targets so that performance and budget utilization are comparable.
- The Audit Committee has reviewed the Auditor-General's audit report, management report and management response thereto and directed management to develop a comprehensive action plan to address all issues raised by the Auditor-General. The Audit Committee will review the action plan and monitor implementation thereof during the quarterly Audit Committee meetings in the coming year.
- The Audit Committee has reviewed the accounting policies applied in the compilation of the annual financial statements and is satisfied that the policies are consistent with those of prior year, have been consistently applied and are in accordance with the Modified Cash Standard.

- The Audit Committee reviewed the department's compliance with legal and regulatory provisions during the quarterly Audit Committee meetings and management has been directed to implement remedial measures where instances of non-compliance were noted.
- The Audit Committee has reviewed the information on predetermined objectives to be included in the annual report as part of the review of the audited financial statements.
- The Audit Committee has reviewed significant adjustments resulting from the audit as part of the review of the audited financial statements.

3.11.8 AUDITOR-GENERAL SOUTH AFRICA

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

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

3.11.9 REPORTING

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

The Audit Committee briefed the Provincial Legislature in March 2022 on it's annual report for the financial year ended 31 March 2021.

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

Viren Magan CA(SA) CIA MBL
Chairperson of the Audit Committee
Date: 4 August 2022

3.12 B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

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

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

Has the Sphere of Government / Public Entity / Organ of State applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:

Criteria	Circle relevant answer	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	Yes / No	No Applicable for this period
Developing and implementing a preferential procurement policy	Yes / No	The procurement include provisions that address preferential procurements requirements
Determining qualification criteria for the sale of state-owned enterprises	Yes / No	Not Applicable for this Period
Developing criteria for entering into partnerships with the private sector	Yes / No	Not Applicable for this period
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment	Yes / No	Not Applicable for this period

PART D:

HUMAN RESOURCE MANAGEMENT

4.1 Personnel related expenditure

Table 4.1.1 Personnel expenditure by programme for the period 1 April 2021 and 31 March 2022

Programme	Total Voted Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	176 117	96 519	3	-	54.8%	197
Public Works Infrastructure	136 962	45 291	-	14 923	33.1%	83
Transport Infrastructure	1 532 976	139 528	-	70 760	9.1%	564
Community Based Programme	182 506	15 483	-	13 993	8.5%	32
TOTAL	**2 028 561**	**296 821**	**3**	**99 676**	**14.6%**	**876**

Table 4.1.2 Personnel costs by salary band for the period 1 April 2021 and 31 March 2022

Salary Bands	Personnel Expenditure (R'000)	% Of total personnel cost	Number of Employees	Average Compensation Cost per Employee (R'000)
Contract workers	28 487	9.6%	129	221
Lower skilled (Levels 1-2)	1 187	0.4%	6	198
Skilled (Levels 3-5)	108 224	36.5%	485	223
Highly skilled production (Levels 6-8)	63 562	21.4%	143	444
Highly skilled supervision (Levels 9-12)	70 380	23.7%	94	749
Senior management (Levels 13-16)	24 981	8.4%	19	1 315
TOTAL	**296 821**	**100%**	**876**	**339**

Table 4.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2021 and 31 March 2022

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	83 396	86.4%	-	0.0%	2 176	2.3%	5 246	5.4%
Public Works Infrastructure	39 724	87.7%	-	0.0%	859	1.9%	1 884	4.2%
Transport Infrastructure	120 535	86.4%	1 229	0.9%	6 930	5.0%	8 045	5.8%
Community Based Programme	13 769	88.9%	-	0.0%	290	1.9%	572	3.7%
TOTAL	**257 424**	**86.7%**	**1 229**	**0.4%**	**10 255**	**3.5%**	**15 747**	**5.3%**

Table 4.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2021 and 31 March 2022

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	28 487	100.0%	142	0.5%	-	0.0%		0.0%
Lower skilled (Levels 1-2)	1 019	85.8%		0.0%	54	4.5%	85	7.2%
Skilled (Levels 3-5)	87 301	80.7%	890	0.8%	6 815	6.3%	8 826	8.2%
Highly skilled production (Levels 6-8)	53 689	84.5%	147	0.2%	2 208	3.5%	4 471	7.0%
Highly skilled supervision (Levels 9-12)	64 675	91.9%	50	0.1%	873	1.2%	2 163	3.1%
Senior management (Levels 13-16)	22 253	89.1%			305	1.2%	202	0.8%
TOTAL	**257 424**	**86.7%**	**1 229**	**0.4%**	**10 255**	**3.5%**	**15 747**	**5.3%**

4.2 Employment and Vacancies

Table 4.2.1 Employment and vacancies by programme as on 31 March 2022

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	306	197	35.6	12
Public Works	136	83	39	14
Roads	857	568	33.7	17
Community Based Programme	42	32	23.8	1
Total	**1341**	**880**	**34.4**	**44**

Table 4.2.2 Employment and vacancies by salary band as on 31 March 2022

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	49	61	0	4
Skilled (3-5)	875	532	39.2	18
Highly skilled production (6-8)	253	164	35.2	16
Highly skilled supervision (9-12)	137	103	24.8	6
Senior management (13-16)	27	20	25.9	0
Total	**1341**	**880**	**34.4**	**44**

Table 4.2.3 Employment and vacancies by critical occupations as on 31 March 2022

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Professionals	36	22	39	5
Technicians	27	19	29.63	4
Total	63	41	35	9

4.3 Filling of SMS Posts

Table 4.3.1 SMS post information as on 31 March 2022

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	0	0%	1	100%
Salary Level 16	0	0	0%	0	0
Salary Level 15	0	0	0%	0	0
Salary Level 14	5	5	100%	0	0
Salary Level 13	20	11	55%	9	45%
Total	26	16	61%	10	38%

Table 4.3.2 SMS post information as on 31 March 2022

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	0	0%	1	100%
Salary Level 16	0	0	0%	0	0
Salary Level 15	0	0	0%	0	0
Salary Level 14	5	5	100%	0	0
Salary Level 13	20	11	55%	9	45%
Total	26	16	61%	10	38%

Table 4.3.3 Advertising and filling of SMS posts for the period 1 April 2021 to 31 March 2022

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	0	0%	1	100%
Salary Level 16	0	0	0%	0	0
Salary Level 15	0	0	0%	0	0
Salary Level 14	5	5	100%	0	0
Salary Level 13	20	11	55%	9	45%
Total	26	16	61%	10	38%

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 2021 to 31 March 2022.

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

4.4 Job Evaluation

Table 4.4.1 Job Evaluation by Salary band for the period 1 April 2021 to 31 March 2022

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels1-2)	49	0	0	0	0	0	0
Skilled (Levels 3-5)	875	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	253	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	137	0	0	0	0	0	0
Senior Management Service Band A	19	3	15.7%	0	0	0	0
Senior Management Service Band B	5	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	**1341**	**3**	**0.22**	**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 2021 to 31 March 2022

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**

Table 4.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2021 to 31 March 2022

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/A	0	0	0	N/A
N/A	0	0	0	N/A
N/A	0	0	0	N/A
N/A	0	0	0	N/A
Total number of employees whose salaries exceeded the level determined by job evaluation				N/A
Percentage of total employed				0

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

Table 4.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2021 to 31 March 2022

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

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

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

4.5 Employment Changes

Table 4.5.1 Annual turnover rates by salary band for the period 1 April 2021 to 31 March 2022

Salary band	Number of employees at beginning of period - 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	3	0	0	0
Skilled (Levels 3-5)	523	0	29	6
Highly skilled production (Levels 6-8)	155	0	8	5
Highly skilled supervision (Levels 9-12)	100	0	5	5
Senior Management Service Bands A	14	0	1	7
Senior Management Service Bands B	5	0	0	0
Senior Management Service Bands C	0	0	0	0
Senior Management Service Bands D	1	0	0	0
Contracts	124	0	0	0
Total	**925**	**14**	**57**	**6**

Table 4.5.2 Annual turnover rates by critical occupation for the period 1 April 2021 to 31 March 2022

Critical occupation	Number of employees at beginning of period-April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Engineering & related Professionals	22	0	0	0
TOTAL	**22**	**0**	**0**	**0**

Table 4.5.3 Reasons why staff left the department for the period 1 April 2021 to 31 March 2022

Termination Type	Number	% of Total Resignations
Death	16	28.10
Resignation	5	8.80
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	2	3.50
Dismissal – inefficiency	0	0
Discharged due to ill-health	4	7
Retirement	20	35.10
Transfer to other Public Service Departments	0	0
Other	0	0
Total	47	82.50
Total number of employees who left as a % of total employment	5.3	

Table 4.5.4 Promotions by critical occupation for the period 1 April 2021 to 31 March 2022

Occupation	Employees 1 April 2021	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Engineering & related Professionals	22	0	0	0	0
TOTAL	22	0	0	0	0
	22	0	0	0	0

Table 4.5.5 Promotions by salary band for the period 1 April 2021 to 31 March 2022

Salary Band	Employees 1 April 2021	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)	58	0	0	58	100
Skilled (Levels 3-5)	561	0	0	526	94
Highly skilled production (Levels 6-8)	174	0	0	164	94
Highly skilled supervision (Levels 9-12)	112	0	0	103	92
Senior Management (Level 13-16)	20	0	0	19	95
Total	**925**	**0**	**0**	**870**	**94**

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 2022

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	3	4	0	0	3	2	0	0	12
Professionals	30	6	0	2	10	8	0	4	60
Technicians and associate professionals	33	17	0	3	20	10	0	2	85
Clerks	47	13	1	3	75	39	0	3	181
Service and sales workers	1	0	0	0	0	0	0	0	1
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	22	21	0	4	13	1	0	0	61
Plant and machine operators and assemblers	18	19	0	2	0	0	0	0	39
Elementary occupations	140	181	0	0	66	54	0	0	441
Total	294	261	1	14	187	114	0	9	880
Employees with disabilities	2			1					3

Table 4.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	5	8	0	0	4	2	0	0	19
Professionally qualified and experienced specialists and mid-management	46	15	1	4	22	9	0	6	103
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	63	28	0	8	39	23	0	3	164
Semi-skilled and discretionary decision making	154	190	0	2	111	75	0	0	532
Unskilled and defined decision making	26	20	0	0	10	5	0	0	61
Total	294	261	1	14	187	114	0	9	880

Table 4.6.3 Recruitment for the period 1 April 2021 to 31 March 2022

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 4.6.4 Promotions for the period 1 April 2021 to 31 March 2022

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 2021 to 31 March 2022

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	5	1	0	0	0	0	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	5	0	0	1	2	0	0	11
Semi-skilled and discretionary decision making	9	19	0	0	1	2	0	0	31
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	**18**	**25**	**0**	**0**	**2**	**4**	**0**	**0**	**49**
Employees with Disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 4.6.7 Skills development for the period 1 April 2021 to 31 March 2022

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	0	0	0	0	0	0	0	0
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	0	0	0	0	0	0	0	0	0
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0

4.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 4.7.1 Signing of Performance Agreements by SMS members as on 31 May 2021

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	0	0	0	0
SalaryLevel16	0	0	0	0
SalaryLevel15	0	0	0	0
SalaryLevel14	5	5	5	100%
SalaryLevel13	13	13	8	62%
Total	**18**	**18**	**13**	**72%**

Notes

In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example if elections took place in April, the reporting date in the heading of the table above should change to 31July 2021/22

Table 4.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2022

Reasons
Non Compliance

Notes

The reporting date in the heading of this table should be aligned with that of Table1.7.1.

Table 4.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2022.

Reasons
None

Notes

The reporting date in the heading of this table should be aligned with that of Table1.7.1.

4.8. Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

Table 4.8.1 Performance Rewards by race, gender and disability for the period 1 April 2021 to 31 March 2022

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	106	294	36%	R 393 184.67	R 3 708.30
Female	50	187	27%	R 139 267.77	R 2 785.40
Asian					
Male	1	1	100%	R 3 765.96	R 3 765.96
Female	0	0	0%	0	0
Coloured					
Male	96	251	38%	R 324 123.08	R 3 376.40
Female	69	113	61%	R 171 791.82	R 2 489.74
White					
Male	0	14	0%	0	0
Female	4	9	44%	R 33 307.14	R 8 326.79
Total	**324**	**876**	**37%**	**R 1 065 448.44**	**R 3 288.42**

Table 4.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2021 to 31 March 2022

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 (Levels1-2)	19	61	31%	R 39 776.64	R 2 093.51	1%
Skilled (level3-5)	258	537	46%	R 716 847.72	R 2 778.48	9.29%
Highly skilled production (level6-8)	34	163	20%	R 230 226.68	R 6 771.37	0.5%
Highly skilled supervision (level9-12)	13	112	12%	R 78 597.40	R 6 045.95	0.22%
Total	**324**	**876**	**37%**	**R 1 065 448.44**	**R 3.288.42**	**0.5%**

Table 4.8.3 Performance Rewards by critical occupation for the period 1 April 2021 to 31 March 2022

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	%of total within occupation	Total Cost (R'000)	Average cost per employee
ENGINEERING RELATED	0	4	100%	0	0
Total	4	4	100%	0	0

Notes

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

Criticaloccupationsaredefinedasoccupationsorsub-categorieswithinanoccupation–

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

(b) for which persons require advanced knowledge in a specified subject are a or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialized instruction;

(c) Where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and

(d) In respectofwhichadepartmentexperiencesahighdegreeofdifficultytorecruitor retain the services of employees;

4.9 Leave utilisation

Table 4.9.1 Sick leave for the period 1 January 2021 to 31 December 2021

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	26	96.20	3	0.70	9	16
Skilled (levels 3-5)	1901	90.50	243	52.70	8	1526
Highly skilled production (levels 6-8)	783	87.60	86	18.70	9	1327
Highly skilled supervision (levels 9 - 12)	592	92.60	62	13.40	10	1779
Top and Senior management (levels 13-16)	120	88.30	13	2.80	9	533
Total	**3422**	**87.20**	**407**	**88.30**	**8**	**5181**

Table 4.9.2 Disability leave (temporary and permanent) for the period 1 January 2021 to 31 December 2021

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Skilled (Levels 3-5)	365	100	11	47.80	33	301
Highly skilled production (Levels 6-8)	124	100	7	30.40	18	196
Highly skilled supervision (Levels 9-12)	122	100	3	13	41	383
Total	611	100	21	91.20	29	880

Table 4.9.3 Annual Leave for the period 1 January 2021 to 31 December 2021

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	53	4	13
Skilled Levels 3-5)	11 993.68	508	24
Highly skilled production (Levels 6-8)	4127	153	27
Highly skilled supervision(Levels 9-12)	2785	98	28
Senior management (Levels 13-16)	461	18	26
Total	**19 419.68**	**781**	**25**

Table 4.9.4 Capped leave for the period 1 April 2021 to 31 March 2022

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 2021
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels (3-5)	21	3	7	14
Highly skilled production (Levels 6-8)	6	1	6	17
Highly skilled supervision(Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	**27**	**4**	**13**	**15**

Table 4.9.5 Leave payouts for the period 1 April 2021 to 31 March 2022

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2021/22 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2021/22	1202	27	44 519
Current leave payout on termination of service for 2021/22	906	32	28 313
Total	1298	39	72 832

4.10 HIV/AIDS & Health Promotion Programmes

Table 4.10.1 Steps taken to reduce the risk of occupational exposure

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

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

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	x		Chief Director: Corporate Services
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	x		3 employees
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	x		HIV/AIDS Testing, TB Testing, Eye Testing, Financial Wellness
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	x		Ms. Mbekushe – EHW Mr Eugene Lecwedi – Immovable Asset Management Ms. Mantombi Majola – Fleet Entity Ms. Khaziwa – EHW Ms. Precious Kilane – Financial Inspectorate & Risk management Mr. Bonakele Bingwa – Supply Chain Management Ms. Innocentia Rammutla - HRM Ms. Didintle Phiris – Strategic Planning Ms Pumla Pino – Frances Baard Ms Katlego Rifles – Property Management Ms. Mary Magagane – EPWP Ms. Sharon Louw – Transport Administration
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		x	Health & Productivity Management Policy
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	x		The department has a policy on HIV/AIDS where it announces that no employee will be discriminated against due to her/his status. Consequence management will be applied against those discriminating against any employee who is HIV positive
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	x		
8. Has the department developed measures/indicators to monitor & evaluate the 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 2021 to 31 March 2022

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

4.11 Labour Relations

Table 4.11.1 Misconduct and disciplinary hearings finalised for the period 1 April 2021 to 31 March 2022

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	1	5.5%
Verbal warning	0	0
Written warning	1	12.5%
Final written warning	1	12.5%
Suspended without pay	1	12.5%
Fine	0	0
Demotion	0	0
Dismissal	3	37.5%
Not guilty	0	0
Case withdrawn	1	12.5
Total	**8**	

Notes

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

Total number of Disciplinary hearings finalised	0

Table 4.11.2 Types of misconduct addressed at disciplinary hearings for the period 1 April 2021 to 31 March 2022

Type of misconduct	Number	% of total
Abuse of Government Vehicle (Speeding)	5	19.23%
Absenteeism	13	50%
Theft /Fraud	0	0%
Leaking of Information	0	0%
Under the Influence of Alcohol / Violent Conduct	0	0%
Sexual Harassment	0	0%
False Accusations	0	0%
Gross Negligence	8	30.77%
Total	**26**	

Table 4.11.3 Grievances logged for the period 1 April 2021 to 31 March 2022

Grievances	Number	% of Total
Number of grievances resolved	5	41.67%
Number of grievances not resolved	7	58.33%
Total number of grievances lodged	12	

Table 4.11.4 Disputes logged with Councils for the period 1 April 2021 to 31 March 2022

Disputes	Number	% of Total
Number of disputes upheld	1	100
Number of disputes dismissed	0	0
Total number of disputes lodged	**1**	**0**

Table 4.11.5 Strike actions for the period 1 April 2021 to 31 March 2022

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

Table 4.11.6 Precautionary suspensions for the period 1 April 2021 to 31 March 2022

Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	90
Cost of suspension(R'000)	R 72 522

PART E:

FINANCIAL INFORMATION

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Roads and Public Works set out on pages124 to181 which comprise the appropriation statement, statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Roads and Public Works as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 9 of 2021 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general’s responsibilities for the audit of the financial statements section of my report.

4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants’ *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2022.

Uncertainty relating to the future outcome of exceptional litigation

8. With reference to note 17.1 to the financial statements, the department is the defendant in claims against the department amounting to R159 249 000 (2020-21: R115 721 000). The department is opposing these claims as it believes the claims to be invalid. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements

Payables

9. As disclosed in note 19.2 to the financial statements, payables not recognised of R1 017 608 000 exceeded the payment term of 30 days, as required by treasury regulation 8.2.3. This amount, in turn, exceeded the R3 030 000 of voted funds to be surrendered by R1 014 578 000 as per the statement of financial position. The amount of R1 014 578 000 would therefore have constituted unauthorised expenditure had the amounts due been paid in time.

Other matter

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

Unaudited supplementary schedules

11. The supplementary information set out on pages 168 to 181 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS prescribed by National Treasury and the requirements of the PFMA 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.

13. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

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

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the department's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the department enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.

18. 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 department's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 2: Public Works Infrastructure	42 - 49

19. 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.

20. I did not identify material findings on the usefulness and reliability of the reported performance information for the following programme.

    Programme 2: Public Works Infrastructure

Other matter

21. I draw attention to the matter below.

Achievement of planned targets

22. Refer to the annual performance report on pages 24 to 70 for information on the achievement of planned targets for the year and management's explanations provided for the under and over achievement of targets.

Report on the audit of compliance with legislation

Introduction and scope

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the department's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

Annual financial statements

24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1)(b) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified opinion.

Procurement and contract management

25. Some of the goods and services were procured without obtaining at least three written price quotations in accordance with Treasury Regulation 16A6.1, paragraph 3.3.1 of Practice Note 8 of 2007-08 and paragraph 3.2.1 of Supply Chain Management (SCM) instruction note 2 of 2021-22. Similar non-compliance was also reported in the prior year.

26. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids and deviations were approved by the accounting officer but it was practical to invite competitive bids, as required by Treasury Regulation 16A6.1 and paragraph 3.4.1 of Practice Note 8 of 2007-08 and Treasury Regulation 16A6.4.

27. Some of the invitations for competitive bidding were not advertised for a required minimum period, as required by Treasury Regulation 16A6.3(c).

28. Some of the contracts were awarded to bidders based on evaluation and adjudication criteria that differed from those stipulated in the original invitation for bidding as required by Treasury Regulation 16A6.3(a) and (b).

29. The preference point system was not applied in some of the procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act (PPPFA) and Treasury Regulation 16A6.3(b). This non-compliance was identified in the procurement processes for the road maintenance projects. Similar non-compliance was also reported in the prior year.

Expenditure management

30. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R248 674 000, as disclosed in note 23 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. The majority of the irregular expenditure was caused by non – compliance with supply chain management prescripts.

31. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by Treasury Regulation 8.2.3.

Consequence management

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

Other information

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

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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

36. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

38. The leadership of the department did not exercise their oversight responsibility to ensure that proper internal control procedures were developed and implemented that would have enabled the department to produce accurate and complete financial reports. No action was taken on material findings on laws and regulations that were reported in the previous year.

39. The accounting officers and senior management did not create an effective control environment to promote financial reporting disciplines. Repeat and new findings were identified on transactions, balances and disclosures in the financial statements. Of concern is the impact of the control environment on compliance requirements which also has regressed.

40. The annual financial statements contains material misstatement that can be attributed to weaknesses in the implementation of controls. In addition, the collation of different information from various units for incorporation into the financial statements was not done in time to allow for sufficient and adequate reviews.

Material irregularities

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

Material irregularities in progress

42. I identified material irregularities during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, the responses of the accounting officer were not yet due. These material irregularities will be included in the next year's auditor's report.

Other reports

43. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

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

Kimberley

31 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected programme and on the department's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

   identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

   obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control

   evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by accounting officer

   conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Department of Roads and Public Works to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2022

Appropriation per programme									
	2021/22							2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Voted funds and Direct charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1 ADMINISTRATION	174 878	-	1 247	176 125	173 186	2 939	98,3%	150 440	149 659
2 PUBLIC WORKS INFRASTRUCTURE	139 144	-	2 116	137 028	136 962	66	100,0%	165 152	144 601
3 TRANSPORT INFRASTRUCTURE	1 517 811	-	15 176	1 532 987	1 532 976	11	100,0%	1 324 923	1 324 909
4 COMMUNITY BASED PROGRAMME	196 827	-	14 307	182 520	182 506	14	100,0%	108 556	108 517
Programme sub total	**2 028 660**	**-**	**-**	**2 028 660**	**2 025 630**	**3 030**	**99,9%**	**1 749 071**	**1 727 686**
Statutory Appropriation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**2 028 660**	**-**	**-**	**2 028 660**	**2 025 630**	**3 030**	**99,9%**	**1 749 071**	**1 727 686**
Reconciliation with Statement of Financial Performance									
Add									
Departmental receipts				2 420				628	
Actual amounts per Statement of Financial Performance (Total				**2 031 080**				**1 749 699**	
Actual amounts per Statement of Financial Performance Expenditure					**2 025 630**				**1 727 686**

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2022

Appropriation per economic classification									
	2021/22							2020/21	
	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	**1 837 264**	**- 86 206**	**- 11 980**	**1 739 078**	**1 731 741**	**7 337**	**99,6%**	**1 484 740**	**1 482 339**
Compensation of employees	307 139	- 2 789	- 207	304 143	296 820	7 323	97,6%	296 538	294 336
Goods and services	1 530 125	- 83 417	- 11 773	1 434 935	1 434 921	14	100,0%	1 188 202	1 188 003
Transfers and subsidies	**56 562**	**-**	**- 2 892**	**53 670**	**53 664**	**6**	**100,0%**	**92 210**	**72 178**
Provinces and municipalities	46 853	-	- 2 448	44 405	44 404	1	100,0%	87 217	67 217
Departmental agencies and accounts	903	-	- 903	-	-	-	-	-	-
Households	8 806	-	459	9 265	9 260	5	99,9%	4 993	4 961
Payments for capital assets	**134 834**	**86 206**	**14 872**	**235 912**	**235 905**	**7**	**100,0%**	**172 121**	**172 113**
Buildings and other fixed structures	132 115	84 205	12 717	229 037	229 034	3	100,0%	169 444	169 442
Machinery and equipment	2 651	1 976	2 155	6 782	6 778	4	99,9%	2 626	2 621
Software and other intangible assets	68	25	-	93	93	-	100,0%	51	50
Payment for financial assets	**-**	**-**	**-**	**-**	**4 320**	**- 4 320**	**-**	**-**	**1 056**
	2 028 660	**-**	**-**	**2 028 660**	**2 025 630**	**3 030**	**99,9%**	**1 749 071**	**1 727 686**

Programme 1: ADMINISTRATION

	2021/22							2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 OFFICE OF THE MEC	13 624	-1 726	-	11 898	11 895	3	100,0%	10 569	10 151
2 MANAGEMENT OF THE DEPARTMENT	11 397	-523	-	10 874	10 870	4	100,0%	16 129	16 057
3 CORPORATE SUPPORT	142 128	2 591	1 247	145 966	143 035	2 931	98,0%	116 310	116 024
4 DEPARTMENTAL STRATEGY	7 729	-342	-	7 387	7 386	1	100,0%	7 432	7 427
	174 878	**-**	**1 247**	**176 125**	**173 186**	**2 939**	**98,3%**	**150 440**	**149 659**
Economic classification									
Current payments	**170 533**	**-1 993**	**-87**	**168 453**	**162 549**	**5 904**	**96,5%**	**148 655**	**146 850**
Compensation of employees	103 021	-516	-87	102 418	96 519	5 899	94,2%	96 849	95 055
Goods and services	67 512	-1 477	-	66 035	66 030	5	100,0%	51 806	51 795
Transfers and subsidies	**2 252**	**-**	**-816**	**1 436**	**1 435**	**1**	**99,9%**	**820**	**790**
Departmental agencies and accounts	903	-	-903	-	-	-	-	-	-
Households	1 349	-	87	1 436	1 435	1	99,9%	820	790
Payments for capital assets	**2 093**	**1 993**	**2 150**	**6 236**	**6 235**	**1**	**100,0%**	**965**	**963**
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 025	1 968	2 150	6 143	6 142	1	100,0%	914	913
Software and other intangible assets	68	25	-	93	93	-	100,0%	51	50
Payment for financial assets	**-**	**-**	**-**	**-**	**2 967**	**-2 967**	**-**	**-**	**1 056**
	174 878	**-**	**1 247**	**176 125**	**173 186**	**2 939**	**98,3%**	**150 440**	**149 659**

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2022

Programme 2: PUBLIC WORKS INFRASTRUCTURE

	2021/22							2020/21	
	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	2 161	-77	-	2 084	2 083	1	100,0%	2 134	2 133
2 DESIGN	12 514	-790	-	11 724	11 722	2	100,0%	12 525	12 042
3 CONSTRUCTION	8 144	-53	144	8 235	8 233	2	100,0%	6 143	6 141
4 MAINTENANCE	23 583	-1 224	32	22 391	22 388	3	100,0%	17 799	17 796
5 IMMOVABLE ASSET MANAGEMENT	84 089	6	-2 300	81 795	81 746	49	99,9%	116 184	96 123
6 FACILITY OPERATIONS	8 653	2 138	8	10 799	10 790	9	99,9%	10 367	10 366
	139 144	**-**	**-2 116**	**137 028**	**136 962**	**66**	**100,0%**	**165 152**	**144 601**
Economic classification									
Current payments	**86 380**	**-**	**300**	**86 680**	**86 268**	**412**	**99,5%**	**76 218**	**75 671**
Compensation of employees	45 697	-	-	45 697	45 291	406	99,1%	44 340	43 944
Goods and services	40 683	-	300	40 983	40 977	6	100,0%	31 878	31 727
Transfers and subsidies	**48 595**	**-**	**-2 448**	**46 147**	**46 145**	**2**	**100,0%**	**87 988**	**67 987**
Provinces and municipalities	46 853	-	-2 448	44 405	44 404	1	100,0%	87 217	67 217
Households	1 742	-	-	1 742	1 741	1	99,9%	771	770
Payments for capital assets	**4 169**	**-**	**32**	**4 201**	**4 199**	**2**	**100,0%**	**946**	**943**
Buildings and other fixed structures	3 959	-8	-	3 951	3 951	-	100,0%	748	747
Machinery and equipment	210	8	32	250	248	2	99,2%	198	196
Payment for financial assets	**-**	**-**	**-**	**-**	**350**	**-350**	**-**	**-**	**-**
	139 144	**-**	**-2 116**	**137 028**	**136 962**	**66**	**100,0%**	**165 152**	**144 601**

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2022

Programme 3: TRANSPORT INFRASTRUCTURE

	2021/22							2020/21	
	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	3 913	1 699	-	5 612	5 611	1	100,0%	2 073	2 071
2 INFRASTRUCTURE PLANNING	39 042	-7 621	-	31 421	31 421	-	100,0%	29 580	29 578
3 INFRASTRUCTURE DESIGN	3 440	-174	-	3 266	3 265	1	100,0%	2 984	2 982
4 CONSTRUCTION	125 754	81 365	14 916	222 035	222 032	3	100,0%	204 668	204 665
5 MAINTENANCE	1 345 662	-75 269	260	1 270 653	1 270 647	6	100,0%	1 085 618	1 085 613
	1 517 811	**-**	**15 176**	**1 532 987**	**1 532 976**	**11**	**100,0%**	**1 324 923**	**1 324 909**
Economic classification									
Current payments	**1 393 807**	**-84 213**	**-46**	**1 309 548**	**1 309 540**	**8**	**100,0%**	**1 167 915**	**1 167 903**
Compensation of employees	141 853	-2 273	-46	139 534	139 528	6	100,0%	138 592	138 583
Goods and services	1 251 954	-81 940	-	1 170 014	1 170 012	2	100,0%	1 029 323	1 029 320
Transfers and subsidies	**5 067**	**-**	**298**	**5 365**	**5 364**	**1**	**100,0%**	**3 402**	**3 401**
Households	5 067	-	298	5 365	5 364	1	100,0%	3 402	3 401
Payments for capital assets	**118 937**	**84 213**	**14 924**	**218 074**	**218 072**	**2**	**100,0%**	**153 606**	**153 605**
Buildings and other fixed structures	118 629	84 213	14 916	217 758	217 756	2	100,0%	152 168	152 168
Machinery and equipment	308	-	8	316	316	-	100,0%	1 438	1 437
	1 517 811	**-**	**15 176**	**1 532 987**	**1 532 976**	**11**	**100,0%**	**1 324 923**	**1 324 909**

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2022

Programme 4: COMMUNITY BASED PROGRAMME

	2021/22							2020/21	
	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 BASE	3 305	-755	-	2 550	2 548	2	99,9%	2 972	2 972
2 COMMUNITY DEVELOPMENT	175 119	-1 986	-14 272	158 861	158 853	8	100,0%	90 029	89 995
3 INNOVATION AND EMPOWERMENT	14 717	3 315	-35	17 997	17 994	3	100,0%	12 456	12 454
4 EPWP COORDINATION AND MONITORING	3 686	-574	-	3 112	3 111	1	100,0%	3 099	3 096
	196 827	**-**	**-14 307**	**182 520**	**182 506**	**14**	**100,0%**	**108 556**	**108 517**
Economic classification									
Current payments	**186 544**	**-**	**-12 147**	**174 397**	**173 384**	**1 013**	**99,4%**	**91 952**	**91 915**
Compensation of employees	16 568	-	-74	16 494	15 482	1 012	93,9%	16 757	16 754
Goods and services	169 976	-	-12 073	157 903	157 902	1	100,0%	75 195	75 161
Transfers and subsidies	**648**	**-**	**74**	**722**	**720**	**2**	**99,7%**	**-**	**-**
Households	648	-	74	722	720	2	99,7%	-	-
Payments for capital assets	**9 635**	**-**	**-2 234**	**7 401**	**7 399**	**2**	**100,0%**	**16 604**	**16 602**
Buildings and other fixed structures	9 527	-	-2 199	7 328	7 327	1	100,0%	16 528	16 527
Machinery and equipment	108	-	-35	73	72	1	98,6%	76	75
	196 827	**-**	**-14 307**	**182 520**	**182 506**	**14**	**100,0%**	**108 556**	**108 517**

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2022

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 R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Administration	176,125	173,186	2,939	98%
Public Works Infrastructure	137,028	136,962	66	100%
Roads Infrastructure	1,532,987	1,532,976	11	100%
Community Based Programme	182,520	182,506	14	100%

4.2

Per Economic Classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Current payment				
Compensation of Employees	304,143	296,820	7,323	98%
Goods and Services	1,434,935	1,434,921	14	100%
Transfers and Subsidies				
Provinces and Municipalities	44,405	44,404	1	100%
Households	9,265	9,260	5	99.9%
Payments for Capital Assets				
Buildings and Other Fixed Structures	229,037	229,034	3	100%
Machinery and Equipment	6,782	6,778	4	100%
Software and Intangible Assets	93	93	-	100%
Payment for Financial Assets	-	4,320	(4,320)	100%

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2022

	Note	2021/22 R'000	2020/21 R'000
REVENUE			
Annual appropriation	1	2,028,660	1,749,071
Departmental revenue	2	2,420	628
TOTAL REVENUE		**2,031,080**	**1,749,699**
EXPENDITURE			
Current expenditure			
Compensation of employees	3	296,820	294,335
Goods and services	4	1,434,919	1,188,004
Total current expenditure		**1,731,739**	**1,482,339**
Transfers and subsidies			
Transfers and subsidies	6	53,664	72,177
Total transfers and subsidies		**53,664**	**72,177**
Expenditure for capital assets			
Tangible assets	7	235,815	172,064
Intangible assets	7	92	50
Total expenditure for capital assets		**235,907**	**172,114**
Payments for financial assets	5	4,320	1,056
TOTAL EXPENDITURE		**2,025,630**	**1,727,686**
SURPLUS/(DEFICIT) FOR THE YEAR		**5,450**	**22,013**

Reconciliation of Net Surplus/(Deficit) for the year

	Note	2021/22	2020/21
Voted funds		3,030	21,385
Annual appropriation		3,030	21,385
Conditional grants		-	-
Departmental revenue and NRF Receipts	13	2,420	628
SURPLUS/(DEFICIT) FOR THE YEAR		**5,450**	**22,013**

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2022

	Note	2021/22 R'000	2020/21 R'000
ASSETS			
Current assets		**82,053**	**63,101**
Cash and cash equivalents	9	66,982	49,344
Prepayments and advances	10	1,629	-
Receivables	11	13,442	13,757
Non-current assets		**-**	**-**
Receivables	11	-	-
TOTAL ASSETS		**82,053**	**63,101**
LIABILITIES			
Current liabilities		**82,053**	**63,101**
Voted funds to be surrendered to the Revenue Fund	12	3,030	21,385
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	1,271	628
Payables	14	77,752	41,088
Non-current liabilities			
Payables	14	-	-
TOTAL LIABILITIES		**82,053**	**63,101**
NET ASSETS		**-**	**-**
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 2022

	Note	2021/22 R'000	2020/21 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**2,031,245**	**1,751,684**
Annual appropriated funds received	1.1	2,028,660	1,749,071
Departmental revenue received	2	2,585	2,613
Net (increase)/decrease in working capital		35,350	18,603
Surrendered to Revenue Fund		(24,434)	(5,264)
Current payments		(1,731,739)	(1,482,339)
Payments for financial assets		(4,320)	(1,056)
Transfers and subsidies paid		(53,664)	(72,177)
Net cash flow available from operating activities	15	**252,438**	**209,451**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(235,907)	(172,114)
Proceeds from sale of capital assets	2.2	1,107	1,474
Net cash flows from investing activities		**(234,800)**	**(170,640)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flows from financing activities		**-**	**-**
Net increase/(decrease) in cash and cash equivalents		17,638	38,811
Cash and cash equivalents at beginning of period		49,344	10,533
Cash and cash equivalents at end of period	9	**66,982**	**49,344**

PART A: ACCOUNTING POLICIES

Summary of significant accounting policies The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information. The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation. Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.	
1	**Basis of preparation** The financial statements have been prepared in accordance with the Modified Cash Standard.
2	**Going concern** The financial statements have been 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**

7.1	**Appropriated funds** Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
7.2	**Departmental revenue** Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.
7.3	**Accrued departmental revenue** Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and the amount of revenue can be measured reliably. The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's debt write-off policy
8	**Expenditure**
8.1	**Compensation of employees**
8.1.1	**Salaries and wages** Salaries and wages are recognised in the statement of financial performance on the date of payment.
8.1.2	**Social contributions** Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.
8.2	**Other expenditure** Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The

	expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.
8.3	**Accruals and payables not recognised** Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.
8.4	**Leases**
8.4.1	**Operating leases** Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. The operating lease commitments are recorded in the notes to the financial statements.
8.4.2	**Finance leases** Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions. Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of: 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	**Cash and cash equivalents** Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position as a current liability. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.
10	**Prepayments and advances** Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost.
11	**Loans and receivables** Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department’s write-off policy.

12	**Financial assets**
12.1	**Financial assets (not covered elsewhere)** A financial asset is recognised initially at its cost-plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.
12.2	**Impairment of financial assets** Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
13	**Payables** Payables recognised in the statement of financial position are recognised at cost.
14	**Capital Assets**
14.1	**Immovable capital assets** Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
14.2	**Movable capital assets** Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

14.3	**Intangible assets** Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
14.4	**Project Costs: Work-in-progress** Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.
15	**Provisions and Contingents**
15.1	**Provisions** Provisions are recorded in the notes to the financial statements when 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.
15.2	**Contingent liabilities** Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

15.3	**Contingent assets** Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.
15.4	**Capital commitments** Capital commitments are recorded at cost in the notes to the financial statements.
16	**Unauthorised expenditure** Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either: approved by the Provincial Legislature with funding and the related funds are received; or approved the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or transferred to receivables for recovery. Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.
17	**Fruitless and wasteful expenditure** 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. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables or written off. 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.
18	**Irregular expenditure** Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off. 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.
19	**Changes in accounting estimates and errors** Changes in accounting estimates are applied prospectively in accordance with MCS requirements. Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

20	**Events after the reporting date** Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.
21	**Departures from the MCS requirements** The financial statements present fairly the department's primary and secondary information. The financial statements of the department comply with the modified cash standards and the department have not departed from a requirement of these standards to achieve fair presentation.
22	**Capitalisation reserve** The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period, but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the Provincial Revenue Fund when the underlying asset is disposed, and the related funds are received.
23	**Recoverable revenue** Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.
24	**Related party transactions** Related party transactions within the /MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length. The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.
25	**Inventories** ***(Effective from date determined in a Treasury Instruction)*** At the date of acquisition, inventories are recognised at cost in the statement of financial performance. Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition. Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value. The cost of inventories is assigned by using the weighted average cost basis.
26	**Employee benefits** The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

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:

	2021/22		2020/21	
Programmes	**Final Appropriation R'000**	**Actual Funds Received R'000**	**Final Appropriation R'000**	**Appropriation Received R'000**
Administration	176,125	176,125	150,440	150,440
Public Works Infrastructure	137,028	137,028	165,152	165,152
Transport Infrastructure	1 532,987	1 532,987	1 324,923	1 324,923
Community Based Programme	182,520	182,520	108,556	108,556
Total	**2,028,660**	**2,028,660**	**1,749,071**	**1,749,071**

1.2 Conditional grants

	Note	2021/22 R'000	2020/21 R'000
Total grants received	*34*	1,299,578	1,115,348

2. Departmental revenue

	Note	2021/22 R'000	2020/21 R'000
Sales of goods and services other than capital assets	*2.1*	2,542	1,634
Sale of capital assets	*2.2*	1,107	1,474
Transactions in financial assets and liabilities	*2.3*	43	979
Total revenue collected		**3,692**	**4,087**
Less: Own revenue included in appropriation	*13*	(1,272)	(3,459)
Departmental revenue collected		**2,420**	**628**

2.1 Sales of goods and services other than capital assets

	Note	2021/22	2020/21
	2	**R'000**	**R'000**
Sales of goods and services produced by the department		2,542	1,632
Sales by market establishment		1,958	1,072
Other sales		584	560
Sales of scrap, waste and other used current goods		-	2
Total		**2,542**	**1,634**

2.2 Sales of capital assets

	Note	2021/22	2020/21
	2	**R'000**	**R'000**
Tangible assets		**1,107**	**1,474**
Building and other fixed structures		1,107	1,474
Total		**1,107**	**1,474**

2.3 Transactions in financial assets and liabilities

	Note	2021/22	2020/21
	2	**R'000**	**R'000**
Receivables		43	979
Total		**43**	**979**

3. Compensation of employees

3.1 Salaries and Wages

	Note	2021/22	2020/21
		R'000	**R'000**
Basic salary		198,142	206,413
Performance award		1,069	2,064
Service Based		265	613
Compensative/circumstantial		2,893	1,400
Other non-pensionable allowances		55,055	43,889
Total		**257,424**	**254,379**

3.2 Social contributions

	Note	2021/22	2020/21
		R'000	**R'000**
Employer contributions			
Pension		23,470	24,494
Medical		15,747	15,349
Bargaining council		89	91
Insurance		90	22
Total		**39,396**	**39,956**
Total compensation of employees		**296,820**	**294,335**
Average number of employees		**887**	**923**

4. Goods and services

	Note	2021/22 R'000	2020/21 R'000
Administrative fees		501	326
Advertising		257	430
Minor assets	4.1	573	170
Bursaries (employees)		102	268
Catering		289	652
Communication		3,998	3,508
Computer services	4.2	31,791	28,715
Consultants: Business and advisory services		13,993	28,239
Infrastructure and planning services		76,085	105
Legal services		13,250	3,198
Contractors		967,245	831,414
Audit cost – external	4.3	7,012	5,102
Fleet services		4,801	883
Inventory	4.4	105,161	82,955
Consumables	4.5	5,866	9,663
Operating leases		125,531	137,409
Property payments	4.6	51,231	39,654
Rental and hiring		694	781
Transport provided as part of the dept. activities		114	-
Travel and subsistence	4.7	22,625	10,754
Venues and facilities		162	639
Training and development		3,583	3,023
Other operating expenditure	4.8	55	116
Total		**1,434,919**	**1,188,004**

***Contractors**

The item contractors are where the department spent on periodic maintenance and where the larger portion of conditional grants is budgeted. The spending increased as per the lifting of restrictions for Covid19 levels. Included in this amount is an amount of R63 705 million which relates to assistance for infrastructure in respect of Sol Plaatje Municipality.

****Infrastructure and planning services**

The increase in the item is directly linked to the assessment needs performed for flood damages experienced during the first quarter of the 2021/22 financial year.

*****Travel and subsistence**

The spending increased due to lifting of restrictions for Covid-19 levels allowing technical staff to visit infrastructure projects.

******Sol Plaatje Pothole Repair**

The department reprioritised R70 095 million within the 2021/22 baseline towards the assistance of infrastructure maintenance as per the provincial cabinet resolution. The total expenditure amounts to R70 095 million of which R362 000 is for Protective Clothing, R6 026 000 for Inventory and R63 075 million is for Infrastructure Maintenance.

4.1 Minor assets

	Note	2021/22	2020/21
	4	R'000	R'000
Tangible assets		**462**	**142**
Machinery and equipment		462	142
Intangible assets		**111**	**28**
Software		111	28
Total		**573**	**170**

4.2 Computer services

	Note	2021/22	2020/21
	4	R'000	R'000
SITA computer services		2,492	1,878
External computer service providers		29,299	26,837
Total		**31,791**	**28,715**

4.3 Audit cost – External

	Note	2021/22	2020/21
	4	R'000	R'000
Regularity audits		7,012	5,102
Total		**7,012**	**5,102**

4.4 Inventory

	Note	2021/22	2020/21
	4	R'000	R'000
Clothing material and accessories		2,270	8,992
Materials and supplies		102,891	73,963
Total		**105,161**	**82,955**

4.5 Consumables

	Note	2021/22	2020/21
	4	R'000	R'000
Consumable Supplies		4,007	8,254
Uniform and clothing		889	1,075
Household supplies		1,579	6,259
Building material and supplies		344	24
IT consumables		203	129
Other consumables		992	767
Stationery, printing and office supplies		1,859	1,409
Total		**5,866**	**9,663**

4.6 Property payments

	Note	2021/22	2020/21
	4	R'000	R'000
Municipal services		5,604	4,668
Property maintenance and repairs		3,889	1,578
Other		41,738	33,408
Total		**51,231**	**39,654**

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

4.7 Travel and subsistence

	Note	2021/22	2020/21
	4	R'000	R'000
Local		22,625	10,754
Total		**22,625**	**10,754**

4.8 Other operating expenditure

	Note	2021/22	2020/21
	4	R'000	R'000
Professional bodies, membership and subscription fees		11	3
Other		44	113
Total		**55**	**116**

5. Payments for financial assets

	Note	2021/22	2020/21
		R'000	R'000
Debts written off	5.1	4,320	1,056
Total		**4,320**	**1,056**

5.1 Debts written off

	Note	2021/22	2020/21
	5	R'000	R'000
Other debt written off			
Debt Account		430	1,056
Claims Recoverable		3,890	-
Total		**4,320**	**1,056**
Total debt written off		**4,320**	**1,056**

6. Transfers and subsidies

	Note	2021/22 R'000	2020/21 R'000
Provinces and municipalities	*35*	44,404	67,217
Households	*Annexure 1G*	9,260	4,960
Total		**53,664**	**72,177**

There is reduction compared to previous year as an amount of R20 million was reprioritised within the baseline for the assistance with pothole repairs in municipal areas during the 2021/22 financial year.

7. Expenditure for capital assets

	Note	2021/22 R'000	2020/21 R'000
Tangible assets		**235,815**	**172,064**
Buildings and other fixed structures	*32.2*	229,036	169,442
Machinery and equipment	*7.3 ; 29*	6,779	2,622
Intangible assets		**92**	**50**
Software	*31*	92	50
Total		**235,907**	**172,114**

		2021/22 R'000	2020/21 R'000
The following amounts have been included as project costs in Expenditure for capital assets			
Compensation of employees		1,770	1,899
Goods and services		32,073	62,924
Total		**33,843**	**64,823**

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

	Voted funds R'000	Total R'000
Tangible assets	**235,815**	**235,815**
Buildings and other fixed structures	229,036	229,036
Machinery and equipment	6,779	6,779
Intangible assets	**92**	**92**
Software	92	92
Total	**235,907**	**235,907**

7.2 Analysis of funds utilised to acquire capital assets – 2020/21

	Voted funds R'000	Total R'000
Tangible assets	**172,064**	**172,064**
Buildings and other fixed structures	169,442	169,442
Machinery and equipment	2,622	2,622
Intangible assets	**50**	**50**
Software	50	50
Total	**172,114**	**172,114**

7.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2021/22 R'000	2020/21 R'000
Tangible assets			
Machinery and equipment		5,115	1,823
Total		**5,115**	**1,823**

8. Unauthorised expenditure

8.1 Reconciliation of unauthorised expenditure

	Note	2021/22 R'000	2020/21 R'000
Opening balance		-	26,891
As restated		-	26,891
Less: Amounts approved by Legislature with funding		**-**	**(26,891)**
Closing balance		**-**	**-**

9. Cash and cash equivalents

	Note	2021/22 R'000	2020/21 R'000
Consolidated Paymaster General Account		66,982	49,344
Total		**66,982**	**49,344**

10. Prepayments and advances

	Note	2021/22 R'000	2020/21 R'000
Prepayments (Not expensed)	10.1	1,629	-
Total		**1,629**	**-**

10.1 Prepayments (Not expensed)

	Note	Balance as at 1 Apr 2021	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year prepayments	Balance as at 31 Mar 2022
	10	R'000	R'000	R'000	R'000	R'000
Transfers and subsidies		-	-	-	1,629	**1,629**
Total		**-**	**-**	**-**	**1,629**	**1,629**

Invoices received from Renosterberg municipality in respect of outstanding rates and taxes. The amounts were paid and department is in the process of reconciling our records with that of the municipality.

11. Receivables

		2021/22			2020/21		
		Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
		R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
	Note						
Claims recoverable	11.1	1,739	-	1,739	12,920	-	12,920
Recoverable expenditure	11.2	11,536	-	11,536	2	-	2
Staff debt	11.3	167	-	167	835	-	835
Total		**13,442**	**-**	**13,442**	**13,757**	**-**	**13,757**

11.1 Claims recoverable

	Note	2021/22	2020/21
	11 and Annex 4	**R'000**	**R'000**
Provincial departments		1,739	12,920
Total		**1,739**	**12,920**

11.2 Recoverable expenditure (disallowance accounts)

	Note	2021/22	2020/21
	11	**R'000**	**R'000**
Disallowance Miscellaneous		11,496	-
Salary Income Tax		10	-
Salary Disallowance Account		2	2
Pension Recoverable		28	-
Total		**11,536**	**2**

11.3 Staff debt

	Note	2021/22	2020/21
	11	**R'000**	**R'000**
Debt Account		167	832
Salary Tax Debt		-	3
Total		**167**	**835**

12. Voted funds to be surrendered to the Revenue Fund

	Note	2021/22 R'000	2020/21 R'000
Opening balance		21,385	608
As restated		21,385	608
Transfer from statement of financial performance (as restated)		3,030	21,385
Paid during the year		(21,385)	(608)
Closing balance		**3,030**	**21,385**

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

	Note	2021/22 R'000	2020/21 R'000
Opening balance		628	1,197
As restated		628	1,197
Transfer from Statement of Financial Performance		2,420	628
Own revenue included in appropriation		1,272	3,459
Paid during the year		(3,049)	(4,656)
Closing balance		**1,271**	**628**

14. Payables – current

	Note	2021/22 R'000	2020/21 R'000
Amounts owing to other entities		40,089	40,090
Other payables	14.1	37,663	998
Total		**77,752**	**41,088**

14.1 Other payables

	Note 14	2021/22 R'000	2020/21 R'000
Disallowance Miscellaneous		37,538	983
Salary GEHS Refund		115	-
Salary ACB recalls		-	2
Rental Deposits		10	10
Salary Reversal Control		-	3
Total		**37,663**	**998**

The department received a request from department of Education to implement 7 school projects. It was agreed that department of Education would transfer funds to us in tranches and an initial amount of R36 million was received during March 2022.

15. Net cash flow available from operating activities

	Note	2021/22	2020/21
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		5,450	22,013
Add back non cash/cash movements not deemed operating activities		246,988	187,438
(Increase)/decrease in receivables		315	(6,649)
(Increase)/decrease in prepayments and advances		(1,629)	-
Increase/(decrease) in current assets		-	26,891
Increase/(decrease) in payables – current		36,664	(1,639)
Expenditure on capital assets		235,907	172,114
Surrenders to Revenue Fund		(24,434)	(5,264)
Own revenue included in appropriation		165	1,985
Net cash flow generated by operating activities		**252,438**	**209,451**

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

	Note	2021/22	2020/21
		R'000	R'000
Consolidated Paymaster General account		66,982	49,344
Total		**66,982**	**49,344**

17. Contingent liabilities and contingent assets

17.1 Contingent liabilities

Liable to	**Nature**	Note	2021/22	2020/21
			R'000	R'000
Claims against the department		*Annex 3B*	159,249	115,721
Intergovernmental payables (unconfirmed balances)		*Annex 5*	770	770
Total			**160,019**	**116,491**

Claims against the department

Claims relate to documentary proof or summonses received from claimants which were submitted to legal services and the state attorney. In most cases, these claims are provided in the form of an affidavit or summons from the court as to how the damage occurred and the amount of cost of repairs or loss suffered. Some of the claims are very old and we have approached the Registrar of the High Court to remove some of the cases from the court roll and place it on archives.

17.2 Contingent assets

	Note	2021/22 R'000	2020/21 R'000
Nature of contingent asset			
Vista Park Development		10,000	10,000
Sedibeng Iron Ore		-	-
Moditi Consulting		5,186	5,186
Total		**15,186**	**15,186**

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

18. Capital commitments

	Note	2021/22 R'000	2020/21 R'000
Buildings and other fixed structures		390,686	201,584
Machinery and equipment		32	95
Total		**390,718**	**201,679**

Included in capital commitments are 7 capital projects which will be completed after one year. These projects relate to the upgrading from gravel roads including rehabilitation.

19. Accruals and payables not recognised

19.1 Accruals

			2021/22 R'000	2020/21 R'000
Listed by economic classification	**30 Days**	**30+ Days**	**Total**	**Total**
Goods and services	35,167	507	35,674	88,368
Transfers and subsidies	4,492	-	4,492	20,572
Capital assets	-	-	-	10,977
Total	**39,659**	**507**	**40,166**	**119,917**

	Note	2021/22 R'000	2020/21 R'000
Listedby programmelevel			
Administration		5,590	3,945
Public Works Infrastructure		5,423	23,988
Transport Infrastructure		27,586	89,092
Community Based Programme		1,567	2,892
Total		**40,166**	**119,917**

19.2 Payables not recognised

			2021/22	2020/21
			R'000	R'000
Listed by economic classification				
	30 Days	**30+ Days**	**Total**	**Total**
Goods and services	10,336	350,067	360,403	291,040
Transfers and subsidies	-	667,541	667,541	551,740
Capital assets	2,732	-	2,732	7,144
Total	**13,068**	**1,017,608**	**1,030,676**	**849,924**

	Note	2021/22	2020/21
		R'000	R'000
Listed by programme level			
Administration		523	3,158
Public Works Infrastructure		667,728	557,795
Transport Infrastructure		362,394	288,664
Community Based Programme		31	307
Total		**1,030,676**	**849,924**

	Note	2021/22	2020/21
Included in the above totals are the following:		R'000	R'000
Confirmed balances with other government entities	*Annex 5*	40,629	40,090
Total		**40,629**	**40,090**

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

20. Employee benefits

	Note	2021/22	2020/21
		R'000	R'000
Leave entitlement		12,601	17,445
Service bonus		7,188	7,660
Performance awards		-	1,483
Capped leave		8,241	9,334
Other		-	283
Total		**28,030**	**36,205**

Negative leave balances for 33 officials amounting to R117,259,16 is not included in the leave entitlement amount disclosed for the current financial year.

21. Lease commitments

21.1 Operating leases

2021/22	Buildings and other fixed structures R'000	Total R'000
Not later than 1 year	3,344	3,344
Later than 1 year and not later than 5 years	3,907	3,907
Total lease commitments	**7,251**	**7,251**

2020/21	Buildings and other fixed structures R'000	Total R'000
Not later than 1 year	3,799	3,799
Later than 1 year and not later than 5 years	6,531	6,531
Later than five years	-	-
Total lease commitments	**10,330**	**10,330**

The Department is leasing 2 x buildings for office space located in Kimberley and De Aar.

		2021/22 R'000	2020/21 R'000
Rental earned on sub-leased assets	2	396	-
Total		**396**	**-**

21.2 Finance leases

2021/22	Machinery and equipment R'000	Total R'000
Not later than 1 year	6,186	6,186
Later than 1 year and not later than 5 years	7,194	7,194
Total lease commitments	**13,380**	**13,380**

2020/21	Machinery and equipment R'000	Total R'000
Not later than 1 year	8,593	8,593
Later than 1 year and not later than 5 years	11,590	11,590
Later than five years	-	-
Total lease commitments	**20,183**	**20,183**

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

21.3 Operating lease future revenue**

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

2020/21	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	650	-	650
Later than 1 year and not later than 5 years	-	-	853	-	853
Later than five years	-	-	1,186	-	1,186
Total operating lease revenue receivable	**-**	**-**	**2,689**	**-**	**2,689**

The Department is leasing 13 buildings to tenants for business purposes. Most of the agreements for dwellings have expired and are on month-to-month basis.

22. Accrued departmental revenue

	Note	2021/22	2020/21
		R'000	R'000
Sales of goods and services other than capital assets		13,536	12,158
Total		**13,536**	**12,158**

22.1 Analysis of accrued departmental revenue

	Note	2021/22	2020/21
		R'000	R'000
Opening balance		12,158	10,821
Less: amounts received		(2,330)	(2,353)
Add: amounts recorded		3,708	3,690
Closing balance		**13,536**	**12,158**

23. Irregular expenditure

23.1 Reconciliation of irregular expenditure

	Note	2021/22	2020/21
		R'000	R'000
Opening balance		3,785,878	892,604
Prior period error			(48,322)
As restated		3,785,878	844,282
Add: Irregular expenditure - relating to prior year	23.2	168,586	2,498,953
Add: Irregular expenditure - relating to current year	23.2	80,088	714,791
Less: Prior year amounts condoned		-	(7,578)
Less: Prior year amounts not condoned and removed	23.3	-	-
Less: Amounts written off	23.4	(410)	(264,570)
Closing balance		**4,034,142**	**3,785,878**

Analysis of awaiting condonation per age classification			
Current year		80,088	714,791
Prior years		3,954,054	3,071,087
Total		**4,034,142**	**3,785,878**

23.2 Details of current and prior year irregular expenditure – added current year (under determination and investigation)

Incident	Disciplinary steps taken/criminal proceedings	2021/22 R'000
Inadequate Proc: Deficient Tender Proc	Warning letters issued	21,838
Inadequate Proc: Insufficient Quotations	Warning letter to be issued	4,200
Inadequate Proc: No Point System	Warning letters issued	144,344
Inadequate Proc: Proc Procedures Not Followed	Warning letters issued	10,160
Inadequate Proc: No declaration of interest	Under investigation	2,096
Inadequate Proc: Payment exceeds contract amt	Under investigation	1,632
Inadequate Proc: Deviation not valid	Under investigation	63,413
Inadequate Proc: Bid not advertised within 21 days	Under investigation	991
Total		**248,674**

Irregular of R168 586 million is recurring from previous years since contract payments are still being made. R80 088 million relate to current year in respect of procurement procedures not followed and insufficient quotations obtained for procurement.

23.3 Details of irregular expenditure removed – (not condoned)

Incident	Disciplinary steps taken/criminal proceedings	2021/22 R'000
Compliance Procurement No Proof Of Communication With DTI for tender DRPW 038/2016		31,355
Inadequate Proc: Deficient Tender Proc		447
Inadequate Procurement: Insufficient Number Of Quotations		5,262
Inadequate Procurement: Point System Not Applied		8,619
Inadequate Procurement: No original Tax Clearance Certificate		891
Inadequate Procurement: Proc Process Not Followed		1,170
Inadequate Procurement: Tender Advertising		3,228
Inadequate Procurement: Various SCM Procedures		578
Total		**51,550**

23.4 Details of irregular expenditures written off (irrecoverable)

Incident	2021/22 R'000
Inadequate Proc: Deficient Tender Proc	330
Inadequate Proc: Insufficient Quotations	80
Total	**410**

23.5 Prior period error

	Note	2020/21 R'000
Nature of prior period error		
Relating to previous years (affecting the opening balance)		**(48,322)**
Irregular expenditure incorrectly classified in previous years have been removed		$\boxed{(48,322)}$
Total		**(48,322)**

24. Fruitless and wasteful expenditure

24.1 Reconciliation of fruitless and wasteful expenditure

	Note	2021/22	2020/21
		R'000	R'000
Opening balance		9	9
Prior period error			-
As restated		9	9
Less: Amounts written off		(5)	-
Closing balance		**4**	**9**

24.2 Details of fruitless and wasteful expenditure written off

Incident	2021/22
	R'000
	5
Total	**5**

24.3 Details of fruitless and wasteful expenditure under investigation (not in the main note)

Incident	2021/22
	R'000
Lockdown Covid-19 standing time	914
Lockdown Covid-19 standing time	6,029
Lockdown Covid-19 standing time	1,868
Total	**8,811**

Contracts that were already in construction before the lockdown period 25 March 2020 to 6 May 2020 resulted in the payment of costs relating to covid-19 standing time. It would not have been cost effective to de-establish contractor and again pay establishment costs when lockdown became lifted. The matter is under investigation and the outcome will be reported in the 2022/23 financial statements.

25. Related party transactions

	Note	2021/22	2020/21
Year end balances arising from revenue/payments		**R'000**	**R'000**
Payables to related parties		40,089	40,090
Total		**40,089**	**40,090**

In kind goods and services provided/received	*Note*	2021/22 R'000	2020/21 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		-	-
Total		-	-

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

26. Key management personnel

	No. of Individuals	2021/22 R'000	2020/21 R'000
Political office bearers (provide detail below)	1	1,999	1,968
Officials:			
Level 15 to 16	1	421	655
Level 14 (incl. CFO if at a lower level)	5	7,289	6,968
Total		**9,709**	**9,591**

27. Provisions

	Note	2021/22	2020/21
		R'000	**R'000**
Retention		7,634	5,700
Total		**7,634**	**5,700**

27.1 Reconciliation of movement in provisions – 2021/22

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

Retention is provided for at 5% or 10% per the contract to a maximum amount of R2 300 000. 50% of this amount is paid with final payment certificate and the other 50% is paid after 12 months of completion. Retention of two (2) projects were released during the 2021/22 financial year.

Reconciliation of movement in provisions – 2020/21

	Retention R'000	Total provisions R'000
Opening balance	6,397	6,397
Increase in provision	5,003	5,003
Settlement of provision	(5,700)	(5,700)
Closing balance	**5,700**	**5,700**

28. Non-adjusting events after reporting date

	2021/22
Nature of event	**R'000**
None	-
Total	**-**

29. Movable Tangible Capital Assets

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

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	**17,329**	**-**	**1,662**	**(967)**	**18,024**
Transport assets	472	-	-	-	472
Computer equipment	6,675	-	1,023	(672)	7,026
Furniture and office equipment	5,714	-	433	(39)	6,108
Other machinery and equipment	4,468	-	206	(256)	4,418
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**17,329**	**-**	**1,662**	**(967)**	**18,024**

Movable Tangible Capital Assets under investigation

	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	27	339

Included in above are assets which are under investigation. Once Investigation is completed assets will either be disposed or recovered in cases of negligence.

29.1 Movement for 2020/21

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	**17,584**	**23**	**786**	**(1,064)**	**17,329**
Transport assets	-	-	472	-	472
Computer equipment	7,333	23	264	(945)	6,675
Furniture and office equipment	5,735	-	21	(42)	5,714
Other machinery and equipment	4,516	-	29	(77)	4,468
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**17,584**	**23**	**786**	**(1,064)**	**17,329**

29.1.1 Prior period error

	Note	2020/21
		R'000
Nature of prior period error		**23**
Relating to 2020/21 (affecting the opening balance)		
Computer equipment transferred in not recorded		23
Total prior period errors		**23**

30. Minor assets

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

	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	-	1,282	-	7,957	-	9,239
Value adjustments	-	-	-	-	-	-
Additions	-	110	-	462	-	572
Disposals	-	-	-	(288)	-	(288)
TOTAL MINOR ASSETS	**-**	**1,392**	**-**	**8,131**	**-**	**9,523**

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

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	45	89

Included in above are assets which are under investigation. Once Investigation is completed assets will either be disposed or recovered in cases of negligence.

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2021

	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	-	1,258	-	8,245	-	9,503
Prior period error	-	-	-	-	-	-
Additions	-	26	-	137	-	163
Disposals	-	(2)	-	(425)	-	(427)
TOTAL MINOR ASSETS	**-**	**1,282**	**-**	**7,957**	**-**	**9,239**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	37	-	37
Number of minor assets at cost	-	478	-	4,626	-	5,104
TOTAL NUMBER OF MINOR ASSETS	**-**	**478**	-	**4,663**	-	**5,141**

30.1 Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2022

	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
Assets written off	-	-	-	853	-	853
TOTAL MOVABLE ASSETS WRITTEN OFF	**-**	**-**	**-**	**853**	**-**	**853**

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2021

	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
Assets written off	-	-	-	-	-	-
TOTAL MOVABLE ASSETS WRITTEN OFF	**-**	**-**	**-**	**-**	**-**	**-**

31. Intangible Capital Assets

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

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	918	-	92	-	1,010
TOTAL INTANGIBLE CAPITAL ASSETS	**918**	-	**92**	**-**	**1,010**

31.1 Movement for 2020/21

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	868	-	50	-	918
TOTAL INTANGIBLE CAPITAL ASSETS	**868**	**-**	**50**	**-**	**918**

32. Immovable Tangible Capital Assets

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

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	**39,616,333**	**-**	**16,341**	**(2,943)**	**39,629,731**
Dwellings	107,988	-	3,211	(1,320)	109,879
Non-residential buildings	3,361,057	-	8,326	-	3,369,383
Other fixed structures	36,147,288	-	4,804	(1,623)	36,150,469
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	**39,616,333**	**-**	**16,341**	**(2,943)**	**39,629,731**

32.1 Movement for 2020/21

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	**39,459,881**	**(851)**	**202,083**	**44,780**	**39,616,333**
Dwellings	63,132	46,736	-	1,880	107,988
Non-residential buildings	3,347,367	(47,587)	104,177	42,900	3,361,057
Other fixed structures	36,049,382	-	97,906	-	36,147,288
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	**39,459,881**	**(851)**	**202,083**	**44,780**	**39,616,333**

The properties were valued as per the municipal valuation certificates during the 2016/17 financial year. These values have been audited and accepted as deemed costs. Nineteen (19) properties have been found to have been vandalised and since we use the modified cash standards, the deemed costs/values cannot be amended to reflect the state of vandalism. These values can only be amended through a disposal process or major capital improvements. The department will embark on an exercise to identify all vandalised buildings.

32.1.1 Prior period error

	Note	2020/21
		R'000
		(851)
Facility upgraded during 18/19 financial year not recognised		569
Property donated during 19/20 financial year not derecognised		(1,420)
Sub-classification of dwelling incorrectly classified during 20/21 corrected		46,736
Sub-classification of non-residential dwellings corrected		(46,736)
Total prior period errors		**(851)**

32.2 Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2022

	Note *Annexure 7*	Opening balance 1 April 2021 R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated R'000	Closing balance 31 March 2022 R'000
Buildings and other fixed structures		238,771	229,035	(23,136)	444,670
TOTAL		**238,771**	**229,035**	**(23,136)**	**444,670**

Payables not recognised relating to Capital WIP

	Note	2021/22 R'000	2020/21 R'000
[Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress]		2,732	18,496
Total		**2,732**	**18,496**

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2021

	Note *Annexure 7*	Opening balance R'000	Prior period error R'000	Current Year WIP R'000	Ready for use (Assets to the AR)) / Contracts terminated R'000	Closing balance 31 March 2021 R'000
Buildings and other fixed structures		157,662	-	168,291	(87,182)	238,771
TOTAL		**157,662**	**-**	**168,291**	**(87,182)**	**238,771**

32.3 Immovable assets (additional information)

			Note	2021/22	2020/21
a)	**Unsurveyed land**	**Estimated completion date**	*Annexure 9*	**Area**	**Area**
					unknown
b)	**Properties deemed vested**		*Annexure 9*	**Number**	**Number**
	Land parcels				
	Facilities			-	-
c)	**Facilities on unsurveyed land**	**Duration of use**	*Annexure 9*	**Number**	**Number**
	Schools			11	11
	Clinics			2	2
	Hospitals			-	-
	Office buildings			3	3
	Dwellings			-	-
	Storage facilities			-	-
	Other			-	4
d)	**Facilities on right to use land**	**Duration of use**	*Annexure 9*	**Number**	**Number**
	Schools			363	364
	Clinics			120	122
	Hospitals			17	17
	Office buildings			39	39
	Dwellings			18	17
	Storage facilities			12	12
	Other			51	57
e)	**Agreement of custodianship**		*Annexure 9*	**Number**	**Number**
	Land parcels				
	Other			9	35

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

33. Prior period errors

Assets:	*Note*	Amount bef error correction 2020/21	Prior period error 2020/21	Restated Amount 2020/21
		R'000	R'000	R'000
Operating Lease Revenue	21.3	500	2,189	2,689
Immovable Assets	32.1	39,617,184	(851)	39,616,333
Capital Assets	29.1	17,306	23	17,329
Net effect		**39,634,990**	**1,361**	**39,636,351**

**Two contracts entered into with Vodacom for 9 years 11 months commenced November 2020 but only signed in April 2021.*
**Asset donated in previous year not derecognised and facility upgraded not recognised*
**Computer equipment transferred-in not recorded*

Other:	*Note*	Amount bef error correction 2020/21	Prior period error 2020/21	Restated Amount 2020/21
		R'000	R'000	R'000
Capital Commitments	18	202,905	(1,226)	201,679
Irregular Expenditure	23.1	3,834,200	(48,322)	3,785,878
Net effect		**4,037,105**	**(49,548)**	**3,987,557**

**A project listed as current during the 19/20 financial year was incorrectly classified as capital and has been derecognised.*

**Irregular expenditure incorrectly classified in previous years have been removed*

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

34. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF GRANT	GRANT ALLOCATION					SPENT				2020/21	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	Under / (Overspending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Division Of Revenue Act Provincial Grants:											
Provincial Roads Maintenance Grant	1,296,240	-	-	-	1,296,240	1,296,240	1,296,240	1,296,240	100%	1,111,222	1,111,222
Expanded Public Work Prog Incent Grant	3,338	-	-	-	3,338	3,338	3,338	3,338	100%	4,126	4,126
	1,299,578	**-**	**-**	**-**	**1,299,578**	**1,299,578**	**1,299,578**	**1,299,578**		**1,115,348**	**1,115,348**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

35. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

	2021/22							2020/21	
	GRANT ALLOCATION				TRANSFER				
NAME OF MUNICIPALITY	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%		
Municipal rates and taxes (see Annx 1A)	44,404	-	-	44,404	44,404	-	-	67,217	67,217
Sol Plaatje						-	-	-	-
TOTAL	**44,404**	**-**	**-**	**44,404**	**44,404**	**-**	**-**	**67,217**	**67,217**

36. BROAD BASED BLACK ECONOMIC EMPOWERMENT PERFORMANCE

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

37. COVID 19 RESPONSE EXPENDITURE

	Note	**2021/22 R'000**	**2020/21 R'000**
	Annex 11		
Compensation of employees		-	-
Goods and services		1 328	5 954
Transfers and subsidies		-	-
Expenditure for capital assets		-	-
Other		-	-
Total		**1 328**	**5 954**

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

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

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2020/21	
	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 municipality	Amount spent by municip ality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Emthanjeni	3,179	-	-	3,179	3,179	-	-	-	-	-	-	3,375	3,375
Gammagara	972	-	-	972	972	-	-	-	-	-	-	-	-
Ga-Segonyana	2,862	-	-	2,862	2,862	-	-	-	-	-	-	2,443	2,443
Hantam	1,740	-	-	1,740	1,740	-	-	-	-	-	-	1,455	1,455
Kamiesberg	1,615	-	-	1,615	1,615	-	-	-	-	-	-	777	777
Kareeberg	1,733	-	-	1,733	1,733	-	-	-	-	-	-	-	-
Karoo Hoogland	633	-	-	633	633	-	-	-	-	-	-	-	-
!Kai! Garib	1,595	-	-	1,595	1,595	-	-	-	-	-	-	1,679	1,679
Khai-Ma	2,603	-	-	2,603	2,603	-	-	-	-	-	-	257	257
Dawid Kruiper	9,024	-	-	9,024	9,024	-	-	-	-	-	-	8,711	8,711
Kheis	1,670	-	-	1,670	1,670	-	-	-	-	-	-	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2020/21	
	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 municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Magareng	1,638	-	-	1,638	1,638	-	-	-	-	-	-		-
Nama Khoi	-	-	-	-	-	-	-	51	-	-	-	2,399	2,399
Phokwane	134	-	-	134	134	-	-	-	-	-	-	-	-
Renosterberg	693	-	-	693	693	-	-	-	-	-	-	164	164
Ritchtersveld	138	-	-	138	138	-	-	-	-	-	-	72	72
Siyancuma	1,350	-	-	1,350	1,350	-	-	-	-	-	-	442	442
Siyathemba	3,607	-	-	3,607	3,607	-	-	-	-	-	-	3,556	3,556
Sol Plaatjie	1,621	-	-	1,621	1,621	-	-	-	-	-	-	35,512	35,512
Tsantsabane	541	-	-	541	541	-	-	-	-	-	-	-	-
Ubuntu	5,677	-	-	5,677	5,677	-	-	-	-	-	-	4,786	4,786
Umsobomvu	1,379	-	-	1,379	1,379	-	-	-	-	-	-	1,589	1,589
TOTAL	**44,404**	**-**	**-**	**44,404**	**44,404**	**-**	**-**	**-**	**-**	**-**	**-**	**67,217**	**67,217**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

ANNEXURE 1G
STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2020/21
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Leave Gratuity	2,820	-	-	2,820	2,817	100%	1,403
Bursaries (Non-employee)	148	-	-	148	148	100%	120
Post-retirement benefit	2,494	-	-	2,494	2,494	100%	2,853
Donations & Gifts (Cash)	403	-	-	403	403	100%	240
Claims against the state (Cash)	494	-	-	494	493	100%	51
Pension Penalty	2,906	-	-	2,906	2,905	100%	326
TOTAL	**9,265**	-	-	**9,265**	**9,260**		**4,993**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

ANNEXURE 1J
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2021/22	2020/21
	R'000	R'000
Made in kind		
Aaiera Foods	-	13
Julius Malay Kitchen And Photo Shop	-	16
Ratisino Trading	-	4
Ratisino Trading	-	10
Ratisino Trading	-	12
Upington Funeral Services	-	11
Vasto Solutions Pty Ltd	-	23
Ratisino Trading	-	19
Respublica Student Living	-	29
Floors No2 High School	-	100
Gabo Magic Tours and Transport	17	-
Chulp Printz	11	-
Borosetse Secondary	224	-
Makoloi Legacy General Trading	47	-
Makoloi Legacy General Trading	86	-
Tylor B General Trading	18	-
TOTAL	**403**	**237**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2022

Nature of Liability	Opening Balance 1 April 2021 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2022 R'000
Claims against the department					
Contract Dispute (9)	38,943	41,053	-	-	79,996
Labour dispute (1)	107	-	-	-	107
Pothole Claim (78)	68,476	2,382	-	-	70,858
Rental Arrears (1)	286	-	-	-	286
Collisions (7)	7,909	93	-	-	8,002
TOTAL	**115,721**	**43,528**	**-**	**-**	**159,249**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

ANNEXURE 4
CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2021/22 *	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021	31/03/2022	31/03/2021	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
Health	-	-	1,720	12,901	1,720	12,901	-	-
Education	-	-	19	19	19	19	-	-
	-	**-**	**1,739**	**12,920**	**1,739**	**12,920**	**-**	**-**
Other Government Entities								
	-	-	-	-	-	-		
TOTAL	**-**	**-**	**1,739**	**12,920**	**1,739**	**12,920**	**-**	**-**

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

ANNEXURE 5
INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2021/22 *	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021	31/03/2022	31/03/2021	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
Office of the Premier	-	-	616	616	616	616	-	-
Provincial Treasury	-	-	154	154	154	154	-	-
Subtotal	**-**	**-**	**770**	**770**	**770**	**770**	**-**	**-**
OTHER GOVERNMENT ENTITY								
Current								
NC Fleet Management Trading Entity	40,629	40,090	-	-	43,020	40,090	-	-
Subtotal	**40,629**	**40,090**	**-**	**-**	**43,020**	**40,090**	**-**	**-**
TOTAL INTERGOVERNMENT PAYABLES	**40,629**	**40,090**	**770**	**770**	**43,790**	**48,860**	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

ANNEXURE 6
INVENTORIES

Inventories for the year ended 31 March 2022	**Legal Books**	**TOTAL**
	R'000	**R'000**
Opening balance	64	64
Add/(Less): Adjustments to prior year balances	-	-
Add: Additions/Purchases – Cash	-	-
Add: Additions - Non-cash	-	-
(Less): Disposals	-	-
(Less): Issues	-	-
Add/(Less): Received current, not paid	-	-
(Paid current year, received prior year)		
Add/(Less): Adjustments	-	-
Closing balance	**64**	**64**

Inventories for the year ended 31 March 2021	**Legal Books**	**TOTAL**
	R'000	**R'000**
Opening balance	64	64
Add/(Less): Adjustments to prior year balances	-	-
Add: Additions/Purchases – Cash	-	-
Add: Additions - Non-cash	-	-
(Less): Disposals	-	-
(Less): Issues	-	-
Add/(Less): Received current, not paid	-	-
(Paid current year, received prior year)		
Add/(Less): Adjustments	-	-
Closing balance	**64**	**64**

ANNEXURE 7
MOVEMENT IN CAPITAL WORK IN PROGRESS

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

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

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

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance R'000	Prior period error R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	**157,662**	**-**	**168,291**	**(87,182)**	**238,771**
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	747	(747)	-
Other fixed structures	157,662	-	167,544	(86,435)	238,771
TOTAL	**157,662**	**-**	**168,291**	**(87,182)**	**238,771**

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

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

ANNEXURE 9
ADDITIONAL INFORMATION ON IMMOVABLE ASSETS

	User Departments	No.
Properties Deemed Vested		
Land parcels		-
Facilities deemed vested		
Schools	Dept. Education	-
Clinics & Hospitals	Dept. Health	-
Office buildings	All Departments	-
Dwellings	All Departments	-
Storage facilities	All Departments	-
Other	All Departments	-
Facilities on unsurveyed land		
Schools	Dept. Education	11
Clinics	Dept. Health	2
Hospitals	Dept. Health	-
Office buildings	All Departments	3
Dwellings	All Departments	-
Storage facilities	All Departments	-
Other	All Departments	-
Facilities on right to use land		**No.**
Schools	Dept. Education	363
Clinics	Dept. Health	120
Hospitals	Dept. Health	17
Office buildings	All Departments	39
Dwellings	All Departments	18
Storage facilities	All Departments	12
Other	All Departments	51
Agreement of custodianship		**No.**
Other	Municipalities	9

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

ANNEXURE 11
COVID 19 RESPONSE EXPENDITURE

Expenditure per economic classification	APRIL 2021	MAY 2021	JUN 2021	Subtotal Q1	JUL 2021	AUG 2021	SEPT 2021	Subtotal Q2	OCT 2021	NOV 2021	DEC 2021	Subtotal Q3	JAN 2022	FEB 2022	MAR 2022	Subtotal Q4	2021/22 TOTAL	2020/21 TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Goods services	**262**	**248**	**238**	**748**	**36**	**60**	**111**	**207**	**59**	**41**	**37**	**137**	**-**	**42**	**194**	**236**	**1,328**	**5,954**
Contrctrs:Medical Services	-	-	-	-	-	12	-	12	-	-	-	-	-	-	-	-	12	51
Cons Supp:Medical Supplies	7	-	24	31	-	14	16	30	13	41	-	54	-	-	194	194	309	202
Cons Supp:Uni/Prot Clth&Clothes	-	-	-	-	-	-	-	-	3	-	-	3	-	-	-	-	3	650
Cons Hous Sup:Toiletries	-	-	-	-	-	-	16	16	-	-	-	-	-	-	-	-	16	75
Cons Hous Sup:Wash/ Clean Dete	255	248	214	717	36	34	79	149	43	-	37	80	-	42	-	42	988	4,945
P/P:Pest Cntrl/Fumigation Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
T&S:Dom Non Empl:Transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31
TOTAL COVID 19 RESPONSE EXPENDITURE	**262**	**248**	**238**	**748**	**36**	**60**	**111**	**207**	**59**	**41**	**37**	**137**	**-**	**42**	**194**	**236**	**1,328**	**5,954**

REPORT OF THE AUDIT COMMITTEE

ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

for the year ended 31 March 2022

1. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2022 for the Northern Cape Fleet Management Trading Entity (Trading account under the management of the Department of Roads and Public Works). The Audit Committee was operational throughout the year and had several engagements with management on crucial financial management, internal control, risk management and governance issues during the year. The Audit Committee acknowledges the attendance and participation of senior management including the Acting Accounting Officer and Acting Chief Executive Officer in the Audit Committee meetings.

The Audit Committee commended the entity on maintaining a financially unqualified audit outcome with no findings on performance information.

2. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

In terms of PFMA, section 77(b), an Audit Committee must meet at least twice a year. In addition, Treasury Regulations, section 3.1.16, provides that an Audit Committee must meet at least annually with the Auditor-General. The Audit Committee met four times during the year in compliance with the PFMA and the Audit Committee charter. The Audit Committee also met with the Auditor-General. One Internal Audit Committee member retired from government on 28 February 2022 creating a vacancy. This did not impact on the functioning of the Audit Committee and the March 2022 Audit Committee formed a quorum regardless of the vacancy. The vacancy was filled in April 2022.

3. AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit

Committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

4. THE EFFECTIVENESS OF INTERNAL CONTROL

From the various reports and assessments of internal audit, it can be concluded that the internal control environment is partially adequate and partially effective. However, a positive trend has been noted towards enhancing the control environment.

Internal audit summary of overall controls adequacy and effectiveness:

Governance

- The Chief Executive Officer, key management and senior management positions vacant and filled for extended periods with acting officials.
- Delegations within the fleet entity were not made to operational levels.

Risk management

- The risk management committee was operational but not chaired by an independent chairperson as required by the Public Sector Risk Management Framework. The Audit Committee takes note that an independent chairperson was appointed subsequent to financial year end.

Internal controls

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

Follow up audits are a strong governance and risk management practice, included in the Internal Audit charter and in the International Standards for the Professional Practice of Internal Auditing. Therefore, Internal Audit also performed follow up audits. We have reviewed the Entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved and that there are no unresolved issues.

5. IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

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

We had engagements with the entity's management to provide clarity on completeness and quality of the monthly and quarterly reports during our quarterly meetings and officials of the Department were able to clarify areas of concern raised by the Audit Committee. Furthermore, the implementation of recommendations of the Audit Committee was tracked in the quarterly Audit Committee meetings.

Key concerns identified by the Audit Committee:

- Debt owed to the entity by the Department of Roads and Public Works remained significant with insufficient monthly payments from the department.
- Vehicle tracker devices not utilised for a significant period in the year under review, resulting in billing and safeguarding of assets concerns. The existing contract came to an end and replacement contract was not entered into when devices were discontinued.

6. INTERNAL AUDIT

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

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

- Completeness and adequacy of the AGSA audit rectification plan
- Follow-up review of the AGSA rectification plan implementation status
- Review of the draft Annual Financial Statements – 31 March 2022

- Review of the draft Annual Performance Report – 31 March 2022
- Review of the Interim Financial Statements

  Performance information quarterly report review
- Fleet management review
- Revenue management review
- Supply Chain Management review

7 EVALUATION OF FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

7.1 The Audit Committee has reviewed the financial statements for the year ended 31 March 2022 and has discussed matters of concern with the Acting Chief Executive Officer, management and Auditor-General.

7.2 The Audit Committee has reviewed the Auditor-General's audit report, management report and management response thereto and directed management to develop a comprehensive action plan to address all issues raised by the Auditor-General. The Audit Committee will review the action plan and monitor implementation thereof during the quarterly Audit Committee meetings in the coming year.

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

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

7.5 The Audit Committee noted there were no significant adjustments resulting from the audit of the financial statements.

REPORT OF THE AUDIT COMMITTEE

ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

for the year ended 31 March 2022

8. AUDITOR-GENERAL SOUTH AFRICA

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

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

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

9. REPORTING

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

We congratulate management in obtaining an unqualified opinion and wish to thank all the stakeholders for their cooperation and assistance.

Viren Magan CA(SA) CIA MBL
Chairperson of the Audit Committee
Date: 4 August 2022

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

Report on the audit of the financial statements

Opinion

5. I have audited the financial statements of the Northern Cape Fleet Management Trading Entity set out on 211 to 252 ,which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northern Cape Fleet Management Trading Entity as at 31 March 2022, and 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

7. 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.

8. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Contingent Liabilities

11. With reference to note 21 to the financial statements, the entity is the defendant against various legal claims relating to incidents where 3rd party vehicles were damaged and a claim on non-payment of a supplier. The entity is opposing the claims. The ultimate outcome of the matters could not be determined and no provisions for any liability that may result were made in the financial statements.

Events after the reporting period

12. Note 18 to the financial statements indicate that Provincial treasury approved the condonement of irregular expenditure amounting to R64 491 000 relating to payments made on expired contracts.

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 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.

14. 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 the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

18. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the entity's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 1 – Northern Cape Fleet Management Trading Entity	195 - 209

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 this programme:

    - Northern Cape Fleet Management Trading Entity

Report on the audit of compliance with legislation

Introduction and scope

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

23. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (b) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected resulting in the financial statements receiving an unqualified opinion.

Procurement and Contract Management

25. A person in service of the entity whose partner had a private or business interest in the contract awarded by the entity participated in the process relating to that contract in contravention of Treasury Regulation 16A8.4.

Other information

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

27. 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 on it.

28. 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.

29. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

30. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective

was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies.

31. The entity did not review and monitor compliance with applicable laws and regulations

Kimberley

31 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

   identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

   obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control

   evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.

   conclude on the appropriateness of the accounting officer use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Northern Cape Fleet Management Trading Entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a entity to cease operating as a going concern

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

2. OVERVIEW OF FLEET MANAGEMENT TRADING ENTITY PERFORMANCE

The mandate of Northern Cape Fleet Management Trading Entity (NCFMTE) is achieved through leasing, replacing, disposing; maintenance and repairing of fleet including the provision of short-term rentals to client departments. The Provisioning of fleet includes the special provision of yellow fleet to the Department of Roads and Public Works and this support function is regarded as an enabler of road maintenance services.

2.1 Service delivery environment

The Entity providers fleet management services to all the client departments of the Northern Cape Province with the support of Technical services and Financial management services. During 2021/22, the Entity was still reeling from the effects of COVID-19 where the regulations were implemented progressively from levels 4 to 1 respectively and this affected the operations of the Entity. The effects of COVID-19 had a negative impact especially since the client departments budgets were drastically cut which resulted in some delays in the payments of fleet tariffs. Despite challenges experienced during this year, the Northern Cape Fleet Management Trading Entity remained steadfast in ensuring all provincial departments' fleet requirements are met and that road maintenance services are conducted especially where flooding in some of the vulnerable areas.

The NCFMTE supported the implementation of the District Development Model (DDM) through the support and execution of road maintenance projects in all districts. This was achieved through the Department of Roads and Public Works participation through consultation with the Municipally IDP consultation process. The Entity strategically contributes towards the DDM through implementation of its Outcome; Increase access to affordable and reliable transport infrastructure and this was evident through the road maintenance targets.

The Departments of Transport is the custodian of fleet services for the South African Government and NCFMTE consistently ensured that the client departments are serviced with efficiency. The Entity performed well and achieved 75% of its planned targets for 2021/22 financial year and this was contributed by effective controls in place. The Technical services achieved 67 % and this huge bearing on the operations of the Entity, and this can be attributed to much better planning from the side of the Entity.

As part of its stakeholder management processes, regular engagements were held through quarterly meetings with the client departments and issuing them invoices regularly. The objective of these engagements were to address all the transport related matters and risks that could contribute towards compromise of service delivery. In order to provide assurance, the Entity ensured risks are mitigated timeously and it resulted into spin-offs for it to be if the reduction of risks which improved the performance of the Entity. As part the Entity's revenue strategy, clients were periodically appraised with all the relevant developments. The following was implemented:

- Billing and Cost Recovery from client departments
- Debtor management
- Conducted investigations
- Report on misuse of vehicles and fuel to client departments.
- Management of fleet, speeding, fines, etc.
- Communication through meetings with client departments and relevant stakeholders.
- Disposal of obsolete fleet and Improve service at District workshops.

The processes to appoint a new fleet management services provider in terms of the government procedures started during the financial year under review. The Transit solution was replaced by Wesbank. The new contract between Wesbank and National Government started on the first April 2021. This contract is the one that governs the purchasing of fleet by government departments and entities. This process of appointing a services provider also affected the purchasing of fleet on time despite the delays during the transitioning of this process. This did not only affect the purchasing of fleet, it also affected the auction which was planned in terms of the Entity's Annual Performance Plan for 2021/2022. Therefore, the Northern Cape Fleet Management Trading Entity will be having its auction during the financial year 2022/2023.

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

2.1.1 Service Delivery Improvement Plan, Main services, and standards

N/A

2.1.2 Organisational environment

The internal environment of the Northern Cape Fleet Management Trading Entity has improved to such an extent that even the finance directorate audit outcomes has improved drastically. The Audit outcomes for the past four financial years (2016/2017; 2017/2018; 2018/2019 and 2020/2021) are clear indication of an organization on the rise and hard at work to improve on its adherence to legislation; policies and regulation of government. It is with mentioning, that on top of the Northern Cape Fleet Management Trading Entity's over all audit outcomes, Performance Information audit outcomes for the past three financial years (2018/2019; 2019/2020 and 2020/2021) was unqualified audit opinion.

The Northern Cape Fleet Management Trading Entity planned to continue with the process of filling of posts and critical posts were identified but due to the introduction of the national disaster and the subsequent COVID-19 regulations the process was put in abeyance. The Entity has also started the process of reviewing its organogram, but because of the fact that all officials who are not working in the core functions were not allowed to travel, the Northern Cape Fleet Management was only able to review the organizational structure directorates of Finance and Corporate Services. The remaining directorate which is the directorate of Technical Services organizational review will only be done on the financial year 2022/2023 financial period.

2.1.3 Key policy developments and Legislative changes

The PPPFA 2017 was repealed by court judgement, there were no procurement regulations in place during the last quarter of 2021/22 financial year.

2.1.4 Progress towards Achievement of Institutional Impact and Outcomes

Impact	Progress
Inclusive growth and investment	N/A

Outcome	**Progress**
Functional, Efficient and Integrated Government. (Priority 1: MTSF)	The department achieved an unqualified audit opinion with material findings for the past four financial years (2016/2017; 2017/2018; 2018/2019 and 2020/2021) financial years. 100% achievement on 30-day payments and this positively contributes towards creating a sustainable environment for enterprises.
Increase access to affordable and reliable transport infrastructure (Priority 2: MTSF)	67% was achieved on technical services which contributed towards the management of fleet and this had a direct contribution on the service delivery environment of client departments.

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

- The overall annual performance of the Entity is 75% achievement.
- The Entity achieved an unqualified audit opinion with material findings past four financial years (2016/2017; 2017/2018; 2018/2019 and 2020/2021) financial years.
- 100% achievement on billing client departments on fleet services rendered which contributes to revenue management.
- 100% achievement on 30-day payments and this positively contributes towards creating a sustainable environment for enterprises.
- 67% was achieved on technical services which contributes towards the management of fleet.

2.2 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

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

2.2.1 ANNUAL DEPARTMENTAL OVERALL PERFORMANCE

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

2.2.2 PERFORMANCE INFORMATION PER PROGRAMME

2.2.2.1 SUB-PROGRAMME 2: TECHNICAL SERVICES

Purpose

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

Sub-Programme	Purpose
Technical Services	Yellow Fleet: To manage the provision and utilization of road building equipment fleet.
	White Fleet: To manage the provision and utilization of the provincial motor transport fleet
	Front line, Repairs and Maintenance Services: To render front line technical assistance to clients and oversee repairs and maintenance activities to road building equipment and the provincial motor transport fleet.
	Technical Specifications and Analysis: To ensure that technical specifications and analysis of the roads building equipment and the provincial motor transport fleet are correctly compiled and understood.

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

Outcome	Outputs	Output Indicators	Audited Actual 2019/20	Audited Actual 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual Achievement	Reason for deviation
Increase access to affordable and reliable transport Infrastructure (Priority 2)	Increased access of efficient fleet to Client department	Number of white fleet replaced	64	60	50	42	(8)	There were delays with the registration of white fleet due to late printing of disks by Enatis
		Number of yellow fleet replaced	New indicator	20	30	24	(6)	There were delays with the registration of white fleet due to late printing of disks by Enatis
		Number of yellow fleet regularly serviced	646	704	800	812	12	Entity serviced more yellow fleet than originally planned, due to plant accumulating

								more kilometers and hours to qualify for servicing
		Number of white fleet regularly serviced	1323	887	900	915	15	Entity serviced more white fleet than originally planned, due to vehicles accumulating more kilometers to qualify for servicing
		Number of graders for roads maintenance and construction	60	60	60	60	60	-
		Number of auctions conducted	1	1	1	1	1	-

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

Reasons for Deviations:

- The Entity was unable to replace yellow and white fleet as planned due to delays in the registration by Enatis as a result of COVID-19 restrictions as well as system challenges by Enatis which resulted in the late printing of disks.
- The entity serviced more yellow/white fleet than originally planned, due to plant accumulating enough kilometre or hours to qualify for servicing

Strategy to overcome areas of under performance

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

2.2.2.2 SUB-PROGRAMME 3: FINANCIAL MANAGEMENT SERVICES

Purpose

To render financial management services

Sub-Programme	Purpose
Financial Management Services	Budget, Revenue and Expenditure Management: To budget, revenue and expenditure management and control support services.
	Supply Chain and Asset Management: To implement effective and efficient supply chain management and asset management procedures.

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

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

Strategy to overcome areas of under performance

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

Outcome	Outputs	Output Indicators	Audited Actual 2019/20	Audited Actual 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual Achievement	Reason for deviation
Increase access to affordable and reliable transport infrastructure (Priority 2)	Increased access of efficient fleet to client depart - ment	Billing client departments on fleet services rendered	156	156	156	156	-	-
		Percentage of payments processed within 30 days	100%	100%	100%	100%	-	-

2.2.2.3 Linking Performance with Budget

	31 March 2022	31 March 2021	Comments
Revenue	223 623	197 956	Vehicles outside finance period, charged at reduced rate
Operating expenses	(210 533)	(203 509)	Increase in fuel price and km travelled
Gain/(loss) on assets	22 268	131	Entity had an auction in the current year
SURPLUS	35 358	**-5 422**	

Item	Budget 2021-22	Actual 2021-22	% of budget spent	Comments
Revenue	268 000	223 623	**83%**	Vehicles outside finance period, charged at reduced rate
Expenditure	(266 266	(210 533)	**79%**	

2.3 TRANSFER PAYMENTS

N/A

2.4 CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

N/A

2.5 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Operating Budget	Estimated Budget	MTEF Targets		
Items	**2021/2022**	**2022/2023**	**2023/2024**	**2024/2025**
	000'	**000'**	**000'**	**000'**
Sale of goods and Rendering of Services	250000	275000	302500	332750
Finance lease income	15000	16500	18150	19965
Finance Income	3000	3300	3630	3993
Total	**268000**	**294800**	**324280**	**356708**
Operating Expenses				
Employee related costs	31947	35141	38656	42521
Repairs and maintenance	56591	62250	68475	75322
Depreciation and amortization expense	29000	31900	35090	38599
Admin fees	3320	3652	4017	4419
Advertising	200	220	242	266
Audit fees	2310	2541	2795	3075
Auction fees	1828	2011	2212	2433
Bank charges	36	40	44	48
Cleaning	336	370	407	447
Consulting fees	1000	1100	1210	1331
Equipment rentals	20000	22000	24200	26620
Fuel, Oil and Lubricants (Transport Costs)	78833	86716	95388	104928
Insurance	1035	1139	1252	1378
Licensing fees	2662	2928	3221	3543
Other expenses	12999	14299	15729	17302
Printing and stationery	223	245	270	297
Professional fees	8	9	10	11
Security	2449	2694	2963	3260
Telephone	400	440	484	532
Toll fees	20	22	24	27
Tracking fee	14684	16152	17768	19544
Training	60	66	73	80
Transaction fees	325	358	393	433
Travel and accommodation	691	760	836	920
Uniforms and protective clothing	400	440	484	532
Water and electricity	409	450	495	544
Valuation	4500	0	0	0

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

PERFORMANCE INFORMATION

for the year ended 31 March 2022

Total Expenditure	**266266**	**287943**	**316738**	**348412**
Net Profit	1734	6857	7542	8296
Capital Expenditure				
Yellow Fleet	30000	20000	20000	20000
White Fleet	20000	20000	20000	20000
Available Cash	150000	101734	68591	36133
Receivables	380000	350000	330000	310000

2.6 Linking performance with budget

Operating Budget	Estimated Budget	MTEF Targets		
Item	**2019/20**	**2020/21**	**2021/22**	**2022/23**
	'000	**'000**	**'000**	**'000**
Revenue	**346,953**	**381,575**	**419,732**	**419,732**
Sale of goods and Rendering of Services	306,731	337,404	371,144	371,144
Finance lease income	35,304	38,834	42,717	42,717
Finance Income	4,918	5,337	5,871	5,871
Expenditure	**274,130**	**308,417**	**339,587**	**382,177**
Advertising expenses	39	43	46	51
Bank charges	24	26	29	32
Cleaning	1,577	1,734	1,907	2,097
Consulting fees	4,468	4,914	5,405	5,945
Depreciation	39,048	42,952	47,247	51,971
Employee costs	29,168	32,084	35,292	38,821
Equipment rentals	16	17	19	21
Fuel, Oil and Lubricants (Transport Costs)	90,637	99,700	110,000	120,637
Licensing fees	4,452	4,897	5,387	5,925
Maintenance and Repairs	69,242	76,166	83,783	92,161
Other expenses	26,007	28,607	31,468	43,614
Printing and stationery	6,262	6,888	7,577	8,334
Security	1,304	1,434	1,577	1,734
Telephone	644	708	779	857
Training	171	188	207	228
Transport claims	233	256	282	310
Travel and accommodation	1,583	1,741	1,915	2,106
Uniforms and protective clothing	5	6	6	7
Valuation costs	5,495	6,044	6,648	7,312
Water	11	12	13	14
Net profit	**72,823**	**73,158**	**80,145**	**37,555**

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

PERFORMANCE INFORMATION

for the year ended 31 March 2022

Finance				
Capital	1	1,1	1,21	1,21
White fleet replacement				
Capital set aside	37,338	41,071	45,178	50,000
Yellow fleet replacement				
Capital set aside	32,753	36,028	39,631	45,000
Available Cash	**26,818**	**29,499**	**32,449**	**35,693**
Receivables	**302,229**	**332,451**	**365,696**	**402,266**

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2022

Contents

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	31 March 2022 R'000	31 March 2021 R'000 (Restated)
REVENUE			
Revenue from Exchange Transactions	*5.1*	**216 957**	**191 661**
Sale of goods and Rendering of Services		211 160	172 743
Finance lease income		1 631	13 897
Finance Income		4 117	5 021
Other Income		49	-
Revenue from Non – Exchange Transaction	*5.2*	**6 667**	**6 295**
Transfers and Sponsorships – Service in kind	*5.3*	6 667	6 295
Government grant and subsidies		-	-
Total Revenue		**223 623**	**197 956**
EXPENSES			
Employee related costs	6.1	(25 556)	(26 235)
Repairs and maintenance	6.2	(56 060)	(60 178)
Depreciation and amortisation expense	6.3	(30 844)	(30 701)
General expenses	6.4	(95 026)	(85 246)
Total Expenses		**(207 485)**	**(202 360)**
(DEFICIT) / SURPLUS		**16 138**	**(4 404)**
Gain on assets		18 071	131
(DEFICIT) / SURPLUS FOR THE PERIOD		**34 209**	**(4 273)**

STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2022

	Notes	31 March 2022 R'000	31 March 2021 R'000 (Restated)
ASSETS			
Non-current Assets		**212 873**	**189 921**
Property, Plant and Equipment	7	176 492	148 360
Finance Lease Receivables	14	36 332	41 510
Intangible assets	8	50	51
Current Assets		**617 093**	**562 932**
Receivables from Exchange Transactions	9	485 617	385 759
Short-term portion of Finance Lease Receivable	14	12 002	16 824
Cash and Cash Equivalents	16	95 270	133 437
Inventories	17	24 204	26 912
TOTAL ASSETS		**829 966**	**752 853**
NETT ASSETS AND LIABILITIES			
Current Liabilities		**19 988**	**16 279**
Payables from Exchange Transactions	11.1	18 471	13 888
Current provisions	11.2	1 514	2 388
Other liabilities	11.3	3	3
Nett Assets		**809 977**	**735 424**
Accumulated Surplus		747 636	697 889
Revaluation Surplus	10	62 342	38 685
TOTAL NETT ASSETS AND LIABILITIES		**829 966**	**752 853**

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2022

	Note	Accumulated Surplus (Restated) R'000	Revaluation Surplus R'000	Total R'000
Balance at 01 April 2020		**702 107**	**37 935**	**740 042**
Total surplus for the year		(4 273)	-	(4 273)
Other movements		54	-	54
Revaluation of Property, Plant and Equipment		-	750	750
Transfers to accumulated surplus		-	-	-
Balance at 31 March 2021		**697 889**	**38 685**	**736 574**
Total surplus for the year		34 209	-	34 209
Transfers to accumulated surplus		14 227	(14 227)	-
Other movements		-	-	-
Revaluation of Property, Plant and Equipment		1 310	37 884	39 194
Balance at 31 March 2022		**747 635**	**62 342**	**809 977**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Note	31 March 2022 R'000	31 March 2021 R'000 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Customers		111 302	169 685
Payments to Suppliers		(172 059)	(163 982)
Cash generated from operations	15	**(60 757)**	**5 703**
Interest Received	5	4 117	5 021
Net Cash in / (out) Flows from Operating Activities		**(56 640)**	**10 724**
INVESTING ACTIVITIES			
Purchase of equipment	7		(25)
Purchase of inventory		(34 760)	(39 948)
Proceeds on sale of property, plant and Equipment		31 174	769
Purchase of intangible assets		(20)	-
Nett increase in finance lease assets		22 080	45 988
Prior year correction		-	-
NET CASH IN FLOWS FROM INVESTING ACTIVITIES		**18 474**	**6 784**
FINANCING ACTIVITIES			
Decrease in other liabilities		-	(272)
		-	**(272)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(38 167)**	**17 237**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		133 436	116 199
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**95 270**	**133 436**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. General Information

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

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

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

Principal Activities

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

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

a) *Permanent Vehicles:* These vehicles are permanently allocated to a Government Department.

b) *Road Building Equipment:* The greatest part of the equipment fleet is rented to the Department of Roads and Public Works on a permanent basis.
c) General Hire Vehicles: These vehicles are available for rental by clients, as and when they need extra transport
d)
The entity recovers its costs through charging the following:

White Fleet

a) *Daily Tariffs:* These tariffs are calculated in such a way that through it, Fleet Management recovers both its overheads and a capital component of the fleet.

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

Yellow Fleet

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

2. Basis of preparation

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

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

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

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

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

2.1 Significant accounting judgements estimates and assumptions

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

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

Judgements

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

a) Vehicle fleet rentals treated as finance lease

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

b) White and Yellow fleet valuation

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

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

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

d) Impairments

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

e) Effective interest rate

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

f) Capitalisation of property, plant and equipment

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

2.2 Statements and interpretations not yet effective

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

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

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

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

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

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

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

3. Going concern

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

4. Summary of significant accounting policies.

4.1 Property, Plant & Equipment

Property, Plant & Equipment is recognised when:

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

Initial Recognition

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

Subsequent Measurement

Furniture & Computer equipment

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

Motor Vehicle Fleet and Road Building Equipment

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

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

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

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

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

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

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

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

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

- Motor Vehicle Fleet: 3-10 years
- Road building equipment: 5 to 20 years
- Furniture and Computer equipment: 5 years
- Intangible assets 5 years

The depreciation also takes into account a residual value. Residual values on white fleet and finance lease assets are calculated at 30% of its cost price/revalued amount, whilst assets transferred from finance lease to white fleet are calculated at 15% of its revalued amount due to the reassessment of useful life when such assets reaches the end of their finance lease term. The estimated residual value of each fleet item is determined in the same way as the residual value that is determined by management during the annual calculation of the daily tariffs.

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

4.2 Impairment of property, plant and equipment

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

4.2.1 Impairment of Cash Generating Assets

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

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

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

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment of assets carried at revalued amount in reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An Entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

4.2.2 Impairment of Non-Cash Generating Assets

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

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

The recoverable service amount is the higher of non-cash generating asset's fair value less costs to sell and its value in use. The value in use for non-cash generating asset is the present value of the asset's remaining service potential.

The value in use for non-cash generating asset is the present value of the asset's remaining service potential.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An Entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.
A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Irrespective of whether there is any indication of impairment, the Entity also tests an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test can be performed at any time during the reporting period, provided it is performed at the same time every year. Different intangible assets may be tested for impairment at different times. However, if such an intangible asset was initially recognised during the current reporting period, that intangible asset shall be tested for impairment before the end of the current reporting period.

4.3 Intangible assets

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Entity and the cost or fair value of the asset can be measured reliably
Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the Entity, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses

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

4.4 Financial Instruments

Initial recognition and measurement

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

Subsequent measurement

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

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

a) Financial instruments at fair value.
- Derivatives.

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

b) Financial instruments at amortised cost.
Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates at fair value at initial recognition or are held for trading. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of financial performance. The losses arising from impairment are recognised in the statement of financial performance.

c) Financial instruments at cost.
Investments in residual interests, which do not have quoted market prices and for which fair value cannot be determined reliably.

The entity assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.
For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

Impairments

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

- **For financial assets held at amortised cost**

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

- **For financial assets held at cost**

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of an Entity of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

a) The entity has transferred substantially all the risks and rewards of the asset, or
b) The entity has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Entity's continuing involvement in the asset. In that case, the entity also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Entity could be required to repay.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current.

For non-financial assets: Inventories

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

The historical cost of inventory includes:

- Purchasing costs (which include all costs directly attributable to the acquisition of the inventories);

- Other costs incurred in bringing inventories to their current location and condition; and
- From these costs, trade discounts and rebates are deducted if included.

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

Trade and other payables

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

4.5 Revenue Recognition

4.5.1 Revenue from Exchange Transactions

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

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

Rendering of Services

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

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

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

Recoverable Revenue

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

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

4.5.2 Revenue from Non-Exchange Transactions

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

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

Donations, Contributions and Government Grants

4.5.2.1 Donations and contributions

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

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

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

4.5.2.2 Government grants and receipts

Unconditional grants

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

Conditional grants and receipts

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Entity with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

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

Interest earned on unspent grants and receipts

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

4.5.2.3 Services in kind

Services in kind received by the entity are recognised in statement of financial performance and disclosed as a narrative in the notes to the financial statements.

4.6 Events after the Reporting Date

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

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

4.7 Contingent Liabilities and Contingent Assets

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

4.8 Comparative Figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures reasonable expected to be available.

4.9 Net Assets

Net Asset is the net difference between assets and liabilities. It is represented by the following funds:

- Accumulated Surplus/(Deficit);
- Revaluation Reserve;

4.10 Related Parties

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

4.11 Finance Leases

Recognition

For those leases that meet the definition of a finance lease, where the entity is the lessor, the entity derecognises the asset subject to the lease at the inception of the lease. Along with the de-recognition of the asset the entity recognises a finance lease receivable. Finance lease income is allocated to between the finance lease receivable and finance income using the effective interest rate method and the resulting finance income is recognised in the Statement of Financial Performance as it accrues.

Measurement

Finance lease receivables are recognised at an amount equal to the entity's net investment in the lease. This net investment in the lease is calculated as the sum of the minimum future lease payments and unguaranteed residual value discounted over the lease term at the rate implicit in the lease.

Derecognition

Finance lease receivables are derecognised when the entity's right to the underlying cash flows expire or when the entity no longer expects economic benefits to flow from the finance lease receivable.

4.12 Changes in accounting policies, estimates and the correction of errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Details of changes in accounting policies, changes in estimates and correction of errors are disclosed in the notes to the annual financial statements where applicable.

4.13 Employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service. Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

Short-term employee benefits include:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits for current employees.

4.14 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

4.15 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with requirement of any applicable legislation, including -
a. this Act; or
b. the State Tender Board Act, 1968 (Act No. 86 of1968), or any regulations made in terms of the Act; or
c. any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

5. Revenue

5.1 Revenue from Exchange Transactions

	31 March 2022 R'000	31 March 2021 R'000
Revenue from Exchange Transactions comprises:		
White Fleet Kilometre Tariffs	85 206	53 724
Yellow Fleet Rental of Road Building Equipment	124 245	112 932
Tracking	1 709	6 087
Finance Lease Income	1 631	13 897
Finance Income	4 117	5 021
Other Income	49	-
	216 957	**191 661**

5.2 Revenue from Non – Exchange Transactions

Grant Received and Subsidies		-
Transfers and Sponsorships – Service in kind	6 667	6 295
	6 667	**6 295**

5.3 Services received in kind

The entity received services in kind from the Northern Cape Department Roads

and Public Works in the form of:

- Personnel
- Facilities
- Assistance in human resource management
- Assistance in Risk and Legal affairs
- Assistance in investigating of Irregular expenditure
- Assistance in SCM procedures on procurement above R500 000

The entity did recognise services in kind of RNul' (2021: RNul) relating to employees not contracted to the entity but delivering a service to us.
This does not include the service received from the HOD, CFO and The SCM unites as the services received cannot be quantified on assessment that was done.

The entity did recognise services in kind of R6 667 667 (2021:R6 295 248) relating to free accommodation provided to the entity by the department.

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

6. Expenses	**31 March 2022 R'000**	**31 March 2021 R'000**

6.1 Employee cost

Basic salary	17 590	18 062
Housing allowance	602	606
Medical aid and pension	4 119	4 112
Performance bonus	58	93
Service bonus	1 516	1 484
Travel allowance	270	359
Other allowances	2 273	1 385
Provision for leave movement	(678)	186
Provision for long service awards movement	(26)	(11)
Provision for service bonus movement	(168)	(41)
	25 556	**26 235**

6.2 Maintenance and Repairs

6.2.1 *Maintenance & Repairs per asset classification*

White Fleet assets	18 198	22 851
Yellow Fleet assets	37 862	37 327
Maintenance and Repairs	**56 060**	**60 178**

6.2.2 *Maintenance and Repairs per expense classification*

Tyres	4 478	7 714
Accidents	1 318	2 435
Repairs & Maintenance	50 264	50 029
	56 060	60 178

6.3 Depreciation

Depreciation assets	30 844	30 701

6.4 General expenses

	31 March 2022 R'000	31 March 2021 R'000 (Restated)
Admin fees	1 929	2 604
Advertising	11	-
Audit fees	1 928	2 112
Auction fees	-	-
Bank charges	51	58
Cleaning	321	288
Consulting fees	486	1 539
Equipment rentals	13 078	6 394
Fuel, Oil and Lubricants (Transport Costs)	63 230	49 798
Fixed fee	381	356
Insurance	1 114	858
Entertainment	17	12
Licensing fees	1 873	923
Other expenses	2 226	3 985
Printing and stationery	269	156
Professional fees	-	47
Security	2 477	2 318
Telephone	291	377
Toll fees	76	6
Tracking fee	3 301	12 639
Transaction fees	870	195
Travel and accommodation	461	129
Uniforms and protective clothing	278	27
Water and electricity	356	395
	95 026	**85 246**

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.

6.5 Bad Debts

No provision for bad debts has been made. Past due and not impaired trade receivables -. History has shown, that past due debts are generally recoverable through the assistance of Provincial Treasury. (see note (9)

7. Property, Plant and Equipment
7.1 Vehicle Fleet (White Fleet)

	31 March 2022 R'000	31 March 2021 R'000 (Restated)
Opening Balance – 1 April	**24 555**	**31 159**
Cost	59 334	55 263
Accumulated Depreciation	(34 779)	(24 105)
Movements:		
Additions	8 317	-
Transfers from Finance lease asset	13 194	5 814
Transfers from/(to) Inventory		(1 646)
Disposals	(10 663)	(638)
Depreciation	(12 896)	(11 615)
Revaluation	3 094	750
Closing Balance	**25 601**	**24 555**
Cost	54 099	59 334
Accumulated Depreciation	(28 498)	(34 779)

Additions

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

Transfers

Transfers to the finance lease asset occur when the vehicle is ready for transfer to the user department, resulting in the commencement of the lease period.

Revaluation

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

7.2 Road Building Equipment (Yellow Fleet)

	31 March 2022 R'000	31 March 2021 R'000
Opening Balance – 1 April	**122 855**	**134 776**
Cost / Valuation	234 510	228 763
Accumulated Depreciation and impairment losses	(111 656)	(93 987)
Movements:		
Additions	12 074	5 747
Revaluation	34 790	-
Disposals*	(2 444)	-
Depreciation Expense	(17 496)	(17 668)
Closing Balance	**149 780**	**122 855**
Cost / Valuation	273 062	234 510
Accumulated Depreciation and impairment losses	(123 282)	(111 656)

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 of R12 074 000 (R5 747 000 :2021)were transferred from inventory. Additions in the current year were purchased and funded by the entity.

Ownership and control

Although assets within the white and yellow fleet are registered in the name of the Department of Roads and Public Works, the effective management, control and all rights and obligations of these assets remain with the Northern Cape Fleet Management Trading Entity, and are therefore recognised as assets of the Trading Entity. The entity is in the process of transferring the registration of these assets.

Revaluation

Road Building Equipment was revalued as at the end of March 2022 by an valuator. Fair values were determined directly by reference to observable prices in an market.

independent
active

7.3 Equipment and furniture

	31 March 2022 R'000	31 March 2021 R'000
Opening Balance – 1 April	**951**	**2 287**
Cost	9 094	9 069
Accumulated Depreciation	(8 143)	(6 782)
Movements:		
Additions	591	25
Depreciation	(431)	(1 361)
Disposals	-	-
Closing Balance	**1 111**	**951**
Cost	9 685	9 094
Accumulated Depreciation	(8 574)	(8 143)

Total Property, Plant and Equipment	**31 March 2022 R '000**
At Cost	336 847
Accumulated Depreciation	(160 355)
Net book Value	**176 492**

8. Intangible Assets

	31 March 2022 R'000	31 March 2021 R'000
Opening Balance – 1 April	**51**	**75**
Cost	256	256
Accumulated Depreciation	(205)	(181)
Movements:		
Additions	20	-
Depreciation	(22)	(24)
Disposals		
Closing Balance	**49**	**51**
Cost	276	256
Accumulated Depreciation	(227)	(205)

9. Receivables from Exchange Transactions

	31 March 2022 R'000	31 March 2021 R'000
Department of Roads and Public Works	379 214	297 072
Other Provincial Departments	76 315	88 609
Other	30 088	78
	485 617	**385 759**

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 2022	**485 617**	65 315	19 394	16 917	383 991
31 March 2021	**385 759**	18 217	18 124	15 125	334 293

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

10. Revaluation Surplus

	31 March 2022 R' 000	31 March 2021 R' 000
Non distributable reserves from revaluation		
Opening Balance	38 685	37 935
Revaluations	37 884	750
Transfer to accumulated surplus	(14 227)	-
Closing Balance	**62 342**	**38 685**

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

11. Current Liabilities

11.1 Payables from Exchange Transactions

	31 March 2022 R' 000	31 March 2021 R' 000 (Restated)
Trade and other payables	18 471	13 888
	18 471	**13 888**

11.2 Current provisions

	31 March 2022 R' 000	31 March 2021 R' 000
Provision for leave	928	1 606
Provision for long service awards	27	54
Provision for service bonus	559	728
	1 514	**2 388**

11.3 Other liabilities

	31 March 2022 R' 000	31 March 2021 R' 000
Unresolved suspense account prior year	3	3
Accrued interest		-
ABSA account		-
	3	**3**

ABSA account represents a balance due by the Northern Cape Government Fleet to ABSA. The amount originated from suppliers that were paid from the ABSA account after the account has been closed. This was resolved in the current year.

12. Financial Risk Management Objectives and Policies

The Entity's principal financial liabilities comprise trade payables and accruals. The purpose of these financial liabilities is to raise finance for the Entity's operations. The Entity has various financial assets, such as trade receivables which arise directly from its operations.

It is, and has been throughout prior years, the Entity's policy that no trading in derivatives shall be undertaken.

The main risk arising from the Entity's financial instruments is credit risk.

Credit Risk

The Entity trades only with recognised, creditworthy third parties. The Northern Cape Provincial Treasury assists Northern Cape Fleet Management Trading Entity in the recovery of debt from the different User Departments. In addition, receivable balances are monitored on an ongoing basis with the result that the Entity's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the entity.

Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate with changing market prices whether caused by factors specific to the instrument or to general external market changes. The Entity has no financial instruments which are affected by changing market prices.

Liquidity Risk

Liquidity risk is the risk of the Entity defaulting on its financial obligations as a result of insufficient funding capacity in relation to such obligations. The Entity does not view this as a risk, in the view of the fact that it has sufficient assets to cover its liabilities. The Entity also has access to possible assistance from the Provincial Treasury, in terms of Treasury Regulation 19.5.
The following are the contractual maturities of financial liabilities:

Payables from Exchange Transactions as at 31 March 2022		
	Carrying Amount R'000	**Contractual Cash Flows R'000**
Trade creditors	18 471	18 471
	Within 1 Year	**Within 1 Year**

Payables from Exchange Transactions as at 31 March 2021		
	Carrying Amount R'000	**Contractual Cash Flows R'000**
Trade creditors	13 888	13 888
	Within 1 Year	**Within 1 Year**

Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate with changes in foreign currency. The Entity has no financial instruments which are affected by changes in foreign currency, as it has no foreign currency transactions.

Interest Rate Risk

Interest rate risk stems from the risk associated with the Entity's exposure to changes within the interest rate, interest earned on cash balances and finance lease asset.

General Risk Management Principles

Risk management is of critical importance to the entity as it understands that changing market conditions make risk unavoidable.

Capital risk management

The Entity's objectives when managing capital are to safeguard the Entity's ability to continue as a going concern in order to provide benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Entity may sell assets to reduce debt.

Fair value of Financial Instruments
The management of the entity is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the annual financial statements approximate their fair values. In accordance with GRAP 104 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	31 March 2022 R'000		**31 March 2021 R'000**	
	Carrying Amount R'000	**Fair Value R'000**	**Carrying Amount R'000**	**Fair Value R'000**
FINANCIAL ASSETS				
Amortised cost				
Finance lease receivable	36 332	36 332	41 510	41 510
Short-term portion of finance lease receivable	12 002	12 002	16 824	16 824
Receivables from exchange transactions	485 617	485 617	385 759	385 759
Cash and cash equivalents	95 270	95 270	133 437	133 437
Total Financial Assets	**626 848**	**626 848**	**577 530**	**577 530**

13. Commitments

	31 March 2022 R'000	31 March 2021 R'000
Capital: contracted	4 077	8 626
Operation: contracted	26	383
Total	4 103	9 009

14. Finance Lease Receivables

Finance leases – Entity as lessor

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

The future lease payments expected as at 31 March 2022 was as follows:

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

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

Included in the gross lease payments are unguaranteed residual values expected at the end of the lease of R20.3 million

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 2021 was as follows:

Gross investment in leases due	***Gross Lease Payments*** ***R '000***	***Unearned Finance Income*** ***R '000***	***Net Present Value*** ***R '000***
Amounts due within 1 year	30 414	(13 590)	16 824
Amounts due within 2 – 5 years	49 696	(8 187)	41 510
	80 110	**(21 776)**	**58 334**

Present value of minimum lease payments due	***Minimum Lease Payments*** ***R '000***
Amounts due within 1 year	16 824
Amounts due within 2 – 5 years	41 510
	58 334

15. Cash Generated from Operations

	31 March 2022 R'000	31 March 2021 R'000
Surplus for the Period	34 209	(4 273)
Adjusted for:		
Interest Received	(4 117)	(5 021)
Finance lease income	(1 631)	(13 897)
Impairment loss – Fleet	-	-
Depreciation - Fleet		
Loss on disposal of assets	30 844	30 733
Gain on Sale of Intangible Assets	-	(131)
	(18 071)	-
Transfer and Sponsorship in kind	(6 667)	
Other non-cash items	(49)	103
Operating Profit before Working Capital Changes	**34 518**	**7 514**
Working Capital Changes:	**(95 275)**	**(1 811)**
Decrease/(Increase) in Trade and Other Receivables	(99 858)	(3 058)
Increase/(Decrease) in Trade and Other Payables	4 583	1 247
Cash Generated from Operations	**(60 757)**	**5 703**

16. Cash and Cash Equivalents

	31 March 2022 R'000	31 March 2021 R'000
Standard Bank	95 270	133 437
	95 270	**133 437**

17. Inventories

	31 March 2022 R'000	31 March 2021 R'000 (Restated)
Opening balance	26 912	1 019
Purchased during year	33 973	39 948
Transfer to White Fleet:	(7 364)	1 646
Transfer to Finance lease	(17 929)	(9 245)
Transfer to Yellow fleet	(11 388)	(5 694)
Closing balance	**24 204**	**26 912**

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

18. Irregular expenditure

	31 March 2022 R'000	31 March 2021 R'000
Reconciliation of irregular expenditure		
Opening balance	95 611	82 949
Add: Irregular Expenditure relating to prior year	-	-
Add: Irregular expenditure relating to current year	7 610	12 662
Less: Amounts condoned	(64 491)	-
Less:Amount Writtern Off	(798)	
Closing Balance	**37 932**	**95 611**

Northern Cape Fleet Management Trading Entity requested condonement on 03 February 2022 from Provincial treasury. Provincial treasury approved condonement request on 21 April 2022, relating to payment on expired contracts, hence Financial Statements were subsequently adjusted with an amount of R64 491 000 for events after reporting.

19. Fruitless and Wasteful Expenditure

	31 March 2022 R'000	31 March 2021 R'000
Opening balance	283	271
Add: Current year	-	12
Less: Amounts condoned	-	-
	283	**283**

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. Contingent asset

	31 March 2022 R'000	31 March 2021 R'000
Opening balance	5 653	5 653
Claims	-	-
Closing balance	**5 653**	**5 653**

There has been a number of claims against user departments, due to damages to entity vehicles where the entity have evidence of possible non-compliance by the CLIENT with the provisions of Regulation 12 of the PFMA or breach of the SLA or contravention of any laws;.

The current standing of these claims is that letters have been dispatched to the user departments to pay the damages (includes repairs and or alternatively replacements cost). The best estimate of the total claims total R5,6 million

	31 March 2022 R'000	31 March 2021 R'000
21. Contingent liability		
Opening balance	1 431	1 431
Current year claims	10 341	-
	11 772	**1 431**

Various legal claims have been lodged against the entity, as the owner of the vehicles involved in incidents where a 3rd party vehicle was damaged and claim on non payment of a supplier. Current year claims relate to tracker fees for the months between April 2021 till December 2021 for an amount of R10 341 000

22. Going concern

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

23. Related parties

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

Terms and Conditions of Transactions with Related Parties

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

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

Included in note 5.3 and 6.4 is an amount of R6 667 000 (2021:R6 295 000) 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:

Mrs. R. Grewan – Acting Head of Department

Mr. V Mhlauli - Acting Head of Department

Mr. B. Slingers- Chief Financial Officer

Mr. Q. Fitzpatrick – Acting Chief Executive Officer

Related party transactions

1. Remuneration of management **31 March 2022**

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

Remuneration of management **31 March 2021**

	MN Bosch R'000	**Z Monakali R'000**	**Q Fitzpatrick R'000**	**Total R'000**
Basic salary	64	184	308	**556**
Service bonus	-	16	62	**78**
Travel allowance	6	23	25	**54**
Pension	8	24	40	**72**
Other allowances	23	222	41	**286**
Total	**101**	**469**	**476**	**1 046**

2. Northern Cape: Department of Public Works

Year end balances arising from revenue/payments	31 March 2022 R'000	31 March 2021 R'000
Receivables from related parties	379 214	297 072
Payables to related parties	2 373	-
Total	**381 587**	**297 072**

24. Prior period Error

During the 2020/2021 financial year, an cut off error was identified on the Payable from Exchange Transactions, which resulted in understatement of payables by R31 000 and overstatement of Payables by R1 149 000.

An error was also identified in inventory with regard to vehicles that are being transferred to white fleet.

Transactions affected multiple accounts which are disclosed below

***(a)* Payables from Exchange Transactions:**

	31 March 2021 *R'000*
Balance as per 31 March 2021	15 006
Adjustment (Cut Off)	31
Adjustment (Cut Off)	(1 149)
Adjusted Balance 31 March 2021	**13 888**

***(b)* Statement of Financial Performance**

	31 March 2021 R'000
Balance as per 31 March 2021 (General Expenses)	86 364
Adjustment (Cut Off)	31
Adjustment (Cut Off)	(1 149)
Adjusted Balance 31 March 2021 (General Expenses)	**85 246**

	31 March 2021
	R'000
Balance as per 31 March 2021 (Depreciation and Amortisation)	30 669
Adjustment (Inventory)	33
Adjusted Balance 31 March 2021 (General Expenses)	**30 702**

(c) Statement of Financial Performance

	31 March 2021 R'000
Balance as per 31 March 2021 (Total expenses)	203 445
Adjustment (Cut Off)	31
Adjustment (Inventory)	33
Adjustment (Cut Off)	(1 149)
Adjusted Balance 31 March 2021 (Total expenses)	**202 360**

(d) Accumulated Surplus

	31 March 2021 R'000
Balance as per 31 March 2021	(5 358)
Adjustment (Cut Off)	(31)
Adjustment (Inventory)	(33)
Adjustment (Cut Off)	1 149
Adjusted Balance 31 March 2021 Deficit/Surplus for the Period	**(4 273)**

(e) Statement of Financial Position

Non Current Assets (White fleet)

	31 March 2021 R'000
Balance as per 31 March 2021 Cost (White Fleet)	58 572
Adjustment (Inventory)	762
Adjusted Balance 31 March 2021 Cost (White Fleet)	**59 334**

	31 March 2021 R'000
Balance as per 31 March 2021 Cost (Accumulated Depreciation)	34 746
Adjustment (Inventory)	33
Adjusted Balance 31 March 2021 (Accumulated Depreciation	**34 779**

	31 March 2021 R'000
Balance as per 31 March 2021 Cost (Total PPE)	302 176
Adjustment (Inventory)	762
Adjusted Balance 31 March 2021 (Total PPE)	**302 938**

	31 March 2021 R'000
Balance as per 31 March 2021 Accumulated Depreciation (Total PPE)	154 546
Adjustment (Inventory)	33
Adjusted Balance 31 March 2021 Accumulated Depreciation (Total PPE)	**154 579**

Current Assets

	31 March 2021 R'000
Balance as per 31 March 2021 (Inventory)	27 674
Adjustment (Inventory)	(762)
Adjusted Balance 31 March 2021 (Inventory)	**26 912**

PR203/2022

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