



the dr&pw

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



2024/2025 ANNUAL REPORT



CONTENTS

PART A: GENERAL INFORMATION	3
1.1. Departments General Information	4
1.2. List of Abbreviation/ Acronyms	5
1.3. Foreword by the MEC	6
1.4. Report by Accounting Officer	9
1.5. Statement of accuracy	17
1.6. Strategic Overview	18
1.7. Legislative Mandates and other mandates	19
1.8. Entities reporting to the MEC	23
1.9. Organisational Structure	24
PART B: PROGRAMME PERFORMANCE	25
2.1 Service delivery environment	26
2.2 Service Delivery Improvement plan	31
2.3 Organisational Environment	33
2.4 Progress towards Achievement of Institutional Impact and Outcomes	34
2.5 Institutional Programme Performance Information	37
2.6 Performance in relation to Standardised Outputs and Output Indicators for Sectors with Concurrent Functions	38
2.7 Transfer Payments	71
2.8 Conditional Grants and Earmarked Funds Paid	72
PART C: GOVERNANCE	74
PART D: HUMAN RESOURCE MANAGEMENT	101
PART E: PFMA COMPLIANCE REPORT	118
PART F: FINANCIAL INFORMATION	127
Report of Auditor-General	129
Appropriation Statement	147
Notes to Appropriation Statement	153
Statement of Financial Performance	155
Statement of Financial Position	156
Cash Flow Statement	157
Accounting Policies	159
Notes to the Annual Financial Statements	159
Disclosure Notes to the Annual Financial Statements	
Annexures	198

PART A:

GENERAL INFORMATION



1.1 Departments General Information

Department of Roads and Public Works: Northern Cape Province

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

1.2 List of Abbreviation/ Acronyms

AO	Accounting Officer	M&E	Monitoring and Evaluation
APP	Annual Performance Plan	MEC	Member of Executive Council
ACM	Alternative Construction Methods	MISS	Minimum Information Security Standards
BAS	Basic Accounting System	MTEF	Medium Term Expenditure Framework
C-AMP	Custodian Immovable Asset Management Plan	MTSF	Medium Term Strategic Framework
BBBEE	Broad Based Black Economic Empowerment	NCEDA	Northern Cape Economic Development Agency
CFO	Chief Financial Officer	NCPG	Northern Cape Provincial Government
CIDB	Construction Industry Development Board	NCPGDS	Northern Cape Growth and Development Strategy
CPI	Consumer Price Index	NYS	National Youth Service
CSD	Central Supplier Database	OHSA	Occupational Health and Safety Act
DAMP	Departmental Asset Management Report	PAIA	Promotion of Access to Information Act
DDM	District Development Model	PAJA	Promotion of Just Administration Act
DORA	Division of Revenue Act	PFMA	Public Finance Management Act
DPSA	Department of Public Service and Administration	PGDS	Provincial Growth and Development Strategy
DQA	Data Quality Assurance	PGDP	Provincial Growth Development Plan
DRE	District Road Engineer	POE	Portfolio of Evidence
DRPW	Department of Roads and Public Works	PPP	Public Private Partnership
EBE	Engineering Built Environment	PPPFA	Preferential Procurement Policy Framework Act
ECD	Early Childhood Development	PSA	Public Service Act
EE	Employment Equity	PYEI	Presidential Youth Employment Intervention
EEA	Employment Equity Act	RMC	Risk Management Committee
EPWP	Expanded Public Works Programme	PRMG	Provincial Roads Maintenance Grant
FMC	Financial Misconduct Committee	RISFSA	Road Infrastructure Strategic Framework of South Africa
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	WO	Work Opportunity
IGCSD	Integrated Governance, Coordinated and Service Delivery Model	WOE	Women Owned Enterprise
IGP	Infrastructure Grant to Provinces	WSP	Workplace Skills Plan
LIM	Labour Intensive Method	WBS	Web Based System

1.3 FOREWORD BY THE MEC



The 7th Administration reviewed its priorities inline with the national priorities to ensure the 7th Administration's commitments are accommodated.

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

Priority 1: we achieved an unqualified audit opinion between 2019/20 to 2022/23 financial years and a qualified audit opinion for 2023/24, however we improved during the 2024/25 by achieving an unqualified audit report.

Priority 2: 2020/21 financial years: 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 2022/23 financial year: 45% achievement for procurement of goods & services spent on women and youth owned enterprises through 30% set-aside.

2023/24: 53% achievements against a target of 40% for women and 18% achievement against a target of 30% for youth owned enterprises.

2024/25: Over 100% was achieved on procurement on women and youth owned enterprises through procurement of goods & services. An achievement was recorded on 30% sub-contracting on procurement of goods & services was achieved.

Priority 2: Between the 2019/20 to 2023/24 MTSF period, 58 (79%) capital infrastructure projects were successfully completed against a target of 73 and this includes amongst others, schools, clinics, libraries, office spaces, and safety facilities, etc.

The department has not made good strides in the release of land for spatial transformation and will put measures in place to address this shortfall, only 11 (28%) parcels were released against a target of 40 and the five-year target is 70%.

From the 25 planned properties that had to be disposed, only 3 were disposed due to delayed in response from buyers and delayed approval of disposal by Provincial Treasury

Priority 2: Improved paved road network VCI from 68,9% to 69%; and 135.56 km of roads were upgraded from gravel to surfaced roads against the target of 170.76 km between 2019/20 to 2023/24 financial years exemplifying a holistic approach to infrastructure enhancement and road network expansion.

Priority 2: The Department of Roads and Public Works continues to play a pivotal role in improving socio-economic conditions, ensuring economic transformation happens and more jobs are created in the Northern Cape Province. During the years under review, the department reports on the following strategic achievements:

2 354 Skill Empowerment initiatives implemented in 2020-2025 which includes the following programmes:

- Phakamile Mabija: This is a sub-programme within the National Youth Service (NYS) Programme which was launched in 2007 and this was initiated to address the scarce skills shortage in the country through training on the following fields.
 - Diesel Mechanical Apprenticeships,
 - Welding,
 - Refrigeration
 - Rigger
- Learning for life : Electrical and Carpentry;- Building and Civil Construction
- Community House Building Prieska
- Pampierstad (Learning4life)
- Construction road works Prieska (Learning4Life)
- IT System Support
- EW SETA

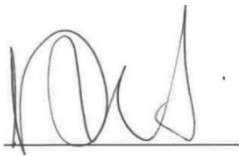
The EPWP Phase V is currently in its first year of implementation, and the Northern Cape has a target of 112 995 work opportunities to be achieved by end of the 5 years. The province has to date achieved 21 929 which is 19% of its five-year target and has reported an achievement of 22 490 w/o for the current financial year which is an achievement of 105% against the target of 21 500 work opportunities.

The Department of Roads & Public Works implemented 10 977 work opportunities against a combined target of 34 487 over this 3-year period and this resulted into 34% achievement.

The effects of the floods had an impact on the roads because we needed to prioritise flooded roads over our planned roads projects. The department had to put into place various preventative measures with the limited resources at our disposal and have good communication strategies in place to inform the public.

To address the challenge on disposal, the Department is actively working on the sale of residential houses of which in this first phase, the department estimate to generating R23 million from the sale of 25 houses offered under the first right of refusal. Additionally, the live auction of 45 houses is expected to generate R38 million. This is a significant step towards optimising our asset management and raising funds that will be reinvested into critical infrastructure projects.

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



MS. F.B.P MAKATONG (MPL)

EXECUTIVE AUTHORITY: ROADS AND PUBLIC WORKS

DATE: 31 AUGUST 2025

1.4 REPORT OF THE ACCOUNTING OFFICER



Internal consultations and engagement were held with User Departments to transfer Equitable Share and DORA-funded posts to bring in both core staff and scarce technical skills. Consultation with labour is ongoing, supported by a multi-stakeholder task team led by the Office of the Premier. This transformation is supported by a Skills Audit, Climate Survey, and technical structure review have been completed. The department are now fast tracking the secondment and transfer of key personnel to fully capacitate the Department.

The department has launched a recruitment drive late 2024 to address the 48% vacancy rate which will continue in 2025/26 to fill at least 10% of vacancies, aiming to strengthen technical capacity essential for effective project delivery and improved community service.

The department has finalized a revised Disposal Policy for Superfluous Immovable Assets, shifting from simple disposal to inclusive transformation. The policy prioritizes access to land and property for historically marginalised groups, including black people, women, youth, persons with disabilities, and rural communities.

1.4.1 Overview of the operations of department

Events

The maintenance backlog on some of our key service delivery assets, including roads, health and education facilities, is threatening the long-term viability of our asset base. Considerable investment is required to maintain the existing infrastructure portfolio. In a context of low economic growth and constrained national finances, the DRPW has adopted a strategic approach to the management of its assets across their life cycles in order to maximise their value to society.

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

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

1.4.2 Overview of financial results of the department

• Departmental receipts

Departmental receipts	2024/25			2023/24		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts						
Sale of goods and services other than capital assets	1, 712	2,606	(894)	1,862	2,490	(628)
Transfers received				-	-	-
Fines, penalties and forfeits				-	-	-
Interest, dividends and rent on land				-	-	-
Sale of capital assets				-	-	-
Financial transactions in assets and liabilities		155	(155)	264	257	7
Total	1,712	2,761	1,049	2,126	2,747	(621)

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

Tariff

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

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

Programme Expenditure

Programme Name	2024/25			2023/24		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Administration	189 607	186 915	2 692	189 662	188 217	1 445
Public works	191 714	187 275	4 439	246 296	245 505	791
Transport Infrastructure	1 692 192	1 640 472	51 720	1 577 117	1 575 534	1 583
Community Based Programme	80 251	74 497	5 754	115 785	115 517	268
Total	2 153 764	2 089 159	64 605	2 128 860	2 124 773	4 087

1.4.3 Virement

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

The table below shows the approved virements.

Main Division	From	To	Reason
	R'000	R'000	
Administration	(4 279)	2394	High legal fees, audit and transport costs, leave gratuity expenditure and software for laptops
Public Works	(4 637)	10 158	Property payments services and other goods and service related expenditure and expenditure on capital projects
Transport Infrastructure	(23 396)	31 235	To machinery from buildings
Community Based Programme	(12 555)	1 080	Salary expenditure from buildings

1.4.4 Unauthorised, Fruitless and Wasteful Expenditure

Unauthorised Expenditure

None

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

Fruitless and Wasteful Expenditure

Reason
<i>An amount of R6 905 450 relates to amount paid to contractor more than what was tendered for. An additional amount of R5 003 101 relates to Contract Price Adjustment rates inflated in the payment certificate</i>

Actions taken

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

1.4.5 Strategic focus over short to medium term period

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

1.4.6 Discontinued key activities

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

1.4.7 New proposed key activities

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

1.4.8 Supply Chain Management

SCM processes and systems to prevent irregular expenditure

- Procurement of goods and services is done in accordance with the prescribed threshold values by the National Treasury.
- Procurement delegations are implemented and monitored regularly
- Invitation of competitive bids for threshold values above R1 000 000.00 are all advertise on the 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 their status is active prior to awards.

- Proper safekeeping and management of contract records to confirm that awards made are in accordance with the requirements of SCM legislation and prescripts.
- Implemented and monitor transaction checklists to ensure compliance with SCM prescripts.

1.4.8.1 Central Supplier Database

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

1.4.8.2 Committees

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

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

- N/A

1.4.10 Exemptions and deviation received from National Treasury

- N/A

1.4.11 Events after the reporting date

N/A

1.4.12 Other

Trading entities and public entities

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

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

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

1.4.13 Performance information

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

An annual performance plan (2024/25) is a plan aligned to departmental activities, outputs and goals with provincial and national policy priorities and the budget. The performance of the Department, per programme, is detailed in Part 2 of the Annual Report. In Addition to this the department also submits the following reports:

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

1.4.14 Sign-off and acknowledgement

This report was measured against the 2024/25 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 Accounting Officer; and
- Accurately reflects the goals and achievements for the financial year 2024/25.



ACCOUNTING OFFICER

DR. J. MAC KAY

DATE: 31 AUGUST 2025

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 2025.



ACCOUNTING OFFICER

DR. J. MAC KAY

DATE: 31 AUGUST 2025

1.6 STRATEGIC OVERVIEW

1.6.1 Vision

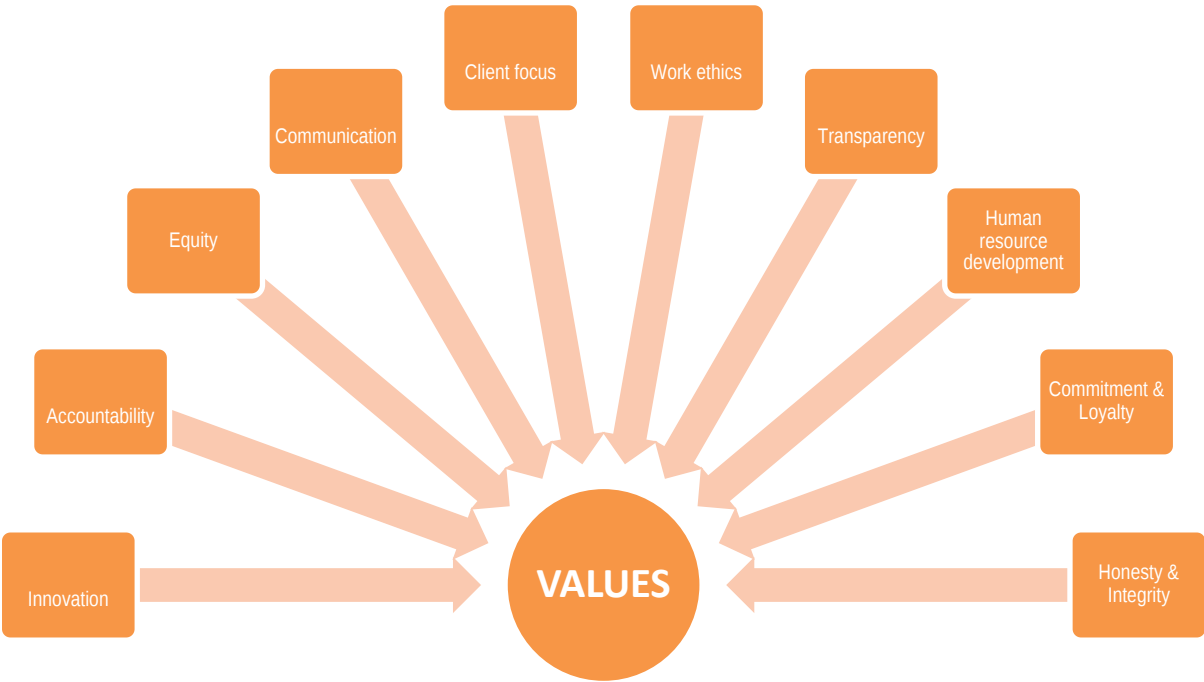
Trend setters in infrastructure delivery to change the economic landscape of the province

1.6.2 Mission

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

1.6.3 Values

The mission and vision statement are driven by the following set of values:
The Batho Pele principles and all government legislated directives as well as all national



1.7 Legislative and other Mandates

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

1.7.1 Constitutional

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

1.7.2 Legislative mandates

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

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

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

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

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

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

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

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

Council for the Built Environment Act No. 43, 2000:

This document presents the Council for the Built Environment's policy for the identification of work to be adopted by the built environment professions councils, and a resulting framework to guide the implementation of the policy.

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

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

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

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

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

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

Infrastructure Development Act, 23 2014:

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

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

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

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

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

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 employment 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.

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

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

Spatial Planning and Land Use Management Act No. 16, 2013 (SPLUMA):

To provide a framework for spatial planning and land use management in the Republic; to specify the relationship between the spatial planning and the land use management system and other kinds of planning; to provide for the inclusive, developmental, equitable and efficient spatial planning at the different spheres of government.

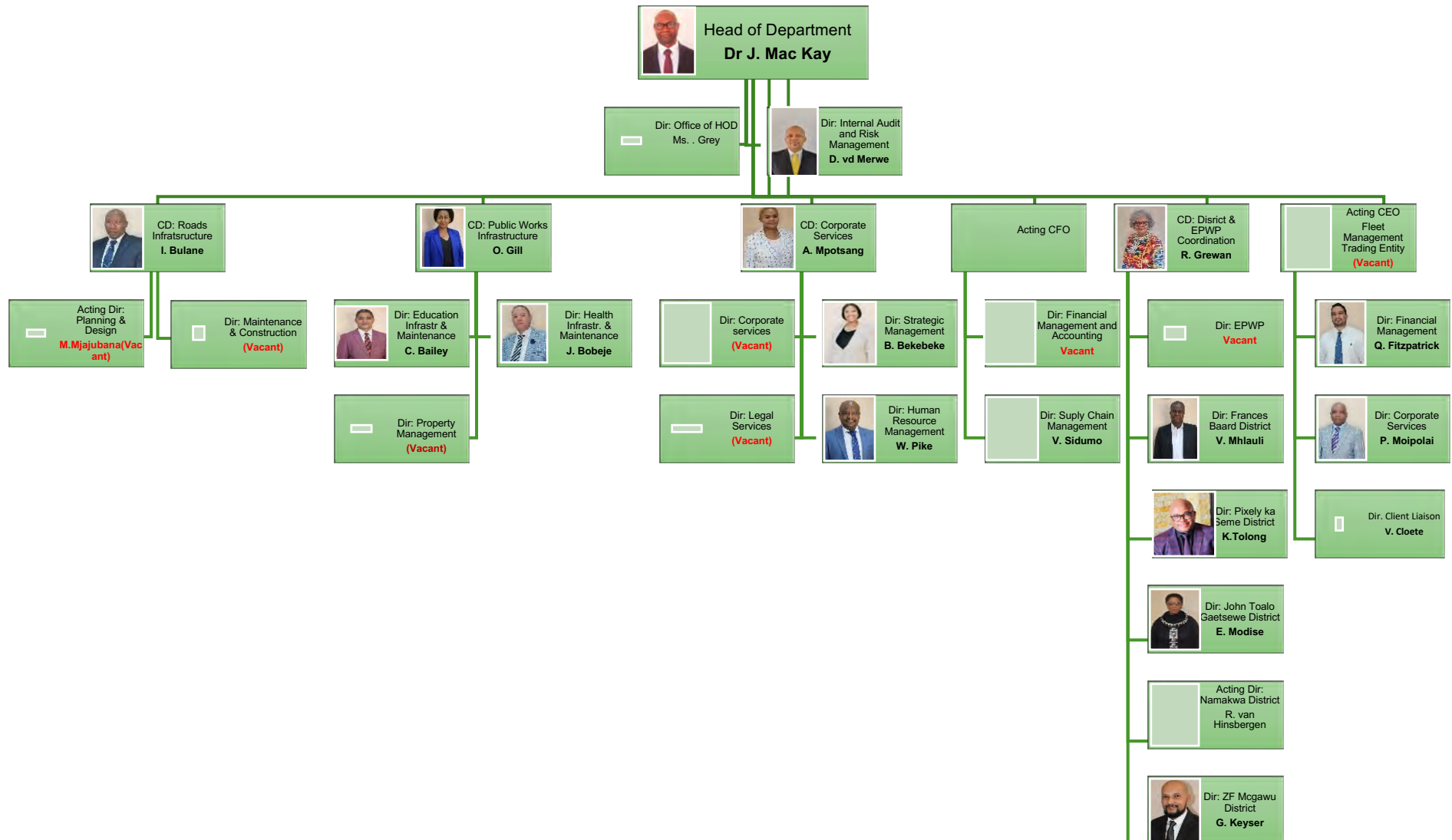
National Building Regulations and Building Standards as Amended by Standards 8 of 2008

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

1.8 Entities reporting to the MEC

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

1.9 Organizational Structure



PART B:

**PROGRAMME
PERFORMANCE**



2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The department has made tangible progress in advancing inclusive growth and the commitment of creating business opportunities for historically disadvantaged groups, especially youth, women, and people living with disabilities and has delivered remarkable results in terms of procurement and job creation.

The Expanded Public Works Programme marked 20 years of providing temporary work to people and this milestone was recognised by Cabinet to create work opportunities according to the set targets and across all its four sectors, namely the infrastructure, non-state, environment and culture, and social sectors. The Department of Roads and Public Works was part of the fifth Phase Launch of the Expanded Public Works Programme which was held in East London where plan were unveiled in terms of creation of five million EPWP work opportunities that will benefit women, young people and poor households for inclusive growth, sustainable development, and community empowerment.

All five districts experienced incessant rain and flash floods causing damage to both gravel and tar roads ranging from minor to major damage. Some communities and farmers were cut-off from economic hubs and were unable to transport their livestock and agricultural produce to the markets.

Despite the limited budget, the department remains committed to improving the overall condition of roads in the John Taolo Gaetsewe District. To address the inherited backlog on the upgrading of roads in the John Taolo Gaetsewe District, the department invested a substantial amount to maintain and upgrade the roads in this area, recognising its critical role in promoting seamless access to markets and driving economic growth, which will translate to job opportunities.

The Northern Cape Provincial Government together with Manufacturing, Engineering related service SETA (merSETA) launch the Northern Cape skills development project at the NCR TVET COLLEGE, in Upington . The province hopes that the partnership with merSETA will be strengthened so that more skills are transferred to unemployed youth to make them employable. More than 2100 beneficiaries got the opportunity to study in Manufacturing and Engineering related fields to get the skill required by the job market in the province, while 3 schools in the ZF Mgcawu district are part of 11 schools in the province that have received assisted with equipment to promote science related subject.

Public Works Infrastructure Capital Projects

Department of Health

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

Project Name	Progress to date
CAPITAL	
Robert Mangeliso Hospital - Lifts	Completed
Completion of BankharaBodulong Clinic at Bankhara	Completed
Kimberley Nursing College (Student Accommodation Phase 1	Completed
Fraserburg CHC	Completed
Sutherland CHC	Completed
RMSH: Installation of Mega-litre Water Tanks	Completed

Department of Health

Projects under construction

A total of 7 infrastructure projects were identified including multi-year projects

Project Name	Progress to date
Kimberley Nursing College Phase 2a	In Construction
Tshwaragano District Hospital	In Construction
Boegoeberg Clinic	In Construction
Dr Arthur Letele Medical Logistics	In Construction
BankharaBodulong P/S	In Construction
Construction Of New Schmidsdrift Clinic	In Construction
Old Boiler House Into EMS Station	In Construction

Department of Education

A total of 11 infrastructure projects were identified including multi-year projects

Project Name	Progress to date
Pampierstad: Gaoshope School	In Construction
Voorspoed School	In Construction
Cillies Primary School	In Construction
Petrusville P/S	In Construction
Rietrivier Primart School	In Construction
Oranje-Oewer Intermediate School	In Construction
Magojaneng New Primary School	In Construction
Wrenchville High School	In Construction
Kalahari S/S	In Construction
Calton Van Heerden S/S	In Construction
Franciscus P/S	In Construction

Department of Sport, Arts and Culture

Only 3 Infrastructure project was identified including multi-year projects

Project Name	Progress to date
Springbok: DSAC Offices: Phase 3: Conversions of Hostels to Office	Completed
Galeshewe: New Library	In Construction
Masizi School	In Construction

Northern Cape Economic Development Agency

Only 1 of Infrastructure projects were identified including multi-year projects

Project Name	Progress to date
Construction Of Luxury Camp Sites -Witsands Phase 2	Completed

Roads Projects

Completed Regravelling roads projects

Project Name	Progress to date
Griekwastad – Postmasburg phase 2	Completed
Regrav MR808 Douglas-Ritchie	Completed
MR886 Askham-Vanzylsrus	Completed

Regravelling roads projects under construction

Project Name	Progress to date
MR791 Petrusvile-Colesberg	In Construction
Poffadder to Onseepkans	In Construction

Reseal Roads Projects

Project Name	Progress to date
Koopman-Midlpos	In construction

Rehabilitation Roads Projects

Project Name	Progress to date
MR938 MR884-TR5/5 Mamatwane	In Construction
MR804 Moderrivier	In Construction

Upgrading of Capital Roads projects under construction

Project Name	Progress to date
DR3252 Rooiwal-Violsdrif	In Construction
Sidewalk MR947 Batlharos Phase 2	In Construction
MR974 Laxey-Heuningvlei	In Construction

Completed Upgraded Roads projects

Project Name	Progress to date
Paving MN12476 PNIEL	Completed
MR947 Rusfontein-Laxey PH3	Completed
MR 956 Fraserburg to Williston NC687	Completed
MR 947 Paved Batlharos	Completed
MR 778 Kakamas	Completed

Progress on EPWP projects

Entrepreneurship Development Programme: the department identified 25 female women and youth owned contractors with grade 1 GB &CE). The Contractors obtained 20 credits from the full Construction Contracting NQF Level 2 qualification.

New Venture Creation: Entrepreneurship Development Programme Disabled is a 1 month programme with 30 x Female 20 x Male contractors appointed. The Department of Roads and Public Works formed a strategic partnership with Disabled People of South Africa in October 2024.

Construction Ceta funded programmes: The Department of Roads and Public Works were awarded programmes by Construction Ceta under the Economic Reconstruction and Recovery Plan.

Health and Safety Learnership programme which commenced which is a 4 months in classroom and 7-months workplace training and upon completion the learners will obtain National Certificate in Construction Health and Safety NQF Level 3.

2.2 Service Delivery Improvement Plan

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Erect and construct buildings facilities and office space e.g. Schools, clinics and office accommodation depending on the client departments needs ²	All Provincial Departments	Meet required building standards approved by CIDB (Construction Industry Development Board)	8 projects planned to be implemented	8 projects were implemented which includes clinics, hospital renovation, offices, camp and library.
Construction and maintenance of roads	All roads users (communities) including mining industries	Meeting required roads standards. Ensuring that all roads are in good condition throughout their expected life span by maintaining them on a regular basis. Use well trained technical staff	40 km of gravel roads upgraded to surfaced roads	30.382 km of gravel roads upgraded to surfaced roads
			679 km of gravel roads re-gravelled	661.03km of gravel roads were re-gravelled
			10 000 square meters of surfaced roads re-sealed	0 of square meters or surfaced roads were re-sealed
			15 300 square meters of blacktop patching	36 960.29 square meters of blacktop patching was conducted
			48000 square meters of roads rehabilitated	0 of square meters of roads were rehabilitated
			60 400 kilometers of roads bladed	60 782.53kilometers of roads were bladed

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

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

Service delivery information tool.

Current/actual information tools	Desired information tools	Actual achievements
The department tables the budget vote speech and it is publicised through various communication channels, i.e. Whatsapp line, radio, social media platforms. Published annual performance plans and reports on departmental website. Regular update of information on all communication platforms.	The department must publish all its service delivery plans through various communication channels, i.e. radio, social media platforms. Published annual performance plans and reports on departmental website. Site meetings with contractor (All stakeholders)	The department published all its service delivery plans through various communication channels, i.e. Whatsapp line, website, radio, social media platforms. Published annual performance plans and reports on departmental website.
The department has developed its service charter to inform our clients on the departmental services, operating hours and procedures, addresses, contact persons.	SLA are available Cash Flow statements/reports and predictions on every project are provided 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. Exco outreach programmes where communities render their complaints.	Written complaints must be submitted, and a register must be regularly updated. Formal planned bilateral meetings must be held with complainants. To provide communities feedback during one-on-one exco outreach sessions.	All complaints were resolved through the one-on-one exco outreach feedback sessions.

2.3 Organisational environment

To successfully remodel the department and enhance our infrastructure project delivery and maintenance capabilities, it is essential to address critical professional skill gaps in the built environment. Key areas requiring attention include Architecture, Quantity Surveying, Project Management, Works Inspection, and Engineering Technology. Filling these positions will provide the necessary capacity to meet our objectives. To address the critical human resource capacity challenges concerning the high vacancy rate, which limits its operational capacity. Budget cuts have constrained efforts to fill all critical posts, but approval for R24 million has been obtained to partially address this gap.

Through strategic partnerships and continuous investment in human capital, the department is paving the way for a more inclusive and prosperous Northern Cape

Key policy development and legislative changes

N/A

2.4 Progress towards Achievement of Institutional Impact and Outcomes

Impact	Progress
Inclusive growth and investment	The department made strides towards infrastructure delivery and increased job creation, by implementing 57 capital projects which included Clinics, School, Pharmacy, Offices, Place of safety, Bridgeway and upgrading hospitals. Through expansion and maintenance of transport infrastructure, 111.36 km of road were elevated from gravel to surfaced status, exemplifying a holistic approach to infrastructure enhancement and road network expansion. The achievement 22 490 w/o for the current financial year is an overachieved by 105% against target of 21 500 work opportunities. The Department of Roads & Public Works implemented 10 977 w/o against a combined target of 34 487 over this 3 year period and this results into 34% achievement. 2024/25: A total of 10 977 work opportunities was created of which 7 173 are from roads projects, 3 514 are from ROD projects and 290 are from public works projects against a target of 10 561 within the department which is 104%
Progress against the 2020-2025 Strategic Plan	
Functional, Efficient and Integrated Government (Priority 1: MTSF)	2023/24 Qualified Audit Report 2022/23 Unqualified: with emphasis of matters 2021/22 Unqualified: with emphasis of matters 2020/21 Unqualified: with emphasis of matters The department planned to achieve a clean audit by the end of 2024/2025 financial year, there are measures in place to improve towards a clean audit report.
Professional, Meritocratic and ethical public administration(Priority 1: MTSF)	The department has fully achieved the target for professional capacity building with an over performance in the past years. 2021/22: 28% candidates were registered on different programmes. 2022/23: More than 100% candidates were registered on different programmes. 2023/24: More than 100% candidates were registered on different programmes.

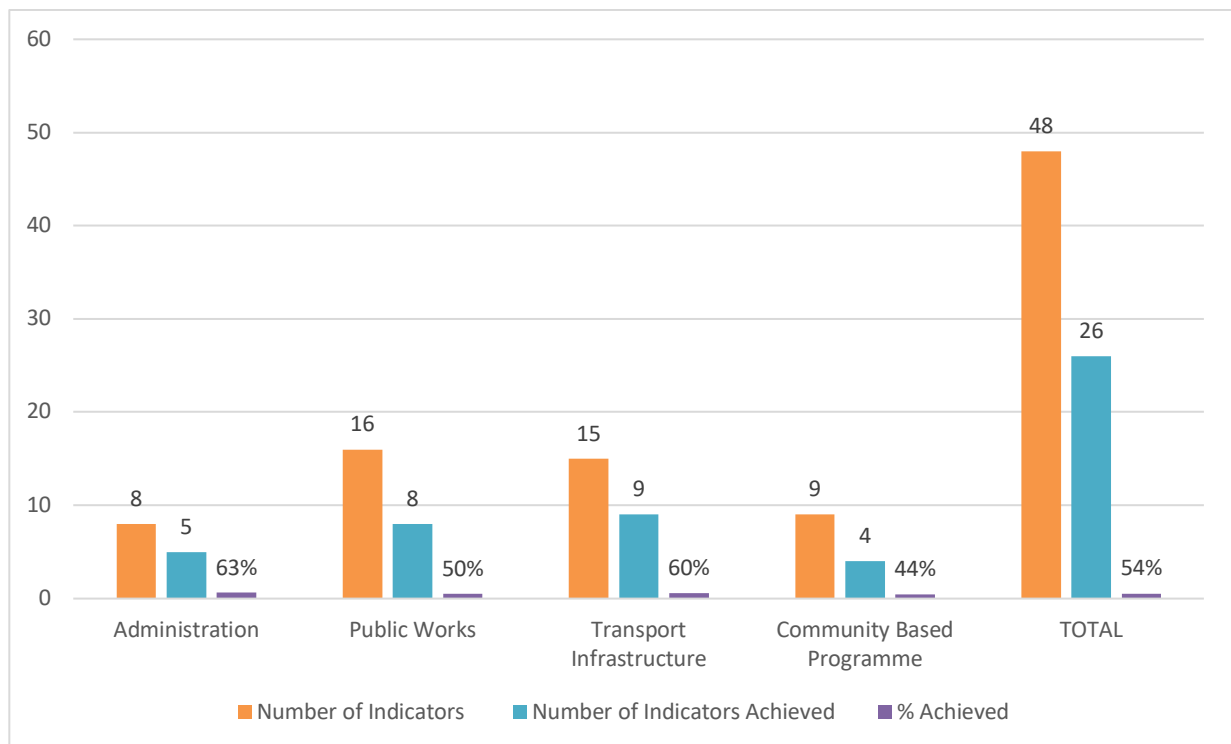
	2024/25: No professional capacity programmes were implemented because the department reprioritise resources to awarding more bursaries.
More decent jobs created and sustained with youth, women and persons with disabilities (Priority 2; MTSF)	The achievement 22 490 w/o for the current financial year is an overachievement by 105% against target of 21 500 work opportunities. The Department of Roads & Public Works implemented 10 977 w/o against a combined target of 34 487 over this 3 year period and this results into 34% achievement. 2024/25: A total of 10 977 work opportunities was created of which 7 173 are from roads projects, 3 514 are from ROD projects and 290 are from public works projects against a target of 10 561 within the department which is 104%
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	The department made good strides towards the increase of quality public infrastructure with the following infrastructure projects were implemented: 57 capital infrastructure projects were completed between 2020/21 to 2024/25 financial years. 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. 2022/23: 23 capital infrastructure projects are in construction and 6 capital infrastructure projects are in completed. 2023/24: Only 6 capital infrastructure projects were Completed and 30 projects are in construction. 2024/25: 8 capital projects were completed and 26 are in construction
Increase access to affordable and reliable transport infrastructure (Priority 2: MTSF)	VCI Network declined from 69% to 63% due to transfer of roads to SANRAL 30.6 km roads were upgraded from gravel to surfaced roads between 2020/21 to 2021/22 financial year. 2022/23: 39 KM roads were upgraded from gravel to surfaced roads between 2022/23 financial year. 2023/24: 11.379 km of was upgraded to surfaced roads 2024/25: 30.382 km of was upgraded to surfaced roads
Increased economic participation, ownership and access to resources and opportunities by women, youth and	Breakdown: 2020/21 financial year: 231% achievement for procurement of goods & services spent on women and youth owned enterprises through 30% set-aside.

persons with disabilities (Priority 2:MTSF)	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 2022/23 financial year: 45% achievement for procurement of goods & services spent on women and youth owned enterprises through 30% set-aside. 2023/24: Achievement of 40% for women and 13% youth owned enterprises for procurement of goods & services spent and respectively through 30% set-aside. To date 100% of 30% sub-contracting on procurement of goods & services was achieved. 2024/25: Over 100% was achieved on procurement on women and youth owned enterprises through procurement of goods & services. An achievement was recorded on 30% sub-contracting on procurement of goods & services was achieved
Integrated service delivery, settlement transformation and inclusive growth in urban and rural areas (Priority 5; MTSF)	The department has not made good strides in the release of land for spatial transformation and will put measures in place to address this shortfall only 11 (28%) parcels were released against a target of 40 and the five-year target is 70%. From the 25 planned properties to be disposed only 3 was disposed due to delayed in response from buyers and delayed approval of disposal by Provincial Treasury
Massify FTE, skills, and entrepreneurial training for youth NEET linked to key industries and 4IR (priority 2: PGDP).	The department have to date 2 278 beneficiaries who benefited from the skills empowerment initiatives implemented between 2020/21-2024/25 financial years.

2.5 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

2.5.1 ANNUAL DEPARTMENTAL OVERALL PERFORMANCE

Programme	Total number of indicators for the year	Number of indicators achieved	% Achieved
Administration	8	5	63%
Public Works	16	8	50%
Transport Infrastructure	15	9	60%
Community Based Programme	9	4	44%
TOTAL	48	26	54%



2.5.2 PERFORMANCE INFORMATION PER PROGRAMME

PROGRAMME 1: ADMINISTRATION

Purpose

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

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

Outcome	Progress
Functional, Efficient and Integrated Government (Priority 1: MTSF)	The department achieved an unqualified audit opinion with material findings for 2019/20 till 2022/23 financial years however achieved qualified audit report for 2023/24.
Professional, Meritocratic, and ethical public administration (Priority 1: MTSF)	2021/22: 128% candidates were registered on different programmes. 2022/23: 100% candidates were registered on different programmes. 2023/24: 100% candidates were registered on different programmes. 2024/25: Under achievement as no professional capacity programmes were implemented because the department reprioritise resources to awarding more bursaries.
Increased economic participation, ownership and access to resources and opportunities by women, youth and persons with disabilities (Priority 2: MTSF)	30% Set-aside procurement spent on women and youth owned enterprises. 105% achievement between 2020/21 and 2023/24 financial years: 2020/2: 231% achievement for women and youth owned enterprises 2021/22: 81% for women and 64% youth owned enterprises 2022/23: 99% for women and 50% for youth owned enterprises; and 2023/24: 53% achievement against a target of 40% for women (overperformance of 33%) and 18% achievement against a target of 30% for youth owned enterprises. (60% achievement). 2024/25: Over 100% was achieved on procurement on women and youth owned enterprises through procurement of goods & services. Sub-contracting on procurement of goods and services 2021/22: 100% achievement 2022/23: No projects were implemented due to procurement moratorium. 2023/24: 100% achievement 2024/25: 100% achievement

Outcome, outputs, output indicators, targets and actual achievements

Outcome	Outputs	Output Indicators	Audited Actual 2022/23	Audited Actual 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement	Reason for deviation
Sub Programme: Financial management								
Functional, Efficient and Integrated Government (Priority 1: MTSF)	Improved audit report	An audit opinion achieved annually	1	Qualified Report	Unqualified audit report	Unqualified	0	
	Improved financial management	Percentage of payments processed within 30 days	98%	100%	100%	98.75%	-1.25	
	Optimized revenue strategy	Number of revenue initiatives implemented	New indicator	New indicator	4	4	0	N/A

Increased economic participation, ownership and access to resources and opportunities by women, youth and persons with disabilities (PWD) (Priority 2: MTSF)	An Increase In procurement allocated to women owned enterprises	Percentage spent on women owned enterprises through procurement of goods & services	69.2%	53%	40%	138.68%	98.68	Based on the national imperative to empower women and youth all efforts were to comply with it.
	An increase in procurement allocated to youth owned enterprises	Percentage spent on youth owned enterprises through procurement of goods & services	38.4%	18%	30%	67.49%	37.49	
	An increased in economic empowerment through procurement allocated to SMME's & QSE'S	Percentage spent on Designated Group enterprises through sub-contracting on procurement of	0%	100%	100%	100%	-	N/A

		goods & services of R30 million and above annually						
Sub Programme: Corporate Support								
Professional, Meritocratic and ethical public administration	An increase in the professionalization of the department	Percentage of professional capacity building programmes implemented	225%	100%	100%	0	-100%	The department reprioritise resources to awarding more bursaries.
	Centralised infrastructure function	Remodelling plan developed	New indicator	New indicator	1	0	-1	Plan was developed but not approved

Strategy to overcome areas of under performance

As part of the remodeling process of DRPW, the department contracted a consultant to conduct Change management, skills audit and organizational climate survey to give scientific effect to restructuring. The scientific skills audit is a process of identifying and assessing the skills, knowledge, and abilities of an individual or group of individuals against a set of established criteria.

For the department to implement the capacity building programmes there is a need for establishment of mentoring bodies to assist with the development from candidates to professionals.

Linking Performance with Budget

Sub-programme Name	2024/25			2023/24		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Office of the MEC	17 443	17 266	177	17 398	16 851	547
Management of the Department	13 838	13 838	-	13 836	13 834	2
Corporate Support	151 151	148 636	2 515	151 442	150 641	801
Departmental Strategy	7 175	7 175	-	6 986	6 891	95
TOTAL	189 607	186 915	2 692	189 662	188 217	1 445

PROGRAMME 2: PUBLIC WORKS INFRASTRUCTURE

Purpose

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

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

Outcome	Progress
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Between the 2019/20 to 2023/24 MTSF period, 51 (71%) capital infrastructure projects were successfully completed against a target of 72 and this includes amongst others, schools, clinics, libraries, office spaces, and safety facilities, etc. The breakdown is as follows: 2019/20: 18 capital projects were completed 2020/21: 12 capital projects were completed 2021/22: 8 capital projects were completed 2022/23; 6 capital infrastructure projects; and 2023/24: 6 capital infrastructure projects completed 2024/25: 8 Capital projects were completed and 26 were in construction
Integrated service delivery, settlement transformation and inclusive growth in urban and rural areas (Priority 5; MTSF)	40 land parcels have been identified but could unfortunately not be achieved during 2021/22 and 2022/23 financial years, however 12 disposals were done during the 2023/24 financial year. From the 25 planned properties to be dispose only 3 was disposed due to delayed in response from buyers and delayed approval of disposal by Provincial Treasury

Outcome, outputs, output indicators, targets and actual achievements

Outcome	Outputs	Output Indicators	Audited Actual 2022/23	Audited Actual 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement	Reason for deviation	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Sub-Programme: Design									
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Sustainable Infrastructure Delivered	Number of infrastructure designs completed	9	21	3	1	-2		The target was revised due to cost containment measures in place and aligned with the 7th administration.
Sub-Programme: Construction									
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Sustainable Infrastructure Delivered	Number of capital infrastructure projects in construction	23	21	35	21	-14		The target was revised due to cost containment measures in place and aligned with the 7th administration
		Number of new construction projects completed	6	3	16	3	-13		

Sub-Programme: Maintenance									
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Sustainable Infrastructure Delivered	Number of maintenance projects planned and costed	28	0	26	0	-26		The target was revised due to cost containment measures in place and aligned with the 7th administration
		Number of planned maintenance projects awarded	22	1	26	7	-19		
		Number of planned maintenance projects in construction	20	0	26	6	-20		
		Number of planned maintenance projects completed	84	124	26	8	-18		
			Number of contracts awarded to contractors on the contractor development programme	New indicator	0	9	0	-9	
Sub-Programme: Immovable Asset Management									
Improved quality and quantum of investment to support growth and	Disposed properties	Number of properties disposed	0	12	30	0	-30		

job creation (Priority 2: MTSF)									
Sub-Programme: Facilities Operations									
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Sustainable Infrastructure Delivered	Number of Facilities provided.	New	New	60	0	-60	There was no planned target before re-tabling therefore no output was reported	The target was revised due to cost containment measures in place and aligned with the 7th administration
		Number SLA's signed with client departments	New	New	1	0	-1		
		Number of compliance administered	New	New	11	0	-11		
	Inspections conducted for optimal utilisation	Number of utilisation inspections conducted for office accommodation.	New	New	100	0	-100		
	Sustainable Infrastructure Delivered	Number of properties receiving facilities management services	15	15	14	14	0	The number of facilities were reduces from 14 to 11 due to prestige houses that were vacated by MEC's	
	Effective management of property	Number of condition assessments	0	6	6	0	-6	There was no planned	

	portfolio	conducted on state owned buildings						target before re-tabling therefore no output was reported	
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REVISED: Outcome, outputs, output indicators, targets and actual achievements

Outcome	Outputs	Output Indicators	Audited Actual 2022/23	Audited Actual 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement	Reason for deviation
Sub –Programme: Planning								
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Sustainable Infrastructure Delivered	CAMP submitted to the Treasury annually	1	1	1	1	-	N/A
Sub-Programme: Design								
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Sustainable Infrastructure Delivered	Number of infrastructure designs completed	9	21	2	3	1	Additional project was requested by DSAC
Sub-Programme: Construction								

Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Sustainable Infrastructure Delivered	Number of capital infrastructure projects in construction	23	21	25	26 Project which were in construction during the financial year in different quarters	1	Galashewe: New Library is an additional project reported as the tender was re-advertised due to the lapse of the tender in previous year
		Number of new construction projects completed	6	3	8	8	-	N/A
Sub-Programme: Maintenance								
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF) Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Sustainable Infrastructure Delivered	Number of maintenance projects planned and costed	18	0	22	25	3	DRPW maintenance targets on the APP are determined by departmental projects, as client maintenance targets are unavailable during the planning phase.

		Number of planned maintenance projects awarded	22	1	22	21	-1	1 Project was terminated
		Number of planned maintenance projects in construction	20	0	22	25 Project which were in construction during the financial year at different quarters	3	DRPW maintenance targets on the APP are determined by departmental projects, as client maintenance targets are unavailable during the planning phase.
		Number of planned maintenance projects completed	84	101	22	19	-3	2 Projects were terminated and 1 was delayed
	Sustainable Infrastructure Delivered and increased job creation	Number of work opportunities created by Provincial Public Works	New indicator	315	291	290	-1	One participant was appointed as supervisor which exceeded the minimum wages according to the ministerial book. Therefore the

								participant was not captured.
		Number of contracts awarded to contractors on the contractor development programme	New indicator	0	2	0	-2	There were no projects above the mandatory threshold for CDP (<R1m).

Outcome	Outputs	Output Indicators	Audited Actual 2022/23	Audited Actual 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement	Reason for deviation
Sub-Programme: Immovable Asset Management								
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Disposed properties	Number of properties disposed	-	12	25	3	-22	Delayed response from buyers and also delayed approval of disposal by Provincial Treasury
Sub-Programme: Facilities Operations								
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Sustainable Infrastructure Delivered	Number of Facilities provided.	New	New	60	57	-3	Leases expired
		Number SLA's signed with client departments	New	New	4	3	-1	Only 3 client department signed the SLA's

	Inspections conducted for optimal utilisation	Number of utilisation inspections conducted for office accommodation	New	New	50	50	-	N/A
	Sustainable Infrastructure Delivered	Number of properties receiving facilities management services	15	15	11	11	-	N/A
	Effective management of property portfolio	Number of condition assessments conducted on state owned buildings	0	6	1	0	-1	Budget availability remains a challenge

Strategy to overcome areas of underperformance.

- The department is working towards improving local contractors CIDB grading through Contractor Development Programme.
- To address the challenge on disposal, the Department is actively working on the sale of residential houses of which in this first phase, the department estimate to generating R23 million from the sale of 25 houses offered under the first right of refusal. Additionally, the live auction of 45 houses is expected to generate R38 million. This is a significant step towards optimising our asset management and raising funds that will be reinvested into critical infrastructure projects.

Linking Performance with Budget

Sub-programme Name	2024/25			2023/24		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Programme Support	2 213	2 213	-	2 337	2 308	29
Design	11 801	11 801	-	11 911	11 909	2
Construction	12 323	12 323	-	11 982	11 497	485
Maintenance	31 737	31 737	-	29 203	29 038	165
Immovable Asset Management	125 456	121 017	4 439	183 174	183 154	20
Facility Operations	8 184	8 184	-	7 689	7 599	90
Total	191 714	187 275	4 439	246 296	245 505	791

PROGRAMME 3: TRANSPORT INFRASTRUCTURE

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

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

Outcome	Progress
Increase access to affordable and reliable transport infrastructure (Priority 2: MTSF)	Road network VCI 63%. 111.361 km (62%) roads were upgraded from gravel to surfaced roads from 2020/21 till 2024/25 financial years. 2 021.29 km of re-gravelling was conducted from 2020/21 till 2024/25 financial years. 308 460.05 km of gravel roads were bladed across the province between 2019/20 and 2023/24 financial years. 1 073 950 sq meters surfaced roads were resealed across the province between 2019/20 and 2023/24 financial years. 156 813.42 sq meters of blacktop patching was conducted on surfaced roads across the province between 2020/21 and 2024/25 financial years.

Outcome, outputs, output indicators, targets and actual achievements

Outcome	Outputs	Output Indicators	Audited Actual 2022/23	Audited Actual 2023/24	Planned Annual Target 2024/25	Actual Achievem ent 2024/25	Deviation from planned target to Actual Achievement	Reason for deviation	Reasons for revisions to the Outputs / Output indicators / Annual Targets
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 kilometres of surfaced roads visually assessed as per the applicable TMH manual	3 820	2 816	2 967	0	-2 967	There was no planned target before re-tabling therefore no output was reported	The target was revised due to cost containment measures in place and revised to align with the 7th administration.
		Number of kilometres of gravel roads visually assessed as per the applicable TMH manual	11 688	11 763	11 520	0	-11 520	There was no planned target before re-tabling therefore no output was reported	The target was revised due to cost containment measures in place and revised to align with the 7th administration.
Infrastructure Design									
Increase access to affordable and reliable transport	Expansion and maintenance of transport	Number of road construction	4	2	3	2	-1		The target was revised due to cost

infrastructure (Priority 2: MTSF)	infrastructure to improve the Network VCI	specification documents completed							containment measures in place and revised to align with the 7th administration.
Sub-Programme: Construction									
Increase access to affordable and reliable transport infrastructure (Priority 2: MTSF)	Expansion and maintenance of transport infrastructure to improve the Network VCI	Number of kilometres of gravel roads upgraded to surfaced roads	39	2.5	40	0	-40	There was no planned target before re-tabling therefore no output was reported	Only quarterly target were revised due to cost containment measures in place and also revised to align with the 7th administration.
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	109 467.20	0	274 400	0	-247 400	There was no planned target before re-tabling therefore no output was reported	The target was revised due to cost containment measures in place and revised to align with the 7th administration.
		Number of square meters of surfaced roads resealed	121 750	0	1 314 200	0	-1 314 200		
		Number of kilometres of gravel roads re-gravelled	304.32	453.45	333	164.05	-168.95	The target was revised due to	

		Number of square meters of blacktop patching	40149.53	29 199.85	17 600	6 323.23	-11 276.77	cost containment measures in place and revised to align with the 7th administration.	
		Number of kilometres of gravel roads bladed	55162.03	69 475.72	71 400	18 187.64	-53 212.36		
Increase access to affordable reliable transport infrastructure (Priority 2)	Increased access of efficient fleet to client departments	Number of yellow fleet replaced	New indicator	New indicator	20	0	-20	Indicator moved to Fleet Entity	During the revision of the APP Indicators were moved to Fleet Entity's APP
		Number of yellow fleet regularly serviced	New indicator	New indicator	640	0	-640		
		Percentage of yellow fleet available for roads maintenance and construction	New indicator	New indicator	75%	75%	-		

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

Outcome	Outputs	Output Indicators	Audited Actual 2022/23	Audited Actual 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement	Reason for deviation
Sub –Programme: Planning								
Increase access to affordable and reliable transport infrastructure (Priority 2: MTSF)	Expansion and maintenance of transport infrastructure to improve the Network VCI	Number of consolidated infrastructure plans developed	1	1	1	1	-	N/A
		Number of kilometres of surfaced roads visually assessed as per the applicable TMH manual	3 820	2 816	3 025	3 073	48	During planning for visuals assessment, MR0938 was not included as it was planned for construction
		Number of kilometres of gravel roads visually assessed as per the applicable TMH manual	11 688	11 763	12 005	12 005	-	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 specification documents completed	10	10	5	5	-	N/A

Sub-Programme: Construction								
Increase access to affordable and reliable transport infrastructure (Priority 2: MTSF)	Expansion and maintenance of transport infrastructure to improve the Network VCI	Number of kilometres of gravel roads upgraded to surfaced roads	39	11.379	40	30.382	-9.618	Delay in seal work due to rain experienced in the JTG area in February and March 2025
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	109 467.20	0	48 000	0	-48 000	The department had to conduct due diligence to prevent historic litigation and this resulted into procurement delays
		Number of square meters of surfaced roads resealed	121 750	10 000	444 000	0	-444 000	More projects were re-prioritized due to floods affecting the provincial road infrastructure.
		Number of kilometres of gravel roads re-gravelled	304.32	453.45	679	661.03	-17.97	With the availability of graders, attention was given more to blading. This was to address the accessibility of roads in the province.
		Number of square meters of blacktop patching	40149.53	29 199.85	15 300	36 960.29	21 660.29	Due to reprioritization of reseal projects to address flood

								damages, more roads needed attention in blacktop patching
		Number of kilometres of gravel roads bladed	55162.03	69 475.72	60 400	60 782.53	382,53	More graders were available for blading of gravel roads
		Number of contractors participating in the National Contractor Development Programme (NCDP)	New indicator	58	58	58	-	N/A
Improved quality and quantum of investment to support growth and job creation (Priority 2: MTSF)	Increased work opportunities	Number of work opportunities created by Provincial department of Roads	New indicator	8 368	7 000	7 173	173	Over achievement was contributed by projects which rolled over.
		Number of youths employed (18 – 35)	New indicator	5 124	3 850	4 270	420	Projects implemented attracted more youth.
		Number of women employed	New indicator	4 188	4 200	3 546	-654	Projects implemented could not attract a lot of women due to the nature of the projects
		Number of persons with disabilities employed	New indicator	5	140	9	-131	Projects implemented could not attract disabled people

								due to the nature of the projects. Output is as per RS EPWP Report and no POE available as they not disabled
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Strategy to overcome areas of under performance

- To deal with the challenge of regraveling in the province, the department is in the process of Implementing re-gravelling using chemical stabilisation and crushing to improve gravel road riding quality.
- 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.

Linking Performance with Budget

Sub-programme Name	2024/25			2023/24		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Programme Support Infrastructure	5 904	5 904	-	6 387	6 317	70
Infrastructure Planning	40 596	40 596	-	41 605	41 561	44
Infrastructure Design	3 610	3 610	-	3 506	3 505	1
Construction	352 706	240 265	112 441	176 388	176 386	2
Maintenance	1 289 376	1 350 097	(60 721)	1 349 231	1 347 765	1 466
TOTAL	1 692 192	1 640 472	51 720	1 577 117	1 575 534	1 583

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)	Phase IV, to date the provincial w/o achievement is at 95 689 (92%) against the 104 031 five-year EPWP w/o target for the Northern Cape, the province has made good strides to achieve its target with a shortfall is 8 342 w/o. The EPWP Phase V is currently in its first year of implementation, and the Northern Cape has a target of 112 995 work opportunities to be achieve by end of the 5 years. The province has to date achieved 21 929 which is 19% of its Five year target. The achievement 22 490 w/o for the current financial year is an overachieved by 105% against target of 21 500 work opportunities.

	The Department of Roads & Public Works implemented 10 977 w/o against a combined target of 34 487 over this 3 year period and this results into 34% achievement. 2024/25: A total of 10 977 work opportunities was created of which 7 173 are from roads projects, 3 514 are from ROD projects and 290 are from public works projects against a target of 10 561 within the department which is 104%
Massify FTE, skills, and entrepreneurial training for youth NEET linked to key industries and 4IR (priority 2: PGDP)	2 278 beneficiaries benefited from the skills empowerment initiatives implemented between 2020/21-2024/25 financial years. The following programmes were implemented. • PhakamileMabija • 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
Massify FTE, skills, and entrepreneurial training for youth NEET linked to key industries and 4IR (priority 2: PGDP)	To date, 58 contractors benefited from the contractors development programme between 2021/22 and 2024/25 financial years.

Outcome, outputs, output indicators, targets and actual achievements

Outcome	Outputs	Output Indicators	Audited Actual 2022/23	Audited Actual 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement	Reason for deviation
Sub-Programme : Community Development								
More decent jobs created and sustained with youth, women and persons with disabilities (Priority 2; MTSF)	Create work opportunities through EPWP and CWP (Priority 1; PGDP pillar 1)	Number of work opportunities created by Provincial Public Works and Infrastructure	6 829	4 086	3 270	3 514	244	The project which were planned to be implemented in Quarter 3 was only implemented in quarter 4 due to under staffing at project implementation level.
		Number of youths employed (18 – 35)	3 996	2 369	1 962	1 947	-15	Projects implemented attracted less youth.
		Number of women employed	3 454	2 207	1 799	2 035	236	Projects are increasingly recognizing the importance of gender diversity by actively promoting and retaining women in projects.

		Number of persons with disabilities employed	96	5	65	57	-8	Poor project design that does not accommodate people with disability at the project conceptual stage.
Sub-Programme: Innovation and Empowerment								
Massify FTE, skills, and entrepreneurial training for youth NEET linked to key industries and 4IR(priority2: PGDP)	Skills development and Enterprise development programmes implemented	Number of beneficiaries on skills development initiatives	553	169	170	187	17	Over performance due to delay of commencement letters from Construction Ceta impacted our programme timeline.
		Percentage of beneficiaries under the Enterprise Development Programme	New indicator	10%	100%	96%	-4%	Under performance due to drop-outs occurred to other commitments of the Contractors.
	EPWP Exit strategy implemented	Number of EPWP Exit strategy developed and approved	New indicator	0	1	0	-1	The process is under consultation with National stakeholders
Sub-Programme: EPWP Co-ordination and Compliance Monitoring								
More decent jobs created and sustained with youth, women and persons with disabilities	Effective compliance, monitoring and of support EPWP	Number of Public Bodies reporting on EPWP targets in the province	39	35	40	39	-1	Under-performance due to non-reporting by 1Municipality

(Priority 2; MTSF)								(Kheis Municipality)
		Number of interventions implemented to support public bodies	19	16	16	16	-	N/A

Strategy to overcome areas of under performance

The following Coordination Interventions will be implemented to provide support Public Bodies

- National Coordinating Committee meetings,
- Provincial Steering Committee Meeting,
- Technical Support Meeting ,
- District Coordinating Forums -

As part of national task team to review existing NYS exit strategy, the department is in a process of developing an exit framework and an action plan based on an exit strategy from NYS – National Youth Service.

Linking Performance with Budget

Sub-programme Name	2024/25			2023/24		
	Final Appropriation	Final Appropriation	Final Appropriation	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Programme Support Community Based	2 961	2 961	-	2 416	2 352	64
Community Development	64 633	58 879	5 754	102 071	102 020	51
Innovation and Empowerment	9 474	9 474	-	8 079	7 980	99
EPWP Coordination and Monitoring	3 183	3 183	-	3 219	3 165	54
TOTAL	80 251	74 497	5 754	115 785	115 517	268

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

Institution	Output indicator	Annual target	Data source
Public Works Infrastructure: Sub Programme: Community Based Programme	Number of work opportunities reported on the EPWP RS system	21 500	21 929

2.7 TRANSFER PAYMENTS

The table below reflects zero transfer payments made for the period 1 April 2024 to 31 March 2025.

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

2.8 CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

	Provincial Roads Maintenance Grant	EPWP Integrated Grant
Department to whom the grant has been transferred	Department of Transport	Department of Public Works (Vote 5)
Purpose of the grant	- To supplement provincial roads investments and support preventative, routine and emergency maintenance on provincial road networks - Ensure provinces implement and maintain road asset management systems - Promote the use of labour-intensive methods in road maintenance - Repair roads and bridges damaged by floods	To incentivise provincial departments to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines: - road maintenance and the maintenance of buildings - low traffic volume roads and rural roads - other economic and social infrastructure - sustainable land based livelihood
Expected outputs of the grant	Collected pavement and bridge condition data as well as traffic data - The extent of the road (length) and bridge (number) network - Current condition distribution of the road and bridge network, as well as traffic distribution - Maintenance needs of the road and bridge network - Change in network condition distribution over time due to prioritised maintenance actions - Number of EPWP work opportunities created - Number of S3 students provided with experiential internships - Number of emerging contractor opportunities created	- Increased number of people employed and receiving income through the EPWP - Increased average duration of the work opportunities created - Increased income per EPWP beneficiary

	- Rehabilitation and repair of roads and bridges damaged by floods	
Actual outputs achieved	Yes	Yes
Amount per amended DORA	R1 475 843 000	R3 394 000
Amount received (R'000)	R1 475 843 000	R3 394 000
Reasons if amount as per DORA was not received	All funds received	All funds received
Amount spent by the department (R'000)	R1 425 811 526.51	R3 394 000
Reasons for the funds unspent by the department	N/A	N/A
Reasons for deviations on performance	No deviation	No deviation
Measures taken to improve performance	We intend to make sure that we start early with the procurement processes and that the designs is completed.	We will make sure that we start early with our job creation project.
Monitoring mechanism by the receiving department	We have a Chief Directorate in the department that specifically deal with road infrastructure. We appoint a project manager for each projects that we undertake. It is also part of our reporting procedure to National Department of Transport on a monthly basis.	The department does have a dedicated unit that deal with the payments.

PART C:



GOVERNANCE

CONTENTS

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

3.1 INTRODUCTION

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

a) Accountability

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

b) Discipline

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

c) External Reporting

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

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

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

3.2 RISK MANAGEMENT

The Department regards governance, risk management and compliance as the three pillars that work together for the purpose of achieving its objectives. The management team of the Department strives to conform to these principles in relation to its values. The governance structures of the Department make up the following;

- An Executive Committee which determines the strategy and leads the Department to obtain its goals and objectives
- A Risk Management Committee (RMC) which assists the Accounting Officer in executing his responsibilities relating to risk management
- An Audit Committee providing independent oversight for governance, risk management and control processes within the Department
- An Internal Audit function providing independent assurance to ensure that controls are in place to manage and mitigate risks

1. Risk Management

The Department has established a Risk Management Committee to assist the Accounting Officer in executing his responsibilities relating to risk management. The following elements of governance has received the necessary attention for the financial year under review.

Enterprise Risk Management Policy and Strategy

The Department adopted the Risk Management Strategy on 4 February 2025 over the 2025/26 Medium-Term Expenditure Framework. The Risk Management Policy was approved and adopted 23 August 2023 which regulates its affairs in compliance herewith. The Risk Management Strategy and implementation plan outlines how the Department will implement the risk management policy.

Risk Management Committee Responsibility

The RMC has adopted the formal Terms of Reference (TOR) and regulates its affairs in compliance with the TOR and has discharged its responsibilities as contained therein.

Risk Management Committee Members

The RMC comprises of the Executive Management team and an external Chairperson. The members meet on a quarterly basis and the table below discloses the relevant information on RMC members:

Name	Position	Date Appointed
Mr. R. Beukers	Chairperson (Municipal Manager-Kamiesberg Municipality)	30 October 2024
Mrs. R. Grewan	Chief Director: Community Based Programme	1 November 2023
Mr. I. Bulane	Chief Director: Transport Infrastructure	1 November 2023
Mrs. A. Mpotsang	Chief Director: Corporate Services	1 November 2023
Ms. O. Gill	Chief Director: Public Works	1 November 2023
Mrs. B. Bekebeke	Acting CEO: NC Fleet Management Trading Entity	22 August 2024
Mr. D. v/d Merwe	Director: Risk and Internal Control	20 June 2024

Risk Management Committee Activities

The RMC assist the Accounting Officer in executing his responsibilities in terms of risk management. Each Chief Director is the Risk Owner and the following activities have been performed during the year:

- Reviewed the Department Risk Management Strategy and Implementation Plan for approval by Accounting Officer
- Reviewed the Terms of Reference of the Risk Management Strategy
- Reviewed the Policy Framework on Risk Appetite and Risk Tolerance
- Reported to the Accounting Officer any changes to the risk profile of the Department
- Identified emerging risks
- Evaluated the effectiveness and mitigating strategies to address high risks

Key risks considered and addressed during the year

The Department is currently managing ten (10) strategic risks which are rated as high, two (2) risks are medium and two (2) are low.

Management of risks

The risks are reviewed on quarterly basis with risk owners and risk champions where a comparison is made between the Inherent and Residual risks. These risks are affected by the

strength of existing controls and the development of additional controls where; the existing controls does not have a positive effect on the Inherent risks.

Risk Champions identify additional controls that are implemented and Risk and Internal Control review the effectiveness of such controls on a quarterly basis supported by the appropriate evidence.

Key emerging risks

The Department identified two (2) emerging risks and Northern Cape Fleet Management Trading Entity (NCFMTE) identified one (1) during the financial year.

Accountability over ICT: The did not have a functional IT Steering Committee which resulted in the non-compliance to the CGCIT Framework v2 and non-adherence to Circular No.21 of 2022 of the Public Service Corporate Governance of Information and Communication

Business disruption: The lack of business continuity plans within the department such as load shedding, water shedding and floods.

Redetermination of NCFMTE: The Cabinet resolved that, the white fleet function be moved to the Northern Cape Economic Development Agency. Although the NCFMTE have its own risk register, this emerging risk has a direct impact on the functions of the department.

These risks will be further discussed and will receive the necessary attention during the next financial year.

Conclusion

The Department apart from its critical vacancies in the Risk and Internal Control directorate is committed to effective management of its risks. We will undertake awareness and training programmes to officials within the department with the focus on ethics and risk management.

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 use of the presidential help line to report fraud and corruption and we appoint an official to deal with all reported cases.

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

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

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

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

3.4 MINIMISING CONFLICT OF INTEREST

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

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

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

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

3.5 CODE OF CONDUCT

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

3.6 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

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

The Safety committee is responsible for compliance in terms of OHS not only in the office set-up but also at the camp site and wherever the teams are working. The Occupational Health and Safety unit has appointed Departmental Safety Representatives in all five districts. At every camp there is a representative as well as the grader operators are also part of the safety committee. The grader operators were elected due to the fact that they work in isolated areas and they need to expose to first-aid training.

3.7 PORTFOLIO COMMITTEES

SCOPA RESOLUTIONS

RECOMMENDATIONS	RESPONSES
The Department must: Strengthen weaknesses in internal controls over daily and monthly processing and reconciliation of transactions and adequately review and prepare financial statements by subjecting the financial statements to the three levels of review prior to submission for auditing with accurate, complete information supporting the performance evidence.	• The department has developed an implementation plan for the annual financial statements listing the responsibilities for each manager with due dates. The progress is monitored on a quarterly basis in preparation for the annual financial statements which is due 31 May each year. • The reconciliation of accounts are done on monthly and quarterly basis with supporting documentation and reasons for deviation. • Working paper files are prepared on a quarterly basis with supporting documentation and submitted to the Office of the CFO for review. • The Office of the CFO performs a high-level review of working paper files, related schedules and the Annual Financials Statements (Excel and Word). • The same procedures are performed in the Entity.
Strengthen the records management system and provide timeous and accurate supporting documentation. Ensure that internal controls are in place to detect and prevent instances of non-compliance with bidding requirements and the Preferential Procurement Regulations of 2017 and 2022.	• The preparation of working paper files, related financial schedules and the annual financial statements are always prepared in accordance with supporting documentation. • The department has always submitted the all batches, portfolio of evidence and other supporting documentation to the Auditor-General for audit purposes.

	• We have not received a response of limitation of scope with regard to the submission of the required information. • The department always endeavour to submit the required information to oversight bodies and institutions. • The department conducted an awareness session during the third quarter to emphasis the importance of compliance with the procurement prescripts and legislation. • The department has streamlined the procurement process wherein all procurement are pre-audited at head office to detect non-compliance with internal controls. • The findings of non-compliance if any are reported to the responsible manager for corrective action and to improve their internal controls measures. • The department also conducts post-audits at all costs centres to ensure that, any processes that might have not been covered in the pre-audit are reviewed for compliance purposes.
Strengthen internal controls to review, monitor, and investigate instances of noncompliance with legislation in respect of irregular expenditure and/or fruitless and wasteful expenditure and recoup losses incurred. Ensure that the Internal Audit Unit on a quarterly basis submit a Consequence Management Progress Report to the committee that monitors implementation of consequence management against officials that made or permitted irregular expenditure.	• The department has completed 23 determination reports and such was submitted to Provincial Treasury for condonement purposes. • In addition, the department has submitted a total amount of R1.9 billion which is linked to the material irregularity that was resolved by the Auditor-General. • We are currently awaiting a response from Provincial Treasury to adjust the irregular expenditure register accordingly.

	The internal controls that are listed in paragraph 3 above are also implemented interchangeably in the detection and prevention of irregular, fruitless and wasteful expenditure.
Strengthen internal controls to ensure that all payments are made within 30 days. A payment tracking report system must be submitted monthly to ensure that payments are made within 30 days.	- The department supports all service providers and contractors by striving to process all payments within 30 days. - The department has achieved over the past years a percentage of 98% against the target of 100%. - The challenge that we face is the outstanding accounts of rates and taxes that is owed to municipalities. The department has made submissions to Provincial Treasury for possible increase in funding and we are in consultation with municipalities for reduced rebates and the writing off of interest.
Intensify systems to ensure that effective and appropriate steps are taken to collect all money due to the Department.	The department has set a target for revenue collection initiatives in the annual performance plan.
Review and monitor the Audit Action Plan to address the material findings and ensure that timeous, accurate and complete evidence is provided and take corrective action against officials should the process not be adequately addressed in respect of material irregularities. The Internal Audit Unit and External Audit Committee must monitor and assess the Audit Action Plan addressing material findings raised by the Auditor-General.	- The department has a total number of 42 incidents of which 27 has been completed, 12 is in progress and 3 will be achieved in the fourth quarter. - The audit action plan is reviewed on a quarterly basis with the responsible chief director wherein progress is ascertained with the accompanying portfolio of evidence. - The progress on the audit action plan is reviewed by the Office of the CFO before it is submitted to the Head of Department for concurrence.

	The audit action plan with portfolio of evidence is submitted to Internal Audit for an external review and the findings which is communicated to the department, are addressed in our quarterly review session.
Improve its project management and monitoring in terms of the contractual agreements. Ensure that disciplinary measures and/or corrective measures instituted against contractors for not adhering with contractual obligations are done. Address all findings in respect of infrastructure projects in respect of the Road Maintenance Grant.	- The department register infrastructure projects on PROMAN system to manage each project efficiently and effectively. - The Office of the CFO upon receipt of request for payments, review the internal control measures that are implemented for each project on PROMAN. - The findings where there is a lack of the implementation of internal controls are communicated with programme managers and project leaders for corrective action.
REPORT TO BE SUBMITTED	
A status report on all investigations conducted by the Hawks, especially in relation to senior officials in the Department	The investigations are ongoing, the HAWKS have not provided the department with progress report regarding all investigations.

3.8 PRIOR MODIFICATIONS TO AUDIT REPORTS

None

3.9 INTERNAL CONTROL UNIT

Internal Audit Function

• Key activities and objectives of the internal audit

Purpose and mandate

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

In light of Treasury Regulation 3.2.6, which stipulates that internal audit must be conducted in accordance with the Standards™ set by the Institute of Internal Auditors, the IAF is guided by the International Professional Practices Framework® (IPPF®) published by the Institute of Internal Auditors (The IIA); to act independently and objectively in providing assurance and advisory services in respect of the department’s overall governance, risk management, and internal control processes. The IAF’s functional reporting to the audit committee (AC) as prescribed by the PFMA is intended to protect its independence and objectivity.

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

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

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

Vision statement

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

Strategy Statement

Through a shared internal audit service model, we will deliver coordinated, risk-based, and high-quality audit services that support each department's strategic objectives while promoting efficiency, accountability, and continuous improvement across the province.

Charter, methodology and internal audit plans

The IAF is guided by an internal audit charter endorsed by the Accounting Officer and approved by the AC; and performs its functions as provided in the PFMA and the internal audit charter. The IAF reviewed and updated its methodology to ensure alignment with the Global Internal Audit Standards 2024. The IAF compiles a rolling three-year risk-based audit plan and prepares an annual plan after taking into consideration the risks facing the department, its strategic objectives, mandate, audit issues, and input from management. The AC reviewed and approved these plans.

Independence and authority

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

Internal audit modality

The IAF operates under a shared services model, whereby internal audit services are provided centrally to eleven departments, three listed public entities and one trading entity within the province. The shared Internal Audit Unit is divided into 4 clusters, Department of Roads and Public Works being serviced by the IAF – Cluster 4. This contributed positively to independence.

Staffing

Several appointments were made during the year which reduced the internal audit vacancy rate to 14% at year-end.

Training and development of the IAF staff took place through the Department's bursary programme, courses offered by the IIA, free online training, and on-the-job training. The collective skills and experience of the IAF staff are appropriate for fulfilling its mandate.

Stakeholder relationships

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

Clean audit drive

The IAF aligned its processes to meet the vision of the operation clean audit drive. The IAF reviewed the completeness and adequacy of the AGSA audit action plan and furthermore conducted follow up audits in November and March to monitor the implementation thereof.

Quality assurance and improvement program

The compulsory 5-yearly external quality assurance review was concluded in December 2022. The outcome was again the highest rating, namely general conformance to the Standards for the Professional Practice of Internal Auditing. For the last 11 consecutive years, the Auditor-General did not raise any negative findings during their annual review of IAF. The IAF's annual self-assessment indicate general conformance to the Standards.

• Summary of audit work done

Planned and completed audits

Assignment	Status	Type
Annual Financial Statements	Completed	Assurance
Annual Performance Report Review	Completed	Assurance
Contract Management	Audited as part of property management	Assurance
Risk, Fraud and Ethics Management	Completed	Assurance
Provincial Roads - Maintenance Grant	Completed	Assurance
Property Management - Building projects (construction)	Completed	Assurance
Performance Information	Completed	Assurance
Information Technology	Completed	Assurance
Supply Chain Management	Completed	Assurance
Property Management - Section 42 transfers	Completed	Assurance
Follow up	Completed	Assurance
Interim Financial Statements	Completed in April 2025	Assurance
Provincial Roads - Upgrading	Completed	Assurance

92% of planned audits for the financial year were completed, covering areas such as supply chain management, upgrading of provincial roads, performance information, Section 42 transfers and financial controls.

Ad hoc projects

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

Internal audit recommendations

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

Value add

The IAF's work has contributed to improved compliance, identification of inefficiencies, and informed decision-making, particularly in areas such as section 42 transfers, supply chain management, performance information and upgrading of provincial roads.

Limitations

The senior auditor vacancy, together with delays in receiving management comments, affected the timing of certain audit engagements; however, this did not prevent the Internal Audit Unit from achieving its annual targets.

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

Purpose and mandate

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

Independence

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

Protecting the independence of the IAF

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

Performance against statutory duties

The AC has fulfilled its obligations under Treasury Regulations 3.1.8–3.1.16, reviewing key reports, financial statements, audit findings, and risk registers.

Composition of the AC

The AC comprised five members during most of the year—three external and two internal. One internal member resigned in December 2024, leaving the AC with four members for the remainder of the financial year.

Meeting attendance

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

Combined assurance

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

Resolution of AC recommendations

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

AC performance evaluation

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

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

Name	Qualifications	Professional Affiliation	Appointment: Term of Office	No. of Meetings attended 2024/25	Has the AC member declared private and business interests in every meeting? (Yes/No)	Is the AC member an employee of an organ of state? (Yes / No)	No. of other ACs that the member served on during the reporting period (whether in the public sector or not)	No. of other governance structures the member served on during the reporting period, e.g., Boards, Risk Committee, IT Committee, etc, whether in this or any other institution(s)
Mr. Faizal Docrat	- Master of Business Administration - Chartered Director (SA) - Certified Information Security Manager - Certified Information Systems Auditor - Certified in the Governance of Enterprise Information Technology - Certified Risk Management Practitioner - Management Advancement Program - Total Quality Management - Computer Operations Proficiency Examination	-Institute of Directors SA (IoD SA) -Institute of Risk Management SA (IRMSA) -ISAACA -Information Technology Governance Institute (ITGI)	1 Dec 2023 - 30 Nov 2026	4	Yes	No	7	4
Ms. Thobeka Njozela	- CIA, CCSA, CRMA - Cert Director - Executive Development Programme 2005 - Certificate in Management Practice - MBA - B. Compt (Hons) - B. Com	-Institute of Directors SA -Institute of Risk Management SA -Institute of Internal Auditors SA	1 Dec 2023 - 30 Nov 2026	4	Yes	No	5	4
Mr. Satish Roopa	- B Luris, LLB, M Phil	-Member: Legal Practice Council	1 Dec 2023 - 30 Nov 2026	4	Yes	No	2	3

Name	Qualifications	Professional Affiliation	Appointment: Term of Office	No. of Meetings attended 2024/25	Has the AC member declared private and business interests in every meeting? (Yes/No)	Is the AC member an employee of an organ of state? (Yes / No)	No. of other ACs that the member served on during the reporting period (whether in the public sector or not)	No. of other governance structures the member served on during the reporting period, e.g., Boards, Risk Committee, IT Committee, etc, whether in this or any other institution(s)
		-Certified Director® with the IoDSA						
Ms. Z Langeveldt	- B. Com Honors in Business Management - National Diploma in Administrative Management - Certificate in Project Management - Diploma in Computers - Certificate in Theology	None	1 Dec 2023 - 30 Nov 2026	4	Yes	Yes	2	0
Mr. T Monoametsi	- BCom, in Accounting and Auditing; - BCom in Risk Management; - Master's in Business Leadership, Majoring in Supply Chain - Master's in Business Administration, Majoring in Agile Supply Chain	None	1 Dec 2023 - 31 Dec 2024	2	Yes	Yes	2	0

Remuneration of AC members

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

3.10 AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2025.

Part 1: Audit Committee Reflections – 2025

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

In the 2024/25 financial year, the AC focused strategically on strengthening internal controls, improving audit outcomes, ensuring compliance with legislative requirements, and promoting the effective functioning of internal audit. Particular attention was given to addressing recurring audit findings, monitoring the implementation of corrective action plans, and overseeing the department's performance and financial reporting integrity.

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

The positioning of the IAF was strengthened through regular oversight and strategic direction. The Chief Audit Executive continued to play a critical role not only in the execution of the internal audit plan, but also in advising the department on governance, risk, and control matters. The AC confirms that it provided counsel on areas beyond assurance, including financial sustainability, risk mitigation, and process optimisation.

The AC confirms that it has fulfilled its responsibilities in terms of the Public Finance Management Act (PFMA) and Treasury Regulations 3.1.8 to 3.1.16. We have adopted and complied with the AC Charter and functioned independently and without hindrance throughout the reporting period.

The AC has internalised the requirements of the Global Internal Audit Standards™ in its practices and has aligned the IAF's approach accordingly. We confirm that our affairs were conducted in line with these standards and our Charter, with no deviations to report. Key challenges during the year included capacity constraints within the IAF, delays in resolving material audit findings, and external logistical issues affecting departmental operations. The AC worked closely with management to develop responsive action plans and continuously monitored their implementation.

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

Part 2: Audit Committee Composition and Meeting Attendance

The AC remained properly constituted throughout the year, with a balanced representation of independent members possessing a diverse and appropriate mix of qualifications, skills, and experience. The AC convened four times during the year with two ordinary meetings and two special meetings.

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

Name (Position)	Qualifications	Is the AC member an employee of an organ of state? (Yes / No)	Number of ordinary meetings attended	Number of special meetings attended
Mr. Faizal Docrat	- Master of Business Administration - Chartered Director (SA) - Certified Information Security Manager - Certified Information Systems Auditor - Certified in the Governance of Enterprise Information Technology - Certified Risk Management Practitioner - Management Advancement Program - Total Quality Management - Computer Operations Proficiency Examination	No	2	2
Ms. Thobeka Njozela	- CIA, CCSA, CRMA - Cert Director - Executive Development Programme 2005 - Certificate in Management Practice - MBA - B. Compt (Hons) - B. Com	No	2	2
Mr. Satish Roopa	B Luris, LLB, M Phil	No	2	2
Ms. Z Langeveldt	-B. Com Honors in Business Management -National Diploma in Administrative Management -Certificate in Project Management -Diploma in Computers -Certificate in Theology	Yes	2	2
Mr. T Monoametsi	BCom, in Accounting and Auditing; BCom in Risk Management; Master's in Business Leadership, Majoring in Supply Chain Master's in Business Administration, Majoring in Agile Supply Chain	Yes	1	1

Part 3: The AC's focus areas

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

1. Effectiveness of the Internal Control Systems

The Audit Committee reviewed reports from both Internal Audit and External Audit, which highlighted weaknesses in internal controls in certain operational areas, including supply chain management and upgrading of provincial roads. Management action plans were monitored to ensure corrective action. The Committee concludes that internal controls are generally adequate but require strengthening in key risk areas.

2. Effectiveness of the Internal Audit Function (IAF)

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

3. Activities of the IAF

The IAF conducted audits covering financial controls, performance information, supply chain management, and IT governance. Follow-up audits were also conducted to assess the implementation of prior recommendations. Internal Audit's quarterly reports and annual internal control assessment provided valuable insights for risk mitigation.

4. Effectiveness of risk management

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

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

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

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

Both internal and external audit reports highlighted recurring concerns such as irregular expenditure, non-compliance with supply chain policies, and weaknesses in section 42 transfers. These were escalated to management and monitored through the AC's meeting resolutions (matters arising).

7. Compliance with legal and regulatory provisions

The AC noted that while the department generally complies with legislation, some lapses were identified, particularly in SCM compliance and section 42 transfers. Management has committed to ongoing training and control improvements in this area.

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

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

9. Combined assurance

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

10. Evaluation of the annual financial statements

The annual financial statements fairly present the department's position, but audit findings indicate a need to improve internal controls and compliance.

11. External audit

The Auditor-General issued an unqualified opinion, with findings on compliance and internal control weaknesses requiring management action.

12. Auditor-General's Report

An unqualified opinion with findings was issued, and management has committed to corrective measures to address the identified issues.

SIGNATURE



Mr. F Docrat

Chairperson of the Audit Committee

Date: 13 August 2025

3.11 B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

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

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

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

PART D:



**HUMAN RESOURCE
MANAGEMENT**

4.1 Personnel related expenditure

Table 4.1.1 Personnel expenditure by programme for the period 1 April 2024 and 31 March 2025

Programme	Total Voted Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)	Employment
Administration	107 410	107 410	57	4	100%	582	185
Public Works Infrastructure	44 776	44 776	59			649	69
Transport Infrastructure	143 771	143 771				381	382
Community Based Programme	15 278	15 278				14	1 198
TOTAL	311 235	311 236	116	4	100%	171	1 834

Table 4.1.2 Personnel costs by salary band for the period 1 April 2024 and 31 March 2025

Salary Bands	Personnel Expenditure (R'000)	% Of total personnel cost	Number of Employees	Average Compensation Cost per Employee (R'000)
Contract workers	14 260	3.7%	29	2 675
Lower skilled (Levels 1-2)	1 328	0.4%	6	221
Skilled (Levels 3-5)	143 033	38.5%	486	297
Highly skilled production (Levels 6-8)	72 585	19.7%	137	538
Highly skilled supervision (Levels 9-12)	76 717	21.1%	85	930
Senior management (Levels 13-16)	3 312	7.2%	19	1 415
TOTAL	311 235	90.6%	762	6 097

Table 4.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2024 and 31 March 2025

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	74 288	98%	431	99.7%	2 822	98%	6 959	98%
Public Works Infrastructure	31 765	100%			970	100%	2 209	100%
Transport Infrastructure	97 337	97%	1 200	100%	7 566	100%	13 305	100%
Community Based Programme	10 640	100%			410	100%	825	100%
TOTAL	214 030	99%	1 631	99.9%	11 768	99%	23 298	99%

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

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	13 644	96%			17	0.4%	10	0.3%
Lower skilled (Levels 1-2)	914	69%			63	5%	241	18%
Skilled (Levels 3-5)	101 733	67%	1 158	0.8%	8 730	5%	17 088	11%
Highly skilled production (Levels 6-8)	57 263	78%	194	0.3%	2 622	4%	5 552	7%
Highly skilled supervision (Levels 9-12)	67 670	81%	180	0.2%	881	1%	2 185	3%
Senior management (Levels 13-16)	22 357	98%			219	8%	174	1%
TOTAL	263 581	75%	1 532	0.4%	12 532	3%	25 250	7%

4.2 Employment and Vacancies

Table 4.2.1 Employment and vacancies by programme as on 31 March 2025

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	320	183	42.9	9
Public Works	143	72	49.7	7
Roads	874	479	45.2	7
Community Based Programme	68	28	58.9	1
Total	1405	762	45.7	24

Table 4.2.2 Employment and vacancies by salary band as on 31 March 2025

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	7	85.8	1
Skilled(3-5)	903	490	45.8	4
Highly skilled production (6-8)	289	150	48.1	12
Highly skilled supervision (9-12)	137	93	32.2	6
Senior management (13-16)	27	22	18.6	1
Total	1405	762	45.7	24

Table 4.2.3 Employment and vacancies by critical occupations as on 31 March 2025

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Professionals	36	21	41.6	3
Technicians	27	19	29.6	3
Total	63	40	36.5	6

4.3 Filling of SMS Posts**Table 4.3.1 SMS post information as on 31 March 2025**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	0	0	0	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	13	13	100	7	54
Total	19	19	100	7	37

Table 4.3.2 SMS post information as on 31 March 2025

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	0	0	0	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	13	13	100	7	54
Total	19	19	100	7	37

Table 4.3.3 Advertising and filling of SMS posts for the period 1 April 2024 to 31 March 2025

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	0	0	0	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	13	13	100	7	54
Total	19	19	100	7	37

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 2024 to 31 March 2025.

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

4.4 Job Evaluation

Table 4.4.1 Job Evaluation by Salary band for the period 1 April 2024 to 31 March 2025

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	49	0	0	0	0	0	0
Skilled (Levels 3-5)	903	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	289	2	0.7	0	0	0	0.7
Highly skilled supervision (Levels 9-12)	137	1	2.7	0	0	0	0
Senior Management Service Band A	20	0	0	0	0	0	0
Senior Management Service Band B	5	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	1405	3	0.2	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 2024 to 31 March 2025

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

Employees with a disability	0
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Table 4.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2024 to 31 March 2025

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 2024 to 31 March 2025

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 2024 to 31 March 2025

Salary band	Number of employees at beginning of period-1 April 2024	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	6	0	0	0
Skilled (Levels 3-5)	511	0	19	4
Highly skilled production (Levels 6-8)	146	0	5	4
Highly skilled supervision (Levels 9-12)	89	0	3	4
Senior Management Service Bands A	12	0	0	0
Senior Management Service Bands B	5	0	0	0
Senior Management Service Bands C	1	0	0	0
Senior Management Service Bands D	0	0	0	0
Contracts	21	0	0	0
Total	791	0	27	4

Table 4.5.2 Annual turnover rates by critical occupation for the period 1 April 2024 to 31 March 2025

Critical occupation	Number of employees at beginning of period-April 2024	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Engineering & related Professionals	24	0	0	0
TOTAL	24	0	0	0

Table 4.5.3 Reasons why staff left the department for the period 1 April 2024 to 31 March 2025

Termination Type	Number	% of Total Resignations
Death	3	7.10
Resignation	6	11.90
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	1	2.40
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0

Retirement	18	13.00
Transfer to other Public Service Departments	0	0
Other	0	0
Total	37	
Total number of employees who left as a % of total employment		4.4

Table 4.5.4 Promotions by critical occupation for the period 1 April 2024 to 31 March 2025

Occupation	Employees 1 April 2024	Promotions to another salary level	Salary level promotions as a % of employees by occupation		Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Engineering & related Professionals	19	0	0		8	42
TOTAL	19	0	0		8	42

Table 4.5.5 Promotions by salary band for the period 1 April 2024 to 31 March 2025

Salary Band	Employees 1 April 2024	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)	6	0	0	0	0
Skilled (Levels 3-5)	511	0	0	291	57
Highly skilled production (Levels 6-8)	146	0	0	67	46
Highly skilled supervision (Levels 9-12)	89	0	0	47	53
Senior Management (Level 13-16)	20	0	0	0	0
Total	772	0	0	405	52

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 2025

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	25	17	1	1	21	10	0	3	78
Professionals	25	4	0	3	9	6	0	1	48
Technicians and associate professionals	32	7	0	2	20	11	0	1	73
Clerks	18	9	0	1	61	27	0	1	117
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	10	10	0	0	6	1	0	0	27
Craft and related trades workers	5	1	0	1	1	0	0	0	8
Plant and machine operators and assemblers	37	56	0	0	2	0	0	0	95

Elementary occupations	102	105	0	0	60	49	0	0	316
Total	254	209	1	8	180	104	0	6	762
Employees with disabilities	2	0	0	1	0	0	0	0	3

Table 4.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2025

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	1	0	0	1	0	0	0	2
Senior Management	7	7	0	0	4	2	0	0	20
Professionally qualified and experienced specialists and mid-management	27	6	0	3	10	4	0	1	51
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	70	27	1	4	50	25	0	3	180
Semi-skilled and discretionary decision making	149	168	0	1	112	72	0	0	502
Unskilled and defined decision making	3	0	0	0	4	0	0	0	7
Total	256	209	1	8	181	103	0	4	762

Table 4.6.3 Recruitment for the period 1 April 2024 to 31 March 2025

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 2024 to 31 March 2025

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 2024 to 31 March 2025

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	1	0	0	1	0	0	0	3	4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	1	0	1	1	0	0	1	5
Semi-skilled and discretionary decision making	9	6	0	0	3	1	0	0	19
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	11	7	0	1	4	1	0	4	28
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 4.6.7 Skills development for the period 1 April 2024 to 31 March 2025

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 time frames and disciplinary steps taken is presented here.

Table 4.7.1 Signing of Performance Agreements by SMS members as on 31 May 2024

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	1	100
SalaryLevel16	0	0	0	0
SalaryLevel15	0	0	0	0
SalaryLevel14	4	4	4	100
SalaryLevel13	17	17	16	94
Total	21	21	20	95

Notes

- In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example if elections took place in April, the reporting date in the heading of the table above should change to 31 July 2024.

Table 4.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2025

Reasons
Non-Compliance: 1 SMS member did not sign and submit performance agreement

Notes

- The reporting date in the heading of this table should be aligned with that of Table 4.7.1.

Table 4.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2025.

Reasons
None

Notes

- The reporting date in the heading of this table should be aligned with that of Table 4.7.1.

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 2024 to 31 March 2025

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

Table 4.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2024 to 31 March 2025

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (level 3-5)	0	0	0	0	0	0
Highly skilled production (level 6-8)	0	0	0	0	0	0
Highly skilled supervision (level 9-12)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 4.8.3 Performance Rewards by critical occupation for the period 1 April 2024 to 31 March 2025

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

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
 - (a) In which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialized instruction;
 - (c) Where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - (d) In respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;

4.9 Leave utilisation

Table 4.9.1 Sick leave for the period 1 January 2024 to 31 December 2024

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)	32	100	3	0.70	11	23
Skilled (levels 3-5)	1977	85.90	257	58.90	8	1933
Highly skilled production (levels 6-8)	753	81.80	94	21.60	8	1461
Highly skilled supervision (levels 9 - 12)	506	80.60	65	14.90	8	1585
Top and Senior management (levels 13-16)	75	86.70	9	2.10	8	369
Total	3411	84.40	436	100	8	5498

Table 4.9.2 Disability leave (temporary and permanent) for the period 1 January 2024 to 31 December 2024

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (levels 1-2)	11	100	2	4.30	6	8
Skilled (Levels 3-5)	689	100	25	53.20	28	723
Highly skilled production (Levels 6-8)	232	100	15	31.90	15	479
Highly skilled supervision (Levels 9-12)	110	100	5	10.60	22	368
Total	1042	100	47	100	22	1578

Table 4.9.3 Annual Leave for the period 1 January 2024 to 31 December 2024

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	13	13	1
Skilled Levels 3-5)	11598	24	792
Highly skilled production (Levels 6-8)	3732	27	140
Highly skilled supervision (Levels 9-12)	2443	28	87
Senior management (Levels 13-16)	450	25	18
Total	18824	24	770

Table 4.9.4 Capped leave for the period 1 April 2024 to 31 March 2025

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2025
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels (3-5)	0	0	0	41
Highly skilled production (Levels 6-8)	0	0	0	49
Highly skilled supervision (Levels 9-12)	0	0	0	30
Senior management (Levels 13-16)	0	0	0	25
Total	0	0	0	40

Table 4.9.5 Leave payouts for the period 1 April 2024 to 31 March 2025

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2024/25 due to non-utilisation of leave for the previous cycle	26	4	6500
Capped leave payouts on termination of service for 2024/25	781	14	55786
Current leave payout on termination of service for 2024/25	611	16	38188
Total	1419	20	100474

4.10 HIV/AIDS & Health Promotion Programmes

Table 4.10.1 Steps taken to reduce the risk of occupational exposure

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

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

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	x		Chief Director: Corporate Services
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	x		3 employees
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	x		HIV/AIDS Testing, TB Testing, Eye Testing, Financial Wellness
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	x		Ms. Mbekushe – EHW Mr Eugene Lecwedi – Immoveable Asset Management Ms. Mantombi Majola – Fleet Entity Ms. Khaziwa – EHW Ms. Precious Kilane – Financial Inspectorate & Risk management Mr. Bonakele Bingwa – Supply Chain Management Ms. Innocentia Rammutla - HRM Ms. Didintle Phiris – Strategic Planning Ms Pumla Pino – Frances Baard Ms Katlego Rifles – Property Management Ms. Mary Magagane – EPWP Ms. Sharon Louw – Transport Administration

5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	x		Health & Productivity Management Policy
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	x		The department has a policy on HIV/AIDS where it announces that no employee will be discriminated against due to her/his status. Consequence management will be applied against those discriminating against any employee who is HIV positive
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have 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	

4.11. Injury on duty

Table 4.11.1 Injury on duty for the period 1 April 2024to 31 March 2025

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

4.12 Labour Relations

Table 4.12.1 Misconduct and disciplinary hearings finalised for the period 1 April 2024to 31 March 2025

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0%
Verbal warning	0	0%
Written warning	2	15.3%
Final written warning	5	38,4%
Suspended without pay	3	23%
Fine	0	0%
Demotion	0	0%
Dismissal	2	15.3%
Not guilty	0	0%
Case withdrawn	1	8%
Total	13	100%

Notes

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

Total number of Disciplinary hearings finalised	10
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Table 4.12.2 Types of misconduct addressed at disciplinary hearings for the period 1 April 2024to31 March 2025

Type of misconduct	Number	% of total
Abuse of Government Vehicle (Speeding)	0	0%
Absenteeism	2	40%
Theft /Fraud	3	60%
Leaking of Information	0	0%
Under the Influence of Alcohol / Violent Conduct	0	0%
Sexual Harassment	0	0%
False Accusations	0	0%
Gross Negligence	0	0%
Total	5	100%

Table 4.12.3 Grievances logged for the period 1 April 2024to 31 March 2025

Grievances	Number	% of Total
Number of grievances resolved	13	81%
Number of grievances not resolved	3	19%
Total number of grievances lodged	16	100%

Table 4.12.4 Disputes logged with Councils for the period 1 April 2024to 31 March 2025

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

Table 4.12.5 Strike actions for the period 1 April 2024to 31 March 2025

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

Table 4.12.6 Precautionary suspensions for the period 1 April 2024to 31 March 2025

Number of people suspended	3
Number of people whose suspension exceeded 30 days	3
Average number of days suspended	120
Cost of suspension(R'000)	1959 160,5

PART E:



**PFMA:
COMPLIANCE REPORT**

5. PFMA COMPLIANCE REPORT

5.1 Irregular Expenditure

a) Reconciliation of irregular expenditure

Description	2024/25	2023/24
	R'000	R'000
Opening balance	4 111 594	3 854 086
Adjustment to opening balance		74,221
Opening balance as restated		
Add: Irregular expenditure confirmed	158 739	224 438
Less: Irregular expenditure condoned	(187 327)	
Less: Irregular expenditure not condoned and removed	(315,665)	(41 151)
Less: Irregular expenditure recoverable		
Less: Irregular expenditure not recoverable and written off		
Closing balance	3 767 341	4 111 594

Irregular Expenditure prior year has been restated with an amount of R198 mil mostly relating to client departments irregular expenditure. An amount of R158,7 million had been incurred during the current financial year. Included in the totals is the amount of R2.9 million (prior: 26.1 million) which relates to irregular expenditure incurred by the department (DRPW) during current year.

Reconciling Notes

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure that was under assessment in 2023/24	370,169	
Irregular expenditure that relate to 2023/24 and identified in 2024/25		
Irregular expenditure for the current year	158 739	224 438
Total	528 908	224 438

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

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure under assessment	128 615	370 169
Irregular expenditure under determination	137 197	281 954
Irregular expenditure for under investigation	-	-
Total	265 812	652 123

The amount of R128 615 062 was identified as material non- compliance during the audit process. This is as a result of various non- compliance with SCM prescripts

c) Detail of Irregular expenditure condoned

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure condoned	187 327	-
Total	187 327	-

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

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure NOT condoned and removed	315 665	41 151
Total	315 665	41 151

e) Detail of Irregular expenditure recoverable

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure recovered		
Total		

f) Detail of Irregular expenditure written off (irrecoverable)

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure written off		
Total		

Additional disclosure relating to inter-Institutional Arrangements

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

Description
Total

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

Description	2024/25	2023/24
	R'000	R'000
The institution procured services of another organ of state to conduct business case analysis for a division that is to be established, and it was found that the supplier awarded the contract did not meet the minimum requirement and Entity A was part of the bid committee meeting		
Total	-	-

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

Disciplinary steps taken
Total

5.2 Fruitless and wasteful expenditure

a) Reconciliation of Fruitless and wasteful expenditure

Description	2024/25	2023/24
	R'000	R'000
Opening Balance	765	434
Adjustment to opening balance		
Opening balance as restated		
Add: Fruitless and wasteful expenditure confirmed		331
Less: Fruitless and wasteful expenditure recoverable		
Less: Fruitless and wasteful expenditure not recoverable and written off	(765)	
Closing balance	0	765

Reconciliation Notes

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment 2023/24	-	-
Fruitless and wasteful expenditure that relate to 2023/24 and identified in 2024/25	-	-
Fruitless and wasteful expenditure for the current year	0	331
Total	0	331

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

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure that under assessment	11 910	
Fruitless and wasteful expenditure under determination	0	331
Fruitless and wasteful expenditure for under investigation		
Total	11 910	331

*An amount of R6 905 450 relates to amount paid to contractor more than what was tendered for.
An additional amount of R5 003 101 relates to Contract Price Adjustment rates inflated in the payment certificate*

C) Detail of Fruitless and wasteful expenditure recoverable

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure recoverable		(274)
Total		(274)

The amount was determined and the supplier paid the VAT amount into the bank account of the department.

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

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure written off		-
Total		-

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

Description
Fruitless and wasteful expenditure written off

5.3 Unauthorised Expenditure

a) Reconciliation of unauthorised expenditure

Description	2024/25	2023/24
	R'000	R'000
Opening Balance		
Adjustment to opening balance		
Opening balance as restated		
Add: Unauthorised expenditure confirmed		
Less: Unauthorised expenditure approved with funding		
Less: Unauthorised expenditure approved without funding		
Less: Unauthorised expenditure recoverable		
Less: Unauthorised expenditure not recoverable and written off		
Closing balance		

Reconciliation Notes

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

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

Description	2024/25	2023/24
	R'000	R'000
Unauthorised expenditure that under assessment		-
Unauthorised expenditure under determination		-
Unauthorised expenditure for under investigation		-
Total		-

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

a) Details of material losses through criminal conduct

Material Losses through criminal conduct	2024/25	2023/24
	R'000	R'000
Theft		
Other material losses		
Less; Recoverable		
Less not recoverable and written off		
Total		

b) Details of other material losses

Nature of other losses (Group major categories, but list material items)	2024/25	2023/24
	R'000	R'000
Total		

c) Other material losses recoverable

Nature of other losses (Group major categories, but list material items)	2024/25	2023/24
	R'000	R'000
Total		

d) Other material losses not recoverable and written off

Nature of other losses (Group major categories, but list material items)	2024/25	2023/24
	R'000	R'000
Total		

5.4 Information on late and/ non payment of suppliers

Description	Number of invoices	Consolidated Value
Valid invoice received	4261	1,769,908
Invoices paid within 30 days or agreed period	4243	1,777,926
Invoices paid after 30 days or agreed period	18	8,016
Invoice older than 30 days or agreed period(Unpaid and without dispute		
Invoice older than 30 days or agreed period(Unpaid and without dispute	3	3,500

1. Information on Supply Chain management

Procurement by other

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Certification award ceremony	CUTIS (Central University of Technology)	Deviation	R47 432.53	R47 432.53
Prestige House - 23 Nooitgedacht Street	JJ's Carwash (Pty) Ltd	Deviation	R121 728.00	R121 728.00
Request to deviate from normal procurement process and procedures for Legal Services	All Panel Appointments - DRPW 007/2023	Deviation	Legal Fees	Legal Fees
Request to deviate from Normal SCM processes and appointment of Audit firm to provide Technical Advisory Services	LEADCA (Pty) Ltd	Deviation	R67 100.00	R67 100.00
Request to deviate from Normal SCM Processes - water pipe burst underneath the pavement around Ministry premises at TLT Complex	Impumelelo Yethu Enterprise	Deviation	R7 580.00	R7 580.00
Request to deviate from normal SCM Processes to host a Budget Speech	QA-Afrika Morethetho Trading	Deviation	R59 999.00	R59 999.00
Request to deviate from normal SCM Processes to host a Budget Speech	CUTIS (Central University of Technology)	Deviation	R69 000.00	R69 000.00
Total				R372 839.53

Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Variation Order 1: Upgrading of existing Gravel Road, MN12476 in Pniel: Additional funding request for extra scope	Moke Construction and Projects	Variation Order	DRPW059/2015	R15 267 059.53	N/A	R3 042 900.00
Appointment of Auditing Firm for a period of 36 months as and when required: Audit support	West Rand Consultancy (Pty) Ltd	Variation Order	DRPW 004/2023	R996 820.00	N/A	R48 097.61
Cleaning Services: Kimberley - Rendering Cleaning at Padkamp and Frances Baard Workshop	Bonke Laundry and Cleaning services	Variation Order	DRPW 010/2017	R1 632 621.00	N/A	R57 015.36
Cleaning Services: Kimberley - Cleaning of Floors Complex	Bonisa Bonang	Variation Order	DRPW 008/2017	R1 504 511.52	N/A	R88 648.05
Cleaning Services: Prieska: Cleaning of Prieska Offices	Silver Solutions	Variation Order	DRPW 040/2018	R422 170.96	N/A	R30 947.55
Gardening Services: Kimberley Gardening Services at District Office and House	Diteboho Services (Pty) Ltd	Variation Order	DRPW 031/2018	R1 005 085.44	N/A	R35 100.66
Cleaning Services: Cleaning of Southern Life Building	Beulinda Suppliers and General Trading (Pty) Ltd	Variation Order	DRPQ 048/2019	R433 396.46	N/A	R70 510.46
Gardening Services: Kimberley Gardening Services at Tebogo Leon Tume Complex and Prestige Accommodation	Maphatsiphatsi Trading Solutions	Variation Order	DRPW 010/2018	R487 468.80	N/A	R28 695.96
Gardening Services: Kimberley - Gardening Services at Frances Baardt Workshop	Diteboho Services (Pty) Ltd	Variation Order	DRPW 032/2018	R2 279 898.02	N/A	R81 150.96
Gardening Services: Kimberley - Gardening Services at Frances Baardt Workshop	Amor De Dior	Variation Order	DRPW 033/2018	R975 002.49	N/A	R28 673.00
Total				R25 004 034.20		R3 511 739.61

PART F:



FINANCIAL INFORMATION

DEPARTMENT OF ROADS AND PUBLIC WORKS
REPORT OF THE AUDITOR-GENERAL
For the year ending 31 March 2025

Table of Contents

Report of the Auditor-General	129
Appropriation Statement	146
Notes to the Appropriation Statement	152
Statement of Financial Performance	154
Statement of Financial Position	155
Cash Flow Statement	156
Statement of net changes in assets	157
Notes to the Annual Financial Statements (including Accounting policies)	166
Annexures	195

Report of the Auditor General to Northern Cape Provincial Legislature on Vote no. 5: Department of Roads and Public Works

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Roads and Public Works set out on pages 146 to 207, which comprise the appropriation statement, statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Roads and Public Works as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with Modified Cash Standard (MCS) prescribed by National Treasury and the requirements of the and the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 24 of 2024 (Dora).

Basis for opinion

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

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2024 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2025.

Payables

8. As disclosed in note 17.2 to the financial statements, payables not recognised of R1 107 447 000 exceeded the payment term of 30 days, as required by treasury regulation 8.2.3. This amount, in turn, exceeded the R64 602 000 of voted funds to be surrendered by R1042845000 as per the statement of financial position. The amount of R1 042 845 000 would therefore have constituted unauthorised expenditure had the amounts due been paid in time.

Under spending of the budget

9. As disclosed in the appropriation statement, the department materially underspent the budget by R51 720 000 on programme 3: transport infrastructure.

Net current liability position

10. I draw attention to note 32 in the financial statements, which deals with the possible effects of the future implications of continuing deterioration in operational results on the department's prospects, performance, and cash flows. Management have also described how they plan to deal with these events and circumstances.

Other matter

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

Unaudited supplementary schedules

12. The supplementary information set out on pages 195 to 207 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

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS prescribed by National Treasury and the requirements of the PFMA and Dora and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the department'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.

DEPARTMENT OF ROADS AND PUBLIC WORKS
REPORT OF THE AUDITOR-GENERAL
For the year ending 31 March 2025

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

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 143, forms part of my auditor's report.

Report on the audit of the annual performance report

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof; I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
18. I selected the following programmes presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Public works infrastructure	46-54	The purpose of this programme is to provide and manage government's immovable property portfolio to support government's social, economic, functional and political objectives. In line with the mandate of the department of Roads and Public Works. This seeks to achieve the first four strategic objectives of the Department of Public Works. The programme also renders professional services such as architectural, quantity surveying, engineering and project management, horticultural and cleaning services.
Transport infrastructure	55-64	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

DEPARTMENT OF ROADS AND PUBLIC WORKS
REPORT OF THE AUDITOR-GENERAL
For the year ending 31 March 2025

19. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department's planning and delivery on its mandate and objectives.
20. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the department's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
21. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
22. I did not identify any material findings on the reported performance information for the selected programmes.

Other matters

23. I draw attention to the matters below.

Achievement of planned targets

24. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements.
25. The tables that follow provide information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report.

DEPARTMENT OF ROADS AND PUBLIC WORKS
REPORT OF THE AUDITOR-GENERAL
For the year ending 31 March 2025

The reasons for any underachievement of targets are included in the annual performance report on pages XX to XX.

Public works infrastructure

<i>Targets achieved: 50%</i>		
<i>Budget spent:98%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of planned maintenance projects awarded	22	21
Number of planned maintenance projects completed	22	19
Number of work opportunities created by Provincial Public Works	291	290
Number of contracts awarded to contractors on the contractor development programme	2	0
Number of properties disposed	25	3
Number of facilities provided	60	57
Number of conditional assessments conducted on state owned buildings	1	0
Number of SLA's signed with client departments	4	3

Transport infrastructure

<i>Targets achieved: 60%</i>		
<i>Budget spent:97%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of kilometres of gravel roads upgraded to surfaced roads	40	30,382
Number of square metres of surfaced roads rehabilitated	48 000	0
Number of square metres of surfaced roads resealed	444 000	0
Number of kilometres of gravel roads re-gravelled	679	661,03
Number of women employed	4 200	3 546
Number of persons with disabilities employed	140	9

DEPARTMENT OF ROADS AND PUBLIC WORKS
REPORT OF THE AUDITOR-GENERAL
For the year ending 31 March 2025

Material misstatements

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

Report on compliance with legislation

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

Annual financial statements

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

Expenditure management

32. Effective and appropriate steps were not taken to prevent irregular expenditure, as disclosed in note 21 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by non – compliance with supply chain management prescripts.
33. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by section 38(1)(f) of the PFMA and treasury regulation 8.2.3.

Revenue management

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

Asset management

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

Procurement and contract management

- 37. Some of the goods and services were procured without obtaining at least three written price quotations in accordance with treasury regulation 16A6.1 and paragraph 3.2.1 of the supply chain management (SCM) instruction note 2 of 2021/22.
- 38. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with the policies of the department, as required by treasury regulation 16A6.2 (a) and (b). Similar non-compliance was also reported in the prior year.
- 39. The preference point system was not applied in some of the procurement of goods and services as required by section 2(a) of the Preferential Procurement Policy Framework (PPPFA) and treasury regulation 16A6.3(b).
- 40. Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of PPPFA and Preferential Procurement Regulation (PPR) 2022. Similar non-compliance was also reported in the prior year.
- 41. Contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA

Consequence management

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

Other information in the annual report

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

DEPARTMENT OF ROADS AND PUBLIC WORKS
REPORT OF THE AUDITOR-GENERAL
For the year ending 31 March 2025

44. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
45. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
46. The other information I obtained prior to the date of this auditor's report is the disclosure of the unauthorised, irregular and fruitless and wasteful expenditure and the remaining information is expected to be made available to us after 31 July 2025.
47. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have not identified any material findings.
48. When I do receive and read the remaining other information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

49. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
50. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual financial statements, annual performance report and the material findings on compliance with legislation included in this report.
51. The accounting officer did not fulfil the oversight responsibilities required to ensure the development and implementation of adequate internal control procedures. These deficiencies continue to hinder the preparation of accurate and comprehensive financial reports. In addition, no action was taken in response to previously reported significant findings related to non-compliance with laws and regulations.
52. The accounting officer and senior management did not establish a control environment that supports sound financial reporting practices. As a result, both repeat and new findings were again identified in the current year relating to transactions, balances, and disclosures in the financial statements, though these were corrected during the audit process. The continued weaknesses in

the control environment are of concern, particularly regarding compliance with applicable legislation, where there has been a further deterioration.

53. Significant weaknesses were noted in the department's role as implementing agent for leases. The processes for managing lease agreements were poorly controlled, with recurring issues such as delayed finalisation of contracts, lack of proper documentation, and inadequate oversight of key contractual obligations. These control deficiencies have resulted in continued audit findings and pose risks of non-compliance with legislative requirements and the incurrence of irregular expenditure. The absence of a structured lease management framework and clearly assigned responsibilities further contributes to the department's inability to effectively manage its leasing function.
54. The annual financial statements once again contained material misstatements, which were corrected during the audit. These misstatements stem from ongoing weaknesses in the implementation of financial controls. Furthermore, the collation of financial information from various units was still not performed in a timely manner, limiting the opportunity for adequate review before submission.

Material irregularities

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

Material irregularities in progress

56. I identified other 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 next year's auditor's report.

Status of previously reported material irregularities

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

57. The Department awarded a tender (DRPW039/2017: The rehabilitation of MR938 between MR884 (KM18.37) and TR5/5 (KM 60.42)) to a contractor in June 2018. The contract was set aside by a court order on 26 March 2020 following an application that the procurement process was irregular and the award to the contractor was unlawful. The contractor experienced various stoppages and claimed standing time related costs as well as settlement claims which related to loss of future profits which were invalid claims. The payments for these claims were made in contravention with section 45(a) of the PFMA and resulted in a likely financial loss of R38 078 919.80 for the department, if not recovered.

DEPARTMENT OF ROADS AND PUBLIC WORKS
REPORT OF THE AUDITOR-GENERAL
For the year ending 31 March 2025

58. I notified the accounting officer of the material irregularity on 4 October 2022 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer had not taken any action in response to being notified of the material irregularity due to disagreement with the merits of material irregularity. I notified the accounting officer on 21 July 2023 of the following recommendations, which had to be implemented by 20 January 2024:
- Appropriate action should be taken to investigate the non-compliance with section 45(a) of the PFMA, to determine the circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions. All persons, including juristic persons, liable for the losses should be identified.
 - The financial loss should be quantified, and appropriate action should commence to recover the financial loss suffered. The recovery process should not be unduly delayed.
 - Effective and appropriate disciplinary steps should be initiated, without undue delay, against any official that the investigation found to be responsible, as required by section 38(1)(h) of the PFMA.
 - If it appears that the department suffered the financial loss through criminal acts or possible criminal acts or omission, this should be reported to the South African Police Service, as required by Treasury regulation 12.5.1.
59. The accounting officer requested an extension on 17 January 2024 to submit a written response and substantiating documentation on the implementation of the recommendations. I granted the accounting officer an extension up to 15 April 2024 for the submission of a written response and substantiating documentation on the implementation of recommendations.
60. On 2 May 2024, the accounting officer's response (dated 22 April 2024) on the implementation of recommendations was received. I assessed the written response and noted that the response was not supported by substantiating documentation and that the accounting officer still disagreed with the merit of the material irregularity.
61. On 5 July 2024, I provided the accounting officer with the outcome of my assessment of the written response and requested additional information and substantiating documentation to complete my assessment, which was due on 12 July 2024.
62. On 12 July 2024 a response was received from the accounting officer requesting an engagement to discuss the additional information required and the basis for the department's disagreement with the merits of the material irregularity. The engagement was held on 27 August 2024 where the merits of the material irregularity was discussed, and the department requested an opportunity to submit a supplementary response and additional documentation by 6 September 2024.

DEPARTMENT OF ROADS AND PUBLIC WORKS
REPORT OF THE AUDITOR-GENERAL
For the year ending 31 March 2025

63. The accounting officer submitted a supplementary response and substantiating documentation on 2 September 2024, which was duly assessed. It was noted from the response that the accounting officer is still disputing the validity of the material irregularity and maintained the opinion that the claims paid to the contractor was valid and paid in accordance with the conditions of contract.
64. Based on the assessment of the responses and substantiating documentation provided, I concluded that the recommendations had not been adequately implemented, and the material irregularity appropriately addressed.
65. I referred the material irregularity to the Special Investigating Unit (SIU) on 17 July 2025 for investigation, as provided in section 5(1A) of the PAA. The SIU acknowledged receipt on 18 July 2025 and is currently assessing the matter for further investigation.

Remedial Works performed on the new mental health facility

66. In 2011, a second contractor on the new mental health facility project, was appointed for a period of 32 months at a contract value of R400 570 000 to complete the construction of the new mental health facility. Additional to the contract value, the supplier performed remedial work that was as a result of poor workmanship by the previous contractor, and the department did not exercise proper project management of claiming against the contractor for payments made for poor workmanship. In addition to the Project Manager's knowledge there was no construction guarantee from the contractor. The total value of these works amounts to R8 736 517.23.
67. The non-compliance with section 45(a) of the PFMA is likely to result in a material financial loss to the amount of R8 736 517.23
68. I notified the accounting officer of the material irregularity on 15 May 2023. I determined that the accounting officer was not taking appropriation to resolve the MI. I was in the process of making a decision on further actions to be taken.
69. This matter will not be pursued further as a material irregularity (MI), as the project in question is currently under investigation by the Directorate for Priority Crime Investigation (DPCI) and is therefore closed. Given the scope of the DPCI investigation, which covers the broader aspects of the project, it is appropriate to defer to that process.

Overpayments made to the first contractor on the rehabilitation of the road MR938 between MR 884

70. On 11 September 2018, the department appointed a contractor to carry out the works. The project entailed the rehabilitation of an existing tarred road MR938 between MR884 (km 18.37) and TR5/5 (km 60.2) for a total contract value of R259 930 024.97 (Inc. Vat). The appointment was subsequently challenged in court and the matter was concluded on 26 March 2020 with a ruling stating the appointment of the contractor Investment was unlawful. The department then appealed

DEPARTMENT OF ROADS AND PUBLIC WORKS
REPORT OF THE AUDITOR-GENERAL
For the year ending 31 March 2025

the ruling and during that period, the contractor continued working onsite. The contract was subsequently terminated upon the dismissal of the appeal in July 2020. When the contract was terminated, project related payments totalling R174806987.16 was made to the contractor.

71. In April 2021, a new contractor was appointed to complete the project for a total amount of R243 276 653.14. The construction works commenced on 18 June 2021 with a planned practical completion to be achieved by 28 February 2023.
72. During the audit work which was performed, a number of overpayments to the contractor were noted relating to payments made for work not delivered, extension of time claims and completion of work whilst the progress on site was less. The non-compliance with section 45(a) of the PFMA was likely to result in a material financial loss to the amount of R10 829 694, if not recovered from the contractor.
73. I notified the accounting officer of the material irregularity on 17 November 2023 and was invited to make a written submission on the actions taken and that will be taken to address the matter. No response to the MI notification was provided. The accounting officer did not taken any action in response to being notified of the material irregularity. I notified the accounting officer on 8 August 2024 of the following recommendations, which had to implemented by 30 January 2025:
- Take appropriate steps to assess the reasons and circumstances that led to the non-compliance with section 45(a) of the PFMA, for the purposes of taking appropriate corrective actions and to address the internal control weaknesses.
 - Effective and appropriate disciplinary steps should be initiated, without undue delay, against any official that the assessment found to be responsible, as required by section 38(1)(h) of the PFMA.
 - Reasonable steps should be taken to implement internal controls to prevent unsubstantiated payments. The controls should as a minimum include:
 - a) Confirmation that services have been rendered as per the invoices before approval or release of payment.
 - b) A review of the invoices to detect items for which the department has been invoiced already.
74. I have also referred the material irregularity to the Special Investigating Unit (SIU) on 29 August 2024 for investigation as provided for in section 5(1A) of the PAA. I notified the accounting officer of the decision to refer the material irregularity on the same day. The SIU acknowledged the referral on 31 August 2024 and submitted a motivation to the Department of Justice on 7 February 2025 to apply for a proclamation. The decision is awaited.

DEPARTMENT OF ROADS AND PUBLIC WORKS
REPORT OF THE AUDITOR-GENERAL
For the year ending 31 March 2025

75. The accounting officer was required to provide a progress report on 30 October 2024 but provided an update on 2 September 2024 on the reasons for the payments made. The accounting officer was reminded on 10 October 2024 to submit a progress report on the implementation of the recommendations but failed to submit the progress report and the report received on 2 September 2024 was accepted as the progress report. On 29 November 2024, I provided feedback to the accounting officer on the shortcomings that should be addressed with the final response that was due on 30 January 2025.
76. On 13 January 2025, I reminded the accounting officer to submit a final response and substantiating documentation on the implementation of the recommendations. On 30 January 2025, the accounting officer submitted a final response with substantiating documentation on the implementation of the recommendations.
77. I duly assessed the response and substantiating documentation and noted that the overpayment of R3 620 150 for work not delivered was recovered from the contractor. However, no further actions were taken to recover the other overpayments that were identified.
78. The accounting officer performed an assessment of the circumstances that led to the material irregularity, but the shortcomings were noted in the assessment as all the responsible officials were not identified. The accounting officer commenced with actions against the official found to be responsible, but the limited progress has been made with the consequence management process. I will follow-up during my next audit on progress with disciplinary action process.
79. The accounting officer commenced with a process to improve the internal control environment, but evidence could not be provided that internal controls were implemented to confirm that a review of the invoices is done to detect items for which the department has already been invoiced.
80. Based on the outcome of my assessment, I concluded that all the recommendations were not adequately implemented, or satisfactorily progress made with the implementation.
81. I notified the accounting officer on 3 July 2025 of the following remedial action to address the material irregularity, which must be implemented by 3 October 2025 with a progress report by 4 August 2025:
- (a) Reasonable steps must be taken to implement internal controls to prevent unsubstantiated payments. The controls must as a minimum include:
 - (i) Confirmation that services have been rendered as per the invoices before approval or release of payment.
 - (ii) A review of the invoices to confirm that payments are made in terms of the contract and that no duplicate payments are made.

DEPARTMENT OF ROADS AND PUBLIC WORKS
REPORT OF THE AUDITOR-GENERAL
For the year ending 31 March 2025

82. I will follow-up on the recovery of remaining overpayments and the identification of all the responsible officials for the non-compliance and resultant financial loss as part of the SIU investigation that is pending approval.

Other reports

83. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
84. The directorate for Priority Crime Investigation (Hawks) is investigating allegations of fraud, corruption and money laundering relating to the department. These proceedings were in progress at the date of this report.

Auditor General

Kimberley

30 July 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the department's compliance with selected requirements in key legislation.

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the department to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern

DEPARTMENT OF ROADS AND PUBLIC WORKS
REPORT OF THE AUDITOR-GENERAL
For the year ending 31 March 2025

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

Communication with those charged with governance

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

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

DEPARTMENT OF ROADS AND PUBLIC WORKS
REPORT OF THE AUDITOR-GENERAL
For the year ending 31 March 2025

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 1; 38(1)(b); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(f); 38(1)(h)(iii); 39(1)(a); 39(2)(a); 40(1)(a); 40(1)(b); 40(1)(c)(i); 43(1); 43(4); 44; 45(b)
Treasury Regulations, 2005	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1; 6.3.1(a); 6.3.1(b); 6.3.1(c); 6.3.1(d); 6.4.1(b); 7.2.1; 8.1.1; 8.2.1; 8.2.3; 8.4.1; 9.1.1; 9.1.4; 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; 11.5.1; 12.5.1; 15.10.1.2(c); 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A7.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 17.1.1; 18.2; 19.8.4
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Division of Revenue Act 24 of 2024	Section 11(6)(a); 12(5); 16(1); 16(3); 16(3)(a)(i); 16(3)(a)(ii)(bb)
National Health Act 61 of 2003	Section 13
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulation, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulation, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Public Service Regulations, 2016	Regulation 18(1); 18(2); 25(1)(e)(i); 25(1)(e)(iii)
State Information Technology Agency Act 88 of 1998	Section 7(3)

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2025

Appropriation per programme									
	2024/25							2023/24	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Voted funds and Direct charges									
Programme									
1 ADMINISTRATION	191 492	-	(1 885)	189 607	186 915	2 692	98.6%	189 662	188 222
2 PUBLIC WORKS INFRASTRUCTURE	186 193	-	5 521	191 714	187 275	4 439	97.7%	246 296	245 505
3 TRANSPORT INFRASTRUCTURE	1 684 353	-	7 839	1 692 192	1 640 472	51 720	96.9%	1 577 117	1 575 534
4 COMMUNITY BASED PROGRAMME	91 726	-	(11 475)	80 251	74 497	5 754	92.8%	115 785	115 517
Programme sub total	2 153 764	-	-	2 153 764	2 089 159	64 605	97.0%	2 128 860	2 124 778
Statutory Appropriation	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
TOTAL	2 153 764	-	-	2 153 764	2 089 159	64 605	97.0%	2 128 860	2 124 778
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				2 129				2 062	
NRF Receipts				-				-	
Aid assistance				-				-	
Actual amounts per Statement of Financial Performance (Total revenue)				2 155 893				2 130 922	
Add:									
Aid assistance					-				-
Prior year unauthorised expenditure approved without funding									
Actual amounts per Statement of Financial Performance (Total expenditure)					2 089 159				2 124 778

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2025

Appropriation per economic classification									
	2024/25							2023/24	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 664 340	(2 046)	(445)	1 661 849	1 720 578	(58 729)	103.5%	1 767 020	1 763 976
Compensation of employees	331 882	(10 475)	(6 753)	314 654	311 235	3 419	98.9%	305 748	302 709
Goods and services	1 332 458	8 429	6 308	1 347 195	1 409 343	(62 148)	104.6%	1 461 272	1 461 267
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	112 175	(150)	445	112 470	107 427	5 043	95.5%	170 815	169 816
Provinces and municipalities	103 005	(170)	-	102 835	98 396	4 439	95.7%	158 660	158 642
Departmental agencies and accounts	1 001	(534)	-	467	-	467	-	930	465
Households	8 169	554	445	9 168	9 031	137	98.5%	11 225	10 709
Payments for capital assets	377 249	2 196	-	379 445	261 154	118 291	68.8%	191 025	190 986
Buildings and other fixed structures	372 449	(17 371)	(231)	354 847	238 566	116 281	67.2%	182 956	182 922
Machinery and equipment	4 672	19 567	231	24 470	22 462	2 008	91.8%	7 945	7 941
Software and other intangible assets	128	-	-	128	126	2	98.4%	124	123
Payment for financial assets	-	-	-	-	-	-	-	-	-
	2 153 764	-	-	2 153 764	2 089 159	64 605	97.0%	2 128 860	2 124 778

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2025

Programme 1: ADMINISTRATION

	2024/25							2023/24	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 OFFICE OF THE MEC	18 407	(532)	(432)	17 443	17 266	177	99.0%	17 398	16 856
2 MANAGEMENT OF THE DEPARTMENT	14 849	(129)	(882)	13 838	13 838	-	100.0%	13 836	13 834
3 CORPORATE SUPPORT	151 601	121	(571)	151 151	148 636	2 515	98.3%	151 442	150 641
4 DEPARTMENTAL STRATEGY	6 635	540	-	7 175	7 175	-	100.0%	6 986	6 891
	191 492	-	(1 885)	189 607	186 915	2 692	98.6%	189 662	188 222
Economic classification									
Current payments	182 541	-	(1 885)	180 656	178 884	1 772	99.0%	180 852	180 395
Compensation of employees	112 889	-	(3 725)	109 164	107 410	1 754	98.4%	104 641	104 185
Goods and services	69 652	-	1 840	71 492	71 474	18	100.0%	76 211	76 210
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	5 162	-	-	5 162	4 558	604	88.3%	5 332	4 352
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 001	(534)	-	467	-	467	-	930	465
Households	4 161	534	-	4 695	4 558	137	97.1%	4 402	3 887
Payments for capital assets	3 789	-	-	3 789	3 473	316	91.7%	3 478	3 475
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 713	-	-	3 713	3 399	314	91.5%	3 434	3 432
Software and other intangible assets	76	-	-	76	74	2	97.4%	44	43
Payment for financial assets	-	-	-	-	-	-	-	-	-
	191 492	-	(1 885)	189 607	186 915	2 692	98.6%	189 662	188 222

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2025

Programme 2: PUBLIC WORKS INFRASTRUCTURE

	2024/25							2023/24	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 PROGRAMME SUPPORT	2 261	(48)	-	2 213	2 213	-	100.0%	2 337	2 308
2 DESIGN	12 821	(1 205)	185	11 801	11 801	-	100.0%	11 911	11 909
3 CONSTRUCTION	10 154	(879)	3 048	12 323	12 323	-	100.0%	11 982	11 497
4 MAINTENANCE	32 245	(994)	486	31 737	31 737	-	100.0%	29 203	29 038
5 IMMOVABLE ASSET MANAGEMENT	124 417	1 039	-	125 456	121 017	4 439	96.5%	183 174	183 154
6 FACILITY OPERATIONS	4 295	2 087	1 802	8 184	8 184	-	100.0%	7 689	7 599
	186 193	-	5 521	191 714	187 275	4 439	97.7%	246 296	245 505
Economic classification									
Current payments	82 896	(1 349)	5 363	86 910	86 910	-	100.0%	86 566	85 794
Compensation of employees	49 243	(4 467)	-	44 776	44 776	-	100.0%	45 330	44 560
Goods and services	33 653	3 118	5 363	42 134	42 134	-	100.0%	41 236	41 234
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	103 005	-	-	103 005	98 566	4 439	95.7%	158 923	158 905
Provinces and municipalities	103 005	(170)	-	102 835	98 396	4 439	95.7%	158 660	158 642
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Households	-	170	-	170	170	-	100.0%	263	263
Payments for capital assets	292	1 349	158	1 799	1 799	-	100.0%	807	806
Buildings and other fixed structures	203	1 349	158	1 710	1 710	-	100.0%	700	700
Machinery and equipment	54	-	-	54	54	-	100.0%	88	87
Software and other intangible assets	35	-	-	35	35	-	100.0%	19	19
Payment for financial assets	-	-	-	-	-	-	-	-	-
	186 193	-	5 521	191 714	187 275	4 439	97.7%	246 296	245 505

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2025

Programme 3: TRANSPORT INFRASTRUCTURE

	2024/25							2023/24	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 PROGRAMME SUPPORT INFRASTRUCTURE	2 939	1 293	1 672	5 904	5 904	-	100.0%	6 387	6 317
2 INFRASTRUCTURE PLANNING	41 444	(1 035)	187	40 596	40 596	-	100.0%	41 605	41 561
3 INFRASTRUCTURE DESIGN	3 515	95	-	3 610	3 610	-	100.0%	3 506	3 505
4 CONSTRUCTION	367 389	(18 003)	3 320	352 706	240 265	112 441	68.1%	176 388	176 386
5 MAINTENANCE	1 269 066	17 650	2 660	1 289 376	1 350 097	(60 721)	104.7%	1 349 231	1 347 765
	1 684 353	-	7 839	1 692 192	1 640 472	51 720	96.9%	1 577 117	1 575 534
Economic classification									
Current payments	1 319 708	(697)	4 506	1 323 517	1 384 238	(60 721)	104.6%	1 396 642	1 395 060
Compensation of employees	151 029	(5 593)	-	145 436	143 771	1 665	98.9%	140 664	139 084
Goods and services	1 168 679	4 896	4 506	1 178 081	1 240 467	(62 386)	105.3%	1 255 978	1 255 976
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	4 008	(150)	-	3 858	3 858	-	100.0%	6 464	6 464
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Households	4 008	(150)	-	3 858	3 858	-	100.0%	6 464	6 464
Payments for capital assets	360 637	847	3 333	364 817	252 376	112 441	69.2%	174 011	174 010
Buildings and other fixed structures	359 743	(18 500)	3 320	344 563	233 816	110 747	67.9%	169 726	169 726
Machinery and equipment	886	19 347	13	20 246	18 552	1 694	91.6%	4 249	4 249
Software and other intangible assets	8	-	-	8	8	-	100.0%	36	35
Payment for financial assets	-	-	-	-	-	-	-	-	-
	1 684 353	-	7 839	1 692 192	1 640 472	51 720	96.9%	1 577 117	1 575 534

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

APPROPRIATION STATEMENT

for the year ended 31 March 2025

Programme 4: COMMUNITY BASED PROGRAMME

	2024/25							2023/24	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 PROGRAMME SUPPORT COMMUNITY BASED	2 666	-	295	2 961	2 961	-	100.0%	2 416	2 352
2 COMMUNITY DEVELOPMENT	72 891	(220)	(8 258)	64 413	58 879	5 534	91.4%	102 071	102 020
3 INNOVATION AND EMPOWERMENT	12 463	220	(2 989)	9 694	9 474	220	97.7%	8 079	7 980
4 EPWP CO-ORDINATION AND MONITORING	3 706	-	(523)	3 183	3 183	-	100.0%	3 219	3 165
	91 726	-	(11 475)	80 251	74 497	5 754	92.8%	115 785	115 517
Economic classification									
Current payments	79 195	-	(8 429)	70 766	70 546	220	99.7%	102 960	102 727
Compensation of employees	18 721	(415)	(3 028)	15 278	15 278	-	100.0%	15 113	14 880
Goods and services	60 474	415	(5 401)	55 488	55 268	220	99.6%	87 847	87 847
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	445	445	445	-	100.0%	96	95
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Households	-	-	445	445	445	-	100.0%	96	95
Payments for capital assets	12 531	-	(3 491)	9 040	3 506	5 534	38.8%	12 729	12 695
Buildings and other fixed structures	12 503	(220)	(3 709)	8 574	3 040	5 534	35.5%	12 530	12 496
Machinery and equipment	19	220	218	457	457	-	100.0%	174	173
Software and other intangible assets	9	-	-	9	9	-	100.0%	25	26
Payment for financial assets	-	-	-	-	-	-	-	-	-
	91 726	-	(11 475)	80 251	74 497	5 754	92.8%	115 785	115 517

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS
VOTE 5

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2025

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

Detail of these transactions can be viewed in the note on Transfers and Subsidies, and Annexure 1A-H of the Annual Financial Statements.

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

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

3. Detail on payments for financial assets

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

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

4.1 Per programme

	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
Programme	R'000	R'000	R'000	%
Administration				
Public Works Infrastructure				
Transport Infrastructure	1,692,192	1,640,472	51.720	3%
Community Based Programme				

The variance amounting to R51,7 million is as a result of under spending of Provincial Road Maintenance Grant. The under-spending is as a result of a capital project which was only committed towards year end. Request for rollover for this project has been submitted to Provincial Treasury.

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS
VOTE 5

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2025

4.2 Per economic classification:

Economic classification	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Budget %
Current payments				
Compensation of employees				
Goods and services	1,347,195	1,409,581	(62,386)	-5%
Transfers and subsidies				
Provinces and municipalities	102,835	98,396	4,439	4%
Departmental agencies and accounts				
Households				
Payments for capital assets				
Buildings and other fixed structures	355,067	238,566	116,501	33%
Machinery and equipment				
Heritage assets				
Specialised military assets				
Biological assets				
Land and subsoil assets				
Intangible assets				
Payments for financial assets				

Programme 3 - Transport Infrastructure overspending is mainly on goods and services (contractor payments), and has underspending of R116.5 million under buildings and other fixed structures. Programme 2 - Public Works infrastructure is a result of underspending on transfers and subsidies (municipal services) amounting to R4.4 million.

4.3 Per conditional grant

Conditional grant	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Variance as a percentage of Final Budget %
				0%
PROVINCIAL ROADS MAINTENANCE GRANT	1,475,843	1,425,811	50,032	3%

**NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS
VOTE 5**

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2025

	Note	2024/25 R'000	2023/24 R'000
REVENUE			
Annual appropriation	1	2,153,764	2,128,860
Departmental revenue	2	2,129	2,062
TOTAL REVENUE		2,155,893	2,130,922
EXPENDITURE			
Current expenditure			
Compensation of employees	3	311,234	302,712
Goods and services	4	1,409,343	1,461,262
		1,720,578	1,763,974
Transfers and subsidies			
Transfers and subsidies	5	107,427	169,817
		107,427	169,817
Expenditure for capital assets			
Tangible assets	6	261,028	190,864
Intangible assets	6	126	123
		261,154	190,987
Unauthorised expenditure approved without funding		-	-
Payments for financial assets		-	-
TOTAL EXPENDITURE		2,089,159	2,124,778
SURPLUS/(DEFICIT) FOR THE YEAR		66,734	6,144

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS

VOTE 5

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2025

	<i>Note</i>	2024/25 R'000	2023/24 R'000
ASSETS			
Current assets		83,802	29,516
Cash and cash equivalents	7	56,913	7,255
Prepayments and advances	8	-	1,254
Receivables	9	26,889	21,007
Non-current assets			
TOTAL ASSETS		83,802	29,516
LIABILITIES			
Current liabilities		65,537	12,802
Voted funds to be surrendered to the Revenue Fund	10	64,602	4,082
Statutory Appropriation to be surrendered to the Revenue Fund			
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	11	635	685
Payables	12	300	8,035
Aid assistance repayable			
Aid assistance unutilised			
Non-current liabilities			
TOTAL LIABILITIES		65,537	12,802
NET ASSETS		18,265	16,714
	<i>Note</i>	2024/25 R'000	2023/24 R'000
Represented by:			
Capitalisation reserve		-	-
Recoverable revenue		18,265	16,714
Retained funds		-	-
Revaluation reserves		-	-
Unauthorised expenditure		-	-
TOTAL		18,256	16,714

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS
VOTE 5
CASH FLOW STATEMENT

for the year ended 31 March 2025

	Note	2024/25 R'000	2023/24 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2,156,525	2,131,607
Annual appropriation funds received	1.1	2,153,764	2,128,860
Departmental revenue received	2	2,761	2,747
Net (increase)/decrease in net working capital		(12,363)	(28,106)
Surrendered to Revenue Fund		(6,896)	(3,124)
Current payments		(1,720,816)	(1,763,974)
Payments for financial assets		-	-
Transfers and subsidies paid		(107,427)	(169,817)
Net cash flow available from operating activities	13	309,261	166,586
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	6	(261,154)	(190,987)
Proceeds from sale of capital assets		-	-
Net cash flow available from investing activities		(261,154)	(190,987)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		1,551	-
Net cash flows from financing activities		1,551	-
Net increase/(decrease) in cash and cash equivalents		49,658	(24,401)
Cash and cash equivalents at beginning of period		7,255	31,656
Cash and cash equivalents at end of period	14	56,913	7,255

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS
VOTE 5
STATEMENT OF NET CHANGES IN ASSETS
for the year ended 31 March 2025

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Recoverable revenue			
Opening balance		16,714	-
Transfers:		1,551	16,714
Debts revised		1,551	16,714
Closing balance		18,265	16,714
 TOTAL		18,265	16,714

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

PART A: ACCOUNTING POLICIES

Summary of significant accounting policies

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

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

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

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

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

8.1.2	Social contributions Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.
8.2	Other expenditure Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold. Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.
8.3	Accruals and payables not recognised Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value at the reporting date.
8.4	Leases
8.4.1	Operating leases Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue. The operating lease commitments are recorded in the notes to the financial statements.
8.4.2	Finance leases Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions. At commencement of the finance lease term, finance lease assets acquired are recorded and measured at: the fair value of the leased asset; or if lower, the present value of the minimum lease payments. Finance lease assets acquired prior to 1 April 2024, are recorded and measured at the present value of the minimum lease payments.
9.	Cash and cash equivalents Cash and cash equivalents are stated at cost in the statement of financial position. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

10.	Prepayments and advances Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost. Prepayment and advances are expensed at cost when payment is received
11.	Loans and receivables Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.
12.	Financial assets
12.1	Financial assets (not covered elsewhere) A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.
12.2	Impairment of financial assets Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
13.	Payables Payables recognised in the statement of financial position are recognised at cost.
14.	Capital assets
14.1	Immovable capital assets Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value 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.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

14.2	Movable capital assets Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.
14.3	Intangible capital assets Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
14.4	Project costs: Work-in-progress Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

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 measured at the amount of the confirmed unauthorised expenditure. Unauthorised expenditure is recognised in the statement of changes in net assets until such time as the expenditure is either: • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. Unauthorised expenditure recorded in the notes to the financial statements comprise of • unauthorised expenditure that was under assessment in the previous financial year;

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

	• unauthorised expenditure relating to previous financial year and identified in the current year; and • Unauthorised incurred in the current year.
17.	Fruitless and wasteful expenditure Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable. Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of: • fruitless and wasteful expenditure that was under assessment in the previous financial year; • fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and • fruitless and wasteful expenditure incurred in the current year.
18.	Irregular expenditure Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable. Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of: • irregular expenditure that was under assessment in the previous financial year; • irregular expenditure relating to previous financial year and identified in the current year; and • irregular expenditure incurred in the current year.
19.	Changes in accounting policies, estimates and errors Changes in accounting policies are applied in accordance with MCS requirements. Changes in accounting estimates are applied prospectively in accordance with MCS requirements. Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

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

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

PART B: EXPLANATORY NOTES

1. Annual Appropriation

1.1. Annual Appropriation

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

	2024/25			2023/24		
	Final Budget	Actual Funds Received	Funds not requested / not received	Final Budget	Appropriation Received	Funds not requested / not received
Programmes	R'000	R'000	R'000	R'000	R'000	R'000
Administration	191,492	191,492	-	189,662	189,662	-
Public Works			-	246,296	246,296	-
Infrastructure	186,193	186,193				
Transport			-	1,577,117	1,577,117	-
Infrastructure	1,684,353	1,684,353				
Community Based	91,726	91,726	-	115,785	115,785	-
Total	2,153,764	2,153,764	-	2,128,860	2,128,860	-

1.2. Conditional grants

	Note	2024/25 R'000	2023/24 R'000
Total grants received	28	1,479,237	1,342,944
Provincial grants included in total grants received		-	-

2. Departmental revenue

	Note	2024/25 R'000	2023/24 R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	2,606	2,490
Sales of capital assets			
Transactions in financial assets and liabilities	2.2	155	257
Total revenue collected		2,761	2,747
Less: Own revenue included in appropriation	11	632	(685)
Total		2,129	2,062

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

2.1. Sales of goods and services other than capital assets

	Note	2024/25 R'000	2023/24 R'000
Sales of goods and services produced by the department		2,606	2,490
Sales by market establishment		1,965	1,853
Other sales		641	637
Sales of scrap, waste and other used current goods			
Total	9	2,606	2,490

2.2. Transactions in financial assets and liabilities

	Note	2024/25 R'000	2023/24 R'000
Receivables		155	257
Total	9	155	257

3. Compensation of employees

3.1. Analysis of balance

	Note	2024/25 R'000	2023/24 R'000
Basic salary		214,029	209,604
Performance award		-	-
Service based		237	370
Compensative/circumstantial		3,727	3,133
Other non-pensionable allowances		42,540	41,902
Total		260,533	255,009

3.2. Social contributions

Employer contributions	Note	2024/25 R'000	2023/24 R'000
Pension		27,285	26,619
Medical		23,298	20,936
Bargaining council		89	89
Insurance		30	59
Total		50,702	47,703
Total compensation of employees		311,235	302,712
Average number of employees		774	785

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

4. Goods and services

	Note	2024/25 R'000	2023/24 R'000
Administrative fees		556	597
Advertising		420	214
Minor assets	4.1	159	161
Bursaries (employees)		956	446
Catering		848	970
Communication		2,927	3,687
Computer services	4.2	41,693	43,885
Consultants: Business and advisory services		2,136	12,790
Infrastructure and planning services		3,654	42,167
Legal services		13,522	12,322
Contractors		1,012,378	985,963
Audit cost - external	4.3	10,790	9,894
Fleet services		19,904	14,025
Inventories	4.4	128,209	105,888
Consumables	4.5	6,902	7,573
Operating leases		82,713	139,063
Property payments	4.6	59,208	55,580
Rental and hiring		1,846	4
Transport provided as part of the departmental activities		-	-
Travel and subsistence	4.7	16,462	18,965
Venues and facilities		587	847
Training and development		3,450	6,005
Other operating expenditure	4.8	23	216
Total		1,409,343	1,461,262

Contractors

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

Decrease in other items

The decrease in operating lease and other items is due to the budget cuts which resulted in cost containment measures be implemented in the department on less essential items.

4.1. Minor assets

	Note	2024/25 R'000	2023/24 R'000
Tangible capital assets			
Machinery and equipment		137	161
Intangible capital assets			
Software		22	-
Total	4	159	161

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

4.2. Computer services

	Note	2024/25 R'000	2023/24 R'000
SITA computer services		1,781	2,181
External computer service providers		39,912	41,704
Total	4	41,693	43,885

4.3. Audit cost – external

	Note	2024/25 R'000	2023/24 R'000
Regularity audits		10,790	9,894
Total	4	10,790	9,894

4.4. Inventories

	Note	2024/25 R'000	2023/24 R'000
Clothing material and accessories		6,158	6,280
Materials and supplies		122,051	99,608
Total	4	128,209	105,888

4.5. Consumables

	Note	2024/25 R'000	2023/24 R'000
Consumable supplies		5,117	5,549
Uniform and clothing		1,357	2,785
Household supplies		2,665	1,722
Building material and supplies		68	51
IT consumables		123	257
Other consumables		904	734
Stationery, printing and office supplies		1,785	2,024
Total	4	6,902	7,573

4.6. Property payments

	Note	2024/25 R'000	2023/24 R'000
Municipal services		3,264	4,946
Property maintenance and repairs		-	9,167
Other		55,944	41,467
Total	4	59,208	55,580

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

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

4.7. Travel and subsistence

	Note	2024/25 R'000	2023/24 R'000
Local		16,462	18,965
Total	4	16,462	18,965

4.8. Other operating expenditure

	Note	2024/25 R'000	2023/24 R'000
Professional bodies, membership and subscription fees		4	198
Other		19	18
Total	4	23	216

5. Transfers and subsidies

	Note	2024/25 R'000	2023/24 R'000
Provinces and municipalities	47,48	98,396	158,642
Departmental agencies and accounts	Annex 1B	-	465
Households	Annex 1G	9,031	10,710
Total		107,427	169,817

The decrease of provinces and municipalities in comparison to previous financial year results from reprioritisation within baseline due to budget cuts during the year under review.

5.1.1. Gifts, donations and sponsorships received in-kind (not included in the main note or sub note)

	Note	2024/25 R'000	2023/24 R'000
	Annex 1J		
Donations		3,939	3,485
Total		3,939	3,485

6. Expenditure for capital assets

	Note	2024/25 R'000	2023/24 R'000
Tangible capital assets		261,028	190,864
Buildings and other fixed structures		238,566	182,922
Machinery and equipment		22,462	7,942
Intangible capital assets		126	123
Software		126	123
Total		261,154	190,987

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

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

Compensation of employees

Goods and services

Total

-	-
45,055	30,656
45,055	30,656

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

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

6.2. Analysis of funds utilised to acquire capital assets –2023/24

Name of entity	2023/24		
	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible capital assets	190,864	-	190,864
Buildings and other fixed structures	182,922	-	182,922
Machinery and equipment	7,942	-	7,942
Intangible capital assets	123	-	123
Software	123	-	123
Total	190,987	-	190,087

6.3. Finance lease expenditure included in Expenditure for capital assets

	2024/25	2023/24
	R'000	R'000
Tangible capital assets		
Machinery and equipment	21,692	5,899
Total	21,692	5,899

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

7. Cash and cash equivalents

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Consolidated Paymaster General Account Disbursements		56,913	7,255
Total		56,913	7,255

8. Prepayments and advances

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Advances paid (Not expensed)	8.1		1,254
Total			1,254

Analysis of Total Prepayments and advances

Current Prepayments and advances		1,254
Total		1,254

8.1. Advances paid (Not expensed)

	<i>Note</i>	Amount as at 1 April 2024 R'000	Less: Amounts expensed in current year R'000	Add/Less : Other R'000	Add Current year advances R'000	Amount as at 31 March 2023 R'000
Public entities		-				
Other entities		1,254	(1,254)			
Total	13	1,254	(1,254)			

2023/24

	<i>Note</i>	Amount as at 1 April 2023 R'000	Less: Amounts expensed in current year R'000	Add/Less: Other R'000	Add Current year advances R'000	Amount as at 31 March 2022 R'000
Other institutions		1,446		(192)		1,254
Total	13	1,446		(192)		1,254

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

9. Receivables

	Note	2024/25			2023/24		
		Current R'000	Non- current R'000	Total R'000	Current R'000	Non- current R'000	Total R'000
Claims recoverable	9.1	24,272		24,272	19,458		19,458
Recoverable expenditure	9.3	2,391		2,391	1,294		1,294
Staff debt	9.4	226		226	255		255
Total		26,889		26,889	21,007		21,007

Prior year claims recoverable was restated with the amount of debt take that was misstated and had to be corrected during the year under review.

9.1. Claims recoverable

	Note	2024/25 R'000	2023/24 R'000
Provincial departments		1,996	2,744
Public Entities		-	
Private Enterprises			16,714
		22,276	
Total	9	24,272	19,458

9.2. Recoverable expenditure

	Note	2024/25 R'000	2023/24 R'000
Disallowance Miscellaneous		2,227	1,106
Salary Income Tax		114	153
Salary Disallowance Account		1	2
Pension Fund		28	33
Salary Deduction Disallowance Account		1	
Salary Disallowance Account		2	
Salary Reversal Control		14	
Salary Tax Debt		3	
Salary Medical Aid		1	
Total	9	2,391	1,294

9.3. Staff debt

	Note	2024/25 R'000	2023/24 R'000
Debt Account		226	255
Total	9	226	255

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

10. Voted funds to be surrendered to the Revenue Fund

	Note	2024/25 R'000	2023/24 R'000
Opening balance		4,082	791
Prior period error	10.2		
As restated		4,082	791
Transferred from statement of financial performance (as restated)		64,605	4,082
Conditional grants surrendered by the provincial department	10.1		-
Paid during the year		(4,085)	(791)
Closing balance		64,602	4,082

10.1. Reconciliation on unspent conditional grants

	Note	2024/25 R'000	2023/24 R'000
Total conditional grants received	1.2	1,429,205	1,342,944
Total conditional grants spent		(1,429,205)	(1,342,944)
Unspent conditional grants to be surrendered		50,032	
Less: Paid to the Provincial Revenue Fund by Provincial department			
Approved for rollover			
Not approved for rollover			
Due by the Provincial Revenue Fund		50,032	-

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

	Note	2024/25 R'000	2023/24 R'000
Opening balance		685	271
Prior period error			
As restated		685	271
Transferred from statement of financial performance (as restated)		2,129	2,062
Own revenue included in appropriation		632	685
Paid during the year		(2,811)	(2,333)
Closing balance		635	685

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

12. Payables - current

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Amounts owing to other entities		3	5,195
Other payables	12.3	297	2,840
Total		300	8,035

12.1. Other payables

Description	<i>Note</i>	2024/25 R'000	2023/24 R'000
Disallowances Miscellaneous		169	2,779
Salary GEHS Refund		94	48
Sal: Tax Debt			3
Rental Deposits		10	10
ACB Recalls		24	
Total		297	2,840

13. Net cash flow available from operating activities

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Net surplus/(deficit) as per Statement of Financial Performance		66,734	6,144
Add back non-cash/cash movements not deemed operating activities		242,527	160,442
(Increase)/decrease in receivables		(5,882)	(1,180)
(Increase)/decrease in prepayments and advances		1,254	192
Increase/(decrease) in payables - current		7,735	(27,118)
Expenditure on capital assets		261,154	190,987
Surrenders to Revenue Fund		(6,896)	-
Voted funds not requested/not received		-	958
Statutory Appropriation not requested/not received		-	-
Own revenue included in appropriation		632	(3,397)
Net cash flow generated by operating activities		309,261	166,586

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

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Consolidated Paymaster General account Disbursements		56,913	7,255
Total		56,913	7,255

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

15. Contingent liabilities and contingent assets

15.1. Contingent liabilities

Liable to	Nature	Note	2024/25 R'000	2023/24 R'000
Claims against the department		<i>Annex 3B</i>	53,109	53,746
Intergovernmental payables		<i>Annex 5</i>		770
Total			53,109	54,516

Claims relate to documentary proof of summonses received from claimants which were submitted to legal services and the state attorney. In most cases, these claims are provided in the form of an affidavit or summons from the court as to how the damage occurred and the amount of cost of repairs or loss suffered. The disclosed amounts is based on the best estimate assessment conducted by a legal expert in line with departmental approved Standard Operating Procedure.

15.2. Contingent assets

Nature of contingent asset	Note	2024/25 R'000	2023/24 R'000
Moditi Consulting		-	5,186
Granaker-LTA/Lubocon		48,826	
Total		48,826	5,186

16. Capital commitments

	Note	2024/25 R'000	2023/24 R'000
Buildings and other fixed structures		608,098	170,502
Machinery and equipment		11	116
Intangible assets			-
Total		608,109	170,618

Capital commitments relate to upgrading and rehabilitation of roads, the increase is mainly due to most contracts being awarded towards the end of the financial year for implementation in the new financial year.

17. Accruals and payables not recognised

17.1. Accruals

Listed by economic classification	Note	2024/25			2023/24
		30 Days R'000	30+ Days R'000	Total R'000	Total R'000
Goods and services		42,697	-	42,697	10,361
Transfers and subsidies		7	-	7	8,410
Total		42,704	-	42,704	18,771

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

Listed by programme level	<i>Note</i>	2024/25 R'000	2023/24 R'000
Administration		4,053	47
Public Works		6,541	8,478
Transport Infrastructure		32,200	10,207
Community Based Programme			39
Total		42,704	18,771

17.2. Payables not recognised

Listed by economic classification	<i>Note</i>	2024/25			2023/24
		30 Days R'000	30+ Days R'000	Total R'000	Total R'000
Goods and services			462,245	462,245	453,399
Transfers and subsidies			645,202	645,202	398,823
Total			1,107,447	1,107,447	852,222

Listed by programme level	<i>Note</i>	2024/25 R'000	2023/24 R'000
Administration			955
Public Works Infrastructure		645,202	398 967
Transport Infrastructure		462,245	452,240
Community Based Programme			60
Total		1,107,447	852,222

Included in the above totals are the following:	<i>Note</i>	2024/25 R'000	2023/24 R'000
Confirmed balances with other departments	<i>Annex 5</i>		-
Confirmed balances with other government entities	<i>Annex 5</i>	472,441	5,195
Total		472,441	5,195

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

18. Employee benefits

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Leave entitlement		15,294	14,132
Service bonus		8,461	8,297
Capped leave		6,268	6,813
Other		1,836	-
Total		31,859	29,242

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

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

19. Lease commitments

19.1. Operating leases

2024/25				
Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000	R'000	R'000
Not later than 1 year		404		404
Later than 1 year and not later than 5 years				
Later than 5 years	-	-	-	-
Total lease commitments		404		404

2023/24				
Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000	R'000	R'000
Not later than 1 year		1,450		1,450
Later than 1 year and not later than 5 years		1,816		1,816
Total lease commitments	-	3,266	-	3,266

	2024//25	2023/24
	R'000	R'000
<i>Note</i>		
Rental earned on sub-leased assets	-	-
Total	-	-

19.2. Finance leases **

2024/25				
Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	5,795	5,795
Later than 1 year and not later than 5 years	-	-	7,665	7,665
Later than 5 years	-	-		
Total lease commitments	-	-	13,460	13,460

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

	2023/24				
	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	-	-	-	5,870	5,870
Later than 1 year and not later than 5 years	-	-	-	13,950	13,950
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	19,820	19,820

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

19.3. Operating lease future revenue

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

	2023/24				
	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	-	-	-	-	-
Later than 1 year and not later than 5 years	-	-	686	-	686
Later than 5 years	-	-	949	-	949
Total operating lease revenue receivable	-	-	1,635	-	1,635

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

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

20. Accrued departmental revenue

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Sales of goods and services other than capital assets		16,424	15,419
Sales of capital assets		2,980	
Total		19,404	15,419

20.1. Analysis of accrued departmental revenue

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Opening balance		15,419	14,331
Less: amounts received		2,827	2,972
Add: amounts recorded		6,812	4,060
Closing balance		19,404	15,419

21. Unauthorised, Irregular and Fruitless and wasteful expenditure

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Irregular expenditure - current year		158,739	224,438
Fruitless and wasteful expenditure - current year			331
Total		158,739	224,769

Irregular Expenditure prior year has been restated with an amount of R198 mil mostly relating to client departments irregular expenditure. An amount of R158,7 million had been incurred during the current financial year. Included in the totals is the amount of R2.9 million (prior: 26.1 million) which relates to irregular expenditure incurred by the department (DRPW) during current year.

22. Related Parties Transactions

		2024/25 R'000	2023/24 R'000
Year end balances arising from revenue/payments	<i>Note</i>		
Receivable from related parties		1,040	-
Payables to related parties		173	5,195
Total		1,213	5,195

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

	Note	2024/25	2023/24
		R'000	R'000
In kind goods and services provided/received			
The following client departments within Government Sphere occupies facilities @ R0:			
1. NC Department of Agriculture and Land Reform		-	-
2. NC Department of COGHSTA		-	-
3. NC Department of Education		-	-
4. NC Department of Health		-	-
5. NC Legislature		-	-
6. NC Department of Transport, Safety and Liaison		-	-
7. NC Department of Social Development		-	-
8. NC Department of Sports, Arts and Culture		-	-
9. NC Department of Economic Development and Tourism		-	-

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

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

Receivable from Related Party is arising from a departmental official sale of residential property from auction.

23. Key management personnel

	2024/25 R'000	2023/24 R'000
Political office bearers (<i>provide detail below</i>)	2,278	2,159
Officials:		
Level 15 to16	1,903	1,830
Level 14	7,787	7,429
Level 13	1,439	-
Total	13,407	11,418

24. Provisions

	Note	2024/25 R'000	2023/24 R'000
Retention		2,653	3,828
Total		2,653	3,828

Provision for retention has been made for two (2) projects for the period under review. Retention is paid after twelve (12) months respectively after the defect's notification period.

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

24.1 Reconciliation of movement in provisions –2024/25

	2024/25			
	Retention	Provision	Provision	Total
	R'000	2	3	provisions
		R'000	R'000	R'000
Opening balance	2,838			2,838
Increase in provision				
Settlement of provision	(1,175)			(1,175)
Closing balance	2,653			2,653

Reconciliation of movement in provisions - Prior year

	2023/24			
	Retention	Provision	Provision	Total
	R'000	2	3	provisions
		R'000	R'000	R'000
Opening balance	8,746			8,746
Increase in provision				
Settlement of provision	(4,918)			(4,918)
Closing balance	3,828			3,828

25. Movable Tangible Capital Assets

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

	2024/25				
	Opening	Value	Additions	Disposals	Closing
	balance	adjustments			balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS					
Heritage assets					
MACHINERY AND EQUIPMENT	18,108		770		18,878
Transport assets	472				472
Computer equipment	6,945		288		7,233
Furniture and office equipment	6,310		257		6,567
Other machinery and equipment	4,381		225		4,606
SPECIALISED MILITARY ASSETS					
Specialised military assets					
FINANCE LEASE ASSETS	19,441			505	18,936
Finance lease assets	19,441			505	18,936
	37,549		770	505	37,814

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

Movable Tangible Capital Assets under investigation

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

Assets could not be located during the last verification process and are being retraced.

25.1 MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

		2023/24			
	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS					
Heritage assets					
MACHINERY AND EQUIPMENT	18,618		660	1,170	18,108
Transport assets	472		-	-	472
Computer equipment	7,450		543	1,048	6,945
Furniture and office equipment	6,314		51	55	6,310
Other machinery and equipment	4,382		66	67	4,381
SPECIALISED MILITARY ASSETS					
Specialised military assets					
FINANCE LEASE ASSETS	10.143		9,298		19,441
Finance lease assets	10,143		9,298		19,441
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS					
	28,761		9,958	1,170	37,549

Included in the opening balances for 2022/23 and 2023/24 is a change in accounting policy made in terms of the MCS requirements whereby assets under finance leases are recorded by a department at the commencement of the lease term rather than at the end of the lease term. The change in accounting policy is applied retrospectively. Department records the capital asset retrospectively in the notes to the financial statements at the present value of the minimum lease payments (determined at the inception of the lease).

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

25.2 Minor assets

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

	2024/25				
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Finance lease assets
	R'000	R'000	R'000	R'000	R'000
Opening balance		1,118		8,008	13
Value adjustments					
Additions		22		136	
Disposals				(5)	
Total Minor assets		1,140		8,139	13

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

MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

	2023/24				
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Finance lease assets
	R'000	R'000	R'000	R'000	R'000
Opening balance	-	1,412	-	8,277	13
Prior period error					
Additions	-	-	-	68	-
Disposals	-	294	-	337	-
Total Minor assets	-	1,118	-	8,008	13

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Finance lease assets	Total
Number of R1 minor assets						
Number of minor assets at cost				11		11
Total number of minor assets				11		11

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

25.3 Movable tangible capital assets written off

MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2025

	2024/25				
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Finance lease assets
	R'000	R'000	R'000	R'000	R'000
Assets written off					
Total movable assets written off					

MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2024

	2023/24				
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Finance lease assets
	R'000	R'000	R'000	R'000	R'000
Assets written off	-	31	-	-	-
Total movable assets written off	-	31	-	-	-

26 Intangible Capital Assets

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

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

26.1 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

	2023/24				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	1,197		123	31	1,289
TOTAL INTANGIBLE CAPITAL ASSETS	1,197		123	31	1,289

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

27 Immovable Tangible Capital Assets

	2024/25				
	Opening balance R'000	Prior period error	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	32,769,244		324,017	588,125	32,505,136
Dwellings	132,470			2,800	129,760
Non-residential buildings	3,569,582		36,039		3,605,621
Other fixed structures	29,067,192		287,978	585,325	28,769,845
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	32,769,244		324,017	588,125	32,505,136

27.1 MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

2023/24					
	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	32,307,642	17,069	447,850	(3,317)	32,769,244
Dwellings	110,787	986	20,697	-	132,470
Non-residential buildings	3,482,006	16,083	73,453	(1,960)	3,569,582
Other fixed structures	28,714,849		353,700	(1,357)	29,067,192
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	32,307,642	17,069	447,850	(3,317)	32,769,244

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

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

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

	2024/25				
	Opening balance 1 April 2024	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2025
	R'000		R'000	R'000	R'000
Buildings and other fixed structures	449,540	-	238,565	153,848	534,257
Total	449,540	-	238,565	153,848	534,257

Payables not recognised relating to Capital WIP

	Note	2024/25 R'000	2023/24 R'000
<i>Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress</i>		-	-
Total		-	-

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2024

	2023/24				
	Opening balance 1 April 2023	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2024
	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures	564,459		182,922	297,841	449,540
Total	564,459		182,922	297,841	449,540

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

27.3 Immovable capital assets (additional information)

	Note	2024/25	2023/24
		Area	Area
a) Unsurveyed land	Estimated completion date <i>Annex 9</i>		
b) Facilities on unsurveyed land	Duration of use <i>Annex 9</i>		
Schools		7	10
Clinics		5	5
Hospitals		-	-
Office buildings		3	3
Dwellings		-	-
Storage facilities		-	-
Other		-	-
c) Facilities on right to use land	Duration of use <i>Annex 9</i>		
Schools		313	379
Clinics		142	147
Hospitals		21	21
Office buildings		39	40
Dwellings		17	13
Storage facilities		11	11
Other		43	47
d) Agreement of custodianship	<i>Annex 9</i>		
Land parcels			
Facilities			
Schools		-	-
Clinics		-	-
Hospitals		-	-
Office buildings		-	-
Dwellings		-	-
Storage facilities		-	-
Other		-	-

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

28 Principal-agent arrangements

28.1 Department acting as the principal

	Note	2024/25 R'000	2023/24 R'000
V3 Consulting		6,395	47,993
Dark Horse Projects and Investments Group		-	
MVD Kalahari		-	
KVS and Associates		-	
Total		6,395	47,993

Management fee paid amounts R6,395 mil – Appointment of implementing agent to provide project management support for several schools constructed on behalf of Department of Education. No Management fee was paid by DRPW for the Department of Health agents, namely Dark Horse Projects and Investment Group, MVD Kalahari and KVS and Associates.

28.2 Changes in Accounting Policy

		2024/25			
Nature of Change in Accounting	Note	Opening balance before the change 1 April 2023	Adjustment to the opening balance	Restated Opening balance after the change 1 April 2023	Restated Closing balance 31 March 2024
		R'000	R'000	R'000	R'000
Finance lease					
Movable Assets - Major	-		10,143	10,143	19,441
Movable Asset - Minor			13	13	13

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

29. Prior period errors

Correction of prior period errors

	Note	2023/24		
		Amount bef error correction	Prior period error	Restated
		R'000	R'000	R'000
<i>Expenditure: (e.g. Compensation of employees, Goods and services, Tangible capital assets, etc.)</i>				
Immovable Tangible Assets		32,307,642	17,069	32,324,711
		32,307,642	17,069	32,324,711
Net effect		32,307,642	17,069	32,324,711

2023/24

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

	Note	Amount bef error correction R'000	Prior period error R'000	Restated R'000
Liabilities: (e.g. Payables current, Voted funds to be surrendered, Commitments, Provisions, etc.)				
Contingent Liabilities		36,846	16,900	53,746
Finance lease		12,648	7,172	19,820
Receivables		4,293	16,714	21,007
Net effect		53,787	40,786	94,573
2023/24				
	Note	Amount bef error correction R'000	Prior period error R'000	Restated R'000
Other: (e.g. Unauthorised expenditure, Irregular expenditure, fruitless and wasteful expenditure, etc.)				
Irregular Expenditure		26,176	198,262	224,438
		26,176	198,262	224,438
Net effect		26,176	198,262	224,438

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

30. Statement of conditional grants received

Name of grant	2024/25									2023/24	
	GRANT ALLOCATION					SPENT					
	Division of Revenue Act / Provincial grants	Roll overs	DORA Adjust-ments	Other Adjust-ments	Total Available	Amount received by depart-ment	Amount spent by depart-ment	Under- / (Overspe nding)	% of available funds spent by depart-ment	Division of Revenue Act / Provincial grants	Amount spent by depart-ment
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Division of Revenue Act Provincial Grants:											
Provincial Road Maintenance Grant	1,475,843	-	-	-	1,475,843	1,475,843	1,425,811	50,032	96,6%	1.338.450	1,338,450
Expanded Public Works Prog Incent Grant	3,394	-	-	-	3,394	3,394	3,394	-	100%	4,494	4.460
TOTAL	1,479,237	-	-	-	1,479,237	1,479,237	1,429,205	50,032		1,342,944	1,342,910

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS

VOTE 5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

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

	2024/25							2023/24	
	GRANT ALLOCATION				TRANSFER			DORA and other transfers	Actual transfer
	DORA and other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Reallocation ns by National Treasury / National Department		
Name of municipality	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Municipal rates and taxes (Anx1A)	101 584	-	-	101 584	98 396	-	-	158,660	158,642
TOTAL	101 584	-	-	101 584	98 396			158,660	158,642

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

32. Net current liability position

	R'000
Current Assets	
Cash and cash equivalents	56,913
Prepayments and advances	-
Receivables	26,889
Total current assets	83,304
Current liabilities	
Voted funds to be surrendered to revenue fund	64,602
Statutory Appropriation to be surrendered to the Revenue Fund	-
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	635
Payables	300
	65,537
Add: Current liabilities in Notes	
Accruals and payables not realised	1,150,151
Employee benefits	31,859
Total current liabilities	1,247,547

Net liability justification

The overall net liability position of R1 164 243' reflects an unfavourable financial standing; however, it is not considered to pose a risk to the Department's ability to continue as a going concern. The unrecognised accruals and payables, amounting to R1 150 151', relate to payments not made to suppliers within the prescribed 30-day period. The Department is implementing measures to address the increasing trend in accruals and payables. These measures include improving the coordination between planning and resource allocation, as well as enhancing the regular monitoring of performance against expenditure to ensure alignment between outputs and spending.

Management remains cognisant of the economic environment in which the Department operates, along with the likelihood of continued government funding. At present, management is not aware of any material uncertainties that could raise significant doubt about the Department's ability to fund its operations. Accordingly, the Department is confident of its continued existence, supported by corrective actions to address the accruals and the sustained financial backing of Government and National Treasury.

Conclusion

The financial statements have been prepared on the assumption that the Department will continue to operate as a going concern for at least the next twelve (12) months. There is no indication that government funding will cease over the Medium-Term Expenditure Framework (MTEF) period.

Management is not aware of any matters or circumstances that have arisen since the end of the financial year, which have not been addressed in the Annual Financial Statements, and that would significantly affect the Department's financial position or its ability to continue operating as a going concern.

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

Name of Municipality	2024/25											2023/24	
	GRANT ALLOCATION				TRANSFER			SPENT				DORA and other transfers	Actual transfers
	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 department	Amount spent by department	Unspent funds	% of available funds spent by department		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Dikgatlong	1 363	-	-	-	1 363	-	-	-	-	-	-	1,910	1,910
Emthanjeni	28	-	-	-	28	-	-	-	-	-	-	4,821	4,821
Gamagara	-	-	-	-	-	-	-	-	-	-	-	3,486	3,486
Ga-Segonyana	3 276	-	-	-	3 276	-	-	-	-	-	-	4,016	4,016
Hantam	1 985	-	-	-	1 985	-	-	-	-	-	-	1,919	1,919
Kamiesberg	-	-	-	-	-	-	-	-	-	-	-	698	698
Kareeberg	-	-	-	-	-	-	-	-	-	-	-	648	648
Karoo Hoogland	-	-	-	-	-	-	-	-	-	-	-	506	506
!Kai Garib	2 755	-	-	-	2 755	-	-	-	-	-	-	1,810	1,810
Kgatelopele	-	-	-	-	-	-	-	-	-	-	-	169	169
Khai Ma	332	-	-	-	332	-	-	-	-	-	-	310	310
Dawid Kruiper	11 493	-	-	-	11 492	-	-	-	-	-	-	10,079	10,079
Kheis	-	-	-	-	-	-	-	-	-	-	-	-	-
Magareng	2 171	-	-	-	2 171	-	-	-	-	-	-	1,489	1,489
Nama Khoi	9 020	-	-	-	9 020	-	-	-	-	-	-	3,496	3,496
Phokwane	-	-	-	-	-	-	-	-	-	-	-	189	189
Renosterberg	-	-	-	-	-	-	-	-	-	-	-	192	192
Richtersveld	-	-	-	-	-	-	-	-	-	-	-	154	154
Siyancuma	956	-	-	-	956	-	-	-	-	-	-	921	921

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

Name of Municipality	2024/25											2023/24	
	GRANT ALLOCATION				TRANSFER			SPENT				DORA and other transfers	Actual transfers
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Siyathemba	-	-	-	-	-	-	-	-	-	-	-	4,061	4,061
Sol Plaatje	54 974	-	-	-	51 788	-	-	-	-	-	-	107,691	107,691
Thembelihle	1 048	-	-	-	1 048	-	-	-	-	-	-	335	335
Tsantsabane	488	-	-	-	488	-	-	-	-	-	-	-	-
Ubuntu	9 322	-	-	-	9 322	-	-	-	-	-	-	7,356	7,356
Umsobomvu	2 373	-	-	-	2 373	-	-	-	-	-	-	2,386	2,386
Joe Morolong	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	101 584	-	-	-	98 397	-	-	-	-	-	-	158,642	158,642

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

Departmental Agency or Account	2024/25						2023/24	
	TRANSFER ALLOCATION				TRANSFER			
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Skills Development Levy	1 001	-	-	1 001	-	-	930	465
TOTAL	1 001	-	-	1 001	-	-	930	465

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

ANNEXURE 1G

STATEMENT OF TRANSFERS TO HOUSEHOLDS

Household	2024/25						2023/24	
	TRANSFER ALLOCATION				EXPENDITURE			
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers								
Leave Gratuity	696	-	-	696	1 794	257,8%	2,194	2,194
Bursaries (Non-employee)	-	-	-	-	-	-	-	-
Post-retirement benefit	3 636	-	-	3 636	1 859	51,1%	4,796	4,796
Donations & Gifts (Cash)	4 000	-	-	4 000	3 798	95,0%	4,000	3,485
Claims against the state (Cash)	1 580	-	-	1 580	1 580	100,0%	235	235
Pension Penalty	-	-	-	-	-	-	-	-
Total	9 912	-	-	9 912	9 031	-	11,225	10,710
Subsidies								
Total								
TOTAL	9 912	-	-	9 912	9 031	-	11,225	10,710

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

ANNEXURE 1J

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

Nature of gift, donation or sponsorship (Group major categories but list material items including name of organisation)	2024/25 R'000	2023/24 R'000
Made in kind		
Gifts	-	-
Household	61	477
Non-profit institutions	2 412	1 104
Private entities	1 466	1 904
Total donations	3 939	3 485
Sponsorships		
Total Sponsorships	-	-
Total gifts, Donations and Sponsorships made in kind	3 939	3 485

ANNEXURE 3B

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2025

Nature of liability	Opening balance 1 April 2024	Liabilities incurred during the year	Liabilities paid / cancelled / reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2025
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Contract Dispute	32,526	-	5,217	-	27,309
Labour Dispute	-	-	-	-	-
Pothole Claim	16, 655	7 423	3,412	-	20,666
Rental Arrears	-	-	-	-	-
Collisions					
Collision	5	-	1	-	4
Accident	4,560		(570)		5.130
Subtotal					
Environmental liability					
TOTAL	53,746	7,423	8,060	-	53,109

ANNEXURE 4

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

CLAIMS RECOVERABLE

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2024/25*	
							Receipt date up to six (6) working days after year end	Amount
	31/03/2025 R'000	31/03/2024 R'000	31/03/2025 R'000	31/03/2024 R'000	31/03/2025 R'000	31/03/2024 R'000		R'000
Department								
Health	-	-	1,720	1,720	1,720	1,720	-	-
Education	-	-	-	19	-	19	-	-
COGHSTA	-	-	276	311	276	311	-	-
Subtotal	-	-	1,996	2 050	1,996	2 050	-	-
Other Government Entities								
Subtotal	-	-	-	-	-	-	-	-
TOTAL	-	-	1,996	2 050	1,996	2 050	-	-

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

ANNEXURE 5

INTERGOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2024/25 [*]	
							Payment date up to six (6) working days after year end	
	31/03/2025 R'000	31/03/2024 R'000	31/03/2025 R'000	31/03/2024 R'000	31/03/2025 R'000	31/03/2024 R'000		Amount R'000
DEPARTMENTS								
Current								
Office Of The Premier	-	-	700	616	700	616	-	-
Provincial Treasury	-	-	154	154	154	154	-	-
							-	-
Subtotal	-	-	854	770	854	770	-	-
Non-current								
Subtotal								
Total Departments	-	-	854	770	854	770	-	-

OTHER GOVERNMENT ENTITIES

Current

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

Northern Cape Fleet Management Trading Entity	472,441	5,195	-	-	472,441	5,195	-	-
	-	-	-	-	-	-	-	-
Subtotal Non-current	472,441	5,195	-	-	472,441	5,195	-	-
Subtotal								
Total Other Government Entities	472,441	5,195	-	-	472,441	5,195	-	-
TOTAL INTERGOVERNMENT PAYABLES	472,441	5,195	-	770	472,295	5,965	-	-

NORTHERN CAPE DEPARTMENT ROADS AND PUBLIC WORKS

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

ANNEXURE 6

INVENTORIES

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

	Movable Assets	Legal Books	Insert major category of inventory	Insert major category of inventory	Total
Inventories for the year ended 31 March 2024	R'000	R'000	R'000	R'000	R'000
Opening balance		64			64
Closing balance		64			64

VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

ANNEXURE 7**MOVEMENT IN CAPITAL WORK IN PROGRESS****Movement in capital work in progress for the year ended 31 March 2025**

	Opening balance R'000	Current year CWIP R'000	Ready for use (Asset Register) / Contract terminated R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	449 540	238,566	153 848	543,258
Dwellings				
Non-residential buildings				
Other fixed structures	449 540	238,566	153 848	543,258
TOTAL	449 540	238,566	153 848	534,258

Movement in capital work in progress for the year ended 31 March 2024

	Opening balance R'000	Prior period error R'000	Current year CWIP R'000	Ready for use (Asset Register) / Contract terminated R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	564,459	-	182,922	297,841	449,540
Dwellings	-		-	-	-
Non-residential buildings	-		-	-	-
Other fixed structures	564,459		182,922	297,841	449,540
TOTAL	564,459	-	182,922	297,841	449,540

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

ANNEXURE 9

ADDITIONAL INFORMATION ON IMMOVABLE ASSETS

a. Immovable capital assets (additional information)

	User Department	2024/25 No.	2023/24 No.
Properties deemed vested			
Land Parcels		-	-
Facilities deemed vested			
Schools	Dept. Education	-	-
Clinics & Hospitals	Dept. Health	-	-
Office buildings	All Departments	-	-
Dwellings	All Departments	-	-
Storage facilities	All Departments	-	-
Other	All Departments	-	-
e) Facilities on unsurveyed land			
Schools	Dept. Education	7	10
Clinics	Dept. Health	5	5
Hospitals	Dept. Health	-	-
Office buildings	All Departments	3	3
Dwellings	All Departments	-	-
Storage facilities	All Departments	-	-
Other	All Departments	-	-
f) Facilities on right to use land			
Schools	Dept. Education	313	379
Clinics	Dept. Health	142	147
Hospitals	Dept Health	21	21
Office buildings	All Departments	39	40
Dwellings	All Departments	17	13
Storage facilities	All Departments	11	11
Other	All Departments	43	47

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS
VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

g) Agreement of custodianship

Land parcels

Facilities

Other

Municipalities

-

-

REPORT OF THE AUDIT COMMITTEE
ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

for the year ended 31 March 2025

1. Internal Audit Function

• Key activities and objectives of the internal audit

Purpose and mandate

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

In light of Treasury Regulation 3.2.6, which stipulates that internal audit must be conducted in accordance with the Standards™ set by the Institute of Internal Auditors, the IAF is guided by the International Professional Practices Framework® (IPPF®) published by the Institute of Internal Auditors (The IIA); to act independently and objectively in providing assurance and advisory services in respect of the entity’s overall governance, risk management, and internal control processes. The Internal Audit’s functional reporting to the audit committee (AC) as prescribed by the PFMA is intended to protect its independence and objectivity.

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

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

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

Vision statement

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

REPORT OF THE AUDIT COMMITTEE
ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

for the year ended 31 March 2025

Strategy Statement

Through a shared internal audit service model, we will deliver coordinated, risk-based, and high-quality audit services that support each department's strategic objectives while promoting efficiency, accountability, and continuous improvement across the province.

Charter, methodology and internal audit plans

The IAF is guided by an internal audit charter endorsed by the Accounting Officer and approved by the AC; and performs its functions as provided in the PFMA and the internal audit charter. The IAF reviewed and updated its methodology to ensure alignment with the Global Internal Audit Standards 2024. The IAF compiles a rolling three-year risk-based audit plan and prepares an annual plan after taking into consideration the risks facing the entity, its strategic objectives, mandate, audit issues, and input from management. The AC reviewed and approved these plans.

Independence and authority

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

Internal audit modality

The IAF operates under a shared services model, whereby internal audit services are provided centrally to eleven departments, three listed public entities and one trading entity within the province. The shared IAF is divided into 4 clusters, Northern Cape Fleet Management Trading Entity being serviced by the IAF – Cluster 4. This contributed positively to independence.

Staffing

Several appointments were made during the year which reduced the internal audit vacancy rate to 14% at year-end.

Training and development of internal audit staff took place through the Department's bursary programme, courses offered by the IIA, free online training, and on-the-job training. The collective skills and experience of the IAF staff are appropriate for fulfilling its mandate.

Stakeholder relationships

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

REPORT OF THE AUDIT COMMITTEE
ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
for the year ended 31 March 2025

Clean audit drive

The IAF aligned its processes to meet the vision of the operation clean audit drive. The IAF reviewed the completeness and adequacy of the AGSA audit action plan and furthermore conducted follow up audits in November and March to monitor the implementation thereof.

Quality assurance and improvement program

The compulsory 5-yearly external quality assurance review was concluded in December 2022. The outcome was again the highest rating, namely general conformance to the Standards for the Professional Practice of Internal Auditing. For the last 11 consecutive years, the Auditor-General did not raise any negative findings during their annual review of Internal Audit. The IAF's annual self-assessment indicate general conformance to the Standards.

REPORT OF THE AUDIT COMMITTEE
ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

for the year ended 31 March 2025

• **Summary of audit work done**

Planned and completed audits

Assignment	Status	Type
Annual Financial Statements	Completed	Assurance
Annual Performance Report Review	Completed	Assurance
Repairs and Maintenance	Completed	Assurance
Asset Management	Completed	Assurance
Interim Financial Statements	Completed	Assurance
Follow up	Completed	Assurance
Performance Information	Completed	Assurance
Asset Disposals	Completed	Assurance

All planned audits for the financial year were completed (100%), covering areas such as repairs and maintenance, asset management, asset disposals and financial controls.

Ad hoc projects

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

Internal audit recommendations

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

Value add

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

Limitations

There was one vacancy at the senior auditor level, however, this did not prevent the IAF from meeting its set annual targets.

REPORT OF THE AUDIT COMMITTEE
ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

for the year ended 31 March 2025

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

Purpose and mandate

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

Independence

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

Protecting the independence of the IAF

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

Performance against statutory duties

The AC fulfilled its obligations under Treasury Regulations 3.1.8–3.1.16, reviewing key reports, financial statements, audit findings, and risk registers.

Composition of the AC

The AC comprised five members during most of the year—three external and two internal. One internal member resigned in December 2024, leaving the AC with four members for the remainder of the financial year.

Meeting attendance

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

Combined assurance

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

Resolution of AC recommendations

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

AC performance evaluation

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

REPORT OF THE AUDIT COMMITTEE
ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

for the year ended 31 March 2025

The table below discloses relevant information on the AC members:

Name	Qualifications	Professional Affiliation	Appointment: Term of Office	No. of Meetings attended 2024/25	Has the AC member declared private and business interests in every meeting? (Yes/No)	Is the AC member an employee of an organ of state? (Yes / No)	No. of other ACs that the member served on during the reporting period (whether in the public sector or not)	No. of other governance structures the member served on during the reporting period, e.g., Boards, Risk Committee, IT Committee, etc, whether in this or any other institution(s)
Mr. Faizal Docrat	- Master of Business Administration - Chartered Director (SA) - Certified Information Security Manager - Certified Information Systems Auditor - Certified in the Governance of Enterprise Information Technology - Certified Risk Management Practitioner - Management Advancement Program - Total Quality Management	-Institute of Directors SA (IoD SA) -Institute of Risk Management SA (IRMSA) -ISAACA -Information Technology Governance Institute (ITGI)	1 Dec 2023 - 30 Nov 2026	4	Yes	No	7	4

REPORT OF THE AUDIT COMMITTEE
ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

for the year ended 31 March 2025

Name	Qualifications	Professional Affiliation	Appointment: Term of Office	No. of Meetings attended 2024/25	Has the AC member declared private and business interests in every meeting? (Yes/No)	Is the AC member an employee of an organ of state? (Yes / No)	No. of other ACs that the member served on during the reporting period (whether in the public sector or not)	No. of other governance structures the member served on during the reporting period, e.g., Boards, Risk Committee, IT Committee, etc, whether in this or any other institution(s)
	Computer Operations Proficiency Examination							
Ms. Thobeka Njozela	- CIA, CCSA, CRMA - Cert Director Executive Development Programme 2005 - Certificate in Management Practice - MBA - B. Compt (Hons) - B. Com	- Institute of Directors SA - Institute of Risk Management SA - Institute of Internal Auditors SA	1 Dec 2023 - 30 Nov 2026	4	Yes	No	5	4
Mr. Satish Roopa	- B Luris, LLB, M Phil	- Member: Legal Practice Council - Certified Director® with the IoDSA	1 Dec 2023 - 30 Nov 2026	4	Yes	No	2	3

REPORT OF THE AUDIT COMMITTEE
ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

for the year ended 31 March 2025

Name	Qualifications	Professional Affiliation	Appointment: Term of Office	No. of Meetings attended 2024/25	Has the AC member declared private and business interests in every meeting? (Yes/No)	Is the AC member an employee of an organ of state? (Yes / No)	No. of other ACs that the member served on during the reporting period (whether in the public sector or not)	No. of other governance structures the member served on during the reporting period, e.g., Boards, Risk Committee, IT Committee, etc, whether in this or any other institution(s)
Ms. Z Langevel dt	- B. Com Honors in Business Management - National Diploma in Administrative Management - Certificate in Project Management - Diploma in Computers - Certificate in Theology	None	1 Dec 2023 - 30 Nov 2026	4	Yes	Yes	2	0
Mr. T Monoam etsi	- BCom, in Accounting and Auditing; - BCom in Risk Management; - Master's in Business Leadership, Majoring in Supply Chain - Master's in Business Administration, Majoring in Agile Supply Chain	None	1 Dec 2023 - 31 Dec 2024	2	Yes	Yes	2	0

REPORT OF THE AUDIT COMMITTEE
ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

for the year ended 31 March 2025

Remuneration of AC members

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

REPORT OF THE AUDIT COMMITTEE
ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

for the year ended 31 March 2025

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2025.

Part 1: Audit Committee Reflections – 2025

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

In the 2024/25 financial year, the AC focused strategically on strengthening internal controls, improving audit outcomes, ensuring compliance with legislative requirements, and promoting the effective functioning of internal audit. Particular attention was given to addressing recurring audit findings, monitoring the implementation of corrective action plans, and overseeing the entity's performance and financial reporting integrity.

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

The positioning of the Internal Audit Unit (IAF) was strengthened through regular oversight and strategic direction. The Chief Audit Executive continued to play a critical role not only in the execution of the internal audit plan, but also in advising the entity on governance, risk, and control matters. The AC confirms that it provided counsel on areas beyond assurance, including financial sustainability, risk mitigation, and process optimisation.

The AC confirms that it has fulfilled its responsibilities in terms of the Public Finance Management Act (PFMA) and Treasury Regulations 3.1.8 to 3.1.16. We have adopted and complied with the AC Charter and functioned independently and without hindrance throughout the reporting period.

The AC has internalised the requirements of the Global Internal Audit Standards™ in its practices and has aligned the IAF's approach accordingly. We confirm that our affairs were conducted in line with these standards and our Charter, with no deviations to report.

REPORT OF THE AUDIT COMMITTEE
ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

for the year ended 31 March 2025

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

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

Part 2: AC Composition and Meeting Attendance

The AC remained properly constituted throughout the year, with a balanced representation of independent members possessing a diverse and appropriate mix of qualifications, skills, and experience. The AC convened four times during the year with two ordinary meetings and two special meetings.

REPORT OF THE AUDIT COMMITTEE
ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

for the year ended 31 March 2025

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

Name (Position)	Qualifications	Is the AC member an employee of an organ of state? (Yes / No)	Number of ordinary meetings attended	Number of special meetings attended
Mr. Faizal Docrat	- Master of Business Administration - Chartered Director (SA) - Certified Information Security Manager - Certified Information Systems Auditor - Certified in the Governance of Enterprise Information Technology - Certified Risk Management Practitioner - Management Advancement Program - Total Quality Management - Computer Operations Proficiency Examination	No	2	2
Ms. Thobeka Njozela	- CIA, CCSA, CRMA - Cert Director - Executive Development Programme 2005 - Certificate in Management Practice - MBA - B. Compt (Hons) - B. Com	No	2	2
Mr. Satish Roopa	B Luris, LLB, M Phil	No	2	2
Ms. Z Langeveldt	- B. Com Honors in Business Management - National Diploma in Administrative Management - Certificate in Project Management - Diploma in Computers - Certificate in Theology	Yes	2	2
Mr. T Monoametsi	BCom, in Accounting and Auditing; BCom in Risk Management;	Yes	1	1

REPORT OF THE AUDIT COMMITTEE
ON THE NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

for the year ended 31 March 2025

	Master's in Business Leadership, Majoring in Supply Chain Master's in Business Administration, Majoring in Agile Supply Chain			
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Part 3: Audit Committee Focus Areas

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

1. Effectiveness of the internal control systems

The AC reviewed reports from both internal audit and external audit, which highlighted weaknesses in internal controls in certain operational areas, including repairs and maintenance, asset management and asset disposals. Management action plans were monitored to ensure corrective action. The AC concludes that internal controls are generally adequate but require strengthening in key risk areas.

2. Effectiveness of the IAF

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

3. Activities of the IAF

The IAF conducted audits covering financial controls, performance information, compliance, supply chain management, and IT governance. Follow-up audits were also conducted to assess the implementation of prior recommendations. Internal Audit's quarterly reports and annual internal control assessment provided valuable insights for risk mitigation.

4. Effectiveness of risk management

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

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

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

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

Both internal and external audit reports highlighted recurring concerns such as irregular expenditure, non-compliance with supply chain policies, and weaknesses in repairs and maintenance, asset management and asset disposals. These were escalated to management and monitored through the AC's meeting resolutions and tracking tool.

7. Compliance with legal and regulatory provisions

The AC noted that while the entity generally complies with legislation, some lapses were identified, particularly in repairs and maintenance, asset management and asset disposals. Management has committed to ongoing training and control improvements in this area.

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

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

9. Combined assurance

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

10. Evaluation of the annual financial statements

The annual financial statements fairly present the entity's position, but audit findings indicate a need to improve internal controls and compliance.

11. External audit

The Auditor-General issued an unqualified opinion, with findings on compliance and internal control weaknesses requiring management action.

12. Auditor-General's report

An unqualified opinion with findings was issued, and management has committed to corrective measures to address the identified issues.

SIGNATURE



Mr. F Docrat

Chairperson of the Audit Committee

Date: 13 August 2025

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
AUDITOR GENERAL REPORT
for the year ended 31 March 2025

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
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Opinion

1. I have audited the financial statements of the Northern Cape Fleet Management Trading Entity set out on pages 248 to 291, which comprise the statement of financial position as at 31 March 2025, 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 Northern Cape Fleet Management Trading Entity as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

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

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 26 to the financial statements, the corresponding figures for 31 March 2024 were restated as a result of an error in the financial statements of the trading entity at, and for the year ended, 31 March 2025.

Responsibilities of the accounting officer for the financial statements

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

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

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page number 229 of annexure to the auditor's report.

Report on the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
13. I selected the following material performance indicators related to Northern Cape Fleet Management Trading presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the trading entity's performance on its primary mandated functions and that are of significant national, community or public interest.
- Number of white fleet replaced
 - Number of yellow fleet replaced
 - Number of white fleet regularly serviced
 - Number of yellow fleet regularly serviced
 - Percentage of graders available for roads maintenance and construction
 - Number of auctions conducted
 - Billing client trading departments on fleet services rendered
14. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the trading entity's planning and delivery on its mandate and objectives.
15. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the trading entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the trading entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
AUDITOR GENERAL REPORT
for the year ended 31 March 2025

- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets

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

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

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

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

20. The table that follows provides information on the achievement of planned targets and list the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 232 to 246.

Northern Cape Fleet Management Trading Entity

Targets achieved: 50%

Budget spent: 111%

Key indicator not achieved	Planned target	Reported achievement
Number of white fleet replaced	50	38
Number of yellow fleet replaced	20	1
Percentage of graders available for roads maintenance and construction	75%	69%
Number of auctions conducted	1	0

Report on compliance with legislation

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

Other information in the annual report

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
AUDITOR GENERAL REPORT
for the year ended 31 March 2025

26. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. 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

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

Auditor General

Kimberley

31 July 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
AUDITOR GENERAL REPORT
for the year ended 31 March 2025

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the trading entity's compliance with selected requirements in key legislation.

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trading entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the trading entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a trading entity to cease operating as a going concern

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
AUDITOR GENERAL REPORT
for the year ended 31 March 2025

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Trading entity

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 38(1)(b); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(f); 38(1)(h)(iii); 40(1)(a); 40(1)(b); 40(1)(c)(i); 44; 45(b);
Treasury Regulations, 2005	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1; 7.2.1; 8.1.1; 8.2.1; 8.2.3; 8.4.1; 9.1.1; 9.1.4; 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; 11.5.1; 12.5.1; 15.10.1.2(c); 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(a)(ii); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A 6.3(c); 16A 6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 17.1.1; 18.2; 19.6.1; 19.8.4
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9, 5.3
Second Amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulation, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

1. OVERVIEW OF FLEET MANAGEMENT TRADING ENTITY PERFORMANCE

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

1.1 Service delivery environment

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

The Department of Transport is the custodian of fleet services for the South African Government and the Northern Cape Fleet Management Trading Entity consistently ensured that the client departments are serviced efficiently. The Entity achieved 50% of its planned targets for 2024/25 financial year and this was contributed by effective controls that has been put in place.

PERFORMANCE INFORMATION

for the year ended 31 March 2025

As part of its stakeholder management processes, the Northern Cape Fleet Management Trading Entity held regular engagement quarterly meetings with the client departments

Issuance of invoices regularly to client department's forms the backbone of our stakeholder relationship. In addition the other major objective of these engagements is meant to address all the transport related matters and risks that could contribute towards delays in the delivery of vehicles to the client departments and therefore compromise of service delivery.

The other important stakeholder that the Northern Cape Fleet Management Trading Entity engages with is the Wesbank, this relationship remains crucial in as far as the repairs & maintenance and the fuel cards used by our client departments. The new contract is the one that govern the purchasing of fleet, repairs of fleet, maintenance of fleet and the management of fuel cards by government departments and entities

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

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

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

The Department of Transport is the custodian of fleet services for the South African Government and the Northern Cape Fleet Management Trading Entity consistently ensured that the client departments are serviced with efficiency. The Entity performed well and achieved 88% of its planned targets for 2023/24 financial year and this was contributed by effective

PERFORMANCE INFORMATION

for the year ended 31 March 2025

controls that have been put in place. As part of its stakeholder management processes, regular engagements were held through quarterly meetings with the client departments and issuing them with invoices regularly. The objective of these engagements is meant to address all the transport related matters and risks that could contribute towards delays in the delivery of vehicles to the client departments and therefore compromise of service delivery.

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

The new contract between Wes bank and National Government started on 1 April 2021. This contract is the one that governs the purchasing of fleet by government departments and entities.

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

1.1.1 Service Delivery Improvement Plan, Main services, and standards

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

1.2 Organization environment

Besides the fact that the Performance Information of the Northern Cape Fleet Management Trading Entity has improved for the last four financial (2020/2021; 2021/2022; 2022/2023 and 2023/2024) The internal environment of the Northern Cape Fleet Management Trading Entity has kept on improving to such an extend that even the finance directorate audit committee has improved drastically. This led to the Northern Cape Fleet Management Trading Entity achieved

its first clean audit in 2023, and thus signaling 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 improvement , Performance Information audit outcomes for the past five financial years (2019/2020;2020/2021; 2021/2022; 2022/2023 and 2023/2024) was basically clean audits.

PERFORMANCE INFORMATION

for the year ended 31 March 2025

We are equally confident that the 2025 financial year audits will be favourable. Northern Cape Fleet Management Trading Entity confidence is derived from the fact that its systems and procedures that guides it to do its work are working and just needs constant improvements.

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

1.3 Key policy developments and Legislative changes

The PPPFA 2017 court judgement was repealed by National Treasury

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 (2020/2021; 2021/2022; 2022/2023 and 2023/2024) 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)	33% was achieved on technical services which contributed towards the management of fleet and this had a direct contribution on the service delivery environment of client departments.

PERFORMANCE INFORMATION

for the year ended 31 March 2025

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

- The overall annual performance of the Entity is 50% achievement.
- The Entity achieved an unqualified audit opinion with material findings past four financial years (2020/2021; 2021/2022; 2022/2023 and 2023/2024) financial years.
- 100% achievement on billing client departments on fleet services rendered which contributes to revenue management.
- 100% achievement on 30-daypayments and this positively contributes towards creating a sustainable environment for enterprises.
- 33% was achieved on technical services which contribute towards the management of fleet.

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

2.1 ANNUAL DEPARTMENTAL OVERALL PERFORMANCE

Programme	Total number of indicators for the year	Number of indicators achieved	%Achieved
Technical Services	6	2	33%
Financial Management Services	2	2	100%
Total	8	4	50%

PERFORMANCE INFORMATION

for the year ended 31 March 2025

2.2 SUB-PROGRAMME2: 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
	Frontline, 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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

PERFORMANCE INFORMATION

for the year ended 31 March 2025

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)	33% 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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

PERFORMANCE INFORMATION

for the year ended 31 March 2025

Outcome, outputs, output indicators, targets and actual achievements

Outcome	Output	Output Indicators	Audited Actual 2022/23	Audited Actual 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement	Reason for deviation
Increase access to affordable and reliable transport Infrastructure (Priority 2)	Increased access to efficient fleet to Client department	Number of white fleet replaced	114	182	50	38	(12)	Increase in debt from client departments resulted in cash Flow shortfall
		Number of yellow fleet replaced	-	20	20	1	(19)	Increase in debt from client departments resulted in cash Flow shortfall

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

PERFORMANCE INFORMATION

for the year ended 31 March 2025

		Number of yellow fleet regularly serviced	713	668	640	671	+31	Entity serviced more yellow fleet than originally planned, due to plant accumulating more kilometers to qualify for servicing
		Number of white fleet regularly serviced	810	809	820	843	+23	Entity serviced more white fleet than originally planned, due to vehicles accumulating more kilometers to qualify for servicing

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

PERFORMANCE INFORMATION

for the year ended 31 March 2025

		Percentage of graders available for roads maintenance and construction	73%	71%	75%	69%	(6%)	Major breakdowns on graders. Delays in repairs due to unavailability of mechanical parts
		Number of auctions conducted	1	1	1	-	(1)	NCFMTE did not have required Number of vehicles to conduct the auction

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

PERFORMANCE INFORMATION

for the year ended 31 March 2025

Reasons for Deviation

- The entity serviced more yellow/white fleet than originally planned, due to plant accumulating enough kilometre or hours to qualify for servicing
- Major Break downs in graders
- Increased debt from client departments, which resulted in short fall of cash & cash equivalents.

Strategy to overcome areas of underperformance

- Replace old graders and purchase more vehicles

2.3 SUB-PROGRAMME3:FINANCIALMANAGEMENTSERVICES

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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

PERFORMANCE INFORMATION

for the year ended 31 March 2025

Outcome	Progress
Functional, Efficient and Integrated Government (Priority1:MTSF)	100% achievement on 30-day payments and this positively contributes towards creating a sustainable environment for enterprises.

Outcome, outputs, output indicators, targets and actual achievements

Outcome	Outputs	Output Indicators	Audited Actual 2022/23	Audited Actual 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement	Reason for deviation
Increase access to affordable and reliable transport infrastructure (Priority2)	Increased access of efficient fleet to client department	Billing client departments on fleet services rendered	156	144	144	144	-	-
		Percentage of payments processed within 30 days	100%	100%	100%	100%	-	-

PERFORMANCE INFORMATION

for the year ended 31 March 2025

Strategy to overcome areas of underperformance

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

2.4 Report on the Institutional response to the COVID-19 Pandemic

N/A

2.5 TRANSFERPAYMENTS

N/A

2.6 CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

N/A

PERFORMANCE INFORMATION

for the year ended 31 March 2024

2.7 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Operating Budget Item	Estimated Budget 2024/25 '000'	MTEF Targets		
		2025/26	2026/27	2027/28
		'000	'000	'000
Revenue	292741	322015	354216	389638
Sale of goods and Rendering of Services	255504	281054	309159	340075
Finance lease income	32255	35481	39029	42932
Finance Income	4982	5480	6028	6631
Expenditure	245038	269542	296496	326146
Bank charges	62	68	75	82
Cleaning	363	399	439	483
Depreciation	37321	41053	45158	49674
Employee costs	30923	34016	37417	41159
Fuel, Oil and Lubricants (Transport Costs)	82622	90884	99973	109970
Licensing fees	2266	2493	2742	3016
Maintenance and Repairs	67833	74616	82077	90285

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY

PERFORMANCE INFORMATION

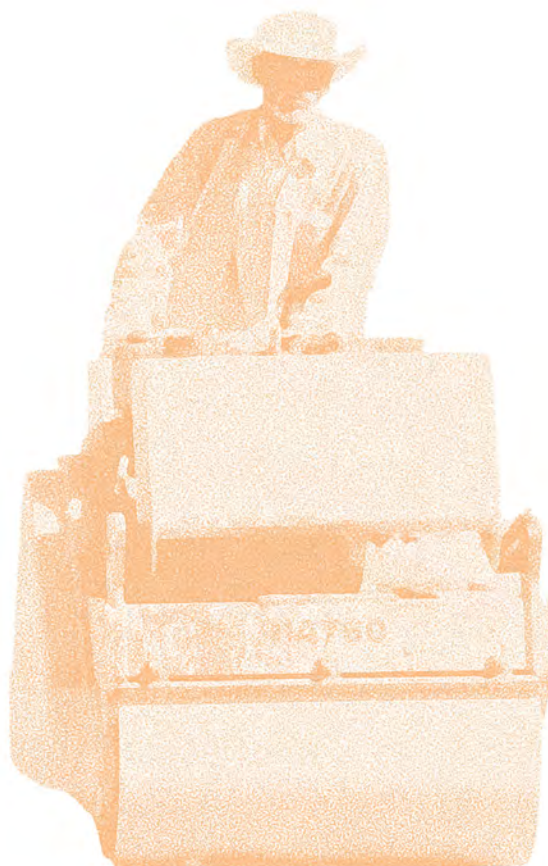
for the year ended 31 March 2024

Other expenses	16004	17604	19365	21301
Printing and stationery	472	519	571	628
Security	4840	5324	5856	6442
Telephone	352	387	426	469
Training	309	340	374	412
Transport claims	341	375	413	454
Travel and accommodation	558	613	675	742
Uniforms and protective clothing	342	376	414	455
Water and Electricity	431	474	522	574
Net profit	47702	52473	57720	63492
Capital set aside				
White fleet replacement	40000	42000	44000	46000
Yellow fleet replacement	20000	22000	24200	26620
Receivables	495000	544500	598950	658845

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

Contents

STATEMENT OF FINANCIAL PERFORMANCE.....	248
STATEMENT OF FINANCIAL POSITION	249
STATEMENT OF CHANGES IN NET ASSETS.....	250
STATEMENT OF CASH FLOWS	251
NOTES TO THE ANNUAL FINANCIAL STATEMENTS	252



NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2025

		31 March 2025 R'000	31 March 2024 R'000
	<i>Notes</i>		
REVENUE			
Revenue from Exchange Transactions	5.1	248 398	207 288
Sale of goods and Rendering of Services		199 989	170 434
Finance lease income		46 623	34 653
Finance Income		1 786	1 765
Other Income		-	436
Revenue from Non – Exchange Transaction	5.2	7 721	7 518
Transfers and Sponsorship's – Service in kind		7 721	7 518
Total Revenue		256 119	214 806
EXPENSES			
Employee related costs	6.1	(25 230)	(26 775)
Repairs and maintenance	6.2	(82 881)	(60 055)
Depreciation and amortisation expense	6.3	(28 904)	(29 649)
General expenses	6.4	(135 990)	(118 987)
Total Expenses		(273 005)	(235 466)
(DEFICIT) / SURPLUS		(16 886)	(20 659)
Gain on assets		-	6 720
(DEFICIT) / SURPLUS FOR THE PERIOD		(16 886)	(13 939)

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2025

	Notes	31 March 2025 R'000	31 March 2024 R'000
ASSETS			
Non-current Assets		226 523	258 796
Property, Plant and Equipment	7	141 676	163 053
Finance Lease Receivables	14	84 783	95 701
Intangible assets	8	64	42
Current Assets		649 828	620 949
Receivables from Exchange Transactions	9	603 309	559 347
Short-term portion of Finance Lease Receivable	14	26 008	17 860
Cash and Cash Equivalents	16	20 511	25 378
Inventories	17	0	18 365
TOTAL ASSETS		876 351	879 745
NET ASSETS AND LIABILITIES			
Current Liabilities		62 479	51 243
Payables from Exchange Transactions	11.1	60 238	48 779
Current provisions	11.2	2 238	2 461
Other liabilities	11.3	3	3
Net Assets		813 872	828 502
Accumulated Surplus		737 204	754 089
Revaluation Surplus	10	76 668	74 413
TOTAL NETT ASSETS AND LIABILITIES		876 351	879 745

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2025

	Note	Accumulated Surplus R'000	Revaluation Surplus R'000	Total R'000
Balance at 01 April 2023		762 095	65 770	827 865
Total surplus for the year		(13 939)	-	(13 939)
Other movements		-	-	-
Revaluation of Property, Plant and Equipment			14 575	14 575
Transfers to accumulated surplus		5 933	(5 933)	-
Balance at 31 March 2024		754 089	74 412	828 501
Total surplus for the year		(16 886)	-	(16 886)
Transfers to accumulated surplus		-	-	-
Other movements		-	-	-
Revaluation of Property, Plant and Equipment		-	2 256	2 256
Balance at 31 March 2025		737 204	76 668	813 872

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	Notes	31 March 2025 R'000	31 March 2024 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Customers		156 027	119 215
Payments to Suppliers		(225 144)	(197 227)
Cash generated from operations	15	<u>(69 117)</u>	<u>(78 011)</u>
Interest Received	5	<u>1 786</u>	<u>1 765</u>
Net Cash in / (out) Flows from Operating Activities		<u>(67 331)</u>	<u>(76 247)</u>
INVESTING ACTIVITIES			
Purchase of equipment	7	(208)	-
Purchase of inventory	17	(2 799)	(40 492)
Proceeds on sale of property, plant and Equipment		-	21 662
Purchase of intangible assets		(33)	(6)
Nett increase in finance lease assets		65 504	72 088
Other movements		-	-
NET CASH IN FLOWS FROM INVESTING ACTIVITIES		<u>62 464</u>	<u>53 252</u>
FINANCING ACTIVITIES			
Decrease in other liabilities			
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4 867)	(22 995)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		<u>25 378</u>	<u>48 372</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		<u>20 511</u>	<u>25 378</u>

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

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 104 on Financial instruments (revised)	01 April 2025

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

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

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

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

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

The depreciation also takes into account a residual value. Residual values on white fleet and finance lease assets are calculated at 30% of its cost price/revalued amount. The estimated residual value of each fleet item is determined in the same way as the residual value that is determined by management during the annual calculation of the daily tariffs.

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

4.2 Impairment of property, plant and equipment

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

4.2.1 Impairment of Cash Generating Assets

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

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

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current.

Non-financial assets: Inventories

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

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

The historical cost of inventory includes:

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

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

- 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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

4.13 Employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service. Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

Short-term employee benefits include:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits for current employees.

4.14 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

4.15 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with requirement of any applicable legislation, including the PFMA, State Tender Board Act, 1968 (Act No. 86 of 1968), any regulations made in terms of the PFMA, or any provincial legislation providing for procurement procedures in that provincial government.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

5. Revenue

5.1 Revenue from Exchange Transactions

	31 March 2025 R'000	31 March 2024 R'000
Revenue from Exchange Transactions comprises:		
White Fleet Rental of Vehicles	101 747	83 640
Yellow Fleet Rental of Road Building Equipment	98 242	86 794
Finance Lease Income	46 623	34 653
Finance Income	1 786	1 765
Other Income	-	436
	<u>248 398</u>	<u>207 288</u>

5.2 Revenue from Non – Exchange Transactions

Transfers and Sponsorships – Service in kind	<u>7 721</u>	<u>7 518</u>
	<u>7 721</u>	<u>7 518</u>

Services received in kind

The entity received services in kind from the Northern Cape Department Roads and Public Works in the form of:

- Personnel
- Facilities
- Assistance in human resource management
- Assistance in Risk and Legal affairs
- Assistance in investigating of Irregular expenditure
- Assistance in SCM procedures on procurement above R500 000

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

The entity did recognise services in kind of R7 721 000 in 2025(2024:R7 518 000) relating to free accommodation provided to the entity by the department.

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

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

6. Expenses	31 March 2025 R'000	31 March 2024 R'000
6.1 Employee cost		
Basic salary	17 577	17 744
Housing allowance	891	908
Medical aid and pension	4 389	4 412
Performance bonus	-	11
Service bonus	1 522	1 573
Travel allowance	282	306
Other allowances	791	1342
Provision for leave movement	(190)	416
Provision for long service awards movement	(53)	31
Provision for service bonus movement	21	32
	25 230	26 775
6.2 Repairs and Maintenance		
6.2.1 Repairs & Maintenance per asset classification		
White Fleet assets	30 073	19 630
Yellow Fleet assets	52 808	40 425
Maintenance and Repairs	82 881	60 055
6.2.2 Repairs & Maintenance per expense classification		
Tyres	6 044	7 837
Accidents	5 634	2 334
Repairs & Maintenance	71 203	49 884
	82 881	60 055
6.3 Depreciation		
Depreciation assets	28 904	29 649

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

6.4 General expenses	31 March 2025 R'000	31 March 2024 R'000
Audit fees	2 802	2 237
Bank charges	12	75
Cleaning	790	363
Equipment rentals/Building	23 763	13 659
Fuel, Oil and Lubricants (Transport Costs)	83 712	79 398
Insurance	1 565	1 495
Licensing fees	2 564	2 549
Other expenses	768	732
Printing and stationery	486	232
Security	5 813	4 414
Telephone	272	339
Toll fees	32	66
Tracking fee	9 093	9 358
Transaction fees	2 884	2 969
Travel and accommodation	683	485
Uniforms and protective clothing	368	320
Water and electricity	383	296
	135 990	118 987

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.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

7. Property, Plant and Equipment
7.1 Vehicle Fleet (White Fleet)

	31 March 2025 R'000	31 March 2024 R'000
Opening Balance – 1 April	52 361	38 795
Cost	88 703	74 222
Accumulated Depreciation	(36 342)	(35 428)
<u>Movements:</u>		
Additions	-	15 202
Transfers from Finance lease asset	4 413	10 068
Disposals	-	(14 478)
Depreciation	(13 925)	(11 801)
Revaluation	2 254	14 576
Closing Balance	45 104	52 361
Cost	95 371	88 703
Accumulated Depreciation	(50 266)	(36 342)

Additions

Additions were transferred from Inventory. Additions in the current and prior year have been funded by the entity.

Transfers

Transfers from finance lease asset occur when the vehicle has reached the end of the finance lease period.

Revaluation

Revaluation on white fleet occurs when assets are transferred in from finance lease. No specific date can be determined for revaluation as it only occurs when the asset reaches the end of its lease term and all assets have different purchase dates, thus all assets are not revalued at a specific point in time during the year. The new carrying amount is calculated at 60% of the fair value on date of transfer as it is of managements experience that only 60% will be able to be obtained if the assets that reach the end of their lease term would to be sold on auction. On said date the asset is revalued by comparing its residual value at which it is transferred against the fair value of the asset in its current state. The fair values are determined directly by reference to prices observable in an active market. The difference between the carrying value of the asset brought over and revalued amount is accounted for in the revaluation surplus.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

7.2 Road Building Equipment (Yellow Fleet)

	31 March 2025 R'000	31 March 2024 R'000
Opening Balance – 1 April	110 125	128 052
Cost / Valuation	266 481	267 435
Accumulated Depreciation	(156 356)	(139 383)
<u>Movements:</u>		
Additions	641	-
Revaluation	-	-
Disposals*	-	(464)
Depreciation Expense	(14 661)	(17 462)
Closing Balance	96 105	110 125
Cost / Valuation	267 122	266 481
Accumulated Depreciation	(171 017)	(156 356)

Additions

The was additionsof R641 000 of yellow fleet in 2024/2025.

Ownership and control

Although assets within the white and yellow fleet are registered in the name of the Department of Roads and Public Works, the effective management, control and all rights and obligations of these assets remain with the Northern Cape Fleet Management Trading Entity, and are therefore recognised as assets of the Trading Entity. The entity is in the process of transferring the registration of these assets.

Revaluation

Road Building Equipment was revalued as at the end of March 2022 by an independent valuator. Fair values were determined directly by reference to observable prices in an active market. Entity perform Yellow fleet valuation in 5 year intervals.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

7.3 Equipment and furniture

	31 March 2025 R'000	31 March 2024 R'000
Opening Balance – 1 April	568	860
Cost	10 000	9 924
Accumulated Depreciation	(9 432)	(9 064)
<u>Movements:</u>		
Additions	208	75
Depreciation	(309)	(367)
Disposals	-	-
Closing Balance	467	568
Cost	10 207	10 000
Accumulated Depreciation	(9 741)	(9 432)

Total Property, Plant and Equipment

	31 March 2025 R'000	31 March 2024 R'000
At Cost	372 699	365 183
Accumulated Depreciation	(231 023)	(202 130)
Net Book Value	<u>141 676</u>	<u>163 053</u>

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

8. Intangible Assets

	31 March 2025 R'000	31 March 2024 R'000
Opening Balance – 1 April	42	53
Cost	313	307
Accumulated Depreciation	(271)	(254)
<u>Movements:</u>		
Additions	33	6
Depreciation	(11)	(18)
Disposals		
Closing Balance	64	42
Cost	346	313
Accumulated Depreciation	(282)	(271)

9. Receivables from Exchange Transactions

	31 March 2025 R'000	31 March 2024 R'000
Department of Roads and Public Works	472 441	446 396
Other Provincial Departments	130 868	104 397
Other	-	8 555
	603 309	559 347

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 2025	603 309	14 895	18 618	18 287	551 510
31 March 2024	559 347	22 796	25 802	8 944	501 804

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

10. Revaluation Surplus

	31 March 2025 R' 000	31 March 2024 R' 000
Non distributable reserves from revaluation		
Opening Balance	74 413	65 770
Revaluations	2 255	14 576
Transfer to accumulated surplus	-	(5 932)
Closing Balance	<u>76 668</u>	<u>74 413</u>

The revaluation surplus represents reserves from revaluations made during the 2014/15, 2021/2022 and 2024/25 financial period when the yellow fleet was revalued as well as from revaluation made during the current financial year when the white fleet was revalued.

11. Current Liabilities

11.1 Payable from Exchange Transactions

	31 March 2025 R' 000	31 March 2024 R' 000
Trade and other payable	60 238	48 779
	<u>60 238</u>	<u>48 779</u>

11.2 Current provisions

	31 March 2025 R' 000	31 March 2024 R' 000
Provision for leave	1 498	1 690
Provision for long service awards	-	53
Provision for service bonus	740	718
	<u>2 238</u>	<u>2 461</u>

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

11.3 Other liabilities

	31 March 2025 R' 000	31 March 2024 R' 000
Unresolved suspense account prior year	3	3
Accrued interest	-	-
ABSA account	-	-
	3	3

12. Financial Risk Management Objectives and Policies

The Entity's principal financial liabilities comprise trade payables and accruals. The purpose of these financial liabilities is to raise finance for the Entity's operations. The Entity has various financial assets, such as trade receivables which arise directly from its operations.

It is, and has been throughout prior years, the Entity's policy that no trading in derivatives shall be undertaken.

The main risk arising from the Entity's financial instruments is credit risk.

Credit Risk

The Entity trades only with recognised, creditworthy third parties. The Northern Cape Provincial Treasury assists Northern Cape Fleet Management Trading Entity in the recovery of debt from the different User Departments. In addition, receivable balances are monitored on an ongoing basis with the result that the Entity's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the entity.

Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate with changing market prices whether caused by factors specific to the instrument or to general external market changes. The Entity has no financial instruments which are affected by changing market prices.

Liquidity Risk

Liquidity risk is the risk of the Entity defaulting on its financial obligations as a result of insufficient funding capacity in relation to such obligations. The Entity does not view this as a risk, in the view of the fact that it has sufficient assets to cover its liabilities. The Entity also has access to possible assistance from the Provincial Treasury, in terms of Treasury Regulation 19.5.

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

The following are the contractual maturities of financial liabilities:

Payables from Exchange Transactions as at 31 March 2025		
	Carrying Amount R'000	Contractual Cash Flows R'000
Trade creditors	60 238	60 238
	Within 1 Year	Within 1 Year

Payables from Exchange Transactions as at 31 March 2024		
	Carrying Amount R'000	Contractual Cash Flows R'000
Trade creditors	48 779	48 779
	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:

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

	31 March 2025 R'000		31 March 2024 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	84 783	84 783	95 701	95 701
Short-term portion of finance lease receivable	26 008	26 008	17 860	17 860
Receivables from exchange transactions	603 309	603 309	559 347	559 347
Cash and cash equivalents	20 511	20 511	25 378	25 378
Total Financial Assets	734 611	734 611	698 286	698 286

13. Commitments

	31 March 2025 R'000	31 March 2024 R'000
Capital: contracted	-	-
Operation: contracted	16	21
Total	16	21

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 2025 was as follows:

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

Gross investment in leases due	Gross Lease Payments	Unearned Finance Income	Net Present Value
	R '000	R '000	R '000
Amounts due within 1 year	56 140	(30 132)	26 008
Amounts due within 2 – 5 years	129 876	(45 093)	84 783
	186 016	(75 225)	110 791

Present value of minimum lease payments due

Minimum Lease Payments
R '000

Amounts due within 1 year	26 008
Amounts due within 2 – 5 years	84 783
	110 791

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 2024 was as follows:

Gross investment in leases due	Gross Lease Payments	Unearned Finance Income	Net Present Value
	R '000	R '000	R '000
Amounts due within 1 year	54 433	(36 573)	17 860
Amounts due within 2 – 5 years	158 539	(62 838)	95 701
	212 972	(99 412)	113 561

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

**Present value of minimum
lease payments due**

**Minimum
Lease
Payments
R '000**

Amounts due within 1 year	17 860
Amounts due within 2 – 5 years	95 701
	113 561

15. Cash Generated from Operations

	31 March 2025 R'000	31 March 2024 R'000
Surplus for the Period	(16 886)	(13 939)
Adjusted for:		
Interest Received	(1 786)	(1 765)
Finance lease income	(46 623)	(34 653)
Depreciation - Fleet	28 904	29 649
Loss on disposal of assets	-	-
Gain on Sale of Intangible Assets	-	(6 720)
Transfer and Sponsorship in kind(Income)	(7 721)	(7 518)
Transfer and Sponsorship in kind(Expense)	7 721	7 518
Movement in Provision	(223)	479
Operating Profit before Working Capital Changes	(36 613)	(26 950)
Working Capital Changes:	(32 503)	(51 061)
Increase in Trade and Other Receivables	(43 962)	(51 656)
Increase in Trade and Other Payables	11 459	595
Cash Generated from Operations	(69 116)	(78 011)

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

16. Cash and Cash Equivalents

	31 March 2025 R'000	31 March 2024 R'000
Standard Bank	20 511	25 378
	<u>20 511</u>	<u>25 378</u>

17. Inventories

	31 March 2025 R'000	31 March 2024 R'000
Opening balance	18 365	102 560
Purchased during year	2 800	40 417
Transfer to White Fleet:	-	(15 202)
Transfer to Finance lease	(20 525)	(109 410)
Transfer to Yellow fleet	(640)	-
Closing balance	<u>-</u>	<u>18 365</u>

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

18. Irregular expenditure

Reconciliation of irregular expenditure

	31 March 2025 R'000	31 March 2024 R'000
Opening balance	6 542	10 581
Add: Irregular Expenditure relating to prior year	-	-
Add: Irregular expenditure relating to current year	-	-
Less: Prior Period Write Offs	-	-
Less: Amounts condoned	(6 268)	-
Less: Amount Written Off	(270)	(4 039)
Closing Balance	<u>4</u>	<u>6 542</u>

Expenditure amounting to R16 041 648 for 2025 (2024:R14 707 051) is under assessment

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

	31 March 2025 R'000	31 March 2024 R'000
19. Fruitless and Wasteful Expenditure		
Opening balance	5	22
Add: Current year	-	-
Less: Amounts written off	(5)	(17)
	0	5

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

	31 March 2025 R'000	31 March 2024 R'000
20. Contingent asset		
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 2025 R'000	31 March 2024 R'000
21. Contingent liability		
Opening balance	343	1 431
Current year claims	72	-
Payment of Claims	-	-
Write Offs	(343)	(1 088)
	72	343

Legal claims have been lodged against the entity, due to payment dispute.

22. Going concern

Management aware of white fleet functions moving to NCEDA that is disclosed under note 24 (Event after reporting) . The are no other matters or circumstances arising since the end of the financial year which was otherwise not dealt with in the Annual Financial Statements, which significantly affects the financial position of the Entity or the results of its operations. Management has assessed the financial position and related risk of the entity and have determined that the entity will still be in operation for at least the next twelve months.

23. Related parties

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

Terms and Conditions of Transactions with Related Parties

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

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

Included in note 5.3 is an amount of R7 721 000 for 2025 (2024:R7 518 000) recognized as service in kind for free accommodation provided to the entity by the department.

The was service in kind of R16 041 000 for 2025 (2024:R6 141 000) for Plant hire/blading on behalf of Department of Roads and Public Works

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

Dr Johnny MacKay - Head of Department

Mr. D Van Der Merwe- Acting Chief Financial Officer

Mr V Sidumo – Acting Chief Financial Officer

Mrs B Bekebeke - Acting Chief Executive Officer

Mrs C Shuping - Acting Chief Financial Officer

Mr V Mhlauli -Acting Chief Executive Officer

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

Related party transactions

1. Remuneration of management

31 March 2025

Items	B Bekebeke R'000	Total R'000
Basic salary	-	-
Service bonus	-	-
Travel allowance	-	-
Pension	-	-
Other allowances	-	-
Total	-	-

Remuneration of management

31 March 2024

Items	Q Fitzpatrick R'000	Total R'000
Basic salary	68	68
Service bonus	-	-
Travel allowance	5	5
Pension	9	9
Other allowances	45	44
Total	126	126

2. Northern Cape: Department of Public Works

**Year end balances arising from
revenue/payments**

**31 March
2025
R'000**

**31 March
2024
R'000**

Receivables from related parties

472 440

446 396

Payables to related parties

43 000

32 548

Total

515 440

478 942

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

24. Segment Information

The NCFTME is organized and structured mainly to provide vehicles, passenger vehicles (White Fleet) and earth moving vehicles (Yellow Fleet). The allocation of resources is based on the environmental factors for earth moving vehicles (Yellow Fleet) and transportation needs for White Fleet. Revenue & assets between the two classes is reported in note 5.1, note 7.1 and 7.2. respectively. Further allocation of other revenue, expense, other assets and liabilities between these classes is not possible and this information is not included in any regularly reviewed reports that are integrated in the management accounts per segment.

The NCFMTE has its footprint spread across the entire region of the Northern Cape through operating in all the Districts. The activities of NCFMTE are however not organized on the basis of differences in these geographical areas of operations.

Revenue generated from these districts could not be determined as it not available and the cost to develop it would result in exorbitant expenses.

The related expenditure for the districts could also not be determined for reasons stated above.

25. Change in estimates

During the year the following changes were made to the estimations employed in the accounting for transactions, assets, liability, event and circumstances

During the year the following changes were made to the estimations employed in the accounting for transactions, assets, liabilities, events and circumstances:	Value derived using the original estimate (R'000)	Value derived using amended estimate (R'000)	Value impact of change in estimate (R'000)
Change in depreciation / amortisation resulting from reassessment of useful lives. The following categories are affected:	18583	15416	-3166
Vehicles	18583	15416	-3166

The effect of change in estimates in the future will remain the same, until entity perform another reassessment

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

26. Prior Period Error

(a) During the year it was discovered that certain assets useful lives and fair values have not been reassessed for the year 2022, 2023 and 2024, the error was adjusted retrospectively for each line items. This error effected depreciation and revaluation surplus

Statement of Financial Performance

(a) Depreciation 31 March 2024

	31 March 2024 R'000
Balance as per 31 March 2024 (Depreciation) (Before Adjustment)	(29 096)
Yellow Fleet Adjustment	(1 075)
White Fleet Adjustment	370
Balance as per 31 March 2024 (Depreciation)(After Adjustment)	(29 801)
Adjustment 2025 (Decrease in depreciation)	152
Balance as per 31 March 2024 (Depreciation)(After 2025 Adjustment)	(29 649)

(b) Surplus for the Period 31 March 2024

	31 March 2024 R'000
Balance as per 31 March 2024 (Surplus for the Period)(Before Adjustment)	(13 387)
Yellow Fleet Adjustment	(1 075)
White Fleet Adjustment	370
Balance as per 31 March 2024 (Surplus for the Period)(After Adjustment)	(14 091)
Adjustment 2025 (Decrease in depreciation, decreasing the loss)	152
Balance as per 31 March 2024 (Surplus for the Period)(After 2025 Adjustment)	(13 940)

NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

Statement of Financial Position

(a) Revaluation Surplus 31 March 2024

**31 March
2024
R'000**

Balance as per 31 March 2024 (Revaluation Surplus)(Before Adjustment)	56 780
White Fleet Adjustment	17 633
Balance as per 31 March 2024 (Revaluation Surplus)(After Adjustment)	74 413

(b) Property, Plant and Equipment 31 March 2024

**31 March
2024
R'000**

Balance as per 31 March 2024 (PPE)(Before Adjustment)	149 368
White Fleet Adjustment	(2 797)
White Fleet Adjustment (Revaluation adjustment)	17 633
Yellow Fleet Adjustment	(1 303)
Balance as per 31 March 2024 (PPE) (After Adjustment)	162 901
Adjustment 2025 (Decrease in depreciation)	152
Balance as per 31 March 2024 (PPE) (After 2025 Adjustment)	163 053

(c) Accumulated Surplus 31 March 2024

**31 March
2024
R'000**

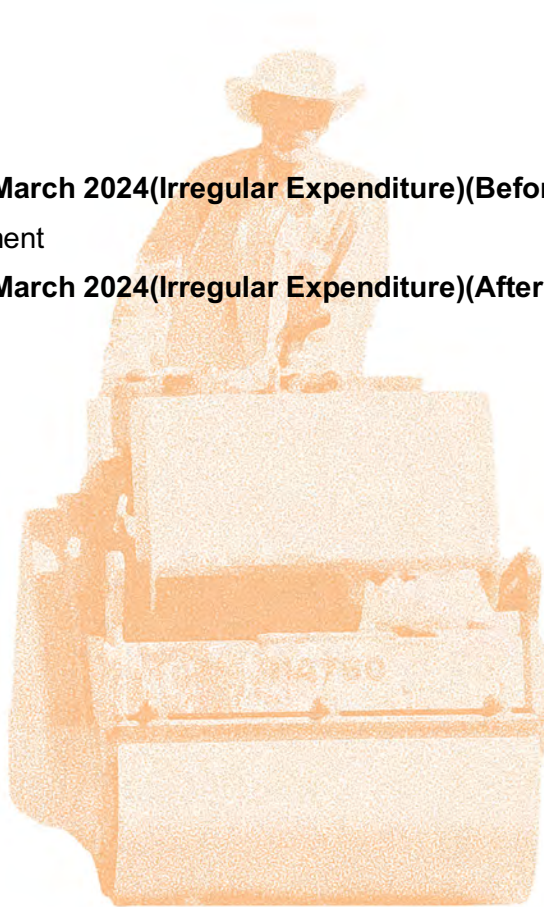
Balance as per 31 March 2024(Accumulated Surplus)(Before Adjustment)	758 037
White Fleet Adjustment	(3 167)
Yellow Fleet Adjustment	(228)
Increase in Depreciation 2024 (Yellow & White Fleet)	(704)
Balance as per 31 March 2024(Accumulated Surplus)(After Adjustment)	753 938
Adjustment 2025 (Decrease in depreciation)	152
Balance as per 31 March 2024(Accumulated Surplus)(After 2025 Adjustment)	754 090

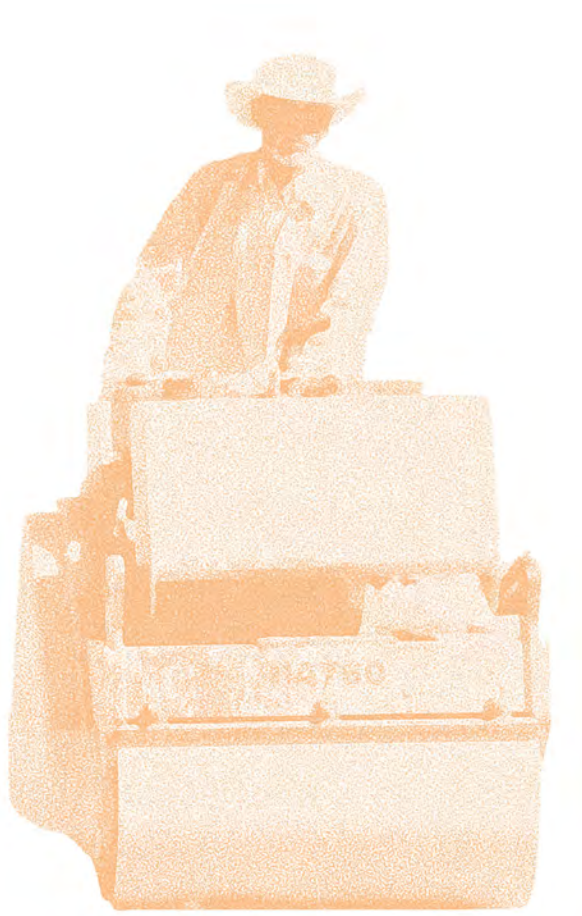
NORTHERN CAPE FLEET MANAGEMENT TRADING ENTITY
ANNUAL FINANCIAL STATEMENTS
31 March 2025

(b) Northern Cape Fleet Management Trading Entity provided Plant hire services on behalf of Department of Roads and Public Works, which was classified as irregular expenditure in 2023/24 due to the transaction not been in line with entity mandate. Consultation will be lodged with Provincial treasury as per chapter 4, section 4.1 & 4.2 of compliance and reporting framework. Expenditure will classified as under assessment in the financial statement. Assessment affected irregular note as follows.

Irregular Expenditure 31 March 2024

	31 March 2024 R'000
Balance as per 31 March 2024(Irregular Expenditure)(Before Adjustment)	12 683
Assessment adjustment	(6 141)
Balance as per 31 March 2024(Irregular Expenditure)(After Adjustment)	6 542





PR 314/2025

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