GAUTENG PROVINCE
ROADS AND TRANSPORT
REPUBLIC OF SOUTH AFRICA

gFleet MANAGEMENT
"Making your fleet our business"

G-FLEET MANAGEMENT

ANNUAL REPORT

2023/2024 FINANCIAL YEAR

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1. TRADING ENTITY GENERAL INFORMATION

NAME OF TRADING ENTITY: g-FleeT Management

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2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
MEC	Member of Executive Council
BBBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operations Officer
PFMA	Public Finance Management Act
TR	Treasury Regulations
MTEF	Medium Term Expenditure Framework
SMME	Small Medium and Micro Enterprises
SCM	Supply Chain Management
BAS	Basic Accounting System
FIS	Fleet Information System
ESS	Employee Self Service
CRM	Client Relations Management
HoD	Head of Department
SLA	Service Level Agreement
WSP	Workplace Skills Plan
OD	Organizational Development
TMR	Transformation, Modernisation and Re-industrialization
BAC	Bid Adjudication Committee
FML	Full Maintenance Lease
CSD	Central Supplier Database
DPSA	Department of Public Service and Administration

3. OVERVIEW OF THE CHIEF EXECUTIVE OFFICER

MS. PULENG GADEBE-MABASO

ACTING CHIEF EXECUTIVE OFFICER

G-FLEET MANAGEMENT

OVERVIEW OF FINANCIAL YEAR

Background

g-FleeT Management (also herein referred to as The Entity) formally known as Gauteng Government Motor Transport is the Trading Entity of the Gauteng Department of Roads and Transport (GDRT). DRT established the trading entity in 2004 and the Entity was re-branded as g-FleeT Management in 2007. The main aim of The Entity is to provide motor transportation services to all government Departments at provincial, municipal, and national levels.

g-FleeT operates from Bedfordview, where the Head Office is based, with offices at 45 Commissioner Street, Johannesburg Central Business District, offices in Koedoespoort, Pretoria, and a kiosk at the OR Tambo International Airport, Kempton Park. The Entity has three (03) functional regional offices namely in Kwa-Zulu Natal, Eastern Cape, Western Cape. These mainly service regional and district offices of Gauteng-based National Departments and Municipalities who are key clients of g-FleeT.

g-FleeT clients are located mostly in Gauteng as National, Provincial and Local Government Departments. National Departments' regional offices in other provinces also utilize g-FleeT services.

Our clients are mostly permanent fleet users and are spread in other areas of the country in numbers as follows:

- National Level Clients: 27 clients with a total of 1371 vehicles
- Gauteng Departments: 16 clients with a total of 3885 vehicles.
- Limpopo Provincial Departments: 6 clients using short term rental services.
- Eastern Cape Provincial Government: 1 client using short-term services.

g-FleeT Management has a strong relationship with all its clients. Although overall products and services satisfaction perception rate varied amongst clients as demonstrated by the 2022/23 client satisfaction survey report and despite the challenges that the Entity continued to face, the overall customer satisfaction rate was 81.22%.

The Entity's operations strategy was approved during the 2021/22 financial year with a focus towards improved client satisfaction. The operations strategy includes other areas of human capital management and development, digitization of systems and processes, providing conducive work environment for our employees, improve internal control systems and corporate governance, zero tolerance for fraud and corruption and going green to improve environmental sustainability. The implementation of the operations strategy is aimed at improving our clients' experience, perception, and satisfaction with g-FleeT. The Entity aims to acquire more clients through actively promoting its services across all spheres of government.

Further to that, the Entity owned and managed a fleet size of approximately six thousand seven hundred and fifty-three (6 753) vehicles as of 31 March 2024. The fleet includes a wide range of the latest models of economy and commercial vehicles, including but not limited to sedans, SUV's, light commercial trucks, minibuses, and busses.

Services offered by The Entity

The Entity is mandated to provide effective, efficient, competitive, and reliable fleet services to government Departments. The Entity is financially self-sustainable and offer its services to all spheres of government at a fee. The Entity provided the following services to its clients during the year under review:

- Full Maintenance Lease (FML) – The FML is a long-term vehicle lease service offered by g-FleeT which is comprised of a fixed rental cost over a selected period of a minimum of twelve (12) months up to seven (7) years, depending on the type of vehicle and the functional needs of the client.
- Short-term motor rentals - is a short-term vehicle lease service offered by g-FleeT which is comprised of a fixed rental cost over a selected short period (less than 12 months).
- Chauffeur driven, which provides both driver and vehicle for hire over a short-term period.
- Fuel card services - for payment of the fuel and toll gate fees.
- Managed maintenance – a call centre to ensure authorization is only given for necessary maintenance that complies with manufacture's standards and is in line with manufacture's guidelines.
- Telematics, for tracking and monitoring of vehicles and drivers.
- Accident management and roadside assistance is offered on a 24/7 basis, and this assists our clients with towing and repairs of vehicles involved in accidents and ensuring the safety of our clients.
- License and traffic fine administration which is responsible for:
    - Motor vehicle registration and licensing
    - Ensuring that every fine is re-routed to the correct offender.

TOP MANAGEMENT'S PERSPECTIVE OF THE ENTITY

In complying with recommendations by the Auditor General in the 2022/23 report, the Entity had to revise its 2020-2025 Strategic Plan and its 2023/24 Annual Performance Plan (APP). These two plans were revised during the first month of the third quarter of the 2023/24 financial year and was approved at the end of October 2023.

The reasons for the revision are to specific indicators together with its Technical Indicator Description (TID).

The following outcome indicator of percentage of green vehicles in the Entity's fleet was revised because of the immaterial audit finding raised by AG during the 2022/23 financial year audit. The aim of this revised indicator is to be more inclusive of all types of eco-friendly vehicles and not to be limited to the measurement of the CO2 emissions only. The revised indicator considers new energy vehicles such as hybrid vehicles and electric vehicles which were previously excluded from the target.

The other revision to the 2023/24 APP, was the indicator for the Number of Integrated Fleet Management System (IFMS) Modules developed and signed off as per revised project plan. This indicator has been removed from the APP due to ongoing challenges experienced with external dependency factors which were impacting on the completion of the project. It was then agreed that the outcome and the TID will be removed from the APP.

The Department of e-Government was engaged in the development of the Integrated Fleet Management System (IFMS) due to the technical expertise required. However, eGovernment identified capacity challenges (a shortage of the required technical skills to develop the complete system) during the development of the system. Considering this challenge, eGovernment was tasked to engage State Information Technology Agency (SITA) on the development of the system. This engagement is currently underway to expedite the process.

The Entity worked very hard to improve the overall performance against the targets approved in the Revised Annual Performance Plan for 2023/2024 financial year. Out of eight (08) approved targets in the revised 2023/24 Annual Performance Plan, the Entity achieved all eight (08) targets. This translates into an overall percentage achievement of 100%.

Below is a summary of the Entity's performance:

IMPROVING EFFICIENCY AND CUSTOMER SERVICE

ACHIEVEMENTS

The Entity adopted several output indicators that are important to measure efficiency and to ensure financial sustainability of the Entity. These indicators measure the quality of service provided by the Entity to its customers, turnaround times and quality of vehicles provided by the Entity (i.e. age). Measuring efficiency enables g-FleeT Management to make the best possible use of the Entity's resources.

- **Average age of fleet, ≤4 years** – this outcome seeks to ensure that vehicles provided by g-FleeT Management are efficient and reliable. This is necessary to ensure that cost of maintaining vehicles is minimised. The Entity kept an average age of fleet at less than 4 years (i.e. 3,5 years) during the financial year under review.

  This was due to the acquisition of new vehicles and the disposal of old vehicles which yielded a positive outcome of the Entity's fleet age. This is a positive achievement, which ensures that the Entity delivers on its mission of "Providing reliable fleet to meet client needs".

MAXIMISING RETURN ON INVESTMENT

Return on Investment indicators are very important to g-FleeT Management as the Entity does not receive equitable share or any grant allocations. The demand for vehicles by client departments have a direct impact to the revenue generation of the Entity. The Entity strives to ensure that our fleet is optimally utilised. The utilization of vehicles will increase the return on investment and strengthen the stability, growth, and sustainability of the Entity.

- **Percentage of rental days utilised for VIP self-drive vehicles, 58%** - the Entity achieved 72.62% against a target of 58%. VIP self-drive service is a luxury car hire service, consisting of a variety of medium to large luxury sedans, utility vehicles, SUV's, minibuses, and busses and the service is offered without a driver. The vehicles under this category are available under short term rentals and are available from a period of one day to three months, with an option of renewal up to a maximum of 12 months.
- **Percentage of rental days utilised for Pool vehicles, 77%** - the Entity achieved 89.10% against the target of 77%. Pool vehicle services is available from a period of one day to three months, with an option of renewal up to a maximum of 12 months. The fleet includes a wide range of the latest models of economy and commercial vehicles, including light commercial trucks.
- **Percentage of vehicles auctioned as per approved list** - the Entity had a target of 80% of all approved vehicles to be sold and achieved 85 % against the set target for the year under review. The overachievement was due to the Entity encountering more bidders on its online auctions that required secondhand vehicles.

A total of **602** vehicles were sold during the financial year, resulting in revenue from auctions totaling **66.983 million.** This is a 23% decrease in revenue from auctions when compared to the previous financial year. The decrease is due to the delays experienced by the entity in finalizing the appointment and contracting of the new auctioneering company. The new auctioneering company was appointed for a period of 3 years commencing 01 August 2023.

The table below outlines the number of vehicles disposed of and revenue generated during the financial year under review.

Revenue collection – Disposal of Vehicles through Public Auctions

NO.	AUCTION DATE	FLEET SOLD (#)	TOTAL PROCEEDS (R)
1	12th-13th October 2023	380	45 091 041
2	07th-08th December 2023	222	21 892 581
TOTAL		**602**	**66 983 622**

REVENUE COLLECTION – LEASES OF VEHICLES

The Entity surpassed the 11% target in decreasing the average debtor days by reporting an average 18.57% achievement against this target. This percentage excludes the amounts owed by client departments that submitted written payment plans.

Despite the many fiscal challenges experienced by client departments, the Entity, through its robust debt collection strategy, was still able to surpass its planned revenue collections target of R1.020 billion by R57.3 million. This is a 2% increase in revenue collections when compared to the previous financial year. The increased revenue collections are attributed to the strong relationships and continued support received from the various client departments as well as the implementation of the Debtors Management Policy. However, the Entity has noted with concern the negative impact that the fiscal consolidation guidelines issued by National Treasury has had on average revenue growth when compared to the prior financial years. The Entity will continue to follow up on all outstanding accounts in line with the approved Debtors Management Policy.

The below table provides a synopsis of the revenue collection growth in the past five (5) years**:**

	2019/20	2020/21	2021/22	2022/23	2023/24
Source of Revenue	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue Collected from Leases of vehicles	**884,718**	**836,827**	**933,239**	**1,055,178**	**1,077,289**
% Growth per year	**2.27%**	**-5%**	**11%**	**13%**	**2%**

SAFEGUARDING OUR VEHICLES

Percentage of in-service vehicles tracked, 93% - The purpose of installing comprehensive vehicle tracking units is to allow for g-FleeT owned vehicles to be tracked and traceable, monitor health of the vehicles, monitor driver behaviour, and ensure that the officials from various client departments and internally are driving safely. The comprehensive tracking system is used for route optimisation, location of a vehicle at a particular point in time, monitor mileage, speed etc. All these have a direct impact on the sustainability of the asset (vehicle) and safety efficiencies. The target for the financial year under review was 93% of in-service vehicles tracked and the Entity achieved 97%. The overachievement was due to various interventions to align information on FIS and with that of clients and the Entity.

SUSTAINABLE DEVELOPMENT FOR FUTURE GENERATION

- **Percentage of green vehicles in the Entity's fleet, 8%** – this target is required to ensure reduction in the carbon footprint (i.e. decreasing Green-House-Gas emissions produced by road transportation as expressed in the Green Transport Strategy for South Africa (2018-2050). The Entity is striving to minimise the amount of carbon footprint transmitted by its vehicles on the environment. As such, a target of 8% was set. The Entity achieved 8.3% (528/6296) of green vehicles in the Entity's fleet. This was due to an increase in the demand for green vehicles, concerted efforts were made to increase the number of green vehicles into the Entity's fleet by procuring 124 green vehicles which led to the achievement of the target.

MANAGING THE DEBTORS

- **Percentage decrease in average debtors' collection days (excluding outstanding balances of clients that have payment arrangements with the Entity), 11%** – while this is necessary for clean administration, it has direct implication on financial sustainability of the Entity. An annual target of 11% average debtors' collection days (excluding outstanding balances of clients that have payment arrangements with the Entity) was set. The Entity reported 18.57% reduction in average debtors' collection days. The overachievement was due to intervention implemented by the Entity throughout the financial year, which included the CEO roadshows and one-on-one CFO engagements.

CLEAN ADMINISTRATION

Unqualified opinion from Auditor General of South Africa - a well governed institution is built on the principles of a clean administration. These principles promote good governance, transparency and accountability. In response to the audit outcome of the 2022/2023 financial year, the entity developed and implemented an audit improvement plan which was focused on addressing the audit findings raised by both internal and external auditors. This concerted effort and commitment made by management has contributed immensely to elevating the Entity's 2023/2024 audit outcome to the level of unqualified audit opinion with no findings (i.e. clean audit). Despite this great achievement, the entity has already commenced with the implement of further improvement plans to ensure sustainability of this much deserved audit outcome. The Entity wishes to express its appreciation to the Auditor-General of South Africa for its work in holding the Entity's management accountable to the principles good and clean governance.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

g-FleeT considers ICT as a strategic partner to its overall business strategy. This resulted in ensuring that modernisation and digitalisation becomes a critical part of the Entity's five-year strategy.

Although the target has been removed from the Annual Performance Plan, the Entity managed to complete and signed-off seven Business Requirement Specifications (BRS). The development of the remaining five modules has been put on hold as SITA has been appointed to complete the IFMS development on or before 31 March 2025. SITA is currently busy collating the User Requirement Specification.

REVITALISING THE TOWNSHIP ECONOMY

Contribution towards Transformation, Modernization, and Re-industrialization (TMR)

The output indicator is required to speed up growth and transforming the economy in the townships to create decent work and sustainable livelihoods in townships.

The Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by Act 46 of 2013, promotes the achievement of the constitutional right to equality, increase broad-based and effective anticipation of black people in the economy and promote a higher growth rate, increased employment, and more equitable income distribution; and establish a national policy on broad-based black economic empowerment so as to promote the economic unity of the nation, protect the common market, and promote equal opportunity and equal access to government services.

The Gauteng Provincial Government has committed itself to a viable economic empowerment of all black people (historically disadvantaged individuals), in particular, Women, Youth, and People with Disabilities through diverse but integrated socio-economic strategies. It has set its Equity Targets relating to B-BBEE for all provincial departments and entities in the province to be met on monthly basis.

The table below outlines the provincial target currently:

Total awarded to HDI companies	Total awarded to WOMEN OWNED companies	Total awarded to YOUTH OWNED companies	Total awarded to PWD OWNED companies
80	40	10	5

Table 1.2. Provincial Equity Targets

Furthermore, the Gauteng Provincial Government has committed to achieving 40% of provincial spend on goods and services to support the Township Economy Revitalization (TER) programme. The Entity has committed itself to strive to meet the provincial targets as set by the Office of the Premier.

The tables below show how the Entity has performed on the Equity targets between the 2022/23 and 2023/24 financial year:

CONTRACTS AWARDED TO ENTERPRISES OWNED BY: HISTORICALLY DISADVANTAGED INDIVIDUALS					
2022/23			2023/24		
TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)	TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)
62	**89**	**30 294 411**	**81**	**94**	**18 242 695**

Table 1.3.: Analysis of Awards to HDI's

CONTRACTS AWARDED TO ENTERPRISES OWNED BY: WOMEN					
2022/23			2023/24		
TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)	TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)
37	**42**	**7 325 957**	**50**	**56**	**10 023 721**

Table 1.4.: Analysis of Awards to Women

CONTRACTS AWARDED TO ENTERPRISES OWNED BY: YOUTH					
2022/23			2023/24		
TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)	TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)
20	**20**	**4 683 813**	**29**	**28**	**8 407 776**

Table 1.5.: Analysis of Awards to Youth

CONTRACTS AWARDED TO ENTERPRISES OWNED BY: PEOPLE WITH DISABILITIES					
2022/23			2023/24		
TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)	TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)
7	**8**	**1 298 498**	**5**	**6**	**1 026 943**

Table 1.6: Analysis of Awards to PWD's

CONTRACTS AWARDED TO ENTERPRISES OWNED BY: MILITARY VETERANS					
2022/23			2023/24		
TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)	TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)
4	**4**	**479,079**	**2**	**5**	**324 251**

Table 1.7: Analysis of Awards to MV's

The table below outlines the provincial target currently on Township Economy Revitalization (TER) spent for 2023/24 financial year:

Month	Total Spent on Goods, Services and Construction	Proportion Spent on Township Based Suppliers	% TER Spent
Apr-23	1 735 861,11	1 535 888,80	88
May-23	2 231 500,78	953 004,06	43
Jun-23	772 315,31	208 339,26	27
Jul-23	1 964 110,82	785 021,75	40
Aug-23	676 073,76	238 082,92	35
Sep-23	2 654 877,53	1 242 472,70	47
Oct-23	2 083 060,89	1 997 598,31	96
Nov-23	2 561 191,62	598 791,52	23
Dec-23	1 944 678,38	1 075 919,54	55
Jan-24	719 716,62	238 082,92	33
Feb-24	858 352,23	806 058,15	94
Mar-24	1 751 487,65	245 069,65	14
TOTAL	**19 953 226,70**	**9 924 329,58**	**50**

- 40% of the Entity's discretionary procurement spend directed towards township suppliers **(Excluding Non-Discretionary procurement spend – e.g., transversal contracts RT3, RT15, RT46 and RT57 etc. Transactions from a tender process, all non-procurement transactions such as Municipal Accounts, Auditor General, Claims Against State. Procurement for other provinces eg KZN Regional Office, East London Regional Office and Cape Town Regional Office where suppliers are appointed are from that province).**

  The Entity achieved 50% of township spent on goods, service, and construction in support of the Provincial target. The target has however been removed from the Annual Performance Plan (APP) due to the audit finding received whereby auditors were questioning the fact that the definition was unclear and the fact there was no list of townships in line with the definition that is signed off by the Gauteng Department of Economic Development (DED).

The Entity committed to improve Occupational Health and Safety aspects through rehabilitating existing infrastructure to ensure compliance with the OHS Act. Several contractors were appointed through the Department of Infrastructure and Development (DID) to finalise and rehabilitate three buildings as well as rehabilitate other buildings currently used by g-FleeT staff.

Finally, an operations strategy for the Entity has been adopted and approved for implementation by the Office of Head of Department. The strategy details several programmes that must be implemented to improve efficiency in the operations of the Entity holistically. A Business case has been submitted to Department of eGovernment to ascertain whether they can assist with the development and implementation of the new fleet system.

INFRASTRUCTURE PROJECTS

As part of our continuous efforts to improve employees' work environment and operations, the Entity completed the refurbishments of three buildings at Bedfordview Head Office. The following buildings were refurbished:

- The state-of-the-art Wellness Centre with a fully-fledged canteen and gym area.
- A new Panel Beating Workshop with an inspection area preparation area, spray booth, stock room and 2 training rooms for apprenticeship.
- Carwash Ablution facility.

The Department of Infrastructure and Development (DID) handed over the buildings to g-FleeT on 22 February 2023.

PHASE II INFRASTRUCTURE PROJECT (BEDFORDVIEW)

The Phase II of the infrastructure project relate to the construction and refurbishment of identified buildings at Head Office to address the shortage of office accommodation, security issues and enhance business operational flow.

This project involves the building of a new administration block and renovations of other buildings to align to the g-FleeT Operating Model / Business Operational Flow.

As part of aligning our business model, gFleeT will also upgrade the security infrastructure, like, High Walls, Security Control Room, Auction offices and Carports for vehicles to safeguard against weather and theft.

Gauteng Department of Infrastructure and Development, as the implementing agency, appointed a Professional Team (engineers, QS, architects) in June 2022 to oversee the project. g- FleeT is finalizing the space planning layouts before the project can get the Municipality's approval and go out on tender. It is envisaged that the tender will go out in August 2024.

CHALLENGES FACED BY THE ENTITY

The financial year under review has not been without its challenges. The following outlines some of the challenges experienced by The Entity.

TRAFFIC FINES

The Entity is currently struggling with manual re-routing of AARTO traffic fines since the Act requires the AARTO 07 to be signed by a Commissioner of Oaths. However, the Entity still sends the fines to the clients in spreadsheet format. The Entity is in the process of acquiring a new fleet management system. It is envisaged that among other things, the new fleet management system will interface with RTMC (eNATIS) system and the tracker system to enable the Entity to re-direct traffic fines with driver details online. The Proxy and the representative have registered with **www.paythat.co.za**, City of Cape Town traffic fines website. The traffic fines unit logs onto the system on a weekly basis to check for any outstanding fines.

ORGANISATIONAL AND EMPLOYEE ENVIRONMENT

One of the unique features of the Entity is that it is required to be financially self-sustainable while not receiving any budget allocation for the Gauteng Provincial Treasury (GPT) or Gauteng Department of Roads and Transport (GDRT). In addition, the Entity must develop its own financial systems, prepares its own set of financial statements, accounts separately to various Governance Committees (i.e. Audit Committee, Risk Management Committee, Standing Committee on Public Accounts and Legislature), is audited separately by the Auditor-General of South Africa (AGSA) and prepares its own Strategic Plan and Annual Performance Plan (APP).

These are functions required by the Entity, however not incorporated in the current organisational structure because of the "form and shape" of the Entity. The GDRT provides support and assistance in the following functions:

- Information Communications and Technology,
- Anti-fraud and Corruption,
- Risk Management Committee,
- Monitoring and Evaluation

Consultations with the Business Units were concluded, and inputs were submitted to the Office of the Premier to incorporate in the proposed structure. However, Organised Labour requested that the process must restart and officially be consulted. Steering Committee comprising of management and organized labour has been resuscitated to review g-FleeT and DRT structures.

Service Delivery Model has been finalized. The established committee for both DRT and g-FleeT, headed by the acting CEO of g-FleeT to ensure that both DRT and g-FleeT organisational structures are reviewed and concluded. This Committee consults with the Office of the Premier to ensure alignment with legislation and norms and standards of organizational development. A parallel process to the above is to develop the job descriptions for the posts and the process is also underway.

Change management strategy and plan have been developed by Office of the Premier.

Form and Shape of the Organisation

The Entity is in the process of establishing g-FleeT as a government component. The Entity has developed and submitted its Business Case and draft organogram to the Gauteng Provincial Treasury (GPT) in June 2022. G-FleeT Management appointed Gautrain Management Agency to assist with the review of the Business Case and to respond to the comments made by GPT. In addition to this, GMA was requested to review the Acquisition and Retention Strategy to incorporate the brand positioning of g-FleeT.

Presentations have been made to Broad Management Committee for inputs.

HIGH VACANCY RATE

The vacancy rate in the 2023/2024 financial year is at 21% and his broken down as follows:

Level	Approved Establishment	Filled (including contract workers)	Vacant	Vacancy Rate
SMS (Level 13 to 16)	8	6	2	**8%**
Level 11 to 12	17	16	1	**6%**
Level 7 to 10	107	92	15	**14%**
Level 1 to 6	143	101	41	**29%**
TOTAL	**275**	**215**	**59**	**21%**

The Entity has a total of two hundred and seventy-five (275) positions in the approved structure, with two hundred and sixteen (215) filled positions and fifty-Nine (59) vacant positions. The current vacancy rate is at 21%. At senior management level, there are eight (8) positions with six (5) positions filled by females and two (2) by male. One (1) position is vacant, translating to a 13% vacancy rate.

Three (3) officials were seconded from the Department of Roads and Transport and Department of Human Settlement to the Entity for a period of twelve (12) months to perform the functions of the Chief Financial Officer, Chief Risk Officer, and Chief Executive Officer, respectively.

Fourteen (14) critical positions were advertised in June 2023 as part of Nasi Ispani recruitment drive from Office of The Premier. 10 of 14 Advertised posts were filled successfully. Two posts to be readvertised, one waiting for decision on recommended candidates for approval and one post is not in the proposed structure and therefore it cannot be filled.

During the period under review, the total number of 40 offers of appointment letters were issued, 39 assumed duties during 2023/24 financial year, and one assumed duty on the 1st of April 2024 for financial year 2024/2025.

FUTURE PLANS

To support the objectives of the 6th administration in Transport and to grow the Gauteng Economy, The Entity identified key strategic priorities as outlined in the 2020-2025 strategic plan. These key strategic priorities are anchored around three focus areas namely, Infrastructure, Operations, and Institutions. The focus areas are underpinned by Technology and ensure compliance with the National Green Transport Strategy. g-FleeT operations management five-year strategy is therefore focusing on these areas.

As such key areas, have been identified namely:

- Customer care management,
- Automation & digitization,
- Training & development,
- Conducive working environment,
- Improving the state of the regional offices,
- Driver behavior management,

OVERVIEW OF THE FINANCIAL RESULTS OF THE TRADING ENTITY

STATEMENT OF FINANCIAL PERFORMANCE

RECEIPTS

The results of the actual collections for 2023/24 and the comparative year are depicted in **Table 2.3.4.1** below:

	2023/24			2022/23		
Entity receipts	**Budget**	**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**
Revenue from Exchange Transactions – Leasing of vehicles	R 1,020,000	R 1,077,289	-R 57,289	R 899,300	R 1,055,178	-R 155,878
Revenue from Non-Exchange Transactions – Interest from bank, accident claims, and tender income.	R 65,000	R 111,980	-R 46,980	R 45,000	R 82,348	-R 37,348
Accident claims	R 100	R 38	R 62	R 70	R 88	-R 18
Transport Fees	R 1,880	R 1,463	R 417	R 1,800	R 1,931	-R 131
Auctions Fees	R 75,186	R 88,977	-R 13,791	R 72,961	R 62,082	R 10,879
Revenue - Proceeds from sale of judge vehicles	R 1,000	R 536	R 464	-	-	-
Total	**R 1,163,166**	**R 1,280,283**	**R 117,117**	**R 1,019,131**	**R 1,201,627**	**-R 182,496**

As per the above table, total revenue collected by the Entity increased to R1.280 billion (2022/23: R1.202 billion). Revenue collected from the leasing of vehicles increased by 2% to R1.077 billion (2022/23: R1.055 billion).

The interest earned from the Entity's cash flow position increased by 36% to R111.980 million (2022/23: R82.348 million). The increase is due to the increase in the prime interest rates as pronounced by the South African Reserve Bank.

The actual revenue collections from the auctioning of vehicles increased by 21.17% to R88.977 million (2022/23: R62.082 million). The increase in actual collections is driven by the revenue from generated during the March 2023 auction. This revenue was only received in the 2023/2024 financial year.

Table 2.3.4.2: Expenditure versus budget

	2023/24			2022/23		
Programme Name	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the CEO	R 8,341	R 7,109	R 1,232	R 3,903	R 3,752	R 151
Office of the COO	R 1,020	R 774	R 246	R 826	R 704	R 122
Office of the CFO	R10,673	R 7,853	R 2,820	R 12,776	R 7,827	R 4,949
Financial Services	R 19,882	R19,964	-R 82	R 21,771	R 15,616	R 6,155
Corporate Services	R105,653	R100,803	R4,850	R 59,505	R 37,777	R 21,728
Marketing and Communications	R 14,629	R 13,379	R 1,250	R 12,665	R 12,479	R 186
Fleet Maintenance Services	R 114,037	R107,747	R 6,290	R 121,547	R 117,787	R 3,760
Transport Support Services	R308,115	R299,170	R 8,945	R 311,458	R 276,475	R 34,983
Permanent Fleet	R 554,285	R 524,704	R 29,580	R 270,022	R 258,501	R 11,521
VIP & Pool Services	R 18,778	R 17,424	R 1,354	R 20,059	R 17,276	R 2,783
Total	**R 1,155,412**	**R 1,098,926**	**R 56,487**	**R 834,532**	**R 748,194**	**R 86,338**

The total expenditure increased by 47% to R1.098 million (2022/23: R748.194 million). The increase in expenditure is due to the significant repairs and maintenance work implemented within the entity's Bedfordview premise to ensure Occupational Health and Safety compliance and significant increase in the purchase of motor vehicles due to the increased demand in for new and replacement vehicles from client departments.

The employee costs increased by 9% to R104.215 million (2022/23: R93.863 million) due to the implementing its plans on the filling of vacant positions including those of senior management.

The cost of sales decreased by 26% to R69.759 million (2022/23: R93.682 million) due to the reduced number of auctions held and reduced number of vehicles sold during the 2023/2024 financial year.

The surplus for the financial year increased by 27% to R 507.749 million (2022/23: R 369.018 million).

Intervention on budget spending

As at 31 March 2024, as depicted in Table 2.3.4.2 above, the Entity underspent by 5%. The reported underspending was due to the following:

- The vehicle acquisition unit which had been provided additional resources during the adjustment budget, underspent by R29.580 million (15%). This is due to the delay in the delivery of new vehicles by the vehicle manufacturers.

- The entity experienced delays in the filling of vacant positions across the entity, which affected all programmes, resulting in an overall R7.857 million (7%) underspending within compensation of employees.
- The infrastructure projects budget located within the corporate services unit underspent by R7.952 million (14%). This is due to the delays in completing the project for the installation of automated Security and Surveillance equipment project.
- The entity also recorded reduced spending within areas of fuel consumption on leased fleet vehicles and vehicle maintenance and repairs.

Mitigating plans in relation to the challenges listed above have been explored and will be implemented during the 2024/2025 financial year. In addition, the Entity continues to monitor its spending pattern and procurement plan monthly with the aim of timeously addressing any challenges pertaining to over/under spending.

STATEMENT OF FINANCIAL POSITION

The Entity has a strong asset base which is reflective of the operations. Significant asset classes include finance lease receivables, property, plant and equipment, and cash funds. The liabilities are limited to finance lease obligation and payables which arise from the Entity's operations.

The carrying value of non-current assets increased by 17% to R1.517 billion (2022/23: R 1.258 billion).

The receivables from exchange transactions decreased by 14% to R140.380 million (2022/23: R 161.124 million). The average debtor's days decreased by 18.57% (the ratio indicating debt levels to revenue generated from such debtors) to 41.44 days on 31 March 2024 (31 March 2023: 50.89 days).

The Entity converted some of prior year debt receivables into cash, and this is reflected in the increase of cash funds to R2.648 billion (2022/23: R 2.441 billion).

The Accumulated Surplus increased from R3.947 billion on 31 March 2023 to R 4.454 billion on 31 March 2024. The Entity 's net worth continues to grow on a yearly basis.

CASH FLOW STATEMENT

The cash generated from operating activities increased to R633.234 million (2022/23: R 613.075 million).

Net cash flows from investing activities increased to R425.275 million (2022/23: R188.886 million).

TARIFFS

The vehicles are purchased through the RT57 transversal contract administered by National Treasury and after delivery are captured onto the Fleet Information System (FIS). The Entity operates primarily under two (2) tariff regimes being the "Old" model tariffs and Full Maintenance Lease (FML) tariffs. "Old" model tariffs have existed since 2002 and the FML tariffs were introduced in 2007.

The FML tariffs are more closely aligned to the costs that need to be recovered in respect of each vehicle leased to a client department. As such, all new vehicle leasing arrangements entered into are under FML arrangements and the "old" model tariffs are being phased out. Most vehicles are currently leased out under the FML tariff regime.

The structure of tariffs is such that over the lease term, the Entity will recover the cost of the vehicle to ensure that the vehicle can be replaced at the end of its useful life. Tariffs also consider the direct and indirect costs required to maintain the vehicle over the lease term. The direct costs include the costs of a maintenance plan for routine preventative maintenance, routine tyre replacements, tracking, and licensing. The indirect costs are encompassed in an administration fee, which covers the cost of the Entity's staff and infrastructure, and non-routine repairs. Future expected inflation is added to these costs upfront and charged evenly each month.

The cost of fuel, oil, and toll gates are incurred by client departments using fuel cards. These costs are charged to client departments monthly based on the actual costs incurred on the fuel cards allocated to them. No exceptions, discounts, or free services are offered to client departments.

During the 2023/2024 financial year, the entity, through the appointment of the CSIR, implemented a tariff structure review and benchmarking exercise focussed on establishing the competitiveness and financial sustainability of the entity's tariff structure within the government fleet industry market. Whilst the overall outcome was positive for the entity's completeness and financial sustainability, the exercise also provided management with valuable information and recommendations on how to further improve on its market share within the government fleet management sector.

FREE SERVICES

No free services were rendered that would have yielded significant revenue had a tariff been charged.

SALES OF CAPITAL ASSETS

The following categories of assets were disposed of through a public auction in line with the approved Assets Management Policy:

- Vehicles that reached the end of their respective life cycles,
- Vehicles damaged in accidents,
- Vehicles that have high mileage, and
- Vehicles that have high repair costs.

UNAUTHORISED, FRUITLESS AND WASTEFUL EXPENDITURE

The Entity incurred and reported irregular expenditure totaling R39 000 for the financial year. Irregular expenditure emanates from the entity not fully complying with all supply chain management requirements relating to deviations when appointing a service provider to assist the entity in determining trade and retail values for its motor vehicles. The identified weaknesses in internal controls have subsequently been improved to prevent such instances from occurring.

During the year under review, the Entity reported new Fruitless and Wasteful expenditure to the value of R269 000.

SUPPLY CHAIN MANAGEMENT

All orders and acquisitions that are below the R1 000 000 threshold are administered by the Entity, were applicable, through competitive bidding processes.

Orders and acquisitions above the R1 000 000 threshold, where applicable, are processed through the open tenders, which are processed through Departmental Bid Adjudication Committee (BAC) for the approval of the Head of Department. All other Bid Committee functions such as Bid Specification and Bid Evaluation are carried and executed by the Entity.

The entity utilizes the supply chain management policy and procurement strategy to respond to the social impact priorities of the Gauteng Provincial Government. In this regard, the entity has made positive contributions to the following areas of priority with regards to it targeted procurement spend.

GROUP	TARGET	REPORTED ACHIEVEMENT
Percentage procurement spend directed to BBBEE owned companies	**80%**	**96%**
Percentage procurement spend directed to women owned companies	**40%**	**58%**
Percentage procurement spend directed to youth owned companies	**10%**	**28%**
Percentage procurement spend directed to people with disability owned companies	**5%**	**17%**
Percentage procurement spend directed to Military Veteran owned companies	**30%**	**8%**
Percentage procurement spend directed to township owned companies	**40%**	**50%**

In the financial year under review, the following tenders were awarded internally and by implementing agencies for the entity:

Tenders awarded internally:

- Auctioneering services
- Missing vehicles investigation

Tenders awarded by implementing agencies:

- Surveillance and Access Control – by SITA

GIFTS AND DONATIONS RECEIVED IN-KIND FROM NON-RELATED PARTIES

The Entity did not receive any donations for the financial year under review.

EXEMPTIONS AND DEVIATIONS RECEIVED FROM NATIONAL TREASURY

The Trading Entity received four deviations in terms of the Public Finance Management Act or Treasury Regulations for the following services:

Office accommodation and parking

Rental agreement for East London Regional Office expired on 30 June 2023, the entity obtained new offices from East London Industrial Development Zone (ELIDZ) an entity of National Department of Trade and Industry. The procurement of the offices had to be done through a deviation as it is an interdepartmental transaction, and no competitive bidding could be followed. Approval was obtained from the Accounting Officer for implementation of this project.

Procurement of Judges vehicles outside RT57

Judges procure vehicles in line with their Remuneration and Conditions of Employment Act, 2001 (Act no 47 of 2001). This therefore means that Judges are not obliged to procure vehicles that are on RT57. If a Judge's preferred choice of a vehicle is not a RT57, therefore such vehicle can be procured in line with limited bidding requirements of PFMA SCM Instruction note no 3 of 2021/22.

In the current financial year vehicles for two Judges were procured using the limited bidding method which was approved by the Accounting Officer.

Renewal of annual subscription and Batch Data Cleansing with Transunion

TransUnion Auto Information Solutions is the sole provider company within Africa which has access to and has developed multiple vehicle databases with relevant and current vehicle related data. Through gathering and analyzing this information in conjunction with harnessing the latest technology and applying the latest analytic capabilities, they can provide us as their client with relevant and accurate data which assists in risk management and driving profits.

The asset management unit uses the books obtained from Transunion to obtain the Trade and Retail values to determine the residual value. However, at year-end bulk data processing called batch data cleansing. It is for this reason that a deviation request was sent to the Accounting Officer to approve the appointment of TransUnion Auto Information Solution (Pty) Ltd to provide batch data cleansing for a period of thirty-six (36) months.

EVENTS AFTER THE REPORTING DATE

There are no subsequent events to be reported upon at this stage.

ACKNOWLEDGEMENTS /APPRECIATION

I wish to thank the MEC, HOD and all stakeholders who have vested a great deal in assisting g-FleeT Management during the period under review. My appreciation also extends to the g-FleeT Management and staff for their committed dedication and hard work in striving to achieve the mandate of The Entity in working during the period under review. Furthermore, I wish to thank the various client departments for continuing to work with the Entity during this period.

Ms P. Gadebe-Mabaso

Acting Chief Executive Officer

g-FleeT Management

Date: 31 July 2024

4. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF 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 the National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Standards, 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 the judgements made in this information.

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

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information, and the financial affairs of the Entity for the financial year ended 31 March 2024.

Yours faithfully,

Dr T. Mdadane

Accounting Officer

Gauteng Department of Roads and Transport

Date: 31 July 2024

5. STRATEGIC OVERVIEW

5.1 VISION

We keep Government Service Delivery on the Move.

5.2 MISSION

We will achieve our vision by:

- Providing effective, competitive, and efficient fleet services to government.
- Focusing on providing reliable fleet to meet client needs.
- Building and maintaining sustainable stakeholder relations.

5.3 VALUES

Furthermore, core values applicable to the Provincial Government were revised and reflect as follows:

"…Competence, Accountability, Integrity, and Responsiveness…"

These values are all underpinned by the concept of teamwork and will apply to The Entity as well as to all officials of g-FleeT management. A detailed description of what each core value encapsulates is outlined below.

CORE VALUES	DETAILED DESCRIPTION
COMPETENCE	***We commit to being competent and excellent at all times.*** ***We undertake to deliver services with passion, excitement, and enthusiasm.*** Our people can do the tasks they are appointed to do, live our values, and always strive for excellence. We all deliver on our outcomes and targets with quality, on budget, and in time. We demonstrate an understanding of and work together to achieve our role in our Constitutional and electoral mandate.
ACCOUNTABILITY	***We pledge to be answerable to our stakeholders in the execution of our mandate and service delivery activities.*** ***We commit to deliver a service that meets our stakeholders' expectations.*** We have a clear understanding of our objectives, roles, delegations, and responsibilities. We are committed to delivering agreed outputs on time. We hold each other accountable and know we can trust to do and we say we will. As individuals, we take responsibility and ownership for our outcomes and accept the consequences of failure to do so.

CORE VALUES	DETAILED DESCRIPTION
INTEGRITY	***We commit to being ethical, professional, principled, fair, and just in our conduct.*** ***We pledge to uphold sound principles of institutional management and efficient systems and processes in service delivery.*** We seek truth and a greater understanding of it in each situation and we do the right things. We are honest, show respect, and live out our positive values. We are reliable and trustworthy, doing what we say we will There are no grey areas with integrity applying at all levels in all instances ensuring we are corrupt free.
RESPONSIVENESS	***We shall be approachable, receptive, and quick to respond to stakeholder needs.*** We take our fellow public servants seriously, listening to and hearing their voices. (listening a lot and talking less) We respond with action timeously, always asking is this the right response, where we could be potentially wrong, and how we can do it better? We engage collaboratively with each other, our stakeholders, and the media providing full information. Our focus is the past, present, and future public service citizens, and responding as their government for the best results for the people we serve. They tell us how well we respond.

6. LEGISLATIVE AND OTHER MANDATES

Circular 1 of 1988

The mandate of g-FleeT Management evolved from the previous Government Garage function that was transferred to the province in terms of Transport Circular 1 of 1988 [following a National Cabinet decision, with effect from 1 April 1988]. The Cabinet decision included the transfer of the following functions:

- The acquisition and replacement of government and subsidized vehicles
- The award of government motor transport and subsidized vehicles department as required.
- The maintenance of government vehicles.
- The management of the administration in respect of accidents and losses.
- The effective operation of government vehicles.
- The operator of department of technical advice.
- The receipt, storage and internal distribution of spare parts and consumables supplies,
- The regulation of motor transport for official events.
- The evaluation of economic utilization of vehicles.
- The operation of a vehicle and information system in respect of government motor transport.

The Government Motor Transport Handbook of 2019 issued by National Department of Transport replaced the National Transport Circular No.4 of 2000. The Handbook provides guidelines on all matters relating to the utilization of government-owned transport.

The Public Finance Management Act 1 of 1999 read together with National Treasury Regulations and National Treasury directives governs the operations of the Entity in terms of its policy and reporting framework, establishment, capital requirements, disposal of assets, the surrender of surplus funds, and financial reporting. In addition, the following legislative and policy mandates are applicable:

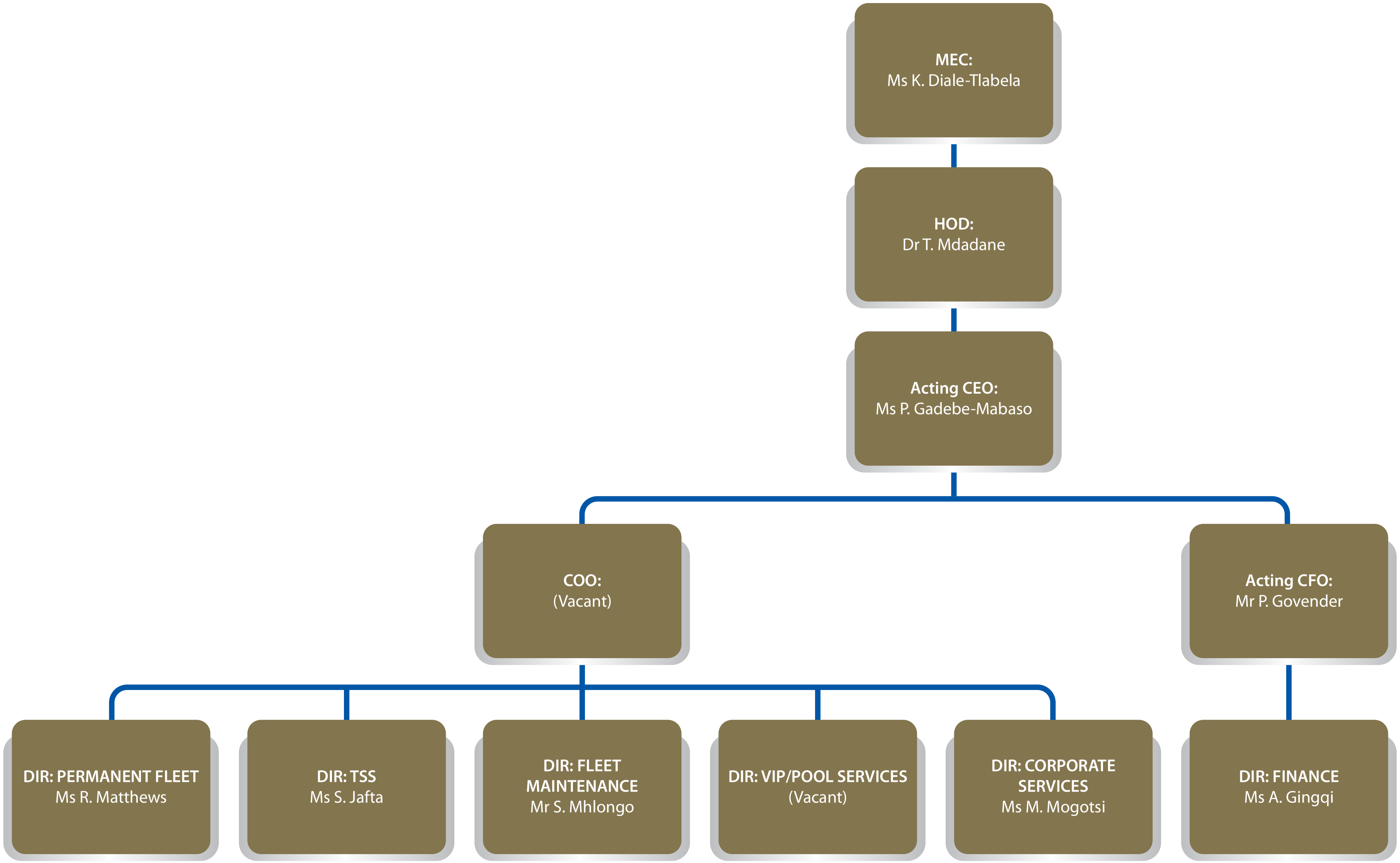
- Cross-Border Road Transport Act, Act 4 of 1998.
- Road Traffic Act, Act 29 of 1989.
- National Environmental Management Act,
- Road Traffic Management Corporation Act, Act 20 of 1999.
- National Road Traffic Act, Act 93 of 1996.
- National Road Traffic Safety Act, Act 12 of 1972.
- Gauteng Transport Framework Revision Act, Act 8 of 2002.
- Gauteng Public Passenger Road Transport Act, Act 7 of 2001.
- Gauteng Transport Infrastructure Act, Act 8 of 2001.
- Gauteng Planning and Development Act, Act 3 of 2003.
- Provincial Road Traffic Act, Act 10 of 1997.
- Gauteng Toll-Roads Bill 2005.
- Administrative Adjudication of Road Traffic Offences Act, Act 46 of 1998.
- Gauteng Transport Framework Revision Amendment Act, 2007.

- Government Immovable Asset Management Act 19 of 2007
- Construction Industry Development Board Act 38 of 2000
- National Land Transport Strategic Framework
- Public Administration Management Act
- Promotion of Access to Information Act (PAIA) 2 of 2000
- Promotion of Administrative Justice Act (PAJA) 3 of 2000
- Public Administration Management Act 11 of 2014
- Preferential Procurement Policy Framework, Act 5 of 2000
- Protection of Personal Information Act, Act 4 of 2013
- Public Service Act 103 of 1994
- Public Service Regulations
- National Green Transport Strategy.

The following Provincial policy mandates are applicable:

- Provincial Policy and Legislative Mandates
- Growing Gauteng Together 2030.

7. ORGANISATIONAL STRUCTURE



PERFORMANCE INFORMATION

PART B

PERFORMANCE INFORMATION

HIGHLIGHTS Department of Roads & Transport

1

A total of 602 vehicles were sold during the financial year, resulting in revenue from auctions totaling 66.983 million

2

The Entity surpassed the 11% target in decreasing the average debtor days by reporting an average 18.57% achievement against this target

3

The Entity achieved 8.3% (528/6296) of green vehicles in the Entity's fleet

4

The Entity managed to complete and signed-off seven Business Requirement Specifications (BRS).

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the management report, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 384 to 392 of the Report of the Auditor General, published as Part F: Financial Information.

2. OVERVIEW OF THE ENTITY'S PERFORMANCE

2.1 Service Delivery Environment for 2023/24

RT 46 CONTRACT

RT46 Contract is a Transversal Term Contract arranged and administered by Contracting Chief – Directorate within the Office of the Chief Procurement office: National Treasury. The contract is then entered into between the National Department of Transport and RT46 Contract Service Provider (FNB).

The Entities / Government garages would participate into the RT46 contract. The contract is for the provision of vehicle fleet management services to the state for a period of five (5) years from 01 April 2021 to 31 March 2026.

It allows for fuel card and e-Tolls payments; vehicle repairs and maintenance (mechanical and accident); inspection of vehicles under repairs; and 24/7 towing & recovery.

CHALLENGES WITH FNB

The Entity has been experiencing challenges with Wesbank ever since the inception of the RT46 2020 Contract and some of the issue remains unresolved. For example:

- Critical Fleet Maintenance reports not available/poor quality/inaccurate (vehicle down time, projected maintenance, and executive reports)
- Misalignment of accident vehicle repairs process, resulting to high turnaround time causing backlog on vehicles under repairs.
- Delays on inspection and assessment of vehicles under repairs'
- Delays on authorisation of vehicles under repairs.
- FNB - Merchant development program currently in place not clearly responding to the target market (26 priority township /TISH/TER).

Several interventions to improve the performance of RT46 contract Service Provider have been put in place, namely:

- Fleet Maintenance Unit Customer Satisfaction Survey APP has been developed, tested and in place.
- Operationalisation of the in-house Panel Beating Workshop. To bring the process of accident repairs closer to g-FleeT.
- Introduction of vehicle inspection/assessment unit to ensure quality and cost control on vehicles.
- HOD's approval for g-FleeT Inspectors to conduct inspection in and outside the province was granted.
- Approval for scheduled assessment & Inspections of merchants, and validation of repairs was granted.
- Close monitoring (weekly meeting with Wesbank) for effective RT46 contract management.
- Implementation of RT46 Contract Penalty Schedule as per terms & conditions of the RT46 contract and the SLA.
- Continuous review and realignment of vehicle repairs & maintenance processes.
- Continuous review and update of engagement mandate in line with the Entity and the Client's expectations.
- HOD's approval for g-FleeT to administratively manage accident repairs process inhouse was granted.
- A delegation of authority on authorisations of vehicle repairs was approved by the HOD to cut down the

lengthy turnaround time on authorizations.

- The Entity had developed Merchant Development Program which seeks to address work allocation (RT46 Contract) to the target market, and the implementation of the program is ongoing.

In terms of the reports, two of the Entity's output indicators, namely, average number of days taken for mechanical repairs and average number days taken for accident repairs were removed from the APP due to the non-availability of critical fleet management reports in relation to the KPI, which included the following reports:

1. Turnaround time on mechanical repairs vehicles (Down time Report)

2. Turnaround time on accident repairs vehicles (Downtime Report)

3. Number of vehicles serviced as per manufacturers specifications (Projected Maintenance Reports)

The reports have since been made available, but the quality of the reports is still unsatisfactory, and to address this challenge, RT46 and Tracking system is being integrated to assist improve the accuracy of the report.

The RT46 Contract service provider's new Fleet Management System has since been developed and implemented as of 31 June 2023 to address some of the system related challenges.

RT57 CONTRACT

The RT57 (purchasing of vehicles) is a transversal contract managed by the National Treasury (through the Office of the Chief Procurement Officer) and the National Department of Transport. It provides a streamlined process to purchase vehicles at reduced prices, although the choice of vehicles and engine capacity resides primarily with the user Department.

The new RT57 contract came into effect in July 2023 and will be due for renewal in June 2026. Toyota SA made an error in their Bid response by submitting pricing excluding VAT which resulted in them not offering vehicles at the submitted prices as it would negatively impact their profit margins. Bidders are afforded the opportunity to introduce new vehicle models during the anniversary month (1 July 2024) of the contract which will also allow Toyota SA to correct their bid pricing to include VAT.

The non supply of vehicles from Toyota SA through the RT57 contract did not have a major impact on the supply of vehicles as the entity's clients opted for alternatively available vehicle brands.

LOGISTICS FUNCTION

The Premier seeks accelerated delivery of public services functions, which need in practice to be delivered within a limited period. To this end, the creation of a new logistics function was pronounced to be performed by the Department of Transport. The logistics function was assigned to the Department to support this priority. To ensure the successful implementation of this intent, it is critical that the problem is clearly defined and understood, and that the desired outcomes be agreed upon by the departments and stakeholders that will be affected.

The sourcing of supplies, distribution, and warehousing process in the province is fragmented and not properly coordinated through a government function. Currently, user departments individually procure and deliver to areas of need. The incremental inefficiencies in the time taken and the delivery requires a new approach, in that the delivery has taken longer than needed and at a cost over a period. Therefore, there is a need to eliminate administrative inefficiencies to reduce the turnaround time, gain from economies of scale, and save cost into a single system of command to improve efficiencies in the warehousing and delivery needs through a centralized system and department which will perform the end-to-end function in the province.

THE PROCESS TO DATE

- The Gauteng Provincial Government through the Executive Authority of Transport and Logistics appointed CSIR to develop the business case for the development of the logistics function or repurposing the g-FleeT management to perform the logistics function. The function is expected to optimize the current logistics activities and develop the function to increase efficiency, reduce cost, supporting social transformation through the inclusion of disadvantaged communities (townships, informal settlements, hostels, and others) and people with disabilities.
- Consultation with the departments in the Gauteng province has been concluded to provide the necessary data on how effectively and efficiently the function can be implemented.
- The focus of the work is on end-to-end logistics, which refers to the entire supply chain process from the source of goods to the end-user receiving the goods.
- The Business case has been developed which describes (1) the current functioning of the Department of Health and Education supply chains, (2) an appropriate role for g-FleeT in developing its logistics function in support of end-to-end supply chains for improved service delivery, and (3) a roadmap describing the short and long-term interventions to develop g-FleeT's logistics capability to support end-to-end service delivery.

Perspectives on Supply Chain Analysis

For each of the focus areas, the following process guided the investigation:

- Identify constraints.
- Find opportunities for improvement.
- Determine what is required to achieve the desired performance.
- Develop recommendations.

The business case that will be inclusive of the operations model is under development and will be submitted once the SLA between the Department of Roads and Transport, Department of Health and Department of Education has been signed and an operation model has been agreed to will be submitted to the provincial executive for approval. Consultation is continuing with the affected stakeholders and labour.

Service Delivery Improvement Plan

The Department has completed a service delivery improvement plan. The tables below highlight the service delivery plan and the achievements to date.

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
▪ Full Maintenance Lease (FML) – The FML is a long-term vehicle lease service offered by g-FleeT which is comprised of a fixed rental cost over a selected period of a minimum of twelve (12) months up to seven (7) years, depending on the type of vehicle and the functional needs of the client. ▪ Short-term motor rentals - is a short-term vehicle lease service offered by g-FleeT which is comprised of a fixed rental cost over a selected short period (less than 12 months). ▪ Chauffeur driven, which provides both driver and vehicle for hire over a short-term period. ▪ Fuel card services - for payment of the fuel and toll gate fees ▪ Managed maintenance – a call centre to ensure authorization is only given for necessary maintenance that complies with manufactures standards and is in line with manufactures guidelines. ▪ Telematics, for tracking and monitoring of vehicles and drivers ▪ Accident management and roadside assistance, which assists our clients with towing and repairs of vehicles ▪ License and traffic fine administration which is responsible for: o Motor vehicle registration and licensing o Ensuring that every fine is re-routed to the correct offender.	g-Fleet customers (i.e. government Department and municipalities)	The Entity has SLA's with various client departments.	The desired standard of service is in terms of the SLA between g-FleeT and the customer.	The actual achievements on various targets are explicitly covered in the Annual Performance Plans information.

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

Current/actual arrangements	Desired arrangements	Actual achievements

Not Applicable - The Entity does not deal directly with communities	Not Applicable - The Entity does not deal directly with communities	Not Applicable - The Entity does not deal directly with communities

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Existing contracts with customers	Executive automated dashboard	Customer survey indicating 81.22 percent satisfaction levels.

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Manual complaints mechanism	Automated complaints system on the website with tracking sheet	Customer survey indicating 81.22 percent satisfaction levels.

2.2 Organisational Environment

One of the unique features of the Entity is that it is required to be financially self-sustainable while not receiving any budget allocation for the Gauteng Provincial Treasury (GPT) or Gauteng Department of Roads and Transport (GDRT). In addition, the Entity must develop its own financial systems, prepares its own set of financial statements, accounts separately to various Governance Committees (i.e. Audit Committee, Risk Management Committee, Standing Committee on Public Accounts and Legislature), is audited separately by the Auditor-General of South Africa (AGSA) and prepares its own Strategic Plan and Annual Performance Plan (APP).

These are functions required by the Entity, however not incorporated in the current organisational structure because of the "form and shape" of the Entity. The GDRT provides support and assistance in the following functions:

o Information Communications and Technology,

o Anti-fraud and Corruption,

o Risk Management Committee,

o Monitoring and Evaluation

Consultations with the Business Units were concluded, and inputs were submitted to the Office of the Premier to incorporate in the proposed structure. However, Organised Labour requested that the process must restart and officially be consulted. Steering Committee comprising of management and organized labour has been resuscitated to review g-FleeT and DRT structures.

Service Delivery Model has been finalized. The established committee for both DRT and g-FleeT, headed by the acting CEO of g-FleeT to ensure that both DRT and g-FleeT organisational structures are reviewed and concluded. This Committee consults with the Office of the Premier to ensure alignment with legislation and norms and standards of organizational development. A parallel process to the above is to develop the job descriptions for the posts and the process is also underway.

Change management strategy and plan have been developed by Office of the Premier.

Form and Shape of the Organisation

The Entity is in the process of establishing g-FleeT as a government component. The Entity has developed and submitted its Business Case and draft organogram to the Gauteng Provincial Treasury (GPT) in June 2022. g-FleeT

Management appointed Gautrain Management Agency to assist with the review of the Business Case and to respond to the comments made by GPT. In addition to this, GMA was requested to review the Acquisition and Retention Strategy to incorporate the brand positioning of g-FleeT.

Presentations have been made to Broad Management Committee for inputs.

HIGH VACANCY RATE

The vacancy rate in the 2023/2024 financial year is at 21% and his broken down as follows:

Level	Approved Establishment	Filled (including contract workers)	Vacant	Vacancy Rate
SMS (Level 13 to 16)	8	6	1	**8%**
Level 11 to 12	17	16	1	**6%**
Level 7 to 10	107	92	15	**14%**
Level 1 to 6	143	101	41	**29%**
TOTAL	**275**	**215**	**59**	**21%**

The Entity has a total of two hundred and seventy-five (275) positions in the approved structure, with two hundred and sixteen (215) filled positions and fifty-Nine (59) vacant positions. The current vacancy rate is at 21%. At senior management level, there are eight (8) positions with five (5) positions filled by females and two (2) post filled by male. One (1) position is vacant, translating to a 13% vacancy rate.

Three (3) officials were seconded from the Department of Roads and Transport and Department of Human Settlement to the Entity for a period of twelve (12) months to perform the functions of the Chief Financial Officer, Chief Risk Officer, and Chief Executive Officer, respectively.

Fourteen (14) critical positions were advertised in June 2023 as part of Nasi Ispani recruitment drive from Office of The Premier. 10 of 14 Advertised posts were filled successfully. Two posts are to be readvertised, one waiting for decision on recommended candidates for approval and one post is not in the proposed structure and therefore it cannot be filled.

During the period under review, a total number of 40 offers of appointment letters were issued, 39 assumed duties during 2023/24 financial year, and 1 assumed duty on 1 April 2024.

2.3 Key policy developments and legislative changes

The Competition Commission

On 10 December 2020, the Competition (“Commission ”) issued the final guidelines for competition in the South African Automotive Aftermarket (“Automotive Guidelines ”).

The Guidelines were prepared in terms of section 77 of the Competition Act (89 of 1998, as amended), to provide practical guidance to industry players towards the adoption of pro-competitive measures in the Automotive Aftermarket, and to promote greater participation of small businesses as well as historically disadvantaged individuals (HDIs) in the market. The Guidelines also place responsibility on all industry players to disclose certain information to consumers, to enable them to make informed choices; the guideline also addresses consumer safety. A dispute resolution process and a self-monitoring mechanism by industry stakeholders is also articulated.

The Automotive Guidelines are intended to promote inclusion and to encourage competition through greater participation of small businesses as well as historically disadvantaged groups.

Measures proposed in the Automotive Guidelines

Some of the novel measures proposed in the Automotive Guidelines, which have cost, staffing and legal implications for participants in the automotive industry, are the following:

- the unbundling of the new motor vehicle price from the price of the service and/or maintenance plan of that motor vehicle. In other words, dealers must ensure that at the point of sale of a motor vehicle, that consumers have full disclosure of the
  a) purchase price of the motor vehicle; and
  b) the purchase prices of service and maintenance plans, and other value-added products. Consumers will then have the choice whether to purchase the motor vehicle and service/maintenance plan separately or at the same time.
- Original Equipment Manufacturers (OEMs) and independent third-party providers must transfer a service and/or maintenance plan to a replacement motor vehicle in circumstances where the motor vehicle is written off by the insurer.
- In circumstances where there is no replacement motor vehicle after a write-off or its not feasible to transfer a service and/or maintenance plan to a replacement motor vehicle, the consumer must be afforded the right to cancel the service and/or maintenance plan contract and/or receive a refund for the balance of the product.
- Approved dealers that sell new motor vehicles and products of competing OEMs must ensure that they do not engage in price co-ordination. Specifically, the prices of competing motor vehicles and products must be determined by different individuals within the dealership.
- Approved dealers that sell new motor vehicles and products of competing OEMs must ensure that no commercially sensitive information (including information stored in the cloud) is provided or shared with competing OEMs.

The Automotive Guidelines are effective from 1 July 2021 and affected parties in the automotive industry, thus, have until 1 July 2021 to ensure their businesses and business arrangements are compliant. Although the Automotive Guidelines are non-binding on the competition authorities, it indicates the Commission's approach on any matter falling within its jurisdiction in terms of the Competition Act, No. 89 of 1998 ("Competition Act"). Importantly, the Automotive Guidelines do not preclude the Commission from pursuing any firm in the automotive industry for anti-competitive conduct through the Commission's enforcement powers.

3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Impact statement	• A sustainable, safe, efficient, reliable and affordable fleet management solution

4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

4.1 Programme 1: OPERATIONAL MANAGEMENT SERVICES

This programme is responsible for providing fleet management services that are effective, efficient, and client focused.

The following is the sub-programmes of the structure:

- Permanent Fleet
- Finance
- Transport Support Services
- Communications

<u>Outcomes, outputs, output indicators, targets and actual achievements</u>

- **Percentage of green vehicles in the Entity's fleet, 8%** – this target is required to ensure reduction in the carbon footprint (i.e., decreasing Green-House-Gas emissions produced by road transportation as expressed in the Green Transport Strategy for South Africa (2018-2050). The Entity is striving to minimise the impact of its core assets (vehicles) on the environment. As such, a target of 8% was set. The Entity achieved 8.3% of green vehicles in the Entity's fleet. This was due to an increase in the demand for green vehicles, concerted efforts were made to increase the number of green vehicles into the Entity's fleet by procuring 124 green vehicles which led to achievement of the target.

- **Average age of fleet, ≤4 years** – this outcome seeks to ensure that vehicles provided by g-FleeT Management are efficient and reliable. This is necessary to ensure that cost of maintaining vehicles is minimised. The Entity kept an average age of fleet at less than 4 years, an achievement of 3.5 years was achieved during the financial year under review. The new vehicles that were purchased and disposal of old vehicles enabled the target to be achieved.

- **Percentage of vehicles auctioned as per approved list** - the Entity had a target of 80% of all approved vehicles to be sold and achieved 85% against the set target for the year under review. The overachievement was due to the Entity encountering more bidders on its online auctions that required secondhand vehicles.

- **Percentage of in-service vehicles tracked, 93%** - The outcome (safeguarding of the state assets by installing comprehensive vehicle tracking units) allow for vehicles to be tracked and traceable. This in turn is used for route optimisation, location of a vehicle at a particular point in time, monitor mileage, speed etc.

  All these have a direct impact on the sustainability of the asset (vehicle) and safety and efficiencies. The set target for the financial year was to have 93% of in-service vehicles tracked. The Entity achieved a 97% of in-service vehicles tracked. The indicator was overachieved due to focused intervention for vehicle tracking e.g. booking appointments for tracker fitments was fast-tracked with clients and stakeholders daily.

Table 2.4.4.1:

(The table below ONLY reflects the revisions to the original APP until quarter three of the 2023/24 financial year). This output indicator is an annual target; therefore, no actual performance is reflected at the time of revision. The revision entails changing of wording in the indicator.

Programme / Sub-programme: Operational Management Services									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	*Actual Achievement 2023/2024 until date of re-tabling	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Reduced Carbon footprint from the Entity	Passenger vehicles with CO_2 emissions equal to or below 120g/km (environmentally friendly)	Percentage of passenger vehicles with CO_2 emissions equal to or below 120g/km	5%	7.3% (424/5771)	8%	0	8%	This target was an annual target, and performance was not due at the time of revising the APP.	This output and outcome indicator was revised to read "Percentage of green vehicles in the Entity's fleet. The aim of this revised indicator is to be more inclusive of all types of eco-friendly vehicles and not to be limited to the measurement of the CO_2 emissions only. The revised indicator will consider new energy vehicles such as hybrids and electric vehicles which were previously excluded from the target.

***Actual achievement must be reported in relation to the performance information reflected in the originally tabled Annual Performance Plan until date of re-tabling (In the instance where a department has re-tabled an Annual Performance Plan in the financial year under review)**

Table 2.4.4.2:

The table below reflects the planned and actual achievements against the adjusted and re-tabled 2023/24 APP. The APP was revised in during the first month of the 3rd quarter of the 2023/24 financial year and was approved in October 2023.

Programme / Sub-programme: Operational Management Services								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	**Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Reduced Carbon footprint from The Entity	Percentage of green vehicles in the Entity's fleet.	Percentage of green vehicles in the Entity's fleet.	5%	7.3% (424/5771)	8% of green vehicles in the Entity's fleet	8.3% (528/6296)	+0.3%	Due to an increase in the demand for green vehicles, concerted efforts were made to increase the number of green vehicles into the Entity's fleet by procuring 124 green vehicles which led to the achievement of the target.
Improve efficiency & customer service	Average age of fleet	Average age of fleet	3,7 Years	4 Years	≤ 4 Years	3.5 Years	+0.5 Years	The new vehicles purchased, and disposal of old vehicles enabled target to be achieved.
Maximised return on investment	Percentage of vehicles auctioned	Percentage of vehicles auctioned as per approved list.	93%	93%	80% of vehicles auctioned as per approved list.	85% of vehicles auctioned as per approved list.	+5%	The overachievement was due to the Entity encountering more bidders on its online auctions that required second hand vehicles.
Safeguard state assets	Vehicles tracked	Percentage of in-service vehicles tracked	90% (5802)	89% (5089)	93% (5826) of in-service vehicles tracked.	97% (6108) of in-service vehicles tracked	+4%	The overachievement was due t focused intervention for vehicle tracking e.g. booking appointments for tracker fitments was fast tracked with clients and stakeholders daily.

****Actual achievement must be reported in relation to the performance information reflected in the originally tabled Annual Performance Plan (In the instance where a Department did not re-table the Annual Performance Plan in the financial year under review) OR in relation to the performance information reflected in the re-tabled Annual Performance Plan.**

Strategy to overcome areas of underperformance.

None.

LINKING PERFORMANCE WITH BUDGETS

Sub-programme expenditure

Sub- Programme Name	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Permanent Fleet	R 554,285	R 524,704	R 29,580	R 270,022	R 258,501	R 11,521
Finance	R 19,882	R19,964	(R 82)	R 21,771	R 15,616	R 6,155
Transport Support Services	R 308,115	R 299,170	R 8,945	R 311,458	R 276,475	R 34,983
Fleet Maintenance	R 114,037	R 107,747	R 6,290	R 121,547	R 117,787	R 3,760
Communications	R 14,629	R 13,379	R 1,250	R 12,665	R 12,479	R 186
TOTAL	**R1, 010, 948**	**R 964,964**	**R 45,983**	**R 737,463**	**R 680,858**	**R 56,605**

4.2 Programme 2: CORPORATE AND FINANCIAL MANAGEMENT

This programme is responsible for ensuring a well-run organisation by designing and maintaining effective systems and processes that will result in optimal use of The Entity's assets in the delivery of services.

The following are the sub-programme structures:

- VIP and Pool Services
- Finance
- ICT

Outcomes, outputs, output indicators, targets and actual achievements

- **Percentage of rental days utilised for VIP self-drive vehicles, 58%** - the Entity achieved 72.62% against a target of 58%. This contributes to the impact of a sustainable, safe, efficient, reliable, and affordable fleet management solution. The overachievement was due to the high demand in short term rental services.

- **Percentage of rental days utilised for Pool vehicles, 77%** - the Entity achieved 89,10% against the target of 77%. This in return maximise Entity returns and ensure financial sustainability. The overachievement was due to the high demand for short term rentals.

- **Unqualified opinion from Auditor General of South Africa** - The Entity obtained an unqualified 2022/23 audit report from the Auditor General.

- **Percentage decrease in average debtors' collection days (excluding outstanding balances of clients that have**

payment arrangements with the Entity), 11% – while this is necessary for clean administration, it has direct implication on financial sustainability of the Entity. As such a target of 11% reduction on debts outstanding was set. The Entity's achievement for the year under review was 18.57%. The overachievement was due to interventions implemented by the Entity throughout the financial year, which included the CEO roadshows and one-on-one CFO engagements.

Table 2.4.4.1:

The table below ONLY reflects the revisions to the original APP until quarter three of the 2022/23 financial year. Two of the indicators are annual targets; therefore, no actual performance is reflected at the time of revision.

Programme / Sub-programme: Corporate and Financial Management									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2021/2022**	**Audited Actual Performance 2022/2023**	**Planned Annual Target 2023/2024**	***Actual Achievement 2023/2024 until date of re-tabling**	**Deviation from planned target to Actual Achievement 2023/2024**	**Reasons for deviations**	**Reasons for revisions to the Outputs / Output indicators / Annual Targets**
Improved debt collection	Reduction in the average debtors' collection period	Percentage decrease in average debtors' collection days. (Excluding outstanding balances of clients that have payment arrangements with the Entity)	12.96% (Excluding amounts owed by clients that have submitted written payment arrangements)	18.06%	15% (Excluding amounts owed by clients that have submitted written payment arrangements	4.59% decrease in average debtors' collection days	-10.41%	Department of Justice and Constitutional development (DOJ & CD) has decentralised their budget to regional office and this process is delaying paying payments. 2.Two big clients, namely Gauteng Department of Community Safety and National Department of Rural development and Land Reform did not pay August 2023 invoice.	The Entity proposed that this indicator be revised downwards from 15% to 11%. The revision was necessitated by the following: Our analysis on the current payment threads indicate that the average collection days for the past 6 months is approximately 52.15 days which is far below the targeted days of 43.25 days. This analysis is reflective of the current fiscus challenges faced by the country and the financial pressures experienced by our clients in implementing service delivery priorities with reduced financial resources. The recent National Treasury cost containment measures issued on 31 August 2023 and the anticipated budget cuts to be announced by the Minister of Finance will have further strain on g-FleeT debtor's books. In addition, the recent international events continue to contribute negatively to both the crude oil prices and purchase cost of motor vehicles.

Programme / Sub-programme: Corporate and Financial Management									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	*Actual Achievement 2023/2024 until date of re-tabling	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improve efficiency & customer service	Integrated Fleet Management System (IFMS) modules developed.	Number of IFMS Modules developed and signed-off as per revised project plan.	2 IFMS Modules/ Processes (registration of transport officers and drivers) have been mapped by eGOV. However, development is underway. Scanners procured and delivered. Licences made available from DRT. Business processes have been developed and deployed in the live environment.	Business requirement specifications for the 4 IFMS modules were completed and signed off: Access management Tariff Calculation Asset Acquisition Fuel Card management	5 IFMS modules developed and signed-off by end user as per the revised project plan	0	5 IFMS Modules/ processes mapped and developed.	The target is an annual target and performance was not due at the time the of re-tabling the revised APP.	Due to ongoing challenges experienced with external dependency factors which were impacting on the completion of the project. It was greed that this outcome indicator and its TID will be removed from the 2023/24 Annual Performance plan.

*Actual achievement must be reported in relation to the performance information reflected in the originally tabled Annual Performance Plan until date of re-tabling (In the instance where a department has re-tabled an Annual Performance Plan in the financial year under review)

Table 2.4.4.2:

The table below reflects the planned and actual achievements against the adjusted and re-tabled 2023/24 APP. The APP was revised in during the first month of the 3rd quarter of the 2023/24 financial year and was approved at the end of October 2023.

Programme / Sub-programme: Operational Management Services								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	**Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Maximise on return on investment	Percentage of rental days utilised.	Percentage of rental days utilised for VIP self-drive vehicles.	72.51%	76.11%	58% of rental days utilised for VIP self-drive vehicles	72.62% of rental days utilised for VIP self-drive vehicles	+14,62%	High demand in short term rental services.
Maximise on return on investment	Percentage of rental days utilised.	Percentage of rental days utilised for Pool vehicles	94.89%	93.01%	77% of rental days utilised for Pool vehicles.	89,10% of rental days utilised for Pool vehicles.	+12,10%	High demand in short term rental services.
Clean Administration	Unqualified opinion from Auditor General	Unqualified opinion from Auditor General	Qualified 2020/21 audit report from the Auditor General	Qualified opinion from AG for the 2021/22 financial year.	Unqualified opinion from Auditor General	Unqualified opinion from Auditor General for the 2022/23 financial year.	n/a	n/a
Improved debt collection	Reduction in the average debtors' collection period	Percentage decrease in average debtors' collection days (excluding outstanding balances of clients that have payment arrangements with The Entity)	12.96% (Excluding amounts owed by clients that have submitted written payment arrangements)	18.06%	11% (Excluding amounts owed by clients that have submitted written payment arrangements)	18.57% decrease in average debtors' collection days (excluding outstanding balances of clients that have payment arrangements with the Entity)	+7.57%	The overachievement was due to interventions implemented by the entity throughout the financial year, which included the CEO roadshows and one-on-one CFO engagements

****Actual achievement must be reported in relation to the performance information reflected in the originally tabled Annual Performance Plan (In the instance where a Department did not re-table the Annual Performance Plan in the financial year under review) OR in relation to the performance information reflected in the re-tabled Annual Performance Plan.**

Strategy to overcome areas of underperformance.

- **None.**

LINKING PERFORMANCE WITH BUDGETS

Sub-programme expenditure

Sub- Programme Name	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
VIP and Pool Services	R 18,778	R17,423	R 1,355	R 20,059	R 17,276	R 2,783
Finance	R 19,882	R19,964	(R 82)	R 21,771	R 15,616	R 6,155
ICT	R 7,699	R 6,205	R1,494	R 9,469	R 6,158	R 3,311
TOTAL	**R 46,359**	**R 42,767**	**R 3,767**	**R 51,299**	**R 39,050**	**R 12,249**

2.4.5. Capital Investment

Capital investment, maintenance, and asset management plan.

	2023/24			2022/23		
Infrastructure projects	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets	R545,309	R516,085	R29,244	R 261,844	R 250,050	R 11,794
Existing infrastructure assets						
Upgrades and additions	R31,533	R35,435	(R3,902)	R 7,000	R 5,736	R 1,264
Rehabilitation, renovations, and refurbishments						
Maintenance and repairs	R13,900	R14,194	(R1,393)	R 7,700	R 2,756	R 4,944
Infrastructure transfer						
Current						
Capital						
Total	**R589,742**	**R565,714**	**R23,929**	**R 276,544**	**R 258,542**	**R 18,002**

GOVERNANCE

PART C

01 All planned internal audits were completed during the year under review.

02 Administrative policies were reviewed, approved, and communicated.

03 Quarter audit reports were presented to audit committee for independent oversight.

04 Risk management action plans were closely monitored for implementation.

1. INTRODUCTION

The Entity regards governance as fundamentally important to the achievement of its strategic objectives and the fulfilment of its responsibilities in meeting service delivery standards. It is paramount that The Entity ensures that its values are well defined and are entrenched in all structures of the organisation. The Entity has applied the principles as set out in in the code of professional conduct, ensuring that its leadership applies the 'tone at the top' approach in carrying out responsibilities in good faith, with due diligence and care, for the best interests of The Entity and all its stakeholders. The Entity always strives to maintain and improve its standards of good governance through the concerted efforts of various management committees.

2. RISK MANAGEMENT

The Entity has a risk management framework, charter, policy and strategy.

The Entity conducts regular risk assessments to determine the effectiveness of its risk management strategy and to identify new/emerging risks.

The Entity has a Risk Management Committee that is chaired by an Independent Chairperson and advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk.

The Audit Committee is the advisory body for the Entity on risk management and independently monitors the effectiveness of the system of risk management.

There has been applaudable changes in management of risks, the Entity has made a commitment to manage risks on a continuous basis. This has been attributed by the six-weeks intervals of risk management committee meetings instituted by the Head of Department, and weekly reporting to the Head of Department on the progress status of the identified findings both AG and GAS findings. Also, the performance contracts of senior management have incorporated risk management for accountability purpose.

3. FRAUD AND CORRUPTION

The Entity has a risk anti-fraud and corruption policy and strategy.

The Entity conducts regular fraud risk assessments to determine the effectiveness of risk management strategy and to identify new/emerging risks.

The Entity has a Risk Management Committee that is chaired by an Independent Chairperson and advises management on the overall system of risk management of which fraud and corruption related issues are discussed. Fraud and corruption issues are also discussed on a weekly basis with the Head of Department.

The Audit Committee is the advisory body for the Entity on anti-fraud and corruption related issues and independently monitors the effectiveness of the system thereto management.

The Entity has an approved whistleblowing policy which is communicated constantly through the ethics and anti-fraud and corruption awareness sessions and induction workshops.

Allegations are reported by respective management using various mechanism i.e. hotline, internal audit, fraud detection reviews.

4. MINIMISING CONFLICT OF INTEREST

Accountability is fundamental to the organisational integrity. All employees are expected to take responsibility for their actions. Disciplinary matters are resolved in line with the disciplinary code and procedure. Labour relation supports the introduction and implementation of disciplinary management. Application for disciplinary measure is an integral component of effective fraud and corruption deterrent strategy within the Entity.

The Entity is doing its best to minimize conflict of interest by:

Conducting awareness sessions on Public Service Regulations, 2016 under regulation 13b and f and it is supported by the Code of Conduct for Public service that has a pledge. The Entity has also reviewed its policy on conflict of interest. It is also working with various stakeholders such as DPSA, GAS and AG to identify conflict and potential conflict from officials. The e-disclosure that is filed by SMS, MMS and officials from Finance branch also helps to identify those who might have conflict of interests. To further minimize Ethics management is working with communications to develop posters and some intranet posts are issued to educate and sensitise officials on conflict of interests. Induction programmes are held in partnership with HR development with the newly appointed officials and an online course is available that covers a lot of issues on ethics management.

5. CODE OF CONDUCT

The Public Service Commission (PSC) developed code of conduct for the public servants to promote the high standard of professional ethics. The ethical principles contained in the Code are applicable to DRT employees. The Entity implemented the code and Management to ensure compliance by all staff.

6. INTERNAL CONTROL UNIT

In accordance with the requirements of the PFMA, and best practice, the Entity has a fully resourced internal Audit function.

The Internal Audit performed its audits according to the approved Internal Audit coverage plan. The Plan was based on high-risk areas as per the Strategic risk profile.

The Head of the Entity was appointed and is responsible for Strategic and administration support to the Internal Audit function.

There is an on-going process for identifying, evaluating, and managing the significant risks faced by the Entity to prioritise high risk and ensure adequate controls are designed and are tested on regular basis for effectiveness.

All planned internal audits were completed during the year under review.

Administrative policies were reviewed, approved, and communicated.

Quarter audit reports were presented to audit committee for independent oversight.

Risk management action plans were closely monitored for implementation.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

A) INTERNAL AUDIT

Gauteng Audit Services (GAS) provides internal audit services to the Entity. The objective of GAS is to promote sound corporate governance in the province through ensuring an effective internal control environment.

Key Activities of Internal audit

Risk based Internal Audit Plans were developed by GAS and approved by the respective Entity Audit Committees which exercise oversight over the activities of GAS.

The activities are as follows:

- Risk and compliance audit.
- Performance Audit; and
- Computer Audit.
- Information Technology Risk Assessment.

Specify summary of audit work done

Fourteen (14) Risk, Compliance, Performance and Computer audits.

During the last quarter of the 2023/2024 financial year, Gauteng Audit Services presented the risk-based three year rolling internal audit plan for the Entity to the audit committee, having discussed with the Accounting Officer and recommended for approval by the Audit Committee. The Internal Audit plan was approved by the audit committee for implementation from 1st April 2023.

8. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The establishment of the Occupational Health and Safety (OHS) Committee

The Occupational Health and Safety (OHS) Committee was established in the 2020/21 financial year and handed over their functions to the SHERQ Committee.

The Entity's Senior Management and a representative from organized labour also participates in the Departmental SHERQ Committee. The Terms of Reference (TOR) for SHERQ Committee was reviewed and approved. No SHERQ Committee meetings was held during the period under review, as there is no appointed Chief Operations Officer who must coordinate the implementation of SHERQ Committee according to the SHERQ Policy.

Addressing the OHS issues in the organization has been a focal point particularly through the plans of the Facilities and Security unit. Maintenance of the facilities will continue to be done on a regular basis. The Entity is being assisted by the Gauteng Department of Infrastructure Development (DID) as an implementing agent for maintenance related projects due to the lack of human resources which is a major concern, to deliver and monitor the projects to ensure OHS issues in their environment.

The Entity renovated 3 buildings (i.e., Wellness Centre, Panel Beating and Car Wash Ablution buildings) and were completed in November 2021. The Occupancy Certificate has been received from Ekurhuleni Municipality on 13 April 2022. Final snagging was done on 11 May 2022. The buildings have been handed over and are being occupied in phases to respective Business units which are busy with operationalizing such buildings for intended purposes (e.g., Wellness Centre which comprises of a Gym and Canteen Areas and some offices; Panel beating building training rooms and offices; and the Car Wash Ablution building which will be used by officials appointed to wash vehicles). The Entity also embarked on a Space Planning project for the Wellness Centre and Panel beating building to accommodate officials that do not have office space whilst also ensuring that the building's initial usage is realized.

The major delay that has been experienced is with the implementation of Phase 2 Infrastructure upgrade projects that will contribute extensively to addressing OHS issues related to the dilapidated and old infrastructure within the Head Office premises. As assisted by the Gauteng Department of Infrastructure Development a Professional Team (PSP) was appointed to implement the Phase 2 Infrastructure upgrade projects. The Building Layouts are being finalized and will be signed off. A stage 3 Report is being scrutinized by Gauteng Department of Infrastructure Development to ensure that it meets the required standards of the Infrastructure Delivery Management System. When all requirements are met and all tender preparatory stages have been concluded, a Construction tender will be advertised.

The Entity has also secured new offices at Regional Offices in KZN, Cape Town and East London to address issues of OHS compliance among others.

The Entity will continue to manage the issues and address them accordingly within the resources available and will continue to create a conducive environment for staff to contribute to the service delivery, morale, and productivity of the Entity.

9. PORTFOLIO COMMITTEES

Responses to the Committee's Additional Questions Emanating from the Committee's Analysis of Responses to the Annual Report 2023 Resolutions

Question No	Question / Recommendation	Department Response
1	Provide update on the finalisation of the organisational structure	The organisational structure for both g-FleeT and GDRT • Consultations with Branches is done. • The Office of the Premier (OoP) has effected the changes as per the consultations. • The Steering Committee meeting with Organised Labour, OoP and Management will be held from 12 – 13 March 2024. • Management is also in the process of reviewing the job profiles for job evaluation purposes. • The final organisational structure for g-FleeT and GDRT is ready for pre-consultation with DPSA. • The organisational structure will be submitted to DPSA via OoP for consideration. • OoP has committed to start with Change Management Sessions for both g-FleeT and GDRT.

Responses to the Roads and Transport Portfolio Committee Questions on the First Quarter Report of the 2023/24 Financial Year.

Question No.	Question / Recommendation	Department Response
1.	The g-FleeT Management should update the Committee on the plan to visit the client departments on all issues relating the Entity, including tracker.	• Meetings to be arranged with client departments. • An internal meeting was held to plan for the meetings. It was resolved that a team will be established to visit client departments to address issues of debtors, maintenance, tracker, customer support services, IGVLA contract management, etc. • Phase 1 client visit-the October Transport month will be used to engage the Entity's clients based at GPG Head Office. The meeting will address client queries and challenges that the Entity has with the clients. • Phase 2 client visit-other clients namely: Western Cape, KwaZulu Natal, Free State and Eastern Cape Province/Regions. • The two departments that were outstanding with most of the vehicles not fitted with tracker was as follow: o OCJ Eastern Cape-the tracker services have been booked and to be finalised by 18 and 19 August 2023. o Free State to be finalized by 31 August 2023. • GPG: Health vehicles were fitted with tracker between 01 and 10 August 2023.

Question No.	Question / Recommendation	Department Response
2.	The Entity should update the Committee on the mapping of decentralization on the Fleet Information System.	**Decentralization of the Fleet Management System** • The Gauteng Department of e-Government(e-Gov) was appointed on 20 November 2021, to map, design, develop, train, implement and support an integrated fleet management solution for the Entity. • Project duration: start date: 29 November 2021- end date: 31 March 2025 • Progress to date is as follows: 6 of 12 BRS documents have been completed, namely: o Tariff calculation o Access management o Asset acquisition o Driver and contract management o Fuel management Key account management • Development – not started. • Additional resources • Two ICT interns from the Entity were seconded to the project for completion of the outstanding BRS documents. • Interviews for two additional interns were conducted and awaiting approval. • e-Gov has appointed a service provider for a period of eight months to develop 3 modules, effective 1 August 2023 to 31 March 2024. **Challenges and Risks** • Lack of noticeable progress on the development of the system. • Constant changes of resources from e-Gov resulting in the repetition of activities. • Insufficient Business Analysts from e-Gov (1 Business Analyst since the inception of the project). • Utilization of interns on major tasks (with no experience). • No developers directly allocated to the project. • Planned completion project timeline is longer than what the business anticipates. • More than one provider to develop the system which will create challenges when it comes to ownership and accountability. • As per the meeting held on 19 July 2023, AGSA resolved that the audit for the 2023/24 fy would focus on IFMS development and governance. Emphasis will be around utilization of resources e.g., time, people, technology etc. • Project cost/estimate is still unknown. **Interventions/Solutions** e-Gov to: • Provide a detailed project cost. • Revise the project plan with shorter completion timeline. • Through SITA, go out on open tender process for the development of the system, as per their advice on 20 January 2020. • Permit the Entity and the Gauteng Department of Roads and Transport (GDRT) to source the system. ✓ The IT Steering Committee (ITSC) held on 06 July 2023 resolved that due to e-Gov failing to meet the set timelines for the development of the IFMS, GDRT/Entity, through e-Gov, should look for other alternatives of sourcing the system.

Question No.	Question / Recommendation	Department Response
3.	The Entity should also update the Committee on the collection of long outstanding debts.	The Entity continues to engage its user departments in terms of long outstanding debt collections with a view to achieve its target of 15% reduction of average collection days and beyond. In this regard, the Acting Chief Executive Officer is commencing with arrangement one-on-one engagements with client departments to discuss client satisfaction levels as well as issues of payment patterns and payment arrangements where applicable. • Phase 1 client visit-the October Transport month will be used to engage the Entity's clients based at GPG Head Office. The meeting will address client queries and challenges that the Entity has with the clients. • Phase 2 client visit-other clients namely: Western Cape, KwaZulu Natal, Free State and Eastern Cape Province/Regions.
4.	The g-FleeT Management should provide reasons on why the permanent services programme recorded expenditure amounting to 72% in the first quarter.	The Permanent Services programme represents the new motor vehicle acquisition unit within the Entity. The higher-than-normal spending pattern within this programme is due to the delivery of new vehicles during the first quarter of the 2023/24 financial year. These vehicles were ordered during the 2022/23 financial year however were only received and paid for by the Entity during the 2023/24 financial year.
5.	The Entity should also explain how the balance of 28% will be spent in the next three quarters.	The remaining 28% will continue to be used for the payment of new motor vehicles received during the 2023/24 financial year. Management's expectation is that the process for the payment of new motor vehicles purchased during the 2023/24 financial year will be less due to the delays in the finalization of the new RT57 vehicle purchasing contract. The new RT57 contract issued by National Treasury commenced on 01 August 2023. However, the Entity will also reassess the budget allocation for the unit as part of the adjustment budget process in line with the planned delivery schedules from the vehicle manufactures.

Responses to the Portfolio Committee on Transport and Logistics Oversight Report on the Second quarterly Report of the Department of Transport and Logistics, Gautrain Management Agency and g-FleeT Management for the 2023/24.

Question No	Question / Recommendation	Department Response
003	The Department and g-FleeT Management should provide the Committee with a detailed report on the progress made in the collection of outstanding revenue from owing client Departments in line with the planned interventions.	The progress in the implementation of the interventions has been somewhat erratic. Whilst most client departments responded positively to the reminders and management engagements, some client departments regressed in their payment patterns due to funding pressures as a result of budget cuts and other urgent competing priorities that support direct service delivery requirements. The reconciliation of invoices to billed vehicles and locations is a critical step in ensuring that any disputes in billings are resolved timeously thereby enabling urgent payment.

Responses to the Committee's Questions on the Third Quarter Report of the 2023/24 Financial Year.

Question No	Question / Recommendation	Department Response
12.	The g-FleeT Management should update the Committee on the debt collection engagement with the National Department of Rural Development and Land Reform, Gauteng Department of e-Government and Gauteng Department of Health.	**Gauteng Department of Health** The engagements with the client have shown that the client is experiencing cash flow challenges and competing priorities. The Entity is discussing a payment arrangement with the client. **GPG Gauteng Department of e-Gov (GDF)** The invoices for October 23 and November 23 have been paid and the payment will reflect on 28/02/2024 bank statement. To date, the invoices for December 2023 and January 2024 amounting to R1.8 million remain unpaid. The Entity continues to follow-up with management. The slow progress on payment has also been raised with the e-Gov Audit Committee. **NAT. Dept of Rural Development & Land Reform** The meeting with the CFO's resulted in the payment of long outstanding invoices. However, the client appears to have gone back to making delayed payments. A follow-up meeting is being arranged to discuss the matter.
13	The g-FleeT Management should provide reason/s for 41% upwards adjustment of the budget in the Permanent services programme.	The 2022/23 budget for Permanent Unit (Vehicle Acquisition Unit) was based on the vehicle order book and aligned to the estimated delivery of new vehicles as provided by the respective vehicle manufacturers. Unfortunately, the vehicle manufacturers were unable to delivery all the vehicles that were estimated to be delivered before the financial cut-off period for the 2022/23 financial year. These deliveries amounting to R116 million were only received during the 2023/24 financial year. This significantly and negatively impacted the Entity's 2023/24 budget allocation. To respond to this challenge, the Entity reassessed its vehicle order book and implemented an upward adjustment to the Unit's budget allocation to enable the timeous payment of invoices associated with the delivery of new vehicles.
14.	The g-FleeT should explain as to what influenced the allocation amounting to R20 million in the newly established Logistics programme during the adjustment programme.	The Gauteng Provincial Executive Committee directed the repurposing of g-FleeT to perform the logistics function to improve the performance of warehousing and distribution of public goods within the province to support key service delivery Departments. The change in mandate was not allocated a budget by the Gauteng Provincial Treasury based on the state of readiness to implement. In responding to this mandate, it was agreed that the Entity would assist in budgeting for the initial set up costs of the logistics programme whilst awaiting the provincial fiscus funding allocation for operating and fully implementing the function.
15	The g-FleeT Management should provide reasons for adjusting downwards the final appropriation in the Office of the CEO and Office of the COO by 48% and 42% respectively.	**Office of the CEO** The initial budget within the Office of the CEO for the 2023/24 financial year had provided resources for the filling of critical positions that were additional to the current organizational structure. These critical positions were identified to strengthen the areas of governance and accountability within the Entity. Unfortunately, the delays in finalizing the recruitment process and the new organizational structure meant that the allocated funding would no longer be required for the 2023/24 financial year. Therefore, the allocated funding within this area was redirected to other Units that were experiencing funding pressures. **Office of the COO** The initial budget within the Office of the COO for the 2023/24 financial year had provided resources for the filling of the vacant COO position. Unfortunately, the delays in finalizing the recruitment process and the new organizational structure meant that the allocated funding would no longer be required for the 2023/2024 financial year. Therefore, the allocated funding within this area was redirected to other Units that were experiencing funding pressures.

Question No	Question / Recommendation	Department Response
16	The Entity should provide reason/s for large contribution to the overall expenditure in the Transport Support Services programme and Permanent Services programme in the quarter under review.	**Permanent Services programme** During the month of October 2023, the Entity received an influx of new orders from clients. These orders were placed by the Entity with the manufacturers and fulfilled by the suppliers much sooner than expected due to an over-supply of vehicles from certain suppliers. At the time of placing these orders, the Entity's vehicle order book reflected that some of these orders will only be fulfilled during the later part of the 4th quarter with most orders being fulfilled during the 2024/25 financial year. These orders were not adequately provided for in the 3rd quarters adjusted budget projections and as a result the increase in overall expenditure. **Transport Support Services** The expenditure within in programme is largely driven by the fuel bill issued by Wesbank. During the 2nd quarter, the Entity introduced new improvements to the monthly reconciliation of all Wesbank invoices. This resulted in a delay in the payment of invoices pertaining to August 2023 and September 2023. These invoices were subsequently processed in the 3rd quarter resulting in increased expenditure for the quarter.
17	The g-FleeT Management should explain as to why Permanent services programme is already overspending the allocated budget whereas this programme received larger share of upwards adjustment in the quarter under review.	During the month of October 2023, the Entity received an influx of new orders from clients. These orders were placed by the Entity with the manufacturers and fulfilled by the suppliers much sooner than expected due to an over-supply of vehicles from certain suppliers. At the time of placing these orders, the Entity's vehicle order book reflected that some of these orders will only be fulfilled during the later part of the 4th quarter with most orders being fulfilled during the 2024/25 financial year. These abnormal changes in delivery times were not adequately budgeted for during the adjustment budget process. During December 2023, the Entity's budget monitoring processes highlighted a significant risk of overspending within this programme. The Entity responded immediately by undertaking another detailed review of the adjustment budget. This review, with reasons, was submitted to the HOD and MEC for consideration and approval. The 2nd budget adjustment was approved by the MEC resulting in an increased budget allocation to the Permanent Services programme to respond to this challenge

10. STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTIONS

Responses to the Preliminary Questions Report of the Auditor-General to the Gauteng Provincial Legislature on the financial Statements and Performance Information of the g-FleeT Trading Entity for the Year Ended 31 March 2023

Resolution No.	Subject	Response by the Department	Resolved (Yes/No)
1.	**Restatement of Corresponding Figures** The Committee noted that, as disclosed in Note 2 of the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the trading Entity at, and for year ended 31 March 2023. Provide details which led to the Department to restate each of the identified corresponding figures for the 2021/22 FY	In response to the negative audit outcome of the 2021/2022 financial year, the Entity drafted and implemented an Audit Improvement Plan which was successful in turning around the overall audit outcome for the 2022/2023 financial year. The implementation of plan required the Entity to correct figures pertaining to the 2021/2022 financial year. This was important to ensure compliance with accounting standards of GRAP	Ongoing
1.2	Provide intervention/plan to minimize restatement of corresponding figures	In response to the 2022/2023 financial year audit outcome, the Entity has already drafted and commenced the implementation of its overall Audit Improvement Plan. As part of the plan, the Entity has responded to the prevention of misstatements and restatement of corresponding figures by drafting and implementing a financial statement preparation plan which focuses on the following key objectives of ensuring the preparation of valid, accurate and complete financial statements: The financial statements are adequately supported by evidence. The timeous preparation, review, and submission of financial statements.	

Resolution No.	Subject	Response by the Department	Resolved (Yes/No)
1.3	Provide the Committee with details for the Entity's previous audit improvement plan not being effective resulting in errors in the financial statements.	The 2021/2022 Audit Improvement Plan was prepared in response to the 2021/2022 audit outcome. The Entity was able to successfully respond to all areas that resulted in the 2021/2022 negative audit outcome. Although the key elements of the Audit Improvement Plan were implemented, the 2022/2023 audit outlined new shortcomings within our fleet maintenance partnership with Wesbank (National Treasury RT46 appointed service provider). Motor vehicles which had/have active prepaid maintenance/service plans were subjected to further paid routine services and maintenances. In response to this audit finding, the Entity undertook a reconciliation of all payments affected in relation to this matter. The reconciliation required a retrospective adjustment to the financial statements, amounting to approximately R6.6 million. A formal debt against Wesbank has been raised and communicated to Wesbank. Both the Entity and Wesbank are in the process of finalising the reimbursement to the Entity.	Ongoing
2	**Report of the Audit on Annual Performance Report** The Committee noted that the AGSA found that an achievement of 81.22% was reported against a target of 75%. The audit evidence did support the achievement. Hence the AGSA could determine the actual achievement, thus estimated to be materially less than reported. Provide the Committee with details for the inaccurate reporting of achieved targets by the Trading Entity.	During the 2022/2023 financial year, the Entity had appointed an independent service provider to undertake a Client Satisfaction Survey on behalf of g-FleeT Management. As part of auditing the performance target relating to the percentage of clients satisfied with the Entity's services, the Auditor General of South Africa (AGSA) requested supporting evidence for the recorded survey responses which was used to support the reported achievement of 81.22%. Management responded to the request but were unable to provide the full details of the respondents, largely due to the provisions of the POPIA Act, wherein the permission of respondents to release their personal information was not obtained at the time of conducting the survey. The matter was discussed with AGSA, wherein alternative methods to audit the said target was considered. This entailed management demonstrating its approach in confirming the validity, accuracy, and completeness of such information from the respondents. Unfortunately, management was also restricted by the provisions of POPIA as the permissions were not requested at the time of the survey and that requesting such permissions during the audit process was not going to be feasible. Based on the discussions the Entity had with AGSA, they were unable to confirm that controls are in place to ensure completeness, accuracy, and validity of the reported achievement as management relied on the report presented by the service provider. Management has noted the shortcomings in the process and has finalized the collection of all data from the service provider. Management has also improved on the terms of reference for client surveys to include the following:	Ongoing

Resolution No.	Subject	Response by the Department	Resolved (Yes/No)
		Submission of both electronic and hard copy of data responses. Submission of final report. The final report to include all responses (neutral, anonymous, and non-responsive). Clear description of the formula used to determine the percentage of responses received. To include reports on emails, telephone calls and SMS sent to respondents. To request permission terms of the POPIA Act. In addition, the Internal Risk and Audit Management and Monitoring and Evaluation Unit will be consulted to ensure that there are no gaps in terms of the survey data received from the service provider.	
3.	Report on the Compliance with Legislation. **Expenditure Management** Provide the Committee with details for the Trading Entity not utilising resources economically.	The 2022/2023 audit outlined new shortcomings within our fleet maintenance partnership with Wesbank (National Treasury RT46 appointed service provider). Motor vehicles which had/have active prepaid maintenance/service plans were subjected to further paid routine services and maintenances. In response to this audit finding, the Entity undertook a reconciliation of all payments affected in relation to this matter. The reconciliation required a retrospective adjustment to the financial statements, amounting to approximately R6.6 million. A formal debt against Wesbank has been raised and communicated to Wesbank. Both the Entity and Wesbank are in the process of finalising the reimbursement to the Entity.	Ongoing

Resolution No.	Subject	Response by the Department	Resolved (Yes/No)
3.2	Provide the Committee with improvement plans to utilise resources economically and in accordance with section 38(1)(b) and 45(b) of the PFMA.	The Entity has developed an overall Audit Improvement Plan (See attached Annexure A) which has identifies the following activities that are being implemented to prevent the identified internal control weakness from reoccurring: Management have identified all vehicles with maintenance plan effective from 2021 to date and submitted to Wesbank (+/- 2500). Determine the amount paid in error for maintenance costs of vehicles that were still under maintenance plan and forward the letter to Wesbank for acknowledgement of debt and reimbursement. Wesbank must urgently finalise investigations into the matter and forward a report to the Entity. Detailed items covered under maintenance plans for each must be obtained from the vehicle manufactures and forwarded to Wesbank to finalise calculation and reimbursement. Details of all vehicles on service and maintenance plan to be forwarded to Wesbank monthly for capturing and uploading into the Wesbank maintenance authorisation system. Improve the internal controls surrounding the monthly reconciliation of all Wesbank invoices to pre-authorizations issued by the Entity.	Ongoing
4.	**Internal Control Deficiencies** Provide the Committee with details for the accounting officer not adequately exercising the oversight responsibility over performance reporting.	The AGSA reported internal control deficiency is directly linked to the reported audit finding on the Annual Performance Report in relation to the percentage of clients satisfied with the Entity's services. The audit finding was largely due to the limitations imposed upon the Entity in terms of the provisions of the POPIA Act and the shortcomings in the planning and specification processes which neglect to consider the implications of POPIA Act resulting in the detailed data which supported the reported achievement not being readily available within the Entity. Although management considered other options to make such detailed information available to the AGSA, the independently appointed service provider, who conducted the survey on behalf of the Entity was also hampered by the provisions of the POPIA Act.	Ongoing

Resolution No.	Subject	Response by the Department	Resolved (Yes/No)
4.2	Provide the Committee with details for Senior management not adequately reviewing and monitoring compliance with laws and regulations. The undernoted are Resolutions that were either not responded to or not adequately responded to by the Department.	The AGSA reported internal control deficiency is directly linked to the reported audit finding on the newly identified shortcoming within our fleet maintenance partnership with Wesbank (National Treasury RT46 appointed service provider). Motor vehicles which had/have active prepaid maintenance/service plans were subjected to further paid routine services and maintenances. In response to this audit finding, the Entity undertook a reconciliation of all payments affected in relation to this matter. The reconciliation required a retrospective adjustment to the financial statements, amounting to approximately R6.6 million. A formal debt against Wesbank has been raised and communicated to Wesbank. The weakness in monthly internal control pertaining to the detailed analysis and reconciliation of the Wesbank invoice against vehicle pre-authorisations resulted in these identified payments and debt recover processes. Management has since designed and implemented additional internal controls pertaining to this area as outlined in 3.2. above.	Ongoing

Responses to the Committee's Oversight Report on the Report of the Auditor Genera of South Africa to the Gauteng Provincial Legislature on the Financial Statements of g-FleeT Management for the Year ended 31 March 2022

Resolution No	Subject	Response by the Department	Resolved (Yes/No)
1.	The Entity must provide the Committee with a progress report detailing the effectiveness of the following AGSA Recommendations regarding property, plant, and equipment – motor vehicles by 28 April 2023. 1.1. Analyses all invoices relating to purchasing of vehicles for the past year to identify all prepaid maintenance, the maintenance needs to be removed from the cost price of the vehicles and depreciation recalculated, and a prepaid maintenance needs to be recognised and then adjusted where the services were performed. 1.2. Physical verification of all vehicles owned by the trading entity. 1.3 Correcting depreciation and accumulated depreciation for all vehicles owned by the entity and not classified as finance leases.	The Entity, through the support of the Department's Compliance Office, undertook the analysis of all invoices relating to the purchasing of vehicles since the 2017/18 financial year which was the first year the Entity purchased service/maintenance plans. The analysis was performed in respect of the four thousand seven hundred and sixty-seven (4767) vehicle purchases made since the 2017/2018 financial year. The service/ maintenance values were identified from the invoices obtained and used to reduce the cost price of the vehicles and recalculate the related depreciation and accumulated depreciation. The analysis further resulted in a prepaid maintenance expense being recognized which will be amortised in correlation with the service/maintenance plans period. As of 31 May 2023, this exercise has been completed and the resulting correcting journals have been processed into the Entity's financial statements. The physical verification of vehicles located in Bedfordview was conducted in October 2022 and the physical verification of all vehicles owned by the Entity was conducted in March 2023. The October verification results were used to update the asset registers with the correct information from the verification exercise. A total of two hundred and seventy-six (276) vehicles were unverified at year end. As directed by the Head of Department (HoD) for the Gauteng Department of Roads and Transport (GDRT), these unverified vehicles will be further followed up during the 2023/24 financial year as part of an independent investigative process. A thorough review of the motor vehicles asset register was performed during the year and all errors identified in the calculation of the depreciation were corrected in the asset register.	Ongoing

Resolution No	Subject	Response by the Department	Resolved (Yes/No)
2.	The Entity must ensure its motor vehicles to mitigate against theft, accidents and other related incidents and provide the Committee with a progress report detailing the status of the insurance procurement process by 28 April 2023 and a quarterly progress report continuing up until finalization thereof:	Paragraph 12.1.2 of the Treasury Regulations states that "Notwithstanding paragraph 12.1.1, the accounting officer of an institution may (if deemed economical and based on a risk assessment) ensure motor vehicles or such other movable assets determined by the relevant treasury, but the insurance premium cost may not exceed R250 000 a year on that vote, unless otherwise approved by the relevant treasury." The Entity has assessed the need to first undertake the upgrading and automation of all access and security controls within the Entity. This coupled with the change in the motor vehicle tracking company formed part of the risk mitigating strategy. Addressing these challenges first will form a critical basis to ensuring that the insurance option will be informed by a reduced level of risk exposure which will assist in ensuring an economical insurance premium, should the Entity be permitted to take out insurance. The Entity can report that the change in tracking company has been finalised. The issue of access and security upgrades is being undertaken in conjunction with the Gauteng Department of e-Government who is at the stage of finalising the procurement of the service provider through the State Information Technology Agency (SITA) on behalf of the Entity.	Ongoing
3.	Furthermore, provide the Committee with a report on the impact of the AGSA recommendations in the current financial year (2022/23) by 31 July 2023: 3.1 That management must set an appropriate tone to ensure that all staff comply with established policies and procedures, as well as applicable accounting standards.	The Entity's Finance Team attended the GRAP training during the financial year as well as training on the revised Unauthorized and Irregular, Fruitless and Wasteful offered by the Gauteng Provincial Treasury. The training on CaseWare was also attended to ensure preparation of financial statement in line with GRAP. The policies and procedures as well as GRAP standards were implemented throughout the year. The Audit Action Plans were regularly monitored by management and as a result, all findings raised in the 2021/22 financial year were tracked and progress reported on a monthly basis. The management issues internal communique to all staff for any new and amendments to policies and procedures. In line with the HRD Plan, the Human Resources Management Unit will schedule workshops to empower staff on policies and Standard Operating Procedures. The employees who do not comply with the established policies and procedures, will be dealt with according to labour relations processes.	Ongoing
3.2	The audit action plans must be actively driven by management to ensure achievement of milestones and corrective action taken where milestones are not achieved.	Every year, on receiving the approved final report from the Auditor-General of South Africa, the Entity develops the Audit Action Plans which is monitored monthly. All findings raised in the 2021/22 financial year were tracked and progress reported monthly to the management. A total of forty-seven (47) findings with recommendations were issued, and out of this total, the Entity managed to implement forty-two (42) of them. The remaining five (5) are currently in progress as the action due date is at the end of the 2023/24 financial year.	Ongoing

Resolution No	Subject	Response by the Department	Resolved (Yes/No)
4.	The Entity must provide the Committee with a progress report detailing the effectiveness of the following AGSA recommendations by 28 April 2023. Furthermore, provide the Committee with a report on the impact of the AGSA recommendations in the current financial year (2023/24) by 31 July 2023: 4.1 That management design performance indicators that are well defined and adhere to the SMART criteria.	During the Annual Performance Plan (APP) formulation period, each business unit will submit their respective APPs. The respective plans are consolidated to generate a master APP. The Entity's consolidated APP is sent to the Chief Executive Officer (CEO) for review, on completion of CEO review, the plan is sent back to managers to update. Once the review comments have been processed, the APP is sent to CEO for final checks. The APP is then submitted to GDRT: Monitoring and Evaluation Unit and Office of the Premier (OoP): Monitoring and Evaluation for further review. The reviewed document is sent back to the Entity for processing comments made by the two oversight bodies. The processed comments are then sent back to the oversight bodies for approval. Upon approval from the oversight bodies, the APP is submitted to CEO for final review before it is submitted to the HoD and Member of the Executive Council (MEC) for approval. The Portfolio of Evidence (POE) is submitted together with quarterly reports and kept for audit purposes. This onerous process is designed as such to ensure that the all the related parties as mentioned above can ensure that the document adheres to the SMART criteria for one, and that the targets therein are achievable by the Entity.	Resolved
4.2	That management design the standard operating procedure/policies such that it contains processes to record information and store supporting evidence for measuring whether the planned indicator was clearly defined.	The Entity has requested assistance from GDRT to assist with the designing of the SOP for Monitoring and Evaluation. The SOP has been received from GDRT and is in the process of being customised to the Entity's business requirements. It will be tabled at Senior Management Team (SMT) Meeting for recommendation and adoption. The anticipated date for finalisation and approval of the SOP is 31 July 2023.	Ongoing
5.	The Entity must institute timely investigations of reported irregular, fruitless and wasteful expenditure, and disciplinary actions must be taken against staff that transgressed procurement regulations and provide the Committee with a progress report by 28 April 2023, and a quarterly progress reports continuing up until finalization thereof:	In April 2023, the Entity appointed a service provider to investigate the irregular and fruitless and wasteful expenditure from 2019 to date. All the fruitless and wasteful expenditure occurred prior 2019 will be condoned given the length of time that has lapsed. The five (5) final investigation reports were received from the service provider on 30 June 2023. The GDRT: HoD on behalf of the Entity, has thirty (30) days to adopt the reports. Once the reports are adopted, they will be duly implemented. The implementation of the recommendations will be tracked monthly, and the progress on the implementation of the recommendations will also be reported to the related oversight structure quarterly.	Ongoing
6.	The Entity must provide the Committee with a progress report detailing the status of each investigation it is conducting by 28 April 2023, and a quarterly progress report continuing up until finalization thereof.	The Entity performed a full-scale asset verification process. On completion of the verification process, it was confirmed that the Entity has two hundred and seventy-six (276) unverified vehicles. The Entity then resolved to procure a service provider to follow up on the unverified vehicles and duly provide a report to the Entity. This procurement will be done via a tender process, and it is anticipated to be completed by the end of the second quarter, i.e., 30 September 2023. The work will therefore only commence then.	Ongoing

Responses to the Preliminary Questions on the Oversight report of the Auditor-General of South Africa to the Gauteng Provincial Legislature on the Financial Statements of g-FleeT Management for the Year ended 31 March 2023.

Resolution No.	Subject	Response by the Department	Resolved (Yes/No)
6.1	That the Entity must provide the Committee with a report detailing the effectiveness of the measures put in place to address the restatement of corresponding figures by 30 April 2024.	The drafting and implementation of the financial statement preparation plan responding to the prevention of misstatements and restatement of corresponding figures has already started yielding positive results. The streamlined approach which is deadline driven allows for the timeous preparation of the financial statements which are adequately supported by evidence. It also allows for the timeous preparation, review, and submission of financial statements. As part of quarter 2 of the 2023/24 financial year, the Entity has been able to reduce the number of financial statement review notes issued by the Gauteng Provincial Treasury. This demonstrates that the Entity is on the correct path to eliminating this matter of emphasis.	Yes, Ongoing
6.2	The Entity must provide the committee with a report detailing the effectiveness of the measures put in place to address the percentage of clients satisfied with g-FleeT Management services by 30 April 2024.	The Entity has successfully obtained all the data pertaining to the survey respondents from the appointed service provider. In addition, the Terms of Reference for future surveys have been revised to include the following information: Submission of the final report will include both electronic and hard copy of data responses. The final report to include all responses (neutral, anonymous, and non-responsive). Clear description of the formula used to determine the percentage of responses received. Report on emails, telephone calls and messages sent to respondents to be included in the final report. The Internal Risk and Audit Management, and the Monitoring and Evaluation Unit will be consulted to ensure that there are no gaps in terms of the survey data received from the service provider and being subjected to internal reviews before final sign off by the Chief Executive Officer.	Yes, Resolved
6.3	That the Entity must provide the Committee with a report detailing the effectiveness of the Audit Improvement Plan to prevent the identified internal control weaknesses by 30 April 2024	The Entity has been tracking or monitoring the 2023/24 Audit Improvement Plan with due diligence and reporting weekly to the HOD. The plan identified forty-three (43) Findings and (99) activities which will be implemented to drive the achievement of a clean audit outcome. To date, the Entity has successfully completed thirty-four 34 (85%) of the said findings and (84) activities.	Yes, Ongoing

Resolution No.	Subject	Response by the Department	Resolved (Yes/No)
6.4	That the Entity must provide the Committee with a report detailing the status of the reimbursement by Wesbank of approximately R6,6 million by 30 April 2024 and a quarterly report continuing up until finalisation thereof.	The Entity issued and communicated a formal debt against Wesbank. Whilst the bank has officially acknowledged the existence of the debt, their internal policies and procedures requires that they should formally conduct and finalise an investigation and validation prior to reimbursing the Entity. The bank explained that such processes are important to enable them to institute recovery processes against suppliers that charged for the service/maintenance of the applicable vehicle. In this regard, the bank requested for additional information from the Entity which was duly provided. The bank confirmed receipt of the additional information in their correspondence dated 13 December 2023 and sited that due to the enormous volume of data, the bank aims to finalise the validation of all information by end of January 2024 however committed in paying the claims in intervals as the validation exercise progresses. Wesbank has since confirmed the completion of the verification and validation of all transactions, concluded on the final settlement, and made a commitment for payment. The Entity has since acknowledged receipt of the confirmation letter and is currently conducting reconciliation before engagement with Wesbank on acceptance of the outcome as the final settlement, and the payment thereof. The Entity completed a reconciliation exercise on the 19 February 2024, and the meeting is scheduled for 26 February 2024 with Wesbank to conclude on the matter.	Yes, Ongoing

11. PRIOR MODIFICATION TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	The financial year in which it first arose	Progress made in clearing / resolving the matter
Resources of entity not utilised economically. Section 38(1)(b) & 45(b) (Non-compliance with PFMA)	2022/23	The appointed RT46 service provider, Wesbank had billed the entity for motor vehicle service and maintenance costs albeit that some of these vehicles already had active service and maintenance plans in place. The entity has issued a letter of debt recovery to Wesbank. Wesbank has acknowledged their responsibility for reimbursement with the condition that they would have to verify the details of each vehicles service and maintenance plan against the actual work done. As at 31 March 2024, the verification process was still in progress.

12. INTERNAL CONTROL UNIT

The Accounting Officer through monitoring and management of the Drivers of Internal Control ensures that set control objectives have the required control mechanisms and activities in place that will monitor and evaluate controls. The Accounting Officer continually assess and evaluate internal control to assure that the control activities in place are effective, efficient, and transparent and updated when necessary. The Auditor-General also conducts an assessment on the Drivers of Internal Control of The Entity and the recommendations are taken into considerations when improvements of the control weakness are put in place.

Through strategic risk and operational risk assessments, control weaknesses and control gaps are identified and strengthened, and new action plans put in place.

The internal audit section from Gauteng Audit Services performs reviews on g-FleeT processes and through the audit findings and audit recommendations the identified inadequate controls or lack of controls are strengthened or developed, and new effective and efficient ones put in place.

13. AUDIT COMMITTEE REPORT

GAUTENG PROVINCIAL GOVERNMENT (GPG)

Report of the Audit Committee – Cluster 05

g-FleeT Management Agency

We are pleased to present our report for the financial year ended 31 March 2024.

Audit Committee and Attendance

The Audit Committee consists of the external Members listed hereunder and is required to meet a minimum of at least two times per annum as per the provisions of the Public Finance Management Act, 1999 (Act Number 1 of 1999) (PFMA). In terms of the approved Terms of Reference (GPG Audit Committee Charter),

Five meetings were held during the current year i.e. three meetings to consider the Quarterly Performance Reporting (financial and non-financial) and two meetings to review and discuss the Annual Financial Statements and the Auditor-General of South Africa's Audit and Management Reports.

Non-Executive Members

Name of Member	Number of Meetings attended
Mr. Mandla Ncube (Chairperson)	05
Ms. Yongama Pamla	05
Ms. Pumla Mzizi	02

Executive Members

In terms of the GPG Audit Committee Charter, officials listed hereunder are obliged to attend meetings of the Audit Committee:

Compulsory Attendees	Number of Meetings attended
Mr. Thulani A Mdadane (Accounting Officer)	05
Ms. Puleng Gadebe-Mabaso (Acting Chief Executive Officer)	03
Mr. Poobalan Govender (Acting Chief Financial Officer)	05
Ms. Delicia Kgage (Acting Chief Risk Officer)	05
Mr. Kweyama Velile (Chief Audit Executive)	05

The Committee noted that the Chief Executive Authority attended three (03) scheduled Audit Committee meetings. Therefore, the Audit Committee is satisfied that the Entity adhered to the provisions of the GPG Audit Committee Charter in relation to ensuring that there is proper representation for the Chief Executive Officer.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

Based on the results of the audits performed by the Internal Audit and the follow up reviews conducted, the overall opinion on the internal control design was Adequate but Ineffective to ensure that the Entity objectives will be achieved.

The Entity should focus on improving the effectiveness of controls in the following areas:

- Transport Support Services (TSS)
- Asset Management
- Expenditure Management
- Audit on the achievement of predetermined objectives

Management is reminded to efficiently implement the Auditor-General's findings, as a subsequent audit revealed that not all of the AG's recommendations were implemented. The management should also prioritise the implementation of the audit's findings.

Information and Communication Technology (ICT) Governance

In the new financial year, the Entity should improve the adequacy and efficacy of internal controls relating to ICT governance, business continuity, and ICT general controls.

Internal Audit

The Accounting Officer is obliged, in terms of the PFMA, to ensure that the Entity has a system of internal audit under the control and direction of the Audit Committee. In the case of the Gauteng Provincial Government (GPG), the Internal Audit Function is shared amongst Entities and departments in the Province and is accountable to the Audit Committee.

The Internal Audit team was able to execute and substantially complete all risk-based audit assignments. The Audit Committee was satisfied that the Internal Audit plan demonstrated a direct correlation with the principal risks, had acceptable information system coverage, and achieved a good balance between the various audit types, including risk-based, required, performance, computer, and follow-up audits.

The coordination of efforts between internal audit and Auditor-General of South Africa have been enhanced further during the year in the provision of assurance services. The Audit Committee considers this a significant step toward a comprehensive combined assurance system.

The following audits were covered by Internal Audit during the period under review:

- Revenue and Debt Management
- Records Management
- Supply Chain Management
- Follow up audits on AG Findings

- Fleet Asset Management (Vehicle)
- Management of Mechanical Repairs and panel beating of vehicles
- Review of Draft Annual Performance Report
- Audit on the achievement of predetermined objectives Q1
- Audit on the achievement of predetermined objectives Q2
- SAP ESS & PERSAL leave reconciliation
- IFMS project governance review
- Data Analysis – ETHICS / FIN / HR (1 Jan 2023 – 30 June 2023)
- IT governance review
- 2024-25 IT risk assessment
- Data Analysis – ETHICS / FIN / HR (1 July 2023 – 31 December 2023)

Risk Management

The Audit Committee is responsible for the oversight of the risk management function. The risk management committee reports to the audit committee on the Entity's management of risk. The Audit Committee has reviewed the risk register and risk committee reports and is generally satisfied with the maturity level of the risk management process; nevertheless, enhancements to processes and policies to address the Entity's significant risk exposures are still required. Furthermore, management should ensure that the strategic register for the Entity is completed on time so that risk mitigation plans may be implemented.

Management should continue to accept full responsibility for the entire Enterprise Risk Management Process and support the Chief Risk Officer in improving the Entity's performance even further. The Audit Committee would like to observe ongoing progress in risk management maturity within the Entity.

Performance Management

The review of effectiveness and functionality of the performance management system (which includes analysis of management prepared quarterly performance reports and related internal audit reports) by the Audit Committee revealed a need to strengthen current performance management and reporting systems.

The quality of quarterly reports submitted in terms of the PFMA and the Division of Revenue Act

The Audit Committee reviewed the quality, accuracy, uselessness, reliability and appropriateness of quarterly and annual financial reporting and the Audit Committee is satisfied with the content and quality of financial and non-financial quarterly reports prepared and submitted by the Accounting Officer of the Entity during the year under review and confirms that the reports were in compliance with the statutory reporting framework. The Audit Committee commends the Entity for reporting to Treasury on a monthly and quarterly basis, as required by the PFMA. The Audit Committee recommends that the Entity ensure greater compliance with section 40(1) of the PFMA with regard to the evaluation and monitoring of financial reports and performance information reports by management.

Compliance with the relevant laws and regulations

Throughout the year, Audit Committee, Management, Internal Audit, and the Auditor-General of South Africa identified a number of instances of non-compliance with the enabling laws and regulations. As a result, the Audit Committee recommended the development and implementation of an efficient compliance management system to handle issues of noncompliance with laws and regulations.

Forensic Investigations

There were no new cases reported to Provincial Forensic Services during the year under review.

Evaluation of Annual Financial Statements and the Annual Performance Information

The Committee has evaluated the Annual Financial Statements (AFS) and the annual performance information for the year ended 31 March 2024 and duly recommended them for the Accounting Officer's approval prior to being submitted to the AGSA for audit. Subsequently the material misstatements corrected in the AFS were reviewed when the management report of the AGSA was discussed with the Audit Committee.

Compared to last year's unqualified outcome with findings, the Audit Committee observed an improvement in the audit results, which were unqualified with no fundings this time around. Significantly contributing to this was the implementation of a number of important recommendations. The commitment and strategic leadership of the management team have been crucial to achieving this success.

The Audit Committee has discussed the external audit outcomes on the reporting on pre-determined objectives to be included in the annual report with the AGSA and the Accounting Officer

Audit Improvement Plan

The Audit Committee reviewed and monitored the implementation of prior year audit findings on quarterly basis. It is the view of the Audit Committee that there is a room for improvement in this regard in so far as timeous implementation and resolving findings by the external auditors as well as addressing the root-causes relating to the weakness identified by the external auditors.

One-on-One Meeting with the Chief Executive Officer and the Accounting Officer

Periodically, the Audit Committee has met with the Chief Executive Officer to discuss concerns and address problematic issues impacting the control environment of the Entity.

One-on-One Meetings with the Executive Authority

The Audit Committee was able meet with the Executive Authority for the Entity to appraise the MEC on the performance of the Entity, furthermore, quarterly reports were submitted to the MEC on the issues and challenges facing the Entity.

Conclusion

We would like to thank the Chief Executive Officer and Head of Department for their leadership and support, as well as AGSA, Internal Audit, and Management for their commitment and achievement of the unqualified audit opinion with findings.

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Mr Mandla Ncube

Cluster 05 AC Chairperson of the Audit Committee

Date: 12 August 2024

14. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade and Industry. Where there has been no or only partial compliance with the criteria, The Entity should provide a discussion and also indicate the measures taken to comply.

***NOT APPLICABLE TO THE ENTITY**

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion *(include a discussion on your response and indicate what measures have been taken to comply)*
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?		
Developing and implementing a preferential procurement policy?		
Determining qualification criteria for the sale of state-owned enterprises?		
Developing criteria for entering into partnerships with the private sector?		
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?		

HUMAN RESOURCE MANAGEMENT

PART D

HUMAN RESOURCE MANAGEMENT

HIGHLIGHTS
Department of Roads & Transport

The Entity has a total of 275 positions in the approved structure, with 215 filled positions and 59 vacant positions

Fourteen (14) critical positions were advertised in June 2023 as part of Nasi Ispani recruitment drive from Office of The Premier

10 of 14 Advertised posts were filled successfully

During the period under review, the total number of 40 offers of appointment letters were issued, 39 assumed duties during 2023/24 financial year

1. INTRODUCTION

The Entity is in the process of establishing g-FleeT as a government component. The Entity has developed and submitted its Business Case and draft organogram to the Gauteng Provincial Treasury (GPT) in June 2022. g-FleeT Management appointed Gautrain Management Agency to assist with the review of the Business Case and to respond to the comments made by GPT. Presentations have been made to Broad Management Committee for inputs.

2. OVERVIEW OF HUMAN RESOURCES

ORGANISATIONAL STRUCTURE AND FILLING OF CRITICAL POSITIONS

Consultations with the Business Units was concluded, and inputs were submitted to the Office of the Premier to incorporate in the proposed structure. However, Organised Labour requested that the process must restart and officially be consulted. Steering Committee comprising of management and organized labour has been resuscitated to review g-FleeT and DRT structures.

Service Delivery Model has also been finalized after submission of inputs from Business Units. The established committee for both DRT and g-FleeT, headed by the acting CEO of g-FleeT to ensure that both DRT and g-FleeT structures are reviewed and concluded. This Committee meets with the Office of the Premier bi-weekly to ensure alignment with legislation and norms and standards before final submission.

Change management strategy and plan have been developed by the Office of the Premier and will be shared with the committee in the next meeting.

Other posts are being relooked at in line with the new organizational structure review process. A parallel process to the above is to develop the job descriptions for the posts and the process is also underway.

The Entity has a total of two hundred and seventy-five (275) positions in the current approved structure, with two hundred and sixteen (216) filled positions and fifty (59) vacant positions. The current vacancy rate is at 21%.

At senior management level, there are eight (8) positions with five (5) positions filled by females and two (2) males. Recruitment process for Chief Operations Officer post have been concluded and awaiting approval for appointment of successful candidates. This will translate to 0% vacancy rate at Senior Management level.

Request to advertise 32 vacant posts was approved by the HOD on the 12 December 2023. The request for concurrence for filling of current 32 vacant posts in line with the directive on the implementation of control measures aimed at assisting the executive authorities in managing fiscal sustainability for the positions that are part of the current organisational structure which is vacant and funded in terms of Persal was submitted to the Office of The Premier on the 8th Mach 2024 for concurrence. The Entity is in the process of resubmitting the request to OOP to include budget confirmation letter signed by Gauteng Provincial Treasury.

Submission for creation and filling of five (5) Logistics posts additional to the establishment of g-FleeT Management for concurrence in line with the directive on the implementation of control measures aimed at assisting executive authorities in managing fiscal sustainability during the process of creating and filling vacant and Request for deviation on job evaluation of newly created jobs within proposed Chief Directorate: Logistics Management were submitted for HOD and MEC for approval.

TRAINING AND DEVELOPMENT

The Entity has for the 2nd time opened an opportunity for employees who are interested in pursuing further education and training from institutions of higher learning. The purpose of the bursary opportunity is to assist successful applicants to pay for their registrations, tuition fees and buy books.

The bursary applications closed on 15 February 2024. An approval was granted by the HOD for g-FleeT to establish a bursary committee which will moderate the bursary applications going forward. The total number 21 bursary applications were received for financial year 2024/2025 to be assessed by the bursary committee.

Total number of 159 officials were trained on GRAP, Batho Pele Principles, AARTO Legislative Training and Advance Excel for financial year 2023/2024. There was a delay in the appointment of training providers to facilitate training in g-FleeT due to the numbers that are required per class. g-FleeT is collaborating with DRT to ensure more people are trained in 2024/2025

PERFORMANCE MANAGEMENT SYSTEM

As part of the Gauteng Provincial Government (GPG), GDRT) implements Public Service Act, 1994 as amended, Public Service Regulations of 2016, MPSA directives, the revised Incentive Policy Framework, all other relevant legislative prescripts, and Gauteng Provincial Government (GPG) Policy on Performance Management and Development System (PMDS) to recognize performance and reward good performance. In that regard, employees were assessed by their supervisors, including line managers. Directors and Chief Directors ratified the scores, and the Departmental Moderation Committee (DMC) moderated the final appraisals scores.

Notch progression for the 2022/23 performance cycle was implemented according to the 2019 Incentive Policy Framework for Employees in the Public Service after the final Departmental Moderating Committee held on the 13th of October 2023. A total number of 167 employees on salary level 1-12 qualified for notch progression and a total number of 2 employees on salary level 13 qualified for notch progression.

EMPLOYEE HEALTH AND WELLNESS PROGRAM

g-FleeT has completed the building of a Wellness Center with fully equipped canteen facility and a gym area. The Wellness Centre has been formally handed over to g-FleeT by DID.

The Office of the Premier has donated gym equipment to g-FleeT Management. While in the process of operationalizing the Wellness Centre, the Wellness Unit started aerobics sessions at the Wellness Center in the 1st quarter of 2023/2024, and the sessions are taking place on Mondays, Wednesdays, and Thursdays, facilitated by an employee of g-FleeT and DRT.

HR Employee Health and Wellness will be sending out surveys for staff to indicate the types of gym equipment they prefer before commencement of procurement for additional equipment. Wellness programmes will be implemented as per the Calendar from the Department of Health.

3. HUMAN RESOURCE OVERSIGHT STATISTICS

3.1. PERSONNEL RELATED EXPENDITURE

The following tables provide a summary of the final audited personnel-related expenditure by programme and salary bands. It indicates the following:

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

Table 3.1.1 Personnel expenditure by the programme for the period 1 April 2023 and 31 March 2024

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services Expenditure (R'000)	Personnel Expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Office of the CEO	6 057	3 046				1 523
Office of the COO	990	990				495
Office of the CFO	12 618	1 244				415
Financial services	20 997	18 527			2%	386
Corporate Services	104 127	16 287	242		1%	319
Marketing and Communication	12 010	10 860			1%	453
Maintenance Services	149 447	11 802			1%	422
Transport Support Services	291 209	13 050			2%	725
Permanent Service	524 645	8 712			1%	272
VIP and Pool Services	17 416	17 384			2%	395
Total	**1 139 516**	**101 902**	**242**	**0**	**10%**	**406**

Table 3.1.2 Personnel costs by salary band for the period 1 April 2023 and 31 March 2024

Salary band	Personnel Expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	5 438	5%	57	95
Skilled (level 3-5)	21 720	21%	71	306
Highly skilled production (levels 6-8)	37 139	37%	78	476
Highly skilled supervision (levels 9-12)	28 525	28%	38	751
Senior and Top management (levels 13-16)	9 080	9%	7	1 297
Total	**101 902**	**100%**	**251**	**406**

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2023 and 31 March 2024

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Office of the CEO	3 046	3%		0%	20	0%	40	0%
Office of the COO	990	1%		0%		0%	49	0%
Office of the CFO	1 244	1%	4	0%	20	0%	48	0%
Financial Management	18 527	18%	73	0%	575	1%	846	1%
Corporate Services	16 287	16%		0%	555	1%	852	1%
Marketing & Communication	10 860	10%	4	0%	386	0%	573	1%
Maintenance Services	11 802	12%	33	0%	402	0%	726	1%
Transport Support Services	13 050	13%		0%	356	0%	826	1%
Permanent Service	8 712	9%	2	0%	243	0%	434	0%
VIP/POOL Services	17 384	17%	948	1%	690	1%	1 188	1%
TOTAL	101 902	100%	1 064	1%	3 247	3%	5 582	6%

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2023 and 31 March 2024

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	5 438	2%	42		38		37	
Skilled (level 3-5)	21 720	27%	729	1%	962	1%	1 723	2%
Highly skilled production (levels 6-8)	37 139	37%	254		1 125	1%	2 871	3%
Highly skilled supervision (levels 9-12	28 525	27%	39		802	1%	863	1%
Senior management (level 13-16)	9 080	7%			320		88	
Total	**101 902**	**100%**	**1 064**	**1%**	**3 247**	**3%**	**5 582**	**6%**

2.2 EMPLOYMENT AND VACANCIES

The tables in this section summarise the position of The Entity with regards to employment and vacancies.

The following tables summarise the number of posts in the establishment, the number of employees, the vacancy rate, and whether added any employees that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 3.2.1 Employment and vacancies by the programme as on 31 March 2024

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
SMS (13 to 16)	8	6	25% (2)	**1**
Level 11 to 12	17	16	1% (1)	**0**
Level 7 to 10	107	92	14% (15)	**0**
Level 1 to 6	143	101	29% (41)	**0**
TOTAL	**275**	**215**	**21% (59)**	**1**

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2024

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)	8	4	50% (4)	0
Skilled (3-5)	124	79	36% (45)	0
Highly skilled production (6-8)	90	84	7% (6)	0
Highly skilled supervision (9-12)	45	42	7% (3)	0
Senior management (13-16)	8	6	8% (1)	1
Total	**275**	**215**	**21% (59)**	**1**

3.3 FILLING OF SMS POSTS

Table 3.3.1 SMS post information as on 31 March 2024

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
Salary Level 16	0	0	0%	0	0%
Salary Level 15	1	1	100%	0	0%
Salary Level 14	1	0	0%	1	100%
Salary Level 13	6	6	100%	0	0%
TOTAL	**8**	**7**	**88%**	**1**	**13%**

Table 3.3.2 SMS post information as on 30 September 2023

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
Salary Level 16	0	0	0%	0	0%
Salary Level 15	1	1	100%	0	0%
Salary Level 14	1	0	0%	1	100%
Salary Level 13	6	5	87%	1	13%
TOTAL	8	6	75%	2	25%

Table 3.3.3 Advertising and filing of SMS post for the period 1 April 2023 and 31 March 2024

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts, vacant
Director-General/ Head of Department	0	0	0%	0	0%
Salary Level 16	0	0	0%	0	0%
Salary Level 15	1	1	100%	0	0%
Salary Level 14	1	0	0%	1	100%
Salary Level 13	6	5	83%	1	17%
TOTAL	8	6	75%	2	25%

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS – Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2023 and 31 March 2024

Reasons for vacancies not advertised within six months
The recruitment for one of the two vacant SMS posts was recommended through head hunting. However, the delegated authorities changed the decision to filling the vacant post through head hunting but by advertising the post through media. One of two vacant SMS posts was advertised with the closing dated 10 February 2023. The recruitment process is currently underway to fill SMS posts.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2023 and 31 March 2024

Reasons for vacancies not advertised within six months
None.
Reasons for vacancies not filled within six months
The posts were advertised and re-advertised due to labour matters within the Organization.

3.4 JOB EVALUATION

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in an organisation. In terms of the regulations, all vacancies on salary level 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2023 and 31 March 2024

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)	8	0	0%	0	0%	0	0%
Skilled (levels 3-5)	124	0	0%	0	0%	0	0%
Highly skilled production (levels 6-8)	90	0	0%	0	0%	0	0%
Highly skilled supervision (levels 9-12)	45	0	0%	0	0%	0	0%
Senior Management Service Band A	8	0	0%	0	0%	0	0%
Senior Management Service Band B	**0**	**0**	0%	0	0%	0	0%
Senior Management Service Band C	**0**	**0**	0%	0	0%	0	0%
Senior Management Service Band D	**0**	**0**	0%	0	0%	0	0%
Total	**275**	**0**	**0%**	**0**	**0%**	**0**	**0%**

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2023 and 31 March 2024

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	13	0	0	0	13
Total	13	0	0	0	13
Employees with a disability					

The following table summarizes the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2023 and 31 March 2024

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	0	0	0	0
None	0	0	0	0
Total number of employees whose salaries exceeded the level determined by job evaluation				0
Percentage of total employed				**0%**

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2023 and 31 March 2024

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	0	0	0	0

Total Number of Employees whose remuneration exceeded the grade determined by job evaluation	**0**

3.5. EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year. Turnover rates indicate trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations.

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2023 and 31 March 2024

Salary Band	Number of employees at beginning of period-April 2023	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	3	0	0	0%
Skilled (Levels3-5)	88	1	10	11%
Highly skilled production (Levels 6-8)	64	4	3	5%
Highly skilled supervision (Levels 9-12)	32	3	3	9%
Senior Management Service Bands A	3	2	0	0%
Senior Management Service Bands B	0	0	0	0%
Senior Management Service Bands C	0	0	0	0%
Senior Management Service Bands D	0	0	0	0%
Total	**190**	**10**	**16**	**8%**

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2023 and 31 March 2024

Critical Occupation	Number of employees at beginning of period-April 2023	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related, Permanent -	12	1	1	1%
All artisans in the building metal machinery etc., Permanent	4	0	1	25%
Building and other property caretakers, Permanent	0	0	0	0%
-Bus and heavy vehicle drivers, Permanent	7	0	1	14%

Critical Occupation	Number of employees at beginning of period-April 2023	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
-Cleaners in offices workshops hospitals etc., Permanent	3	0	0	0%
Client inform clerks (switchboard/ receptionist informs clerks), Permanent	3	0	0	0%
Computer programmers., Permanent	1	2	0	0%
Finance and economics related, Permanent	3	0	1	33%
Financial and related professionals, Permanent	5	2	0	0%
Financial clerks and credit controllers, Permanent	11	0	1	9%
Head of department/chief executive officer, Permanent	1	0	0	0%
Human resources & organisational development & relate prof, Permanent	2	0	1	50%
Human resources clerks, Permanent	4	0	0	0%
Human resources related, Permanent	10	0	1	10%
Information technology related, Permanent	1	0	0	0%
Library mail and related clerks, Permanent	1	0	0	0%
Light vehicle drivers, Permanent	17	0	6	35%
Material-recording and transport clerks, Permanent	0	0	0	0%
Messengers porters and deliverers, Permanent	4	0	0	0%
Motor vehicle drivers, Permanent	1	0	0	0%
Other administration & related clerks and organisers, Permanent	71	2	4	6%
Other administrative policy and related officers, Permanent	1	0	0	0%
Other occupations, Permanent	0	0	0	0%
Secretaries & other keyboard operating clerks, Permanent	12	0	0	0%
Senior managers, Permanent	2	2	0	0%
Trade labourers, Permanent	2	0	0	0%
TOTAL	178	9	17	10%

Notes

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

The table below identifies the major reasons some staff left the department.

Table 3.5.3 Reasons why staff left the department for the period 1 April 2023 and 31 March 2024

Termination Type	Number	% of Total Resignations
Death	3	1%
Resignation	0	0%
Expiry of contract	1	0.3%
Dismissal – operational changes	0	0%
Dismissal – misconduct	1	0.3%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	0	0%
Retirement	6	2%
Transfer to other Public Service Departments	1	0.3%
Other	0	0%
Total	12	4%
Total number of employees who left as a % of total employment	4%	

Table 3.5.4 Promotions by critical occupation for the period 1 April 2023 and 31 March 2024

Occupation	Employees 1 April 2023	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
Clerks	84	11	13%	84	13%
Technicians and associate professionals	69	6	9%	69	9%
TOTAL	153	17	11%	153	17%

Table 3.5.5 Promotions by salary band for the period 1 April 2023 and 31 March 2024

Salary Band	Employees 1 April 2023	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)	2	0	0%	2	0%
Skilled (Levels3-5)	69	23	33%	69	33%
Highly skilled production (Levels 6-8)	69	6	9%	69	9%
Highly skilled supervision (Levels 9-12)	34	0	0%	34	0%
Senior Management (Level 13-16)	6	0	0%	6	0%
Total	180	29	16%	180	16%

3.6. EMPLOYMENT EQUITY

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	1	0	0	0	3	2	0	0	6
Professionals	21	1	0	0	15	3	1	2	43
Technicians and associate professionals	24	2	1	3	44	4	1	5	84
Clerks	43	1	0	1	32	2	1	1	77
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	88	4	**1**	4	91	11	**3**	9	**212**
Employees with disabilities	1	0	0	0	1	0	0	**1**	**3**

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2024

Occupational Band	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management	0	0		0	0	0	0	0	0
Senior Management	1	0	0	0	3	2	0	0	6
Professionally qualified and experienced specialists and mid-management	21	1	0	0	15	3	1	2	43
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	42	2	0	0	31	0	0	1	75
Semi-skilled and discretionary decision making	1	0	0	4	30	2	1	2	89
Unskilled and defined decision making	0	0		0	0	0	0	0	0
Total	65	3	0	5	79	7	2	5	215

Table 3.6.3 Recruitment for the period 1 April 2023 and 31 March 2024

Occupational Band	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management									
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	4	0	0	0	3	0	0	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	1	0	0	9	0	0	0	14
Semi-skilled and discretionary decision making	8	0	0	0	10	0	0	0	18
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	17	1	0	0	22	0	0	0	40
Employees with disabilities	1	0	0	0	0	0	0	0	1

Table 3.6.4 Promotions for the period 1 April 2023 and 31 March 2024

Occupational Band	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management									
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	5	0	0	0	5	0	0	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	9	0	0	0	10	0	0	0	19
Semi-skilled and discretionary decision making	1	0	0	0	1	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	15	0	0	0	16	0	0	0	31
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2023 and 31 March 2024

Occupational Band	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
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	6	0	0	0	1	1	0	1	9
Contract (Top Management), Permanent	0	0	0	0	0	0	0	0	0
Contract (Senior Management), Permanent	**0**	0	0	0	0	0	0	0	0
Contract (Professionally qualified), Permanent	0	0	0	0	0	0	0	0	0
Total	**6**	**0**	**0**	**0**	**1**	**1**	**0**	**1**	**9**
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2023 and 31 March 2024

Disciplinary action	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Suspension without pay	1	0	0	0	0	0	0	0	1
Dismissal	0	0	0	0	1	0	0	0	1

Table 3.6.7 Skills development for the period 1 April 2023 and 31 March 2024

Occupational category	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Legislators, senior officials and managers	0	0	0	0	0	1	0	0	1
Professionals	5	1	0	0	4	1	0	1	12
Technicians and associate professionals	17	3	0	0	42	2	1	2	67
Clerks	29	0	0	2	46	0	0	2	79
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	**51**	**4**	**0**	**2**	**92**	**4**	**1**	**5**	**159**
Employees with disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

3.7 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 March 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	0	0	0	0
Salary Level 16	0	0	0	0
Salary Level 15	1	1	1	100%
Salary Level 14	1	0	0	0%
Salary Level 13	6	5	5	100%
TOTAL	**8**	**6**	**6**	**100%**

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2024

Reasons
None

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2024

Reasons
None

3.8. PERFORMANCE REWARDS

Table 3.8.1 Performance rewards by race, gender and disability for the period 1 April 2023 and 31 March 2024

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African,	**131**	**131**	**0**	0	**0**
Male	52	52	0	0	0
Female	79	79	0	0	0
Asian,	**0**	**0**	**0**	0	**0**
Male	0	0	0	0	0
Female	0	0	0	0	0
Coloured	**12**	**12**	**0**	**0**	0
Male	4	4	0	0	0
Female	10	10	0	0	0
White	**8**	**8**	**0**	**0**	**0**
Male	5	5	0	0	0
Female	3	3	0	0	0
TOTAL	**151**	**151**	**0**	**0**	**0**
Employees with disabilities	**0**	**0**	**0**	**0**	**0**

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.

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service, for the period 1 April 2023 and 31 March 2024

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

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2023 and 31 March 2024

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Lower Skilled (Levels 1-2)	0	0	0	0	0
Skilled (level 3-5)	0	0	0	0	0
Highly skilled production (level 6-8)	0	0	0	0	0
Highly skilled supervision (level 9-12)	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.

Table 3.8 4 Performance-related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2023 and 31 March 2024

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

3.9. FOREIGN WORKERS

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

Table 3.9.1 Foreign workers by salary band for the period 1 April 2023 and 31 March 2024

Salary Band	01 April 2020		31 March 2021		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower Skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (Levels 9-12)	0	0	0	0	0	0
Contract (Levels 13-16)	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2023 and 31 March 2024

Major Occupation	01 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% Change
	0	0%	0	0%	0	0%
	0	0%	0	0%	0	0%
TOTAL	**0**	**0%**	**0**	**0%**	**0**	**0%**

3.10. LEAVE UTILISATION

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables indicate the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2023 to 31 December 2023

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)	694	8%	2	3%	12.00	R95015.9
Skilled (levels 3-5)	1030	10%	86	23%	11.00	R3294377.39
Highly skilled production (levels 6-8)	1143	9%	73	22%	9.00	R2200078.46
Highly skilled supervision (levels 9 -12)	473	8%	32	7%	5.00	R7234923.3
Top and Senior management (levels 13-16)	14	8%	3	3%	6.00	R3139570.47
Total	**3354**	**8%**	**196**	**58%**	**7.00**	**R33018307.6**

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2023 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)	0	0%	0	0%	0	0.00
Skilled (Levels 3-5)	0	0%	0	0%	0	0.00
Highly skilled production (Levels 6-8)	0	0%	0	0%	0	0.00
Highly skilled supervision (Levels 9-12)	0	0%	0	0%	0	0.00
Senior management (Levels 13-16)	0	0%	0	0%	0	0.00
Total	0	0%	0	0%	0	0.00

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 January 2023 to 31 December 2023

Salary Band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	5	2	0.4
Skilled Levels 3-5)	260	88	3.00
Highly skilled production (Levels 6-8)	284	74	4.00
Highly skilled supervision (Levels 9-12)	126	32	4.00
Senior management (Levels 13-16)	12	3	4.00
Total	**287**	**199**	**14.00**

[1] Group similar items

[2] Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)

Table 3.10.4 Capped leave for the period 1 January 2023 to 31 December 2023

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 at 31 March
Lower skilled (Levels 1-2)	0	0	0	
Skilled Levels (3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	0	**0**	**0**	**0**

The following table summarises payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave pay-outs for the period 1 April 2023 and 31 March 2024

Reason	Total Amount (R'000)	Number of Employees	Average per employee (R'000)
Leave pay-out for 2022/23 due to non-utilisation of leave for the previous cycle	R0.00	0	R0.00
Capped leave pay-outs on termination of service for 2022/23	R64 987.71	5	R12,997.54
Current leave pay-out on termination of service for 2022/23	R47 915,84	5	R9583.16
Total	R112,903.55	5	R22,580.70

3.11. HIV/AIDS & HEALTH PROMOTION PROGRAMMES

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	None

Table 3.11. 2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.		X	
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. 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		Staff members have been trained on a Zinakekele, The organisation is currently utilising the Departmental Employee Health and Wellness unit Services for Employees Awareness Programmes in absence of service provider and in process to appoint the new service provider.
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		X	
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees based on their HIV status? If so, list the employment policies/practices so reviewed.		X	
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		Employee Health and Wellness Labour Relations Unit Public Awareness HIV Policy in place
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X		The Officials attends Health screening that is arranged for them through wellness Centre and the achievement is obtained through awareness programs, participation.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		• Number of health calendar month days. • Number of employees reached.

3.12. LABOUR RELATIONS

Table 3.12.1 Collective agreements for the period 1 April 2023 and 31 March 2024

Subject Matter	Date
None	

The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2023 and 31 March 2024

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	3	1.5%
Final written warning	0	0
Suspended without pay	1	0.5%
Fine	0	0
Demotion	0	0
Dismissal	1	1.5%
Not guilty	0	0
Case withdrew	0	0
TOTAL	**5**	**1.85%**

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2023 and 31 March 2024

Type of misconduct (based on annexure A)	Number	% of total
Abscondment from work	1	0.5%
TOTAL	**1**	**0.5%**

Table 3.12.4 Grievances logged for the period 1 April 2023 and 31 March 2024

Grievances	Number	% of Total
Number of grievances resolved	1	100%
Number of grievances not resolved	1	100%
Total of grievances not lodged	**2**	**100%**

Table 3.12.5 Disputes lodged with Councils for the period 1 April 2023 and 31 March 2024

Grievances	Number	% of Total
Number of disputes upheld	0	0%
Number of disputes dismissed	0	0%
Total number of disputes lodged	0	0%

Table 3.12.6 Strike actions for the period 1 April 2003 and 31 March 2024

Total number of persons working days lost	0
Total costs working days lost	0
Amount (R'000) recovered because of no work no pay	0.00

3 Record amounts in the year in which it was incurred

4 Group similar items

5 Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)

Table 3.12.7 Precautionary suspensions for the period 1 April 2023 and 31 March 2024

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost (R'000) of suspension	0.00

3.13. SKILLS DEVELOPMENT

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

Table 3.13.1 Training needs identified for the period 1 April 2023 and 31 March 2024

Occupational Category	Gender	Number of employees as of 1 April 2023	Training needs to be identified at the start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	3	0	1	0	1
	Male	0	0	0	0	0
Professionals	Female	13	0	6	0	6
	Male	15	0	6	0	6
Technicians and associate professionals	Female	41	0	15	0	15
	Male	21	0	4	0	4
Clerks	Female	33	0	11	0	11
	Male	64	0	10	0	10
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	1	0	1
Sub-Total		0	0	0	0	0
	Male	0	0	0	0	0
Total		**190**	**0**	**52**	**0**	**52**

Table 3.13.2 Training provided for the period 1 April 2023 and 31 March 2024

Occupational Category	Gender	Number of employees as of 1 April 2023	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	5	0	1	0	1
	Male	1	0	0	0	0
Professionals	Female	13	0	6	0	6
	Male	17	0	6	0	6
Technicians and associate professionals	Female	16	0	47	0	47
	Male	12	0	20	0	20
Clerks	Female	62	0	48	0	48
	Male	41	0	31	0	31
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	1	0	0	0	0
Plant and machine operators and assemblers	Female	1	0	0	0	0
	Male	7	0	0	0	0
Elementary occupations	Female	1	0	0	0	0
	Male	13	0	0	0	0
Sub Total	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		**190**	0	**159**	0	**159**

3.14. INJURY ON DUTY

The following tables provide basic information for injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2023 and 31 March 2024

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	0.3%
Temporary Total Disablement	0	0%
Permanent Disablement	0	0%
Fatal	0	0%
Total	**1**	**0.3%**

3.15. UTILISATION OF CONSULTANT

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2023 and 31 March 2024

Project Title	Total Number of consultants that worked on the project	Duration (Workdays)	Contract value in Rand
0	0	0	0

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2023 and 31 March 2024

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
0	**0**	**0**	**0**
0	**0**	**0**	**0**

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2023 and 31 March 2024

Project Title	Total Number of consultants that worked on the project	Duration (Workdays)	Donor and Contract value in Rand
0	**0**	**0**	**0**
0	**0**	**0**	**0**

Total number of projects	Total individual consultants	Total duration (Workdays)	Total contract value in Rand
0	**0**	**0**	**0**
0	**0**	**0**	**0**

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2023 and 31 March 2024

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
0	0	0	0
0	0	0	0

3.16. SEVERANCE PACKAGES

Table 3.16.1 Granting employee-initiated severance packages for the period 1 April 2023 and 31 March 2024

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

PFMA COMPLIANCE REPORT

PART E

PFMA COMPLIANCE REPORT

HIGHLIGHTS Department of Roads & Transport

01

In complying with recommendations by the Auditor General in the 2022/23 report, the Entity had to revise its 2020-2025 Strategic Plan and its 2023/24 Annual Performance Plan (APP).

02

The Entity obtained an unqualified audit opinion from the Auditor General of South Africa for the 2023/24 financial year.

03

The Entity developed an Audit Improvement Plan with interventions aimed at ensuring that the Entity receives an unqualified audit opinion for the 2023/24 financial year.

04

The Entity has managed to implement 90% of its Audit Improvement plan and the remaining 10% are still in progress.

05

The AG process commenced before the end of the 2023/24 financial year

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1 Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	103 880	103 801
Add: Irregular expenditure confirmed	39	79
Less: Irregular expenditure condoned	0	0
Less: Irregular expenditure not condoned and removed	7 498	0
Less: Irregular expenditure recoverable	0	0
Less: Irregular expenditure not recovered and written off	0	0
Closing balance	**96 421**	**103 880**

During the 2023/2024 financial year, the entity engaged the services of an independent external investigator to investigate historically reported irregular expenditure. Investigations relating to historically reported irregular expenditure totalling R61 071 507 have been finalised and resulting application to the Provincial Condonation Committee has been processed. In addition, the entity processed a R7 498 000 removal of irregular expenditure that was not condoned. Such removal was approved by the Head of Department in line with the National Treasury Irregular Expenditure Framework. The remaining balance of R35 349 000 is being subjected to assessment by the Department Risk and Compliance unit for further investigations.

Reconciling notes

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure that was under assessment in 2022/23		
Irregular expenditure that relates to 2022/2023 and identified in 2023/2024	0	0
Irregular expenditure for the current year	39	79
Total		

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

Description[1]	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure under assessment	0	0
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	35 349	103 880
Total[2]		0

The remaining balance of R35 349 000 is being subjected to assessment by the Department Risk and Compliance unit for further investigations.

[1] Group similar items

c) Details of current and previous year irregular expenditure condoned

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure condoned	0	0
Total	**0**	**0**

During the 2023/2024 financial year, the entity engaged the services of an independent external investigator to investigate historically reported irregular expenditure. Investigations relating to historically reported irregular expenditure totalling R61 071 507 have been finalised and resulting application to the Provincial Condonation Committee has been processed.

d) Details of current and previous year irregular expenditure removed - (not condoned)

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure NOT condoned and removed	7 498	0
Total	**7 498**	**0**

During the 2023/2024 financial year, the entity processed a R7 498 000 removal of irregular expenditure that was not condoned. Such removal was approved by the Head of Department in line with the National Treasury Irregular Expenditure Framework.

e) Details of current and previous year irregular expenditure recovered

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure recovered	0	0
Total	**0**	**0**

Not applicable.

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure written off	0	0
Total	**0**	**0**

Not applicable.

[2] Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)

Additional disclosure relating to Inter-Institutional Arrangements

g) Details 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
Not applicable.
Total

Not applicable.

h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution *is* responsible for the non-compliance)

Description	2023/2024	2022/2023
	R'000	R'000
Not applicable		
Total		

Not applicable.

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
Formal written warning letter issued against official responsible for the R39 000 irregular expenditure reported during the 2023/2024 financial year.

1.2 Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	316	316
Add: Fruitless and wasteful expenditure confirmed	269	6 694
Less: Fruitless and wasteful expenditure written off	(8)	0
Less: Fruitless and wasteful expenditure recoverable	(269)	(6 694)
Closing balance	308	316

During the 2023/2024 financial year, the entity engaged the services of an independent external investigator to investigate historically reported fruitless and wasteful expenditure. Investigations relating to historically reported fruitless and wasteful expenditure totalling R316 000 have been finalised. The investigation concluded that an amount totalling R8 000 should be written off as it did not conform to the definition of fruitless and wasteful expenditure. The remaining R308 000 is being subjected to the process of consequence management and determination of possible recovery.

Reconciling notes

Description[3]	**2023/2024**	**2022/2023**
	R'000	**R'000**
Fruitless and wasteful expenditure that was under assessment in 2021/22		
Fruitless and wasteful expenditure that relates to 2022/23 and identified in 2023/24	0	0
Fruitless and wasteful expenditure for the current year	269	0
Total		

b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description[4]	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	0	0
Fruitless and wasteful expenditure under investigation	0	316
Total [5]	**0**	**316**

During the 2023/2024 financial year, the entity engaged the services of an independent external investigator to investigate historically reported fruitless and wasteful expenditure. Investigations relating to historically reported fruitless and wasteful expenditure totalling R316 000 have been finalised. The investigation concluded that an amount totalling R8 000 should be written off as it did not conform to the definition of fruitless and wasteful expenditure. The remaining R308 000 is being subjected to the process of consequence management and determination of possible recovery.

[3] Record amounts in the year in which it was incurred
[4] Group similar items
[5] Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)

c) Details of current and previous year irregular expenditure recovered

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure recovered	0	
Total	**0**	

Not applicable

d) Details of current and previous year irregular expenditure not recovered and written off

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure written off	8	0
Total	**8**	**0**

During the 2023/2024 financial year, the entity engaged the services of an independent external investigator to investigate historically reported fruitless and wasteful expenditure. Investigations relating to historically reported fruitless and wasteful expenditure totalling R316 000 have been finalised. The investigation concluded that an amount totalling R8 000 should be written off as it did not conform to the definition of fruitless and wasteful expenditure.

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken
Not applicable

During the 2023/2024 financial year, the entity engaged the services of an independent external investigator to investigate historically reported fruitless and wasteful expenditure. Investigations relating to historically reported fruitless and wasteful expenditure totalling R316 000 have been finalised. The investigation concluded that an amount totalling R8 000 should be written off as it did not conform to the definition of fruitless and wasteful expenditure. The remaining R308 000 is being subjected to the process of consequence management and determination of possible recovery.

1.3 Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii))

a) Details of current and previous year material losses through criminal conduct

Material losses through criminal conduct	2023/2024	2022/2023
	R'000	R'000
Theft	0	0
Other material losses	0	0
Less: Recovered	0	0
Less: Not recovered and written off	0	0
Total	**0**	**0**

Not applicable.

b) Details of other material losses

Nature of other material losses	2023/2024	2022/2023
	R'000	R'000
(Group major categories, but list material items)		
Vehicles	5 915	25 198
Total		**25 198**

The above reflects value of motor vehicles that could not be verified during the financial years as part of the annual verification process.

c) Other material losses recovered

Nature of losses	2022/2023	2021/2022
	R'000	R'000
(Group major categories, but list material items)	0	0
Total	**0**	**0**

None.

d) Other material losses written off

Nature of losses	2022/2023	2021/2022
	R'000	R'000
(Group major categories, but list material items)	0	0
Total	**0**	**0**

None.

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	1 875	1 039 476
Invoices paid **within** 30 days or agreed period	1 875	1 039 476
Invoices paid **after** 30 days or agreed period	0	0
Invoices older than 30 days or agreed period (***unpaid and without dispute***)	0	0
Invoices older than 30 days or agreed period (***unpaid and in dispute***)	0	0

Not applicable.

3. SUPPLY CHAIN MANAGEMENT

3.1 Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Provision of office accommodation for a period of five (5) years from 1 July 2023 to 30 June 2028	EAST LONDON INDUSTRIAL DEVELOPMENT ZONE (ELIDZ)	Other means approved by HoD	N/A	R1 476 639.93
Appointment of TransUnion to provide 12 months subscription online access of trade and retails values.	TRANSUNION AUTO INFORMATION SOLUTION (PTY) LTD	Other means approved by HoD	N/A	R 61 638.00
Procurement of Batch Data Cleansing service	TRANSUNION AUTO INFORMATION SOLUTION (PTY) LTD	Other means approved by HoD	N/A	R604 578.00
Procurement of Judge Mngadi's vehicle	TOYOTA SOUTH AFRICA MOTORS	Other means approved by HoD	N/A	R912 571.29
Procurement of Deputy Judge President X.M Petse's vehicle	MOTUS – MERCEDES BENZ BRYANSTON	Other means approved by HoD	N/A	R2 122 420.00
Total				**R5 177 847.22**

3.2 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
Attending Smart Mobility Africa Conference on 1 - 4 October 2023	VUKA GROUP	Variation	RFQ	R0.00	N/A	R45 425,00
Manpower budget of 66 hours at a weighted average rate of R1 400 plus running costs and contingencies and Provision for VAT amount that had been omitted in the initial deviation approved.	COUNCIL FOR SCIENTIFIC AND INSTITUTIONAL RESEARCH (CSIR)	Variation	RFQ	R750 000.00	N/A	R224 050,00
Total				**R0.00**		**R269 475.00**

FINANCIAL INFORMATION

PART F

FINANCIAL INFORMATION

HIGHLIGHTS
Department of Roads & Transport

The Entity surpassed its planned revenue collections target of R1.020 billion by R57.3 million

The target for the financial year under review was 93% of in-service vehicles tracked and the Entity achieved 97%

The actual revenue collections from the auctioning of vehicles increased by 21.17% to R88.977 million (2022/23: R62.082 million)

The total expenditure increased by 47% to R1.098 million (2022/23: R748.194 million)

The cash generated from operating activities increased to R633.234 million (2022/23: R 613.075 million)

Net cash flows from investing activities increased to R425.275 million (2022/23: R188.886 million)

1. REPORT OF THE AUDITOR GENERAL

Report of the auditor-general to the Gauteng Provincial Legislature on the g-FleeT Management

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of g-FleeT Management set out on pages **394** to **434,** which comprise the statement of financial position as at 31 March 2024, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the g-FleeT Management as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

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

4. I am independent of the 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.

Responsibilities of the accounting officer for the financial statements

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

7. 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

8. 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.

9. 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 page389, forms part of my auditor's report.

Report on the audit of the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

11. I selected the following material performance indicators related to corporate and financial management presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected those indicators that measures the trading entity's performance on its primary mandated functions and that is of significant national, community or public interest.

    - Percentage of rental days utilized for VIP self-driven vehicles
    - Percentage of rental days utilized for pool services
    - % decrease in average debtor's collection days

12. 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.

13. I performed procedures to test whether:

    - the indicators used for planning and reporting on performance can be linked directly to the trading entity's mandate and the achievement of its planned objectives

- all the indicators relevant for measuring the trading entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was 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.

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

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

Report on compliance with legislation

16. 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.

17. 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.

18. 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.

19. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

20. 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 material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

21. My opinion on the financial statements, the report on the audit of the annual performance report and the report on 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.

22. 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.

23. The other information I obtained prior to the date of the auditor's report is a draft of the 2023-24 annual report. The final 2023-24 annual report is expected to be made available to me after 31 July 2024.

24. 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 in this other information, I am required to report that fact.

25. When I do receive and read the final 2023-24 annual report, 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 the auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

26. 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.

27. I did not identify any significant deficiencies in internal control.

Auditor-General

Johannesburg

31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

I communicate with the accounting 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 38(1)(b); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); 38(1)(j) Section 39(1)(a); 39(2)(a); Section 40(1)(a); 40(1)(b); 40(1)(c)(i) Section 43(4); 44 (1) and (2) ; 45(b);
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 4.1.1; 4.1.3 Treasury Regulation 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 Treasury Regulation 7.2.1 Treasury Regulation 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1 Treasury Regulation 9.1.1; 9.1.4 Treasury Regulation 10.1.1(a); 10.1.2 Treasury Regulation 11.4.1; 11.4.2; 11.5.1 Treasury Regulation 12.5.1 Treasury Regulation 15.10.1.2(c') Treasury Regulation 16A 6.1; 16A6.2(a) & (b) & (e); 16A 6.3(a) & (d); 16A 6.3(b); 16A 6.3(c); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A 8.3; 16A8.2 (1) and (2); 16A 8.3(d); 16A 8.4; 16A 9; 16A 9.1; 16A9.1(c); 16A9.1(b)(ii); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2(a)(ii) &(iii) Treasury Regulation 17.1.1 Treasury Regulation 18.2 Treasury Regulation 19.6.1 Treasury Regulation 19.8.4
Public service regulation	Public service regulation 18; 18 (1) and (2);
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17 & 25(7A)
PPPFA	Section 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 11.2

Legislation	Sections or regulations
	Paragraph 12.1 and 12.2
PPR 2022	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
SITA ACT	SITA Act section 7(3)
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.3; 4.4(a),(c) & (d)
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4(b); 3.9;
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.4(a); 3.3.1
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Par. 4.3.2; 4.3.3
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
NT instruction note 1 of 2021/22	Paragraph 4.1

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note(s)	2024 '000	2023 Restated* '000
Assets			
Current Assets			
Inventories	10	84 032	54 869
Finance lease receivables	4	60 023	55 490
Receivables from exchange transactions	11	140 380	161 124
Prepayments	7	86 241	55 312
Other Receivables	8	676	432
Cash and cash equivalents	12	2 647 745	2 441 351
		3 019 097	**2 768 578**
Non-Current Assets			
Property, plant and equipment	2	1 340 798	1 153 069
Intangible assets	3	599	853
Finance lease receivables	4	175 570	103 685
Municipal deposit	9	321	321
		1 517 288	**1 257 928**
Total Assets		**4 536 385**	**4 026 506**
Liabilities			
Current Liabilities			
Finance lease obligation	13	178	456
Payables from exchange transactions	5	48 295	48 934
Other Payables	6	12 044	13 088
Income received in advance	15	1 533	-
		62 050	**62 478**
Non-Current Liabilities			
Finance lease obligation	13	14 685	14 740
Long-term leave accrual	14	2 792	2 624
Income received in advance	15	2 444	-
		19 921	**17 364**
Total Liabilities		**81 971**	**79 842**
Net Assets		**4 454 414**	**3 946 664**
Accumulated surplus		4 454 413	3 946 663
Total Net Assets		**4 454 413**	**3 946 663**

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2024

	Note(s)	2024 '000	2023 Restated* '000
Revenue			
Revenue from exchange transactions			
Revenue from auction of vehicles	18	66 982	87 940
Revenue from leases	16	1 073 451	976 340
Realisation of property lease liability	19	1 200	1 200
Debt Impairment reversal	20	6 902	-
Other income	21	17 320	5 399
Interest received	22	161 806	83 695
Total revenue from exchange transactions		**1 327 661**	**1 154 574**
Expenditure			
Employee related costs	24	(104 215)	(93 863)
Depreciation and amortisation	26	(121 892)	(110 675)
Finance costs	27	(1 232)	(1 246)
Bad debts written off	28	(85)	-
Fuel and oil	23	(244 567)	(256 659)
Repairs and maintenance	25	(161 087)	(129 499)
Cost of sales	17	(69 759)	(93 682)
General Expenses	29	(117 075)	(99 932)
Total expenditure		**(819 912)**	**(785 556)**
Surplus for the year		**507 749**	**369 018**

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus / deficit '000	Total net assets '000
Opening balance as previously reported	3 577 330	3 577 330
Adjustments Correction of errors 37	315	315
Balance at 01 April 2022 as restated*	**3 577 645**	**3 577 645**
Changes in net assets Surplus for the year	369 018	369 018
Total changes	369 018	369 018
Opening balance as previously reported	3 971 302	3 971 302
Adjustments Correction of errors 37	(24 638)	(24 638)
Balance at 01 April 2023 as restated*	**3 946 664**	**3 946 664**
Changes in net assets Surplus for the year	507 749	507 749
Total changes	507 749	507 749
Balance at 31 March 2024	**4 454 413**	**4 454 413**

Note(s)

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2024

	Note(s)	2024 '000	2023 Restated* '000
Cash flows from operating activities			
Receipts			
Revenue from Leases		1 073 602	975 217
Interest income		111 980	82 348
Auction of vehicles		90 804	64 120
Transport fees		1 463	1 931
		1 277 849	1 123 616
Payments			
Employee costs		(101 114)	(95 811)
Suppliers		(543 501)	(414 730)
		(644 615)	(510 541)
Net cash flows from operating activities	30	**633 234**	**613 075**
Cash flows from investing activities			
Purchase of property, plant and equipment		(398 813)	(260 320)
Proceeds from sale of finance lease receivables		(26 462)	71 434
Net cash flows from investing activities		**(425 275)**	**(188 886)**
Cash flows from financing activities			
Payments of finance lease obligations		(1 565)	(692)
Net increase/(decrease) in cash and cash equivalents		**206 394**	**423 497**
Cash and cash equivalents at the beginning of the year		2 441 351	2 017 854
Cash and cash equivalents at the end of the year	12	**2 647 745**	**2 441 351**

ACCOUNTING POLICIES

1. Background

g-FleeT is a provincial Trading Entity and reports to the Accounting Officer of the Gauteng Department of Roads and Transport as its controlling entity. The mandate of the entity is to be the leading provider of fleet management services within government. The Entity is incorporated and operates in the Republic of South Africa

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 40(1) of the Public Finance Management Act, 1, 1999 (PFMA). These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity, unless stated otherwise the financial statement amounts are rounded to the nearest thousand.

1.2 Going concern assumption

Financial Statements are prepared based on the expectation that the Entity will continue to operate as a going concern for at least the next 12 months.

1.3 Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP

1.4 Significant judgements and sources of estimation uncertainty

Management has made the following accounting estimates which have the most significant effect on the amounts recognised in the financial statements:

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible and intangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including trade values and retail values together with economic factors such as interest rates.

Provisions

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to the required to settle the obligation.

Segment reporting

Significant judgement is used in identifying service and geographical segments of the g-FleeT Management.

Impairment of Trade and other receivables

The Entity makes provision for doubtful debts relating to all long outstanding debts from customers. In determining the value of doubtful debts, the Entity estimates future expected cash flows arising from those receivables which, in its judgement, are impaired.

Useful lives and residual values of property, plant and equipment (PPE)

Reassessments of useful lives and residual values are performed annually after considering factors such as the condition of the asset, maintenance programmes, and relevant market information, and manner of recovery. In re-assessing residual values, the Entity considers the remaining life of the asset and its projected disposal value.

Classification of leases

The Entity has entered into lease agreements acting as both a lessor and lessee. The Entity uses judgement to determine, based on the evaluation of the terms and conditions of lease agreements, the appropriate treatment of the leases as either finance leases or operating leases.

Contingent liabilities

The existence of the obligation arising from legal claims against the Entity may only be determined through the outcome of legal proceedings. Management applies its judgement in determining whether a present obligation exists, and therefore whether these claims should be recognised as provisions or disclosed as contingent liabilities.

Cash- and non-cash generating assets

Management has applied its judgement in determining the cash generating capabilities of all the entity's assets. The entity is required to sustain itself financially and most of its assets are employed in generating enough profit and cash flow to remain self-sustained.

1.5 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Item	Depreciation method	Useful life
Machinery and tools	Straight line	5 Years
Furniture and office equipment	Straight line	5 - 25 years
Motor vehicles	Straight line	7-11 years
Computer equipment	Straight line	3 - 6 years
Leasehold improvements	Straight line	20 - 30 years
Leased assets	Straight line	Lease term
Assets under construction	Straight line	Not depreciated

The gains or losses arising from derecognition are determined as the difference between the carrying amount and the proceeds from disposal.

1.6 Intangible assets

Intangible assets are shown at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over the intangible asset's useful life, which is estimated to be between 2 - 9 years.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the carrying amount and the proceeds from disposal.

1.7 Segment Reporting

The Entity has in the application of the requirements of GRAP 18 considered whether it has different segments within its operations that require separate disclosure. Accordingly, the Entity has outlined the following as part of its disclosure note:

- Factors used to identify the entity's reportable segments.
- Whether segments have been aggregated and the basis of the aggregation.
- Types of goods and/or services delivered by each segment.

1.8 Financial instruments

The Entity has the following types of financial assets:

- Receivables from exchange transactions
- Cash and cash equivalents
- Finance lease receivable

The Entity has the following types of financial liabilities:

- Payables from exchange transactions
- Finance lease obligation

The financial assets and liabilities of the Entity have all been classified as carried at amortised cost.

Trade and other receivables from exchange transactions

Trade and other receivables are stated at amortised cost using the effective interest rate method, less a provision for impairment.

Cash and cash equivalents

Cash and cash equivalents are stated at amortised cost using the effective interest rate method. For purposes of the cash flow statement cash and cash equivalents comprise cash at banks and short-term deposits.

Trade and other payables

Trade and other payables are stated at amortised cost using the effective interest rate method Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means

1.9 Leases

Finance leases - lessor

Amounts due from lessees under finance leases are recorded as receivables at commencement of the lease and measured at the amount of Entity's net investment in the leases.

The Entity recognises gains or losses arising from the sale in terms of the finance lease at inception of the lease. The gain or loss is determined by the difference between the net investment in the lease and the carrying value of the vehicle. The gain or loss is included in surplus or deficit.

During the lease term, finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Entity's net investment outstanding in respect of the leases. The accounting policy for impairment of trade and other receivables is also applied to impairment of the net investment in lease receivable.

The accounting policy for derecognition of trade and other receivables is also applied to derecognition of the net investment in lease receivable. At the end of the lease term, the Entity recognises the unguaranteed residual value of the leased vehicle as part of property plant and equipment. If at the end of the lease term the lessee is still in possession of the leased vehicle, the lease is then accounted for as month-to-month lease contract.

Finance leases - lessee

Where the Entity enters into a finance lease, assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment.

Corresponding liabilities are included in the Statement of Financial Position as finance lease liabilities. Lease payments are allocated between the lease finance cost and the capital repayment. The finance charge is allocated to each period during the lease term so as to achieve a constant rate of interest on the outstanding liability. The accounting policy for derecognition of trade and other payables is also applied to derecognition of the finance lease payable.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The Entity does not include lease rental escalation clauses in the agreements.

Operating leases - lessee

Operating lease expense is recognised as expenditure on a straight-line basis over the lease term.

1.10 Inventories

Inventory is measured at the lower of cost or net realisable value.

1.11 Impairment of cash-generating and non-cash-generating assets

The Entity assesses at each reporting date whether there is an indication that assets may be impaired. If any indication exist, or when annual impairment testing for assets is required, the Entity estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for the individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. In determining fair value less costs of disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recognition of the impairment loss is recognised as part of the surplus or deficit in the Statement of Financial Position.

1.12 Employee benefits

Short-term employee benefits

The Entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for service.

The Entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Entity measures the expected cost of bonus, incentive and performance related payments at the best estimate of the present value of future cash flows.

1.13 Commitments

Commitments are disclosed for contracts that are entered into before the reporting date, but goods and services have not yet been received.

1.14 Revenue from exchange transactions

Revenue from auction of vehicles

Revenue is measured at the price determined on auction.

Kilometre tariffs

Revenue from excess kilometres (kilometres in excess of the contracted kilometres) is charged as the excess kilometre are travelled.

Income from other services relating to leases

For lease arrangements, a portion of the payments made by clients are for providing services ancillary to the lease, such as administration and tracking the vehicle. These payments are recognised on a straight-line basis over the term of the lease.

Transport services to government employees

The entity earns revenue from providing transport services to government employees from other Government Departments impacted by the relocation of Provincial Governments from Pretoria to Johannesburg after the 1994 elections. Transport service revenue is recognised once a trip is completed.

Interest

Interest from bank accounts is recognised using the effective interest method.

Interest on finance lease receivables is recognised from commencement of the lease until the finance lease is settled, based on the interest rate implicit in the lease as determined at inception of the lease.

Recoveries from clients

Toll, fuel, oil, accident and traffic fine revenue is a direct charge and recoverable from the clients. This revenue is recognised when the client incurs the cost.

Income Tax

In terms of Income tax Act No.58 of 1962, Section 10 Exemptions, subsection 1 " There shall be exempt from the tax (a) the receipts and accruals of the Government, any provincial administration or of any other state ".

1.15 Finance costs

Finance costs are measured using the effective interest rate method.

1.16 Fruitless and wasteful expenditure

Fruitless and wasteful 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. Fruitless and wasteful expenditure is also disclosed in the notes to the financial statements.

1.17 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 a requirement of any applicable legislation, including -

(a)this Act; or

(b)the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

(c)any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense or a assets in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Irregular expenditure is recorded in the notes to the Financial Statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impracticable to determine in which case reasons therefore is provided in the note. Irregular expenditure is disclosed in the notes to the financial statements and removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.

1.18 Related parties

Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.19 Subsequent Events

Events after the reporting date are those events both favourable and unfavourable that occur between the reporting date and the date when the Annual Financial Statements are authorised for issue and are treated as follows.

- The entity shall adjust the amounts recognised in its Annual Financial Statements to reflect adjusting events after the reporting date for those events that provide evidence of conditions that existed at the reporting date; and
- The entity shall not adjust the amounts recognised in its Annual Financial Statements to reflect non-adjusting events after the reporting date for those events that are indicative of conditions that arose after the reporting date.

1.20 Prepayments

A prepayment is a payment made in advance of the goods and services that are yet to be received, in accordance with the agreement under which the payment is made. Prepayment is recognised when a payment is made and goods or services are received at a future date.

1.21 Standards of GRAP approved but not yet effective

Standards of GRAP	Details of the amendment to the Standards and the anticipated impact	Effective Date
GRAP 104: Financial Instruments	The amendments to the standard prescribe the principles for recognising, measuring, presenting, and disclosing financial instruments. The impact of this is currently being assessed by management	01 April 2024
GRAP 105: Transfer of functions between entities under common control	The amendments to the standard prescribe the principles for recognising, measuring, presenting, and disclosing transfers of functions made between entities under common control. The impact of this is currently being assessed by management	01 April 2024
GRAP 106: Transfer of functions between entities not under common control	The amendments to the standard prescribe the principles for recognising, measuring,presenting and disclosing transfers of functions made between entities	01 April 2024

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

2. Property, plant and equipment

	2024 R'000			2023 R'000		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	28 821	(15 541)	13 280	26 308	(12 950)	13 358
Motor vehicles	1 573 320	(429 858)	1 143 462	1 391 488	(408 698)	982 790
Leasehold improvements	238 016	(66 167)	171 849	203 387	(59 145)	144 242
Leased Property	14 647	(2 663)	11 984	14 647	(2 515)	12 132
Leased machinery and cellphones	16 048	(15 825)	223	15 907	(15 360)	547
Total	**1 870 852**	**(530 054)**	**1 340 798**	**1 651 737**	**(498 668)**	**1 153 069**

Reconciliation of property, plant and equipment - 31 March 2024

	Opening balance R'000	Additions R'000	Sold R'000	Disposal on finance lease arrangement R'000	Transfers (to)/from inventory R'000	Write-off R'000	Vehicle losses R'000	Recoveries R'000	Depreciation R'000	Total R'000
Furniture and fixtures	13 358	5 928	-	-	-	(3 415)	-	-	(2 591)	13 280
Motor vehicles	982 790	466 326	(406)	(109 969)	(93 286)	-	(6 035)	15 454	(111 412)	1 143 462
Leasehold improvements	144 242	34 629	-	-	-	-	-	-	(7 022)	171 849
Leased Property	12 132	-	-	-	-	-	-	-	(148)	11 984
Leased machinery and cellphones	547	141	-	-	-	-	-	-	(465)	223
	1 153 069	**507 024**	**(406)**	**(109 969)**	**(93 286)**	**(3 415)**	**(6 035)**	**15 454**	**(121 638)**	**1 340 798**

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Furniture and fixtures

Upon investigation (464) assets remained unverified and as a results we decided to write them off at a value of R 3 414 548.78. Furthermore, 216 ICT equipment assets which have been fully depreciated were approved for disposal prior to financial year end for which the disposal processes were concluded in the 2024-2025 financial year.

Motor vehicles

Vehicles to the value of R 843 676 are under investigation, whilst vehicles that where with clients amounting to R 5 191 207 have been reported as stolen. Leasehold improvements

Leasehold improvements include both completed assets and assets which are still under construction, i.e. Work-in progress (WIP). The WIP emanates from the construction and rehabilitation of the entity's head office property situated at Bedfordview which is leased by the entity from the Gauteng Department of Infrastructure Development (GDID). All completed leasehold improvements are recorded at cost less accumulated depreciation and impairment. WIP is recorded at cost less any impairment.

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 31 March 2023

	Opening balance R'000	Additions R'000	Sold Vehicles R'000	Disposal on finance lease arrangement R'000	Transfers (to)/from inventory R'000	Vehicle losses R'000	Depreciation R'000	Total R'000
Furniture and fixtures	13 043	2 069	-	-	-	-	(1 754)	13 358
Motor vehicles	1 065 365	233 370	(4 867)	(56 522)	(134 640)	(18 602)	(101 314)	982 790
Leasehold improvements	147 048	4 028	-	-	-	-	(6 834)	144 242
Leased Property	12 280	-	-	-	-	-	(148)	12 132
Leased machinery and cellphones	25	890	-	-	-	-	(368)	547
	1 237 761	**240 357**	**(4 867)**	**(56 522)**	**(134 640)**	**(18 602)**	**(110 418)**	**1 153 069**

Leasehold improvements include both completed assets and assets which are still under construction, i.e. Work-in progress (WIP). The WIP emanates from the construction and rehabilitation of the entity's head office property situated at Bedfordview which is leased by the entity from the Gauteng Department of Infrastructure Development (GDID). All completed leasehold improvements are recorded at cost less accumulated depreciation and impairment. WIP is recorded at cost less any impairment. The current WIP amount is R 27 465 998.08 and there were no impairment loss identified at year end.

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

3. Intangible assets

	2024 R'000			2023 R'000		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 859	(2 260)	599	2 859	(2 006)	853

Reconciliation of intangible assets - 31 March 2024

	Opening balance	Amortisation	Total
Computer software, other	853	(254)	599

Reconciliation of intangible assets - 31 March 2023

	Opening balance	Additions	Amortisation	Total
Computer software, other	987	122	(256)	853

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

	2024 '000	2023 '000
4. Finance lease receivables		
Gross investment in the lease due		
- within one year	125 210	64 500
- in second to fifth year inclusive	237 335	177 666
	362 545	242 166
less: Unearned finance revenue	(123 610)	(73 159)
Present value of minimum lease payments receivable	238 935	169 007
less: allowance for uncollectible minimum lease payments	(3 342)	(9 832)
	235 593	**159 175**
Present value of minimum lease payments due		
- within one year	60 023	55 490
- in second to fifth year inclusive	175 570	103 685
	235 593	**159 175**

The entity entered into finance leasing arrangements for certain of its motor vehicles and equipment.

The average lease terms are 4.5 years and the average effective lending rate was 35%.

None of the trade and other receivables have been pledged as security for liabilities or contingent liabilities.

An increase in Finance lease receivables is due to the acquisition of new finance lease vehicles due to an increase in demand for the additional vehicles from clients. Further, only a few leases terminated during the financial year as majority of the vehicles that were being replaced had expired in the previous years.

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

5. Payables from exchange transactions

Trade payables	48 295	48 934

6. Other payables

Salary Payable	1 452	1 897
Debtors with credit balances	127	2 942
Leave pay accrual	7 361	5 794
Service bonus accrual	3 104	2 455
	12 044	**13 088**

Leave pay accrual

In terms of the Determination on Leave of Absence in the Public Service employees are entitled to annual leave with full pay during each leave cycle of 12 months, commencing on 1 January of each year. The remaining leave days, if any, must be taken no later than 6 months after the expiry of the relevant leave cycle, where after unused leave credits shall be forfeited.

Service bonus and long service award accrual

Accruals were raised for service bonus (13th cheque) which is due within 12 months. Debtors with credit balances

The debtors with credit balances arise due to either overpayment from clients on monthly invoices and/or the issuing of credit notes by the entity in response to resolving client disputes. As at 31 March 2024, these balances have been reclassified to trade payables.

An increase in Leave pay and Service bonus accrual is as a result of an increase in the number of employees. More vacant posts were filled in the currrent year.

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

	2024 '000	2023 '000
7. Prepayments		

The prepayment balance is reflective of monies paid to the Gauteng Department of Roads and Transport relating to motor vehicle licence registrations, motor vehicle maintenance, monies paid to OEMs for motor vehicles maintenance and to SANRAL in relation to e-toll services for all the entity's motor vehicles.

	2024 '000	2023 '000
Motor Vehicles Prepayments	79 801	54 526
Gauteng Department of Roads and Transport	2 260	568
SANRAL	4 180	218
	86 241	**55 312**

8. Other Receivables

This balance relates to salary related suspense accounts that could not be cleared at year end.

	2024 '000	2023 '000
Other Receivables	676	432

9. Municipal deposits

This relates to payments made to the landlord as deposit for office rentals at the regions.

	2024 '000	2023 '000
Municipal deposits	321	321

10. Inventories

	2024 '000	2023 '000
Vehicles held for sale	89 865	61 127
	89 865	61 127
Inventories (write-downs)	(5 833)	(6 258)
	84 032	**54 869**
Inventories recognised as an expense during the year	69 759	93 682

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

	2024 '000	2023 '000
11. Receivables from exchange transactions		
Trade receivables	140 164	131 210
Other receivables - Revenue from auction of vehicles	-	23 822
Other debtors - Traffic fines and accident claims	216	6 092
	140 380	**161 124**

Balance as at 31 March 2024	Gross Balance	Impairment provision	Net balance
Trade Receivables	137 584	(1 958)	135 626
Other debtors - Traffic fines and accident claims	6 989	(6 773)	216
Other debtors	4 538	-	4 538
	149 111	**(8 731)**	**140 380**

Balances as at 31 March 2023	Gross Balance	Impairment provision	Net balance
Trade Receivables	138 657	(12 203)	126 454
Other receivables - Revenue from auction of vehicles	23 822	-	23 822
Other debtors - Traffic fines and accident claims	6 092	-	6 092
Other debtors	4 756	-	4 756
	173 327	**(12 203)**	**161 124**

The line with its mandate, the entity's business is focused toward servicing all Government Departments and Entities within South Africa. Accordingly, all reported trade receivables stem from monies outstanding by the applicable Government Departments and Entities.

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

	2024 '000	2023 '000
Trade and other receivables past due but not impaired		
The ageing of amounts due but not impaired is as follows:		
Within 30 days	70 765	77 082
31 to 60 days	57 839	24 594
61 to 90 days	1 765	19 570
91 to 120 days	2 467	15 534
Greater than 120 days	4 748	1 876
	137 584	**138 656**
Reconciliation of provision for impairment of trade and other receivables from exchange transactions		
Opening balance	(12 203)	(11 607)
Changes to the Statement of Financial Performance	6 902	(596)
	(5 301)	**(12 203)**
12. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	22	22
Bank balances	2 647 723	2 441 329
	2 647 745	**2 441 351**
12.1 Bank Accounts		
Primary bank Account - Standard Bank		
Standard Bank		
Standard Bank Account		
Bank Statement balance at the end of the year	1 903 754	1 755 698
South African Reserve Bank		

SARB Account		
Bank Statement balance at the end of the year	743 969	685 632

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

	2024 '000	2023 '000
13. Finance lease obligation		
Non-current liabilities	14 685	14 740
Current liabilities	178	456
	14 863	**15 196**

As at 31 March 2024	Minimum lease payments	Future finance charges	Present value of minimum lease payments
Within One Year	1 388	(1 210)	178
Within Two To Five Years	4 856	(4 794)	62
Later Than Five Years	91 200	(76 578)	14 622
Subtotal	97 444	(82 582)	14 862
Less: Amount Due Within One Year	(1 388)	1 210	(178)
	96 056	**(81 372)**	**14 684**

As at 31 March 2023	Minimum lease payments	Future finance charges	Present value of minimum lease payments
Within One Year	1 684	(1 228)	456
Within Two To Five Years	4 910	(4 794)	116
Later Than Five Years	92 400	(77 776)	14 624
Subtotal	98 994	(83 798)	15 196
Less: Amount Due Within One Year	(1 684)	1 228	(456)

	97 310	(82 570)	14 740

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

The lease periods of agreements entered into by g-FleeT in the capacity as a lessee ranges from 2 to 99 years. Interest rates vary per lease agreement. The finance lease obligations, are secured by finance lease assets included in Property, Plant and Equipment.

The remaining leased term for buildings is 84 years. The lease term for machinery and cellphones is 2 years and the average effective borrowing rate is 10%.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 2.

	2024 '000	2023 '000

14. Long-term leave accrual

The long-term leave accrual represents the amounts of capped leave still due to employees who have not yet resigned or retired.

	2024	2023
Opening balance	2 624	2 628
Movement in the Statement of Financial Performance	168	(4)
	2 792	**2 624**

15. Income received in advance

The amount relates to a prepayment received from the Gauteng Department of Roads and Transport in respect of mobile motor vehicle licencing centres leased from the entity.

	2024	2023
Income received in advance	3 977	-

16. Revenue from Leases

	2024	2023
Operating Lease	827 464	741 431
Toll Fees	7 568	5 757
Fuel and Oil	237 281	228 426
Traffic and Accident claims	1 008	467
Gain on Finance lease disposal	130	259
	1 073 451	**976 340**

g-FleeT Management

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Notes to the Annual Financial Statements

	2024 '000	2023 '000
17. Cost of sales		
Sale of goods		
Cost of goods sold	69 759	93 682
18. Revenue from auction of vehicles		
Revenue from auction of vehicles	66 982	87 940
19. Realisation of Property Lease Liability		
Realisation of Property Lease Liability	1 200	1 200

During 2009, the then Gauteng Department of Public Transport Roads and Works entered into a rental agreement with the Gauteng Department of Infrastructure Development on behalf of g-FleeT. In terms of this lease agreement, the monthly rental is R 100,000 per month (amounting to a R 1,2 million per annum) over the 99 year lease period. The rental agreement does not provide for any inflation, or inflationary adjustments.

The lease agreement further stipulates that the rental fees as paid by g-FleeT, that is in respect of the Entity's Head Office (situated at No. 76 Boeing Road East, Bedfordview) should be set off against any expenditure incurred by the Entity relating to leasehold improvements.

The Entity has recognised this contract as a finance lease, and therefore accounts for this benefit as revenue from exchange transactions given the improvements that have been effected by g-FleeT.

20. Debt Impairment reversal

Trade and other receivables impairment	6 902	-

The reversal of debts previously impaired is due to downward adjustment in the provision for doubtful debts on trade receivables and finance leases.

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2024

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	2024 '000	2023 '000
21. Other income		
Revenue from Transport Income	1 463	1 931
Sundry Income	403	1 134
Motor vehicle recoveries	15 454	2 334
	17 320	**5 399**

Motor vehicle recoveries reflect the carrying value of vehicles that were previously reported as either lost and/stolen. The values reported for both the current and prior year are reflected of the work implemented by the entity in strengthening the overall internal control environment relating to the leasing of vehicles.

22. Interest received		
Interest revenue		
Bank	111 980	82 348
Interest on finance lease receivables	49 826	1 347
	161 806	**83 695**

The increase in interest on finance lease receivables is due to the increase demand in long term lease arrangements. In addition, a limited number of old lease arrangements terminated during the financial year.

23. Fuel and oil		
Fuel and oil	244 567	256 659

g-FleeT Management

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	2024 '000	2023 '000
24. Employee related costs		
Basic	74 887	64 875
Medical aid - company contributions	5 587	5 382
Pension	8 918	8 105
Workmen's Compensation Act contribution	23	22
Leave pay provision charge	1 818	273
Other short term costs	73	62
Overtime payments	1 064	1 009
13th Cheques	5 839	5 020
Acting allowances	69	310
Housing benefits and allowances	5 937	8 805
	104 215	**93 863**

The increase in employee related costs is due to the work undertaken by the entity to fill vacant positions within the entity in line with the approved recruitment plan.

25. Repairs and maintenance

The following specific costs included in the amount of repairs and maintenance were incurred by g-FleeT Management.

	2024 '000	2023 '000
General maintenance and services	146 166	115 796
Spares and accessories	1 391	1 171
Tyres and tubes	13 530	12 532
	161 087	**129 499**

The significant increase in general maintenance and services is due to planned maintenance work implemented by the entity through the Gauteng Department of Infrastructure Development on the leased buildings within both Bedfordview and Koedoespoort premise.

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26. Depreciation and amortisation

Motor vehicles

Property, plant and equipment

Intangible assets

27. Finance costs

Finance leases

28. Bad debts written off

Bad debts written off

The increase in bad debts written off is due to the debt write-off process implemented by the Entity on old long outstanding debtors which had demonstrated no possibility of being recovered in line with the Entity's Revenue and Debt Management policy.

g-FleeT Management

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	2024 '000	2023 '000
29. General expenses		
Advertising	1 554	664
Auditors remuneration	6 309	6 565
Consulting and professional fees	7 818	615
Consumables	3 722	3 353
Debt Impairment expense	6 773	596
Entertainment	123	27
Conferences and seminars	1 590	965
License fees - software	367	1 964
Levies	12 009	2 991
Motor vehicle expenses	5	3
Postage and courier	50	51
Printing and stationery	1 253	556
Security	6 268	6 210
Subscriptions and membership fees	-	12
Training	354	52
Travel - local	752	725
Tracking expenses	30 263	22 235
Vehicle theft and losses	7 381	25 246
Rental expenses - operating lease	2 480	2 440
Assets written off	3 415	-
License fees - vehicles	4 818	5 580
Toll fees	14 322	15 257
Towing costs	530	-
Traffic fines	103	-
Accident claims	950	448
Injury on duty	-	13
Inventory write down to net realisable value	3 866	3 364
	117 075	**99 932**

Advertising

The variance is due to work undertaken by the marketing and communications unit in relation to Smart Mobility Africa Seminar.

Consulting and professional fees

The variance is due to the work undertaken by the entity in relation to the tariff benchmarking exercise, the conducting of lifestyle audits on all Senior Managers, the review of the business case for the proposed transition to a government component and the development of the business case towards the implementation of the logistics function within the entity.

Conferences and seminars

The variance is due to the hosting of the Departmental Broad Management Committee meeting and the opening of panel beating workshop.

Levies

The variance is due to the back dated water billing implemented by the City of Ekurhuleni against the entity due to a faulty water meter.

g-FleeT Management

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	2024 '000	2023 '000
30. Cash generated from operations		
Surplus	507 749	369 018
Adjustments for: Depreciation and amortisation	121 892	110 675
Interest income	(49 826)	(1 347)
Sundry payments	(403)	(1 134)
Finance costs - Finance lease	1 232	1 246
Debt impairment reversal	(6 902)	-
Bad debts written off	85	-
Debt Impairment expense	-	596
Assets written off	3 415	-
Cost of sales	69 759	93 682
Realisation of lease property	(1 200)	(1 200)
Recoveries: Non-cash	(15 454)	(2 334)
Inventory write-down	-	3 364
Vehicle Theft and losses	7 381	25 246
Changes in working capital: Receivables from exchange transactions	151	30 579
Movement in long - term leave accrual	-	(4)
Receivables from auction	23 822	-
Prepayments	(30 929)	8 946
Finance lease receivables	-	(23 820)
Payables from exchange transactions	(639)	1 506
Other payables	3 101	(1 944)
	633 234	**613 075**

31. Financial instruments disclosure

Categories of financial instruments

31 March 2024

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	140 380	140 380
Cash and cash equivalents	2 647 745	2 647 745
Finance lease receivables	235 593	235 593
	3 023 718	**3 023 718**

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

	2024 '000	2023 '000

31. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	48 295	48 295
Finance lease obligation	14 863	14 863
Debtors with credit balance	127	127
	63 285	**63 285**

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	161 124	161 124
Cash and cash equivalents	2 441 351	2 441 351
Finance lease receivables	159 175	159 175
	2 761 650	**2 761 650**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	48 934	48 934
Finance lease obligation	15 196	15 196

Liquidity risk

g-Fleet's exposure to liquidity risk consists of the risk that it will not have sufficient cash to pay liabilities as they fall due.

g-Fleet manages liquidity risk by maintaining a positive cash balance.

The total exposure to liquidity risk is represented by the trade and other payables and finance lease payable balance in these financial statements.

The entity manages liquidity risk through an ongoing review of future commitments. Through this review, the Entity ensures that it has sufficient cash on demand or access to facilities to meet expected operational and capital expenses. The table below analyses the Entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual date. The amounts disclosed in the table are the contractual undiscounted cash flows. The maturity profile for finance lease maturity payables is disclosed in the finance lease obligations note.

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Notes to the Annual Financial Statements

	2024 '000	2023 '000

The following is an analysis of the age of accounts receivable that are due as at the reporting date but not impaired..

31. Financial instruments disclosure (continued)

Financial assets past due - Accounts Receivable:		
With 30 days	83 091	65 945
More than 30 days and not more than 60 days	57 839	138 637
More than 60 days and not more than 90 days	1 765	23 822
More than 90 days	7 216	5 714
	149 911	**234 118**

Maturity of financial liabilities - 31 March 2024	Due within 1 month
Payables from exchange transactions	48 295

Credit risk

Credit risk consists of cash and cash equivalents and receivables. g-Fleet Management considers it's credit risk minimised as the entity only hold cash with major banks with high quality credit standing and Trade and other receivables comprise of a Government customer base. Government debt is considered recoverable. All debtors that are past due not impaired are thus considered to be recoverable, although recovery may not be within the contractually agreed timeframes. The entity continues to render services to its defaulting customers so as to ensure government service delivery is not impeded by its clients, in extreme cases petrol cards for service departments are suspended until such time outstanding accounts are settled or realistic payment plans are provided.

The entity provides for an impairment provision per client that represents its estimate of potential losses in trade receivables. Further credit risk information is provided in the notes for Receivables from exchange transactions and Finance lease receivables..

The entity has also considered the prevailing economic conditions both locally and internationally and it's impact on client budgets when estimating the provision for debt impairment.

Interest rate risk

The Entity is not entitled to charge interest on overdue debtors. The interest arising from finance lease receivables and payables arises from the interest rate implicit in leases, and is not affected by market interest rates. Thus, the entity's exposure to cash flow interest rate risk arises if it is required to pay interest on overdue trade and other payables. The extent of this risk amounts to market interest rates applied to the trade and other payables balance.

The entity has a policy of paying suppliers within 30 days of the invoice date, and interest rate risk exposure is managed through adherence to this policy.

The interest received from positive bank balances are linked to interest variation as pronounced by the governor of reserve bank

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	2024 '000	2023 '000
32. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	152 313	324 717
Total commitments		
Total commitments		
Authorised capital expenditure	152 313	324 717

The reduction in authorised capital commitments is due to the improved turnaround times implemented by the manufacturers in the delivery of motor vehicles ordered by the entity. In addition, the entity implemented a financial year- end cut-off period for the ordering of new goods and services as guided by the Gauteng Provincial Treasury.

The Commitments comprises of R 150 532 859 for motor vehicles, R 1 032 742 for office equipment and R 746 933 for buildings.

Operating lease commitments

Minimum lease payments due		
- within one year	1 326	620
- in second to fifth year inclusive	3 279	1 666
	4 605	**2 286**

g-FleeT Management entered into three (3) year transversal contract which commenced on 01 March 2024 and terminating on 28 February 2027 for all G-FleeT offices.

g-FleeT Management

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	2024	2023
	'000	'000

33. Contingent Liabilities

As at 31 March 2024, the entity was exposed to the following litigation cases which arose during the ordinary course of business and whose outcome is dependent on the outcome of formal legal proceedings and assessments thereof:

Description		
Various third-party motor vehicle accident claims	6 012	3 281
Mbokoda Construction CC – Non-payment of account	3 484	3 484
ABSA- non – payment of account	1 132	1 132
	10 628	**7 897**

The third-party motor vehicle accident claims emanate from accident claims that have been instituted against the entity for damages caused to third-party motor vehicles by state drivers using g-FleeT motor vehicles.

The matter with the Mbokoda Construction CC contractual legal dispute emanated on 24 October 2012. The claim was in respect of monies owed to sub-contractors and project management fees. The entity's legal assessment, i.e. both state attorney and senior counsel believed that the plaintiff did not have any lien over the g-fleet properties and that the matter was ready for trial and awaiting a court date. As at 31 March 2024, the status quo remained the same.

The matter with ABSA is with respect to the sub-contracting of services agreement regarding RT46 Contract entered between ABSA and Transit Solutions dated 24 May 2019. On 12 January 2023, ABSA 'legal representative issued a demand letter to the Entity of R1.132 million in respect to the facility letter of unpaid services. The Entity's had responded to the letter demand seeking more clarification and supporting documentation. Such information is still awaited. The Entity's legal assessment is that matter is defendable in court should it be pursued.

The entity is also dealing with a matter pertaining Zakeni Autobody and Project Management Pty Ltd, in which the plaintiff is claiming contractual rights relating to the operating of the entity's in-house panel beating workshop. The claim does not include any financial implications at this stage. An arbitration award in the favour of the plaintiff as been issued. Such award and claim of rights is being subjected to legal assessment for appeal to the courts.

In addition, the entity is exposed to 3 labour matters, all of which have been assessed by the entity's legal unit as being defendable in court.

34. Contingent assets

The court case number: 95/09/2016 of fraud, theft and corruption to the value of R 16 million opened against 2 accused, one of which was a former regional manager of g-FleeT Management at Eastern Cape and Kwa Zulu Natal. The second accused is a member of public that operated with the accused in the furtherance of the crimes. The accused were arrested on the 21

February 2023 and appeared at the Durban Specialized Commercial Crimes Court. Both accused are currently on bail of R20 000.00 and R10 000.00 respectively.

The investigation has been now extended to incorporate criminal charges against some identified senior officials who failed to mitigate the losses and risks when it was first brought to their attention.

Assets forfeiture Unit has been engaged and the approach was to seek preservation order upon conviction.

Level preservation orders against the identified individuals will be sought against their Pension Fund and assets. The matter remains ongoing

g-FleeT Management

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Notes to the Annual Financial Statements

	2024	2023
	'000	'000

34. Related parties

g-FleeT Management is related to all Gauteng Provincial Government departments and entities by virtue of being under the same control by Gauteng Premier and Gauteng Legislature.

On a more direct level, the Entity is related to the Gauteng Department of Roads and Transport (GDRT) and its entities, namely, Gautrain Management Agency (GMA) and the Transport Authority of Gauteng (TAG) due to the same level of direct control exercised by the appointed Member of Executive Council (MEC).

All transactions with related parties, except for those outlined below are within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which the Entity would have adopted if dealing with that individual entity or person on terms and conditions within the normal operating parameters established by the reporting entity's legal mandate.

The entity's assessment of all transactions with related parties revealed the following transactions which were not concluded on the principles of being at arm's length:

- The entity is utilising office space located within its parent Department, the Gauteng Department of Roads and Transport head office at 45 Commissioner Street. Such office space is utilised at no cost to the entity.
- The entity entered into an agreement with its parent Department, the Gauteng Department of Roads and Transport wherein the Department is leasing of 4 mobile motor vehicle licencing centres. As part of the agreement approved by the Accounting Officer, the entity was required to support the Provincial Revenue Collection Strategy by only charging the Department for operational costs associated with the mobile units. The capital cost borne to be by the Entity in relation to the 4 mobile licencing units is estimated to amount to approximately R10million. As at 31 March 2024, the said mobile licencing units were not yet delivered to the Entity by the applicable manufacturer.

The Key management personnel are disclosed in Note 34

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	2024 '000	2023 '000

36. Members' emoluments

Executive

31 March 2024

	Basic Salary	13th Cheque	Pension Contribution	Other Benefits	Total
*Ms. Noxolo Maninjwa (Chief Executive Officer till 1 June 2023)	187	-	24	85	296
*Ms. Puleng Gadebe-Mabaso (acting CEO from 1 January 2024 to March 2024)	328	-	43	70	441
Mr. Poobalan Govender (Acting CFO from Sept 2021)	1 048	87	136	230	1 501
Ms. Andiswa Gingqi - Director: Finance	814	39	106	178	1 137
Mr PM Mabunda (Chief Director Logistics from 1 February 2023)	1 210	-	-	-	1 210
Mr. Sifiso Mhlongo - Director: Maintanance Services	817	68	106	176	1 167
Ms. Salomie Jafta - Director TSS	819	68	106	371	1 364
Ms. CM Mogotsi - Director: Corporate Service	814	68	106	175	1 163
Ms. Ravanne Mathews - Director Permanent Fleet	819	68	106	371	1 364
Mr. Trevor Nkambule - Acting Director: VIP and Pool Services (From 9 March 2023 to 8 June 2023)	118	-	15	14	147
	6 974	**398**	**748**	**1 670**	**9 790**

*The Chief Risk Officer, Ms. Delicia Kgage is rendering services for both G-FleeT Management and Department of Roads and Transport. The remuneration costs are borne by the Department of Roads and Transport.

*The former CEO, Ms. Noxolo Maninjwa has been seconded to Transport Authority for Gauteng (TAG) from the 1st of June 2023.

*The Acting Chief Executive Officer, Ms. Puleng Gadebe-Mabaso has been seconded to G-Fleet Management from the 1st of June 2023. The remuneration costs from the 1st of June to 31st of December 2023 were borne by Department of Human Settlement. G-Fleet Management is liable for her remuneration costs from the 1st of January to the 31st of March 2024.

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	2024	2023
	'000	'000

36. Members' emoluments (continued)

31 March 2023

	Basic Salary	13th Cheque	Pension Contribution	Other Benefits	Total
Ms. Noxolo Maninjwa (Chief Executive Officer)	1 075	90	140	508	1 813
Mr. Poobalan Govender (Acting CFO from Sept 2021)	986	82	128	233	1 429
Ms. Andiswa Gingqi (Director: Finance from November 2022)	322	-	42	78	442
Mr PM Mabunda (Chief Director Logistics from 1 February 2023)	218	-	-	-	218
Mr. Sifiso Mhlongo (Director: Maintanance Services from December 2022)	547	48	71	255	921
Ms. Salomie Jafta - Director TSS	747	62	97	363	1 269
Ms. CM Mogotsi (Director: Corporate Service from December 2022)	258	16	33	62	369
Ms. Ravanne Mathews - Director Permanent Fleet	747	62	97	395	1 301
Mr. Douglas Scott (Acting Director: VIP and Pool Services from 01 May 2022 to 31 October 2022)	296	49	39	140	524
Ms Delicia Kgage (Chief Risk Officer)	505	62	66	248	881
Mr. Trevor Nkambule - Acting Director: VIP and Pool Services (From 9 March 2023 to 8 June 2023)	51	-	7	8	66
	5 752	**471**	**720**	**2 290**	**9 233**

37. Prior period errors

Error 1: Winding down of Prepayment for the previous financial years

During the 2023-24 financial year, an error was identified by management in respect of the prior year amortisation of motor vehicle maintenance and service plans. Such error has been subsequently corrected with the resulting impact highlighted below:

	2024	2023
Decrease in Prepayment	-	(27 756)
Increase in Repairs and maintenance	-	27 756
	-	-

Error 2: Vehicles recoveries

During the 2023-24 financial year, an error was identified by management in respect of the prior year audit adjustment journal in relation to motor vehicles. Such error has been subsequently corrected with the resulting impact highlighted below:

	2024	2023
Increase in Non-Current Assets: Finance Lease Debt	-	2 334
Increase in Motor vehicle recoveries	-	(2 334)
	-	-

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	2024	2023
	'000	'000

37. Prior period errors (continued)

Error 3: Transfer of vehicle from finance leases to motor vehicles

During the 2023/24 financial year, an error was identified where a vehicle was not transferred from finance lease to the motor vehicles asset register. This error has been corrected.

Increase in Motor vehicles	-	355
Decrease in Non-Current Assets: Finance Lease Debt	-	(355)
	-	-

Error 4: Recognition of vehicles omitted in the asset register from the previous years

During the 2023/24 financial year, vehicles that were sold and stolen in the previous years were identified and subsequently derecognised.

Increase in Cost of sales	-	374
Decrease in Inventory	-	(374)
Increase in General Expenses	-	48
Decrease in Inventory	-	(48)

Error 5: Recognition of Municipal deposits from previous years

During the 2023/24 financial year, an error was identified by management in respect of the municipal deposit that was not included in the previous years.Such error has been subsequently corrected with the resulting impact highlighted below:

Increase in Municipal deposit	-	315
	-	(315)
	-	-

Error 6: Revenue transactions captured in the current year but belonging to previous year

During the 2023/24 financial year, an error was identified by management in respect of the revenue transactions captured in the current year but belonging to previous year.Such error has been subsequently corrected with the resulting impact highlighted below:

Increase in Receivables from exchange transactions	-	16 304
Increase in Revenue from leases	-	(16 304)
	-	-

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	2024	2023
	'000	'000

38. Going concern

As at 31 March 2024, management had every reason to believe that the entity had adequate resources in place to continue in operation for the foreseeable future.

This assumption is based on the below assessment:

1. The entity is self-sustaining and derives its funding from the revenue generated through the provision of services.
2. The Entity has a strong balance sheet that is backed by cash.
3. Strict daily cash management processes are embedded in the Entity's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the budget. The cash management processes are complemented with monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.
4. The Entity has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of services. Certain key financial ratios, such as liquidity and solvency are closely monitored and the necessary corrective actions instituted. Taking the aforementioned into account, management has prepared the Annual Financial Statements on the going concern basis.

39. Fruitless and wasteful expenditure		
Fruitless and wasteful expenditure identified - current	269	6 694
40. Irregular expenditure		
Irregular Expenditure - current	39	79

The reported irregular expenditure for the current financial year occurred due to a lapse in the internal control system relating to the finalisation of the appointed of a sole service provider without obtaining the signed Standard Bidding Document (SBD 4). The weakness in the internal control environment has been since been remedied to prevent any reoccurrence.

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	2024	2023
	‘000	‘000

41. Segment information

The entity has identified the need to segment report on 2 economic activities that generate separate economic benefits to the Entity whose results are regularly reviewed by management to make decisions about resources to be allocated and for which financial information is available. The 2 economic activities identified by the entity relate to leasing services and auction services. Key business processes that link directly to the respective activities have been aggregated into the respective activity. Business processes that cannot be linked to a specific activity have been excluded from the reported segment information. The reported information for the 2 economic activities as per GRAP 18 are as follows:

Segment surplus or deficit, assets and liabilities 2024

Revenue	**AUCTIONS**	**LEASING OF MOTOR VEHICLES**	**Total**
Revenue from exchange transactions	66 982	1 073 451	1 140 433
Other income	136	17 184	17 320
Total segment revenue	**67 118**	**1 090 635**	**1 157 753**
Entity's revenue			**1 157 753**
Expenditure			
Depreciation and amortisation	-	121 892	121 892
Finance costs	-	1 232	1 232
Bad debts written off	-	85	85
Repairs and maintenance	-	161 087	161 087
Fuel and oil	-	244 567	244 567
General Expenses	-	117 075	117 075
Employee related costs	-	104 215	104 215
Cost of Sales	69 759	-	69 759
Total segment expenditure	**69 759**	**750 153**	**819 912**
Total segmental surplus/(deficit)	**(2 641)**	**340 482**	**337 841**
Assets			
Inventories	84 032	-	84 032
Property Plant and Equipment	-	1 340 798	1 340 798
Receivables from exchange transactions	-	140 380	140 380
Prepayments	-	86 241	86 241
Intangibles	-	599	599
Other receivables	-	676	676
Finance lease receivable	-	235 593	235 593
Total segment assets	**84 032**	**1 804 287**	**1 888 319**

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	2024 '000	2023 '000

41. Segment information (continued) 2023

Liabilities			
Payables from exchange transactions	-	48 295	48 295
Finance lease obligation	-	14 863	14 863
Long term leave accrual	-	2 792	2 792
Other payables	-	12 044	12 044
Income received in advance	-	3 977	3 977
Total segment liabilities	**-**	**81 971**	**81 971**
Total net segment assets/liabilities			**1 805 623**

Revenue	**AUCTIONS**	**LEASING OF MOTOR VEHICLES**	**Total**
Revenue from exchange transactions	87 940	976 340	1 064 280
Other income	981	4 418	5 399
Total segment revenue	**88 921**	**980 758**	**1 069 679**
Entity's revenue			**1 069 679**
Expenditure			
Depreciation and amortisation	-	110 675	110 675
Finance costs	-	1 246	1 246
Repairs and maintenance	-	129 499	129 499
Fuel and oil	-	256 659	256 659
General expenses	-	99 932	99 932
Employee cost	-	93 863	93 863
Cost of Sales	93 682	-	93 682
Total segment expenditure	**93 682**	**691 874**	**785 556**
Total segmental surplus/(deficit)	**(4 761)**	**288 884**	**284 123**
Assets			
Inventories	54 869	-	54 869
Property Plant and Equipment	-	1 153 069	1 153 069
Receivables from exchange transactions	23 822	137 302	161 124
Prepayments	-	55 312	55 312
Intangible assets	-	853	853
Other receivables	-	432	432
Finance lease receivable	-	159 175	159 175
Total segment assets	**78 691**	**1 506 143**	**1 584 834**

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		2024 '000	2023 '000
Liabilities			
Payables from exchange transactions	-	48 934	48 934
Finance lease obligation	-	15 196	15 196
Long term leave accrual	-	2 624	2 624
Other payables	-	13 088	13 088
Total segment liabilities	**-**	**79 842**	**79 842**
Total net segment assets/liabilities			**1 520 406**

42. Principal-agent arrangement

The entity utilises the services of professional auctioneers when undertaking the auctioning of motor vehicles. In terms of GRAP 109, this relationship between the appointed auctioneer and the entity has been assessed as being that of a principal agent arrangement. The appointed auctioneer derives revenue through the levying of commission on each sale. The levying of commission is outlined in the terms and conditions for each auction. The table below outlines the list of professional auctioneers used by the entity and respective percentage sales commission levied during each of the financial years

Riley Auctioneers (Pty) Ltd	3,5%	-
Liquidity Services (Pty) Ltd	4%	-
Customised Auction (Pty) Ltd	2,5%	-

As at 31 March 2024, no resource of the entity was under the custodianship of any of the agents. In addition, there are no cost implications for the principal should the contract of the appointed agent be cancelled.