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A man in a high-visibility vest and suit waves on a road construction site. The background shows a road with traffic cones, a bridge, and a cloudy sky. The image has a blue tint and a geometric pattern overlay.

PART A:

GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

APP	Annual Performance Plan
CCTV	Closed Circuit Television
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
COE	Compensation of Employees
CPF	Community Policing Forum(s)
CSF	Community Safety Forums
DPRT	Department of Police, Roads and Transport
DORA	Division of Revenue Act
DVA	Domestic Violence Act
EC	Eastern Cape
EPWP	Expanded Public Works Programme
FMT	Fleet Management Entity
FS	Free State
FSGDS	Free State Growth and Development Strategy
FSOLB	Free State Operator Licencing Board
GA	Gauteng
GBH	Grievous Bodily Harm
GG	Government Garage
GMT	Government Motor Transport
HDI	Historically Disadvantaged Individuals
HoD	Head of Department
ICT	Information Communication Technology
IPID	Independent Police Investigation Directorate
IPTN	Integrated Public Transport Networks
JCPS	Justice, Crime Prevention and Security Cluster
KM	Kilometre
KZN	KwaZulu-Natal
L	Limpopo
MEC	Member of the Executive Council
MINMEC	Ministerial Executive Committee
MP	Mpumalanga
MTEF	Medium Term Expenditure Framework
NMT	Non-motorised Transport/Shova Kalula
NC	Northern Cape
NDP	National Development Plan



NW	North West
NTTT	National Taxi Task Team
PDP	Professional Driving Permit
RBE	Road Building Equipment
RSA	Republic of South Africa
RTMC	Road Traffic Management Cooperation
SA	South Africa
SAPS	South African Police Services
SCM	Supply Chain Management
SMF	Supervising Monitoring Firms
SP	Strategic Planning
VEP	Victim Empowerment Support
WC	Western Cape
U-AMP	User Asset Management Plan

3. FOREWORD BY THE MEC

The 2017/18 Annual Performance Plan (APP) served as a commitment to our resolve of spending allocated budget for promoting responsive and accountable governance, consolidating our law enforcement obligations, ensuring construction of new infrastructure and transport related matters as well as increasing our revenue collection capacity.

This Annual Report (AR) of 2017/18 is therefore an accurate reflection of the extent to which we have achieved our strategic objectives of enhancing our human capacity base, ensuring sound and efficient organisational communication and promotion of our image among all stakeholders, supporting our objective through Information and Communication Technology (ICT), ensuring good governance and sound financial administration as well as facilitating strategic direction, monitoring and evaluation of our performance.

It is indeed not a secret that our administrative, provincial secretariat for police service, transport operations, infrastructure and regulation as well as fleet management entity quarterly/annual targets have been sufficiently attained. Employee developmental courses were attended, signage at departmental buildings were improved, media briefings were conducted, the department was well marketed, trainings were conducted, targeted planned meetings were held, performance reports were submitted to relevant oversight bodies, compliance to policy and statutes was ensured, internal audits were conducted, obligatory oversight and monitoring was conducted, planned programmes, projects, campaigns and operations were executed amid all departmental financial challenges during the year under review.



A handwritten signature in black ink, appearing to read 'M Mashinini', written over a horizontal line.

MS MASHININI
MEC: Police, Roads and Transport

Date: 31 July 2018

4. REPORT OF THE ACCOUNTING OFFICER

Overview of the Departmental Operations

The year under review was an exciting as well as a challenging period as the Department had to deliver services in spite of resource constraints. Innovative ways had to be implored for planning and implementation of projects. Transportation of rural learners posed a serious threat to the Departmental fiscus as funds were inadequate for the execution of this mandate.

To that effect the Department introduced and implemented a number of initiatives to improve the revenue collection for the Province by:

- Establishing the Traffic Infringement Centre in Parys to improve revenue and debt collection.
- Procuring and replacing testing equipment.
- Increasing staff capacity to improve service delivery.
- Benchmarking of motor vehicle license tax tariffs.

The Department further experienced a number of budget pressure challenges which, amongst others, included the following:

- Revenue allocation for the payment of South African Post Office, Bank charges and cash-in-transit challenges.
- Expenditure allocation for Traffic Management White Fleet, Security Management, Learner Transport and unauthorised expenditure.

Notwithstanding the negative economic growth during the year under review which reduced the amount of fiscal resources available to fulfil all service delivery mandates, the Department of Police, Roads and Transport managed to create the maximum impact with available resources.

While the mountain was steep to climb, compliance with relevant prescripts had to be maintained. This is evidenced by the consistency of receiving unqualified audit outcomes in succession thus supported by the effectiveness of the internal controls. The Department managed to improve the overall performance to 90% which portrays an improvement when compared to the prior financial year. Amid financial constraints experienced by the Department certain targets and indicators had to be reprioritised.

Section 100 Intervention and the Implications

Constant monitoring and support provided by the Financial Management Chief Directorate ensured that under- and over-expenditure is minimised. Strict measures were implemented to comply with the Treasury Cost Containment Circulars.

Crime Prevention

Through intensive implementation of the Provincial Crime Prevention Strategy, the Province has seen a significant reduction in crime which can be substantiated by the National Crime Statistics. The Department continues to oversee the Police Stations within the Province by conducting monitoring and evaluation visits to ensure compliance with norms and standards is frequently carried out.

In order to curb social crime; a number of programmes and outreach awareness programmes are implemented. The following activities took place during the period under review:

- Implementation of school safety programmes.
- Commemoration of National focus days.
- Implementation of awareness programmes on human trafficking.
- Implementation of cross-border and inland rural safety programmes.
- Community outreach programmes (road shows).

The joint planning collaboration with Provincial SAPS Management has yielded positive results. Most of the deficiencies highlighted by the visits conducted at different Police Stations are swiftly addressed by the SAPS, thus service delivery

is improved. The Department has succeeded in establishing the Community Policing Forums (CPFs) and training was also provided to the members.

Fraud and Anti-Corruption

The Department has inculcated a culture of addressing fraud and corruption harshly by subjecting those involved to the disciplinary processes. Awareness campaigns are conducted regularly in an effort to promote a good ethical culture within the Department.

Contractor Development Programme (CDP)

The Department has initiated progressive intervention and measures of empowering the previously disadvantaged by ensuring participation within the mainstream economy through implementing programmes for contractor development with a specific focus on job creation and sustainable development.

Furthermore, 30% of all contractual projects was set aside for the purpose of sub-contracting and infrastructure projects were categorised per project size in order to ensure that there were competitive and comparative bidding.

Learner Transport

To support free fee education through the provision of transport to rural learners, the Department extended the service to also include learners within a 5 kilometre radius and not only beyond the set norm of 8 kilometres. The Department has been able to identify additional learners, routes and schools which were in need of learner transport. The process was jointly conducted with the Department of Education as they play a pivotal role of identifying the learners.

The Learner Transport programme is currently underfunded and the 2017/18 budget was adjusted and increased by R33 million to R73 million. This was done to alleviate the shortfall.

Bus Subsidisation

The Department continued to subsidise the two bus contracts namely Itumele Bus Lines (IBL) and Maluti Bus Services (MBL). Radical Transformation of IBL will be an ongoing process monitored by the Department.

Support to the Provincial Taxi Council

The Department has maintained the provision of support to the Provincial Taxi Council by allocating R5 million to assist in the administrative affairs of the council. For the year under review the Department has strengthened support by ensuring that the Council accounts for the allocation made to them by submitting reports on the utilisation of funds to the Department. Bilaterals with taxi associations in the Province are held in an effort to maintain stability within the industry.

Road Safety

The Department continued to roll out training programmes on road safety to scholar patrols and learners. The road safety awareness and schools involved in road safety were provided with Road Safety Education programme. A target of 150 road safety awareness programmes were planned and achieved for the period under review.

Law Enforcement

A number of speed and drunken driving operations were conducted in an effort to encourage responsible driving by motorists. The Department will always embark on law enforcement endeavours to reduce road casualties.

Upgrading of Testing Stations

For the year under review, the Department upgraded five testing stations to Grade A.

Overview of Financial Results of the Department

The Department has surpassed the total revenue collection target of R707 513 000.00 which was planned for the year under review. The Department collected R758 415 614.10.

Departmental Receipts

The Department collected motor vehicle licence tax and other related fees through the registration authorities and the Post Office. The tariffs used by the Department were promulgated in Provincial Gazette of 1 December 2017.

Departmental receipts	2017/18			2016/17		
	Budget Actual	Amount collected	Over/ under collection	Budget Actual	Amount collected	Over/ under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Motor vehicle licences	637 779	666 530	(28 751)	552 376	631 687	(79 311)
Sale of goods and services other than capital assets	89 776	69 227	20 547	89 776	64 074	25 702
Fines, penalties and forfeits	15 916	15 601	315	15 015	19 656	(4 641)
Interest dividends and rent on land	198	996	(798)	198	24	174
Financial transactions (Recovery of loans and advances)	845	6 061	(5 216)	845	1 769	(924)
TOTAL DEPARTMENTAL RECEIPTS	744 514	758 415	(13 901)	658 210	717 210	(59 000)

Motor Vehicle Licence Tax

The Department collected motor vehicle licence tax and other related fees through the registration authorities and the Post Office.

The Debt Management Unit which was established has ensured that vehicle licence tax defaulters pay their outstanding fees. The Unit made provision for motorists to make payment arrangement towards settling their outstanding fees.

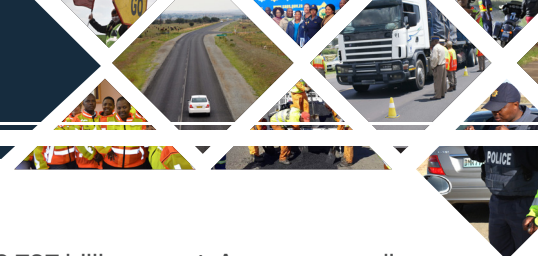
The Traffic Management Tracing Unit also contributed positively by contacting those owing their traffic fines and encouraged them to pay their fines.

Fines, Penalties and Forfeits

The ongoing collaboration between the Department of Police, Roads and Transport and the Department of Justice has improved the mechanisms of collecting outstanding fines. The two institutions will continue to communicate in order to improve service delivery and enhance revenue collection.

Financial Transactions in assets and liabilities

A positive variance has occurred due to the writing-off of losses and debts.



Programme Expenditure

The overall expenditure of the Department is at 101.4% and reflects an amount of R2 737 billion spent. An over-spending to the amount of R59.1 million is reflected in the AFS as a result of the Transport Regulation Programme. This expenditure excludes R12 921 million of the prior year's unauthorised expenditure that was repaid to Provincial Treasury.

Virements / Rollovers

The Department did not have any rollovers in the financial year under review.

Material Matters

- Fruitless and wasteful expenditure identified for the 2017/18 financial year is R1.4 million.
- Irregular expenditure identified for the year under review is R1.63 billion.
- Unauthorised expenditure for the year under review amounts to R249.6 million.

Free Services

The Department continuously provides assistance to communities by investigating and resolving their complaints against the SAPS or individual members of the SAPS. The Department uses a toll-free number to receive such complaints, which is a free service.

Future Plans of the Department

The Department is planning to decentralise certain services to the regions across the Province in order to enhance and improve access to all services offered by the Department to the Free State citizens. The process of decentralisation will be done in phases.

Public Private Partnerships (PPP)

The Department did not participate in the Public Private Partnership.

Discontinued activities /Activities to be discontinued.

No services have been or are planned to be discontinued by the Department.

New/Proposed activities

There are no new or proposed activities.

Asset Management

The Department's assets were captured on an excel asset register and focus has been on cleaning the Logis system for future reliance. The Department is reporting on the immovable assets as the custodian of immovable assets for the current financial year. The DPRT is the custodian of all the roads, quarries and bridges in the province. The User Immovable Asset Management Plan (U-IAMP) is annually submitted to both the Department of Public Works and Infrastructure as well as the Provincial Treasury as required by the Government Immovable Asset Management Act.

Event after the reporting date

There were no events to be reported after the reporting date.

Exemptions and deviations received from National Treasury.

No exemptions and deviations were received from National Treasury.

Supply Chain Management

There were no unsolicited bid proposals during the financial year. Supply Chain Management processes are in place to prevent any irregular expenditure. A control sheet is completed for all payments.

Adherence to Supply Chain Management processes is monitored closely and ongoing training courses take place in capacitating the officials within Supply Chain Management Directorate. Vetting and signing of the code of conduct is maintained. All officials working in Supply Chain Management completes the financial disclosures annually as required by the DPSA.

The payment of suppliers within 30 days is at a 99% compliance rate according to the key control matrix evaluation. A register for deviations and variations is in place. All Supply Chain Management monthly Provincial Treasury reports are submitted on time.

All bid committees are reviewed annually and the members have to sign the Supply Chain Management code of conduct.

Gifts and donations received in kind from non-related parties

The Department did not receive any gifts and donations in kind from non-related parties.

Other material information

Provincial Treasury paid for the use of the transversal operation systems (BAS, PERSAL and Logis) on behalf of the Department to SITA. No value for this service can be attributed to this transaction.

Acknowledgement and appreciation

I thank the Member of the Executive Council, Hon. MS Mashinini for his strong leadership, guidance, support and counsel during the reporting period.



The Department extends a sincere appreciation to the Transport Industry partners for their efforts. We also appreciate the role of the Auditor-General's Office.

I would like to offer a special word of gratitude to the Members of the Executive Management and employees in all the regions of the Province who have been pillars of strength to the Department and who stood firm during turbulent times. The entire team remained committed to the goals and objectives of the Department.

The Annual Financial Statements have been approved by the Accounting Officer.

Mr. SS Mtakati

**Accounting Officer
Department of Police, Roads and Transport**

31 July 2018

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

I have prepared the performance information report for the 2017/2018 financial year in accordance with the identified and reporting framework. As a Department we developed systems and internal control measures to correct, monitor and evaluate performance in order to guarantee reasonable assurance to the integrity and reliability of performance information.

In my opinion, the report fairly reflects the performance information of the department for the financial year ended at 31 March 2018.



Mr. SS Mtakati

Accounting Officer
Department of Police, Roads and Transport

31 July 2018

6. STRATEGIC OVERVIEW

6.1. Vision

A prosperous Free State through provision of sustainable community safety, mobility, road infrastructure and management of government motor transport.

6.2. Mission

To realise the aforesaid vision, we will:

Monitor, oversee and assess police service delivery in the Free State.
 Promote integrated crime prevention initiatives.
 Promote and regulate public transport and road safety.
 Ensure road safety and an integrated transport system and networks.
 Provide government motor transport services.

6.3. Values

In the fulfilment and attainment of its Vision and Mission the Department intends to achieve performance excellence through adherence to the following operational values:

- Consultation
- Access
- Courtesy
- Openness and Transparency
- Information
- Redress
- Value for money
- Knowledge application (courage to learn, change and innovate)
- Teamwork (work together and build a spirit of cooperation)
- Equality, equity and fairness
- Mutual trust and respect
- Professionalism
- Honesty
- Loyalty
- Integrity
- Accountability

7. LEGISLATIVE AND OTHER MANDATES

7.1 Constitutional Mandates

CONSTITUTIONAL MANDATE	DEPARTMENTS' COMPLIANCE
The Constitution of the Republic of South Africa (Act 108 of 1996).	Outlines the functions of the provincial government in relation to those of national and local government and also stipulates the concurrent functions between the various spheres of Government.

7.2 Legislative Mandates

Legislative Mandates	Relevance to the Department
Administration specific legislation	
The Public Finance Management Act, 1999 and Regulations.	States that the Accounting Officer of an institution must prepare a strategic plan that is consistent with the period covered by the Medium Term Expenditure Framework (MTEF) for approval by the relevant Executive Authority.
The Public Service Act, 1994 and Regulations.	Emphasises that the Department's strategic plan should include core objectives based on Constitutional and other legislative mandates, functional mandates as well as the Service Delivery Improvement Programme (SDIP).
Skills Development Act, 2003 (Act No 31 of 2003).	This Act amends the Skills Development Act, 1998 (Act No 97 of 1998) by providing anew for the budgeting process in relation to training.
Promotion of Administrative Justice Act, 2000.	Sets out clear rules and guidelines that the administrators must follow when making decisions.
Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000).	It provides for a legislative framework for the implementation of the preferential procurement policy.
State Information Technology Agency Act, 1998 (Act No 88 of 1998).	It regulates IT procurement and services in government sector.
Public Service Regulations 2001 (as amended).	Emphasises that the Department's strategic plan should include core objectives based on constitutional and other legislative mandates, functional mandates as well as the Service Delivery Improvement Programme.
Police specific legislation	
South African Police Services Act, 1995 (Act 68 of 1995).	This legislation outlines the functions of the national and provincial secretariats for safety and security.
South African Police Services Amendment Act, 1997 (Act 41 of 1997).	This legislation outlines the functions of the national and provincial secretariats for safety and security.
Civilian Secretariat for Police Service Act 2 of 2011.	The legislation outlines the functions and powers of the Civilian and Provincial Secretariat.
Roads infrastructure specific legislation	
The Expropriation Act, 1975 (Act No. 63 of 1975).	The act determines the expropriation process, as well as the calculation, determination and payment of compensation for any and all immovable properties acquired.
Advertising on Roads and the Ribbons Development Act 1940. (Act No. 1 of 1940).	Deals with the advertisement and development adjacent to the roads network.

Legislative Mandates	Relevance to the Department
The Roads Ordinance, 1968 (Ordinance No. 4 of 1968).	This Ordinance deals with the overarching management and implementation of roads related projects.
General Conditions of Contract (GCC), 2010 second edition.	A form of contract for use in contracts where the contractor undertakes construction on the basis of full designs issued by the employer.
Standard Specifications for Road and Bridge Works for State Road Authorities (COLTO).	Specifications governing the compilation of tender- and contract documents for road and bridge construction.
The Minerals Act (Act 50 of 1998).	The Act deals with the prospecting, mining and disposal of minerals, as well as the opening, rehabilitation and closure of quarries.
The National Veld and Forest Fire Act (Act 101 of 1998).	The Act deals with the management of veld fires and assigns certain responsibilities to adjacent land owners.
Transport specific legislation	
The National Land Transport Act, 2009 (Act No. 22 of 2009).	The Act deals with the following related functions namely, planning, integration and regulation of the public transport.
The National Road Traffic Act, 1996 (Act No. 93 of 1996).	This Act deals mainly with the regulation of traffic function.
National land Transport Act 2009 (No 5 of 2009).	The Act deals with the following related functions namely, planning, integration and regulation of the public transport.
Road Traffic Act, 1989 (Act No. 29 of 1989).	Deals with the promotion of road safety.

7.3 Policy mandates

Policy Mandate	Key responsibility on Department
White Paper on Training and Development in the Public Service, 1997.	It focuses on training and development of officials in Government Departments.
Human Resources Development Strategy.	It provides for skills development in the public service.
The 1996 National Crime Prevention Strategy.	It informs the department on how best to approach the national crime issues and the dynamics relating thereto.
The 1998 White Paper on Safety and Security.	It informs the department on how best to approach the national crime issues and the dynamics relating thereto.
National Passenger Road Plan.	To facilitate the understanding of the various designs corridor subsidy matrix will be established to validate the corridor criteria for subsidisation purposes.
National White Paper Transport Policy, 1996.	To ensure sustainable and dedicated funding for passenger transport infrastructure, operations and law enforcement.
Moving South Africa.	Identifies four key strategic challenges impacting on urban passengers which required addressing through various strategies.
Rural Transport Strategy for South Africa, 2007.	Focus on delivering rural transport infrastructure and services in line with IDPs and ISRDP.
Public Transport Strategy, 2007.	Encompasses the key profits aimed at achieving the goal of mass public transit networks. These networks comprise an integrated package of Rail, Bus Rapid Transit, priority corridors and Taxi Recapitalisation supported by extensive feeder and distribution network.

Policy Mandate	Key responsibility on Department
Extended Public Works Programme.	A national programme aimed at alleviating and reducing unemployment.
Road Infrastructure strategic framework for South Africa.	For the improvement of integrated planning of the road network and the coordination with other transport modes. Defining an integrated and appropriately classified network to provide mobility and access to stimulate growth and mobility.

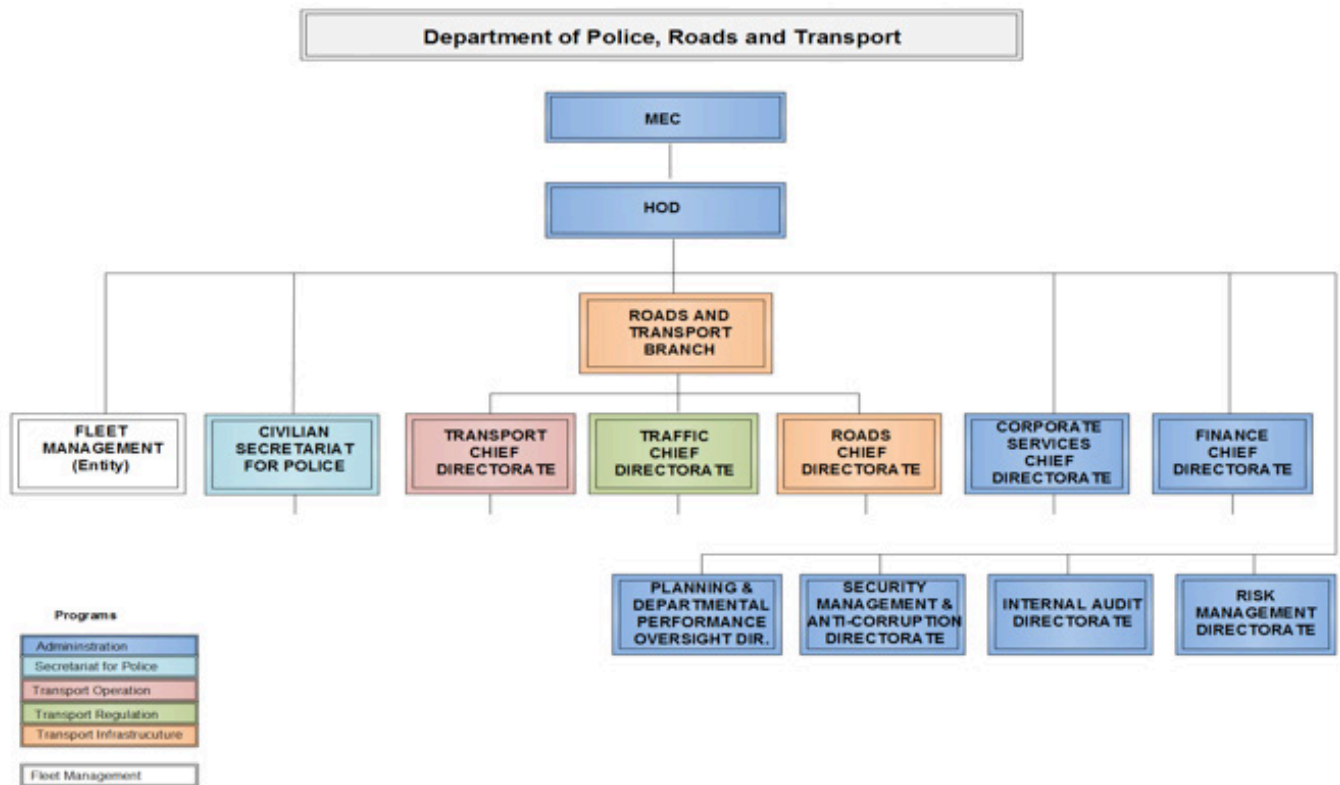
7.4 Relevant court rulings

Name of the court case	Key responsibility on Department
KwaZulu-Natal court judgment.	It confirms, inter alia, that the due date set by the Minister as per section 32 (2) of the NLTAA Act, 2000 (Act 22 of 2000) for operators to convert their permits to Operating Licenses, is set aside.

The above documents empower the Department to:

- Monitor and evaluate the performance of the SAPS in the Province in order to ensure continuous improvements in its performance on crime prevention, law enforcement and to ensure quality service delivery.
- Coordinate and integrate government-led social crime prevention activities and the support of community initiatives.
- Coordinate the Criminal Justice System and the Criminal Justice Cluster within the Province to ensure sustained integration.
- Improve relations between communities and components of the Criminal Justice System.
- Improve communication and information in order to empower communities.
- Validate the corridor criteria for subsidisation purposes.
- Improve integrated planning of the road network and the coordination with other transport modes.
- Define an integrated and appropriately classified network to provide mobility and access to stimulate growth and mobility.
- Compile tender and contract documents for road and bridge construction.

8. ORGANISATIONAL STRUCTURE



9. ENTITIES REPORTING TO THE MEC

Not applicable.

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PART B:

PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Refer to Auditor-General's report from paragraphs 24 to 31 on pages 128 to 129.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The following service delivery services were rendered directly:

- 10 community outreach programmes were conducted on community safety/road shows in order to provide public education to the community.
- 25 951 new vehicles were registered.
- 88 872 used vehicles were registered.
- 612 schools were provided with road safety education.
- 160 road safety awareness campaigns were held.

2.2 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
Provision of vehicle and driving licenses.	Free State Citizens, Motorists and Drivers.	100 % application rate at all 64 Departmental Testing Stations.	100% application rate at all 64 Departmental Testing Stations.	During the period under review all applications processed at 64 Testing Stations were 100% executed

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

Current/Actual Arrangements	Desired Arrangements	Actual Achievements
Consultation		
<ul style="list-style-type: none"> • A Provincial Forum is established between the Dealer Association, Financial Institutions and Taxi Associations which meet twice a year. 	<ul style="list-style-type: none"> • Sustain Provincial Forum meetings between the Department, Dealers Associations, Financial Institutions and Taxi Associations which meet twice a year. 	<ul style="list-style-type: none"> • Two Provincial Forum meetings were held during the financial year under review between Dealer Associations, Financial Institutions and Taxi Associations.
<ul style="list-style-type: none"> • Departmental Service Delivery Intervention and Batho Pele Forum is established whereby all issues concerning Service Delivery are discussed and resolved. The forum convenes quarterly and consists of all Regional Managers, Internal Stakeholders and the Service Delivery Unit. 	<ul style="list-style-type: none"> • Sustain Departmental Service Delivery Intervention and Batho Pele Forum whereby all issues concerning service delivery will be discussed and resolved. 	<ul style="list-style-type: none"> • Four quarterly meetings were held to address matter relating to service delivery.

Batho Pele arrangements with beneficiaries (Continued)

Current/Actual Arrangements	Desired Arrangements	Actual Achievements
Courtesy		
<ul style="list-style-type: none"> At the main centres namely Lengau, Harrismith, Phuthaditjhaba, Welkom and Kroonstad) there are two Marshalls to monitor and control the queues. They are also assisting with the completion of forms at the information desk. 	<p>Sustain and improve the following:</p> <ul style="list-style-type: none"> The role played by Marshalls in managing, controlling the queues and completion of forms at the information desk. 	<p>During the period under review queue management system was introduced at the five main testing centers.</p>
<ul style="list-style-type: none"> The following mechanisms are in place: <ul style="list-style-type: none"> Complaints and Compliments Register; Suggestion Boxes; and Questionnaires. 	<p>Sustain and improve the existing mechanisms namely:</p> <ul style="list-style-type: none"> Complaints and Compliments Register; Suggestion Boxes; and Questionnaires. 	<p>Unannounced and announced visits were conducted by the Service Delivery Officials to Monitor and Evaluate mechanisms put into place.</p>
Access		
Services to clients are rendered through walk-ins, telephones and emails.	<ul style="list-style-type: none"> Maintain access to services to all clients through walk-ins, telephones and emails. 	During the reporting period the department continued to provide service to the clients through walk-ins, telephone and e-mails.
Post Office is also rendering services throughout the week including Saturdays to accommodate clients who are not able to make use of the service during week days.	<ul style="list-style-type: none"> Maintain service rendered by Post Office to accommodate clients who are unable to make use of the service during week days. 	The department maintained its relations with South African Post Office to ensure that services are rendered over the weekend and bring services closer to the people.
	<ul style="list-style-type: none"> Procure a mobile collecting unit to reach clients in remote areas. 	Due to budget constraints the service will be considered during next financial plan.
Information		
<ul style="list-style-type: none"> Information is easily accessible on the Departmental website, i.e. www.freetrans.gov.za regarding services rendered and the fee structure. Departmental Imbizo's are used for dissemination of information regarding services. Vehicle and drivers' statistics are available on the eNATIS website i.e. www.tasima.co.za Information notices are displayed at the testing stations outlining services provided. Utilisation of media platforms such as print, electronic and radio for dissemination of information. 	<p>Sustain the mechanisms of disseminating information to the members of the public.</p>	<p>During the period under review the department continued to implement existing mechanisms for dissemination of information to the public.</p>

Batho Pele arrangements with beneficiaries (Continued)

Current/Actual Arrangements	Desired Arrangements	Actual Achievements
Openness and Transparency		
<ul style="list-style-type: none"> Motor Vehicle Tax and other miscellaneous fees, are advertised on the Government Gazette including on information posters displayed at all testing centres. 	<ul style="list-style-type: none"> Continue to advertise in the Government Gazette and information posters at testing centres. 	<ul style="list-style-type: none"> The department continued to utilise Government Gazette as a tool to disseminate information regarding Motor Vehicle Tax and other miscellaneous fees and information posters.
<ul style="list-style-type: none"> To develop Information brochures for service rendered. 	<ul style="list-style-type: none"> Information brochures are in the process of being developed for service rendered. 	<ul style="list-style-type: none"> Information brochures have been developed and distributed for display at all testing centres.
<ul style="list-style-type: none"> Departmental Annual Report is made available for the Public. 	<ul style="list-style-type: none"> Continue to make the annual report available for the Public. 	<ul style="list-style-type: none"> Distributed the copy of the Annual Report of the department to relevant stakeholders.
Redress		
<ul style="list-style-type: none"> Clients are informed in advance in the event of service interruptions and alternative service points where service can be provided are communicated through various communications platforms. 	<ul style="list-style-type: none"> Put into place mechanisms to avoid service interruption through the involvement of relevant stakeholders e.g. eNATIS. 	<ul style="list-style-type: none"> During the financial year under review the department together with RTMC rolled out a massive infrastructure enhancement programme to meet the client's expectations.
<ul style="list-style-type: none"> Departmental Service Delivery Intervention and Batho Pele Forum meet quarterly to address issues affecting service delivery. 	<ul style="list-style-type: none"> Sustain the sittings of the Departmental Service Delivery Intervention and Batho Pele Forum to address issues affecting service delivery. 	<ul style="list-style-type: none"> During the period under review four quarterly meetings were convened to address issues affecting service delivery.
Value for money		
Deployment of proficient marshal for the management of queues and completion of application forms.	Deployment of proficient marshal for the management of queues and completion of application forms.	The department realised significant increase in terms of revenue collection.
Clients can utilise the Department's email address: services@freetrans.gov.za , the toll-free number: 0800 72 73 74 and fax-to-email 086 77 16 846 to avoid travelling	Clients can utilise the Department's email address: services@freetrans.gov.za , the toll-free number: 0800 72 73 74 and fax-to-email 086 77 16 846 to avoid travelling.	Through this intervention clients could easily access the service rendered by the department thus reducing travelling cost for the service beneficiaries.

Service Delivery Information Tool

Current/Actual Information Tools	Desired Information Tools	Actual Achievements
Monitor service delivery at Departmental service points using: <ul style="list-style-type: none"> Approved Departmental 2015/2018 SDIP. 	<ul style="list-style-type: none"> Developed 2015/2018 Departmental SDIP. 	<ul style="list-style-type: none"> Implemented 2015/2018 Departmental SDIP through submission of quarterly and annual progress report to relevant stakeholders e.g. OTP and DPSA.
<ul style="list-style-type: none"> Departmental unannounced visit template and questionnaires. 	<ul style="list-style-type: none"> Departmental unannounced visit template and questionnaires. 	<ul style="list-style-type: none"> Departmental unannounced visit template and questionnaires have developed and utilised as mechanism for monitoring and evaluation.
<ul style="list-style-type: none"> Approved annual Departmental Service Charter and Service Standards 2017/18. 	<ul style="list-style-type: none"> Developed annual Departmental Service Charter and Service Standards 2017/18. 	<ul style="list-style-type: none"> Annual Departmental Service Charter and Service Standards 2017/18 were approved and displayed at all service points of the department.
<ul style="list-style-type: none"> Annual Departmental Khaedu Deployment Plan 2017/18. 	<ul style="list-style-type: none"> Developed Annual Departmental Khaedu Deployment Plan 2017/18. 	<ul style="list-style-type: none"> Approved Annual Departmental Khaedu Deployment Plan 2017/18 was implemented SMS/MMS members were deployed to various service delivery points.

Complaints Mechanism

Current/Actual Complaints Mechanism	Desired Complaints Mechanism	Actual Achievements
Collection of Customer Satisfactory Cards at all the Departmental service points twice a year.	Collection of Customer Satisfactory Cards at all the Departmental Service Points quarterly.	Customer Survey Report for 2017/18 was prepared utilizing data collected through Customer Cards from all Service Points of the department.
Operational and utilisation of Departmental Call Centre.	<ul style="list-style-type: none"> Operational and utilisation of Departmental Call Centre. 	Clients utilised the Department's email address: services@freetrans.gov.za; the toll-free number: 0800 72 73 74, and: fax-2-email: 086 77 16 846.
	<ul style="list-style-type: none"> The establishment of the Department Traffic Infringement Centre. 	The Department Traffic Infringement Centre has been established and function in Parys.

2.3 Organisational Environment

The departmental organisational structure was reviewed and currently the vacancy rate is standing at 14.6%. Human Resource Management is aligned with the strategic objective to enhance the human capacity-base of the Department.

The following were human resource priorities for the year under review:

- Capacity building for staff.
- Recruitment of skilled and capable workforce.
- Reduction of in vacancy rate.

The following were key achievements for the year under review:

- Recruitment of capable and skilled personnel.
- Staff development.
- Organisational re-engineering.

2.4 Key policy developments and legislative changes

The Department finalised the alignment to the Civilian Secretariat for Police Services Act and started to implement the new mandate of auditing and monitoring the compliance of the SAPS in the implementation of the Domestic Violence Act.

3. STRATEGIC OUTCOMES ORIENTED GOALS

The Department is contributing directly to the following outcomes as outlined in the Medium Term Strategic framework:

- Outcome 3: All people in South Africa are and feel safe.
- Outcome 6: An efficient, competitive and responsive economic infrastructure network.

The following are some of the key strategic objectives of the department which are aligned to the two mentioned outcomes:

To monitor and evaluate the effectiveness and efficiency of service delivery by the SAPS.

- Relating to this strategic objective, 55 police stations were monitored and evaluated on police compliance to set norms and standards.
- The Department also started to monitor and evaluate 110 police stations to establish the level of compliance by the SAPS in the implementation of the Domestic Violence Act.

Provincial Crime Prevention

- The Provincial Crime Prevention Strategy (PCPS) that was launched on 12 July 2013 propagates an integrated approach to safety and security and requires coordination of crime prevention activities across a variety of stakeholders departments and community bodies.
- The PCPS, which is aligned to the National Development Plan (NDP), is providing a framework to serve as an overarching planning instrument, articulating the development agenda and providing strategic direction for the Province with regard to the fight against crime.
- To this effect, the Justice Crime Prevention and Security (JCPS) Cluster led by the Department has developed a Programme of Action (PoA) which is basically an implementation plan of the strategy. The activities of the plan range from awareness campaigns aimed at discouraging crime, substance abuse, gangsterism, abuse of vulnerable groups, etc. to joint operations led by the SAPS and other law enforcement agencies.
- Reporting on the implementation of the plan is done quarterly to the Executive Council and this has ensured that the strategy achieves its objective in a coordinated collaborative approach to crime prevention and to this end, much has been achieved in the work around crime prevention and the 2017/18 Provincial crime statistics bear testimony to the success of the implementation of the strategy and collaborative approach to crime prevention.

Ensure a culture of proper road traffic law compliance by road users

Activities of Traffic Policing include road blocks, traffic patrols, speed measuring, drunken driving monitoring and other related functions, the primary aim of which is to reduce traffic related accidents and fatalities. Fines issued during the reporting period:

- Roadworthiness – 47 959
- Moving Violations – 33 061



4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

Purpose

The aim of the Programme is to provide administrative and financial support and give advice to the Executing Authority, the Head of Department and all line functions.

Programme Description

The programme consists of the following Subprogrammes:

- Office of the MEC
- Office of the HoD
- Financial Management
- Corporate Services
- Strategic Planning and Research Development
- Internal Audit
- Legal Services
- Security Management
- Risk Management

Strategic Objectives

- 1.1: Enhance the human capacity-base of the Department.
- 1.2: Ensure sound and effective organisational communication and promote the image of the Department among all its stakeholders.
- 1.3: Utilise Information and Communication Technology (ICT) to support departmental objectives.
- 1.4: Ensure good governance and sound financial administration.
- 1.5: Facilitate strategic direction, monitoring and evaluation of departmental performance.

Performance Indicators		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
Human Resources Development						
1.1.1	Number of officials who attended development courses.	432	200	200	0	-
Communications						
1.1.2	Number of departmental buildings with improved signage.	15	10	11	1	Due to in-house production of signage as additional items.
1.1.3	Number of media briefings conducted to all media houses.	4	8	12	4	Continuous engagements with media houses on activities.
1.1.4	Number of publications to market the services of the Department.	5	4	5	1	Due to October Transport Month and Festive Season activities.

Performance Indicators		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
Information and Communications Technology						
1.1.5	Number of ICT end-user trainings provided to officials.	3	4	4	0	-
1.1.6	Number of ICT steering committee meetings held.	4	4	4	0	-
Internal Audit						
1.1.7	Number of audits conducted.	17	18	18	0	-
Risk Management						
1.1.8	Number of risk assessments conducted.	60	61	61	0	-
Strategic Planning, Monitoring and Evaluation						
1.1.9	Number of institutional performance reports submitted to oversight bodies.	4	5	5	0	-
Supply Chain Management						
1.1.10	Percentage payments made to suppliers/ contractors within 30 days from receipt of an invoice.	98.15%	100%	99%	1%	Cash flow problems.

Reason for Deviations

The programme achieved 90% of all its performance indicators with the exception of one indicator which was not achieved. The Department did not realise 100% payment of suppliers due to cash-flow challenges.

Strategy to overcome areas of under performance

To realise the payment of suppliers within 30 days, the Department will:

- Make frequent follow-ups with the suppliers regarding the delay of invoices, expired tax clearance certificate and updating of banking details.
- Monitor accruals weekly.
- Initiate turnaround time for all received invoices.

Linking performance with budget

In 2017/18 financial year the programme underspent by R166 000.

PROGRAMME 1: SUBPROGRAMME EXPENDITURE

Sub-Programme Name	2017/2018			2016/2017		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1.1 OFFICE OF THE MEC						
Current Payment	9 160	6 969	2 191	10 552	7 543	3 009
Transfers and subsidies	30	6	24	-	-	-
Payment for capital assets	210	78	132	120	-	120
1.2 OFFICE OF THE HOD						
Current Payment	11 120	7 925	3 195	9 856	8 297	1 559
Transfers and subsidies	-	9	(9)	-	-	-
Payment for capital assets	60	-	60	50	-	50
1.3 FINANCIAL MANAGEMENT						
Current Payment	86 681	92 125	(5 444)	102 115	73 846	28 269
Interest and rent on land	-	-	-	-	-	-
Transfers and subsidies	340	400	(60)	-	140	(140)
Payment for capital assets	337	47	290	273	221	52
Payment for financial assets	-	563	(563)	-	-	-
1.4 CORPORATE SERVICES						
Current Payment	48 302	44 126	4 176	62 276	55 378	6 898
Interest and rent on land	-	6	(6)	-	-	-
Transfers and subsidies	1 046	711	335	325	56	269
Payment for capital assets	6 630	4 621	2 009	3 857	4 186	(329)
Payment for financial assets	564	-	564	-	-	-

	2017/2018			2016/2017		
Sub-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
1.5 INTERNAL AUDIT						
Current Payment	6 055	6 102	(47)	5 310	4 906	404
Payment for capital assets	-	-	-	-	-	-
1.6 LEGAL SERVICE						
Current Payment	4 252	2 727	1 525	5 275	6 483	(1 208)
Interest on rent on land	-	-	-	-	-	-
Transfers and Subsidies	-	-	-	-	105	(105)
1.7 STRATEGIC PLAN AND RESEARCH DEVELOPMENT						
Current Payment	9 578	10 790	(1 212)	6 249	9 462	(3 213)
Transfers and subsidies	-	-	-	-	101	(101)
Payment for Capital asserts	40	39	1	62	20	42
1.8 SECURITY MANAGEMENT						
Current Payment	58 745	63 955	(5 210)	58 457	65 058	(6 601)
Transfers and subsidies	50	107	(57)	-	-	-
Payment for Capital asserts	-	2 500	(2 500)	156	119	37
1.9 RISK MANAGEMENT						
Current Payment	3 037	2 254	783	1 765	2 363	(598)
Payment for capital assets	30	29	1	30	-	30
TOTAL	246 267	246 101	166	266 728	238 284	28 444

PROGRAMME 1 PER ECONOMIC CLASSIFICATION

Programme 1 Per Economic Classification	2017/2018			2016/2017		
	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
CURRENT PAYMENT						
Compensation of employees	163 517	163 469	48	157 721	157 340	381
Goods and services	73 413	73 498	(85)	104 070	75 932	28 138
Interest and rent on land	-	6	(6)	64	64	-
TRANSFERS AND SUBSIDIES	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-
Households	1 466	1 233	233	325	402	(77)
PAYMENT FOR CAPITAL ASSETS						
Building and other fixed structures	-	691	(691)	-	-	-
Machinery and equipment	7 307	6 641	666	4 349	4 347	2
Software and Intangible Assets	-	-	-	199	199	-
PAYMENT FOR FINANCIAL ASSETS	564	563	1	-	-	-
TOTAL	246 267	246 101	166	266 728	238 284	28 444



4.2 Programme 2: Provincial Secretariat for Police Service

Purpose

The purpose of the Programme is to monitor the performance of the service delivery by the South African Police Services (SAPS) and to mobilise and ensure active community and sector participation in crime prevention in the Province.

Programme Description

The Programme consists of the following Subprogrammes:

- Programme Support
- Monitoring and Evaluation
- Complaints Registry and Investigation
- Policy and Research
- Social Crime Prevention
- Community Police Relations
- Promotion of Safety (Compliance Unit)

Subprogramme: Monitoring and Evaluation

Strategic Objectives, Performance Indicators and Performance Targets:

2.1 To monitor and evaluate the effectiveness and efficiency of service delivery by the SAPS.

Performance indicators

Performance Indicators			Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
2.1.1	Number of police stations visited for evaluation on implementation of recommendations.	Motheo (Mangaung Metro), Xhariep, Fezile Dabi, Thabo Mofutsanyana and Lejweleputswa	55	55	55	0	-
2.1.2	Number of specialised units monitored and evaluated on the set norms and standards.	Specialised Units	2	2	2	0	-

Subprogramme: Complaints Registry and Investigation

2.2 To register and investigate all service delivery complaints against the SAPS.

Performance Indicators		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
2.2.1	Number of reports reflecting the number and status of complaints.	12	12	12	0	-
2.2.2	Number of reports on the nature of complaints.	4	4	4	0	-
2.2.3	Number of reports regarding the investigation of complaints.	36	36	36	0	-

Subprogramme: Policy and Research

2.3 Conduct research to identify community safety needs in guiding interventions.

NB: Indicator for the Strategic Objective 2.3 is reported under the Customised Sector Targets.

Customised Sector Targets**Quarterly Indicators**

Performance Indicators	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
Number of management reports compiled on service delivery complaints against the SAPS.	4	4	4	0	-
Number of reports compiled on implementation of IPID recommendations by the SAPS.	4	4	4	0	-
Number of police stations monitored and reports compiled.	55	55	55	0	-
Number of reports on monitoring and evaluation special projects compiled.	2	2	2	0	-

Annual Indicators

Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
Policy and Research					
Number of research reports on special projects compiled.	4	4	4	0	-
Monitoring and Evaluation					
Number of reports on the implementation of National Monitoring Tool (NMT) recommendations compiled.	1	1	1	0	-

Subprogramme: Social Crime Prevention

Strategic Objectives, Performance Indicators, and Performance Targets:

2.4 Develop and execute social crime prevention programmes at Provincial and local level.

Performance indicators

Performance Indicators		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
2.4.1	Number of social crime prevention programmes/projects addressing root causes of crime in the province.	4	5	5	0	-
2.4.2	Number of School Safety programmes implemented at identified schools.	11	20	20	0	-
2.4.3	Number of crime prevention campaigns commemorating National focus days/ months.	4	5	5	0	-
Number of rural safety and cross-border crime prevention initiatives/projects						
2.4.4	Number of awareness programmes on human trafficking conducted.	2	5	5	0	-
2.4.5	Number of rural safety programmes/ projects conducted (cross-border and inland).	4	5	5	0	-
2.4.6	Number of community outreach programmes conducted (public meetings/roadshows, etc.)	10	10	10	0	-

Subprogramme: Community Policing and Liaison

2.5 Oversee the establishment and functioning of CPFs at police stations in the Province.

Performance indicators

Performance Indicators		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
2.5.1	Provincial Board assessed on functionality.	1	1 Provincial Board.	1	0	-
2.5.2	Number of established and functional sector Policing Forums in the Province.	220	220	220	0	-

2.6 Enhance and capacitate community policing structures to improve community police relations and cooperation.

Performance Indicators		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
2.6.1	Number of training workshops for CPF executive members per district.	2	5	5	0	-
2.6.2	Number of community policing projects funded.	3	5	5	0	-

Subprogramme: Promotion of Safety

2.7 Monitor and evaluate compliance of the SAPS with the Domestic Violence Act (DVA) and assess the level of Victim Empowerment services at police station level.

Performance Indicators (Outcome 3, Output 2)			Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
2.7.1	Number of police stations monitored and evaluated on the implementation of the DVA.	TOTAL	50	110	110	0	
		Motheo (Mangaung Metro)	10	14	14	0	-
		Xhariep	8	23	23	0	-
		Fezile Dabi	12	21	21	0	-
		Thabo Mofutsanyana	12	30	30	0	-
		Lejweleputswa	8	22	22	0	-
2.7.2	Number of public awareness campaigns conducted on the DVA.		16	16	16	0	-
2.7.3	Number of police stations monitored and evaluated on the implementation of the Victim Empowerment Programme (VEP).		72	110	110	0	-

Customised Sector Targets

Performance Indicators	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
Number of functional CSFs assessed.	3	4	4	0	-
Number of functional CPFs assessed.	110	110	110	0	-
Number of crime prevention programmes implemented.	14	16	16	0	-
Number of the DVA compliance reports compiled.	4	4	4	0	-

Reasons for deviations

The Programme achieved 100% of its planned targets.

Strategy to overcome areas of under performance

None

Linking performance with budget

In 2017/18 financial year the programme underspent by R11 000.

PROGRAMME 2 SUBPROGRAMME EXPENDITURE

Subprogramme Name	Expenditure 2017/2018			2016/2017		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
2.1 COMPLAINTS AND REGISTRY						
Current payment	3 835	3 778	57	2 779	2 604	175
Payment for financial assets	-	-	-	-	-	-
2.2 MONITORING AND EVALUATION						
Current Payment	5 784	5 223	561	4 954	5 331	(377)
Transfers and subsidies	19	2	17	-	-	-
Payment for financial assets	51	51	0	-	-	-
2.3 SOCIAL CRIME PREVENTION						
Current payment	5 914	6 390	(476)	4 926	4 849	77
Transfers and subsidies	17	9	8	264	69	195
Payment for capital assets	310	309	1	-	-	-
Payment for financial assets	-	-	-	-	-	-
2.4 COMMUNITY POLICE						
Current Payment	3 927	6 082	(2 155)	4 548	5 099	(551)
Transfers and subsidies	-	25	(25)	-	-	-
Payment for capital assets	-	-	-	-	-	-
2.5 PROMOTION OF SAFETY						
Current Payment	3 092	2 084	1 008	1 989	1 462	527
Transfers and subsidies	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-
2.6 POLICY AND RESEARCH						
Current Payment	1 061	46	1 015	-	-	-
Transfers and subsidies	-	-	-	-	-	-
TOTAL	24 010	23 999	11	19 480	19 414	66

PROGRAMME 2 PER ECONOMIC CLASSIFICATION

Programme 2 Per Economic Classification	2017/2018			2016/2017		
	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
CURRENT PAYMENT						
Compensation of employees	21 213	21 203	10	16 090	15 818	272
Goods and services	2 400	2 400	-	3 126	3 527	(401)
TRANSFERS AND SUBSIDIES						
Public corporations and private enterprise	-	-	-	-	-	-
Households	36	36		264	69	195
PAYMENT FOR CAPITAL ASSETS	310	309	1			
Building and other fixed structures	-	-	-	-	-	-
Machinery and equipment	310	309	1	-	-	-
PAYMENT FOR FINANCIAL ASSETS	51	51	-	-	-	-
TOTAL	24 010	23 999	11	19 480	19 414	66

4.3 Programme 3: Transport Operations

Purpose

The Subprogramme is responsible for planning, regulating and facilitating the provision of transport services and infrastructure.

Programme Description

The Programme is structured as follows:

- Programme Support Operations
- Public Transport Services
- Transport Safety and Compliance
- Transport Systems
- Infrastructure Operations

Subprogramme: Public Transport Services and Systems

Strategic Objectives, Performance Indicators, and Performance Targets:

3.1 Promote the delivery of a well-coordinated, safe and affordable public transport service.

Performance indicators

Performance indicator		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
3.1.1	Number of public transport (bus) subsidy provided in the Province.	3	5	3	2	Due to financial constraints the Department could not cover the 2 districts namely; Fezile Dabi and Xhariep.
3.1.2	Monitor contractual compliance of Supervisory Monitoring Firm (SMF).	12	12	12	0	-

Performance indicators (continued)

Performance indicator		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18				Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
3.1.3	Number of learner transport subsidy contract provided in the province.	172	164	172				8	164 contracts was a target planned for the tender which was supposed to be in place during 2017/18. The old tender had 172 contracts which are still in use.
3.1.4	Number of schools benefiting from learner transport subsidy in the Province.	171	174	197				23	New routes opened due to rationalisation. Trip exchange has been effected to cater for the new routes.
3.1.5	Number of learners benefiting from learner subsidy in the Province.	10 637	9 868	Q1	Q2	Q3	Q4	2 184	The variance of 2 184 was measured against the performance of Quarter 4 of the period under review. The Department anticipated to transport 9 868 learners, however, because of the budget constrain, the Department transported 7 684 learners.
				6 241	7 698	7 691	7 684		

Customised Sector Targets

Performance Indicators	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
Number of kilometres subsidised.	11 954 262.8	12 211 804	11 839 763.5	372 040.5	There was a decrease in passenger demand. Approval of blue shift schedule was granted to both operators between 18 December 2017 and 6 January 2018.
Number of trips subsidised.	263 862	230 940	261 365	30 425	Over Achievement is due to the monitoring of unsubsidised trips.
Number of routes subsidised.	2 808	2 808	234	2 574	Calculation error as a result of calculating number of contracts per month cumulatively instead of once.

Subprogramme: Transport Safety and Compliance

Strategic Objectives, Performance Indicators and Performance Targets:

3.2 Conduct road safety awareness programmes through education and training.

Performance indicators

Performance Indicators		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
3.2.1	Number of schools trained on scholar patrol.	237	190	181	9	Nine schools were not trained due to budgetary constraints.
3.2.2	Number of learners utilising junior traffic training centres.	1 737	2 700	2 777	77	Acquisition of two 22-seater busses made it possible to ferry learners to and from training centres.

Customised Sector Targets

Performance Indicators		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
Number of road safety awareness programmes.		76	150	160	10	Additional joint operations with stakeholders were identified and implemented.
Number of schools involved in road safety education programme.		266	575	612	37	The need increased as a result of high risk areas.

Reasons for deviations

The Programme achieved 67% of its planned targets. The programme did not achieve four of its planned output. The major area of under-achievement relates to less kilometres travelled by subsidised bus companies. This is attributed to a shortage on the conditional grant provided to pay for the planned kilometres.

Strategy to overcome areas of under performance

To set proper baselines and projections which takes into account the conditional grant allocation.

Linking performance with budget

In 2017/18 financial year the programme under spent by R66 000.

PROGRAMME 3 SUBPROGRAMME EXPENDITURE

Details per Subprogramme	Expenditure 2017/2018			2016/2017		
	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
4.1 PROGRAMME SUPPORT OPERATIONS						
Current Payments	1 886	1 131	755	795	455	340
Transfers and subsidies	-	-	-	34	33	1
Payments for capital assets	42	42	-	-	-	-
Payment for financial assets	4	4	-	-	-	-
4.2 PUBLIC TRANSPORT SERVICES						
Current Payments	81 398	81 458	(60)	51 254	61 119	(9 865)
Transfers and subsidies	255 669	255 614	55	241 301	241 262	39
Payment for capital assets	-	-	-	-	-	-
4.3 INFRASTRUCTURE OPERATIONS						
Current Payments	2 877	2 720	157	2 628	2 137	491
Transfers and subsidies	108	163	(55)	17	17	-
Payment for capital assets	-	-	-	-	-	-
4.4 OPERATOR LICENCE AND PERMITS						
Current Payments	13 672	14 458	(786)	14 354	13 924	430
Transfers and subsidies	5 000	5 000	-	5 000	5 000	-
Payment for capital assets	-	-	-	-	-	-
TOTAL	360 656	360 590	66	315 383	323 947	(8 564)

PROGRAMME 3 PER ECONOMIC CLASSIFICATION

Programme 3 Per Economic Classification	2017/2018			2016/2017		
	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
CURRENT PAYMENT						
Compensation of employees	24 280	24 280	-	21 104	21 689	(585)
Goods and services	75 553	75 487	66	47 927	55 946	(8 019)
TRANSFERS AND SUBSIDIES						
Public corporations and private enterprise	255 669	255 614	55	241 257	241 217	40
Departmental agencies and accounts	5 000	5 000	-	5 000	5 000	-
Households	108	163	(55)	95	95	-
PAYMENT FOR CAPITAL ASSETS						
Building and other fixed structures	-	-	-	-	-	-
Machinery and equipment	42	42	-	-	-	-
PAYMENT FOR FINANCIAL ASSETS	4	4	-	-	-	-
TOTAL	360 656	360 590	66	315 383	323 947	(8 564)

4.4 Programme 4: Transport Regulation

Purpose

The aim of this programme is to establish, manage and maintain a safe and efficient road traffic system.

Programme Description

The programme is structured as follows:

- Programme Support Regulation
- Law Enforcement
- Transport Administration and Licensing
- Operator Licence and Permits

Subprogramme: Law Enforcement

Measurable Objectives, Performance Indicators and Performance Targets:

4.1 Ensure a culture of proper road traffic law compliance by road users.

Performance indicators

Performance Indicator		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
4.1.1	Number of vehicles stopped and checked.	839 326	670 000	843 337	173 337	Intensified law enforcement.

Customised Sector Targets

Performance Indicator		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
Number of speed operations conducted.		8 222	7 700	7 701	1	Intensified law enforcement.
Number of vehicles weighed.		81 145	60 000	52 522	7 478	All weighbridges are closed and under construction by SANRAL as of 20 December 2017 and to be functional from 30 June 2019.
Number of drunken driving operations conducted.		72	60	99	39	Intensified law enforcement.

4.2 Ensure compliance with regard to testing stations/centres, public transport operations and enforce payment of traffic notices.

Performance indicators

Performance Indicator		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
4.2.1	Number of traffic fines defaulters contacted by tracing unit.	1 613	1 600	1 600	0	-
4.2.2	Number of GG vehicles screened (Government Fleet).	1 398	1 200	2 301	1 101	Intensified law enforcement.

Customised Sector Targets

Performance Indicator		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
Number of compliance inspections conducted at each testing stations per year by the Inspectorate.		2	1	1	0	-

4.3. Ensure capacity building and training of Traffic Officers and the public on licensing and traffic management.

Performance indicators

Performance Indicator		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
4.3.1	Number of Law Enforcement staff and public provided with training.	462	400	471	71	Firearm training was prioritised after approval by the SAPS was granted.

Subprogramme: Transport Administration and Licensing

Strategic Objectives, Performance Indicators and Performance Targets:

4.4 Accelerate licensing service delivery and eliminate fraud and corruption within registering authorities.

Performance indicators

Performance Indicator		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
4.4.1	Departmental revenue collection.	R717 210 495.52	R707 513 000	R758 415 614.10	R50 902 614.10	Significant increase in the motor vehicle sales and no adjustment was made on budget hence the positive variances.
4.4.2	Collected outstanding eNATIS (Electronic National Traffic Information System) debt.	R62 307 926.94	R46 000 000	R65 782 855.59	R19 782 855.59	A special unit employee (Senior Administration Officer) was transferred to the debt section to ensure vigilant supervision over the debt section hence positive variance.

Subprogramme: Operator Licence and Permits

Measurable Objectives, Performance Indicators and Performance Targets:

4.5 Empower Taxi Operators in the public transport industry to perform their functions effectively.

Performance indicators

Performance Indicator		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
4.5.1	Number of training sessions held (Transport Operators).	34	36	36	0	-
4.5.2	Number of visits conducted to taxi associations to monitor compliance.	192	192	184	8	OD Majakathata, Mohahlaula and Sunshine Taxi Associations refused to comply with monitoring compliance due to the taxi unrests.
4.5.3	Number of visits conducted to learner transport associations to monitor compliance.	72	72	72	0	-
4.5.4	Number of visits conducted to meter taxi associations to monitor compliance.	4	4	4	0	-

Customised Sector Targets

Performance Indicator	Actual Achievement 2017/16	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
Number of Provincial Regulating Entity (PRE/ OLB) hearings conducted.	36	36	36	0	-

Reasons for deviations

The Programme achieved 87% of its planned outputs. A total of two targets were not achieved and this relates to OD Majakathata and Mohahlaula Taxi Associations in Lejweleputswa District and Sunshine Taxi Association in Fezile Dabi District refusing to comply and construction of all weigh-bridges by SANRAL.

Strategy to overcome areas of under performance

The Department will ensure that compliance by all Taxi Associations in the Province and ensure that all weigh-bridges under construction are completed successfully and on time.

Linking performance with budget

In the 2017/18 financial year the programme overspent by R59 068.

PROGRAMME 4 SUBPROGRAMME EXPENDITURE

Details per Subprogramme	2017/2018			2016/2017		
	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
5.1 PROGRAMME SUPPORT REGULATION						
Current Payments	14 608	16 866	(2 258)	14 679	18 170	(3 491)
Transfers and subsidies	-	13	(13)	-	27	(27)
Payments for capital asserts	-	-	-	-	-	-
5.2 LAW ENFORCEMENT						
Current Payments	248 597	288 805	(40 208)	222 420	218 992	3 428
Transfers and subsidies	1 036	1 130	(94)	2 094	2 085	9
Payment for capital asserts	306	-	306	1 248	1 247	1
PAYMENT FOR FINANCIAL ASSETS	3 632	3 632	-	-	-	-
5.3 TRANSPORT ADMINISTRATION AND LICENSING						
Current Payments	123 417	142 605	(19 188)	132 267	132 663	(396)
Transfers and subsidies	290	295	(5)	332	468	(136)
Payment for capital asserts	23	39	(16)	545	547	(2)
PAYMENT FOR FINANCIAL ASSETS	-	-	-	248	248	-
5.4 TRANSPORT SAFETY AND COMPLIANCE						
Current Payments	31 461	29 165	(2 296)	25 782	26 254	(472)
Transfers and subsidies	210	98	112	133	134	(1)
Payment for capital asserts	-	-	-	-	-	-
TOTAL	423 580	482 648	(59 068)	399 748	400 835	(1 087)

PROGRAMME 4 PER ECONOMIC CLASSIFICATION

	2017/2018			2016/2017		
Programme 4 Per Economic Classification	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
CURRENT PAYMENTS						
Compensation of employees	343 113	388 664	(45 551)	326 266	326 322	(56)
Goods and Services	74 970	88 777	(13 807)	68 882	69 757	(875)
TRANSFERS AND SUBSIDIES						
Households	1 536	1 536	-	2 559	2 714	(155)
Gifts and donations	-	-	-	-	-	-
PAYMENT FOR CAPITAL ASSETS						
Building and other fixed structures	291	-	291	-	-	-
Machinery and equipment	23	39	(16)	1 793	1 794	(1)
Software and other intangible assets	15	-	15	-	-	-
PAYMENT FOR FINANCIAL ASSETS	3 632	3 632	-	248	248	-
TOTAL	423 580	482 648	(59 068)	399 748	400 835	(1 087)

4.5 Programme 5: Transport Infrastructure

Purpose

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

Programme Description

The programme consists of the following Subprogrammes:

- Programme Support Infrastructure
- Infrastructure Planning
- Infrastructure Design
- Construction
- Maintenance

Subprogramme: Construction and Maintenance

Strategic Objectives, Performance Indicators and Performance Targets:

5.1 Enhance improved service delivery capacity by employing contractors utilising local labour.

Performance Indicator		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
5.1.1	Number of emerging contractors on EPWP projects.	98	70	79	9	Due to the appointment of CDP (Contractor Development Programme) contractors on projects to do pothole patching as part of the Department's pothole eradication strategy.
5.1.2	Number of job opportunities created.	5 137	5 500	5 673	173	Due to the implementation of the Expanded Public Works Programme (EPWP) which promotes the creation of more job opportunities.

5.2 Provide and maintain a vibrant and safe provincial road network service.

Performance Indicator		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
Public Transport Construction						
5.2.1	Number of km upgraded for Route 4 Phase 2.	2.5 km	3 km Phase 2	3 km	0	-
5.2.2	Number of km upgraded for Thaba Nchu public transport route.	2.5 km	2 km	2 km	0	-
5.2.3	Number of km upgraded for Botshabelo Transport Route.	1 km	1 km	1 km	0	-
5.2.4	Number of km constructed for Vrede Transport Route.	1.24 km	1 km	1 km	0	-
5.2.5	Number of km constructed for Tumahole Transport Route.	4.6 km	3 km	6.5 km	3.5	The estimated design costs were higher than the actual construction cost and as a result, the scope of work increased.
5.2.6	Number of km upgraded for Cornelia Transport Route.	-	1 km	1 km	0	-
5.2.7	Number of km upgraded for Tweeling Transport Route.	-	1 km	1 km	0	-

Customised Indicators

Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
Planning					
Number of kilometres of surfaced roads visually assessed as per the applicable TMH manual.	4 314.6	2 900.00	2 900.00	0	-
Number of kilometres of gravel roads visually assessed as per the applicable TMH manual.	7 300	7 265.45	7 266	0.55	-
Construction					
Number of kilometres of gravel roads upgraded to surfaced roads within rural areas.	11.84	12	15.5	3.5	The estimated design costs were higher than the actual construction cost and as a result, the scope of works were increased.
Maintenance					
Number of square meters of surfaced roads rehabilitated.	335 724	550 000	796 510.61	246 510.61	Designs were changed on some projects and on some projects consultants were not utilised and supervision was done in house which resulted in saving of supervision fees and an increase in the scope of work.
Number of square meters of surfaced roads resealed.	426 589	500 000	975 487	475 487	Designs were changed on some projects and on some projects consultants were not utilised and supervision was done in house which resulted in saving of supervision fees and an increase in the scope of work.
Number of kilometers of gravel roads re-gravelled.	125	140	219.1	79.1	Due to assistance rendered to farmers and municipalities.
Number of square meters of blacktop patching (including pot holes repairs).	240 972	350 000	382 542.37	32 542.37	Due to the department's pothole eradication efforts to reduce the number of potholes on the provincial road network.
Number of kilometers of gravel roads bladed.	43 264	40 000	44 515.2	4 515.2	Due to assistance rendered to farmers and municipalities.

Performance indicator "Number of kilometres of gravel roads upgraded to surfaced roads within rural areas" on page 54 is the summary of the performance indicators 5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.2.5, 5.2.6 and 5.2.7 on page number 53.

Customised Indicators (continued)

Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
EPWP Coordination and Monitoring					
Number of jobs created	5 137	5 500	5 673	173	Due to implementation of the Expanded Public Works Programme which promotes the creation of more job opportunities.
Number of full time equivalents (FTEs)	1 362	1 913	1 496	417	Due to community unrest on some projects, the beneficiaries employed on such projects could not work for the full duration as planned.
Number of youths employed (18 - 35)	3 434	3 025	3 761	736	Due to the high number of unemployed youths, more youths were nominated for employment by the community.
Number of women employed	2 343	3 025	2 527	498	Lists from community structures did not comply according to EPWP principles. The most favourable process preferred by the community to select beneficiaries, is the process of raffling and the number of women selected cannot be controlled.

Reasons for deviations

The Programme achieved 90% of its planned outputs, two indicators could not be achieved due to community unrest in some of the projects.

Strategy to overcome areas of under performance

The department will intensify relations with local municipalities with a view of curbing unrests during implementation of projects.

Linking performance with budget

In 2017/18 financial year the programme underspent by R22 025 000.

SUBPROGRAMME EXPENDITURE PROGRAMME 5

Details per Subprogramme	2017/2018			2016/2017		
	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
5.1 PROGRAMME SUPPORT INFRASTRUCTURE						
Current Payments	16 392	8 085	8 307	9 143	6 142	3 001
Transfers and subsidies	-	-	-	-	-	-
Payments for capital assets	35	5 871	(5 836)	-	-	-
5.2 INFRASTRUCTURE PLANNING						
Current Payments	12 210	15 051	(2 841)	18 086	11 917	6 169
Transfers and subsidies	-	-	-	-	27	(27)
Payment for capital assets	195	-	195	506	506	-
5.3 INFRASTRUCTURE DESIGN						
Current Payments	3 029	2 109	920	2 481	1 996	485
Transfers and subsidies	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-
5.4 CONSTRUCTION						
Current Payments	1 312	1 368	(56)	1 866	467	1 .399
Transfers and subsidies	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-
5.5 MAINTENANCE						
Current Payments	1 133 572	1 024 161	109 411	925 368	979 223	53 855
Transfers and subsidies	5 367	9 239	(3 872)	14 742	14 425	317
Payment for capital assets	455 687	539 892	(84 205)	643 771	599 958	43 813
Payments for financial assets	310	309	1	-	1 093	(1093)
5.5 TRANSPORT SYSTEMS						
Current Payments	18 348	18 347	1	7 800	6 887	913
TOTAL	1 646 457	1 624 432	22 025	1 623 763	1 622 641	1 122

PROGRAMME 5 PER ECONOMIC CLASSIFICATION

Programme 4 Per Economic Classification	2017/2018			2016/2017		
	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
CURRENT PAYMENTS						
Compensation of employees	176 402	175 730	672	165 242	165 725	(483)
Goods and Services	1 008 461	865 793	142 668	799 502	840 907	(41 405)
Interest	-	27 598	(27 598)	-	-	-
TRANSFERS AND SUBSIDIES						
Departmental agencies and accounts	-	-	-	9 426	9 108	318
Public corporations and private enterprises	-	-	-	-	-	-
Households	5 367	9 239	(3 872)	5 316	5 344	(28)
Gifts and donations	-	-	-	-	-	-
PAYMENT FOR CAPITAL ASSETS						
Building and other fixed structures	454 990	539 670	(84 680)	643 749	589 375	54 374
Machinery and equipment	827	384	443	22	10 951	(10 929)
Software and other intangible assets	-	5 709	(5 709)	-	(368)	(368)
Land and sub-soil assets	100	-	100	506	506	-
PAYMENT FOR FINANCIAL ASSETS	310	309	1	-	1093	(1093)
TOTAL	1 646 457	1 624 432	22 025	1 623 763	1 622 641	1 122

4.6 Fleet Management (Trading Entity)

Purpose

Ensure the effective and efficient management and administration of Government Motor Transport services in the Province.

Programme Description

The Fleet Management Trading Entity (FMTE) is composed as follows:

- Office of the Chief Director
- Corporate and Financial Services
- Technical and Advisory Services
- Security Management

Strategic Objective, Performance Indicators and Performance Targets:

Ensure the effective and efficient management and administration of government motor transport services in the Province.

Strategic Objectives, Performance Indicators and Performance Targets:

Ensure the effective and efficient management and administration of government motor transport services in the Province.

Performance Indicator		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
Procurement of vehicles and equipment						
6.1.1	Procurement of fleet in order to meet client requests.	100%	100%	98%	2%	The reason for under achievement is because manufacturers are given a period of 3 months before delivery of vehicles.
Increase procurement of maintenance and repair services from Historically Disadvantaged Individuals						
6.1.2	Number of tenders awarded targeting HDIs.	13	4	4	0	-
Keep fleet within its life expectancy						
6.1.3	Percentage of vehicles maintained.	94%	90%	95%	5%	Vehicles over-utilised were serviced more than twice in a year.

5. TRANSFER PAYMENTS

5.1 Transfer payments to Public Entities

The table below reflects the transfer payments made for the period 1 April 2017 to 31 March 2018.

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Government Garage	Fleet management services	-	-	The entity performed very well in rendering its services

5.2 Transfer payments to all Organisations other than Public Entities

The table below reflects the transfer payments made to all organisations other than public entities for the period 1 April 2017 to 31 March 2018.

Name of transferee	Purpose for which the funds were used	Compliance with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Bus subsidies to Interstate Bus Lines, Maluti Bus Services and Thebegae	Public Transport: Buses	Yes	255 669	255 614	N/a
Free State Taxi Office	Public Transport: Taxi's	Yes	5 000	5 000	N/a

The table below reflects the transfer payments which were budgeted for in the period 1 April 2017 to 31 March 2018, but no transfer payments were made.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
N/a	N/a	0	0	N/a

6. CONDITIONAL GRANTS

6.1 Conditional grants and earmarked funds paid

The department has two conditional grants namely:

- Public Transport Operations Grant (PTOG).
- Transport Infrastructure Grant.

The table/s below details the conditional grants and earmarked funds received during for the period 1 April 2017 to 31 March 2018.

6.1.1 Provincial Road Maintenance Grant:

Department who transferred the grant	National Department of Transport and National Treasury.
Purpose of the grant	For provincial road infrastructure maintenance.
Expected outputs of the grant	Maintenance of roads related infrastructure.
Actual outputs achieved	Payment for road rehabilitation and maintenance projects.
Amount per amended DORA	-
Amount transferred (R'000)	R1,274 731 billion
Reason if amount as per DORA not received	Received all funding
Amount spend by the department (R'000)	R1,269 724 billion
Reason for the funds unspent by the entity	-
Reason for deviation on performance	Not applicable no deviation on performance.
Measures taken to improve performance	None
Monitoring mechanism by the transferring department	Quarterly visits and monthly reports.

6.1.2 EPWP Integrated Grant to the Province:

Department who transferred the grant	National Department of Public Works and National Treasury.
Purpose of the grant	EPWP compliant roads projects.
Expected outputs of the grant	Maximising job creation.
Actual outputs achieved	Used grant on Thaba Nchu Public Transport Route.
Amount per amended DORA	-
Amount transferred (R'000)	R5 666 million
Reason if amount as per DORA not received	Received all funding
Amount spend by the department (R'000)	R5 665 million
Reason for the funds unspent by the entity	Not applicable
Reason for deviation on performance	Not applicable no deviation on performance.
Measures taken to improve performance	None
Monitoring mechanism by the transferring department	Quarterly visits and monthly reports.

6.1.3 Infrastructure Enhancement Allocation

Department who transferred the grant	Free State Provincial Treasury
Purpose of the grant	For Provincial Road Infrastructure Maintenance
Expected outputs of the grant	Maintenance of roads related overheads and infrastructure
Actual outputs achieved	Used as a supplementary grant on payments for taxi ranks, roads upgrades maintenance and all roads operational costs
Amount per amended DORA	-
Amount transferred (R'000)	R68 782 million
Reason if amount as per DORA not received	Received all funding
Amount spend by the department (R'000)	R68 781 million
Reason for the funds unspent by the entity	None
Reason for deviation on performance	Not applicable. No deviation on performance.
Measures taken to improve performance	None
Monitoring mechanism by the transferring department	Monthly compliance reports.

6.1.4 Public Transport Operations Grant

Department who transferred the grant	Department of Transport (DoT)
Purpose of the grant	To provide public transport subsidy to commuters in Thaba Nchu, Botshabelo and the Mangaung Metropolitan as well as Thabo Mofutsanyana district.
Expected outputs of the grant	To subsidise commuters from home to their respective place of employment and back. The subsidy is scheduled to cover kilometres which are classified as subsidised kilometres.
Actual outputs achieved	The full amount of the grant was utilised to subsidise the commuters.
Amount transferred (R'000)	R255,669 million
Reason if amount as per DORA not received	Received all amount.
Amount spend by the department (R'000)	R255,614 million
Reason for the funds unspent by the entity	None
Reason for deviation on performance	None
Monitoring mechanism by the transferring department	Monthly compliance documents to Provincial Treasury and the Department of Transport.

7. CAPITAL INVESTMENT

7.1 Capital investment, maintenance and asset management plan

Progress made on implementing the capital, investment and asset management plan.

Infrastructure projects which have been completed in the current year and the progress in comparison to what was planned at the beginning of the year.

The infrastructure major projects practically completed in 2017/18 are as follows:

No	Project Name and Description	Status
		Completed
1	Trompsburg Transport Centre	31 March 2018
2	Botshabelo Transport Route	31 May 2017
3	P56/2 Vredefort - Parys	15 December 216
4	Kroonstad Through Route	30 November 2016
5	P56/1 Kroonstad – Vredefort	31 July 2017
6	Qwa Qwa Route 4 (Phase 2, Stage 1)	31 March 2018
7	Rehabilitation of Tumahole Transport Route (Phase 2)	31 March 2018
8	Thaba Nchu Public Transport Route (Phase 2)	31 March 2018

Infrastructure projects that are currently in progress

The infrastructure projects that are currently in progress are:

No	Project Name and Description	Status
		Expected Date of Completion
1	Ladybrand Transport Centre	31 March 2019
2	Testing Stations and Roads Offices	31 March 2019
3	Cornelia Access Roads	30 September 2019
4	Tweeling Access Roads	31 August 2019
5	Thaba Nchu Public Transport Route	31 March 2019
6	Qwa Qwa Route 4 (Phase 2, Stage 2)	31 March 2020
7	Vrede Transport Route	15 December 2018
8	P79/1 & S85 Bothaville - Kroonstad	1 September 2018
10	S44 Deneysville – Heilbron	31 March 2019
11	P21/3 Hoopstad – Bultfontein	31 March 2019
12	Wepener – Dewetsdorp	30 June 2018
13	Harrismith Internal Road: Tshiame Bus Route	31 March 2019
14	Meloding – Virginia Route (Phase 3)	31 March 2019

The projects currently in progress (continued)

No	Project Name and Description	Status
		Expected Date of Completion
15	P62/1 Bultfontein – Wesselsbron	31 March 2019
16	P9/4 Sasolburg – Heilbron	31 March 2020
17	P33/3 Vredefort – Viljoenskroon	1 Decemeber 2020
18	P23/1 Kroonstad – Steynsrus	31 March 2020
19	Schonkenville – Koppies	30 September 2020
20	P39/1 Bultfontein – Welkom	30 October 2018
21	P33/2 Bothaville – Viljoenskroon	30 October 2019
22	P14/2 Wesselsbron – Hoopstad	31 August 2019
23	P44/2 Jim Fouch – Deneysville	31 August 2019
24	Re-Gravelling Fezile Dabi	31 March 2019
25	Re-Gravelling Lejweleputswa	31 March 2019
26	Re-Gravelling Xhariep	31 March 2019
27	Re-Gravelling Thabo Mofutsanyana	31 March 2019
28	Re-Gravelling Mangaung	31 March 2019
29	Repair of Flood Damage	31 March 2019
30	Maintenance Contracts (CDP)	31 March 2019
31	Maintenance Contracts (grass-cutting)	31 March 2019
32	Road Signs	31 March 2019
33	Road Markings	31 March 2019
34	Road Safety Audits	31 March 2019
35	Road Safety Improvements	31 March 2019
36	Road Asset Management	31 March 2019

Infrastructure Expenditure

Infrastructure Projects	2017/2018			2016/2017		
	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	22 968	22 967	1	19 347	6 182	13 165
Existing infrastructure assets						
Upgrade and additions	25 006	26 083	(1 077)	10 622	9 907	715
Rehabilitation, renovations and refurbishments	395 799	491 311	(95 512)	614 693	592 353	22 340
Building and other fixed Structures						
Maintenance and Repairs	834 216	719 193	115 023	684 307	704 193	(19 886)
Non Infrastructure						
-Current						
-Capital						
TOTAL	1 277 989	1 259 554	18 435	1 328 969	1 312 635	16 334



PART C:

GOVERNANCE

1. INTRODUCTION

The Department maintains and acknowledged the fact that the highest standards of governance are fundamental to the management of public finances and resources. Good governance is essential for effective leadership in defining strategy, provide direction and establish the ethics and values that will influence and guide practices and behaviour with regard to sustainable performance and is an important source of both opportunities and risks for the Department.

2. RISK MANAGEMENT

Risk Management is a process that deals with uncertainties in the Department's business environment. Through risk management processes pre-emptive mechanisms are established to enhance the control environment and improve service delivery efforts with a focus on narrowing the scope of fraud and corruption.

The aim of risk management is to establish a culture where public servants focus on risk analysis and response. The quality of strategic and operational planning is improved. Sound management of risk will enable the Department to anticipate and respond to changes in the service delivery environment, as well as make informed decisions under conditions of uncertainty.

The Free State Department of Police, Roads and Transport adopted an entity-wide approach to risk management and takes full responsibility in ensuring that the implementation of risk management takes place in all components.

Risk Management Policy and Strategy

The Risk Management Policy and Risk Management Strategy for the Department and its Entity is in place, reviewed, approved and implemented on an annual basis.

Risk management strategies to conduct regular risk assessments to determine the effectiveness of the departmental Risk Management Strategy and to identify new and emerging risks

Risks are being analysed and prioritised, which ensures that the effect on how potential risks might affect the achievement of strategic and operational objectives is recognised. Management assesses the impact and likelihood of risk events from an inherent and residual perspective. Likelihood represents the probability that an event may occur, while impact represents the effect or consequence should the risk occur to the Department or business unit.

Risks are identified in the Department using a business process approach which involves identifying risks for all components and activities through contact sessions, structured interviews and/or workshops with key process staff. Regular risk assessments are being performed against the Risk Management Implementation Plan and Quarterly Operational Plans.

A combination of mitigation strategies may be appropriate in the treatment of risks, namely:

- Risk avoidance
- Risk acceptance
- Risk reduction
- Risk transfer

Risk appetite and tolerance levels of the Department are being used to implement appropriate risk mitigation actions taking all possible contingencies into account.

Responsibilities and timescales for the implementation of the risk management strategies and actions for each risk are assigned to risk owners. Risk owners are responsible to give assurance that risks are being managed.

Risk Management Committee's role in advising management on the overall system of risk management, especially the mitigation of unacceptable levels of risk

The Risk Management Committee is appointed by the Accounting Officer and functional. Quarterly risk management reports are being presented to the Risk Management Committee and Accounting Officer with a reflection of the total risk universe at unacceptable, cautionary or acceptable levels.

The Risk Management Committee oversees the review of risk management policy documentation, appetite and tolerance levels. It also evaluates the effectiveness of mitigation strategies to address material risks facing the Department.

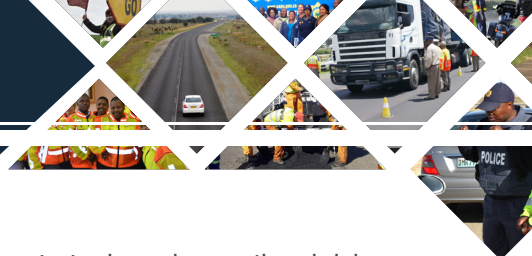
Audit Committee's role in advising the Department of risk management and independently monitors the effectiveness of the risk management system

Quarterly risk management reports are being presented to the Audit Committee by the Chief Risk Officer covering the risk profile of the Department, mitigation of risks and awareness. The Audit Committee provided independent advice on the reports and risk profiles.

Progress made in the management of risks and whether this has transmitted into improvements in the department's performance

Risk Management's objective is to ensure that risks are identified, assessed and managed to an acceptable level and opportunities fully exploited, whilst minimising:

- Financial loss;
- Operational and service delivery disruptions;
- Bad publicity and reputation loss;
- Threats to the public and employees' health and safety; and
- Claims for compensation resulting from litigation, etc.



To this effect Risk Management provides reasonable assurance that:

- Systems are in place to identify, track and report upon existing and emerging strategic and operational risks that could cause damage to the Department or our stakeholders; and
- Risk Management is embedded throughout the department's corporate culture, employees' ethics and creation of an environment where all staff will assume responsibility for identifying and managing risk.

The following control processes are clearly identified and articulated:

- Accountability, roles and responsibilities for risk management;
- Identification and management of risks;
- Monitoring and reporting of risks;
- How risk management is embedded into the corporate culture of the Free State Department of Police, Roads and Transport.

The Risk Management Unit is monitoring risks formally and issues formal monitoring reports which are filtered to the following:

- Accounting Officer
- Risk Management Committee
- Executive Management
- Audit Committee

Risk owners are also responsible to monitor risks on a continuous basis. Monitoring and reporting on risk mitigation is being done in line with the following timetable:

ANNUALLY

Executive Management and Senior Management is reviewing strategic/operational risks in conjunction with the Department's strategic planning processes (Top strategic priority risks).

QUARTERLY

- Review strategic and operational risks and obtain assurance that risk management strategies have been implemented and new risks are being identified and reported to the Executive Management Team
- Review strategic and operational risks and obtain assurance that risk management strategies have been implemented and new risks are being identified and are being reported to the Risk Management Committee.
- During quarterly reviews, progress reports on the high operational risks and strategic emerging risks are being presented by each Chief Directorate.

MONTHLY

- Chief Directorate and Directorate Management Meetings discuss Directorate Risk Registers to obtain assurance that risks are being identified and managed in consultation with the Chief Risk Officer.
- Management of risks is being enforced to be a standing agenda item on Chief Directorate and Directorate meetings to ensure that risk mitigation plans are implemented and progress reported regularly. Management of risks has been included in the Annual Performance Agreements of all SMS Members.

Following each of the monthly and quarterly reviews, risk registers are being forwarded to the Chief Risk Officer for presentation to the Risk Management Committee by risk owners.

With the implementation of risk management, the Department has moved from a disclaimer audit opinion to an unqualified audit opinion. The risk profile of the Department displayed an improvement in the implementation of internal controls and correction of compliance matters.

3. FRAUD AND CORRUPTION

The Department's fraud prevention plan and the progress made in implementing the Fraud Prevention Plan

The Chief Risk Officer in consultation with the Director: Security Management responsible for Fraud and Anti-corruption has developed and reviewed the Fraud Prevention Plan on an annual basis. The Fraud Prevention Plan has been recommended by the Risk Management Committee and the Accounting Officer has approved implementation. Quarterly monitoring on the implementation of the Fraud Prevention Plan has been incorporated into the agenda of the Risk Management Committee.

The Department of Police, Roads and Transport adopted a zero appetite and tolerance level to fraudulent activities.

This Fraud Prevention Plan covers the following minimum requirements:

- Executive Summary by Accounting Officer/Accounting Authority;
- Objective of the Fraud Prevention Plan;
- Definition of fraud that the Department subscribes to;
- Fraud prevention and detection measures;
- Fraud Implementation Plan;
- Fraud indicators and warning signs;
- Fraud risk management;
- Whistle-blowing;
- Fraud reporting, and:
- Fraud response plan.

In implementation the Fraud Prevention Plan Risk Management and Security Management have successfully developed and distributed the following awareness material:

- Fraud risk management pamphlet
- Fraud and anti-corruption posters
- Formal awareness sessions

Code of Conduct workshops are conducted by the Employee Relation Directorate and also forms part of the Induction Programme. During fraud awareness sessions in the Department the importance of ethics are emphasised.

MECHANISMS IN PLACE TO REPORT FRAUD AND CORRUPTION AND HOW THESE OPERATE. e.g.: WHISTLE BLOWING - THE NEED FOR OFFICIALS TO MAKE CONFIDENTIAL DISCLOSURE ABOUT SUSPECT FRAUD AND CORRUPTION

The Whistle-blowing Policy has been developed to enable officials of the Department and stakeholders to report suspected fraud and corrupt activities, including members of the Free State Community. The Policy encourages workers to report fraud and corruption either confidentially/anonymously or openly to the MEC, HOD and the Security Manager of the Department or the Public Service and Administration Fraud Hotline. Furthermore the Department has an approved Fraud Prevention Plan to streamline fraud prevention activities.

HOW THESE CASES ARE REPORTED AND WHAT ACTION IS TAKEN

Cases are or can be reported through the Departmental Call Centre and the National Anti-corruption hotline, or letters addressed to the Office of the Premier or MEC as well as through walk-in. Cases that were reported were investigated by Security Management and Anti-corruption. After thorough investigation a comprehensive report is generated with recommendations to the Head of the Department.



4. MINIMISING CONFLICT OF INTEREST

All Senior Managers have completed e-Disclosures.

All officials in Supply Chain and Finance Units must annually complete e-Disclosures during the month of July. Disciplinary action will be constituted in instances where conflict of interest is detected.

5. CODE OF CONDUCT

The Department has an appointed Ethics Officer and Ethics Champion. A functional Ethics Committee has been established and is promoting integrity and ethical behaviour in the Department, advise employees on ethical matters, report unethical behaviour and corrupt activities to the Head of Department, ensure organisational integrity of policies, procedures and practices as well as manage conflict of interest.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Workshops and briefing sessions on Health Safety and Environmental issues are continuously conducted by the Employee Wellness unit to the employees of the Department.

An Occupational Health and Safety Audit (OHS) was conducted for all departmental buildings in order to assist with compliance.

The Department continuously do drills to test the readiness of the Department to deal with emergencies.

7. PORTFOLIO COMMITTEES

Portfolio Committee on Public Works, Infrastructure, Roads, Transport and Human Settlements:

DATE	BUSINESS
1 June 2017	Consideration of the 4 th Quarterly Non-Financial Report for the 2016/17 Financial Year and Annual Performance Plan for 2017/18.
27 June 2017	Joint meeting with Committee of Public Accounts and Finance.
27 September 2017	Committee visit to Welkom, Odendaalsrus, Virginia and Theunissen Testing Stations.
28 September 2017	Consideration of the Quarterly Report for 2017/18.
26 October 2017	Committee visit to Thabo Mofutsanyana Testing Stations.
14 November 2017	Consideration of 2016/17 Annual Report and 2 nd Quarterly Report for the 2017/18 Financial Year.
14 February 2018	Briefing on Adjudication of Administrative of Road Traffic Offences Amendment Bill.
22 February 2018	Public Hearings on Adjudication of Administrative of Road Traffic Offences Amendment Bill.
28 March 2018	Consideration of the 3 rd Quarterly Report for 2017/18.

Portfolio Committee on Cooperative Governance and Traditional Affairs, Office of the Premier, Legislature and Police:

DATE	BUSINESS
31 May 2017	Consideration of the 4 th Quarterly Report for the 2016/17 Financial Year.
27 October 2017	Consideration of the 1 st Quarterly Report for the 2017/18 Financial Year.
16 November 2017	Consideration of the 2 nd Quarterly Report for the 2017/18 Financial and the Annual Report for the 2016/17 Financial Year.
22 February 2018	Consideration of the 3 rd Quarterly Report for the 2017/18 Financial Year.

COMMITTEE ON PUBLIC ACCOUNTS (PROPAC)

NUMBER	DATE	SUBJECT
1	15 November 2017	2016/17 Annual Report – Feedback on written questions.
2	22 November 2017	First and second quarter expenditure report and adjusted appropriation bill for 2017/2018.
3	14 March 2018	Third quarter expenditure report and Finance bill.
4	15-22 March 2018	Consideration of Appropriation Bill.

8. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the department	Resolve (Yes/No)
12/2017 (Received April 2018)	Irregular and Fruitless and Wasteful Expenditure	<p>The Portfolio Committee was concerned about the outstanding investigations into irregular as well as fruitless and wasteful expenditure which has not been finalised by 31 July 2017.</p> <p>The Portfolio Committee resolved that the Accounting Officer should:</p> <p>a.) Provide the root causes for the delay in finalising the investigations.</p> <p>b.) Set timeframes for finalisation of the investigations.</p> <p>c.) Ensure that relevant officials who caused the irregular expenditure be held responsible where applicable.</p>	<p>a.) The delay in the finalisation was due to the irregular expenditure cases dating as far back as 2011/12 and it was a challenge to find all the relevant documentation in the Department's archives. However, these cases have been finalised by 31 March 2018.</p> <p>b.) All Irregular Expenditure cases were finalised except for the non-compliance case with regard to the non-involvement of SITA. Secondly, the department is awaiting feedback regarding a transversal contract entered into by the Department of the Premier that has led to irregular expenditure in the department's records. Fruitless and Wasteful expenditure from 2016/2017 were finalised by year-end.</p> <p>c.) For the investigations finalised by the Department, no officials were found liable in law as per Treasury regulations 12.2.1 and value for money was received in all cases.</p>	No

8. SCOPA RESOLUTIONS (continued)

Resolution No.	Subject	Details	Response by the department	Resolve (Yes/No)
19/2017 (Received April 2018)	Fleet Management Trading Entity – Quality of Financial Statements	<p>The Portfolio Committee was concerned about the number of misstatements identified during the audit process resulting in corrections to the financial statements of the entity. The Portfolio Committee resolved that the Accounting Officer should:</p> <p>a.) Investigate the cause of the misstatement of property, plant and equipment and payables from exchange transactions.</p> <p>b.) Implement measures to ensure that financial statements are correct and free of material misstatements before submission thereof to the Provincial Treasury and the AGSA.</p> <p>c.) Capacitate officials responsible for preparing financial statements and maintaining financial records (registers) to ensure reliable and complete reporting.</p> <p>d.) Exercise consequence management for such errors and omissions in the financial statements.</p> <p>e.) Ensure that the work performed by the consultants is reviewed before being accepted and incorporated into the annual financial statements.</p>	<p>a.) Investigations were completed and corrections were effected before the final audit report was issued.</p> <p>b.) The annual financial statements are to be reviewed by Internal Audit and Internal Control officer prior to the submission to Provincial Treasury and the AGSA.</p> <p>c.) The consultants are currently transferring skills on the payables reconciliation.</p> <p>d.) Consequence management will be instituted where it is justifiable to do so.</p> <p>e.) The annual financial statements are to be reviewed by Internal Audit and the Internal Control Officer prior to the submission to Provincial Treasury and the AGSA.</p>	No

8. SCOPA RESOLUTIONS (continued)

Resolution No.	Subject	Details	Response by the department	Resolve (Yes/No)
20/2017 – Transversal Resolution (Received April 2018)	Implementation of resolutions	<p>The Portfolio Committee was concerned about the fact that the Accounting Officer did not ensure that the resolutions of the Portfolio Committee were implemented to achieve the envisaged aim of resolutions.</p> <p>The Portfolio Committee resolved that:</p> <p>a.) The monthly progress report with implementation submitted to Provincial Treasury should be signed-off by the Accounting Officer.</p> <p>b.) The Accounting Officer should implement measures, including remedial action plans related to prior resolutions not yet implemented and institute immediate actions / solutions to successfully address the root cause for delays to promote timely implementation.</p> <p>c.) A quarterly progress report should be prepared and signed-off by the Executive Authority and submitted to Provincial Treasury before the 10th of the month following the quarter for assessment and report to EXCO and the Portfolio Committee.</p>	<p>a.) In future the monthly progress report with regards to the implementation of the resolutions will be discussed with and signed off by the Accounting Officer.</p> <p>b.) Remedial actions plans will be developed for each prior resolution not finalised and clear timeframes will be indicated to guide the progress against the resolutions. The actions will include solutions to address the root cause for delays in implementation.</p> <p>c.) Quarterly progress reports will be prepared and submitted to the Executive Authority for sign-off and then submitted to Provincial Treasury by the 10th of the month following the quarter's assessment.</p>	No
1/2017 (11/2014 1.a)	Information Technology Controls	<p>The Portfolio Committee resolved that the Accounting Officer should test the DRP to ensure timely availability of the resources that are necessary to operate critical business processes at a level acceptable to management</p>	<p>The Department has developed a Business Continuity Plan and it has been approved, including the elements of IT. There is also a Business Continuity Committee that meets once a quarter to ensure compliance with the plan. Evacuation plans have also been developed and approved.</p> <p>Since the resolution, provincially there has been a decision for a disaster recovery back-up site to be established and hosted by the Department of Public Works and Infrastructure. The back-up site has been established and the Department will liaise with SITA with regards to the Department of Police, Roads and Transport having back-up space at the site. A meeting will be held with SITA in this regard.</p>	No

8. SCOPA RESOLUTIONS (continued)

Resolution No.	Subject	Details	Response by the department	Resolve (Yes/No)
1/2017 (12/2015)	Financial Health Status	The Committee resolved that the Accounting Officer must ensure that expenditure is managed to limit the use of future year budget to pay for a prior commitments. Furthermore, progressive actions must be taken to recover departmental revenue relating to Section 56 fines.	<p>As reported during the 2016/17 financial year the Department has road contracts that continue over the MTEF period. Due to this the department will always have a certain level of commitments and accruals at every reporting period.</p> <p>The Department has, however, implemented strict cost containment measures to address the challenges within the Department with regard to cash flow and budget pressures.</p> <p>To reduce the accruals to an acceptable level will be a long term process due to the additional funding pressures added to the current budget allocation of the Department. Examples of these are: i) the implementation of the 24/7 law enforcement visibility, ii) the permanent appointment of the Security Learnership from 1 June 2018 and iii) the increased demand on the Learner Transport Programme.</p> <p>However, the Department has still taken action to monitor monthly expenditure and prepares presentations to Executive Management of the Department.</p> <p>A plan was drafted to reduce the white fleet of the Department and various vehicles were returned to Fleet Management.</p> <p>A circular was also issued to restrict officials using government vehicles to 2 000 km per month against the provincial norm of 3 000 km.</p> <p>Other departmental cost savings include non-approval of new bursaries and the reduction of the stationary and catering budget.</p> <p>The Department is further analysing its expenditure to determine where more efficiencies can be gained and further costs can be reduced. However, any further initiatives could have an impact on the department's service delivery and further reduction in expenditure could also lead to a reduction in revenue collection for the Province.</p>	No

8. SCOPA RESOLUTIONS (continued)

Resolution No.	Subject	Details	Response by the department	Resolve (Yes/No)
1/2017 (10/2016 4.a)	Performance Information	The Committee resolved that the Accounting Officer must implement steps to ensure complete supporting documentation to substantiate actual performance for all programmes.	<p>Monitoring and evaluation has developed an activity plan to review the performance information of all programmes. On a quarterly basis programme managers submit to Monitoring and Evaluation the portfolio of evidence against reported performance information for validation.</p> <p>This exercise is performed to monitor completeness of reported performance information. To date the directorate has performed validations for the second and third quarter of the financial year. Results on validation performed for the second and third quarter has shown significant improvement in respect of records submitted by programme managers.</p> <p>In addition, the outcomes of the validation work performed are submitted to the Accounting Officer for oversight and accountability by relevant programme managers.</p> <p>Monitoring and Evaluation is currently in the process of performing validations for the fourth quarter of the 2017/2018 financial year.</p> <p>Parallel to the above process by Monitoring and Evaluation, the Department has also developed a Performance Monitoring System to ensure proper record keeping of all PMS related documents. This is an automated system which allows users to capture the evidence of reported performance such as vehicle inspection reports, which are then loaded into the system and aligned with the performance indicator as contained in the Annual Performance Plan of the Department.</p> <p>The system is up-and-running and the Department has also implemented a number of completeness internal controls. An example is the sequential numbering of all manual documents for road safety awareness campaigns and all documentation at road blocks. To date the Department has also captured Programme 4 and 5 on the system and once updated, the remaining three programmes will be captured.</p>	No

8. SCOPA RESOLUTIONS (continued)

Resolution No.	Subject	Details	Response by the department	Resolve (Yes/No)
1/2017 (10/2016 4.c)	Performance Information	The Committee resolved that the Accounting Officer must revise the system to control recordkeeping of vehicle inspections by the traffic department.	The Department is introducing an automated performance management system which allows users to capture the evidence of reported performance such as vehicle inspection reports, which are then loaded into the system and aligned with the performance indicator as contained in the Annual Performance Plan of the Department. Additional controls have been included to also ensure they are manually recorded and the processes implemented includes that the manual documentation is verified on the ACC form by the CPI /PPI and also on the APP submitted to HO by the Control. This verification ensures the achievement reported is supported with supporting documentation. This is then sent to the Infringement Section for capturing on the system. Therefore, the resolution of implementing control over the record keeping has been addressed.	Yes
1/2016 (11/2014 2.c)	Irregular Expenditure	The Portfolio Committee resolved that the Accounting Officer should ensure that relevant official who causes the irregular expenditure be held responsible where applicable.	<p>The Irregular Expenditure Committee has been established to recommend to the Head of the Department on the outcome of the Committee. Responsible officials will face disciplinary action or other appropriate action, where applicable. This is determined by a case-by-case and based on the findings of the assessment performed. In compiling the assessments the Department has made use of the Provincial Treasury Assessment Guidelines issued in Instruction note 44. Provincial Treasury has also review the assessments thus far and found all information to be in order.</p> <p>The Department has managed to finalise the remaining 12 cases that were outstanding.</p> <p>The irregular register has also been updated in this regard.</p> <p>Based on this the Department has finalised all the irregular cases that existed at March 2015, when the resolution was made by the Committee.</p>	Yes

9. PRIOR MODIFICATION TO AUDITS REPORT

The Department obtained an unqualified audit opinion in the 2016/2017 financial year, therefore there has been no modification to the audit opinion.

Nature of qualification, disclaimer, adverse opinion and matters of non- compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Annual Performance Report: Material findings in respect of usefulness and reliability for the number of learner transport subsidy contracts provided in the province – Transport Operations	2016/2017	The listing for the number of learner contracts has been finalised and agrees to the supporting documents available in Anchor House.
Annual Performance Report: Material findings in respect of usefulness and reliability for the number of learners benefiting from learner subsidies in the province – Transport Operations	2016/2017	<p>All delivery notes attached to invoices are copied and filed to support the number of learners transported by each operator on a monthly basis.</p> <p>The delivery notes are signed by the principals to validate the accuracy of the learners transported.</p> <p>The information is captured and kept in Anchor House.</p>
Annual Performance Report: Material findings in respect of usefulness and reliability for the number of schools involved in the road safety education programme – Transport Operations	2016/2017	<p>Template books were created in triplicate and sequentially numbered and distributed to all relevant officials at the beginning of September.</p> <p>Each official is allocated a book that is completed after the programme. The book is then signed by the Principal of the school to confirm the programme took place. The information from the template books are captured and kept in Anchor House.</p>
Non-compliance: Procurement and contract management with regards to Treasury Regulations 16A6.3(e)	2016/2017	The assessment has been completed and a supporting file has been prepared with supporting evidence. From the assessment there will be an application for condonement on the non-utilisation of SITA in the tender process.

10. INTERNAL CONTROL UNIT

The Department of Police, Roads and Transport started the process to establish its Internal Control Unit in 2016/2017. This included the appointment of the internal control Director and the establishment of the action plan to fully implement the National Treasury framework. The Internal Control Unit is structured within the Chief Directorate: Finance as per the recommended Chief Financial Officer's Office structure by National Treasury.

The main focus of the unit in 2017/2018 was to review financial controls regarding the financial reporting and, in particular, reporting for the financial statements. This overall general financial control environment has displayed improvement through the constant monitoring of the monthly and quarterly key control matrix reporting, that has been implemented and evaluated by Provincial Treasury. Through this intervention the Department of Police Roads and Transport was able to obtain, for the first time, an unqualified audit opinion with no material adjustments to the annual financial statements.

The unit has also performed work around the legislative regulatory framework and departmental policies and procedures by developing and reviewing financial and non-financial policies. The unit will further monitor the implementation of these policies and this will improve the overall governance and legislative control environment and add to the governance framework in the longer term.

The Internal Control Unit also assisted in preparing, coordinating, attending and responding to oversight and other related committees. This is a support function provided to the Office of the Chief Financial Officer and the Financial Directorate as a whole. As part of this function the unit is the co-ordinator between the Department of Police, Roads and Transport and the Office of the Auditor-General of South Africa (AGSA).

Operational internal controls have also been strengthened to improve the effectiveness and efficiency of the Department's operations. This includes an on-going assessment of Learner Transport, value for money assessments and contract and project management.

In 2017/2018 the combined assurance regarding the annual and interim financial statements for the Department of Police, Roads and Transport and for the Fleet Management Trading Entity have improved. Due to the additional assurance provided, the number of findings raised by Provincial Treasury have decreased. In the following financial year the internal Control Unit is planning to be more involved in the combined assurance of the Department of Police, Roads and Transport by being more involved with regard to the combined assurance plan together with Internal Audit and Risk Management.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

11.1 INTERNAL AUDIT FUNCTION

In the period under review, the Internal Audit Function (IAF) of the Free State Department of Police, Roads and Transport continued to fulfil its mandate to provide an independent and objective assurance and consulting activity that is designed to add value and improve the Department's operations in line with the PFMA, Treasury Regulations and the King Report on Corporate Governance requirements.

The IAF assisted the Department to accomplish its objectives by bringing a systematic and disciplined approach by evaluating and assisting in improving the effectiveness of risk management, control and governance within the Department. The function is a full in-house function and operates in accordance with the approved Internal Audit Charter, Treasury Regulations and the International Standard of the Professional Practice of Internal Auditing (ISPPA).

The IAF is further guided by a fully functional Audit Committee which operates in terms of an approved Audit Committee Charter and the Treasury Regulations.

The IAF has been subjected to an external quality assessment, by an external quality assessor, and was found to be partially conforming to the ISPPA. The function proceeded to implement measures to address all non-compliant requirements, assisted and monitored by the Audit Committee.

11.2 INTERNAL AUDIT RESPONSIBILITIES

The IAF, through engagement with internal stakeholders, formulated a comprehensive three-year rolling plan, incorporating an annual plan that was approved by the Audit Committee. The annual audit plan of planned audits was fully executed during the year under review. The IAF also performed various consulting activities, and relationships with management improved as evidenced by the increase in management requested engagements, in turn, indicating that management sees the value of the IAF within its system of governance. Furthermore, the head of the IAF has complete access and a direct reporting line to the Audit Committee and reports at each audit committee meeting on control weaknesses and other internal audit activities. The internal audit function coordinated the Combined Assurance Model with the guidance from the Audit Committee and Provincial Treasury.

The table below summarises the Internal Audit work completed during the year:

Business Units	Project	Audit Area
External Audit Direct Assistance	AGSA Direct Assistance	<ul style="list-style-type: none"> • Movable Assets • Employee Benefits • Employee Verification
Financial Management	Financial Management	<ul style="list-style-type: none"> • Conditional Grants and Transfers • Procurement • Section 56 • Impoundments • Evaluation of Interim Financial Statement • Evaluation of the Annual Financial Statement
Corporate Services	Corporate Services	<ul style="list-style-type: none"> • Leave Management • Appointment • Occupational Health and Safety (OHS) • Performance Management Development System (PMDS) • Senior Management Service (SMS)
Predetermined Objectives	Predetermined Objectives	<ul style="list-style-type: none"> • AOPO
Follow-up Audits	Follow-up Audits	<ul style="list-style-type: none"> • Capacity, Training and Evaluation • Service Delivery • Ethics • Employee Relations • Security Management • Risk Management

11.3 AUDIT COMMITTEE

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

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	No. of Meetings attended
Maleho Nkomo	<ul style="list-style-type: none"> B.Com B Com (Hons) M.Com 	External	N/A	<ul style="list-style-type: none"> Initial Appointment: 1 September 2014 Re-appointment: 1 March 2018 	3 of 5
Andile Mahlalutye	<ul style="list-style-type: none"> BSc Quantity Surveying Diploma in Company Direction Masters in Business Leadership Masters in Financial Management Certificate in Development and Management of Non-Governmental Organisation 	External	N/A	<ul style="list-style-type: none"> Initial Appointment: 1 March 2011 Re-appointment: 1 September 2014 Contract expired: 28 February 2018 	3 of 5
Priscilla Mateta	<ul style="list-style-type: none"> B Com Accounting Post-Graduate Diploma in Engineering Business Management Post-Graduate Certificate in Compliance Management Post-Graduate Certificate in Corporate Governance Post-Graduate Certificate in Environmental Law 	External	N/A	<ul style="list-style-type: none"> Initial Appointment: 1 March 2011 Re-appointment: 01 September 2014 Contract expired: 28 February 2018 	5 of 5
Collen Weapond	<ul style="list-style-type: none"> LLB B Juris Certificate in Policing B Tech Policing/Investigations Diploma in Education B. Com Honours (IT) Post-Graduate Diploma in Computer Forensic (Course work) Diploma in Business Management Diploma in Compliance Management Programme in Fraud Management Masters in Business System (Course work completed) 	External	N/A	<ul style="list-style-type: none"> Initial Appointment: 1 March 2011 Re-appointment: 1 September 2014 Contract expired: 8 February 2018 	4 of 5
Sibusiso Majola	<ul style="list-style-type: none"> Certificate in Theory of Accounting B Com Accounting (Hons.) Certified Internal Auditor 	External	N/A	<ul style="list-style-type: none"> Initial Appointment: 1 September 2014 Re-appointment: 1 March 2018 	5 of 5



The Audit Committee continues to operate within its approved charter, which is reviewed annually to ensure relevance. In discharging its functions and delivering on its mandate, the Committee ensures to comply to Section 38(1)(a) of the PFMA and paragraph 3.1 of the Treasury Regulations, through the combined support of all the assurance providers.

The Audit Committee met five times during the financial year under review. In these meetings, the Accounting Officer and Executive Management were always represented. The Auditor-General South Africa is always invited to attend, thus ensuring that such meetings are as effective and transparent as possible, also to ensure a renewed working relationship with the AGSA and that duplication of efforts is avoided.

11.4 AUDITOR-GENERAL'S REPORT

The Internal Control Unit performed a review of the departmental Audit Action Plan to address the audit issues raised by the Auditor-General South Africa (AGSA) in the previous year and were satisfied that the remedial actions would address the issues raised.

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act, 1999 (PFMA) and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the Department, revealed certain weaknesses, which were then raised with the Department. It is with great concern that the Audit Committee notes the issues raised by the Auditor-General South Africa (AGSA) on the internal control system for reporting against predetermined objectives. The issues include the department's inability to correctly classify projects relating to the work performed on the roads rehabilitated, and the lack of proper systems to measure if services provided to the fleet management services vehicles were within the prescribed parameters. The Committee has recommended that the Accounting Officer prioritise the improvement in the implementation of control environment regarding reporting performance.

Internal Audit

The Accounting Officer is required, in terms of the PFMA, to ensure that the Department has a system of internal control under the direction of the Audit Committee. Although the internal audit function had a risk-based internal audit plan, the Committee is not satisfied that the plan was not implemented in full during the year. The shortage of skills and human resources within the Internal Audit function should be addressed. The Audit Committee raised concerns on the slow implementation of internal audit recommendations.

In-Year Management and Quarterly Report

The Audit Committee is satisfied with the contents and quality of the Department's quarterly reports issued during the year under review and submitted to the provincial Treasury as required by the PFMA and the Division of Revenue Act. The Audit Committee is concerned with the budgetary constraints facing the Department. This has resulted in the department not being able to recognise its contingent liabilities and movable tangible capital assets in accordance with the requirements of the Modified Cash Standard (MCS). Furthermore, the Audit Committee is concerned about the increasing irregular and unauthorised expenditure which was incurred during the year. The Audit Committee has advised management to ensure compliance with relevant regulations and accounting standards.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discuss the audited Annual Financial Statements to be included in the Annual Report with the Accounting Officer.
- Reviewed the information on the Predetermined Objectives to be included in the Annual Report; and:
- Reviewed the Department's compliance with legal and regulatory provisions, as part of each Audit Committee meeting.

The Audit Committee is concerned that, due to budgetary constraints, the Department was not able to prepare its annual financial statements in accordance with the requirements of the Modified Cash Standards (MCS). The Department was not able to meet its environmental rehabilitation in relation to the quarries, and could not verify some of the movable tangible capital assets. This has resulted in the preparation of financial statements which had material misstatements that were not corrected, and forming the basis of a qualified audit opinion.

Auditor-General's Report

The Audit Committee has reviewed and concurs with the conclusion of the Auditor-General South Africa (AGSA) on the annual financial statements. The Audit Committee is of the view that the audited financial statements be accepted and read together with the report of the AGSA.

The Committee was not actively involved throughout the audit process and was not given an opportunity to review the management letter, nor assess the management action plan to mitigate risks associated with the findings raised by the AGSA.

Accordingly, the Committee is, at this stage, not able to conclude on whether or not the management implementation plan will adequately address the audit findings.

The Committee has met with the AGSA and acknowledges the cooperation and diligence of the AGSA team.

Meetings with the Accounting Officer

During the year, the Committee has not met to discuss unresolved issues with the Accounting Officer for the Department.

Meetings with the Executive Authority

The Audit Committee has submitted written reports to the Executive Authority on a quarterly basis, apprising the MEC on the performance of the Department. However, the Committee has not met with the Executive Authority for the Department during the year.



.....
Mrs MMD Nkomo
 Chairperson of the Shared Audit Committee
 Free State Department of Police, Roads and Transport
 31 July 2018

Provincial Traffic and Licensing

Smithfield

Toll-free: 0800 72 73 74



police, roads & transport
Department of Police,
Roads & Transport
PROVINCIAL POLICE

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PART D:

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The Human Resource (HR) oversight statistics reflected in this part of the report is aimed at providing credible and accurate employee data in order to support decision making by the strategic leadership of the Department. Human Resource Management is aligned with the strategic objective to enhance the human capacity-base of the Department. The information is presented as prescribed by the Minister for the Public Service and Administration for all Departments in the Public Service.

2. OVERVIEW OF HUMAN RESOURCES

The departmental organisational structure was reviewed and currently the vacancy rate is standing at 14.6%.

The following were human resource priorities for the year under review:

- Capacity building for staff.
- Recruitment of skilled and capable workforce.
- Reduction of vacancy rate.

The Department is continuing with the staff development programme in partnership with the University of the Free State. A total of 200 officials attended various developmental courses.

The following were key achievements for the year under review:

- Recruitment of capable and skilled personnel.
- Staff development.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2017 to 31 March 2018

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
ADMINISTRATION	246 101	163 469	6 739	-	66,42	49
PROVIN SECRET FOR POLICE SERV	23 999	21 203	162	-	88,35	6
TRANSPORT INFRASTRUCTURE	1 624 432	175 730	1 695	-	10,82	53
TRANSPORT OPERATION	360 590	24 280	-	-	6,73	7
TRANSPORT REGULATION	482 648	388 664	238	-	80,53	117
Total as on Financial Systems (BAS)	2 737 770	773 346	8 834	-	28,25	232

Table 3.1.2 Personnel costs by salary band for the period 1 April 2017 to 31 March 2018.

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
01 Lower skilled (Levels 1-2)	17 266	0,82	141	122
02 Skilled (Levels 3-5)	249 617	0,48	1 194	209
03 Highly skilled production (Levels 6-8)	319 070	0,29	927	344
04 Highly skilled supervision (Levels 9-12)	113 561	0,18	200	568
05 Senior management (Levels 13-16)	40 307	0,07	30	1 344
09 Other	39	7,69	3	13
10 Contract (Levels 1-2)	2 601	3,00	78	33
11 Contract (Levels 3-5)	194	0,52	1	194
12 Contract (Levels 6-8)	620	0,48	3	207
13 Contract (Levels 9-12)	2 006	0,15	3	669
14 Contract (Levels 13-16)	3 336	0,03	1	3 336
18 Contract Other	2 9892	1,72	513	58
19 Periodical Remuneration	1 479	3,25	48	31
TOTAL	779 988	18,67	3 142	248

Table 3.1.3 Salaries, Overtime, Home Owner's Allowance and Medical Aid by programme for the period 1 April 2017 to 31 March 2018.

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Programme (R'000)
ADMIN-ISTRATION	142 382	90,38	1 554	0,99	4 782	3,04	8 818	5,60	157 536
PROVIN SECRET FOR POLICE SERV	18 663	94,80	7	0,04	282	1,43	744	3,78	19 696
TRANSPORT INFRA-STRUCTURE	148 804	87,90	5	0	9 157	5,41	11 335	6,70	169 301
TRANSPORT OPERATION	20 574	90,50	37	0,16	715	3,15	1 400	6,16	22 726
TRANSPORT REGULATION	325 691	83,80	20 514	5,28	13 199	3,40	29 315	7,54	388 719
TOTAL	656 114	447,38	22 117	2,92	28 135	3,71	51 612	6,81	757 978

Table 3.1.4 Salaries, Overtime, Home Owner's Allowance and Medical Aid by salary band for the period 1 April 2017 to 31 March 2018.

Salary Bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
01 Lower skilled (Levels 1-2)	12 299	79,27	-	0	1 503	9,69	2 214	14,27	15 516
02 Skilled (Levels 3-5)	198 153	79,41	1 144	0,46	14 293	5,73	22 127	8,87	249 524
03 Highly skilled production (Levels 6-8)	256 875	83,07	18 622	6,02	10 531	3,41	24 066	7,78	309 211
04 Highly skilled supervision (Levels 9-12)	98 861	90,56	2 347	2,15	1 456	1,33	2 925	2,68	109 171
05 Senior management (Levels 13-16)	51 366	129,07	-	0	333	0,84	252	0,63	39 798
09 Other	11	137,50	-	0	-	0	-	0	8
10 Contract (Levels 1-2)	39	100	-	0	-	0	-	0	39
11 Contract (Levels 3-5)	183	94,33	4	2,06	-	0	14	7,22	194
12 Contract (Levels 6-8)	659	106,29	-	0	19	3,06	14	2,26	620
13 Contract (Levels 9-12)	2 881	183,15	-	0	-	0	-	0	1 573
14 Contract (Levels 13-16)	3 915	119,98	-	0	-	0	-	0	3 263
18 Contract Other	30 872	111,19	-	0	-	0	-	0	27 764
19 Periodical Remuneration	-	0	-	0	-	0	-	0	1 297
TOTAL	656 114	86,56	22 117	2,92	28 135	3,71	51 612	6,81	757 978

3.2 Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

Table 3.2.1 Employment and vacancies by programme as on 31 March 2018.

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
ADMINISTRATION	567	418	26,3	12
PROVIN SECRET FOR POLICE SERV	39	34	12,8	1
TRANSPORT INFRASTRUCTURE	868	703	19,0	0
TRANSPORT OPERATION	65	60	7,7	0
TRANSPORT REGULATION	1 377	1 276	7,3	0
TOTAL	2 916	2 491	14,6	13

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2018.

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employment to the establishment
01 Lower Skilled (Levels 1-2)	624	511	18,1	0
02 Skilled (Levels 3-5)	1 053	924	12,3	0
03 Highly Skilled Production (Levels 6-8)	954	840	11,9	0
04 Highly Skilled Supervision (Levels 9-12)	231	183	20,8	0
05 Senior Management (Levels 13-16)	33	25	24,2	0
09 Other	3	3	0	3
10 Contract (Levels 1-2)	10	0	100	10
11 Contract (Levels 3-5)	1	1	0	0
12 Contract (Levels 6-8)	2	1	50	0
13 Contract (Levels 9-12)	3	1	66,7	0
14 Contract (Levels 13-16)	2	2	0	0
TOTAL	2 916	2 491	14,6	13

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2018.

Critical Occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employment to the establishment
ADMINISTRATIVE RELATED	131	112	14,5	1
ALL ARTISANS IN THE BUILDING METAL MACHINERY ETC.	2	2	0	0
AUXILIARY AND RELATED WORKERS	8	7	12,5	0
BUILDING AND OTHER PROPERTY CARETAKERS	0	0	0	0
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC.	285	250	12,3	0
CLIENT INFORM CLERKS(SWITCHB RECEIPT INFORM CLERKS)	0	0	0	0
COMMUNICATION AND INFORMATION RELATED	2	2	0	0
COMPUTER PROGRAMMERS.	1	0	100	0
ELECTRICAL AND ELECTRONICS ENGINEERING TECHNICIANS	0	0	0	0
ENGINEERING SCIENCES RELATED	30	14	53,3	0
ENGINEERS AND RELATED PROFESSIONALS	22	17	22,7	0
FARM HANDS AND LABOURERS	0	0	0	0
FINANCE AND ECONOMICS RELATED	6	4	33,3	0
FINANCIAL AND RELATED PROFESSIONALS	51	40	21,6	0
FINANCIAL CLERKS AND CREDIT CONTROLLERS	501	455	9,2	0
HEAD OF DEPARTMENT/CHIEF EXECUTIVE OFFICER	1	0	100	0
HOUSEKEEPERS LAUNDRY AND RELATED WORKERS	0	0	0	0
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF	35	26	25,7	0
HUMAN RESOURCES CLERKS	23	13	43,5	5
HUMAN RESOURCES RELATED	8	4	50	0
INFORMATION TECHNOLOGY RELATED	2	1	50	0
INSPECTORS OF APPRENTICES WORKS AND VEHICLES	6	4	33,3	0
LANGUAGE PRACTITIONERS INTERPRETERS & OTHER COMMUN	8	8	0	0
LIBRARY MAIL AND RELATED CLERKS	22	19	13,6	0
LIGHT VEHICLE DRIVERS	2	2	0	0

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2018 (continued)

Critical Occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employment to the establishment
LOGISTICAL SUPPORT PERSONNEL	23	19	17,4	0
MATERIAL-RECORDING AND TRANSPORT CLERKS	8	4	50	0
MESSENGERS PORTERS AND DELIVERERS	26	21	19,2	0
MOTOR VEHICLE DRIVERS	0	0	0	0
MOTORISED FARM AND FORESTRY PLANT OPERATORS	0	0	0	0
NATURAL SCIENCES RELATED	1	1	0	0
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS	271	244	10	0
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS	17	11	35,3	0
OTHER INFORMATION TECHNOLOGY PERSONNEL.	16	9	43,8	0
OTHER OCCUPATIONS	1	1	0	0
OTHER PRINTING TRADE WORKERS	1	1	0	0
REGULATORY INSPECTORS	594	559	5,9	0
RISK MANAGEMENT AND SECURITY SERVICES	1	1	0	0
ROAD SUPERINTENDENTS	30	23	23,3	0
ROAD WORKERS	528	430	18,6	0
SAFETY HEALTH AND QUALITY INSPECTORS	2	1	50	0
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS	24	20	16,7	0
SECURITY GUARDS	0	0	0	0
SECURITY OFFICERS	184	130	29,3	7
SENIOR MANAGERS	33	27	18,2	0
TRADE LABOURERS	10	9	10	0
TOTAL	2 916	2 491	14,6	13

3.3 Filling of SMS Posts

The tables in this section provide information on employment and vacancies by salary level as it relates to members of the Senior Management Service. It also provides information on advertising for and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2018.

SMS Level	Total number of funded SMS posts	Total number of SMS filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/Head of Department	1	0	100	1	13
Salary Level 16	1	1	0	0	0
Salary Level 15	1	1	0	0	0
Salary Level 14	6	5	83.3	1	17
Salary Level 13	26	20	77	6	23
TOTAL	35	27	77	8	23

Table 3.3.2 SMS post information as on 30 September 2017.

SMS Level	Total number of funded SMS posts	Total number of SMS filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/Head of Department	1	1	0	0	0
Salary Level 16	1	1	0	0	0
Salary Level 15	1	0	100	1	12.5
Salary Level 14	6	6	0	0	0
Salary Level 13	28	21	75	7	87.5
TOTAL	37	29	78.4	8	100

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2017 to 31 March 2018.

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/Head of Department	1	0	0
Salary Level 16	1	0	0
Salary Level 15	1	1	0
Salary Level 14	3	0	2
Salary Level 13	8	0	3
TOTAL	14	1	5



Table 3.3.4 Reasons for not having complied with the filing of vacant SMS-Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2017 to 31 March 2018.

Reasons for vacancies not advertised within six months

As a result of limited funding for compensation of employees posts some posts were not advertised within the prescribed period.

Reasons for vacancies not filled within six months

Due to the budget constraints for Compensation of Employees, advertised posts could not be filled within six months.

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 2017 to 31 March 2018.

Reasons for vacancies not advertised within six months

N/A

Reasons for vacancies not filled within six months

N/A

3.4. Job Evaluation

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2017 to 31 March 2018.

Salary Band	Number of posts on approved establishment	Number of jobs Evaluated	% of posts evaluation by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	%of posts evaluation
01 Lower Skilled (Levels 1-2)	624	168	26,92	0	0	0	0
02 Skilled (Levels 3-5)	1 053	904	85,85	36	100	0	0
03 Highly Skilled Production (Levels 6-8)	954	1 005	105,35	23	100	0	0
04 Highly Skilled Supervision (Levels 9-12)	231	194	83,98	0	0	0	0
05 Senior Management Service Band A	25	30	120	0	0	0	0
06 Senior Management Service Band B	6	6	100	0	0	0	0
07 Senior Management Service Band C	1	1	100	0	0	0	0
08 Senior Management Service Band D	1	1	100	0	0	0	0
09 Other	3	0	0	0	0	0	0
10 Contract (Levels 1-2)	10	0	0	0	0	0	0
11 Contract (Levels 3-5)	1	1	100	0	0	0	0
12 Contract (Levels 6-8)	2	3	150	0	0	0	0
13 Contract (Levels 9-12)	3	1	33,33	0	0	0	0
14 Contract Band A	2	0	0	0	0	0	0
TOTAL	2 916	2 314	79,08	59	100	0	0

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2017 to 31 March 2018.

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	38	0	0	3	41
TOTAL	38	0	0	3	41
Employees with a Disability	0	0	0	0	0

The number of posts upgraded will not tally with the total on table 3.4.1 as only employees who qualify may be upgraded into PSR 16.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2017 to 31 March 2018.

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2017 to 31 March 2018.

Gender	African	Asian	Coloured	white	Total
Female	-	-	-	-	-
Male	-	-	-	-	-
TOTAL	-	-	-	-	-
Employees with a disability	-	-	-	-	-
Total number of employees whose salaries exceeded the grades determined by job evaluation					None

3.5 Employment Changes

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2017 to 31 March 2018.

Salary Band	Number of employees at beginning of period - 1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
01 Lower Skilled (Levels 1-2)	385	0	2	0,5
02 Skilled (Levels 3-5)	905	58	73	8,1
03 Highly Skilled Production (Levels 6-8)	849	20	35	4,1
04 Highly Skilled Supervision (Levels 9-12)	189	10	11	5,8
05 Senior Management Service Band A	21	1	0	0
06 Senior Management Service Band B	4	1	0	0
08 Senior Management Service Band D	0	0	0	0
09 Other	0	789	0	0
11 Contract (Levels 3-5)	0	1	0	0
12 Contract (Levels 6-8)	1	2	0	0
13 Contract (Levels 9-12)	2	0	0	0
14 Contract Band A - 13	1	0	0	0
17 Contract Band D - 16	1	0	1	100
TOTAL	2 358	882	122	5,2

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 to 31 March 2018.

Critical occupation	Number of employees at beginning of period - April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
ADMINISTRATIVE RELATED	115	3	2	1,7
ALL ARTISANS IN THE BUILDING METAL MACHINERY ETC.	5	0	1	20
AUXILIARY AND RELATED WORKERS	6	0	0	0
BUILDING AND OTHER PROPERTY CARETAKERS	5	0	1	20
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC.	46	1	14	30,4
CLIENT INFORM CLERKS(SWITCHB RECEPT INFORM CLERKS),	0	0	0	0
COMMUNICATION AND INFORMATION RELATED	2	0	0	0
COMPUTER PROGRAMMERS.	1	0	1	100
ELECTRICAL AND ELECTRONICS ENGINEERING TECHNICIANS	2	0	0	0
ENGINEERING SCIENCES RELATED	17	0	3	17,6
ENGINEERS AND RELATED PROFESSIONALS	7	3	0	0
FARM HANDS AND LABOURERS	3	0	0	0
FINANCE AND ECONOMICS RELATED	4	0	0	0
FINANCIAL AND RELATED PROFESSIONALS	37	7	0	0
FINANCIAL CLERKS AND CREDIT CONTROLLERS	447	23	10	2,2
HEAD OF DEPARTMENT/ CHIEF EXECUTIVE OFFICER	1	0	1	100
HOUSEKEEPERS LAUNDRY AND RELATED WORKERS	1	0	0	0
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF	19	0	2	10,5
HUMAN RESOURCES CLERKS	14	3	6	42,9

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 to 31 March 2018 (continued)

Critical occupation	Number of employees at beginning of period - April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
HUMAN RESOURCES RELATED	7	1	2	28,6
INFORMATION TECHNOLOGY RELATED	3	0	1	33,3
INSPECTORS OF APPRENTICES WORKS AND VEHICLES	4	0	0	0
LANGUAGE PRACTITIONERS INTERPRETERS & OTHER COMMUN	6	3	0	0
LIBRARY MAIL AND RELATED CLERKS	15	0	2	13,3
LIGHT VEHICLE DRIVERS	4	0	0	0
LOGISTICAL SUPPORT PERSONNEL	16	1	2	12,5
MATERIAL-RECORDING AND TRANSPORT CLERKS	7	0	1	14,3
MESSENGERS PORTERS AND DELIVERERS	16	0	2	12,5
MOTOR VEHICLE DRIVERS	1	0	0	0
MOTORISED FARM AND FORESTRY PLANT OPERATORS	3	0	0	0
NATURAL SCIENCES RELATED	1	0	0	0
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS	203	28	8	3,9
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS	8	0	0	0
OTHER INFORMATION TECHNOLOGY PERSONNEL.	16	4	2	12,5
OTHER OCCUPATIONS	12	0	0	0
OTHER PRINTING TRADE WORKERS	1	0	0	0
REGULATORY INSPECTORS	631	0	10	1,6
RISK MANAGEMENT AND SECURITY SERVICES	2	0	0	0
ROAD SUPERINTENDENTS	19	0	1	5,3



Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 to 31 March 2018 (continued)

Critical occupation	Number of employees at beginning of period - April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
ROAD TRADE WORKERS.	1	0	1	100
ROAD WORKERS	472	13	40	8,5
SAFETY HEALTH AND QUALITY INSPECTORS	1	0	0	0
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS	20	1	1	5
SECURITY GUARDS	6	0	0	0
SECURITY OFFICERS	119	789	8	6,7
SENIOR MANAGERS	27	2	0	0
TRADE LABOURERS	5	0	0	0
TOTAL	2 358	882	122	5,2

Table 3.5.3 Reasons why staff left the Department for the period 1 April 2017 to 31 March 2018.

Termination Type	Number	% of Total Resignations
01 Death	17	13,93
02 Resignation	30	24,59
03 Expiry of contract	0	0
06 Discharged due to ill health	3	2,46
07 Dismissal-misconduct	11	9,02
09 Retirement	61	50
10 Other	0	0
TOTAL	122	100
Total number of employees who left as a % of total employment		5.2%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2017 to 31 March 2018.

Occupation	Employees 1 April 2017	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
ADMINISTRATIVE RELATED	115	5	4,3	70	60,9
ALL ARTISANS IN THE BUILDING METAL MACHINERY ETC.	5	4	80	4	80
AUXILIARY AND RELATED WORKERS	6	0	0	4	66,7
BUILDING AND OTHER PROPERTY CARETAKERS	5	0	0	0	0
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC.	46	0	0	63	137
CLIENT INFORM CLERKS(SWITCHB RECEIPT INFORM CLERKS),	0	0	0	0	0
COMMUNICATION AND INFORMATION RELATED	2	0	0	1	50
COMPUTER PROGRAMMERS.	1	0	0	0	0
ELECTRICAL AND ELECTRONICS ENGINEERING TECHNICIANS	2	0	0	0	0
ENGINEERING SCIENCES RELATED	17	0	0	8	47,1
ENGINEERS AND RELATED PROFESSIONALS	7	2	28,6	13	185,7
FARM HANDS AND LABOURERS	3	0	0	2	66,7
FINANCE AND ECONOMICS RELATED	4	0	0	1	25
FINANCIAL AND RELATED PROFESSIONALS	37	0	0	20	54,1
FINANCIAL CLERKS AND CREDIT CONTROLLERS	447	4	0,9	290	64,9
HEAD OF DEPARTMENT/CHIEF EXECUTIVE OFFICER	1	0	0	0	0
HOUSEKEEPERS LAUNDRY AND RELATED WORKERS	1	0	0	1	100

Table 3.5.4 Promotions by critical occupation for the period 1 April 2017 to 31 March 2018 (continued)

Occupation	Employees 1 April 2017	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
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF	19	0	0	19	100
HUMAN RESOURCES CLERKS	14	0	0	11	78,6
HUMAN RESOURCES RELATED	7	1	14,3	1	14,3
INFORMATION TECHNOLOGY RELATED	3	0	0	1	33,3
INSPECTORS OF APPRENTICES WORKS AND VEHICLES	4	0	0	4	100
LANGUAGE PRACTITIONERS INTERPRETERS & OTHER COMMUN	6	0	0	5	83,3
LIBRARY MAIL AND RELATED CLERKS	15	0	0	10	66,7
LIGHT VEHICLE DRIVERS	4	0	0	0	0
LOGISTICAL SUPPORT PERSONNEL	16	0	0	12	75,0
MATERIAL-RECORDING AND TRANSPORT CLERKS	7	0	0	5	71,4
MESSENGERS PORTERS AND DELIVERERS	16	0	0	7	43,8
MOTOR VEHICLE DRIVERS	1	0	0	1	100
MOTORISED FARM AND FORESTRY PLANT OPERATORS	3	0	0	3	100
NATURAL SCIENCES RELATED	1	0	0	1	100
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS	203	0	0	112	55,2
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS	8	2	25	5	62,5
OTHER INFORMATION TECHNOLOGY PERSONNEL.	16	0	0	4	25
OTHER OCCUPATIONS	12	0	0	0	0
OTHER PRINTING TRADE WORKERS	1	0	0	1	100

Table 3.5.4 Promotions by critical occupation for the period 1 April 2017 to 31 March 2018 (continued)

Occupation	Employees 1 April 2017	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
REGULATORY INSPECTORS	631	5	0,8	353	55,9
RISK MANAGEMENT AND SECURITY SERVICES	2	0	0	0	0
ROAD SUPERINTENDENTS	19	7	36,8	11	57,9
ROAD TRADE WORKERS.	1	0	0	0	0
ROAD WORKERS	472	2	0,4	373	79
SAFETY HEALTH AND QUALITY INSPECTORS	1	0	0	1	100
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS	20	0	0	16	80
SECURITY GUARDS	6	0	0	2	33,3
SECURITY OFFICERS	119	0	0	84	70,6
SENIOR MANAGERS	27	6	22,2	3	11,1
TRADE LABOURERS	5	0	0	9	180
TOTAL	2 358	38	1,6	1 531	64,9

Table 3.5.5 Promotions by Salary Band for the period 1 April 2017 to 31 March 2018.

Salary Band	Employees 1 April 2017	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
01 Lower Skilled (Levels 1-2)	385	0	0	2	0,5
02 Skilled (Levels 3-5)	905	7	0,8	825	91,2
03 Highly Skilled Production (Levels 6-8)	849	10	1,2	578	68,1
04 Highly Skilled Supervision (Levels 9-12)	189	15	7,9	112	59,3
05 Senior Management (Levels 13-16)	25	6	24	14	56
09 Other	0	0	0	0	0
11 Contract (Levels 3-5)	0	0	0	0	0
12 Contract (Levels 6-8)	1	0	0	0	0
13 Contract (Levels 9-12)	2	0	0	0	0
14 Contract (Levels 13-16)	2	0	0	0	0
TOTAL	2 358	38	1,6	1 531	64,9

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2018.

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
PROFESSIONALS	54	1	1	4	50	2	-	8	120
TECHNICIANS AND ASSOCIATE PROFESSIONALS	86	3	-	11	52	2	-	9	163
LABOURERS AND RELATED WORKERS	436	9	-	7	241	-	-	-	693
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	8	-	-	-	-	-	-	-	8
SERVICE SHOP AND MARKET SALES WORKERS	348	15	-	27	275	12	-	2	679
CLERKS	220	5	-	9	447	12	1	75	769
SENIOR OFFICIALS AND MANAGERS	20	-	-	1	5	-	-	1	27
CRAFT AND RELATED TRADE WORKERS	18	-	-	6	7	-	-	1	32
TOTAL	1 190	33	1	65	1 077	28	1	96	2 491
Employees with disabilities	4	0	0	1	7	0	0	3	15

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2018.

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
01 Top Management	2	0	0	0	0	0	0	0	2
02 Senior Management	16	0	0	3	5	0	0	1	25
03 Professionally qualified and experienced specialists and mid-management	109	3	1	12	48	1	0	12	186
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen	371	17	0	42	365	18	0	29	842
05 Semi-skilled and discretionary decision making	377	7	0	8	472	6	1	54	925
06 Unskilled and defined decision making	315	6	0	0	190	0	0	0	511
TOTAL	1 190	33	1	65	1 080	25	1	96	2 491

Table 3.6.3 Recruitment for the period 1 April 2017 to 31 March 2018.

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	2	0	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	6	0	0	0	4	0	0	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen	6	0	0	0	13	1	0	0	20
Semi-skilled and discretionary decision making	22	0	0	0	36	0	0	0	58
Not Available	0	0	0	0	0	0	0	0	0
Contract (Skilled technical)	2	0	0	1	0	0	0	0	3
Contract (Semi-skilled)	0	0	0	0	0	0	0	0	0
Contract (Unskilled)	0	0	0	0	0	0	0	0	0
TOTAL	38	0	0	1	53	1	0	0	93
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2017 to 31 March 2018.

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	4	0	0	0	1	0	0	0	5
Professionally qualified and experienced specialists and mid-management	9	0	0	0	5	0	0	1	15
Skilled technical and academically qualified workers, junior management, supervisors, foremen	3	0	0	0	8	0	0	0	11
Semi-skilled and discretionary decision making	1	0	0	0	5	0	0	0	6
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Not Available	0	0	0	0	0	0	0	0	0
TOTAL	18	0	0	0	19	0	0	1	38
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2017 to 31 March 2018.

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management.	9	0	0	0	2	0	0	0	11
Skilled technical and academically qualified workers, junior management, supervisors, foremen.	14	3	0	1	9	0	0	7	34
Semi-skilled and discretionary decision making.	49	0	0	1	20	0	0	1	71
Unskilled and defined decision making.	2	0	0	0	0	0	0	0	2
Not Available	0	0	0	0	0	0	0	0	0
Contract (Top Management)	1	0	0	0	0	0	0	0	1
Contract (Skilled technical)	0	0	0	0	0	0	0	0	0
Contract (Semi-skilled)	0	0	0	0	0	0	0	0	0
TOTAL	78	3	0	2	31	0	0	8	122
Employees with disabilities	1	0	0	0	0	0	0	0	1

Table 3.6.6 Disciplinary action for the period 1 April 2017 to 31 March 2018.

Disciplinary Action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
DISMISSAL	2	0	0	0	1	0	0	0	3
WRITTEN WARNING	6	0	0	0	0	0	0	0	6
FINAL WRITTEN WARNING	1	0	0	0	2	0	0	0	3
NOT GUILTY	2	0	0	0	0	0	0	0	2
AQUITAL	1	0	0	0	0	0	0	0	1
NO OUTCOME	0	0	0	0	0	0	0	0	0
TOTAL	12	0	0	0	3	0	0	0	15

Table 3.6.7 Skills development for the period 1 April 2017 to 31 March 2018.

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	21	2	4	3	62	1	0	6	99
Professionals	26	1	0	2	19	0	0	1	49
Technicians and Associate Professionals	9	0	0	1	18	2	0	2	32
Clerks	47	1	0	2	171	3	1	16	241
Service and Sales Workers	8	1	0	1	14	0	0	0	24
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	52	1	0	1	14	0	0	3	71
Employees with disabilities	6	0	0	0	19	1	0	0	26
TOTAL	169	6	4	10	317	7	1	28	542

3.7 Signing of Performance Agreements by SMS Members.

Table 3.7.1 Signing of Performance Agreements by SMS Members as on 31 May 2017.

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performances agreements as % of total number of SMS members
Head of Department Salary Levels 16	1	1	1	100
Salary Levels 15	1	1	1	100
Salary Levels 14	6	5	5	100
Salary Levels 13	26	20	20	100
TOTAL	34	27	27	-

Table 3.7.2 Reasons for not having concluded Performance Agreements for all SMS members as on 31 March 2018.

Reasons
N/A

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance Agreements as on 31 March 2018.

Reasons
N/A

3.8 Performance Rewards

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2017 to March 2018.

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African, Female	365	1 190	30,67	3 607.65	9 884
African, Male	490	1 077	45,50	4 565.06	9 316
Asian, Female	0	1	0	0	0
Asian, Male	0	1	0	0	0
Coloured, Female	9	33	27,27	92.07	10 230
Coloured, Male	19	28	67,86	196.09	10 320
Total Blacks, Female	374	1 224	30,56	3 699.72	9 892
Total Blacks, Male	509	1 106	46,02	4 761.15	9 354
White, Female	68	65	104,62	924.43	13 595
White, Male	35	96	36,46	466.84	13 338
Employees with a disability	4	15	26,67	51.13	12 783
TOTAL	986	2 491	39,58	9 903.28	10 044

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2017 to 31 March 2018.

Salary Band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee
01 Lower Skilled (Levels 1-2)	0	511	0	0	0
02 Skilled (Levels 3-5)	502	924	54,30	3 365.57	6 704
03 Highly Skilled Production (Levels 6-8)	407	840	48,50	4 773.26	11 728
04 Highly Skilled Supervision (Levels 9-12)	77	183	42,10	1 764.44	22 915
Senior Management (Level 13 -16)	0	27	0	0	0
09 Other	0	0	0	0	0
10 Contract (Levels 1-2)	0	0	0	0	0
11 Contract (Levels 3-5)	0	1	0	0	0
12 Contract (Levels 6-8)	0	1	0	0	0
13 Contract (Levels 9-12)	0	1	0	0	0
14 Contract (Levels 13 - 16)	0	3	0	0	0
TOTAL	986	2 491	39,60	9 903.28	10 044

Table 3.8.3 Performance Rewards by critical occupation for the period 01 April 2017 to 31 March 2018.

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
FINANCIAL CLERKS AND CREDIT CONTROLLERS	1	1	100	5.96	5 958
OTHER PRINTING TRADE WORKERS	8	18	44,40	69,13	8 641
HUMAN RESOURCES CLERKS	0	3	0	0	0
MOTORISED FARM AND FORESTRY PLANT OPERATORS	46	646	7,10	278.34	6 051
SECURITY OFFICERS	4	4	100	35	8 749
ALL ARTISANS IN THE BUILDING METAL MACHINERY ETC.	14	25	56	209.94	14 996
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF	4	17	23,50	22.56	5 640
MESSENGERS PORTERS AND DELIVERERS	0	2	0	0	0
RISK MANAGEMENT AND SECURITY SERVICES	1	1	100	13.11	13 114
SAFETY HEALTH AND QUALITY INSPECTORS	1	3	33,30	16.06	16 060
FINANCE AND ECONOMICS RELATED	5	16	31,30	75.89	15 178
LOGISTICAL SUPPORT PERSONNEL	1	1	100	15.76	15 762
NATURAL SCIENCES RELATED	102	240	42,50	1 166.32	11 434
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS	1	1	100	13.92	13 919
HOUSEKEEPERS LAUNDRY AND RELATED WORKERS	4	7	57,10	42.27	10 567
AUXILIARY AND RELATED WORKERS	0	1	0	0	0
OTHER OCCUPATIONS	13	32	40,60	181.15	13 934
FINANCIAL AND RELATED PROFESSIONALS	0	10	0	0	0
BUILDING AND OTHER PROPERTY CARETAKERS	61	132	46,20	1 469	24 082
ADMINISTRATIVE RELATED	1	2	50	18.09	18 091

**Table 3.8.3 Performance Rewards by critical occupation for the period 01 April 2017 to 31 March 2018
(continued)**

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
COMMUNICATION AND INFORMATION RELATED	11	23	47,80	88.32	8 029
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS	7	18	38,90	61.46	8 780
LIBRARY MAIL AND RELATED CLERKS	19	235	8,10	106.48	5 604
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC.	0	4	0	0	0
HUMAN RESOURCES RELATED	3	10	30	19.25	6 418
TRADE LABOURERS	9	23	39,10	140.62	15 624
ROAD SUPERINTENDENTS	2	8	25	24.55	12 276
LANGUAGE PRACTITIONERS INTERPRETERS & OTHER COMMUN	199	8	2 487,50	2 262.28	11 368
REGULATORY INSPECTORS	270	425	63,50	1 741.04	6 448
ROAD WORKERS	3	5	60	19.82	6 607
MATERIAL-RECORDING AND TRANSPORT CLERKS	2	2	100	15.12	7 561
FARM HANDS AND LABOURERS	5	6	83,30	79.87	15 975
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS	4	4	100	51.01	12 752
INSPECTORS OF APPRENTICES WORKS AND VEHICLES	0	30	0	0	0
SENIOR MANAGERS	0	19	0	0	0
ENGINEERS AND RELATED PROFESSIONALS	4	11	36,40	24.01	6 002
OTHER INFORMATION TECHNOLOGY PERSONNEL.	3	4	75	19.99	6 665
LIGHT VEHICLE DRIVERS	2	1	200	28.40	14 199
ELECTRICAL AND ELECTRONICS ENGINEERING TECHNICIANS	6	11	54,50	83.75	13 959
ENGINEERING SCIENCES RELATED	0	1	0	0	0
MOTOR VEHICLE DRIVERS	0	5	0	0	0
SECURITY GUARDS	0	1	0	0	0
TOTAL	986	2 491	39,60	9 903.28	10 044

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2017 to 31 March 2018.

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	26	0	0	0	0
Band B	0	6	0	0	0	0
Band C	0	1	0	0	0	0
Band D	0	1	0	0	0	0
TOTAL	0	36	0	0	0	0

3.9 Foreign Workers

Table 3.9.1 Foreign workers by salary band for the period 1 April 2017 to 31 March 2018.

Salary Band	Employment at Beginning of Period	% Total at Beginning of Period	Employment at End of Period	% of Total at End of Period	Change in Employment	% of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Highly skilled production (Levels 6-8)	2	66,70	3	100	1	0	3	3	0
Other	1	33,30	0	0	- 1	0	3	3	0
TOTAL	3	100	3	100	0	0	3	3	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2017 to 31 March 2018.

Salary Band	Employment at Beginning of Period	% Total at Beginning of Period	Employment at End of Period	% Total at End of Period	Change in Employment	% of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Highly skilled production (Levels 6-8)	2	66,70	3	100	1	0	3	3	0
Other	1	33,30	0	0	- 1	0	3	3	0
TOTAL	3	100	3	100	0	0	3	3	0

3.10 Leave utilisation

Table 3.10.1 Sick leave for the period 1 January 2017 to December 2017.

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)
Contract (Levels 13-16)	3	100	1	0,1	3	11
Contract (Levels 3-5)	5	40	1	0,1	5	4
Contract (Levels 6-8)	3	100	1	0,1	3	3
Contract (Levels 9-12)	4	0	1	0,1	4	12
Highly skilled production (Levels 6-8)	4 884	87,9	633	37,7	8	5 749
Highly skilled supervision (Levels 9-12)	895	86,7	121	7,2	7	2 126
Lower skilled (Levels 1-2)	523	90,6	92	5,5	6	260
Senior management (Levels 13-16)	173	97,7	21	1,3	8	666
Skilled (Levels 3-5)	6 206	88,5	808	48,1	8	4 613
TOTAL	12 696	88,3	1 679	100	8	13 443

Table 3.10.2 Disability Incapacity leave (temporary and permanent) for the period 1 January 2017 to 31 December 2017.

Salary Band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Highly skilled production (Levels 6-8)	417	151,60	16	30,20	26	790
Highly skilled supervision (Levels 9-12)	437	103,20	6	11,30	73	932
Lower skilled (Levels 1-2)	16	106,30	1	1,90	16	8
Senior management (Levels 13-16)	28	103,60	1	1,90	28	105
Skilled (Levels 3-5)	202	269,30	29	54,70	7	383
TOTAL	1 100	152,10	53	100	21	2 219

Table 3.10.3 Annual leave for the period 1 January 2017 to 31 December 2017.

Salary Band	Total days taken	Number of Employees using Annual Leave	Average per employee
Contract (Levels 13-16)	7	4	2
Contract (Levels 3-5)	15	15	1
Contract (Levels 6-8)	8	8	1
Contract (Levels 9-12)	20	10	2
Highly skilled production (Levels 6-8)	18 331	20	931
Highly skilled supervision (Levels 9-12)	3 820	19	197
Lower skilled (Levels 1-2)	1 273	9	146
Senior management (Levels 13-16)	621	14	44
Skilled (Levels 3-5)	25 573	21	1 222
TOTAL	49 668	120	2 546

Table 3.10.4 Capped leave for the period 1 January 2017 to 31 December 2017.

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at end of period	Number of Employees who took capped leave	Total number of capped leave available at end of period	Number of Employees as at end of period
Contract (Levels 1-2)	0	0	0	0	-	0
Contract (Levels 13-16)	0	0	0	0	-	0
Contract (Levels 3-5)	0	0	0	0	-	0
Contract (Levels 6-8)	0	0	0	0	-	0
Contract (Levels 9-12)	0	0	0	0	-	0
Contract Other	0	0	0	0	-	0
Highly skilled production (Levels 6-8)	66	6	52	12	13 758.99	267
Highly skilled supervision (Levels 9-12)	1	1	64	1	4 311.92	67
Lower skilled (Levels 1-2)	0	0	0	0	-	0
Other	0	0	0	0	-	0
Senior management (Levels 13-16)	0	0	48	0	428.60	9
Skilled (Levels 3-5)	54	5	66	11	32 691.34	497
TOTAL	121	5	61	24	51 190.85	840

Table 3.10.5 Leave payouts for period 1 April 2017 to 31 March 2018.

Reason	Total Amount (R` 000)	Number of employees	Average per employee (R` 000)
Capped leave pay-outs on termination of service for current financial year.	6 102	93	65 613
Current leave pay-out on termination of service for current financial year.	342	17	20 118
Leave pay-out for current financial year due to non-utilisation of leave for the previous cycle.	88	1	88 000
TOTAL	6 532	111	58 847

3.11 HIV/AIDS and 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 and related diseases (if any).	Key steps taken to reduce the risk.
Road workers (internal employees and external subcontractors) who migrated from their families.	Education on HIV/AIDS (How to live with HIV and to give care and support) and distribution of condoms.

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes.

Question	Yes	No	Details, if any
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.	YES		Director: OHRD Me RN Kokoropo
2. Does the Department have a dedicated unit or have you designated specific staff members to promote 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.	YES		Eight members, R1,2 m
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	YES		Awareness campaigns disease management voluntary counselling and testing. Health and Safety awareness.
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.		NO	The committee to be established as contemplated in Part VI E.5 in July 2018.
5. Has the Department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	YES		HIV/AIDS, STI and TB Management policy in line with DPISA injunctions.
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.	YES		Labour Relation Act is reinforced to protect all employees irrespective of their health status.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	YES		Through voluntary HIV Counselling and Testing campaigns that are conducted within the Department.
8. Has the department developed measures/indicators to monitor and evaluate the impact of your health promotion programme? If so, list these measures/indicators.	YES		Through Monthly, Quarterly, GEMS Reports.

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2017 to 31 March 2018.

Total number of Collective Agreements	None
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Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2017 to 31 March 2018.

Outcomes of disciplinary hearings	Number	% of Total
Correctional Counselling	0	-
Verbal Warning	0	-
Written Warning	6	40
Final Written Warning	3	20
Suspended without Pay	0	-
Fine	0	-
Demotion	0	-
Dismissal	3	20
Not Guilty	2	13,33
Case Withdrawn	1	6,67
TOTAL	15	100
Total number of Disciplinary hearings finalised	15	

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2017 to 31 March 2018.

Type of misconduct	Number	% of Total
Fraud and Corruption	10	7.84
Dereliction of duty	4	1.12
Strike	7	1.96
Drunk on duty	1	0.28
Fighting on duty	1	0.28
Absenteeism	2	0.56
Insubordination	2	0.56
Theft of diesel	1	0.28
TOTAL	28	12.88

**Table 3.12.4 Grievances logged for the period 1 April 2017 to 31 March 2018.**

Grievances	Number	% of Total
Number of Grievances resolved	3	16,67
Number of grievances not resolved	15	83,33
Total number of grievances logged	18	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2017 to 31 March 2018.

Disputes	Number	% of Total
Number of disputes upheld	8	100
Number of disputes dismissed	0	0
Total number of disputes logged	8	100

Table 3.12.6 Strike actions for the period 1 April 2017 to 31 March 2018.

Total number of persons working days lost	55
Total costs working days lost	1
Amount recovered as a result of no work no pay (R`000)	R29 802.87

Table 3.12.7 Precautionary suspensions for the period 1 April 2017 to 31 March 2018.

Number of people suspended	12
Number of people whose suspension exceeded 30 days	12
Average number of days suspended	25.2
Cost of suspension (R`000)	R1 775 682.15

3.13 Skills development

Table 3.13.1 Training needs identified for the period 1 April 2017 to 31 March 2018.

Occupational Category	Gender	Number of employees as at 1 April 2017	Training needs identified as start of the reporting period			Total
			Learnerships	Skills Programmes and other short courses	Other forms of training	
Legislators, senior officials and managers	Female	6	0	HR Planning, Assessor and Moderator, JE Panel, Policy Development, Governance & Strategic Planning, Financial Management, Advanced Computer, Gravel Road Design, Emotional Intelligence	PDMS	41
Legislators, senior officials and managers	Male	21	0			23
Professionals	Female	60	0	Basic Computer, Diversity management, Batho Pele, Mentoring and Coaching, SDF, SCM, Records Management, PFMA, Creative Writing, Budget, Facilitation Skills, Graphic Design, Public Relations, Construction & Maintenance, Conflict Management	PDMS	35
Professionals	Male	60	0			15
Technicians and associate professionals	Female	63	0	Protocol, Conflict, PILIR, Labour Relations, Basic Computer, Communication Skills, Report Writing, Geometric Design, Illegal Immigration, MDP, Dragger, SCM, Risk Management, OHS, Labour Relations, Advanced Driving, Traffic Management, Model Maker	Code of Conduct, PDMS	79
Technicians and associate professional	Male	100	0			85
Clerks	Female	535	0	NMP, Records Management, PFMA.	-	213
Clerks	Male	234	0		-	94
Service and sales workers	Female	289	0	Customer Service, EDL, EOVS, SCM, Budget, Fleet Management, PFMA, Fire Arm, Photography & Photoshop, Minute Taking, Safety Management, Advanced Computer, Public Management, Batho Pele, Tax I & II, HRM, Report Writing, MP, Women in Leadership.	-	62
Service and sales workers	Male	390	0			47
Skilled agriculture and fishery workers	Female	0	0	-	-	0
Skilled agriculture and fishery workers	Male	0	0		-	0

Table 3.13.1 Training needs identified for the period 1 April 2017 to 31 March 2018 (continued)

Occupational Category	Gender	Number of employees as at 1 April 2017	Training needs identified as start of the reporting period			Total
			Learnerships	Skills Programmes and other short courses	Other forms of training	
Craft and related trades workers	Female	8	0	-	-	0
Craft and related trades workers	Male	24	0		-	0
Plant and machine operators and assemblers	Female	0	0	Machine Course, Road Signs, Engine Rebuilding, OHS, ISO14001 & 18001	-	0
Plant and machine operators and assemblers	Male	8	0		-	1
Elementary occupations	Female	0	0	-	-	0
Elementary occupations	Male	0	0		-	0
Labourers and related Workers	Female	241	0	Air Conditioning, Plumbing, Time Management, Electricity, Maintenance, Computer Skills, Customer Care, Office Management, OHS, Hygiene and Cleaning	-	60
Labourers and related Workers	Male	452	0		-	94
Gender sub totals	Female	1 202	0	-	-	490
Gender sub totals	Male	1 289	0		-	359
TOTAL		2 491	0			849



Table 3.13.2 Training provided for the period 1 April 2017 to 31 March 2018.

Occupational Category	Gender	Number of employees as at 1 April 2017	Training needs identified as start of the reporting period			
			Learnership	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	6	0	JE Panel Training, MDP, ACFE,PGDBA, Women in leadership, Transport Infrastructure Integration	-	68
Legislators, senior officials and managers	Male	21	0		-	52
Professionals	Female	60	0	JE Training, TOT, Basic Computer, Assessor Training, Mentoring & Coaching, MDP, Road Signs, Women In Leadership, CDP	-	20
Professionals	Male	60	0		-	13
Technicians and associate professionals	Female	63	0	Basic Computer, Road Signs, Job Evaluation Panel, Customer Care, NMP, ACFE, EDL & EOV, Women in leadership, GDP	-	22
Technicians and associate professional	Male	100	0		-	10
Clerks	Female	535	0	Protocol, Basic Computer, EDL, Women in Leadership, Customer Care, NMP, CCCSA, Road Signs	-	192
Clerks	Male	234	0		-	44
Service and sales workers	Female	289	0	EDL, Basic Computer, ACFE,CCS, CCCSA	-	14
Service and sales workers	Male	390	0		-	10
Skilled agriculture and fishery workers	Female	0	0	-	-	0
Skilled agriculture and fishery workers	Male	0	0		-	0
Craft and related trades workers	Female	8	0	-	-	0
Craft and related trades workers	Male	24	0		-	0
Plant and machine operators and assemblers	Female	0	0		-	0
Plant and machine operators and assemblers	Male	8	0		-	0

Table 3.13.2 Training provided for the period 1 April 2017 to 31 March 2018 (continued)

Occupational Category	Gender	Number of employees as at 1 April 2017	Training needs identified as start of the reporting period		
			Learnership	Skills Programmes and other short courses	Other forms of training
Elementary occupations	Female	0	0	Protocol, OHS, AET, Road Signs, Machine Course, Basic Computer	-
Elementary occupations	Male	0	0		-
Labourers and related Workers	Female	241	0	Protocol, OHS, AET, Road Signs, Machine Course, Basic Computer	-
Labourers and related Workers	Male	452	0		-
Gender sub totals	Female	1 202	0	-	-
Gender sub totals	Male	1 289	0		-
TOTAL		2 491	0		

3.14 Injury on Duty

Table 3.14.1 Injury on duty for the period 1 April 2017 to 31 March 2018.

Nature of injury on duty	Number	% of Total
Required basic medical attention only	21	77,78
Temporary Total Disablement	6	22,22
Permanent Disablement	0	0
Fatal	0	0
TOTAL	27	100

3.15 Utilisation of Consultants

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2017 to 31 March 2018.

Project Title	Total number of consultants that worked on the project	Duration (Work days)	Contract value in Rand
VNA			
Kroonstad - Steynsrus	1	249	361 758 229
Sasolburg - Heilbron	1	249	230 782 183
MOLPRO			
Upgrading of access road in Phahameng Viljoenskroon P1717RT	1	154	7 998 151
The Upgrading of Thaba Nchu Internal Roads from gravel to Cape Seal P1603RT	1	249	39 521 607
Botshabelo Township Revitalization P1703	1	66	20 902 754
Tumahole Internal Roads Projects RFP 16/2013/14	1	220	387 575 972
The Rehabilitation of Deneysville To Jim Fouche Road P44/2	1	249	261 603 466
Upgrading of Deneysville To Heilbron Road from gravel	1	249	247 051 978
Upgrading of Schonkenville to Koppies gravel road S23 & S79 to surface standard	1	249	212 902 011
PROPER			
P39/1: Bultfontein - Welkom	1	249	160 091 832
P62/1: Bultfontein - Wesselsbron	1	249	103 902 895
P21/3: Hoopstad - Bultfontein (Upgrade & Rehab 55.0km)	1	249	164 457 786
P79/1: Bothaville - Kroonstad (Rehab 48.1km)	1	249	93 655 187
NAKENI			
Bethlehem - Reitz	1	249	88 539 476
Ladybrand Transport Centre	1	180	20 400 386
Senekal - Marquard	1	249	82 705 803
Nolands Advisory Services	1	180	497 838,00
Morar Incorporated	1	180	232 456

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2017 to 31 March 2018.

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
VNA			
Kroonstad - Steynsrus	100%	100%	1
Sasolburg - Heilbron	100%	100%	1
MOLPRO			
Upgrading of access road in Phahameng Viljoenskroon P1717RT	67%	80%	1
The Upgrading of Thaba Nchu Internal Roads from gravel to Cape Seal P1603RT	67%	80%	1
Botshabelo Township Revitalization P1703	67%	80%	1
Tumahole Internal Roads Projects RFP 16/2013/14	67%	80%	1
The Rehabilitation of Deneysville To Jim Fouché Road P44/2	67%	80%	1
Upgrading of Deneysville To Heilbron Road from gravel	67%	80%	1
Upgrading of Schonkenville to Koppies gravel road S23 & S79 to surface standard	67%	80%	1
PROPER			
P43/4: Odendaalsrus - Bothaville (Patch and Fog Spray 71.0km)	50%	60%	1
P46/2: Hertzogville - Hoopstad	50%	60%	1
P39/1: Bultfontein - Welkom	50%	60%	1
P62/1: Bultfontein - Wesselsbron	50%	60%	1
P21/3: Hoopstad - Bultfontein (Upgrade & Rehab 55.0km)	50%	60%	1
P79/1: Bothaville - Kroonstad (Rehab 48.1km)	50%	60%	1
NAKENI			
Bethlehem - Reitz	100%	100%	1
Ladybrand Transport Centre	100%	100%	1
Senekal - Marquard	100%	100%	1
Nolands Advisory Services	51%	51%	2
Morar Incorporated	100%	100%	1

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2017 to 31 March 2018

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

Table 3.15.4 Analysis of consultant appointments using Donor Funds, in terms of Historically Disadvantaged Individual (HDIs) for the period 1 April 2017 to 31 March 2018.

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

3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2017 to 31 March 2018.

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



PARTE:

FINANCIAL INFORMATION

1. REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE ON VOTE NO. 10: DEPARTMENT OF POLICE, ROADS AND TRANSPORT

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Department of Police, Roads and Transport set out on pages 133 to 238, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Department of Police, Roads and Transport as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora).

Basis for qualified opinion

Contingent liabilities

3. The department did not measure its environmental rehabilitation provision in accordance with chapter 14, *Provisions and contingents*, in the MCS. The amount recognised by the department did not account for the actual size and level of utilisation of the quarries at the reporting date. I was unable to determine the full extent of the overstatement of contingent liabilities disclosed in note 19.1 to the financial statements as it was impracticable to do so.

Operating lease commitments

4. The department did not disclose operating lease commitments in accordance with chapter 13, *Leases*, in the MCS. This was due to incorrect tariffs being applied per vehicle by the lessor, Fleet Management Trading Entity, in the calculation of the lease commitments. The department also did not confirm that the tariffs were in line with the approved fee structure and service level agreement with the lessor. I was unable to determine the full extent of the overstatement of operating lease commitments disclosed in note 23.1 to the financial statements, as it was impracticable to do so.

Movable tangible capital assets

5. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for movable tangible capital assets and minor assets, due to inadequate controls over the movable asset registers. I was unable to confirm these assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to movable tangible capital assets stated at R57 959 000 and minor assets stated at R22 180 000 in note 30 to the financial statements.

Context for the opinion

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



Material uncertainty relating to going concern

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.
10. I draw attention to notes 20 and 21 to the financial statements, which indicate that the department had significant commitments of R1 820 752 000, accruals of R219 885 000 and payables not recognised of R124 606 000 as at 31 March 2018. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the department's ability to continue as a going concern.

Emphasis of matters

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

Irregular expenditure

12. As disclosed in note 25.1 to the financial statements, irregular expenditure of R649 891 000 was incurred mainly due to non-compliance with supply chain management requirements, emanating from tenders awarded during 2014. The full extent of irregular expenditure is still in the process of being determined as disclosed in note 25.5 to the financial statements.

Unauthorised expenditure

13. As disclosed in note 10 to the financial statements, the department incurred unauthorised expenditure of R241 193 000 (2017: R8 776 000), mainly due to expenditure that was not incurred in terms of the main division within the vote as well as an overspending of a main division within the vote.

Uncertainty relating to the future outcome of litigation

14. With reference to note 19.1 to the financial statements, the department is the defendant in various claims. The department is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Restatement of corresponding figures

15. As disclosed in note 35 to the financial statements, the corresponding figures for 31 March 2017 were restated as a result of errors in the financial statements of the department at, and for the year ended, 31 March 2018.

Material impairments

16. As disclosed in note 24.3 to the financial statements, a material impairment of R237 695 000 (2017: R180 148 000) was provided for on accrued departmental revenue relating to fines outstanding for longer than six months.

Other matter

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

Service delivery

18. Included in the immovable tangible capital assets, disclosed in note 32 to the financial statements, is an amount of R35 838 000 relating to the construction of the Trompsburg transport centre. The project was finalised during the financial year under review, with a practical completion date of 28 February 2018. At the date of this report, the facility was not yet operational due to ongoing negotiations between the department, taxi association and the municipality. Furthermore, the asset had not been transferred to the Kopanong local municipality as it is in the defects liability period.
19. Since 2015-16 the department undertook projects that related in full, or partially, to the construction and rehabilitation of municipal roads. As at 31 March 2018, R396 039 000 had been spent on municipal roads, of which R164 416 000 was recognised as unauthorised expenditure due to the expenditure not having been incurred in accordance with the purpose of the vote. These assets had not yet been transferred to the municipalities and were included in note 32 to the financial statements, either as completed assets or capital work-in-progress.

Responsibilities of the accounting officer for the financial statements

20. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
21. In preparing the financial statements, the accounting officer is responsible for assessing the Department of Police, Roads and Transport'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 accounting officer either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

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

22. 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.
23. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

24. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
25. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
26. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the Annual Performance Report of the department for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 3 – transport operations	39-44
Programme 5 – transport infrastructure	52-57
Fleet management services	58

27. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
28. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:



Programme 5 – Transport Infrastructure

Number of square meters of surfaced roads rehabilitated

29. The achievement for target *Number of square meters of surfaced roads rehabilitated* reported in the annual performance report was 796 610m². However, the supporting evidence provided did not agree to the reported achievement.

Fleet management services

Number of vehicles maintained

30. The method of calculation for achieving the planned indicator was not clearly defined. Furthermore, the systems and processes that enable reliable reporting of the achievement against the indicator were not adequately designed. Fleet Management Services implemented a system to keep track of vehicle services, but not to measure if services were done within the prescribed target parameters set by manufacturers.

31. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programme:

- Programme 3 – transport operations

Other matters

32. I draw attention to the matters below.

Achievement of planned targets

33. Refer to the annual performance report on pages 20 to 58 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 29 and 30 of this report.

Adjustment of material misstatements

34. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the Programme 3 - transport operations, Program 5 - transport infrastructure, and fleet management services. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

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

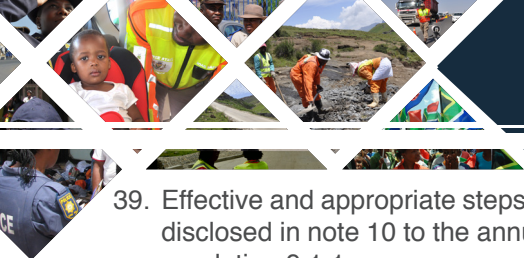
36. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

37. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 40(1)(b) of the PFMA. Material misstatements of assets, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified opinion.

Expenditure management

38. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R649 891 000, as disclosed in note 25 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by non-compliance with the Preferential Procurement Policy Framework Act of South Africa, 2000 (Act No. 5 of 2000) (PPPFA) as well as the extension of learner transport contracts with service providers beyond the permitted periods.

- 
39. Effective and appropriate steps were not taken to prevent unauthorised expenditure amounting to R241 193 000, as disclosed in note 10 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.
40. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.

Conditional grants

41. The Provincial Roads Maintenance Grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 17(1) of the Dora.

Procurement and contract management

42. Goods and services with a transaction value above R500 000 were procured without inviting competitive bids, as required by treasury regulation 16A6.1.
43. Some goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1.
44. Some contracts were extended or modified without the approval of a properly delegated official, as required by section 44 of the PFMA and treasury regulations 8.1 and 8.2.
45. Some contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3.

Revenue management

46. Effective and appropriate steps were not taken to collect all money due, as required by section 38(1)(c)(i) of the PFMA.

Strategic planning and performance management

47. Specific information systems were not established to enable the monitoring of progress made towards achieving targets, core objectives and service delivery, as required by public service regulation 25(1)(e)(i) and (iii).

Other information

48. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
49. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
50. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
51. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

52. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the performance report and the findings on compliance with legislation included in this report.
53. The department did not timeously commence with the process of assessing all the individual quarries within the province, in order to ensure compliance with the MCS, and only placed reliance on a process that was acceptable in terms of the previous reporting framework. This resulted in this process not being finalised at year-end. Due to budget constraints experienced by the department, the process has been put on hold.
54. The department did not implement adequate controls during their budgeting and reporting processes to ensure that infrastructure projects were correctly classified between capital and current in terms of the MCS requirements. The classification of projects was done without having clearly documented guidelines. An inconsistent understanding and application of engineering and accounting principles furthermore contributed to the incorrect classification of expenditure incurred on infrastructure projects, which subsequently also affected the performance reported for programme 5.
55. The department did not comply with the prescripts of the PPPFA when awarding certain tenders during the 2014-15 financial year. The non-compliance was not subsequently identified and corrected by management's internal control processes. Further awards were subsequently made to suppliers based on the initial tenders, resulting in the department incurring a significant amount of irregular expenditure in the current financial year.
56. The review processes undertaken by management prior to the submission of the financial statements were not adequate to identify material non-compliance with the reporting framework. The focus was on aligning the current reporting with the previous year's reporting instead of measuring the current reporting against the financial reporting framework's requirements.

Auditor General

Bloemfontein
31 July 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-General's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department of Police, Roads and Transport's ability 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 the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

ANNUAL FINANCIAL STATEMENTS

DEPARTMENT OF POLICE, ROADS & TRANSPORT

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Appropriation per programme									
2017/18							2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. ADMINISTRATION									
Current Payment	247 631	(30)	(10 671)	236 930	236 973	(43)	100.0	261 855	233 336
Transfers and subsidies	1 586	-	(120)	1 466	1 233	233	84.1	325	402
Payment for capital assets	6 442	30	835	7 307	7 332	(25)	100.3	4 548	4 546
Payment for financial assets	-	-	564	564	563	1	99.8	-	-
	255 659	-	(9 392)	246 267	246 101	166	99.9	266 728	238 284
2. PROVINCIAL SECRETARIAT FOR POLICE SERVICES									
Current Payment	23 188	-	425	23 613	23 603	10	100.0	19 216	19 345
Transfers and subsidies	17	-	19	36	36	-	100.0	264	69
Payment for capital assets	310	-	-	310	309	1	99.7	-	-
Payment for financial assets	-	-	51	51	51	-	100.0	-	-
	23 515	-	495	24 010	23 999	11	100.0	19 480	19 414

Appropriation per programme									
Programme	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3. TRANSPORT OPERATION									
Current Payment	104 964	-	(5 131)	99 833	99 767	66	99.9	69 031	77 635
Transfers and subsidies	260 669	-	108	260 777	260 777	-	100.0	246 352	246 312
Payment for capital assets	42	-	-	42	42	-	100.0	-	-
Payment for financial assets	-	-	4	4	4	-	100.0	-	-
	365 675	-	(5 019)	360 656	360 590	66	100.0	315 383	323 947
4. TRANSPORT REGULATION									
Current Payment	407 741	(48)	10 390	418 083	477 441	(59 358)	114.2	395 148	396 079
Transfers and subsidies	1 520	-	16	1 536	1 536	-	100.0	2 559	2 714
Payment for capital assets	403	48	(122)	329	39	290	11.9	1 793	1 794
Payment for financial assets	-	-	3 632	3 632	3 632	-	100.0	248	248
	409 664	-	13 916	423 580	482 648	(59 068)	113.9	399 748	400 835
5. TRANSPORT INFRASTRUCTURE									
Current Payment	1 193 481	(8 308)	(310)	1 184 863	1 069 121	115 742	90.2	964 744	1 006 632
Transfers and subsidies	5 367	-	-	5 367	9 239	(3 872)	172.1	14 742	14 452
Payment for capital assets	447 609	8 308	-	455 917	545 763	(89 846)	119.7	644 277	600 464
Payments for financial assets	-	-	310	310	309	1	99.7	-	1 093
	1 646 457	-	-	1 646 457	1 624 432	22 025	98.7	1 623 763	1 622 641

Appropriation per programme									
2017/18								2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
Subtotal Statutory Appropriation	2 700 970	-	-	2 700 970	2 737 770	(36 800)	101.4	2 625 102	2 605 121
	2 700 970	-	-	2 700 970	2 737 770	(36 800)	101.4	2 625 102	2 605 121

Appropriation per programme									
2017/18							2016/17		
Voted funds and Direct charges	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
<u>ADMINISTRATION</u>	255 659	-	(9 392)	246 267	246 101	166	99.9	266 728	238 284
<u>PROVINCIAL SECRETARIAT FOR POLICE SERVICES</u>	23 515	-	495	24 010	23 999	11	100.0	19 480	19 414
<u>TRANSPORT OPERATIONS</u>	365 675	-	(5 019)	360 656	360 590	66	100.0	315 383	323 947
<u>TRANSPORT REGULATIONS</u>	409 664	-	13 916	423 580	482 648	(59 068)	113.9	399 748	400 835
<u>TRANSPORT INFRASTRUCTURE</u>	1 646 457	-	-	1 646 457	1 624 432	22 025	98.7	1 623 763	1 622 641
Programmes sub total	2 700 970	-	-	2 700 970	2 737 770	(36 800)	101.4	2 625 102	2 605 121
TOTAL	2 700 970	-	-	2 700 970	2 737 770	(36 800)	101.4	2 625 102	2 605 121
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				704 431				628 920	
NRF Receipts				-				-	
Aid Assistance				-				-	
Actual amounts per statement of financial performance (total revenue)	3 405 401			3 405 401				3 254 022	
ADD									
Aid assistance					-				-
Prior year unauthorised expenditure approved without funding					12 921				28 142
Actual amounts per statement of financial performance (total expenditure)					2 750 691				2 633 263

Appropriation per economic classification									
2017/18							2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	1 977 005	(8 386)	(5 297)	1 963 322	1 906 905	56 417	97.1	1 709 994	1 733 027
Compensation of employees	718 373	-	10 152	728 525	773 346	(44 821)	106.2	686 423	686 894
Salaries and wages	619 788	-	11 780	631 568	656 114	(24 546)	103.9	604 401	586 906
Social contributions	98 585	-	(1 628)	92 957	117 232	(20 275)	120.9	82 022	99 988
Goods and services	1 258 632	(8 386)	(15 449)	1 234 797	1 105 955	128 842	89.6	1 023 507	1 046 069
Administrative fees	14 923	50	-	14 973	16 886	(1 913)	112.8	12 308	12 556
Advertising	4 042	902	(165)	4 779	4 295	484	89.9	3 705	3 212
Minor assets	2 512	(103)	(37)	2 372	777	1 595	32.8	2 829	1 001
Audit costs: External	9 208	-	(500)	8 708	8 195	513	94.1	6 087	6 086
Bursaries: Employees	324	20	-	344	269	75	78.2	690	616
Catering: Departmental activities	5 334	107	(671)	4 770	3 282	1 488	68.8	5 958	3 621
Communication	12 303	(57)	(3 500)	8 746	11 438	(2 692)	130.8	12 223	12 063
Computer services	4 360	-	-	4 360	1 438	2 922	33.0	4 598	2 678
Consultants: Business and advisory service	36 401	(3 012)	(2 713)	30 676	58 589	(27 913)	191.0	42 433	38 878
Infrastructure and planning services	8	-	-	8	-	8	-	937	8
Legal services	8 323	70	(350)	8 043	7 253	790	90.2	6 108	8 242
Contractors	889 852	(5 977)	(240)	883 635	720 722	162 913	81.6	667 700	706 909

Appropriation per economic classification									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Agency and support / outsourced services	18 652	23	(350)	18 325	20 631	(2 306)	112.6	63 055	32 670
Entertainment	210	(87)	-	123	-	123	-	43	-
Fleet services	16 198	-	(98)	16 100	26 533	(10 433)	164.8	22 247	18 470
Inventory: Clothing material and supplies	1 633	-	-	1 633	2 355	(722)	144.2	908	447
Inventory: Fuel, oil and gas	568	(565)	-	3	-	3	-	645	-
Inventory: Materials and supplies	25 386	520	-	25 906	22 678	3 228	87.5	29 265	32 000
Inventory: Medical supplies	-	-	-	-	-	-	-	5	-
Inventory: Other supplies	978	(74)	-	904	1 082	(178)	119.7	225	785
Consumable supplies	5 060	(411)	(264)	4 385	2 184	2 201	49.8	6 124	2 445
Consumable: Stationery, printing and office supplies	10 641	496	(430)	10 707	6 470	4 237	60.4	9 377	6 508
Operating leases	77 046	-	(105)	76 941	88 812	(11 871)	115.4	49 963	75 879
Property payments	1 005	-	-	1 005	483	522	48.1	1 371	871
Transport provided: Departmental activity	73 509	(104)	(2 898)	70 507	70 401	106	99.8	40 219	50 539
Travel and subsistence	27 650	(215)	(2 604)	24 831	20 233	4 598	81.5	23 135	21 679

Appropriation per economic classification									
2017/18							2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Training and development	8 559	(20)	(426)	8 113	8 834	(721)	108.9	9 618	6 336
Operating payments	1 911	-	(19)	1 892	1 161	731	61.4	1 259	1 461
Venues and facilities	1 826	51	(79)	1 798	954	844	53.1	457	109
Rental and hiring	210	-	-	210	-	210	-	15	-
Interest and rent on land	-	-	-	-	27 604	(27 604)	-	64	64
Interest	-	-	-	-	27 604	(27 604)	-	64	64
Transfers and subsidies	269 159	-	23	269 182	272 821	(3 639)	101.4	264 242	263 949
Departmental agencies and accounts	5 000	-	-	5 000	-	5 000	-	14 426	9 108
Departmental agencies (non-business entities)	5 000	-	-	5 000	-	5 000	-	14 426	9 108
Public corporations and private enterprises	255 669	-	-	255 669	255 614	55	100.0	241 257	241 217
Public Corporations	255 669	-	-	255 669	255 614	55	100.0	241 257	241 217
Other transfers to public corporations	255 669	-	-	255 669	255 614	55	100.0	241 257	241 217
Non-profit institutions	-	-	-	-	5 000	(5 000)	-	-	5 000
Households	8 490	-	23	8 513	12 207	(3 694)	143.4	8 559	8 624
Social benefits	6 490	-	23	6 513	6 897	(384)	105.9	5 794	5 587

Appropriation per economic classification									
	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other transfers to households	2 000	-	-	2 000	5 310	(3 310)	265.5	2 765	3 037
Payments for capital assets	454 806	8 386	713	463 905	553 485	(89 580)	119.3	650 618	606 804
Buildings and other fixed structures	447 032	8 356	(107)	455 281	540 361	(85 080)	118.7	643 749	589 375
Buildings	27 358	1 794	-	29 152	26 084	3 068	89.5	-	-
Other fixed structures	419 674	6 562	(107)	426 129	514 277	(88 148)	120.7	643 749	589 375
Machinery and equipment	7 657	30	822	8 509	7 415	1 094	87.1	6 164	17 092
Other machinery and equipment	7 657	30	822	8 509	7 415	1 094	87.1	6 164	17 092
Land and subsoil assets	100	-	-	100	-	100	-	506	506
Software and other intangible assets	17	-	(2)	15	5 709	(5 694)	38 060.0	199	(169)
Payments for financial assets	-	-	4 561	4 561	4 559	2	100.0	248	1 341
	2 700 970	-	-	2 700 970	2 737 770	(36 800)	101.4	2 625 102	2 605 121

Programme 1: ADMINISTRATION									
2017/18							2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. OFFICE OF THE MEC	10 700	-	(1 300)	9 400	7 053	2 347	75.0	10 672	7 543
2. OFFICE OF THE HOD	12 576	-	(1 396)	11 180	7 934	3 246	71.0	9 906	8 297
3. FINANCIAL MANAGEMENT	90 348	-	(2 990)	87 358	93 135	(5 777)	106.6	102 388	74 207
4. CORPORATE SERVICES	58 993	-	(2 451)	56 542	49 476	7 066	87.5	66 458	59 620
5. INTERNAL AUDIT	6 470	-	(415)	6 055	6 102	(47)	100.8	5 310	4 906
6. LEGAL SERVICES	4 352	-	(100)	4 252	2 727	1 525	64.1	5 275	6 588
7. STRATEGIC PLAN AND RESEARCH DEVELOPMENT	9 678	-	(60)	9 618	10 829	(1 211)	112.6	6 311	9 583
8. SECURITY MANAGEMENT	59 175	-	(380)	58 795	66 562	(7 767)	113.2	58 613	65 177
9. RISK MANAGEMENT	3 367	-	(300)	3 067	2 283	784	74.4	1 795	2 363
Total for sub programmes	255 659	-	(9 392)	246 267	246 101	166	99.9	266 728	238 284
Economic classification									
Current payments	247 631	(30)	(10 671)	236 930	236 973	(43)	100.0	261 855	233 336
Compensation of employees	169 013	-	(5 496)	163 517	163 469	48	100.0	157 721	157 340

Programme 1: ADMINISTRATION

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Salaries and wages	149 768	-	(3 296)	146 472	142 382	4 090	97.2	141 184	139 061
Social contributions	19 245	-	(2 200)	17 045	21 087	(4 042)	123.7	16 537	18 279
Goods and services	78 618	(30)	(5 175)	73 413	73 498	(85)	100.1	104 070	75 932
Administrative fees	14 833	50	-	14 883	16 886	(2 003)	113.5	12 092	12 382
Advertising	2 532	892	(100)	3 324	2 998	326	90.2	1 509	1 238
Minor assets	746	(64)	-	682	69	613	10.1	1 154	413
Audit costs: External	9 208	-	(500)	8 708	8 195	513	94.1	6 087	6 086
Bursaries: Employees	324	20	-	344	269	75	78.2	690	616
Catering: Departmental activities	1 062	(35)	-	1 027	679	348	66.1	1 047	707
Communication	9 520	(30)	(3 030)	6 460	10 268	(3 808)	158.9	10 265	10 592
Computer services	3 255	-	-	3 255	546	2 709	16.8	2 848	1 975
Consultants: Business and advisory services	2 126	(398)	(165)	1 563	1 455	108	93.1	2 212	1 660
Legal services	6 753	70	(350)	6 473	5 708	765	88.2	5 706	8 298
Contractors	251	40	-	291	119	172	40.9	266	328

Programme 1: ADMINISTRATION

2017/18										2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Agency and support / outsourced services	6 152	23	(350)	5 825	5 757	68	98.8	41 945	13 616		
Entertainment	120	(87)	-	33	-	33	-	10	-		
Fleet services (including government motor transport)	535	-	-	535	1 801	(1 266)	336.6	923	1 811		
Inventory: Other supplies	-	-	-	-	-	-	-	80	70		
Consumable supplies	2 200	(98)	(100)	2 002	1 590	412	79.4	2 215	1 565		
Consumable: Stationery, printing and office supplies	2 126	(228)	(30)	1 868	2 694	(826)	144.2	2 393	1 864		
Operating leases	1 095	-	-	1 095	3 222	(2 127)	294.2	323	3 180		
Property payments	719	-	-	719	328	391	45.6	857	581		
Transport provided: Departmental activity	240	(104)	-	136	37	99	27.2	74	-		
Travel and subsistence	6 095	(112)	(490)	5 493	2 991	2 502	54.5	4 302	2 876		
Training and development	6 958	(20)	-	6 938	6 739	199	97.1	6 341	5 599		

Programme 1: ADMINISTRATION									
	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating payments	564	-	-	564	489	75	86.7	398	396
Venues and facilities	1 144	51	(60)	1 135	658	477	58.0	318	79
Rental and hiring	60	-	-	60	-	60	-	15	-
Interest and rent on land	-	-	-	-	6	(6)	-	64	64
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	6	(6)	-	64	64
Transfers and subsidies	1 586	-	(120)	1 466	1 233	233	84.1	325	402
Departmental agencies and accounts									
Households	1 586	-	(120)	1 466	1 233	233	84.1	325	402
Social benefits	1 586	-	(120)	1 466	1 233	233	84.1	325	402
Payments for capital assets	6 442	30	835	7 307	7 332	(25)	100.3	4 548	4 546
Building and other fixed structures	-	-	-	-	691	(691)	-	-	-
Buildings	-	-	-	-	691	(691)	-	-	-
Machinery and equipment	6 442	30	835	7 307	6 641	666	90.9	4 349	4 347

Programme 1: ADMINISTRATION									
2017/18								2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other machinery and equipment	6 442	30	835	7 307	6 641	666	90.9	4 349	4 347
Software and other intangible assets	-	-	-	-	-	-	-	199	199
Payments for financial assets	-	-	564	564	563	1	99.8	-	-
	255 659	-	(9 392)	246 267	246 101	166	99.9	266 728	238 284

1.1 OFFICE OF THE MEC									
2017/18				2016/17					
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	10 490	(30)	(1 300)	9 160	6 969	2 191	76.1	10 552	7 543
Compensation of employees	7 541	-	(800)	6 741	5 966	775	88.5	7 629	5 137
Goods and services	2 949	(30)	(500)	2 419	1 003	1 416	41.5	2 923	2 406
Transfers and subsidies	30	-	-	30	6	24	20.0	-	-
Households	30	-	-	30	6	24	20.0	-	-
Social Benefits	30	-	-	30	6	24	20.0	-	-
Payments for capital assets	180	30	-	210	78	132	37.1	120	-
Machinery and equipment	180	30	-	210	78	132	37.1	120	-
Other Machinery and equipment	180	30	-	210	78	132	37.1	120	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	10 700	-	(1 300)	9 400	7 053	2 347	75.0	10 672	7 543

1.2 OFFICE OF THE HOD									
2017/18							2016/17		
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	12 516	-	(1 396)	11 120	7 925	3 195	71.3	9 856	8 297
Compensation of employees	4 189	-	(1 146)	3 043	1 990	1 053	65.4	4 000	2 633
Goods and services	8 327	-	(250)	8 077	5 935	2 142	73.5	5 856	5 664
Transfers and subsidies	-	-	-	-	9	(9)	-	-	-
Households	-	-	-	-	9	(9)	-	-	-
Social Benefits	-	-	-	-	9	(9)	-	-	-
Payments for capital assets	60	-	-	60	-	60	-	50	-
Machinery and equipment	60	-	-	60	-	60	-	50	-
Other Machinery and equipment	60	-	-	60	-	60	-	50	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	12 576	-	(1 396)	11 180	7 934	3 246	71.0	9 906	8 297

1.3 FINANCIAL MANAGEMENT									
Economic classification	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	89 671	-	(2 990)	86 681	92 125	(5 444)	106.3	102 115	73 846
Compensation of employees	51 756	-	(1 000)	50 756	49 461	1 295	97.4	49 560	47 199
Goods and services	37 915	-	(1 990)	35 925	42 664	(6 739)	118.8	52 491	26 583
Interest and rent on land	-	-	-	-	-	-	-	64	64
Transfers and subsidies	340	-	-	340	400	(60)	117.6	-	140
Households	340	-	-	340	400	(60)	117.6	-	140
Social Benefits	340	-	-	340	400	(60)	117.6	-	140
Payments for capital assets	337	-	-	337	47	290	13.9	273	221
Machinery and equipment	337	-	-	337	47	290	13.9	273	221
Other Machinery and equipment	337	-	-	337	47	290	13.9	273	221
Payments for financial assets	-	-	-	-	563	(563)	-	-	-
TOTAL	90 348	-	(2 990)	87 358	93 135	(5 777)	106.6	102 388	74 207

1.4 CORPORATE SERVICES

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	52 032	-	(3 730)	48 302	44 126	4 176	91.4	62 276	55 378
Compensation of employees	36 097	-	(1 950)	34 147	31 010	3 137	90.8	39 281	33 835
Goods and services	15 935	-	(1 780)	14 155	13 110	1 045	92.6	22 995	21 543
Transfers and subsidies	1 166	-	(120)	1 046	711	335	68.0	325	56
Households	1 166	-	(120)	1 046	711	335	68.0	325	56
Social benefits	1 166	-	(120)	1 046	711	335	68.0	325	56
Payments for capital assets	5 795	-	835	6 630	4 639	1 991	70.0	3 857	4 186
Building and other fixed structures	-	-	-	-	18	(18)	-	-	-
Buildings	-	-	-	-	18	(18)	-	-	-
Machinery and equipment	5 795	-	835	6 630	4 621	2 009	69.7	3 658	3 987
Other Machinery and equipment	5 795	-	835	6 630	4 621	2 009	69.7	3 658	3 987
Software and other intangible assets	-	-	-	-	-	-	-	199	199
Payments for financial assets	-	-	564	564	-	564	-	-	-
TOTAL	58 993	-	(2 451)	56 542	49 476	7 066	87.5	66 458	59 620

1.5 INTERNAL AUDIT										
2017/187										
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments	6 470	-	(415)	6 055	6 102	(47)	100.8	5 310	4 906	
Compensation of employees	5 524	-	(300)	5 224	5 557	(333)	106.4	4 450	4 415	
Goods and services	946	-	(115)	831	545	286	65.6	860	491	
Transfers and subsidies	-	-	-	-	-	-	-	-	-	
Payments for capital assets	-	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	-	-	
TOTAL	6 470	-	(415)	6 055	6 102	(47)	100.8	5 310	4 906	

1.6 LEGAL SERVICES									
2017/18								2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 352	-	(100)	4 252	2 727	1 525	64.1	5 275	6 483
Compensation of employees	1 098	-	-	1 098	434	664	39.5	2 480	2 229
Goods and services	3 254	-	(100)	3 154	2 293	861	72.7	2 795	4 254
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	105
Households	-	-	-	-	-	-	-	-	105
Social benefits	-	-	-	-	-	-	-	-	105
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	4 352	-	(100)	4 252	2 727	1 525	64.1	5 275	6 588

1.7 STRATEGIC PLANNING AND RESEARCH DEVELOPMENT

2017/18										2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	9 638	-	(60)	9 578	10 790	(1 212)	112.7	6 249	9 462		
Compensation of employees	8 989	-	-	8 989	10 270	(1 281)	114.3	5 648	8 937		
Goods and services	649	-	(60)	589	520	69	88.3	601	525		
Transfers and subsidies	-	-	-	-	-	-	-	-	101		
Households	-	-	-	-	-	-	-	-	101		
Social benefits	-	-	-	-	-	-	-	-	101		
Payments for capital assets	40	-	-	40	39	1	97.5	62	20		
Machinery and Equipment	40	-	-	40	39	1	97.5	62	20		
Other machinery and equipment	40	-	-	40	39	1	97.5	62	20		
Payments for financial assets	-	-	-	-	-	-	-	-	-		
TOTAL	9 678	-	(60)	9 618	10 829	(1 211)	112.6	6 311	9 583		

1.8 SECURITY MANAGEMENT									
2017/18							2016/17		
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	59 125	-	(380)	58 745	63 955	(5 210)	108.9	58 457	65 058
Compensation of employees	51 521	-	-	51 521	56 912	(5 391)	110.5	43 075	50 713
Goods and services	7 604	-	(380)	7 224	7 043	181	97.5	15 382	14 345
Transfers and subsidies	50	-	-	50	107	(57)	214.0	-	-
Household	50	-	-	50	107	(57)	214.0	-	-
Social benefits	50	-	-	50	107	(57)	214.0	-	-
Payments for capital assets	-	-	-	-	2 500	(2 500)	-	156	119
Building and other fixed structures	-	-	-	-	673	(673)	-	-	-
Buildings	-	-	-	-	673	(673)	-	-	-
Machinery and equipment	-	-	-	-	1 827	(1 827)	-	156	119
Other machinery and equipment	-	-	-	-	1 827	(1 827)	-	156	119
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	59 175	-	(380)	58 795	66 562	(7 767)	113.2	58 613	65 177

1.9 RISK MANAGEMENT										
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2016/17		
								Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments	3 337	-	(300)	3 037	2 254	783	74.2	1 765	2 363	
Compensation of employees	2 298	-	(300)	1 998	1 869	129	93.5	1 598	2 242	
Goods and services	1 039	-	-	1 039	385	654	37.1	167	121	
Transfers and subsidies	-	-	-	-	-	-	-	-	-	
Payments for capital assets	30	-	-	30	29	1	96.7	30	-	
Machinery and Equipment	30	-	-	30	29	1	96.7	30	-	
Other Machinery	30	-	-	30	29	1	96.7	30	-	
Payments for financial assets	-	-	-	-	-	-	-	-	-	
TOTAL	3 367	-	(300)	3 067	2 283	784	74.4	1 795	2 363	

Programme 2: PROVINCIAL SECRETARIAT FOR POLICE SERVICES

2017/18										2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Sub programme											
1. COMPLAINTS REGISTRY & INVESTIG	3 171	-	664	3 835	3 778	57	98.5	2 799	2 604		
2. POLICY AND RESEARCH: POLICE	1 500	-	(439)	1 061	46	1 015	4.3	-	-		
3. MONITORING AND EVALUATION	5 592	-	262	5 854	5 276	578	90.1	4 954	5 331		
4. SOCIAL CRIME PREVENTION	6 805	-	(564)	6 241	6 708	(467)	107.5	5 190	4 918		
5. COMMUNITY POLICE RELATIONS	3 929	-	(2)	3 927	6 107	(2 180)	155.5	4 548	5 099		
6. PROMOTION OF SAFETY	2 518	-	574	3 092	2 084	1 008	67.4	1 989	1 462		
Total for sub programmes	23 515	-	495	24 010	23 999	11	100.0	19 480	19 414		
Economic classification											
Current payments	23 188	-	425	23 613	23 603	10	100.0	19 216	19 345		
Compensation of employees	18 338	-	2 875	21 213	21 203	10	100.0	16 090	15 818		
Salaries and wages	14 973	-	2 875	17 848	18 663	(815)	104.6	13 736	13 672		
Social contributions	3 365	-	-	3 365	2 540	825	75.5	2 354	2 146		
Goods and services	4 850	-	(2 450)	2 400	2 400	-	100.0	3 126	3 527		
Advertising	25	-	(25)	-	-	-	-	64	48		
Minor assets	172	-	(17)	155	139	16	89.7	12	-		

Programme 2: PROVINCIAL SECRETARIAT FOR POLICE SERVICES

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Catering: Departmental activities	1 254	246	(558)	942	852	90	90.4	610	658
Consultants: Business and advisory service	251	(251)	-	-	-	-	-	1 050	1 048
Contractors	70	-	(40)	30	15	15	50.0	185	57
Fleet services (Including government motor transport)	104	-	(98)	6	5	1	83.3	-	159
Consumable supplies	77	-	(74)	3	2	1	66.7	56	1
Consumable: Stationery, printing and office supplies	298	(20)	(191)	87	61	26	70.1	155	59
Operating leases	110	-	(105)	5	5	-	100.0	-	241
Property payments	-	-	-	-	-	-	-	-	-
Transport provided: Departmental activity	8	-	(8)	-	-	-	-	145	280
Travel and subsistence	1 928	25	(870)	1 083	999	84	92.2	779	755
Training and development	405	-	(426)	(21)	162	(183)	(771.4)	10	110
Operating payments	66	-	(19)	47	98	(51)	208.5	50	111
Venues and facilities	82	-	(19)	63	62	1	98.4	10	-

Programme 2: PROVINCIAL SECRETARIAT FOR POLICE SERVICES									
2017/18							2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Rental and hiring	-	-	-	-	-	-	-	-	-
Transfers and subsidies	17	-	19	36	36	-	100.0	264	69
Households	17	-	19	36	36	-	100.0	264	69
Social benefits	17	-	19	36	36	-	100.0	264	69
Payments for capital assets	310	-	-	310	309	1	99.7	-	-
Machinery and equipment	310	-	-	310	309	1	99.7	-	-
Other machinery and equipment	310	-	-	310	309	1	99.7	-	-
Payments for financial assets	-	-	51	51	51	-	100.0	-	-
TOTAL	23 515	-	495	24 010	23 999	11	100.0	19 480	19 414

2.1 COMPLAINTS REGISTRY & INVESTIGATION

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 171	-	664	3 835	3 778	57	98.5	2 799	2 604
Compensation of employees	2 873	-	875	3 748	3 639	109	97.1	2 770	2 576
Goods and services	298	-	(211)	87	139	(52)	159.8	29	28
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	3 171	-	664	3 835	3 778	57	98.5	2 799	2 604

2.2 POLICY AND RESEARCH : POLICE

2017/18								2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 500	-	(439)	1 061	46	1 015	4.3	-	-
Compensation of employees	1 000	-	-	1 000	-	1 000	-	-	-
Goods and services	500	-	(439)	61	46	15	75.4	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	1 500	-	(439)	1 061	46	1 015	4.3	-	-

2.3 MONITORING AND EVALUATION

2017/18										2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	5 592	-	192	5 784	5 223	561	90.3	4 954	5 331		
Compensation of employees	5 024	-	500	5 524	4 961	563	89.8	4 652	5 030		
Goods and services	568	-	(308)	260	262	(2)	100.8	302	301		

2017/18								2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	-	-	19	19	2	17	10.5	-	-
Households	-	-	19	19	2	17	10.5	-	-
Social benefits	-	-	19	19	2	17	10.5	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	51	51	51	-	100.0	-	-
TOTAL	5 592	-	262	5 854	5 276	578	90.1	4 954	5 331

2.4 SOCIAL CRIME PREVENTION

2017/18										2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	R'000	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	6 478	-	(564)	5 914	6 390	(476)	108.0	4 926	4 849		
Compensation of employees	4 754	-	-	4 754	5 349	(595)	112.5	2 904	2 427		
Goods and services	1 724	-	(564)	1 160	1 041	119	89.7	2 022	2 422		
Transfers and subsidies	17	-	-	17	9	8	52.9	264	69		
Households	17	-	-	17	9	8	52.9	264	69		
Social benefits	17	-	-	17	9	8	52.9	264	69		
Payments for capital assets					309				-		
Machinery and equipment	310	-	-	310	309	1	99.7	-	-		
Other machinery and equipment	310	-	-	310	309	1	99.7	-	-		
Payments for financial assets	-	-	-	-	-	-	-	-	-		
TOTAL	6 805	-	(564)	6 241	6 708	(467)	107.5	5 190	4 918		

2.5 COMMUNITY POLICE RELATIONS									
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	2017/18				2016/17	
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 929	-	(2)	3 927	6 082	(2 155)	154.9	4 548	5 099
Compensation of employees	2 803	-	500	3 303	5 367	(2 064)	162.5	3 965	4 515
Goods and services	1 126	-	(502)	624	715	(91)	114.6	583	584
Transfers and subsidies	-	-	-	-	25	(25)	-	-	-
Households	-	-	-	-	25	(25)	-	-	-
Social benefits	-	-	-	-	25	(25)	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	3 929	-	(2)	3 927	6 107	(2 180)	155.5	4 548	5 099

2.6 PROMOTION OF SAFETY									
2017/18								2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	2 518	-	574	3 092	2 084	1 008	67.4	1 989	1 462
Compensation of employees	1 884	-	1 000	2 884	1 887	997	65.4	1 799	1 270
Goods and services	634	-	(426)	208	197	11	94.7	190	192
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	2 518	-	574	3 092	2 084	1 008	67.4	1 989	1 462

Programme 3: PUBLIC ROADS AND TRANSPORT OPERATIONS									
	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Subprogramme									
1. PROGRAMME SUPPORT OPERATION	2 103	-	(171)	1 932	1 177	755	60.9	829	488
2. PUBLIC TRANSPORT SERVICES	341 039	-	(3 972)	337 067	337 072	(5)	100.0	292 555	302 381
3. INFRASTRUCTURE OPERATION	1 980	-	1 005	2 985	2 883	102	96.6	2 645	2 154
4. OPERATOR LICENSE AND PERMITS	20 553	-	(1 881)	18 672	19 458	(786)	104.2	19 354	18 924
Total for subprogrammes	365 675	-	(5 019)	360 656	360 590	66	100.0	315 383	323 947
Economic classification									
Current payments	104 964	-	(5 131)	99 833	99 767	66	99.9	69 031	77 635
Compensation of employees	22 365	-	1 915	24 280	24 280	-	100.0	21 104	21 689
Salaries and wages	20 192	-	1 343	21 535	20 574	961	95.5	19 518	18 530
Social contributions	2 173	-	572	2 745	3 706	(961)	135.0	1 586	3 159
Goods and services	82 599	-	(7 046)	75 553	75 487	66	99.9	47 927	55 946
Advertising	1 193	-	(40)	1 153	1 279	(126)	110.9	1 339	1 217
Minor assets	12	20	(20)	12	-	12	-	140	4
Catering: Departmental activities	346	-	(113)	233	232	1	99.6	231	54
Communication	1	-	(470)	(469)	(479)	10	102.1	12	-

Programme 3: PUBLIC ROADS AND TRANSPORT OPERATIONS

2017/18										2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Consultants: Business and advisory services	5 040	-	(1 770)	3 270	3 275	(5)	100.2	4 170	3 742		
Contractors	206	-	(200)	6	5	1	83.3	34	4		
Agency and support/outsourced services	-	-	-	-	-	-	-	20	-		
Fleet services (Including government motor transport)	-	-	-	-	12	(12)	-	20	5		
Consumable supplies	102	-	(90)	12	8	4	66.7	124	10		
Consumable: Stationary, printing and office supplies	190	90	(209)	71	49	22	69.0	286	95		
Operation leases	-	-	-	-	39	(39)	-	50	18		
Transport provided: Departmental activities	73 261	-	(2 890)	70 371	70 364	7	100	40 000	50 259		
Travel and subsistence	2 246	(110)	(1 244)	892	698	194	78.3	1 450	538		
Operating payments	2	-	-	2	5	(3)	250.0	47	-		
Venues and facilities	-	-	-	-	-	-	-	4	-		
Transfers and subsidies	260 669	-	108	260 777	260 777	-	100.0	246 352	246 312		
Departmental Agencies and accounts	5 000	-	-	5 000	-	5 000	-	5 000	-		
Departmental Agencies (non-business entities)	5 000	-	-	5 000	-	5 000	-	5 000	-		

Programme 3: PUBLIC ROADS AND TRANSPORT OPERATIONS									
	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Public corporations and private enterprises	255 669	-	-	255 669	255 614	55	100.0	241 257	241 217
Private enterprises	255 669	-	-	255 669	255 614	55	100.0	241 257	241 217
Other transfers to private enterprises	255 669	-	-	255 669	255 614	55	100.0	241 257	241 217
Non-profit institutions	-	-	-	-	5 000	(5 000)	-	-	5 000
Households	-	-	108	108	163	(55)	150.9	95	95
Social benefits	-	-	108	108	163	(55)	150.9	95	95
Payments for capital assets	42	-	-	42	42	-	100.0	-	-
Machinery and equipment	42	-	-	42	42	-	100.0	-	-
Other machinery and equipment	42	-	-	42	42	-	100.0	-	-
Payments for financial assets	-	-	4	4	4	-	100.0	-	-
TOTAL	365 675	-	(5 019)	360 656	360 590	66	100.0	315 383	323 947

3.1 PROGRAMME SUPPORT OPERATION

2017/18										2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	R'000	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	2 061	-	(175)	1 886	1 131	755	60.0	795	455		
Compensation of employees	1 704	-	-	1 704	991	713	58.2	412	345		
Goods and services	357	-	(175)	182	140	42	76.9	383	110		
Transfers and subsidies											
Households	-	-	-	-	-	-	-	34	33		
Social benefits	-	-	-	-	-	-	-	34	33		
	-	-	-	-	-	-	-	34	33		
Payments for capital assets	42	-	-	42	42	-	100.0	-	-		
Machinery and equipment	42	-	-	42	42	-	100.0	-	-		
Other Machinery and equipment	42	-	-	42	42	-	100.0	-	-		
Payments for financial assets	-	-	4	4	4	-	100.0	-	-		
TOTAL	2 103	-	(171)	1 932	1 177	755	60.9	829	488		

3.2 PUBLIC TRANSPORT SERVICES									
Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	85 370	-	(3 972)	81 398	81 458	(60)	100.1	51 254	61 119
Compensation of employees	7 352	-	700	8 052	8 008	44	99.5	6 999	7 652
Goods and services	78 018	-	(4 672)	73 346	73 450	(104)	100.1	44 255	53 467
Transfers and subsidies	255 669	-	-	255 669	255 614	55	100.0	241 301	241 262
Public corporations and private enterprises	255 669	-	-	255 669	255 614	55	100.0	241 257	241 217
Public corporations	255 669	-	-	255 669	255 614	55	100.0	241 257	241 217
Other transfers to public corporations	255 669	-	-	255 669	255 614	55	100.0	241 257	241 217
Households	-	-	-	-	-	-	-	44	45
Social benefits	-	-	-	-	-	-	-	44	45
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	341 039	-	(3 972)	337 067	337 072	(5)	100.0	292 555	302 381

3.3 INFRASTRUCTURE OPERATION

2017/18							2016/17		
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 980	-	897	2 877	2 720	157	94.5	2 628	2 137
Compensation of employees	1 779	-	1 000	2 779	2 648	131	95.3	2 133	2 133
Goods and services	201	-	(103)	98	72	26	73.5	495	4
Transfers and subsidies	-	-	108	108	163	(55)	150.9	17	17
Households	-	-	108	108	163	(55)	150.9	17	17
Social benefits	-	-	108	108	163	(55)	150.9	17	17
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	1 980	-	1 005	2 985	2 883	102	96.6	2 645	2 154

3.4 OPERATOR LICENSE AND PERMITS									
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	2017/18				2016/17	
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	15 553	-	(1 881)	13 672	14 458	(786)	105.7	14 354	13 924
Compensation of employees	11 530	-	215	11 745	12 633	(888)	107.6	11 560	11 559
Goods and services	4 023	-	(2 096)	1 927	1 825	102	94.7	2 794	2 365
Transfers and subsidies	5 000	-	-	5 000	5 000	-	100	5 000	5 000
Departmental agencies and accounts	5 000	-	-	5 000	-	5 000	-	5 000	-
Departmental agencies (non-business entities)	5 000	-	-	5 000	-	5 000	-	5 000	-
Non-profit institutions	-	-	-	-	5 000	(5 000)	-	-	5 000
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	20 553	-	(1 881)	18 672	19 458	(786)	104.2	19 354	18 924

Programme 4: TRANSPORT REGULATIONS

2017/18										2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Sub programme											
1. PROGRAMME SUPPORT REGULATION	14 508	-	100	14 608	16 879	(2 271)	115.5	14 679	18 197		
2. LAW ENFORCEMENT	247 932	-	5 639	253 571	293 567	(39 996)	115.8	225 762	222 324		
3. TRANSPORT ADMIN AND LICENSING	117 353	-	6 377	123 730	142 939	(19 209)	115.5	133 392	133 926		
4. OPERATOR LICENSE AND PERMITS	29 871	-	1 800	31 671	29 263	2 408	92.4	25 915	26 388		
TOTAL FOR SUB PROGRAMMES	409 664	-	13 916	423 580	482 648	(59 068)	113.9	399 748	400 835		
Economic classification											
Current payments	407 741	(48)	10 390	418 083	477 441	(59 358)	114.2	395 148	396 079		
Compensation of employees	332 723	-	10 390	343 113	388 664	(45 551)	113.3	326 266	326 322		
Salaries and wages	288 205	-	10 390	298 595	325 691	(27 096)	109.1	293 660	275 031		
Social contributions	44 518	-	-	44 518	62 973	(18 455)	141.5	32 606	51 291		
Goods and services	75 018	(48)	-	74 970	88 777	(13 807)	118.4	68 882	69 757		
Administrative fees	-	-	-	-	-	-	-	120	114		
Advertising	122	10	-	132	-	132	-	314	276		

Programme 4: TRANSPORT REGULATIONS

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Minor assets	593	(59)	-	534	401	133	75.1	626	432
Catering: Departmental activities	1 071	(104)	-	967	701	266	72.5	3 369	1 955
Communication	75	(27)	-	48	31	17	64.6	45	43
Consultants: Business and advisory services	29	(29)	-	-	-	-	-	207	-
Legal services	70	-	-	70	70	-	100.0	402	(56)
Contractors	1 412	(43)	-	1 369	1 308	61	95.5	1 016	637
Agency and support / outsourced services	12 500	-	-	12 500	14 874	(2 374)	119.0	21 086	19 054
Fleet services (including government motor transport)	12 333	-	-	12 333	22 530	(10 197)	182.7	18 291	10 859
Inventory: Clothing material and accessories	500	-	-	500	729	(229)	145.8	500	-
Inventory: Other supplies	978	(74)	-	904	1 082	(178)	119.7	145	715
Consumable supplies	726	(328)	-	398	105	293	26.4	347	117
Consumable: Stationery, printing and office supplies	5 244	624	-	5 868	2 999	2 869	51.1	4 221	3 807
Operating leases	29 667	-	-	29 667	35 285	(5 618)	118.9	7 228	20 391

Programme 4: TRANSPORT REGULATIONS									
	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Property payments	150	-	-	150	150	-	100.0	63	283
Travel and subsistence	8 469	(18)	-	8 451	7 876	575	93.2	9 063	10 451
Training and development	340	-	-	340	238	102	70.0	1 445	220
Operating payments	409	-	-	409	164	245	40.1	319	429
Venues and facilities	330	-	-	330	234	96	70.9	75	30
Rental and hiring								-	-
Transfers and subsidies	1 520	-	16	1 536	1 536	-	100.0	2 559	2 714
Households	1 520	-	16	1 536	1 536	-	100.0	2 559	2 714
Social benefits	1 520	-	16	1 536	1 536	-	100.0	2 559	2 714
Payments for capital assets	403	48	(122)	329	39	290	11.9	1 793	1 794
Buildings and other fixed structures	350	48	(107)	291	-	291	-	-	-
Other fixed structures	350	48	(107)	291	-	291	-	-	-
Machinery and equipment	36	-	(13)	23	39	(16)	169.6	1 793	1 794
Other machinery and equipment	36	-	(13)	23	39	(16)	169.6	1 793	1 794
Software and other intangible assets	17	-	(2)	15	-	15	-	-	-
Payments for financial assets	-	-	3 632	3 632	3 632	-	100.0	248	248
TOTAL	409 664	-	13 916	423 580	482 648	(59 068)	113.9	399 748	400 835

4.1 PROGRAMME SUPPORT REGULATIONS

Economic classification	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	14 508	-	100	14 608	16 866	(2 258)	115.5	14 679	18 170
Compensation of employees	13 958	-	100	14 058	16 533	(2 475)	117.6	14 155	14 206
Goods and services	550	-	-	550	333	217	60.5	524	3 964
Transfers and subsidies	-	-	-	-	13	(13)	-	-	27
Households	-	-	-	-	13	(13)	-	-	27
Social benefits	-	-	-	-	13	(13)	-	-	27
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	14 508	-	100	14 608	16 879	(2 271)	115.5	14 679	18 197

4.2 LAW ENFORCEMENT									
2017/18							2016/17		
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	246 545	(48)	2 100	248 597	288 805	(40 208)	116.2	222 420	218 992
Compensation of employees	197 981	-	2 100	200 081	226 290	(26 209)	113.1	183 032	183 030
Goods and services	48 564	(48)	-	48 516	62 515	(13 999)	128.9	39 388	35 962
Transfers and subsidies	1 020	-	16	1 036	1 130	(94)	109.1	2 094	2 085
Households	1 020	-	16	1 036	1 130	(94)	109.1	2 094	2 085
Social benefits	1 020	-	16	1 036	1 130	(94)	109.1	2 094	2 085
Payments for capital assets	367	48	(109)	306	-	306	-	1 248	1 247
Building and other fixed structures	350	48	(107)	291	-	291	-	-	-
Other fixed structures	350	48	(107)	291	-	291	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	1 248	1 247
Other machinery and equipment	-	-	-	-	-	-	-	1 248	1 247
Software and other intangible assets	17	-	(2)	15	-	15	-	-	-
Payments for financial assets	-	-	3 632	3 632	3 632	-	100.0	-	-
TOTAL	247 932	-	5 639	253 571	293 567	(39 996)	115.8	255 762	222 324

4.3 TRANSPORT ADMIN AND LICENSING									
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2016/17	
								Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	117 027	-	6 390	123 417	142 605	(19 188)	115.5	132 267	132 663
Compensation of employees	97 367	-	6 390	103 757	120 543	(16 786)	116.2	105 808	105 791
Goods and services	19 660	-	-	19 660	22 062	(2 402)	112.2	26 459	26 872
Transfers and subsidies	290	-	-	290	295	(5)	101.7	332	468
Households	290	-	-	290	295	(5)	101.7	332	468
Social benefits	290	-	-	290	295	(5)	101.7	332	468
Payments for capital assets	36	-	(13)	23	39	(16)	169.6	545	547
Machinery and equipment	36	-	(13)	23	39	(16)	169.6	545	547
Other machinery and equipment	36	-	(13)	23	39	(16)	169.6	545	547
Payments for financial assets	-	-	-	-	-	-	-	248	248
TOTAL	117 353	-	6 377	123 730	142 939	(19 209)	115.5	133 392	133 926

4.4 TRANSPORT SAFETY AND COMPLIANCE

2017/18								2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	29 661	-	1 800	31 461	29 165	2 296	92.7	25 782	26 254
Compensation of employees	23 417	-	1 800	25 217	25 298	(81)	100.3	23 271	23 295
Goods and services	6 244	-	-	6 244	3 867	2 377	61.9	2 511	2 959
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	210	-	-	210	98	112	46.7	133	134
Households	210	-	-	210	98	112	46.7	133	134
Social benefits	210	-	-	210	98	112	46.7	133	134
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	29 871	-	1 800	31 671	29 263	2 408	92.4	25 915	26 388

Programme 5: TRANSPORT INFRASTRUCTURE									
2017/18							2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. PROGRAMME SUPPORT INFRASTRUCTURE	16 390	815	(778)	16 427	13 956	2 471	85.0	9 143	6 142
2. INFRASTRUCTURE PLANNING	12 405	-	-	12 405	15 051	(2 646)	121.3	18 592	12 450
3. INFRASTRUCTURE DESIGN	3 529	(500)	-	3 029	2 109	920	69.6	2 481	1 996
4. CONSTRUCTION	1 312	-	-	1 312	1 368	(56)	104.3	1 866	467
5. MAINTENANCE	1 592 821	1 337	778	1 594 936	1 573 601	21 335	98.7	1 583 881	1 594 699
6. TRANSPORT SYSTEMS	20 000	(1 652)	-	18 348	18 347	1	100.0	7 800	6 887
Total for sub programmes	1 646 457	-	-	1 646 457	1 624 432	22 025	98.7	1 623 763	1 622 641
Economic classification									
Current payments	1 193 481	(8 308)	(310)	1 184 863	1 069 121	115 742	90.2	964 744	1 006 632
Compensation of employees	175 934	-	468	176 402	175 730	672	99.6	165 242	165 725
Salaries and wages	146 650	-	468	147 118	148 804	(1 686)	101.1	136 303	140 612
Social contributions	29 284	-	-	29 284	26 926	2 358	91.9	28 939	25 113
Goods and services	1 017 547	(8 308)	(778)	1 008 461	865 793	142 668	85.9	799 502	840 907
Administrative fees	90	-	-	90	-	90	-	96	60
Advertising	170	-	-	170	18	152	10.6	479	433

Programme 5: TRANSPORT INFRASTRUCTURE

2017/18										2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Minor assets	989	-	-	989	168	821	17.0	897	152		
Catering: Departmental activities	1 601	-	-	1 601	818	783	51.1	701	247		
Communication	2 707	-	-	2 707	1 618	1 089	59.8	1 901	1 428		
Computer services	1 105	-	-	1 105	892	213	80.7	1 750	703		
Consultants: Business and advisory services	28 955	(2 334)	(778)	25 843	53 859	(28 016)	208.4	34 794	32 428		
Infrastructure and planning services	8	-	-	8	-	8	-	937	8		
Legal services	1 500	-	-	1 500	1 475	25	98.3	-	-		
Contractors	887 913	(5 974)	-	881 939	719 275	162 664	81.6	666 199	705 883		
Agency and support / outsourced services	-	-	-	-	-	-	-	4	-		
Entertainment	90	-	-	90	-	90	-	33	-		
Fleet services (Including government motor transport)	3 226	-	-	3 226	2 185	1 041	67.7	3 013	5 636		
Inventory: Clothing material and supplies	1 133	-	-	1 133	1 626	(493)	143.5	408	447		
Inventory: Fuel, oil and gas	568	(565)	-	3	-	3	-	645	-		

Programme 5: TRANSPORT INFRASTRUCTURE

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Materials and supplies	25 386	520	-	25 906	22 678	3 228	87.5	29 265	32 000
Inventory: Medical supplies	-	-	-	-	-	-	-	5	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	1 955	15	-	1 970	479	1 491	24.3	3 382	752
Consumable: Stationery, printing and office supplies	2 783	30	-	2 813	667	2 146	23.7	2 322	683
Operating leases	46 174	-	-	46 174	50 261	(4 087)	108.9	42 362	52 049
Property payments	136	-	-	136	5	131	3.7	451	7
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	8 912	-	-	8 912	7 669	1 243	86.1	7 541	7 059
Training and development	856	-	-	856	1 695	(839)	198.0	1 822	407
Operating payments	870	-	-	870	405	465	46.6	445	525
Venues and facilities	270	-	-	270	-	270	-	50	-
Rental and hiring	150	-	-	150	-	150	-	-	-

Programme 5: TRANSPORT INFRASTRUCTURE

2017/18								2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Interest and rent on land	-	-	-	-	27 598	(27 598)	-	-	-
Interest (Inc. interest on unitary payments (PPP))					27 598	(27 598)		-	-
Transfers and subsidies	5 367	-	-	5 367	9 239	(3 872)	172.1	14 742	14 452
Department agencies and accounts	-	-	-	-	-	-	-	9 426	9 108
Departmental Agencies (non-business entities)	-	-	-	-	-	-	-	9 426	9 108
Households	5 367	-	-	5 367	9 239	(3 872)	172.1	5 316	5 344
Social benefits	3 367	-	-	3 367	3 929	(562)	116.7	2 551	2 307
Other transfers to households	2 000	-	-	2 000	5 310	(3 310)	265.5	2 765	3 037
Payments for capital assets	447 609	8 308	-	455 917	545 763	(89 846)	119.7	644 277	600 464
Buildings and other fixed structures	446 682	8 308	-	454 990	539 670	(84 680)	118.6	643 749	589 375
Buildings	27 358	1 794	-	29 152	25 393	3 759	87.1	-	-
Other fixed structures	419 324	6 514	-	425 838	514 277	(88 439)	120.8	643 749	589 375

Programme 5: TRANSPORT INFRASTRUCTURE									
2017/18							2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Machinery and equipment	827	-	-	827	384	443	46.4	22	10 951
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	827	-	-	827	384	443	46.4	22	10 951
Land and subsoil assets	100	-	-	100	-	100	-	506	506
Software and other intangible assets	-	-	-	-	5 709	(5 709)	-	-	(368)
Payments for financial assets	-	-	310	310	309	1	99.7	-	1 093
TOTAL	1 646 457	-	-	1 646 457	1 624 432	22 025	98.7	1 623 763	1 622 641

5.1 PROGRAMME SUPPORT INFRASTRUCTURE

2017/18										2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	R'000	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	16 355	815	(778)	16 392	8 085	8 307	49.3	9 143	6 142		
Compensation of employees	6 062	-	-	6 062	5 353	709	88.3	6 418	5 764		
Goods and Services	10 293	815	(778)	10 330	2 732	7 598	26.4	2 725	378		
Transfers and subsidies	-	-	-	-	-	-	-	-	-		
Payments for capital assets	35	-	-	35	5 871	(5 836)	16 774.3	-	-		
Machinery and equipment	35	-	-	35	162	(127)	462.9	-	-		
Other machinery and equipment	35	-	-	35	162	(127)	462.9	-	-		
Software and other intangible assets	-	-	-	-	5 709	(5 709)	-	-	-		
Payments for financial assets	-	-	-	-	-	-	-	-	-		
TOTAL	16 390	815	(778)	16 427	13 956	2 471	85.0	9 143	6 142		

5.2 PLANNING										
Economic classification	2017/18						2016/17			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments	12 210	-	-	12 210	15 051	(2 841)	123.3	18 086	11 917	
Compensation of employees	9 807	-	-	9 807	13 141	(3 334)	134.0	12 825	9 843	
Goods and services	2 403	-	-	2 403	1 910	493	79.5	5 261	2 074	
Transfers and subsidies	-	-	-	-	-	-	-	-	27	
Households	-	-	-	-	-	-	-	-	27	
Social benefits	-	-	-	-	-	-	-	-	27	
Payments for capital assets	195	-	-	195	-	195	-	506	506	
Machinery and equipment	95	-	-	95	-	95	-	-	-	
Other machinery and equipment	95	-	-	95	-	95	-	-	-	
Land and subsoil assets	100	-	-	100	-	100	-	506	506	
Payments for financial assets	-	-	-	-	-	-	-	-	-	
TOTAL	12 405	-	-	12 405	15 051	(2 646)	121.3	18 592	12 450	

5.3 DESIGN									
2017/18								2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 529	(500)	-	3 029	2 109	920	69.6	2 481	1 996
Compensation of employees	2 424	-	-	2 424	1 846	578	76.2	2 022	1 637
Goods and services	1 105	(500)	-	605	263	342	43.5	459	359
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	3 529	(500)	-	3 029	2 109	920	69.6	2 481	1 996

5.4 CONSTRUCTION									
Economic classification	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 312	-	-	1 312	1 368	(56)	104.3	1 866	467
Compensation of employees	276	-	-	276	1 029	(753)	372.8	1 124	-
Goods and services	1 036	-	-	1 036	339	697	32.7	742	467
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	1 312	-	-	1 312	1 368	(56)	104.3	1 866	467

5.5 MAINTENANCE

2017/18										2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	1 140 075	(6 971)	468	1 133 572	1 024 161	109 411	90.3	925 368	979 223		
Compensation of employees	157 365	-	468	157 833	154 361	3 472	97.8	142 853	148 481		
Goods and services	982 710	(6 971)	-	975 739	842 202	133 537	86.3	782 515	830 742		
Interest and rent on land	-	-	-	-	27 598	(27 598)	-	-	-		
Transfers and subsidies	5 367	-	-	5 367	9 239	(3 872)	172.1	14 742	14 425		
Departmental agencies and accounts	-	-	-	-	-	-	-	9 426	9 108		
Department agencies (non-business entities)	-	-	-	-	-	-	-	9 426	9 108		
Households	5 367	-	-	5 367	9 239	(3 872)	172.1	5 316	5 317		
Social benefits	3 367	-	-	3 367	3 929	(562)	116.7	2 551	2 280		
Other transfers to households	2 000	-	-	2 000	5 310	(3 310)	265.5	2 765	3 037		
Payments for capital assets	447 379	8 308	-	455 687	539 892	(84 205)	118.5	643 771	599 958		
Buildings and other fixed structures	446 682	8 308	-	454 990	539 670	(84 680)	118.6	643 749	589 375		
Buildings	27 358	1 794	-	29 152	25 393	3 759	87.1	643 749	589 375		
Other fixed structures	419 324	6 514	-	425 838	514 277	(88 439)	120.8	643 749	589 375		
Machinery and equipment	697	-	-	697	222	475	31.9	22	10 951		
Other machinery and equipment	697	-	-	697	222	475	31.9	22	10 951		
Software and other intangible assets	-	-	-	-	-	-	-	-	(368)		

5.5 MAINTENANCE									
Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for financial assets	-	-	310	310	309	1	99.7	-	1 093
TOTAL	1 592 821	1 337	778	1 594 936	1 573 601	21 335	98.7	1 583 881	1 594 699
5.6 TRANSPORT SYSTEMS									
Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	20 000	(1 652)	-	18 348	18 347	1	100.0	7 800	6 887
Goods and services	20 000	(1 652)	-	18 348	18 347	1	100.0	7 800	6 887
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	20 000	(1 652)	-	18 348	18 347	1	100.0	7 800	6 887

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

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

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

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

3. Detail on payments for financial assets

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

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

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Administration	246 267	246 101	166	0%
Provincial Secretariat for Police Services	24 010	23 999	11	0%
Transport Operations	360 656	360 590	66	0%
Transport Regulations	423 580	482 648	(59 068)	-14%
Transport Infrastructure	1 646 457	1 624 432	22 025	1%
	2 700 970	2 737 770	(36 800)	-1%

The overspending on Programme 4, Transport Regulations, is due to the department being over committed on this function with regard to compensation of employees and fleet management.

The underspending on Programme 5, Transport Infrastructure, is due to the department under and incorrectly utilising the infrastructure enhancement allocation.

4.2	Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
		R'000	R'000	R'000	R'000
	Current payments				
	Compensation of employees	728 525	773 346	(44 821)	-6%
	Goods and services	1 234 797	1 105 955	128 842	10%
	Interest and rent on land	-	27 604	(27 604)	100%
	Transfers and subsidies				
	Departmental agencies and accounts	5 000	-	5 000	100%
	Public corporations and private ent.	255 669	255 614	55	0%
	Non-profit institutions	-	5 000	(5 000)	0%
	Households	8 513	12 207	(3 694)	-43%
	Payments for capital assets				
	Buildings and other fixed structures	455 281	540 361	(85 080)	-19%
	Machinery and equipment	8 509	7 415	1 094	13%
	Land and subsoil assets	100	-	100	-
	Software and other Intangible assets	15	5 709	(5 694)	-37 960%
	Payments for financial assets	4 561	4 559	2	0%

The department has budget pressure on program 4, Transport Regulations, this is due to the department being over committed on this function. This has an impact on Compensation of Employees and Goods and services.

4.3	Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
		R'000	R'000	R'000	R'000
	Public Transport Operating Grant	255 669	255 614	55	0%
	Provincial Roads Maintenance Grant	1 274 731	1 269 724	5 007	0%
	EPWP Integrated Grant to Province	5 666	5 665	1	0%
	Social Security EPWP Incentive Grant	1 693	1 693	-	0%
		1 537 759	1 532 696	5 063	0%

	Note	2017/18 R'000	2016/17 R'000
REVENUE			
Annual appropriation	<u>1</u>	2 700 970	2 625 102
Departmental revenue	<u>2</u>	704 431	628 920
TOTAL REVENUE		3 405 401	3 254 022
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>4</u>	773 346	686 894
Goods and services	<u>5</u>	1 105 955	1 046 069
Interest and rent on land	<u>6</u>	27 604	64
Aid assistance	<u>3</u>	-	-
Total current expenditure		1 906 905	1 733 027
Transfers and subsidies			
Transfers and subsidies	<u>8</u>	272 821	263 949
Aid Assistance		-	-
Total transfers and subsidies		272 821	263 949
Expenditure for capital assets			
Tangible assets	<u>9</u>	547 776	606 605
Intangible assets	<u>9</u>	5 709	1 292
Total expenditure for capital assets		553 485	607 897
Unauthorised expenditure approved without funding	<u>10</u>	12 921	28 142
Payments for financial assets	<u>7</u>	4 559	248
TOTAL EXPENDITURE		2 750 691	2 633 263
SURPLUS/(DEFICIT) FOR THE YEAR		654 710	620 759
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		(49 721)	(8 161)
Annual appropriation		(54 784)	(8 406)
Conditional grants		5 063	245
Departmental revenue and NRF Receipts	<u>15</u>	704 431	628 920
SURPLUS/(DEFICIT) FOR THE YEAR		654 710	620 759

Comparative figures for Goods and Services and Tangible Assets were restated to correct project classification, refer to note 35.

	Note	2017/18 R'000	2016/17 R'000
ASSETS			
Current assets		263 917	41 663
Unauthorised expenditure	<u>10</u>	249 599	21 697
Cash and cash equivalents	<u>11</u>	10 008	8 363
Prepayments and advances	<u>12</u>	-	22
Receivables	<u>13</u>	4 310	11 581
Non-current assets		309	441
Receivables	<u>13</u>	309	441
TOTAL ASSETS		264 266	42 104
LIABILITIES			
Current liabilities		263 024	39 883
Voted funds to be surrendered to the Revenue Fund	<u>14</u>	191 472	615
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>15</u>	65 580	35 428
Payables	<u>16</u>	5 756	3 624
Aid assistance unutilised	<u>3</u>	216	216
Non-current Liabilities			
Payables	<u>16</u>	-	-
TOTAL LIABILITIES		263 024	39 883
NET ASSETS		1 202	2 221
Represented by:			
Recoverable revenue		1 202	2 221
TOTAL		1 202	2 221

NET ASSETS

Note

2017/18

2016/17

R'000

R'000

Recoverable revenue

Opening balance

2 221

1 825

Transfers:

(1 019)

396

Irrecoverable amounts written off

-

-

Debts revised

(220)

(58)

Debts recovered (included in departmental receipts)

(2 532)

(751)

Debts raised

1 733

1 205

Closing balance

1 202

2 221

TOTAL

1 202

2 221

	Note	2017/18 R'000	2016/17 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		3 459 385	3 342 312
Annual appropriated funds received	<u>1.1</u>	2 700 970	2 625 102
Departmental revenue received	<u>2</u>	757 419	717 186
Interest received	<u>2.3</u>	996	24
Aid assistance received	<u>3</u>	-	-
Net (increase)/decrease in working capital		(218 345)	13 826
Surrendered to Revenue Fund		(728 878)	(728 670)
Current payments		(1 651 029)	(1 752 329)
Interest paid	<u>6</u>	(27 604)	(64)
Payments for financial assets	<u>7</u>	(4 559)	(248)
Transfers and subsidies paid		(272 821)	(263 949)
Net cash flow available from operating activities	<u>17</u>	556 149	610 878
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>9</u>	(553 485)	(607 897)
Net cash flows from investing activities		(553 485)	(607 897)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase / (Decrease) in net assets		(1 019)	396
Net cash flows from financing activities		(1 019)	396
Net increase/(decrease) in cash and cash equivalents		1 645	3 377
Cash and cash equivalents at beginning of period		8 363	4 986
Cash and cash equivalents at end of period	<u>18</u>	10 008	8 363

Comparative figures for Goods and Services and Tangible assets were restated to correct project classification, refer to note 35.

PART A: ACCOUNTING POLICIES

Summary of significant accounting policies

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

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

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

1	Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard.
2	Going concern The financial statements have been prepared on a going concern basis.
3	Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
4	Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5	Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
6	Comparative information
6.1	Prior period comparative information Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.
6.2	Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
7	Revenue
7.1	Appropriated funds Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
7.2	Departmental revenue Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and the amount of revenue can be measured reliably. <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's debt write-off policy</p>
8	<p>Expenditure</p>
8.1	<p>Compensation of employees</p>
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
8.2	<p>Other expenditure</p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
8.3	<p>Accruals and Payables not recognised</p> <p>Accruals and Payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>
8.4	<p>Leases</p>
8.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> cost, being the fair value of the asset; or the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.
9	<p>Aid Assistance</p>
9.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>

9.2	<p>Aid assistance paid</p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
10	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
11	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p>
12	<p>Loans and receivables</p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>
13	<p>Investments</p> <p>Investments are recognised in the statement of financial position at cost.</p>
14	<p>Financial assets</p>
14.1	<p>Financial assets (not covered elsewhere)</p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
14.2	<p>Impairment of financial assets</p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
15	<p>Payables</p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
16	<p>Capital Assets</p>
16.1	<p>Immovable capital assets</p> <p>Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliable. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature form part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable asset not reflected in the assets register is provided in the notes to financial statements.</p>

16.2	<p>Movable capital assets</p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2005 may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.3	<p>Intangible assets</p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2005 may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.4	<p>Project Costs: Work-in-progress</p> <p>Expenditure of a capital nature is initially recognised in the statement of financial performance as cost when paid.</p> <p>Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p>
17	<p>Provisions and Contingents</p>
17.1	<p>Provisions</p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
17.2	<p>Contingent liabilities</p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
17.3	<p>Contingent assets</p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>
17.4	<p>Commitments</p> <p>Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>

18	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by the Provincial Legislature with funding and the related funds are received; or • approved by the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • Transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
20	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
21	<p>Changes in accounting policies, accounting estimates and errors</p> <p>Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
22	<p>Events after the reporting date</p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
23	<p>Principal-Agent arrangements</p> <p>The department is party to a principal-agent arrangement for South African Post Office (SAPO) and AARTO. In terms of the arrangement the department is the principal for SAPO and is responsible for the collection of license fees on behalf of the department</p> <p>The department is principal to AARTO and is responsible for the collection of traffic fines that were issued outside the Free State borders. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.</p>
24	<p>Departures from the MCS requirements</p> <p>Management has concluded that the financial statements present fairly the department's primary and secondary information and that the department complied with the Standard.</p>

25	<p>Capitalisation reserve</p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
26	<p>Recoverable revenue</p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are transferred to the Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
27	<p>Related party transactions</p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>
28	<p>Inventories (<i>Effective from date determined in a Treasury Instruction</i>)</p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance. Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.</p> <p>The cost of inventories is assigned by using the weighted average cost basis.</p>
29	<p>Public-Private Partnerships</p> <p>Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.</p>
30	<p>Employee benefits</p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>

1. Annual Appropriation

1.1 Annual Appropriation

	2017/18		2016/17	
	Final Appropriation	Actual Funds Received	Final Appropriation	Appropriation received
Programmes	R'000	R'000	R'000	R'000
Administration	246 267	246 267	266 728	266 728
Provincial Secretariat for Police Services	24 010	24 010	19 480	19 480
Transport Operations	360 656	360 656	329 744	329 744
Transport Regulations	423 580	423 580	393 187	393 187
Transport Infrastructure	1 646 457	1 646 457	1 615 963	1 615 963
TOTAL	2 700 970	2 700 970	2 625 102	2 625 102

All funds requested were received during the period.

1.2 Conditional grants

	Note	2017/18 R'000	2016/17 R'000
Total grants received	36	1 537 759	1 506 235
Provincial grants included in Total Grants received		-	-

2. Departmental revenue

	Note	2017/18 R'000	2016/17 R'000
Tax revenue		666 530	631 687
Sales of goods and services other than capital assets	<u>2.1</u>	69 227	64 074
Fines, penalties and forfeits	<u>2.2</u>	15 601	19 656
Interest, dividends and rent on land	<u>2.3</u>	996	24
Transactions in financial assets and liabilities	<u>2.4</u>	6 061	1 769
Total revenue collected		758 415	717 210
Less: Own revenue included in appropriation	<u>15</u>	53 984	88 290
Departmental revenue collected		704 431	628 920

2.1 Sales of goods and services other than capital assets

	Note	2017/18 R'000	2016/17 R'000
Sales of goods and services produced by the department	<u>2</u>	69 225	64 074
Sales by market establishment		2	31
Administrative fees		68 111	62 728
Other sales		1 112	1 315
Sales of scrap, waste and other used current goods		2	-
TOTAL		69 227	64 074

2.2 Fines, penalties and forfeits

	Note	2017/18 R'000	2016/17 R'000
Fines	<u>2</u>	14 451	18 987
Penalties		1 150	669
TOTAL		15 601	19 656

2.3 Interest, dividends and rent on land

	Note	2017/18 R'000	2016/17 R'000
Interest	<u>2</u>	996	24
TOTAL		996	24

2.4 Transactions in financial assets and liabilities

	Note	2017/18 R'000	2016/17 R'000
Receivables	<u>2</u>	1 512	645
Other Receipts including Recoverable Revenue		4 549	1 124
TOTAL		6 061	1 769

3. Aid assistance

	Note	2017/18 R'000	2016/17 R'000
Opening Balance		216	216
Prior period error		-	-
As restated		216	216
Transferred from statement of financial performance		-	-
Closing Balance		216	216

3.1 Analysis of balance by source

	Note	2017/18 R'000	2016/17 R'000
Aid assistance from other sources	3	216	216
Closing balance		216	216

3.2 Analysis of balance

	Note	2017/18 R'000	2016/17 R'000
Aid assistance unutilised	3	216	216
Closing balance		216	216

4. Compensation of employees

4.1 Salaries and Wages

	Note	2017/18 R'000	2016/17 R'000
Basic salary		531 346	477 234
Performance award		9 903	7 571
Service Based		1 297	1 702
Compensative/circumstantial		27 620	25 194
Periodic payments		-	42
Other non-pensionable allowances		85 948	75 163
TOTAL		656 114	586 906

4.2 Social contributions

	Note	2017/18 R'000	2016/17 R'000
Employer contributions			
Pension		65 365	57 399
Medical		51 612	42 380
Bargaining council		255	209
TOTAL		117 232	99 988
Total compensation of employees		773 346	686 894

Average number of employees		3 166	2 620
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5. Goods and services

	Note	2017/18 R'000	2016/17 R'000
Administrative fees		16 886	12 556
Advertising		4 295	3 212
Minor assets	5.1	777	1 001
Bursaries (employees)		269	616
Catering		3 283	3 621
Communication		11 438	12 063
Computer services	5.2	1 437	2 678
Consultants: Business and advisory services		58 589	38 878
Infrastructure and planning services		-	8
Legal services		7 253	8 242
Contractors		720 722	706 909
Agency and support / outsourced services		20 631	32 670
Audit cost – external	5.3	8 195	6 086
Fleet services		26 533	18 470
Inventory	5.4	26 115	33 232
Consumables	5.5	8 654	8 953
Operating leases		88 812	75 879
Property payments	5.6	483	871
Transport provided as part of the departmental activities		70 401	50 539
Travel and subsistence	5.7	20 233	21 679
Venues and facilities		954	109
Training and development		8 834	6 336
Other operating expenditure	5.8	1 161	1 461
TOTAL		1 105 955	1 046 069

Comparative figures for Goods and Services and Tangible assets were restated to correct project classification, refer to note 35.

5.1 Minor assets

	Note	2017/18 R'000	2016/17 R'000
Tangible assets	5	777	1 001
Machinery and equipment		777	1 001
TOTAL		777	1 001

5.2 Computer services

	Note	2017/18	2016/17
	<u>5</u>	R'000	R'000
SITA computer services		1 073	2 678
External computer service providers		364	-
TOTAL		1 437	2 678

5.3 Audit cost – External

	Note	2017/18	2016/17
	<u>5</u>	R'000	R'000
Regularity audits		8 195	6 086
TOTAL		8 195	6 086

5.4 Inventory

	Note	2017/18	2016/17
	<u>5</u>	R'000	R'000
Clothing material and accessories		2 355	447
Materials and supplies		22 678	32 000
Other supplies	<u>5.4.1</u>	1 082	785
TOTAL		26 115	33 232

5.4.1 Other Supplies

Ammunition and security supplies		-	70
Other		1 082	715
TOTAL	<u>5.4</u>	1 082	785

5.5 Consumables

	Note	2017/18	2016/17
	<u>5</u>	R'000	R'000
Consumable supplies		2 184	2 444
Uniform and clothing		361	94
Household supplies		1 113	367
Building material and supplies		522	1 803
Other consumables		188	180
Stationery, printing and office supplies		6 470	6 509
TOTAL		8 654	8 953

5.6 Property payments

	Note	2017/18	2016/17
	<u>5</u>	R'000	R'000
Other		483	871
TOTAL		483	871

5.7 Travel and subsistence

	Note	2017/18	2016/17
	<u>5</u>	R'000	R'000
Local		20 094	20 921
Foreign		139	758
TOTAL		20 233	21 679

5.8 Other operating expenditure

	Note	2017/18	2016/17
	<u>5</u>	R'000	R'000
Professional bodies, membership and subscription fees		29	43
Resettlement costs		179	236
Other		953	1 182
TOTAL		1 161	1 461

6. Interest and rent on land

	Note	2017/18	2016/17
		R'000	R'000
Interest paid		27 604	64
TOTAL		27 604	64

7. Payments for financial assets

	Note	2017/18	2016/17
		R'000	R'000
Other material losses written off	<u>7.1</u>	1 291	248
Debts written off	<u>7.2</u>	3 268	-
TOTAL		4 559	248

7.1 Other material losses written off

	Note	2017/18	2016/17
	<u>7</u>	R'000	R'000
Nature of losses			
Theft and Losses		1 291	248
TOTAL		1 291	248

7.2 Debts written off

	Note	2017/18	2016/17
	<u>Z</u>	R'000	R'000
Nature of debts written off			
Debt written off		3 268	-
TOTAL		3 268	-
Total debt written off		3 268	-

8. Transfers and subsidies

		2017/18	2016/17
		R'000	R'000
	Note		
Departmental agencies and accounts	<u>Annex 1A</u>	-	9 108
Public corporations and private enterprises	<u>Annex 1B</u>	255 614	241 217
Non-Profit institutions	<u>Annex 1C</u>	5 000	5 000
Households	<u>Annex 1D</u>	12 207	8 624
TOTAL		272 821	263 949
Unspent funds transferred to the above beneficiaries		-	3 800

Comparative figures for Transfers and Subsidies were restated to correctly disclose Free State Taxi Council as Non-profit institutions instead of Departmental agencies and accounts, refer to note 35.

9. Expenditure for capital assets

	Note	2017/18	2016/17
		R'000	R'000
Tangible assets		547 776	606 609
Buildings and other fixed structures	<u>31</u>	540 361	589 375
Machinery and equipment	<u>29</u>	7 415	17 092
Land and subsoil assets	<u>31</u>	-	138
Intangible assets		5 709	1 292
Software	<u>30</u>	5 709	1 292
TOTAL		553 485	607 897

Comparative figures for Goods and Services and Tangible assets were restated to correct project classification, refer to note 35.

9.1 Analysis of funds utilised to acquire capital assets – 2017/18

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	547 776	-	547 776
Buildings and other fixed structures	540 361	-	540 361
Machinery and equipment	7 415	-	7 415
Land and subsoil assets	-	-	-
Intangible assets	5 709	-	5 709
Software	5 709	-	5 709
TOTAL	553 485	-	553 485

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

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	606 605	-	606 605
Buildings and other fixed structures	589 375	-	589 375
Machinery and equipment	17 092	-	17 092
Land and subsoil assets	138	-	138
Intangible assets	1 292	-	1 292
Software	1 292	-	1 292
TOTAL	607 897	-	607 897

Comparative figures for Goods and Services and Tangible assets were restated to correct project classification, refer to note 35.

9.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2017/18	2016/17
		R'000	R'000
Tangible assets			
Machinery and equipment	30.1	3 189	3 557
TOTAL		3 189	3 557

10. Unauthorised expenditure

10.1 Reconciliation of unauthorised expenditure

	Note	2017/18	2016/17
		R'000	R'000
Opening balance		21 697	41 063
Prior period error		-	-
As restated		21 697	41 063
Unauthorised expenditure – discovered in current year (as restated)		241 193	8 776
Less: Amounts approved by Legislature with funding		(370)	-
Less: Amounts approved by Legislature without funding and written off in the Statement of financial performance		(12 921)	(28 142)
Current		(12 921)	(28 142)
Less: Amounts transferred to receivables for recovery		-	-
Closing balance		249 599	21 697

Analysis of closing balance

Unauthorised expenditure awaiting authorisation	241 193	8 776
Unauthorised expenditure approved without funding and not derecognized	8 406	12 921
TOTAL	249 599	21 697

Included in the total is R8,406 million that has been enacted and will become a direct charge against the vote in 2018/19 (R12,921 million in 2017/18). At reporting date this has not been paid by the department yet.

10.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2017/18	2016/17
	R'000	R'000
Current	81 263	21 697
Capital	164 416	-
Transfers and subsidies	3 920	-
TOTAL	249 599	21 697

10.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2017/18	2016/17
	R'000	R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	80 232	21 697
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	169 367	-
TOTAL	249 599	21 697

10.4 Details of unauthorised expenditure - current year

	Disciplinary steps take / criminal proceedings	2017/18 R'000
Programme 4 – Transport Regulations	Under investigation	71 826
Programme 5 – Transport Infrastructure	Under investigation	169 367
TOTAL		241 193

10.5 Unauthorised expenditure split into current and non-current assets

	2017/18		
	Current	Non-current	Total
	R'000	R'000	R'000
Relating to 2016/17	8 406	-	8 406
Relating to 2017/18	-	241 193	241 193
TOTAL	8 406	241 193	249 599

11. Cash and cash equivalents

	Note	2017/18	2016/17
		R'000	R'000
Consolidated Paymaster General Account		9 607	8 358
Cash receipts		343	(7)
Disbursements		-	(46)
Cash on hand		58	58
TOTAL		10 008	8 363

There are no significant cash and cash equivalent balances held by the department that are not available for use.

There are no undrawn borrowing facilities available for future operating activities or to settle capital commitments.

12. Prepayments and Advances

	Note	2017/18 R'000	2016/17 R'000
Travel and subsistence		-	22
TOTAL		-	22

12.1 Prepayments (expensed)

	Note	Add: current Year R'000	Amount as at 31 March 2018 R'000
Listed by economic classification			
Goods and service		84	84
TOTAL		84	84

The prepayment relates to the payment for maintenance services for the calibration of testing station equipment that was included upfront in the cost of the installation.

13. Receivables

		2017/18			2016/17		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Note							
Claims recoverable	13.1	2 617	-	2 617	7 422	-	7 422
Recoverable expenditure	13.2	7	-	7	-	-	-
Staff debt	13.3	1 317	309	1 626	3 470	441	3 911
Fruitless and wasteful expenditure	13.5	239	-	239	1	-	1
Other debtors	13.4	130	-	130	688	-	688
TOTAL		4 310	309	4 619	11 581	441	12 022

13.1 Claims recoverable

	Note	2017/18 R'000	2016/17 R'000
National departments	13	920	921
Provincial departments		785	3 528
Public entities		912	2 973
TOTAL		2 617	7 422

13.2 Recoverable expenditure (disallowance accounts)

	<i>Note</i>	2017/18	2016/17
	<u>13</u>	R'000	R'000
Medical Aid		3	-
Pension Fund		4	-
TOTAL		7	-

13.3 Staff debt

	<i>Note</i>	2017/18	2016/17
	<u>13</u>	R'000	R'000
Salary overpayment		240	314
Employee and ex-employees		992	3 231
Shortages		-	9
Communication		17	1
Subsistence and travel		-	16
Losses and damages		307	225
Income tax		-	25
Breach of contract		64	81
Government Garage debt		6	9
TOTAL		1 626	3 911

13.4 Other debtors

	<i>Note</i>	2017/18	2016/17
	<u>13</u>	R'000	R'000
Losses and damages non-employees		5	306
Dishonoured cheques		125	272
Suppliers		-	110
TOTAL		130	688

13.5 Fruitless and Wasteful Expenditure

	<i>Note</i>	2017/18	2016/17
	<u>13</u>	R'000	R'000
Opening Balance		1	-
Less amounts recovered		(114)	(151)
Transfers from note 32 Fruitless and wasteful expenditure		340	152
Interest		12	-
TOTAL		239	1

13.6 Impairment of receivables

	Note	2017/18	2016/17
		R'000	R'000
Estimate of impairment of receivables	<u>13</u>	894	2 390
TOTAL		894	2 390

Impairment for receivables is an estimate of all outstanding debts older than three years.

14. Voted funds to be surrendered to the Revenue Fund

	Note	2017/18	2016/17
		R'000	R'000
Opening balance		615	710
Prior period error		-	-
As restated		615	710
Transfer from statement of financial performance (as restated)		(49 721)	(8 161)
Add: Unauthorised expenditure for current year	<u>10</u>	241 193	8 776
Paid during the year		(615)	(710)
Closing balance		191 472	615

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

	Note	2017/18	2016/17
		R'000	R'000
Opening balance		35 428	46 178
Prior period error		-	-
As restated		35 428	46 178
Transfer from Statement of Financial Performance (as restated)		704 431	628 920
Own revenue included in appropriation	<u>2</u>	53 984	88 290
Paid during the year		(728 263)	(727 960)
Closing balance		65 580	35 428

16. Payables – current

	Note	2017/18	2016/17
		R'000	R'000
Other payables	<u>16.1</u>	5 756	3 624
TOTAL		5 756	3 624

16.1 Other payables

	Note	2017/18	2016/17
	<u>16</u>	R'000	R'000
E-Natis Transaction Fees		4 776	3 624
Salary Control Account		59	-
Telephones costs - Telkom		909	-
Salary-recalls		12	-
TOTAL		5 756	3 624

17. Net cash flow available from operating activities

	Note	2017/18	2016/17
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		654 710	620 759
Add back non cash/cash movements not deemed operating activities		(98 561)	(9 881)
(Increase)/decrease in receivables – current		7 403	(5 996)
(Increase)/decrease in prepayments and advance		22	(22)
(Increase)/decrease in other current assets		13 291	28 142
Increase/(decrease) in payables – current		2 132	478
Expenditure on capital assets		553 485	607 897
Surrenders to Revenue Fund		(728 878)	(728 670)
Own revenue included in appropriation		53 984	88 290
Net cash flow generated by operating activities		556 149	610 878

Comparative figures for Goods and Services and Tangible assets were restated to correct project classification, refer to note 35.

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

	Note	2017/18	2016/17
		R'000	R'000
Consolidated Paymaster General account		9 607	8 358
Cash receipts		343	(7)
Disbursements		-	(46)
Cash on hand		58	58
TOTAL		10 008	8 363

19. Contingent liabilities and contingent assets

19.1 Contingent liabilities

	Note	2017/18 R'000	2016/17 R'000
Liable to	Nature		
Claims against the department	<u>Annex 2</u>	186 897	177 794
Environmental rehabilitation liability	<u>Annex 2</u>	5 466 333	5 181 358
TOTAL		5 653 230	5 359 152

Prior year claims against the state was restate with (R51 818 000). This includes a post balance sheet adjustment for a court settlement, refer to note 35.

Prior year Environmental rehabilitation liability was restate with R3 614 000.

The Environmental Rehabilitation Liability relates to the rehabilitation of the quarries. The Department performed an assessment in 2016/17 to determine the potential liability and updated this assessment with an annual adjustment factor to better reflect the potential liability as at 31 March 2018.

19.2 Contingent assets

	Note	2017/18 R'000	2016/17 R'000
Nature of contingent asset			
Potential recovery of lost face-value documents		180	405
TOTAL		180	405

The contingent assets disclosed relate to the potential recovery for lost face value documentation. The comparative year has been restated to remove a case previously disclosed, refer to note 35.

20. Commitments

	Note	2017/18 R'000	2016/17 R'000
Current expenditure			
Approved and contracted		971 366	655 206
Approved but not yet contracted		5 737	-
		977 103	655 206
Capital expenditure			
Approved and contracted		843 577	501 018
Approved but not yet contracted		72	-
		843 649	501 018
Total Commitments		1 820 752	1 156 224

Commitments longer than one year R1 009 228.

The Departments commitments are represented by future projects that are planned for and budgeted for over the MTEF period. Most projects run over a three year period and are budgeted for accordingly. The comparative amounts have been restated - refer to note 35.

21. Accruals and payables not recognised

21.1 Accruals

	2017/18	2017/18	2017/18	2016/17
	R'000	R'000	R'000	R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	100 225	35 015	135 240	49 889
Interest and rent on land	-	-	-	26 566
Transfers and subsidies	18 504	3	18 507	4 930
Capital assets	29 135	35 103	64 238	51 899
Other	1 744	156	1 900	273
TOTAL	149 608	70 277	219 885	133 557

	Note	2017/18	2016/17
		R'000	R'000
Listed by programme level			
Administration		12 482	6 355
Provincial Secretariat and Police Service		293	83
Transport Operation		43 764	9 919
Transport Regulation		9 890	722
Transport Infrastructure		153 456	116 478
TOTAL		219 885	133 557

Included in accruals is retention payments that are due on projects. The Retention period varies from six to twenty-four months. The extent of accruals may impact on the department's ability to meet its financial obligations as they fall due and achievement of service delivery as outlined in the annual performance plan, as the accruals decreases the budget available for spending in the next financial year. Comparatives has been restated, this includes a post balance sheet adjustment for a court settlement, refer to note 35.

21.2 Payables not recognised

	2017/18 R'000	2017/18 R'000	2017/18 R'000	2016/17 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	37 858	65 986	103 844	53 574
Transfers and subsidies	209	127	336	28
Capital assets	7 852	5 660	13 512	80
Other	150	6 764	6 914	49
TOTAL	46 069	78 537	124 606	53 731

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Listed by programme level			
Administration		36 530	9 259
Provincial Secretariat and Police Service		120	271
Transport Operation		1 814	1 679
Transport Regulation		43 386	18 098
Transport Infrastructure		42 756	24 424
TOTAL		124 606	53 731

The extent of payables not recognised may impact on the department's ability to meet its financial obligations as they fall due and achievement of service delivery as outlined in the annual performance plan, as payables not recognised decreases the budget available for spending in the next financial year.

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Included in the above totals are the following:			
Confirmed balances with other departments	<u>Annex 4</u>	18 134	3 814
Confirmed balances with other government entities	<u>Annex 4</u>	114 364	39 045
TOTAL		132 498	42 859

22. Employee benefits

	Note	2017/18	2016/17
		R'000	R'000
Leave entitlement		42 327	39 165
Service bonus (Thirteenth cheque)		22 044	20 122
Performance awards		11 195	10 296
Capped leave commitments		38 246	38 375
Other		14 136	6 246
TOTAL		127 948	114 204

The comparative for other employee benefits has been restated to include accrued overtime due to employees. Refer to note 35. Negative leave credits to the amount of R494 000 are excluded from the above totals. At this stage the department is not able to reliably measure the long term portion of the long service awards.

23. Lease commitments

23.1 Operating leases expenditure

2017/18	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	61 786	61 786
Later than 1 year and not later than 5 years	-	-	78 404	78 404
Later than 5 years	-	-	201	201
Total lease commitments	-	-	140 391	140 391

2016/17	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	46 468	46 468
Later than 1 year and not later than 5 years	-	-	69 116	69 116
Later than 5 years	-	-	924	924
Total lease commitments	-	-	116 508	116 508

The Department has entered into a service level agreement (lease agreement) with the Free State Government Motor Transport for the provision of vehicles. The leases are treated as operating leases.

There are currently no sale and lease back arrangements.
There are no sub-leased assets by the Department.

23.2 Finance leases expenditure

2017/18	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	6 338	6 338
Later than 1 year and not later than 5 years	-	-	3 218	3 218
Total lease commitments	-	-	9 556	9 556

2016/17	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	4 989	4 989
Later than 1 year and not later than 5 years	-	-	3 708	3 708
Total lease commitments	-	-	8 697	8 697

The primary lease arrangements consist of fax and photocopier machines as well as voice/data contracts.

The Department rents 166 photocopiers over a lease term of 36 months.

The Department rents 71 data contracts over a lease term of 24 months and 323 all-inclusive Contracts varying according to the contract terms.

There are no sub-leased assets by the Department.

The Department does not have any renewal or purchase options.

There are no escalation clauses in the lease agreement and the fees are standard for the term of the agreement.

There is no material restrictions imposed on the Department for any of the lease agreements.

No sale and leaseback agreements.

24. Accrued departmental revenue

	Note	2017/18	2016/17
		R'000	R'000
Tax revenue		1 401	1 005
Fines, penalties and forfeits		267 061	212 083
TOTAL		268 462	213 088

The comparative amount for fines, penalties and forfeits has been restated, refer to note 35.

24.1 Analysis of accrued departmental revenue

	Note	2017/18	2016/17
		R'000	R'000
Opening balance		213 088	159 949
Less: amounts received		5 140	8 459
Add: amounts recognised		62 242	64 094
Less: amounts written-off/reversed as irrecoverable		1 748	2 496
Closing balance		268 462	213 088

The comparative amount for amounts received, recognised and written-off has been restarted, refer to note 35.

24.2 Accrued department revenue written off

	Note	2017/18	2016/17
		R'000	R'000
Nature of losses			
Write-down of court settlements		1 748	2 496
TOTAL		1 748	2 496

The comparative amount for written-off has been restated, refer to note 35.

24.3 Impairment of accrued departmental revenue

	Note	2017/18	2016/17
		R'000	R'000
Estimate of impairment of accrued departmental revenue		237 695	180 148
TOTAL		237 695	180 148

The impairment amount is estimated as all the fines outstanding for longer than six months.

25. Irregular expenditure

25.1 Reconciliation of irregular expenditure

	Note	2017/18 R'000	2016/17 R'000
Opening balance		14 560	1 490
Prior period error		-	594
As restated		14 560	2 084
Add: Irregular expenditure – relating to prior year		981 725	4 940
Add: Irregular expenditure – relating to current year		649 891	12 476
Less: Current year amounts condoned		(61 920)	-
Less: Amounts not condoned and not recoverable		(29 347)	(4 940)
Irregular expenditure awaiting condonation		1 554 909	14 560

Analysis of awaiting condonation per age classification

Current year	1 542 433	12 885
Prior years	12 476	1 675
TOTAL	1 554 909	14 560

The comparative have been restated, refer to note 35.

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

Incident	Disciplinary steps taken/ criminal proceedings	2017/18 R'000
Non-compliance with SITA Act		12 610
Deviation to Learner Contracts		146 328
Non-Compliance with PPPFA		1 382 633
Financial Delegation not adhere to		61 920
Tender procedures not followed – 23 Roads		26 566
Employees doing business with the state		1 559
TOTAL		1 631 616

25.3 Details of irregular expenditure condoned

Incident	Condoned by (Condoning authority)	2017/18 R'000
Financial delegation not adhere to	Accounting officer	61 920
TOTAL		61 920

25.4 Details of irregular expenditure – not recoverable (not condoned)

Incident	Not condoned by condoning authority	2017/18 R'000
Non-compliance with PPPFA – Act	National Treasury	2 781
Tender procedures not followed – 23 Roads	Accounting Officer	26 566
TOTAL		29 347

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

Incident	2017/18 R'000
Procurement outside transversal contract	1 186
Procurement possibly not in line with PPPFA	2 343
Possible irregular extension of scope on contract	2 796
TOTAL	6 325

25.6 Prior period error

Nature of prior period error	Note	2016/17 R'000
Relating to 2015/16 (affecting the opening balance)		594
Increase in irregular expenditure – increase after further investigation		594
Relating to 2016/17		(409)
Decrease in Irregular expenditure incorrectly classified		(409)
TOTAL		185

26. Fruitless and wasteful expenditure

26.1 Reconciliation of fruitless and wasteful expenditure

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Opening balance		-	105
Prior period error		-	-
As restated		-	105
Fruitless and wasteful expenditure – relating to prior year		340	221
Fruitless and wasteful expenditure – relating to current year		1 037	47
Less: Amounts resolved		-	(221)
Less: Amounts transferred to receivables for recovery	<u>13.5</u>	(340)	(152)
Closing balance		1 037	-

26.2 Analysis of awaiting resolution per economic classification

	2017/18 R'000	2016/17 R'000
Current	1 037	-
TOTAL	1 037	-

26.3 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2017/18 R'000
Interest on overdue account	Under investigation	1 037
Payment of VAT to a non- vat Vendor	Recovery of Vat from supplier	340
TOTAL		1 377

27. Related party transactions

	Note	2017/18 R'000	2016/17 R'000
Revenue Received			
Transactions in financial assets and liabilities		795	-
TOTAL		795	-
Payments made			
Goods and Services		952	-
TOTAL		952	-
Year end balances arising from revenue/payments			
Receivables from related parties		162	4 494
Payables to related parties		6 142	4 352
TOTAL		6 304	8 846

List of in kind goods and services between department and related party:

General assistance with human resource administration.

Shared Internal Audit services.

Shared Audit committee services.

No value for these services can be determined

The Department has a related party relationship with Free State Fleet Management as they both fall under the MEC.

28. Key management personnel

	No. of Individuals	2017/18 R'000	2016/17 R'000
Political office bearers	1	1 920	1 556
<u>Officials:</u>			
Level 15 to 16	1	2 174	2 136
Level 14 (incl. CFO if at a lower level)	7	8 413	8 216
TOTAL		12 507	11 908

29. Provisions

	Note	2017/18 R'000	2016/17 R'000
Retention with held	<u>29.1</u>	36 303	15 996
TOTAL		36 303	15 996

Comparatives have been restated to correctly recognise retention withheld for ongoing projects, refer to note 35.

29.1 Reconciliation of movement in provisions – 2017/18

	Retention with held R'000	Total provisions R'000
Opening balance	15 996	15 996
Increase in provision	28 456	28 456
Settlement of provision	(8 149)	(8 146)
Closing balance	36 303	36 303

Reconciliation of movement in provisions – 2016/17

	Retention with held R'000	Total provisions R'000
Opening balance	20 797	20 797
Increase in provision	12 531	12 531
Settlement of provision	(17 332)	(17 332)
Closing balance	15 996	15 996

Comparatives have been restated to correctly recognise retention withheld for ongoing projects, refer to note 35.

The provisions relate to the retention withheld for projects that are still ongoing. As the retention has not become due as yet, the provision is recognised.

The probability of outflow of economic benefits will increase once practical completion has been achieved. The uncertainty relates to the potential liability defects that may arise at project completion or in a specified period thereafter.

30. Movable Tangible Capital Assets

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

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	53 534	-	4 425	-	57 959
Transport assets	2 857	-	-	-	2 857
Computer equipment	21 530	-	1 407	-	22 937
Furniture and office equipment	6 883	-	701	-	7 584
Other machinery and equipment	22 264	-	2 317	-	24 581
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	53 534	-	4 425		57 959

The comparative have been restated, refer to note 35.

30.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
MACHINERY AND EQUIPMENT	7 415	-	(3 189)	199	4 425
Transport assets	-	-	-	-	-
Computer equipment	1 407	-	-	-	1 407
Furniture and office equipment	502	-	-	199	701
Other machinery and equipment	5 506	-	(3 189)		2 317
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	7 415	-	(3 189)	199	4 425

30.2 Movement for 2016/17

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	45 167	(597)	33 376	24 412	53 534
Transport assets	7 568	-	19 701	24 412	2 857
Computer equipment	11 636	27	9 867	-	21 530
Furniture and office equipment	6 395	(760)	1 248	-	6 883
Other machinery and equipment	19 568	136	2 560	-	22 264
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	45 167	(597)	33 376	24 412	53 534

30.2.1 Prior period error

Note

2016/17

R'000

Nature of prior period error

Relating to 2015/16 (affecting the opening balance)

(597)

Increase Computer Equipment opening balance

27

Decrease Furniture and equipment opening balance

(760)

Increase Other machinery and equipment opening balance (reclassification)

136

Relating to 2016/17

(1 051)

Decrease in transport assets disposals – recognised in 2015/16

(690)

Decrease in computer equipment disposals – recognised in 2015/16

(361)

TOTAL

1 648

The comparative have been restated, refer to note 35.

30.3 MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2018

	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000
Opening balance	40	21 363	-	21 403
Value adjustments	-	-	-	-
Additions	-	777	-	777
Disposals	-	-	-	-
TOTAL MINOR ASSETS	40	22 140	-	22 180

	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	4	4 908	-	4 912
Number of minor assets at cost	46	25 726	-	25 772
TOTAL NUMBER OF MINOR ASSETS	50	30 634	-	30 684

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

	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000
Opening balance	40	20 142	-	20 182
Prior period error	-	-	-	-
Additions	-	1 221	-	1 221
Disposals	-	-	-	-
TOTAL MINOR ASSETS	40	21 363	-	21 403

	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	4	4 908	-	4 912
Number of minor assets at cost	46	24 708	-	24 754
TOTAL NUMBER OF MINOR ASSETS	50	29 616	-	29 666

31. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000
SOFTWARE	1 122	5 709	-	6 831
TOTAL INTANGIBLE CAPITAL ASSETS	1 122	5 709	-	6 831

31.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash	(Development work-in- progress current costs)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000
SOFTWARE	5 709	-	-	5 709
TOTAL ADDITIONS TO INTANGIBLE	5 709	-	-	5 709

31.2 Movement for 2016/17

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

	Opening balance	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000
SOFTWARE	28	1 094	-	1 122
TOTAL INTANGIBLE CAPITAL ASSETS	28	1 094	-	1 122

32. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	40 585 124	249 956	-	40 835 080
Non-residential buildings	3 477	63 008	-	66 485
Other fixed structures	40 581 647	186 948	-	40 768 595
LAND AND SUBSOIL ASSETS	23 459	-	-	23 459
Mineral and similar non-regenerative resources	23 459	-	-	23 459
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	40 608 583	249 956	-	40 858 539

The comparative amounts have been restated, refer to note 35.

32.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
BUILDING AND OTHER FIXED STRUCTURES	540 361	249 956	(637 922)	97 561	249 956
Non-residential buildings	49 050	63 008	(64 876)	15 826	63 008
Other fixed structures	491 311	186 948	(573 046)	81 735	186 948
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	540 361	249 956	(637 922)	97 561	249 956

32.2 Movement for 2016/17

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	40 170 626	(311 581)	741 408	15 329	40 585 124
Non-residential buildings	11 048	-	7 758	15 329	3 477
Other fixed structures	40 159 578	(311 851)	733 650	-	40 581 647
LAND AND SUBSOIL ASSETS	23 402	15	42	-	23 459
Mineral and similar non-regenerative resources	23 402	15	42	-	23 459
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	40 194 028	(311 566)	741 450	15 329	40 608 583

32.2.1 Prior period error

Note

2016/17

R'000

Nature of prior period error

Relating to 2015/16 (effecting the opening balance)

(311 566)

Increase in Quarries opening balance – Quarries identified not previously

15

Increase in Bridge that was incorrectly recognised.

48

Decrease in Tarred and Secondary roads that was incorrectly recognised

(311 629)

Relating to 2016/17

(125 157)

The additions has been restated to include two practical completed projects

(125 157)

Total prior period errors

(436 723)

The comparative amounts have been restated, refer to note 35.

32.3 Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018

	<i>Note</i>	Opening balance 1 April 2017	Current Year WIP	Ready for use (Assets to the AR)/ Contracts terminated	Closing balance 31 March 2018
	<i>Annexure 6</i>	R'000	R'000	R'000	R'000
Heritage assets		-	-	-	-
Buildings and other fixed structures		145 299	637 922	249 956	533 265
TOTAL		145 299	637 922	249 956	533 265

Accruals and payables not recognised relating to Capital WIP

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Accruals not recognised		42 291	-
Payables not recognised		11 214	-
TOTAL		53 505	-

Age analysis on ongoing projects	Number of projects		2017/18
	Planned, Construction not started	Planned, Construction started	Total R'000
0 to 1 Year	-	8	49 495
1 to 3 Years	-	5	483 770
TOTAL	-	13	533 265

32.4 CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2017

	<i>Note</i>	Opening balance 1 April 2016	Current Year WIP	Ready for use (Assets to the AR)/ Contracts terminated	Closing balance 31 March 2017
	<i>Annexure 6</i>	R'000	R'000	R'000	R'000
Heritage assets		-	-	-	-
Buildings and other fixed structures		297 332	589 375	741 408	145 299
TOTAL		297 332	589 375	741 408	145 299

32.5 S42 Immovable assets SUBJECT TO TRANSFER IN TERMS OF S42 of the PFMA 2017/18

	No of ASSETS	Value of assets R'000
BUILDINGS AND OTHER FIXED STRUCTURES	8	10 448
Non-residential buildings	8	10 448
Other fixed structures	-	-
TOTAL:	8	10 448

S42 Immovable assets SUBJECT TO TRANSFER IN TERMS OF S42 of the PFMA-2016/17

	No of ASSETS	Value of assets R'000
BUILDINGS AND OTHER FIXED STRUCTURES	1	2 987
Non-residential buildings	1	2 987
Other fixed structures	-	-
TOTAL	1	2 987

32.6 IMMOVABLE ASSETS ADDITIONAL INFORMATION

		2017/18	2016/17
	<i>Note</i>		
a) Facilities on right to use land	Duration of use	Number	Number
Other	Tertiary roads per km's	17 258	17 258

33. Principal-agent arrangements

33.1 Department acting as the principal

	Fee paid	
	2017/18	2016/17
	R'000	R'000
South African Post Office (SAPO)	16 612	18 724
TOTAL	16 612	18 724

The South African Post Office collects vehicle licencing fees on behalf of the Department. SAPO retains an administration fee of 11.4%

The Department of Justice collect traffic fines on behalf of the Department at the courts and this money is paid over to the Department. There is no fee by Department of Justice for this collection.

33.2 Department acting as the agent

33.2.1 Revenue received for agency activities

	2017/18	2016/17
	R'000	R'000
AARTO	80	105
TOTAL	80	105

The department collects money for the renewal of the motor vehicle license on behalf of RTMC. The department pays R72 over to RTMC for every motor vehicle license renewed. The Department does not received any revenue from RTMC for this transaction. The department collects the money for the making of the motor vehicle license on behalf of PRODIBA. The department pays over R97 over to PRODIBA for every motor vehicle license made. The Department does not received any revenue from PRODIBA for this transaction. The department collects traffic fines that were issued outside the Free State borders on behalf of AARTO. The department pays over 97% of the fines collected to AARTO and retains 3%. The prior year financial statements did not make mention of the agent principal relationship held with RTMC and PRODIBA but the current relationship was already in place.

33.2.2 Reconciliation of funds and disbursements – 2017/18

Category of revenue or expenditure per arrangement	Total funds received	Expenditure incurred against funds
	R'000	R'000
Road Traffic Management Corporation (RTMC)	29 452	-
PRODIBA	9 110	-
AARTO	2 581	-
TOTAL	41 143	-

33.2.3 Reconciliation of carrying amount of receivables and payables – 2017/18

Receivables

Name of principal entity	Opening balance	Revenue principal is entitled to	Less: Write-offs/ settlements/ waivers	Cash received on behalf of principal	Closing Balance
	R'000	R'000	R'000	R'000	R'000
RTMC	2 313	29 452	-	28 257	3 508
PRODIBA	1 073	9 110	-	9 084	1 099
AARTO	239	2 581	-	2 652	168
TOTAL	3 625	41 143	-	39 993	4 775

34. Changes in accounting estimates

During the year the following changes were made to the estimations employed in the accounting for transactions, assets, liabilities, events and circumstances

	Value derived using the original estimate R'000	Value derived using amended estimate R'000	R-value impact of change in estimate R'000
The change in estimation relates to the Claims against the department	198 371	1 700	196 671

Probability will be assessed in each financial year in the future

35. Prior period errors

Correction of prior period errors

	Note	Amount before error correction 2016/17 R'000	Prior period error 2016/17 R'000	Restated Amount 2016/17 R'000
Expenditure:				
Increase in Goods and Services	<i>Per</i>	990 273	55 796	1 046 069
Decrease in Tangible Assets	<i>Per</i>	662 401	(55 796)	606 605
Increase in Goods and Services - Contractors	<i>6</i>	651 133	55 796	706 909
Decrease in Expenditure for Capital assets	<i>10</i>	645 171	(55 796)	589 375
Decrease in Transfers and subsidies - Departmental agencies and Accounts	<i>8</i>	14 108	(5 000)	9 108
Increase in Transfers and subsidies - Non Profit institutions	<i>8</i>	-	5 000	5 000
Net effect		2 963 066	-	2 963 066

Comparative figures for Goods and Services and Tangible assets were restated to correct project classification.

	<i>Note</i>	Amount before error correction 2016/17 R'000	Prior period error 2016/17 R'000	Restated Amount 2016/17 R'000
Assets				
Decrease in opening balance of Immovable assets	<u>31</u>	40 194 028	(311 566)	39 882 462
Decrease in addition Immoveable assets	<u>31</u>	866 565	(125 157)	741 408
Increase Computer Equipment opening balance	<u>29</u>	11 636	27	11 663
Decrease Furniture and equipment opening balance	<u>29</u>	6 395	(760)	5 635
Increase Other Machinery and equipment opening balance	<u>29</u>	19 568	136	19 704
Decrease in transport assets disposals – disposal was previously recognised	<u>29</u>	25 102	(690)	24 412
Decrease in Computer equipment disposals – disposal was previously recognised	<u>29</u>	361	(361)	-
Increase in amounts Received for Accrued Departmental Revenue	<u>24</u>	(3 681)	(4 778)	(8 459)
Increase in amounts Written –off for Accrued Departmental Revenue	<u>24</u>	(1 359)	(1 137)	(2 496)
Decrease in Impairment for Accrued Departmental Revenue	<u>24</u>	184 083	(3 935)	180 148
Decrease in Contingent Assets	<u>19</u>	35 443	(35 038)	405
Net effect		41 338 141	(483 259)	40 854 882

The restatement on assets relates to the removal of duplications and the correction of disposals and classification of projects.

Liabilities:

Increase in Payables	<u>21.2</u>	50 725	3 006	53 731
Increase in Accruals	<u>21.1</u>	76 146	57 411	133 557
Increase in Commitments	<u>20</u>	812 962	343 262	1 156 224
Decrease in Contingent Liabilities	<u>19</u>	5 410 970	(51 818)	5 359 152
Increase in Employee Benefits	<u>22</u>	109 358	4 846	114 204
Increase in Provisions opening balance 2017	<u>29</u>	-	20 797	20 797
Increase in Provisions closing balance 2017	<u>29</u>	-	15 996	15 996
Net effect		6 460 161	393 500	6 853 661

Comparative amounts for liabilities have been restated.

Other:

Increase in Irregular Expenditure	<u>25</u>	14 375	185	14 560
Increase in Related Party transactions - Payables	<u>27</u>	(3 400)	(952)	(4 352)
Increase in Related Party transactions – Receivables	<u>27</u>	3 800	694	4 494
Increase in Current payments	<u>CFS</u>	(1 696 533)	(55 796)	(1 752 329)
Decrease in Payment for capital assets	<u>CFS</u>	(663 693)	55 796	(607 897)
Net effect		(2 345 451)	(73)	(2 345 524)

Comparatives amounts have been restated.

36. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT			2016/17	
	Division of Revenue Act/ Provincial Grants	Roll Overs	Total Available	Amount received by department	Amount spent by department	Under / (Overspending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Transport Operating Grant	255 669	-	255 669	255 669	255 614	55	100%	241 257	241 217	
Provincial Roads Maintenance Grant	1 274 731	-	1 274 731	1 274 731	1 269 724	507	100%	1 259 612	1 259 408	
EPWP Integrated Grant to Province	5 666	-	5 666	5 666	5 665	1	100%	5 366	5 365	
SOC Sec EPWP Incen Grant	1 693	-	1 693	1 693	1 693	-	100%	-	-	
	1 537 759	-	1 537 759	1 537 759	1 532 696	5 063		1 506 235	1 505 990	

ANNEXURE1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2016/17
	Adjusted Appropriation	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	
Free State Fleet Management	-	-	-	-	-	-	9 426
TOTAL	-	-	-	-	-	-	9 426

Unaudited supplementary information
Comparative had been restated to correctly account for the Free State Taxi council as a non-profit institution.



ANNEXURE 1B

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2016/17
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Public Corporations									
Transfers	-	-	-	-	-	-	-	-	-
Subsidies	-	-	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-	-	-
Private Enterprises									
Transfers	-	-	-	-	-	-	-	-	-
Subsidies	255 669	-	-	255 669	255 614	100.0%	-	-	241 257
Itumele Bus Lines t/a Interstate Bus lines (IBL)	211 873	-	-	211 873	211 818	100.0%	-	-	199 919
Scopeful 21 (Pty) LTD t/a Maluti Bus Services	43 796	-	-	43 796	43 796	100.0%	-	-	41 338
Sub-Total	255 669	-	-	255 669	255 614	100.0%	-	-	241 257
TOTAL	255 669	-	-	255 669	255 614	100.0%	-	-	241 257

Unaudited supplementary information

ANNEXURE1C

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2016/17
	Adjusted Appropriation	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	
Free State Taxi Council	5 000	-	-	5 000	5 000	-	5 000
TOTAL	5 000	-	-	5 000	5 000		5 000

Unaudited supplementary information
Comparative had been restated to correctly account for the Free State Taxi council as a non-profit institution.



ANNEXURE 1D

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2016/17
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
Injury on Duty	418	-	-	418	42	10%	281
Leave Gratuity	6 072	-	-	6 072	6 855	113%	5 513
Claims against the state	2 000	-	-	2 000	5 310	266%	2 765
	8 490	-	-	8 490	12 207		8 559
TOTAL	8 490	-	-	8 490	12 207		8 559

Unaudited supplementary information

ANNEXURE 1E

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2017/18	2016/17
		R'000	R'000
Received in kind			
Caswell Mthombeni Cons.	Truck Hino	-	942
Caswell Mthombeni Cons.	Road block trailers x6	-	629
Road Traffic Management Corporation (RTMC)	Mobile Test Law Enforcement – Test Centre x2	-	6 270
Road Traffic Management Corporation (RTMC)	Truck Tractor (Branded) x2	-	1 710
Road Traffic Management Corporation (RTMC)	Venter Trailer Super 6 – Mobile Weighbridge x2	-	559
Workshop Electronics	Toyota Aygo x2	-	300
Self Help Association of Paraplegics (Soweto)	Toyota Corolla Quest 1.6	-	183
Valostar3000	Display Case and door	-	22
Cecile Nurse	Office furniture	-	310
Joroy 0009CC	Victoria Double Seater – Black Leather	-	15
Joroy 0009CC	Exodus Ergonomic HB Chair X2	-	7
Joroy 0009CC	Nuclues Stainless Steel Table	-	6
Joroy 0009CC	Clear Glass Top for Nuclues Table	-	1
Free State Fleet management	Donation Received for 40 vehicles	-	9 108
Subtotal		-	20 062
TOTAL		-	20 062
Unaudited supplementary information			

ANNEXURE 1F

STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDI- TURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000
Received in cash					
Road Traffic Management Corporation	Road Safety programme	216	-	-	216
Subtotal		216	-	-	216
Received in kind					
		-	-	-	
Subtotal		-	-	-	
TOTAL		216	-	-	216

This amount was for the unused funds from 2014/15 financial year from Road Traffic Management Corporation for Road Safety Programme

Unaudited supplementary information

ANNEXURE 1G

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2017/18	2016/17
	R'000	R'000
Made in kind		
Truck Hino – Fleet Management	-	942
Road block trailers x6 – Fleet Management	-	629
Mobile Test Law Enforcement	-	6 270
Truck Tractor (Branded) x2 – Fleet Management	-	1 710
Venter Trailer Super 6 – Mobile Weighbridge	-	559
Toyota Aygo x2 – Fleet Management	-	300
Toyota Corolla Quest 1.6 – Fleet Management	-	183
Ford Ranger S/Cab 4x4	-	9 108
LDV Vehicles	-	4 711
TOTAL	-	24 412

Unaudited supplementary information



ANNEXURE 1H

STATEMENT OF ACTUAL MONTHLY EXPENDITURE PER GRANT

Grant Type	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
	2017	2017	2017	2017	2017	2017	2017	2017	2017	2018	2018	2018	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
EPWP Integrated grant for Provinces	-	-	-	1 417	-	2 380	-	-	1 314	246	204	104	5 665
Provincial Roads Maintenance Grant	-	124 970	69 122	131 061	152 519	108 339	134 566	184 343	191 961	18 850	130 609	23 384	1 269 724
Public Transport Operations Grant	-	-	39 248	21 670	21 498	17 352	25 807	21 117	22 739	42 750	(1 063)	44 496	255 614
4Social SEC INCEN GRANT	-	116	(116)	-	371	137	14	133	183	138	464	253	1 693
TOTAL	-	125 086	108 254	154 148	174 388	128 208	160 387	205 593	216 197	61 984	130 214	68 237	1 532 696

Unaudited supplementary information

ANNEXURE 2

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2018

Nature of Liability	Opening Balance		Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details here under)	Closing Balance	
	1 April 2017					31 March 2018	
	R'000	R'000				R'000	R'000
Claims against the department							
Statutory Claims	175 999		11 880	1 578	-		186 301
Direct Claims against the Department	1 795		928	2 127	-		596
Subtotal	177 794		12 808	3 705	-		186 897
Environmental Liability							
Land rehabilitation of Quarries	5 181 358		284 975	-	-		5 466 333
Subtotal	5 181 358		284 975	-	-		5 466 333
Other	-		-	-	-		-
Subtotal	-		-	-	-		-
TOTAL	5 359 152		297 783	3 705	-		5 653 230

The comparative for road accident claims and direct claims has been restated to ensure a fair presentation of the AFS

Unaudited supplementary information

ANNEXURE 3

CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2017/18	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	Receipt date	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
National Department of Transport	-	-	883	883	883	883	-	-
National Department of Labour	-	-	-	1	-	1	-	-
South African Police Service	3	3	-	-	3	3	-	-
DIRCO	-	-	3	3	3	3	-	-
FS Human Settlement	-	589	-	-	-	589	-	-
FS Premier	-	1 791	-	-	-	1 791	-	-
FS Health	102	149	-	-	102	149	-	-
FS Agriculture	-	-	-	12	-	12	-	-
FS Public Works	9	967	-	-	9	967	-	-
FS Social Development	674	-	-	-	674	-	-	-
FS Provincial Treasury	-	20	-	-	-	20	-	-
	788	3 519	886	899	1 674	4 418		
Other Government Entities								
Fleet Management Trading Entity	509	2 259	-	289	509	2 548	-	-
SANRAL	-	-	403	403	403	403	-	-
Medpas	-	22	-	-	-	22	-	-
GEPF	-	-	31	31	31	31	-	-
	509	2 281	434	723	943	3 004	-	-
TOTAL	1 297	5 800	1 320	1 622	2 617	7 422	-	-

Unaudited supplementary information

ANNEXURE 4

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2017/18	
	31/03/ 2018	31/03/ 2017	31/03/ 2018	31/03/ 2017	31/03/ 2018	31/03/ 2017	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
FS Department of Justice	11 085	2 720	-	-	11 085	2 720	-	-
FS Department of Premier	261	1 094	-	-	261	1 094	-	-
FS Department of Health	1	-	-	-	1	-	-	-
FS Department of Public Works	6 787	-	-	-	6 787	-	-	-
Subtotal	18 134	3 814	-	-	18 134	3 814	-	-

OTHER GOVERNMENT ENTITY

Current								
Fleet Management	114 364	39 045	-	-	114 364	39 045	-	-
Subtotal	114 364	39 045	-	-	114 364	39 045	-	-
TOTAL	132 498	42 859	-	-	132 498	42 859	-	-

Unaudited supplementary information

ANNEXURE 5

INVENTORIES

Inventory	Note	Quantity	2017/18 R'000	Quantity	2016/17 R'000
Opening balance		-	-	-	-
Add/(Less): Adjustments to prior year balance		-	-	-	-
Add: Additions/Purchases – Cash		-	26 115	-	33 232
Add: Additions - Non-cash		-		-	-
(Less): Disposals		-		-	-
(Less): Issues		-	(26 115)	-	(33 232)
Add/(Less): Adjustments		-		-	-
		-		-	-
Closing balance		-	-	-	-

Unaudited supplementary information

ANNEXURE 6

MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	145 299	637 922	(249 956)	533 265
Dwellings	-	-	-	-
Non – residential building	10 104	64 876	(63 008)	11 972
Other fixed structures	135 195	573 046	(186 948)	521 293
TOTAL	145 299	486 609	(249 956)	533 265

Age analysis on ongoing projects	Number of projects		2017/18
	Planned, Construction not started	Planned, Construction started	Total R'000
0 to 1 Year		8	49 495
1 to 3 Years		5	483 770
3 to 5 Years			
Longer than 5 Years		-	-
TOTAL		13	533 265

CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance	Prior period error	Current Year Capital WIP	Ready for use (Assets to the AR)/Contracts terminated	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	473 487	(176 155)	589 375	(741 408)	145 299
Dwellings	-	-	-	-	-
Non-residential buildings	2 987	-	14 875	(7 758)	10 104
Other Fixed structures	470 500	(176 155)	574 500	(733 650)	135 195
TOTAL	473 487	(176 155)	589 375	(741 408)	145 299

Comparative information had been restated, refer to note 35.
Unaudited supplementary information

ANNEXURE 7

IMMOVABLE ASSETS ADDITIONAL DISCLOSURE

Tertiary roads are roads that are on farm lands and are not the property of the Department.
These roads are used as access roads and the Department only has right of use of the assets.

There is a total of 17 258 km's of proclaimed tertiary roads in the Province.

Unaudited supplementary information



PART F:

FREE STATE FLEET MANAGEMENT TRADING ENTITY

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GENERAL INFORMATION

Accounting Officer

Mr. SS Mtakati

Head: Fleet Management

Mr. MJ Morobe

Chief Financial Officer

Vacant

Acting Director: Fleet Operations

Mr. GS Jasong

Director: Supply Chain Management

Mr. M Ismail

Director: Security

Mr. S Modise

Registered Office

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Bloemfontein
9300

Auditors

Office of the Auditor-General
19 Donald Murray Street, ABSA Building, 2nd Floor
Brandwag
Bloemfontein
9300

REPORT OF THE ACCOUNTING OFFICER

The 2017/18 annual report of Fleet Management is hereby submitted to the Executive Authority and Provincial Treasury as required in terms of section 40(1)(d) of the Public Finance Management Act of 1999 (Act no 1) as amended by Act 29 of 1999.

Free State Fleet Management Trading Entity is a trading entity of the Department of Police, Roads & Transport. It provides fleet management services to Departments and Municipalities based in the Free State Province. The Entity prepares its financial statements in terms of the Statements of Generally Recognised Accounting Practice (GRAP).

The Trading Entity continues to grow and the level of services that it delivers can only be attributable to a dedicated workforce. The impact of the work that Fleet Management has performed, especially the impact that the Road Building Equipment unit has on the road infrastructure at municipal level, has played a major role in improving the living conditions of our communities.

It is with pleasure to note that the Trading Entity continues to provide an excellent service to government institutions in a most cost efficient manner.

The Annual Financial Statements set out on pages 271 to 317 have been approved by the accounting officer.



Mr SS Mtakati
Accounting Officer

31 July 2018

FINANCIAL REVIEW BY MANAGEMENT

1. Financial highlights

While the 2017/18 financial year saw a continuation of the challenging economic conditions, Fleet Management continued to render an effective and efficient fleet service to government departments and municipalities that are based in the Free State Province. It is with pleasure to note that despite the prevailing economic downturn the entity is financially independent.

Free State Fleet Management has made great strides in improving its service delivery mandate as outlined in the constitution as whole, for the financial year under review, the Entity procured 347 vehicles for replacement purposes in line with the commitment made to user department. Furthermore, vehicles were procured as additional, the Entity spent an amount R98 million in the acquisitions of vehicles, disposed-off 375 vehicles through auctions and received revenue to the value of R17 million for the sale of these vehicles.

The financial position of the Entity is steady with all user departments paying their accounts through a debit order. Free State Fleet Management Financial Performance is also stable since well all suppliers are paid within 30 days on average, as prescribed by Treasury Regulations. However, there are still delays from Municipalities in making payments within 30 days in order to settle their outstanding debts, for services which were rendered by Free State Fleet Management.

To improve safe-guarding of our assets the Entity has installed security cameras in our premises in order to enhance security measures.

The tariffs charged by the Trading Entity from its user department remain cost effective, when compared to its competitors. Furthermore, Free State Fleet Management has established Transport Officers Forum in order to meet client satisfaction and bridge the gap between the entity and its client

The entity did not receive a grant for the municipal support program. This has resulted in a significant reduction in the purchases of road building equipment of nearly 90.9% or R19.4 million. Fleet Trading Entity is consistently seeking ways to sustain its existence and provide good customer care to user department and municipalities.

Free State Fleet Management has a goal to transform motor industry in future. This will allow the Entity to contribute enormously in radical economic transformation and create an environment that has more opportunities through Private Public Partnerships with motor dealers.

2. Progress related to primary operational programs

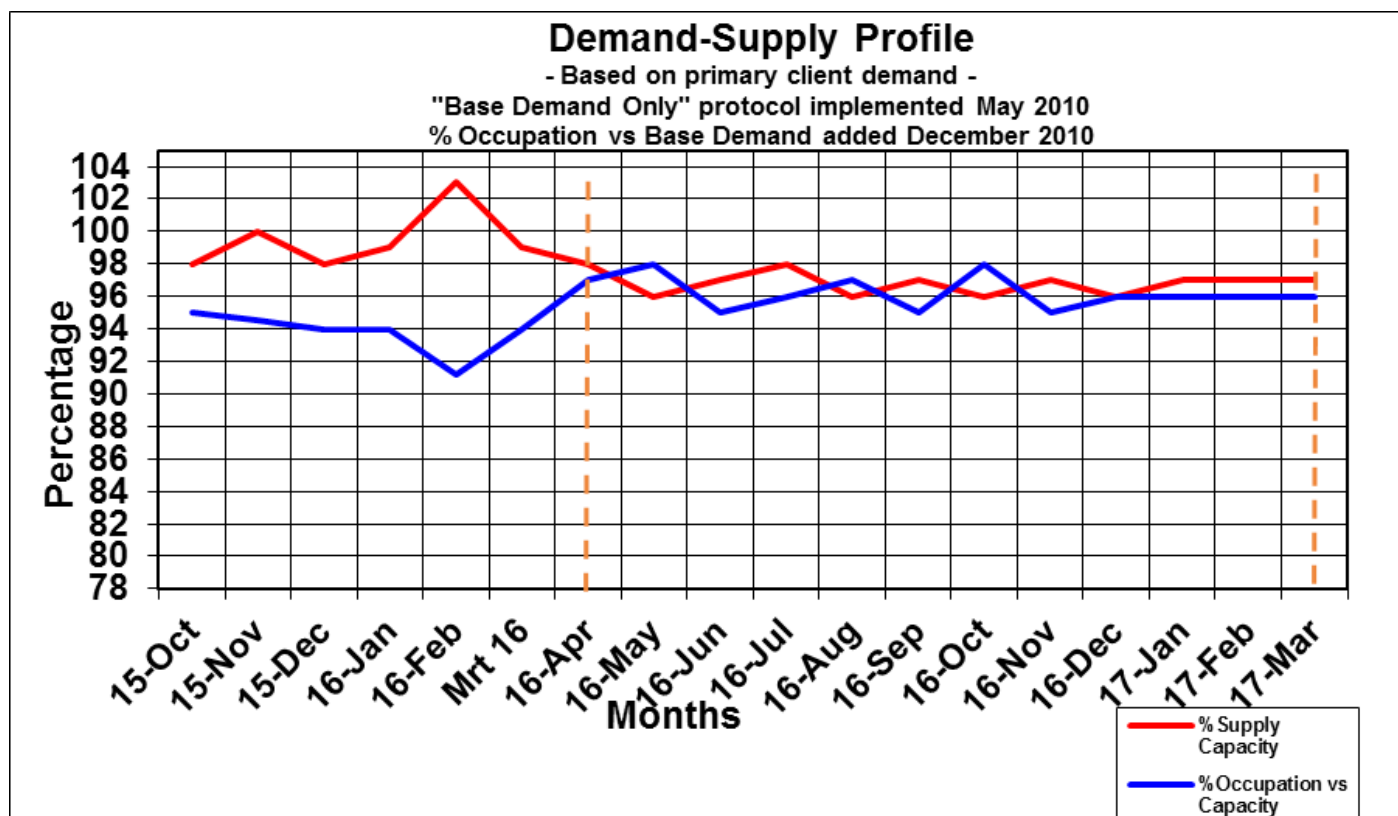
Fleet Management manages key programs within the operational divisions namely the Equipment Life-Cycle Management program and the Client Support program

2.1 Equipment Life-Cycle Management program

All operational programs are regulated by client demands. The alignment of fleet capacity to client demand is measured monthly, and trends in the graphic display, combined with source data analysis determines priorities in the purchase repair and rebuild sub-programs. The fairly level trend since October 2015 was the result of the output from the grader rebuild program, inputs by FM delegates to specification committees at National Treasury, some very specific demand regulated purchases that have been made, and the continuous streamlining of procedures. This process of continuous measurement is an essential element to ensure a sufficient supply capacity to client demand ratio.

3. Demand-Supply

3.1 Profile



3.2 Profile Analysis

- Fairly level occupation and availability from October 2015.
- The year 2016 saw some peaks in the occupation during the second half of the year that led to supply capacity not being at an optimal level at all times. This was due to new fleet items not being delivered and commissioned yet at that stage. Once the items were placed into operation the indicators stabilised.
- It is foreseen that with more fleet items being placed into operation soon the pressure would be further relieved.
- The completion of some life extending repairs on our motor grader fleet towards the latter part of the year contributed to the smoothing of the trend.

3.3 Source Data Analysis (Individual shortfalls on supply capacity)

Additional needs identified:

- One 100 t GCM abnormal load truck tractor needs to be replaced. The exact requirement was finalised and procurement will continue.
- The central compressor at the main workshop in Hamilton Bloemfontein need to be replaced. The procurement process will commence during the next financial year.

3. Demand-Supply (continued)

3.3 Source Data Analysis (Individual shortfalls on supply capacity) (continued)

Non-Supplies – Cause and Solution

Equipt	Reason	Root Cause	Action	Challenges
GRB, GRD Motor Grader	Aging Fleet	NA	Purchase – replacement cycle to be implemented	Funding at R3.8m per unit
SRB Rehab trailer	Inadequate numbers in fleet	NA	Purchase. Tender transaction, specs ready	
SGA Grader unit trailer	Inadequate numbers of upgraded units	NA	Local Rebuilds possible.	Cost: about R340,000 per unit
SFA Fuel trailer	Inadequate numbers of upgraded units	NA	Purchase. Tender transaction, specs ready	
BPH	Inadequate numbers in fleet	NA	Purchase. Tender transaction, specs ready	
TLD – Service vehicles	Aging Fleet	NA	Purchase RT 57 over the next 3 financial years	

3.4 Fleet and Facilities

To be noted and incorporated in future planning:

a. Motor graders

Fleet Management has currently two graders being fully rebuilt with completion expected during the next financial year. Current planning is underway to also internally rebuild an additional two.

We have however reached a point where the age of our grader fleet would probably not allow for a sustainable and economical rebuild program to continue. It is furthermore expected that metal fatigue on some components would become apparent during the second life. We would however continue to embark on life extending repairs and some major repairs to ensure that a successful Free State blading and gravel road maintenance service can be maintained.

b. Service vehicles

The service vehicles used internally by the Fleet Management staff to maintain the fleet has been identified to be replaced as the age and cost of maintaining them is no longer feasible. This project would be phased in over the next three financial years.

c. Platform Trucks

Fleet Management fitted 9-seater crew cabs to 11 midlife platform trucks and procured 12 new platform trucks with 9-seater crew cabs fitted. These trucks with cabs are fully homologated and the cabs adhere to the required safety standards. Moving forward this would be the norm for all platform trucks.

d. Facilities

A number of the district repair facilities have been identified for upgrades and repairs. Inspections are currently being done to assist with the primary findings and recommendation report. This is a long-term project requiring huge capital layout.

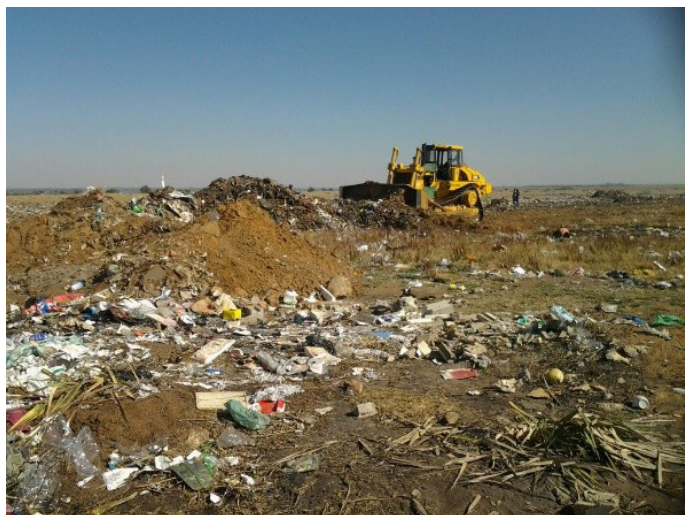


3. Demand-Supply (continued)

3.4 Fleet and Facilities (continued)

e. Notable Achievements

Ad Hoc Support Services (Hlasela projects):



Fleet Management was involved in 12 Operation Hlasela Projects. These projects varied in magnitude ranging from re-graveling to clean-up campaigns in the following towns:.

- Kroonstad
- Ladybrand
- Tweeling
- Mangaung
- Nala
- Soutpan
- Cornelia
- Villiers
- Viljoenskroon
- Zamdela

Impact on National Level

- “Yellow Plant” on transversal National Treasury contract (RT57)
- For the first time ever, the Transversal National Treasury Contract RT57 had earthmoving machinery incorporated. The contract became available as from July 2016 and it was also for the first time ever extended to a two-year contract. This was the result of an intensive preparation program by the Working Committee of the MSSC, where Free State Fleet Management is one of the “primary drivers”

Representation on National Committees

Fleet Management Free State also sends officials to represent the entity on two national committees. These committees convene bi-monthly and is chaired by the National Department of Transport with fleet managers from all provinces serving as members:

- Coordinating Committee for Government Motor Transport overseeing all fleet related policy inputs, transversal bid inputs and management of the current fleet contracts used by the entity.
- Mechanical Services Subcommittee dealing with all matters related to road building equipment and plant.

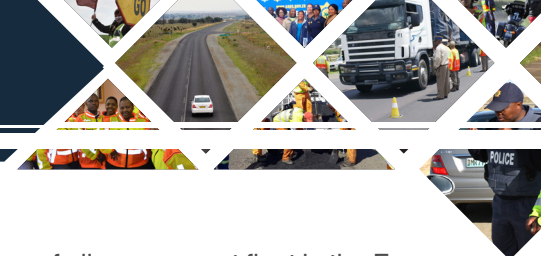
Gratitude

I thank the management and staff of Fleet Management for the continued support that they have provided to our communities and trust that we will continue with these efforts in the future.



Mr S Mtakati
Accounting Officer
Department of Police, Roads and Transport

31 July 2018



PERFORMANCE REPORT

Strategic Objective: Ensure the effective and efficient management and administration of all government fleet in the Free State Province.

Fleet Management (Trading Entity)

Priorities:

Rightsizing of the fleet and alignment of the fleet composition to the requirements of the users

This is a continuous process of needs analysis, capacity measurements, projections, and prioritization of repairs, refurbishments and purchases.

Until end of March 2018, a total of 347 new fleet vehicles and equipment were delivered. Increase procurement of maintenance and repairs services from Historically Disadvantaged Individuals (HDIs) (TARGET 10) HDI were appointed on the basis of three-year contract which will end on 6 of September 2019.

Keep fleet within its life expectancy

This is an ongoing process which needs collaborations of user department as well as fleet management in order to comply with warranty requirements. Until the end of March 2018, actual service and maintenance performed was 95%.

Performance Indicator		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/2018	Comment on deviations
Procurement of vehicles and equipment						
6.1.1	Procurement of fleet in order to meet client requests.	100%	100%	98%	2%	The reason for under achievement is because manufacturers are given a period of 3 months before delivery of vehicles.
Increase procurement of maintenance and repair services from Historically Disadvantaged Individuals						
6.1.2	Number of tenders awarded targeting HDIs.	13	4	4	0	-
Keep fleet within its life expectancy						
6.1.3	Percentage of vehicles maintained.	94%	90%	95%	5%	Vehicles over-utilised were serviced more than twice in a year.

REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS OF THE FLEET MANAGEMENT TRADING ENTITY FOR THE YEAR ENDED 31 MARCH 2018

INTERNAL AUDIT AND AUDIT COMMITTEE

INTERNAL AUDIT FUNCTION

In the period under review, the Internal Audit Function (IAF) of the Free State Department of Police, Roads and Transport continued to fulfil its mandate to provide an independent, objective assurance and consulting activity that is designed to add value and improve the department's operations; in line with the PFMA, Treasury Regulations and the King Report on Corporate Governance requirements.

The IAF assisted the department to accomplish its objectives by bringing a systematic and disciplined approach by evaluating and assisting in improving the effectiveness of risk management, control and governance within the department. The function is a fully in-house function and operates in accordance with the approved Internal Audit Charter, Treasury Regulations and the International Standard of the Professional Practice of Internal Auditing (ISPPA).

The IAF is further guided by a fully functional Audit Committee which operates in terms of an approved Audit Committee Charter and the Treasury Regulations.

The IAF has been subjected to an external quality assessment, by an external quality assessor, and was found to be partially conforming to the ISPPA. The function proceeded to implement measures to address all non-compliant requirements, assisted and monitored by the Audit Committee.

INTERNAL AUDIT RESPONSIBILITIES

The IAF through engagement with internal stakeholders formulated a comprehensive three-year rolling plan, incorporating an annual plan that was approved by the Audit Committee. The annual audit plan of planned audits was fully executed during the year under review. The IAF also performed various consulting activities, and relationships with management improved as evidenced by the increase in management requested engagements, in turn, indicating that management sees the value of the IAF within its system of governance. Furthermore, the head of the IAF has complete access and a direct reporting line to the Audit Committee and reports at each audit committee meeting on control weaknesses and other internal audit activities. The internal audit function coordinated the Combined Assurance Model with the guidance from the Audit Committee and Provincial Treasury.

The table below summarises the Internal Audit work completed during the year.

Business Units	Audit Coverage
Fleet Management	<ul style="list-style-type: none"> Assets Management Supply Chain Management Security Management

AUDIT COMMITTEE

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

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	No. of meetings attended
Maleho Nkomo	<ul style="list-style-type: none"> B.Com B Com (Hons) M.Com 	External	N/A	<ul style="list-style-type: none"> Initial Appointment : 1 September 2014 Re-appointment: 1 March 2018 	3 of 5
Andile Mahlalutye	<ul style="list-style-type: none"> BSc Quantity Surveying Diploma in Company Direction Masters in Business Leadership Masters in Financial Management Certificate in Development and Management of Non-Governmental Organisation 	External	N/A	<ul style="list-style-type: none"> Initial Appointment : 01 March 2011 Re-appointment: 1 September 2014 Contract expired: 28 February 2018 	3 of 5
Priscilla Mateta	<ul style="list-style-type: none"> B Com Accounting Post Graduate Diploma in Engineering Business Management Post Graduate Certificate in Compliance Management Post Graduate Certificate in Corporate Governance Post Graduate Certificate in Environmental Law 	External	N/A	<ul style="list-style-type: none"> Initial Appointment : 01 March 2011 Re-appointment: 01 September 2014 Contract expired: 28 February 2018 	5 of 5
Collen Weapond	<ul style="list-style-type: none"> LLB B Juris Certificate in Policing B Tech Policing/Investigations Diploma in Education B. Comm Honours (IT) Postgraduate Diploma in Computer Forensic (Course work) Diploma in Business Management Diploma in Compliance Management Programme in Fraud Management Masters in Business System (Course work completed) 	External	N/A	<ul style="list-style-type: none"> Initial Appointment : 1 March 2011 Re-appointment: 1 September 2014 Contract expired: 28 February 2018 	4 of 5
Sibusiso Majola	<ul style="list-style-type: none"> Certificate in Theory of Accounting B Com Accounting (Hons) Certified Internal Auditor 	External	N/A	Initial Appointment 1 September 2014 Re-appointment: 1 March 2018	5 of 5



The Audit Committee continues to operate within its approved charter, which is reviewed annually to ensure relevance. In discharging its functions and delivering on its mandate, the Committee ensures to comply to section 38(1)(a) of the PFMA and paragraph 3.1 of the Treasury Regulations, through the combined support of all the assurance providers.

The Audit Committee met five times during the financial year under review. In these meetings, the Accounting Officer and executive management were always represented. The Auditor-General South Africa is always invited to attend, thus ensuring that such meetings are as effective and transparent as possible, also to ensure a renewed working relationship with the AGSA and that duplication of efforts is avoided.

AUDITOR-GENERAL'S REPORT

The Internal Control unit performed a review of the departmental Audit Action Plan to address the audit issues raised by the Auditor-General South Africa (AGSA) in the previous year and were satisfied that the remedial actions would address the issues raised.

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act, 1999 (PFMA) and regulation 3.1.13 of the Treasury Regulation. 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, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control

The following internal audit work, which was based on the risk assessments conducted in the Fleet Management Trading Entity (FMTE), was completed during the year under review:

- Review of Asset Management
- Review of Supply Chain Management; and
- Review of Security Management

Our review of the findings of the Internal Audit work revealed certain weaknesses. The Audit Committee is not satisfied with the internal control environment, and is concerned that management's action plan to address the internal control weaknesses is taking long to implement. In addition, the Audit Committee has taken note of the issues raised by the Auditor-General South Africa (AGSA) on the internal control system. The issues evolve around the FMTE'S inability to prepare financial statements which are in accordance with Generally Recognised Accounting Practice (GRAP).

The Committee has recommended that the Accounting Officer prioritise the improvement in the implementation of control environment regarding preparation of financial statements which would be a fair presentation of the FMTE's financial position and performance.

Internal Audit

The Accounting Officer is required, in terms of the PFMA, to ensure that the FTME has a system of internal control under the direction of the Audit Committee. Although the internal audit function had a risk-based internal audit plan, the Committee is not satisfied that the plan was not implemented in full during the year. The shortage of skills and human resources within the Internal Audit function should be addressed.

The Audit Committee has also raised concerns with the slow implementation of internal audit recommendations.

In-Year Management and Quarterly Report

The Audit Committee is satisfied with the contents and quality of the department's quarterly reports issued during the year under review and submitted to the provincial Treasury as required by the PFMA and the Divisions of Revenue Act.

The Audit Committee is concerned with the long unfilled vacancy of the Chief Financial Officer, which has resulted in

the FTME not correctly applying the GRAP requirements throughout the year. Furthermore, the Audit Committee is concerned about the irregular expenditure which was incurred during the year, as well as the amount of payables as at year-end. The audit Committee has advised management to ensure consequence management and compliance with relevant regulations, as well as to develop a sustainability strategy.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed the audited Annual Financial Statements to be included in the Annual Report; Reviewed the information on the Predetermined Objectives to be included in the Annual Report; and
- Reviewed the information on the Predetermined Objectives to be included in the Annual Report; and
- Reviewed the Department's compliance with legal and regulatory provisions, as part of the Audit Committee quarterly meetings.

The Audit Committee is concerned that, the FTME did not prepare annual financial statements in accordance with Generally Recognised Accounting Practice (GRAP) as required by the PFMA. For vehicles that were used beyond their useful lives, the FTME applied incorrect daily tariffs when billing user departments and entities. This resulted in a material impact on both trade receivables and trade payables, as well as on the lease commitments.

In addition the FTME did not review the useful lives and residual values, leading to an undeterminable impact on the accumulated surplus. This has resulted in the preparation of financial statements which had material misstatements that were not corrected, and forming the basis of an adverse audit opinion.

Auditor-General's Report

The Audit Committee has reviewed and concurs with the conclusion of the Auditor-General South Africa (AGSA) on the annual financial statements. The Audit Committee is of the view that the audited financial statements be accepted and read together with the report of the AGSA.

The Committee was not actively involved throughout the audit process and was not given an opportunity to review the management letter, nor assess management action plan to mitigate risks associated with the findings raised by the AGSA. Accordingly, the Committee is, not able to conclude on whether or not management implementation plan will adequately address the audit findings.

The Committee has met with the AGSA and acknowledges the cooperation and diligence of the AGSA team.

Meetings with the Accounting Officer

During the year, the Committee has not met to discuss unresolved issues with the Accounting Officer for the Department.

Meetings with the Executive Authority

The Audit Committee has submitted written reports to the Executive Authority on a quarterly basis, apprising the MEC on the performance of the Department.

However, the Committee has not met with the Executive Authority for the Department during the year.



Mrs MMD Nkomo
Chairperson of the Shared Audit Committee
Free State Department of Police, Roads and Transport
31 July 2018

REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE ON THE FINANCIAL STATEMENTS OF THE FREE STATE FLEET MANAGEMENT TRADING ENTITY FOR THE YEAR ENDED 31 MARCH 2018

Report on the audit of the financial statements

Adverse opinion

1. I have audited the financial statements of the Free State Fleet Management Trading Entity set out on pages 271 to 317, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, because of the significance of the matters described in the basis for adverse opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of the Free State Fleet Management Trading Entity as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for adverse opinion

Property plant and equipment

3. The entity's practice is to carry its vehicle fleet and road building equipment at revalued amounts. However, the entity used the incorrect adjustment factor to determine the fair values of its vehicle fleet and road building equipment. I was unable to determine the impact on the carrying value of the vehicle fleet and road building equipment as it was impracticable to do so. The entity did not review the residual values and useful lives its vehicle fleet and road building equipment at each reporting date in accordance with GRAP17 *Property, plant and equipment*. As a result, vehicles with a fair value of R28 275 902 had a zero net carrying amount while still being in use. This also has an impact on depreciation and accumulated surplus. Additionally, some road building equipment was incorrectly recognised as part of the vehicle fleet. Consequently, the carrying amount for the vehicle fleet was overstated and the carrying amount for road building equipment was understated by R29 337 679.

Revenue from Exchange Transactions

4. The entity did not recognise revenue in accordance with GRAP 9, Revenue from exchange transactions, as incorrect daily tariffs were applied when billing the user entities. This mainly affected the vehicles that have been used beyond their useful lives. Consequently, revenue from daily charges as disclosed in note 5.1 to the financial statements was overstated by R205 427 506. Additionally, there was a resultant impact on trade receivables from exchange transactions.

Operating Lease receivable

5. The entity did not disclose operating lease commitments in accordance with GRAP 13, *Leases*. This was due to the incorrect tariffs applied per vehicle in the calculation of the future lease commitments. Consequently, operating lease commitments was overstated by R116 985 636.

Context for the opinion

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

7. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Material uncertainty relating to financial sustainability

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.
10. Note 5.8 to the financial statements, revenue charged at incorrect tariffs, which indicates that the cumulative impact of using the incorrect tariffs may have a negative impact on the entity's going concern. This event or condition indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

Emphasis of matters

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

Restatement of corresponding figures

12. As disclosed in note 5.8 to the financial statements, the corresponding figures for 31 March 2017 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2018.

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the Free State Fleet Management 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 accounting officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

17. The predetermined objectives of Free State Fleet Management Trading Entity are included in the annual performance report of the Department of Police, Roads and Transport and any findings will be reported in the department's audit report.



Report on the audit of compliance with legislation

Introduction and scope

18. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
19. The material findings on compliance with specific matters in key legislations are as follows:

Annual Financial Statements

20. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 40(1)(b) of the PFMA. Material misstatements of current assets, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements resulted in the financial statements receiving an adverse opinion.

Revenue management

21. Appropriate processes were not implemented to provide for the reconciliation of and revenue as required by treasury regulation 7.2.1.

Expenditure management

22. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R8 494 000, as disclosed in note 5.17 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by non-compliance with the SITA Act.

Procurement and contract management

23. Commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5).
24. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1.

Other information

25. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
26. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
27. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the adverse opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
30. Management's over-reliance on consultants for updating and maintaining financial records and failure to implement and monitor controls over the daily and monthly processing and reconciliation of transactions has resulted in the material misstatements of revenue, trade receivables and operating leases.
31. Due to the vacant position of the CFO not being filled during the financial year and a lack of capacity in the financial reporting section, management did not correctly apply the requirements of GRAP to ensure that the useful lives and residual values of the assets are reassessed by the end of the financial year resulting in a material finding raised on the assets.
32. Management did not always monitor compliance with the applicable SCM regulations, this has resulted in the reported non-compliance findings under the procurement and contract management.
33. Management did not always prepare accurate and complete financial reports that are supported by reliable information, which resulted in a number of material misstatements that were subsequently corrected.

Auditor-General

**Bloemfontein
3 August 2018**



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	31 March 2018 R'000	31 March 2017 Restated * R'000
REVENUE			
Revenue from Exchange Transactions	5.1.1	581 975	515 800
Revenue from Non- Exchange Transactions	5.1.2	-	2 984
Total Revenue		581 975	518 784
EXPENSES			
Administrative Expenses	5.2.1	(4 278)	(5 199)
Employee Benefit Expense	5.2.2	(57 406)	(59 391)
Other Operating Expenses	5.2.3	(448 976)	(381 828)
Depreciation Expense	5.2.4	(118 834)	(86 221)
Total Expenses		(629 494)	(532 639)
Operating (Deficit)		(47 519)	(13 855)
(Loss) on Disposal of Property, Plant & Equipment	5.3	(7 524)	(284)
Actuarial Gain/(Loss) on Long Service Awards Provision	5.7.1	376	(32)
Gain on revaluation of Property, Plant & Equipment		-	149
Impairment loss on trade receivables		(17 157)	(4 793)
DEFICIT FOR THE PERIOD		(71 824)	(18 815)

* Refer to the Prior Period Error note 5.8 for details

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Notes	31 March 2018 R'000	31 March 2017 Restated * R'000
ASSETS			
Current Assets		333 841	353 079
Trade and Other Receivables from Exchange Transactions	5.4.1	244 809	216 244
Cash and Cash Equivalents	5.5	89 033	136 835
Non-Current Assets		476 794	512 194
Property, Plant and Equipment	5.3	476 794	512 194
Total Assets		810 636	865 273
LIABILITIES			
Current Liabilities		147 152	139 453
Payables From Exchange Transactions	5.6	135 633	128 118
Employee Benefits	5.7	9 439	9 541
Long Service Award Provision	5.7.1	251	158
Other Liabilities	5.7	1 830	1 637
Non-Current Liabilities		2 031	2 267
Long Service Award Provision	5.7.1	2 031	2 267
Total Liabilities		149 184	141 720
Net Assets		661 452	723 554
NET ASSETS			
Revaluation Reserve		115 958	120 270
Accumulated Surplus	5.19	545 494	603 284
Total Net Assets		810 636	865 273

* Refer to the Prior Period Error note 5.8 for details

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Accumulated Surplus R'000	Revaluation Reserve R'000	Total R'000
At 31 March 2016		570 828	135 817	706 645
Deficit for the period		(18 815)	-	(18 815)
Correction of error	5.8	16 117	(101)	16 016
Surplus/(Deficit) on the revaluation of GMT vehicles	5.3	-	(3 732)	(3 732)
Surplus/(Deficit) on the revaluation of RBE assets	5.3	-	11 381	11 381
Surplus/(Deficit) on the revaluation of RBE assets disposed of	5.3	-	-	-
Transfers between components of net assets		23 091	(23 091)	-
Other movements		4 508	(5)	4 503
At 31 March 2017		595 729	120 269	715 998
Deficit for the period		(71 824)	-	(71 824)
Correction of error	5.8	7 556	-	7 556
Surplus/(Deficit) on the revaluation of GMT vehicles	5.3	-	1 628	1 628
Surplus/(Deficit) on the revaluation of RBE assets	5.3	-	10 158	10 158
Transfers between components of net assets		16 097	(16 097)	-
Other movements		(2 064)		(2 064)
At 31 March 2018	5.19	545 494	115 958	661 452

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

		31 March 2018	31 March 2017 Restated *
	Notes	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		481 751	502 045
Payments to Suppliers and Employees		(358 875)	(398 386)
Net Cash Flows from Operations		122 876	112 659
Interest Received		8 942	16 738
Net Cash Flows from Operating Activities	5.9	131 818	129 398
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Vehicles		(187 540)	(161 527)
Purchase of Road Building Equipment		(14 486)	(19 749)
Purchase of Office Equipment and Furniture		(2 619)	(2 454)
Proceeds on Sale of Fixed Assets		24 787	19 949
Other non-cash items		238	(89 061)
Net Cash Flows from Investing Activities		(179 620)	(252 842)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(47 802)	(123 444)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		136 834	260 278
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5.5	89 033	136 835

* Refer to the Prior Period Error note 5.8 for details



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. GENERAL INFORMATION

The annual financial statements of the Fleet Management Trading Entity for the year ended 31 March 2018 were authorised for issue by the Accounting Officer on the 31st of May 2018.

Fleet Management is a Trading Entity incorporated in terms of Section 19 of the Treasury Regulations as issued in terms of the Public Finance Management Act of 1999. A Trading Entity is defined as an Entity operating within the administration of a department. In the case of the Fleet Management, the Department referred to is the Department of Police, Roads and Transport.

The Entity is domiciled in Bloemfontein within the Free State Province, South Africa.

Principal Activities

The Entity is responsible for supplying the Free State Government Departments, National Departments functioning in the Free State Province as well as Free State Municipalities, with affordable and reliable vehicles and Road Building Equipment.

The Entity has different categories of vehicles that are rented to National, Provincial and Local Government and Municipalities:

- a) *Permanent Vehicles:* These are vehicles that are permanently allocated to clients.
- b) *General Hire Vehicles:* These vehicles are available for rental by clients, as and when they need extra transport.
- c) *Equipment:* The equipment fleet is permanently rented to the Department responsible for roads. A small portion of the fleet is rented to local Municipalities, small contractors and other Government Departments.

The Entity **recovers** its costs through the following tariffs, as approved by Provincial Treasury on an annual basis:

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

2. BASIS OF PREPARATION

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

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

The annual financial statements have been prepared on a historical cost basis, except for vehicle fleet and road building equipment that have been measured at fair value. Trade receivables and trade payables have been measured at fair value, initially and subsequently at amortised cost, using the effective interest method.

The financial statements are presented in South African Rand and all values are rounded to the nearest thousand (R'000), except when otherwise indicated.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies is disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in note 25 for First-time adoption of Standards of GRAP.

GOING CONCERN ASSUMPTION

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

3.1 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

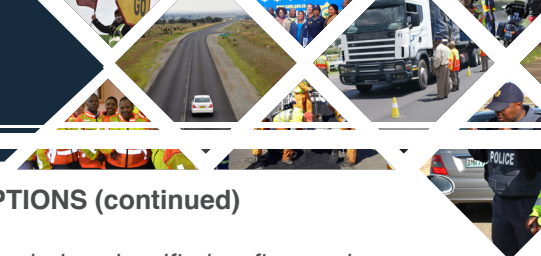
The preparation of the Entity's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions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

Judgments

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

Vehicle fleet rentals treated as operating lease

Management classifies the lease contracts for the renting of vehicles by clients (specifically vehicles that have been permanently allocated) as operating leases. Management reached this conclusion after evaluating (which included the performance of calculations to support the evaluation) the six (6) indicators identified in GRAP 13 –



3.1 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Leases, paragraph 12 that could individually, or in combination lead to leases being classified as finance leases.

Management consulted extensively in this regard, and obtained an opinion from the Provincial Treasury, that supported the judgment.

It should also be noted that the Provincial Treasury approves the rates on a year to year basis and these tariffs may be reviewed by Free State Fleet Management Trading Entity whenever deemed necessary.

Vehicle fleet valuation

Despite the fact that a detailed procedure manual exists, which explains the way in which the annual valuation of the entire vehicle fleet is performed, some areas remain where the officials responsible for the valuation, have to make their own judgment. This is particularly true when rating the vehicle's condition. Management ensures accuracy in this matter by ensuring that only officials with adequate knowledge and expertise are utilised to perform the rating of condition that is performed during physical inspection.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the Entity's accounting policies the following estimates, were made:

Provision for bad debt

The management of the Trading Entity, with their detailed knowledge of each of their debtors, consider the recovery of each and every debtor individually, at year-end. This analysis involves an assessment of the recoverability of each debtor balance based on how long the debt is outstanding.

Impairments

Based on the results of each year's physical inspection, the management of the Trading Entity assess whether there are any indications of impairment.

Impairment on vehicles are determined by comparing market values with market values as published by TransUnion Business Solutions.

Based on the indicators of impairment that are present the impairment of each asset is estimated.

In assessing value-in-use for assets, the estimated future cash flows are discounted to their present value using the official pre-tax interest rate as issued by National Treasury reflecting current market assessments of the time value of money and the risks specific to the assets.

3.1 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 5.7.

Provisions are measured using management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to the present value where the effect is material.

Long service awards

Long service awards comprise of cash awards that are offered to the employees of the Entity at their 10, 20, 30 and 40 year employment milestones.

The present value of the long service awards provision depends on a number of factors that are determined on an actuarial basis using a number of assumptions. This involves the adjustment of the obligation by the current published cash award according to the Department of Public Service and Administration. Any changes in these assumptions will impact on the carrying amount of the long service awards provision.

The Entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligation. The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds.

Additional information is disclosed in Note 5.7.1.

Effective interest rate

The Entity makes use of the official pre-tax interest rate (standard interest rate to be levied on debts owing to the state) as issued by National Treasury, for all its discounting calculations as this is assumed to provide a reasonable estimate of fair value.

3.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

3.2.1 Statements and interpretations not yet effective GRAP 18 - Segment Reporting

Effective 1 April 2019.

The Standard requires the identification and aggregation of the operating segments of the Entity into reportable segments. For each of the reportable segments identified details of the financial performance and financial position should be disclosed.

This Standard will not have an effect on the Entity's recognition and measurement of items, but will only affect disclosure.



3.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

3.2.2 Statements and interpretations not yet effective (continued) GRAP 20 – Related Parties *

No effective date

The Standard does not yet have an effective date. This Standard provides the requirements for the disclosure of related parties and transactions and balances with related parties. It is based on IPSAS 20, however several principles from IAS 24 has been included. Furthermore definitions and terms have been amended to be relevant in a South African context.

The Entity complied with the requirements of this Standard during the period under review.

** The Minister has not gazetted the effective date of this standard for trading entities specifically, but has indicated the effective date as 1 April 2019 for public entities, constitutional institutions, municipalities, etc.*

GRAP 32 - Service Concession Arrangements: Grantor *

No effective date

The Standard provides guidance on how the grantor should account for service concession arrangements. The Standard addresses how service concession revenue and the related assets and liabilities should be accounted for.

Taking into consideration that the Entity is not involved in service concession arrangements it is considered that this Standard will not have a significant impact on its financial statements once it becomes effective.

** The Minister has not gazetted the effective date of this standard for trading entities specifically, but has indicated the effective date as 1 April 2019 for public entities, constitutional institutions, municipalities, etc.*

GRAP 34 – Separate Financial Statements

No effective date

This Standard prescribes the accounting and disclosure requirements for investment in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

The Standard will only apply to the Entity when it has investments in controlled entities, associates and joint ventures.

GRAP 35 – Consolidated Financial Statements

No effective date

This Standard establishes the principles for the presentation and preparation of consolidated financial statements.

3.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

3.2.2 Statements and interpretations not yet effective (continued) GRAP 35 – Consolidated Financial Statements (continued)

Consolidated financial statements when an entity controls one or more entities.

An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in the preparation and presentation of consolidated financial statements of the economic entity.

GRAP 36 – Investments in Associates and Joint Ventures

No effective date

This Standard prescribes the accounting for investment in associates and joint ventures and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The Standard will only apply to the Entity when it has investments in associates and joint ventures.

GRAP 37 – Joint Arrangements

No effective date

This Standard establishes the principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.

An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this standard in determining the type of joint arrangement in which it is involved and in accounting for the rights and obligations of the joint arrangement.

The Standard will only apply to the Entity when it has an interest in arrangement that are controlled jointly.

GRAP 38 – Disclosures of Interests in Other Entities

No effective date

This Standard requires an entity to disclose information that enables user of the financial statements to evaluate:

- The nature of, and risk associated with, its interest in controlled entities, unconsolidated controlled entities, joint arrangements and associates and structured entities that are not consolidated; and
- The effects of those interests on its financial position, financial performance and cash flows.



3.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

3.2.2 Statements and interpretations not yet effective (continued)

GRAP 105 – Transfer of Function between Entities under Common Control

No effective date

This Standard provides the accounting treatment for transfers of functions between entities under common control. The Standard determines that assets and liabilities transferred to entities under common control will be recognised at their carrying values (determined by the transferring Entity as though it were on GRAP) in the records of the receiving Entity. The difference between the consideration transferred and the carrying value of the assets / liabilities transferred is recognised in accumulated surplus / deficit.

This Standard will only have an effect on the financial statements of the Entity when functions are transferred between entities under common control. The transfer of functions would be accounted for as mentioned above.

GRAP 106 – Transfer of Function Between Entities Not Under Common Control

Effective 1 April 2019.

This Standard deals with other transfers of functions between entities not under common control and requires the Entity to measure transferred assets and liabilities at fair value. The difference between the consideration transferred and the carrying value of the assets / liabilities transferred is recognised in accumulated surplus / deficit.

This Standard will only have an effect on the financial statements of the Entity when functions are transferred between entities not under common control. The transfer of functions would be accounted for as mentioned above.

GRAP 107 – Mergers

Effective 1 April 2019.

This Standard deals with requirements of accounting for a merger between two or more entities. The Standard determines that the assets and liabilities acquired through the merger should be measured at their carrying values. Any difference between these carrying values and the consideration transferred for the merger is recognised in accumulated surplus / deficit.

This Standard will only have an effect on the financial statements of the Entity when it enters into a merger. The merger would be accounted for as mentioned above.

GRAP 108 - Statutory Receivables *

No effective date

This Standard prescribes the accounting treatment for receivables arising from legislation rather than from contracts entered into between parties. This Standard provides that statutory receivables are initially measured at transaction price and subsequently measured using the cost model. Application of the cost model allows for adjustment to the carrying amount to reflect any interest or other charges that may have accrued on the receivable, impairment losses or amounts derecognised. This Standard is not anticipated to have a significant impact on the financial statements of the Entity.

3.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

3.2.2 Statements and interpretations not yet effective (continued) GRAP 108 - Statutory Receivables * (continued)

** The Minister has not gazetted the effective date of this standard for trading entities specifically, but has indicated the effective date as 1 April 2019 for public entities, constitutional institutions, municipalities, etc.*

GRAP 109 - Accounting by Principals and Agents *

No effective date

This Standard sets out the criteria that an entity uses in determining whether it is a principal or an agent in a binding arrangement where it transacts with third parties on behalf of another entity.

** The Minister has not gazetted the effective date of this standard for trading entities specifically, but has indicated the effective date as 1 April 2019 for public entities, constitutional institutions, municipalities, etc.*

This Standard is anticipated to have an impact on the financial statements of the Entity.

GRAP 110 – Living and Non-living Resources

This Standard prescribes the:

- Recognition, measurement, presentation and disclosure requirements for living resources; and
- Disclosure requirements for non-living resources.

IGRAP 17 – Service Concession Arrangements where a Grantor controls a significant residual interest in an asset

No effective date

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

Taking into consideration that the Entity is not involved in service concession arrangements it is considered that this standard will not have a significant impact on its financial statements once it becomes effective.



3.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

3.2.2 Statements and interpretations not yet effective (continued)

IGRAP 18 – Interpretation of the Standard of GRAP on Recognition and De-recognition of Land

This Interpretation of the Standards of GRAP provides guidance on when an entity should recognise and de-recognise land as an asset in its financial statements.

This Standard will only have an effect on the financial statements of the Entity when the entity owns land. The recognition or de-recognition of the land would be accounted for as mentioned in the Standard.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, Plant & Equipment

Recognition

Property, Plant & Equipment is recognised when:

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

Initial Measurement

An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located. When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Subsequent Measurement

Office Equipment and Furniture

Equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and impairment losses. Such costs include the cost of the replacing part of such plant and equipment when the cost is incurred if the recognition criteria are met.

Office Equipment is being depreciated over a useful life of 1-5 years, on a straight-line basis. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year-end. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Motor Vehicle Fleet and Road Building Equipment

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

Revaluations are conducted annually to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

These assets are depreciated over a useful life of 3-7 years for Motor Vehicle Fleet and over 3 – 15 years for Road Building Equipment, on a straight-line basis. Depreciation is calculated, taking into account an estimated

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Property, Plant & Equipment (continued)

remaining useful life, which is re-assessed at every financial year-end. The estimated remaining useful life is mainly based on the life cycle of each fleet item. The depreciation also takes into account a residual value. The estimated residual value of each fleet item is determined in the same way as the residual value that is determined by management during the annual calculation of the daily tariffs, being the lowest of 30% of the original purchase price or in instances where the carrying amount is lower than 30% of the purchase price, that lower carrying amount.

The fleet is revalued on an annual basis, at year-end. The frequency of these valuations will ensure that the fair value of the fleet will not differ materially from its carrying amount.

The annual revaluation is done by adjusting the TransUnion market values with a calculated factor. The factor is determined by dividing the actual average selling price of the vehicles sold for the previous 3 years by the average TransUnion market values on vehicles sold for the previous 3 years.

Any revaluation surplus is credited to the asset revaluation reserve included in the reserves section of the Statement of Financial Position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance, in which case the increase is recognised in the Statement of Financial Performance. A revaluation deficit is recognised in the Statement of Financial Performance, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is realised by transferring it from the reserve to accumulated surplus.

Gains and losses on disposal are determined by deducting the carrying value of the specific fleet item (as determined at the date of disposal) from the proceeds obtained from the auction of the specific fleet item.

The Entity calculates the fair value of the fleet on a yearly basis as at 31 March. Fair value is determined through:

- The use of market-based evidence;
- The condition of each vehicle, based upon yearly physical inspections.

Skilled persons within the Entity perform the yearly valuation.

Tools

Tools are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and impairment. Such costs include the cost of replacing part of such plant and equipment when the cost is incurred if the recognition criteria are met.

Tools are depreciated over a useful life of 1-5 years, on a straight-line basis.

De-recognition

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



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Impairment of Assets

4.2.1 Impairment of Cash Generating Assets

The Entity assesses at each reporting date whether there is any indication that an asset may be impaired. The Entity considers, as a minimum, the following indications:

External sources of information

- a) During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- b) Significant changes with an adverse effect on the Entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Entity operates or in the market to which an asset is dedicated.
- c) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

Internal sources of information

- a) Evidence is available of obsolescence or physical damage of an asset noted through physical verification.
- b) Significant changes with an adverse effect on the Entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- c) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Recognition

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Measurement

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. This recoverable amount is determined for individual assets.

In assessing value-in-use for assets, the estimated future cash flows are discounted to their present value using the official pre-tax interest rate as issued by National Treasury reflecting current market assessments of the time value of money and the risks specific to the assets.

Impairment losses are recognised in the Statement of Financial Performance.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Entity makes an estimate of the assets recoverable amount.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Impairment of Assets (continued)

4.2.1 Impairment of Cash Generating Assets (continued)

Reversal of impairment losses

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

4.3 Financial Instruments

Classification

The Entity has the following types of financial assets (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Trade and other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The Entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables	Financial liability measured at amortised cost

Recognition

The Entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the Entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the Entity classifies financial instruments as financial assets or financial liabilities in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of financial assets or financial liabilities.

Financial assets within the scope of GRAP 104 are classified as either financial assets at cost, fair value or amortised cost, as appropriate.

The Entity determines the classification of its financial assets on initial recognition. The classification depends on the purpose for which the financial assets were acquired. The Entity's financial instruments at amortised cost comprise trade and other receivables and cash and short-term deposits in the Statement of Financial Position.

Initial Measurement

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



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Financial Instruments (continued)

Subsequent Measurement

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

Financial Assets

A financial asset is cash, a residual interest of another Entity or a contractual right to receive cash or another financial asset from another entity or exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Entity.

Financial Instruments at Amortised Cost

Financial instruments at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition financial instruments at amortised cost are subsequently carried at amortised cost using the effective interest method less any allowance for impairment.

Trade and Other Receivables from Exchange Transactions

Trade receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The Entity will also assess debtors on an individual basis in order to arrive at the provision. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the Statement of Financial Performance.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

Payables from Exchange Transactions

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method.

Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.
Cash and cash equivalents are measured at amortised cost.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Financial Instruments (continued)

De-recognition

A financial asset is derecognised at trade date, when:

- The cash flows from the asset expire, are settled or waived;
- Significant risks and rewards are transferred to another party; or
- Despite having retained significant risks and rewards, the Entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is discharged, cancelled or settled.

Impairments

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

4.4 Employment Benefits

Short-term Employee Benefits

Short term employee benefits encompasses all those benefits that become payable in the short term, i.e. within a financial year or within 12 months after the financial year. Therefore, short term employee benefits include remuneration, compensated absences and bonuses.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

Retirement Benefits

No provision is made for retirement benefits in the financial statements of the Entity as the Entity provides retirement benefits through the Government Employees Pension Fund, which is a multi-employer plan. Any potential liabilities are disclosed in the financial statements of the Government Employees Pension Fund and not in the financial statements of the employer department. The retirement benefits are therefore treated as a defined contribution plan by the Entity and any contributions are recognised as an expense.

The Entity expenses retirement benefits paid.

Long Service Awards

Cash awards are offered to the Entity's employees at their 20, 30 and 40 year employment milestones.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring the long service award provision the Entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the long service award provision resulting from employee services rendered in the current period.

Interest cost is the increase in the present value of the long service award provision which arises as a result of the benefits nearing settlement.

The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Employment Benefits (continued)

The Entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard required or permits their inclusion in the cost of an asset:

- Current service cost
- Interest cost

The Entity uses the Projected Unit Credit Method to determine the present value of its long service award provision and the related current service. The Projected Unit Credit Method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

When the amounts become due by the Entity and are paid, the amounts are expensed.

4.5 Revenue

4.5.1 Revenue from Exchange Transactions

An exchange transaction is one in which the Entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Recognition

Revenue from exchange transactions is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Entity and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

Interest Income

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

Lease Income

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

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

Revenue is recognised on a straight-line basis.

Recoverable Revenue

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

- Claims against third parties: Income is only recognised when it is actually received.
- Claims against clients: Income is only recognised when a case has been concluded and the claim has been made out to a specific client.

Measurement

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Revenue (continued)

4.5.2 Revenue from Non-Exchange Transactions

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

Recognition

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

The Entity recognises an asset arising from a non-exchange transaction when it gains control of resources that meet the definition of an asset and satisfy the recognition criteria.

Measurement

Revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Once the conditions are satisfied, the liability is decreased and revenue of an equal amount is recognised.

4.5.3 Services In-kind

Due to the many uncertainties surrounding services in-kind, including the inability to exercise control over the services and measuring the fair value of the services, services in-kind are not recognised.

4.5.4 Conditional Grants

Recognition

Revenue received from conditional grants is recognised as revenue to the extent that the Entity has complied with any of the criteria, conditions or obligations embodied in the agreement.

To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Measurement

Revenue arising from the receipt of a conditional grant is measured at the fair value of the grant received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 After Reporting Date Events

These are events, both favourable and unfavourable, that occur between the reporting date and the date on which the financial statements are authorised for issue. The financial statements are only adjusted in respect of “adjusting events” as defined in the Standard.

The entity makes disclosure of non-adjusting events after the reporting date that are material, in other words, non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Reporting date means the date of the last day of the reporting period to which the financial statements relate. The reporting date of the Entity is 31 March 2018.

4.7 Contingent Liabilities

A contingency is a condition, the ultimate outcome of which will be confirmed only on the occurrence or non-occurrence, of one or more uncertain future events. Contingent liabilities are disclosed, but not recognised.

A contingent liability is:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity; or
- b) a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

4.8 Net Assets

Net Assets is the net difference between assets and liabilities. It is represented by the following reserves:

- Accumulated Surplus/(Deficit);
- Revaluation Reserve;

The Free State Fleet Management has to replace the fleet of equipment at the end of its useful life. Accumulated surplus represents funds that are available to meet this obligation.

The allocation to accumulated surplus is thus the following:

- Annual transfer of the surplus / (deficit) to accumulated surplus;
- Transfers from equity components (revaluation reserve); and
- Any prior year adjustment.

Accumulated surplus is used to finance capital increases in equipment to be replaced. On an annual basis approval is obtained from Provincial Treasury for the retention of the surplus for that specific financial year.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Leases

The Entity as a lessor:

Recognition

For those leases classified as operating leases the asset subject to the lease is not recognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IGRAP 3.

Measurement

Finance lease receivables are recognised at an amount equal to the entity's net investment in the lease. This net investment in the lease is calculated as the sum of the minimum future lease payments and unguaranteed residual value discounted over the lease term at the rate implicit in the lease.

Rental Income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

De-recognition

Finance lease receivables are derecognised when the entity's right to the underlying cash flows expire or when the entity no longer expects economic benefits to flow from the finance lease receivable.

Operating lease liabilities are derecognised when the entity's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the entity's right to the underlying cash flows expire or the entity no longer expects economic benefits to flow from the operating lease asset.

4.10 Changes in accounting policies, estimates and prior period errors

Changes in accounting policies that are effected by management are applied retrospectively unless it is impracticable.

Changes in accounting estimates are applied prospectively. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Changes in accounting policies, estimates and prior period errors (continued)

Prior period errors are omissions from, and misstatements in, the Entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- was available when financial statements for those periods were authorised for issue; and
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Material Omissions or misstatements of items are material if they could, individually or collectively; influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

Prior period errors are corrected retrospectively and disclosed in note 5.8.

4.11 Surplus or Deficit

Gains and losses arising from fair value adjustments on investments and loans, and from the disposal of assets, are presented separately from other revenue in the Statement of Financial Performance.

Income, expenditure, gains and losses are recognised in surplus or deficit except for the exceptional cases where recognition directly in net assets is specifically allowed or required by a Standard of GRAP.

4.12 Irregular Expenditure

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA) and the State Tender Board Act, 1968 (Act No. 86 of 1968) or is in contravention of the entity's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

4.13 Provisions

Recognition

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Provisions (continued)

Initial measurement

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Entity settles the obligation.

Subsequent measurement

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

De-recognition

Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

4.14 Related Parties

A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

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

4.15 Commitments

A commitment is an intention or decision to sacrifice future economic benefits and it is lack of a present obligation because there is no enforceable or irrecoverable agreement between parties. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 March
2018

R'000

31 March
2017

Restated

R'000

5.1 Revenue

5.1.1 Revenue from Exchange Transactions

Revenue from Exchange Transactions comprises:

Flat rates service charges:

- Daily charges	292 483	264 516
- Hiring of road building equipment	71 627	67 440
Service based on consumption:		
- Kilometre tariffs	181 218	166 340
- Recovery of damages	1 062	662
Finance income – PMG bank account	8 942	14 115
Finance income – Discounting of revenue	26 271	2 624
Other income	372	103
	581 974	515 800

Other income mainly consists of commission income on garnish payments made on behalf of staff members.

5.1.2 Revenue from Non-Exchange Transactions

Donations Received	-	2 984
	-	2 984

5.2 Expenses

5.2.1 Administrative Expense

Stationery and printing	293	554
Telephone and fax	651	749
External audit and consultants' fees	2 968	3 614
Other expenses	366	282
	4 278	5 199

	Notes	31 March 2018 R'000	31 March 2017 Restated R'000
5.2.2 Employee Benefit Expense			
Salaries and wages		39 948	39 728
Bonuses		4 091	5 177
Contributions to retirement funds		5 174	5 031
Medical aid contributions		3 529	3 883
Housing allowance		2 273	2 441
Other employee related costs		2 319	2 852
		57 334	59 112
Leave accrual		72	279
		57 406	59 391
Number of employees at year-end		196	198
Other employee related costs includes overtime payments.			
5.2.3 Other Operating Expenses			
Provision for bad debt adjustment	5.4.1.1	38 981	22 638
First auto fees (transaction costs)		9 976	9 328
Fuel, oil & grease		144 572	166 340
Net revaluation deficit	5.3.4/5	108 026	57 064
Legal fees		1 885	853
Licence fees		5 161	6 290
Repairs & Maintenance		123 582	106 571
Small equipment		-	2
Toll-fees		4 923	3 990
Travel and subsistence – local		2 013	1 568
Travel and subsistence - foreign		906	-
Rent of buildings		4 911	4 577
Donations		-	1 128
Other		4 040	1 479
		448 976	381 828

Expenses amounting to R6.19 million classified as “Maintenance Services” and expenses amounting to R81.72 million classified as “Tyres and Repairs” during 2016/2017 have been reclassified and added together under “Repairs and Maintenance” in 2017/2018 in accordance with the nature of the expense.

The above changes were made to ensure that expenses are disclosed, based on its nature.

5.2.3 Other Operating Expenses (continued)

Other operating expenses mainly consist of:

- Tyres and tubes
- Valet and washing services
- Telephone, data costs and postage
- Gas
- Groceries
- Uniforms
- Tracking
- Mobile offices

5.2.4 Depreciation Expense	Notes	31 March 2018 R'000	31 March 2017 Restated R'000
Depreciation – office equipment, furniture and tools		1 929	736
Depreciation – machinery fleet		27 897	29 476
Depreciation – vehicle fleet		89 008	56 008
		118 834	86 220

5.3 Property, Plant & Equipment

Carrying values at 31 March

Office Equipment, Furniture and Tools	5.3.1	4 014	3 324
Vehicle Fleet	5.3.2	284 858	321 527
Road Building Equipment	5.3.3	187 923	187 343
		476 794	512 194

Gain/(Loss) on disposal of Property, Plant & Equipment

Office Equipment, Furniture and Tools	8	-
Vehicle Fleet	(6 875)	(283)
Road Building Equipment	(657)	(1)
	(7 524)	(284)

Surplus / (Deficit) on the revaluation of Property, Plant & Equipment

Vehicle Fleet	1 627	(3 732)
Vehicle Fleet - disposals	(15 992)	(23 091)
Road Building Equipment	10 158	11 381
Road Building Equipment - disposals	(106)	-
	(4 313)	(15 442)

There are no restrictions on the title of the above mentioned classes of Property, Plant and Equipment nor has the Entity pledged any of these items as securities for liabilities incurred.

5.3 Property, Plant & Equipment (continued)

5.3.1 Office Equipment, Furniture and Tools

Carrying Value – 31 March 2016

Cost
Accumulated depreciation & impairment

Additions
Depreciation
Disposals

Carrying Value – 31 March 2017 (Restated)

Cost
Accumulated depreciation & impairment

Additions
Depreciation

Carrying Value – 31 March 2018

Cost
Accumulated depreciation & impairment

Change in accounting estimate

During 2017/2018 the accounting policy on depreciation for office furniture and equipment and tools were amended to reflect Interpretation Note 47 of the SARS for best practises to write off the total amount, except R1 on all assets with a cost price of R7 000 or less.

The following categories are affected:

	Value derived using the original estimate R'000	Value derived using the amended estimate R'000	Value impact of change in estimate R'000
Office Equipment	615	1 673	(1 058)
Tools	1 82	256	(74)

5.3 Property, Plant and Equipment (continued)

	Notes	31 March 2018 R'000	31 March 2017 Restated R'000
5.3.2 Vehicle Fleet			
Opening balance – 1 April		321 527	335 648
Valuation		321 527	335 648
Accumulated depreciation		-	-
<u>Movements:</u>			
Additions		187 081	161 986
Disposals		(23 615)	(22 278)
Correction of error	5.8	-	(23 359)
Depreciation expense		(89 008)	(56 008)
Annual revaluation of vehicle fleet		(111 128)	(74 461)
Revaluation deficit recognised in the Statement of Financial Performance		(114 794)	(74 539)
Reversal of revaluation deficit previously recognised in the Statement of Financial Performance		2 039	3 810
Revaluation decrease recognised in the Statement of Changes in Net Assets		(2 626)	(5 752)
Revaluation recognised in the Statement of Changes in Net Assets		4 254	2 021
Fleet at Valuation		284 858	321 527
Valuation		284 858	321 527
Accumulated depreciation		-	-

Number of vehicles at the end of the year

3 342

The revaluation deficit was caused by the following:

The vehicle fleet is revalued internally at the end of each year using TransUnion values. The TransUnion values are adjusted to account for the fact that the market values of Fleet Management's vehicles are lower compared to normal vehicles as the Entity's vehicles are used as pool vehicles. Therefore a significant revaluation deficit is recognised in the year in which a vehicle is purchased.

A portion of the revaluation deficit mentioned above is usually reversed in the year after a vehicle is purchased as the TransUnion values tend to be more in line with the actual value of a vehicle that has been in the fleet for more than a year.

Vehicles Stolen:

During the current year, 2 vehicles were stolen (2017: no vehicles were stolen).

5.3 Property, Plant and Equipment (continued)

31 March 2018	31 March 2017
R'000	Restated R'000

5.3.3 Road Building Equipment

Opening balance – 1 April

Valuation	187 343	136 497
Accumulated depreciation	187 343	136 497
	-	-

Movements:

Additions	13 383	19 749
Capitalised costs including work-in-progress	1 103	-
Disposals	(657)	-
Correction of error	(77)	35 771
Transfers	-	(243)
Depreciation expense	(27 897)	(29 476)
Annual revaluation of road building equipment fleet	14 725	25 045
Revaluation deficit recognised in the Statement of Financial Performance	(1 602)	(1 023)
Reversal of Revaluation deficit previously recognised in the Statement of Financial Performance	6 301	14 687
Revaluation decrease recognised in the Statement of Changes in Net Assets	(1 059)	-
Revaluation recognised in the Statement of Changes in Net Assets	11 085	11 381

Fleet at Valuation

Valuation	187 923	187 343
Accumulated depreciation	187 922	187 343
	-	-

Revaluation

As at 31 March 2017 a valuation was performed on the entire Road Building Equipment fleet to determine a fair value for the fleet at this date. Due to costs associated with obtaining an independent valuator, the valuation was performed internally. The valuation was performed by Mr GS Jasong, a mechanical engineer, who is in the employment of the Fleet Management Trading Entity. Mr GS Jasong has extensive knowledge of the road building equipment market. During the calculation of the revaluation, he utilised this knowledge of the market as a basis. He has 5 years of experience in the road building equipment environment. Management believes that Mr GS Jasong's knowledge and expertise is sufficient for the performance of this valuation.

The key assumptions used by Mr GS Jasong during his valuation are:

- The open market prices of new road building equipment;
- The open market cost to repair road building equipment.

5.3 Property, Plant & Equipment (continued)

5.3.4 Revaluation deficit

A revaluation deficit, amounting to R112.8 million (Vehicle Fleet: R112.8 million; Road Building Equipment: Rnil) [2017: R70.7 million (Vehicle Fleet: R70.7 million; Road Building Equipment: Rnil)] was identified at the financial year-end. The recoverable amount was based on the assets' fair value less costs to sell. The fair value was determined after taking into account current market values and market conditions.

5.3.5 Revaluation Gain

A revaluation gain, amounting to R4.7 million (Vehicle Fleet: Rnil; Road Building Equipment: R4.7 million) [2017: R13.7 million (Vehicle Fleet: Rnil; Road Building Equipment: R13.7 million)] was identified at the financial year-end. The revaluation gain was the result of asset revaluations performed at the financial year-end. The recoverable amount was based on the amount the Entity expects to receive when the asset is sold adjusted with a calculated percentage. The fair value was determined after taking into account current market values and market conditions.

		31 March 2018	31 March 2017 Restated
	Notes	R'000	R'000
5.4.1 Trade and Other Receivables from Exchange Transactions			
Staff debtors		288	13
Trade Receivables		357 019	289 474
Less: Provision for bad debts	5.4.1.1	(112 211)	(73 230)
		244 809	216 244

The provision for bad debt at 31 March 2018 consist of an amount of R109.314 million (2017: R70.999 million) that relates to Other Trade Receivables, R5 663 (2017: R5 663) that relates to Provincial Government and R2.891 million (2017: R2.225) that relates to National Government.

5.4.1.1 Allowance for Doubtful Debt

Individually and collectively impaired:

At 1 April	73 230	50 592
Charge for the year	38 981	22 638
Utilised	-	-
Reversed	-	-
At 31 March	112 211	73 230

5.4.1 Trade and Other Receivables from Exchange Transactions (continued)

5.4.1.1 Allowance for Doubtful Debt (continued)

At 31 March 2018, the age analysis of trade and other receivables is as follows:

Year	Total R'000	Current R'000	30 – 60 days R'000	60 – 90 days R'000	>90 days R'000
2017	216 245	75 639	28 347	17 034	95 224
2018	244 809	86 770	22 257	18 376	117 405

At 31 March 2018, the age analysis of trade and other receivables provided for as impaired is as follows:

Year	Total R'000	> 120 days R'000
2017	73 230	90 811
2018	112 211	113 869

Credit quality of Trade and Other Receivables

The credit quality of past due and not impaired trade receivables can be assessed by reference to historical information about counterparty default rates. History has shown, that past due debts are generally recoverable through the assistance of Provincial Treasury.

Trade and Other Receivables which are less than 24 months past due are not considered to be impaired. At 31 March 2018, R72.5 million (2017: R23.141) were past due, but not impaired.

The carrying amount of the financial asset represents the maximum credit exposure at the reporting date. The maximum exposure to credit risk at the reporting date was:

	31 March 2018 R'000
B rating	144 263
Below C rating	85 186
	229 449

B rating – Good behaviour, minor risk
C rating – Fair trade risk
Below C rating – Poor trade risk



5.5 Cash and Cash Equivalents

	Notes	31 March 2018 R'000	31 March 2017 Restated R'000
Cash at Banks		54 131	63 036
Cash on Hand		8	8
Cash investments		34 894	73 791
		89 033	136 835

The Entity banks with major banks with high credit ratings.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

There are no significant cash and cash equivalent balances held by the Entity that are not available for use.

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 31 March:

	31 March 2018 R'000	31 March 2017 Restated R'000
Cash and Cash Equivalents at the end of the period	89 033	136 835

5.6 Payables from Exchange Transactions

Trade Payables	133 099	128 118
Receivables with credit balances	2 534	-
	135 633	128 118

5.7 Employee Benefits

Short-term employee benefits:

Leave Pay Provision:

Balance at the beginning of the year	8 671	8 950
Amount provided for during the year	(72)	(279)
Balance at the end of the year	8 599	8 671

5.7 Employee Benefits (*continued*)

Performance Bonus Provision:

Balance at the beginning of the year
Unused amounts reversed

Balance at the end of the year

TOTAL

**31 March
2018
R'000**

**31 March
2017
Restated
R'000**

870
(30)

840

9 439

818
52

870

9 541

Other Liabilities

Bonus Accrual:

Balance at the beginning of the year
Amount accrued during the year

Balance at the end of the year

1 637
193

1 830

1 514
123

1 637

Leave Pay Provision

A provision is recognised for the liability that the Entity has at year-end relating to each and every employee.

The provision comprises two elements:

- The total number of days due to every employee at the year-end; and
- The current daily salary of every employee.

Performance Bonus Provision

A provision is raised for performance bonuses. The provision is based on the performance bonuses paid during the year taking into account the effect of inflation.

Bonus Accrual

An accrual is recognised for the yearly bonus that employees earn in their birth-months. The accrual consists of the employee's salaries provided pro-forma based on the number of months that have passed since the employee's previous birthday.

5.7.1 Long Service Awards Provision

Balance at the beginning of the year
Interest cost

Current service cost

Transferred to current portion
Benefits paid/(expected)

Actuarial (Gains)/Losses

2 267
219

112

93
(284)

(376)

2 031

1 686
199

118

114
119

32

2 267

Non-current

Current

TOTAL

2 031

251

2 282

2 267

158

2 425



5.7 Employee Benefits (continued)

Key assumptions used

Inflation rate	4.72%	6.30%
Expected retirement age (years)	65	65
Government bonds yield (discount rate)	8.04%	9.01%

The long service Recognition System was amended on 31 July 2012, where a cash award and leave encashment awarded after 20 and 30 years of continuous service, was replaced with a cash amount for 20, 30 and 40 years' service.

According to PSCBC Resolution 1 of 2012 and paragraph 5.16 of Chapter 3 of the SMS Handbook, the cash award must be adjusted annually on 01 April according to the CPI of the period commencing in January to December for the preceding year.

5.8 Prior Period Errors

Incorrect disclosure amount of salary paid by related party

During the financial year ending 31 March 2017 the nett salary instead of the gross salary of the Deputy Director: Internal Audit from the Department of Police, Roads and Transport, who was acting as Chief Financial Officer at the Fleet entity, was disclosed.

The above salary was paid by the Department of Police, Roads and Transport.

This error was corrected retrospectively.

Correcting the prior period error had the following effect on the comparative information:

**31 March
2017
Restated
R'000**

Increase in related party salary to be disclosed	395
--	-----

Incorrect disclosure of Housing Guarantees

It was discovered during the current financial year that a Housing Guarantee was incorrectly indicated as being released on PERSAL during the previous financial year.

Correcting the prior period error had the following effect on the comparative information:

**31 March
2017
Restated
R'000**

Increase in housing guarantees	16
--------------------------------	----

5.8 Prior Period Errors (continued)

No depreciation recognised on accessories added to vehicles

During the current financial year it was discovered that accessories added to GMT vehicles during the previous financial year were not recognised as additions during the previous financial year. The additions were accounted for in the correct BAS vote during the previous financial year, but no depreciation was recognised on the added accessories.

The error was corrected retrospectively.

Correcting the prior period error had the following effect on the comparative information:

**31 March
2017
Restated
R'000**

Decrease in accumulated surplus	(459)
---------------------------------	-------

Incorrect disclosure amount of salary paid to related party

During the financial year ending 31 March 2017 the nett salary of the Deputy Director: Internal Audit from the Department of Police, Roads and Transport, who was acting as Chief Financial Officer at the Fleet entity, was disclosed as a related party transaction instead of the gross salary.

The error was corrected retrospectively.

Correcting the prior period error had the following effect on the comparative information:

**31 March
2017
Restated
R'000**

Increase in salary paid to Deputy Director	395
--	-----

Incomplete disclosure of services rendered to related parties

It was discovered during the current financial year that the Entity purchased protective clothing on behalf of the Department of Police, Roads and Transport during the financial year ending 31 March 2017.

The error was corrected retrospectively.

Correcting the prior period error had the following effect on the comparative information:

**31 March
2017
Restated
R'000**

Increase in services rendered to related parties	952
--	-----

Incorrect classification of operating expense

During the financial it was discovered that an expense account relating to tyres and tubes were incorrectly included under other expenses in the previous financial year, instead of being included as part of tyres and repairs.

5.8 Prior Period Errors (continued)

The error was corrected retrospectively.

Correcting the prior period error had the following effect on the comparative information:

31 March
2017
Restated
R'000

Increase in repairs and maintenance expenses	18 660
Decrease in other expenses	(18 660)

RBE assets included in GMT fixed asset register

During the current financial year it was discovered that 94 RBE assets were included in the GMT fixed asset register. These assets were removed from the GMT fixed asset register and included in the RBE fixed asset register. The accounting policy used to calculate impairment and depreciation on RBE assets differs from the policy used for GMT, therefore the impact on periods before 2016/2017 was also calculated.

The error was corrected retrospectively.

Correcting the prior period error had the following effect on the comparative information of GMT:

31 March
2017
Restated
R'000

Decrease in accumulated surplus	(19 673)
Decrease in revaluation surplus	(79)
Decrease in property, plant & equipment	(19 751)

Correcting the prior period error had the following effect on the comparative information of RBE:

31 March
2017
Restated
R'000

Increase in accumulated surplus	32 917
Increase in revaluation surplus	164
Decrease in property, plant and equipment	33 080

Discounting of receivables incorrectly classified as finance cost

During the year it was discovered that the discounting of receivables is actually a subsequent impairment of the receivables and was shown incorrectly as finance cost and not as a provision for doubtful debt.

The error was corrected retrospectively.

5.8 Prior Period Errors (continued)

Correcting the prior period error had the following effect on the comparative information disclosed:

**31 March
2017
Restated
R'000**

Decrease in interest financial derivatives
Increase in provision for doubtful debts

(4 793)
4 793

Revenue charged at incorrect tariffs

During the year it was discovered that revenue was charged to user departments, based on incorrect tariffs. The tariff charged was not changed to an admin tariff, once the capital of a vehicle was recouped.

The cumulative impact of using the incorrect tariffs may have a negative impact on the going concern of the Entity.

The error was corrected retrospectively.

Correcting the prior period error had the following effect on the comparative information disclosed:

**31 March
2017
Restated
R'000**

Increase in trade and other payables from exchange transactions
Decrease in accumulated surplus

48 800
(48 800)

Correcting the prior period error had the following effect on the opening balances for the financial year ending 31 March 2017:

Increase in trade and other payables from exchange transactions
Decrease in accumulated surplus

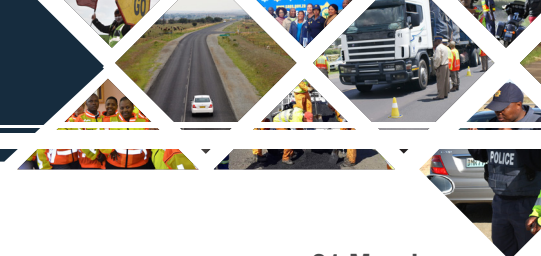
40 261
(40 261)

Incorrect tariffs used for lease receivable

During the year it was discovered that incorrect tariffs were charged to user departments and when vehicles exceeded their useful lives, the tariffs were not amended to only charge an admin tariff for these vehicles.

The error was corrected retrospectively.

Correcting the prior period error had the following effect on the comparative information disclosed:



5.8 Prior Period Errors (continued)

31 March
2017
Restated
R'000

Decrease in lease receivable	(947)
------------------------------	-------

Understatement of property, plant and equipment

During the prior year's audit the following was noted with regards to the accruals list:

- not all accruals relating to vehicles bought before year-end were included on the accrual list;
- some accruals were duplicated on the accrual list; and
- some invoices that were paid before year end were included on the accrual list.

The error was corrected retrospectively.

Correcting the prior period error had the following effect on the comparative information:

31 March
2017
Restated
R'000

Increase in accumulated surplus	767
---------------------------------	-----

Increase in property, plant and equipment	767
---	-----

Incorrect tariffs charged to user departments

During the current financial year it was discovered that user departments renting vehicles that have passed their useful lives were charged the full daily tariff, instead of only an admin tariff.

The error was corrected retrospectively.

Correcting the prior period error had the following effect on the comparative disclosures:

31 March
2017
Restated
R'000

Decrease in rental receivables within one year	(53 197)
--	----------

Increase in rental receivables after one year, but not more than 5 years	36 902
--	--------

Increase in rental receivables within more than 5 years	840
---	-----

31 March 2018	31 March 2017 Restated
R'000	R'000

5.9 Cash Generated from Operations

Deficit for the Period	(71 824)	(18 815)
Adjusted for:		
Donations received	-	(2 984)
Valuation (Gain) – Vehicle Fleet and Road Building Equipment	-	(7 649)
Revaluation deficit - Vehicle Fleet and Road Building Equipment		
Depreciation - Vehicle Fleet and Road Building Equipment	108 026	57 064
Depreciation - Office Equipment, Furniture and Tools		
Contributions to Provisions	116 905	85 484
Finance income	1 929	736
Accident Accrual	38 981	22 276
Profit on disposal of Property, Plant & Equipment	(26 271)	(2 624)
	-	19 991
	7 524	284

Donation made during the year	-	1 128
Other non-cash items	16 853	228

Operating Profit before Working Capital Changes

192 124	155 843
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Working Capital Changes:

(60 305)	(26 445)
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(Increase)/Decrease in Trade and Other Receivables	(65 286)	(90 593)
Increase/(Decrease) in Trade and Other Payables	4 981	64 148

Cash Generated from Operations

131 819	129 398
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5.10 Related Parties

The Entity, which from the beginning of the 2009 year consists of both the Government Garage Trading Entity and Road Building Equipment Trading Entity, is managed under the administration of the Department of Police, Roads & Transport under the same MEC since 1 April 2009.

The following table provides the total amount of transactions, which have been entered into with related parties for the related financial year:

2017/2018 financial year

Related Party: Free State Department of Police, Roads and Transport

Transactions	Amount owed by/(to) related party at 31 March 2017 Restated	Rand value of services rendered: (by)/to related party	Rand value of amounts settled to/ (by) related party during the financial year	Amount owed by/ (to) related party at 31 March 2018
	R'000	R'000	R'000	R'000
Purchase of vehicles	(3 800)	-	3 800	-
Purchase of vehicles	3 400	-	-	3 400
Purchases of wheel clamps	-	229	-	229
Deputy Director salary	-	(197)	59	(138)
Admin Clerk	-	(42)	42	-
Purchases of protective clothing	952	2 513	(952)	2 513

31 March
2018
R'000

31 March
2017
Restated
R'000

2016/2017 financial year

Related Party: Free State Department of Police, Roads and Transport

Transactions	Amount owed by/(to) related party at 31 March 2016	Rand value of services rendered: (by)/to related party	Rand value of amounts settled to/ (by) related party during the financial year	Amount owed by/(to) related party at 31 March 2017 Restated
	R'000	R'000	R'000	R'000
Purchase of vehicles	(3 800)	-	-	(3 800)
Purchase of vehicles	3 400	-	-	3 400
Deputy Director salary	-	(624)	-	(624)
Purchases of protective clothing	-	952	-	952

The Provincial Treasury paid for the use of the transversal operating systems (BAS, PERSAL and LOGIS) on behalf of Fleet Management to SITA. No value for this service can be determined.

- General assistance with human resource administration.

No value for this service can be determined for this transaction.

- Internal audit; and
- Audit committee.

No value for these services can be determined.

The services rendered to related parties are made on the same basis as those terms and conditions applicable to transactions with other Fleet Management clients, these transactions were done at market value. In the same way, services rendered by related parties to Fleet Management are rendered on the same terms and conditions as the transactions with other clients of such a related party, except for the services noted above.

None of the balances owed by the related party have been included in the yearly provision for bad debts, since the related parties do not have long outstanding debts.

The following employees at Fleet Management are seen as being key personnel as at 31 March 2018:

- Mr. MJ Morobe (Head: Fleet Management effective 1 July 2017) – Mr. R Thekiso acted in this position from 01 April 2017 without an acting allowance.
- CFO: Fleet Management – Mr. MJ Morobe acted in this position during the current financial year until 30 June 2017 without an acting allowance.
- Director: Fleet Management – Mr. W Bezuidenhout acted in this position from 01 July 2016 until 31 October 2017 without an acting allowance. Mr G Jasong acted in this position from 1 November 2017 without an acting allowance.
- Mr. S Modise (Director: Security - Effective 1 March 2014)

No transactions relating to Fleet Management's normal business of rental of vehicles occurred between the above-mentioned key management personnel and the Fleet Management during the past financial year (2017: Rnil).

The following compensation has been paid to the respective members:

5.10 Related Parties (continued)

2018

	Basic Salary R'000	Bonuses and performance related payments R'000	Housing allowance R'000	Pension and medical aid R'000	Other non-pensionable remuneration R'000	Total R'000
Mr S Modise (<i>Director: Security</i>)	569	-	48	74	220	911
Mr MJ Morobe (<i>Head: Fleet Management effective 1 July 2017</i>)	614	-	-	80	132	826
Mr MN Ismail (<i>Director: SCM</i>)	638	55	-	83	200	976
TOTAL	1 821	55	48	237	552	2 713

2017

	Basic Salary R'000	Bonuses and performance related payments R'000	Housing allowance R'000	Pension and medical aid R'000	Other non-pensionable remuneration R'000	Total R'000
Mr SO Nair (<i>Head: Fleet Management</i>)	193	52	-	33	42	320
Mrs L Dunn-Radile (<i>CFO: Fleet Management</i>)	674	56	-	112	121	963
Mr RL Botha (<i>Director: Fleet Management</i>)	664	57	6	106	117	951
Mr S Modise (<i>Director: Security</i>)	544	47	48	71	218	928
TOTAL	2 075	208	54	322	498	3 162

During the current financial year Mr. MJ Morobe acted as Chief Financial Officer: Fleet Management until 30 June 2017 with a total annual remuneration of R197 142, which was paid by the Free State Department of Police, Roads and Transport.

5.11 Contingent Liabilities

Housing Guarantees

At the financial year-end, a total of R63 thousand (2017: R63 thousand) was offered as security for housing guarantees and other guarantees made on behalf of employees. These guarantees represent a contingent liability for the Fleet Management, due to the fact that the recoverability of the obligation cannot be measured with sufficient reliability.

There is no possibility of reimbursement for any of the contingent liabilities mentioned above.

P51 Cases

At year-end, a total number of cases of 418 transferred to the State Attorney, were still followed up by the Legal Claims Section. These cases represent a contingent liability for Fleet Management, due to the fact that the occurrence and possible settlement of the obligation cannot be measured with sufficient reliability.

P51 cases are those cases where a private party has a possible claim against the Government due to the fact that the private party was involved in an accident with a Government owned vehicle.

31 March 2018	31 March 2017 Restated
R'000	R'000

5.12 Commitments

5.12.1 Capital

Capital commitments on 31 March

21 253	109 785
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At 31 March 2018, the Entity had capital commitments principally relating to vehicles 66 (2017: 248 vehicles) that have been ordered before financial year-end. It is expected that these vehicles and equipment will be delivered during the next financial year (2018/2019), and that the purchase price will be settled at that stage.

5.12.2 Current

Current commitments on 31 March

4 615	12 678
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At 31 March 2018, the Entity had current commitments principally relating to maintenance and training that have been ordered before financial year-end. It is expected that these items will be delivered during the next financial year (2018/2019), and that the purchase price will be settled at that stage.

5.13 Events after the reporting date

No significant events came to management's attention, since the reporting date that would require adjustment to or disclosure in the financial statements as at 31 March 2018.

5.14 Pensions and Other Post-Employment Plans

The Entity's employees are all members of the Government Employees Pension Fund (GEPF). This fund is a self-administered, defined benefit pension fund. The GEPF has been established in terms of Section 237(3) of the Interim Constitution of the Republic of South Africa, which effectively consolidated the ten former Government Pension Funds into one Fund.

The Fleet Management's responsibility relating to the pensions of the employees is limited to the monthly contributions made to the GEPF. As soon as an employee retires, he/she will be dependent upon the GEPF for the payment of the monthly pensions. In the financial statements of the Fleet Management, the retirement benefit is therefore classified as a defined contribution plan.



	31 March 2018 R'000	31 March 2017 Restated R'000
Pension Contributions Recognised as Expense	5 174	5 031

5.15 Financial Risk Management Objectives and Policies

The Entity's principal financial liabilities comprise trade payables, trade creditors and loans given. The Entity has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations. The main purpose of these financial assets is to raise finance for the Entity's operations.

It is, and has been throughout the 2018 and 2017 financial years the Entity's policy that no trading in derivatives shall be undertaken.

The main risk arising from the Entity's financial instruments is credit risk.

Credit Risk

The Entity trades only with recognised, creditworthy third parties. The Free State Provincial Treasury assists the Entity in the recovery of debt from the different clients. In addition, receivable balances are monitored on an ongoing basis. The maximum exposure is the carrying amount as disclosed in Note 5.4. There are no significant concentrations of credit risk within the Entity.

With respect to credit risk arising from the other financial assets of the Entity, which comprise cash and cash equivalents, the Entity's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate with changing market prices whether caused by factors specific to the instrument or to general external market changes. The Entity has no financial instruments which are affected by changing market prices.

Liquidity Risk

Liquidity risk is the risk of the Entity defaulting on its financial obligations as a result of insufficient funding capacity in relation to such obligations. The Entity views this as not being a significant risk in view of the fact that it has sufficient cash reserves, and its assets sufficiently cover its liabilities. The Entity also has access to possible assistance from the Provincial Treasury, in terms of Treasury Regulation 19.5.

The following are the contractual maturities of financial liabilities:

At 31 March 2018	Carrying Amount R'000	Contractual cash flows R'000	Within 1 year R'000
Trade and Other Payables	135 633	135 633	135 633

At 31 March 2017	Carrying Amount R'000	Contractual cash flows R'000	Within 1 year R'000
Trade and Other Payables	128 118	128 118	128 118

Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate with changes in foreign currency. The Entity has no financial instruments which are affected by changes in foreign currency, as it has no foreign currency transactions.

Interest Rate Risk

Interest rate risk stems from the risk associated with an Entity's exposure to changes within the interest rate. The Entity has cash balances which generates interest income. The Entity makes use of the official pre-tax interest rate (standard interest rate to be levied on debts owing to the state) as issued by National Treasury to discount trade receivables and trade payables at year-end.

The risk is managed through the following:

- Surplus cash balances are invested in the Reserve Bank by Provincial Treasury, on behalf of the Entity; and
- The Entity ensures that trade receivable and trade payable balances are as low as possible.

General Risk Management Principles

Risk management is of critical importance to the Entity as it understands that changing market conditions make risk unavoidable. Over the years the Entity has sought and implemented a comprehensive risk management process to consistently identify, understand and properly manage risk at all times. Risk policies, limits and control procedures are continuously monitored.

Capital Risk Management

The Entity's objectives when managing capital are to safeguard the Entity's ability to continue as a going concern in order to provide benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Entity may sell assets to reduce debt.

Consistent with others in the industry, the Entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

5.16 Financial Instruments

Set out below is a comparison by category of carrying amounts of all the Entity's financial instrument that are carried in the financial statements:

	31 March 2018 R'000	31 March 2017 Restated R'000
Financial Assets Carried at Amortised Cost		
Cash	89 033	136 835
Trade and Other Receivables from Exchange Transactions	244 809	216 244
Financial Liabilities Carried at Amortised Cost		
Payables from Exchange Transactions	135 633	128 118

5.17 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening balance	-	-
Irregular expenditure current year	8 494	-
Condoned or written off by Executive Committee	-	-
Transfer to receivables for recovery-not condoned	-	-
Irregular expenditure awaiting condonement	-	-
	8 494	-

During the year irregular expenditure of R8.494 million was incurred for payments made to 3 suppliers. All of these expenses are currently under investigation and the investigation will only be finalised in 2018/2019.

5.18 Operating Lease Receivable (as Lessor)

The Entity has entered into service level agreements with various clients. In terms of the service level agreements, vehicles are rented to these clients at rates as approved by Provincial Treasury.

Future minimum rentals receivable under the service level agreements that are in place at 31 March:

	31 March 2018 R'000	31 March 2017 Restated R'000
Within one year	230 191	186 864
After one year but not more than five years	264 209	252 995
More than five years	1 392	1 931
Total future minimum lease receivable	495 792	441 790

5.19 Accumulated Surplus

Accumulated Surplus includes an amount of R42.934 million (2017: R36.723 million) received from clients as part of the Daily Tariffs charged to them. In terms of the service level agreement with clients, these amounts are to be utilised to write off actual costs incurred in the repair of vehicles that have been involved in accidents/incidents (only where the client's driver did not lose his/her state cover).



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