



**LIMPOPO**

PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

**DEPARTMENT OF  
PUBLIC WORKS, ROADS &  
INFRASTRUCTURE**

**ANNUAL REPORT**

**VOTE NO. 09**

**2014/2015 FINANCIAL YEAR**

## TABLE OF CONTENT

<b>PART A: GENERAL INFORMATION</b>	<b>5</b>
1. DEPARTMENT GENERAL INFORMATION	5
2. LIST OF ABBREVIATIONS/ACRONYMS	6
3. FOREWORD BY THE MEMBER OF THE EXECUTIVE COUNCIL (MEC)	9
4. DEPUTY MINISTER STATEMENT	12
5. REPORT OF THE ACCOUNTING OFFICER	12
6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	26
7. STRATEGIC OVERVIEW	28
7.1. Vision	28
7.2. Mission	28
7.3. Values	28
8. LEGISLATIVE AND OTHER MANDATES	30
9. ORGANISATIONAL STRUCTURE	36
10. ENTITIES REPORTING TO THE MEC	37
<b>PART B: PERFORMANCE INFORMATION</b>	<b>39</b>
1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES	39
2. OVERVIEW OF DEPARTMENTAL PERFORMANCE	40
2.1 Service Delivery Environment	40
2.2 Service Delivery Improvement Plan	40
2.3 Organisational environment	42
2.4 Key policy developments and legislative changes	<b>44</b>

3.	STRATEGIC OUTCOME ORIENTED GOALS .....	44
4.	PERFORMANCE INFORMATION BY PROGRAMME .....	46
4.1	Programme 1: Administration .....	46
4.2	Programme 2: Public Works: Property and Facilities .....	50
4.3	Programme 2: Public Works: Planning and Design .....	57
4.4	Programme 2: Public Works: Construction Management .....	67
4.5	Programme 3: Expanded Public Works Programme .....	90
4.6	Programme 4: Roads Infrastructure .....	94
4.7	Customised Sector Indicators Report: .....	100
5.	TRANSFER PAYMENTS .....	104
5.1.	Transfer payments to public entities .....	104
5.2.	Transfer payments to all organisations other than public entities .....	106
6.	CONDITIONAL GRANTS .....	106
6.1.	Conditional grants and earmarked funds paid .....	106
6.2.	Conditional grants and earmarked funds received .....	107
7.	DONOR FUNDS .....	111
7.1.	Donor Funds Received .....	111
8.	CAPITAL INVESTMENT .....	111
8.1.	Capital investment, maintenance and asset management plan .....	111
	Capital investment, maintenance and asset management plan .....	111

<b>PART C: GOVERNANCE .....</b>	<b>119</b>
1. INTRODUCTION .....	120
2. RISK MANAGEMENT.....	121
3. FRAUD AND CORRUPTION .....	122
4. MINIMISING CONFLICT OF INTEREST.....	122
5. CODE OF CONDUCT.....	123
6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES.....	123
7. PORTFOLIO COMMITTEES.....	124
8. SCOPA RESOLUTIONS.....	125
9. PRIOR MODIFICATIONS TO AUDIT REPORTS .....	146
INTERNAL CONTROL UNIT.....	147
10. INTERNAL AUDIT AND AUDIT COMMITTEES.....	147
11. AUDIT COMMITTEE REPORT .....	153
<b>PART D: HUMAN RESOURCE MANAGEMENT .....</b>	<b>160</b>
1. INTRODUCTION .....	161
2. OVERVIEW OF HUMAN RESOURCES .....	161
3. HUMAN RESOURCES OVERSIGHT STATISTICS.....	162
<b>PART E: FINANCIAL INFORMATION.....</b>	<b>204</b>
1. REPORT OF THE AUDITOR GENERAL.....	205
2. ANNUAL FINANCIAL STATEMENTS.....	217

## PART A: GENERAL INFORMATION

---

### 1. DEPARTMENT GENERAL INFORMATION

**PHYSICAL ADDRESS** : 43 Church Street  
Polokwane  
0699

**POSTAL ADDRESS** : Private Bag X 9490  
Polokwane  
0700

**TELEPHONE NUMBER** : 015 284 7000

**FAX NUMBER** : 015 284 7030

**EMAIL ADDRESS** : [newsroom@dpw.limpopo.gov.za](mailto:newsroom@dpw.limpopo.gov.za)

**WEBSITE ADDRESS** : <http://www.dpw.limpopo.gov.za>

# PART: A GENERAL INFORMATION

## 2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
AO	Accounting Officer
BBBEE	Broad Based Black Economic Empowerment
CFO	Chief Financial Officer
MEC	Member of Executive Council
HOD	Head of Department
PFMA	Public Finance Management Act
TR	Treasury Regulations
MOA	Memorandum of Agreement
MTEF	Medium Term Expenditure Framework
LDP	Limpopo Development Plan
NDP	National Development Plan
NCOP	National Council of Provinces
RAL	Roads Agency Limpopo
SMME	Small Medium and Micro Enterprises
SCM	Supply Chain Management

EU	European Union
SITA	State Information Technology Agency
SDIP	Service Delivery Improvement Plan
SDF	State Domestic Facilities
PCDMI	Professional Capacity Development and Mentoring Initiative
LDPWR&I	Limpopo Department of Public Work Roads and Infrastructure,
ISPH	Infrastructure Strategic Planning Hub
PROMAN	Project Management System and Support
EPWP	Expanded Public Works Programme
C-AMP	Custodian User Asset Management
U-MAMP	User Asset Management Plan
RSA	Republic of South Africa
IPIP	Infrastructure Programme Implementation Plan
PUDF	Provincial User Departmental Forum
DPSA	Department of Public Service Commission
WSP	Work Skill Plan
PSETA	Education Training Authority
CETA	Construction Education and Training Authority

WBHO	Wilson Bailey Holmes
ECSA	Engineering Council of South Africa
SACA	South African Council for Architects
SACPCMP	South African Council for Project and Construction Managers Profession
HRD	Human Resource Development
GIAMA	Government Immovable Assets Management Act
MEC	Member of Executive Council
RAMP	Roads Asset Management Plan
IDP	Infrastructure Development Plan
RMS	Roads Management System
SCOPA	Standing Committee on Public Account
SMS	Senior Management Services
SBD	Standard Bidding Documents
AC	Audit Committee
HCT	HIV Counselling and Testing
HIV/AIDS	

### 3. FOREWORD BY THE MEMBER OF THE EXECUTIVE COUNCIL (MEC)



**Name:** Azwindini Jeremiah Dingaana Ndou

**Title:** Member of the Executive Council

The vision and services mission of the future department is to adopt a system based strategy to enhance insight, fore sight and intelligence in the implementation of National Development Plan (NDP) and facets of the Limpopo Development Plan (LDP) as a leader in the provision and management of provincial land and buildings, to further develop innovative services and technologies that manage requirements of government users and wider society through life cycle delivery for quicker time based delivery giving them what they need at that point.

Our ability to create confidence in the public and wider society on services we offer is cardinal to our very existence. Our attitude to the public that would be of character based leadership will be to give our clients, the public, service providers and employees and regulators offerings to create their own value through concerted community and stakeholder participation where we would exercise true servant leadership in our operations and business.

To ensure that we embed the objectives of the National Development Plan into future strategies in the development of infrastructure in the Province, the Medium Term Strategic Framework (MTSF) outcomes forms the core and integral of Performance Planning for the delivery of services we have been entrusted with. The Limpopo Department of Public Works, Roads and Infrastructure will take the initial steps to re-position itself to its purpose in order to respond to the challenges of optimal service delivery amid the crowding of needs versus lack of budgetary resources.

The Limpopo Development Plan (LDP) and the Medium Term Strategic Framework (MTSF) outline the outcomes with relevance to the Department with respect to decent employment through inclusive economic growth , an efficient, competitive and response economic infrastructure network, responsive accountable effective and efficient local government system, to enhance our environmental assets and protect natural resources, in an efficient , effective way to ensure a developmental orientated public service, national building , anti-fraud and corruption fighting and social cohesion.

On the 21 May 2014 the Premier, Honourable Stanley Mathabatha, announced the reconfiguration of some departments. Department of Public Works was reconfigured to include the Roads and Infrastructure function and be renamed Department of Public Works, Roads and Infrastructure. The reconfiguration of the department has the following implications:

A total of 1 671 officials were being transferred (1597 core and 74 support staff) from Department of Transport to the Department of Public Works, Roads and Infrastructure in the formation of a redefined institution to delivery particularly on the mandate of infrastructure development planning and delivery.

The National Council of Provinces (NCOP) has effectively endorsed the decision by Cabinet for the transition of the intervention from section 100(1) (b) to section 100 (1) (a). This was done taking into considerations the Memorandum of Agreement (MOA) signed on the 15th December 2014 by the Hon Premier of the Limpopo Province and the National Executives responsible for the Limpopo section 100(1) (b) intervention.

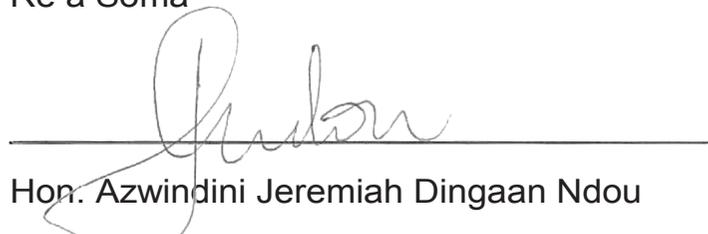
The Department will continue to ensure systematic integrated development and performance planning, sustainable environmental integration in infrastructure development, manages spatial development and protection of the provincial built heritage, contribute in the building of an efficient , effective and developmental orientated public service, participate in the national effort of nation building with the purpose of increasing access, quality and reliability of public services and to support economic activities, whilst considering environmental sustainability and

pursuing maximum employment impact , fight fraud and corruption and implement outcomes of the Medium Term Strategic Framework and the National Development Plan.

Our mandate is by and large given effect in the MTSF and set government socio economic objectives and priorities. The Department is therefore ready to fulfil its mandate in the medium term.

We are pleased to present the 2014/2015 Annual Report which sets out achievements, challenges and remedial measures in realization of Department's mandate.

Re a Šoma

A handwritten signature in black ink, appearing to read 'Azwindini', is written over a horizontal line. The signature is fluid and cursive.

Hon. Azwindini Jeremiah Dingaon Ndou

MEC for Limpopo Department of Public Works, Roads and Infrastructure

#### 4. DEPUTY MINISTER STATEMENT

N/A

#### 5. REPORT OF THE ACCOUNTING OFFICER



**Name:** Mpelegeng Kate Machaba

**Title:** Acting Head of Department

##### **Overview of the operations of the Department**

The Honourable Premier of the Limpopo province announced the reconfiguration of the Provincial administration on the 21<sup>st</sup> of May 2014. The function on Roads Infrastructure Management was transferred from the then Department of Roads and Transport to the Department of Public Works after proclamation on the 1<sup>st</sup> of August 2014. This resulted in a newly reconfigured Department of Public Works, Roads and Infrastructure.

PSCBC Resolution 1 of 2014 was adopted by Government and provided norms and standards to manage the transfer of support personnel. The reconfiguration coordinating structures (Inter-ministerial, Technical committee and departmental work streams) were established within the Provincial Administration and Terms of Reference for all committees and work streams were developed and adopted.

A total of 1597 employees from the Roads infrastructure component including its direct support (Cost Centres) were transferred into the newly reconfigured Department of Public Works, Roads and Infrastructure with effect from 1<sup>st</sup> of October 2014. Seventy four (74) Support staff from the Department of Transport were only transferred to the Department with effect from 1<sup>st</sup> of April 2015.

The Department was translated from section 100(1) (b) to section 100(1) (a) in December 2014. The Department is expected to report progress on the intervention projects as outlined in the Memorandum of Agreement signed on the 15<sup>th</sup> December 2014 by the Hon Premier of the Limpopo Province and the National Executives responsible for the Limpopo intervention.

The following is progress made on the directives and initiatives:

### **Property and Facilities Management Portfolio**

- Lease Review Project

The lease review project has been completed and recommendations made to the department for implementation. The National Department of Public Works was granted an approval by Treasury to regularise and extend expired lease. This lease dispensation has been extended to the provincial departments. A total of 18 leases have been renewed in implementing the dispensation. Space utilisation audit have been conducted in the four major buildings. Five (5) posts for property inspectors have been advertised to carry out the audits at all district. The Cost Benefit Analysis has been done to make decisions on Leased Properties that can be purchased by the State. Two buildings have been identified thus far, and an EXCO Decision was taken to purchase two buildings by 2016/17 Financial Year.

- Immovable Asset Project

The Immovable Asset project is continuing and expected completion in July 2016. As at March 2015, 1838 assets have been linked to the asset register, 2054 properties on the devolved list have been reconciled and resolved, 1263 properties from the rates and taxes schedule have been linked to the asset register and 995 properties in the process of vesting. Surveying of the State Domestic Facilities (SDFs) and physical verification of immovable assets has commenced.

## **Capability projects to enhance infrastructure delivery**

The established Professional Capacity Development and Mentoring Initiative (PCDMI) which deal with infrastructure strategic areas of Professional Capacitation, Departmental Capacity & Capability Development, Mentorship, IDMS compliance and monitoring is operating.

The Department has enter into partnerships with large private construction companies to assist the existing infrastructure officials to register with various professional bodies. The identified need includes skills development through on the job training, mentoring and professional registration assistance where candidates to be paired with highly experienced Mentors. Over 70 officials from LDPRWI (including the Roads Directorate) are enrolled to the Programme.

- Artisan Development Programme

The departmental cost centres plays a major role as the delivery hub main on day to day maintenance of state owned properties and implementation of internal projects. The Department has been faced with high attrition of the artisans placed in the cost centres and districts. In order to continue maintaining the properties, there was a need to roll out an artisan development programme to strengthen the capacity to deliver. A total of 215 learners have been enrolled under the programme focussing on trades such as plumbing, carpentry and bricklaying.

- Student Internship Programme

A total of 90 built environment student interns have been enrolled and place at cost centres for practicals. An additional 12 student interns were placed at large power station plant to acquire extensive practical experience.

- Limpopo Contractor Development Programme

The Programme is aimed at improving the performance of the Contractors in terms of quality and grading status of contractors in targeted categories as follows:

- 20 grade 2-3 contractors and supervisors under emerging contractor Development,
- 15 grade 4-5 under incubator and
- 10 grade 6-7 under the contractor improvement Programme

All three Programmes and/categories have completed theoretical training and the projects have been allocated for the emerging contractor development and incubator programmes and contractor are commencing with practical work.

- Infrastructure Strategic Planning Hub

The Infrastructure Strategic Planning Hub (ISPH) is made up of two distinct components, a managerial component, comprising of senior state officials from various departments and a technical professional component, which is made up of qualified, registered and relevantly skilled built environment professionals. The Hub is administered by a Business Manager (LDPWR&I) who is assisted by senior managers of the participating departments and senior technical officials. The ISPH is earmarking to recruit 222 professionals over the MTSF.

The Hub Business Manager and Hub Administrative Assistant were delegated into ISPH in September 2014. Recruitment for Phase II professionals (47 professionals) commenced in October 2014. The Department has started with the recruitment 21 and 47 built environment professionals through DBSA and ISPH respectively. Interviews conducted for 47 technical positions and appointment expected in the first quarter of 2015/16.

- Cuban Technical Assistance Programme

The Department has also been allocated 13 Cuban Technical Professionals as part of NDPW's Cuban Technical Assistance Programme. This team includes: 9 Engineers (all disciplines), 1 Architect and 5 Project Managers. The Cuban Technical Professionals will augment the current technical team and revision will need to be made on the Capacitation Plan to take into account their appointments in relation to the 222 professionals expected to be appointed through ISPH.

## **Major projects completed in during the financial year**

The Department completed 17 out of 30 libraries (maintenance and new); 2 out of 2 LEDET projects (Market Stalls), 2 out of 2 Transport projects (Testing Stations); 18 out of 35 schools (13 of the 17 remaining projects are between 80% and 95% which are expected to be completed in the first quarter). The major challenges in the implementation of the 2014/15 portfolio were withdrawal of projects due to budgetary constraints and late confirmation of budget on the library programme. 25 preventative maintenance, 6 major roads, 4 access roads, 17 households road projects were completed in the 2014/15. The detailed performance is highlighted under Section 4 Performance Information per Programme.

## Overview of the financial results of the department

### Departmental receipts

Departmental receipts	2013/2014			2014/2015		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts	-	-	-	-	-	-
Casino taxes	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-
Sale of goods and services other than capital assets	R27 973	R26 653	(R1 320)	R34 828	R32 332	(R2 496)
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	R259	R339	R80	R284	R7	(R277)
Sale of capital assets				R80	R3 728	R3 648
Financial transactions in assets and liabilities	R565	R629	R64	R385 164	R346 415	(R38 749)
<b>Total</b>	<b>R28 797</b>	<b>R27 621</b>	<b>(R1 176)</b>	<b>R420 356</b>	<b>R382 482</b>	<b>(R37 874)</b>

The Department adjusted the Revenue budget from R35, 772million to R420, 356million due to RAL transfers.

### **OWN REVENUE TARRIFS**

- Rental Dwelling – R900.00 per room is charged on rental. Total number of bedrooms is 4213; number of leased bedrooms is 2921.
- Non Residential buildings – Total number of leased property is 18, 11 of the properties increase annually by 5%, 1 of the properties increase annually by 8%, 6 of the properties increase annually by 10%.
- Rent on Land – Total number of leased property is 6. 4 of the properties increase annually by 10% and 2 of the properties increase annually by 8%.
- Sanitation and water – Flat rates are charged.
- The Department does not have new revenue sources, we planned to maximise the current sources. Revenue enhancement strategy is in a draft stage, The Departmental is in the process of merging rental management with management accounting for proper accounting of rental.

### **Actual Revenue Collection**

The Department has on overall under collected by R37, 874million due to the following reasons:

- R31,7million ( R23m +R8,7m) which was to be transferred from the Department of Transport
- R4, 134,972 million for February and March 2015 RAL own revenue was not transferred.
- R1.9million from Rental Dwelling not received due to non-implementation of the. R1000 tariffs as budgeted for 2014/15 financial year.

## Programme Expenditure

Programme Name	2013/2014			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	R235 604	R230 865	R4 739	R293,939	. /cv	R39 764
Public Works	R615 573	R596 284	R19 289	R692,006	R647 899	R44 107
EPWP	R30 149	R30 057	R0 092	R40,808	R38,337	R2,471
Roads and Infrastructure	-	-	-	R2,046,712	R1,845,634	R201,078
<b>Total</b>	<b>R883 061</b>	<b>R858 941</b>	<b>R24 120</b>	<b>R3,075,287</b>	<b>R2,787,867</b>	<b>R287,420</b>

### Virements/roll overs

An application to roll over the equitable share amounting to R 23, 6 million was made in order to pay for commitments of GG Motor Vehicles (R 841 thousand) and Municipal Accounts (R 22, 8 million). However, the Provincial Treasury has granted primary approval for payment of GG Motor Vehicles.

This was to enable the Department to complete the invoice verification process and determine the final amount owed to municipalities. However, the process of invoice verification was finalised during the month of August 2014 and the Department has determined R 72 million as the amount owed to municipalities.

The Departmental appropriation was adjusted to R 3, 075 billion during the 2014/15 adjustment period. The adjustment reflects 69% increase and was as a result of the provincial reconfiguration whereby the function of Roads Infrastructure was migrated to this Department from the Department of Transport. Furthermore, the Department has received additional funding amounting to R 60, 5 million from the Provincial Treasury in order to deal with accruals (Municipal Accounts) emanating from the 2013/14 financial year.

### **Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure incurred was in the form of interest incurred and paid to ESKOM and municipalities amounts to R55 167.502for financial year 2014/15. The monthly breakdown is as follows:

Month	Amount (R)
May	4 911.85
June	458.65
July	3 057.25
August	4 210.39
September	4 703.33
October	1 259.95
November	15 749.50
December	982.73
January	2 051.16
February	7 123.34
March	10 658.87
<b>TOTAL</b>	<b>55 167.02</b>

### **Interventions:**

- Purchases and payments procedures have been reviewed and implemented.
- A memo was issued to all staff on “Effecting Payments within 30 Days from receipt of an invoice as required in terms of Treasury regulation 8.2.3”. This memo serves as a reminder of the departmental circular issued on implementation of one entry point invoices.
- Enforcing implementation of single entry point of invoices and implementing corrective actions against the officers responsible for late payments.
- The use of sundry payment processing function on BAS for approved suppliers, which shortens the payment process.
- There were no disagreements with the service providers during the quarter under review.

### **Irregular expenditure**

The Department incurred irregular expenditure amounting to R 20 277 361-58 for the financial year under review. The expenditure was due to the evoking of Treasury Regulation 16.A6.4 in procuring certain services related to Section 100 (1)(b) intervention projects namely, immovable asset register project, and acquisition of Infrastructure Project Management System and Support (PROMAN), and lease management project. Internal Procurement processes were not followed.

**DEPARTMENT OF PUBLIC WORKS,ROADS AND INFRASTRUCTURE  
REGISTER FOR IRREGULAR EXPENDITURE 2014/2015 FINANCIAL YEAR**

Date of discovery	Reported to Accounting	Transaction details				Supplier name	Responsible person(committed to)	Status(ref)			General comments
		Payment date	Payment number	Amount	Incident description			UI	DP	TR	
Opening balance	Yes			R 73,132,000.00	Competitive bidding not followed		Accounting Officer	x			
1-Apr-14	Yes	1-Apr-14	1310808	R 3,296,571.90	Competitive bidding not followed	Deloitte & Touch	Accounting Officer-Sec 100(1)(b)	X			
2-Apr-14	Yes	31-Oct-14	1317311	R 909,339.57	Competitive bidding not followed	Deloitte & Touch	Accounting Officer-Sec 100(1)(b)	X			
13-Oct-14	Yes	19-Dec-14	1322306	R 920,550.00	Competitive bidding not followed	Microzone Trading 1274 CC	Accounting Officer-Sec 100(1)(b)	X			
14-Oct-14	Yes	19-Dec-14	1322308	R 991,800.00	Competitive bidding not followed	Microzone Trading 1274 CC	Accounting Officer-Sec 100(1)(b)	X			
4-Nov-14	Yes	19-Dec-14	1322312	R 763,800.00	Competitive bidding not followed	Microzone Trading 1274 CC	Accounting Officer-Sec 100(1)(b)	X			
8-Jan-15	Yes	31-Mar-15	1332097	R 1,197,000.00	Competitive bidding not followed	Microzone Trading 1274 CC	Accounting Officer-Sec 100(1)(b)	X			
27-Jan-15	Yes	31-Mar-15	1332098	R 1,140,000.00	Competitive bidding not followed	Microzone Trading 1274 CC	Accounting Officer-Sec 100(1)(b)	X			
30-Jan-15	Yes	1-Apr-15	1332101	R 1,541,850.00	Competitive bidding not followed	Microzone Trading 1274 CC	Accounting Officer-Sec 100(1)(b)	X			
22-Oct-14	Yes	26-Nov-14	1318862	R 1,335,531.66	Competitive bidding not followed	Ernest and Young Advisory Services	Accounting Officer-Sec 100(1)(b)	X			
2-Feb-15	Yes	31-Mar-15	1331981	R 5,600,442.00	Competitive bidding not followed	Ernest and Young Advisory Services	Accounting Officer-Sec 100(1)(b)	X			
3-Feb-15	Yes	31-Mar-15	1331981	R 2,580,476.45	Competitive bidding not followed	Ernest and Young Advisory Services	Accounting Officer-Sec 100(1)(b)	X			
<b>Current year total</b>				<b>R 20,277,361.58</b>							
<b>GRAND TOTAL</b>				<b>R 93,409,361.58</b>							

Key:

UI-Irregular Expenditure under investigation

DP-Disciplinary process initiated against responsible person

TR-Transferred to receivable for recovery

## **Unauthorised expenditure**

The Department did not have unauthorised expenditure.

## **Future plans of the department**

### **Infrastructure Planning and Implementation**

- The Department will continue to implement projects that are multi year. The Infrastructure Programme Management Plans from client departments detailing the 2016/17 projects are expected in the third quarter.
- The Planning and Design unit will be engaged with the designs for the 2016/17 financial year to enable implementation to start in the first quarter of the 2016/17 financial year.
- Build and maintain a sound and safe provincial roads infrastructure in partnership with the National Department of Transport and utilise the Roads Agency Limpopo as leverage for speedy response in the management of the provincial road network.

### **Implementation of the Expanded Public Works Programme**

A Strategy Paper for Expanded Public Works Programme (EPWP) Phase 3 for the period 2014/15 to 2018/19, which provides strategic objectives, targets and framework for the phase, has been approved by National Cabinet. Challenges and lessons learnt in the implementation of the first two phases of the programmes with remedial actions as outlined in the EPWP Summit resolutions will provide guidance to all government bodies in the successful implementation of EPWP Phase 3.

## **Public Private Partnerships**

The Department does not have PPPs

## **Discontinued activities / activities to be discontinued**

A total number of 35 discontinued projects from Construction Management Programme were withdrawn by client Departments due to budgetary constraints.

**New or proposed activities**

The transfer of Roads Infrastructure Management from the Department of Transport to the Department of Public Works.

**Supply chain management**

There were no unsolicited bid proposals concluded in the 2014/15 financial year.

The SCM processes and systems are in place to prevent irregular expenditure, this include the implementation of the new SCM instruction notes.

**Gifts and Donations received in kind from non-related parties**

None

**Exemptions and deviations received from the National Treasury**

None

**Events after the reporting date**

None

**Other**

None

Appreciation to the management and entire staff of the Department of Public Works, Roads and Infrastructure for their continued support and commitment. A special gratitude to the section 100 team for the work done until January 2015.

I hereby present the Annual Report for the Department of Public Works, Road and Infrastructure for the financial year ended 31 March 2015.



---

**Ms Mpelegeng Kate Machaba**  
**Accounting Officer**  
**Department of Public Works, Roads and Infrastructure**  
**Date: 31 May 2015**

## **6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT**

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

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

The annual report is complete, accurate and is free from any omissions.

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

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

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

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2015.

Yours faithfully



---

Accounting Officer  
Name: Machaba MK  
Date: 31 May 2015

## 7. STRATEGIC OVERVIEW

### 7.1. Vision

The leader in the provision and management of provincial land, buildings and roads infrastructure.

### 7.2. Mission

Optimal utilization of resources in the provision and management of sustainable social and economic infrastructure including implementation and coordination of Expanded Public Works Programme.

### 7.3. Values

The Limpopo Department of Public Works, Roads and Infrastructure prides itself on the following core values:

- **Accountability**

Every official will be held responsible for own action and ensuring single point accountability

- **Integrity**

All officials will be truthful and honest in execution of duties in their area of competence

- **Professional Ethics**

All official will perform diligently with necessary proficiency in the execution of duties in their area of skills backed by acceptable moral codes.

- **Excellence in Service Delivery**

All official shall dedicate their energy and time to serve with distinction and offer quality service to the public.

- **Team work**

Official in the Department will at all times strive to deliver as a joint and cooperate amongst themselves for service excellence

- **Transparency**

The Department will always uphold Batho Pele Principles and deliver accordingly.

- **Answerability**

The Department will collectively take liability for poor service delivery

## 8. LEGISLATIVE AND OTHER MANDATES

### 8.1. Constitutional Mandates

In terms of sub-section 125 (1) of the Constitution of RSA, “the executive authority of a Province is vested in the Premier of that Province.” Sub-section (2) also provides that “The Premier exercises the Executive Authority, together with other Members of the Executive Council, by:-

- Implementing Provincial Legislation;
- Implementing all National Legislation within the functional areas listed in Schedule 4 or 5 except where the Constitution or an Act of Parliament provides otherwise;
- Administering in the province, national legislation outside the functional areas listed in Schedule 4 or 5, the administration of which has been assigned to the provincial executive in terms of an Act of Parliament;
- Developing and implementing provincial policy;
- Co-ordinating the functions of the provincial administration and its departments;
- Preparing and initiating provincial legislation; and
- Performing any other function assigned to the provincial executive in terms of the Constitution or an Act of Parliament.”

In terms of Schedule 4 of the RSA Constitution, Public Works is a functional area of concurrent National and Provincial legislative competence “only in respect of the needs of provincial government departments in the discharge of their responsibilities to administer functions specifically assigned to them in terms of the Constitution or any other law.”

In terms of his Constitutional prerogative, the Honourable Premier or Minister establishes the Department of Public Works to provide and manage Provincial land and buildings as well as to contribute to the provincial

goal of job creation and poverty alleviation through the Expanded Public Works Programme *“only in respect of the needs of provincial government institutions in the discharge of their responsibilities to administer functions specifically assigned to them in terms of the Constitution.”*

## 8.2. Legislative Mandates

In terms of the relevant provisions of the RSA Constitution, (Act 108 of 1996) and the Public Service Act, (Proclamation 103 of 1994), a functional mandate was assigned to the Department in respect to Public Works. The Provisions of the Northern Province Land Administration Act (Act 6 of 1999) confirms the legislative mandate of the department in matters pertaining to the acquisition and disposal of provincial land and building.

In terms of this legislative mandate, it is abundantly clear that the Department of Public Works, Roads, and Infrastructure is assigned the role of custodian and manager of all provincial government land and buildings for which other legislation does not make other departments or institutions responsible. This mandate includes the determination of accommodation requirements; rendering expert built environment services to client departments as well as the acquisition, management, maintenance and disposal of such provincial government land and buildings.

## 8.3. Other General Public Service Legislative mandates and the Regulations

- **Public Service Act, (Act 103 of 1994):** The regulation of the conditions of employment, discipline and matters connected therewith.
- **Labour Relations Act, (Act 66 of 1995):** To promote and maintain sound labour practice.

- **Basic Conditions of Employment Act, (Act 75 of 1997):** To advance economic development and social justice by fulfilling the primary objects such as to give effect to and regulate the right to fair labour practices conferred by Section 23(1) of the Constitution.
- **Employment Equity Act, (Act 55 of 1998):** To promote equal opportunity and fair treatment in employment through the elimination of unfair discrimination through affirmative action measures in order to redress the imbalances of the past.
- **Skills Development Act, (Act 97 of 1998):** To provide an institutional framework to devise and implement strategies to develop and improve the skills of the workplace;
- **Compensation of Occupational Injuries and Diseases Act, (Act No 130 of 1993):** To provide for compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases; and to provide for matters connected therewith;
- **Public Finance Management Act, (Act 29 of 1999):** To secure transparency, accountability and sound management of revenue, expenditure, assets and liabilities of various public institutions;
- **Division of Revenue Act, (Act of 2008):** To provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2008/09 financial year and the responsibilities of all three spheres pursuant to such division; and to provide for matters connected therewith;
- **Preferential Procurement Policy Framework Act, (Act 5 of 2000):** A system for proper evaluation in the provision of services;
- **Broad Based Black Economic Empowerment Act, ( Act 53 of 2003) :** To establish a legislative framework for the promotion of black economic empowerment; to empower the Minister to issue codes of good practice and to publish transformation charters; to establish the Black Economic Empowerment Advisory Council; and to provide for matters connected therewith;

- **Occupational Health and Safety Act, (Act 85 of 1993):** To ensure safe working conditions and safe equipment at all times;
- **Promotion of Access to Information Act, (Act No 2 of 2000):** To give effect to the constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights; and to provide for matters connected therewith;
- **Promotion of Administrative Justice Act, (Act 3 of 2000):** To give effect to the right to administrative action that is lawful, reasonable and procedurally fair and to the right to written reasons for administrative action as contemplated in section 33 of the Constitution of the Republic of South Africa, 1996; and to provide for matters incidental thereto;
- **Protected Disclosure Act (Act 26 of 2000):** To make provision for procedures in terms of which employees in both the private and the public sector may disclose information regarding unlawful or irregular conduct by their employers or other employees in the employ of their employers; to provide for the protection of employees who make a disclosure which is protected in terms of this Act; and to provide for matters connected therewith.

The Department also discharges its core responsibilities in terms of the following line function specific legislative mandates are:

- Construction Industry Development Board Act, (Act 38 of 2000)
- Deeds Registries Act, (Act 47 of 1937)
- Council for the Built Environment Act, (Act 43 of 2000)
- Architectural Professional Act, (Act 44 of 2000)
- Landscape Architectural Profession Act, (Act 45 of 2000)
- Engineering Professions Act, (Act 46 of 2000)
- Property Valuers Act, (Act 47 of 2000)

- Projects and Construction Management Profession Act, (Act 48 of 2000)
- Quantity Surveying Profession Act, (Act 49 of 2000)
- Town and Regional Planning Act, (Act 36 of 2002)
- Rating of State Property Act, (Act 79 of 1984)
- Land Affairs Act, (Act 101 of 1987)
- Land Titles Adjustment Act, (Act 111 of 1995)
- National Building Regulations and Building Standards Amendment Act, (Act 49 Of 1995)
- Housing Act, (Act 107 of 1997)
- Rental Housing Act, (Act 50 of 1999)
- National Heritage Council Act, (Act 11 of 1999)
- Government Immovable Asset Management Act, 2007 (Act No. 19 of 2007)
- Limpopo Province Roads Agency Act

#### **8.4. Policy Mandates**

The Department is guided by the following policy mandates in the discharge of its core responsibilities:

##### **National**

- Ruling Party Election Manifesto of 2014
- National Development Plan
- Medium Term Strategic Framework 2014- 2019
- State of the Nation Address

##### **Provincial**

- State of the Province Address
- Limpopo Development Plan

## **Departmental**

MEC Budget Policy Speech

### **8.5. Relevant court rulings**

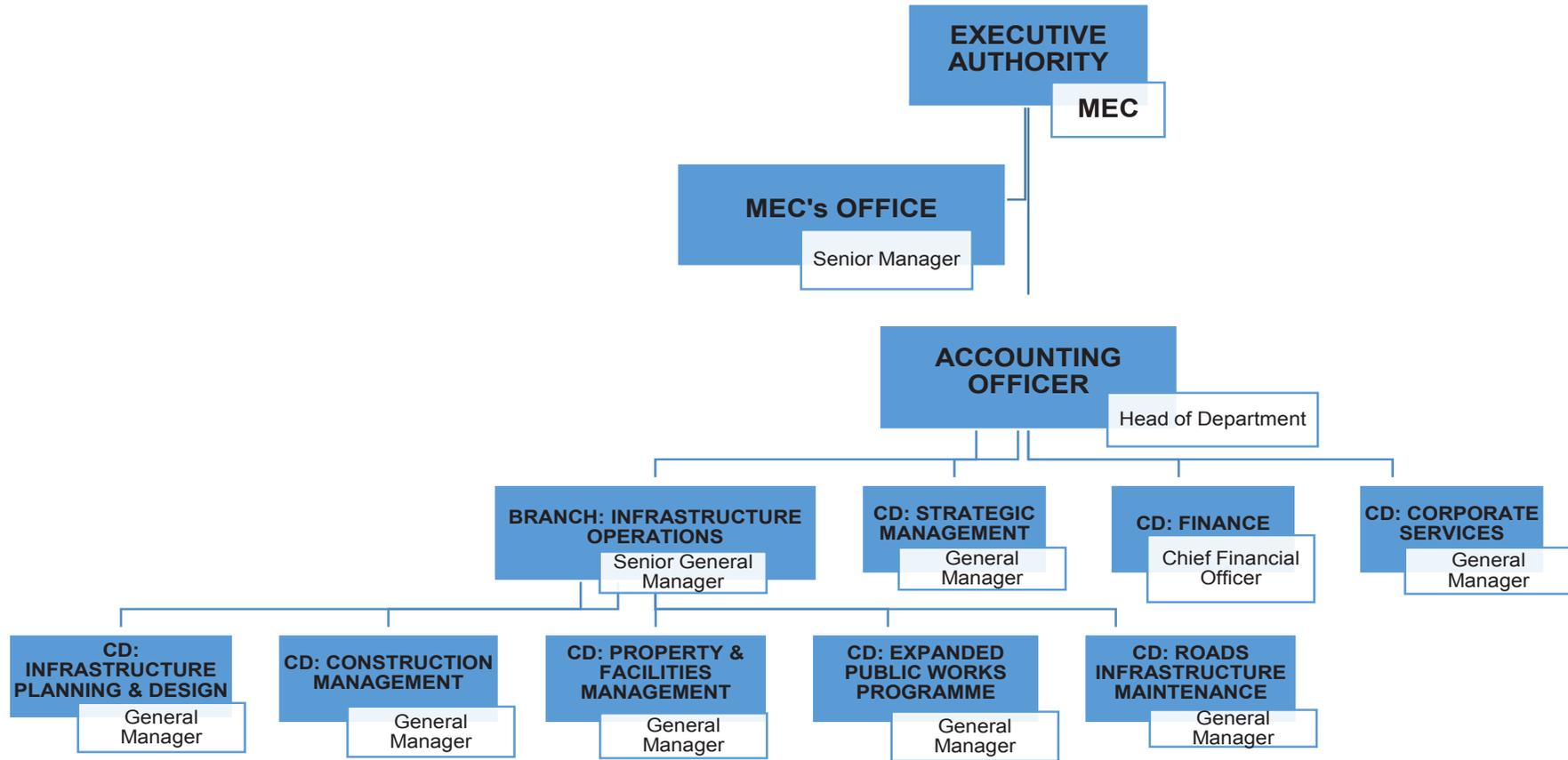
The department did not have any specific court rulings that have a significant impact on operations or service delivery obligations.

### **8.6. Planned Policy Initiatives**

Over the strategic plan period, the focus of the department will be on:-

- Effective coordination of policy development;
- Development of departmental specific scarce skills;
- Contribution to the creation of decent work and sustainable livelihoods through increasing the labour intensity of government infrastructure funded projects through the Expanded Public Works Programme for unemployed people of working age;
- SMME and Contractor development and capacity building for the built environment;
- Strengthen the efficacy of the reconfigured department to improve on service delivery

9. ORGANISATIONAL STRUCTURE



## 10. ENTITIES REPORTING TO THE MEC

The table below indicates the entities that report to the MEC.

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
<i>Roads Agency Limpopo</i>	RAL is listed as a schedule 3C provincial public entity in terms of Public Finance Management Act (PFMA) 1999, Act No.1 of 1999 and also Chapter 16A of the Treasury Regulations is applicable to this entity. RAL is further governed by the Northern Province Roads Agency Act, Act 7 of 1998 as amended by Act. No.3 of 2001.	Funded by the Provincial Department of Public Works, Roads and Infrastructure <b>R1 107 316 000</b>	The Roads Agency Limpopo (RAL) is the implementing Agent responsible for planning, design, construction and maintenance of provincial roads and bridges.

# PART B: PERFORMANCE INFORMATION



## **PART B: PERFORMANCE INFORMATION**

---

### **1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES**

Refer to the Report of the Auditor General, published as Part E: Financial Information.

## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

### 2.1 Service Delivery Environment

The announcement by the Hon. Premier of the Province to reconfigure departments resulted in the newly reconfigured Department of Public Works, Roads and Infrastructure. The Road function was transferred to the Department with effect from 1<sup>st</sup> of October 2014. A total of 1597 Road infrastructure staff were transferred in October 2014 and 74 support staff in April 2015. The transferring Department (Transport) engaged in a prolonged consultation process with the support staff which resulted in capacity constraints with the support units in the Department of Public Works.

### 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
Manage immovable Asset Register	Government Departments	1 Custodian Asset Register and 13 U-AMPS	1 Custodian Asset Register and 13 U-AMPS	1 Custodian Asset Register and 13 U-AMPS managed
Provide Provincial Buildings	Government Departments	100% Implementation of Projects on IPIP	100% Implementation of Projects on IPIP	Progress is at 55%

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

<b>Current/actual arrangements</b>	<b>Desired arrangements</b>	<b>Actual achievements</b>
Provincial User Departments Forum (PUDF)	To build capacity for government departments in terms of Asset Register.	PUDF is held on a quarterly basis
Professional Capacity Development and Mentoring Initiative (PCDMI)	For professional development as well as mentoring Initiative in terms of Registered professional.	PCDMI is held on a monthly basis
District Regional Coordinating Centre	To register all job cards for maintenance issues.	RCC is working effectively in 4 districts i.e. Vhembe, Capricorn, Sekhukhune and Mopani. There is no appointed official dealing with RCC in Waterberg District

*Service delivery information tool*

<b>Current/actual information tools</b>	<b>Desired information tools</b>	<b>Actual achievements</b>
Service Delivery Charter	3 year Service Delivery Charter	3 year Service Delivery Charter develop and distributed to customers and potential customers annually.

Service Standards	Service Standards document	Service standards are developed and distributed to customers and potential customers annually.
Citizens Report	Citizens Report	Citizen's report is prepared and distributed to customers and potential customers annually.
PAIA Manuals	PAIA Manuals	PAIA Manuals are available in all local official languages.

*Complaints mechanism*

<b>Current/actual complaints mechanism</b>	<b>Desired complaints mechanism</b>	<b>Actual achievements</b>
Presidential Hotline	To address service delivery complaints logged Nationally	Received 11 complaints and all were resolved.
Premier Hotline	To address service delivery complaints logged provincially.	Received 4 complaints and all were resolved.

### 2.3 Organisational environment

The restructuring of the department into the newly reconfigured Department of Public Works, Roads and Infrastructure took place with effect from 01 October 2014. The Organizational structure for the Roads Infrastructure Management was incorporated into the Organizational structure of the Department of Public Works to constitute the organizational structure of the newly reconfigured Department of Public Works, Roads and

Infrastructure. The Department received support staff from the Department of Transport on the 1<sup>st</sup> April 2015 and a process to submit the reconfigured departmental structure to the DPSA for concurrence is underway.

### **Skills GAP Assessment and corrective actions to close the GAP**

There is insufficient skilled professionals in the department, especially in the core functions. A Workplace Skills Plan (WSP) is developed annually and is aimed at implementing training needs that are strategically linked to and or contributing to the objectives of the Department. The training needs are received from employees in different units. The WSP is submitted to Public Sector Education Training Authority (PSETA) and Construction Education and Training Authority (CETA). These bodies require quarterly reports for purposes of monitoring the implementation of the WSP.

Parallel to the WSP, the Department established the Professional Capacitation Development and Mentoring Initiative (PCDMI). The objective of this initiative is to bring together Construction Management and Human Resource Development units to collaborate in the capacitation, development and mentoring of professionals within the Department.

PCDMI is working with two (2) private companies (Wilson Bailey Holmes – Ovcon (WBHO) and Stefanutti Stocks) to capacitate and develop professionals.

The agreement with WBHO looks at assisting professionals within the Department to register with professional bodies such as the Engineering Council of South Africa (ECSA), South African Council for Architects (SACA), South African Council for Quantity Surveyors (SACQS) as well as South African Council for Project and Construction Managers Professions (SACPCMP). Thirty professionals will be assisted.

The agreement with Stefanutti Stocks looks at development of student interns as well as graduate interns in the technical fields (Civil, Electrical and Mechanical). Currently the following are placed with Stefanutti Stocks (SS):-

- 1 x Mechanical Engineering (Graduate Intern)
- 2 x Electrical Engineering (Graduate Interns)
- 9 x Civil Engineering (3 graduate Interns and 6 Student Interns)

The agreement further covers the Artisan Development Programme (Brick layers and Electricals), wherein SS will provide practical exposure for learners currently enrolled on the ADP programme that is funded by the

Construction SETA (CETA). The learners enrolled for the ADP are currently undergoing theoretical training and will only commence with practical in the month of April 2015.

SS is also helping with Contractor Development Programme (GB grade 6 – 7), wherein **10** Contractors will be undergoing training conducted by SS, as of the 5<sup>th</sup> February 2015.

PCDMI is also looking at other opportunities to partner with consulting engineering firms especially to assist the department in design experience ahead of professional registration.

Provincial Treasury has conducted a skills audit for financial units within departments under Section 100 1(b), for purposes of building relevant capacity in order to improve on the efficiency and effectiveness of the units.

The Treasury has already provided reports and departments are to strategize on how the identified gaps will be addressed. This will be done in conjunction with HRD in the department to ensure that the relevant courses are procured as recommended by Treasury and that such interventions form part of the departmental WSP

## **2.4 Key policy developments and legislative changes**

The Organizational structure for the Roads Infrastructure Management was incorporated into the Organizational structure of the Department of Public Works to constitute the organizational structure of the newly reconfigured Department of Public Works, Roads and Infrastructure.

## **3. STRATEGIC OUTCOME ORIENTED GOALS**

The Department has identified four outcome oriented goals linked the mission to execute its mandate that defines its direct service delivery responsibilities which are explained in Table 1, 2, 3 and 4.

Table 1: Strategic outcome orientated goal 1

<b>Strategic Goal 1</b>	Enhanced efficacy of the department to deliver services.
<b>Goal statement</b>	Building an efficient and responsive Administration by enhancing systems, processes and procedures.
<b>Justification</b>	This goal will ensure improved performance to achieve service delivery targets.
<b>Links</b>	A revised service delivery model will ensure improvement of public service delivery as per MTSF strategic priority no.10 by 2014-2019

Table 2: Strategic outcome orientated goal 2

<b>Strategic Goal 2</b>	To ensure the effective and efficient delivery and management of provincial land, buildings and public infrastructure.
<b>Goal statement</b>	Complete design and delivery of planned provincial infrastructure projects to the period 2014-2019 and management of land and buildings in line with GIAMA prescripts.
<b>Justification</b>	To ensure improved access to government and social services for attainment of government socio-economic objectives.
<b>Links</b>	ensure that immovable assets owned and/ or utilized for delivery of government's services yield functional, economic and social benefits to the province

Table 3: Strategic outcome orientated goal 3

<b>Strategic Goal 3</b>	Unemployment halved and poverty reduced.
<b>Goal statement</b>	Effective coordination and implementation of EPWP by 2019
<b>Justification</b>	Ensure decent work opportunities and enhance the quality of life, while at the same time ensuring that workers gain skills through on-the-job training and thereby contribute to

	reduction of unemployment and poverty alleviation.
<b>Links</b>	Reduction of unemployment, poverty alleviation and skill transfer as per MTSF 2014-2019 (Outcome 4 and Chapter 3 of NDP).

Table 4: Strategic outcome orientated goal 4

<b>Strategic Goal 3</b>	improved accessibility and mobility through construction and maintenance of sustainable roads infrastructure by 2020
<b>Goal statement</b>	Complete design and delivery of planned provincial infrastructure projects to the period 2019 and management of roads infrastructure in line with prescripts.
<b>Justification</b>	Improved management of road infrastructure by 2020
<b>Links</b>	Management and implementation of provincial roads infrastructure programmes and provision of project management services and transfers of funds to the Roads Agency Limpopo.

#### 4. PERFORMANCE INFORMATION BY PROGRAMME

##### 4.1 Programme 1: Administration

The Programme serves as a support function to Infrastructure Operations and Expanded Public Works Programme and Roads Infrastructure. It provides strategic leadership, supports services and overall management of the Department. This entails giving political, managerial and administrative leadership for the effective functioning of the Department. The Programme consists of the Office of the MEC, Office of the Head of Department and Corporate Support.

**Strategic objectives: Programme 1: Administration**

<b>Programme Name: Programme 1: Administration</b>					
<b>Strategic objectives</b>	<b>Actual Achievement 2013/2014</b>	<b>Planned Target 2014/2015</b>	<b>Actual Achievement 2014/2015</b>	<b>Deviation from planned target to Actual Achievement for 2014/2015</b>	<b>Comment on deviations</b>
Systems, processes, capacity building and procedures development and implementation	6	6	6	None	None

**Performance indicators**

<b>Programme / Sub-programme:</b>					
<b>Performance Indicator</b>	<b>Actual Achievement 2013/2014</b>	<b>Planned Target 2014/2015</b>	<b>Actual Achievement 2014/2015</b>	<b>Deviation from planned target to Actual Achievement for 2014/2015</b>	<b>Comment on deviations</b>
Number of quarterly	4	4	4	None	None

performance reports produced					
Number of risk assessed quarterly reports produced in line with the risk plan.	-	4	4	None	None
Number of procurement quarterly reports produced and submitted in line with procurement plan	6	4	4	None	None
Number quarterly reports on clean audit submitted in line with the AG audit corrective action plan and Audit Strategy	4	4	4	None	None
Number of quarterly HR Review management	3	4	4	None	None

exceptions implemented					
Number of quarterly Financial Statements produced	-	4	4	None	None

**Strategy to overcome areas of under performance**

None

**Changes to planned targets**

None

**Linking performance with budgets**

**Sub-programme expenditure**

Sub-Programme Name	2013/2014			2014/2015		
	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
	R237, 339	R232, 600	R4, 739	R293,939	R254,036	R39, 903
<b>Total</b>	<b>R237, 339</b>	<b>R232, 600</b>	<b>R4, 739</b>	<b>R293,939</b>	<b>R254,036</b>	<b>R39, 903</b>

## 4.2 Programme 2: Public Works: Property and Facilities

The Sub-Programme, Property and Facilities Management is responsible for the provision and management of immovable properties which serves as a platform for the efficient delivery of various government services. It facilitates the provision of office accommodation and other related accommodation to the Provincial Government. These functions are performed in line with the broader departmental goals of improving service delivery, complying with corporate governance requirements, promoting black economic empowerment and contributing to the transformation of the property industry.

The main purpose of this Sub-Programme is to ensure that immovable assets owned and/ or utilized for delivery of government's services yield functional, economic and social benefits to the province.

### **Strategic objectives, performance indicators, planned targets and actual achievements**

#### **Strategic objectives: Public Works: Property and Facilities**

<b>Programme Name: Property and Facilities</b>					
<b>Strategic objectives</b>	<b>Actual Achievement 2013/2014</b>	<b>Planned Target 2014/2015</b>	<b>Actual Achievement 2014/2015</b>	<b>Deviation from planned target to Actual Achievement for 2014/2015</b>	<b>Comment on deviations</b>
Improve management of immovable assets utilised for government	<b>3</b>	<b>13</b>	<b>5</b>	<b>8</b>	2 Traditional Offices had challenges with site and change in designs, 1 Traditional

services delivery					Office withdrawn, 9 Traditional Offices material recommended in the geo tech studies not delivered.
-------------------	--	--	--	--	--

**Performance indicators**

Programme / Sub-programme:						
	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
1	Number of user Asset Management Plan (U-AMP) compiled for Limpopo department of Public Works in terms of GIAMA framework	-	1	1	None	None
2	Number of custodian asset management plan (C-AMP) compiled	1	1	1	None	None

	for Limpopo Provincial Administration in terms of GIAMA framework					
3	Number of Provincial immovable assets recorded in the register in terms of GIAMA minimum requirements in districts as per U-AMP	1116	1050	1178	128	New registrations and Item 28 (1) certificates
4	Number of jobs created in all 5 districts as per U-AMP	-	220	0	220	Late start of internal projects.
5	Percentage construction of 12 Traditional Offices Constructed in 5 Districts	-	100%	10%	90%	Reprioritisation of projects in the 2014/15 MTSF.  As a critical area to ensure structural soundness, geotechnical specialists had to be appointed for

						all new projects to design and supervise the foundations
6	Percentage of work completed on Installation of a lift at Namakgale Offices Mopani	-	100%	15%	75%	IDT Re-advertised tender as no suitable service provider was obtained during the evaluation of bids
7	Percentage of work completed on installation of Water Tank at Lebowakgomo Government Complex	-	100%	0%	100%	Reprioritisation of projects in the 2014/15 MTSF. Planning had to be done and contractor only appointed in the 4 <sup>th</sup> quarter.
8	Percentage of work completed on immovable assets recorded in the IAR in accordance with the mandatory requirements of	100%	100%	100%	None	None

	National Treasury					
9	Number of properties receiving facilities management services  (Mandatory requirements of National Treasury)	-	-	-	None	None
10	Number of planned maintenance projects awarded  (Mandatory requirements of National Treasury)	-	-	-	None	None
11	Percentage of renovated 44 Houses and Landscaping at Parliamentary Village	-	100%	35%	65%	Reprioritisation of projects in the 2014/15 MTSF. Planning had to be done and contractor only appointed in the 4 <sup>th</sup> quarter.
12	Percentage of work completed on	-	50%	0%	50%	Reprioritisation of projects in the

	Legislature Block Lebowakgomo Government Complex Capricorn					2014/15 MTSF. Planning had to be done and contractor only appointed in the 4th quarter.
13	Percentage of work completed on Education Block Lebowakgomo Government Complex Capricorn		100%	100%	None	None

The underspending was as a result of the challenges experienced with the term contract of the supply of building material.

**Strategy to overcome areas of under performance**

The Department's strategies to address under performance will be to utilize the in-house project management services for close monitoring in the supervision of construction work that are implemented by Maintenance teams.

**Changes to planned targets**

The Department included projects that were budgeted in the previous financial year which were not implemented. The department had requested roll-over of funds from Treasury in order to continue with the projects. Treasury did not approve the roll-over of those funds and as such the projects were not budgeted for in the current financial year. The Department planned to renovate 20 houses at the parliamentary village for 14/15 financial year. The renovation coincided with the coming in of legislators for the fifth electoral cycle and more houses had to be renovated.

**Linking performance with budgets**

**Sub-programme expenditure**

	2013/2014			2014/2015		
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
<b>Property and Facilities</b>	R530, 938	R535, 100	(R4, 162)	R568,598	R531,422	R37, 176
<b>Total</b>	R530, 938	R535, 100	(R4, 162)	R568,598	R531,422	R37, 176

### 4.3 Programme 2: Public Works: Planning and Design

The Sub-Programme Planning and Design is responsible for the planning and design of infrastructure projects.

#### Strategic objectives, performance indicators, planned targets and actual achievements

##### Strategic objectives: Planning and Design

Programme Name: Planning and Design					
Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Improved management of land and building infrastructure	-	40	23	17	Withdrawal of projects by client departments.

## **Performance indicators**

<b>Programme / Sub-programme:</b>						
	<b>Performance Indicator</b>	<b>Actual Achievement 2013/2014</b>	<b>Planned Target 2014/2015</b>	<b>Actual Achievement 2014/2015</b>	<b>Deviation from planned target to Actual Achievement for 2014/2015</b>	<b>Comment on deviations</b>
<b>1</b>	Number of 2015-16 Infrastructure Programme Management Plans (IPMP) received in terms of U-AMPs	4	5	09	+4	More user departments submitted the IPMPs
<b>2</b>	Number of 2015-16 Infrastructure Programme Implementation Plan (IPIP) compiled in terms of U-AMPs	4	5	04	1	Inadequate professional capacity
<b>3</b>	Number of 2014/15 Service Delivery Agreements (SDA) signed	4	5	02	3	Late confirmation of budget by client department
<b>4</b>	Number of detailed designs completed	-	8	20	+12	None

<b>5</b>	Number of Technical assessment conducted	-	8	13	+5	None
<b>6</b>	Number of design compiled for BOQ Renovation of Roedtan Library project – Waterberg District	-	1	1	None	None
<b>7</b>	Number of design plan compiled for BOQ Renovation of Modimolle Library project – Waterberg District	-	1	1	None	None
<b>8</b>	Number of design plan compiled for BOQ Renovation of Modjadjiskloof Library project – Mopani District	-	1	1	None	None
<b>9</b>	Number of design plan compiled for BOQ Renovation of Babirwa Library project – Waterberg District	-	1	1	None	None
<b>10</b>	Number of design plan compiled for BOQ Renovation of Northam	-	1	1	None	None

	Library project – Waterberg District					
<b>11</b>	Number of design plan compiled for BOQ Renovation of Lephale Library project – Waterberg District	-	1	1	None	None
<b>12</b>	Number of design compiled for BOQ Renovation of Jane Furse Library project – Sekhukhune District	-	1	1	None	None
<b>13</b>	Number of design compiled for BOQ Renovation of Phatantswane Library project Sekhukhune District	-	1	1	None	None
<b>14</b>	Number of design compiled for BOQ Renovation of Metz Library project – Mopani District	-	1	1	None	None
<b>15</b>	Number of design compiled for BOQ Renovation of Xihlobo	-	1	1	None	None

	Library project – Mopani District					
<b>16</b>	Number of technical assessment design compiled for Renovation of Tubatse library project – Sekhukhune District	-	1	0	None	Late confirmation of budget by client department
<b>17</b>	Number of technical assessment design compiled for Renovation of Moletji library project technical assessment – Capricorn district	-	1	0	1	Late confirmation of budget by client department
<b>18</b>	Number of technical assessment design completed for Renovation of Mankweng library project – Capricorn district	-	1	0	None	Late confirmation of budget by client department
<b>19</b>	Number of technical assessment design completed for Renovation of Seleteng	-	1	1	None	None

	library project – Capricorn district					
<b>20</b>	Number of technical assessment design completed for Renovation of Roosenekal library project – Sekhukhune district	-	1	0	1	Late confirmation of budget by client department
<b>21</b>	Number of technical assessment design completed for Renovation of Fetakgomo library project – Sekhukhune district	-	1	0	1	Late confirmation of budget by client department
<b>22</b>	Number of technical assessment design completed for Renovation of Ga-Phaahla library project – Sekhukhune district	-	1	0	1	Late confirmation of budget by client department
<b>23</b>	Number of technical assessment design completed for Renovation of Thulamela library project – Vhembe	-	1	0	1	Late confirmation of budget by client department

	district					
<b>24</b>	Number of design compiled for the BOQ Renovation of Tubatse library project – Sekhukhune District	-	1	0	1	Late confirmation of budget by client department
<b>25</b>	Number of design compiled for the BOQ Renovation of Moletji library project – Capricorn district	-	1	0	1	Late confirmation of budget by client department
<b>26</b>	Number of design compiled for the BOQ Renovation of Mankweng library project – Capricorn district	-	1	0	1	Late confirmation of budget by client department
<b>27</b>	Number of design compiled for the BOQ Renovation of Seleteng library project – Capricorn district	-	1	0	1	Late confirmation of budget by client department
<b>28</b>	Number of design compiled for the BOQ Renovation of Roosenekal library project – Sekhukhune	-	1	0	1	Late confirmation of budget by client department

	district					
<b>29</b>	Number of design compiled for the BOQ Renovation of Fetakgomo library project – Sekhukhune district	-	1	0	1	Late confirmation of budget by client department
<b>30</b>	Number of design compiled for the BOQ Renovation of Ga-Phaahla library project – Sekhukhune district	-	1	0	1	Late confirmation of budget by client department
<b>31</b>	Number of design compiled for the BOQ Renovation of Fetakgomo library project – Sekhukhune district	-	1	1	None	None
<b>32</b>	Number of design compiled for the BOQ New Dzanani Agriculture extension offices – Vhembe District	-	1	1	None	None
<b>33</b>	Number of design compiled for the BOQ	-	1	1	None	None

	New Molemole Agriculture extension offices – Capricorn					
<b>34</b>	Number of design compiled for the BOQ New Mookgopong Agriculture extension offices – Waterberg	-	1	1	None	None
<b>35</b>	Number of designs completed for Refurbishment of Lebowakgomo Government Complexes	-	1	1	None	None
<b>36</b>	Number of designs completed for Refurbishment of Giyani Government Complexes	-	1	0	None	Late confirmation of budget by client department
<b>37</b>	Number of designs compiled for the BOQ Refurbishment of Lebowakgomo Government Complexes	-	1	1	None	None

38	Number of designs compiled for the BOQ Refurbishment of Giyani Government Complexes	-	1	1	None	None
39	Number of designs completed for Refurbishment of Mafefe Traditional Office (in-house)	-	1	1	None	None
40	Number of designs completed for Refurbishment of Kutama - Senthumule Traditional Office (in-house)	-	1	1	None	None

**Strategy to overcome areas of under performance**

The Department will continue to engage provincial department through the established Provincial User Departments Forum (PUDF) which provide a platform discuss long to Medium term infrastructure planning.

**Changes to planned targets**

Withdrawal of projects for Education, Agriculture and Sport, Arts and Culture due to budgetary constraints.

**Linking performance with budgets**

**Sub-programme expenditure**

Sub-Programme Name	2013/2014			2014/2015		
	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
	22,968	0,635	22,333	30,429	23,427	7,002
<b>Total</b>	<b>22,968</b>	<b>0,635</b>	<b>22,333</b>	<b>30,429</b>	<b>23,427</b>	<b>7,002</b>

**4.4 Programme 2: Public Works: Construction Management**

The Sub-Programme is responsible for implementation of provincial capital works infrastructure.

**Strategic objectives, performance indicators, planned targets and actual achievements**

**Strategic objectives: Construction Management**

Programme Name					
Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Improved management of land and building infrastructure	4	103	53	50	

**Performance indicators**

Programme / Sub-programme:						
	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
1	Number of projects completed within the contract period		86	37	50	15 projects from the original IPMP submitted by the client department were withdrawn due to lack of budget. 8 projects were in the fourth quarter, while 7 were in the previous quarters. The other reasons for not meeting the target was late confirmation of budget for library renovation and maintenance projects;

						Changes in designs for new library projects; Poor performance of the implementing agent (IDT). Cash flow problems due to non-payment of IDT by the client (LDoE)
2	Number of projects completed within budget		86	37	50	15 projects from the original IPMP submitted by the client department were withdrawn due to lack of budget. 8 projects were in the fourth quarter, while 7 were in the previous quarters. The other reasons for not meeting the target was late confirmation of budget for library renovation and

						<p>maintenance projects;  Changes in designs for new library projects;  Poor performance of the implementing agent Cash flow problems due to non-payment of IDT by the client (LDoE)</p>
3	Percentage construction of new Phokwane library – Waterberg District Municipality	0%	100%	42%	58%	Changes in design on client request that resulted in preparation of new drawings
4	Percentage construction of new Ndzelele Library –Vhembe District	0%	100%	45%	55%	Changes in design (resulted in preparation of new drawings) and location of project (resulted in excessive earthworks) on client request.
5	Percentage renovation of	0%	100%	0%	100%	Confirmation of project received

	Roedtan Library project – Waterberg District					in June 2014 and caused delay in appointing service provider
6	Percentage renovation of Modimolle Library project – Waterberg District	0%	100%	0%	100%	Confirmation of project received in June 2014 and caused delay in appointing service provider
7	Percentage renovation of Modjadjiskloof Library project – Mopani District	0%	100%	0%	100%	Confirmation of project received in June 2014 and caused delay in appointing service provider
8	Percentage renovation of Babirwa Library project – Waterberg District	0%	100%	0%	100%	Confirmation of project received in June 2014 and caused delay in appointing service provider
9	Percentage renovation of Northam Library project –	0%	100%	0%	100%	Confirmation of project received in June 2014 and caused delay in

	Waterberg District					appointing service provider
10	Percentage renovation of Lephale Library project – Waterberg District	0%	100%	0%	100%	Confirmation of project received in June 2014 and caused delay in appointing service provider
11	Percentage renovation of Jane Furse Library project – Sekhukhune District	0%	100%	0%	100%	Confirmation of project received in June 2014 and caused delay in appointing service provider
12	Percentage renovation of Phatantswane Library project – Sekhukhune District	0%	100%	0%	100%	Confirmation of project received in June 2014 and caused delay in appointing service provider
13	Percentage renovation of Metz Library project – Mopani District	0%	100%	0%	100%	Confirmation of project received in June 2014 and caused delay in appointing service provider

14	Percentage renovation of Xihlobo Library project – Mopani District	0%	100%	0%	100%	Confirmation of project received in June 2014 and caused delay in appointing service provider
15	Percentage upgrading of Aganang Library Phase 1	0%	100%	100%	None	None
16	Percentage upgrading of Letsitele Library Phase 1	0%	100%	100%	None	None
17	Percentage upgrading of Lebowakgomo Library Phase 1	0%	100%	100%	None	None
18	Percentage upgrading of Vaalwater Library Phase 1	0%	100%	100%	None	None
19	Percentage upgrading of Westernburg Library Phase 1	0%	100%	100%	None	None

20	Percentage upgrading of Giyani Library Phase 1	0%	100%	100%	None	None
21	Percentage upgrading of Phalaborwa Library Phase 1	0%	100%	100%	None	None
22	Percentage upgrading of Kgapane Library Phase 1	0%	100%	100%	None	None
23	Percentage maintenance of Polokwane Library Phase 1	0%	100%	100%	None	None
24	Percentage maintenance of Retile Library Phase 1	0%	100%	100%	None	None
25	Percentage maintenance of Leboneng Library Phase 1	0%	100%	100%	None	None
26	Percentage maintenance of	0%	100%	100%	None	None

	Alldays Library Phase 1					
27	Percentage maintenance of Tzaneen Library Phase 1	0%	100%	10%	90%	Scope required major amendment due to collapsing roof
28	Percentage maintenance of Groblersdal Library Phase 1	0%	100%	100%	None	None
29	Percentage maintenance of Mogwadi Library Phase 1	0%	100%	100%	None	None
30	Percentage maintenance of Mukondeli Library Phase 1	0%	100%	100%	None	None
31	Percentage maintenance of Soetfontein Library Phase 1	0%	100%	100%	None	None

32	Percentage maintenance of Musina Library Phase 1	0%	100%	100%	None	None
33	Percentage construction of new Makhado Agriculture extension offices – Vhembe District	0%	100%	90%	10%	Poor performance by the contractor
34	Percentage construction of Tzaneen Market stalls	0%	100%	100%	None	None
35	Percentage construction of Giyani Market stalls	0%	100%	100%	None	None
36	Percentage construction of Alley docking at Fetakgomo testing station	0%	100%	100%	None	None
37	Percentage construction of Alley docking at Aganang testing	0%	100%	100%	None	None

	station					
38	Percentage construction of substance abuse ward at Thabamooopo – Capricorn	0%	100%	87%	13%	The initial contractor was terminated
39	Percentage upgrading of Seshego High School	0%	100%	10%	90%	Poor performance by the contractor
40	Percentage upgrading Katane school –Capricorn	0%	100%	5%	95%	Prolonged procurement process
41	Percentage renovation of Education Block A & B	0%	60%	0%	60%	Renovations could not start as the buildings were still occupied by staff of the Department of Education
42	Percentage construction of Maupye Primary School – Capricorn	87%	100%	100%	None	None

43	Percentage construction of Mmasera Primary School – Capricorn	81%	100%	100%	None	None
44	Percentage construction of Deeside Secondary School – Mopani	60%	100%	100%	None	None
45	Percentage construction of Seunane Secondary School – Mopani	72%	100%	100%	None	None
46	Percentage construction of Botsoleni Secondary School – Vhembe	42%	100%	100%	None	None
47	Percentage upgrading Thushanang special School	20%	100%	85%	15%	Cash flow problems due to delayed payment of the contractor by the client, Poor performance by the contractor

48	Percentage upgrading of Lemana College - Waterberg	20%	80%	46%	34%	Delayed site handover due to SA Heritage Council assessment and approval that had to be conducted prior to the site hand over.
49	Percentage upgrading of Chloe Primary School	0%	100%	98%	2%	Cash flow problems due to non-payment of IDT by the client (LDoE)
50	Percentage upgrading of Matthew Phosa Secondary School	0%	35%	35%	None	None
51	Percentage upgrading of Moshokoa Secondary School	0%	100%	95%	5%	Cash flow problems due to non-payment of IDT by the client (LDoE)
52	Percentage upgrading of Maseke Primary School	0%	65%	56%	9%	Poor performance by implementing agent (IDT)

53	Percentage upgrading of Stanbury Primary School	0%	65%	99%	+34%	The contractor was in strong financial position.
54	Percentage upgrading of Manwagae Secondary School	0%	100%	100%	None	None
55	Percentage upgrading of Mbhureni Primary School	0%	100%	100%	None	None
56	Percentage upgrading of Mmankopana Primary School	0%	100%	100%	None	None
57	Percentage upgrading of Kubune Primary School	0%	65%	45%	20%	Poor performance by implementing agent (IDT)
58	Percentage upgrading of Kiletsa Primary School	0%	100%	100%	None	None
59	Percentage upgrading of	0%	50%	100%	+50%	The contractor was in strong

	Shotong Primary School					financial position.
60	Percentage upgrading of Mampeule Secondary School	0%	65%	100%	+35%	The contractor was in strong financial position.
61	Percentage upgrading of Dududu Primary School	0%	50%	90%	+40%	The contractor was in strong financial position.
62	Percentage upgrading of Manyuyu Primary School	0%	100%	55%	45%	Poor performance by implementing agent (IDT).
63	Percentage upgrading of Moleketla Primary School	0%	50%	37%	13%	Poor performance by implementing agent (IDT).
64	Percentage upgrading of Sekororo Primary School	0%	50%	93%	+43%	The contractor was in strong financial position
65	Percentage upgrading of Hoedspruit	0%	50%	43%	7%	Project started late due to unavailability of land

	Secondary School					
66	Percentage upgrading of Elias Masango Primary School	0%	100%	100%	None	None
67	Percentage upgrading of Nape-A-Ngoato High School	0%	100%	100%	None	None
68	Percentage upgrading of Nyaane Primary School	0%	100%	92%	8%	Poor performance by implementing agent (IDT)
69	Percentage upgrading of Tshweele Primary School	0%	100%	23%	77%	Poor performance by implementing agent (IDT)
70	Percentage upgrading of Itsoseng Primary School	0%	100%	0%	100%	Construction work never started due to dolomite condition on site
71	Percentage upgrading of Semoriri	0%	100%	0%	100%	Construction work never started due to dolomite

	Secondary School					condition on site
72	Percentage upgrading of Itirele Primary School	0%	65%	79%	+14%	The contractor was in strong financial position.
73	Percentage upgrading of Riba Primary School	0%	50%	25%	25%	Contractor delayed due to existing site conditions.
74	Percentage upgrading of Driekop Secondary School	0%	35%	11%	24%	Contractor delayed due to existing site conditions.
75	Percentage upgrading of Lesailane Secondary School	0%	50%	20%	30%	Contractor delayed due to existing site conditions.
76	Percentage upgrading of Sogane Secondary School	0%	100%	62%	38%	Cash flow problems due to non-payment of IDT by the client ( Department of Education )
77	Percentage upgrading of Kgokodibeng	0%	100%	83%	17%	Poor performance by implementing agent (IDT)

	Secondary School					
78	Percentage upgrading of Lehlabile Secondary School	0%	100%	69%	31%	Cash flow problems due to non-payment of IDT by the client (LDoE)
79	Percentage upgrading of Maokeng Secondary School	0%	65%	40%	25%	The strike by Numsa affected delivery of steel reinforcement to the contractor
80	Percentage upgrading of Mmutlane Secondary School	0%	40%	90%	+50%	The contractor was in strong financial position.
81	Percentage upgrading of Ntabane Secondary School	0%	100%	75%	25%	Poor performance by implementing agent (IDT)
82	Percentage upgrading of Mulweli Primary School	0%	65%	65%	None	None
83	Percentage upgrading of Livhuwani Primary	0%	100%	40%	60%	Poor performance by IDT

	School					
84	Percentage upgrading of Tshikota Secondary School	0%	50%	37%	13%	Poor performance by IDT
85	Percentage upgrading of Mudinane Secondary School	0%	65%	88%	+23%	The contractor was in strong financial position.
86	Percentage upgrading of Tshinavhe Secondary School	0%	65%	80%	+15%	The contractor was in strong financial position.
87	Percentage upgrading of Gogobole Primary School	0%	65%	45%	20%	Poor performance by implementing agent (IDT)
88	Percentage upgrading of Mkhachani Mzamani Primary School	0%	65%	89%	+24%	The contractor was in strong financial position.
89	Percentage upgrading of Muhuyuwathomba	0%	65%	58%	7%	Delayed access to existing classroom for renovation

	Secondary					
90	Percentage upgrading of Hasani Primary School	0%	100%	46%	54%	Poor performance by implementing agent (IDT)
91	Percentage upgrading of Denga Tshivhase Secondary School	0%	50%	75%	+25%	The contractor was in strong financial position.
92	Percentage upgrading of John Mbhedhle Secondary School	0%	65%	90%	+25%	The contractor was in strong financial position.
93	Percentage upgrading of Mphambo Secondary School	0%	100%	48%	52%	Malamulele community protest affected project implementation
94	Percentage upgrading of Tshadama Secondary School	0%	65%	65%	None	None
95	Percentage upgrading of Matamela Primary School	0%	100%	50%	50%	Incorrect reporting by implementing agent (IDT)

						Cash flow problems due to non-payment of IDT by the client (LDoE)  Malamulele community protest affected project implementation
96	Percentage upgrading of Tielelo Secondary School	0%	50%	100%	+50%	The contractor was in strong financial position.
97	Percentage upgrading of Bakgalaka Lower Primary School	0%	100%	100%	None	None
98	Percentage upgrading of Mphari Secondary School	0%	100%	0%	100%	Incorrect reporting by implementing agent (IDT)  Contract terminated
99	Percentage upgrading of Moyaneng	0%	100%	75%	25%	Cash flow problems due to non-payment of IDT by the client

	Secondary School					(LDoE)
100	Percentage upgrading of Magalakwistroom Primary School	0%	100%	100%	None	None
101	Percentage upgrading of Makgenene Secondary School	0%	100%	45%	55%	Poor performance by implementing agent (IDT)
102	Percentage upgrading of Boshatolo Primary School	0%	100%	80%	20%	Cash flow problems due to non-payment of IDT by the client (LDoE)
103	Number of Facilities Inspected for Conditional Assessment as per U-AMP		800	1377	+577	None

#### Reason for deviations

15 projects from the original IPMP submitted by the client department were withdrawn due to lack of budget. 8 projects were in the fourth quarter, while 7 were in the previous quarters. Late confirmation of budget for library renovation and maintenance projects; Changes in designs for new library projects; Poor performance of the implementing agent (IDT). Cash flow problems due to non-payment of IDT by the client (LDoE)

### **Strategy to overcome areas of under performance**

The Department will implement project management information system which contain a payment tracking function to reduce the late payment of service providers. The Department will continue to enforce the conditions of the contract on the delivery of project Department's should provide the strategies to address under performance.

### **Changes to planned targets**

### **Linking performance with budgets**

### **Sub-programme expenditure: Construction Management**

Sub-Programme Name	2013/2014			2014/2015		
	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
<b>Construction Management</b>	61, 667	60, 549	1, 118	92 979	93 203	-224
<b>Total</b>	<b>61, 667</b>	<b>60, 549</b>	<b>1, 118</b>	<b>92 979</b>	<b>93 203</b>	<b>-224</b>

#### 4.5 Programme 3: Expanded Public Works Programme

##### **Strategic objectives, performance indicators, planned targets and actual achievements**

The purpose of this programme is to co-ordinate the Expanded Public Works Programme in the Province. This involves evaluating business plans, monitoring implementation, facilitating training and reporting progress on all EPWP programmes in the Province.

##### **Strategic objectives:**

Programme Name: Expanded Public Works Programme					
Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Coordinated and attained EPWP job creation	3	4	4	4	None

**Performance indicators**

Programme / Sub-programme: Expanded Public Works Programme						
	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
1	Number of Work opportunities created by the Department through incentive and NYS	<b>500</b>	1000	1385	+385	The Chief Directorate agrees that the annual target of 1000 work opportunities was exceeded with 385. The reason for the over archiving the target was that, during the adjustments period, the component was given extra R1 million. Hence more jobs were created to benefit the poor and unemployed communities

2	Number of full time equivalents (FTEs) created by the Department	-	446	446	None	None
3	Number of Public bodies reporting on EPWP targets within the province to create 145,410 work opportunities	-	40	40	None	None
4	Number of interventions implemented to support Public Bodies in the creation of targeted number of work opportunities in the province	-	52	52	None	None

**Strategy to overcome areas of under performance**

None

**Changes to planned targets**

None

**Linking performance with budgets**

**Sub-programme expenditure**

	2013/2014			20XX/20YY		
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
Expanded Public Works Programme	30, 149	30, 057	0, 092	R40,808	R38,337	R2,471
Total	<b>30, 149</b>	<b>30, 057</b>	<b>0, 092</b>	<b>R40,808</b>	<b>R38,337</b>	<b>R2,471</b>

#### 4.6 Programme 4: Roads Infrastructure

##### **Strategic objectives, performance indicators, planned targets and actual achievements**

The purpose of this programme is to implement roads infrastructure management in the Province. This involves evaluating business plans, monitoring implementation and reporting progress on all roads infrastructure management programmes in the Province including transfers allocations to the Roads Agency Limpopo.

##### **Strategic objectives:**

Programme Name: Roads Infrastructure					
Strategic objectives	Actual Achievement t 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
improved accessibility and mobility through construction and maintenance of sustainable roads infrastructure by 2020	-	13	3	10	Reconfiguration process whereby the department only had 5 months to implement

**Performance indicators**

<b>Programme / Sub-programme:</b>						
	<b>Performance Indicator</b>	<b>Actual Achievement 2013/2014</b>	<b>Planned Target 2014/2015</b>	<b>Actual Achievement 2014/2015</b>	<b>Deviation from planned target to Actual Achievement for 2014/2015</b>	<b>Comment on deviations</b>
<b>1</b>	Number of kilometers of gravel roads upgraded to surface roads	-	78	44	34	Slow progress on site due to unavailability of material
<b>2</b>	Number of lane-kilometers of surfaced roads re-habilitated	-	86	124.3	+38.3	Slow progress on site due to unavailability of material
<b>3</b>	Number of square metres of surfaced roads re-sealed	-	1 860 000	389.208	1 470 792	Slow progress on site due to unavailability of material
<b>4</b>	Number of kilometres of gravel roads re-gravelled	-	90	141.8	+51.8	The project was highly

						prioritised in preparation for rainy season and to address flood damaged roads.
<b>5</b>	Number square meters of blacktop patching (including pothole	-	67 000	96 871	+29 871	More potholes were patched in the 3rd quarter to keep the road network safe
<b>6</b>	Number of kilometres of gravel roads bladed	-	87 500	71 155.72	16 344.28	Achievement of the target was due to low plant availability as result of breakdowns

**Performance indicators: Community Based Programme**

<b>Programme / Sub-programme:</b>						
	<b>Performance Indicator</b>	<b>Actual Achievement 2013/2014</b>	<b>Planned Target 2014/2015</b>	<b>Actual Achievement 2014/2015</b>	<b>Deviation from planned target to Actual Achievement for 2014/2015</b>	<b>Comment on deviations</b>
<b>1</b>	Number of jobs created		22 651	14 699	-7 952	Delays in project approval processes
<b>2</b>	Number of full time equivalents (FTEs)		13 212	5 055	-8 157	Delays in project approval processes
<b>3</b>	Number of youth (18-35) employed		7 580	8 746	+1 166	Delays in project approval processes
<b>4</b>	Number of women employed		10 423	9 569	-854	Delays in project approval processes

5	Number of people living with disabilities employed		379	0	-379	Delays in project approval
6	Number of new community based projects implemented		35	24	-11	Delays in project approval
7	Lane km of access roads per annum		40	18	-22	Delays in project approval

#### Reasons for all deviations

The Department experienced challenges with the finalisation of the procurement processes for the implementation of the Access Roads upgrading projects, purchase of roads maintenance/construction plant and equipment as well as term contracts for key road maintenance material items.

The Department further experienced low availability of plant due to the ageing machinery and mechanical failure. Slow progress on site by contractors implementing road preventative maintenance and upgrading project also contributed to the non-achievement of targets set.

Approval to implement the road programmes received from the intervention team in the third quarter.

#### **Strategy to overcome areas of under performance**

The roads projects implemented by the Department will be implemented through the Development Bank of Southern Africa (DBSA) as part of the existing memorandum of understanding between the two parties. It is

envisaged that through this initiative, challenges experienced due to capacity constraints within the Supply Chain Management will be minimised and or eliminated.

To deal with the challenge of aged machinery, the Department is will procure 25 new graders and other machinery in the 2015/16 financial year. The repairing of the machinery through the RT46 contract improved the turnaround time for repairs and the Department will continue to liaise with all merchants to streamline their processes to fast track the repairs of the Departmental road maintenance machinery. Other resourcing methods of plant hiring through term contracts will be implemented in order to augment the existing departmental plant.

Critical road maintenance material items have been identified for possible procurement through term contracts in order to speed up delivery of services in the area of roads maintenance and ensure a safer provincial road network.

**Changes to planned targets**

None

**Linking performance with budgets**

**Sub-programme expenditure**

	2013/2014			2014/2015		
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
	-	-	-	2 046 712	1 845 634	201 078
<b>Total</b>				<b>2 046 712</b>	<b>1 845 634</b>	<b>201 078</b>

**4.7 Customised Sector Indicators Report:**

Programme performance Measure	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Compiled and submitted compliant C-AMP as per requirement of Provincial Treasury	1	1	1	None	None
Number of detailed designs completed	5	8	12	+4	Client Departments added four

					more projects
Number of projects completed within the agreed time period	15	72	64	8	Projects withdrawn, delays in confirming projects
Number of projects completed within agreed budget	15	72	64	8	Projects withdrawn, delays in confirming projects
Number of unplanned maintenance projects completed	-	3 000	6 162	+3 162	More calls were logged on unplanned maintenance
Number of planned maintenance projects completed within budget	-	2	0	0	Budget constraints
Number of planned maintenance projects completed within the agreed contract period	-	2	0	0	Budget constraints
Number of planned maintenance projects awarded.	-	1	0	0	None
Number of	0	1 050	1 178	None	None

immovable assets recorded in the IAR in accordance with the mandatory requirements of National Treasury					
Number of properties receiving facilities management services	0	0	0	None	None
Number of EPWP work opportunities created by the Provincial Department of Public Works/Roads	512	1 000	1 385	+385	More work opportunities were created
Number of full time equivalents (FTEs) created by the Provincial Department of Public Works/Roads	115	446	446	None	None
Number of Beneficiary Empowerment Interventions	300	0	0	None	None
Number of public bodies reporting on	0	40	40	0	Intensive engagements

EPWP targets within the Province					with Municipalities lead to all implementing bodies began to report on EPWP
Number of interventions implemented to support public bodies in the creation of targeted number of work opportunities in the province	0	52	52	None	None
Number of condition assessments conducted on state-owned buildings	0	800	1377	577	More requests from client departments

## 5. TRANSFER PAYMENTS

### 5.1. Transfer payments to public entities

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
Roads Agency Limpopo	Planning, Design, construction and maintenance of provincial roads and bridges	1 107 316	914 642	82.6%

The Roads Agency Limpopo (RAL) is the implementing Agent responsible for planning, design, construction and maintenance of provincial roads and bridges.

RAL is listed as a schedule 3C provincial public entity in terms of Public Finance Management Act (PFMA) 1999, Act No.1 of 1999 and also Chapter 16A of the Treasury Regulations is applicable to this entity. RAL is further governed by the Northern Province Roads Agency Act, Act 7 of 1998 as amended by Act. No.3 of 2001.

To ensure that plans and systems developed to regulate the transfers are adequately and effectively implemented to achieve the set objectives in terms of Public Finance Management Act section 38(1) (j) and Treasury Regulation paragraph 8.4 requirements, the following monitoring processes/tools are applied to:

- Roads Agency Limpopo submits Business Plan, Strategic Plan and Infrastructure Plan to justify the funds required to achieve the set objectives. For the Department to transfer funds, they must ensure that requirements of section 38(1) (j) of the PFMA are adhered to.
- A submission is made to the National and Provincial Treasury through the Department, Treasury must satisfy that funds are for the budgeted projects in the current financial year. After the budget has been approved including the infrastructure plan the Department must communicate to Roads Agency Limpopo.
- Upon the receipt of the budget letter from Department, Road Agency Limpopo submits cash flow projections for the identified projects in the infrastructure plan. Upon approval of the budget the funds are transferred to RAL on the basis of cash flow projections. The Head of Department's written approval is granted before funds are transferred to Road Agency Limpopo
- In order to ensure accountability, RAL is expected to submit monthly and quarterly progress reports to the Department. The Road Agency Limpopo enter into an agreement through the Shareholders Compact, outlining the responsibilities for both parties.

**5.2. Transfer payments to all organisations other than public entities**

Not Applicable

**6. CONDITIONAL GRANTS**

**6.1. Conditional grants and earmarked funds paid**

The table below describes each of the conditional grants and earmarked funds paid by the department.

**Conditional Grant 1: Not applicable**

Department who transferred the grant	
Purpose of the grant	
Expected outputs of the grant	
Actual outputs achieved	
Amount per amended DORA	
Amount received (R'000)	
Reasons if amount as per DORA was not received	
Amount spent by the department (R'000)	

Reasons for the funds unspent by the entity	
Reasons for deviations on performance	
Measures taken to improve performance	
Monitoring mechanism by the receiving department	

## 6.2. Conditional grants and earmarked funds received

The table/s below details the conditional grants and ear marked funds received during for the period 1 April 2014 to 31 March 2015.

### Conditional Grant 1: EPWP Incentive grant

Department/ Municipality to whom the grant has been transferred	<b>LDPWRI-EPWP</b>
Purpose of the grant	To incentivise provincial departments to increase job creation efforts through the use of labour-intensive methods and the expansion of job creation in line with the Expanded Public Works Programme (EPWP) guidelines

Expected outputs of the grant	<ul style="list-style-type: none"> <li>• <b>Improved quality of life of unemployed people and increased social stability through engaging the unemployed in paid work and productive activities</b></li> <li>• <b>Injection of cash into local economy</b></li> <li>• <b>Reduced levels of poverty</b></li> <li>• <b>Increased levels of employment</b></li> </ul>
Actual outputs achieved	A total of 942 WO created for the needy and vulnerable in the Province
Amount per amended DORA	R2 252 000
Amount transferred (R'000)	R2 252 000
Reasons if amount as per DORA not transferred	<b>None</b>
Amount spent by the department/ municipality (R'000)	<b>100%</b>
Reasons for the funds unspent by the entity	<b>None</b>
Monitoring mechanism by the transferring department	<b>Quarterly reports</b>

## Conditional Grant 2: Provincial Roads Maintenance Grant

Department/ Municipality to whom the grant has been transferred	<b>Department of Public Works, Roads and Infrastructure</b>
Purpose of the grant	<ul style="list-style-type: none"> <li>To supplement provincial investments for preventative, routine and emergency maintenance</li> </ul>
Expected outputs of the grant	<ul style="list-style-type: none"> <li>Road classification processes 100 per cent completed by the end of 30 September 2014</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>Road classification process and submission of road condition data/report by 29 August 2014:</li> </ul>
Amount per amended DORA	<b>R1 173 861</b>
Amount transferred (R'000)	<b>R1 173 861</b>
Reasons if amount as per DORA not transferred	<b>None</b>
Amount spent by the department/ municipality (R'000)	<b>R1 046 141</b>
Reasons for the funds unspent by the entity	<b>The under expenditure (below 100%) was due to bulk of the projects being at procurement and early construction stages, mainly as a result of delays in procurement processes.</b>

Monitoring mechanism by the transferring department

- Assess and evaluate all provinces Road Asset Management Plans (RAMP) and give feedback to provincial departments
- The DoT in partnership with the national Department of Public Works will assess business plans to ensure expanded Public Works Programme (EPWP) guidelines. In addition, the two departments will monitor and assess the performance on the S'hamba Sonke and EPWP by provincial departments
- Assess and approve the submissions from provinces regarding the use of the maximum of R10 million for RAMS and capacity building of their infrastructure units
- Submit quarterly performance reports to National Treasury and the National Council of Provinces within 45 days after the end of each quarter
- Submit a grant evaluation report to National Treasury 120 days after the end of the financial year

## **7. DONOR FUNDS**

### **7.1. Donor Funds Received**

The Department did not receive Donor funds.

## **8. CAPITAL INVESTMENT**

### **8.1. Capital investment, maintenance and asset management plan**

#### **Capital investment, maintenance and asset management plan**

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

Infrastructure projects are implemented as per the Roads Asset Management Plan (RAMP). The planning of the Department is informed by the Municipal Infrastructure Development Plans (IDPs) as well as the Road Management System (RMS). The RAMP is updated on a regular basis, as per DoRA requirements and submitted to the Provincial Treasury, the National Department of Transport and the Departments of Public Works.

The following are information on infrastructure projects which have been completed during 2014/2015 Financial Year and the progress in comparison to what was planned at the beginning of the year; and reasons for material variances (2% variance)

A total of 25 preventative maintenance and road rehabilitation projects were completed during the period under review through which 124.5 lane-kilometres of roads were rehabilitated against a target of 90 lane-kilometres and 389 208 Square metres of were re-sealed.

6 Major road and 4 access road upgrading projects were completed. In this regard, a total of 50.5 kilometres were upgraded from gravel to surface standard.

The Department implemented 17 households projected against the target of 25. The programme is implemented on a continuous basis and projects are linked to local municipalities. This programme was initiated to address the backlog of roads infrastructure maintenance by improving the livelihood of indigent community members.

The Department experienced challenges with the finalisation of the procurement processes for the implementation of the Access Roads upgrading projects, purchase of roads maintenance/construction plant and equipment as well as term contracts for key road maintenance material items.

The Department further experienced low availability of plant due to the ageing machinery and mechanical failure. Slow progress on site by contractors implementing road preventative maintenance and upgrading project also contributed to none achievement of set targets.

**Infrastructure projects that are currently in progress (list projects) and when are they expected to be completed.**

26 preventative maintenance, roads upgrading and bridge construction projects were under implementation during the 2014/15 financial year and were at various stages of construction at year end. The projects are multi-financial year and will be finalized during the 2015/16 financial year.

## **Plans to close down or down-grade any current facilities**

None

## **Progress made on the maintenance of infrastructure**

The Department implemented seventeen (17) routine road maintenance household projects which encompassed 5 100 kilometres of roads. The main aim of these projects is to assist and support Departmental Cost Centre teams with grass cutting, clearing of drainage structures, repairing of fences and potholes.

The Department implemented in-house household projects through the EPWP Incentive Grant where sixty (60) beneficiaries per Cost Centre were employed. The main aim of these projects is to assist and support Departmental Cost Centre teams with grass cutting, clearing of drainage structures, repairing of fences and pothole repairs.

Three (3) pothole patching projects were outsourced that covered five (5) local municipalities.

The Department continued to conduct routine maintenance through Departmental Cost Centres, which included pothole patching, blading of gravel roads, re-gravelling. 25 Preventative Maintenance projects were implemented during the 2014/15 financial year.

### **Developments relating to the above that are expected to impact on the department's current expenditure.**

The above mentioned projects will assist the Department to address some of the maintenance backlogs as well as improving current expenditure.

### **Details as to how asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft**

To date the provincial network is about 20 260 km. This is after the transfer of 1 628 km hence the paved network after transfer to SANRAL is about 5 928 km and 14 332 unpaved. The bulk of the unpaved roads are situated in deep rural areas. The Department has huge backlog in maintenance, rehabilitation and upgrading of its road infrastructure.

### **Measures taken to ensure that the department's asset register remained up-to-date during the period under review**

- The province has completed the road reclassification in 2013/14 financial year.
- 7 556 kms paved network assessed in 2012/13 financial year.
- 5 928km paved network to be assessed in 2014/15 financial year.
- 14 332 kms of unpaved network assessed in 2013/14 financial year.
- 144 bridges assessed in 2013/14 financial year.
- About 160 bridges to be assessed in 2014/115 financial.
- Total number of bridges on RAL network is 733. All to be inspected within the 5 year cycle.

**The current state of the department’s capital assets, for example what percentage is in good, fair or bad condition?**

Roads condition since 2010 compared to the 2013 RMS changed as follows:

- Poor to Very poor increased from 6% to 20%
- Fair decreased from 39% to 29%
- Good decreased from 46% to 33%
- Very Good increased from 8% to 18%

**Major maintenance projects that have been undertaken during the period under review**

25 preventative maintenance projects were implemented during the financial year under review.

<b>Visual Condition Distribution of the Paved Road Network</b>							
	<b>% Length per year</b>						
	<b>1996</b>	<b>1997</b>	<b>2000</b>	<b>2004</b>	<b>2007</b>	<b>2010</b>	<b>2013</b>
Very Good	10%	14%	16%	23%	30%	8%	18%
Good	62%	50%	34%	37%	36%	46%	33%
Fair	23%	29%	32%	29%	25%	39%	29%
Poor to very poor	5%	7%	18%	10%	7%	6%	20%

The Province currently has 20 260 km of roads out of which 5 928 km are tarred and 14 332 km is gravel. 1 628 Kilometres were transferred to SANRAL. The transferred roads are strategic roads that serves national interests

During the past two financial years, the Department was unable to implement preventative maintenance projects in line with RMS requirements. This led to the increase in the maintenance backlogs.

Roads condition since 2010 compared to the 2013 RMS changed as follows:

- Poor to Very poor increased from 6% to 20%
- Fair decreased from 39% to 29%
- Good decreased from 46% to 33%
- Very Good increased from 8% to 18%

Infrastructure projects	2013/2014			2014/2015		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
New and replacement assets	89 809	83 326	6 483	73 115	64 860	8 255
<b>Existing infrastructure assets</b>						
- Upgrades and additions	539 477	142 517	396 960	533 972	406 728	127 244
- Rehabilitation, renovations and refurbishments	125 777	97 097	28 680	266 969	213 521	53 448
- Maintenance and repairs	1 038 404	1 007 441	30 963	1 199 256	826 001	373 255
<b>Infrastructure transfer</b>						
- Current	1 038 404	1 007 441	30 963	370 992	297 498	73 494

- Capital	755 063	322 940	432 123	736 324	617 144	119 180
<b>Total</b>	<b>1 793 467</b>	<b>1 330 381</b>	<b>463 086</b>	<b>1 107 316</b>	<b>914 642</b>	<b>192 674</b>

The department planned to complete 86 projects, however the department managed to complete 36 projects. The challenges include the following:

- 15 projects were withdrawn from the original APP.
- Poor performance by the contractors
- Delayed payment by the client (affected the cash flow of contractors)
- Confirmation of projects received in June 2014
- Termination of poor performing contractors

Infrastructure projects that are currently in progress are 64 and are expected to be completed in 2015/16 financial year.

Infrastructure projects	2013/2014			2014/2015		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
New and replacement assets	-	-	-			
Existing infrastructure assets	-	<b>50, 396</b>	--			
- Upgrades and additions	-	-	-			

- Rehabilitation, renovations and refurbishments	-	<b>47, 152</b>	-			
- Maintenance and repairs	-	<b>3, 244</b>	-			
Infrastructure transfer	-	-	-			
- Current	-	-	-			
- Capital	-	-	-			
<b>Total</b>		<b>50,396</b>	-			



# PART: C GOVERNANCE

## **PART C: GOVERNANCE**

---

### **1. INTRODUCTION**

The Department has established the following governance structures to ensure effective, efficient and economic use of state resources: Executive Management Committee which is responsible for making strategic decisions and monitors the overall performance of the department. Audit Committee has a responsibility to provide an oversight on financial and non-financial performance of the department as well as compliance with applicable rules and regulations.

Internal Audit is responsible for the evaluation of the adequacy internal controls and compliance with applicable rules and regulations, and assessment of key risk areas and advises the Accounting Officer accordingly. Risk Management Committee has been established to monitor and evaluate the implementation the risk management plan of the department and to review control measures to mitigate identified risks.

The Audit Steering Committee has been established to oversee the implementation of the audit programmes from both the Internal Audit and Office of the Auditor-General to ensure the smooth running of the audit.

Standing Committee on Public Accounts (SCOPA) is the committee of the legislature responsible for the task of making sure that the executive is implementing agreed policies and spending public money raised through taxes properly. Portfolio Committee is the committee which provides oversight and holds the department accountable for the achievement of goals and objectives.

## 2. RISK MANAGEMENT

The Department is guided, in its risk management practices, by the Public Finance Management Act, National Treasury Risk Management Framework and the Provincial Risk Management Framework. The Department has reviewed the Enterprise Risk Management Policy and the risk management strategy which includes the fraud prevention plan. The policy has been communicated to staff members and distributed throughout the department.

The Department is continuously conducting training and education on risk management related activities for continuous improvement.

The Department conducts both strategic and operational risk assessments on annual basis to identify new and emerging risks. The risk mitigation plan is monitored on a continual basis and progress on the implementation of the plan is reported to the Audit Committee on a quarterly basis for oversight and evaluation of the effectiveness of the risk management processes. The committee advises the department on unacceptable levels of risk.

The Department has established the Risk Management Committee which is comprised of the executive management of the department, internal auditors and transversal risk management officers. The Department has reviewed the Risk Management Committee charter in line with Treasury Instruction Note 13 of 2012 issued by Provincial Treasury.

The Department report progress on risk management activities to the Audit Committee meetings which are held on quarterly basis. The Audit Committee interrogates the risk management report and adopts resolutions which have been implemented by the management of the department.

During the year under review there was tremendous progress achieved since most risks which were rated high were adjusted to medium and the set goals and objectives were realised.

### **3. FRAUD AND CORRUPTION**

The Department has reviewed and implemented the fraud prevention plan. Fraud training, education and awareness workshops were conducted throughout the department including district offices and cost centres. The Department has continuously implemented the fraud and corruption prevention strategy.

The Department has established an Integrity Management Unit to deal with fraud risk management. The Department has reviewed the Whistle Blowing policy. The National Hotline has been popularised amongst all staff members and reported cases are investigated and finalised within the prescribed turnaround time. All reported cases of fraud and corruption have been investigated and finalised.

Fraud and corruption related cases are reported through the National Anti-Corruption Hotline. Cases are registered in the case register and assigned to investigating officers. Criminal cases are reported to law enforcement agencies and misconduct cases are dealt with through the internal disciplinary processes.

### **4. MINIMISING CONFLICT OF INTEREST**

The Public Service Act No.103 of 1994 as amended requires Senior Management Service (SMS) members to complete financial disclosure form on annual basis. The Department started implementing e-Disclosure System for SMS members during the 2013/14 financial year. Financial Disclosure has been extended to all employees in the department in term of the policy on remunerative work outside the Public Service. No official or employee shall perform or engage himself or herself to perform remunerative work outside his or her employment in the public service, without permission granted by the relevant executing authority or an officer authorised by the said authority.

The Department has continuously implemented the policy on Remunerative work outside public service. The purpose of this policy is to encourage employees to seek approval from the Executive Authority to conduct remunerative work and for the declaration of financial interest as provided for in the Public Service Code of Conduct. On a yearly basis the department issues a circular to remind employees to disclose their financial interest and to seek approval to conduct remunerative work.

Members of the Bid Specification, Bid Evaluation and Bid Adjudication Committees have signed the Code of Conduct and are required to declare their financial interest annually. Staff members as well as officials rendering administrative support such as recruitment are required to complete declaration form. The Department has implemented Instruction Notes issued by Provincial Treasury relating to Supply Chain Management.

## **5. CODE OF CONDUCT**

The primary purpose of the Code of Conduct is to promote ethical behaviour as exemplary conduct. In order to promote a high standard of professional ethics in the workplace, public servants are encouraged to think and behave ethically. The Department has distributed the Code of Conduct to all staff members in the department.

New employees are inducted during the first week of entry. The Department has developed a yearly programme to create awareness on the Code of Conduct for head office and district offices. The Code of Conduct addresses issues pertaining to relationships with Legislature, the general public, performance of duties, personal conduct and personal interests. Any reported transgressions of the Code of Conduct are dealt with in terms of the Public Service Disciplinary Code and Procedures.

## **6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES**

The Department of Public Works, Roads and Infrastructure in Limpopo Province is committed to provide and implement safety, Healthy, Environmental, quality measures to ensure the health and safe working environment for employees, and visitors. The Department is responsible and committed to preventing Occupational injuries and diseases in the workplace, continually providing Health and Safety operational procedures to minimize safety hazards in a safe manner and in compliance with relevant SHERQ legislations, Regulations, Codes, Standards and Practices

## 7. PORTFOLIO COMMITTEES

The Quarterly reports were presented to the Portfolio Committee and the meetings between the Department and the Portfolio Committee were held as follows:

Date of the meeting	Meetings postponed	Matters for discussion
21/08/2014	-	Briefing On 2014/2015 Annual Performance Plan And Budget
-	30/10/2014	2013/2014 2 <sup>nd</sup> , 3 <sup>rd</sup> And 4 <sup>th</sup> Quarterly Report And 2013/14 Annual Report
06/11/2014	-	2013/2014 2 <sup>nd</sup> , 3 <sup>rd</sup> And 4 <sup>th</sup> Quarterly Report And 2013/14 Annual Report
-	19/11/2014	Briefing by the Department On 1 <sup>st</sup> And 2 <sup>nd</sup> Quarter Reports And Budget
20/11/2014	-	Briefing by The Department On 1 <sup>st</sup> And 2 <sup>nd</sup> Quarter Reports And Budget
-	04/12/2014/cancelled	
-	27/02/2015	Briefing by the Department on 3 <sup>rd</sup>

		Quarter
13/03/2015	-	Briefing by the Department on 3 <sup>rd</sup> Quarter

## 8. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
1(a)	<p><b><u>Immovable tangible capital assets</u></b></p> <p>The Committee heard and considered evidence that the Auditor-General was unable to obtain sufficient appropriate audit evidence on the adjustments made to the immovable tangible capital assets reflected at R2 020 150 000.</p>	<p>The Accounting Officer must also take appropriate action against the responsible officials.</p> <p>The Accounting Officer must conduct proper management of assets as required by PFMA, including the development of credible and reliable asset management register, and filing and record management system.</p> <p>The Accounting Officer must also develop a system to properly</p>	<p>The General Manager responsible for Properties and Facilities Management has been suspended and charged.</p> <p>The Department has appointed a service provider (PWC-Rakoma) to assist the department in resolving issues raised by AG regarding the immovable assets</p> <p>The Department wrote letters to different local municipalities to include a list of properties not appearing in the municipal</p>	No

		<p>record, reconcile and verify assets. The Accounting Officer must also implement proper control systems to safeguard and maintain assets of the department.</p>	<p>valuation rolls. The department is rechecking the information received from local municipalities' valuation rolls for reconciliation purposes.</p> <p>The issue of assets valued at R1 is treated in terms of the provisions in the Sector Guide.</p> <p>The Department has appointed the services of Ernest and Young to conduct immovable asset verification.</p>	
<b>1(b)</b>	<p><b><u>Movable tangible capital assets</u></b></p> <p>The Committee heard and considered evidence that the Auditor-General was unable to obtain sufficient appropriate audit evidence on the completeness of movable tangible capital assets amounting to R1 021 332. The Auditor-General's opinion on the current period's financial statements is also modified because of the possible effect of this matter on the current period's</p>	<p>The MEC must take appropriate action against the Accounting Officer as required by PFMA.</p> <p>The Accounting Officer must also take appropriate action against the responsible officials.</p> <p>The Accounting Officer must conduct proper management of assets as required by PFMA,</p>	<p>A final written warning was issued to the Senior Manager- Logistics and Asset Management in April 2014, and the Department is also in the process of instituting disciplinary hearing for both the Senior Manager and the Manager.</p> <p>The Department is currently reconciling the Excel Spread sheet Asset</p>	No

	figures disclosed at R101 807 000 (2011: R121 931 000) as per disclosure note 43 to the annual financial statements.	including the development of credible and reliable asset management register, and filing and record management system. The Accounting Officer must also develop a system to properly record, reconcile and verify assets. The Accounting Officer must also implement proper control systems to safeguard and maintain assets of the department.	register and the Asset register compiled by using the Baud Electronic System. The Department is currently reconciling the Excel Spread sheet Asset register and the Asset register compiled by using the Baud Electronic System.	
1(c)	<p><b><u>Asset and liability Management</u></b></p> <p>The Committee heard and considered evidence that the Accounting Officer did not implement proper control systems for the safeguarding and maintenance of assets to prevent theft, losses, wastage and misuse as required by TR 10.1. The Committee is concerned that improper management of assets was also a challenge in the previous financial years.</p>	The Committee recommends that the MEC must institute an investigation on why officials did not submit adequate and appropriate documentations during the time of the audit to support the completeness, accuracy and valuation of assets. The MEC must take appropriate action	<p>The Department has introduced the BAUD System to replace the Excel based Spread sheet to record all movable assets and conducted asset verification using electronic scanners.</p> <p>The Department is currently reconciling the Excel Spread sheet Asset register and the Asset register compiled by using</p>	No

		<p>against the Accounting Officer as required by PFMA.</p> <p>The Accounting Officer must also take appropriate action against the responsible officials.</p> <p>The Accounting Officer must conduct proper management of assets as required by PFMA, including the development of credible and reliable asset management register, and filing and record management system.</p> <p>The Accounting Officer must also develop a system to properly record, reconcile and verify assets.</p>	the Baud Electronic System.	
2.	<p><b><u>Provisions</u></b></p> <p>The Committee heard and considered evidence that the department did not maintain an age analysis for the rental receivables balance of R15 228 000 as disclosed in note 34.1 to</p>	<p>The Committee recommends that the Accounting Officer must take appropriate action against the responsible officials.</p> <p>The Accounting Officer must maintain and</p>	The Senior Manager-Lease and Municipal services was issued with a disciplinary enquiry letter to account for failure to maintain and update an age analysis for rental receivables.	No

	<p>the financial statements. As a result, the Auditor-General was unable to determine the adequacy of the impairment provision of R587 000 (2011: R263 000) as disclosed in note 40 to the financial statements.</p> <p>The Committee noted with concern that age analysis which was kept in the files of individual debtors was not disaggregated when the total debt to the department was disclosed in the Annual Financial Statement.</p>	<p>update an age analysis for the rental receivables, including the development of proper record management system which is regularly updated.</p> <p>The Accounting Officer must develop and implement proper plan and procedures to collect all debtors before they are written-off.</p>	<p>The Senior Manager-Lease Management has since left the department or terminated his employment contract with the department with effect from 31<sup>st</sup> January 2015.</p> <p>The Department is now able to impair the debtors and provide debtor's ageing analysis through an Excel spreadsheet designed for that purpose.</p>	
3.	<p><b><u>Financial Leases</u></b></p> <p>The Committee heard and considered evidence that the Departmental reporting framework, requires a lease to be classified as a finance lease if at the inception of the lease the present value of the future minimum lease payments amounts to at least a significant portion of the fair value of the asset.</p>	<p>The Committee recommends that the Accounting Officer must develop procedures for proper classification of finance leases.</p> <p>The Accounting Officer must report on the decision taken by the Provincial Account</p>	<p>The Department has developed internal control measures to outline procedures on detection, disclosing and proper classification of Leases on the Financial Statements.</p> <p>The Provincial Account-</p>	Yes

		General on finance leases.	General has advised the department to disclose the property in question as a financial lease in terms of the framework.	
4.	<p><b><u>Receivables</u></b></p> <p>The Committee heard and considered evidence that the Auditor-General was unable to obtain sufficient appropriate audit evidence on transactions amounting to R6 842 000. Consequently, the Auditor-General was unable to determine whether any adjustments to this amount were valid.</p>	<p>The Committee recommends that the Accounting Officer must take appropriate action against the responsible officials.</p> <p>The Accounting Officer must develop an effective system of control over receivables for departmental revenue for proper allocation of receivables, collection and reconciliation of debtors.</p> <p>The Accounting Officer</p>	<p>The Senior Manager-Lease and Municipal services was issued with a disciplinary enquiry letter to account for failure to properly manage the department receivables (Arrear rental).</p> <p>The Senior Manager-Lease Management has since left the department or terminated his employment contract with the department with effect from 31<sup>st</sup> January 2015.</p> <p>The following progress have been recorded to address the issue of rental</p>	No

		<p>must develop an effective record management system, and take appropriate steps to recover all debts before they can be written-off.</p>	<p>receivables:</p> <ul style="list-style-type: none"> <li>• The department has designed a template for the accounting of rental receivables for 2013/14 financial;</li> <li>• The balances on rental receivable accounts have been confirmed by district offices</li> <li>• The department is now able to impair its debtors</li> <li>• The department is able to provide information on ageing analysis on debtor's accounts through an Excel Spreadsheet;</li> </ul>	
--	--	--	---	--

<p><b>5.</b></p>	<p><b><u>Accruals</u></b></p> <p>The Committee heard and considered evidence that an amount of R2 595 000 (2011: R11 328 000) is payable by the department to municipalities in the province for arrear rates and taxes. The amount as disclosed on the annual financial statements does not agree to the amount of R41 698 674 confirmed by the municipalities.</p>	<p>The Committee recommends that the Accounting Officer must take appropriate action against the responsible officials.</p> <p>The Accounting Officer must develop system of control over accruals, and ensure that accruals are reconciled and properly recorded.</p>	<p>The Department reconciled municipal individual accounts to the Immovable Asset Register. Discrepancies identified during the reconciliation process are being followed with affected municipalities to resolve them.</p>	<p>Yes</p>
<p><b>6.</b></p>	<p><b><u>Irregular Expenditure</u></b></p> <p>The Committee heard and considered evidence that due to inadequate implementation of an appropriate procurement and provisioning system, the Auditor-General was unable to obtain sufficient appropriate evidence that the irregular expenditure of R30 454 000 as disclosed in note no 35 to the annual financial statements is complete.</p>	<p>The Committee recommends that the MEC must take appropriate action against the Accounting Officer.</p> <p>The Accounting Officer must take appropriate action against the responsible officials, including the recovery of irregular expenditure which cannot be condoned as required</p>	<p>The Department made a submission to Provincial Treasury for condonation of the irregular expenditure incurred during the 2011/12 financial year under review.</p>	<p>Yes</p>

		<p>by Treasury Regulation.</p> <p>The Accounting Officer must take effective steps to detect and prevent irregular expenditure and also develop and implement systems and procedures to ensure that all officials comply with procurement and contract management rules and regulations.</p>		
7.	<p><b><u>Significant Uncertainty</u></b></p> <p>The Committee heard and considered evidence that the department is currently involved in litigation with service providers and third parties. The ultimate outcome of the matters could not presently be determined, and no provision of any liability that may result has been made in the financial statements. With regard to a litigation with one specific service provider, there were payments made by the department amounting to R58 447 985.</p>	<p>The Committee recommends that the Accounting Officer must take appropriate action against officials found guilty of negligence and non-compliance with laws and regulations.</p> <p>The Committee further recommends that the Accounting Officer must establish mechanisms and systems to control and manage litigation claims and report the</p>	<p>The case that the Department is involved in is the one where it is being sued by Nhluvuko Xinjovo Consortium for payment of a sum of R13 million Rands. The cause being the violation of the addendum of the original contract by the service provider.</p> <p>According to the correspondence received by the department from the State Attorney's Office dated 3<sup>rd</sup> of March</p>	

	<p>The value of such services received by the department will only be determined with reasonable certainty after the court ruling. Depending on the outcome of the ruling, the payments made to the service provider could result in potential fruitless and wasteful expenditure. The Committee noted that 8 cases of the 21 are in court, another 8 still under investigation, while 1 case is at arbitration. Four cases amounting to R93 880.49 have been resolved.</p>	<p>outcome of the outstanding litigation cases. The Accounting Officer must also ensure that they made provision of liability that may result in the financial statements.</p>	<p>2015, the arbitration has been set down for hearing at AFSA Maisels Chambers, 4 Protea Place, Sandton commencing on Monday the 16<sup>th</sup> day of November 2015 up to and including Tuesday the 24<sup>th</sup> day of November 2015.</p>	
8.	<p><b><u>Fruitless and Wasteful Expenditure</u></b></p> <p>The Committee heard and considered evidence that the department incurred fruitless and wasteful expenditure of R3 557 000 as a result of interest incurred for long outstanding accounts, a workshop that was not attended and non-recovery from tenants paying for municipal services.</p>	<p>The Accounting Officer must also take action against the responsible officials.</p> <p>The Accounting Officer must also take effective and appropriate steps to detect and prevent wasteful and fruitless expenditures.</p> <p>The Accounting Officer</p>	<p>All the five (5) officials responsible for the overall fruitless and wasteful expenditure (R3 557 000) in the department were issued with letters of disciplinary enquiry and later transferred from their positions (Acting District Senior Managers) as a precautionary measure.</p>	Yes

		must take appropriate steps to recover fruitless and wasteful expenditure amounting to R3 557 000 by 30 November 2013.		
9.	<p><b><u>Usefulness of information</u></b></p> <p>The Committee heard and considered evidence that the National Treasury Guide for the preparation of the annual report requires that explanations for major variances between the planned and reported (actual) targets should be provided in all instances and should also be supported by adequate and reliable corroborating evidence. Adequate and reliable corroborating evidence could not be provided for 40% variances as disclosed in the annual performance report. This was due to limitations placed on the scope of the Auditor-General work by the institution. Consequently, the Auditor-General did not obtain sufficient appropriate audit evidence to satisfy him as to the validity, accuracy and</p>	<p>The Committee recommends that the Accounting Officer must take appropriate action against the responsible officials. The Committee further recommends that the Accounting Officer must ensure that reasons for major variances between the planned and actual targets are provided. It is further recommended that the Accounting Officer must develop mechanisms to ensure that officials comply with National Treasury Guide for the preparation of the annual report and National Treasury Framework for</p>	<p>The two (2) officials (Manager- Strategic Planning and Project Manager- Health Portfolio) responsible for failure to provide adequate and reliable corroborating evidence have since left the Department.</p> <p>The Department is currently complying FMPPI) National Framework for managing performance information.</p>	Yes

	completeness of the reasons for major variances.	managing programme performance information (FMPPI), including verification of performance information.		
	<p><b><u>Achievement of planned targets</u></b></p> <p>The Committee heard and considered evidence that of the 80 planned targets; only 44 targets were achieved during the year under review. This represents 45% of total planned targets that were not achieved during the year under review. This was due to under spending of the budget relevant to Public Works and Expanded Public Works Programme (EPWP) as a result of the department being under administration and most projects being suspended.</p>	<p>The Committee recommends that the Accounting Officer must take appropriate action against the responsible officials.</p> <p>The Committee further recommends that the Accounting Officer must conduct proper planning in order to ensure that planned targets are achievable.</p>	<p>Thirteen (13) Project Managers and a Senior Manager were issued with letters to account for failure to meet the planned targets and all project managers responded to proof that the delay was beyond their control.</p> <p>The Department has taken action against the contractors who are not performing by invoking the penalty clause.</p>	Yes
11.	<p><b><u>Annual financial statements, performance and annual report</u></b></p> <p>The Committee heard and considered evidence that the</p>	<p>The Committee recommends that the Accounting Officer must</p>	<p>The Senior Manager: Asset Management and Logistics was issued with</p>	Yes

	<p>financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 40(1) of the PFMA. Material misstatements identified by the auditors were not adequately corrected, which resulted in the financial statements receiving a disclaimer opinion.</p> <p>The Committee noted with concern that material misstatements in the financial statements were due to misclassifications of expenditure items caused by utilisation of wrong expenditure codes.</p>	<p>take appropriate action against the responsible officials.</p> <p>The Accounting Officer must enhance their internal control systems regarding financial and performance management as required by PFMA.</p> <p>The Accounting Officer must ensure that financial statements and performance information are adequately reviewed before they are submitted for auditing.</p>	<p>a final written warning. The General Manager: Properties and Facilities Management has been charged for immovable asset register.</p> <p>The matter for the two (2) officials is still under consideration pending the investigation. The Department has since appointed a Senior Manager- Financial Accounting (after the post was vacant for two years and five months).</p>	
12.	<p><b><u>Procurement and contract management</u></b></p> <p>The Committee heard and considered evidence that sufficient appropriate audit evidence could not be obtained that goods and services with a transaction value of over R500 000 were procured by means of a competitive bidding process as per the requirements</p>	<p>The Committee recommends that the MEC must take appropriate action against the Accounting Officer as required by the PFMA.</p> <p>The Accounting Officer</p>	<p>The Department has strengthened its measures to detect employees from doing remuneration without approval, and promote and enforce compliance to procurement and contract management</p>	No

	<p>of Treasury Regulation (TR) 16A6.1, TR 16A6.4 and National Treasury Practice Note 6 and 8 of 2007/08.</p> <p>The Committee further heard that sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by SCM regulation Treasury Regulations 16A6.3 (b) and Preferential Procurement Regulations.</p> <p>The Committee heard that goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by TR 16A6.1. The Committee heard that goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by TR 16A6.1. The Committee is concerned that lack of compliance with procurement and contract management rules</p>	<p>must also take action against the responsible officials. The Accounting Officer must provide a breakdown of all the transactions and take appropriate action against the responsible officials, including the recovery of money earned irregularly. It is further recommended that the Accounting Officer must prevent employees from doing remunerative work without permission, and if found their businesses should be blacklisted. The Committee further recommends that the Accounting Officer develop measures and procedures to ensure that officials comply with procurement and contract management rules and regulations.</p>	<p>rules and regulations by introducing the following additional measures to the existing policies and procedures:</p> <ul style="list-style-type: none"> <li>▪ Conducting vetting on directors of awarded contracts</li> <li>▪ Enforcing the completion of Standard Bidding Documents (SBD) forms series.</li> <li>▪ Conducting internal forensic audits on employees to determine remunerative work outside the public service</li> <li>▪ Conducting personnel suitability checks and charging officials for non-disclosure of financial interests.</li> </ul>	
--	--	--	--	--

	and regulation was also a challenge in the previous financial year.			
13.	<p><b><u>Expenditure Management</u></b></p> <p>The Committee heard and considered evidence that money owed by the department was not always paid within 30 days of receiving an invoice or statement, as required by section 38(1)(f) of the PFMA and TR 8.2.3. The Committee further heard that the Accounting Officer did not take reasonable steps to prevent irregular expenditure and fruitless and wasteful expenditure, as required by TR 9.1.1. The Committee noted with concern that ineffective management of expenditures was also a challenge in the previous financial year.</p>	<p>The Committee recommends that the MEC must take action against the Accounting Officer as required by PFMA.</p> <p>The Accounting Officer must also take action against the responsible officials.</p> <p>The Accounting Officer must take effective and appropriate steps to prevent and detect irregular and fruitless and wasteful expenditures.</p> <p>The Accounting Officer must develop effective and reliable systems and procedures to ensure that payments due to creditors are</p>	<p>Officials responsible for payments after days were issued with letters with intention to charge and they responded and gave reasons.</p> <p>The Department has developed internal controls to outline procedures on the prevention and detection of irregular and fruitless and wasteful expenditure.</p>	Yes

		settled within 30 days from receipt of an invoice.		
14.	<p><b><u>Revenue Management</u></b></p> <p>The Committee heard and considered evidence that the Accounting Officer did not take effective and appropriate steps to timeously collect all money due to the department as per the requirements of TR 11.2.1.</p> <p>The Committee further heard the Accounting Officer did not ensure that appropriate processes were developed and implemented to provide for the collection, recording and reconciliation of information about revenue, as required by TR 7.2.1.</p> <p>The Committee heard that immovable state property was not let at market-related tariffs, in contravention of TR 16A7.4.</p>	<p>The Committee recommends that the MEC must take appropriate action against the Accounting Officer as required by PFMA. The Accounting Officer must also take action against the responsible officials. The Accounting Officer must develop and implement appropriate processes to provide for the identification, recording and reconciliation of revenue.</p> <p>The Accounting Officer must take effective and appropriate steps to collect all money due to the department, and that reasonable steps should be taken to recover all debts before they are</p>	<p>The Senior Manager-Lease Management has since left the department or terminated his employment contract with the department with effect from 31<sup>st</sup> January 2015.</p>	No

		written-off.		
15.	<p><b><u>Leadership</u></b></p> <p>The Committee heard and considered evidence that oversight responsibility regarding financial and performance reporting and compliance and related internal controls was not exercised. Matters reported in prior years were not fully addressed.</p> <p>The Committee further heard that the Accounting Officer did not effectively implement HR management practices to ensure that adequate and sufficiently skilled resources are in place.</p> <p>The Committee noted with concern that record management policy was not reviewed and part of the policy could not be implemented due to unavailability of relevant electronic information systems. The Committee is concerned that more than 60% of the posts were unfunded leading to the department unable to fill the vacancies.</p>	<p>The Committee recommends that the MEC must take appropriate action against the Accounting Officer.</p> <p>The Accounting Officer must conduct adequate oversight responsibility regarding financial and performance reporting and compliance and related internal controls. The Accounting Officer must also ensure that HR management practice is effectively implemented.</p>	<p>The matter for the two (2) officials is still under consideration pending the investigation.</p> <p>The two (2) officials (Manager- Strategic Planning and Project Manager- Health Portfolio) responsible for failure to provide adequate and reliable corroborating evidence on the performance reporting have since left the Department.</p>	Yes

16.	<p><b><u>Financial and performance management</u></b></p> <p>The Committee heard and considered evidence that the financial statements and other information to be included in the annual report are not reviewed for accuracy and completeness.</p> <p>The Committee further heard that controls over daily and monthly processing and reconciling of transactions were not implemented.</p> <p>The Committee heard that compliance with laws and regulations was not reviewed and monitored.</p>	<p>The Committee recommends that the Accounting Officer must take appropriate action against the responsible officials.</p> <p>The Committee further recommends that the Accounting Officer must ensure that financial statements and other information to be included in the annual report is adequately reviewed for accuracy and completeness before they are submitted for auditing.</p> <p>The Accounting Officer must implement adequate controls over daily and monthly processing and reconciling of transactions. The Accounting Officer must also review and monitor</p>	<p>The Department has since appointed a Senior Manager- Financial Accounting (after the post was vacant for two years and five months)</p> <p>The following transversal measures are implemented ensure adequate review of financial statements and performance reports:</p> <ul style="list-style-type: none"> <li>▪ Submission of monthly and quarterly financial statements and performance reports to Provincial Treasury for review,</li> <li>▪ Submission of annual financial statements to Provincial Treasury and the Audit Committee for review 15 days before submission</li> </ul>	No

		compliance with laws and regulation.	to Auditor General	
17.	<p><b><u>Governance</u></b></p> <p>The Committee heard and considered evidence that the risks assessment procedures implemented by the department were not adequate, as all risks affecting the department were not identified.</p> <p>The Committee further heard that the audit committee had not facilitated a professional and open discussion with the audit and as a result the significant internal control deficiencies that had resulted in the disclaimer of opinion were not discussed to the extent considered necessary.</p>	<p>The Committee recommends that the Accounting Officer must ensure that adequate risk assessment is conducted and implemented by the department, and that the risk assessment plan must be reviewed annually in order to address emerging new risks.</p> <p>The Committee further recommends that the Accounting Officer must take full responsibility in ensuring that the audit committee adequately reviews the department's internal control systems and compliance with legal and regulatory provisions.</p>	<p>The department reviewed procedures for identifying risks and adopted the following measures to improve risk assessment processes:</p> <ul style="list-style-type: none"> <li>▪ Integration of risk assessment processes with the strategic planning processes,</li> <li>▪ Involvement of all stakeholders in both strategic and operational risk assessment</li> </ul> <p>Risks identified by Office of the Auditor-General during the audit were incorporated in the Departmental Risk Profile for 2013/14 and 2014/15 financial years.</p>	Yes

18.	<p><b><u>Investigations</u></b></p> <p>The Committee heard and considered evidence that the department was placed under administration in terms of section 100(1) (b) of the Constitution of the Republic of South Africa, 1996. Investigations are being conducted, amongst others, to probe the awarding of contracts in terms of the supply chain management regulations. The investigations were still on-going at the reporting date.</p>	<p>The Committee recommends that the Accounting Officer must provide progress report on the investigations by 31 August 2013.</p> <p>The Accounting Officer must submit the final reports of the investigations as soon as they are available to the SCOPA and the Portfolio Committee on Public Works.</p>	<p>The Department has charged six (6) officials related to supply chain management transgressions and three (3) officials for failure to disclose business interest. Another official has been suspended after being charged in a Court of Law.</p>	No
19.	<p><b><u>Performance audits</u></b></p> <p>The Committee heard and considered evidence that during the year under review a performance audit was conducted on the Readiness of Government to report on its performance. The focus of the audit is on how government institutions are guided and assisted to report on their performance, as well as the systems and processes that they have put in place. The audit is</p>	<p>The Committee recommends that the Accounting Officer must fully implement the recommendations provided in the performance audit report. A report on the implementation of the recommendations must be forwarded to SCOPA and the Portfolio</p>	<p>The Department has implemented all the fifteen (15) recommendations by the Auditor General on performance audit and the Auditor-General is still to provide feedback on the report once it has been tabled to Parliament.</p>	Yes

	currently in the reporting phase and the findings will be reported on in a separate report. The Committee noted the performance audit has been completed by the Auditor-General and is being read by the department for future action.	Committee on Public Works by 31 August 2013.		
20.	<p><b><u>Performance bonuses</u></b></p> <p>The department received a disclaimer of opinion from the Auditor-General. The department was disclaimed based on numerous anomalies including failure to provide appropriate audit evidence to the Auditor-General, improper management of assets, non-compliance with supply chain management requirements, irregular and fruitless and wasteful expenditures, material errors in the financial statements, and other non-compliance with rules and regulations.</p>	The Committee recommends that the Accounting Officer must take appropriate steps against officials that did not perform during the year under review and must not get performance bonuses. It is further recommended that the Accounting Officer must take appropriate steps when awarding performance bonus to deserving officials.	During the year under review, only 1555 (53%) employees out of 2945 received performance bonuses, the remaining 1390 includes all (25) members of Senior Management Services (SMS) who also did not receive performance bonuses.	Yes

## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

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
<p>Disclaimer Opinion:</p> <ul style="list-style-type: none"> <li>• Immoveable tangible capital assets</li> <li>• Moveable tangible capital assets</li> <li>• Receivables for Departmental revenue</li> <li>• Impairment</li> <li>• Accruals</li> </ul>	2012/13	Asset verification was conducted and unusable assets were disposed and revenue collected was R6, 1mil. Monthly reconciliation of movable assets acquired was compiled.
<p>Qualified Opinion:</p> <ul style="list-style-type: none"> <li>• Movable tangible capital Assets</li> <li>• Accrued departmental revenue</li> <li>• Irregular expenditure</li> </ul>	2013/14	<p>The Baud Electronic System does take assets with fields. Previous balances still unresolved. Asset valued at R1 still unresolved. Busy reconcile Excel AR and Baud AR.</p> <p>The matter regarding irregular expenditure has been resolved.</p>

## **INTERNAL CONTROL UNIT**

Management has established a system of internal controls that provides reasonable assurance that assets are adequately safeguarded, and transactions are recorded accurately, in all material respects, in accordance with management's authorisation. Internal Audit has developed a programme that independently evaluates the adequacy and effectiveness of internal controls. Our internal controls provide for appropriate separation of duties and responsibilities, and there are documented policies regarding utilisation of assets and proper financial reporting.

The documented policies and procedures are regularly communicated to all staff members and demand a high ethical conduct from all employees. The Audit Committee meets regularly to determine that management, internal auditors and independent auditors are properly discharging their duties regarding internal control and financial reporting.

## **10. INTERNAL AUDIT AND AUDIT COMMITTEES**

Audit Committee (AC) has satisfactorily performed its mandate as enshrined in Sections 76 (4) (d) and 77 of the Public Finance Management Act (Act No. 1 of 1999) & Treasury Regulations 3.1 which states that AC must, amongst others, review the following:

- the effectiveness of the internal control systems;
- the effectiveness of the internal audit function;
- the risk areas of the institution's operations to be covered in the scope of internal and external audits;
- the adequacy, reliability and accuracy of the financial information provided to management and other users of such information;
- any accounting and auditing concerns identified as a result of internal and external audits;
- the institution's compliance with legal and regulatory provisions; and

- the activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations.

During the financial year 2014/2015, the AC has met at least five (5) times (excluding special meetings) to perform its roles and responsibilities as stipulated in the AC Charter. In addition, the AC held its AC Annual Strategic Planning Workshop from 23 – 24 April 2014 to review its 2013/2014 performance and plan for the 2014/2015 financial year. The Central Audit Committee (CAC) structure assumed the responsibilities of ensuring that all the Resolutions taken during the Annual Strategic Planning for the AC are implemented. However, from the total of 22 Resolutions taken, only 15 were successfully implemented and five (5) of the unresolved resolutions were overtaken by events while the two (2) were carried to the current financial year 2015/2016. The two unresolved resolutions relate to the development of the Provincial Risk Profile as well as improving capacity within Limpopo Provincial Treasury.

Both the AC Charter and the Accounting Officer's Reporting Framework to the AC were reviewed and adopted during the Annual AC Strategic Planning. National Treasury 360 Degree Evaluation model was used to evaluate the work and performance of the AC. The final evaluation score yielded an average score of 3.87 (from rating of 4 – 5) when combining the average scores of all the AC Stakeholders.

Resignations and terminations from the AC membership were as per table below:

No	Name & Surname	Cluster	Reasons
1.	Mrs. Fanisa Lydia Lamola	CAC Chairperson	Resigned due to acceptance of Government Position

In addition, all the AC Members have participated in the 2<sup>ND</sup> Limpopo Public Sector Corporate Governance and Ethical Workshop held February 2015 of which Cluster 01 Chairperson made a valuable presentation amongst other governance experts and dignitaries. The Workshop was one of its kind which took Resolutions that AC through Cluster 03, where Limpopo Provincial Treasury is located, will take part in monitoring its implementations.

The following table stipulate the nature and activities of each AC meeting/event held:

No	Period	Nature Of The Ac Meeting	Information / Documents Reviewed
1.	April 2014	AC Annual Strategic Planning Workshop	<ul style="list-style-type: none"> <li>a. Audit Committee Charter,</li> <li>b. Internal Audit Charter,</li> <li>c. Accounting Officer's Reporting Framework to the AC,</li> <li>d. Status of Section 100 (1) (b) Constitutional Intervention in Limpopo,</li> <li>e. Reflection on the Status of the Previous Year AC Resolutions,</li> <li>f. 360 Degree Evaluation Feedback.</li> </ul>
2.	May 2014	Review of Fourth Quarterly Performance Review and Draft Annual Report (Including Draft Annual Financial Statements) before submission to the Auditor General	<ul style="list-style-type: none"> <li>a. Performance Information,</li> <li>b. Draft Annual Financial Statements,</li> <li>c. Accounting Officer Report to the AC (Financial &amp; Non-Financial),</li> <li>d. Quarterly Risk Management Report,</li> <li>e. SCOPA Resolutions Implementation Progress,</li> <li>f. Auditor General Audit Findings Implementation Progress,</li> <li>g. Internal Audit Quarterly Progress Report.</li> </ul>
3.	July 2014	Review of Draft Audit and Management Reports	<ul style="list-style-type: none"> <li>a. Audited Financial Statements,</li> <li>b. Draft Management Report, and</li> <li>c. Draft Audit Report.</li> </ul>

4.	July 2014	Workshop on Accounting Officer's Reporting Framework to the AC	a. Accounting Officer's Reporting Template to the AC.
5.	September 2014	Review of Half Yearly (First & Second Quarter) Performance Review	a. All information under No. 2 despite point a & b, and b. Procurement Plans of the departments.
6.	November 2014	Approval of Auditor General Audit Coverage Strategy, Approval of 2014/2015 First Quarterly Internal Audit Plans and Review of Third Quarterly Performance Review	a. All information under No. 2 despite point a &
7.	March 2015	Approval of the Three Year Internal Audit Plan plus Annual Plan and Auditor General Audit Coverage Strategy	b. All information under No. 2 despite point a & b, c. Three Year Internal Audit Plan plus 2013/2014 Annual Plans, and d. Auditor General Audit Coverage Strategy.

## OBJECTIVES OF THE AUDIT COMMITTEE

The Strategic Objectives of the AC as stipulated in its approved written Terms of Reference (AC Charter) are to ensure:

- the availability of a well-resourced, functional and sustained internal audit function;
- sound relationship with all assurance providers, oversight structures and other stakeholders;

- effective and efficient Internal and External Audit processes
- promotion of sound functional interaction between the internal audit and other assurance providers;
- that there is adequate and effective corporate governance, encompassing fraud and risk management, information technology, internal control, financial management and reporting systems;
- Heads of Departments are fully supported in fulfilling their responsibilities in terms of the PFMA;
- accountability in terms of financial management and performance information for effective service delivery; and
- Compliance with relevant laws and regulations.

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

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
B.M NGUNJIRI	<ol style="list-style-type: none"> <li>1. CIA,</li> <li>2. CTA</li> <li>3. CCSA</li> <li>4. B COM: Honours</li> <li>5. B COM: Accounting</li> </ol>	External	N/A	01 January 2014	To Date	05
L.J VILAKAZI	<ol style="list-style-type: none"> <li>1. Diploma in Accountancy</li> <li>2. National Diploma Internal Auditing</li> <li>3. Certificate in Accounting</li> </ol>	External	N/A	01 January 2014	To Date	05

A.N MHLONGO	<ol style="list-style-type: none"> <li>1. CA (SA)</li> <li>2. CIMA</li> <li>3. CGCA</li> <li>4. B COM: Honours</li> <li>5. B COM: Accounting</li> <li>6. Advanced Certificate in Taxation</li> </ol>	External	N/A	01 January 2014	TO Date	05
Adv. S.T KHOLONG	<ol style="list-style-type: none"> <li>1. MBL</li> <li>2. BA Law</li> <li>3. LLB</li> <li>4. Certificate in Corporate Governance</li> </ol>	External	N/A	01 January 2014	To Date	04

## 11. AUDIT COMMITTEE REPORT

### REPORT OF THE AUDIT COMMITTEE ON THE DEPARTMENT OF PUBLIC WORKS, ROADS AND INFRASTRUCTURE

We present our report for the financial year ended 31 March 2015.

#### **Audit Committee Structure**

Limpopo Provincial Government has an Audit Committee which is two tiered consisting of 4 Cluster Audit Committees. The first tier deals with specific departments whilst the second is a shared Central Audit Committee.

#### **Audit Committee Responsibility**

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

#### **Stakeholder Engagement/s**

The committee has been able to engage with the following stakeholders:

- DPWRI Management
- Limpopo Provincial Internal Auditors
- Limpopo Provincial Treasury
- Limpopo Provincial Auditor (AGSA)

The MEC meetings will be facilitated during the next financial year through the bilateral meetings; this is to secure timely interventions if required as well as to keep the Executive Authority informed of both the audit committee progress.

### **Audit Committee Skills Development**

Two sessions one strategic session and a joint management workshop were held during the last quarter of the financial year to assist the Audit Committee members better understand their challenging roles and the direction of the province in general.

In addition the audit committee was afforded an opportunity to attend Nkonki annual audit committee conference.

### **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 control weaknesses, which were raised with the Department.

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

<b>No.</b>	<b>Audit project</b>
1	Movable Asset Management (HO)
2	Movable Asset Management (Mopani District)
3	Movable Asset Management (Vhembe District)

4	Rental Management
5	Immovable Assets Management
6	Municipal Accounts
7	Leave Management (HO)
8	Leave Management (Waterberg)
9	Leave Management (Vhembe)
10	Records Management
11	Human Resource Development (HRD)
12	Fleet Management (Waterberg)
13	Fleet Management (Capricorn)
14	IT Governance phase 1 implementation and User account management (BAS and PERSAL)
15	Audit of Planning Process (PAU)
16	Interim Financial Statements
17	Management Performance Assessment Tool (MPAT)
18	Supply Chain and Expenditure (HO)
19	Supply Chain and Expenditure (Mopani)

20	Supply Chain (Waterberg
21	Inventory Management (Vhembe
22	Inventory Management (Mopani District)
23	Subsistence and Travel Allowances
24	Leave Management (FAU)
25	Reliability and Integrity of Performance Information (PAU)
26	DORA_ EPWP audits
27	In-Year-Monitoring (IYM)
28	Movable Assets Management (2014/15 FY)
29	Rental Management (2014/15 FY)
30	Municipal Accounts (2014/15)
31	Transfer Payment to Road Agency Limpopo
32	DORA_Provincial Roads Maintenance Grant
33	Project Management
34	Follow Up Audits (FAU)

### **The following were areas of concern:**

The department did not reflect the required rigour in that numerous material control weaknesses were identified, most of which had been raised before but had never been resolved. As a result the Audit Committee has included in the agenda for the meeting of the first quarter of 2015/2016 financial year, a review of management's action plan in response to all unresolved findings.

Although the Committee acknowledges efforts underway to conclude labour matters especially in relation to the Office of the Accounting Officer; the on-going "acting roles" continue to threaten the build-up of institutional memory. In this department, in particular three of the seven (3/7) members of senior leadership are on suspension.

### **Risk Management**

The department has embarked on a search for an independent Risk Management Committee Chairman. The intention is to ensure that a non-conflicted party chairs the committee.

It is vital however to point out that there is a risk assessment process in place as well as the resultant risk register. The top ten (10) risks are monitored by the Audit Committee on a quarterly basis; with special attention paid to remedial actions and residual risk exposures. This is over and above the efforts of the risk management committee.

### **Administration**

The department was under administration up to January 2015 when the Memorandum of Understanding was signed. The intention with this Cabinet decision was to amend the terms of administration from Sec 100(b) to Sec 100(a); by so doing return the authority of the Accounting Officer back to the Head of Department. A number of risks have arisen (and some have already realised) since the handover including delayed procurement processes that contributed to a material under spending and forfeiture of the funds (R285 million) because any application for rollover of funds requires evidence that an order has been placed; which was not the case as at year end. In addition, some non-compliance with procurement requirements were identified which may lead to irregular expenditure.

## **Merger with Roads and Infrastructure**

The department has more than doubled in size as a result of the merger with Roads and Infrastructure. Although the merger was announced immediately after the National Elections, the actual integration of management accounts (accounting records) begun during October 2014. The process was still underway at year-end with regard to assets.

## **In-Year Management and Monthly/Quarterly Report**

The department has reported monthly and quarterly to the Provincial Treasury as the PFMA requirements. Over and above this the department has presented quarterly reports at all Audit Committee meetings for review and / or consideration by the Committee.

## **Evaluation of Financial Statements**

We are pleased to report that unlike the previous financial year, this year the Annual Financial Statement (AFS) were presented on time, therefore we reviewed and recommended them at the audit committee meeting held on 18 May 2015, for audit.

## **Evaluation of Performance Information**

At the same audit committee meeting we evaluated performance tables and recommended them for audit after further refinement by management.

## **Auditor General's Report**

We have reviewed the department's implementation plan for audit issues raised in the previous year; regrettably this plan failed to fully remediate the control deficiencies identified and as a result the unresolved issues which contributed to a qualified opinion last year have resulted in the same this year. These include:

- Weaknesses around collection of rental Income.
- Valuation of assets (those reflecting a R1 value in Fixed Asset Register). Although the valuation was complete, it had not yet been verified by an accredited valuer.

Finally the Audit Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General. The Committee has also reviewed the performance information as included in the Auditor General report together with the management letter, and has recommended that the Accounting Officer should develop a strategy to address all findings contained therein.



**B Ngunjiri**  
**Chairperson of the Audit Committee**  
**The Department of Public Works, Road and Infrastructure**

# PART: D

## HUMAN RESOURCE



## **PART D: HUMAN RESOURCE MANAGEMENT**

---

### **1. INTRODUCTION**

### **2. OVERVIEW OF HUMAN RESOURCES**

The Premier had in May 2014 announced the reconfiguration of the Provincial Administration which included the transfer of the Roads function from the Department of Transport to the newly reconfigured Department of Public Works, Roads and Infrastructure. The actual transfer of employees within the Roads component which included cost centres was finalized in October 2014 and the transfer of general staff was finalized in March 2015. There is currently 5105 posts of which 3764 filled and 869 vacant.

The Department reviewed its HR plan and developed an adjusted HR plan for the period 2014/2015 and the following were gaps identified and prioritized for implementation over the 2014/2015 financial year:

- Review the organizational structure and establish a functional HR Information management unit and ensure capacitation by skilled employees;
- Establish competency frameworks, ensure alignment of the WSP to all training interventions and ensure implementation of WSP;
- Review and develop a recruitment and retention strategy to focus on all critical and scarce skills;
- Institutionalise and popularise PMDS requirements throughout Department and ensure the development and implementation of a succession planning strategy
- High number of chronic illnesses were revealed by the medical surveillance examinations are in the high risk group.

Employee Health and Wellness in 2014-2015 embarked on a project of conducting Medical surveillance and the recommendations which needed immediate intervention were implemented in 2014-2015 financial year. Implementation has yielded positive results and the number of employees referred, continue to use health institutions to manage diseases detected during medical surveillance. Awareness Campaigns on Safety at work,

PPEs, COID conducted. EAP in-house counselling services conducted for Employees. Awareness campaigns on HIV and AIDS, STI, TB, GBV, Stigma and Discrimination were conducted. Screening for chronic conditions and HCT conducted to promote healthy lifestyle. Implementation of recommendation of the surveillance will be carried over to the 2015-2016 financial year.

The department is experiencing delays in the management of injury on duty (IOD) cases which has been reported to Compensation Commissioner for finalization. The Department of Labour introduced electronic reporting called Umehluku, which impose a major problem for reporting. The introduction of this new system was not well coordinated as it has been done without the involvement of the Office of the Premier. Currently the old system of reporting injuries on duty is still been utilized. The Office of the Premier is now corresponding with the Department of Labour (Compensation of Commissioners office) to properly introduce the system into the Provincial Department.

The Department is implementing the Performance Management system Policy for all employees in the Department as per the provisions of the Public Service Regulations, 2001, Chapter VIII, which requires each Executive Authority to determine a system for performance management and development for employees in her/his Department other than employees who are members of the Senior Management Service (SMS). The policy is authorized and issued by the Executive Authority for the LDPWRI to the employees and delegated employees who are managers and supervisors for proper management. Performance Management for members of the Senior Management Services is governed by the Senior Management Service Handbook. Due to the new electoral cycle, the submission date for SMS Performance Agreements was changed to 31 August 2014 by the Department of Public Service Administration (DPSA).

### **3. HUMAN RESOURCES OVERSIGHT STATISTICS**

#### **3.1. Personnel related expenditure**

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

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

*Table 3.1.1 Personnel expenditure by programme for the period 1 April 2014 and 31 March 2015*

<b>Programme</b>	<b>Total expenditure (R'000)</b>	<b>Personnel expenditure (R'000)</b>	<b>Training expenditure (R'000)</b>	<b>Professional and special services expenditure (R'000)</b>	<b>Personnel expenditure as a % of total expenditure</b>	<b>Average personnel cost per employee (R'000)</b>
<b>Administration</b>	<b>253,782</b>	<b>186,550</b>	<b>0</b>	<b>0</b>	<b>73,5</b>	<b>48</b>
<b>Expanded PWP</b>	<b>38,345</b>	<b>18,471</b>	<b>0</b>	<b>0</b>	<b>48,2</b>	<b>5</b>
<b>Infrastructure operations</b>	<b>788,892</b>	<b>508,593</b>	<b>0</b>	<b>0</b>	<b>64,5</b>	<b>131</b>
<b>Roads infrastructure</b>	<b>1,697,177</b>	<b>174,982</b>	<b>0</b>	<b>0</b>	<b>10,3</b>	<b>45</b>
<b>Total</b>	<b>2.792,776</b>	<b>888,596</b>	<b>0</b>	<b>0</b>	<b>31,8</b>	<b>229</b>

*Table 3.1.2 Personnel costs by salary band for the period 1 April 2014 and 31 March 2015*

<b>Salary band</b>	<b>Personnel expenditure (R'000)</b>	<b>% of total personnel cost</b>	<b>No. of employees</b>	<b>Average personnel cost per employee (R'000)</b>
Lower skilled (Levels 1-2)	<b>1,166</b>	<b>0,2</b>	<b>8</b>	<b>145,750</b>
Skilled (level 3-5)	<b>335,528</b>	<b>44</b>	<b>2614</b>	<b>128,358</b>
Highly skilled production (levels 6-8)	<b>202,964</b>	<b>26,6</b>	<b>752</b>	<b>269,899</b>
Highly skilled supervision (levels 9-12)	<b>159,769</b>	<b>20,9</b>	<b>316</b>	<b>505,598</b>
Senior and Top management	<b>31,087</b>	<b>4,1</b>	<b>37</b>	<b>840,189</b>

*Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2014 and 31 March 2015*

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	453	38.9	0	0	56	4.8	55	4.7
Skilled (level 3-5)	225177	66.5	281	0.1	22297	6.6	25359	7.5
Highly skilled production (levels 6-8)	146613	71.7	1348	0.7	6718	3.3	8703	4.3
Highly skilled supervision (levels 9-12)	123389	74.4	331	0.2	2128	1.3	5052	3
Senior management (level 13-16)	25843	79.8	0	0	536	1.7	419	1.3
<b>Total</b>	<b>521475</b>							

### 3.2. Employment and Vacancies

Table 3.2.1 Employment and vacancies by programme as on 31 March 2015

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	573	493	14	53
Public Works	2151	1715	20	12
EPWP	23	20	13	402
Roads Infrastructure	1886	1536	18.5	2
<b>Total</b>	<b>4633</b>	<b>3764</b>	<b>19</b>	<b>469</b>

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2015

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled ( 1-2)	21	8	62	438
Skilled(3-5)	3238	2644	18.3	15
Highly skilled production (6-8)	935	753	19.5	6
Highly skilled supervision (9-12)	398	324	18.6	10
Senior management (13-15)	41	35	15	0
<b>Total</b>	<b>4633</b>	<b>3764</b>	<b>19</b>	<b>469</b>

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2015

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
<b>Architects</b>	3	0	100	1
<b>Artisan</b>	583	472	19	0
<b>Horticulturist</b>	5	4	20	0
<b>Engineer</b>	0	0	0	1
<b>Construction Project Manager</b>	59	40	32	4
<b>Property Valuers</b>	0	0	0	0
<b>Quantity Survey</b>	0	0	0	4
<b>Work Inspectors</b>	67	60	10.4	0
<b>Total</b>	<b>717</b>	<b>576</b>	<b>20</b>	<b>10</b>

### 3.3. Filling of SMS Posts

Table 3.3.1 SMS post information as on 31 March 2015

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	1	100	0	0
Salary Level 14	8	7	87.5	1	12.5
Salary Level 13	31	26	84	5	16
<b>Total</b>	<b>40</b>	<b>34</b>	<b>85</b>	<b>6</b>	<b>15</b>

Table 3.3.2 SMS post information as on 30 September 2015

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	1	100	0	0
Salary Level 14	7	6	86	1	14
Salary Level 13	26	17	65.4	9	34.6
<b>Total</b>	<b>34</b>	<b>24</b>	<b>70.6</b>	<b>10</b>	<b>29.4</b>

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2014 and 31 March 2015

SMS Level	Advertising	Filing 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 of becoming vacant.
Head of Department	0	0	0
Salary Level 14	0	0	1
Salary Level 13	0	0	5
<b>Total</b>	<b>0</b>	<b>0</b>	<b>6</b>

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2014 and 31 March 2015

Reasons for vacancies not advertised within twelve months

The department was under administration during the period under review and the advertisement and filling of posts were dependent on the Administrator –section 100 (1) (b)

Reasons for vacancies not filled within twelve months

The department was under administration during the period under review and the advertisement and filling of posts were dependent on the Administrator –section 100 (1) (b)

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 2014 and 31 March 2015

**Reasons for vacancies not advertised within six months**

The department was under administration during the period under review and the advertisement and filling of posts were dependent on the Administrator –section 100 (1) (b)

**Reasons for vacancies not filled within six months**

The department was under administration during the period under review and the advertisement and filling of posts were dependent on the Administrator –section 100 (1) (b)

3.4. Job Evaluation

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2014 and 31 March 2015

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels1-2)	21	0	0	0	0	0	0
Skilled (Levels 3-5)	3238	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	935	0	0	0	0	0	0
Highly skilled supervision	398	0	0	0	0	0	0

(Levels 9-12)							
Senior Management Service Band A	31	0	0	0	0	0	0
Senior Management Service Band B	8	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
Member of Executive Council	1						
<b>Total</b>	<b>4633</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2014 and 31 March 2015

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Employees with a disability	<b>None</b>
-----------------------------	-------------

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2014 and 31 March 2015

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Architects	0	0	0	0

Artisan	0	0	0	0
Horticulturist	0	0	0	0
Engineer	0	0	0	0
Construction Project Manager	0	0	0	0
Property Valuers	0	0	0	0
Quantity Survey	0	0	0	0
Work Inspectors	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total number of employees whose salaries exceeded the level determined by job evaluation</b>				None
<b>Percentage of total employed</b>				0

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2014 and 31 March 2015

Total number of employees whose salaries exceeded the grades determine by job evaluation	None
--	------

### 3.5. Employment Changes

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2014 and 31 March 2015

Salary band	Number of employees at beginning of period-1 April 2014	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled ( Levels 1-2)	0	8	0	100
Skilled (Levels3-5)	1382	1288	217	15.7
Highly skilled production (Levels 6-8)	757	217	49	6.5
Highly skilled supervision (Levels 9-12)	254	89	17	6.7
Senior Management Service Bands A	17	10	2	11.8
Senior Management Service Bands B	7	1	1	14.3
Senior Management Service Bands C	1	0	0	0
Contracts	323	17	679	
<b>Total</b>	<b>2741</b>	<b>1630</b>	<b>965</b>	<b>35.2</b>

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2014 and 31 March 2015

Critical occupation	Number of employees at beginning of period-April 2014	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
<b>Architects</b>	0	0	0	0

<b>Artisan</b>	405	84	40	9.9
<b>Horticulturist</b>	5	0	1	20
<b>Engineer</b>	0	0	0	0
<b>Construction Project Manager</b>	38	13	4	11.4
<b>Property Valuers</b>	0	0	0	0
<b>Quantity Survey</b>	0	0	0	0
<b>Work Inspectors</b>	58	0	1	1.6
<b>TOTAL</b>	<b>506</b>	<b>97</b>	<b>46</b>	<b>9</b>

Table 3.5.3 Reasons why staff left the department for the period 1 April 2014 and 31 March 2015

<b>Termination Type</b>	<b>Number</b>	<b>% of Total Terminations</b>
Death	51	5.3
Resignation	52	5.4
Expiry of contract	654	67.8
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	7	1
Retirement	190	19.6
Transfer to other Public Service Departments	11	1.1
Other	0	0
<b>Total</b>	<b>965</b>	

<b>Total number of employees who left as a % of total employment</b>		<b>25.6</b>
--	--	-------------

Table 3.5.4 Promotions by critical occupation for the period 1 April 2014 and 31 March 2015

<b>Occupation</b>	<b>Employees 1 April 2014</b>	<b>Promotions to another salary level</b>	<b>Salary level promotions as a % of employees by occupation</b>	<b>Progressions to another notch within a salary level</b>	<b>Notch progression as a % of employees by occupation</b>
<b>Architects</b>	0	0	0	0	0
<b>Artisan</b>	405	0	0	340	84
<b>Horticulturist</b>	5	0	0	4	80
<b>Engineer</b>	0	0	0	0	0
<b>Construction Project Manager</b>	35	0	0	0	0
<b>Property Valuers</b>	0	0	0	0	0
<b>Quantity Survey</b>	0	0	0	0	0
<b>Work Inspectors</b>	61	0	0	56	92
<b>TOTAL</b>	<b>506</b>	<b>0</b>	<b>0</b>	<b>400</b>	<b>79</b>

Table 3.5.5 Promotions by salary band for the period 1 April 2014 and 31 March 2015

Salary Band	Employees 1 April 2014	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled ( Levels 1-2)	0	0	0	1	-
Skilled (Levels 3-5)	1382	0	0	1399	-
Highly skilled production (Levels 6-8)	757	0	0	514	68
Highly skilled supervision (Levels 9-12)	254	5	2	207	81
Senior Management (Level 13-15)	26	0	0	4	11.76
<b>Total</b>	<b>2419</b>	<b>5</b>	<b>0.2</b>	<b>2125</b>	<b>88</b>

### 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 2015

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	18	2	1	0	14	0	0	0	35
Professionals	96	1	0	2	68	1	0	8	176
Technicians and associate professionals	133	1	0	0	120	6	1	6	267
Clerks	119	0	0	1	205	1	1	4	331
Service and sales workers	117	0	0	0	37	0	1	0	155
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	506	1	0	21	104	0	0	0	632
Plant and machine operators and assemblers	216	0	0	3	5	0	0	0	224
Elementary occupations	1242	0	0	3	730	0	0	0	1975
<b>Total</b>	<b>2247</b>	<b>5</b>	<b>1</b>	<b>30</b>	<b>1283</b>	<b>8</b>	<b>3</b>	<b>18</b>	<b>3795</b>

<b>Employees with disabilities</b>	<b>61</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>86</b>
------------------------------------	-----------	----------	----------	----------	-----------	----------	----------	----------	-----------

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	16	2	1	0	14	0	0	0	33
Professionally qualified and experienced specialists and mid-management	219	2	0	10	96	1	0	6	334
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	466	1	0	13	258	7	3	11	759
Semi-skilled and discretionary decision making	1741	0	0	7	910	0	0	1	2659
Unskilled and defined decision	3	0	0	0	5	0	0	0	8

making									
<b>Total</b>	<b>2247</b>	<b>5</b>	<b>1</b>	<b>30</b>	<b>1283</b>	<b>8</b>	<b>3</b>	<b>18</b>	<b>3795</b>

Table 3.6.3 Recruitment for the period 1 April 2014 to 31 March 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	4	0	0	0	1	0	0	0	5
Professionally qualified and experienced specialists and mid-management	0	0	0	0	1	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	2	0	0	0	5	0	0	0	7
Unskilled and defined decision making	0	0	0	0	8	0	0	0	8

Total	7	0	0	0	14	0	0	0	21
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2014 to 31 March 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	
Professionally qualified and experienced specialists and mid-management	4	0	0	0	1	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>

<b>Employees with disabilities</b>	0	0	0	0	0	0	0	0	0
------------------------------------	---	---	---	---	---	---	---	---	---

Table 3.6.5 Terminations for the period 1 April 2014 to 31 March 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	2	0	0	0	1	0	0	0	3
Professionally qualified and experienced specialists and mid-management	9	0	0	0	3	0	0	0	12
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	37	0	0	0	8	1	0	0	46
Semi-skilled and discretionary decision making	118	0	0	0	96	0	0	0	214
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>166</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>108</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>275</b>
<b>Employees with Disabilities</b>	7	0	0	0	4	0	0	0	11
<b>Contract</b>	250	0	0	0	427	2	0	0	679

<b>Contract with Disabilities</b>	8	0	0	0	3	0	0	0	11
-----------------------------------	---	---	---	---	---	---	---	---	----

Table 3.6.6 Disciplinary action for the period 1 April 2014 to 31 March 2015

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	25	1	1	0	6	2	0	0	36

Table 3.6.7 Skills development for the period 1 April 2014 to 31 March 2015

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	0	0	0	2	0	0	0	2
Professionals	1	0	0	0	4	0	0	0	5
Technicians and associate professionals	3	0	0	0	7	0	0	0	10
Clerks	2	0	0	0	7	0	0	0	9
Service and sales workers	0	0	0	0	0	0	0	0	
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	
Craft and related trades workers	5	0	0	0	1	0	0	0	6
Plant and machine operators and	0	0	0	0	0	0	0	0	

assemblers									
Elementary occupations	2	0	0	0	7	0	0	0	9
<b>Total</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 3.7. Signing of Performance Agreements by SMS Members

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2014

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Head of Department	1	1	0	0
Salary Level 14	8	8	4	50
Salary Level 13	31	26	21	80
<b>Total</b>	<b>40</b>	<b>35</b>	<b>25</b>	<b>71</b>

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2015

Reasons
<p>The following reasons apply to non-compliance:</p> <ul style="list-style-type: none"> <li>✓ Some employees were on precautionary suspensions while others employees resigned during the cycle before the submission dates;</li> <li>✓ There are newly appointed SMS members with a grace period of 3 months and were appointed in March 2015;</li> <li>✓ Non-compliance to the PMDS policy</li> </ul>

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2015

Reasons
On the case of non-compliance there were no disciplinary action taken and reasons unknown.

3.8. Performance Rewards

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2014 to 31 March 2015

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
<b>African</b>					
Male	1604	2512	63.9	7 529	4 694
Female	1002	1480	67.7	4 428	4 419
<b>Asian</b>					
Male	0	1	0	0	0
Female	3	3	100	20	6 624
<b>Coloured</b>					
Male	3	5	60	24	8 147
Female	8	8	100	51	6 315
<b>White</b>					
Male	18	28	64.3	133	8 147
Female	14	17	82.4	99	7 406
<b>Total</b>	<b>54</b>	<b>89</b>	<b>60.7</b>	<b>267</b>	<b>4 948</b>

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2014 to 31 March 2015

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	6	8	75	18	3,000	0.0002
Skilled (level 3-5)	1885	2655	71.0	6,183	3,280	1.11
Highly skilled production (level 6-8)	624	752	82.98	3,930	6,290	0.10
Highly skilled supervision (level 9-12)	187	327	57.19	2,126	11,369	0.05
<b>Total</b>	<b>2702</b>	<b>3742</b>	<b>72.00</b>	<b>12094</b>	<b>4,472</b>	<b>1.26</b>

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2014 to 31 March 2015

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Property Valuer	0	0	0	0	0
Quantity Survey	3	4	75	60	20 000

Architects	0	1	0	0	0
Artisans	340	472	72	1 609	4 732
Horticulturist	4	4	100	27	6 750
Engineer	0	1	0	0	0
Construction Project Manager	6	44	14	120	20 000
Works inspector	56	60	93.3	434	7 750
<b>Total</b>	<b>409</b>	<b>586</b>	<b>70</b>	<b>2250</b>	<b>5 501</b>

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2014 to 31 March 2015

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	4	31	13	163	40750	1.29
Band B	0	7	0	0	0	0
Band C	0	1	0	0	0	0
Band D	0	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>39</b>	<b>10.2</b>	<b>163</b>	<b>40750</b>	<b>1.29</b>

### 3.9. Foreign Workers

Table 3.9.1 foreign workers by salary band for the period 1 April 2014 and 31 March 2015

Salary band	<u>1 April 2014</u>		<u>31 March 2015</u>		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	2	0	2	0	0	0
Contract (level 9-12)	0	0.8	0	0.6	0	0
Contract (level 13-16)	0	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>0.8</b>	<b>2</b>	<b>0.6</b>	<b>0</b>	<b>0</b>

Table 3.9.2 foreign workers by major occupation for the period 1 April 2014 and 31 March 2015

Major occupation	<u>1 April 2014</u>		<u>31 March 2015</u>		Change	
	Number	% of total	Number	% of total	Number	% Change
Chief Construction Project Manager	1	0.39	1	0.3	0	0
Quantity Surveyor	1	0.39	1	0.3	0	0

3.10. Leave utilisation

Table 3.10.1 Sick leave for the period 1 January 2014 to 31 December 2014

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	65	100	11	0.5	6	29
Skilled (levels 3-5)	9563	98.6	1253	57.6	8	5158
Highly skilled production (levels 6-8)	3879	90.5	504	23.2	8	4408
Highly skilled supervision (levels 9 -12)	1607	89.7	197	9.1	8	3170
Top and Senior management (levels 13-15)	151	84.1	22	1	7	511
<b>Total</b>	<b>15265</b>	<b>462.29</b>	<b>1987</b>	<b>91.3</b>	<b>7.7</b>	<b>13 276</b>

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2014 to 31 December 2014

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	-	-	-	-	-	-
Skilled (Levels 3-5)	1407	100	56	64.4	25	747
Highly skilled production (Levels 6-8)	357	100	19	21.8	19	423

Highly skilled supervision (Levels 9-12)	336	100	11	12.6	31	608
Senior management (Levels 13-15)	04	100	01	1.1	4	13
<b>Total</b>	<b>2104</b>	100	<b>87</b>	<b>100</b>	<b>24.1</b>	<b>1791</b>

Table 3.10.3 Annual Leave for the period 1 January 2014 to 31 December 2014

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	148	16	9
Skilled Levels 3-5)	55517	2694	21
Highly skilled production (Levels 6-8)	18028	764	24
Highly skilled supervision(Levels 9-12)	7728	327	24
Senior management (Levels 13-15)	656	33	20
<b>Total</b>	<b>82077</b>	<b>3834</b>	<b>21.4</b>

Table 3.10.4 Capped leave for the period 1 January 2014 to 31 December 2014

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2015
Lower skilled (Levels 1-2)	-	-	-	-
Skilled Levels 3-5)	395	69	6	90
Highly skilled production (Levels 6-8)	145	18	8	110
Highly skilled supervision (Levels 9-12)	37	7	5	132
Senior management (Levels 13-15)	-	-	-	-
<b>Total</b>	<b>577</b>	<b>94</b>	<b>6</b>	<b>97</b>

Table 3.10.5 Leave pay-outs for the period 1 April 2014 and 31 March 2015

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2014/15 due to non-utilisation of leave for the previous cycle	-	-	-
Capped leave pay-outs on termination of service for 2014/15	8219	152	54
Current leave pay-out on termination of service for 2014/15	254	18	14
<b>Total</b>	<b>8473</b>	<b>170</b>	<b>50</b>

3.11. HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
<b>Employees working at the Cost Centres</b>	The following activities were implemented: <ul style="list-style-type: none"> <li>• 92 Information sessions conducted</li> <li>• 05 Candle light memorial services conducted</li> <li>• 09 Peer educators meeting conducted</li> <li>• 41 Disease management awareness conducted</li> <li>• 15 Onsite HCT conducted</li> <li>• 33 810 Male and 3 301 female condoms promoted and distributed</li> </ul>
<b>Contractors</b>	<ul style="list-style-type: none"> <li>• HIV/AIDS related issues has been incorporated into the departmental tender documents, to ensure that contractors comply with the Nation HIV/AIDS strategy</li> </ul>

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	<b>X</b>		Ms LO Makhonza Senior Manager: Employee Health and Wellness

<p>2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.</p>			<p>A total of 12 employees (2 Manager, 6 Deputy managers and 1 Practitioner)</p> <p>R 625, 000.00</p>
<p>3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.</p>			<p>Provide psychological services</p> <ul style="list-style-type: none"> <li>• Counselling services</li> <li>• Promotion of Health</li> <li>• Prevention of illnesses and diseases</li> </ul> <p>HIV/AIDS, STI and TB</p> <ul style="list-style-type: none"> <li>• Provide HCT</li> <li>• Awareness campaigns</li> </ul> <p>Occupational Health and Safety</p> <ul style="list-style-type: none"> <li>• Monitor the implementation of OHS Act</li> <li>• Functional structures</li> <li>• Prevention, Mitigation and elimination of potential hazards</li> </ul>
<p>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.</p>			<p>Name of the committee:</p> <ul style="list-style-type: none"> <li>• Ms LO Makhonza: Senior Manager</li> <li>• Ms MR Molema: Manager: HIV&amp;AIDS</li> <li>• Ms Malungana: Manager: OHS</li> <li>• Ms TF Hlebela: Secretariat</li> <li>• Ms O Madale: Deputy Manager: OHS</li> <li>• Ms W Mogale: NEHAWU</li> </ul>

			<ul style="list-style-type: none"> <li>• Ms SS Harmse: PSA</li> <li>• Ms N Moloto: HOD</li> <li>• Mr E Nkuna: Manager Vhembe District</li> <li>• Mr MP Makomene: Manager Waterberg District</li> <li>• Ms TC Mashamba: Manager Vhembe District</li> <li>• Ms D Manyelo: Manager Sekhukhune District</li> <li>• Mr SB Baloyi: Manager Mopani District</li> <li>• Ms M Mothiba: EH&amp;W Deputy manager: Mopani District</li> <li>• Ms RM Letsoalo: EH&amp;W Deputy manager: Sekhukhune District</li> <li>• Ms NL Buthelezi: EH&amp;W Deputy manager: Capricorn District</li> <li>• Ms MV Raseona: EH&amp;W Deputy manager: Waterberg District</li> <li>• Mr C Masutha: Manager: Conditions of Service</li> <li>• Mr MP Manamela: Manager: monitoring and evaluation</li> <li>• Ms G Manamela: Senior Manager Logistics</li> <li>• Ms E Mahlo: Representative for PLWD</li> <li>• Ms T Makhafola: Senior Manager – Auxiliary Records Management</li> </ul>
--	--	--	--

<p>5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.</p>			<p>Employee Health and Wellness policies were reviewed and approved in 2013. Stigma, discrimination and the protection of rights of people infected and affected with HIV is maintained.</p> <p>The Department is implementing the following policies:</p> <ul style="list-style-type: none"> <li>• HIV/AIDS, STI and TB Management Policy</li> <li>• Occupational Health and Safety Policy</li> <li>• Employee Assistance Programme Policy</li> <li>• Sports Policy</li> <li>• Smoking Policy</li> </ul>
<p>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.</p>			<p>The policy on HIV, STI and TB together with operational plans addresses issues related to discrimination. Information sharing sessions were conducted quarterly.</p>
<p>7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.</p>			<p>Yes, 15 HCT conducted The 00 Employees were tested.</p>
<p>8. Has the department developed measures/indicators to monitor &amp; evaluate the impact of its health promotion programme? If so, list these measures/indicators.</p>			<p>The annual performance plan (APP) has indicators which are used to measure the impact. These indicators were informed by the GEMS report, and the Provincial Strategic Plan on HIV/AIDS, STI and TB Strategic Plan and the M&amp;E tool from DPSA</p>

### 3.12. Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2014 and 31 March 2015

Total number of Collective agreements	None
---------------------------------------	------

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2014 and 31 March 2015

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	2	29
Final written warning	1	14
Suspended without pay	1	14
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	3	43
<b>Total</b>	<b>7</b>	<b>100</b>

<b>Total number of Disciplinary hearings finalised</b>	<b>7</b>
--	----------

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2014 and 31 March 2015

Type of misconduct	Number	% of total
Abscondment	2	7
Absenteeism	2	7
Breach of supply chain process	1	3
Contravention of procurement policy	5	17
Dereliction of duties	2	7
Disclosure of confidential information	2	7
Failure to manage lease (Management of Municipality)	1	3
Fraud	1	3
Gross insubordination	1	3
Misuse of state vehicles	2	7
Prejudicing the Administration	1	3
Remunerative work outside the Public services	9	30
Theft	1	3
<b>Total</b>		<b>100</b>

Table 3.12.4 Grievances logged for the period 1 April 2014 and 31 March 2015

Grievances	Number	% of Total
Number of grievances resolved	87	56
Number of grievances not resolved	67	44
<b>Total number of grievances lodged</b>	<b>154</b>	<b>100</b>

Table 3.12.5 Disputes logged with Councils for the period 1 April 2014 and 31 March 2015

<b>Disputes</b>	<b>Number</b>	<b>% of Total</b>
Number of disputes upheld	7	41
Number of disputes dismissed	10	59
<b>Total number of disputes lodged</b>	<b>17</b>	<b>100</b>

Table 3.12.6 Strike actions for the period 1 April 2014 and 31 March 2015

<b>Total number of persons working days lost</b>	None
<b>Total costs working days lost</b>	None
<b>Amount recovered as a result of no work no pay (R'000)</b>	None

Table 3.12.7 Precautionary suspensions for the period 1 April 2014 and 31 March 2015

Number of people suspended	07
Number of people whose suspension exceeded 30 days	05
Average number of days suspended	313
Cost of suspension(R'000)	4027

### 3.13. Skills development

Table 3.13.1 Training needs identified for the period 1 April 2014 and 31 March 2015

Occupational category	Gender	Number of employees as at 1 April 2014	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	1	0	26	1	<b>27</b>
	Male	10	0	26	0	<b>26</b>
Professionals	Female	76	0	48	3	<b>51</b>
	Male	88	0	74	1	<b>75</b>
Technicians and associate professionals	Female	133	0	69	14	<b>83</b>
	Male	115	0	75	3	<b>78</b>
Clerks	Female	167	0	43	4	<b>47</b>
	Male	98	0	19	0	<b>19</b>
Service and sales workers	Female	44	0	09	0	<b>09</b>
	Male	130	0	05	1	<b>06</b>
Skilled agriculture and fishery workers	Female	0	0	0	0	<b>0</b>
	Male	0	0	0	0	<b>0</b>
Craft and related trades workers	Female	73	0	12	0	<b>12</b>
	Male	426	0	296	0	<b>296</b>
Plant and machine operators and assemblers	Female	3	0	0	0	<b>0</b>
	Male	70	0	0	0	<b>0</b>
Elementary occupations	Female	534	0	107	0	<b>107</b>
	Male	619	0	24	0	<b>24</b>

Sub Total	Female	1039	0	314	22	336
	Male	1556	0	519	5	524
<b>Total</b>		<b>2595</b>	<b>0</b>	<b>833</b>	<b>27</b>	<b>860</b>

Table 3.13.2 Training provided for the period 1 April 2014 and 31 March 2015

Occupational category	Gender	Number of employees as at 1 April 2014	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	1	0	20	03	23
	Male	10	0	21	02	23
Professionals	Female	76	0	50	03	53
	Male	88	0	53	07	60
Technicians and associate professionals	Female	133	0	96	11	107
	Male	115	0	79	01	80
Clerks	Female	167	0	55	01	56
	Male	98	0	27	0	27
Service and sales workers	Female	44	0	09	0	09
	Male	130	0	06	0	06
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	73	0	27	0	27
	Male	426	0	299	0	299
Plant and machine operators and assemblers	Female	3	0	06	0	06
	Male	70	0	10	0	10
Elementary occupations	Female	534	0	01	0	01

	Male	619	0	11	0	11
Sub Total	Female	1039	0	264	18	282
	Male	1556	0	506	10	516
<b>Total</b>		<b>2595</b>	<b>0</b>	<b>770</b>	<b>28</b>	<b>798</b>

### 3.14. Injury on duty

Table 3.14.1 Injury on duty for the period 1 April 2014 and 31 March 2015

Nature of injury on duty	Number	% of total
Required basic medical attention only	26	0.6
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
<b>Total</b>	<b>26</b>	<b>0.6</b>

### 3.15. Utilisation of Consultants

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2014 and 31 March 2015

The amounts stipulated below refers to the total project costs. The Consultant fees are a prescribed percentage of the total construction costs as per Engineering Council of South Africa (ECSA) guidelines/ gazettes.

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Upgrading of 3.0km low volume access road to Mashashane Moshate	1	183	R 11,889,910.70
Upgrading of 2.0km low	1		

volume access road to Manaileng ( Rafiri)		153	R	6,729,799.16
Upgrading of 2.6km low volume access road from Matapisa - Good Hope	1	183	R	7,709,628.00
Upgrading of 4.0km low volume access road to Mokopung	1	183	R	19,003,523.00
Upgrading of 4.80km low volume access road from N11 - Makobe	1	183	R	17,004,919.52
Upgrading of 2.0km low volume access road from Setupulane - Sodoma	1	244	R	11,796,335.14
Upgrading of 5.0km low volume access road to Masakona Clinic	1	244	R	16,157,876.53
Refurbishment of Lebowakgomo government Complex	7	N/A	R	2,811,162.56
Installation of Access control at Parliamentary Village	1	N/A	R	353,970.00
Renovation of 20 Houses at parliamentary Village	2	N/A	R	597,989.86
<b>Total number of projects</b>	<b>Total individual consultants</b>	<b>Total duration Work days</b>	<b>Total contract value in Rand</b>	

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2014 and 31 March 2015

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
7	7	1 372.5	R 90,291,992.05
13	13	N/A	R 3,409,152.42

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2014 and 31 March 2015

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
None			

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
None			

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2014 and 31 March 2015

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None			

3.16. Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2014 and 31 March 2015

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	None	None	None	None
Skilled Levels 3-5)	None	None	None	None
Highly skilled production (Levels 6-8)	None	None	None	None
Highly skilled supervision (Levels 9-12)	None	None	None	None

Senior management (Levels 13-16)	None	None	None	None
<b>Total</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>



# PART: E

## FINACIAL INFORMATION

## PART E: FINANCIAL INFORMATION

---

### 1. REPORT OF THE AUDITOR GENERAL

## Report of the auditor-general to Limpopo provincial legislature on vote no. 9: Department of Public Works, Roads and Infrastructure

### Report on the financial statements

#### Introduction

1. I have audited the financial statements of the Department of Public Works, Roads and Infrastructure set out on pages x to x, which comprise the appropriation statement, the statement of financial position as at 31 March 2015, 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, comprising a summary of significant accounting policies and other explanatory information.

#### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standard prescribed by the National Treasury and, the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (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.

## **Auditor-general's responsibility**

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the department's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

## **Basis for qualified opinion**

### **Moveable tangible capital assets**

6. Due to the status of the accounting records, I was unable to obtain sufficient appropriate audit evidence that all moveable tangible assets belonging to the department for the current and prior year were recorded in the accounting records and financial statements. I was unable to determine, by alternative means, if the balance stated at R349 627 000 (2014: R123 008 000) in note 39 to the financial statements is inclusive of all assets belonging to the department.
7. I was unable to obtain sufficient appropriate audit evidence regarding moveable tangible capital assets as the entity did not maintain an adequate system for assets. The accounting records of the department did not in all instances include asset numbers and the location thereof, to enable me to perform a physical verification of these assets. Moveable tangible capital assets to the value of R30 532 246 could not be physically verified by alternative means.

As a result of the matters reported in the preceding paragraphs, I was unable to determine whether any adjustment relating to movable tangible capital assets stated at R349 627 000 (2014: R123 008 000) in note 39 to the financial statements was necessary.

8. The moveable tangible capital assets balance includes a significant number of assets that were acquired after 1 April 2002 which were recorded at R1. This is in contravention with the Modified Cash Standards which allows R1 values to be assigned only to those assets acquired prior to 1 April 2002 and where documentation to establish the cost is not available. I was unable to confirm the correct values by alternative means. Consequently I was unable to determine whether any adjustment to the movable tangible assets figure stated at R349 627 000 (2014: R123 008 000) in note 39 to the financial statements was necessary.

### **Accrued departmental revenue**

9. I was unable to obtain sufficient appropriate audit evidence that the department has properly charged and accounted for all receivables for departmental revenue for the current and prior year. The department did not have adequate systems of internal control to record all transactions. I also found that some rental agreements were not completed. I was unable to confirm the receivables for departmental revenue by alternative means. Consequently, I was unable to determine whether any adjustment to receivables for departmental revenue stated at R53 936 000 (2014: R41 467 000) in note 30 to the financial statements was necessary.

### **Irregular expenditure**

10. I was unable to obtain sufficient appropriate audit evidence that management has accounted for all irregular expenditure for the prior year. Management has not investigated the full extent of the irregular expenditure. I was unable to confirm the irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to irregular expenditure as disclosed in note 31 to the financial statements was necessary.

### **Opinion**

11. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Department of Public Works, Roads and Infrastructure as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with the Modified Cash Standard and the requirements of the PFMA and DoRA.

## **Emphasis of matters**

12. I draw attention to the matters below

### **Significant uncertainties**

13. With reference to note 25 to the financial statements, the department is the defendant in various lawsuits. The department is opposing the claims as it believes the claims to be fraudulent. The ultimate outcome of the matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

### **Restatement of corresponding figures**

14. As disclosed in note 44 to the financial statements, the corresponding figures for 31 March 2014 have been restated as a result of an error discovered during 2015 in the financial statements of the department at, and for the year ended, 31 March 2014.

### **Material impairments**

15. As disclosed in note 30.3 to the financial statements, management has provided for significant impairment of accrued departmental revenue amounting to R44 523 000, due to the poor collection practices.

### **Material underspending of the budget**

16. As disclosed in the appropriation statement, the department has materially underspent the budget on roads infrastructure, administration and infrastructure operations, to the amount of R201 078 000, R39 903 000 and R43 954 000 respectively.

### **Fruitless and wasteful expenditure**

17. As disclosed in note 32 to the financial statements, fruitless and wasteful expenditure of R4 344 000 and (2014: R4 289 000) was incurred due to interest paid.

## **Additional matters**

18. I draw attention to the matters below.

## Unaudited supplementary schedules

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

## Report on other legal and regulatory requirements

20. 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 findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## Predetermined objectives

21. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2015:

- Programme 2: Public works on pages 50 to 89
- Programme 3: Extended Public Works Programme (EPWP) on pages 90 to 93
- Programme 4: Roads infrastructure on pages 94 to 103

22. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

23. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable,

specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

24. The material findings in respect of the selected programmes are as follows:

### **Programme 3: Expanded Public works Programme (EPWP)**

#### **Usefulness of reported performance information**

#### **Presentation of performance information**

#### **Reasons for variances not disclosed**

25. No reasons for variances between planned and actual achievements reported in the annual performance report were given for 25% of the targets, as required by the National Treasury's *Guide for the preparation of the annual report*. This was due to a lack of review of the presentation of the annual performance report by management.

#### **Reliability of reported performance information**

26. The FMPPI requires departments to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Overall, 25% of the targets were not reliable because we were unable to obtain sufficient appropriate audit evidence for 25% of the targets. In addition 25% of the targets were not valid, accurate and complete when compared to the source information or evidence provided.

## **Programme 4: Roads infrastructure**

### **Usefulness of reported performance information**

#### **Consistency of objectives, indicators and targets**

#### **Reported indicators not consistent with planned indicators**

27. *Treasury Regulation* (TR) 5.2.4 requires the annual performance to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 53,85% of the reported indicators were not consistent with those in the approved annual performance.

#### **Reliability of reported performance information**

28. The FMPPI requires department's to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Overall, 33% of the targets were not reliable because we were unable to obtain sufficient appropriate audit evidence for these targets. In addition 33% of the targets were not valid, accurate and complete when compared to the source information or evidence provided.

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

- Programme 2 : Public works

## **Additional matters**

30. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programme, I draw attention to the following matters:

## **Achievement of planned targets**

31. Refer to the annual performance report on pages 96 to 99; 100 to 105 for information on the achievement of planned targets for the year. This information should be considered in the context of the qualified conclusions expressed on usefulness and reliability of the reported performance information in paragraphs 28, 29 and 30 of this report.

## **Adjustment of material misstatements**

32. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for programme 3: EPWP and programme 4: roads infrastructure of programmes. As management subsequently corrected only some of the misstatements, I identified material findings on the usefulness and reliability of the reported performance information.

## **Unaudited supplementary information**

33. The supplementary information set out on pages XX to XX does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

## **Compliance with legislation**

34. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

## **Strategic planning and performance management**

35. Effective, efficient and transparent systems of risk management and internal controls with respect to performance information and management was not maintained as required by section 51(1) (a) (i) of the PFMA.

## **Annual financial statements, performance and annual reports**

36. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(a) of the PFMA

37. Material misstatements of non-current assets, liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

## **Procurement and contract management**

38. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by TR 16A6.1.

39. Contracts were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by TR 16A9.1 (d) and the *Preferential Procurement Regulations*.

40. Contracts were awarded to bidders based on preference points that were not allocated and/or calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000) (PPPFA) and its regulations.

41. Persons in service of other state institutions who had a private or business interest in contracts awarded by the department participated in the process relating to that contract in contravention of TR 16A8.4.

## **Expenditure management**

42. Effective steps were not taken to prevent irregular expenditure, as required by section 38(1) (c) (ii) of the PFMA and TR 9.1.1.

43. Contractual obligations and money owed by the department were not settled within 30 days, as required by section 38(1)(f) of the PFMA and TR 8.2.3.

44. Payments were made in advance of the receipt of goods or services, in contravention of TR 15.10.1.2.

### **Revenue management**

45. Appropriate processes were not developed or implemented to provide for the identification, collection, recording, reconciliation and safeguarding of information about revenue, as required by TR 7.2.1.

46. Effective and appropriate steps were not taken to collect all money due, as required by section 38(1)(c)(i) of the PFMA and TR 11.2.1, 15.10.1.2(a) and 15.10.1.2(e).

47. Interest was not charged at the approved rates determined by the Minister of Finance, as required by TR 11.5.1.

### **Asset management**

48. Proper control systems to safeguard and maintain assets were not implemented, as required by section 38(1)(d) of the PFMA and TR 10.1.1(a).

### **Consequence management**

49. Sufficient appropriate audit evidence could not be obtained that effective and appropriate disciplinary steps were taken against officials who made and/or permitted irregular expenditure, as required by section 38(h)(iii) of the PFMA and TR 9.1.3.

### **Service delivery**

50. The needs of all client departments were not addressed by the department's immovable asset management plan.

51. Appointed project managers were not registered with the South African Council for the Project and Construction Management Professions, as required by sections 18(2) and 19 of the Project and Construction Management Professions Act.

### **Internal control**

52. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on non-compliance with legislation included in this report.

## **Leadership**

- 53. Suspensions in leadership positions are still pending which lead to instability in key leadership positions.
- 54. The accounting officer did not always exercise adequate oversight responsibility regarding financial and performance reporting and compliance and related internal controls.
- 55. The department developed a plan to address internal and external audit findings, but the plan was not adhered to or timeously implemented to address matters reported in the prior year.

## **Financial and performance management**

- 56. The department did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
- 57. Review of the work performed on the asset register was inadequate and there are capacity constraints in the asset management unit.
- 58. Inadequate review and monitoring of compliance with applicable laws and regulations.
- 59. There was a significant delay in obtaining information relating to the transfer of the roads function to the department.

## **Governance**

- 60. The risk management strategy implemented by the department was not effective to prevent recurring qualifications on the department's movable assets, accrued departmental revenue and irregular expenditure.

## Other reports

### Performance audits

61. The report on the performance audit conducted on the effectiveness of DPWRI as an implementing agent was still in progress and it will be tabled once the audit is completed.

Auditor-General

Polokwane

31 July 2015



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## 2. ANNUAL FINANCIAL STATEMENTS

**APPROPRIATION STATEMENT  
for the year ended 31 March 2015**

Appropriation per programme									
2014/15								2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'00 0	R'00 0	R'000	R'000	R'000	%	R'000	R'000
Voted funds and Direct charges									
Programme									
1. Administration	293 939	-	-	<b>293 939</b>	<b>254 036</b>	<b>39 903</b>	<b>86,4%</b>	<b>235 604</b>	<b>230 865</b>
2. Infrastructure Operations	692 006	-	-	<b>692 006</b>	<b>648 052</b>	<b>43 954</b>	<b>93.6%</b>	<b>615 573</b>	<b>596 284</b>
3. Expanded Public Works Programme	40 808	-	-	<b>40 808</b>	<b>38 337</b>	<b>2 471</b>	<b>93.9%</b>	<b>30 149</b>	<b>30 057</b>
4. Roads Infrastructure	<b>2 046 712</b>	-	-	<b>2 046 712</b>	<b>1 845 634</b>	<b>201 078</b>	<b>90.2%</b>	-	-
<b>Subtotal</b>	3 073 465	-	-	<b>3 073 465</b>	<b>2 786 059</b>	<b>287 406</b>	<b>90.6%</b>	<b>881 326</b>	<b>857 206</b>
Statutory Appropriation	1 822	-	-	<b>1 822</b>	<b>1 808</b>	<b>14</b>	<b>99.2%</b>	<b>1 735</b>	<b>1 735</b>
<b>Members' remuneration</b>	<b>1 822</b>	-	-	<b>1 822</b>	<b>1 808</b>	<b>14</b>	<b>99.2%</b>	<b>1 735</b>	<b>1 735</b>
<b>TOTAL</b>	3 075 287	-	-	3 075 287	<b>2 787 867</b>	<b>287 420</b>	<b>90.7%</b>	<b>883 061</b>	<b>858 941</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2015**

	2014/15		2013/14	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward) Reconciliation with Statement of Financial Performance				
ADD				
<b>Departmental receipts</b>	-		-	
<b>NRF Receipts</b>	-		-	
<b>Aid assistance</b>	4 638		-	
Actual amounts per Statement of Financial Performance (total revenue)	3 079 925		883 061	
ADD				
<b>Aid assistance</b>		4 114		
<b>Prior year unauthorised expenditure approved without funding</b>				
Actual amounts per Statement of Financial Performance (total expenditure)		2 791 981		858 941

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2015

Appropriation per economic classification									
	2014/15							2013/14	
	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									
<b>Current payments</b>	<b>1 571 275</b>	<b>87</b>	<b>-</b>	<b>1 571 362</b>	<b>1 402 017</b>	<b>169 345</b>	<b>89.2%</b>	<b>766 014</b>	<b>743 537</b>
Compensation of employees	<b>922 364</b>	<b>87</b>	<b>-</b>	<b>922 451</b>	<b>888 547</b>	<b>33 904</b>	<b>96.3%</b>	<b>576 648</b>	<b>578 669</b>
Salaries and wages	<b>784 426</b>	<b>78</b>	<b>-</b>	<b>784 504</b>	<b>768 684</b>	<b>15 820</b>	<b>98.0%</b>	<b>576 388</b>	<b>578 409</b>
Social contributions	<b>137 938</b>	<b>9</b>	<b>-</b>	<b>137 947</b>	<b>119 863</b>	<b>18 084</b>	<b>86.9%</b>	<b>260</b>	<b>260</b>
Goods and services	<b>648 911</b>	<b>-</b>	<b>-</b>	<b>648 911</b>	<b>513 470</b>	<b>135 441</b>	<b>79.1%</b>	<b>189 366</b>	<b>164 868</b>
Administrative fees	-	-	-	-	-	-	-	-	-
Advertising	<b>1 991</b>	-	-	<b>1 991</b>	<b>1 834</b>	<b>157</b>	<b>92.1%</b>	<b>1 310</b>	<b>739</b>
Minor assets	<b>5 222</b>	-	-	<b>5 222</b>	<b>4 292</b>	<b>930</b>	<b>82.2%</b>	<b>321</b>	<b>979</b>
Audit costs: External	<b>6 456</b>	-	-	<b>6 456</b>	<b>7 114</b>	<b>-658</b>	<b>110.2%</b>	<b>5 600</b>	<b>5 923</b>
Bursaries: Employees	<b>1 000</b>	-	-	<b>1 000</b>	<b>113</b>	<b>887</b>	<b>11.3%</b>	<b>644</b>	<b>1 276</b>
Catering: Departmental activities	<b>389</b>	-	-	<b>389</b>	<b>279</b>	<b>110</b>	<b>71.7%</b>	<b>218</b>	<b>252</b>
Communication	<b>6 771</b>	-	-	<b>6 771</b>	<b>5 796</b>	<b>975</b>	<b>85.6%</b>	<b>5 440</b>	<b>5 211</b>
Computer services	<b>22 660</b>	-	-	<b>22 660</b>	<b>13 652</b>	<b>9 008</b>	<b>60.2%</b>	<b>9 738</b>	<b>8 775</b>
Consultants: Business and advisory services	-	-	-	-	-	-	-	<b>8 000</b>	<b>7 897</b>
Infrastructure and planning services	<b>3 497</b>	-	-	<b>3 497</b>	<b>3 525</b>	<b>-28</b>	<b>100.8%</b>	<b>13 770</b>	<b>2 323</b>
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	<b>1 113</b>	-
Contractors	<b>162 386</b>	-	-	<b>162 386</b>	<b>180 494</b>	<b>-18 108</b>	<b>111.2%</b>	<b>8 852</b>	<b>8 641</b>
Agency and support / outsourced services	<b>136 913</b>	-	-	<b>136 913</b>	<b>89 839</b>	<b>47 074</b>	<b>65.6%</b>	<b>35 061</b>	<b>31 830</b>
Entertainment	-	-	-	-	-	-	-	-	-

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2015**

Fleet services	85 170	-	-	85 170	79 603	5 567	93.5%	8 000	8 176
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	5 630	-	-	5 630	2 981	2 649	52.9%	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	150	-	-	150	43	107	28.7%	-	-
Inventory: Fuel, oil and gas	20 877	-	-	20 877	13 561	7 316	65.0%	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	49 955	-	-	49 955	26 137	23 818	52.3%	2 000	1 274
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	1 990	3 340
Consumable supplies	6 358	-	-	6 358	4 070	2 288	64.0%	2 889	2 480
Consumable: Stationery, printing and office supplies	3 558	-	-	3 558	3 265	293	91.8%	3 150	3 407
Operating leases	35 595	-	-	35 595	712	34 883	2.0%	34 388	30 470
Property payments	29 048	-	-	29 048	28 169	879	97.0%	29 721	25 304
Transport provided: Departmental activity									
Travel and subsistence	28 371	-	-	28 371	25 177	3 194	88.7%	10 577	10 448
Training and development	9 618	-	-	9 618	6 402	3 216	66.6%	5 419	4 474
Operating payments	1 350	-	-	1 350	483	867	35.8%	250	1 180
Venues and facilities	2 406	-	-	2 406	2 079	327	86.4%	915	469
Rental and hiring	23 540	-	-	23 540	13 850	9 690	58.8%	-	-
<b>Interest and rent on land</b>	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	1 224	-	-	1 224	1 217	6 869	99.4%	55 656	49 514
	485	-	-	485	616				
Provinces and municipalities	103 994	-	-	103 994	94 835	9 159	91.2%	46 806	38 638
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-

**APPROPRIATION STATEMENT  
for the year ended 31 March 2015**

Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	103 994	-	-	103 994	94 835	9 159	91.2%	46 806	38 638
Municipal bank accounts	103 994	-	-	103 994	94 835	9 159	91.2%	46 806	38 638
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 107	-	-	1 107	1 107	-	100.0%	-	-
Social security funds	316	-	-	316	316	-	-	-	-
Departmental agencies and accounts	1 107	-	-	1 107	1 107	-	100.0%	-	-
Higher education institutions	316	-	-	316	316	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	13 175	-	-	13 175	15 465	-2 290	117.4%	8 850	10 876
Social benefits	13 175	-	-	13 175	15 420	-2 245	117.0%	8 850	10 876
Other transfers to households	-	-	-	-	45	-45	-	-	-
<b>Payments for capital assets</b>	<b>279 440</b>	-	-	<b>279 440</b>	<b>168 154</b>	<b>111 286</b>	<b>60.2%</b>	<b>61 391</b>	<b>65 871</b>
Buildings and other fixed structures	137 954	-	-	137 954	125 247	12 707	90.8%	47 152	23 439
Buildings	111 518	-	-	111 518	93 130	18 388	83.5%	47 152	23 439
Other fixed structures	26 436	-	-	26 436	32 117	-5 681	121.5%	-	-
Machinery and equipment	141 486	-	-	141 486	42 907	98 579	30.3%	14 239	42 432
Transport equipment	53 341	-	-	53 341	19 800	33 541	37.1%	-	-
Other machinery and equipment	88 145	-	-	88 145	23 107	65 038	26.2%	14 239	42 432
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2015

Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	<b>80</b>	<b>-80</b>	-	-	<b>19</b>
	3 075 200	<b>87</b>	-	3 075 287	2 787 867	287 420	90.7%	883 061	858 941

**APPROPRIATION STATEMENT  
for the year ended 31 March 2015**

Programme 1: Administration									
	2014/15							2013/14	
	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	7 505	-	-	7 505	5 667	1 838	75.5%	235 604	230 865
2. Head of Department	3 715	-	-	3 715	4 595	-880	123.7%	-	-
3. Corporate Support	282 719	-	-	282 719	243 774	38 945	86.2%	-	-
Total for sub programmes	293 939	-	-	293 939	254 036	39 903	86.4%	235 604	230 865
Economic classification									
<b>Current payments</b>	<b>258 049</b>	-	-	<b>258 049</b>	<b>242 185</b>	<b>15 864</b>	<b>93.9%</b>	<b>218 885</b>	<b>216 910</b>
Compensation of employees	186 178	-	-	186 178	184 959	1 219	99.3%	172 559	171 760
Salaries and wages	174 186	-	-	174 186	159 300	14 886	91.5%	172 559	171 760
Social contributions	11 992	-	-	11 992	25 659	-13 667	214.0%	-	-
Goods and services	71 871	-	-	71 871	57 226	14 645	79.6%	46 326	45 150
Administrative fees	-	-	-	-	-	-	-	-	-
Advertising	1 524	-	-	1 524	1 463	61	96.0%	1 310	495
Minor assets	730	-	-	730	1429	-699	195.8%	21	329
Audit costs: External	6 456	-	-	6 456	7 114	-658	110.2%	5 600	5 923
Bursaries: Employees	1 000	-	-	1 000	113	887	11.3%	644	1276
Catering: Departmental activities	299	-	-	299	220	79	73.6%	218	220
Communication	6 499	-	-	6 499	5 641	858	86.8%	5 305	5 211
Computer services	18 660	-	-	18 660	9 773	8 887	52.4%	9 738	8 775
Consultants: Business and advisory services	-	-	-	-	-	-	-	-	-
Infrastructure and planning services	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-

**APPROPRIATION STATEMENT  
for the year ended 31 March 2015**

Legal services	-	-	-	-	-	-	-	1 113	-
Contractors	1 777	-	-	1 777	1 122	655	63.1%	1 639	1 150
Agency and support / outsourced services	1 075	-	-	1 075	489	586	45.5%	-	34
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services	9 000	-	-	9 000	9 140	-140	101.6%	8 000	8 176
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	81	-	-	81	81	-	100.05	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	50	-	-	50	43	7	86.0%	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	1 030	-	-	1 030	748	282	72.6%	-	-
Consumable: Stationery, printing and office supplies	3 400	-	-	3 400	3 174	226	93.4%	3 150	3 407
Operating leases	1 044	-	-	1 044	723	321	69.35	504	576
Property payments	-	-	-	-	-	-	-	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	7 927	-	-	7 927	8 307	-380	104.8%	3 000	3 700
Training and development	9 543	-	-	9 543	6 358	3 185	66.6%	5 419	4 474
Operating payments	200	-	-	200	7	193	3.5%	250	1 180
Venues and facilities	1 576	-	-	1 576	1 281	295	81.3%	415	224
Rental and hiring	-	-	-	-	-	-	-	-	-
<b>Interest and rent on land</b>	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>2 750</b>	-	-	<b>2 750</b>	<b>3 060</b>	<b>-310</b>	<b>111.3%</b>	<b>3 630</b>	<b>2 894</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2015**

Provinces and municipalities	300	-	-	300	272	28	90.7%	280	192
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	300	-	-	300	272	28	90.7%	280	192
Municipal bank accounts	300	-	-	300	272	28	90.75	280	192
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2 450	-	-	2 450	2 788	-338	113.8%	3 350	2 702
Social benefits	2 450	-	-	2 450	2 788	-338	113.8%	3 350	2 702
Other transfers to households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>33 140</b>	-	-	<b>33 140</b>	<b>8 789</b>	<b>24 351</b>	<b>26.5%</b>	<b>13 089</b>	<b>11 058</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	33 140	-	-	33 140	8 789	24 351	26.5%	13 089	11 058
Transport equipment	3 341	-	-	3 341	3 192	149	95.5%	-	-
Other machinery and equipment	29 799	-	-	29 799	5 597	24 202	18.8%	13 089	11 058

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2015

Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	2	-2	-	-	3
<b>Total</b>	<b>293 939</b>	-	-	<b>293 939</b>	<b>254 036</b>	<b>39 903</b>	<b>86.4%</b>	<b>235 604</b>	<b>230 865</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2015**

Programme 2: Infrastructure Operations									
2014/15								2013/14	
	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. Infrastructure Planning and Design	30 429	-	-	30 429	23 427	7 002	77.0%	615 573	596 284
2. Construction	92 979	-	-	92 979	93 203	-224	100.2%	-	-
3. Property and Facilities Management	568 598	-	-	568 598	531 422	37 176	93.5%	-	-
<b>Total for sub programmes</b>	<b>692 006</b>	<b>-</b>	<b>-</b>	<b>692 006</b>	<b>648 052</b>	<b>43 954</b>	<b>93.6%</b>	<b>615 573</b>	<b>596 284</b>
Economic classification									
Current payments	<b>540 630</b>	-	-	<b>540 630</b>	<b>481 678</b>	<b>58 952</b>	<b>89.1%</b>	<b>515 245</b>	<b>494 835</b>
Compensation of employees	<b>380 693</b>	-	-	<b>380 693</b>	<b>364 547</b>	<b>16 146</b>	<b>95.8%</b>	<b>386 780</b>	<b>390 845</b>
Salaries and wages	<b>310 949</b>	-	-	<b>310 949</b>	<b>316 093</b>	<b>-5 144</b>	<b>101.7%</b>	<b>386 780</b>	<b>390 845</b>
Social contributions	<b>69 744</b>	-	-	<b>69 744</b>	<b>48 454</b>	<b>21 290</b>	<b>69.5%</b>	-	-
Goods and services	<b>159 937</b>	-	-	<b>159 937</b>	<b>117 131</b>	<b>42 806</b>	<b>73.2%</b>	<b>128 465</b>	<b>103 990</b>
Administrative fees	-	-	-	-	-	-	-	-	-
Advertising	<b>10</b>	-	-	<b>10</b>	-	<b>10</b>	-	-	-
Minor assets	<b>3 400</b>	-	-	<b>3 400</b>	<b>2 739</b>	<b>661</b>	<b>80.6%</b>	<b>300</b>	<b>650</b>
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	<b>24</b>	-	-	<b>24</b>	<b>18</b>	<b>6</b>	<b>75.0%</b>	-	-

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2015

Communication	-	-	-	-	2	-2	-	-	-
Computer services	4 000	-	-	4 000	3 879	121	97.0%	-	-
Consultants: Business and advisory services	-	-	-	-	-	-	-	-	-
Infrastructure and planning services	3 078	-	-	3 078	3 122	-44	101.4%	13 770	2 323
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-
Contractors	3 766	-	-	3 766	2 784	982	73.9%	4 213	4 334
Agency and support / outsourced services	68 888	-	-	68 888	60 290	8 598	87.5%	35 061	31 796
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services	-	-	-	-	47	-47	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	100	-	-	100	100	-	100%	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	3 527	-	-	3 527	3 837	-310	108.8%	2 000	1 274
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	3 692	-	-	3 692	3 006	686	81.4%	2 889	2 480
Consumable: Stationery, printing and office supplies	-	-	-	-	-	-	-	-	-
Operating leases	34 551	-	-	34 551	-13	34 564	(0.0%)	33 884	29 894
Property payments	29 008	-	-	29 008	28 129	879	97.0%	29 721	25 304
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2015**

Travel and subsistence	5 793	-	-	5 793	9 158	-3 365	158.1%	6 627	5 935
Training and development	-	-	-	-	-	-	-	-	-
Operating payments	-	-	-	-	76	-76	-	-	-
Venues and facilities	100	-	-	100	57	43	57.0%	-	-
Rental and hiring	-	-	-	-	-	-	-	-	-
<b>Interest and rent on land</b>	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	107 334	-	-	107 334	101 592	5 742	94.7%	52 026	46 620
Provinces and municipalities	101 534	-	-	101 534	93 588	7 946	92.2%	46 526	38 446
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	101 534	-	-	101 534	93 588	7 946	92.25	46 526	38 446
Municipal bank accounts	101 534	-	-	101 534	93 588	7 946	92.25	46 526	38 446
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	5 800	-	-	5 800	8 004	-2 204	138.0%	5 500	8 174
Social benefits	5 800	-	-	5 800	7 959	-2 159	137.2%	5 500	8 174

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2015

Other transfers to households	-	-	-	-	45	-45	-	-	-
<b>Payments for capital assets</b>	<b>44 042</b>	-	-	<b>44 042</b>	<b>64 704</b>	<b>-20 662</b>	<b>146.9%</b>	<b>48 302</b>	<b>54 813</b>
Buildings and other fixed structures	<b>41 092</b>	-	-	<b>41 092</b>	<b>62 443</b>	<b>-21 351</b>	<b>152.0%</b>	<b>47 152</b>	<b>23 439</b>
Buildings	<b>16 220</b>	-	-	<b>16 220</b>	<b>30 326</b>	<b>-14 106</b>	<b>187.0%</b>	<b>47 152</b>	<b>23 439</b>
Other fixed structures	<b>24 872</b>	-	-	<b>24 872</b>	<b>32 117</b>	<b>-7 245</b>	<b>129.1%</b>	-	-
Machinery and equipment	<b>2 950</b>	-	-	<b>2 950</b>	<b>2 261</b>	<b>689</b>	<b>76.6%</b>	<b>1 150</b>	<b>31 374</b>
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	<b>2 950</b>	-	-	<b>2 950</b>	<b>2 261</b>	<b>689</b>	<b>76.6%</b>	<b>1 150</b>	<b>31 374</b>
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	<b>78</b>	<b>-78</b>	-	-	-
Total	<b>692 006</b>	-	-	<b>692 006</b>	<b>648 052</b>	<b>43 954</b>	<b>93.6%</b>	<b>615 573</b>	<b>596 284</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2015**

<b>Programme 3: Expanded Public Works Programme</b>									
<b>2014/15</b>								<b>2013/14</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub programme</b>									
1. <u>Expanded Public Works Programme</u>	<b>40 808</b>	-	-	<b>40 808</b>	<b>38 337</b>	<b>2 471</b>	<b>93.9%</b>	<b>30 149</b>	<b>30 057</b>
	<b>40 808</b>	-	-	<b>40 808</b>	<b>38 337</b>	<b>2 471</b>	<b>93.9%</b>	<b>30 149</b>	<b>30 057</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>40 808</b>	-	-	<b>40 808</b>	<b>38 337</b>	<b>2 471</b>	<b>93.9%</b>	<b>30 149</b>	<b>30 057</b>
Compensation of employees	<b>18 106</b>	-	-	<b>18 106</b>	<b>18 468</b>	<b>-362</b>	<b>102.0%</b>	<b>15 574</b>	<b>14 329</b>
Salaries and wages	16 723	-	-	16 723	17 097	-374	102.2%	15 574	14 329
Social contributions	1 383	-	-	1 383	1 371	12	99.1%	-	-
Goods and services	22 702	-	-	22 702	19 869	2 833	87.5%	14 575	15 728
Administrative fees	-	-	-	-	-	-	-	-	-
Advertising	300	-	-	300	232	68	77.3%	-	244
Minor assets	-	-	-	-	-	-	-	-	-
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	50	-	-	50	26	24	52.0%	-	32
Communication	-	-	-	-	-	-	-	135	-
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services-	-	-	-	-	-	-	-	8 000	7 897
Infrastructure and planning services	-	-	-	-	-	-	-	-	-

**APPROPRIATION STATEMENT  
for the year ended 31 March 2015**

Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-
Contractors	13 202	-	-	13 202	12 287	915	93.1%	3 000	3 157
Agency and support / outsourced services	6 000	-	-	6 000	6 000	-	100%	-	-
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	1 890	-	-	1 890	-	1 890	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	1 990	3 340
Consumable supplies	-	-	-	-	-	-	-	-	-
Consumable: Stationery, printing and office supplies	-	-	-	-	-	-	-	-	-
Operating leases	-	-	-	-	-	-	-	-	-
Property payments	-	-	-	-	-	-	-	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	694	-	-	694	739	-45	106.5%	950	813
Training and development	-	-	-	-	-	-	-	-	-
Operating payments	-	-	-	-	-	-	-	-	-
Venues and facilities	566	-	-	566	585	-19	103.4%	500	245
Rental and hiring	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>40 808</b>	<b>-</b>	<b>-</b>	<b>40 808</b>	<b>38 337</b>	<b>2 471</b>	<b>93.9%</b>	<b>30 149</b>	<b>30 057</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2015**

<b>Programme 4: Roads Infrastructure</b>									
<b>2014/15</b>								<b>2013/14</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub programme</b>									
<b>1. Roads Infrastructure</b>	<b>2 046 712</b>	-	-	<b>2 046 712</b>	<b>1 845 634</b>	<b>201 078</b>	<b>90.2%</b>	-	-
	<b>2 046 712</b>	-	-	<b>2 046 712</b>	<b>1 845 634</b>	<b>201 078</b>	<b>90.2%</b>	-	-
<b>Economic classification</b>									
<b>Current payments</b>	<b>730 053</b>	-	-	<b>730 053</b>	<b>638 009</b>	<b>92 044</b>	<b>87.4%</b>	-	-
Compensation of employees	<b>335 652</b>	-	-	<b>335 652</b>	<b>318 765</b>	<b>16 887</b>	<b>95.0%</b>	-	-
Salaries and wages	281 093	-	-	281 093	274 655	6 438	97.7%	-	-
Social contributions	54 559	-	-	54 559	44 110	10 449	80.8%	-	-
Goods and services	394 401	-	-	394 401	319 244	75 157	80.9%	-	-
Administrative fees	-	-	-	-	-	-	-	-	-
Advertising	157	-	-	157	139	18	88.5%	-	-
Minor assets	1 092	-	-	1 092	124	968	11.4%	-	-
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	16	-	-	16	15	1	93.8%	-	-
Communication	272	-	-	272	153	119	56.3%	-	-
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services-	-	-	-	-	-	-	-	-	-
Infrastructure and planning services	419	-	-	419	403	16	96.2%	-	-
Laboratory services	-	-	-	-	-	-	-	-	-

**APPROPRIATION STATEMENT  
for the year ended 31 March 2015**

Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-
Contractors	143 641	-	-	143 641	164 301	-20 660	114.4%	-	-
Agency and support / outsourced services	60 950	-	-	60 950	23 060	37 890	37.8%	-	-
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services	76 170	-	-	76 170	70 416	5 754	92.4%	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	3 659	-	-	3 659	2 900	759	79.3%	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	100	-	-	100	-	100	-	-	-
Inventory: Fuel, oil and gas	20 777	-	-	20 700	13 561	7 216	65.3%	-	-
Inventory: Learner and teacher support material	46 428	-	-	46 428	22 300	24 128	48%	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	1 636	-	-	1 636	316	1 320	19.3%	-	-
Consumable: Stationery, printing and office supplies	158	-	-	158	91	67	57.6%	-	-
Operating leases	-	-	-	-	2	-2	-	-	-
Property payments	40	-	-	40	40	-	100.0%	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	13 957	-	-	13 957	6 973	6 984	50.0%	-	-
Training and development	75	-	-	75	44	31	58.7%	-	-
Operating payments	1 150	-	-	1 150	400	750	34.8%	-	-

**APPROPRIATION STATEMENT  
for the year ended 31 March 2015**

Venues and facilities	164	-	-	164	156	8	95.1%	-	-
Rental and hiring	23 540	-	-	23 540	13 850	9 690	58.8%	-	-
	-	-	-	-	-	-	-	-	-
<b>Interest and rent on land</b>									
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 114</b>	-	-	<b>1 114</b>	<b>1 112</b>	<b>1</b>	<b>99.9%</b>	-	-
	<b>401</b>			<b>401</b>	<b>964</b>	<b>437</b>			
Provinces and municipalities	<b>2 160</b>	-	-	<b>2 160</b>	<b>975</b>	<b>1</b>	<b>45.1%</b>	-	-
						<b>185</b>			
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	<b>2 160</b>	-	-	<b>2 160</b>	<b>975</b>	<b>1</b>	<b>45.1%</b>	-	-
						<b>185</b>			
Municipal bank accounts	<b>2 160</b>	-	-	<b>2 160</b>	<b>975</b>	<b>1</b>	<b>45.1%</b>	-	-
						<b>185</b>			
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	<b>1 107 316</b>	-	-	<b>1 107 316</b>	<b>1 107 316</b>	-	<b>100.0%</b>	-	-
Social security funds									
Departmental agencies	<b>1 107 316</b>	-	-	<b>1 107 316</b>	<b>1 107 316</b>	-	<b>100.0%</b>	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2015

Households	4 925	-	-	4 925	4 673	252	94.9%	-	-
Social benefits	4 925	-	-	4 925	4 973	252	94.9%	-	-
Other transfers to households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>202 258</b>	-	-	<b>202 258</b>	<b>94 661</b>	<b>107 597</b>	<b>46.8%</b>	-	-
Buildings and other fixed structures	96 862	-	-	96 862	62 804	34 058	64.8%	-	-
Buildings	95 298	-	-	95 298	62 804	32 494	65.9%	-	-
Other fixed structures	1 564	-	-	1 564	-	1 564	-	-	-
Machinery and equipment	105 396	-	-	105 396	31 857	73 539	30.2%	-	-
Transport equipment	50 000	-	-	50 000	16 608	33 392	33.2%	-	-
Other machinery and equipment	55 396	-	-	55 396	15 249	40 147	27.5%	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>2 046 712</b>	<b>-</b>	<b>-</b>	<b>2 046 712</b>	<b>1 845 634</b>	<b>201 078</b>	<b>90.2%</b>	<b>-</b>	<b>-</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2015**

<b>Direct charges</b>									
2014/15								2013/14	
	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
<b>Sub programme</b>									
<b>1. <u>Members' remuneration</u></b>	<b>1 735</b>	<b>87</b>	<b>-</b>	<b>1 822</b>	<b>1 808</b>	<b>14</b>	<b>99.2%</b>	<b>1 735</b>	<b>1 735</b>
	<b>1 735</b>	<b>87</b>	<b>-</b>	<b>1 822</b>	<b>1 808</b>	<b>14</b>	<b>99.2%</b>	<b>1 735</b>	<b>1 735</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>1 735</b>	<b>87</b>	<b>-</b>	<b>1 822</b>	<b>1 808</b>	<b>14</b>	<b>99.2%</b>	<b>1 735</b>	<b>1 735</b>
Compensation of employees	<b>1 735</b>	<b>87</b>	<b>-</b>	<b>1 882</b>	<b>1 808</b>	<b>14</b>	<b>99.2%</b>	<b>1 735</b>	<b>1 735</b>
Salaries and wages	1 425	78	-	1 553	1 539	14	99.1%	1 475	1 475
Social contributions	-	9	-	269	269	-	100%	260	260
Goods and services	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-	-
Minor assets	-	-	-	-	-	-	-	-	-
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	-	-	-	-	-	-	-	-	-
Communication	-	-	-	-	-	-	-	-	-
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services-	-	-	-	-	-	-	-	-	-
Infrastructure and planning services	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2015

Scientific and technological services	-	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-	-
Consumable: Stationery, printing and office supplies	-	-	-	-	-	-	-	-	-	-
Operating leases	-	-	-	-	-	-	-	-	-	-
Property payments	-	-	-	-	-	-	-	-	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-	-
Travel and subsistence	-	-	-	-	-	-	-	-	-	-
Training and development	-	-	-	-	-	-	-	-	-	-
Operating payments	-	-	-	-	-	-	-	-	-	-
Venues and facilities	-	-	-	-	-	-	-	-	-	-
Rental and hiring	-	-	-	-	-	-	-	-	-	-
<b>Interest and rent on land</b>	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-	-
Departmental agencies	-	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-	-

**APPROPRIATION STATEMENT  
for the year ended 31 March 2015**

Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Social benefits	-	-	-	-	-	-	-	-	-
Other transfers to households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
	<b>1 735</b>	<b>87</b>	<b>-</b>	<b>1 822</b>	<b>1 808</b>	<b>14</b>	<b>99.2%</b>	<b>1 735</b>	<b>1 735</b>

## **NOTES TO THE APPROPRIATION STATEMENT** for the year ended 31 March 2015

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

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

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

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

**3. Detail on payments for financial assets**

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

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

**4.1 Per programme**

	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 1	293 939	254 036	39 903	13.6%
Programme 2	692 006	648 052	43 954	6.4%
Programme 3	40 808	38 337	2 471	6.1%
Programme 4	2 046 712	1 845 634	201 078	9.8%

**4.2 Per economic classification**

	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
<b>Current payments</b>				
Compensation of employees	922 451	888 547	33 904	3.7%
Goods and services	654 911	513 470	134 441	20.9%
Interest and rent on land	-	-	-	-
<b>Transfers and subsidies</b>				
Provinces and municipalities	103 994	94 835	9 159	8.8%
Departmental agencies and accounts	1 107 316	1 107 316	-	0%
Higher education institutions				
Public corporations and private enterprises				
Foreign governments and international organisations				
Non-profit institutions				
Households	13 175	15 465	-2 290	-17.4%
<b>Payments for capital assets</b>				
Buildings and other fixed structures	137 954	125 247	12 707	9.2%
Machinery and equipment	141 486	42 907	98 579	69.7%
Heritage assets				
Specialised military assets				
Biological assets				
Land and subsoil assets				
Intangible assets				

## NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2015

Payments for financial assets - 80 -

### Explanation of variances

- The Department only had 5 months to spend the budget for Roads infrastructure as reconfiguration was only effected in October 2015.
- Delays in the approval of roads projects. Tenders for the maintenance of roads were awarded during the month of December 2014 and contractors were on site in January 2015. Progress and payment are expected during the 2015/16 financial year.
- The Department had challenges with the term contract for the supply of building material mainly for the construction of Traditional Council Offices resulted in under-expenditure.
- Late launching of the LCDP which in turn delayed the projects implementation of the program
- Non filling of posts.

4.3 Per conditional grant	Final Appropriati on	Actual Expenditur e	Variance	Variance as a % of Final Appropriati on R'000
EPWP Incentive	R'000 6 770	R'000 6 770		R'000 0
Provincial Roads Maintenance	1 173 861	1 173 861		0

# STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
<b>REVENUE</b>			
Annual appropriation	1	3 073 465	881 326
Statutory appropriation	2	1 822	1 735
Departmental revenue	3	-	-
NRF Receipts	3	-	-
Aid assistance	4	4 638	-
<b>TOTAL REVENUE</b>		<b>3 079 925</b>	<b>883 061</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	5	888 546	578 669
Goods and services	6	513 957	164 868
Interest and rent on land	7	-	-
Aid assistance	4	4 114	-
<b>Total current expenditure</b>		<b>1 406 617</b>	<b>743 537</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	9	1 217 231	49 514
Aid assistance	4	-	-
<b>Total transfers and subsidies</b>		<b>1 217 231</b>	<b>49 514</b>
<b>Expenditure for capital assets</b>			
Tangible assets	10	168 053	65 871
Intangible assets	10	-	-
<b>Total expenditure for capital assets</b>		<b>168 053</b>	<b>65 871</b>
Unauthorised expenditure approved without funding	11	-	-
<b>Payments for financial assets</b>	g	<b>80</b>	<b>19</b>
<b>TOTAL EXPENDITURE</b>		<b>2 791 981</b>	<b>858 941</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>287 944</b>	<b>24 120</b>

**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 31 March 2015

Reconciliation of Net Surplus/(Deficit) for the year

<b>Voted funds</b>	<b>287 420</b>	<b>24 120</b>
Annual appropriation	287 420	24 120
Conditional grants	-	-
Unconditional grants	-	-
Departmental revenue and NRF Receipts	-	-
Aid assistance	<b>524</b>	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>287 944</b>	<b>24 120</b>

**STATEMENT OF FINANCIAL POSITION**  
**as at 31 March 2015**

	Note	2014/15 R'000	2013/14 R'000
<b>ASSETS</b>			
<b>Current assets</b>			
Unauthorised expenditure	<u>11</u>	-	-
Cash and cash equivalents	<u>12</u>	290 170	25 765
Other financial assets	<u>13</u>	-	-
Prepayments and advances	<u>14</u>	-	-
Receivables	<u>15</u>	2 464	1 971
Loans	<u>17</u>	-	-
Aid assistance prepayments	<u>4</u>	-	-
Aid assistance receivable	<u>4</u>	-	-
<b>Non-current assets</b>		-	-
Investments	<u>16</u>	-	-
Receivables	<u>15</u>	-	-
Loans	<u>17</u>	-	-
Other financial assets	<u>13</u>	-	-
<b>TOTAL ASSETS</b>		<b>292 634</b>	<b>27 736</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Voted funds to be surrendered to the Revenue Fund	<u>18</u>	287 221	24 120
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>19</u>	3 389	2 741
Bank overdraft	<u>20</u>	-	-
Payables	<u>21</u>	548	415
Aid assistance repayable	<u>4</u>	524	-
Aid assistance unutilised	<u>4</u>	-	-
<b>Non-current liabilities</b>		-	-
Payables	<u>22</u>	-	-
<b>TOTAL LIABILITIES</b>		<b>291 682</b>	<b>27 276</b>
<b>NET ASSETS</b>		<b>952</b>	<b>460</b>

**STATEMENT OF FINANCIAL POSITION**  
**as at 31 March 2015**

	<i>Note</i>	2014/15 R'000	2013/14 R'000
<b>Represented by:</b>			
Recoverable revenue		<b>952</b>	<b>460</b>
<b>TOTAL</b>		<b>952</b>	<b>460</b>

**STATEMENT OF CHANGES IN NET ASSETS**  
for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
<b>Recoverable revenue</b>			
Opening balance		460	248
Transfers:		492	212
Irrecoverable amounts written off	<u>8.3</u>	(80)	(19)
Debits revised		-	-
Debits recovered (included in departmental receipts)		-	-
Debits raised		572	231
Closing balance		<b>952</b>	<b>460</b>
<b>TOTAL</b>		<b>952</b>	<b>460</b>

**CASH FLOW STATEMENT**  
for the year ended 31 March 2015

Note	2014/15 R'000	2013/14 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>	<b>3 458 679</b>	<b>910 685</b>
Annual appropriated funds received	3 073 465	881 326
Statutory appropriated funds received	1 822	1 735
Departmental revenue received	378 747	27 624
Interest received	7	-
NRF Receipts	-	-
Aid assistance received	4 638	-
Net (increase)/decrease in working capital	-360	2 561
Surrendered to Revenue Fund	-406 153	-125 422
Surrendered to RDP Fund/Donor	-	-
Current payments	-1 406 617	-743 537
Interest paid	-	-
Payments for financial assets	-80	-19
Transfers and subsidies paid	-1 217 231	-49 514
<b>Net cash flow available from operating activities</b>	<b>428 238</b>	<b>-5 246</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for capital assets	-168 053	-65 871
Proceeds from sale of capital assets	3 728	-
(Increase)/decrease in loans	-	-
(Increase)/decrease in investments	-	-
(Increase)/decrease in other financial assets	-	-
<b>Net cash flows from investing activities</b>	<b>-164 325</b>	<b>-65 871</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase/(decrease) in net assets	492	212
Increase/(decrease) in non-current payables	-	-
<b>Net cash flows from financing activities</b>	<b>492</b>	<b>212</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>264 405</b>	<b>-70 905</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>25 765</b>	<b>96 670</b>
<b>Cash and cash equivalents at end of period</b>	<b>290 170</b>	<b>25 765</b>

**ACCOUNTING POLICIES**  
for the year ended 31 March 2015

<p><b>Summary of significant accounting policies</b></p> <p><b>[Concepts and Principles, Financial Statement Presentation]</b></p> <p>The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.</p> <p>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.</p> <p>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.</p>	
<b>1</b>	<p><b>Basis of preparation</b></p> <p><b>Financial Statement Presentation</b></p> <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
<b>2</b>	<p><b>Going concern</b></p> <p><b>Financial Statement Presentation</b></p> <p>The financial statements have been prepared on a going concern basis.</p>
<b>3</b>	<p><b>Presentation currency</b></p> <p><b>Financial Statement Presentation</b></p> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
<b>4</b>	<p><b>Rounding</b></p> <p><b>Financial Statement Presentation</b></p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
<b>5</b>	<p><b>Foreign currency translation</b></p> <p><b>Cash Flow Statement, Expenditure, Revenue]</b></p> <p>Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment / receipt.</p>
<b>6</b>	<p><b>Comparative information</b></p>
<b>6.1</b>	<p><b>Prior period comparative information</b></p> <p><b>Financial Statement Presentation</b></p> <p>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.</p>
<b>6.2</b>	<p><b>Current year comparison with budget</b></p> <p><b>Appropriation Statement</b></p>

**ACCOUNTING POLICIES**  
**for the year ended 31 March 2015**

	A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
<b>7</b>	<b>Revenue</b>
<b>7.1</b>	<p><b>Appropriated funds</b></p> <p><b>Revenue, General Departmental Assets and Liabilities</b></p> <p>Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.</p>
<b>7.2</b>	<p><b>Departmental revenue</b></p> <p><b>Revenue, General Departmental Assets and Liabilities</b></p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
<b>7.3</b>	<p><b>Accrued departmental revenue</b></p> <p><b>General Departmental Assets and Liabilities</b></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"> <li>• it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>• the amount of revenue can be measured reliably.</li> </ul> <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p>
<b>8</b>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of employees</b>
<b>8.1.1</b>	<p><b>Salaries and wages</b></p> <p><b>Expenditure</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
<b>8.1.2</b>	<p><b>Social contributions</b></p> <p><b>Expenditure</b></p> <p>Social contributions made by the department in respect of current employees are</p>

**ACCOUNTING POLICIES**  
**for the year ended 31 March 2015**

	<p>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>
<b>8.2</b>	<p><b>Other expenditure</b> <b>Expenditure</b></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>
<b>8.3</b>	<p><b>Accrued expenditure payable</b> <b>General Departmental Assets and Liabilities</b></p> <p>Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department.</p> <p>Accrued expenditure payable is measured at cost.</p>
<b>8.4</b>	<p><b>Leases</b></p>
<b>8.4.1</b>	<p><b>Operating leases</b> <b>Leases</b></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>
<b>8.4.2</b>	<p><b>Finance leases</b> <b>Leases</b></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"> <li>• cost, being the fair value of the asset; or</li> <li>• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul>

**ACCOUNTING POLICIES**  
**for the year ended 31 March 2015**

<b>9</b>	<p><b>Aid Assistance</b></p>
<b>9.1</b>	<p><b>Aid assistance received</b> <b>Revenue, General Departmental Assets and Liabilities</b></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>
<b>9.2</b>	<p><b>Aid assistance paid</b> <b>Expenditure, General Departmental Assets and Liabilities</b></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>
<b>10</b>	<p><b>Cash and cash equivalents</b> <b>General Departmental Assets and Liabilities, Cash Flow Statement</b></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.</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>
<b>11</b>	<p><b>Prepayments and advances</b> <b>General Departmental Assets and Liabilities</b></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>
<b>12</b>	<p><b>Loans and receivables</b> <b>General Departmental Assets and Liabilities</b></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.</p>
<b>13</b>	<p><b>Investments</b> <b>General Departmental Assets and Liabilities</b></p> <p>Investments are recognised in the statement of financial position at cost.</p>
<b>14</b>	<p><b>Impairment of financial assets</b> <b>General Departmental Assets and Liabilities</b></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>

**ACCOUNTING POLICIES**  
**for the year ended 31 March 2015**

<b>15</b>	<p><b>Payables</b></p> <p><b>General Departmental Assets and Liabilities</b></p> <p>Loans and payables are recognised in the statement of financial position at cost.</p>
<b>16</b>	<p><b>Capital Assets</b></p>
<b>16.1</b>	<p><b>Immovable capital assets</b></p> <p><b>Capital Assets</b></p> <p>Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.</p>
<b>16.2</b>	<p><b>Movable capital assets</b></p> <p><b>Capital Assets]</b></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 accurately, 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 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Biological assets are subsequently carried at fair value. <i>[Add this sentence on biological assets if the department has elected to revalue its biological assets at reporting date]</i></p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
<b>16.3</b>	<p><b>Intangible assets</b></p> <p><b>Capital Assets</b></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>

**ACCOUNTING POLICIES**  
**for the year ended 31 March 2015**

	<p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
<b>17</b>	<b>Provisions and Contingents</b>
<b>17.1</b>	<p><b>Provisions</b></p> <p><b>Provisions and Contingents</b></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>
<b>17.2</b>	<p><b>Contingent liabilities</b></p> <p><b>Provisions and Contingents</b></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>
<b>17.3</b>	<p><b>Contingent assets</b></p> <p><b>Provisions and Contingents</b></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>
<b>17.4</b>	<p><b>Commitments</b></p> <p><b>Provisions and Contingents</b></p> <p>Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash</p>

**ACCOUNTING POLICIES**  
**for the year ended 31 March 2015**

<b>18</b>	<p><b>Unauthorised expenditure</b></p> <p><b>General Departmental Assets and Liabilities</b></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"> <li>• approved by Parliament or the Provincial Legislature with funding and the related funds are received; or</li> <li>• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> <li>• transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
<b>19</b>	<p><b>Fruitless and wasteful expenditure</b></p> <p><b>General Departmental Assets and Liabilities</b></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>
<b>20</b>	<p><b>Irregular expenditure</b></p> <p><b>General Departmental Assets and Liabilities</b></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>
<b>21</b>	<p><b>Changes in accounting policies, accounting estimates and errors</b></p> <p><b>Accounting Policies, Estimates and Errors</b></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>

**ACCOUNTING POLICIES**  
**for the year ended 31 March 2015**

	<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>
<b>22</b>	<p><b>Events after the reporting date</b></p> <p><b>Events after the Reporting Date</b></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>
<b>23</b>	<p><b>Agent-Principal arrangements</b></p> <p><b>Agent-Principal Disclosures</b></p> <p>The Department is a principal of the Road Agency Limpopo which is a Provincial Public Entity listed in schedule 3C of the PFMA. RAL is an implementing agent of the Department responsible for the planning, designing, upgrading and maintaining, ownership and control of the roads infrastructure.</p> <p>RAL is mainly funded by the Department to pursue its mandate.</p>
<b>24</b>	<p><b>Departures from the MCS requirements</b></p> <p><b>Preface to the Modified Cash Standard</b></p> <p>There were no departures from the Modified Cash Standard.</p>
<b>25</b>	<p><b>Capitalisation reserve</b></p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received</p>
<b>26</b>	<p><b>Recoverable revenue</b></p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
<b>27</b>	<p><b>Related party transactions</b></p>

**ACCOUNTING POLICIES**  
**for the year ended 31 March 2015**

	<p><b>Related Party Disclosures</b></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 are recorded in the notes to the financial statements when the transaction is not at arm's length.</p>
<p><b>28</b></p>	<p><b>Inventories (Effective from 1 April 2016)</b></p> <p><b>Inventories</b></p> <p>At the date of acquisition, inventories are recorded at cost price in the notes to the financial statements</p> <p>Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and replacement value.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

**1. Annual Appropriation**

1.1

**Annual Appropriation**

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

	Final Appropriation R'000	2014/15 Actual Funds Received R'000	Funds not requested/ not received R'000	2013/14 Appropriation received R'000
Administration	293 939	293 939	-	235 604
Infrastructure	692 006	692 006	-	615 573
Operations Expanded	40 808	40 808	-	30 149
Public Works Programme	2 046 712	2 046 712	-	-
Roads Infrastructure				
<b>Total</b>	<b>3 073 465</b>	<b>3 073 465</b>		<b>881 326</b>

1.2

Conditional grants

	Note	2014/15 R'000	2013/14 R'000
Total grants received	46	1 180 631	3000

Provincial grants included in Total Grants received

	1 180 631	-
--	-----------	---

**2. Statutory Appropriation**

Members' remuneration

Total	2014/15 R'000	2013/14 R'000
	1 822	1 735

Actual Statutory Appropriation received

	1 822	1 735
--	-------	-------

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

**3. Departmental revenue**

	Note	2014/15 R'000	2013/14 R'000
Tax revenue			
Sales of goods and services other than capital assets	3.1	32 332	26 653
Fines, penalties and forfeits	3.2	-	-
Interest, dividends and rent on land	3.3	7	339
Sales of capital assets	3.4	3 728	-
Transactions in financial assets and liabilities	3.5	346 415	632
Transfer received	3.6	-	-
<b>Total revenue collected</b>		<b>382 482</b>	<b>27 624</b>
Less: Own revenue included in appropriation	19	382 482	27 624
Departmental revenue collected		-	-

An amount of R25 159 was collected by the Department of Health for rental of houses managed on behalf of the Department. This amount was paid over directly to the Revenue Fund by that department and is not included in the total revenue collection above.

**3.1 Sales of goods and services other than capital assets**

	Note	2014/15 R'000	2013/14 R'000
Sales of goods and services produced by the department	3	32 332	26 653
Sales by market establishment		32 332	26 653
Administrative fees		-	-
Other sales		-	2 398
Sales of scrap, waste and other used current goods		-	-
<b>Total</b>		<b>32 332</b>	<b>26 653</b>

**3.2 Fines, penalties and forfeits**

	Note	2014/15 R'000	2013/14 R'000
Fines	3	-	-
<b>Total</b>		-	-

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

<b>3.3</b>	<b>Interest, dividends and rent on land</b>				
	Interest	Note 3	2014/15 R'000	2013/14 R'000	
	Rent on land		7	-	
	<b>Total</b>		<b>7</b>	<b>339</b>	
<b>3.4</b>	<b>Sale of capital assets</b>				
	<b>Tangible assets</b>	Note 3	2014/15 R'000	2013/14 R'000	
	Machinery and equipment		3 728	-	
	<b>Intangible assets</b>				
	Software	39			
		40			
	<b>Total</b>		<b>3 728</b>	<b>-</b>	
<b>3.5</b>	<b>Transactions in financial assets and liabilities</b>				
	Other Receipts including Recoverable Revenue	Note 3	2014/15 R'000	2013/14 R'000	
	<b>Total</b>		<b>346 415</b>	<b>632</b>	
<b>3.6</b>	<b>Transfers received</b>				
	Other governmental units	Note 3	2014/15 R'000	2013/14 R'000	
	<b>Total</b>		<b>-</b>	<b>-</b>	
<b>4.</b>	<b>Aid assistance</b>	Note	2014/15 R'000	2013/14 R'000	
	Opening Balance		-	-	
	Prior period error		-	-	
	As restated				
	Transferred from statement of financial performance		524	-	
	Transfers to or from retained funds		-	-	
	Paid during the year		-	-	

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

-Closing Balance	524	
		-

**4.1 Analysis of balance by source**

	2014/15 R'000	2013/14 R'000
Aid assistance from RDP	-	-
Aid assistance from other sources	524	-
Closing balance	524	-

Note  
4

**4.2 Analysis of balance**

	2014/15 R'000	2013/14 R'000
Aid assistance receivable	-	-
Aid assistance prepayments	-	-
Aid assistance unutilised	-	-
Aid assistance repayable	524	-
<b>Closing balance</b>	<b>524</b>	<b>-</b>

Note  
4

**4.3** Prior period error

	2014/15	2013/14
Nature of prior period error	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Note  
4

**5. Compensation of employees**  
**5.1 Salaries and Wages**

	2014/15 R'000	2013/14 R'000
Basic salary	628 173	398 022
Performance award	12 513	16 560
Service Based	53 977	37 861
Compensative/circumstantial	3 604	2 165
Periodic payments	-	-
Other non-pensionable allowances	62 562	42 347
<b>Total</b>	<b>760 829</b>	<b>496 955</b>

Note

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

5.2 Social contributions	Note	2014/15 R'000	2013/14 R'000
<b>Employer contributions</b>			
Pension		79 695	50 461
Medical		47 762	31 094
UIF		-	-
Bargaining council		260	159
Official unions and associations		-	-
Insurance		-	-
<b>Total</b>		<b>127 717</b>	<b>81 714</b>
Total compensation of employees		<b>888 546</b>	<b>578 669</b>
<b>Average number of employees</b>		<b>3 724</b>	<b>2 461</b>
<b>6. Goods and services</b>			
	Note	2014/15 R'000	2013/14 R'000
Administrative fees		-	-
Advertising		1 834	740
Minor assets	<u>6.1</u>	4 393	980
Bursaries (employees)		113	1 275
Catering		279	252
Communication		5 805	5 211
Computer services	<u>6.2</u>	13 652	8 775
Consultants: Business and advisory services		-	983
Infrastructure and planning services		3 525	1 340
Laboratory services		-	-
Scientific and technological services		-	-
Legal services		386	-
Contractors		3 576	8 642

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2015**

Agency and support / outsourced services		266 758	39 727
Entertainment		-	-
Audit cost – external	<u>6.3</u>	7 114	5 923
Fleet services		79 609	8 176
Inventory	<u>6.4</u>	42 722	1 274
Consumables	<u>6.5</u>	7 333	9 230
Housing		-	-
Operating leases		710	30 470
Property payments	<u>6.6</u>	28 168	25 305
Rental and hiring		13 850	-
Transport provided as part of the departmental activities		-	-
Travel and subsistence	<u>6.7</u>	25 124	10 442
Venues and facilities		2 079	469
Training and development		6 402	4 474
Other operating expenditure	<u>6.8</u>	525	1 180
<b>Total</b>		<b>513 957</b>	<b>164 868</b>
<b>6.1 Minor assets</b>			
	<u>Note 6</u>	2014/15 R'000	2013/14 R'000
<b>Tangible assets</b>			
Machinery and equipment		<b>4 393</b>	<b>980</b>
<b>Intangible assets</b>			
Software		4 393	980
<b>Total</b>		<b>4 393</b>	<b>980</b>
<b>6.2 Computer services</b>			
	<u>Note 6</u>	2014/15 R'000	2013/14 R'000
SITA computer services		13 611	8 255
External computer service providers		41	520
<b>Total</b>		<b>13 652</b>	<b>8 775</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

<b>6.3</b>	<b>Audit cost – External</b>				
	Regularity audits	Note	2014/15	2013/14	
	<b>Total</b>	6	R'000	R'000	
			7 114	5 923	
			<b>7 114</b>	<b>5 923</b>	
<b>6.4</b>	<b>Inventory</b>				
	Clothing material and accessories	Note	2014/15	2013/14	
	Food and food supplies	6	R'000	R'000	
	Fuel, oil and gas		2 981	-	
	Materials and supplies		43	-	
	Other supplies		13 561	-	
	<b>Total</b>	6.4.1	26 137	1 274	
			<b>42 722</b>	<b>1 274</b>	
<b>6.4.1</b>	<b>Other supplies</b>				
	Other	Note	20YYZZ	20XXYY	
	<b>Total</b>	6.4	R'000	R'000	
			-	-	
<b>6.5</b>	<b>Consumables</b>				
	Consumable supplies	Note	2014/15	2013/14	
	Uniform and clothing	6	R'000	R'000	
	Household supplies		4 129	5 782	
	Building material and supplies		1 442	4 855	
	Communication accessories		1 442	801	
	IT consumables		167	-	
	Other consumables		-	-	
	Stationery, printing and office supplies		195	-	
	<b>Total</b>		883	126	
			3 204	3 448	
			<b>7 333</b>	<b>9 230</b>	
<b>6.6</b>	<b>Property payments</b>				
	Municipal services	Note	2014/15	2013/14	
	Property management fees	6	R'000	R'000	
	Property maintenance and repairs		28 128	25 305	
	Other		-	-	
	<b>Total</b>		40	-	
			<b>28 168</b>	<b>25 305</b>	

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

<b>6.7</b>	<b>Travel and subsistence</b>		2014/15	2013/14
		Note	R'000	R'000
	Local	6	25 098	10 442
	Foreign		26	-
	<b>Total</b>		<b>25 124</b>	<b>10 442</b>
<b>6.8</b>	<b>Other operating expenditure</b>		2014/15	2013/14
		Note	R'000	R'000
	Professional bodies, membership and subscription fees	6	8	-
	Resettlement costs		110	6
	Other		407	1 174
	<b>Total</b>		<b>525</b>	<b>1 180</b>
<b>7.</b>	<b>Interest and rent on land</b>		2014/15	2013/14
		Note	R'000	R'000
	Interest paid		-	-
	Rent on land		-	-
	<b>Total</b>		<b>-</b>	<b>-</b>
<b>8.</b>	<b>Payments for financial assets</b>		2014/15	2013/14
		Note	R'000	R'000
	Debts written off	8.3	80	19
	<b>Total</b>		<b>80</b>	<b>19</b>
<b>8.1</b>	<b>Other material losses</b>		2014/15	2013/14
		Note	R'000	R'000
	Nature of other material losses	8	-	-
	<b>Total</b>		<b>-</b>	<b>-</b>
<b>8.2</b>	<b>Other material losses written off</b>		2014/15	2013/14
		Note	R'000	R'000
	Nature of losses	8	-	-
	<b>Total</b>		<b>-</b>	<b>-</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

<b>8.3</b>	<b>Debts written off</b>			
	Other debt written off	Note 8	2014/15 R'000	2013/14 R'000
			80	19
	<b>Total</b>		<b>80</b>	<b>19</b>
	<b>Total debt written off</b>		<b>80</b>	<b>19</b>
<b>8.4</b>	<b>Details of theft</b>			
	Nature of theft	Note 8	2014/15 R'000	2013/14 R'000
			-	-
	<b>Total</b>		<b>-</b>	<b>-</b>
<b>8.5</b>	<b>Forex losses</b>			
	Nature of losses	Note 8	2014/15 R'000	2013/14 R'000
			-	-
	<b>Total</b>		<b>-</b>	<b>-</b>
<b>9.</b>	<b>Transfers and subsidies</b>			
	Provinces and municipalities	Note 47, 48	2014/15 R'000	2013/14 R'000
	Departmental agencies and accounts	Annex 1B	94 835	38 638
	Households	Annex 1G	1 107 316	-
	<b>Total</b>		<b>1 217 231</b>	<b>10 876</b>
				<b>49 514</b>
<b>10.</b>	<b>Expenditure for capital assets</b>			
	<b>Tangible assets</b>	Note	2014/15 R'000	2013/14 R'000
	Buildings and other fixed structures	40	<b>168 154</b>	<b>65 871</b>
	Machinery and equipment	39	125 247	23 439
			42 806	42 432
	<b>Intangible assets</b>	40	-	-
	Software			
	<b>Total</b>		<b>168 053</b>	<b>65 871</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2015**

**10.1 Analysis of funds utilised to acquire capital assets – 2014/15**

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>168 053</b>		<b>168 053</b>
Buildings and other fixed structures	125 247	-	125 247
Machinery and equipment	42 806	-	42 806
<b>Intangible assets</b>			
Software	-	-	-
<b>Total</b>	<b>168 053</b>	<b>-</b>	<b>168 053</b>

**10.2 Analysis of funds utilised to acquire capital assets – 2013/14**

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>65 871</b>		<b>65 871</b>
Buildings and other fixed structures	23 439	-	23 439
Machinery and equipment	42 432	-	42 432
<b>Intangible assets</b>			
Software	-	-	-
<b>Total</b>	<b>65 871</b>	<b>-</b>	<b>65 871</b>

**10.3 Finance lease expenditure included in Expenditure for capital assets**

	Note	2014/15 R'000	2013/14 R'000
<b>Tangible assets</b>			
Buildings and other fixed structures		32 117	-
Machinery and equipment		1 291	-
<b>Total</b>		<b>33 408</b>	<b>-</b>

**11. Unauthorised expenditure**

The Department did not incur unauthorised expenditure in the current and comparative financial years.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

**12. Cash and cash equivalents**

	Note	2014/15 R'000	2013/14 R'000
<b>Consolidated Paymaster General Account</b>			
Cash receipts		290 165	25 760
Disbursements		4	-
<b>Total</b>		<b>290 170</b>	<b>25 765</b>

**13. Other financial assets**

The Department does not have other financial assets.

**14. Prepayments and advances**

There are no prepayments and advances paid in the current and comparative financial years.

**15. Receivables**

	Note	2014/15			2013/14 R'000
		R'000	R'000	R'000	
Claims recoverable	<u>15.1</u> <i>Annex 4</i>	-	-	-	-
Trade receivables	<u>15.2</u>	-	-	-	-
Recoverable expenditure	<u>15.3</u>	158	-	158	141
Staff debt	<u>15.4</u>	-	1 580	713	2 293
Fruitless and wasteful expenditure	<u>15.6</u>	-	-	-	-
Other debtors	<u>15.5</u>	13	-	13	-
<b>Total</b>		<b>171</b>	<b>1 580</b>	<b>713</b>	<b>2 464</b>
					<b>1 971</b>

**15.1 Claims recoverable**

There are no claims recoverable for the current and comparative financial years.

**15.2 Trade receivables**

Rental receivables are disclosed under note 30.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

<b>15.3 Recoverable expenditure (disallowance accounts)</b>	Note 15	2014/15 R'000	2013/14 R'000
SAL: DEDUCTION DISALLOWANCE ACCOUNT		3	83
SAL: INCOME TAX		-	28
SAL: TAX DEBT		40	22
SAL: REVERSAL CONTROL ACCOUNT		115	-
SAL: MEDICAL AID		-	3
SAL: PENSION FUND		-	5
<b>Total</b>		<u>158</u>	<u>141</u>

<b>15.4 Staff debt</b>	Note 15	2014/15 R'000	2013/14 R'000
Staff Debt (salary related)		<b>2 293</b>	<b>1 830</b>
<b>Total</b>		<u>2 293</u>	<u>1 830</u>

<b>15.5 Other debtors</b>	Note 15	2014/15 R'000	2013/14 R'000
SAL: INCOME TAX		11	-
SAL: PENSION FUND		2	-
<b>Total</b>		<u>13</u>	<u>-</u>

**15.6 Fruitless and wasteful expenditure**

No fruitless and wasteful expenditure was raised against individuals or entities, recovered or written off during the current and comparative financial year.

**15.7 Impairment of receivables**

Impairment on receivables was estimated for rental receivables and disclosed in note 30.3.

**16. Investments**

The Department does not have any investments.

**17. Loans**

The Department does not have any loans.

**18. Voted funds to be surrendered to the Revenue Fund**

Note	2014/15 R'000	2013/14 R'000

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

Opening balance	24 120	95 951
Prior period error	18.2	-
As restated	24 120	95 951
Transfer from statement of financial performance (as restated)	287 420	24 120
Add: Unauthorised expenditure for current year	11	-
Voted funds not requested/not received	1.1	-
Paid during the year	(24 319)	(95 951)
Closing balance	287 221	24 120

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

	Note	2014/15 R'000	2013/14 R'000
Opening balance	19.1	2 741	4 588
Prior period error			
As restated		2 741	4 588
Transfer from Statement of Financial Performance (as restated)		2 741	4 588
Own revenue included in appropriation	4	382 482	27 624
Transfer from aid assistance			
Paid during the year		(381 834)	(29 471)
<b>Closing balance</b>		<b>3 389</b>	<b>2 741</b>

**20. Bank Overdraft**

The department closed the year with a positive bank balance.

**21. Payables – current**

	Note	2014/15 R'000	2013/14 R'000
Clearing accounts	21.2	1	1
Other payables	21.3	547	414
Total		548	415

**21.1 Advances received**

No advances received

**21.2 Clearing accounts**

	Note	2014/15 R'000	2013/14 R'000
<b>Description</b>			
Exchequer account		-	1
Sai: bargaining council's		1	1
<b>Total</b>		<b>1</b>	<b>1</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

21.3 Other payables	Note	2014/15 R'000	2013/14 R'000
<b>Description</b>			
Rental Deposit	21	547	414
<b>Total</b>		<u>547</u>	<u>414</u>

**22. Payables – non-current**

The Department does not have long-term payables.

**22.1 Advances received**

No advances received.

**22.2 Other payables**

No other payables

**23. Net cash flow available from operating activities**

	Note	2014/15 R'000	2013/14 R'000
Net surplus/(deficit) as per Statement of Financial Performance		287 944	24 120
Add back non cash/cash movements not deemed operating activities		140 294	(29 366)
(Increase)/decrease in receivables – current advances		(493)	2 380
(Increase)/decrease in prepayments and advances		-	-
(Increase)/decrease in other current assets		-	-
Increase/(decrease) in payables – current		133	181
Proceeds from sale of capital assets		(3 728)	-
Proceeds from sale of investments		-	-
(Increase)/decrease in other financial assets		-	-
Expenditure on capital assets		168 053	65 871
Surrenders to Revenue Fund		(406 153)	(125 422)
Surrenders to RDP Fund/Donor		-	-
Voted funds not requested/not received		-	-
Own revenue included in appropriation		382 482	27 624
Other non-cash items		-	-
<b>Net cash flow generated by operating activities</b>		<b>428 238</b>	<b>(5 246)</b>

**24. Reconciliation of cash and cash equivalents for cash flow purposes**

	Note	2014/15 R'000	2013/14 R'000
Consolidated Paymaster General account		-	-

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

	2014/15 R'000	2013/14 R'000
Fund requisition account	290 165	25 760
Cash receipts	-	-
Disbursements	4	-
Cash on hand	1	5
Cash with commercial banks (Local)	-	-
Cash with commercial banks (Foreign)	-	-
<b>Total</b>	<b>290 170</b>	<b>25 765</b>

**25.** Contingent liabilities and contingent assets  
25.1 Contingent liabilities

	2014/15 R'000	2013/14 R'000
Liable to		
Housing loan guarantees	83	83
Other guarantees	-	-
Claims against the department	25 655	14 208
Intergovernmental payables (unconfirmed balances)	-	68
<b>Total</b>	<b>25 738</b>	<b>14 359</b>

**Description on the uncertainties relating to the amount or timing of any outflow.**

The contingent liabilities relating to claims against the Department will be confirmed or determined by the outcome of the court cases or the legal opinions

**Possibility of any reimbursement.**

Contingent liabilities for non-payment of services contracted by the Department on behalf of client Departments may be recovered from the client Department

**25.2** Contingent assets

	2014/15 R'000	2013/14 R'000
Stolen vehicle	80	80
Vehicle accidents	191	187
Guarantees(Capital Projects)	12 660	-
<b>Total</b>	<b>12 931</b>	<b>267</b>

**26.** Commitments

**Current expenditure**

	2014/15 R'000	2013/14 R'000

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

Approved and contracted	131 984	57 059
Approved but not yet contracted	-	-
	<b>131 984</b>	<b>57 059</b>
<b>Capital expenditure</b>		
Approved and contracted	116 578	18 495
Approved but not yet contracted	-	-
	<b>116 578</b>	<b>18 495</b>
<b>Total Commitments</b>	<b>248 562</b>	<b>75 554</b>

**Commitments longer than a year.**

Commitment longer than one year are for SITA contracts for Main Frame Hosting and Virtual Private Network Service. The contracts have an average of 3 years remaining ending on 31 March 2018 amounting to R5 847. Other commitments longer than one year are for other services contracted by the Department. Capital Commitments are for roads and building construction contracts which may be multi-year contracts in some instances.

**27. Accruals and payables not recognised**

Listed by economic classification	2014/15		2013/14	
	30 Days	30+ Days	Total	Total
Goods and services	5 890	90	5 980	8 478
Interest and rent on land	15 963	918	16 881	72 677
Transfers and subsidies	40 629	75	40 704	1 077
Capital assets				
<b>Total</b>	<b>62 482</b>	<b>1 083</b>	<b>63 565</b>	<b>82 232</b>

**Listed by programme level**

	2014/15	2013/14
	R'000	R'000
Programme 1	2 977	3 336
Programme 2	25 325	78 896
Programme 3	7	-
Programme 4	<b>35 256</b>	-
<b>Total</b>	<b>63 565</b>	<b>82 232</b>

**Confirmed balances with other departments  
Confirmed balances with other government  
entities**

	2014/15	2013/14
	R'000	R'000
	-	345
	-	-

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

Total	-	345
-------	---	-----

**28. Employee benefits**

	2014/15	2013/14
	R'000	R'000
Leave entitlement	42 356	22 458
Service bonus (Thirteenth cheque)	26 382	16 922
Performance awards	14 518	9 211
Capped leave commitments	200 464	119 233
Other	2 934	-
<b>Total</b>	<b>286 654</b>	<b>167 824</b>

**29. Lease commitments**

**29.1 Operating leases expenditure**

2014/15	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	589	589
Later than 1 year and not later than 5 years	-	-	-	414	414
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 003</b>	<b>1 003</b>

2013/14	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	371	371
Later than 1 year and not later than 5 years	-	-	-	494	494
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>865</b>	<b>865</b>

**General description of the material leasing arrangements**

Operating leases for the lease of photocopying machines for an average period of 3

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

years. The Department participates in the transversal lease contracts facilitated by the Provincial Treasury

**29.2 Finance leases expenditure**

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2014/15					
Not later than 1 year	-	-	34 767	945	35 712
Later than 1 year and not later than 5 years	-	-	128 005	567	128 572
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>162 772</b>	<b>1 512</b>	<b>164 284</b>

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2013/14					
Not later than 1 year	-	-	31 896	879	32 775
Later than 1 year and not later than 5 years	-	-	162 772	193	162 965
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>194 668</b>	<b>1 072</b>	<b>195 740</b>

**General description of the material leasing arrangements**

The Department has entered into a lease of the office building (43 Church Street, Polokwane) over a period of 10 years commencing from 10 May 2009 to 30 April 2019. The initial rental on the contract was 1 739 per month with an escalation of 9% per annum. The Department has the option to purchase the property at any time during the duration of the lease.

The lease of machinery and equipment is for cellphone contracts for an average period of two years.

**Description of renewal or purchase options as well as escalation clauses per lease agreement.**

The Department has the option to purchase the property at any time during the duration of the lease. Monthly rental escalates at 9% per annum.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

29.3 Operating lease revenue		Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2014/15						
	Not later than 1 year	-	-	5 007	-	5 007
	Later than 1 year and not later than 5 years	-	-	5 831	-	5 831
	Later than five years	-	-	-	-	-
	<b>Total operating lease revenue receivable</b>	-	-	<b>10 838</b>	-	<b>10 838</b>
<hr/>						
2013/14		Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	Not later than 1 year	-	302	5 666	-	5 698
	Later than 1 year and not later than 5 years	-	-	11 565	-	11 565
	Later than five years	-	-	-	-	-
	<b>Total operating lease revenue receivable</b>	-	<b>302</b>	<b>17 231</b>	-	<b>17 533</b>

Description of the leasing arrangement including renewal or purchase options as well as escalation clauses

The Department has entered into various operating leases for an average period of 3 years, renewable on expiry with the escalation of 5-10% per annum.

30. Accrued departmental revenue		Note	2014/15	2013/14
	Other		R'000	R'000
	<b>Total</b>		<b>53 936</b>	<b>41 467</b>
<hr/>				
30.1 Analysis of accrued departmental revenue		Note	2014/15	2013/14
			R'000	R'000
			53 936	41 467
	<b>Total</b>		<b>53 936</b>	<b>41 467</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

Opening balance	41 467	34 613
Less: amounts received	632	15 650
Add: amounts recognised	13 101	22 504
Less: amounts written-off/reversed as irrecoverable	-	-
<b>Closing balance</b>	<b>53 936</b>	<b>41 467</b>

**Accrued Departmental revenue relates to rental revenue for mainly residential properties that the Department has leased out**

**30.2 Accrued department revenue written off**

There were no rental receivables written off.

**30.3 Impairment of accrued departmental revenue**

	Note	2014/15	2013/14
Estimates of impairment of accrued departmental revenue		44 523	31 050
<b>Total</b>		<b>44 523</b>	<b>31 050</b>

**31. Irregular expenditure**

**31.1 Reconciliation of irregular expenditure**

	Note	2014/15 R'000	2013/14 R'000
Opening balance		73 132	62 771
Prior period error		-	-
As restated		73 132	62 771
Add: Irregular expenditure – relating to prior year		20 277	10 361
Add: Irregular expenditure – relating to current year		-	-
Less: Prior year amounts condoned		-	-
Less: Current year amounts condoned		-	-
Less: Amounts not condoned and recoverable	15	-	-
Less: Amounts not condoned and not recoverable		-	-
<b>Closing balance</b>		<b>93 409</b>	<b>73 132</b>

**Analysis of awaiting condonation per age classification**

Current year	20 277	10 361
Prior years	73 132	62 771
<b>Total</b>	<b>93 409</b>	<b>73 132</b>

**31.2 Details of irregular expenditure – current year**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2015*

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2014/15</b>
		<b>R'000</b>
Non-compliance with procurement process		20 277
<b>Total</b>		<u><u>20 277</u></u>
<b>31.3</b>	<b>Details of irregular expenditure condoned</b>	
	No Irregular expenditure was condoned in the current year.	
<b>31.4</b>	<b>Details of irregular expenditure recoverable (not condoned)</b>	
	The total balance of irregular expenditure recorded is not condoned and no debt has been created for recovery.	
<b>31.5</b>	<b>Details of irregular expenditure not recoverable (not condoned)</b>	
	The total balance of irregular expenditure recorded is not condoned and no debt has been created for recovery.	
<b>31.6</b>	<b>Details of irregular expenditures under investigation</b>	
	The total balance of irregular expenditure recorded is under investigation by the National and the Provincial Treasury.	
<b>31.7</b>	<b>Prior period error</b>	
	No prior period error related to irregular expenditure.	
<b>31.8</b>	<b>Details of the non-compliance where an institution was not represented in a bid committee for contracts arranged by other institutions</b>	
	Not applicable.	
<b>32.</b>	<b>Fruitless and wasteful expenditure</b>	
<b>32.1</b>	<b>Reconciliation of fruitless and wasteful expenditure</b>	
	<i>Note</i>	2014/15 R'000
		2013/14 R'000

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

Opening balance	4 289	4 226
Prior period error		
As restated	4 289	4 226
Fruitless and wasteful expenditure – relating to prior year		-
Fruitless and wasteful expenditure – relating to current year	55	63
Less: Amounts resolved	-	-
Less: Amounts transferred to receivables for recovery	-	-
	15.6	
<b>Fruitless and wasteful expenditure awaiting resolution</b>	<b>4 344</b>	<b>4 289</b>

**32.2 Analysis of awaiting resolution per economic classification**

	2014/15 R'000	2013/14 R'000
<b>Current Capital Transfers and subsidies</b>	-	11
<b>Total</b>	<b>55</b>	<b>52</b>
	<b>55</b>	<b>63</b>

**32.3 Analysis of Current year's fruitless and wasteful expenditure Incident**  
**Disciplinary steps taken/criminal proceedings**

	2014/15 R'000	2013/14 R'000
Payment of interest on overdue amount	55	55
<b>Total</b>	<b>55</b>	<b>55</b>

**32.4 Prior period error**

No prior period error relating to the fruitless and wasteful expenditure.

**33. Related party transactions**

	2014/15 R'000	2013/14 R'000
<b>Revenue received</b>	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Payments made</b>	-	-
	R'000	R'000
Goods and services	-	15

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

<b>Total</b>	-	15
<i>In kind goods and services between the department and the Provincial Treasury.</i>		
<i>Internal Audit Services</i>	2 674	-
<i>Audit Committee Services</i>	642	-
<i>Audit Assistance Services – PWC-BAUD</i>	1 499	-
<b>Total</b>	<b>4 815</b>	-

**Related party relationships**

- 1) **Roads Agency Limpopo**  
The Department transfers funds to the agency for the contribution, upgrading and rehabilitation of roads and bridges on its behalf
- 2) **Provincial Treasury**  
The Provincial Treasury renders a shared Internal Audit Committee services at no charge to the Department.
- 3) **Provincial Departments**  
The Department is a related party to all Provincial departments within the Limpopo Province in executing its mandate of the provision and management building structure.
- 4) **Section 100(1)(b)**  
The Department was under Section 100(1) (b) of the RSA constitution since 5 December 2011. This resulted in the Department being under the control of National Department of Public Works which appointed the Accounting Officer and his Deputy under that section.
- 5) **PWC**  
The Provincial Treasury paid PWC for audit assistance services as part of section 100 (1) (b) intervention for the use of BAUD Asset Management System amounting to 1 499 179.80

**34. Key management personnel**

	2014/15	2013/14
Political office bearer – Member of Executive Council	R'000	R'000
<b>Officials:</b>	1 859	1 735
Level 15 to 16	1 202	1 251
Level 14 (incl. CFO if at a lower level)	8 328	6 819
Family members of key management personnel		
<b>Total</b>	<b>11 389</b>	<b>9 805</b>

**35. Public Private Partnership**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2015**

The department does not have any Public Private Partnerships.

<b>36. Impairment: other</b>	Note	2014/15	2013/14
		R'000	R'000
Receivables		561	-
<b>Total</b>		<b>561</b>	-

**37. Provisions**

There are no provisions recognised.

**38. Non-adjusting events after reporting date**

There are no material events that occurred after the reporting period.

**39. Movable Tangible Capital Assets**

**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015**

	Opening balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>123 473</b>	<b>234 563</b>	<b>8 584</b>	<b>349 452</b>
Transport assets	47 699	85 754	4 775	128 678
Computer equipment	29 697	5 783	1 919	33 561
Furniture and office equipment	37 437	3 869	907	40 309
Other machinery and equipment	8 730	139 157	983	169 364
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>123 473</b>	<b>234 563</b>	<b>8 584</b>	<b>349 452</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

39.1 Additions

**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015**

	Cash*	Non-cash**	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>42 805</b>	<b>193 285</b>	<b>(1 291)</b>	<b>(236)</b>	<b>234 563</b>
Transport assets	35 049	50 941	-	(236)	85 754
Computer equipment	3 201	2 582			5 783
Furniture and office equipment	3 896	1 264	(1 291)		3 869
Other machinery and equipment	659	138 498			139 157
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>42 805</b>	<b>193 285</b>	<b>(1 291)</b>	<b>(236)</b>	<b>234 563</b>

*Non cash additions are made of transfers from the Department of Transport with the transfer of Roads function. The total transfer per transfer certificate amounts to R311 831 of which R192 601 was jointly verified and a balance of R119 230 is still undergoing the verification process.*

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

**Disposals**

**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>8 584</b>	<b>-</b>	<b>8 584</b>	<b>3 552</b>
Transport assets	4 775	-	4 775	2 273
Computer equipment	1 919	-	1 919	817
Furniture and office equipment	907	-	907	355
Other machinery and equipment	983	-	983	107
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>8 584</b>		<b>8 584</b>	<b>3 552</b>

**39.2 Movement for 2013/14**

**MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>103 266</b>	<b>-</b>	<b>42 667</b>	<b>22 460</b>	<b>123 473</b>
Transport assets	26 937	-	20 762	-	47 699
Computer equipment	15 022	-	14 675	-	29 697
Furniture and office equipment	37 290	-	57	-	37 347
Other machinery and equipment	24 017	-	7 173	22 460	8 730
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>103 266</b>	<b>-</b>	<b>42 667</b>	<b>-</b>	<b>123 473</b>

**39.2.1 Prior period error**

No prior period error relating to movable assets.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

39.3 Minor assets

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2015**

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	-	-	14 384	-	14 384
Prior period error						
Additions	-	-	-	11 901	-	11 901
Disposals	-	-	-	1 505	-	1 505
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24 780</b>	<b>-</b>	<b>24 780</b>

**Minor Capital Assets under investigation**

	Number	Value R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation: Machinery and equipment	30	279

**Reasons why assets are under investigation and actions being taken to resolve matters**

**These assets were identified as duplicates in the Departmental Asset Register after the asset verification. The investigation will be confirmed by the next asset verification after which the duplicated may be written off or cleared.**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	9 884	-	9 884
Number of minor assets at cost	-	-	-	12 823	-	12 823
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22 707</b>	<b>-</b>	<b>22 707</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2014**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	13 493	-	13 493
Prior period error	-	-	-	-3	-	-3
Additions	-	-	-	894	-	894
Disposals	-	-	-	-	-	-
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14 384</b>	<b>-</b>	<b>14 384</b>

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	-	-	-	-	-
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**39.3.1 Prior period error**

No prior period error relating to minor assets.

**39.4 Movable assets written off**

**MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2015**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	2 128	-	-
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 128</b>	<b>-</b>	<b>-</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2015*

**MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2014**

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
<b>Assets written off</b>	-	-	-	-	-	-
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>	-	-	-	-	-	-

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

**40. Intangible Capital Assets**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015**

	Opening balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	-	-	-	-
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**40.1 Additions**

**ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015**

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

**40.2 Disposals**

**DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015**

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash Received Actual R'000
SOFTWARE	-	-	-	-
<b>TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

40.3 Movement for 2013/14

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	-	-	-	-	-
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	-	-	-	-	-

**40.3.1 Prior period error**

No prior year errors relating to intangible assets.

**41. Immovable Tangible Capital Assets**

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015**

	Opening balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>3 170 641</b>	<b>85 226</b>	<b>12 100</b>	<b>3 243 767</b>
Dwellings	650 788	3 880	100	654 568
Non-residential buildings	2 410 343	79 143	12 000	2 477 486
Other fixed structures	109 510	2 203	-	111 713
<b>HERITAGE ASSETS</b>	<b>191 211</b>	<b>10 755</b>	<b>-</b>	<b>201 966</b>
Heritage assets	191 211	10 755	-	201 966
<b>LAND AND SUBSOIL ASSETS</b>	<b>202 192</b>	<b>1 010</b>	<b>-</b>	<b>203 202</b>
Land	202 192	1 010	-	203 202
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>3 564 044</b>	<b>96 991</b>	<b>12 100</b>	<b>3 648 935</b>

**Immovable Tangible Capital Assets under investigation**

	Number	Value R'000
<b>Included in the above total of the immovable tangible capital assets per the asset register are assets that are under investigation:</b>		
Buildings and other fixed structures	1	
Heritage assets	916	
Land and subsoil assets	-	

*Heritage assets disclosed by National Department of Public Works and the Department. There are uncertainties with regards to 916 land parcels in terms of physical location and the current use.*

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

41.1 Additions

**ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015**

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	<b>125 247</b>	<b>85 226</b>	<b>-125 247</b>	<b>-</b>	<b>85 226</b>
Dwellings	62 443	3 880	-	-	3 880
Non-residential buildings	62 804	79 143	-62 443	-	79 143
Other fixed structures		2 203	-62 804	-	2 203
<b>HERITAGE ASSETS</b>		<b>10 755</b>	<b>-</b>	<b>-</b>	<b>10 755</b>
Heritage assets		10 755	-	-	10 755
<b>LAND AND SUBSOIL ASSETS</b>		<b>1 010</b>	<b>-</b>	<b>-</b>	<b>1 010</b>
Land		1 010	-	-	1 010
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>125 247</b>	<b>96 991</b>	<b>-125 247</b>	<b>-</b>	<b>96 991</b>

*There were 31 land parcels added to IAR in the 2014/15 financial year. Certain carrying values of assets were adjusted to reflect municipal values as deemed cost where land parcels could be linked to municipal valuation rolls, in line with the Accounting Manual for Departments, Chapter 11. Certain assets remain at R1 given that they could not be linked to Municipal Roll value. Such assets (82 properties) will therefore be further investigated and alternate permitted carrying values will be applied going forward.*

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

**41.2 Disposals**

	Sold for cash R'000	Transfer out or 295 destroyed or scrapped R'000	Total disposals R'000	Cash Received Actual R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>100</b>	<b>12 000</b>	<b>12 100</b>	<b>175</b>
Dwellings	100	-	100	175
Non-residential buildings	-	12 000	12 000	-
Other fixed structures	-	-	-	-
<b>HERITAGE ASSETS</b>				
<b>Heritage assets</b>	-	-	-	-
<b>LAND AND SUBSOIL ASSETS</b>				
<b>Land</b>	-	-	-	-
<b>TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>100</b>	<b>12 000</b>	<b>12 100</b>	<b>175</b>

*Erf 688, Sterkloop, an army based camp was transferred by to National Department of Public Works.*

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

41.3 Movement for 2013/14	<b>MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014</b>				
	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>2 878 552</b>	<b>40 675</b>	<b>251 786</b>	<b>372</b>	<b>3 170 641</b>
Dwellings	623 284	27 440	436	372	650 788
Non-residential buildings	2 145 758	13 235	251 350	-	2 410 343
Other fixed structures	109 510	-	-	-	109 510
<b>HERITAGE ASSETS</b>	<b>177 832</b>	<b>13 379</b>	<b>-</b>	<b>-</b>	<b>191 211</b>
Heritage assets	177 832	13 379	-	-	191 211
<b>LAND AND SUBSOIL ASSETS</b>	<b>209 336</b>	<b>-7 144</b>	<b>-</b>	<b>-</b>	<b>202 192</b>
Land	209 336	-7 144	-	-	202 192
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>3 265 720</b>	<b>46 910</b>	<b>251 786</b>	<b>372</b>	<b>3 564 044</b>

**41.3.1 Prior period error**

	Note 41.3	2013/14 R'000
Nature of prior period error		46 910
<b>Relating to 2013/14</b>		<b>-30 340</b>
Land parcels reclassified from deemed and contingent properties to LDPWR&I disclosable		(366)
Correct land parcels with duplicates		77 616
Correct land parcels with municipal values		-
<b>Total</b>		<b>46 910</b>

**Relating to 2013/14**

Certain carrying values of assets were adjusted to reflect municipal values as deemed cost where land parcels could be linked to municipal valuation rolls, in line with the Accounting Manual for Departments

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

**41.4 Immovable assets valued at R1**

	Buildings and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Total R'000
R1 Immovable assets	44	2	22	68
<b>TOTAL</b>	<b>44</b>	<b>2</b>	<b>22</b>	<b>68</b>

	Buildings and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Total R'000
R1 Immovable assets	55	2	20	77
<b>TOTAL</b>	<b>55</b>	<b>2</b>	<b>20</b>	<b>77</b>

**41.5 Immovable assets written off**

	Buildings and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Total R'000
Assets written off	-	-	-	-
<b>TOTAL IMMOVABLE ASSETS WRITTEN OFF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

	Buildings and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Total R'000
Assets written off	-	-	-	-
<b>TOTAL IMMOVABLE ASSETS WRITTEN OFF</b>	-	-	-	-

**41.6 S42 immovable assets**

There were no immovable assets subjected to transfer in terms of S42 of the PFMA – 2014/15 and 2013/2014.

**41.7 Immovable assets additional information**

	Note	2014/15	2013/14
a) Unsurveyed land	<b>Annexure 9</b>	Area	Area
b) Properties deemed vested	<b>Annexure 9</b>	Number	Number
<b>Land parcels</b>		<b>921</b>	<b>83</b>
Schools		720	
Clinics		18	
Hospitals			
Office buildings			
Dwellings			
Storage facilities			
Other		13	
c) Facilities on unsurveyed land	<b>Annexure 9</b>	Number	Number
Schools		3 858	3 912
Clinics		533	516
Hospitals		59	70
Office buildings		253	122
Dwellings		47	
Storage facilities			
Other		-	

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

d) Facilities on right to use land	Duration of use	Annexure 9	Number	Number
Schools				
Clinics				
Hospitals				
Office buildings				
Dwellings				
Storage facilities				
Other				
<b>e) Agreement of custodianship Land parcels</b>				
<b>Facilities</b>				
Schools				
Clinics				
Hospitals				
Office buildings				
Dwellings				
Storage facilities				
Other				
		Annexure 9	Number	Number
			-	29
<b>42. Agent-principal arrangements</b>				
<b>42.1 Department acting as the principal</b>				
		2014/15	2013/14	
		R'000	R'000	
Roads Agency Limpopo- RAL		1 107 316	-	
<b>Total</b>		<b>1 107 316</b>	<b>-</b>	

Description of the nature, circumstances and terms relating to the arrangements with the agents

*The Department transfers funds to Roads Agency Limpopo for the upgrading, construction and rehabilitation of Provincial roads and bridges on its behalf.*

**43. Changes in accounting estimates**

During the year there were no changes made to the estimations employed in the accounting for transactions, assets, liabilities, events and circumstances.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

<b>44.</b>	Prior period errors		
<b>44.1</b>	Correction of prior period errors	Note	2013/14 R'000
	<b>Revenue: (E.g. Annual appropriation, Departmental revenue, Aid assistance, etc.)</b>		
	Accrued Departmental revenue – Note 30 – corrected balance		41 467
	Closing balance – 2013/2014 – overstated		-49 946
	Opening balance		22 460
	Write off		(22 460)
	<b>Net effect</b>		<u>-8 479</u>

**Description of the nature of the prior period error as well as why the correction was required.**  
The adjustment relates to rental receivables that were overstated and corrected to reflect the actual amount owed in the current year.

		Note	2013/14 R'000
	<b>Assets: (E.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)</b>		
	Receivables – classification from current to non-current assets		1 634
	Closing balance – 2013/2014		-1 971
	<b>Net effect</b>		<u>-337</u>

**Description of the nature of the prior period error as well as why the correction was required.**  
*All receivables including receivables older than one year were previously classified under*



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

*current assets non-current assets. The correction is effected to promote comparability and consistence with current year application.*

*The rental receivables for the previous year were overstated and the correction reflects the status per records.*

#### 45. Transfer of functions

Provide a description of the changes as a result of the transfer or receipt of functions

The transfer of Roads function from the Department of Transport to a newly reconfigured and renamed Department of Public Works, Roads and Infrastructure was on the 1st August 2014. The transfer necessitated the transfer of a budget of R2 046 712, which was later adjusted to R2 073 312, and 1 829 employees. The financial effects of the transfer are detailed below.

#### 45.1 Statement of Financial Position

	<i>Note</i>	Bal per dept 2013/14 AFS before transfer	Functions per dept (transferred) / received	Functions per dept (transferred) / received	Functions per dept (transferred) / received	2013/14 Bal after transfer
		2013/14	2013/14	2013/14	2013/14	2013/14
		R'000	R'000	R'000	R'000	R'000
<b>ASSETS</b>		<b>26 102</b>	-	-	-	<b>26 102</b>
<b>Current Assets</b>						
Unauthorised expenditure		-	-	-	-	-
Cash and cash equivalents		25 765	-	-	-	25 765
Other financial assets		-	-	-	-	-
Prepayments and advances		-	-	-	-	-
Receivables		337	-	-	-	337
Loans		-	-	-	-	-
Aid assistance prepayments		-	-	-	-	-
<b>Aid assistance receivable</b>		-	-	-	-	-
		<b>1 634</b>	<b>240</b>			<b>1 874</b>
<b>Non-Current Assets</b>						
Investments		-	-	-	-	-
Receivables		1 634	240	-	-	1 874
Loans		-	-	-	-	-
Other financial assets		-	-	-	-	-
		<b>27 736</b>	<b>240</b>			<b>27 976</b>

**TOTAL ASSETS****LIABILITIES****Current Liabilities**

Voted funds to be surrendered to the Revenue Fund  
Departmental revenue and NRF Receipts to be surrendered to  
the Revenue Fund  
Bank Overdraft  
Payables  
Aid assistance repayable  
Aid assistance unutilised

<b>27 276</b>	-	-	-	<b>27 276</b>
24 120	-	-	-	24 120
2 741	-	-	-	2 741
-	-	-	-	-
415	-	-	-	415
-	-	-	-	-
-	-	-	-	-

**Non-Current Liabilities**

Payables

-	-	-	-	-
---	---	---	---	---

**TOTAL LIABILITIES**

<b>27 276</b>	-	-	-	<b>27 276</b>
---------------	---	---	---	---------------

**NET ASSETS**

<b>460</b>	<b>240</b>	-	-	<b>700</b>
------------	------------	---	---	------------

## 45.2 Notes

	Note	Bal per dept 2013/14 AFS before transfer	Functions per dept (transferred) / received	Functions per dept (transferred) / received	Functions per dept (transferred) / received	2013/14 Bal after transfer
		2013/14	2013/14	2013/14	2013/14	2013/14
		R'000	R'000	R'000	R'000	R'000
Contingent liabilities		14 359	14	-	-	14 373
Contingent assets		267	-	-	-	267
Commitments		75 554	171 709	-	-	247 263
Accruals and payables not recognised		82 232	338	-	-	82 570
Employee benefits		167 824	106 814	-	-	274 638
Lease commitments – Operating lease		865	-	-	-	865
Lease commitments – Finance lease		195 740	-	-	-	195 740
Lease commitments – Operating lease revenue		17 533	-	-	-	17 533
Accrued departmental revenue		49 946	-	-	-	49 946
Irregular expenditure		73 132	-	-	-	73 132
Fruitless and wasteful expenditure		4 289	-	-	-	4 289
Impairment		-	-	-	-	-
Provisions		-	-	-	-	-
Movable tangible capital assets		123 473	311 832	-	-	435 305
Immovable tangible capital assets		3 564 044	-	-	-	3 564 044
Intangible capital assets		-	-	-	-	-

### Description of actions taken to ensure compliance with the PFMA S42

The Premier pronounced the Reconfiguration of the Roads component into the Department of Public Works and this took place in August 2014. The Inter Ministerial Task Team consisting of Mec's of the affected Departments, The Working Committee consisting of Hod's of all the affected Departments and the Technical Committee consisting of the CFO's and HR General Managers of the affected Departments were formed to manage and administer the Reconfiguration process.

**The newly reconfigured Department of Public Works, Roads and Infrastructure and the Department of Transport formed the following Work Streams to manage the Reconfiguration Process :**

- **Organisational Scoping, Staff Audit and Organisational Design**
- **Infrastructure and Assets**
- **Finance and Budget**
- **ICT Systems**
- **Legal Services**
- **Labour Relations, Transformation and Communication**
- **Supply Chain Management and Contract Management**

**The Infrastructure and assets management work stream was tasked with the identification and verification of all assets to be transferred with the Roads function. The resultant output was a record of inventory of such assets and a certificate which was signed by the Head of Departments of both departments. The signed transfer certificate reflect the transferred assets amounting to R311 832 which made up of R192 601 jointly verified assets a balance of R119 230 which still undergoing verification.**

**Reference to the proclamation or declaration giving effect to the transfer or receipt of functions**

**The transfer was effected through the Provincial Gazzette no 2380.**

**Agreement drawn up, and description of roles, responsibilities and accountability arrangements.**

**A Memorandum of Understanding detailing the roles, responsibilities and accountability arrangement was drawn up and signed on the 29th April 2015.**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

**46. STATEMENT OF CONDITIONAL GRANTS RECEIVED**

NAME OF DEPARTMENT	GRANT ALLOCATION					Amount received by department	Amount spent by department	SPENT		2013/14	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available			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
Provincial Roads Maintenance EPWP Incentive	1 173 861				1 173 861	1 173 861	1 173 861	0	100%	3 000	<b>3 000</b>
	6 770				6 770	6 770	6 770	0	100%		
	<b>1 180 631</b>				<b>1 180 631</b>	<b>1 180 631</b>	<b>1 180 631</b>	<b>0</b>	<b>100%</b>	<b>3 000</b>	<b>3 000</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

**47. STATEMENT OF CONDITIONAL GRANTS PAID TO THE PROVINCES**

The department does not pay conditional grants to Provinces.

**48. STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
CAPRICORN DISTRICT	25 703			25 703	21 517		
MOPANI DISTRICT	60 297			60 297	58 110		
SEKHUKHUNE DISTRICT	5 832			5 832	4 709		
WATERRBURG DISTRICT	9816			9 816	8 296		
VHEMBE DISTRICT	2 346			2 346	2 202		
	<b>103 994</b>			<b>103 994</b>	<b>94 834</b>		

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2015**

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

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2013/14
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Road Agency Limpopo</b>	<b>1 107 316</b>			<b>1 107 316</b>	<b>1 107 316</b>	<b>100%</b>	
	<b>1 107 316</b>			<b>1 107 316</b>	<b>1 107 316</b>	<b>100%</b>	

**ANNEXURE 1G  
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		20XX/YY
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Injury on duty	150			150	95	63%	250
Leave Gratuity	11 226			11 226	13 602	121%	7 500
Bursaries( Non-employees)	887			887	887	100%	-
Claims against the Department	1300			1300	496	68%	1 100
	<b>13 563</b>			<b>13 563</b>	<b>15 080</b>		<b>8 850</b>
Total	<b>13 563</b>			<b>13 563</b>	<b>15 080</b>		<b>8 850</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2015**

**ANNEXURE 11  
STATEMENT OF AID ASSISTANCE RECEIVED**

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDITURE R'000	CLOSING BALANCE R'000
<b>Received in cash</b>					
CETA GRANT	Learning Programmes		4 508	4 114	394
MERCETA FUNDING	Training fund for learnership Programme		130		130
<b>Subtotal</b>			<b>4 638</b>	<b>4 114</b>	<b>524</b>
<b>TOTAL</b>			<b>4 638</b>	<b>4 114</b>	<b>524</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2015**

**ANNEXURE 1K  
STATEMENT OF ACTUAL MONTHLY EXPENDITURE PER GRANT**

<b>Grant Type</b>	<b>Apr 2015 R'000</b>	<b>May 2015 R'000</b>	<b>Jun 2015 R'000</b>	<b>Jul 2015 R'000</b>	<b>Aug 2015 R'000</b>	<b>Sept 2015 R'000</b>	<b>Oct 2015 R'000</b>	<b>Nov 2015 R'000</b>	<b>Dec 2015 R'000</b>	<b>Jan 2015 R'000</b>	<b>Feb 2015 R'000</b>	<b>Mar 2015 R'000</b>	<b>Total R'000</b>
EPWP incentive	-	-	180	319	471	165	221	471	2 246	1 021	1673	3	6 770
Provincial Roads Maintenance	-	-	-	-	-	-	-	-	-	84364	227 568	861 929	1 173 861
	-	-	180	319	471	165	221	471	2 246	85 385	229 241	861 932	1 180 631

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2015**

**ANNEXURE 3A  
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2014 – LOCAL**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2014	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2015	Guaranteed interest for year ended 31 March 2015	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
NP Development corporation	Housing	<b>415</b>	<b>83</b>	-	-	-	<b>83</b>	-	-
	<b>Subtotal</b>	<b>415</b>	<b>83</b>	-	-	-	<b>83</b>	-	-
	<b>TOTAL</b>	<b>415</b>	<b>83</b>	-	-	-	<b>83</b>	-	-

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2015**

**ANNEXURE 3B  
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2015**

<b>Nature of Liability</b>	<b>Opening Balance 1 April 2014 R'000</b>	<b>Liabilities incurred during the year R'000</b>	<b>Liabilities paid/cancelled/reduced during the year R'000</b>	<b>Liabilities recoverable (Provide details hereunder) R'000</b>	<b>Closing Balance 31 March 2015 R'000</b>
<b>Claims against the department</b>					
Unpaid services	25 575	1 049	-	11 807	14 817
Loss of earnings	3 615	-	-	3 615	-
Cession Agreements	90	-	-	90	-
Interest on final account	545	-	-	545	-
Damage of property	354	2 021	9	-	2 366
Motor collision	86	-	36	-	50
Injury on property-school child	-	2 000	-	-	2 000
Shot payment on leave gratuity	-	8	-	-	8
Damages caused by potholes	-	6 414	-	-	6 414
<b>Subtotal</b>	<b>30 265</b>	<b>11 492</b>	<b>45</b>	<b>16 057</b>	<b>25 655</b>
<b>TOTAL</b>	<b>30 265</b>	<b>11 492</b>	<b>45</b>	<b>16 057</b>	<b>25 655</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2015**

ANNEXURE 3B (continued)

<b>Nature of Liabilities recoverable</b>	<b>Opening Balance 1 April 20YY R'000</b>	<b>Details of Liability and Recoverability</b>	<b>Movement during year R'000</b>	<b>Closing Balance 31 March 2015 R'000</b>
Unpaid services	11 807	Services rendered on behalf of client and all related expenditure	-	11 807
Loss of earnings	3 615	Services rendered on behalf of client and all related expenditure	-	3 615
Cession agreement	90	Services rendered on behalf of client and all related expenditure	-	90

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

Interest on final account	545	Services rendered on behalf of client and all related expenditure	-	545
Total	16 057		-	16 057

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2015**

**ANNEXURE 4  
CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2014/15 *	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>Department</b>								
SARS	-	-	77	-	77	-	-	-
National Department of Public Works	-	-	-	-	-	-	-	-
Department of Home Affairs	-	-	4	-	4	-	-	-
Department of Water Affairs	-	-	10	-	10	-	-	-
The Presidency	-	-	6	6	6	6	-	-
Gauteng Infrastructure Development	-	-	63	-	63	-	-	-
Limpopo Department of Public Works	-	-	274	-	274	-	-	-
	-	-	<b>434</b>	<b>6</b>	<b>434</b>	<b>6</b>	-	-
<b>TOTAL</b>	-	-	<b>434</b>	<b>6</b>	<b>434</b>	<b>6</b>	-	-

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2015**

**ANNEXURE 5  
INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2014/15 *	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014	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
<b>DEPARTMENTS</b>								
<b>Current</b>								
National department of Public Works	-	-	-	60	-	60	-	-
Department of Justice and Constitutional Development	-	-	-	8	-	8	-	-
Limpopo Department of Transport	-	-	291	-	291	-	-	-
<b>Subtotal</b>	-	-	<b>291</b>	<b>68</b>	<b>291</b>	<b>68</b>	-	-
<b>Total</b>	-	-	<b>291</b>	<b>68</b>	<b>291</b>	<b>68</b>	-	-
<b>Total</b>	-	-	291	68	291	68	-	-

**ANNEXURE 6  
INVENTORIES**

Inventory	Note	Quantity	2014/15	Quantity	2013/14
			R'000		R'000
Opening balance		171	11 851	1860	19 654
Add/(Less): Adjustments to prior year balance		-	-	(1643)	(7 753)
Add: Additions/Purchases – Cash		45	2 660	11	1 274
Add: Additions - Non-cash		4	451	4	1 095
(Less): Disposals		(6)	(390)	-	-
(Less): Issues		(80)	(6 584)	(85)	(5 922)
Add/(Less): Adjustments		121	4 174	24	3 503
<b>Closing balance</b>		<b>255</b>	<b>12 162</b>	<b>171</b>	<b>11 851</b>

**ANNEXURE 7  
MOVEMENT IN CAPITAL WORK IN PROGRESS**

**MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2015**

	Opening balance R'000	Current Year Capital WIP R'000	Comple ted Assets R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>27 080</b>	<b>93 130</b>	<b>-</b>	<b>120 210</b>
Non-residential buildings	25 246	30 326	-	55 572
Other fixed structures	1 834	62 804	-	64 638
<b>TOTAL</b>	<b>27 080</b>	<b>93 130</b>	<b>-</b>	<b>120 210</b>

**MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2014**

	Opening balance R'000	Prior period error R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>8 040</b>		<b>19 040</b>		<b>27 080</b>
Non-residential buildings	6 206	-	19 040	-	25 246
Other fixed structures	1 834	-	-	-	1 834
<b>TOTAL</b>	<b>8 040</b>	<b>-</b>	<b>19 040</b>	<b>-</b>	<b>27 080</b>

**ANNEXURE 9  
IMMOVABLE ASSETS ADDITIONAL DISCLOSURE**

**1. Un-surveyed land**

All un-surveyed land are disclosed by the Department of Rural Development and Land Reform.

**2. Deemed vested**

Properties deemed to vest in the province in terms of the Constitution, but for which the vesting process has not been completed are not included in the asset register of the department, but a separate register, as title has not been endorsed as yet. However as a result of the provincial / national function, the properties are managed by the province/national government and include the following:

<b>Properties deemed vested</b>	<b>2014/15 Number</b>	<b>2013/14 Number</b>
<b>Land parcels</b>	921	83
<b>Facilities</b>		
Schools	720	-
Clinics and care centres	18	-
Hospitals	-	-
Office buildings	-	-
Dwellings	-	-
Storage facilities	-	-
Other	13	-

**3. Facilities on land not surveyed**

The following facilities were constructed on land where previously a right to use existed.

<b>Facilities on right to use land</b>	<b>2014/15 Number</b>	<b>2013/14 Number</b>
Schools	3,858	3,912
Clinics and care centres	533	516
Hospitals (Health Facilities)	59	70
Office buildings	253	122

Dwellings	47	-
Storage facilities	-	-
Other	-	-

**5. Agreement of custodianship reached**

Where agreement of custodianship has been reached the properties were transferred in accordance with the requirements of Section 42 of the Public Finance Management Act.

<b>Agreement of custodianship</b>	<b>2014/15 Number</b>	<b>2013/14 Number</b>
Land parcels	-	-
Facilities	-	-
Schools	-	29
Clinics and care centres	-	-
Hospitals	-	-
Office buildings	-	-
Dwellings	-	-
Storage facilities	-	-
Other	-	-

### 6. Contingent assets

The following properties are indicated as property belonging to the State, but not accounted for by other state custodian. Relevant properties will be recognised once custodianship has been confirmed.

LPI CODE / GIS KEY	PROP TYPE	ERF FARM SCHEME NO	PORTION	REG DIV	TOWNSHIP	FARM NAME
T0JS0036000006800001	ERF	68	1	TO BE UPDATED	TO BE UPDATED	TO BE UPDATED
T0LS00330000823000000	ERF	8230	0	TO BE UPDATED	TO BE UPDATED	TO BE UPDATED
T0LT00080000026400000	ERF	264	0	TO BE UPDATED	TO BE UPDATED	TO BE UPDATED
T0LU00070000348800000	ERF	3488	0	TO BE UPDATED	TO BE UPDATED	TO BE UPDATED
T0KQ0000000027500005	FARM	275	5	KQ	NULL	BLESPAARDSPRUIT
T0KS00020000019800000	ERF	198	0	KS	MARBLE HALL EXT 2	NULL
T0KS00020000063600000	ERF	636	TO BE UPDATED	KS	MARBLE HALL EXT 5	NULL
T0KS00020000065400000	ERF	654	TO BE UPDATED	KS	MARBLE HALL EXT 5	NULL
T0KS00020000065500000	ERF	655	TO BE UPDATED	KS	MARBLE HALL EXT 5	NULL
T0KT0000000000200002	FARM	2	2	KT	NULL	ACRE
T0KT0000000000400000	FARM	4	0	KT	NULL	CEYLON
T0LS00000000096200000	FARM	962	0	LS	NULL	SMALGENOEG
T0LS00000000106100001	FARM	1061	1	LS	NULL	FASENS' RUST
T0LS00000000111800003	FARM	1118	3	LS	NULL	VECHTKRAAL
T0LS00110000046100001	ERF	461	1	LS	LOUIS TRICHARDT	NULL
T0LT00000000045000041	FARM	450	41	LT	NULL	SCHRAALHANS
T0LT00000000049900008	FARM	499	8	LT	NULL	MULDERSPLANT
T0LT00000000054500002	FARM	545	2	LT	NULL	ROOIKOPJES
T0LT00000000061800000	FARM	618	0	LT	NULL	EHLATINE
T0LT00000000075300000	FARM	753	0	LT	NULL	VOLSTRUIS
T0LT00000000075300002	FARM	753	2	LT	NULL	VOLSTRUIS
T0MS00000000051000000	FARM	510	0	MS	NULL	ROTTERDAM
T0LQ00000000050200018	To be updated	502	18	LQ	NULL	WATERKLOOF
T0LQ00000000050200085		502	85	LQ	NULL	WATERKLOOF

7. **Properties registered in the name of Limpopo Provincial Government belonging to other custodians**  
The Limpopo Department of Public Works Roads and Infrastructure currently have properties registered in the name of Limpopo Provincial Government with Human Settlement and Higher Education functions thereon, contained in their IAR.  
In terms of the Sector Specific guide for Immovable assets these assets should be tracked and shown as inventory

	2014/15
Properties of other custodians	Number
Human Settlement	6,642
Higher Education	5
Human Settlement properties transferred from Mpumalanga	2,275

8. **Surveyed but unregistered land parcels**  
The department has 311 surveyed but unregistered land parcels.