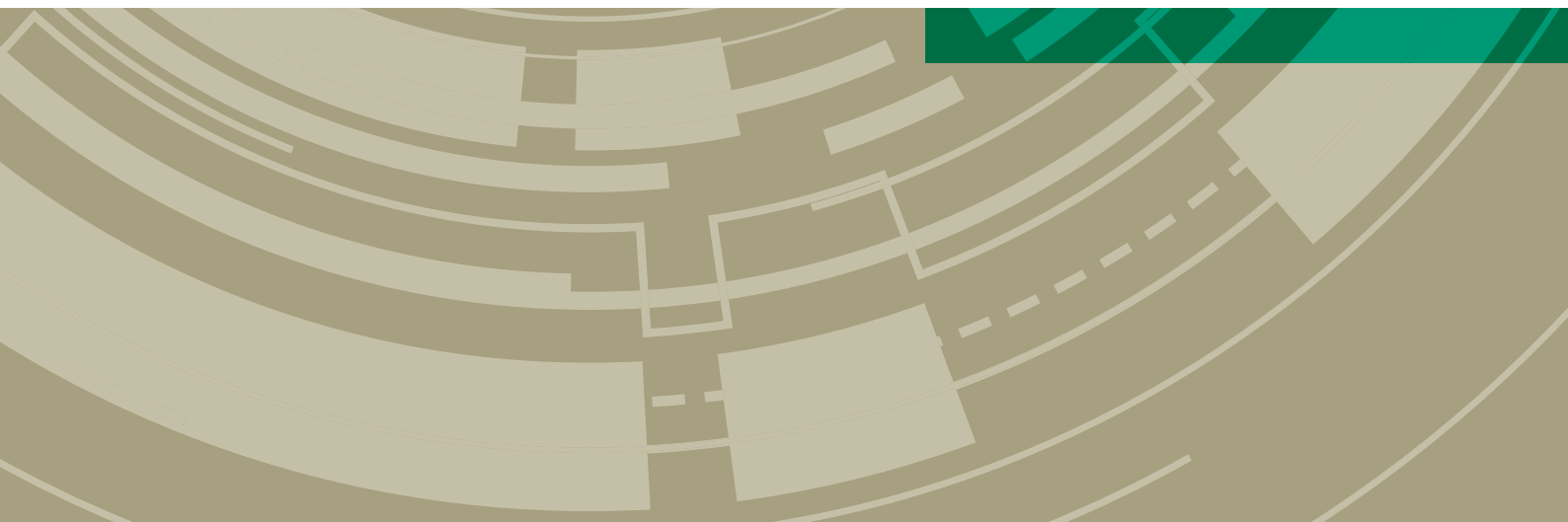




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# PART A:

## GENERAL INFORMATION

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## PART A: GENERAL INFORMATION

### 1. DEPARTMENTAL GENERAL INFORMATION

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Corner St Andrews and Markgraff Streets

#### BLOEMFONTEIN

9301

Tel: 051 405 5051

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#### DEPARTMENTAL POSTAL ADDRESS:

Department of Public Works  
P.O. Box 7551

#### BLOEMFONTEIN

9301

[www.fsworks.gov.za](http://www.fsworks.gov.za)

## 2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor-General of South Africa
APP	Annual Procurement Plan
BAS	Basic Accounting System
BBBEE	Broad Based Black Economic Empowerment
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CoGTA	Cooperative Governance and Traditional Affairs
CSIR	Council for Scientific and Industrial Research
DITC	Departmental Information Technology Committee
DMP	Demand Management Plan
EPWP	Expanded Public Works Programme
FOHOD	Forum of Heads of Departments
FRR	Final Residual Rating
FSPG	Free State Provincial Government
FTE	Full Time Equivalent
GIAMA	Government Immovable Asset Management Act
HOA	Home Owners Allowance
HOD	Head of Department
ID	Identity Document
IDMS	Infrastructure Delivery Management System
II	Inherent Impact
IL	Inherent Likelihood
IPIP	Infrastructure Project Implementation Plan
ICT	Information Communication Technology
IT	Information Technology
KCM	Key Control Matrix
LOGIS	Logistical Information System
MEC	Member of Executive Council
MIS	Management Information System
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NDPW	National Department of Public Works
NYS	National Youth Service
OHS	Occupational Health and Safety
OSD	Occupation Specific Dispensation
PACOFs	Performing Arts Council of Free State
PEP	Project Execution Plan
PFMA	Public Finance Management Act
PMU	Project Management Unit
RI	Residual Impact
RL	Residual Likelihood
RPL	Recognition of Prior Learning
SALGA	South African Local Government Authority
SAPS	South African Police Service
SASSA	South African Social Security Agency
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SITA	State Information Technology Agency
SLA	Service Level Agreement
SMS	Senior Management Services
TB	Tuberculosis
TR	Treasury Regulations

### **3. STRATEGIC OVERVIEW**

#### **3.1. Vision**

A prosperous Free State through facilitation of sustainable infrastructure.

#### **3.2. Mission**

Coordination, provision, promotion of infrastructure and sound management of assets.

#### **3.3. Values**

The core values reflected below guided staff behaviour towards achieving the Departmental predetermined strategic objectives:

- Commitment
- People-Centred
- Teamwork
- Responsiveness
- Fairness
- Transparency
- Integrity and Honesty
- Respect

### 3.4. Strategic Outcome Orientated Goals

The table below reflects the strategic outcome oriented goals linked to strategic objectives and the three Departmental budget programmes:

Budget Programmes	Strategic Outcome Oriented Goals	Strategic Objectives
Programme 1: Administration: <ul style="list-style-type: none"> <li>Office of the MEC</li> <li>Management of the Department</li> <li>Corporate Support</li> </ul>	1. A working environment geared towards improved service delivery.	1.1. Create and sustain a working environment conducive to improved service delivery 1.2. Strengthen leadership and the development of personnel 1.3. Create and sustain a performance culture within the Department 1.4. Ensure compliance to principles of good governance
Programme 2: Public Works Infrastructure: <ul style="list-style-type: none"> <li>Works Infrastructure Design, Construction and Maintenance Sub-Programme</li> </ul>	2. A transformed and effective construction industry that promotes government's objectives.	2.1. Create an enabling environment that facilitate and promote sustainable Infrastructure investment in the Free State Province
<ul style="list-style-type: none"> <li>Property Planning Sub-Programme</li> <li>Immovable Asset Management Sub-Programme</li> <li>Facility Operations Sub-Programme:               <ul style="list-style-type: none"> <li>Operational Property and Housekeeping Sub sub-programme</li> <li>Security Services Sub sub-programme</li> </ul> </li> </ul>	3. Effective property management and accelerated HDI access to the property industry.	3.1. Create an enabling environment for sustainable investment in property in the Free State 3.2. Manage provincial government owned and leased Immovable Assets effectively 3.3. Provide a safe and secure environment
Programme 3: Expanded Public Works Programme: <ul style="list-style-type: none"> <li>Programme Support</li> <li>Community Development Sub-Programme</li> <li>Innovation and Empowerment Sub-Programme</li> <li>EPWP Coordination and Compliance Monitoring Sub-Programme</li> </ul>	4. Massification of Expanded Public Works Programme to create jobs	4.1. Coordinate all stakeholders towards the successful implementation of the EPWP within the Free State Province  4.2. Create an enabling environment that promotes sustainable emerging enterprises and address skills shortage in the construction industry 4.3. Monitor and evaluate the impact of EPWP in the Province

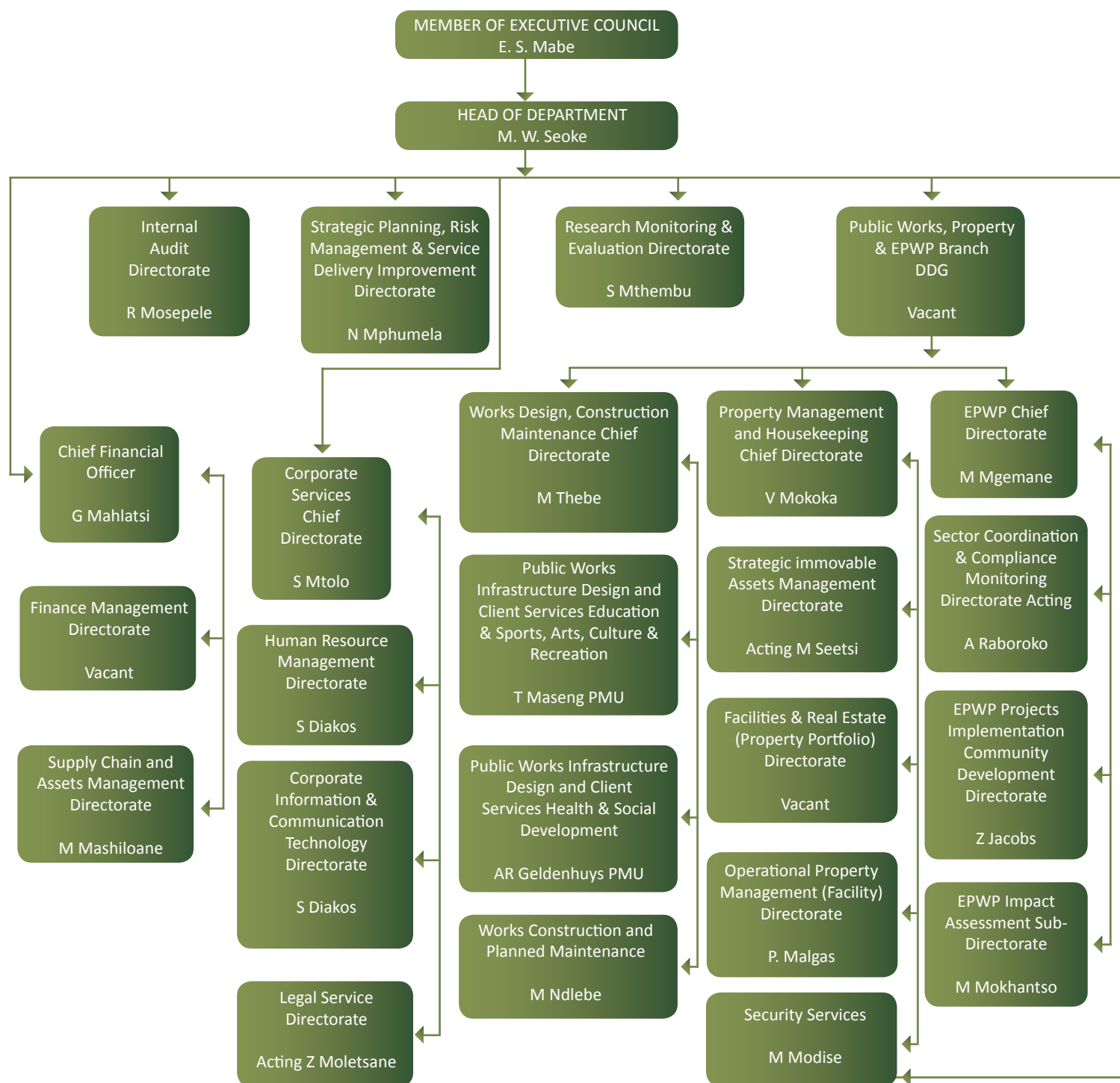
#### 4. **LEGISLATIVE AND OTHER MANDATES**

The legislative and policy directives that guide the functions of the Department of Public Works are reflected below:

- Constitution of the Republic of South Africa 1996, (Act No. 108 of 1996)
- Public Finance Management Act, 1999 (Act No. 1 of 1999) (as amended)
- Public Service Regulations 2001 (as amended)
- Division of Revenue Act, 2012 (Act No. 5 of 2012)
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
- Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)
- Skills Development Act, 2003 (Act No. 31 of 2003)
- Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)
- Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)
- Compensation for Occupational Injuries and Disease Act, 1993 (Act No. 130 of 1993)
- Policy Document on the Statutory Regulation of the Built Environment Professionals, 1999
- White Paper: Public Works Towards the 21<sup>st</sup> Century, 1997
- Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)
- Project and Construction Management Professions Act, 2000 (Act No. 48 of 2000)
- Government Immovable Asset Management Act, 2007 (Act No. 19 of 2007)
- Access Control to Public Premises and Vehicles Act, 1985 (Act No. 53 of 1985)
- EPWP Incentive Grant Manual Version 3, 2011

## 5. ORGANISATIONAL STRUCTURE

The diagram below represents the organisational structure for the Department:





## 6. FOREWORD BY THE MEMBER OF THE EXECUTIVE COUNCIL



This 2012/2013 Annual Report provides an indication of the work undertaken by the Department of Public Works while reporting on progress and challenges. During the year under review, the work of the Department of Public Works was guided by government's commitment to changing the lives of our people, the provision of quality education and better health care facilities, safety and security with specific emphasis on the creation of sustainable decent work opportunities.

The Department defined its contribution to this national commitment by identifying four priority areas and dedicated resources towards the improvement of service delivery. These areas included creation of sustainable, decent work opportunities, integrated infrastructure development, transformation of property relations and the building of internal capacity.

A number of achievements in respect of securing governance stability were achieved; in particular the Department has a fully-fledged executive management team in place. In enhancing its capacity, the Department appointed 35 qualified staff in architecture, civil engineering, mechanical engineering, artisans and works inspectors in both works infrastructure and facilities management.

We have registered success in accelerating infrastructure delivery. Amongst some of the major projects we have undertaken includes the completion of the first phase of the state-of-the art Traffic Testing Station in Harrismith, the upgrading of Boitumelo Hospital in Kroonstad, the on-going construction of new hospitals in Trompsburg and Ladybrand, completion of the Elizabeth Ross Hospital in Qwa-Qwa and the Thebe Hospital in Harrismith. The completion of the new multipurpose community hall in Makgolokoeng forms part of our contribution to rural development. We are encouraged that the Expanded Public Works Programme has registered positive results in the province through creation of 58 872 work opportunities, translating into 14 500 Full Time Equivalent jobs.

Despite the successes registered, the Department is still confronted with some challenges encompassing the following:

- Sustainable and transformed property portfolio;
- Security management that promotes and safeguard state assets;
- The ability to implement Contractor Development Programme; and
- Enhanced infrastructure delivery to client departments.

As we move forward improving the capacity and reorganization of the Department, we are aiming at enabling the Department to execute its mandate which we articulate through some of the following principles:

- Good governance and people development;
- Improving service delivery;
- Property transformation and investment;
- Effective coordination of EPWP; and
- Promote economic development.

I would like to thank my colleagues in the Executive Council, under the leadership of the Premier, for their support and team spirit.

I also thank honourable members of the legislature, particularly, members of the Portfolio Committee on Public Works, Economic Development, Environmental Affairs and Tourism for their constructive and progressive oversight role.

I am thanking the Head of Department for the manner in which he engages the challenges of the Department with his endeavours. I believe we will accelerate service delivery. To all the senior managers and officials in the Department, increase your commitment and efficiency in discharging your responsibilities.

In conclusion, we recognise that we have to implement the programmes and priorities that we set ourselves within time and budget and such an implementation will make a major contribution in improving the lives of our people.



---

**E. S. Mabe**  
**Member of the Executive Council: Department of Public Works**  
**Date: 31 May 2013**

## 7. OVERVIEW OF THE ACCOUNTING OFFICER



During the year under review, the Department committed itself to delivering on a number of recruitment initiatives. Focal areas such as the building of its internal capacity, acceleration of integrated infrastructure delivery, property transformation and the improvement of coordination and implementation of Expanded Public Works Programme. The Department attained a number of noteworthy successes during the year under review. These will be briefly highlighted below and the details are covered in subsequent sections of this report.

**On Job creation and Skills development:** The Department appointed 185 suitably qualified personnel in the fields of works infrastructure, property management, expanded public works programme, supply chain management, finance, information communication technology and security management in addressing the Departmental capacity. Of these appointments, 43% are females, whilst youth constitute 63% of all the recruitment initiatives.

The Department has made 29 appointments from the bursary programme and the provincial database of unemployed youth. These young Free Staters from all walks of life are qualified in the following: Civil Engineering, Quantity Surveying, Building Studies, Mechanical Engineering, Electrical Engineering, Information Technology and Bachelor of Commerce Degrees, of the afore-mentioned, 21% are females and 3.4% are differently-abled. The leadership of the Department will continue to enhance its capacity further in all its components, both line and support service functions.

**Through Expanded Public Works Programme (EPWP),** the Department has successfully created 58 872 work opportunities of which 14 500 were Full Time Equivalent jobs. Township Revitalization, Cemetery Maintenance, Food for Waste, Community Works and National Youth Service Programmes are some of the EPWP programmes that contributed to the realization of the work opportunities created. EPWP remains one of the key programmes that contribute to poverty alleviation and job creation. The Department will continue to improve its capacity to coordinate all stakeholders towards the successful implementation of EPWP within the Free State Province.

**On Infrastructure delivery:** The Department completed 33 infrastructure projects across all the five districts to the amount of R312.960 million on behalf of client departments and the Department's own projects. The Department is making strides in improving the planning and execution cycle for all infrastructure projects to ensure that services to client departments and communities are improved.

**With regard to Immovable Asset Register and Property Management:** The Department has embarked on the asset register enhancement strategy with records being reconciled and rectified to reflect only Free State registered properties.

**Filling of critical posts:** The majority of the strategic positions have been filled in fulfilling our mandate of infrastructure delivery. The Department will continue to enhance its capacity in all its components; both line function and support service functions.

The Departmental challenges include amongst others:

- The transformation of property industry in the province remains a challenge; however, plans are in place to achieve our transformational goals.
- Contract management system is needed to manage operations of property management (lease contracts, acquisition, disposals).
- Security capacity in and around government properties needs attention.
- Coordination of EPWP across all sectors to be intensified.
- Backlogs in building maintenance, utility payments, property rates.
- Shortage of experienced and registered professionals in the construction environment impacts negatively on infrastructure delivery.

In conclusion, the strategic direction and Departmental programmes pronounced constitute the plan and commitment to deliver on the Departmental mandate as entrusted by the people of this Province.

M. W. Seoke  
Accounting Officer: Department of Public Works  
Date: 31 May 2013

# PART B:

## PERFORMANCE INFORMATION

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## PART B: PERFORMANCE INFORMATION

### 1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

#### Statement of Responsibility for Performance Information for the year ended 31 March 2013:

The Accounting Officer is responsible for the preparation of the Department's performance information and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the performance information of the Department for the financial year ended 31 March 2013.



-----  
**M. W. Seoke**  
**Accounting Officer: Department of Public Works**  
**Date: 31 May 2013**

## 2. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report. Refer to page 123 of the Report of the Auditor-General, published in this report as Part E: Financial Information.

## 3. OVERVIEW OF DEPARTMENTAL PERFORMANCE

### 3.1. Service Delivery Environment

#### 3.1.1. Department's Overall Performance – Key Outputs

A brief reflection on the Departmental achievements and progress made during 2012/2013 financial year is outlined below:

#### Works Infrastructure Delivery

Socio-economic Infrastructure is essential to unlock economic opportunities, expand investment and create jobs in the economy. In line with Outcome 6 "the creation of an efficient, competitive and responsive economic infrastructure network," 33 infrastructure projects were completed across all five districts to the amount of R312.960 million on behalf of client departments as follows:

- 17 Department of Education
- 2 Department of Health
- 3 Department of Economic Development, Tourism and Environmental Affairs
- 1 Department of Agriculture and Rural Development
- 6 Department of Public Works own projects and
- 4 Department of Sport, Arts, Culture and Recreation.

#### Immovable Asset Register

Reconciliation of the asset register between the deeds office, surveyor general and the National Department of Public Works has been done to eliminate duplications. This process will be followed by the physical verification and the updating of the asset register. 81 houses have been officially donated to qualifying current occupants in Charlesville at Jagersfontein. The Department did not achieve its mandate to decentralise office accommodation to the five districts due to budget reprioritisation effected across all Departments.

#### Security Services

A total of 80 Security Officers were trained in basic security under the following skills programmes in accordance with Outcome 5 "a skilled and capable workforce":

- Skills Programme 1 = Patrol Security Officer
- Skills Programme 2 = Access Control Officer
- Skills Programme 3 = Asset Protection Officer

In addition, 80 contract security personnel were absorbed from private security companies and posted throughout the Province.

#### Jobs Created

With regard to Outcome 4, "decent employment through inclusive economic growth"; EPWP work opportunities created in the Province equals 58 872 which translates to 14 500 full time equivalent jobs. Implementation of the Township Revitalization Programme was realised in Batho, Cornelia, Jagersfontein, Parys, Vredefort, Marabastad, Arlington, Thaba Nchu, Petrusburg and Allanridge. Slow progress regarding Township Revitalization Programme implementation was experienced in Hennenman, Odendaalsrus and Virginia. The Department is determined to work hard to ensure that this programme is sustainable.

### 3.2. Service Delivery Improvement Plan

The 2012/2013 Service Delivery Improvement Plan focused on infrastructure delivery initiatives with a view to accelerate socio economic infrastructure for client departments' satisfaction. The table below highlights the achievements made with the provision of social infrastructure such as schools, health facilities, libraries, community halls, paved roads and others.

#### Main Services provided and Standards

Main Services	Actual Customers	Potential Customers	Standard of service	Progress
Infrastructure delivery	Provincial departments: <ul style="list-style-type: none"> <li>Health</li> <li>Education</li> <li>Social Development</li> <li>Public Works</li> <li>Sport, Arts, Culture and Recreation</li> <li>Agriculture and Rural Development</li> <li>Economic Development, Tourism and Environmental Affairs</li> <li>Police, Roads and Transport</li> </ul>	Citizens	<b>Service Quantity Standard</b>	Three projects completed within budget and contract time include: <ul style="list-style-type: none"> <li>Bloemfontein: National Hospital Doctor's Quarters.</li> <li>Bloemfontein Phillip Sanders: Extension of Contract 3(A): Installation of water pipes.</li> <li>Bloemfontein Kamohelo School with 26 classrooms, water and electrical reticulation, paving, parking and fencing.</li> </ul>
			<b>Service Quality Standard</b>	
			Receive infrastructure requests six months prior to the new financial year to allow proper designs and project execution.	<ul style="list-style-type: none"> <li>User Asset Management Plans received from all client departments on 31 August 2012 specifying client department's needs in terms of infrastructure planning over the MTEF period, budget planning priorities, office accommodation and maintenance provisions.</li> <li>Client departments' projects were received and project plans developed and presented at Budget Lekgotla in February 2013 for implementation in 2013/2014.</li> <li>Each client department is allocated a Project Manager to monitor progress on execution of projects on site to ensure completion of projects within contract time, budget and quality.</li> <li>Alignment Model Communicated at quarterly meetings with Provincial Treasury and at monthly bilateral meetings with client departments.</li> </ul>
			Communicate the Alignment Model for improved infrastructure delivery to provincial departments.	<ul style="list-style-type: none"> <li>Provincial Infrastructure Delivery Management System (IDMS) developed to fast-track infrastructure delivery. Senior Managers in infrastructure units in Departments of Public Works, Provincial Treasury, Education and Health are undergoing accredited training on the IDMS at University of Pretoria. The training process is facilitated by Provincial Treasury.</li> <li>Bilateral meetings also held with client departments to communicate institutionalisation of the IDMS principles. Cost implications solicited through Provincial Treasury mainly for the Departments of Health and Education as this affect grant funding.</li> </ul>
			Develop the Rooster System for appointment of consultants.	<ul style="list-style-type: none"> <li>Engagements with National Treasury to support the development Framework Agreements for the appointment of consultants are in place.</li> </ul>

## Consultation Arrangements with Customers

Actual Customers	Potential Customers	Type of Arrangement	
		Consultation:	Progress
Provincial departments	Citizens	<b>Project Design Stage:</b>  The Provincial team and consultant discuss needs and do conceptualization on norms and standards (e.g. classroom area, how many square meters etc).	<ul style="list-style-type: none"> <li>Preliminary meetings held between works design team; client departments and consultants to discuss client needs during project design stage and conceptualization on norms and standards (e.g. classroom area, how many square meters etc.).</li> </ul>
		<b>Construction Phase:</b>  The concept design, sketch plans (site layout), elevations and designs are discussed with the provincial team.	<ul style="list-style-type: none"> <li>Fortnightly site meetings held with the consultants, design team, provincial client departments and the contractor during the construction phase to deliberate on project progress and agree on payment process.</li> </ul>

## Service Delivery Access Strategy

Actual Customers	Potential Customers	Type of Arrangement	
		Access:	Progress
Provincial departments	Citizens	Buildings user friendly to the elderly and people living with disabilities (ramps, Braille, lifts, etc).	<ul style="list-style-type: none"> <li>Lifts accommodates people living with disabilities.</li> <li>Braille and ramps are also used.</li> <li>Lifts at Lebohang building being upgraded.</li> </ul>
		<b>Courtesy</b>  Install signage to give users directions in the buildings and compliance to Occupational Health and Safety Act.	<ul style="list-style-type: none"> <li>Lifts being serviced. A study being performed to assess what can be done to extend the lifespan of chillers, air-conditioners and boilers with the available budget.</li> <li>Health and safety committee is operational and represented by all departments.</li> </ul>



Actual Customers	Potential Customers	Type of Arrangement	
		<b>Openness and Transparency</b>	<b>Progress</b>
		Advertisement of bids in the Tender Bulletin, CIDB website, newspapers etc.  Compulsory site briefing.  Public opening of all bids simultaneously to check completeness and compliance with prescripts of bid documents.	<ul style="list-style-type: none"> <li>Advertisement on tender bulletin and CIDB website done for Brandfort: Monamudi Primary School: New 15 Ablution Blocks and Wepener: New Qibing Library.</li> </ul>
		<b>Information</b>	
		Fortnightly/Monthly infrastructure meetings.	<ul style="list-style-type: none"> <li>Fortnightly technical site infrastructure meetings held with client departments, contractors and consultants to discuss progress on site and resolve issues.</li> </ul>
		<b>Value for money</b>	
		Project Management Unit participates in all infrastructure procurement processes.	<ul style="list-style-type: none"> <li>Project Management Unit participates in all infrastructure projects.</li> </ul>

Complaints Mechanism	Actual Achievements
Fortnightly technical site infrastructure meetings.  Monthly Bilateral Meetings with client departments.	Fortnightly technical site infrastructure meetings held with client departments and contractors/consultants to discuss progress on site and resolve areas of concern.

## Human Resources

Type of Arrangement	Progress
<p>Professional Registration.</p> <p>Reinforce and increase capacity in the Design Unit.</p> <p>Strengthen Professional registration of technical staff.</p>	<ul style="list-style-type: none"> <li>Candidates are being trained at different consulting firms to acquire professional registration.</li> <li>Reinforced and increased capacity in the Design Unit through sharing of responsibilities in terms of allocation to client departments' projects.</li> <li>Candidate engineers and technical employees are expected to be registered with the appropriate professional council for continuous professional development on professional issues and be up-to-date with trends in the profession as well as to assess and certify projects.</li> </ul>
<p>Infrastructure Procurement Team.</p> <p>Appointment of personnel with Supply Chain Management Process Expertise.</p>	<ul style="list-style-type: none"> <li>Director Supply Chain Management with requisite experience and capabilities appointed.</li> </ul>
<p>Project Management Unit participate in all infrastructure procurement bids.</p>	<ul style="list-style-type: none"> <li>Project Management Unit participates in all infrastructure procurement bids.</li> </ul>
<p>Training.</p> <p>Train Works Inspectors on project Management skills.</p> <p>Training of SCM staff on infrastructure projects.</p> <p>Project Management Unit assist Regional Offices with defects on project sites that require Technical and Professional expertise.</p>	<ul style="list-style-type: none"> <li>Works Inspectors are currently undergoing training to attain project management skills.</li> <li>Supply Chain Management staff being trained on infrastructure procurement.</li> <li>On-the-job training provided to Supply Chain Management staff on infrastructure procurement on continuous basis.</li> <li>Project Managers assist with project designs and are also allocated to monitor projects progress on site. Advice provided to Regional Managers regarding defects identified at project sites.</li> </ul>
<p>Equipment</p> <p>Renovate Public Works Hamilton Offices to create a conducive environment to do proper in-house design and to store drawings (R7,8m).</p> <p>Acquire electronic system to track implementation of infrastructure projects.</p>	<ul style="list-style-type: none"> <li>Public Works Hamilton Offices being renovated to create conducive environment for in-house design and to store drawings under construction although progress on site slow.</li> <li>In-house web-based reporting system being piloted to provide progress on project status to various stakeholders. R3m has been availed to procure the system in 2013/2014.</li> </ul>

### 3.3. Organisational Environment

Organisational challenges and successes experienced by the Department in the year under review that impacted on the Department's ability to deliver on the 2012/2013 Annual Performance Plan are outlined below:

#### **Staff Turnover**

The staff turnover of employees in the Department is well within acceptable norms and standards and related with the age profile of the department. During the period under review, there were 64 retirements, 34 deaths, 6 discharges due to ill-health, 10 dismissals due to misconduct, inclusive of staff that absconded. Only 8 staff members resigned, from either a full-time post or a temporary short-term contract before expiry date of the said contract. Of these eight (8) resignations, only one (1) of these resignations, occupied a key post, namely the Chief Audit Executive. This employee, like the other resignations left for better remuneration elsewhere.

#### **Disciplinary Measures**

During the period under review, the Department instituted disciplinary measures in terms of the appropriate Disciplinary Code and Procedures. A total of five (5) staff members, inclusive of two (2) Senior Managers were placed on precautionary suspension due to alleged serious misconduct. Two (2) of the disciplinary cases were concluded and appropriate sanctions coupled with upliftment of the precautionary suspensions meted out.

The nature of these cases involves assault, gross negligence, gross insubordination and gross dereliction of duty. The number of precautionary suspensions constitutes less than 0.5% of the staff establishment.

#### **Staff Appointments**

Appointments of key personnel were made namely, the Accounting Officer, Chief Financial Officer, Chief Audit Executive, Senior Managers at Supply Chain Management, Property Management, EPWP, Works Construction and Maintenance and others.

In terms of the key posts of Accounting Officer and Chief Financial Officer, there was a seamless transition and the new incumbents assumed their duties immediately.

The post of Chief Audit Executive which was vacated on 31 August 2012 was filled by a suitably registered, skilled and qualified incumbent on 1 February 2013. Key posts were filled in the 3 programmes of the department. Programme managers for EPWP and Property Management assumed duty on 1 April 2012 and 1 July 2012 respectively. Capacity on senior management level at supply chain management and works construction and maintenance was enhanced with key appointments on 1 August 2012 and 1 February 2013.

Although a moratorium on the filling of posts was implemented, the Department was within the context of this moratorium able to supplement its human capital by filling key posts throughout the Departmental spectrum. Of significance, was the endeavour of the Department in line with the approved human resources plan to embark on a project of Recognition of Prior Learning to provide existing staff members the opportunity to qualify as artisans. The intervention to enhance capacity of registered professionals to ensure a continual supply of these critical skills required to construct and maintain social infrastructure.

#### **Information Technology System**

Significant system failures were due to historical reasons as the Information `communication Technology (ICT) System was shared by two Departments, namely the Department of Public Works and the Department of Police Roads and Transport. The Department of Public Works, during the year under review, fully implemented its own ICT solution which is inclusive of its own server and network system, active Directory and Columbus Desktop Management.

As with all systems, this new ICT solution resulted in ICT downtimes during September and October 2012, which was a result of the concurrent running of the two departments on one physical cabling. A technical cable separation which enabled the department to run its own proxy under State Information Technology Agency (SITA) was finalised, which eliminated the problem and ensured system availability henceforth. Since then no ICT challenges or any system failures have been reported.

### ***Fraud and Corruption***

No employees were found guilty of corruption during this reporting period. Two (2) employees were however found guilty of misconduct involving dishonesty and both cases were concluded as prescribed in the Disciplinary Code and Procedures. Intervention measures were adopted to mitigate the impact of the above events on service delivery.

The department have implemented the necessary corporate governance measures to proactively achieve its mandate within the context of the relevant constitutional provisions and ethical standards highlighted in the policies governing public administration.

### ***Funding for the implementation of Government Immovable Asset Management Act (GIAMA)***

The funding allocation for the implementation of GIAMA and the concomitant requirements is still insufficient. Technical Condition Assessments, as a requirement of GIAMA, are supposed to be conducted every 5 years for all properties in the asset register. This could not be realised due to insufficient budget allocation. Technical Condition Assessments will assist the Department in identifying maintenance requirements and costing in order to develop accommodation, maintenance, disposal and acquisition plans.

Perception condition assessments were performed on 1 008 state-owned properties which assisted the Department to identify repairs to comply with the Occupational Health and Safety Act.

The Department will utilise the R1.5 million allocation of the 2013/2014 budget to conduct technical condition assessments.

The Accommodation plan reflecting accommodation requirements of client departments is being finalised. This plan will be used to source funding from Provincial Treasury in order to decentralise office accommodation to the identified districts as well as to improve access by citizens to service delivery points.

### ***Insufficient budget allocation for Municipal Services***

The increase on municipal services relating to water, electricity and sewage, especially electricity is much higher than the growth of the Department's budget. The Department has registered a shortfall of R36.615 million on utility payments against R268.014 million during the period under review. Additional budget needs will be submitted to Provincial Treasury in July 2013.

## **3.4. Key Policy Developments and Legislative Changes**

### ***Supply Chain Management***

There were no changes in the current Departmental Supply Chain Management (SCM) Policy, though it is under review. The revised policy is envisaged to be implemented with its related delegations in the second quarter of the 2013/2014 financial year.

Changes have been experienced within the Supply Chain Management space with the promulgation of local content for the designated products or industries. The Department needs to ensure that these products carry a percentage of local content as designated by the Minister of the Department of Trade and Industry. This has an impact on the Department in that most of the suppliers are not geared for this, and as a result, prolongs the turnaround in soliciting bids for particular designated products and/or industries.

### ***Introduction of Infrastructure Delivery Management System***

Treasury Regulations have also been revised and will be promulgated by the Minister of Finance in due course. These will impact severely on the operations of the Department regarding the acquisition of goods, works and services. The major effect will be experienced with the introduction of the Infrastructure Delivery Management System (IDMS) particularly with regards to construction, maintenance and property procurement process.

## 4. STRATEGIC OUTCOME ORIENTED GOALS

The progress made towards the achievement of the strategic outcome oriented goals is reflected below:

### 4.1. Strategic Outcome Oriented Goal 1: A working environment geared towards improved service delivery

#### **Filling of critical funded posts**

In addressing Departmental capacity, we have appointed 185 *suitably qualified* personnel in the fields of works infrastructure, property management, expanded public works programme, supply chain management, finance, information communication technology and security management to create and sustain a working environment that is conducive to improve service delivery. The Department made 29 appointments from the bursary programme and the provincial database of unemployed youth. These young Free Staters from all walks of life are qualified in the following fields: Civil Engineering, Quantity Surveying, Building Studies, Mechanical Engineering, Electrical Engineering, Information Technology and Commerce. Of the afore-mentioned, 21% are females and 3.4% are people living with disabilities, two (2) are visually-impaired and others have mobility challenges. Although the Department has improved its target from 0.08% in 2012 to 1.3%, the Department is still 0.7% under the national target of 2% in terms of appointing people living with disabilities.

#### **Training interventions: Recognition of Prior Learning Training Programme**

The Department commenced with the implementation of the recognition of prior learning (RPL) training programme to ensure that the skills, knowledge and experience of the existing Tradesman Aids employees are acknowledged. 120 officials are participating in six building trades namely: Bricklaying, Carpentry, Painting, Plastering, Plumbing and Welding. Of these, 61 met the standards to write trade tests and will on successful completion, be appointed as fully fledged artisans in the 2013/2014 financial year.

### 4.2. Strategic Outcome Oriented Goal 2: A transformed and effective construction industry that promotes government's objectives

The Department completed 33 infrastructure projects on behalf of client departments. The Department remains the implementing agent of the other provincial departments with regard to construction and maintenance of social infrastructure as denoted in the table underneath:

Client Departments	Projects Description
Sport, Arts, Culture & Recreation = 4	<ul style="list-style-type: none"> <li>Bloemfontein Free State Sport Science Institute Badminton Tennis.</li> <li>Bloemfontein Free State Sport Science Institute Netball Dormitories.</li> <li>Bloemfontein Library.</li> <li>Bloemfontein: New Netball Development Centre.</li> </ul>
Economic Development, Tourism, Environmental Affairs = 3	<ul style="list-style-type: none"> <li>Bloemfontein Phillip Sanders: Extension of Contract 3(A): Installation of water pipes.</li> <li>Bloemfontein Philips Sanders: Contract 1(B): Phase 2: Maintenance on chalets and upgrading of staff houses.</li> <li>Koppies Dam: New Entrance Gate, Office and 10 new chalets.</li> </ul>
Health = 2	<ul style="list-style-type: none"> <li>Bloemfontein: National Doctor's Quarters.</li> <li>Bloemfontein Pelonomi block G (Radiology).</li> </ul>
Public Works = 6	<ul style="list-style-type: none"> <li>Arlington Township Revitalisation.</li> <li>Cornelia Township Revitalisation.</li> <li>Parys Township Revitalisation.</li> <li>Vredefort Township Revitalisation.</li> <li>Kroonstad: Marabastad Fence.</li> <li>Kroonstad: Rev ZR Mahabane House.</li> </ul>

Client Departments	Projects Description
Education = 17	<ul style="list-style-type: none"> <li>Viljoenskroon: Mphatlalatsane School: 10 new classrooms.</li> <li>Koppies: Sarel Cilliers Refurbishment of Girls &amp; boys Hostels: New study Hall &amp; new guard houses.</li> <li>Allanridge Mosala: 5 classrooms.</li> <li>Bothaville: Diphetoho Primary / Secondary School.</li> <li>Boshof: Aramela Comprehensive School: New Admin Block.</li> <li>Wesselsbron: Ithabeleng New School Unacceptable Structures.</li> <li>Virginia: Phahamisang Phase 2: Admin block, Media Centre, Activity Centre, 10 classrooms, Hall.</li> <li>Welkom Amari School: Repairs and Renovations.</li> <li>Bloemfontein: Martie du Plessis School additional facilities.</li> <li>Bloemfontein Kamohelo School 26 class rooms, water and electrical reticulation, paved roads and parking, Devils fork fence.</li> <li>Bethlehem: Ntsu new ablution block facility.</li> <li>QwaQwa: Lerato new toilet blocks.</li> <li>QwaQwa: Thiboloha Upgrade of toilets, electricity, water &amp; paint.</li> <li>QwaQwa: Letlotlo Primary School renovations and conversion of existing facilities to full service School.</li> <li>Ficksburg Boitumelo ablution block facility.</li> <li>Edenburg: Bethany School: New Classrooms.</li> <li>Smithfield: Mofulatshepe Renovations.</li> </ul>
Agriculture and Rural Development = 1	<ul style="list-style-type: none"> <li>Harrismith: Makgolokoeng: New Community Hall.</li> </ul>

A total of 14 Infrastructure bids have been awarded to the value of R 150 452 885 from 01 April 2012 to 31 March 2013. Of the bids awarded, 13 were allocated to BBBEE contractors of which three are women owned enterprises.

#### **4.3. Strategic Outcome Oriented Goal 3: Effective property management and accelerated HDI access to the property industry**

##### **Transformation of the Property Industry**

The Department commenced with the property audit, a strategic process to review all current leased office accommodation with the intention of creating an integrated leasing strategy and accommodation plan whose objectives are in line with the Property Sector Transformation Charter. During the period under review, lease expenditure to the amount of R36.713 million has been awarded to BBBEE landlords.

##### **Immovable Asset Register**

With regards to the immovable asset register, the Department has embarked on the asset register enhancement strategy with records being reconciled and rectified to reflect only Free State registered properties.

##### **Disposal on non-strategic assets**

81 houses were officially donated to qualifying current occupants in Charlesville, Jagersfontein.

#### **Utilities management: Rates and Taxes**

The Department is responsible to pay rates & taxes on all provincially owned properties.

An adjusted allocation for rates and taxes in the 2012/2013 financial year was R268.014 million and R268.005 million was paid as at 31 March 2013.

District Municipalities	Local Municipalities	Total Paid
Mangaung	Mangaung Metro	R51,129,393.22
Xhariep	Letsemeng	R926,220.84
	Kopanong	R2,141,683.64
	Mohokare	R1,317,570.00
	Naledi	R128,409.51
Lejweleputswa	Masilonyana	R2,134,973.43
	Tokologo	R283,819.08
	Tswelopele	R2,013,873.10
	Matjhabeng	R35,536,457.62
	Nala	R569,568.63
Thabo Mofutsanyana	Setsoto	R16,628,246.59
	Dihlabeng	R6,964,541.28
	Nketoana	R6,541,740.37
	Maluti-A-Phofung	R120,743,984.41
	Phumelela	R1,133,677.11
	Mantsopa	R355,646.66
Fezile Dabi	Moqhaka	R5,903,359.32
	Ngwathe	R4,481,016.49
	Metsimaholo	R4,500,051.38
	Mafube	R4,570,272.12
	<b>Total</b>	<b>R268,004,504.80</b>

#### **Utilities management: Municipal Services**

The Department is responsible for paying sanitation, refuse removal, electricity and water on all provincially owned properties as well as on some rented properties depending on the lease agreement. An adjusted allocation for rates and taxes in 2012/2013 financial year was R224.512 million. Total expenditure for municipal services amounts to R224.503 million till 31 March 2013.

#### **4.4. Strategic Goal 4: Massification of Expanded Public Works Programme to create jobs**

##### **Job Creation**

Through the Expanded Public Works Programme, the Department has successfully created 58 872 work opportunities and 14 500 were full time equivalent. Community based initiatives such as Township Revitalization, Cemetery Maintenance, Food for Waste, Community Works Programme and National Youth Service Programme are some of the EPWP programmes that contributed to the realization of the jobs created.

### ***Food for Waste Programme***

The Food for Waste Programme involves beneficiaries collecting waste and being compensated with food parcels. The programme aims at improving environmental cleanliness among local communities and ensuring a safe and healthy environment.

The programme recruited 376 beneficiaries throughout the province. The beneficiaries are still receiving food parcels and the programme is currently taking place in Ngwathe, Metsimaholo and Masilonyana municipalities.

Municipality	Town	Beneficiaries
Metsimaholo	Denneysville	157
	Oranjeville	53
Ngwathe	Heilbron	105
Masilonyana	Theunissen	21
	Winburg	15
	Brandfort	11
	Verkeerdevlei	7
	Soutpan	7
	<b>Total</b>	<b>376</b>

### ***Cemetery Maintenance Programme***

The programme has been identified as one area of expansion in the Environment and Culture sector and it is aimed at assisting municipalities to beautify and green cemeteries specifically where municipalities are unable to provide services. The overall objective is to alleviate poverty in areas where there is high levels of unemployment. This programme has contributed in creating 452 work opportunities within 10 towns as indicated in the table below:

Local Municipalities	Towns	No of Beneficiaries
Mafube	Frankfort	40
	Villiers	27
	Tweeling	17
	Cornelia	19
Ngwathe	Heilbron	80
Moqhaka	Kroonstad	80
Nketoana	Petrus Steyn	30
Setsoto	Senekal	101
Masilonyana	Brandfort	18
Letsemeng	Petrusburg	40
	<b>Total:</b>	<b>452</b>



### Community Work Programme:

The Community Work Programme is a government programme aimed at tackling poverty and unemployment. The programme provides an employment safety net by giving participants a minimum number of regular days of work, typically two days a week or eight days a month, thus providing a predictable income stream. The work performed under the programme includes cleaning of storm water channels, sweeping and cleaning of streets, cleaning of public buildings e.g. SAPS buildings, clinics, libraries, taxi ranks, stadiums and cleaning of illegal dumping sites.

Local Municipalities	Towns	Total
Mangaung Metro	Batho	83
Matjhabeng	Hennenman	172
Kopanong	Jagersfontein	86
Letsemeng	Jacobsdal	35
<b>Total</b>		<b>376</b>

### Township Revitalisation Programme

The work on the Township Revitalisation Programme has created 707 work opportunities on site as depicted in the table below.

Towns	Townships	Budget	Constructed Kilometers	Work Opportunities Created
Parys	Tumahole	R9m	1.834km	82
Vredefort	Mokwallo	R8m	1.631km	82
Cornelia	Ntswanatsatsi	R8m	2.025km	84
Kroonstad	Marabastad	R9m	2.374km	42
Jagersfontein	Itumeleng	R9m	1.597km	34
Virginia	Meloding	R9m	1.591km	69
Hennenman	Phomolong	R9m	1.685km	80
Bloemfontein	Batho	R9m	3.320km	44
Arlington	Leratswana	R8m	1.500km	70
Odendaalsrus	Kutlwanong	R7m	2.310km	60
Thaba Nchu	Selosesha	R5m	0.600m	20
Allanridge	Nyakallong	R5m	0.400m	20
Petrusburg	Bolokanang	R4m	0.400m	20
<b>Total</b>				<b>707</b>

### ***Intensifying NYS Programme***

#### ***Civil and Building Learnership Programme***

223 Learners participated in Civil & Building learnership programme and Plumbing trades in Fezile Dabi and Xhariep districts. 202 Participants successfully completed the programme of which 101 learners were trained for plumbing NQF 4 and 101 for Building and Civil NQF 3.

21 Beneficiaries dropped-out due to various reasons.

15 Learners were absorbed by Mothei Construction at Metsimaholo municipality where they are engaged in construction work of municipal offices at Sasolburg. One learner registered a Construction Company and is currently sub-contracting at Letsemeng municipality where he employed seven other learners from the programme.

#### ***Hygiene and Cleaning Learnership:***

130 Beneficiaries were recruited for the Hygiene and Cleaning learnership, 110 of them were recruited externally and the other 20 within the Department's Property and Housekeeping unit. Learners are placed in Provincial Department's buildings and district regional offices to gain practical experience. The Department is in the process of finalising the SLA with Services SETA.

#### ***Ornamental Horticulture and Landscaping Learnership:***

70 Beneficiaries were selected from the EPWP Cemetery cleaning programme in Heilbron and Frankfort in order to participate in NYS Ornamental Horticulture and Landscaping Programme. This serves as an exit strategy for young people who have been working in this programme. Learners are still on sites, while the National Department of Public Works is in the process of appointing and contracting training providers.

#### ***Electrical apprenticeship***

50 New learners were selected of which 30 have commenced the Electrical Apprenticeship at CENTLEC Training and Development Centre for a period of three years. They started with theoretical classes in January 2013 (Phase 1: Modular Training).

The remaining 20 will commence with training in July 2013 due to lack of capacity such as training personnel and training facilities. 13 Existing learners completed this apprenticeship in January 2013.

#### ***Carpentry Learnership***

50 beneficiaries were selected to participate in the programme. These beneficiaries commenced theoretical classes in March 2013.

### ***Facilitation of Contractor Development Programme***

The Contractor Development Programme is a structured formal Learning Programme that intends to develop emerging contractors into sustainable construction entities able to execute labour intensive projects. On completion, contractors should be on grade 3 or 4 of Construction Industry Development Board (CIDB) for General Building. The Induction Programme was conducted during March 2013 to prepare learners for theoretical classes. 46 Learners signed contracts of which 22 were women.

## 5. PERFORMANCE INFORMATION BY PROGRAMME

### 5.1. Programme 1: Administration

#### 5.1.1. Purpose

The programme aims to provide the Department with corporate support service in relation to strategic and financial management, monitoring and evaluation, legal services, supply chain management, communication, information technology, human resource management and internal audit to ensure that it delivers on its mandate in an integrated, efficient, effective and sustainable manner.

#### 5.1.2. Sub-Programmes

The programme consists of the following **Sub-Programmes**:

- Office of the MEC
- Management of Department
- Corporate Support

The Sub sub-Programmes: *Corporate Support Sub Programme*

- Sub-sub-programme Corporate Services
- Sub-sub-programme Finance
- Sub-sub-programme Research, Monitoring and Evaluation
- Sub-sub-programme Internal Audit
- Sub-sub-programme Legal Services

#### 5.1.3. Strategic Objectives

- Create and sustain a working environment conducive to improved service delivery.
- Strengthen leadership and the development of personnel.
- Create and sustain a performance culture within the Department.
- Ensure compliance to principles of good governance.

The discussion below indicates achievement for Sub sub-Programmes in Corporate Support Sub Programme per strategic objective:

#### 5.1.4. Strategic objectives, performance indicators planned targets and actual achievements per Sub-Programme

##### 5.1.4.1. Sub-sub programme: Corporate Services

#### Purpose

The sub sub-programme is responsible to provide communication, information technology, human resource related services to improve organisational efficiency.

**Strategic Objective 1.1: Create and sustain a working environment conducive to improved service delivery**

**Sub sub-Programme: Corporate Services**

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of people appointed to reduce the vacancy rate.	174	90	185	106%	Over-performance is due to in-sourcing through appointment of 80 security staff members on contract from private security.

**Strategic Objective 1.2: Strengthen leadership and the development of personnel**

**Sub sub Programme: Corporate Services**

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of training interventions implemented.	10	5	5	0%	Target Achieved.

**5.1.4.2. Sub sub-Programme: Finance**

**Purpose**

The sub sub-programme is responsible to strategically manage finance related matters with regard to implementation of efficient and effective procurement, financial management systems including budgetary controls.

**Strategic Objective 1. 4: Ensure compliance to principles of good governance**

**Sub sub-Programme: Finance**

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Amount of revenue collected.	R28.076m	R23.370m	R33.358m	42.7%	The over-performance is due to an outstanding amount received from PACOFS and SASSA claims for office accommodation and electricity usage.

#### 5.1.4.3. Sub sub-Programme: Research, Monitoring and Evaluation

##### **Purpose**

The sub sub-programme is responsible to facilitate the development of Departmental strategy, performance monitoring and reporting as well as to evaluate the Departmental performance.

#### Strategic Objective 1. 3: Create and sustain a performance culture within the Department

Sub-programme: Research, Monitoring & Evaluation					
Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of completed studies.	2	2	2	0%	Target achieved.
Number of best practices introduced.	2	1	0	-100%	Best practice took longer than anticipated.

#### 5.1.4.4. Internal audit Sub-sub-Programme

##### **Purpose**

Internal Audit ensures that the Department accomplishes its predetermined objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.

#### Strategic Objective 1.4: Ensure compliance to principles of good governance

Sub sub-Programme: Internal Audit					
Performance Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of audits performed at identified risk areas.	15	12	11	-8.3%	Reason for under-performance: Human Resource Management compliance audit report in relation to sick leave must be concluded.
Number of corrective measures implemented emanating from Auditor General's audits.	5	4	4	0%	Target achieved.

#### 5.1.4.5. Sub Sub-Programme: Legal Services

##### **Purpose**

The sub-sub-programme is responsible to provide legal expertise and opinion regarding legislation and contracts.

#### Strategic Objective 1.4: Ensure compliance to principles of good governance

Sub sub-Programme: Legal Services					
Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of contracts reviewed and facilitated.	326	300	187	-38%	Property related lease contracts could not be concluded as they were not valuated to determine marked related rental value.

Reasons for all Deviations	Strategy to Overcome Areas of under performance
Contract Management Number of contracts reviewed and facilitated.	Introduce Contract Management System. Centralised contract management function at legal services unit.

#### 5.1.5. Programme 1: Administration: Sub-Programme Expenditure

	2012/2013			2011/2012		
Sub- Programme Name	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000s	R'000	R'000	R'000	R'000
Office of the MEC	10 882	10 724	158	8 779	8 548	231
Management/Head of Department	4 332	4 238	94	4 609	4 477	132
Corporate Support	73 305	70 383	2 922	75 056	73 222	1 834
<b>Total</b>	<b>88 519</b>	<b>85 345</b>	<b>3 174</b>	<b>88 444</b>	<b>86 247</b>	<b>2 197</b>

## 5.2. Programme 2 Public Works Infrastructure

### 5.2.1. Purpose

The programme aims to provide a balanced and equitable provincial government building infrastructure by promoting accessibility that is sustainable, integrated and environmentally sensitive which supports economic development and social empowerment.

### 5.2.2. Sub-Programmes:

The Programme consists of the following Sub-Programmes:

- Work Support Office
- Works Infrastructure Planning
- Works Infrastructure Design
- Works Infrastructure Construction
- Works Infrastructure Maintenance
  - Project Management Unit Sub Sub-Programme
- Immovable Asset Management
- Facilities Operations:
  - Operational Property and Housekeeping Sub sub-Programme
  - Security Services Sub sub-Programme

### 5.2.3. Strategic Objectives

- Create an enabling environment that facilitate and promote sustainable Infrastructure investment in the Free State Province.
- Create a sustainable environment for the transformation of property industry.
- Manage provincial government owned and leased Immovable Assets effectively.
- Provide a safe and secure environment.

### 5.2.4. Strategic objectives, performance indicators, planned targets and actual achievements per Sub-Programme

The discussion below comprises of the achievements on strategic objectives, performance indicators planned targets and actual achievements per Sub-Programme:

#### 5.2.4.1 Works Infrastructure Design Sub-Programme

##### Purpose

The Sub-Programme is responsible for the design of new and upgrading of building infrastructure by focusing on project inception, concept design, design development and project documentation.

**Strategic Objective 2.1: Create an enabling environment that facilitates and promotes sustainable Infrastructure investment in the Free State Province**

Sub-programme: Design					
Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of projects ready for tender.	45	6	3	-50%	Due to budget reprioritisation the following projects were deferred: <ul style="list-style-type: none"> <li>• Revolving Provincial Government Building.</li> <li>• Bloemfontein Thusanong Building.</li> <li>• Botshabelo Community Hall.</li> </ul>

#### 5.2.4.2 Works Infrastructure Construction Sub-programme

##### Purpose

The Sub-Programme is responsible for new construction, upgrading and refurbishment of infrastructure by focusing on construction period, contract administration and projects close out and debriefing.

The Department of Public Works remains the implementing agent of the other provincial departments with regard to construction of social infrastructure.

**Strategic Objective 2.1: Create an enabling environment that facilitates and promotes sustainable Infrastructure investment in the Free State Province**

Programme / Sub-programme: Construction					
Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of projects awarded.	22	6	0	-100%	The targets could not be achieved as planned on Public Works own projects due to change of implementation methodology and procurement strategy as projects were executed in-house through massification.
Number of contracts awarded to Historically Disadvantaged Individual's compliance service providers.	14	6	0	-100%	
Number of contracts awarded to Women owned Enterprises.	2	2	0	-100%	
Number of projects completed within prescribed time (contract period).	1	4	0	-100%	The following 4 projects were due for completion: <ul style="list-style-type: none"> <li>• Sasolburg Zamdela Municipal Offices were not completed due to inadequate budget and unrests.</li> <li>• Harrismith Testing Station: changes in scope of work to accommodate test pits.</li> <li>• Hamilton Regional Offices due to unavailability of steel.</li> <li>• KGI Building Kroonstad started late due to relocation and alternative accommodation for Social Development staff.</li> </ul>
Number of projects completed within budget.	1	4	0	-100%	



#### 5.2.4.3 Works Infrastructure Maintenance Sub-Programme

##### Purpose

The Sub-Programme is responsible for the following maintenance activities namely, routine maintenance, scheduled maintenance and alterations.

**Strategic Objective 2.1: Create an enabling environment that facilitates and promotes sustainable Infrastructure investment in the Free State Province**

Sub-programme: Works Infrastructure Maintenance					
Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of planned maintenance projects completed.	21	7	0	-100%	The change in implementation methodology which resulted in changing procurement strategy delayed implementation of the projects.
Number of maintenance projects awarded.	4	7	0	-100%	
Number of projects under implementation.	29	7	6	-14.3%	The change in implementation methodology and procurement strategy and budget reprioritisation delayed the implementation of planned projects, hence implementation commenced later than anticipated.
Number of projects completed within prescribed time.	7	7	0	-100%	Due to change in implementation methodology, procurement strategy and budget reprioritisation, projects could not be completed within prescribed time and within budget.
Number of projects completed within budget.	7	7	0	-100%	

Reasons for all Deviations	Strategy to Overcome Areas of under performance
Projects ready for tender, in construction and maintenance.	Project implementation methodology discussed and agreed at Budget Lekgotla before finalisation and tabling of the 2013/2014 Annual Performance Plan.

## Project Management Unit

### Purpose

The sub sub-programme is responsible to fast-track planning, design, construction and maintenance of infrastructure projects as identified in consultation with the various client departments.

### Strategic Objective 2.1: Create an enabling environment that facilitates and promotes sustainable Infrastructure investment in the Free State Province

Sub-sub-Programme: Project Management Unit					
Performance Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of Infrastructure Programme Implementation Plans developed.	New	11	8	-27%	<p>Infrastructure Programme Implementation Plans developed for 8 departments namely,</p> <ul style="list-style-type: none"> <li>• Agriculture and Rural Development</li> <li>• Economic Development, Tourism and Environmental Affairs</li> <li>• Education</li> <li>• Health</li> <li>• Public Works</li> <li>• Social Development</li> <li>• Sport, Arts, Culture and Recreation</li> <li>• Legislature</li> </ul> <p>Infrastructure Programme Implementation Plans were not developed for Human Settlement, Treasury and Premier.</p>
Number of Infrastructure Project Management Plans received.	33	11	1	-91%	Only the Education Department submitted an Infrastructure Project Management Plan.
Number of planned maintenance projects approved.	27	7	7	0%	Target achieved.
Number of projects registered.	33	29	21	-28%	21 projects were funded for implementation in 2012/2013. The remaining eight projects are funded in the two outer MTEF cycle.

Reasons for all Deviations	Strategy to Overcome Areas of under performance
Infrastructure Programme Implementation Plans No projects were implemented for the following Departments: Premier, Treasury & Human Settlement.	<ul style="list-style-type: none"> <li>Draft Provincial Infrastructure Delivery Management System (IDMS) as model for best practice for delivery of infrastructure has been developed and being work-shopped and presented in different forums to provide uniform approach to infrastructure delivery.</li> <li>Senior Management in Works Design, Construction &amp; Maintenance including representatives from Provincial Treasury (infrastructure officials) are attending training at the University of Pretoria to have more understanding on IDMS.</li> <li>Programme Implementation and Infrastructure Project Management Plans will be developed and reflected in the budget table B5 based on the Infrastructure Delivery Management System.</li> </ul>
Infrastructure Project Management Plans Only Education submitted Infrastructure Project Management Plan.	
Projects registered.	

#### 5.2.4.4. Works Infrastructure Property Planning

##### Purpose

The Sub-Programme is responsible to manage the demand for infrastructure by developing, monitoring and enforcing built sector and property management norms and standards.

#### Strategic Objective 3.2: Manage provincial government owned and leased immovable assets

Sub-programme: Property Planning					
Performance Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of requests received for new accommodation from user departments in UAMP.	15	15	15	0%	Target Achieved.
Number of new accommodation funding approved by Provincial Treasury.	0	0	0	0%	No approved funding.

#### 5.2.4.5. Immovable Asset Management Sub-Programme

##### Purpose

The Sub-Programme is responsible to manage the property portfolio of the province; establish and manage the provincial strategic and infrastructure plan; provide accommodation for all provincial departments and other institutions.

#### Strategic Objective 3.2. Manage provincial government owned and leased Immovable Assets effectively

Sub-programme : Immovable Asset Management					
Performance Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of Leases concluded in respect of provincially owned properties.	91	300	4	-99%	Lease contracts could not be concluded as the properties were not valuated to determine market related rental value.
Number of Lease Agreements in respect of office accommodation not renewed.	8	0	0	0%	N/A
Number of properties acquired.	1	2	0	-100%	Funds reprioritised.
Number of properties disposed.	3	20	81	305%	81 houses were donated to their occupants in Charlesville, Jagersfontein.
Number of new commercial leases concluded.	2	0	0	0%	N/A

Reasons for all Deviations	Strategy to Overcome Areas of under performance
Number of Leases concluded in respect of provincially owned properties.	<ul style="list-style-type: none"> <li>Introduce Contract Management System.</li> <li>Centralised contract management function at legal services unit.</li> <li>Appoint a service provider with technical expertise to conduct valuations.</li> </ul>
Number of properties acquired.	<ul style="list-style-type: none"> <li>Develop and implement acquisition strategy.</li> </ul>

Sub-programme : Immovable Asset Management					
Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of properties registered in asset register.	6 282	6392	4 677	-27%	Duplicates and properties that do not belong to the Free State Provincial Department were removed from the asset register and therefore the closing balance by March 2013 in the asset register is 4 677.
Number of properties verified in the asset register.	961	1 008	1 008	0%	Target achieved.
Number of properties leased-out.	356	300	385	28%	Over performance is due to some of the facilities being occupied by more than one official and both paying.
Number of residential properties leased-out.	300	300	300	0%	Target achieved.
Number of buildings in a very good state.	333	344	182	-47%	Shortage of personnel with property related technical skill and insufficient budget to conduct technical condition assessment.
Number of buildings in an average state.	5 453	2 928	226	-92%	
Number of buildings in a poor state.	865	2 899	65	-98%	
Number of tenders awarded for bill board advertising on road reserves.	N/A	N/A	N/A	N/A	N/A

#### 5.2.4.6. Facility Operations Sub Programme:

##### **Purpose**

The Sub Programme is responsible to manage the provincial government buildings operations including facilities management, cleaning, greening, beautification, interior decoration and day to day preventative maintenance.

##### 5.2.4.6.1 Operational Property & Housekeeping Sub sub-Programme

##### **Purpose**

The Sub - sub Programme is responsible to manage operations of buildings including facilities management, cleaning, greening, beautification and interior decoration and design.

**Strategic Objective 3.1: Create a sustainable environment for the transformation of the property industry.**

#### Sub-programme Plan: Operational Property & Housekeeping

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Amount of lease expenditure awarded to Historically Disadvantaged Individuals.	R30.353m	R48.6m	R36.713m	-25%	The challenge is that Previously Advantaged property owners are not willing to joint ventures with BBBEE Individuals.

Reasons for all Deviations	Strategy to Overcome Areas of under performance
<b>Lease expenditure</b> to Historically Disadvantaged Individuals.	<p>The Department initiated a phased approach to address transformation in the property industry. To date:</p> <ul style="list-style-type: none"> <li>Phase I (property audits) which involves reviewing the legality of the existing lease contracts and conducting technical condition assessment in leased-in properties has been completed.</li> <li>Phase II (Accommodation Plan) is being finalised.</li> <li>Phase III and Phase IV include BBBEE Implementation and BBBEE Funding Scheme will follow respectively.</li> </ul>

Reasons for all Deviations	Strategy to Overcome Areas of under performance
Number of properties leased out.	The Department aims to engage client departments in order to conclude user lease agreements in respect of official residential accommodation.
Properties registered in asset register.	The opening balance in the asset register as at 01 April 2012 was 6 392 and the closing balance as at 31 March 2013 was 4 677. Duplicates and properties that do not belong to the Free State Provincial Government were removed from the immovable asset register.
Buildings in a very good, average and poor state.	Phase 2 of the enhancement of the immovable asset register includes physical verifications of government owned properties. The questionnaire to be used includes the non-technical condition assessment (perception of properties which will assets to categorise and priorities maintenance.)

**Strategic Objective 3.2: Manage provincial government owned and leased Immovable Assets**

**Sub sub-Programme : Operational Property & Housekeeping**

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of paying tenants in utilised space (Dwellings).	356	330	385	17%	Over performance is due to some of the facilities being occupied by more than one official and both paying.
Number of paying tenants in utilised space (Parking).	New	3 100	3 114	0.5%	The number fluctuates depending on new requests and cancellations.
Amount of revenue collected.	R27.203m	R8m	R31.739m	297%	The amount includes Department of Health, SASSA and PACOFS payments for office accommodation and electricity usage.

#### 5.2.4.6.2. Facility Operations: Security Services Sub-sub programme

##### Purpose

The mandate of this Sub-sub-Programme is to provide a safe and secure environment at government buildings occupied by more than one department.

##### Strategic Objective 3.3: Provide a safe and secure environment

Sub sub-Programme: Security Services					
Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of security appraisals conducted.	40	40	59	48%	Performance exceeded due to extra appraisals conducted at the recently appointed MPL residences.
Number of awareness campaigns (corruption, fraud and theft).	5	16	16	0%	Target achieved.
Number of security Risk Assessments (audits) carried out.	78	60	46	-23%	Performance exceeded due to extra audits conducted towards the budget vote speech.

##### 5.2.5. Programme 2: Public Works Infrastructure Sub-Programme Expenditure

	2012/2013			2011/2012		
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
Programme Support Office	3 810	3 735	75	4 283	4 190	93
Planning	7 639	7 516	123	-	-	-
Design	18 415	18 209	206	22 068	21 273	795
Construction	59 259	52 779	6 480	78 670	73 139	5 531
Maintenance	132 820	129 970	2 850	131 939	128 668	3 271
Immovable Asset Management	667 944	666 917	1 027	614 948	614 735	213
Facility Operations	140 400	139 129	1 271	134 346	131 905	2 441
<b>Total</b>	<b>1 030 287</b>	<b>1 018 255</b>	<b>12 032</b>	<b>986 254</b>	<b>973 910</b>	<b>12 344</b>



### 5.3 Programme 3: Expanded Public Works Programme

#### 5.3.1 Purpose

The Expanded Public Works Programme (EPWP) is a nationwide programme covering all spheres of government and state-owned enterprises. It aims to draw significant numbers of unemployed, unskilled people into productive work, so that they increase their capacity to earn an income. While EPWP provides an important avenue for labour absorption and income transfers to poor households in the short to medium-term, it is *not designed as a policy instrument to address the structural nature of the unemployment crisis*.

#### 5.3.2 Expanded Public Works Programme Sub-Programmes:

- Community Development Sub Programme
- Innovation and Empowerment Sub Programme
- EPWP Coordination and Compliance Monitoring Sub Programme

#### 5.3.3 Achievements of strategic objectives, performance indicators planned targets and actuals per Sub-Programme

##### 5.3.3.1. Community Development Sub-Programme

#### Purpose

The Sub-Programme is responsible to coordinate the development and empowerment of impoverished communities by creating productive work opportunities.

**Strategic objective 4.1: Coordinate all stakeholders towards the successful implementation of the EPWP within the Province**

Sub-Programme: Community Development					
Performance Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of EPWP work opportunities created on Department of Public Works Projects.	New	3 500	3890	11%	Work opportunities increased as a result of massification in project implementation.
Number of Full Time Equivalent.	New	198	1 143	477%	
Number of community development Initiatives:					
• Community Halls Renovations.	New	5	4	-20%	The Botshabelo Community Hall was deferred.
• Access Roads Revitalisation Programme.	New	10	13	30%	Projects implemented in three additional towns as per budget injunctions.
• Cemetery Maintenance Programme.	New	11	10	-9.1%	Not all projects were executed due to budget reprioritisation.
• Food for Waste Programme.	New	3	3	0%	Target achieved.
Community Development Workers.	New	6	4	-33%	Projects not executed in other two towns due to budget reprioritisation.

Reasons for all Deviations	Strategy to overcome areas of under performance
Community development Initiatives.	
• Community Halls Renovations.	Project implementation methodology discussed and agreed at Budget Lekgotla before finalisation and tabling of the 2013/2014 Annual Performance Plan.

### 5.3.3.2. Innovation and Empowerment Sub-Programme

#### Purpose

The sub-programme is responsible to oversee contractor empowerment, development and training including Learnerships.

**Strategic objective 4.2: Create an enabling environment that promotes sustainable emerging enterprises and address skills shortage in the construction industry.**

Sub-programme: Innovation and Empowerment					
Performance Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of Emerging Contractors created:	0	50	46	-8%	56 applicants responded and 46 signed contracts.
<ul style="list-style-type: none"> <li>Number of women participating in Contractor Development Programme.</li> </ul>	0	28	22	-21%	28 applicants responded though only 22 signed contracts.
<ul style="list-style-type: none"> <li>Number of People Living with Disabilities participating in Contractor Development Programme.</li> </ul>	0	1	1	0%	Target achieved.
<ul style="list-style-type: none"> <li>Number of New Venture Learnership created.</li> </ul>	30	30	30	0%	Target achieved.
<ul style="list-style-type: none"> <li>Number of unemployed National Youth Service participating in infrastructure projects.</li> </ul>	724	536	536	0%	Target achieved.

### 5.3.3.3. EPWP Coordination and Compliance Monitoring Sub-Programme

#### Purpose

The sub-programme is responsible to coordinate the implementation of EPWP projects and monitor compliance to EPWP guidelines by all sectors.

**Strategic objective 4.3: Monitor and evaluate the impact of EPWP in the province**

Sub-programme: Coordination and Compliance Monitoring					
Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of EPWP work opportunities created:	45 126	36 533	58 872	61%	Sector reporting increased due to the implementation of additional projects and the incentive grant.
• Full time equivalent.	14 246	17 371	14 500	-16%	Projects implemented were of short term which could not yield FTE jobs.
• 40% Youth employed.	27 527	14 613	38 267 (65%)	162%	Sector reporting increased due to the implementation of additional projects and the incentive grant.
• 55% Women employed.	27 527	20 093	33 557 (57%)	67%	
• 3% People Living with Disabilities employed.	1 268	1 095	319 (0,542%)	-71%	The majority of projects implemented were infrastructure and the EPWP labour intensive method did not cater for people living with disabilities.
Number of work opportunities created in four sectors:					
Infrastructure Sector					
• Number of full time equivalent work opportunities.	4 570	6 702	3 294	-51%	Project duration not long enough to yield targeted FTE's.
• Number of EPWP work opportunities created.	11 692	16 151	12 491	-23%	Some infrastructure projects were not registered on Management Information System EPWP reporting model.

Sub-programme: Coordination and Compliance Monitoring					
Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Social Sector					
• Number of full time equivalent work opportunities.	4 061	8 582	1 936	-77%	Technical problems were experienced during the capturing of social sector projects and resulted in loss of work opportunities. This is a National challenge.
• Number of EPWP work opportunities created.	9 853	12 520	10 578	-16%	
Environment and Cultural Sector					
• Number of full time equivalent work opportunities.	3 017	2 086	415	-80%	The sector performed due to an increase of the number of projects implemented.
• Number of EPWP work opportunities created.	10 389	7 863	13 984	78%	
• Number of EPWP projects implemented by sectors.	1 592	1 600	1 536	-4%	Some projects were not registered on MIS.

#### Strategic objective 4.3 Monitor and evaluate the impact of EPWP in the Province

Sub-programme: : Coordination and Compliance Monitoring					
Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of data quality audits conducted.	3	4	2	-50%	Solicited the assistance of National Department of Public Works due to capacity challenges.
Number of impact studies conducted.	New	1	0	-100%	The study only focused on EPWP projects in the Fezile Dabi District. A draft proposal was concluded.
Reasons for all Deviations		Strategy to overcome areas of under performance			
Data quality audits and impact studies conducted.		Establish partnership with local academic institutions.			
Full time equivalent jobs created.		Coordination and project registration on Management Information System (MIS) will be emphasised to realise full time equivalent jobs.			

#### 5.3.4. Expanded Public Works Programme Sub-Programme Expenditure

	2012/2013			2011/2012		
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
Programme Support	13 672	12 833	839	11 518	10 113	1 405
Innovation and Empowerment	22 174	19 945	2 229	2 244	2 346	(102)
EPWP Coordination and Monitoring	123 272	118 874	4 398	185 208	181 922	3 286
<b>Total</b>	<b>159 118</b>	<b>151 652</b>	<b>7 466</b>	<b>198 970</b>	<b>194 381</b>	<b>4 589</b>

## 6. SUMMARY OF FINANCIAL INFORMATION

### 6.1. Departmental Receipts

	2012/2013			2011/2012		
Departmental receipts	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
Sale of goods and services other than capital assets	21 130	32 340	(11 210)	7 340	19 414	(2 455)
Interest, dividends and rent on land	54	97	(43)	35	250	(215)
Sale of capital assets	1 700	240	1 460	2 000	184	890
Financial transactions in assets and liabilities	486	681	(195)	260	8 288	(7 855)
<b>Total</b>	<b>23 370</b>	<b>33 358</b>	<b>(9 988)</b>	<b>9 635</b>	<b>28 076</b>	<b>(9 635)</b>

### 6.2. Programme Expenditure

	2012/2013			2011/2012		
Programme Names	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
Programme 1: Administration	88 519	85 345	3 174	88 444	86 247	2 197
Programme 2: Public Works	1 030 287	1 018 255	12 032	986 254	973 910	12 344
Programme 3: EPWP	159 118	151 652	7 466	198 970	194 381	4 589
<b>Total</b>	<b>1 277 924</b>	<b>1 255 252</b>	<b>22 672</b>	<b>1 273 668</b>	<b>1 254 538</b>	<b>19 130</b>

### 6.3. Transfer Payments

Rates and taxes has been paid to the amount of R268.005 million.

### 6.4. Conditional Grants and earmarked funds received

#### *Conditional Grant: Devolution of Property Rate Fund*

Purpose of the grant	To facilitate the transfer of property rates expenditure responsibility to the province.
Expected outputs of the grant	Payment of property rates due to relevant municipalities in the province.
Actual outputs achieved	The Department engaged with relevant municipalities through various forums to obtain the correct bills and used the grant to pay outstanding balances.
Amount per amended DORA	R268.014 million.
Amount received	R268.014 million.
Amount spent by the department	R268.005 million.
Monitoring mechanism by the receiving department	The Department maintains a register of rates due to the relevant municipalities and compares it to the use of the grant to pay outstanding balances.

#### *Conditional Grant: EPWP Integrated Grant to Provinces for the Infrastructure, Environment & Culture sectors*

Purpose of the grant	To incentivise provincial departments to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP Guidelines: <ul style="list-style-type: none"> <li>• Road maintenance and maintenance of buildings.</li> <li>• Low traffic volume roads and rural roads.</li> <li>• Other economic and social infrastructure.</li> <li>• Tourism and cultural industries.</li> <li>• Sustainable land based livelihood.</li> </ul>
Expected outputs of the grant	The Department will use the conditional grant for the following sub programmes: <ul style="list-style-type: none"> <li>• Community Development.</li> <li>• Innovation and Empowerment.</li> <li>• Coordination and Compliance Monitoring.</li> </ul> Refer to pages 41 – 45 for planned targets set for each sub programme.
Actual outputs achieved	Refer to pages 41 – 45 for actual outputs achieved.
Amount per amended DORA	R6.184 million.
Amount received	R6.184 million.
Amount spent by the department	R5.377 million.
Monitoring mechanism by the receiving department	The Department has appointed personnel to monitor the achievement of planned targets set for each sub programme.

**Conditional Grant: Revenue Enhancement Allocation**

Purpose of the grant	To enhance revenue capacity of the Province.
Expected outputs of the grant	Payments towards maintenance and restoration of identified properties.
Actual outputs achieved	The Department went on tender to appoint contractors to execute maintenance on identified properties.
Amount per amended DORA	R2.800 million.
Amount received	R2.800 million.
Amount spent by the department	R1.966 million.
Monitoring mechanism by the receiving department	Progress are monitored by the Project Management Unit and reported on at Departmental Quarterly Progress reporting meetings attended by Senior Management of the Department.

**Conditional Grant: Infrastructure Enhancement Allocation**

Purpose of the grant	To fund construction and maintenance for Departmental projects.
Expected outputs of the grant	Payments towards construction projects.
Actual outputs achieved	Contractors have been appointed and construction is continuing.
Amount per amended DORA	R120.267 million.
Amount received	R120.267 million.
Amount spent by the department	R115.928 million.
Monitoring mechanism by the receiving department	Progress are monitored by the Project Management Unit and reported on at Departmental Quarterly Progress reporting meetings attended by Senior Management of the Department.

## 6.5. Donor Funds

None

## 6.6. Capital Investment, Maintenance and Asset Management Plan

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

The Department of Public Works facilitated the development of User Asset Management Plans (U-AMPs) from all the 11 User Departments (including Public Works) which were submitted to Provincial Treasury on 31 August 2012. A process is underway to develop a compliant Custodian Asset Management Plan (C-AMP) for 2014/2015.

### 6.6.2. Infrastructure projects which have been completed in 2012/2013

Client Departments	Projects Description
Education = 17	<ul style="list-style-type: none"> <li>Viljoenskroon: Mphatlalatsane School: 10 new classrooms.</li> <li>Koppies: Sarel Cilliers Refurbishment of Girls &amp; boys Hostels: New study Hall &amp; new guard houses.</li> <li>Allanridge Mosala: 5 classrooms.</li> <li>Bothaville: Diphetoho Primary / Secondary School.</li> <li>Boshof: Aramela Comprehensive School: New Admin Block.</li> <li>Wesselsbron: Ithabeleng New School Unacceptable Structures.</li> <li>Virginia: Phahamisang Phase 2: Admin block, Media Centre, Activity Centre, 10 classrooms, Hall.</li> <li>Welkom Amari School: Repairs and Renovations.</li> <li>Bloemfontein: Martie du Plessis School additional facilities.</li> <li>Bloemfontein Kamohelo School 26 class rooms, water and electrical reticulation, paved roads and parking, Devils fork fence.</li> <li>Bethlehem: Ntsu new ablution block facility.</li> <li>QwaQwa: Lerato new toilet blocks.</li> <li>QwaQwa: Thiboloha Upgrade of toilets, electricity, water &amp; paint.</li> <li>QwaQwa: Letlotlo Primary School renovations and conversion of existing facilities to full service school.</li> <li>Ficksburg Boitumelo ablution block facility.</li> <li>Edenburg: Bethany School: New Classrooms.</li> <li>Smithfield: Mofulatshepe Renovations.</li> </ul>
Agriculture and Rural Development = 1	<ul style="list-style-type: none"> <li>Harrismith: Makgolokoeng: New Community Hall.</li> </ul>
Sport, Arts, Culture & Recreation = 4	<ul style="list-style-type: none"> <li>Bloemfontein Free State Sport Science Institute Badminton Tennis.</li> <li>Bloemfontein Free State Sport Science Institute Netball Dormitories.</li> <li>Bloemfontein Library.</li> <li>Bloemfontein: New Netball Development Centre.</li> </ul>
Economic Development, Tourism, Environmental Affairs = 3	<ul style="list-style-type: none"> <li>Bloemfontein Phillip Sanders: Extension of Contract 3(A): Installation of water pipes</li> <li>Bloemfontein Philips Sanders: Contract 1(B): Phase 2: Maintenance on chalets and upgrading of staff houses.</li> <li>Koppies Dam: New Entrance Gate, Office and 10 new chalets.</li> </ul>
Health = 2	<ul style="list-style-type: none"> <li>Bloemfontein: National Doctor's Quarters.</li> <li>Bloemfontein Pelonomi block G (Radiology).</li> </ul>
Public Works = 6	<ul style="list-style-type: none"> <li>Arlington Township Revitalisation.</li> <li>Cornelia Township Revitalisation.</li> <li>Parys Township Revitalisation.</li> <li>Vredefort Township Revitalisation.</li> <li>Kroonstad: Marabastad Fence.</li> <li>Kroonstad: Rev ZR Mahabane Houses.</li> </ul>

**NB. The Department of Public Works remains the implementing agent of the other provincial departments with regard to construction and maintenance of social infrastructure.**



## Progress in comparison to what was planned at the beginning of the 2012/2013 and reasons for material variances

### Construction Projects

The following four projects were due for completion however, the following challenges were experienced:

- Sasolburg Zamdela Municipal Offices were not completed due to inadequate budget and unrests.
- Harrismith Testing Station: changes in scope of work to accommodate test pits.
- Hamilton Regional Offices due to unavailability of steel.
- Kroonstad KGI Building started late due to relocation and alternative accommodation for Social Development staff.

### Maintenance Projects

The Department did not complete the planned maintenance projects due to change of implementation methodology and procurement strategy which delayed implementation of the projects as projects were executed in-house through massification. The following projects were due for completion namely:

- Bloemfontein Provincial Government Building Revolving Restaurant.
- Bloemfontein Thusanong Building.
- Welkom SASSA Offices.
- Bloemfontein Free State Psychiatric Complex House.
- Bloemfontein FSPG Doctors House.
- Bethlehem Hospital Houses.
- Bloemfontein Roth avenue house.

In addition, budget was reprioritised for Bloemfontein Provincial Government Building- Revolving Restaurant and Bloemfontein Thusanong Building

### 6.6.3. Infrastructure projects that are currently in progress and expected completion dates

Departments	Projects Description	Expected Completion Date
Economic Development, Tourism & Environmental Affairs = 1	<ul style="list-style-type: none"> <li>• Thaba Nchu Maria Moroka: Alterations and additions to existing facilities and construction of 5 new Chalets.</li> </ul>	18 Aug 2013
Health = 3	<ul style="list-style-type: none"> <li>• Trompsburg Hospital: new district hospital.</li> </ul>	30 Sep 2013
	<ul style="list-style-type: none"> <li>• Kroonstad: Boitumelo Hospital Contract 12 Revitalization of Block H, SSD, Kitchen, Mortuary &amp; Medical Waste Block.</li> </ul>	28 Nov 2014
	<ul style="list-style-type: none"> <li>• Bloemfontein Pelonomi Hospital Functional changes to Intensive Care Unit (ICU), Block F1, and Lodger Mothers.</li> </ul>	06 Nov 2013
Public Works = 3	<ul style="list-style-type: none"> <li>• Kroonstad KGI Building: New Social Development Office Building .</li> </ul>	20 Nov 2013
	<ul style="list-style-type: none"> <li>• Bloemfontein Hamilton Regional Office (Furniture Factory) upgrade: double storey, 41 offices, boardroom, drawing office, filing office.</li> </ul>	28 Nov 2013
	<ul style="list-style-type: none"> <li>• Sasolburg Zamdela: Metsimaholo Local Municipal Office Upgrading.</li> </ul>	28 Mar 2014
Social Development = 1	<ul style="list-style-type: none"> <li>• QwaQwa Secure Care Centre and One Stop facility.</li> </ul>	14 April 2014
Sports, Arts, Culture & Recreation = 5	<ul style="list-style-type: none"> <li>• Wepener: Qibing New Library.</li> </ul>	14 Aug 2014
	<ul style="list-style-type: none"> <li>• Phillipolis: Renovations of museum.</li> </ul>	31 May 2013
	<ul style="list-style-type: none"> <li>• Odendaalsrus: Sipho Mmuti stadium.</li> </ul>	13 Sep 2013
	<ul style="list-style-type: none"> <li>• Bloemfontein Seisa Ramabodu stadium.</li> </ul>	30 Jun 2014
	<ul style="list-style-type: none"> <li>• Bloemfontein FSSSI Additions and alterations to existing restaurant.</li> </ul>	18 Oct 2013

Departments	Projects Description	Expected Completion Date
Education = 22	• Harrismith Vulindlela School 6 classrooms.	14 May 2013
	• Memel Esizibeni Secondary School 7 classrooms.	02 Apr 2013
	• Warden 6 new classrooms.	12 Jul 2013
	• Cornelia Ntswanatsatsi School new admin block.	30 Sep 2013
	• Viljoenskroon Mahlabatheng 10 new classrooms.	21 Jun 2013
	• Bloemfontein Matla School Phase II admin building, media centre, school hall, book and garden store, activity centre.	25 Apr 2013
	• Bultfontein Ntuthuzelo Primary School Phase III.	03 Apr 2013
	• Sasolburg Kahobotjha Sakubusha Phase II admin block.	23 Jun 2013
	• Sasolburg Kopanelang Thuto Phase II admin building, media centre, activity centre, school hall, book store and feeding scheme kitchen.	01 Jun 2013
	• Ficksburg Marallaneng School, new hall.	17 Jun 2013
	• Bloemfontein Bainsvlei Combines School new hostels.	12 Mar 2014
	• Bothaville Letlotlo Naledi: 30 classrooms, ablution blocks, school hall, activity centre, media centre and steel palisade fence.	03 Jun 2013
	• Brandfort Monamudi Primary School new ablution blocks.	30 Jun 2013
	• Kroonstad: New School at Johan Slabbert Special School.	20 Nov 2013
	• Sasolburg Fakkel School general renovations and additional facilities.	30 Jun 2013
	• Thaba Nchu Bartimeia School additional facilities.	07 Jun 2013
	• Thaba Nchu Boitumelong School additional facilities.	22 Mar 2013
	• QwaQwa Makabelane Secondary School unacceptable structures repairs and renovations.	12 Jun 2013
	• QwaQwa Matsikeng School admin block renovations.	07 Sep 2013
	• QwaQwa Tshitso School admin block renovations.	27 Jun 2013
	• Welkom New School.	Design stage
	• Memel New School.	Design stage

#### 6.6.4. Plans to close down or down-grade any current facilities,

None

#### 6.6.5. Progress made on the maintenance of infrastructure

Minimum maintenance has been done due to budget constraints on our asset investment.

In the 2012/2013 financial year, an amount of R13.8 million was allocated for planned maintenance of seven buildings as part of the Revenue Enhancement Allocation (REA) as compared to the number of buildings in a poor state. Only four projects were implemented.

There is an increased backlog in day-to-day and planned maintenance activities of buildings which resulted in deterioration in the condition of the buildings due to insufficient maintenance budget. This eventually leads to a state of non-repair and resulting in some buildings being demolished.

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

Bilateral meetings will be intensified within the Department to discuss progress on maintenance projects to take corrective action. Meetings with the budget managers will be held to fast-track expenditure.

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

Reconciliation was done with Deeds database. Duplications and properties in private ownership were removed from the asset register resulting in the closing balance of 4 677 properties on the register. 81 Residential properties were disposed which reduces the number of assets on the asset register.

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

#### Immovable Asset Management

The Provincial Department of Public Works has embarked on a process of enhancing its Immovable Asset Register Enhancement Plan to comply with the requirements for an asset register. The project consists of two phases. Phase 1 commenced on the 1st of May 2012 and was concluded in October 2012. Phase 2 has commenced in May 2013.

##### Phase 1

- Comparisons were done with the deeds database, NDPW's Asset Register, Department of Rural Development and Land Reform which led to the elimination of duplicates and properties owned by private individuals.
- Subsequent to the verification process, alluded to above, the total deemed FS DPW land parcels sits at 4 677.
- 1 008 properties were physically verified up to the end of March 2013. The remainder will be finalized in phase 2.

##### Phase 2

Phase 2 of the project will ensure that the Department achieves a baseline compliant Immovable Asset Register and will include the following:

- Fair Value Method
- iE-Works data migration Plan & Process
- Data collection tool
- Supervision and Management of the physical verification process of properties
- Operating Model
- Vesting Process

## Movable Asset Management

For the 2012/2013 financial year, the annual external stocktaking was performed and concluded. Rectification transactions were performed after the reconciliation between existing LOGIS information and the physically verified assets.

Deficiencies identified during the verification period are handled as follows:

- The identified deficiencies were classified in two categories namely, assets to be investigated further and assets to be written off.
- Identified surpluses have been provided with fair market values (valuations) and will be captured on LOGIS. Loses are dealt with in terms of Treasury Regulation 12.
- Assets are procured on the LOGIS system which is automatically updated upon payment of an asset.
- Further monitoring is performed by bar-coding of assets.
- Asset controllers have been dedicated to specific cost centres to assist with the monitoring of day to day movements, transactions and all asset related matters.

### **6.6.9. The current state of the department's capital assets, for example what percentage is in good, fair or bad condition**

The Department in 2006/2007 engaged the services of CSIR to assist with the establishment of the asset register of all immovable assets in the Province. The exercise involved analysis of the current state of the property base as follows:

- 344 properties – good condition
- 2 928 properties – average condition
- 2 899 properties – poor condition

Subsequently, the Department embarked on an exercise of enhancing its Immovable Asset Register which involves confirmation of ownership and clearing all duplicates. This process is on-going and to date the Asset Register comprises of 4 677 provincial state-owned immovable assets. Through this process, 473 properties' conditions have been confirmed through the physical verification process as indicated in the table below:

Condition Status	Number of properties confirmed
Good	182
Average	226
Poor	65

#### 6.6.10. Major maintenance projects that have been undertaken during the period under review

- Kroonstad: Marabastad Fence.
- Kroonstad: Rev ZR Mahabane House.
- Welkom: Kopano Complex Works Offices: Phase II.
- Lebohang Lifts Upgrade.
- Welkom SASSA Offices.
- Bethlehem Hospital Houses (3 houses).
- Psychiatric Complex House.
- FSPG Doctors House.
- Roth Avenue House.
- Virginia Community Hall.
- Odendaalsrus: Kutlwanong Community Hall.
- Heilbron Community Hall.
- Warden Community Hall.
- Bloemfontein Public Library. Upgrade of basement with shelving.
- Philippolis: Museum Renovations.
- Odendaalsrus: Sipho Mmutsi Stadium.

#### 6.6.11. Progress made in addressing the maintenance backlog during the period under review

In order to determine the actual maintenance backlog on state-owned properties technical condition assessments need to be performed on all properties on the asset register (4 677). For the period under review, no technical condition assessments could be performed due to budgetary constraints.

An amount of R1.5m has been allocated in 2013/2014 financial year to perform technical condition assessments for a limited number of properties.

The table below represent expenditure on Infrastructure projects:

Infrastructure Projects	2012/2013			2011/2012		
	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	29 429	27 837	1 592	26 847	24 985	1 862
Existing infrastructure assets:						
• Upgrades and additions	140 569	129 104	11 465	187 364	184 939	2 425
• Maintenance and repairs	6 984	9 185	(2 201)	24 639	17 455	7 184
<b>Total</b>	<b>176 982</b>	<b>166 126</b>	<b>10 856</b>	<b>238 850</b>	<b>227 379</b>	<b>11 471</b>

# PART C:

## GOVERNANCE

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## 1. INTRODUCTION

The Department is committed to maintain the highest standards of governance which are fundamental to the management of public finances and resources. Good governance is essentially about effective leadership. The Department is currently in the process of fully capacitating its Internal Audit Directorate, has fully functional Risk Management and Audit Committees, a working Performance Management System, Financial, Personnel and Procurement delegations. Risk Management awareness campaigns have been conducted amongst Senior and Middle managers, including operational employees, in all business areas to ensure that risk management activities are fully integrated into strategic planning, daily management of programme activities, monitoring and reporting processes.

Control measures to mitigate the impact of risks on strategic objectives were monitored on a quarterly basis.

## 2. RISK MANAGEMENT

The Department of Public Works' core functions are infrastructure construction & maintenance and sound management of immovable assets. The nature of risks will include Environmental, Occupational Health and Safety, Construction, Legislation, etc. Therefore risk management applied according to all principles, laws and regulations that govern and support social infrastructure delivery. The following significant issues to highlight include:

- The Risk Management Committee held quarterly meetings during the 2012/2013 financial year. Performance Information from Programmes were discussed and resolutions taken towards realisation of predetermined objectives. The Risk Management Committee reports were submitted to Audit Committee during the year under review.
- Reviewed Risk Management policies were approved on 28 March 2013 for implementation in 2013/2014 financial year.
- The 2012/13 Risk Management Key Performance Indicators evaluation report by Provincially Treasury was at 95% which is above the expected 80%.
- The Risk Management Unit 2013/2014 Budget was separated from Strategic Planning Directorate.
- A meeting with Department of Police, Roads and Transport Chief Risk Officer was held and best practices shared as well as issues around Immoveable Asset Management.

Strategic Objective 1.1: Create and sustain a working environment conducive to improved service delivery

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/Progress
Special Programmes/ Employee Wellness													
1	Social condition.	Conditions on human capital and impact of HIV/Aids.  <b>Root cause:</b> Human behaviour and social practices.	5	5	25	Health Risk Manager in place Departmental HIV/Aids Programmes.	4	4	16	Reduce.	Health awareness Programmes.	16	The Department implement Health awareness Programmes which are effective and includes, general health interventions, sports participation, HIV & AIDS screening and support. Distribution of brochures/ leaflets on HIV/ Aids.
Information Communication Technology													



Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/Progress
2	Workforce.	Slow IT response time. <b>Root cause:</b> Sharing of hardware and network system by Department of Public Works and Department of Police, Roads and Transport.	5	4	20	All problems reported are logged, responded to and monitored on database.	4	3	12	Reduce.	Procurement of Columbus software (help desk) and remote management system.	12	The Columbus Helpdesk system has gone Live. Whenever a client logs a call with our Helpdesk (telephonically or via email), an automated email message is sent to the clients to acknowledge their request for service, as well as provide them with a link to verify the status of their request. Once our technicians update the status of the request, the client will also be notified and kept abreast of any progress from creation to resolution.

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/Progress
3	Natural hazards, Dependence on the outside suppliers.	Loss of critical information. <b>Root cause:</b> No disaster recovery site at remote areas.  Inadequate management information system. Old IT equipment.	5	5	25	Routine backup.  Disaster recovery plan and other IT documents approved.	4	4	16	Accept	Establishment new IT server and run dual system.	16	Department has own server Uninterrupted Power Supply in place.  Working with SITA with regard to Disaster Recovery hosting services.
4	Financial operations.  Economic conditions.	Programmed replacement of IT equipment of users. <b>Root cause:</b> An updated IT policy. Inadequate management information system.	5	4	20	Develop IT asset replacement policy. Review IT policies annually to comply with development.	4	4	16	Avoid	IT budget centralised.  Employ test runs prior to switching over.	12	Budget successfully centralised for related equipment that falls within the jurisdiction of the DITC. All relevant IT related policies were approved.

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/Progress
Communications													
5	Workforce Economic conditions.	Delayed distribution of internal information.  <b>Root Cause:</b> Under-utilised communication platforms.	5	4	20	Emails Circulars and other internal communications.	3	4	12	Reduce.	Profiling in provincial newsletter – Hlasela News.	12	Communication platforms and mechanisms utilised effectively, namely: External and Internal communication interventions e.g. Circulars, Floor walks, intranet, emails, Hlasela Television, newspapers, meetings, website.

Strategic Objective 1.2: Strengthen leadership and the development of personnel

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	Rating	Risk Response	Corrective Measure	FRR	Comments/ Progress
Human Resources Management												
6	Financial operations.	Budget only caters for critical skills development interventions.  <b>Root Cause:</b> Limited budget.	4	4	16	Top slice funds for training.	3	4	12	Reduce.	12	The training and development interventions by the Department will provide the required skills and qualifications. Bursary holders are absorbed and also assist in reducing human capital shortages.
7	Workforce.	Limited skilled staff in core business.  <b>Root Cause:</b> Limited supply of suitable skilled and registered human capital from the labour market.	4	4	16	Recruitment and retention plans in place.	3	5	12	Accept.	12	Key posts were filled with suitably skilled staff. The key training intervention was RPL Project for artisans and placement of candidate professionals with registered mentors.

## Strategic Objective 1.1: Create and sustain a working environment conducive to improved service delivery

## Strategic Objective 1.4: Ensure compliance to principles of good governance

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/Progress
Finance Management													
8	Misconduct by employees.	Fraud and corruption. <b>Root Cause:</b> Fraudulent behaviour Conflict of interest Kickbacks Fronting.	4	5	20	Fraud awareness campaigns, Information session on Code of Conduct to all employees. Treasury reporting model.	3	4	12	Reduce.	Improved supervisory control.		No cases reported/alleged to in Finance. Two cases involving dishonesty were concluded during the year under review.
9	Financial operations; acts, laws or regulations.	Errors in reports due to miscommunication between different systems. <b>Root Cause:</b> Lack of reconciliation between systems (BAS, Persal, Logis, Pastel).	3	5	15	Perform Manual Monthly reporting on reconciliations.	2	4	8	Accept.	Monthly reporting on reconciliations.	8	KCM Instruction Note No. 7, amendment 1 dated 16 January 2013 has been implemented to enhance sound financial management and improve on future audit outcomes.
10	Financial operations; acts, laws or regulations.	Inaccurate salary expenditure resulting in high debt. <b>Root Cause:</b> Late receipt of resignations and pension documents.	4	3	12	Monthly control checks by supervisors.	3/4	3	9	Accept.	Monthly control checks by supervisors.	12	Department debt collection recovers from existing employees and from pension payouts and arrangement with former employees.

**Strategic Objective 1.1: Create and sustain a working environment conducive to improved service delivery**

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/Progress
<b>Budgeting, Revenue and Expenditure Control</b>													
11	Financial operations; acts, laws or regulations.	Deviations in budgets and cash flows.  <b>Root Cause:</b> Inadequate planning and consultation with programme managers leading to non-alignment of the Budget with the APP.	4	4	16	Contact sessions with responsibility managers.	3	3	9	Accept.	Train all programme managers to take responsibility for their budgets.	9	No significant deviation in the 2012/2013 financial year.
<b>Supply Chain Management</b>													
12	Act, Laws or Regulations.	Fruitless, wasteful and irregular expenditure.  <b>Root Cause:</b> Interest paid due to delays in paying suppliers after 30 days, duplicate payments and tedious processes.	4	5	20	Centralisation of invoice. Monitor and report on payment cycle.	3	5	15	Avoid.	Proactive identification of outstanding orders.	15	Service Providers informed to submit invoices at Medfontein (SCM Offices) Consulting Firm has been appointed to assist with the review of policy and delegations. Reduced number of deviations. Payment to Suppliers within 30 days maintained.

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/ Progress
13	Financial operations. Economic conditions.	Non-compliance SCM laws and regulation. <b>Root Cause:</b> Lack of proper planning Ex post facto factors. Invoice amount exceeds order amount. Declaration of Interest by SCM officials, Bid members and the entire SMS.	5	5	25	Annual procurement plan Monthly Procurement Plans. Order issued prior to services being provided. Centralised invoices. Declarations in place.	4	4	16	Reduce	Distribution of Circulars on SCM processes. Awareness campaigns revived.	16	The entire organisation is informed of the compliance issues. Consulting Firm has been appointed to assist with the review of policy and delegations. Workshop on DMPs and APPs were held.
14	Property loss. Misconduct by public and officials.	Loss of movable Assets. <b>Root Cause:</b> Unauthorized movement of assets. Movement not reported. Purchases not recorded or accounted for. Finance leased properties.	5	5	25	Regular Asset verification/ count. Regular Logis updates. Reconciliation of Logis and BAS. Quarterly Stock taking.	4	5	20	Reduce.	Regular report on asset management.	20	The sub-assets controllers were appointed and workshops were held with the sub-assets controllers representing various Directorates.

Strategic objective 1. 3: Create and sustain a performance culture within the Department

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/ Progress
Strategic Planning, Risk management and Service Delivery.													
15	Act, Laws or Regulations.	No baselines or target source in some directorates.  <b>Root Cause:</b> No operational plans in some directorates.	4	5	20	Facilitation of operational plans in directorates.  Close working/relations with the budgeting and planning managers.	3	5	15	Reduce.	Link performance targets to outcome based priorities.  Cost performance targets with planning.	15	2011/2012 actual targets achieved were used as baselines for target setting, either to increase or reduce estimates. Projects values and completion dates were also taken into consideration. Targets were costed, however reprioritisation of funds led to under achievement in some areas. Project completion dates thus were affected as others were deferred.



Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/ Progress
Monitoring and Evaluation.													
16	Act, Laws or Regulations.	Poor quality of information reported by programme managers.  <b>Root Cause:</b> Limited understanding on monitoring by managers.  Different reporting formats.  Lack of report writing skills.	4	5	20	Annual Strategic Planning calendar in place to guide Departmental activities.  Information sessions on monitoring and reporting. Monitoring form part of Performance Agreements of all senior managers.	3	5	15	Reduce.	Contact sessions with units to discuss gaps. On the job training on reporting.	15	Contact sessions held with directorates to discuss gaps on progress reports to ensure measurability. Skills on report writing transferred to managers when reports are discussed with them.  Monthly and Quarterly reporting in place to facilitate adherence to input dates.

**Strategic Objective 1.4: Ensure compliance to principles of good governance**

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/ Progress
<b>Internal Audit</b>													
17	Act, Laws or Regulations.	Slow implementation of external/ internal audit action plans.  <b>Root Cause:</b> <ul style="list-style-type: none"> <li>• Recurring similar findings.</li> <li>• Limited compliance with legislative framework &amp; regulations.</li> </ul>	5	5	25	Follow-ups of prior findings. Reporting to Audit Committee.  Standing agenda item in Quarterly reviews.	5	4	20	Reduce	Escalation of non-compliance to the Accounting Officer.	20	Significant progress regarding movable assets management made. Desktop exercise and reconciliation assisted in eliminating duplicates in the immovable assets register.
18		Limitation of scope (e.g. source documents not submitted timeously delaying the completion of audit).  <b>Root Cause:</b> <ul style="list-style-type: none"> <li>• Inadequate processes to ensure compliance with laws &amp; regulations.</li> <li>• Late submission of source documents and unavailability of officials and/or documents.</li> </ul>	5	5	25	Audit Plan discussion through official notification letters.  Follow ups on deadlines.  Awareness sessions on audit plan & processes for senior managers Disciplinary action for non-compliance.	4	4	16	Reduce	System Documentation for all units in place.	16	Audit awareness done at opening meeting with directorates. The source documents are not always received on time thus delaying the audit.

## Strategic Objective 1.4: Ensure compliance to principles of good governance

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/Progress
<b>Legal Services</b>													
19	Contract and Legal relationship.	Some contracts do not sufficiently protect the interests of the department. <b>Root Cause:</b> Old contract were (concluded) without legal advice.	5	5	25	Revising all current contracts. All new contract scrutinized by Legal Services.	4	5	20	Reduce.	Scrutinize all new contracts before approval.	20	Contract management is the responsibility of all officials. Officials must be held accountable for negligence or ignorance. All 187 contracts went through Legal Services Directorate: • 32 Service Level Agreements • 155 Lease Agreements.
20	Contract and Legal relationship.  Misconduct by public officials.	Exorbitant claims against the Department. <b>Root Cause:</b> Unprofessionalism and non-compliance to code of conduct.	5	5	25	Assess legal liability on individual claims.  Report to Departmental Executive meeting.	4	5	20	Reduce.	Advise line managers to prevent reoccurring claims.	20	Line managers advised to check processes before contracts are concluded No new claims in the 2012/2013 financial year.

**Strategic Objective 2.1: Create an enabling environment that facilitates and promotes sustainable Infrastructure investment in the Free State Province**

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/ Progress
<b>Works Infrastructure Planning</b>													
21	Dependent on client departments.	Late execution and/or completion of projects.  <b>Root Cause:</b> Late submission of project requests by clients.	5	5	25	Appointment of Construction Project Managers to improve planning, monitoring and evaluation.	4	4	16	Share.	Project Management Unit to provide technical assistance to improve project planning & design with client departments.  MOU signed by client departments at Stage 5: Detail Design.	20	a) Presentation on the Implementation of the Infrastructure Development Management System presented to FOHOD. Subcommittee formed to drive the process.  b) Bi-lateral meetings held to track progress.  c) Three projects completed within prescribed time (contract period).  d) Three projects completed within budget.
<b>Works Infrastructure Design, Construction and Maintenance.</b>													

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/ Progress
22	Dependent on client departments.	<p>Late execution of projects.</p> <p><b>Root Cause:</b></p> <ul style="list-style-type: none"> <li>• Late submission of construction and maintenance plans by client departments.</li> <li>• Late contractors' payments by client departments.</li> <li>• Contractors' lack access to funding by financial institutions.</li> <li>• Alteration of project scope by client departments.</li> </ul>	5	5	25	Monthly forum meetings with clients.	5	4	20	Share.	Enforce implementation of Infrastructure Development Improvement Plan.	20	<p>Bi-lateral meetings with client departments are held to track progress.</p> <p>a) Three projects completed within prescribed time (contract period) for client department.</p> <p>b) Three projects completed within budget for client department.</p>

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/ Progress
23		<p>Late completion of projects.</p> <p><b>Root Cause:</b></p> <ul style="list-style-type: none"> <li>• Late submission of construction and maintenance plans by clients.</li> <li>• Late contractor payments.</li> <li>• Contractors lack access to funding.</li> <li>• Alteration of scope by clients.</li> </ul>	5	5	25	Monthly forum meetings with clients.	5	4	20	Share.	Enforce implementation of Infrastructure Development Improvement Plan.	20	Presentation on the Implementation of the Infrastructure Development Management System made to FOHOD. Sub-committee formed to drive the process.
Works Infrastructure Design, Construction and Maintenance.													
24	<p>Financial operations.</p> <p>Economic conditions.</p>	<p>Poor performance by contractors.</p> <p><b>Root Cause:</b></p> <ul style="list-style-type: none"> <li>• Lack of capacity.</li> <li>• Poor capacitated contractors.</li> </ul>	5	4	20	Enlistment of Construction Industry Development Board grading of contractors Workshops by Construction Industry Development Board to assist with grading of contractors and suppliers.	5	4	20	Share .	<p>Continuous monitoring of all projects by district managers.</p> <p>Appointment of consultants to assist contractors.</p> <p>Close monitoring by Project Management Unit.</p>	20	Project monitoring by works inspectors at the districts ensures quality of work. 6 projects were terminated and 2 were given notice that if performance does not improve, termination will be instituted.

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/ Progress
25	Financial operations. Economic conditions.	Project amount exceed the contract value. <b>Root Cause:</b> Escalation of building material costs.	5	4	20	Haylet formula used to mitigate inflation.	5	3	15	Share.	Approval of variation orders by Accounting Officers.	15	Consultants are appointed on all projects. Monitoring of projects is done by consultants to ensure compliance with bid specifications and other construction related requirements. Members of Project Management Unit provide the technical assistance and support to the contractors.
Project Management Unit.													
26	Dependency on client departments.	Completion of projects. <b>Root Cause:</b> • Late submission of construction and maintenance plans by clients. • Alteration of project scope by client departments.	5	5	25	Monthly forum meetings with clients.	5	4	20	Share.	Provide technical support with the development of User Asset Management Plans.  Enforce implementation of Infrastructure Development Improvement Plan.	20	User Asset Management Plans was prepared for Department of Education. Project Execution Plans (PEP's) aligned to budget tables of Treasury.

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/ Progress
27	Financial operations. Economic conditions.	Project amount exceed the contract value. <b>Root Cause:</b> Escalation of building material costs.	5	4	20	Haylet formula used to mitigate inflation.	5	3	15	Avoid.	Provide technical assistance with project planning.	15	On-going monitoring of all projects.



## Strategic Objective no. 3.1: Create an enabling environment for sustainable investment in property in the Free State Province

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/ Progress
Immovable Asset Management													
28	Acts, Laws or regulations.	Incomplete asset register. <b>Root Cause:</b> <ul style="list-style-type: none"> <li>Not all fields on asset register are complete.</li> <li>Vesting process not complete.</li> </ul>	5	5	25	Reconciliation with Deeds office, surveyor general valuation rolls. Scheduled valuation programme. Desktop exercise performed.	5	4	20	Reduce.	Physical verification of assets.  Condition assessment.	20	Phase 1 of the asset register was completed. The appointment of technically qualified service providers in the new financial year will assist.  The annual target of 1 008 Physical verifications were completed. Physical verifications included perception condition assessments, however, technical assessments will be done in Phase 2.
29	Acts, Laws or regulations.	Irregular expenditure. <b>Root Cause:</b> Payment of expired contracts due to non-renewal of expired contracts on time.	5	4	20	Listing and tracking rental contracts.	4	4	16	Reduce.	Verification of lease contracts.	20	The Department is in the process of establishing an Internal Control Unit. Control system measures are in place in the form of check lists. An excel lease register is in place at Property Management which provides information on the expiring of contracts.

Strategic Objective no. 3.2: Manage provincial government owned and leased immovable assets effectively

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/ Progress
Facility Operational Property and Housekeeping													
30	Financial operations; workforce; property loss.	Service cuts due to non-payment. <b>Root Cause:</b> Late or no payment of utilities to municipalities.	4	5	20	Inter Departmental Steering Committee (Public Works, Treasury, CoGTA, Education and SALGA) monthly meeting (as committee and with municipalities if needed).	4	5	20	Reduce.	Submit status and usage reports of assets quarterly.	20	There were no cut-offs of utilities due to non-payment. Two erroneous service cuts by municipalities.
Facility Operational Property and Housekeeping													

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/ Progress
31	Financial operations, Acts, laws or regulations.	<p>Non-compliance to Division Of Revenue Act, PFMA and Treasury Regulations. Under collection of revenue.</p> <p><b>Root Cause:</b></p> <ul style="list-style-type: none"> <li>Contract management and credit control.</li> <li>Data integrity (e.g. outstanding payments).</li> <li>Adequacy of maintenance properties.</li> <li>Inadequate policies.</li> <li>Inadequate monitoring of lease contracts.</li> <li>Assets not in asset register.</li> </ul>	5	4	20	<p>Review and upgrade rental revenue policy. Requesting lease agreements. Invoicing. Reporting on visits undertaken.</p>	5	4	20	Reduce	<p>Intensify contract management and credit control.</p> <p>Audit and correct payment records.</p> <p>Facilitate renewal of expired contracts.</p> <p>Facilitate eviction of defaulters.</p>	20	<p>Rental revenue policy in place. Receipt are allocated and reconciliation is done on a monthly basis. Lease Register showing all agreements available in Immoveable Asset Management to facilitate renewal of expired contracts. No evictions were facilitated.</p>

Strategic Objective 3.3: Provide a safe and secure environment

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/ Progress
<b>Security Services</b>													
32	Act, Laws or Regulations; workforce.	Life threatening situations that may result in loss of life. <b>Root Cause:</b> Inadequate controls at access points.	4	5	20	Proper Access control with regards to the daily physical operational plan.	3/4	4	12	Accept.	Install functional electronic system (surveillance cameras, x-ray machines and biometric access control systems.	16	Access cards continue to be a requirement for entrance and visitors are requested to also produce IDs and sign the visitors registers.  Vehicles are searched. Patrols of floors after hours and during weekends has been intensified.
33	Misconduct by public and employees.	Incidents of theft <b>Root Cause:</b> Inadequate security capacity in relation to movable assets.	5	4	20	Proper Access control with regards to daily physical operational plan.	4	4	16	Reduce.		16	Capacity is still a challenge. Scanners are used to scan metal at identified entrances in the Lebohang and Provincial Government Buildings.

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/ Progress
34	Acts, laws or regulations; workforce.	Leaking of classified information. <b>Root Cause:</b> Inadequate and lack of information security management Loss of documents.	5	4	20	Vetting of Top Management and Officials in strategic offices. Screening of all official and shortlisted. Conducting information security awareness campaigns.	4	4	16	Accept.	Conduct Awareness campaigns to all officials. Staff training.	16	Information security awareness campaigns are presented to various directorates by the SSA.  Security Screening Applications for screening sent to State Security Agency (SSA) for potential appointees. .SAPS Record Checks ( After record checks full screening is done) Potential Appointees sent for record checks to South African Police Services. Applications for companies for record checks: Vetting Vetting application sent to State Security Agency (SSA) from Human Resource Management.

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/ Progress
35	Acts, laws or regulations; workforce.	<p>Compliant to OHS standards in line with Emergency Evacuations.</p> <p><b>Root Cause:</b></p> <ul style="list-style-type: none"> <li>• Lack of maintenance.</li> <li>• Obstructed exit areas.</li> <li>• Fire equipment not serviced regularly.</li> </ul>	4	5	20	<p>Regular evacuation drills.</p> <p>Training of floor representation to utilise fire equipment.</p>	4	5	20	Reduce.	Refurbishment of buildings in line with OHS standards.	20	<p>Security Appraisals are conducted on the physical environment and includes evaluations of the building structure, windows, burglar doors, the perimeter fencing and lighting around the premises. Evacuation drills were performed.</p>

## Strategic objective 4.1: Coordinate all stakeholders towards the successful implementation of the EPWP within the Province

Ref	Risk Category	Risk Description And Root Cause	IL	II	RL	Existing Key Controls	RL	RI	Rating	Risk Response	Corrective Measure	FRR	Comments/ Progress
Expanded Public Works Programme													
36	Acts, laws or regulations; workforce; economic conditions.	<p>Credibility of information.</p> <p><b>Root cause:</b></p> <ul style="list-style-type: none"> <li>Incorrect and/ or incomplete capturing of information.</li> <li>Projects not registered by public bodies.</li> <li>Migrating from Management Information Systems to the Integrated Reporting System.</li> </ul>	5	5	25	<p>Web based reporting. Validation.</p> <p>Awareness workshops with sectors and municipalities.</p>	4	5	20	Control	Intensify coordination through EPWP Provincial Coordination Committee (PCC). Appointment of data captures for each district.	20	<p>Appointed two data capturers assisting the districts.</p> <p>District Steering Committees and Provincial Steering Committees are in place for consultation and information sharing.</p> <p>Analyse raw and validated data for 2012/2013 to reduce validation discrepancy.</p> <p>The evidence of numbers reported submitted for validation.</p> <p>Senior Managers form part of the Provincial Steering Committee.</p> <p>23 municipalities were reporting.</p>
37	Acts, laws or regulations; workforce; economic conditions.	<p>Non-reporting of public bodies.</p> <p><b>Root Cause:</b></p> <p>No dedicated staff to work on Expanded Public Works Programme.</p>	4	4	16	<p>Utilise data captures and Liaison Officers to assist with data capturing at municipalities.</p> <p>Provide Technical Support.</p>	3	3	9	Share	<p>Presentation of progress reports v/s Integrated Reporting System.</p>	9	

### 3. FRAUD AND CORRUPTION

#### **The Department's fraud prevention plan and the progress made in implementing the plan**

The Department has an approved Fraud Prevention Plan which contains an action plan schedule specifically designed with specific controls to identify possible system weaknesses. These interventions receive due attention and significant progress has been made in this regard in particular with regards to the promotion of the Public Service Code of Conduct, implementation of disciplinary processes and information sessions on the key areas of fraud, corruption and related matters. Three staff members attended the anti-corruption training course for practitioners'.

Furthermore, as part of the promotion of professional ethics highlighted in the governing legislation, read in conjunction with the Code of Conduct for the Public Service, senior managers submit the prescribed financial disclosure forms, to both the Executive Authority and the Public Service Commission whilst bid committee members of the Department disclose conflict of interest.

#### **Mechanisms in place to report fraud and corruption**

The Department has created a mechanism to report fraud and corruption in terms of the Protected Disclosures' Act. Staff is encouraged to utilise the national anti-corruption hotline.

All cases reported via the hotline are finalised through the National Anti-Corruption Hotline. Departmentally a specific employee has been designated to handle these cases and where necessary the Disciplinary Code and Procedure is invoked.

### 4. MINIMISING CONFLICT OF INTEREST

The Department in its quest to minimise conflict of interest has implemented the following control measures:

- Declaration of Interest is a standing item on the agenda of the Bid Committees. Accordingly, members are required to declare their interest and to this end, the declarations of interests are recorded on the pertinent declaration form and minuted.
- The declaration of interest standard bidding document (SBD 4) is included with each bid that is going out in order for the potential bidders to declare their interest.
- All Supply Chain Management Practitioners sign the Code of Conduct at the beginning of each financial year.
- With regard to construction procurement, the Department, with each bid document, makes reference to the Construction Industry Development Board's (CIDB) Code of Conduct for all parties involved in the construction procurement.

### 5. CODE OF CONDUCT

The Code of Conduct for the Public Service as depicted in Chapter 2 of the Public Service Regulations, aims to promote exemplary conduct and professionalism to ensure confidence in the Public Service includes the under-mentioned key areas:

- Relationship with the Legislature and the Executive,
- Relationship with the Public,
- Relationships among employees,
- Performance of duties,
- Personal conduct and private interests.

The Code of Conduct is accessible and staff is regularly sensitised in this regard.

New employees are, on date of assumption of duty, provided with a copy of the code and simultaneously sign the Public Service pledge. This aspect is included in the performance contracts of senior managers who are expected to lead by example

#### **Process followed for the breach of code of conduct.**

Failure to abide by the Code of Conduct is an offence in terms of the Disciplinary Code and Procedure and staff is charged accordingly.



## 6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

### Description and nature of Health Safety and Environmental issues and the effect on the Department

The Department as custodian of infrastructure and an implementing agent for the construction and maintenance of government infrastructure, where reasonably practical, provide and maintain a safe and healthy environment that is risk free to its employees. Key health interventions are implemented on a regular basis for the workforce. In terms of construction projects, the Department appoints a suitably-qualified agent or consultant to manage the project from the initial stage to finalisation, ensuring compliance with all applicable acts and regulations. This approval ensures that the health, safety and environment issues applicable to employees of the Department are also implemented in terms of those workers on government projects.

## 7. INTERNAL CONTROL UNIT

The Department is currently in the process of establishing the Internal Control Unit.

## 8. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2013.

### Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder and meets at least four (4) times per annum as per its approved Audit Committee charter. During the current year, six (6) meetings were held.

Member	Number of meetings attended
Ms. P Mateta (Interim chairperson)	6 out of 6
Mr. LT Shabe	6 out of 6
Mr. JC Weapond	4 out of 6 (ax2)
Mr. A Mahlalutye	6 out of 6

a = Member tendered an apology for the meeting[s]

### Dates of Audit Committee Meeting

12 April 2012; 29 May 2012; 26 July 2012; 09 November 2012; 04 December 2012 (extension of November meeting); and 07 March 2013

### Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1) (a) of the PFMA and Treasury Regulation 3.1.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### The Effectiveness of Internal Control

In line with the PFMA, Treasury Regulations and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with the assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancement to the controls and processes. Based on the various reports by Internal Audit, the Audit Report on the Annual Financial Statements and the management report of the Auditor-General, it was noted that matters were reported indicating deficiencies in the system of internal control.

Accordingly, we can report that the system of internal control for the period under review was inadequate. The Audit Committee noted significant progress being made to improve the internal control system in the department. It also noted that management has implemented adequate controls in most areas within the department to provide reasonable assurance that all major inherent risks are appropriately identified; managed and applicable legislation is adhered to.

The Audit Committee is satisfied with the contents and quality of the Auditor-General management report as well as the quarterly reports prepared and issued by the Accounting Officer of the Department of the Public Works during the year under review.

### **Evaluation of Financial Statements**

The Audit Committee has:

- Reviewed and discussed the unaudited Annual Financial Statements to be included in the Annual Report, with the Auditor-General and the Accounting Officer;
- Reviewed the information on the predetermined objectives to be included in the Annual Report;
- Reviewed the entity compliance with legal and regulatory provisions;
- Reviewed the Auditor-General's management report and management's response thereto;

The Audit Committee concurs with and accepts the Auditor General's conclusions 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.

### **Internal Audit**

The Audit Committee has received and reviewed the quarterly internal audit reports and concur that internal audit has addressed risks pertinent to the department in its internal audit reviews. The Audit Committee is satisfied that internal audit function is operating effectively.

### **Auditor-General South Africa**

The Audit Committee has met with Auditor-General South Africa to ensure that there are no unresolved issues.



**Ms. P. Mateta**

**Interim Chairperson of the Audit Committee**

**Date: 31/07/2013**

# PART D:

## HUMAN RESOURCE MANAGEMENT

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## 1. LEGISLATURE THAT GOVERN HUMAN RESOURCES MANAGEMENT

The information provided in this part is prescribed by the Public Service Regulations (Chapter 1, Part III J.3 and J.4).

The **applicable legal and policy framework** comprises of a comprehensive set of prescripts ranging from the Constitution that sets out the principles and values for public administration, governmental policies and legislation applicable to employment specifically the general employment legislation. The relevant prescripts are outlined as follows:

- Public Service Act, 1994 (as amended)
- Public Service Regulations, 2001
- Employment Equity Act, 1998
- Labour Relations Act, 1995
- Skills Development Act, 1999
- Basic Conditions of Employment Act, 1996
- Directives issued by the Minister of Public Service and Administration
- White Paper on Human Resources Management,
- White Paper on Public Service Education and Training, 1998

## 2. INTRODUCTION

In line with the above-mentioned legislation, the Executive Authority approved a Departmental Human Resources Plan aligned to the strategic objectives of the Department. Funded new posts were identified for filling. The unfunded vacancies were frozen on PERSAL and identified for filling/abolishing during the outer years. During the 2012/2013 financial year, 88 staff members were transferred to the Department of Police, Roads and Transport, according to their skills profile.

In terms of equity, the department complied with the provisions of the Employment Equity Act, 1998 and submitted the employment equity report to the Department of Labour as prescribed. The department attained a 1.3% disability representation. With the exception of turn-over amongst senior management, the departmental turn-over rate falls well within the accepted norms and standards.

### *Develop a capable and skilled workforce striving towards service excellence*

People development is important to ensure that employees possess the necessary competencies to deliver services. Skilled employees will contribute to improved service delivery and mobility as per career development needs.

The above interventions coupled with recruitment strategies are assisting to develop scarce, critical and valued skill requirements for the Department of Public Works.

When the human resources plan was developed, the Department of Public Works was experiencing skill deficits in professional, technical and artisan fields. This shortage particularly affected, among others, professionally registered mechanical and electrical engineers, technologists, technicians, quantity surveyors, architects, construction project managers, property valuers, risk management personnel and artisans.

The approved OSD (Occupational Specific Dispensation) has been implemented up to Phase 3 to address disparities within the scarce occupations and also provides for career progression through grade advancement based on experience. Since the implication of the OSD, a definite reduction in staff turnover has been observed. Recruitment of fully-registered professionals in quantity surveying, construction project management, architecture, mechanical engineering and electrical engineering remains a challenge. Last-mentioned is a key reason why the Department is developing and growing its own professionals.

#### Employee Wellness Programmes

Any employer of choice is measured against the success of the employee health and wellness programme. Departmentally this programme which relies on close co-operation with line management seeks to achieve a healthy and productive workforce. Central to the Departmental health and wellness programme, the Department is dealing with the scourge of HIV/ AIDS and other sexually transmitted diseases as well as TB and other health risks such as breast and prostate cancer.

Specific emphasis, after analysis of the 2011/2012 audit report highlighted shortcomings in the Information Communication Technology (ICT) environment and departmental focus resulted in the following ICT policies concluded during the 2012/2013 financial Year:

- Information Technology Governance Framework
- Patch Management
- Change Control Management
- Network Operations and Management
- User Account Management

#### Challenges faced by the Department

- 46% of the staff is 50 and older whilst 21% constitute youth. Statistics demonstrate a 2% increase in youth and a 2% decrease in staff older than 50 years
- Departmentally the 2% ratio for the disabled has not been met. The Department is 0.7% under target;
- Appointment of registered professionals in mechanical/electrical engineering and quantity surveying remains a challenge.

#### Future Human Resources plans/goals

Key targets to meet current and future human capital requirements on the medium term as envisaged in the approved human resources plan are:

- Increase disability representivity to 2% of the workforce
- Increase gender representivity on levels 9-14 to 50%
- Increase gender representivity in technical fields to 20%
- Transform the workforce age statistics by targeting youth
- Adjusting policies and systems to address the norms and standards of Management Performance Assessment Tool if necessary. Mentorship of budding professionals; and
- Enhance capacity in key areas of scarce skills, through recruitment and skills interventions.

### 3. HUMAN RESOURCE OVERSIGHT STATISTICS

The tables below provide key information on human resources

#### 3.1 Personnel Related Expenditure

The following tables summarises the final audited personnel related expenditure by programme and by salary bands.

##### 3.1.1 *Personnel expenditure by programme*

Programmes	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services Expenditure (R'000)	Personnel Expenditure as a % of total Expenditure	Average personnel cost per employee (R'000)
Administration.	85 345	52 999	29 434	-	62.1%	22
Expanded Public Works Programme.	151 652	11 038	-	-	7.3%	5
Public Works Infrastructure.	1 018 255	249 955	-	-	24.5%	105
<b>Total</b>	<b>1 255 252</b>	<b>313 992</b>	<b>29 434</b>	<b>-</b>	<b>25%</b>	<b>132</b>

##### 3.1.2 *Personnel costs by salary band*

Salary band	Personnel Expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2).	76 049	22.2%	1 123	67 720
Skilled (Level 3-5).	103 632	30.3 %	728	142 352
Highly skilled production (Levels 6-8).	67 939	19.8 %	262	259 309
Highly skilled supervision (Levels 9-12).	44 588	13 %	101	441 465
Senior and Top management (Levels 13-16).	14 105	4.1 %	19	742 368
Contract (Levels 1-2).	8 204	2.4 %	72	113 944
Contract (Levels 3-5).	3 217	0.9 %	25	128 680
Contract (Levels 6-8).	2 670	0.8 %	16	166 875
Contract (Levels 9-12).	3 499	1 %	7	499 857
Contract (Levels 13-16).	8 011	2.3 %	8	1 001 375
Periodical Remuneration.	-	-	-	-
Abnormal Appointment.	-	-	-	-
<b>Total</b>	<b>331 914</b>	<b>100 %</b>	<b>*2 361</b>	<b>140 582</b>

**\*1 760 permanent and 601 Additional beneficiaries = 2 361 persons paid through Persal**

3.1.3. Salaries, Overtime, Home Owners Allowance and Medical Aid by programme

Programme	Salaries		Overtime		Home Owners Allowance (HOA)		Medical Aid		Total Personnel cost per Programme (R'000)
	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	
Administration.	35 763	68 %	9	-	1 891	4 %	2 478	5 %	52 999
Public Works Infrastructure.	146 708	66 %	2 404	0.7%	15 401	6 %	19 632	8 %	249 955
Expanded Public Works Programme.	7 528	68 %	-	-	207	2 %	239	2 %	11 038
<b>Total</b>	<b>207 998</b>	<b>66 %</b>	<b>2 413</b>	<b>0.7%</b>	<b>17 499</b>	<b>6 %</b>	<b>22 351</b>	<b>7 %</b>	<b>313 992</b>

3.1.4. Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band

Salary Bands	Salaries		Overtime		Home Owners Allowance (HOA)		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).	52 749	67.7	223	0.3 %	6 020	7.7 %	6 970	9.0 %
Skilled (Level 3-5).	67 355	63.7	1 397	1.3 %	7 982	7.5 %	10 094	9.5 %
Highly skilled production (Levels 6-8).	47 186	67.4	598	0.9 %	2 608	3.7 %	4 008	5.7 %
Highly skilled supervision (Levels 9-12).	33 058	69.3	19	-	950	2.0 %	1 346	2.8 %
Senior management (Level 13-16).	11 514	77.2	-	-	456	3.1 %	184	1.2 %
Contract (Levels 1-2).	7 767	94.7	122	1.5 %	102	1.2 %	85	1.0 %
Contract (Levels 3-5).	3 065	94.8	68	2.1 %	19	0.6 %	44	1.4 %
Contract (Levels 6-8).	2 449	89.3	-	-	22	0.8 %	42	1.5 %
Contract (Levels 9-12).	3 190	86.6	-	-	-	-	59	1.6 %
Contract (Levels 13-16).	7 395	88.1	-	-	129	1.5 %	26	0.3 %
<b>Total</b>	<b>235 728</b>	<b>68.8</b>	<b>2 427</b>	<b>0.7 %</b>	<b>18 288</b>	<b>5.3 %</b>	<b>22 858</b>	<b>6.7 %</b>



## 3.2 Employment and Vacancies

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

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations

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

### 3.2.1. *Employment and vacancies by programme*

Programme	Number of posts on approved establishment (funded posts)	Number of posts filled	Funded Vacancy Rate %	Number of employees additional to the establishment
Programme 1: Administration, Permanent.	186	169	9.1%	3
Programme 2: Public Works Infrastructure, Permanent.	1 758#	1 563	11.0 %	-
Programme 3: Expanded Public Works Programme, Permanent.	32	28	12.5 %	*598
<b>Total</b>	<b>1 976</b>	<b>*1 760</b>	<b>10.9 %</b>	<b>*601</b>

*\* 598 EPWP Beneficiaries and contract appointees additional to the establishment*

*# Posts transferred to Police, Roads and Transport excluded*

*1 760 + 601 Additional beneficiaries = 2 361 persons paid through Persal*

### 3.2.2. *Employment and vacancies by salary band*

Salary band	Number of funded posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Lower skilled (1-2).	631	#1 198	5.0 %	598
Skilled (3-5).	871	753	13.5 %	-
Highly skilled production (6-8).	331	278	16.0 %	-
Highly skilled supervision (9-12).	117	109	6.8 %	1
Senior management (13-16).	*26	#23	11.5 %	2
<b>Total</b>	<b>1 976</b>	<b>#2 361</b>	<b>10.9 %</b>	<b>601</b>

*# 1 760 permanent and 601 Additional beneficiaries = 2 361 persons paid through Persal*

*\*Includes the MEC*

### 3.2.3. *Employment and vacancies by critical occupations*

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Architects town planners.	4	3	25.0 %	-
Artisan project and related superintendents.	7	5	28.6 %	-
Computer programmers.	2	1	50.0 %	-
Electrical and electronics engineering technicians.	7	*7	-	-
Engineering sciences related.	5	5	-	-
Engineers and related professionals.	13	11	15.4 %	-
Finance and economics related.	4	4	-	-
Inspectors of apprentices works and vehicles.	74	69	6.8 %	-
Quantity surveyors & rela prof not class elsewhere.	9	8	11.1 %	-
Other information technology personnel.	7	7	-	-
Senior managers.	26	23	11.5 %	-
<b>Total</b>	<b>158</b>	<b>143</b>	<b>9.5 %</b>	<b>-</b>

*\*The department does not have a fully-registered mechanical engineer, electrical engineer and quantity surveyor. Sufficient registered candidates are employed and mentored by external fully-registered professionals.*

### 3.3. Job Evaluation

The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

#### 3.3.1. Job Evaluation by Salary band

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2).	631	-	-	-	-	-	-
Skilled (Levels 3-5).	871	-	-	-	-	-	-
Highly skilled production (Levels 6-8).	331	6	1.8 %	6	100 %	-	-
Highly skilled supervision (Levels 9-12).	117	6	5.1 %	6	100 %	-	-
Senior Management Service Band A.	18	1	5.6 %	1	100 %	-	-
Senior Management Service Band B.	5	-	-	-	-	-	-
Senior Management Service Band C.	2	-	-	-	-	-	-
Senior Management Service Band D.	1	1	100 %	1	100 %	-	-
<b>Total</b>	<b>1 976</b>	<b>14</b>	<b>0.7 %</b>	<b>14</b>	<b>100 %</b>	<b>-</b>	<b>-</b>

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded.

#### 3.3.2. Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiary	African	Asian	Coloured	White	Total
Female.	4	-	-	-	4
Male.	8	-	-	2	10
<b>Total</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>14</b>
Employees living with disabilities.	-	-	-	-	-

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

**3.3.3. *Employees with salary levels higher than those determined by job evaluation by occupation***

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Middle Management Services.	6	11	12	Staff retention & Lateral transfers.
Assistant Director: Finance.	3	9	10	Staff retention and Regulation V.C of Public Service Regulation, 2001.
Community Liaison Officers.	4	8	9	Regulation V.C of Public Service Regulation, 2001.
Chief Security Officer.	3	7	8	PSCBC Resolution 3 of 2009. Grade progression.
Administration/Finance Clerks.	2	5	6	PSCBC Resolution 3 of 2009. Grade progression.
Foreman: Cleaning.	2	4	5	PSCBC Resolution 3 of 2009. Grade progression.
Elementary(Cleaner/Gardener Tradesman Aid).	58	2	3	PSCBC Resolution 3 of 2009. Grade progression.
Percentage of total employed.				3.3% of 2 361

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

**3.3.4. *Profile of employees who have salary levels higher than those determined by job evaluation***

Beneficiary	African	Asian	Coloured	White	Total
Female.	40	-	-	2	42
Male.	34	-	1	1	36
<b>Total</b>	<b>74</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>78</b>
Employees living with disabilities	-	-	-	-	-
Total Number of Employees whose remuneration exceeded the grade determined by job evaluation in 2012/2013					78

### 3.4. Employment Changes

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

#### 3.4.1. Annual turnover rates by salary band

Salary Band	Number of employees at beginning of period-April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate %
Lower skilled (Levels 1-2).	966	596	539	55.8%
Skilled (Levels 3-5).	802	4	55	6.9 %
Highly skilled production (Levels 6-8).	280	2	13	4.6 %
Highly skilled supervision (Levels 9-12).	88	4	2	2.3 %
Senior Management Service Bands A-D.	10	1	1	10 %
Senior Management Service Bands B.	3	1	-	-
Senior Management Service Bands C.	1	-	-	-
Senior Management Service Bands D.	1	-	-	-
Contract (Levels 1-2), Permanent.	59	92	87	147.5 %
Contract (Levels 3-5), Permanent.	18	17	9	50 %
Contract (Levels 6-8), Permanent.	12	9	2	16.7 %
Contract (Levels 9-12), Permanent.	6	3	2	33.3 %
Contract (Band A), Permanent.	4	-	-	-
Contract (Band B), Permanent.	1	-	-	-
Contract (Band C), Permanent.	1	-	-	-
Contract (Band D), Permanent.	1	1	1	100 %
<b>Total</b>	<b>2 253</b>	<b>730</b>	<b>711</b>	<b>31.6 %</b>

### 3.4.2. Annual turnover rates by critical occupation

Critical Occupations	Number of employees at beginning of period-April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate %
Architects town planners.	4	-	1	25.0 %
Artisan project and related superintendents.	3	3	1	33.3 %
Computer programmers.	1	-	-	-
Electrical and electronics engineering technicians.	7	-	-	-
Engineering sciences related.	6	-	1	16.7 %
Engineers and related professionals.	10	1	-	-
Finance and economics related.	4	1	1	25.0 %
Inspectors of apprentices works and vehicles.	60	15	6	10.0 %
Other information technology personnel.	7	-	-	-
Quantity surveyors & related professional not classified elsewhere.	6	2	-	-
Senior managers.	18	7	3	16.7 %
<b>Total</b>	<b>126</b>	<b>29</b>	<b>13</b>	<b>10.3 %</b>

### 3.4.3. Reasons why staff left the department

Termination Type	Number	% of Total Resignations
Death.	34	16.2 %
Resignation.	8	3.8 %
Dismissal – operational changes.	-	-
Dismissal – misconduct.	*10	4.8 %
Dismissal – inefficiency.	-	-
Discharged due to ill-health.	6	2.9 %
Retirement.	64	30.5 %
Transfer to other Public Service Departments.	*88	41.9 %
<b>Total</b>	<b>210</b>	<b>100 %</b>
<b>Total number of employees who left as a % of total employment</b>		<b>9.2%</b>

*The above excludes contract expiry where contracts were renewed and EPWP beneficiaries.*

*\*The 88 transfers were employer-initiated to reduce concentration of staff in QwaQwa.*

*\*The dismissals are abscondments/desertions.*

#### 3.4.4. *Promotions by critical occupation*

Occupation	Employees 1 April 2012	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Architects town planners.	4	-	-	-	-
Artisan project and related superintendents.	3	-	-	1	33.3 %
Computer programmers.	1	-	-	1	100 %
Electrical and electronics engineering technicians.	7	-	-	4	57.1 %
Engineering sciences related.	6	-	-	1	16.7 %
Engineers and related professionals.	10	-	-	-	-
Finance and economics related.	4	-	-	-	-
Inspectors of apprentices works and vehicles.	60	-	-	14	23.3 %
Other information technology personnel.	7	-	-	4	57.1 %
Quantity surveyors & related profession not class elsewhere.	6	-	-	1	16.7 %
Senior managers.	18	2	11.1 %	2	11.1 %
<b>Total</b>	<b>126</b>	<b>2</b>	<b>1.6 %</b>	<b>28</b>	<b>22.2 %</b>

#### 3.4.5. *Promotions by salary band*

Salary Band	Employees 1 April 2012	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).	966	-	-	258	26.7 %
Skilled (Levels 3-5).	802	2	0.2 %	560	69.8 %
Highly skilled production (Levels 6-8).	280	2	0.7 %	130	46.4 %
Highly skilled supervision (Levels 9-12).	88	10	11.4 %	39	44.3 %
Senior Management (Level 13-16).	15	2	13.3 %	-	-
Contract (Levels 1-2), Permanent.	59	-	-	2	3.4 %
Contract (Levels 3-5), Permanent.	18	-	-	5	27.8 %
Contract (Levels 6-8), Permanent.	12	-	-	-	-
Contract (Levels 9-12), Permanent.	6	-	-	-	-
Contract (Levels 13-16), Permanent.	7	-	-	1	14.3 %
<b>Total</b>	<b>2 253*</b>	<b>16</b>	<b>0.7 %</b>	<b>995</b>	<b>44.2 %</b>

*\*Includes EPWP beneficiaries: Vulindlela statistics*

### 3.5. Employment Equity

#### 3.5.1. Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2013

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers.	14	1	-	3	7	-	-	-	25
Professionals.	20	-	-	10	19	-	-	5	54
Technicians and associate professionals.	44	-	-	10	41	3	-	10	108
Clerks.	32	2	-	7	90	3	-	30	164
Service and sales workers.	242	17	-	8	124	4	-	3	398
Craft and related trades workers.	372	5	-	23	372	4	-	-	776
Plant and machine operators and assemblers.	368	4	-	1	454	5	-	1	833
Elementary occupations.	1	-	-	-	2	-	-	-	3
<b>Total</b>	<b>1 093</b>	<b>29</b>	<b>-</b>	<b>62</b>	<b>1 109</b>	<b>19</b>	<b>-</b>	<b>49</b>	<b>2 361</b>
Employees with disabilities.	14	-	-	-	6	-	-	3	23

*Based on Vulindlela Statistics*



**3.5.2. Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2013**

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (Level 15 - 16).	2	-	-	1	2	-	-	-	5
Senior Management (Level 13 - 14).	13	-	-	2	7	-	-	-	22
Professionally qualified and experienced specialists and mid-management.	49	-	-	18	34	2	-	5	108
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents.	134	7	-	37	59	1	-	40	278
Semi-skilled and discretionary decision making.	429	15	-	4	290	8	-	4	750
Unskilled and defined decision making.	467	6	-	-	717	8	-	-	1 198
<b>Total</b>	<b>1 094</b>	<b>28</b>	<b>-</b>	<b>62</b>	<b>1 109</b>	<b>19</b>	<b>-</b>	<b>49</b>	<b>2 361</b>

### 3.5.3. **Recruitment**

The table below includes EPWP beneficiaries paid by PERSAL as well as new contracts and contracts that have been renewed.

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management.	-	-	-	-	-	-	-	-	-
Senior Management.	4	-	-	-	1	-	-	-	5
Professionally qualified and experienced specialists and mid-management.	2	-	-	-	1	-	-	1	4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents.	2	-	-	-	-	-	-	-	2
Semi-skilled and discretionary decision making.	-	-	-	-	4	-	-	-	4
Unskilled and defined decision making.	281	4	-	-	306	5	-	-	596
Contract (Top Management), Permanent.	1	-	-	-	-	-	-	-	1
Contract (Professionally qualified), Permanent.	2	1	-	-	-	-	-	-	3
Contract (Skilled technical), Permanent.	6	-	-	-	2	1	-	-	9
Contract (Semi-skilled), Permanent.	4	-	-	-	13	-	-	-	17
Contract (Unskilled), Permanent.	56	-	-	-	36	-	-	-	92
<b>Total</b>	<b>358</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>363</b>	<b>6</b>	<b>-</b>	<b>1</b>	<b>733</b>
Employees living with disabilities.	1	-	-	-	-	-	-	0	3

***Based on Vulindlela Statistics***

### 3.5.4. *Promotions*

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management.	1	-	-	-	-	-	-	-	1
Senior Management.	-	-	-	-	1	-	-	-	1
Professionally qualified and experienced specialists and mid-management.	22	-	-	7	18	1	-	1	49
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents.	80	1	-	16	26	1	-	8	132
Semi-skilled and discretionary decision making.	328	11	-	2	212	6	-	3	562
Unskilled and defined decision making.	91	1	-	-	162	4	-	-	258
Contract (Top Management), Permanent.	-	-	-	-	1	-	-	-	1
Contract (Semi-skilled), Permanent.	3	-	-	-	2	-	-	-	5
Contract (Unskilled), Permanent.	1	-	-	-	1	-	-	-	2
<b>Total</b>	<b>526</b>	<b>13</b>	<b>-</b>	<b>25</b>	<b>423</b>	<b>12</b>	<b>-</b>	<b>12</b>	<b>1 011</b>
Employees living with Disabilities.	7	-	-	-	2	-	-	2	11

*Based on Vulindlela Statistics*

### 3.5.5. Terminations

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management.	-	-	-	-	1	-	-	-	1
Senior Management.	-	-	-	-	1	-	-	-	1
Professionally qualified and experienced specialists and mid-management.	-	-	-	2	1	-	-	-	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents.	8	2	-	1	-	-	-	1	12
Semi-skilled and discretionary decision making.	32	1	-	-	1	-	-	-	34
Unskilled and defined decision making.	257	8	-	-	22	4	-	-	291
Contract (Top Management), Permanent.	-	-	-	-	1	-	-	-	1
Contract (Professionally qualified), Permanent.	1	-	-	1	-	-	-	-	2
Contract (Skilled technical), Permanent.	1	-	-	-	-	1	-	-	2
Contract (Semi-skilled), Permanent.	3	1	-	-	5	-	-	-	9
Contract (Unskilled), Permanent.	60	-	-	-	27	-	-	-	87
<b>Total</b>	<b>362</b>	<b>12</b>	<b>-</b>	<b>4</b>	<b>59</b>	<b>5</b>	<b>-</b>	<b>1</b>	<b>443</b>
Employees living with disabilities.	-	-	-	-	-	-	-	-	-

**Based on Vulindlela Statistics**

### 3.5.6. *Disciplinary action*

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action.	16	1	-	-	3	-	-	-	20

### 3.5.7. *Skills development*

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers.	-	-	-	-	-	-	-	-	-
Professionals.	2	-	-	-	1	-	-	-	3
Technicians and associate professionals.	9	-	-	1	6	-	-	-	16
Clerks.	9	-	-	2	10	-	-	3	24
Service and sales workers.	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers.	-	-	-	-	-	-	-	-	-
Craft and related trades workers.	10	-	-	-	40	-	-	-	50
Plant and machine operators and assemblers.	-	-	-	-	-	-	-	-	-
Elementary occupations.	76	-	-	-	42	-	-	-	118
<b>Total</b>	<b>106</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>99</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>*211</b>
Employees living with disabilities.	-	-	-	-	1*	-	-	-	1*

\*1 person with disability is included in 211.

### 3.6. Performance Rewards

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability, salary bands and critical occupations.

#### 3.6.1. *Performance Rewards by race, gender and disability*

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African Male.	245	1 079	22.7%	1 593	6 502
Asian Male.	-	-	-	-	-
Coloured Male.	13	29	44.8 %	74	5 692
White Male.	40	62	64.5 %	595	14 875
African Female.	247	1 103	22.4 %	1 477	5 979
Asian Female.	-	-	-	-	-
Coloured Female.	7	19	36.8 %	49	7 000
White Female.	41	46	89.1 %	512	12 488
White Male.	6	23	26 %	51	8 500
<b>Total</b>	<b>599</b>	<b>2 361*</b>	<b>25.4 %</b>	<b>4 351</b>	<b>7 264</b>

*\*Number include EPWP beneficiaries/temporary contracts who are paid via PERSAL but do not participate in the system.*

#### 3.6.2. *Performance Rewards by salary band for personnel below Senior Management Service*

Salary Band	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower Skilled (Levels 1-2).	130	1 195*	10.9 %	449	3 454	130
Skilled (Level 3-5).	281	753	37.3 %	1 209	4 302	281
Highly skilled production (Level 6-8).	141	278	50.7 %	1 515	10 745	141
Highly skilled supervision (Level 9-12).	46	108	42.6 %	1 138	24 739	46
<b>Total</b>	<b>598</b>	<b>2 334*</b>	<b>35.4 %</b>	<b>4 311</b>	<b>7 209</b>	<b>598</b>

*\*Number include EPWP beneficiaries who are paid via PERSAL but do not participate in the system.*

### 3.6.3. *Performance Rewards by critical occupation*

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Architects town and traffic planners.	-	3	-	-	-
Artisan project and related superintendents.	-	5	-	-	-
Computer programmers.	-	1	-	-	-
Electrical and electronics engineering technicians.	-	7	-	-	-
Engineering sciences related.	1	5	20 %	26	26 000
Engineers and related professionals.	-	11	-	-	-
Finance and economics related.	1	4	25 %	30	30 000
Inspectors of apprentices works and vehicles.	21	69	30.4 %	262	12 476
Other information technology personnel.	3	7	42.9 %	23	7 667
Quantity surveyors & related prof not class elsewhere.	2	8	25 %	34	17 000
Senior managers.	-	#22	-	-	-
<b>Total</b>	<b>28</b>	<b>142</b>	<b>20 %</b>	<b>375</b>	<b>13 393</b>

# Excludes MEC.

### 3.6.4. *Performance related rewards (cash bonus). by salary band for Senior Management Service*

Salary Band	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost of the total personnel expenditure
Band A.	1	17	5.9%	41	41 000	12 444
Band B.	-	5	-	-	-	-
Band C.	-	2	-	-	-	-
Band D.	-	3	-	-	-	-
<b>Total</b>	<b>1</b>	<b>27</b>	<b>3.7%</b>	<b>41</b>	<b>41 000</b>	<b>12 444</b>

### 3.7. Foreign Workers

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

#### 3.7.1. *Foreign workers by salary band*

Salary Band	01 April 2012		31 March 2013		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled.	1	25%	1	33.3 %	-	-
Highly skilled production (Lev. 6-8).	-	-	-	-	-	-
Highly skilled supervision (Lev. 9-12).	-	-	-	-	-	-
Contract (level 9-12).	2	50 %	1	33.3 %	-1	100 %
Contract (level 13-16).	1	25 %	1	33.3 %	-	-
<b>Total</b>	<b>4</b>	<b>100 %</b>	<b>3</b>	<b>100 %</b>	<b>-1</b>	<b>100 %</b>

#### 3.7.2. *Foreign workers by major occupation*

Major Occupation	01 April 2012		31 March 2013		Change	
	Number	% of total	Number	% of total	Number	% Change
Elementary occupations.	1	25 %	*1	33.3 %	-	-
Professionals and managers.	3	75 %	#2	66.7 %	-1*	100 %
<b>Total</b>	<b>4</b>	<b>100 %</b>	<b>3</b>	<b>100 %</b>	<b>-1</b>	<b>100 %</b>

*\*Cuban engineering programme participant concluded contract*

*#2 foreign nationals with fraudulent SA Identity Documents were deported and their salaries were subsequently frozen.*



### 3.8. Leave Utilisation

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

#### 3.8.1. Sick leave

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).	1 909	95.5 %	309	28.6 %	6	501
Skilled (levels 3-5).	3 022	93.5 %	448	41.4 %	7	967
Highly skilled production (Levels 6-8).	1 366	86 %	188	17.4 %	7	846
Highly skilled supervision (Levels 9 -12).	415	91.1 %	60	5.5 %	7	553
Top and Senior management (Levels 13-16).	69	94.2 %	10	0.9 %	7	199
Contract (Levels 1-2).	209.5	80.2 %	43	4 %	5	48
Contract (Levels 3-5).	92	92.4 %	15	1.4 %	6	31
Contract (Levels 6-8).	19	84.2 %	5	0.5 %	4	11
Contract (Levels 9-12).	6	100 %	2	0.2 %	3	10
Contract (Levels 13-16).	28	100 %	2	0.2 %	14	81
<b>Total</b>	<b>7 135.5</b>	<b>92.1 %</b>	<b>1 082</b>	<b>100 %</b>	<b>7</b>	<b>3 247</b>

#### 3.8.2. Disability leave (temporary)

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).	202	100 %	4	8.2 %	51	53
Skilled (Levels 3-5).	741	100 %	20	40.8 %	37	232
Highly skilled production (Levels 6-8).	707	100 %	20	40.8 %	35	460
Highly skilled supervision (Levels 9-12).	104	100 %	3	6.1 %	35	145
Contract (Levels 3-5).	11	100 %	1	2 %	11	3
Contract (Levels 13-16).	72	100 %	1	2 %	72	201
<b>Total</b>	<b>1 837</b>	<b>100 %</b>	<b>49</b>	<b>100 %</b>	<b>37</b>	<b>1 094</b>

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

### 3.8.3. Annual Leave

Salary Band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2).	13 046.31	553	24
Skilled (Levels 3-5).	18 513.16	815	23
Highly skilled production (Levels 6-8).	6 423.16	277	23
Highly skilled supervision (Levels 9-12).	2 118	101	21
Senior management (Levels 13-16).	315	20	16
Contract (Levels 1-2).	752.92	58	13
Contract (Levels 3-5).	296.84	21	14
Contract (Levels 6-8).	120	12	10
Contract (Levels 9-12).	49	5	10
Contract (Levels 13-16).	141	7	20
<b>Total</b>	<b>41 775.39</b>	<b>1 869</b>	<b>22</b>

### 3.8.4. Capped leave

Salary Band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as at 31 March
Lower skilled (Levels 1-2).	73	11	7	48
Skilled (Levels 3-5).	119	15	8	57
Highly skilled production (Levels 6-8).	20	5	4	47
Highly skilled supervision (Levels 9-12).	13	3	4	51
Senior management (Levels 13-16).	-	-	-	-
<b>Total</b>	<b>225</b>	<b>34</b>	<b>7</b>	<b>52</b>

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

### 3.8.5. Leave pay-outs

Reason	Total Amount (R'000)	Number of Employees	Average per employee (R'000)
Leave pay-out for 2011/2012 due to non-utilisation of leave for the previous cycle.	-	-	-
Capped leave pay-outs on termination of service for 2012/2013.	1 555	88	17 670
Current leave pay-out on termination of service for 2012/2013.	829	94	8 819
<b>Total</b>	<b>2 384</b>	<b>182</b>	<b>13 099</b>

### 3.9. HIV/AIDS & Health Promotion Programmes

#### 3.9.1. Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases	Key steps taken to reduce the risk
Employees on construction.	Information sessions on prevention facilitated.

#### 3.9.2. Details of Health Promotion and HIV/AIDS Programmes

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.	Yes Stan Diakos: Director Human Resource Management.		Whilst the function has been devolved to Special programmes unit in the Department, the Director human resource is accountable to the head of the Department for its implementation.
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.	Yes		The unit special programs and Wellness is responsible for the employees' health and wellness by promoting and conducting information sessions related to health and wellness issues such as cancer, TB, diabetes AND HIV/AIDS etc. These sessions are conducted by external stakeholders such as Government Employees Medical Aid Scheme (GEMS) , CANCER ASSOCIATION AND OTHERS. The budget for this sub directorate Special Programmes for 2012/2013 Financial Year was R1.5 million and has been expanded to R2.48 million for 2013/2014.
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.	Yes		The Department has an employee assistance programme, whose essence is to provide employees and their families with opportunities to obtain assistance for a variety of personal and work related challenges which may affect their continued functioning as productive member of the Department.  Health promotion programs as indicated from the above, programs such as financial wellness and other health screenings are conducted for the employees of the Department.
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.	Yes		Peer educators are nominated in districts where the Department has offices. This matter requires intensification.
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.	Yes		The Department has an HIV/AIDS policy which provides a framework of action when dealing with HIV/AIDS.

Question	Yes	No	Details, if yes
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		The Department's HIV/AIDS policy deals directly with such incidences.
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes		<p>There are periodic sessions held with the Departmental employees in partnership with the Department of the Premier and Mangaung Gabriel Dichabe clinic to encourage Voluntary testing. However the unit will have to put measures to intensify the campaign on voluntary testing.</p> <p>The confidentiality of the results is normally safeguarded.</p>
8. Has the Department developed measures/ indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		No	This short fall will receive attention. The department does however have a Health Risk Manager that operated during 2012/2013 that advises in terms of incapacity leave and health. A suitably-qualified incumbent occupies the post of Health and Wellness Practitioner.

### 3.10. Labour Relations

#### 3.10.1. Collective agreements

Subject Matter	
None.	

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

#### 3.10.2. Misconduct and disciplinary hearings finalised

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling.	-	-
Verbal warning.	-	-
Written warning.	-	-
Final written warning.	6	30%
Suspended without pay.	4	20 %
Fine.	-	-
Demotion.	-	-
*Dismissal (Abscondments).	10	50 %
Not guilty.	-	-
Case withdrawn.	-	-
<b>Total</b>	<b>20</b>	<b>100 %</b>

*\*Dismissals due to \*Abscondments/desertion in terms of Section 17.3(a)(i) of the Public Service Act, 1994 Section 17.3 (a) (i) of Public Service, Act 1994.*

#### 3.10.3. Types of misconduct addressed at disciplinary hearings

Type of misconduct (based on annexure A)	Number	% of total
Negligence.	2	15.38 %
Assault.	2	15.38 %
Misuse of alcohol.	3	23.08 %
Absenteeism.	2	15.38 %
Leaving of post.	2	15.38 %
Unauthorized possession of state property.	1	7.7 %
Fraud (Social Grant).	1	7.7 %
<b>Total</b>	<b>13</b>	<b>100 %</b>

#### **3.10.4. Grievances logged**

	Number	% of Total
Number of grievances resolved.	11	100 %
Number of grievances not resolved.	-	-
<b>Total number of grievances lodged.</b>	<b>11</b>	<b>100 %</b>

#### **3.10.5. Disputes logged**

	Number	% of Total
Number of disputes upheld.	-	-
Number of disputes dismissed.	1	33.3 %
<b>Total number of disputes lodged.</b>	<b>3</b>	<b>100 %</b>
Number of disputes pending.	2	66.6 %

#### **3.10.6. Strike actions**

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

#### **3.10.7. Precautionary suspensions**

Number of people suspended.	5
Number of people whose suspension exceeded 30 days.	5
Average number of days suspended.	205
Cost (R'000) of suspension.	R727

### 3.11. Skills Development

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

#### 3.11.1. *Training needs identified*

Occupational Category	Gender	Number of employees as at 31 March 2013	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	7	-	-	-	-
	Male	18	-	1	-	1
Professionals.	Female	16	-	1	-	1
	Male	38	-	3	-	3
Technicians and associate professionals.	Female	32	-	9	-	9
	Male	76	-	13	-	13
Clerks.	Female	106	-	15	-	15
	Male	58	-	19	-	19
Service and sales workers.	Female	180	-	15	-	15
	Male	218	-	19	-	19
Skilled agriculture and fishery workers.	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft and related trades workers.	Female	266	-	52	-	52
	Male	492	-	17	-	17
Plant and machine operators and assemblers.	Female	2	-	-	-	-
	Male	16	-	-	-	-
Elementary occupations.	Female	519	-	42	-	42
	Male	317	-	76	-	76
<b>Sub Total</b>	<b>Female</b>	<b>1 128</b>	-	<b>134</b>	-	<b>134</b>
	<b>Male</b>	<b>1 233</b>	-	<b>148</b>	-	<b>148</b>
<b>Total</b>		<b>2 361</b>	-	<b>282</b>	-	<b>282</b>

As at 31 March 2013, the figures above include beneficiaries paid via PERSAL.

**3.11.2. *Training provided for the period***

Occupational Category	Gender	Number of employees as at 31 March 2013	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	7	-	-	-	-
	Male	18	-	-	-	-
Professionals.	Female	16	-	1	-	1
	Male	38	-	2	-	2
Technicians and associate professionals.	Female	32	-	6	-	6
	Male	76	-	10	-	10
Clerks.	Female	106	-	13	-	13
	Male	58	-	11	-	11
Service and sales workers.	Female	180	-	-	-	-
	Male	218	-	-	-	-
Skilled agriculture and fishery workers.	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft and related trades workers.	Female	266	-	40	-	40
	Male	492	-	10	-	10
Plant and machine operators and assemblers.	Female	2	-	-	-	-
	Male	16	-	-	-	-
Elementary occupations.	Female	519	-	42	-	42
	Male	317	-	76	-	76
<b>Sub Total</b>	<b>Female</b>	<b>1 128</b>	-	<b>102</b>	-	<b>102</b>
	<b>Male</b>	<b>1 233</b>	-	<b>109</b>	-	<b>109</b>
<b>Total</b>		<b>2 361</b>	-	<b>211</b>	-	<b>211</b>



### 3.12. Injury on duty

The following table provide basic information on injury on duty.

#### 3.12.1. *Injury on duty*

Nature of injury on duty	Number	% of total
Required basic medical attention only.	1	10 %
Temporary Total Disablement.	9	90 %
Disablement.	-	-
Fatal.	-	-
<b>Total</b>	<b>10</b>	<b>100 %</b>

### 3.13. Utilisation of Consultants

None

# PART E

## FINANCIAL INFORMATION

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## 1. REPORT OF THE ACCOUNTING OFFICER

### Report by the Accounting Officer to the Executive Authority and Provincial Legislature of the Republic of South Africa.

#### 1. General review of the state of financial affairs

The Free State Department of Public Works focused on building its capacity to manage its financial affairs during the 2012/13 financial year. The services of professional service providers were sought to build capacity on recurring audit findings of the Auditor-General. Part of the deliverables of the professional service provider was to ensure that skills transfer takes place. The Department has particularly realised the benefits of these capacity building programme in the following areas: Immovable Assets, Movable Assets, Internal Audit, and Supply Chain Management.

The Department of Public Works managed to successfully complete the stock take exercise on movable assets and is now in a better position to account for the safeguarding and management of its movable assets. While the Department could not perform physical verifications and conditional assessments on all its properties due to internal capacity constraints and limited fiscal resources, 1 008 properties were verified. The Department has, in cooperation with Provincial Treasury and the Office of the Auditor-General, agreed on how to resolve asset management related issues raised by the Auditor-General and a tremendous effort was put to ensure progress.

#### 1.1 Important policy decisions and strategic issues facing the Department

Although the Department made progress in certain areas, we are still faced with many financial challenges, which influence its strategy such as:

- Funding for the implementation of Government Immovable Asset Management Act (GIAMA).
- Attaining value for month in lease agreements.
- The accuracy of the Immovable Asset Register.
- Insufficient budget allocation for the payment of Municipal rates and taxes.
- Escalating lease and Municipal service costs.
- Limited resources to secure government buildings.
- Insufficient funding for maintenance of government buildings.
- Recovery of rentals on Government owned buildings.

#### 1.2 Major projects undertaken or completed during the year

Although the Department of Public Works is measured mainly on its own spending it is vital to note the Department's role in coordinating infrastructure projects on behalf of client Departments.

The Department of Public Works continued its focus on infrastructure delivery and coordinated 121 projects during the financial year, 9 are in the design stage, 3 ready for tender, 93 in construction and 16 maintenance projects.

### 1.3 Spending trends

The financial records of the Department reflects an under-expenditure of R22.672 million and revenue over-recovery of R9.988 million as at the end of the financial year. The under-expenditure is as a result of infrastructure projects that were mainly delayed due to poor performance by contractors and the shortage of steel supply in the country. Mangaung Metro and Matjhabeng Local Municipality areas are the most affected by the under-expenditure on office accommodation and Township Revitalization projects respectively. The situation is however under control and plans are in place to ensure continuity. The Department did not incur any unauthorized expenditure during the 2012/13 financial year.

### 1.4 Virement

The Department affected the following virement during the financial year under review, which was approved by the Accounting Officer. The virement was also reported to the Executive Authority and Provincial Treasury. R5.269 million from Programme 2 (Public Works Infrastructure) of which R4.229 million was allocated to Programme 1 (Administration) and R1.040 million to Programme 3 (Expanded Public Works Programme).

## 2. Service rendered by the department

The mandate of the Department revolves around two of its programmes namely Public Works Infrastructure (including Property Management) and Expanded Public Works Programme. The services rendered under Infrastructure and Property Management ranges from the following:

- Infrastructure provision
- Property maintenance
- Infrastructure Development Management System
- Coordination of leasing of government property on behalf of client departments
- Leasing out of government residential and commercial property
- Coordinate and support client departments with the development of User Asset Management Plans
- Development of the Custodian Immovable Asset Management Plan
- Development of the provincial accommodation plan
- Provision of prestige services to the Premier, all the MEC's in the Province, and the Members of the Legislature
- Security services on all the provincial government properties and MEC's residences, and lastly
- The facilities management services.

The Expanded Public Works Programme ("EPWP") is one of government's short-to-medium term programmes aimed at alleviating and reducing unemployment through the provision of work opportunities coupled with training. It is a national programme implemented across all spheres of government and state-owned enterprises. The programme involves re-orientating line function budgets so that government expenditure results in more work opportunities, particularly for unskilled labour in localities where projects are implemented. EPWP projects are therefore funded through the normal budgetary process, through the existing budgets of Departments, Provinces, and Municipalities.

The Department managed to implement township revitalisation projects through Township Revitalisation, Cemetery Maintenance, and Food for Waste projects for job creation.

### 2.1. Tariff policy

The Department reviewed the tariffs charged for parking and the sale of tender documents, and implemented it accordingly. Departmental staff inspecting the buildings, determining comparative market price, while also considering the condition and type of construction, determine the tariffs for rental of housing and government buildings. Market related rentals are not yet fully implemented i.e. with provision for Department of Health officials who rent at nominal fees.

## **2.2. Free Services**

The budget for office accommodation to provincial departments is centralised at Public Works as the custodian of government property and as a result, the department renders a services to client departments at no cost to such departments. The expenditure incurred at the end of the 2012/2013 financial year by the department on properties leased from the private sector on behalf of Provincial Government amounts to R163.588 million.

## **2.3. Inventories**

The Department's inventory on hand at year-end consisted of other consumable materials, which are reflected, in Annexure 5, to the Annual Financial Statements and amounts to R4.214 million.

## **3. Capacity constraints**

The Department of Public Works is exposed to capacity challenges in the following areas:

- Inadequate budget for property maintenance.
- Inadequate budget for conditional assessments on properties.
- Inadequate human capital resources to deal with immovable assets verification.
- Inadequate human capital resources for contract management.

## **4. Utilisation of donor funds**

The Department did not receive or utilise any donor funding during the year under review.

## **5. Trading entities and public entities**

The Department did not have any trading or public entities for the year under review.

## **6. Organisations to whom transfer payments have been made**

The Department made transfer payments to the amount of R268.005 million to municipalities in the Free State for municipal rates and taxes. Transfer payments to the amount of R2.527 million were made to households and employee social benefits.

## **7. Public Private Partnerships (PPP)**

Two projects, namely the Free State Provincial Government Building and the Free State Provincial Legislature are currently registered with the National Treasury as Public Private Partnerships. The appointment of transactional advisors for both projects will be made during the 2013/14 financial year.

## **8. Corporate governance arrangements**

The Department has a fully functional Internal Audit Directorate, Risk Management Committee, a working Performance Management System, Financial, Personnel, and Procurement delegations. The Department maintains controls on information systems, salary payments and all losses. There are several Departmental policies in place such as Code of Conduct, Protected Disclosures Policy, and Telephone Policy.

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

There are no discontinued activities or activities to be discontinued.

## **10. New/proposed activities**

There are no new or proposed activities to be noted.

## **11. Asset management**

The Department managed to conduct asset verifications, update the movable asset register, take on all the surpluses / gains and removed duplications. The investigating of the shortages identified during the asset verifications is still in process. The immovable asset register for all Provincial properties was split between the facilities and land parcels. The facilities will be matched to the land parcels during the 2013/2014 financial year. The asset registers for the bridges and quarries were updated to comply with the minimum requirements. The register for the bridges was updated with the correct maintenance values, duplicate and SANRAL bridges were removed, road numbers, GPS coordinates and town names. The asset register for quarries was updated with town names, correct size where possible and updated values where applicable.

## **12. Inventories**

All inventory opening and closing balances, together with movements for the year is reflected in Annexure 5 to the Annual Financial Statements and amounts to R4.214 million.

## **13. Events after the reporting date**

The Ramkraal Building Project for the new Legislature Building was transferred to the Department of Public Works. Expenditure totalling R70.597 million, which have been settled by the Legislature as payment agent of the project is being transferred to the Department of Public Works as "capital assets in progress".

#### 14. Information on predetermined objectives

The Department's key performance indicators for the 2012/2013 were not all SMART (specific, measurable, achievable, realistic, and time-bound). The Department will be streamlining its processes and documenting its procedures and processes for information accumulation, reporting, review and for compiling supporting documentation. The possibility of utilising an electronic document management system is also being considered.

#### 15. SCOPA resolutions

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
2/2010 par 2	Investigate all unauthorised, irregular, fruitless, and wasteful expenditure within 60 days from reporting date to determine responsibility.	All cases are investigated and the Department has made a tremendous progress in addressing long outstanding cases.
2/2010 par 4a	Consultants are only used if the relevant capacity/skills are not available within the department.	The Department complies with the resolution.
2/2010 par b	The supply chain management processes are followed.	The Department complies with the resolution.
2/2010 par d	The legal services unit within the department evaluates this contract or service level agreement.	All the Service Level Agreements are sent to Legal Services prior to the contracts being entered into between the Department and the third parties.
2/2010 par 5	Ensure that the financial section of the department is sufficiently capacitated by skilled officials to ensure that financial functions are properly executed.	Critical Finance posts have been filled and the Director's post is in the process of being filled.
2/2010 par 8	Implement control measures to ensure that all employees declare their own interest, spouses' and other close relatives' interest in companies or closed corporations tendering, quoting, or doing business with departments.	Bidders are disqualified if they do not fill in the SBD4 Forms.

## 16. 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>Immovable tangible capital assets:</p> <ul style="list-style-type: none"> <li>Current year adjustments to prior year balances.</li> <li>The valuation, completeness and existence of the closing balance.</li> </ul>	2008/2009	<p>Consultants were appointed to assist with compliant base-line immovable asset register. The Department reconciled data obtained from Land Affairs, the Deeds Office, Surveyor General and NDPW – 6 392 Desktop verifications have been completed.</p> <p>The asset register team is in the process of verifying assets. Milestones were set as the Department was not in the position to verify all the assets before the end of the financial year due to financial constraints. The target of 1 008 assets set for the current financial year were reached.</p>
<p>Movable tangible assets:</p> <ul style="list-style-type: none"> <li>Physical verification of assets.</li> <li>The valuation, completeness, and existence of the closing balance.</li> </ul>	2008/2009	<p>Physical Asset Verifications were performed during the current financial year.</p> <p>The Department is in the process of reviewing the Asset Management Policy and develop Standard Operating Procedures (Asset Management).</p>
<p>Receivables for Departmental Revenue, Impairment and Departmental Revenue:</p> <ul style="list-style-type: none"> <li>Lack of rental contracts place limitation of scope with regard to the completeness of revenue.</li> <li>No movement in the detail accounts of debtors.</li> <li>Incorrect Billing.</li> </ul>	2009/2010	<p>Reconciliation of accounts is performed and accounts are adjusted and subsequently cleared where necessary.</p> <p>Submissions have been sourced to write off debt in respect of the accounts where money could not be collected. Approval has been granted to write off debt.</p> <p>The system has been set up to accommodate different terms of the contracts – Bill recurring invoices for the term of the lease agreement including the escalation rate to avoid unnecessary errors. An accredited service provider has trained officials working with the PASTEL system.</p>

## 17. Exemptions and deviations received from the National Treasury

National Treasury has granted approval that the Department can submit an Excel based movable tangible capital asset register as the official asset register. The Excel register will be submitted for audit purposes and not the LOGIS asset register. The LOGIS asset register will be updated with the correct asset data by the end of the 2013/2014 financial year.

## 18. Interim Financial Statements

The Interim Financial Statements were submitted to Provincial Treasury within the timeframes specified as per Instruction Note 1 issued by National Treasury.



#### 19. Other

No other facts have a material influence in the understanding of the Annual Financial Statements.

#### 20. Approval

The Annual Financial Statements & Annexures set out on pages **130** to **207** have been approved by the Accounting Officer.



\_\_\_\_\_  
**MW SEOKE**

**Accounting Officer**

31 May 2013

**Date**

## 2. ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITIES

The Accounting Office is responsible for the preparation of the department's 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 designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

In my opinion, the financial statements fairly reflect the operations of the department for the financial year ended 31 March 2013.

The external auditors are engaged to express an independent opinion on the AFS of the department.

The Department of Public Works AFS for the year ended 31 March 2013, have been examined by the external auditors and their report is presented on page 123.

The Annual Financial Statements of the Department set out on page 130 to page 207 have been approved.



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**MW SEOKE**  
**ACCOUNTING OFFICER**  
**Public Works**  
**31 May 2013**

### 3. REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE ON VOTE NO. 9: DEPARTMENT OF PUBLIC WORKS

#### REPORT ON THE FINANCIAL STATEMENTS

##### Introduction

1. I have audited the financial statements of the Department of Public Works set out on pages 129 to 207 which comprise the appropriation statement, the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and 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 of the financial statements in accordance with the *Departmental financial reporting framework* 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 the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### 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 the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and 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 entity's preparation 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 entity'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

### Immovable tangible capital assets

6. I was unable to obtain sufficient appropriate audit evidence for assets included in the asset registers and improvements to government properties made by client departments because internal controls had not been established. I was unable to determine by alternative means whether all assets were appropriately disclosed. Consequently, I was unable to determine whether any adjustments to immovable assets, stated at R60 149 049 (2012: R42 583 765), were necessary.

### Receivable for departmental revenue

7. I was unable to obtain sufficient appropriate evidence for receivables for departmental revenue as there has been no movement in rental accounts since the 2012 financial year. Furthermore, I was unable to obtain sufficient appropriate audit evidence for the leasing of premises as lease contracts did not exist or have expired. I was unable to confirm if all potential revenue was billed and collected. I was unable to confirm by alternative means whether receivables for departmental revenue were appropriately recorded. Consequently, I was unable to determine whether any adjustments to the receivables for departmental revenue stated at R9 973 000 (2012: R23 155 000) was necessary.

## Opinion

8. In my opinion, except for the possible 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 as at 31 March 2013, and its financial performance and cash flows for the year then ended, in accordance with the *Departmental financial reporting framework* prescribed by the National Treasury and the requirements of the PFMA and DoRA.

## Emphasis of matters

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

### Material under spending of the budget

10. As disclosed in the appropriation statement, the department has materially underspent the budget on programme 1, 2 and 3 to the amount of R22 672 000 (2012: R19 130 000). As a consequence, the department has not achieved its objectives of training and development of personnel, completion of construction and maintenance projects and implementation of all Expanded Public Works Programme projects.

**Environmental rehabilitation liability**

11. Disclosed in note 17 to the financial statements is an environmental rehabilitation liability amounting to R3 758 243 000 (2012: R1 191 892 000). The Environmental rehabilitation liability relates to quarries that the department is required to rehabilitate in future.

**Restatement of corresponding figures**

12. As disclosed in notes 6.2, 22.1 and 23 to the financial statements, the corresponding figures for 31 March 2012 have been restated as a result of an error discovered during the 2012-2013 financial year in the financial statements of the Department of Public Works at, and for the year ended, 31 March 2012.

**Additional matter**

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

**Financial reporting framework**

14. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance with this framework and not that they "present fairly". Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

15. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

**Predetermined objectives**

16. I performed procedures to obtain evidence about the usefulness and reliability of the information in the report on predetermined objectives as set out on pages 27 to 53 of the annual report.

17. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the report on predetermined objectives relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant, as required by the National Treasury *Framework for managing programme performance information (FMPPI)*.

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

18. The material findings are as follows:

#### **Usefulness of information**

19. The FMPPI requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 24% of the indicators relevant to the Public Works Infrastructure and Expanded Public Works Programme were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.

#### **Reliability of information**

20. The National Treasury FMPPI requires that institutions should 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. Significant targets with respect to Public Works Infrastructure and Expanded Public Works Programme are materially misstated. This was due to the lack of frequent review of validity of reported achievements against source documentation.

#### **Additional matter**

21. I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

#### **Achievement of planned targets**

22. Of the total number of 70 targets planned for the year, 40 were not achieved during the year under review. This represents 57% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.

#### **Material adjustments to the report on predetermined objectives**

23. Material audit adjustments in the report on predetermined objectives were identified during the audit, of which some were corrected by management and those that were not corrected have been reported on accordingly.

#### **Compliance with laws and regulations**

24. I performed procedures to obtain evidence that the entity had complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations, as set out in the *General Notice* issued in terms of the PAA, are as follows:

## Financial statements

25. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1)(a) and (b) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were subsequently corrected or the supporting records were provided subsequently, but the supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

## Expenditure management

26. The accounting officer did not take effective steps to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation (TR) 9.1.1.

## Asset management

27. 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).

## Revenue management

28. The accounting officer did not ensure that appropriate processes were developed and implemented to provide for the identification, collection, recording, reconciliation and safeguarding of information about revenue, as required by TR 7.2.1.

29. The accounting officer did not take effective and appropriate steps 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).

## Internal control

30. I considered internal control relevant to my audit of the financial statements, report on predetermined objectives and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the report on predetermined objectives and the findings on compliance with laws and regulations included in this report.

## Leadership

31. Senior Management positions were filled only during the third quarter of the year. As management was new and had to familiarise themselves with the department's environment, they could not always exercise the expected oversight responsibility regarding financial and performance management.

## Financial and performance management

32. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. The lack of communication and coordination between the department and client departments regarding improvements made resulted in appropriate records not being available to support immovable assets. Lease contracts were not timeously renewed and new lease contracts prepared because the asset register enhancement project had not been completed due to lack of resources. The above mentioned was all due to the vacuum created by vacancies of key and strategic people in the properly unit as well as the lack of a dedicated contract management unit.

## OTHER REPORTS

### Investigations

33. During the 2009-10 financial year the executive committee requested an independent consulting firm to conduct an investigation at 10 departments in the Free State. The investigation aimed to establish whether they had complied with legislative prescripts relating to payroll and supply chain management and whether any transgressions occurred in this respect. The report has been finalised and provided to management for implementation. The recommendations dealt with improvements to be made to internal control processes.

### Performance audit

34. A performance audit was conducted on the readiness of government to report on its performance. The focus of the audit was 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 management report was issued during this year and responded by the department. The process of evaluating the responses is ongoing.

*Auditor-General*

Bloemfontein

31 July 2013



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



# PART E

## FINANCIAL INFORMATION

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Appropriation per programme

2012/13										2011/12	
APPROPRIATION STATEMENT	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		
1. Administration											
Current payment	79 872	382	4 529	84 783	81 903	2 880	96.6%	74 507	71 683		
Transfers and subsidies	760	-	(300)	460	426	34	92.6%	1 032	989		
Payment for capital assets	3 658	(382)	-	3 276	2 653	623	81.0%	12 905	12 216		
Payment for financial assets	-	-	-	-	363	(363)	-	-	1 359		
	84 290	-	4 229	88 519	85 345	3 174	96.4%	88 444	86 247		
2. Public Works Infrastructure											
Current payment	702 761	(565)	(5 569)	696 627	692 163	4 464	99.4%	660 407	654 032		
Transfers and subsidies	269 914	-	300	270 214	270 136	78	100.0%	242 879	242 866		
Payment for capital assets	62 881	565	-	63 446	55 956	7 490	88.2%	82 968	77 012		
	1 035 556	-	(5 269)	1 030 287	1 018 255	12 032	98.8%	986 254	973 910		
3. Expanded Public Works Programme											
Current payment	40 860	-	600	41 460	39 949	1 511	96.4%	56 864	51 016		
Paymnet for capital assets	117 218	-	440	117 658	111 703	5 955	94.9%	142 100	143 365		
	158 078	-	1 040	159 118	151 652	7 466	95.3%	198 970	194 381		
TOTAL	1 277 924	-	-	1 277 924	1 255 252	22 672	98.2%	1 273 668	1 254 538		

APPROPRIATION STATEMENT  
for the year ended 31 March 2013

	2012/13		2011/12	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward)	1 277 924	1 255 252	1 273 668	1 254 538
Reconciliation with statement of financial performance				
Actual amounts per statement of financial performance (total revenue)	1 277 924		1 273 668	
Actual amounts per statement of financial performance (total expenditure)		1 255 252		1 254 538

Appropriation per economic classification

2012/13										2011/12	
	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>Current payments</b>											
Compensation of employees	334 329	(17 621)	(2 369)	314 339	313 992	347	99.9%	302 753	298 903		
Goods and services	489 164	17 435	1 929	508 528	500 020	8 508	98.3%	489 024	477 829		
Interest and rent on land	-	3	-	3	2	1	66.7%	1	1		
	823 493	(183)	(440)	822 870	814 014	8 856	98.9%	791 778	776 733		
<b>Transfers and subsidies</b>											
Provinces and municipalities	268 014	32	-	268 046	268 035	11	100.0%	240 163	240 150		
Households	2 660	(32)	-	2 628	2 527	101	96.2%	3 748	3 705		
	270 674	-	-	270 674	270 562	112	100.0%	243 911	243 855		
<b>Payments for capital assets</b>											
Buildings and other fixed structures	170 648	107	440	171 195	158 813	12 382	92.8%	221 243	216 790		
Machinery and equipment	13 109	76	-	13 185	11 500	1 685	87.2%	15 669	14 734		
Software and other intangible assets	-	-	-	-	-	-	-	1 067	1 067		
	183 757	183	440	184 380	170 313	14 067	92.4%	237 979	232 591		
<b>Payments for financial assets</b>											
	-	-	-	-	363	(363)	-	-	1 359		
<b>Total</b>	<b>1 277 924</b>	<b>-</b>	<b>-</b>	<b>1 277 924</b>	<b>1 255 252</b>	<b>22 672</b>	<b>98.2%</b>	<b>1 273 668</b>	<b>1 254 538</b>		

## VOTE 9

## APPROPRIATION STATEMENT

for the year ended 31 March 2013

## Programme 1: Administration

Per economic classification	2012/13						2011/12		
	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>Current payments</b>									
Compensation of employees	54 039	(3 577)	2 600	53 062	52 999	63	99.9%	48 475	47 245
Goods and services	25 833	3 956	1 929	31 718	28 902	2 816	91.1%	26 031	24 438
Interest and rent on land	-	3	-	3	2	1	66.7%	1	1
	79 872	382	4 529	84 783	81 903	2 880	96.6%	74 507	71 684
<b>Transfers and subsidies</b>									
Provinces and municipalities	-	32	-	32	30	2	93.8%	-	-
Households	760	(32)	(300)	428	396	32	92.5%	1 032	989
	760	-	(300)	460	426	34	92.6%	1 032	989
<b>Payments for capital assets</b>									
Buildings and other fixed structures	-	107	-	107	99	8	92.5%	-	-
Machinery and equipment	3 658	(489)	-	3 169	2 554	615	80.6%	11 838	11 148
Software and other intangible assets	-	-	-	-	-	-	-	1 067	1 067
	3 658	(382)	-	3 276	2 653	623	81.0%	12 905	12 215
<b>Payments for financial assets</b>									
	-	-	-	-	363	(363)	-	-	1 359
<b>Total</b>	<b>84 290</b>	<b>-</b>	<b>4 229</b>	<b>88 519</b>	<b>85 345</b>	<b>3 174</b>	<b>96.4%</b>	<b>88 444</b>	<b>86 247</b>

## PART E: FINANCIAL INFORMATION

Detail per Programme 1: Administration

Detail per sub-programme	2012/13						2011/12		
	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
1.1 Office of the MEC									
	7 907	2 075	740	10 722	10 594	128	98.8%	7 802	7 645
	196	(36)	-	160	130	30	81.3%	977	903
	8 103	2 039	740	10 882	10 724	158	98.6%	8 779	8 548
1.2 Management/Head of Department									
	5 008	(914)	117	4 211	4 140	71	98.3%	4 491	4 387
	138	(17)	-	121	98	23	81.0%	118	90
	5 146	(931)	117	4 332	4 238	94	97.8%	4 609	4 477
1.3 Corporate Support									
	66 957	(779)	3 672	69 850	67 169	2 681	96.2%	62 214	59 651
	760	-	(300)	460	426	34	92.6%	1 032	989
	3 324	(329)	-	2 995	2 425	570	81.0%	11 810	11 223
	-	-	-	-	363	(363)	-	-	1 359
	71 041	(1 108)	3 372	73 305	70 383	2 922	96.0%	75 056	73 222
Total	84 290	-	4 229	88 519	85 345	3 174	96.4%	88 444	86 247

## VOTE 9

## APPROPRIATION STATEMENT

for the year ended 31 March 2013

## Programme 2: Public Works Infrastructure

Per economic classification	2012/13							2011/12	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
<b>Current payments</b>									
Compensation of employees	269 219	(13 886)	(5 569)	249 764	249 955	(191)	100.1%	244 753	243 454
Goods and services	433 542	13 321	-	446 863	442 208	4 655	99.0%	415 654	410 579
	702 761	(565)	(5 569)	696 627	692 163	4 464	99.4%	660 407	654 033
<b>Transfers and subsidies</b>									
Provinces and municipalities	268 014	-	-	268 014	268 005	9	100.0%	240 163	240 150
Households	1 900	-	300	2 200	2 131	69	96.9%	2 716	2 716
	269 914	-	300	270 214	270 136	78	100.0%	242 879	242 866
<b>Payments for capital assets</b>									
Buildings and other fixed structures	53 500	-	-	53 500	47 004	6 496	87.9%	79 229	73 606
Machinery and equipment	9 381	565	-	9 946	8 952	994	90.0%	3 739	3 405
	62 881	565	-	63 446	55 956	7 490	88.2%	82 968	77 011
<b>Total</b>	<b>1 035 556</b>	<b>-</b>	<b>(5 269)</b>	<b>1 030 287</b>	<b>1 018 255</b>	<b>12 032</b>	<b>98.8%</b>	<b>986 254</b>	<b>973 910</b>

Programme 2: Public Works Infrastructure

Detail per sub-programme	2012/13							2011/12	
	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>2.1 Programme Support Office</b>									
Current payment	7 150	(3 357)	-	3 793	3 721	72	98.1%	4 233	4 155
Transfers and subsidies	-	-	-	-	-	-	-	2	2
Payment for capital assets	150	(133)	-	17	14	3	82.4%	48	33
	7 300	(3 490)	-	3 810	3 735	75	98.0%	4 283	4 190
<b>2.2 Planning</b>									
Current payment	11 090	(3 556)	-	7 534	7 446	88	98.8%	-	-
Payment for capital assets	370	(265)	-	105	70	35	66.7%	-	-
	11 460	(3 821)	-	7 639	7 516	123	98.4%	-	-
<b>2.3 Design</b>									
Current payment	16 943	1 324	-	18 267	18 088	179	99.0%	21 667	20 917
Transfers and subsidies	39	(22)	-	17	16	1	94.1%	-	-
Payment for capital assets	361	(230)	-	131	105	26	80.2%	401	356
	17 343	1 072	-	18 415	18 209	206	98.9%	22 068	21 273



## APPROPRIATION STATEMENT

for the year ended 31 March 2013

## Programme 2: Public Works Infrastructure (Continued)

Detail per programme	2012/13							2011/12	
	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>2.4 Construction</b>									
Current payment	4 559	1 692	-	6 251	6 158	93	98.5%	6 184	6 172
Transfers and subsidies	-	-	-	-	-	-	-	165	164
Payment for capital assets	53 058	(50)	-	53 008	46 621	6 387	88.0%	72 321	66 803
	57 617	1 642	-	59 259	52 779	6 480	89.1%	78 670	73 139
<b>2.5 Maintenance</b>									
Current payment	137 828	(7 870)	-	129 958	127 535	2 423	98.1%	123 603	120 800
Transfers and subsidies	1 076	(120)	300	1 256	1 226	30	97.6%	1 228	1 226
Payment for capital assets	1 805	(199)	-	1 606	1 209	397	75.3%	7 108	6 642
	140 709	(8 189)	300	132 820	129 970	2 850	97.9%	131 939	128 668
<b>2.6 Immoveable Asset Management</b>									
Current payment	383 048	16 651	-	399 699	398 748	951	99.8%	373 384	373 200
Transfers and subsidies	268 014	-	-	268 014	268 005	9	100.0%	241 195	241 181
Payment for capital assets	332	(101)	-	231	164	67	71.0%	369	354
	651 394	16 550	-	667 944	666 917	1 027	99.9%	614 948	614 735

**Programme 2: Public Works Infrastructure (Continued)**

2012/13										2011/12	
Detail per sub-programme	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		
2.7 Facility Operations											
Current payment	142 143	(5 449)	(5 569)	131 125	130 467	658	99.5%	131 336	128 788		
Transfers and subsidies	785	142	-	927	889	38	95.9%	289	293		
Payment for capital assets	6 805	1 543	-	8 348	7 773	575	93.1%	2 721	2 824		
	149 733	(3 764)	(5 569)	140 400	139 129	1 271	99.1%	134 346	131 905		
Total	1 035 556	-	(5 269)	1 030 287	1 018 255	12 032	98.8%	986 254	973 910		

It should be noted that in the 2011/2012 financial year the Department had five sub-programmes for Programme 2: Public Works Infrastructure. Sub-Programme 5: Property Management was replaced by Sub-Programme 6: Immoveable Asset Management and Sub-Programme 7: Facility Operations. The comparative amount was restated to allocate the Property Management amount between the two new sub-programmes.

## VOTE 9

## APPROPRIATION STATEMENT

for the year ended 31 March 2013

## Programme 3: Expanded Public Works Programme

Per economic classification	2012/13							2011/12	
	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>Current payments</b>									
Compensation of employees	11 071	(158)	600	11 513	11 038	475	95.9%	9 525	8 204
Goods and services	29 789	158	-	29 947	28 910	1 037	96.5%	47 339	42 812
	40 860	-	600	41 460	39 948	1 512	96.4%	56 864	51 016
<b>Payments for capital assets</b>									
Buildings and other fixed structures	117 148	-	440	117 588	111 710	5 878	95.0%	142 014	143 184
Machinery and equipment	70	-	-	70	(6)	76	(8.6%)	92	181
	117 218	-	440	117 658	111 704	5 954	94.9%	142 106	143 365
<b>Total</b>	<b>158 078</b>	<b>-</b>	<b>1 040</b>	<b>159 118</b>	<b>151 652</b>	<b>7 466</b>	<b>95.3%</b>	<b>198 970</b>	<b>194 381</b>

Programme 3: Expanded Public Works Programme

		2012/13						2011/12		
Detail	per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Programme Support										
	Current payment	12 976	26	600	13 602	12 823	779	94.3%	11 426	10 042
	Payment for capital assets	70	-	-	70	10	60	14.3%	92	71
		13 046	26	600	13 672	12 833	839	93.9%	11 518	10 113
3.2 Innovation and Empowerment										
	Current payment	23 700	(1 526)	-	22 174	19 962	2 212	90.0%	2 244	2 346
	Payment for capital assets	-	-	-	-	(17)	17	-	-	-
		23 700	(1 526)	-	22 174	19 945	2 229	90.0%	2 244	2 346
3.3 EPWP Co-ordination and Compliance Monitoring										
	Current payment	4 184	1 500	-	5 684	7 164	(1 480)	126.0%	43 194	38 628
	Payment for capital assets	117 148	-	440	117 588	111 710	5 878	95.0%	142 014	143 294
		121 332	1 500	440	123 272	118 874	4 398	96.4%	185 208	181 922
Total		158 078	-	1 040	159 118	151 652	7 466	95.3%	198 970	194 381

## VOTE 9

## NOTES APPROPRIATION STATEMENT

for the year ended 31 March 2013

**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 & B) 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
1. Administration	88 519	85 345	3 174	3.6%
2. Public Works Infrastructure	1 030 287	1 018 255	12 032	1.2%
3. Expanded Public Works Programme	159 118	151 652	7 466	4.7%

**Programme 1**

The under expenditure is due to the non-payment for advertisement of posts, training not complete and the installation of a UPS still in progress.

**Programme 2 and Programme 3**

The under-expenditure is as a result of infrastructure projects that were mainly delayed due to poor performance by contractors and the shortage of steel supply in the country. Mangaung Metro and Matjhabeng Local Municipality areas are the most affected by the under-expenditure on office accommodation and Township revitalization projects respectively. The situation is however under control and plans are in place to ensure continuity.

4.2 Per economic classification	Final Appropriation  R'000	Actual Expenditure  R'000	Variance  R'000	Variance as a % of Final Appropriation  R'000
Current payments				
Compensation of employees	314 339	313 992	347	0.1%
Goods and services	508 528	500 020	8 508	1.7%
Interest and rent on land	3	2	1	33.3%
Transfers and subsidies				
Provinces and municipalities	268 046	268 035	11	-
Households	2 628	2 527	101	3.8%
Payments for capital assets				
Buildings and other fixed structures	171 195	158 813	12 382	7.2%
Machinery and equipment	13 185	11 500	1 685	12.8%
Payments for financial assets	-	363	(363)	-

The under expenditure is due to:

- The non-payment for advertisement of posts, training not complete, and the installation of a UPS still in progress.
- Infrastructure projects that were mainly delayed due to poor performance by contractors and the shortage of steel supply in the country. Mangaung Metro and Matjhabeng Local Municipality areas are the most affected by the under-expenditure on office accommodation and Township revitalization projects respectively. The situation is however under control and plans are in place to ensure continuity.

4.3 Per conditional grant	Final Appropriation  R'000	Actual Expenditure  R'000	Variance  R'000	Variance as a % of Final Appropriation  R'000
Devolution of Property Rate Fund	268 014	268 005	9	-
EPWP Integrated Grant to Provinces for the Infrastructure	6 184	5 377	807	13.0%
Revenue Enhancement Allocation	2 800	1 966	834	29.8%
Infrastructure Enhancement Allocation	120 267	115 928	4 339	3.6%

The under-expenditure is as a result of infrastructure projects that were mainly delayed due to poor performance by contractors and the shortage of steel supply in the country. Mangaung Metro and Matjhabeng Local Municipality areas are the most affected by the under-expenditure on office accommodation and Township revitalization projects respectively. The situation is however under control and plans are in place to ensure continuity.

## PERFORMANCE

### REVENUE

Annual appropriation  
Departmental revenue

### TOTAL REVENUE

### EXPENDITURE

#### Current expenditure

Compensation of employees  
Goods and services  
Interest and rent on land

#### Total current expenditure

#### Transfers and subsidies

#### Expenditure for capital assets

Tangible capital assets  
Software and other intangible assets

#### Total expenditure for capital assets

#### Payments for financial assets

### TOTAL EXPENDITURE

### SURPLUS/(DEFICIT) FOR THE YEAR

#### Reconciliation of Net Surplus/(Deficit) for the year

Voted funds  
Annual appropriation  
Conditional grants  
Unconditional grants

### SURPLUS/(DEFICIT) FOR THE YEAR

Note	2012/13 R'000	2011/12 R'000
1	1 277 924	1 273 668
2	-	-
	<b>1 277 924</b>	<b>1 273 668</b>
3	313 992	298 903
4	500 020	477 829
5	2	1
	<b>814 014</b>	<b>776 733</b>
7	<b>270 562</b>	<b>243 855</b>
8	170 313	231 524
8	-	1 067
	<b>170 313</b>	<b>232 591</b>
6	<b>363</b>	<b>1 359</b>
	<b>1 255 252</b>	<b>1 254 538</b>
	<b>22 672</b>	<b>19 130</b>
	<b>22 672</b>	<b>19 130</b>
	16 683	13 393
	5 989	23
	-	5 714
	<b>22 672</b>	<b>19 130</b>

POSITION	Note	2012/13 R'000	2011/12 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>26 741</b>	<b>26 250</b>
Cash and cash equivalents	9	12 817	22 072
Prepayments and advances	10	1 615	1 645
Receivables	11	12 309	2 533
<b>TOTAL ASSETS</b>		<b>26 741</b>	<b>26 250</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>25 750</b>	<b>25 579</b>
Voted funds to be surrendered to the Revenue Fund	12	22 672	19 130
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	3 070	6 060
Payables	14	8	389
<b>TOTAL LIABILITIES</b>		<b>25 750</b>	<b>25 579</b>
<b>NET ASSETS</b>		<b>991</b>	<b>671</b>
Represented by:			
Recoverable revenue		991	671
<b>TOTAL</b>		<b>991</b>	<b>671</b>



**NET ASSETS***Note***2012/13****2011/12****R'000****R'000****Recoverable revenue**

Opening balance

671

981

Transfers:

**320****(310)**

Irrecoverable amounts written off

6.2

(109)

(409)

Debts revised

(8)

(281)

Debts recovered (included in departmental receipts)

(339)

(354)

Debts raised

776

734

Closing balance

991

671

**TOTAL****991****671**

## CASH FLOW

Note

2012/13

2011/12

R'000

R'000

### CASH FLOWS FROM OPERATING ACTIVITIES

#### Receipts

1 311 042

1 301 560

Annual appropriated funds received

1.1

1 277 924

1 273 668

Departmental revenue received

33 118

27 892

Net (increase)/decrease in working capital

(10 127)

23 881

Surrendered to Revenue Fund

(55 478)

(58 833)

Current payments

(814 014)

(776 733)

Payments for financial assets

(363)

(1 359)

Transfers and subsidies paid

(270 562)

(243 855)

**Net cash flow available from operating activities**

15

**160 498**

**244 661**

### CASH FLOWS FROM INVESTING ACTIVITIES

Payments for capital assets

8

(170 313)

(232 591)

Proceeds from sale of capital assets

2.3

240

184

**Net cash flows from investing activities**

**(170 073)**

**(232 407)**

### CASH FLOWS FROM FINANCING ACTIVITIES

Increase/(decrease) in net assets

320

(310)

**Net cash flows from financing activities**

**320**

**(310)**

Net increase/(decrease) in cash and cash equivalents

(9 255)

11 944

Cash and cash equivalents at beginning of period

22 072

10 128

**Cash and cash equivalents at end of period**

16

**12 817**

**22 072**

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, 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, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 5 of 2012.

## **1. Presentation of the Financial Statements**

### **1.1 Basis of preparation**

The financial statements have been prepared on a modified cash basis of accounting.

Under this basis, the effects of transactions and other events are recognised in the financial records when the resulting cash is received or paid. The “modification” results from the recognition of certain near-cash balances in the financial statements as well as the revaluation of foreign investments and loans and the recognition of resulting revaluation gains and losses.

In addition supplementary information is provided in the disclosure notes to the financial statements where it is deemed to be useful to the users of the financial statements.

### **1.2 Presentation currency**

All amounts have been presented in the currency of the South African Rand (R), which is also the functional currency of the department.

### **1.3 Rounding**

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

### **1.4 Comparative figures**

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.

### **1.5 Comparative figures - Appropriation Statement**

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

## **2. Revenue**

### **2.1 Appropriated funds**

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the Provincial Revenue Fund. Any amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

Any amount due from the Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.

### **2.2 Departmental revenue**

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the Provincial Revenue Fund at the end of the financial year is recognised as a payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure notes to the annual financial statements.

## **3. Expenditure**

### **3.1 Compensation of employees**

#### **3.1.1 Salaries and wages**

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the statement of financial performance.

#### **3.1.2 Social contributions**

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

### 3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5, 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as *goods and services* and not as *rent on land*.

### 3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

### 3.4 Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements.

All other losses are recognised when authorisation has been granted for the recognition thereof.

### 3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

### 3.6 Unauthorised expenditure

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date stipulated in the Act.

### 3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

### 3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

#### **4. Assets**

##### **4.1 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

##### **4.2 Other financial assets**

Other financial assets are carried in the statement of financial position at cost.

##### **4.3 Prepayments and advances**

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

##### **4.4 Receivables**

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

##### **4.5 Inventory**

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

##### **4.6 Capital assets**

###### **4.6.1 Movable assets**

###### **Initial recognition**

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

###### **Subsequent recognition**

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

###### **4.6.2 Immovable assets**

###### **Initial recognition**

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

### Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as “expenditure for capital assets”. On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current “goods and services” in the statement of financial performance.

### 4.6.3 Intangible assets

#### Initial recognition

An intangible asset is recorded in the asset register on receipt of the item at cost. Cost of an intangible asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the intangible asset is stated at fair value. Where fair value cannot be determined, the intangible asset is included in the asset register at R1.

#### Subsequent expenditure

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital asset” and is capitalised in the asset register of the department.

Maintenance is expensed as current “goods and services” in the statement of financial performance.

## 5. Liabilities

### 5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

### 5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

### 5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

### 5.4 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

### 5.5 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

### 5.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

## **5.7 Lease commitments**

### **Finance lease**

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as a capital expense in the statement of financial performance and are not apportioned between the capital and the interest portions. The total finance lease payment is disclosed in the disclosure notes to the financial statements.

### **Operating lease**

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statement.

## **5.8 Impairment**

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

## **5.9 Provisions**

Provisions are disclosed 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 will be required to settle the obligation and a reliable estimate of the obligation can be made.

## **6. Receivables for departmental revenue**

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements. These receivables are written off when identified as irrecoverable and are disclosed separately.

## **7. Net Assets**

### **7.1 Recoverable revenue**

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

## **8. Related party transactions**

Specific information with regards to related party transactions is included in the disclosure notes.

## **9. Key management personnel**

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.



## ANNUAL APPROPRIATION

### 1.1 Annual Appropriation

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

		2012/13		2011/12
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration	88 519	88 519	-	88 444
Public Works Infrastructure	1 030 287	1 030 287	-	986 254
Expanded Public Works Programme	159 118	159 118	-	198 970
<b>Total</b>	<b>1 277 924</b>	<b>1 277 924</b>	<b>-</b>	<b>1 273 668</b>

### 1.2 Conditional grants

	Note	2012/13	2011/12
		R'000	R'000
<b>Total grants received</b>	<b>32</b>	<b>397 265</b>	<b>244 366</b>
Provincial grants included in Total Grants received		123 067	-

### 1.3 Unconditional grants

	Note	2012/13	2011/12
		R'000	R'000
<b>Total grants received</b>	<b>33</b>	<b>-</b>	<b>157 958</b>

## 2. Departmental revenue

	<i>Note</i>	<b>2012/13</b> <b>R'000</b>	<b>2011/12</b> <b>R'000</b>
Sales of goods and services other than capital assets	2.1	32 340	19 414
Interest, dividends and rent on land	2.2	97	250
Sales of capital assets	2.3	240	184
Transactions in financial assets and liabilities	2.4	681	8 228
Total revenue collected		33 358	28 076
Less: Own revenue included in appropriation	13	33 358	28 076
<b>Departmental revenue collected</b>		<b>-</b>	<b>-</b>

### 2.1 Sales of goods and services other than capital assets

	<i>Note</i>	<b>2012/13</b> <b>R'000</b>	<b>2011/12</b> <b>R'000</b>
Sales of goods and services produced by the department	2	32 339	19 414
Sales by market establishment		31 739	18 712
Other sales		600	702
Sales of scrap, waste and other used current goods		1	-
<b>Total</b>		<b>32 340</b>	<b>19 414</b>

### 2.2 Interest, dividends and rent on land

	<i>Note</i>	<b>2012/13</b> <b>R'000</b>	<b>2011/12</b> <b>R'000</b>
Interest	2	97	250
<b>Total</b>		<b>97</b>	<b>250</b>

### 2.3 Sale of capital assets

	<i>Note</i>	<b>2012/13</b> <b>R'000</b>	<b>2011/12</b> <b>R'000</b>
Tangible assets	2	240	184
Buildings and other fixed structures	31.2	240	184
<b>Total</b>		<b>240</b>	<b>184</b>

## 2.4 Transactions in financial assets and liabilities

<i>Note</i>	2012/13	2011/12
2	R'000	R'000
Receivables	450	765
Other Receipts including Recoverable Revenue	231	7 463
<b>Total</b>	<b>681</b>	<b>8 228</b>

## 3. Compensation of employees

### 3.1 Salaries and Wages

<i>Note</i>	2012/13	2011/12
	R'000	R'000
Basic salary	207 998	199 491
Performance award	4 280	4 241
Service Based	575	482
Compensative/circumstantial	4 634	3 501
Other non-pensionable allowances	48 744	44 197
<b>Total</b>	<b>266 231</b>	<b>251 912</b>

### 3.2 Social contributions

<i>Note</i>	2012/13	2011/12
	R'000	R'000
<b>Employer contributions</b>		
Pension	25 300	24 880
Medical	22 351	22 006
Bargaining council	110	105
<b>Total</b>	<b>47 761</b>	<b>46 991</b>
<b>Total compensation of employees</b>	<b>313 992</b>	<b>298 903</b>
Average number of employees	2 311	2 135

#### 4. Goods and services

	Note	2012/13 R'000	2011/12 R'000
Administrative fees		127	82
Advertising		1 905	1 078
Assets less than R5,000	4.1	766	2 094
Bursaries (employees)		1 407	1 290
Catering		588	853
Communication		3 828	5 000
Computer services	4.2	2 634	940
Consultants, contractors and agency/outsourced services	4.3	42 590	45 999
Entertainment		164	91
Audit cost – external	4.4	5 965	5 220
Inventory	4.5	4 194	9 530
Operating leases		171 266	164 080
Property payments	4.6	244 082	213 666
Transport provided as part of the departmental activities		142	22
Travel and subsistence	4.7	17 034	13 651
Venues and facilities		174	122
Training and staff development		2 944	1 229
Other operating expenditure	4.8	210	12 882
<b>Total</b>		<b>500 020</b>	<b>477 829</b>

##### 4.1 Assets less than R5,000

	Note	2012/13 R'000	2011/12 R'000
<b>Tangible assets</b>	4	<b>766</b>	<b>2 094</b>
Machinery and equipment		766	2 094
<b>Total</b>		<b>766</b>	<b>2 094</b>

##### 4.2 Computer services

	Note	2012/13 R'000	2011/12 R'000
SITA computer services	4		
External computer service providers		883	940
		1 751	-
<b>Total</b>		<b>2 634</b>	<b>940</b>

#### 4.3 Consultants, contractors and agency/outsourced services

Note	2012/13	2011/12
4	R'000	R'000
Business and advisory services	7 568	2 454
Infrastructure and planning	15	4 833
Legal costs	907	3 516
Contractors	34 081	35 163
Agency and support/outsourced services	19	33
<b>Total</b>	<b>42 590</b>	<b>45 999</b>

#### 4.4 Audit cost – External

Note	2012/13	2011/12
4	R'000	R'000
Regularity audits	5 965	5 220
<b>Total</b>	<b>5 965</b>	<b>5 220</b>

#### 4.5 Inventory

Note	2012/13	2011/12
4	R'000	R'000
Fuel, oil and gas	53	41
Other consumables	1 722	5 866
Materials and supplies	544	1 062
Stationery and printing	1 873	2 561
Medical supplies	2	-
<b>Total</b>	<b>4 194</b>	<b>9 530</b>

#### 4.6 Property payments

Note	2012/13	2011/12
4	R'000	R'000
Municipal services	224 503	206 226
Other	19 579	7 440
<b>Total</b>	<b>244 082</b>	<b>213 666</b>

#### 4.7 Travel and subsistence

Note	2012/13	2011/12
4	R'000	R'000
Local	16 498	13 493
Foreign	536	158
<b>Total</b>	<b>17 034</b>	<b>13 651</b>

#### 4.8 Other operating expenditure

<i>Note</i>	2012/13	2011/12
	R'000	R'000
Learnerships	-	12 339
Resettlement costs	199	516
Other	11	27
<b>Total</b>	<b>210</b>	<b>12 882</b>

#### 5. Interest and rent on land

<i>Note</i>	2012/13	2011/12
	R'000	R'000
Interest paid	2	1
<b>Total</b>	<b>2</b>	<b>1</b>

#### 6. Payments for financial assets

<i>Note</i>	2012/13	2011/12
	R'000	R'000
Other material losses written off	110	315
Debts written off	253	1 044
<b>Total</b>	<b>363</b>	<b>1 359</b>

##### 6.1 Other material losses written off

<i>Note</i>	2012/13	2011/12
	R'000	R'000
<b>Nature of losses</b>		
Losses	110	315
<b>Total</b>	<b>110</b>	<b>315</b>

## 6.2 Debts written off

<i>Note</i>	2012/13	2011/12
6	R'000	R'000
<b>Nature of debts written off</b>		
Recoverable revenue written off		
Leave without pay	13	100
Salary overpayment	56	204
Creditors Debt (Suppliers)	39	-
Salary deduction	1	-
Bursaries	-	54
Losses and damages	-	21
Subsidised Vehicle	-	30
<b>Total</b>	<b>109</b>	<b>409</b>
Other debt written off		
Leave without pay	55	8
Salary deduction	7	27
Salary overpayment	72	157
Shortages	-	2
Telephone Debt	2	-
Tax	7	7
Subsidised Vehicle	1	43
Creditors Debt (Suppliers)	-	385
Department of Police, Roads and Transport	-	6
<b>Total</b>	<b>144</b>	<b>635</b>
<b>Total debt written off</b>	<b>253</b>	<b>1 044</b>

## 7. Transfers and subsidies

		2012/13 R'000	2011/12 R'000
	<i>Note</i>		
Provinces and municipalities	32, Annex 1A	268 005	240 150
Households	Annex 1B	2 527	3 705
Gifts, donations and sponsorships made	Annex 1D	30	-
<b>Total</b>		<b>270 562</b>	<b>243 855</b>
Unspent funds transferred to the above beneficiaries		-	-

## 8. Expenditure for capital assets

	<i>Note</i>	2012/13 R'000	2011/12 R'000
<b>Tangible assets</b>		170 313	231 524
Buildings and other fixed structures	31.1	158 813	218 724
Machinery and equipment	29.1	11 500	12 800
<b>Software and other intangible assets</b>		-	1 067
Computer software	30.1	-	1 067
<b>Total</b>		<b>170 313</b>	<b>232 591</b>

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

Goods and services	-	187 720
<b>Total</b>	-	187 720

### 8.1 Analysis of funds utilised to acquire capital assets – 2012/13

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	170 313	-	170 313
Buildings and other fixed structures	158 813	-	158 813
Machinery and equipment	11 500	-	11 500
<b>Total</b>	<b>170 313</b>	<b>-</b>	<b>170 313</b>



## 8.2 Analysis of funds utilised to acquire capital assets – 2011/12

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>231 524</b>	<b>-</b>	<b>231 524</b>
Buildings and other fixed structures	218 724	-	218 724
Machinery and equipment	12 800	-	12 800
<b>Software and other intangible assets</b>	<b>1 067</b>	<b>-</b>	<b>1 067</b>
Computer software	1 067	-	1 067
<b>Total</b>	<b>232 591</b>	<b>-</b>	<b>232 591</b>

## 9. Cash and cash equivalents

	Note	2012/13 R'000	2011/12 R'000
Consolidated Paymaster General Account	16	12 724	21 932
Cash on hand	16	93	140
<b>Total</b>		<b>12 817</b>	<b>22 072</b>

## 10 Prepayments and advances

	Note	2012/13 R'000	2011/12 R'000
Travel and subsistence		46	76
Prepayments		1 569	1 569
<b>Total</b>		<b>1 615</b>	<b>1 645</b>

## 11. Receivables

		2012/13			2011/12
		R'000	R'000	R'000	R'000
		Less than one year	One to three years	Older than three years	Total
	Note				Total
	11.1				
	Annex				
Claims recoverable	3	9 783	-	-	9 783
Recoverable expenditure	11.2	158	-	-	158
Staff debt	11.3	483	1 246	1 076	2 805
Other debtors	11.4	(437)	-	-	(437)
<b>Total</b>		<b>9 987</b>	<b>1 246</b>	<b>1 076</b>	<b>12 309</b>
					<b>2 533</b>

### 11.1 Claims recoverable

	Note	2012/13	2011/12
	11	R'000	R'000
National departments		2	43
Provincial departments		8 993	165
Public entities		788	-
<b>Total</b>		<b>9 783</b>	<b>208</b>

### 11.2 Recoverable expenditure (disallowance accounts)

	Note	2012/13	2011/12
	11	R'000	R'000
Tax in arrears - Over-/Under Recovery of tax deducted from officials' salaries		1	-
LBS and site deducted from employees salary to be transferred to SARS		157	171
<b>Total</b>		<b>158</b>	<b>171</b>

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**11.3 Staff debt**

<i>Note</i>	<b>2012/13</b>	<b>2011/12</b>
<i>11</i>	<b>R'000</b>	<b>R'000</b>
State guarantee debt	13	14
Telephone debt	2	4
Ex-employee debt	1 133	1 215
Employee debt	364	267
Losses/Damages debt	435	459
Subsidised vehicle debt	6	16
Breach of contract debt	852	533
<b>Total</b>	<b>2 805</b>	<b>2 508</b>

**11.4 Other debtors**

<i>Note</i>	<b>2012/13</b>	<b>2011/12</b>
<i>11</i>	<b>R'000</b>	<b>R'000</b>
Recoverable Revenue	(437)	(354)
<b>Total</b>	<b>(437)</b>	<b>(354)</b>

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

<i>Note</i>	<b>2012/13</b>	<b>2011/12</b>
	<b>R'000</b>	<b>R'000</b>
Opening balance	19 130	35 644
Transfer from statement of financial performance	22 672	19 130
Paid during the year	(19 130)	(35 644)
<b>Closing balance</b>	<b>22 672</b>	<b>19 130</b>

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

<i>Note</i>	<b>2012/13</b>	<b>2011/12</b>
	<b>R'000</b>	<b>R'000</b>
Opening balance	6 060	1 173
Own revenue included in appropriation	33 358	28 076
Paid during the year	(36 348)	(23 189)
<b>Closing balance</b>	<b>3 070</b>	<b>6 060</b>

#### 14. Payables – current

	Note	2012/13 R'000	2011/12 R'000
Advances received	14.1	8	389
<b>Total</b>		<b>8</b>	<b>389</b>

##### 14.1 Advances received

	Note	2012/13 R'000	2011/12 R'000
National departments	Annex 7	-	273
Public Entities	Annex 7	8	116
<b>Total</b>		<b>8</b>	<b>389</b>

#### 15. Net cash flow available from operating activities

	Note	2012/13 R'000	2011/12 R'000
Net surplus/(deficit) as per Statement of Financial Performance		22 672	19 130
Add back non cash/cash movements not deemed operating activities		137 826	225 531
(Increase)/decrease in receivables – current		(9 776)	26 670
(Increase)/decrease in prepayments and advances		30	(26)
Increase/(decrease) in payables – current		(381)	(2 763)
Proceeds from sale of capital assets	2.3	(240)	(184)
Expenditure on capital assets	8	170 313	232 591
Surrenders to Revenue Fund	12,13	(55 478)	(58 833)
Own revenue included in appropriation	2	33 358	28 076
<b>Net cash flow generated by operating activities</b>		<b>160 498</b>	<b>244 661</b>

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

	Note	2012/13 R'000	2011/12 R'000
Consolidated Paymaster General account	9	12 724	21 932
Cash on hand	9	93	140
<b>Total</b>		<b>12 817</b>	<b>22 072</b>

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

## 17. Contingent liabilities and contingent assets

### 17.1 Contingent liabilities

Liable to	Nature	Note	2012/13	2011/12
			R'000	R'000
Claims against the department		Annex 2A	50 881	14 613
Environmental rehabilitation liability		Annex 2A	3 758 243	1 191 892
<b>Total</b>			<b>3 809 124</b>	<b>1 206 505</b>

The Environmental rehabilitation liability for 2012/2013 has been created based on the rehabilitation cost of R377 038.06, per hectare. An environmental expert, Enviroworks, calculated the cost per hectare amount.

No legal fees were included in the claims against the Department, as the legal fees cannot be reliably estimated.

### 17.2 Contingent assets

Nature of contingent asset	Note	2012/13	2011/12
		R'000	R'000
Monies in trust at state advisor for pending property transaction		-	10 019
<b>Total</b>		<b>-</b>	<b>10 019</b>

## 18. Commitments

	<i>Note</i>	<b>2012/13</b>	<b>2011/12</b>
		<b>R'000</b>	<b>R'000</b>
<b>Current expenditure</b>			
Approved and contracted		26 137	4 838
Approved but not yet contracted		311	1 426
		<b>26 448</b>	<b>6 264</b>
<b>Capital expenditure</b>			
Approved and contracted		200 249	67 793
Approved but not yet contracted		47	124
		<b>200 296</b>	<b>67 917</b>
<b>Total Commitments</b>		<b>226 744</b>	<b>74 181</b>

Included in the above is a total of R192 878 000 that relates to long-term works projects. This amount represents the total commitments for these long-term projects payable within the next year and beyond.

## 19. Accruals

	2012/13		2011/12	
	R'000		R'000	
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	23 885	20 517	44 402	24 681
Transfers and subsidies	2 684	7 538	10 222	132 522
Capital assets	13 169	22	13 191	1 815
Total	39 738	28 077	67 815	159 018
	Note		2012/13	2011/12
			R'000	R'000
Listed by programme level				
Programme 1: Administration			2 181	2 238
Programme 2: Public Works Infrastructure			65 621	155 708
Programme 3: Expanded Public Works Programme			13	1 072
Total			67 815	159 018

	<i>Note</i>	<b>2012/13</b>	<b>2011/12</b>
		<b>R'000</b>	<b>R'000</b>
Confirmed balances with other departments	<i>Annex 4</i>	160	389
Confirmed balances with other government entities	<i>Annex 4</i>	-	-
<b>Total</b>		<b>160</b>	<b>389</b>

## 20. Employee benefits

	<i>Note</i>	<b>2012/13</b>	<b>2011/12</b>
		<b>R'000</b>	<b>R'000</b>
Leave entitlement		15 052	13 584
Service bonus (Thirteenth cheque)		8 867	8 682
Capped leave commitments		22 338	23 527
Other		3 771	-
<b>Total</b>		<b>50 028</b>	<b>45 793</b>

It should be noted that the current year figure for leave entitlement includes a negative amount of R528 820.30 (2011/2012: R543 966.42) that relates to negative leave balances that existed as at 31 March 2013.

The current year figure for capped leave commitments includes a negative amount of R635.54 (2011/2012: R585.16) that relates to negative leave balances that existed as at 31 March 2013.

## 21. Lease commitments

### 21.1 Operating leases expenditure

<b>2012/13</b>	<b>Buildings and other fixed structures</b>	<b>Machinery and equipment</b>	<b>Total</b>
Not later than 1 year	96 771	3 611	100 382
Later than 1 year and not later than 5 years	317 591	5 612	323 203
Later than five years	150 073	31	150 104
<b>Total lease commitments</b>	<b>564 435</b>	<b>9 254</b>	<b>573 689</b>

2011/12	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	102 365	1 833	104 198
Later than 1 year and not later than 5 years	326 834	2 817	329 651
Later than five years	153 778	141	153 919
<b>Total lease commitments</b>	<b>582 977</b>	<b>4 791</b>	<b>587 768</b>

## 21.2 Finance leases expenditure

2012/13	Machinery and equipment	Total
Not later than 1 year	1 891	1 891
Later than 1 year and not later than 5 years	2 357	2 357
<b>Total lease commitments</b>	<b>4 248</b>	<b>4 248</b>

2011/12	Machinery and equipment	Total
Not later than 1 year	86	86
Later than 1 year and not later than 5 years	35	35
Total lease commitments	121	121
LESS: finance costs	-	-
<b>Total present value of lease liabilities</b>	<b>121</b>	<b>121</b>



**21.3 Operating lease revenue**

2012/13	Buildings and other fixed structures	Total
Not later than 1 year	521	521
Later than 1 year and not later than 5 years	94	94
Later than five years	1	1
<b>Total operating lease revenue receivable</b>	<b>616</b>	<b>616</b>

2011/12	Buildings and other fixed structures	Total
Not later than 1 year	1 228	1 228
Later than 1 year and not later than 5 years	414	414
Later than five years	1	1
<b>Total operating lease revenue receivable</b>	<b>1 643</b>	<b>1 643</b>

It is noted to the reader of the Annual Financial Statements that the comparative figures for operating lease revenue has been restated with R1 643 386.04, in order to ensure the fair presentation of the financial statements.

**22. Receivables for departmental revenue**

	Note	2012/13 R'000	2011/12 R'000
Interest, dividends and rent on land	22.1	9 973	23 155
Sales of capital assets		-	150
<b>Total</b>		<b>9 973</b>	<b>23 305</b>

It is noted that the current year figure for Property Receivables include a negative amount of R140 676.40 (2011/2012: R4 872 697.62) that relates to negative balances that existed as at 31 March 2013.

## 22.1 Analysis of receivables for departmental revenue

	<i>Note</i>	<b>2012/13</b>	<b>2011/12</b>
	<i>22</i>	<b>R'000</b>	<b>R'000</b>
Opening balance		23 305	28 218
Less: amounts received		(20 022)	(15 485)
Add: amounts recognised		25 276	11 407
Less: amounts written-off/reversed as irrecoverable	<i>22.2</i>	(18 586)	(835)
<b>Closing balance</b>		<b>9 973</b>	<b>23 305</b>

It is noted to the reader of the Annual Financial Statements that the comparative figures for Receivables for Departmental Revenue has been restated with R560 664.22 in order to align the Annual Financial Statements disclosure with the Receivables Age Analysis.

## 22.2 Receivables for department revenue written off

	<i>Note</i>	<b>2012/13</b>	<b>2011/12</b>
	<i>22</i>	<b>R'000</b>	<b>R'000</b>
<b>Nature of losses</b>			
Write-off of outstanding balances of the members of the Provincial Legislature accommodated in government houses.		-	835
Write-off of outstanding balances - Thaba Nchu Traffic Training College Kitchen.		346	-
Write-off of debt in respect of Prefabricated Houses.		1 725	-
Write-off of outstanding debt.		11 937	-
Write-off of outstanding debt and SAIMR		4 578	-
<b>Total</b>		<b>18 586</b>	<b>835</b>

**23. Irregular expenditure****23.1 Reconciliation of irregular expenditure**

	Note	2012/13 R'000	2011/12 R'000
Opening balance		126 822	73 096
Add: Irregular expenditure – relating to prior year		-	35
Add: Irregular expenditure – relating to current year	23.2	71 716	157 725
Less: Amounts condoned	23.3	(166 936)	(99 394)
Less: Amounts not recoverable (not condoned)	23.4	(5 100)	(4 640)
<b>Irregular expenditure awaiting condonation</b>		<b>26 502</b>	<b>126 822</b>

**Analysis of awaiting condonation per age classification**

Current year		21 364	117 342
Prior years		5 138	9 480
<b>Total</b>	<b>23.5</b>	<b>26 502</b>	<b>126 822</b>

It is noted to the reader of the Annual Financial Statements that the 2011/2012 opening balance for Irregular Expenditure has been restated with R7.237 million. This amount relates to expenditure included in the opening balance that does not meet the definition of Irregular Expenditure.

**23.2 Details of irregular expenditure – current year**

Incident	Disciplinary steps taken/criminal proceedings	2012/13 R'000
Expired contracts (Apr'12-Aug'12)	Condoned by acting HOD (2012.10.03) - No disciplinary steps taken.	28 975
Expired contracts (Sep'12-Feb'13)	Condoned by HOD (2013.04.22) - No disciplinary steps taken.	21 378
Bultfontein Airstrip : Appointment & Expenditure	In the Condonement process	3 415
Expired Cell phone, 3G and Copier Contracts	In the Condonement process	2 974
Consultant appointment Ernst & Young	In the Condonement process	4 044
Deviations from procurement procedures	In the Condonement process	10 349
Procurement: Quotations not obtained	In the Condonement process	238
Procurement: Misuse of an ex-post facto motivation	In the Condonement process	343
<b>Total</b>		<b>71 716</b>

### 23.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2012/13 R'000
Lease payments made on fraudulent contracts	HOD (2012.04.16)	(2 254)
Operating leases – Procurement	HOD (2012.08.30)	(750)
Attorney fees	HOD (2012.08.30)	(337)
Expired leases	HOD (2012.09.18)	(404)
Expired contracts (Apr'12-Aug'12)	Acting HOD (2012.10.03)	(28 975)
Consultants-deviation from normal tender no appointment	Acting HOD (2012.10.03)	(3 696)
Three quotations not obtained - Condonement process	HOD (2012.10.31)	(10)
Consultants - no appointment & bidding - condonement process	HOD (2012.10.31)	(109 132)
Expired contracts (Sep'12-Feb'13)	HOD (2013.04.22)	(21 378)
<b>Total</b>		<b>(166 936)</b>

### 23.4 Details of irregular expenditure not recoverable (not condoned)

Incident	Not condoned by (condoning authority)	2012/13 R'000
Procurement - motivation ex post facto not valid	Removed 2012.08.30	(302)
Procure & contract/3 quotations not obtained -extrapolation AG EX 96	Cancelled 2012.10.18	(2 732)
Procure & contract/3 quotations not obtained -extrapolations AG EX 96	Cancelled 2012.10.18	(2 066)
<b>Total</b>		<b>(5 100)</b>

**23.5 Details of irregular expenditures under investigation**

Incident	2012/13 R'000
PPP points not awarded: DMZ Construction (completed-SCM officials to held accountable-refer to HR)	83
Three quotations not obtained: Scoreprops (completed-employees responsible be called to account-refer to HR)	297
Cleaning (completed - disciplinary steps - refer to HR)	21
Catering (completed-follow up of misconduct - refer to HR)	4
Non-comp of SCM regulations (completed - misconduct - refer to HR)	495
Pre-payments: Mendelow-Jacobs Trust/Tarfix (completed - court case)	1 481
Procurement & contract / 3 quotations not obtained	25
Cheque payment exceed R2 000 without Provincial TR approval (completed - normal remedial proses)	20
MEC Budget Speech	257
Operating leases - procurement process - further handling	1 495
Expired leases - further handling / Referred to Health	52
Expired Cell phone, 3G and Copier Contracts	2 974
Consultant appointment Ernst & Young	4 953
Bultfontein Airstrip : Appointment & Expenditure	3 415
Deviations from procurement procedures	10 349
Procurement: Quotations not obtained	238
Procurement: Misuse of an ex-post facto motivation	343
<b>Total</b>	<b>26 502</b>

**24. Fruitless and wasteful expenditure****24.1 Reconciliation of fruitless and wasteful expenditure**

	Note	2012/13 R'000	2011/12 R'000
Opening balance		1 063	4 307
Fruitless and wasteful expenditure – relating to current year	24.3	13	1
Less: Amounts resolved		(988)	(3 245)
<b>Fruitless and wasteful expenditure awaiting resolution</b>		<b>88</b>	<b>1 063</b>

## 24.2 Analysis of awaiting resolution per economic classification

	2012/13 R'000	2011/12 R'000
Current	88	1 063
<b>Total</b>	<b>88</b>	<b>1 063</b>

## 24.3 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2012/13 R'000
Astra Travel – Cancellation charges	Written off – HOD (2013-3-27) No disciplinary steps taken to date	11
Telkom – Interest (Rental LAN)	Written off - HOD (2013-05-07) No disciplinary steps taken to date	2
<b>Total</b>		<b>13</b>

**25. Related party transactions**

25.1 The Department of Public Works provided office accommodation to the Departments listed below. No value for this service can be attributed to this transaction.

a) Free State Department of Agriculture and Rural Development (ABSA Building Bloemfontein)

No.	DISTRICT	TOWN	COMMON ASSET DESCRIPTION	CURRENT USE
1	Xhariep	Smithfield	Office	Extension Services
2	Xhariep	Petrusburg	Office	Extension Services
3	Xhariep	Fauriesmith	Office	Extension Services
4	Motheo	Thabanchu	Office	Extension Services
5	Motheo	Thabanchu	Office Vet lab	Veterinary Services
6	Motheo	Bloemfontein	Office Vet lab	Veterinary Services
7	Motheo	Bloemfontein	Office Glen	Extension Services
8	Lejweleputswa	Welkom	Office	Extension Services
9	Lejweleputswa	Ventersburg	Office	Extension Services
10	Lejweleputswa	Hoopstad	Office	Extension Services
11	Lejweleputswa	Bultfontein	Office	Extension Services
12	Lejweleputswa	Boshof	Office	Extension Services
13	Fezile Dabi	Kroonstad	Office	Extension Services
14	Fezile Dabi	Kroonstad	Office Vet lab	Veterinary Services
15	Fezile Dabi	Heilbron	Office	Extension Services
16	Thabo Mofutsanyane	Makoane	Office	Extension Services
17	Thabo Mofutsanyane	Thaba bosiu	Office	Extension Services
18	Thabo Mofutsanyane	Mangaung	Office	Extension Services
19	Thabo Mofutsanyane	Makeneng	Office	Extension Services
20	Thabo Mofutsanyane	Tseseng	Office	Extension Services
21	Thabo Mofutsanyane	Monontsha	Office	Extension Services
22	Thabo Mofutsanyane	QwaQwa vet lab	Office	Veterinary Services
23	Thabo Mofutsanyane	Weltevrede farm	Office	Extension Services
24	Thabo Mofutsanyane	Vrede	Office	Extension Services
25	Thabo Mofutsanyane	Bethlehem	Office	Extension Services
26	Thabo Mofutsanyane	Ficksburg	Office	Extension Services
27	Lejweleputswa	Odendaalsrus	Office	Extension Services
28	Motheo	Tweespruit	Office	Extension Services
29	Thabo Mofutsanyane	Clocolan	Office	Extension Services
30	Thabo Mofutsanyane	Phuthaditjhaba	Stores and workshop	-
31	Thabo Mofutsanyane	Mphatlalatsane	Training centre and houses	-

b) Free State Department of Co-operative Governance, Traditional Affairs and Human Settlement (Lebohang Building Bloemfontein)

*Co-operative Governance, Traditional Affairs*

No.	DISTRICT	TOWN	COMMON ASSET DESCRIPTION	CURRENT USE
1	Motheo	Bloemfontein	Lebohang Building	Offices
2	Fezile Dabi	Sasolburg	District Office, Mora House; Erf No. 5,	Offices
3	Fezile Dabi	Kroonstad	Fezile Dabi District Office, No. 6 Station Street	Offices
4	Motheo	Bloemfontein	Provincial Disaster Management Centre MANCOFS (Pelonomi Hospital)	Offices
5	Motheo	Bloemfontein	LM Building: No. 7 Elizabeth Street	Offices
6	Xhariep	Trompsburg	Xhariep District offices, House No. 25 Fontein Street, Trompsburg	Offices
7	Lejweleputswa	Wolkom	District Offices Kopano Complex & Musicon	Offices
8	Thabo Mofutsanyana	Phuthaditjhaba	Thabo Mofutsanyana District Office, Naledi Mall	Offices
9	Thabo Mofutsanyana	Qwaqwa	Bakoena Traditional Council Offices & Batlokoa Traditional Council Offices	Traditional Council Offices
10	Thabo Mofutsanyana	Harrismith	Makholokoe Traditional Council Office: No. 1878 Randfontein Farm in Glenlenny Tshiame	Traditional Council Offices
11	Thabo Mofutsanyana	Vrede	Batlokoa Ba Mokgalong Traditional Council Offices: No. 3 De Jagger Street	Traditional Council Offices
12	Motheo	Thaba 'Nchu	Barolong Boo Slekka Traditional Council Offices: Tatlou	Traditional Council Offices

*Human Settlement*

No.	DISTRICT	TOWN	COMMON ASSET DESCRIPTION	CURRENT USE
1	Motheo	Bloemfontein	Department of Cooperative Governance & Traditional Affairs (CoGTA), and Department of Human Settlements (HS)	Offices
2	Fezile Dabi	Sasolburg	Fezile Dabi District Offices	Offices
3	Fezile Dabi	Kroonstad	Fezile Dabi District Offices	Offices
4	Motheo	Bloemfontein	Provincial Disaster Management Centre	Offices
5	Motheo	Bloemfontein	CoGTA & Motheo District Offices	Offices
6	Xhariep	Trompsburg	Xhariep District Offices	Offices
7	Lejweleputswa	Welkom	Lejweleputswa District Offices	Offices
8	Thabo Mofutsanyana	Phuthaditjhaba	Thabo Mofutsanyana District Office	Offices
9	Thabo Mofutsanyana	Qwaqwa	Bakoena Traditional Council Offices & Batlokoa Traditional Council Offices	Traditional Council Offices
10	Thabo Mofutsanyana	Harrismith	Makholokoe Traditional Council Office	Traditional Council Offices



No.	DISTRICT	TOWN	COMMON ASSET DESCRIPTION	CURRENT USE
11	Thabo Mofutsanyana	Vrede	Batlikoa Ba Mokgalong Traditional Council Offices	Traditional Council Offices
12	Motho	Thaba 'Nchu	Barolong Boo Seleka Traditional Council Offices	Traditional Council Offices

c) Free State Department of Economic Development, Tourism and Environmental Affairs (Bojanala Building Bloemfontein)

No.	DISTRICT	TOWN	COMMON ASSET DESCRIPTION	CURRENT USE
1	Xhariep	Koffiefontein	Kalkfontein Nature Reserve	Offices/ Staff Accommodation/ Stores
2	Xhariep	Gariepdam	Gariep Fish Hatchery	Offices/ Staff Accommodation/ Stores
3	Xhariep	Gariepdam	Gariep Nature Reserve	Offices/Chalets/ Stores
4	Xhariep	Bethulie	Tussen-Die-Riviere Nature Reserve	Offices/ Staff Accommodation/ Stores
5	Motho	Wepener	Caledon Nature Reserve	Offices/ Staff Accommodation/ Stores
6	Lejweleputswa	Hoopstad	Sandveld Nature Reserve	Office/ Staff Accommodation/ Chalets/ Stores
7	Lejweleputswa	Theunissen	Erfnisdam Nature Reserve	Office/ Staff Accommodation/ Chalets/ Stores
8	Lejweleputswa	Ventersburg	Willem Pretorius Nature Reserve	Office/ Staff Accommodation/ Chalets/ Stores
9	Lejweleputswa	Welkom	Environmental Awareness and SMME	Office
10	Fezile Dabi	Koppies	Koppiesdam Nature Reserve	Office/ Staff Accommodation/ Chalets/ Stores
11	Thabo Mofutsanyana	Memel	Seekoeivlei Nature Reserve	Offices/Chalets/ Stores
12	Thabo Mofutsanyana	Harrismith	Sterkfontein Nature Reserve	Office/ Staff Accommodation/ Chalets/ Stores
13	Thabo Mofutsanyana	Frankfort	Jim Fouche Resort	Office/ Staff Accommodation/ Chalets/ Stores
14	Thabo Mofutsanyana	Phuthaditjhaba	Fika Patso Resort	Office/ Staff Accommodation/ Chalets/ Stores
15	Motho	Botshabelo	Rustfontein Nature Reserve	Office/ Staff Accommodation/ Chalets/ Stores
16	Motho	Bloemfontein	Bathurst Nature Reserve	Offices/ Staff Accommodation/ Stores
17	Motho	Bloemfontein	Philip Sanders Resort	Office/ Staff Accommodation/ Chalets/ Stores
18	Motho	Bloemfontein	Karee Nursery	Offices/ Staff Accommodation/ Stores
19	Motho	Bloemfontein	Soetdoring Nature Reserve	Office/ Staff Accommodation/ Chalets/ Stores
20	Motho	Bloemfontein	Maria Moroka Nature Reserve	Office/ Staff Accommodation/ Chalets/ Stores

d) Free State Department of Education (Free State Provincial Government Building Bloemfontein)

No.	DISTRICT	TOWN	COMMON ASSET DESCRIPTION	CURRENT USE
1	Motheo	Bloemfontein	Free State Provincial Government Building	Offices (Head Office)
2	Motheo	Bloemfontein	Tempe Warehouse Complex	Offices (Head Office)
3	Fezile Dabi	Sasolburg	Old Cedar School Complex	Offices (District)
4	Fezile Dabi	Sasolburg	Kahobotjha-Sakhubusha School Complex	Offices (District)
5	Thabo Mofutsanyana	Phuthaditjhaba	"De Bult" Government Buildings Qwa - 2 Blocks	Offices (District)
6	Thabo Mofutsanyana	Bethlehem	Truida Kestell School Complex (Sub-District)	Offices (District)

e) Free State Department of Health (1 Academic Hospital, 1 Psychiatric Hospital, 5 Regional Hospitals, 24 District Hospitals, 227 Clinics and 10 Community Health Centres)

No.	DISTRICT	TOWN	COMMON ASSET DESCRIPTION	CURRENT USE
1	Motheo	Bloemfontein	District Office	Office
2	Motheo	Bloemfontein	Xhariep District office	Office
3	Motheo	Bloemfontein	Corporate office	Office
4	Motheo	Bloemfontein	Ombudsman- Sinodale	Office
5	Fezile Dabi	Kroonstad	Office	Office
6	Fezile Dabi	Sasolburg	District Office	Office
7	Lejweleputswa	Welkom	District Office	Office
8	Thabo Mofutsanyana	Bethlehem	Roads offices	Office
9	Thabo Mofutsanyana	Phuthaditjhaba	District Office-Ombudsman	Office
10	Xhariep	Koffiefontein	Sub-District Office-De Beers	Office
11	Xhariep	Springfontein	Sub-District Office-Transnet	Office
12	Xhariep	Trompsburg	Sub-District Office	Office
13	Xhariep	Phillipolis	Sub-District office- Environmental	Office

f) Free State Department of Police, Roads and Transport (Medfontein Building, Lengau Testing Station and PERM Building Bloemfontein)

No.	DISTRICT	TOWN	COMMON ASSET DESCRIPTION	CURRENT USE
1	Thabo Mofutsanyana	Bethlehem	Roads Office	Office
2	Thabo Mofutsanyana	Bethlehem	Civil Beth Dihlabeng	-
3	Thabo Mofutsanyana	Bethlehem	Revenue Traffic & T/Mofutsanyana	Office
4	Thabo Mofutsanyana	Ficksburg	Testing Station	Office
5	Thabo Mofutsanyana	Harrismith	Roads, Traffic & Revenue	Office
6	Thabo Mofutsanyana	Qwaqwa	Roads	Office

f) Free State Department of Police, Roads and Transport (Medfontein Building, Lengau Testing Station and PERM Building Bloemfontein) (Continued)

No.	DISTRICT	TOWN	COMMON ASSET DESCRIPTION	CURRENT USE
7	Thabo Mofutsanyana	Qwaqwa	Testing Station	Office
8	Thabo Mofutsanyana	Qwaqwa	T/Mofutsanyana Warehouse	Office
9	Xhariep	Bethulie	Xhariep DC Revenue	Office
10	Motheo	Bloemfontein	Roads Infrastructure	Office
11	Motheo	Bloemfontein	Roads Infrastructure	Office
12	Motheo	Bloemfontein	Xhariep/Motheo Warehouse	Office
13	Lejweleputswa	Boshof	Roads Office	Office
14	Motheo	Boshof	Registration Administration office	Office
15	Lejweleputswa	Bothaville	Roads Office	Office
16	Lejweleputswa	Bothaville	Registration Administration office	Office
17	Lejweleputswa	Bothaville	Weighbridge	Office
18	Lejweleputswa	Brandfort	Registration Administration office	Office
19	Motheo	Botshabelo	Motheo DC Revenue	Office
20	Lejweleputswa	Bultfontein	Roads Camp	Office
21	Lejweleputswa	Bultfontein	Registration office	Office
22	Thabo Mofutsanyana	Clocolan	Traffic Office	Office
23	Xhariep	Dealesville	Registration Administration office	Office
24	Motheo	Dewetsdorp	Roads Infrastructure	Office
25	Motheo	Dewetsdorp	Motheo DC Revenue	Office
26	Xhariep	Edenburg	Xhariep DC Revenue	Office
27	Xhariep	Edenville	Registration and Traffic Offices	Office
28	Motheo	Excelsior	Motheo DC Revenue	Office
29	Xhariep	Fauriesmith	Roads Infrastructure	Office
30	Xhariep	Fauriesmith	Xhariep DC Revenue	Office
31	Fezile Dabi	Frankfort	Roads Office	Office
32	Fezile Dabi	Frankfort	Registration and Traffic Offices	Office
33	Fezile Dabi	Heilbron	Roads Office	Office
34	Fezile Dabi	Heilbron	Registration and Traffic Offices	Office
35	Lejweleputswa	Henneman	Welkom Roads Camp	Office
36	Lejweleputswa	Henneman	Registration office	Office
37	Lejweleputswa	Hertzogville	Roads Camp	Office
38	Lejweleputswa	Hertzogville	Registration Administration office	Office
39	Lejweleputswa	Hoopstad	Roads Office	Office
40	Lejweleputswa	Hoopstad	Registration Administration office	Office
41	Xhariep	Jacobsdal	Xhariep DC Revenue	Office
42	Xhariep	Koffiefontein	Xhariep DC Revenue	Office
43	Fezile Dabi	Koppies	Registration and Traffic Offices	Office

f) Free State Department of Police, Roads and Transport (Medfontein Building, Lengau Testing Station and PERM Building Bloemfontein) (Continued)

No.	DISTRICT	TOWN	COMMON ASSET DESCRIPTION	CURRENT USE
44	Fezile Dabi	Kroonstad	Regional Roads Camp	Office
45	Fezile Dabi	Kroonstad	Roads Office	Office
46	Fezile Dabi	Kroonstad	Area Offices	Office
47	Fezile Dabi	Kroonstad	Training Centre	Office
48	Fezile Dabi	Kroonstad	S.P.I Offices	Office
49	Fezile Dabi	Kroonstad	Warehouse	Office
50	Fezile Dabi	Kroonstad	Registration and Traffic Offices	Office
51	Fezile Dabi	Kroonstad	Weighbridge	Office
52	Motheo	Ladybrand	Roads Infrastructure	Office
53	Motheo	Ladybrand	Motheo DC Revenue	Office
54	Motheo	Bloemfontein	Registration and Traffic Offices	Office
55	Lejweleputswa	Odendaalsrus	Registration office	Office
56	Fezile Dabi	Parys	Registration and Traffic Offices	Office
57	Xhariep	Petrusburg	Roads Infrastructure	Office
58	Xhariep	Petrusburg	Xhariep DC Revenue	Office
59	Xhariep	Philippolis	Xhariep DC Revenue	Office
60	Xhariep	Reddersburg	Xhariep DC Revenue	Office
61	Xhariep	Rouxville	Roads Infrastructure	Office
62	Xhariep	Rouxville	Xhariep DC Revenue	Office
63	Fezile Dabi	Sasolburg	Registration and Traffic Offices	Office
64	Fezile Dabi	Sasolburg	DLTC Offices	Office
65	Motheo	Thaba Nchu (Selosesha)	Roads Office	Office
66	Thabo Mofutsanyana	Senekal	Roads Office	Office
67	Thabo Mofutsanyana	Senekal	Traffic Office	Office
68	Thabo Mofutsanyana	Senekal	Weighbridge	Office
69	Xhariep	Smithfield	Xhariep DC Revenue	Office
70	Xhariep	Springfontein	Xhariep DC Revenue	Office
71	Fezile Dabi	Steynsrus	Registration and Traffic Offices	Office
72	Motheo	Thaba Nchu	Motheo DC Revenue	Office
73	Lejweleputswa	Theunissen	Registration office	Office
74	Xhariep	Trompsburg	Roads Infrastructure	Office
75	Xhariep	Trompsburg	Xhariep DC Revenue	Office
76	Lejweleputswa	Ventersburg	Registration office	Office
77	Fezile Dabi	Viljoenskroon	Registration and Traffic Offices	Office
78	Thabo Mofutsanyana	Villiers	Registration and Traffic Offices	Office
79	Lejweleputswa	Virginia	Registration office	Office
80	Thabo Mofutsanyana	Vrede	Testing Station	Office
81	Fezile Dabi	Vredefort	Registration and Traffic Offices	Office
82	Lejweleputswa	Welkom	Registration Offices	Office
83	Lejweleputswa	Welkom	Traffic Office	Office

f) Free State Department of Police, Roads and Transport (Medfontein Building, Lengau Testing Station and PERM Building Bloemfontein) (Continued)

No.	DISTRICT	TOWN	COMMON ASSET DESCRIPTION	CURRENT USE
84	Motheo	Wepener	Motheo DC Revenue	Office
85	Lejweleputswa	Wesselsbron	Registration Administration office	Office
86	Lejweleputswa	Windburg	Area and Regional Office	Office
87	Lejweleputswa	Windburg	Roads Office	Office
88	Lejweleputswa	Windburg	Registration Administration office	Office
89	Lejweleputswa	Windburg	Warehouse	Office
90	Xhariep	Zastron	Xhariep DC Revenue	Office

g) Free State Department of the Premier (Lebohang Building and Free State Provincial Government Building Bloemfontein)

h) Free State Department of Social Development (Thusanong Building Bloemfontein)

No.	DISTRICT	TOWN	COMMON ASSET DESCRIPTION	CURRENT USE
1	Thabo Mofutsanyana	Bethlehem	Sederhof Building	Offices
2	Fezile Dabi	Frankfort	Frankfort office	Offices
3	Motheo	Bloemfontein	Thusanong office	Offices
4	Xhariep	Jagersfontein	Jagersfontein Office	Xhariep sub office
5	Xhariep	Koffiefontein	Xhariep District Office	District office
6	Xhariep	Smithfield	Smithfield Office	Xhariep sub district office
7	Lejweleputswa	Boshoff	Boshoff Sub Office	Lejweleputswa sub district office
8	Thabo Mofutsanyana	Kroonstad	KGI Building	Fezile dhabi District office
9	Thabo Mofutsanyana	QwaQwa	Makoane Youth Centre	Sub offices for Thabo Mofutsanyana

i) Free State Department of Sport, Arts, Culture and Recreation (Business Partners Building Bloemfontein)

No.	DISTRICT	TOWN	COMMON ASSET DESCRIPTION	CURRENT USE
1	Motheo	Bloemfontein	64 Oos Burger Street	Library: District Offices
2	Motheo	Bloemfontein	36 Zastron Street	Offices & Storage
3	Motheo	Bloemfontein	Warden Building	Offices
4	Lejweleputswa	Welkom	8366 Constantia	Offices/Miscellaneous
5	Fezile Dabi	Sasolburg	6095 Chris Hani	Offices/Miscellaneous
6	Motheo	Bloemfontein	First Avenue	Offices/Miscellaneous
7	Motheo	Thaba-Nchu	103-104 Market Square	Offices/Miscellaneous

- j) Free State Department of Provincial Treasury (Free State Provincial Government Building Bloemfontein)
- k) Free State Legislature (4th Raadzaal – Bloemfontein)
- l) Fleet Management Trading Entity

25.2 The Department of Provincial Treasury paid for the use of the transversal operating systems (BAS, PERSAL and LO-GIS) on behalf of the Department of Public Works to SITA. No value for this service can be attributed to this transaction.

25.3 The Department of Public Works rendered services on the administration of infrastructure contracts, free of charge to the Departments listed below. No value for this service can be attributed to this transaction.

- Free State Department of Agriculture and Rural Development
- Free State Department of Economic Development, Tourism and Environmental Affairs
- Free State Department of Education
- Free State Department of Health
- Free State Department of the Premier
- Free State Department of Social Development
- Free State Department of Sport, Arts, Culture & Recreation
- Free State Legislature

## 26. Key management personnel

	<i>No. of Individuals</i>	<b>2012/13</b>	<b>2011/12</b>
		<b>R'000</b>	<b>R'000</b>
Political office bearers (provide detail below)	1 (1)	1 677	1 584
Officials:			
Level 15 to 16	3 (2)	1 822	2 692
Level 14 (incl. CFO if at a lower level)	7 (8)	5 078	4 936
<b>Total</b>		<b>8 577</b>	<b>9 212</b>

**27. Impairment**

<i>Note</i>	<b>2012/13</b>	<b>2011/12</b>
	<b>R'000</b>	<b>R'000</b>
<b>Impairment</b>		
Debtors (Staff)	2 380	987
Other (Property Receivables)	2 325	27 602
<b>Total</b>	<b>4 705</b>	<b>28 589</b>

**28. Non-adjusting events after reporting date**

The Ramkraal Building Project for the new Legislature Building was transferred to the Department of Public Works. Expenditure totalling R70.597 million, which have been settled by the Legislature as payment agent of the project is being transferred to the Department of Public Works as "capital assets in progress".

<b>Total</b>	<b>70 597</b>
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## 29. Movable Tangible Capital Assets

### MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance R'000	Curr Year Adjust- ments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>HERITAGE ASSETS</b>	<b>22</b>	<b>74</b>	<b>-</b>	<b>-</b>	<b>96</b>
Heritage assets	22	74	-	-	96
<b>MACHINERY AND EQUIPMENT</b>	<b>23 539</b>	<b>(1 090)</b>	<b>10 268</b>	<b>989</b>	<b>31 728</b>
Transport assets	-	-	-	-	-
Computer equipment	13 836	(439)	2 081	270	15 208
Furniture and office equipment	6 433	(486)	6 437	538	11 846
Other machinery and equipment	3 270	(165)	1 750	181	4 674
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>23 561</b>	<b>(1 016)</b>	<b>10 268</b>	<b>989</b>	<b>31 824</b>

It is noted to the reader of the Annual Financial Statements that the opening balance for movable tangible capital assets has been adjusted with R1.016 million, in order to align the annual financial statement disclosure with the movable capital assets register.



**29.1 Additions****ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013**

	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>HERITAGE ASSETS</b>	-	-	-	-	-
Heritage assets	-	-	-	-	-
<b>MACHINERY AND EQUIPMENT</b>	<b>11 701</b>	<b>-</b>	<b>(1 433)</b>	<b>-</b>	<b>10 268</b>
Transport assets	-	-	-	-	-
Computer equipment	2 081	-	-	-	2 081
Furniture and office equipment	7 870	-	(1 433)	-	6 437
Other machinery and equipment	1 750	-	-	-	1 750
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>11 701</b>	<b>-</b>	<b>(1 433)</b>	<b>-</b>	<b>10 268</b>

It is noted to the reader of the Annual Financial Statements that machinery and equipment amounting to R11.500 million was purchased with Voted Funds (Note 8.1) and R0.201 million with other funds.

## 29.2 Disposals

### DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000

#### HERITAGE ASSETS

Heritage assets	-	-	-	-
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#### MACHINERY AND EQUIPMENT

Transport assets	-	989	989	-
Computer equipment	-	270	270	-
Furniture and office equipment	-	538	538	-
Other machinery and equipment	-	181	181	-

#### TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS

	-	989	989	-
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**29.3 Movement for 2011/12****MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012**

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>HERITAGE ASSETS</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>22</b>
Heritage assets	22	-	-	22
<b>MACHINERY AND EQUIPMENT</b>	<b>21 731</b>	<b>13 172</b>	<b>11 364</b>	<b>23 539</b>
Transport assets	6 874	-	6 874	-
Computer equipment	7 925	8 818	2 907	13 836
Furniture and office equipment	3 762	3 430	759	6 433
Other machinery and equipment	3 170	924	824	3 270
<b>TOTAL MOVABLE TANGIBLE ASSETS</b>	<b>21 753</b>	<b>13 172</b>	<b>11 364</b>	<b>23 561</b>

**29.4 Minor assets****MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2013**

	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	1	19	15 498	15 518
Curr Year Adjustments to Prior Year balances	(1)	(4)	(835)	(840)
Additions	-	-	783	783
Disposals	-	-	1 115	1 115
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>15</b>	<b>14 331</b>	<b>14 346</b>

	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Total R'000
Number of R1 minor assets	-	1	956	957
Number of minor assets at cost	-	11	11 306	11 317
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>12</b>	<b>12 262</b>	<b>12 274</b>

It is noted to the reader of the Annual Financial Statements that the opening balance for Minor Assets has been adjusted with R0.840 million in order to align the annual financial statement disclosure with the movable capital assets register.

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2012**

	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	188	24	14 192	14 404
Additions	-	-	3 630	3 630
Disposals	187	5	2 324	2 516
<b>TOTAL MINOR ASSETS</b>	<b>1</b>	<b>19</b>	<b>15 498</b>	<b>15 518</b>

	Intangible assets	Heritage assets	Machinery and equipment	Total
Number of R1 minor assets	-	-	11	11
Number of minor assets at cost	1	15	13 615	13 631
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>1</b>	<b>15</b>	<b>13 626</b>	<b>13 642</b>

**29.5 Movable assets written off**

**MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2013**

	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Total R'000
Assets written off	-	-	-	-
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2012**

	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Total R'000
Assets written off	-	-	-	-
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**30 Intangible Capital Assets****MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013**

	Opening balance R'000	Current Year Adjust- ments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
COMPUTER SOFTWARE	1 067	(807)	-	-	260
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>1 067</b>	<b>(807)</b>	<b>-</b>	<b>-</b>	<b>260</b>

It is noted to the reader of the Annual Financial Statements that the opening balance for Intangible Capital Assets has been adjusted with R0.807 million in order to align the Annual Financial Statement disclosure with the Intangible Capital Assets Register.

**30.1 Additions****ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013**

	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
COMPUTER SOFTWARE	-	-	-	-	-
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 30.2 Disposals

#### DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	-	-	-	-
<b>TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS</b>	-	-	-	-

### 30.3 Movement for 2011/2012

#### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	-	1 067	-	1 067
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	-	1 067	-	1 067

**31. Immovable Tangible Capital Assets****MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013**

	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000

**BUILDINGS AND OTHER FIXED STRUCTURES**

	<b>42 583 765</b>	<b>17 454 611</b>	<b>110 685</b>	<b>12</b>	<b>60 149 049</b>
Non-residential buildings	11 300 200	11 684 106	109 592	12	23 093 886
Other fixed structures	31 283 565	5 770 505	1 093	-	37 055 163

**TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS**

	<b>42 583 765</b>	<b>17 454 611</b>	<b>110 685</b>	<b>12</b>	<b>60 149 049</b>
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It is noted to the reader of the Annual Financial Statements that the opening balance for immovable tangible capital assets has been adjusted with R17 454 611 361.92, in order to align the Annual Financial Statement disclosure with the immovable asset registers.

It is noted to the reader of the Annual Financial Statements that Land Parcels were classified as "Other Fixed Structures" in the published 2011/2012 Annual Financial Statements. It was however reclassified for the preparation of the current financial year to "Non-Residential Buildings". The opening balances have been adjusted to ensure comparability.

### 31.1 Additions

#### ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	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

#### BUILDING AND OTHER FIXED STRUCTURES

	158 813	100 666	(158 813)	10 019	110 685
Non-residential buildings	158 813	99 573	(158 813)	10 019	109 592
Other fixed structures	-	1 093	-	-	1 093

#### TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS

158 813	100 666	(158 813)	10 019	110 685
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### 31.2 Disposals

#### DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000

#### BUILDINGS AND OTHER FIXED STRUCTURES

	-	12	12	240
Non-residential buildings	-	12	12	240
Other fixed structures	-	-	-	-

#### TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS

-	12	12	240
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**31.3 Movement for 2011/12****MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012**

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>41 625 127</b>	<b>958 972</b>	<b>334</b>	<b>42 583 765</b>
Non-residential buildings	10 341 289	958 911	-	11 300 200
Other fixed structures	31 283 838	61	334	31 283 565
<b>TOTAL IMMOVABLE TANGIBLE ASSETS</b>	<b>41 625 127</b>	<b>958 972</b>	<b>334</b>	<b>42 583 765</b>

#### 31.4 Immovable assets valued at R1

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2013

	Buildings and other fixed structures R'000	Total R'000
R1 Immovable assets	11	11
<b>TOTAL</b>	<b>11</b>	<b>11</b>

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2012

	Buildings and other fixed structures R'000	Total R'000
R1 Immovable assets	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

## 32. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT				2011/12	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	Under / (Overspending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Devolution of Property rate fund	231 399	-	36 615	-	268 014	268 014	268 005	9	100%	240 163	240 150
Expanded Public Works Grant	6 184	-	-	-	6 184	6 184	5 377	807	87%	4 203	4 193
Revenue Enhancement Allocation	13 742	-	(10 942)	-	2 800	2 800	1 966	834	70%	-	-
Infrastructure Enhancement Allocation	120 267	-	-	-	120 267	120 267	115 928	4 339	96%	-	-
	371 592	-	25 673	-	397 265	397 265	391 276	5 989		244 366	244 343

The Infrastructure Enhancement Allocation grant was disclosed as an Un-conditional Grant in the 2011/2012 financial year.

33. STATEMENT OF UNCONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION					Spent			2011/12	
	Amount	Roll Overs	DORA adjustments	Adjustments	Total Available	Amount received by department	Amount spent by department	% of available funds spent by department	Total available	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Infrastructure Enhancement allocation	-	-	-	-	-	-	-	-	157 958	152 244
	-	-	-	-	-	-	-	-	157 958	152 244

The Infrastructure Enhancement Allocation grant is disclosed as a Conditional Grant in the 2012/2013 financial year.

## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

## 34. 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	R'000	%
Dhlabeng FS 192	7 562	-	(597)	6 965	6 965	-	-
Kopanong FS 162	2 029	-	113	2 142	2 142	-	-
Letsemeng FS 161	960	-	(33)	927	926	-	-
Mafube FS 205	4 220	-	351	4 571	4 570	-	-
Maluti-a-Phofung FS194	135 028	-	(14 284)	120 744	120 744	-	-
Mangaung MAN	41 189	-	9 960	51 149	51 148	-	-
Mantsopa FS196	455	-	(99)	356	356	-	-
Masilonyana FS181	3 404	-	(1 269)	2 135	2 135	-	-
Matjhabeng FS184	25 754	-	9 783	35 537	35 536	-	-
Metsimaholo FS204	4 823	-	(322)	4 501	4 500	-	-
Mohokare FS163	1 624	-	(306)	1 318	1 318	-	-
Moghaka FS201	4 596	-	1 308	5 904	5 903	-	-
Nala FS185	473	-	97	570	570	-	-
Naledi FS 171	478	-	(349)	129	128	-	-
Ngwathe FS 203	8 598	-	(4 116)	4 482	4 481	-	-
Nketoana FS 193	6 542	-	-	6 542	6 542	-	-
Phumelela FS195	1 061	-	73	1 134	1 134	-	-
Setsofo FS 191	17 348	-	(719)	16 629	16 628	-	-
Tokologo FS182	213	-	52	265	265	-	-
Tswelopele FS183	1 657	-	357	2 014	2 014	-	-
	<b>268 014</b>	<b>-</b>	<b>-</b>	<b>268 014</b>	<b>268 005</b>	<b>-</b>	<b>-</b>

# ANNEXURE 1A

## STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2011/12 Division of Revenue Act
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%
Ditlabeng FS 192	7 562	-	(597)	6 965	6 965	-	-	6 965	6 965	100%
Kopanong FS 162	2 029	-	113	2 142	2 142	-	-	2 142	2 142	100%
Letsemeng FS 161	960	-	(33)	927	926	-	-	926	926	100%
Matube FS 205	4 220	-	351	4 571	4 570	-	-	4 570	4 570	100%
Maluti-a-Phofung FS194	135 028	-	(14 284)	120 744	120 744	-	-	120 744	120 744	100%
Mangaung MAN	41 189	-	9 960	51 149	51 148	-	-	51 148	51 148	100%
Mantsopa FS196	455	-	(99)	356	356	-	-	356	356	100%
Masilonyana FS181	3 404	-	(1 269)	2 135	2 135	-	-	2 135	2 135	100%
Matjhabeng FS184	25 754	-	9 783	35 537	35 536	-	-	35 536	35 536	100%
Metsimaholo FS204	4 823	-	(322)	4 501	4 500	-	-	4 500	4 500	100%
Mohokare FS163	1 624	-	(306)	1 318	1 318	-	-	1 318	1 318	100%
Moghaka FS201	4 596	-	1 308	5 904	5 903	-	-	5 903	5 903	100%
Nala FS185	473	-	97	570	570	-	-	570	570	100%
Naledi FS 171	478	-	(349)	129	128	-	-	128	128	100%
Ngwathe FS 203	8 598	-	(4 116)	4 482	4 481	-	-	4 481	4 481	100%
Nketoana FS 193	6 542	-	-	6 542	6 542	-	-	6 542	6 542	100%
Phumelela FS195	1 061	-	73	1 134	1 134	-	-	1 134	1 134	100%
Setsoto FS 191	17 348	-	(719)	16 629	16 628	-	-	16 628	16 628	100%
Tokologo FS182	213	-	52	265	265	-	-	265	265	100%
Tswelopele FS183	1 657	-	357	2 014	2 014	-	-	2 014	2 014	100%
	<b>268 014</b>	-	-	<b>268 014</b>	<b>268 005</b>	-	-	<b>268 005</b>	<b>268 005</b>	<b>100%</b>
										<b>240 163</b>

Your attention is drawn to the following printing errors in the 2011/2012 Annual Report:

MANTSOPA FS196 was printed as MANTSOPA FS173

Your attention is also drawn to the fact that the amounts in the 2011/2012 Annual Report are not aligned to the Municipality from Masilonyana FS181 downwards.

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

## ANNEXURE 1B

## STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2011/12
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
<b>HOUSEHOLDS</b>							<b>R'000</b>
<b>Transfers</b>							
Household claims	3	-	20	23	12	52%	2
Employee social benefits	2 657	-	(52)	2 605	2 515	97%	3 746
<b>Total</b>	<b>2 660</b>	<b>-</b>	<b>(32)</b>	<b>2 628</b>	<b>2 527</b>		<b>3 748</b>

## ANNEXURE 1C

### STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2012/13	2011/12
		R'000	R'000
Received in cash			
Ruwacon	Departmental sports teams participated in the national employee's health and wellness tournament from 3 – 6 October 2012. Ruwacon donated R10 000 towards the departmental sports teams.	10	-
<b>Subtotal</b>		<b>10</b>	<b>-</b>
Received in kind			
Dream Team Gym	The use of Gym Equipment during wellness launch	-	-
Standard Bank Provincial Office	1 500 Energy drinks	-	11
Standard Bank Provincial Office	100 Water bottles	-	5
BloemWater	2 500 Bottles of bottled water – National Employee's health and wellness tournament.	10	-
Central University of Technology, Free State	Venue for memorial service of MEC Ngubentombi and Sergeant Motaung	8	-
C-Squared	Marquee tent, flooring, tables, chairs for the burial of Sergeant Motaung	332	-
<b>Subtotal</b>		<b>350</b>	<b>16</b>
<b>TOTAL</b>		<b>360</b>	<b>16</b>



# ANNEXURE 1D

## STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2012/13	2011/12
	R'000	R'000
<b>Paid in cash</b>		
Provincial Education Motivational Awareness event (29 September 2012) – Sundry payment to Mahube Tumelo Projects towards catering services.	30	-
<b>Subtotal</b>	<b>30</b>	<b>-</b>
<b>Made in kind</b>		
81 houses in Charlesville (Xhariep District) to pensioners and unemployed individuals.	12	-
<b>Subtotal</b>	<b>12</b>	<b>-</b>
<b>TOTAL</b>	<b>42</b>	<b>-</b>

**ANNEXURE 2A**

**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2013**

Nature of Liability	Opening Balance 1 April 2012 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/ reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2013 R'000
<b>Claims against the department</b>					
Other claims	14 613	36 941	673	-	50 881
<b>Subtotal</b>	<b>14 613</b>	<b>36 941</b>	<b>673</b>	<b>-</b>	<b>50 881</b>
<b>Environmental Liability</b>					
Liability to rehabilitate the borrow pits	1 191 892	2 566 351	-	-	3 758 243
<b>Subtotal</b>	<b>1 191 892</b>	<b>2 566 351</b>	<b>-</b>	<b>-</b>	<b>3 758 243</b>
<b>TOTAL</b>	<b>1 206 505</b>	<b>2 603 292</b>	<b>673</b>	<b>-</b>	<b>3 809 124</b>

No legal fees were included in the above legal cases, as the legal fees cannot be reliably estimated.

# ANNEXURE 3

## CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
Free State Premier	-	1	-	-	-	1
Department of Home Affairs	2	-	-	-	2	-
Free State Department of Police, Roads and Transport	8 993	-	-	149	8 993	149
Northern Cape Provincial Treasury	-	-	-	15	-	15
National Department of Correctional Services	-	11	-	-	-	11
National Department of Foreign Affairs	-	-	-	19	-	19
National Department of Public Works	-	13	-	-	-	13
	8 995	25	-	183	8 995	208
<b>Other Government Entities</b>						
Independent Development Trust	788	-	-	-	788	-
	788	-	-	-	788	-
<b>TOTAL</b>	<b>9 783</b>	<b>25</b>	<b>-</b>	<b>183</b>	<b>9 783</b>	<b>208</b>

**ANNEXURE 4**

**INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
<b>DEPARTMENTS</b>						
<b>Current</b>						
National Department of EPWP	-	273	-	-	-	273
Government Employee Pension Fund	-	116	-	-	-	116
Free State Department of the Premier	150	-	-	-	150	-
Free State Department of Education	10	-	-	-	10	-
<b>Total</b>	<b>160</b>	<b>389</b>	<b>-</b>	<b>-</b>	<b>160</b>	<b>389</b>

# ANNEXURE 5

## INVENTORY

Inventory	Quantity	2012/13	Quantity	2011/12
	'000	R'000	'000	R'000
Opening balance	9	137	14	148
Add/(Less): Adjustments to prior year balance	1	3	-	2
Add: Additions/Purchases - Cash	44	6 445	67	14 497
Add: Additions - Non-cash	-	-	-	-
(Less): Disposals	-	-	-	-
(Less): Issues	(26)	(2 367)	(71)	(14 508)
Add/(Less): Adjustments	(1)	(4)	(1)	(2)
<b>Closing balance</b>	<b>27</b>	<b>4 214</b>	<b>9</b>	<b>137</b>

It is noted to the reader of the Annual Financial Statements that the current year amount for inventory includes manual stores located in Qwa-Qwa and Bloemfontein, which contains Housekeeping material for Property Management.

## ANNEXURE 6

### MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>462 495</b>	<b>158 813</b>	<b>(61 997)</b>	<b>559 311</b>
Dwellings	-	-	-	-
Non-residential buildings	462 495	158 813	(61 997)	559 311
Other fixed structures	-	-	-	-
<b>TOTAL</b>	<b>462 495</b>	<b>158 813</b>	<b>(61 997)</b>	<b>559 311</b>

# ANNEXURE 7

## INTER-ENTITY ADVANCES RECEIVED

GOVERNMENT ENTITY	Confirmed balance		Unconfirmed balance		TOTAL	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
<b>NATIONAL DEPARTMENTS</b>						
Current						
National Department of EPWP	-	273	-	-	-	273
<b>Subtotal</b>	<b>-</b>	<b>273</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>273</b>

## PUBLIC ENTITIES

### Current

Government Employee Pension Fund	-	116	-	-	-	116
Bothaville Weightbridge (Tender Deposit)	8	-	-	-	8	-
<b>Subtotal</b>	<b>8</b>	<b>116</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>116</b>
<b>Total</b>	<b>8</b>	<b>389</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>389</b>

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