

# Contents

	PAGE
<b>PART A: GENERAL INFORMATION</b>	3
1. DEPARTMENT'S GENERAL INFORMATION	4
2. LIST OF ABBREVIATIONS/ACRONYMS	5
3. FOREWORD BY THE MEC	10
4. OVERVIEW OF THE ACCOUNTING OFFICER	11
5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT	17
6. ORGANISATIONAL STRUCTURE	18
7. ENTITIES REPORTING TO THE MEC	18
<b>PART B: PERFORMANCE INFORMATION</b>	19
1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES	20
2. STRATEGIC OVERVIEW:	20
3. LEGISLATIVE AND OTHER MANDATES	21
4. OVERVIEW OF DEPARTMENTAL PERFORMANCE	25
4.1. Service Delivery Environment	
4.2. Service Delivery Improvement Plan	
4.3. Organisational environment	
4.4. Key policy developments and legislative changes	
4.5. Strategic outcome orientated goals	
5. PERFORMANCE INFORMATION BY PROGRAMME	29
5.1. Programme 1: Administration	
5.2. Programme 2: Civilian Oversight	
5.3. Programme 3: Crime Prevention and Community Police Relations	
5.4. Programme 4: Transport Operations	
5.5. Programme 5: Transport Regulation	
5.6. Programme 6: Transport Infrastructure	
6. TRANSFER PAYMENTS	70
6.1. Transfer payments to public entities	
6.2. Transfer payments to organisations other than public entities	
7. CONDITIONAL GRANTS	71
7.1. Conditional grants and earmarked funds paid	
8. CAPITAL INVESTMENT	74
8.1. Capital investment, maintenance and asset management plan	
<b>PART C: GOVERNANCE</b>	77
1. INTRODUCTION	78
2. RISK MANAGEMENT	78
3. FRAUD AND CORRUPTION	81
4. MINIMISING CONFLICT OF INTEREST	82
5. CODE OF CONDUCT	82

6.	HEALTH SAFETY AND ENVIRONMENTAL ISSUES	82
7.	PORTFOLIO COMMITTEES	82
8.	SCOPA RESOLUTIONS	83
9.	PRIOR MODIFICATIONS TO AUDIT REPORTS	84
10.	INTERNAL CONTROL UNIT	84
11.	INTERNAL AUDIT AND AUDIT COMMITTEES	85
12.	AUDIT COMMITTEE REPORT	87

## PART D: HUMAN RESOURCE MANAGEMENT 89

1.	LEGISLATION THAT GOVERNS HR MANAGEMENT	90
2.	INTRODUCTION	90
3.	HUMAN RESOURCE OVERSIGHT STATISTICS	91
3.1.	Personnel expenditure by programme	
3.2.	Employment and Vacancies	
3.3.	Filling of SMS posts	
3.4.	Job Evaluation	
3.5.	Employment Changes	
3.6.	Employment Equity	
3.7.	Signing of Performance Agreements by SMS members	
3.8.	Performance Rewards	
3.9.	Foreign Workers	
3.10.	Leave utilisation	
3.11.	HIV/AIDS & Health Promotion Programmes	
3.12.	Labour Relations	
3.13.	Skills development	
3.14.	Injury on duty	
3.15.	Utilisation of Consultants	
3.16.	Severance Packages	

## PART E: FINANCIAL INFORMATION 133

1.	REPORT OF THE AUDITOR-GENERAL	134
2.	ANNUAL FINANCIAL STATEMENTS	139

## PART F: FLEET MANAGEMENT 216

GENERAL INFORMATION	218
REPORT OF THE ACCOUNTING OFFICER	219
FINANCIAL REVIEW BY MANAGEMENT	226
PERFORMANCE REPORT	227
REPORT OF THE INTERNAL AUDIT COMMITTEE	228
REPORT OF THE AUDITOR-GENERAL	230
ANNUAL FINANCIAL STATEMENTS	234

## PART G: CONTACTS 274

# PART

## GENERAL INFORMATION

# 1 DEPARTMENT'S GENERAL INFORMATION

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## ② LIST OF ABBREVIATIONS/ACRONYMS

AAC	Arrive Alive Campaign
AARTO	Administrative Adjudication Road Traffic Offences
AGSA	Auditor-General of South Africa
AIS	Accident Information System
APP	Annual Performance Plan
ASGISA	Accelerated and Shared Growth Initiative for South Africa
ATMS	Accident and Traffic Management Systems
BAC	Business Against Crime
BAS	Basic Accounting System
BBBEE	Broad Based Black Economic Empowerment
BCBD	Bloemfontein Central Business District
BEE	Black Economic Empowerment
BIF	Bloemfontein Inter-modal Facility
BRT (P)	Bus Rapid Transit (Project)
CAPPVA	Control of Access to Public Premises and Vehicle Act
CCTV	Closed Circuit Television
CDP	Contractor Development Programme
CE	Civil Engineering
CEFs	Community Engagement Forums
CEPE	Civil Engineering Potentially Emerging
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CJS	Criminal Justice System
CPEC	Central Procurement Evaluation Committee
CPF(s)	Community Policing Forum(s)
CPG	Contract Participation Goal
CPSs	Community Policing Structures
CSC	Community Service Centre
CSFs	Community Safety Forums
CSIR	Council for Scientific and Industrial Research
COP (17)	Congress of Parties
DBE	Department of Basic Education
DCDP	Departmental Contractor Development Programme
DDG	Deputy Director General
DG	Director General
DGT	Director General Transport

DORA	Division of Revenue Act
DoT	Department of Transport
DOTY	Driver of the Year
DPP	Director of Public Prosecutions
DPSA	Department of Public Service and Administration
DPRT	Department of Police, Roads and Transport
DTP	Driver Training Program
DVA	Domestic Violence Act
DWAF	Department of Water Affairs and Forestry
EAP	Employee Assistance Programs
EU	European Union
EXCO	Executive Council
ENaTIS	Electronic National Traffic Information System
EPWP	Expanded Public Works Programme
FDs	Freight Databanks
FLH	Freight Logistics Hub
FSDP	Free State Development Plan
FSGDS	Free State Growth and Development Strategy
FT	Freight Transport
FVCPOU	Family Violence, Child Protection and Sexual Offences Unit
GCC	General Conditions of Contract
GIS	Geographical Information System
GMT	Government Motor Transport
HDI(s)	Historically Disadvantaged Individual(s)
HLH	Harrismith Logistical Hub
HOD	Head of the Department
HRM	Human Resource Management
IAA	Internal Audit Activity
IBL	Itumeleng Bus Line
ICJS	Integrated Criminal Justice System
ICT	Information Communication Technology
IDMC	Inter Departmental Management Committee
IDP	Integrated Development Plan
IPID	Independent Police Investigative Directorate
IMTM	Integrated Modal Transport Management
IP	Infrastructure Plan
IT	Information Technology
IPTN's	Integrated Public Transport Networks

IRPTN	Integrated Rapid Public Transport Networks
ISS	Institute for Security Studies
ITIL	Information Technology Infrastructure Library
IYM	In-Year Monitoring
JCPS	Justice, Crime Prevention and Security (Cluster)
JDs	Job Description
JVs	Joint Ventures
KPI	Key Performance Indicator
LBL	Learner Drivers' License
LLM	Learners' License Module
LOGIS	Logistical Information System
LR	Labour Relations
LTA	Learner Transport Association
MACC	Multi-Agency Co-ordinating Committee
MCM	Mangaung Local Municipality
MEC	Member of the Executive Council
MTEF	Medium Term Expenditure Framework
MISS	Minimum International Security Standards
MP	Management Plan
MPL	Member of the Provincial Legislature
MPL Complex	Accommodation Quarters for Members of the Provincial Legislature
MTS	Metered Taxi Service
NAAMSA	National Association of Automobile Manufacturers of South Africa
NFLS	National Freight Logistics Strategy
NRSS	National Road Safety Strategy
NWPTP	National White Paper Transport Policy
NCPS	National Crime Prevention Strategy
NDOTY	National Driver of the Year
NGO	Non-Governmental Organisation
NLTTA	National Land Transport Transition Act
NMT	National Minister of Transport
NMT	Non-motorised Transport/Shova Kalula
NPTF	Naledi Public Transport Facility
NQF	National Qualifications Framework
NRTL	National Road Traffic Law
NRTLEC	National Road Traffic Law Enforcement Code
NRTS	National Road Traffic Strategy
NYSP	National Youth Service Programme

OC	Overload Control
OLB	Operating Licensing Board
OLO	Operating Licensing Officers
OTV's	Old Taxi Vehicles
PAs	Performance Agreements
PCPB	Provincial Community Police Board
PCPFB	Provincial Community Policing Forum Board
PDMS	Performance Development and Management System
PEP	Performance Enhancement Programme
PERSAL	Personal Salary Reference
PFMA	Public Finance Management Act
PFTFS	Provincial Freight Transport Framework and Strategy
PISO	Provincial Information Security Officer
PIT	Public Transport Implementation
PTIC	Public Transport Integration Committee
PMT	Provincial Monitoring Tool
PPP	Public Private Partnership
PPFA	Preferential Procurement Policy Framework Act
PTOG	Public Transport Operation Grant
PROMAN	Project Management System
PROPAC	Provincial Public Accounts Committee
PSC	Project Steering Committee
PSIRA	Private Security Industry Regulation Authority
PSO	Programme Support Office
PTC	Provincial Taxi Council
PTI	Public Transport Industry
RAMS	Roads Asset Management System
RBE	Road Building Equipment
REA	Roads Execution Authority
RFP	Request for Proposal
RIFSA	Road Infrastructure Strategy Framework for South Africa
RMCs	Roads Maintenance Contracts
RSE	Road Safety Education
RTA	Road Traffic Accidents
RTMC	Road Transport Management Corporation
SANRAL	South African National Road Agency Limited
S&T	Subsistence and Travel Allowance
SAPS	South African Police Services

SAQA	South African Qualifications Authority
SARCC	South African Rail Commute Cooperation
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SCPP	Social Crime Prevention Projects
SCVC	Service Charter for Victims of Crime
SDIP	Service Delivery Improvement Plan
SEC	Socio Economic Cluster
SMMEs	Small Micro Medium Enterprises
SMS	Senior Management Service
SMFS	Supervising Monitoring Firm
SITA	State Information Technology Agency
SPTF	Setsoto Public Transport Facility
SSC	Safety and Security Cluster
STC	Setsoto Transport Centre
TAC	Transport Administration and Licensing
TAL	Transport Administration and Licensing
TAs	Taxi Associations
TCC	Traffic Control Centres
TCs	Testing Centres
TETA	Transport Education Training Authority
TI	Taxi Industry
TLE	Traffic Law Enforcement
TM	Traffic Management
TMSs	Traffic Management Systems
TR	Treasury Regulations
TRP	Taxi Recapitalisation Program
TTC	Traffic Training College
U-AMP	User Asset Management Plan
VCI	Visual Condition Index
VCT	Voluntary Counselling and Testing
VEFs	Victim Empowerment Facilities
VSC	Victim Support Centre
VSRs	Victim Support Rooms
VSVs	Victim Support Volunteers
WSs	Weighbridge Stations

### ③ FOREWORD BY THE MEC

Once more, the Department of Police, Roads and Transport has demonstrated sustained commitment to remain true to meeting its objectives as set out in the targets determined at the start of the 2013/2014 financial year. As the Member of the Executive Council responsible for this Department, it is therefore a great honour to present the Annual Report of our Department for the 2013/2014 financial year.

We have enhanced our efforts to monitor, oversee and assess police service delivery in the Province so as to provide for an enabling environment in which the people of our Province can begin to flourish. My department has proudly hosted a Provincial Crime Summit during April 2013 which resulted in the launch of the much anticipated Provincial Crime Prevention Strategy in July 2013. This document will henceforth serve as the blueprint for all crime prevention deliberations in the Province and already sparked multi-disciplinary collaboration between role-players on crime prevention initiatives. It is in this vein that, among others, the number of social crime prevention programmes and projects addressing root causes of crime in the province has been on target, as are the number of School Safety programmes implemented at identified high risk schools.

Equally so, is our work around law enforcement on the roads, subsidisation of public transport as well as providing safe provincial roads network.

The Department has also made huge strides to comply with the Public Finance Management Act (PFMA), especially on its financial commitments, thereby positioning itself to come out of administration – for



example the unfortunate saga of the so-called 23 Roads is now a thing of the past.

Indeed, the most significant achievement for our Department has been our prudent efforts to obtain clean audits. It was in this context that in his opening of Parliament in February 2014, President Zuma acknowledged our Department as one of the good stories of the last Administration, noting that the Department of Police, Roads and Transport

'observes high levels of compliance to budgetary and other legislative prescripts as well as achieving positive audit outcomes'. Our present Annual Report for the period 2013/2014, therefore speaks to the strides the Department has made with regard to being one of the best in our Government.

Going forward we will continue to remain resolute in striving to make the lives of our people better, particularly in the areas of safety, road infrastructure maintenance and renewal whilst remaining responsible in the use of the limited public resources entrusted to us.

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

**Mr BM Komphela**

MEC: Police, Roads and Transport

30 MAY 2013

## ④ REPORT OF THE ACCOUNTING OFFICER

### 4.1 OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

#### Performance on Section 18 interventions



I am satisfied that the Department has fulfilled its commitments in terms of Section 18 by ensuring full compliance to all the issues raised during the 2012/2013 financial year. Besides only achieving the objectives, the Department also developed and implemented systems, supporting mechanisms and turnaround strategies to prevent recurrence. This led to the Section 18 intervention being suspended.

#### Section 100 intervention and the implications

Although the Section 100(1) (a) intervention was not uplifted during the 2013/2014 financial year as anticipated, the department has successfully turned around its financial state of affairs to a sound position. This was clear from satisfaction expressed during the tabling of progress reports to the combined task team. It was anticipated that a submission to such effect would be tabled to the Cabinet, but due to unforeseen delays, it could not happen. However, the department is confident that Cabinet will be satisfied to reconsider in suspending the Section 100 (1) (a) sanction on the Department.

Major cost drivers were identified and some mitigating measures and systems have been put in place to minimise and or prevent over-expenditure. The most critical ones identified - e.g. Travelling, Overtime

and S&T claims - are now continuously managed, monitored and controlled.

In this regard, the department has issued and maintained strict cost containment measures which are already bearing fruit. Managers are also encouraged to come with innovative measures in executing work whilst minimising costs.

The department therefore remains optimistic that Cabinet will revoke the Section 100 (1) (a) status once the report is tabled by the National Treasury.

#### Crime Prevention Summit and Launch of the Provincial Crime Prevention Strategy

During April 2013 the Department, under the custodianship of the Honourable Premier and Executive Council, successfully convened a multi-stakeholder Crime Prevention Summit which was attended by all relevant provincial and regional government departments and private sector role players and stakeholders. The summit also attracted national interest and saw the involvement of the National Minister of Police and his Deputy Minister, the National Commissioner and various Provincial Commissioners of Police. The summit was conducted over three days after which a draft Provincial Crime Prevention Strategy was consolidated and formally launched during the second week of July 2013. This was a major achievement since the Provincial Crime Prevention Strategy will now serve as the blueprint for all crime prevention programmes and projects in the Free State Province.

#### Contractor Development Programme

The Contractor Development Programme (CDP) is a national initiative by which aspirant contractors are given an opportunity to develop and upgrade their

skills and grading in a bid to create self-sustainable contractors while at the same time being provided with the work to put into practice what they have learned in theory.

The current group was divided into three, namely the classroom group of 103 contractors, the incubation group of 27 contractors and the exit strategy group of 10 contractors - in total 140 contractors.

## Transport Projects

### Maluti Bus Services

- For the year under review the department managed to fast-track aspects of the Maluti Bus Services' transformation, resulting in the Maluti Bus Services Board being established and its CEO appointed.
- The recapitalisation of the fleet is now complete and 36 new busses have been bought.

### Setsoto Transport Centre

- The project was completed and launched by the Minister of Transport during the October Transport Month (OTM) .

### Operating Licensing Board

- The Operating Licensing Board (OLB) was appointed and managed to address the permits backlogs and a number of challenges in the Transport fraternity.

### Establishment of the Tracing Unit

- The Tracing Unit was established to address long outstanding fines, resulting in an enhanced revenue collection.

## Technical Expertise

The department is still faced with the challenge of recruiting scarce skills personnel i.e. engineers and technicians. However, various recruitment options will be explored e.g. approaching universities to assist in identifying students who need experiential training to finalise their practical studies.

## 4.2 OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

### Departmental Receipts

The department collected vehicle licence tax and other related fees through the registration authorities and the Post Office. The tariffs used by the Department were promulgated in the Provincial Gazette Number 7 of 4 May 2012 and Provincial Gazette Number 30 of 5 July 2013.



## Detail of Departmental receipts

Economic Classification	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Target	2013/14 Actual	% deviation from target
Tax revenue						
Motor Vehicle Licences	300 907	336 000	399 819	437 536	446 855	(2.13%)
<b>Non-tax revenue</b>						
Sales of goods and services other than capital assets	66 339	66 267	67 697	76 926	72 686	5.51%
Transfers received						
Fines, penalties and forfeits	37 499	27 600	21 759	12 526	13 472	(7.55%)
Interest dividends and rent on land	69	130	142	146	213	(45.89%)
Financial transactions (Recovery of loans and advances)	499	1 319	525	704	877	(24.57%)
<b>TOTAL DEPARTMENTAL RECEIPTS</b>	<b>405 313</b>	<b>431 316</b>	<b>489 942</b>	<b>527 838</b>	<b>534 101</b>	<b>(1.19%)</b>

### Motor Vehicle Licence Tax

The positive variance is attributable to the following factors:

- Ongoing improvement in vehicle affordability in real terms.
- Improving demand for credit by households and business.
- The reduction in interest rates also supported sales of consumer durable products, particularly new motor vehicles.
- The highly competitive trading environment, attractive incentives and new models.

### Sales of Capital Assets

The negative variance is due to prolonged industrial action and the closing down of companies as a result of economic turmoil resulted in less activities in the automobile industry.

### Fines, Penalties and Forfeitures

High visibility of law enforcement and increased road blocks resulted in compliance by motorists and prosecution of offenders hence a positive variance.

### Financial Transactions in assets and liabilities

The establishment and effective functioning of the Tracing Unit resulted in increased revenue collection by the department.

### Programme Expenditure

The overall expenditure of the department is at 87.5% and reflects an amount of R2.190 billion spent. An under-spending to the amount of R313 million is reflected in the AFS as a result of a second Adjustment Budget to the amount of R450 million that was approved in March 2014.

APPROPRIATION PER PROGRAMME						
	2013/14			2012/13		
	Final Appropriation	Actual Expenditure	Over/Under Expenditure	Final Appropriation	Actual Expenditure	Over/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1. ADMINISTRATION	196 413	187 581	8 832	157 473	158 060	-587
2. CIVILIAN OVERSIGHT	8 354	7 951	403	8 214	8 116	98
3. CRIME PREVENTION AND COMMUNITY/POLICE RELATIONS	11 822	10 460	1 362	15 420	15 324	96
4. TRANSPORT OPERATIONS	248 480	244 797	3 683	248 224	248 196	28
5. TRANSPORT REGULATION	290 246	300 792	-10 546	268 271	287 936	-19 665
6. TRANSPORT INFRASTRUCTURE	1 748 417	1 438 632	309 785	1 261 044	1 210 050	50 994
<b>TOTAL</b>	<b>2 503 732</b>	<b>2 190 213</b>	<b>313 519</b>	<b>1 958 646</b>	<b>1 927 682</b>	<b>30 964</b>

### Virements/Roll-overs

Three virements were processed at year-end to correct overspending and to utilise savings for the defrayment of excess expenditure under another main division within the Vote. The 8% limit from the transferring programme was taken into account when the virements were complied.

FROM			TO		
Subprogramme	Economic Classification	Amount decrease	Programme	Economic Classification	Amount Increase
Administration	Goods and services	-R1 220 000	Civilian Oversight	Compensation of Employees	+R650 000
			Crime Prevention	Compensation of Employees	+R350 000
			Transport Regulation	Households	+R205 000
				Interest and rent on land	+R15 000
Transport Operations	Goods and services	-R400 000	Transport Operations	Compensation of Employees	+R377 000
				Households	+R23 000
Administration	Goods and services	-R116 000	Administration	Households	+R116 000

The virements were also processed to correct overspending on transfers and subsidies for the payment of severance or exit packages that were not correctly budgeted for. Expenditure incurred on this item cannot be correctly budgeted for as the department does not have the number of officials that will resign or go on pension before the budget process starts.

A roll-over of funds requested was submitted in the beginning of the 2014/15 financial year to the amount of R235.6 million as part of the funds received from the second Adjustment Budget were not spent.

### **Material Matters**

- Fruitless and wasteful expenditure increased to R691 000.
- Irregular expenditure for the year decreased from R669 million to R44.8 million. All cases are reflected on the irregular expenditure register.
- Unauthorised expenditure for the 2013/14 financial year amounts to R41 million and increased with R7.220 million.
- Traffic fines (Section 56) are audited for the first time in the department.

### **Free Services**

As part of its constitutional mandate the department assist communities to investigate and resolve their complaints against the SAPS and/or individual members of the SAPS. This is a free service.

### **Future Plans of the Department**

The goal of the department is to become the department of choice, uphold a high standard of compliance and attain a clean audit.

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

The Department has Public Private Partnerships (PPP) projects in the Harrismith Gateway Development and has also appointed the Transactional Adviser for this project.

The Terms of Reference and bid documents for the advertisement of a PPP consortium were completed for the passenger rail project on the N8 corridor.

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

The agreement with IDT for administering payment of stipends to Victim Empowerment Programme (VEP) volunteers was terminated and after careful consideration, the Department decided not to extend or enter into a new agreement. Although a new proposal was submitted by the IDT for extension, the financial implications of the continuation would have been detrimental to the budget of the department since it would have tripled as a result of elevating the programme to be compliant as an Extended Public Works Programme (EPWP).

### **New/proposed activities**

There are no new or proposed activities.

### **Asset management**

The Asset Management Unit has been established as a standalone directorate. All the Department's assets were

captured on an excel asset register. The department has put more focus on tidy-up the LOGIS system so that it can be a reliably utilised in future.

The Department of Public Works is reporting on the immovable assets as the custodians of immovable assets for the current financial year. The Department has received custodianship of all the roads, quarries and bridges in the province for 2014/15 financial year. The process of transferring the immovable assets from the department of Public Works will be embarked on early during the next financial year.

### **Events after the reporting date**

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

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

No exemptions and deviations received from National Treasury.

### **Supply Chain Management**

There were no unsolicited bid proposals during the financial year. Supply Chain Management (SCM) processes and systems are in place to prevent the irregular expenditure. A control sheet has been developed and implemented for all payments. Adherence to SCM processes and procedures is monitored closely and non-compliance will lead to disciplinary action taken. The 30-days payment compliance rate is at 95.26% according to the key control matrix evaluation.

### **Gifts and donations received in kind from non-related parties**

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

### **Acknowledgements**

I acknowledge the support and guidance provided by the MEC as the Executing Authority, the Executive Management and the staff in general for sharing the vision of the department and its intended goals. The Provincial Treasury and the office of the Auditor-General of South Africa (AGSA) for the continuous support provided.

The department will at all material times strive for high excellence performance.

### **Approval**

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



**Mr SJ Msibi**

Head of the Department

30 MAY 2013

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

I have prepared the performance information report for the 2013/14 financial year in accordance with the identified and reporting framework. As a department we developed systems and internal control measures to correct, monitor and evaluate performance in order to guarantee reasonable assurance to the integrity and reliability of performance information.

In my opinion, the report fairly reflects the performance information of the department for the financial year ended 31 March 2014.

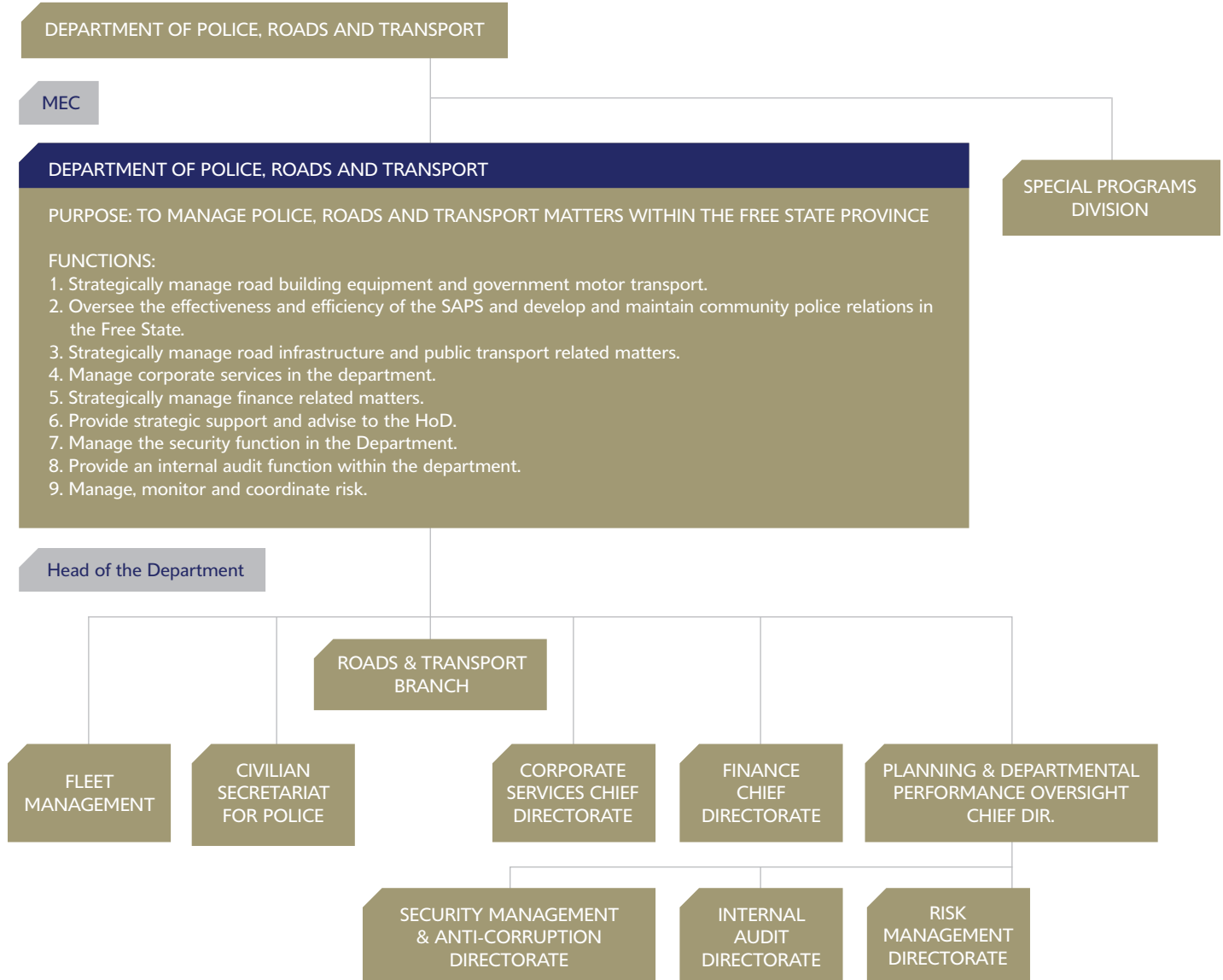
A handwritten signature in dark ink, appearing to read 'SJ Msibi', is written over a horizontal line.

**Mr SJ Msibi**

Head of the Department

30 MAY 2013

## 6 ORGANISATIONAL STRUCTURE



## 7 ENTITIES REPORTING TO THE MEC

The following entities report to the MEC of the Department of Police, Roads and Transport:

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
Fleet Management.	Treasury Regulation 19.	Fleet Management is a revenue generating entity.	Render a vehicle and equipment rental service to some national departments, provincial departments and participating municipal authorities.

# PART

PERFORMANCE INFORMATION

# ① AUDITOR–GENERAL’S REPORT: PREDETERMINED OBJECTIVES

## REPORT ON PREDETERMINED OBJECTIVES

Refer to paragraphs 12-19 and 21 of the Audit Report in Part E : Financial Information (Pages 183 - 188 and 190).

# ② STRATEGIC OVERVIEW

## 2.1 VISION

Contribute towards the creation of a prosperous Free State through the facilitation of the provision of sustainable community safety, mobility and road infrastructure.

## 2.2 MISSION

To realise the aforesaid vision we will:

- Monitor, oversee and assess police service delivery in the Free State.
- Promote integrated crime prevention initiatives.
- Ensure road safety and an integrated transport system and networks.

## 2.3 VALUES

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

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



## 2.4 STRATEGIC OUTCOMES ORIENTATED GOALS

The Department is contributing directly to the following outcomes as outlined in the draft Medium Term Strategic Framework (MTEF):

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

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

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

- Relating to this strategic objective, 60 police stations were monitored and evaluated on police compliance to set norms and standards.
- The department also started to monitor and audit 51 police stations to establish the level of compliance by the SAPS in the implementation of the Domestic Violence Act (DVA).

### ***Provincial Crime Prevention Summit and Launch of the Provincial Crime Prevention Strategy.***

- The Department hosted a Provincial Crime Prevention Summit on 11 and 12 April 2013 where all the deliberations and inputs were consolidated into the Provincial Crime Prevention Strategy.
- The Provincial Crime Prevention Strategy was formally sanctioned and approved by the Executive Council and officially launched on 11 July 2013 by the Premier of the Province and the Deputy Minister of Police.

### ***Public Transport Centre***

- The construction of the Setsoto Transport Centre was completed in June 2013.

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

- Activities of Traffic Policing include road blocks, traffic patrols, speed measuring, drunken driving monitoring and other related functions, the primary aim of which is to reduce traffic related accidents and fatalities.  
Fines issued during the reporting period:
  - Roadworthiness: 58 248 fines issued
  - Moving violations: 56 062 fines issued

## ③ LEGISLATIVE AND OTHER MANDATES

### 3.1 CONSTITUTIONAL MANDATES

Constitutional Mandate	Department's Compliance
Constitution of the Republic of South Africa (Act 108 of 1996).	Outlines the functions of the provincial government in relation to those of national and local government and also stipulates the concurrent functions between the various spheres of Government.

## 3.2 LEGISLATIVE MANDATES

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

## 3.2 LEGISLATIVE MANDATES (CONTINUED)

Legislative Mandates	Relevance to the Department
Roads infrastructure specific legislation (continued)	
The Roads Ordinance, 1968 (Ordinance No. 4 of 1968).	This Ordinance deals with the overarching management and implementation of roads related projects.
General Conditions of Contract (GCC), 2004.	A form of contract for use in contracts where the contractor undertakes construction on the basis of full designs issued by the employer.
Standard Specifications for Road and Bridge Works for State Road Authorities (COLTO)	Specifications governing the compilation of tender- and contract documents for road and bridge construction.
The Minerals Act (Act 50 of 1998).	The Act deals with the prospecting, mining and disposal of minerals, as well as the opening, rehabilitation and closure of quarries.
The National Veld and Forest Fire Act (Act 101 of 1998).	The Act deals with the management of veld fires and assigns certain responsibilities to adjacent land owners.
Transport specific legislation	
The National Land Transport Act, 2009 (Act No. 22 of 2009).	The Act deals with the following related functions namely, planning, integration and regulation of the public transport.
The National Road Traffic Act, 1996 (Act No. 93 of 1996).	This Act deals mainly with the regulation of traffic function.
National land Transport Act 2009 (no 5 of 2009).	The Act deals with the following related functions namely, planning, integration and regulation of the public transport.

## 3.3 POLICY MANDATES

Policy Mandate	Key responsibility on the Department
White Paper on Training and Development in the Public Service, 1997.	It focuses on the training and development of officials in Government Departments.
Human Resources Development Strategy.	It provides for skills development in the public service.
The 1996 National Crime Prevention Strategy.	It informs the department on how best to approach the national crime issues and the dynamics relating thereto.

### 3.3 POLICY MANDATES (CONTINUED)

Policy Mandate	Key responsibility on the Department
The 1998 White Paper on Safety and Security.	It informs the department on how best to approach the national crime issues and the dynamics relating thereto.
National Passenger Road Plan.	To facilitate the understanding of the various designs corridor subsidy matrix will be established to validate the corridor criteria for subsidisation purposes.
National White Paper Transport Policy, 1996.	To ensure sustainable and dedicated funding for passenger transport infrastructure, operations and law enforcement.
Moving South Africa.	Identifies four key strategic challenges impacting on urban passengers which required addressing through various strategies.
Rural Transport Strategy for South Africa, 2007.	Focus on delivering rural transport infrastructure and services in line with IDPs and ISRDP.
Public Transport Strategy, 2007.	Encompasses the key profits aimed at achieving the goal of mass public transit networks. These networks comprise of an integrated package of Rail, Bus Rapid Transit, priority corridors and Taxi Recapitalization supported by an extensive feeder and distribution network.
Extended Public Works Programme.	A national programme aimed at alleviating and reducing unemployment.
Road Infrastructure Strategic Framework for South Africa.	<ul style="list-style-type: none"> <li>For the improvement of integrated planning of the road network and the coordination with other transport modes.</li> <li>Defining an integrated and appropriately classified network to provide mobility and access to stimulate growth and mobility.</li> </ul>

### 3.4 RELEVANT COURT RULINGS

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

The above documents empower the Department to:

- Monitor and evaluate the performance of the SAPS in the Province in order to ensure continuous improvements in its performance regarding crime prevention, law enforcement and to quality service delivery.
- Coordinate and integrate government-led social crime prevention activities and the support of community initiatives.

- Coordinate the Criminal Justice System (CJS) and the Criminal Justice Cluster (CJC) within the province to ensure sustained integration.
- Improve relations between communities and components of the CJS.
- Improve communication and information in order to empower communities.
- Validate the corridor criteria for subsidisation purposes.
- Improve integrated planning of the road network and the coordination with other transport modes.
- Define an integrated and appropriately classified network to provide mobility and access to stimulate growth and mobility.
- Compile tender and contract documents for road and bridge construction.

## ④ OVERVIEW OF DEPARTMENTAL PERFORMANCE

### 4.1 SERVICE DELIVERY ENVIRONMENT

The following service delivery services were rendered directly to the public by the department:

- 20 campaigns were held on community safety/road shows in order to provide public education to the community.
- 54 victim support volunteers were recruited and trained for police stations.
- 246 permits were converted to operating licenses.
- 26 960 new vehicles were registered.
- 145 984 vehicles were registered.
- 586 schools were provided with road safety education.
- 163 road safety awareness campaigns were held.

Though the department did fairly well towards the achievement of the Annual Performance Plan (APP) targets several challenges were encountered in the process. Section 100 (a) still remained a challenge the department was faced with in the 2013/14 financial year.

### 4.2 SERVICE DELIVERY IMPROVEMENT PLAN

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

**Main services provided and standards**

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Monitor SAPS' performance	SAPS members.	Members of FS public.	The 8 Batho Pele principles have to be honoured as a minimum standard.	<ul style="list-style-type: none"> <li>60 visits were conducted at police stations to monitor police compliance.</li> <li>51 assessment visits were also conducted at police stations.</li> </ul>
Initiate and coordinate social crime prevention programmes.	Members of the FS public.	The FS community.		<ul style="list-style-type: none"> <li>A youth outreach programme against ganstarism targeted Botshabelo schools known as a hub of ganstarism.</li> </ul>
Educate the public about crime prevention.	Members of the FS public.	The FS community.		20 community outreach programmes were conducted where numerous pamphlets on human trafficking, domestic violence were distributed.
Establish and maintain a safe and efficient traffic and transport management service in the FS province.	Members of the FS public, road users.	The FS community.		217 scholar patrols teams were trained on road safety and 163 awareness campaigns were conducted throughout the Province.
Promote sustainable road and transport infrastructure.	Members of FS public, road users.	The FS community.		To ensure a safe environmentally friendly and improved transport infrastructure, 56 500 kilometres of gravel roads were bladed, 430 687.9 square meters of blacktop patching done and the transport centre in Setsoto (Ficksburg) was completed.

### Consultation arrangements with customers

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
Complaint received against the SAPS/ individuals.	SAPS members/Members of the FS Public.	Members of FS public.	115 complaints were received and registered for further investigation, of these, 67 emanated from Motheo, 13 from Lejweleputswa, 17 from Thabo Mofutsanyane, 16 from Fezile Dabi and two from Xhariep.
Dealing with testing centres complaints and queries.	Members of FS public.	The FS community.	Suggestion Boxes /Complaint register books have been installed at all 64 stations for community members to write their complaints and queries.

### Service delivery access strategy

Access Strategy	Actual achievements
Ensure compliance with legislative and policy framework.	115 complaints were received and registered for further investigation, of these, 67 emanated from Motheo, 13 from Lejweleputswa, 17 from Thabo Mofutsanyane, 16 from Fezile Dabi and two from Xhariep.
Effective and accessible complaint system.	36 reports submitted (see Strategic Objective 2.2)

### Service information tool

Types of information tool	Actual achievements
Monitoring service delivery at Police stations and specialised units.	Two units were monitored and evaluated on the set norms and standards on specialised units.
Monitoring service delivery at Registering Authorities.	Seven testing stations /registration authorities were visited and assessed on service delivery improvement.

### Complaints mechanism

Complaints mechanism	Actual achievements
Toll-free number established.	Toll-free number is operational and functional 24 hours a day (0800727374).

## 4.3 ORGANISATIONAL ENVIRONMENT

### ***Section 100 intervention and the implications***

Section 100 (1) (a) is still a challenge to the Department. However, improvement measures were implemented and did yield results because the financial situation improved and all the progress and compliance reports were found to be satisfactory by the combined task team. In this regard, the department is still awaiting the final report to be tabled with Cabinet to review the Section 100 intervention.

The following critical posts were filled during the year under review which impacted positively towards the realisation of the objectives of the Department:

- Director: Transport Administration and Licensing
- Director: Supply Chain Management
- Director: Employee Relations
- Director: Project Facilitation
- Director: Security Management
- Director: Law Enforcement
- Director: Office Manager (HoD's Office)

## 4.4 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

Deliberations commenced for the review and development of the White Paper on Safety and Security which document guides the review of the SAPS Act. National workshops were also conducted towards the development of a national framework in dealing with complaints against the SAPS and towards the development of a national policy for community policing. The department also finalised the alignment to the Civilian Secretariat for Police Service Act and started to implement a new mandate of auditing and monitoring the compliance of the SAPS in the implementation of the Domestic Violence Act.

## 4.5 STRATEGIC OUTCOME ORIENTATED GOALS

Refer to 2.4 on page 21



## ⑤ PERFORMANCE INFORMATION BY PROGRAMME

### 5.1 PROGRAMME 1: ADMINISTRATION

#### **Purpose**

The aim of the Administration Programme is to provide executive support to the Head of Department and all financial and non-financial systems within the Department.

#### **SUBPROGRAMMES**

The Programme consists of the following Subprogrammes:

- Office of the MEC
- Office of the HoD
- Financial Management
- Corporate Support
  - Subprogramme Strategic Planning, Monitoring and Evaluation
  - Subprogramme Internal Audit
  - Subprogramme Risk Management
  - Subprogramme Legal Services
  - Subprogramme Security Management

**Strategic objectives**

Strategic objective no. 1.1: Enhance the human capacity base of the department.

Performance Indicators	Actual Achievement 2012/13	Annual Target 2013/14	Actual achieved 2013/14	Deviation from planned target	Reasons for deviation
Corporate Communication					
1.1.1 Improve signage at licensing/testing or roads offices per district.	-	10	1	9	Due to budget cuts during the year under review, the department had to scale down some of the projects, hence underachievement in the improvement of signage.
1.1.2 Workshops/information sessions held on road safety, transport and crime prevention issues.	-	4	4	0	
1.1.3 Communication audits/surveys conducted in all directorates.	-	3	3	0	
Internal Audit					
1.1.4 Number of audits conducted.	22	10	10	0	
Risk Management					
1.1.5 Number of risk awareness, identification, assessment and monitoring sessions.	20	48	48	0	

Performance Indicators	Actual Achievement 2012/13	Annual Target 2013/14	Actual achieved 2013/14	Deviation from planned target	Reasons for deviation
Strategic Planning, Monitoring and Evaluation					
1.1.6 Number of visits re validation of inputs in relation to reports.	20	20	20	0	-
Security Management					
1.1.7 Number of departmental buildings monitored.	85	85	85	0	-
Supply Chain Management					
1.1.8 Percentage payments made to suppliers/ contractors within 30 days from receipt of an invoice.	90%	100%	95.26%	4.74%	Expired tax clearance certificates delayed the payment process. Unavailability of cash during the last quarter also resulted in underachievement.
Asset Management					
1.1.9 Accurate and complete asset register.	50%	100%	98%	2%	Excel Asset Register has been updated however; we are in the process of finalising stock-count.

### Reasons for deviations

The programme underachieved on three of their performance indicators and the reason for this is the issue of compliance on both the department and the clients. Regarding the accurate and complete asset register the department is finalising the stock count to ensure an accurate asset register

### Strategy to overcome areas of under performance

The department will continue to assist the service providers on addressing the compliance issue so that they are able to pay them within 30 days.

### Linking performance with budget

In the 2013/14 financial year the programme underspent by R8.832 million.

**Subprogramme expenditure**

	2013/2014			2012/2013		
Subprogramme Name	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>1.1 Office of the MEC</b>						
Current Payment	9 639	11 960	(2 321)	9 797	8 732	1 065
Transfers and subsidies	426	471	(45)	53	157	(104)
Payment for capital assets	-	37	(37)	38	21	17
<b>1.2 Office of the HoD</b>						
Current Payment	6 451	4 543	1 908	5 431	2 796	2 635
Payment for capital assets	200	39	161	97	54	43
Payment for financial assets	-	-	-	-	-	-
<b>1.3 Financial Management</b>						
Current Payment	59 448	61 511	(2 063)	66 313	65 105	1 208
Transfers and subsidies	-	137	(137)	-	160	(160)
Payment for capital assets	10	-	10	898	474	424
Payment for financial assets	-	-	-	-	-	-
<b>1.4 Corporate Services</b>						
Current Payment	56 705	55 379	1 326	35 292	39 098	(3 806)
Transfers and subsidies	-	140	(140)	120	38	82
Payment for capital assets	8 598	4 818	3 780	1 070	627	443
Payment for financial assets	-	-	-	-	-	-
<b>1.5 Internal Audit</b>						
Current Payment	4 641	5 074	(433)	2 475	3 239	(764)
Payment for capital assets	-	-	-	50	34	16

	2013/2014			2012/2013		
Subprogramme Name	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>1.6 Legal Service</b>						
Current Payment	2 395	3 112	(717)	3 242	2 250	992
Payment for capital assets	162	107	55	30	-	30
Payment for financial assets	-	-	-	-	-	-
<b>1.7 Strategic Planning &amp; Research Development</b>						
Current Payment	8 172	5 466	2 706	4 490	7 320	(2 830)
Transfers and subsidies	-	25	(25)	-	-	-
Payment for capital assets	-	-	-	40	30	10
Payment for financial assets	-	-	-	-	-	-
<b>1.8 Security Management</b>						
Current Payment	34 055	33 583	472	26 212	26 104	108
Transfers and subsidies	-	5	(5)	-	-	-
Payment for capital assets	1 500	-	1 500	1 825	1 821	4
<b>1.9 Risk Management</b>						
Current Payment	3 991	1 155	2 836	-	-	-
Payment for capital assets.	20	19	1	-	-	-
<b>TOTAL</b>	<b>196 413</b>	<b>187 581</b>	<b>8 832</b>	<b>157 473</b>	<b>158 060</b>	<b>(587)</b>

**Programme 1 per economic classification**

Subprogramme name	2013/2014			2012/2013		
Programme 1: Per economic classification	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Current Payment</b>						
Compensation of employees	95 562	95 040	522	85 970	84 132	1 838
Goods and services	89 881	86 692	3 189	67 282	70 512	(3 230)
Interest and rent on land	54	51	3	-	-	-
<b>Transfers and Subsidies</b>						
Public corporations and private enterprise	-	-	-	-	-	-
Households	426	778	(352)	173	354	(181)
<b>Payment for Capital Assets</b>						
Building and other fixed structures	-	-	-	-	-	-
Machinery and equipment	10 490	5 020	5 470	4 048	3 062	986
<b>TOTAL</b>	<b>196 413</b>	<b>187 581</b>	<b>8 832</b>	<b>157 473</b>	<b>158 060</b>	<b>(587)</b>

## 5.2 PROGRAMME 2: CIVILIAN OVERSIGHT

**Purpose**

The aim of the Civilian Oversight Programme is to oversee police performance and conduct in relation to service delivery in the province.

**SUBPROGRAMMES**

The Programme consists of the following Subprogrammes:

- Monitoring and Evaluation
- Complaints Registry and Investigations
- Policy and Research

**Strategic objectives**

- 2.1 To monitor and evaluate the effectiveness and efficiency of service delivery by the SAPS.
- 2.2 To receive, register, classify and investigate all complaints against the SAPS.

### Subprogramme: Monitoring and Evaluation

Strategic Objectives, Performance Indicators and Performance Targets

Strategic objective no. 2.1: To monitor and evaluate the effectiveness and efficiency of service delivery by the SAPS.

#### Strategic objectives

Strategic objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to Actual Achievement for 2013/14	Comment on deviations
Number of police stations to be monitored and evaluated.	110	60	60	0	
Number of police stations to be monitored and evaluated on the implementation of the Domestic Violence Act (DVA).	-	50	51	-1	Overachievement was as a result of the extra visit to Mangaung Police Station as requested by the SAPS during the first quarter.

#### Performance indicators

Performance Indicators	Actual Achievement 2012/13	Annual target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
2.1.1 Number of police stations monitored and evaluated on:					
• Police compliance to set norms and standards.					
• Management performance.					
	Motheo (Mangaung Metro)	13	13	0	-
	Xhariep	10	10	0	-
	Fezile Dabi	12	12	0	-
	Thabo Mofutsanyane	14	14	0	-
	Lejweleputswa	11	11	0	-

**Performance indicators (continued)**

Performance Indicators		Actual Achievement 2012/13	Annual target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
2.1.2	Number of units monitored and evaluated on the set norms and standards on specialised units.	4	2	2	0	-
2.1.3	Number of police stations to be monitored and evaluated on the implementation of the Domestic Violence Act (Audits).	26	10	11	-1	Overachievement was as a result of the extra visit to Mangaung Police Station that was requested by the SAPS during the first quarter.
	Xhariep	19	8	8	0	-
	Fezile Dabi	23	12	12	0	-
	Thabo Mofutsanyane	26	12	12	0	-
	Lejweleputswa	22	8	8	0	-



### Customised Sector Targets Quarterly Indicators

Performance Indicators	Actual Achievement 2012/13	Annual target 2013/14	Actual Achieved 2013/14	Deviation from planned target
Number of police stations monitored.	117	60	60	0

### Annual Indicators

Performance Indicators	Actual Achievement 2012/13	2013/2014 Annual target	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
Number of stations evaluated.	117	60	60	0	-
Number of audit reports.	117	50	51	-1	Overachievement was as a result of the extra visit to Mangaung Police Station that was requested by SAPS during the first quarter.
Number of reports on implementations of the ICD, Parliament and the Auditor-General.	2	2	-	2	No reports were referred to the department by the ICD, Parliament or the Auditor-General.
Number of reports on implementation of special projects.	2	2	2	0	-

### Subprogramme Complaints Registry and Investigations

Strategic objective no. 2.2: To receive, register, classify and investigate all complaints against the SAPS.

#### Strategic objectives

Strategic Objectives	Actual Achievement 2012/13	Planned target 2013/14	Actual Achievement 2013/14	Deviation from planned target to Actual Achievement for 2013/14
% of complaints received, registered, classified and investigated to the satisfaction of the complainant.	100%	100%	100%	0

#### Performance indicators

Strategic Objectives	Actual Achievement 2012/13	Annual target 2013/14	Actual Achieved 2013/14	Deviation from planned target
2.2.1 Number of reports reflecting the number and status of complaints.	12	12	12	0
2.2.2 Number of reports on the nature of complaints.	4	4	4	0
2.2.3 Number of reports regarding the investigation of complaints.	48	36	36	0

#### Annual Indicators

Performance Indicators	Actual Achievement 2012/13	2013/2014 Annual target	Actual Achieved 2013/14	Deviation from planned target
Number of reports on complaints management.	4	4	4	0

### Subprogramme Policy and Research

Strategic objective no. 2.3: Conduct research into any policing interventions with regards to civilian oversight.

#### Annual Indicator

Performance Indicator	Actual Achievement 2012/13	2013/2014 Annual target	Actual Achieved 2013/14	Deviation from planned target	Deviation from planned target
Number of research reports	4	4	-	4	Due to the poor quality of research in the department a need was identified to absorb existing officials elsewhere in the department and to advertise for the recruitment of people with appropriate research training and background. Due to cost containment measures the recruitment process could not be finalised.

#### Reasons for deviations

The programme underachieved on two of its performance indicators and the reasons for this is because of referrals from the ICD and the lack of officials with the appropriate research skills in the unit

#### Strategy to overcome areas of under performance

The department is in the process of filling the vacancies in the research unit in order to establish an effective research team.

#### Linking performance with budget

The programme is doing fairly well towards the achievement of the set targets. It has underspent by R403 000.

**Subprogramme expenditure**

Subprogramme name	2013/2014			2012/2013		
Details per Subprogramme	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>2.1 Complaints Registry &amp; Investigation</b>						
Current Payment	4 301	4 220	81	8 214	8 116	98
Transfers and subsidies	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-
<b>2.2 Monitoring and Evaluation</b>						
Current Payment	4 053	3 731	322	-	-	-
Transfers and subsidies						
Payment for financial assets						
<b>TOTAL</b>	<b>8 354</b>	<b>7 951</b>	<b>403</b>	<b>8 214</b>	<b>8 116</b>	<b>98</b>

**Programme 2 per economic classification**

Subprogramme name	2013/2014			2012/2013		
Programme 2: Per economic classification	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Current Payment						
Compensation of employees	7 423	7 402	21	6 558	5 743	815
Goods and services	931	549	382	1 656	2 373	(717)
Transfers and Subsidies						
Public corporations and private enterprise	-	-	-	-	-	-
Households	-	-	-	-	-	-
Payment for Capital Assets						
Building and other fixed structures.				-	-	-
Machinery and equipment						-
Payment for Financial Assets						
<b>TOTAL</b>	<b>8 354</b>	<b>7 951</b>	<b>403</b>	<b>8 214</b>	<b>8 116</b>	<b>98</b>

## 5.3 PROGRAMME 3: CRIME PREVENTION AND COMMUNITY POLICE RELATIONS

### **Purpose**

The aim of Crime Prevention and Community Policing Liaison Programme is to mobilize communities against crime and to ensure community participation in crime prevention and community safety, including social crimes and promotion of safety.

### **SUBPROGRAMMES**

The Programme consists of the following Subprogrammes:

- Social Crime Prevention.
- Community Policing and Liaison.
- Promotion of Safety.

### **Strategic objectives**

- 3.1 Develop and execute social crime prevention programmes at provincial and local level.
- 3.2 Monitor, support and promote the Victim Empowerment Programme (VEP) at police station level.
- 3.3 Oversee the establishment and functioning of Community Policing Structures in the province.
- 3.4 Enhance and capacitate community policing structures to improve community – police relations and cooperation.
- 3.5 Promote public awareness on general safety, legal and human rights within the framework of the CJS.

**Subprogramme: Social Crime Prevention**

Strategic Objectives, Performance Indicators and Performance Targets:

**Strategic objectives***Strategic Objective no. 3.1: Develop and execute social crime prevention programmes at provincial and local level*

Strategic objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to Actual Achievement for 2013/14
Number of social crime prevention programmes/projects addressing root causes of crime in the province.	2	3	3	0

**Performance indicators**

Performance Indicators	Actual Achievement 2012/13	Annual Target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
3.1.1 Number of social crime prevention programmes/projects addressing root causes of crime in the province.	2	3	3	0	-
3.1.2 Number of School Safety programmes implemented at identified high risk schools.	7	10	10	0	-
3.1.3 Number of crime prevention campaigns commemorating national and international focus days/months (Youth, Women's, 16 Days Campaign and Safety Month).	4	4	5	-1	The department partnered with the SAPS in other two projects which were in line with the 16 Days Campaign.
Number of rural safety and cross-border crime prevention initiatives/projects					
3.1.4 Human Trafficking	2	2	2	0	-
3.1.5 Number of rural safety and stock-theft programmes/projects (cross-border and inland).	2	4	4	0	-

*Strategic Objective no. 3.2: Monitor, support and promote Victim Empowerment Programmes (VEP) at police station level.*

Strategic objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to Actual Achievement for 2013/14	Reasons for deviation
Number of police stations monitored, and supported on the implementation of Victim Empowerment Programme (VEP).	46	110	54	56	The project with the IDT has been discontinued since the agreement was terminated and it became too costly to re-enter into a new agreement.

**Performance indicators**

Strategic objectives	Actual Achievement 2012/13	Annual Target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
3.2.1 Number of VEP facilities/service assessed on functionality at police stations.	105	110	110	0	
3.2.2 Number of VEPs volunteers appointed.	46	220	54	166	The project with IDT has been discontinued since the agreement was terminated and it became too costly to re-enter into a new agreement.

### Subprogramme Community Policing and Liaison

Strategic Objective no. 3.3: Oversee the establishment and functioning of Community Policing Structures in the province.

#### Strategic objectives

Strategic objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to Actual Achievement for 2013/14
Number of Community Police Structures assessed and functional.	129	129 (110 CPFs 18 Cluster CPF boards 1 Provincial CPF Board)	129	0

#### Performance indicators

Performance Indicators	Actual Achievement 2012/13	Annual Target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
3.3.1 Number of Community Policing Structures assessed on functionality.	110 18 1	110 CPFs 18 Cluster Boards 1 Provincial Board	110 CPFs 18 Cluster Boards 1 Provincial Board	0 0 0	
3.3.2 Number of functional sector policing forums in the Province.	416	416	368	48	There are currently challenges in that the SAPS do not have enough resources to sustain the functionality of sectors.
3.3.3 Number of CSFs established within districts.		8	8	0	
3.3.4 Number of community safety plans by the CPFs.		129	107	22	The target could not be reached since the targeted CPFs could not finalise their CSP since they do not have the capacity and know how to draft and compile.



*Strategic Objective no. 3.4: Enhance and capacitate community policing structures to improve community/police relations and cooperation.*

Performance Indicators	Actual Achievement 2012/13	Annual Target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
3.4.1 Number of training workshops for CPF executive members per district.	3	5	8	-3	Based on the findings during assessment of CPF functionality, a need was identified for three additional induction training sessions.
3.4.2 Number of Community Police Projects funded.	6	10	8	2	Targets not achieved due to cost containment measures.
3.4.3 Number of induction sessions for Community Safety Forum members.	0	2	0	2	In terms of the policy training/workshops can only be conducted once the Councils have taken a resolution on adopting CSFs.

**Subprogramme Promotion of Safety**

*Strategic Objective no. 3.5: Promote public awareness on general safety, legal and human rights within the framework of the CJS.*

**Strategic objectives**

Strategic Objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to Actual Achievement for 2013/14
Provide promote public awareness on general safety, legal and human rights within the framework of the CJS.	30	20	20	0

**Performance indicators**

Performance Indicators		Actual Achievement 2012/13	Annual Target 2013/14	Actual Achieved 2013/14	Deviation from planned target
3.5.1	Number of community outreach programmes conducted per (public meetings, road shows, etc.).	30	20	20	0

**Customised Sector Targets****Quarterly Indicators**

Performance Indicators		Actual Achievement 2012/13	Annual Target 2013/14	Actual Achieved 2013/14	Deviation from planned target
Number of CSFs rolled out.		0	8	8	0
Number of CPFs aligned to guidelines and policies.		110	110	110	0

**Annual Indicators**

Performance Indicators		Actual Achievement 2012/13	2013/2014 Annual target	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
Number of CPFs functional.		0	110	110	0	
Number of social crime prevention programme implemented.		110	16	15	1	Due to cost containment measures the programme could not conduct the project which was planned for Safety Month (February).

**Reasons for deviations**

The programme underachieved on six of their performance indicators as a result of budget constraints in some instances. The programme is highly dependent on external collaboration and it is in some instances problematic to ensure commitment. Challenges with regard to the SAPS and IDT on their financial resources also impacted on the underachievement of the targets.

**Strategy to overcome areas of under performance**

The programme will plan within their budget to overcome the challenge of budget constraints.

**Linking performance with budget**

The programme is doing well in achieving their targets and it underspent by R1.362 million

**Subprogramme Expenditure**

	2013/2014			2012/2013		
Details per Subprogramme	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>3.1 Social Crime Prevention</b>						
Current payment	5 519	5 555	(36)	7 418	5 656	1 762
Transfers and subsidies	81	21	60	1 000	1 078	(78)
Payment for capital assets	30	26	4	20	12	8
Payment for financial assets	-	-	-	-	-	-
<b>3.2 Community Police</b>						
Current Payment	4 432	3 410	1 022	4 642	6 449	(1 807)
Transfers and subsidies	82	33	49	-	-	-
Payment for capital assets	-	-	-	60	20	40
<b>3.3 Promotion of Safety</b>						
Current Payment	1 658	1 415	243	2 260	2 109	151
Transfers and subsidies	-	-	-	-	-	-
Payment for capital assets	20	-	20	20	-	20
Payment for financial assets	-	-	-	-	-	-
<b>TOTAL</b>	<b>11 822</b>	<b>10 460</b>	<b>1 362</b>	<b>15 420</b>	<b>15 324</b>	<b>96</b>

**Programme 3 per economic classification**

Subprogramme name	2013/2014			2012/2013		
Programme 3: Per economic classification	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Current Payment						
Compensation of employees	6 492	6 486	6	8 098	6 184	1 914
Goods and services	5 117	3 894	1 223	6 222	8 030	(1 808)
Transfers and Subsidies						
Public corporations and private enterprise	-	-	-	1 000	1 000	-
Households	163	54	109	-	78	(78)
Payment for Capital Assets						
Building and other fixed structures.	-	-	-	-	-	-
Machinery and equipment	50	26	24	100	32	68
Payment for Financial Assets						
<b>TOTAL</b>	<b>11 822</b>	<b>10 460</b>	<b>1 362</b>	<b>15 420</b>	<b>15 324</b>	<b>96</b>

## 5.4 PROGRAMME 4: TRANSPORT OPERATIONS

**Purpose**

To plan, regulate and facilitate the provision of public transport services and infrastructure, through own provincial resources and through co-operation with national and local authorities, as well as the private sector in order to enhance the mobility of all communities particularly those currently without or with limited access.

**SUBPROGRAMMES**

The programme consists of the following Subprogrammes:

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

**Strategic Objectives**

- 4.1 Promote the delivery of a well co-coordinated, safe and affordable public transport service.
- 4.2 Conduct road safety programs through education and training for Traffic Law Enforcers, Transport Operators and the public.
- 4.3 Broaden the accessibility of freight transportation.

### Subprogramme: Public Transport Services and Systems

Strategic Objectives, Performance Indicators, and Performance Targets:

Strategic Objective no. 4.1: Promote the delivery of a well co-ordinated, safe and affordable public transport service

#### Strategic objectives

Strategic objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to Actual Achievement for 2013/14
Number of public transport subsidy provided	3	3	3	0

#### Performance indicators

Performance indicator	Actual Achievement 2012/13	Annual target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
4.1.1 Number of public transport subsidy provided in the province.	3	3	3	0	
4.1.2 Issuing of bicycles to rural learners.	0	100	0	100	According to the resolution of July 25, 2013 the Free State Province was supposed to receive 166 Shova Kalula bicycles from the Department of Transport but due to the delay in the SCM procurement processes the bicycles will only be delivered in May of 2014.
4.1.3 Number of defaulters contacted by the Tracing Unit.	-	1 200	1 100	100	Under achievement is due to special projects of the MEC and in the Madiboho (cross-border) borders.
4.1.4 Number of warrants executed by the Tracing Unit	-	1 200	1 121	79	Under-achievement is as a result of defaulters failing to pay their traffic fines on time and the warrants that are cancelled by the court.
4.1.5 Number of GG vehicles screened	-	600	541	59	Under achievement is due to special projects of the MEC and in the Madiboho (Cross Border) borders.

## Customised Sector Targets

Performance Indicators	Actual Achievement 2012/13	Annual target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
Number of routes subsidised	-	2 808	2 808	0	-
Number of vehicle kilometres subsidised	-	10 883 626.8	11 238 808.2	-355 181.4	An increase is due to additional busses that were introduced for normal operations to cater for an increase in passenger demand. In development of the new settlement.
Kilometres operated per vehicle	-	42 516.0	43 730.7	-1 214.7	Increase due to additional trips.
Passengers per vehicle	-	21 933	22 043.5	-110.5	Increase due to DNO's on trips operated and an increase in passenger demand on existing services.
Passengers per trip operated	-	735	815	-80	Increase is due to passenger demand.
Staff per vehicle	-	1	1	0	-
Number of subsidised passengers	-	12 706 152	15 996 599	-3 290 447	Increase due to increase in passenger demand.
Number of unsubsidised passengers	-	2 789 388	4 656 662	-1 867 274	Increase is due to increase in private hire and passenger demand in the developments of new settlements.
Number of trips subsidised	-	211 908.0	236 139	-24 231	Increase due to additional trips on new or additional

### Subprogramme: Transport Safety and Compliance

Strategic Objectives, Performance Indicators and Performance Targets:

Strategic Objective no. 4.2: Conduct road safety programs through education and training for Traffic Law Enforcers, Transport Operators and the public.

#### Strategic objectives

Strategic objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Actual Achievement 2012/13
% reduction of road traffic accidents	5%	20% incremental	20% incremental	

#### Performance indicators

Performance Indicators	Actual Achievement 2012/13	Annual target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
4.2.1 Number of existing staff provided with refresher courses.	446	400	469	-69	Target exceeded due to improved effort on the training on Section 56 notices, to address exceptions on receivables raised in the audit report.
4.2.2 Number scholar patrol teams trained and retrained.	140	140	217	-77	Target exceeded due to increased requests for new scholar patrols, as well as intensified retraining at hot spots.
4.2.3 Number of interactions with stakeholders and role players.	37	16	64	-48	Target overachieved due to improved marketing and increased interest from stakeholders.
4.2.4 Number of learners utilising junior traffic training centres.	3 337	1 500	2 277	-777	Target exceeded due to increased interest from schools, and improved relations and support from municipalities and other stakeholders.



### Customised Sector Targets

Performance Indicators	Actual Achievement 2012/13	Annual Target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
Number of road safety awareness interventions conducted.	106	120	163	-43	Over-achievement due to increased road safety awareness in order to meet the National Decade of Action targets.
Number of schools involved in road safety education programmes (average).	507	500	586	-86	Target exceeded due to increased interest from schools and improved relations.

### Subprogramme: Infrastructure Operations

#### Strategic objectives

Strategic objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to Actual Achievement for 2013/14	Comment on deviations
% of Harrismith Gateway Development phase completed.	75% planning	90% planning	87.5% planning	2.5% planning	The technical service provider could not be appointed which resulted in the feasibility study not being completed.

Performance indicators

Performance Indicator		Actual Achievement 2012/13	Annual Target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
4.3.1	% of Harrismith Gateway Development phase completed	75% planning	90% planning	87.5% planning	2.5%	The technical service provider could not be appointed which resulted in the feasibility study not being completed.

Reasons for deviations

The overachievement on the provisioning of bicycles was due to the delay by the National Department of Transport to deliver them in time. With regard to the Harrismith Gateway Development, there was a delay on appointment of a technical service provider.

Strategy to overcome areas of under performance

The planning will be improved to ensure achievements of the target.

Linking performance with budget

The programme is doing well towards the achievements of the targets. However it has underspend by R3 683 million compared to R28 million in 2012/13.

## Subprogramme expenditure

	2013/2014			2012/2013		
Details per subprogramme	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
4.1 Programme Support Operations						
Current Payments	1 694	1 780	(86)	1 785	2 587	(802)
Transfers and subsidies	2	1	1	-	-	-
Payments for capital assets	-	-	-	-	-	-
4.2 Public Transport Services						
Current Payments	16 497	17 197	(700)	10 972	9 741	1 231
Transfers and subsidies	209 402	209 402	-	208 312	208 186	126
Payment for capital assets	-	-	-	70	11	59
4.3 Transport Safety and Compliance						
Current Payments	14 318	16 074	(1756)	17 260	16 899	361
Transfers and subsidies	1	1	-	-	-	-
Payment for capital assets	-	-	-	-	-	-
4.4 Infrastructure Operations						
Current Payments	2 506	301	2 205	2 565	4 085	(1 520)
Transfers and subsidies	-	-	-	-	-	-
Payment for capital assets	60	41	19	60	17	43
4.5 Transport System						
Current Payments	4 000	-	4 000	7 200	6 670	530
Payment for capital assets						
<b>TOTAL</b>	<b>248 480</b>	<b>244 797</b>	<b>3 683</b>	<b>248 224</b>	<b>248 196</b>	<b>28</b>

**Programme 4 per economic classification**

	2013/2014			2012/2013		
Programme 4 Per Economic Classification	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Current Payments</b>						
Compensation of employees	21 578	21 573	5	22 780	17 710	5 070
Goods and Services	17 437	13 779	3 658	17 002	22 272	(5 270)
<b>Transfers and Subsidies</b>						
Departmental agencies and accounts	-	-	-	-	-	-
Public corporations and private enterprises	209 382	209 382	-	208 312	208 186	126
Households	-	-	-	-	-	-
Gifts and donations	23	22	1	-	-	-
<b>Payment for Capital Assets</b>						
Building and other fixed structures	-	-	-	-	-	-
Machinery and equipment	60	41	19	130	28	102
<b>TOTAL</b>	<b>248 480</b>	<b>244 797</b>	<b>3 683</b>	<b>248 224</b>	<b>248 196</b>	<b>28</b>

## 5.5 PROGRAMME 5: TRANSPORT REGULATION

**Purpose**

The aim of this programme is to establish, manage and maintain a safe and efficient road traffic system by providing high quality pro-active road traffic training, education and effective road traffic law enforcement and to ensure that all privately and government owned vehicles registered in the province are licensed each year and that all drivers are appropriately authorised to drive their vehicles.

**SUBPROGRAMMES**

The Programme consists of the following Subprogrammes:

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

**Strategic Objectives**

- 5.1 Accelerate licensing services and eliminate fraud and corruption within registering authorities.
- 5.2 Empower taxi operators in the public transport industry to perform their functions effectively.
- 5.3 Ensure a culture of proper road traffic law compliance by road users.

### Subprogramme: Transport Administration and Licensing

Strategic Objectives, Performance Indicators and Performance Targets:

#### Strategic objectives

Strategic Objective no. 5.1: Accelerate licensing services and eliminate fraud and corruption within registering authorities.

Strategic objectives	Actual Achievement 2012/13	Planned target 2013/14	Actual Achievement 2013/14	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Reduce the waiting-time for the renewal of driving licenses.	4	4	4	0	-
Zero tolerance on fraud and corruption.	3	2	5	-3	Due to strict monitoring and close supervision for adherence to internal controls a number of irregularities were picked up and disciplinary actions were taken against perpetrators.

**Performance indicators**

Performance Indicator	Actual Achievement 2012/13	Annual Target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
5.1.1 Reduce the waiting for the renewal of driving licences.	4 weeks	4 weeks	4 weeks	0	
5.1.2 Number of fraud and corruption cases reported.	3	2	5	-3	Due to strict monitoring and close supervision for adherence to internal controls a number of irregularities were picked up and disciplinary actions were taken against perpetrators.
5.1.3 Increased revenue collection.	R445 220 365.10	R399 000 000	R502 322 781.59	-R103 322 781.59	The number of new cars registered increased significantly and this resulted in in over achievement of the target.
5.1.4 Collected outstanding eNATIS debt as at 31 March 2014.	R33 478 000	R36 000 000	R38 303 690	-R2 303 690	Overachievement due to the effectiveness of the Tracing Unit instalment arrangements.

**Subprogramme: Operator Licence and Permits**

Measurable Objectives, Performance Indicators, and Performance Targets:

**Strategic objectives**

Strategic Objective no. 5.2: Empower taxi operators in the public transport industry to perform their functions effectively.

Strategic objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to Actual Achievement for 2013/2014
Number of training sessions conducted.	22	20	20	0

### Performance indicators

Performance Indicator	Actual Achievement 2012/13	Annual Target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
5.2.1 Number of training sessions held (Transport Operators).	22	20	20	0	-
5.2.2 Number of visits conducted to taxi associations to monitor compliance.	-	96	95	1	The visit earmarked for the last quarter was cancelled due to the intensive election campaign of the taxi industry.
5.2.3 Number of visits conducted to learner transport associations to monitor compliance.	-	34	32	2	Other visits were cancelled in the last quarter due to the intensive election campaign of the taxi industry.
5.2.4 Number of visits conducted to meter taxi associations to monitor compliance.	-	2	2	0	-

### Subprogrammes: Law Enforcement

Measurable Objectives, Performance Indicators, and Performance Targets:

*Strategic Objective no. 5.3: Ensure a culture of proper road traffic law compliance by road users.*

### Performance indicators

Performance Indicator	Actual Achievement 2012/13	Annual Target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
5.3.1 Number of vehicles stopped and checked for driver and vehicle fitness.	715 544	670 000	829 823	-159 823	Over-achievement due to proper supervision and increased law enforcement activities.

### Customised Sector Targets

Performance Indicator	Actual Achievement 2012/13	Annual Target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
Number of speed operations conducted.	-	7 200	3 413	3 787	There has been a challenge with regard to the speed cameras. The Department is in a process of procuring new speed cameras.
Number of K78 roadblocks held.	361	360	380	-20	This process is a joint operation with Security cluster (SAPS, EMS, Municipality and the Department), hence the overachievement of the target.
Number of roadside vehicles check point operations.	23 020	40 000	26 317	13 683	An increase on testing dates for driver and learner licenses affected the achievement on the target.
Number of hours weighbridges are operated.	69 115.2	3 240	4 126	-886	Overachievement is as a result of fully functional weighbridges.

### Reasons for deviations

The programme underachieved on four of their performance indicators and the reason for this is due to budget constraints.

### Strategy to overcome areas of under performance

The programme will improve on planning to ensure the achievements of the set targets.

### Linking performance with budget

The programme did fairly well in achieving their targets with over expenditure of R10 546 million compared to R19 665 million in 2012/13.



## Subprogramme expenditure

	2013/2014			2012/2013		
Details per subprogramme	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>5.1 PROGRAMME SUPPORT REGULATION</b>						
Current Payments	10 460	14 209	(3 749)	7 480	12 546	(5 066)
Transfers and subsidies	-	-	-	-	-	-
Payments for capital assets	-	-	-	60	-	60
<b>5.2 LAW ENFORCEMENT</b>						
Current Payments	177 009	184 512	(7 503)	158 481	173 727	(15 246)
Transfers and subsidies	995	1 115	(120)	772	151	621
Payment for capital assets	-	-	-	180	75	105
<b>5.3 TRANSPORT ADMINISTRATION AND LICENSING</b>						
Current Payments	86 122	83 578	2 544	85 338	86 548	(1 210)
Transfers and subsidies	223	81	142	218	124	94
Payment for capital assets	109	46	63	3 715	1 313	2 402
<b>5.4 OPERATOR LICENCE AND PERMITS</b>						
Current Payments	10 328	12 237	(1 909)	6 997	8 414	(1417)
Transfers and subsidies	5 000	5 014	(14)	5 000	5 000	-
Payment for capital assets	-	-	-	30	38	(8)
<b>TOTAL</b>	<b>290 246</b>	<b>300 792</b>	<b>(10 546)</b>	<b>268 271</b>	<b>287 936</b>	<b>(19 665)</b>

**Programme 5 per economic classification**

	2013/2014			2012/2013		
Programme 5 Per Economic Classification	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>CURRENT PAYMENTS</b>						
Compensation of employees	229 819	226 675	3 144	186 221	217 545	(31 324)
Goods and Services	54 085	67 847	(13 762)	72 075	63 689	8 386
Interest and rent on land	15	14	1	-	-	
<b>TRANSFERS AND SUBSIDIES</b>						
Departmental agencies and accounts	5 000	5 000	-	5 000	5 000	-
Public corporations and private enterprises	-	-	-	-	-	-
Households	1 218	1 210	8	990	275	715
<b>PAYMENT FOR CAPITAL ASSETS</b>						
Building and other fixed structures	-	-	-	-	-	-
Machinery and equipment	109	46	63	3 985	1 427	2 558
<b>TOTAL</b>	<b>290 246</b>	<b>300 792</b>	<b>(10 546)</b>	<b>268 271</b>	<b>287 936</b>	<b>(19 665)</b>

## 5.6 PROGRAMME 6: TRANSPORT INFRASTRUCTURE

### **Purpose**

To promote accessibility, mobility and safe integrated road infrastructure network that is environmentally sensitive and stimulate socio-economic growth. In addition to the purpose of the programme, the province should be well served by a road network with no community, or areas with economic potential without access to the road network.

### **SUBPROGRAMMES**

The Programme consists of the following Subprogrammes:

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

### **Strategic Objectives**

- 6.1 Ensure safe, environmentally friendly and improved transport infrastructure through proper network management, planning and design.
- 6.2 Enhance improved service delivery capacity by employing contractors utilizing local labour.
- 6.3 Provide and maintain a vibrant and safe provincial transport network.

### Subprogramme: Construction and Maintenance

Strategic Objectives, Performance Indicators and Performance Targets.

#### Strategic Objectives

Strategic Objective no. 6.2: Enhance improved service delivery capacity by employing contractors utilizing local labour.

	Performance Indicator	Actual Achievement 2012/13	Annual Target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
6.2.1	Number of emerging contractors on EPWP projects	12	208	47	161	The 2013/2014 grant was used to settle accounts to service providers for the projects completed in the previous year for the 23 roads. Insignificant employment generation was therefore a result of less projects on the ground since most of the funds were directed to settlement agreements with the service providers that have already completed their contracts.
6.2.2	Number of job opportunities created (Non-EPWP projects)	1 334	647	559	88	
6.2.3	Number of job opportunities created (EPWP Projects) including the Operation Hlasela programme (Household development programme).	328	5 605	825	4 780	

Strategic Objective no. 6.3: Provide and maintain a vibrant and safe provincial transport network.

Performance Indicator		Actual Achievement 2012/13	Annual Target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
Road Construction						
6.3.1	Number of km upgraded: Route 4 Phase 1 (9.6 km)	2.3 km	2 km	0	2 km	The 2013/2014 grant was used to settle accounts to service providers for the projects completed in the previous year for the 23 roads. Insignificant employment generation was therefore a result of less projects on the ground since most of the funds were directed to settlement agreements with the service providers that have already completed their contracts.
6.3.2	Number of km upgraded: Monontsha (6.4 km)	0.86 km	1.2 km	0	1.2 km	
6.3.3	Thaba Nchu public transport route (6 km)	-	1.2 km	0	1.2 km	
Public Transport Construction						
6.3.3	Construction of Setsoto Transport Centre (Ficksburg)	85% Construction	100% Construction	100%	0	

## Customised Indicators

Performance Indicator	Actual Achievement 2012/13	Annual Target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
<b>Construction Indicator</b>					
Number of lane-kilometres of gravel roads upgraded to surfaced roads.	-	8.8 km	0	8.8 km	The 2013/2014 grant was used to settle accounts to service providers for the projects completed in the previous year for the 23 roads. Insignificant employment generation was therefore a result of less projects on the ground since most of the funds were directed to settlement agreements with the service providers that have already completed their contracts.
Number of jobs created	-	6 252	1 583	4669	
Number of full time equivalents (FTEs)	-	2 462	389.42	2 072.58	
Number of youths employed (18 - 35)	-	2 501	995	1 506	
Number of women employed	-	3 126	356	2 770	
Number of people living with disabilities employed.	-	125		125	
<b>Maintenance</b>					
			431 766		
Number of square meters of blacktop patching (Including pot holes repairs).	120 040	209 000		-222 766	Due to additional work requested by the department the service provider appointed additional teams to expedite pothole repairs.
Number of kilometres of gravel roads bladed.	-	52 000	57.81	-4 398	Target exceeded due to repair of flood damaged roads and addressing complaints raised by the farmers.
Number of lane-km of surfaced roads rehabilitated	-	38	0	-19.81	The overachievement is due to reprioritization of construction of certain roads based on urgency.
Number of square meters of surfaced roads resealed	-	81		81	The 2013/2014 grant was used to settle accounts to service providers for the projects completed in the previous year for the 23 roads. Insignificant employment generation was therefore a result of less projects on the ground since most of the funds were directed to settlement agreements with the service providers that have already completed their contracts.

**Customised Indicators (continued).**

Performance Indicator	Actual Achievement 2012/13	Annual Target 2013/14	Actual Achieved 2013/14	Deviation from planned target	Reasons for deviation
<b>Maintenance (continued).</b>					
Number of kilometres of gravel roads re-gravelled.	-	80	19.23	60.77	
Number of weighbridges calibrated to SABS standards.	3	3	3	0	

**Reasons for deviations**

Reasons for deviation in most of the targets were as a result additional emerging contractors not appointed in time as planned. This number of labourers only increased when the actual physical project execution commenced. (These projects are categorized as Labour Intensive towards creating employment opportunities for local people.)

The programme did not do well towards the achievements of the objectives for the year under review. The reason is that the 2013/2014 funds were used to settle outstanding accounts to service providers for the projects completed during the previous year for the 23 roads. Insignificant employment generation was therefore a result of less projects on the ground since most of the funds were directed to settlement agreements with the service providers that have already completed their contracts.

**Strategy to overcome areas of under performance**

The programme will improve planning towards the attainment of its objectives and targets.

**Linking performance with budget**

The programme underspent by R309 785 million for the year under review.

## Subprogramme expenditure

	2013/2014			2012/2013		
Details per subprogramme	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>6.1 PROGRAMME SUPPORT INFRASTRUCTURE</b>						
Current Payments	20 934	13 346	7 588	9 884	4 294	5 590
Transfers and subsidies	-	-	-	-	8	(8)
Payments for capital assets	1 176	432	744	5 129	1 055	4 074
<b>6.2 INFRASTRUCTURE PLANNING</b>						
Current Payments	25 347	18 314	7 033	12 092	13 514	(1 422)
Transfers and subsidies	-	-	-	-	264	(264)
Payment for capital assets	8 140	11 497	(3 357)	2 167	1 197	970
<b>6.3 INFRASTRUCTURE DESIGN</b>						
Current Payments	3 351	695	2 656	9 588	1 360	8 228
Transfers and subsidies	-	-	-	-	-	-
Payment for capital assets	-	-	-	20 727	25 009	( 4 282)
<b>6.4 CONSTRUCTION</b>						
Current Payments	(4 695)	3 738	(8 433)	68 162	24 206	43 956
Transfers and subsidies	20 000	20 000	-	20 000	20 000	-
Payment for capital assets	7 900	4 426	3 474	37 688	54 723	(17 035)
<b>6.5 MAINTENANCE</b>						
Current Payments	397 176	353 246	43 930	335 810	371 532	(35 722)
Transfers and subsidies	5 049	5 052	(3)	1 789	2 960	(1 171)
Payment for capital assets	1 264 039	1 007 886	256 153	738 008	689 928	48 080
<b>TOTAL</b>	<b>1 748 417</b>	<b>1 438 632</b>	<b>309 785</b>	<b>1 261 044</b>	<b>1 210 050</b>	<b>50 994</b>



**Programme 6 per economic classification**

Programme 6 Per economic classification	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>CURRENT PAYMENTS</b>						
Compensation of employees	141 945	132 248	9 697	151 133	116 047	35 086
Goods and Services	300 108	257 036	43 072	284 403	298 858	(14 455)
Interest on rent on land	60	55	5	-	-	
<b>TRANSFERS AND SUBSIDIES</b>						
Provinces and municipalities	-	-	-	-	-	
Departmental agencies and accounts	20 000	20 000	-	20 000	20 000	-
Households	5 049	5 052	(3)	1 789	5 332	(3 543)
<b>PAYMENT FOR CAPITAL ASSETS</b>						
Building and other fixed structures	1 277 412	1 023 029	254 383	795 453	767 385	28 068
Machinery and equipment	2 143	473	1 670	6 154	1 269	4 885
Land and subsoil assets	1 700	739	961	2 080	1 131	949
Software & other intangible assets	-	-	-	32	28	4
<b>TOTAL</b>	<b>1 748 417</b>	<b>1 438 632</b>	<b>309 785</b>	<b>1 261 044</b>	<b>1 210 050</b>	<b>50 994</b>

## ⑥ TRANSFER PAYMENTS

The table below reflects the transfer payments made for the period 1 April 2013 to 31 March 2014.

### 6.1 TRANSFER PAYMENTS TO PUBLIC ENTITIES

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Government Garage	Fleet Management Services	R20 000 000	R20 000 000	The entity performed very well in rendering its services.

### 6.2 TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN PUBLIC ENTITIES

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Free State Provincial Taxi Council.	Private enterprises	Empowerment of the Taxi structures in line with the NTTT recommendations to defray operational costs.	Yes	5 000	5 000	n/a
Interstate Bus Lines; Maluti Bus Services; Thebeagae	Private enterprises	Bus subsidy on public transportation.	Yes	209 382	209 382	n/a

The table below reflects the transfer payments which were budgeted for in the period 1 April 2013 to 31 March 2014, but no transfer payments were made.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
IDT	Administration of payment of stipends to Victim Empowerment Programme volunteers.	1 000	0	The agreement not extended by the department.

## 7 CONDITIONAL GRANTS

### 7.1 CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

The department has two conditional grants namely:

#### 7.1.1 Public Transport Operations Grant

#### 7.1.2 Transport Infrastructure Grant

##### 7.1.1 Public Transport Operations Grant (PTOG)

Department who transferred the grant	Department of Transport and National Treasury.
Purpose of the grant	To provide supplementary funding towards public transport services provided by the department.
Expected outputs of the grant	The provision of public transport services in terms of contracts which are kilometre based that are supportive of intermodal efficiencies in public transport and affordable to the users of the services.
Actual outputs achieved	<p>The Grant funded 11 279 356.4 kms of subsidised public transport contract services that were operated in the Province. Due to budgetary constraints, the Province is not in a position to fund any subsidised services from its Equitable Share and totally relied on the Grant to cover its contractual commitments with Operators.</p> <p>The Province managed to spend the whole grant amount allocated as per the contract.</p>
Amount per amended DORA	R209 382 000
Amount received (R'000)	R209 382 000
Reasons if amount as per DORA was not received	Not applicable. The full amount allocated was spent.
Amount spent by the department (R'000)	R209 382 000
Reasons for the funds unspent by the entity	Not applicable. The full amount allocated was spent.
Reasons for deviations on performance	Not applicable. No deviations on performance.
Measures taken to improve performance	Penalties imposed on service providers for non-compliance.
Monitoring mechanism by the receiving department	All services funded through the Grant are monitored by an external, independent Supervision and Monitoring Firm (SMF) appointed by the department for that purpose. The SMF does physical and electronic monitoring to ensure that Operators only claim subsidy for kilometres of service actually operated. The SMF also certifies the Operator's monthly claims for correctness.

### 7.1.2 Transport Infrastructure Grant

#### 7.1.2.1 Conditional Grant: Provincial Road Maintenance Grant:

Department who transferred the grant	National Department of Transport and National Treasury
Purpose of the grant	For Provincial road infrastructure maintenance
Expected outputs of the grant	Maintenance of roads related Infrastructure
Actual outputs achieved	Payment for road rehabilitation and maintenance projects
Amount per amended DORA	R1 399 925
Amount received (R'000)	R1 373 823
Reasons if amount as per DORA was not received	Received all funding
Amount spent by the department (R'000)	R1 138 167
Reasons for the funds unspent by the entity	Second adjustment budget to the value of R450 million was approved in March 2014.
Reasons for deviations on performance	Not applicable. No deviations on performance.
Measures taken to improve performance	None
Monitoring mechanism by the receiving department	Quarterly visits, monthly reports.

#### 7.1.2.2 EPWP integrated grant to the province:

Department who transferred the grant	Department of Works and National Treasury
Purpose of the grant.	Fully EPWP compliant roads projects.
Expected outputs of the grant.	Maximising job creation.
Actual outputs achieved.	Used grant on Thaba Nchu Public Transport Route.
Amount per amended DORA.	R3 million
Amount received (R'000).	R3 million
Reasons if amount as per DORA was not received.	Received all funding.
Amount spent by the department (R'000).	R3 million
Reasons for the funds unspent by the entity.	Not applicable.
Reasons for deviations on performance.	Not applicable. No deviations on performance.
Measures taken to improve performance.	None
Monitoring mechanism by the receiving department.	Quarterly visits, monthly reports.

## 7.1.2.3 Infrastructure Enhancement Allocation:

Department who transferred the grant	Free State Treasury.
Purpose of the grant.	For provincial road infrastructure maintenance.
Expected outputs of the grant.	Maintenance of roads related infrastructure.
Actual outputs achieved.	Used on payments for taxi ranks, roads upgrades, maintenance and all roads internal operational costs.
Amount per amended DORA.	R382 992 000
Amount received (R'000).	R349 492 000
Reasons if amount as per DORA was not received.	Budget cut of R33 500 000.
Amount spent by the department (R'000).	R300 632 000
Reasons for the funds unspent by the entity.	Not applicable.
Reasons for deviations on performance.	Not applicable. No deviations on performance.
Measures taken to improve performance.	None
Monitoring mechanism by the receiving department.	In-year monitoring and Treasury reporting meetings.

## ⑧ CAPITAL INVESTMENT

### 8.1 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

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

The Department has spent R1 023 million of the R1 277 million capital budget. The Department settled the final outstanding amounts for the previously known 23 turn-key roads in the Free State.

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

The infrastructure major projects practically completed in 2013/14 are Heilbron – Petrus Steyn, Warden – Standerton and the Setsoto Transport Centre. In the process to finalise the 23 turn-key roads settlements the Department committed the funds to the finalisation of the 23 turn-key roads.

The variance of 17% unspent funds on the Provincial Maintenance Grant was due to the R450 million that was approved in March 2014.

The infrastructure projects that are currently in progress are:

PROJECT	EXPECTED DATE OF COMPLETION
Qwaqwa Route 4	March 2016
Monontsha Border Post	March 2016
Thaba Nchu Public Transport Route	March 2015
Sasolburg – Deneyville	March 2015
Zastron – Wepener	March 2015
Kroonstad – Vredefort	March 2015
Parys Through Route	March 2015

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

There are currently no plans to close down or down-grade any current facilities.

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

During the year in review the Alternative Pothole Repair Projects was established and will continue until March 2015. The Department has a history of ageing workforce and loss of skilled knowledge. In an attempt to create a large number of new young road maintenance contractors, the Department makes use of and train a number of people on the Contractor Development Programme.

These contractors along with the Departmental teams can be seen on most of the Free State roads. Although the roads still deteriorated, the rate of deterioration will be slowed down.

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

The deterioration of roads is still that the need for budget far exceeds the available allocations. The Department therefore attempts to do cost-effective surface work which can save the network until more funds are available for full reconstruction.

#### **Details as to how asset holdings have changed over the period under review.**

The road assets did not change during the financial year.

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

The Department updated and cleaned the roads bridge register. The visual inspections on all surfaced roads are performed on a two yearly basis and on the gravel roads on a three year basis. The visual inspections will be done surfaced roads during the 2014/15 financial year and for gravel roads during 2015/16 financial year.

#### **The current state of the department's capital assets.**

The roads assets in the Free State is still in an alarmingly bad position with surfaced roads 5% very good, 8% good, 17% fair, 25% poor and 45% very poor. The roads deteriorated to this condition over a period of more than 10 years where the age of the pavement layers have exceeded the lifespan to a point where the high cost of road works could not be funded from the available budgets.

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

Through the Contractor Development Programme and in addition to normal Departmental maintenance teams, the Department had 140 small contractors on a Contractor Development Programme. These contractors received short term contracts in which they did maintenance work on many of the Free State roads. The Alternative Pothole Repair Project assisted with decreasing the potholes on the Free State roads.

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

The percentage of poor and very poor roads is at 70%. This high rate is more than the Department wishes it to be. Although the conditions that contribute to the state of 70% poor and very poor roads are mainly the old age and lack of frequent preventive maintenance. The alternative Pothole Repair Project have scaled up pothole repairs and will assist with regular fixing of potholes and will delay further deterioration of roads.

**Infrastructure Expenditure**

	2013/2014			2012/2013		
Nature of investments	Final	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
		R'000	R'000	R'000	R'000	R'000
New and Replacement assets		82 061	(66 461)	14 669	10 674	3995
Existing infrastructure assets						
Upgrade and additions		13 113	10 387	32 083	21 058	11 025
Rehabilitation, renovations and refurbishments		801 238	5 557	748 701	735 653	13 048
Building & Other fixed Structures		1 023 029	213 086	795 453	767 385	28 068
Maintenance and Repairs		230 378	311 276	84 921	83 078	1 843
Infrastructure transfer						
- Current						
- Capital						
<b>TOTAL</b>		<b>1 126 790</b>	<b>260 759</b>	<b>880 374</b>	<b>850 463</b>	<b>29 911</b>



# PART ©

## GOVERNANCE

## 1. INTRODUCTION

Commitment by the department to maintain the highest standards of governance is fundamental to the management of public finances and resources. Users want assurance that the department has good governance structures in place to effectively, efficiently and economically utilize the state resources that create and maintain a culture of integrity driven performance, which is funded by the taxpayer.

The Department acknowledged that good governance is essential for effective leadership in defining strategy, provide direction and establish the ethics and values that will influence and guide practices and behavior with regard to sustainable performance and is an important source of both opportunities and risks for the Department.

## 2. RISK MANAGEMENT

Risk Management is a powerful management tool to deal with uncertainties in the Departments business environment, and to establish pre-emptive mechanisms to enhance the control environment and improve service delivery efforts, while narrowing the scope of corruption, misconduct and unethical professional behaviour.

It is also an effective decision making tool, to assist management to take the correct decisions in an uncertain environment. The development of a culture of risk management and specific procedures for implementation assists public servants to focus on risk analysis and response. This improves the quality of strategic and operational planning, which assumes both predictive and preventative dimensions.

The Free State Department of Police, Roads & Transport takes full responsibility in ensuring that the implementation of risk management takes place in all components.

- **Risk Management Policy and Strategy**

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

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

Risk analysis and prioritisation allows the Department to consider how potential risks might affect the achievement of strategic and operational objectives. Management assesses the impact and likelihood of risk events from two perspectives namely inherent and residual. Likelihood represents the probability that an event may occur, while impact represents the effect should the risk occur to the department or business unit.

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

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

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

Appropriate actions to implement each agreed risk management strategy are then developed taking all possible contingencies into account as well as the risk appetite and tolerance levels of the Department. Responsibilities and timescales for the implementation of the risk management strategies and actions for each risk are assigned to a risk owner. Risk owners are responsible for giving assurance to Senior Managers that their risks are being managed.

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

The Risk Management Committee is appointed by the Accounting Officer and functional. Quarterly risk management reports are being presented to the Committee with an indication of the complete risk profile at unacceptable, cautionary and acceptable levels.

- ***Audit Committee role in advising the department of risk management and independently monitors the effectiveness of the risk management system***

The Chief Risk Officer presents the quarterly risk management reports on risk management processes and risk management implementation to the Audit Committee on a quarterly basis. The Audit Committee provided independent advice on the reports and risk profiles.

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

Risk Management's objective is to implement an effective and efficient risk management framework that ensures that risks are identified, assessed and managed to an acceptable level and that opportunities are fully exploited, whilst minimising:

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

To this effect Risk Management provides reasonable assurance that:

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

To achieve these objectives, the following control processes are clearly identified and articulated:

- Accountability, Roles and Responsibilities for risk management;
- How risks are identified and managed;
- How risks are monitored and reported;
- How risk management is embedded into the corporate culture of the Free State Department of Police, Roads & Transport.

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

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

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

#### **Annually**

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

#### **Quarterly**

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

#### **Monthly**

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

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

With the implementation of risk management since 2012 and improved in 2013, the Department has moved from a disclaimer audit opinion to an unqualified audit opinion. The risk profile of the Department displayed an improvement in the implementation of internal controls and correction of compliance matters.

### 3. FRAUD AND CORRUPTION

#### ***The department's fraud prevention plan and the progress made in implementing the Fraud Prevention Plan***

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

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

This fraud prevention plan covers the following minimum requirements:

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

In the implementation of the Fraud Prevention Plan, Risk Management has successfully developed and distributed the following awareness material:

- Risk management pamphlet including Fraud Risk Management.
- Fraud and anti-corruption posters.
- Fraud Risk Management Awareness campaigns on intranet and formal awareness sessions.

#### **Mechanisms in place to report fraud and corruption and how these operate, e.g. whistle-blowing - the need for officials to make confidential disclosure about suspect fraud and corruption.**

The Anti-corruption Unit has developed policies to enable officials of the department and stakeholders to report suspected fraud and corrupt activities, including members of the Free State Community. The Policy encourages workers to report fraud and corruption either confidentially or openly to the MEC, HOD and the Security Manager of the Department. Whistle Blowing is incorporated formally in the Fraud Prevention Plan of the Department. In addition to the Fraud Prevention Plan a draft Whistle-blowing Policy has been developed that further seeks to encourage service providers doing business with the Department and members of the Free State Community and the country as a whole to report fraud and corruption incidents.

**How these cases are reported and what action is taken**

Cases are or can be reported through the Departmental call centre and the National Anti-corruption hotline, or letters addressed the Office of the Premier or MEC. Most cases investigated were reported through the Presidential Hotline and Public Service and Administration Hotline. When complaints are being received by the investigating unit officers conduct a thorough investigation after which a comprehensive report is generated with recommendations.

**4. MINIMISING CONFLICT OF INTEREST**

All Senior Managers have filled in financial disclosure forms. These forms were then submitted to the Public Service Commission.

**5. CODE OF CONDUCT**

Workshops on code of conduct/ethics are continuously conducted by internal Labour Relation Office to the employees to have an understanding of code of conduct and adhere to it.

**6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES**

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

**7. PORTFOLIO COMMITTEES**

The date for Portfolio Committee meeting was on the 26 September 2013.

The issues raised by the Committee were with regard to clarity on the report presented and answers were provided during the sitting.

## 8. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
16/2013/1	Road Claim Lawsuit	The Portfolio Committee is concerned with regard to the lawsuit amounting R154 274 million as well as potential claims in respect of the construction of 23 roads which amounts to approximately R2 billion.	Full and final payment has been made on the 23 roads.	Yes
16/2013/2	Revenue Management	The Portfolio Committee noted with great concerns that the department received a qualified audit opinion on the incompleteness of departmental revenue	The reconciliations are performed and reviewed on a monthly basis. An in-house system was developed to ensure that Sec 56 fines are complete and accurate. A register for the books was maintained throughout the year. During the financial year under review no material findings were identified by the external auditor.	Yes
16/2013/3	Internal Audit	The Accounting Officer to capacitate the internal audit by skilled personnel	All vacant posts have been filled in this unit. The Internal Audit function is fully capacitated.	Yes
16/2013/4	Underspending	The Portfolio Committee noted with concern that the department materially under spent by R104, 616, 000 in the financial year under review on traffic regulation and transport infrastructure. As a consequence, the department has not achieved all its objectives which impacts negatively on service delivery.	An underspending in the Transport Infrastructure (Programme 6) is due the delay in the appointment of the contractors. Measures to address the underspending were immediately implemented.	No

**8. SCOPA RESOLUTIONS (continued)**

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
16/2013/5	Roads Projects	<p>The Portfolio Committee was extremely concerned by the status of the disciplinary actions instituted by the department in addressing the irregularities which were identified on 23 roads.</p> <p>The Portfolio Committee resolved that the Accounting Officer must submit the detailed report on disciplinary actions taken against officials involved in the 23 roads project. Details must be per official and submitted to this Committee.</p>	A detailed report on the disciplinary action taken against officials involved in the 23 roads project was finalised and the report is available.	Yes

**9. PRIOR MODIFICATIONS TO AUDIT REPORTS**

The Department obtained an unqualified audit opinion in 2012/13 financial year.

**10. INTERNAL CONTROL UNIT**

The Internal audit function did evaluate the effectiveness and efficiency of controls and did give recommendations for their enhancement and improvements, as required by Treasury Regulation 3.2.11(a).

This is due to the fact that all the required audits as per internal audit plan were performed during the year. The operational plan was completed for the period of 1 April 2013 to 31 March 2014 and all vacant posts were filled.



## 11. INTERNAL AUDIT AND AUDIT COMMITTEES

### 11.1 Key Activities of Internal Audit

The Internal Audit Activity (IAA) evaluates and contributes to the improvement of governance, risk management and control processes using a systematic disciplined approach.

### 11.2 Governance

The IAA must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- Promoting appropriate ethics and values within the organization;
- Ensuring effective organizational performance management and accountability;
- Communicating risk and control information to appropriate areas within the organization; and
- Coordinating the activities of and communicating information among the Audit Committee,
- External and management.

### 11.3 Risk Management

The IAA must evaluate risk exposures relating to the organization's governance, operations, and information system regarding the:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with laws, regulations and contracts.

### 11.4 Control

The IAA must evaluate the adequacy and effectiveness of controls in responding to risk within the organization's governance, operations and information system regarding the:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with laws, regulations and contracts

### 11.5 Objectives of the Internal Audit

Based on the result of the risk assessment, the Internal Audit's objective is to evaluate the adequacy and effectiveness of internal controls systems that ensure the:

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations and programmes.
- Compliance with laws, regulations, policies, contracts and procedures; and
- Safeguarding of assets

### 11.6 Summary of Internal Audit work done

During the year under review the Internal Audit Unit conducted the following engagements in accordance with the approved Internal Audit one year operational plan:

Business Unit	Audit Coverage
Monitoring and Evaluation	<ul style="list-style-type: none"> <li>● Predetermined Objectives</li> <li>● MPAT</li> </ul>
Financial Management	<ul style="list-style-type: none"> <li>● Procurement</li> <li>● Assets</li> <li>● Revenue</li> </ul>
Corporate Services	<ul style="list-style-type: none"> <li>● IT (General Controls)</li> <li>● Appointments</li> <li>● Overtime</li> <li>● Leave</li> </ul>
Fleet Management	<ul style="list-style-type: none"> <li>● Assets</li> <li>● Revenue</li> </ul>
Civilian Oversight and Crime Prevention	<ul style="list-style-type: none"> <li>● Monthly Reporting</li> <li>● Progress on turn-around strategy</li> </ul>
Transport Operations	<ul style="list-style-type: none"> <li>● Controls and compliance: Transfer Payments</li> </ul>
Transport Infrastructure	<ul style="list-style-type: none"> <li>● Conditional Grants</li> <li>● Progress on Turn Around strategy</li> <li>● Monthly Reporting</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>● Fraud Prevention Plan</li> <li>● Risk Assessment</li> </ul>

## 12. AUDIT COMMITTEE REPORT

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2014.

### Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder and meets at least four times per annum as per its approved audit committee charter. During the current year four meetings were held.

Name of Member	Number of meetings attended
Ms Priscilla Mateta (Chairperson)	3 out of 4 (ax1)
Mr Collen Weapond	3 out of 4 (ax1)
Mr Andile Mahlalutye	4 out of 4
Mr Lebohang Shabe	4 out of 4

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

### Dates of Audit Committee Meeting

29 May 2013, 22 August 2013, 08 November 2013 and 27 May 2014.

### Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibility arising from section 38(1)(a) of PFMA and Treasury Regulations 3.1, adopted appropriate terms of reference as its charter and has regulated its affairs in accordance with the Audit Committee Charter that is reviewed annually to ensure its relevance.

### 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 Audits, 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 in year and quarterly reports prepared and issued by the Accounting Officer of the Department of Police, Roads and Transport in terms of PFMA and the Division of Revenue Act 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; and
- Reviewed the entity compliance with legal and regulatory provisions.

**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 Shared Audit Committee  
31 JULY 2014

# PART D

## HUMAN RESOURCE MANAGEMENT

## 1. LEGISLATION THAT GOVERNS HR MANAGEMENT

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

## 2. INTRODUCTION

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

The Department of Police, Roads and Transport has been functioning with limited human resources over the past 25 months. A high vacancy rate of 47% is experienced in the department. Currently the department executes its functions, with 2 080 employees distributed across the Free State province.

- Overall representivity for women is at 41% and men are at 59% of the total workforce, which included 846 female and 1 234 male employees at March 2014.
- Human resource priorities for the year under review and the impact of these.
  - Recruitment was prioritised.
  - Natural attrition had a negative net effect in personnel numbers in the year under review.
- Workforce planning, key strategies and future human resource goals:
  - Current funded vacancies mainly reflects present skills gaps and recruitment emphasis is aimed at addressing these gaps over a period of time within available funding.
  - Attract and recruit a skilled and capable workforce.
  - Gender mainstreaming in middle and senior management levels
  - Constant improvement on compliance is anticipated.
  - The development needs of serving employees included in their individual personal development plans and the Workplace Skills Plan.
  - Job related training prioritised in the coming 12 months.
- Employee performance is managed on an ongoing base and assessments are being done.
- Employee wellness programmes for the year under review include HIV and AIDS awareness, TB management, health, productivity, wellness and safety improvement. Issues regarding the environment, risk in general and quality insurance were also adressed. Health and safety representatives were also trained during this period.
- Achievements:
  - The HRM function has overall improved in audit performance over the past 24 months.
  - Progress was made with regard to the filling of critical vacancies, especially at senior management levels.
- Challenges faced by the department:
  - An ageing staff complement in the roads line function poses a concern which requires a balance of workforce monitoring, planning and recruiting for future needs in this core function.

### 3. HUMAN RESOURCES OVERSIGHT STATISTICS

The department is providing the following key information on its human resources.

#### 3.1 Personnel related expenditure

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

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

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	187 581	95 040	2 499	0	51%	46
Civilian Oversight	7 951	7 402	0	0	93.1%	4
Crime Prevention and Community/ Police Relations	10 460	6 486	0	0	62%	3
Transport Infrastructure	143 863	132 248	0	0	9.2%	66
Transport Operations	244 797	21 573	109	0	8.8%	10
Transport Regulation	300 792	226 675	0	0	76.1%	110
<b>Total as on Financial Systems (BAS)</b>	<b>2 190 213</b>	<b>489 424</b>	<b>2 608</b>	<b>0</b>	<b>22.4%</b>	<b>239</b>

Table 3.1.2: Personnel costs by salary band for the period 1 April 2013 and 31 March 2014

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)	14 446	2.9%	77	187 610
Skilled (Levels 3-5)	148 594	29.8%	962	154 464
Highly skilled production (Levels 6-8)	206 235	40.5%	765	269 588
Highly skilled supervision (Levels 9-12)	75 097	15.1%	151	497 331
Senior management (Levels 13-16)	22 615	4.5%	22	1 027 955
Contract (Levels 1-2)	422	0.1%	1	422 000
Contract (Levels 3-5)	7 589	1.5%	70	108 414
Contract (Levels 6-8)	3 436	0.7%	19	180 842
Contract (Levels 9-12)	6 160	1.2%	11	560 000
Contract (Levels 13-16)	2 816	0.6%	2	1 408 000
Periodical Remuneration	1 987	0.4%	30	66 233
<b>TOTAL</b>	<b>489 424</b>	<b>97.3%</b>	<b>2 110</b>	<b>231 955</b>



*Table 3.1.3: Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2013 and 31 March 2014.*

Programme	Salaries		Overtime		Home Owners Allowance			
	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	69 238	73.5%	1 893	2%	2 911	3.1%	4 911	5.2%
Civilian Oversight	5 762	73.6%	0	0%	90	1.2%	272	3.5%
Crime Prevention and Community/ Police Relations	4 512	69.2%	0	0%	134	2.1%	327	5%
Transport Infrastructure	85 968	65.5%	9	0%	7 791	5.9%	8 433	6.4%
Transport Operations	16 455	75.2%	125	0.6%	500	2.3%	903	4.1%
Transport Regulation	153 921	65.1%	10 538	4.5%	8 628	3.7%	16 006	6.8%
<b>TOTAL</b>	<b>335 856</b>	<b>67.4%</b>	<b>12 565</b>	<b>2.5%</b>	<b>20 054</b>	<b>4%</b>	<b>30 852</b>	<b>6.2%</b>

*Table 3.1.4: Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2013 and 31 March 2014.*

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	9 546	65.1%	0	0%	1 253	8.5%	1 245	8.5%
Skilled (level 3-5)	99 559	66.1%	647	0.4%	9 718	6.5%	12 712	8.4%
Highly skilled production (levels 6-8)	134 502	64.7%	10 436	5%	7 592	3.7%	14 063	6.8%
Highly skilled supervision (levels 9-12)	54 222	68.8%	1 319	1.7%	1 316	1.7%	2 619	3.3%
Senior management (level 13-16)	18 590	79.1%	0	0%	175	0.7%	215	0.9%
Contract (Levels 1-2)	422	99.1%	0	0%	0	0%	0	0%
Contract (Levels 3-5)	7 450	98.1%	136	1.8%	0	0%	0	0%
Contract (Levels 6-8)	3 407	98.4%	16	0.5%	0	0%	0	0%
Contract (Levels 9-12)	5,665	88.8%	11	0.2%	0	0%	0	0%
Contract (Levels 13-16)	2 492	87.7%	0	0%	0	0%	0	0%
<b>TOTAL</b>	<b>335 855</b>	<b>67.4%</b>	<b>12 565</b>	<b>2.5%</b>	<b>20 054</b>	<b>4%</b>	<b>30 854</b>	<b>6.2%</b>

### 3.2 Employment and Vacancies

The tables in this section summarise the position with regard to 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 (see definition in notes below).

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

*Table 3.2.1: Employment and vacancies by programme as on 31 March 2014.*

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	624	331	47%	25
Civilian Oversight	20	14	30%	0
Crime Prevention & Community/Police relations	31	15	51.6%	0
Transport Infrastructure	1 313	716	45.5%	3
Transport Operations	245	64	73.9%	4
Transport Regulation	1 697	940	44.6%	48
<b>TOTAL</b>	<b>3 930</b>	<b>2 080</b>	<b>47.1%</b>	<b>80</b>

Table 3.2.2: Employment and vacancies by salary band as on 31 March 2014.

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	430	78	81.9%	0
Skilled (3-5)	1 496	962	35.7%	0
Highly skilled production (6-8)	1 533	764	50.2%	0
Highly skilled supervision (9-12)	332	151	54.5%	0
Senior management (13-16)	36	22	38.9%	0
Contract (Levels 1-2)	1	1	0%	1
Contract (Levels 3-5)	70	70	0%	55
Contract (Levels 6-8)	19	19	0%	17
Contract (Levels 9-12)	11	11	0%	7
Contract (Levels 13-16)	2	2	0%	0
<b>TOTAL</b>	<b>3 930</b>	<b>2 080</b>	<b>47.1%</b>	<b>80</b>

Table 3.2.3: Employment and vacancies by critical occupations as on 31 March 2014.

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related	198	105	47%	4
All artisans in building metal machinery etc.	8	6	25%	1
Auxiliary and related workers	43	12	72.1%	0
Binding and related workers	1	1	0%	0
Cleaners	81	48	40.7%	1
Client inform clerks(switch receipt inform clerks)	13	6	53.8%	0
Communication and information related	2	2	0%	0
Computer programmers	3	1	66.7%	0
Economists	3	0	100%	0
Electrical and electronics engineering technicians	3	3	0%	0
Engineering sciences related	88	19	78.4%	2
Engineers and related professionals	35	6	82.9%	0
Finance and economics related	8	6	25%	0
Financial and related professionals	50	37	26%	0
Financial clerks and credit controllers	566	426	24.7%	14
Head of department/chief executive officer	3	3	0%	0
Housekeepers laundry and related workers	4	1	75%	0
Human resources & organisat developm & relate prof	73	18	75.3%	3
Human resources clerks	51	17	66.7%	4
Human resources related	6	5	16.7%	0
Information technology related	2	1	50%	0
Inspectors of apprentices works and vehicles	6	3	50%	0
Language practitioners & other communication officers	14	8	42.9%	1
Library mail and related clerks	39	12	69.2%	5

Table 3.2.3: Employment and vacancies by critical occupations as on 31 March 2014 (continued).

Critical occupation	Number of posts on approved	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Light vehicle drivers	2	1	50%	0
Logistical support personnel	30	18	40%	0
Material-recording and transport clerks	25	8	68%	0
Messengers porters and deliverers	46	16	65.2%	0
Other administration & related clerks and organisers	424	179	57.8%	38
Other administrative policy and related officers	22	8	63.6%	0
Other information technology personnel	56	16	71.4%	3
Other occupations	4	3	25%	0
Other printing trade workers	1	1	0%	0
Regulatory inspectors	972	463	52.4%	0
Risk management and security services	3	1	66.7%	0
Road superintendents	33	20	39.4%	0
Road trade workers	1	1	0%	0
Road workers	893	541	39.4%	1
Safety health and quality inspectors	4	0	100%	0
Secretaries and other keyboard operating clerks	40	17	57.5%	2
Security officers	34	16	52.9%	1
Senior managers	35	21	40%	0
Statisticians and related professionals	1	0	100%	0
Trade labourers	4	4	0%	0
<b>TOTAL</b>	<b>3 930</b>	<b>2 080</b>	<b>47.1%</b>	<b>80</b>

### 3.3 Filling of SMS Posts

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

*Table 3.3.1: SMS post information as on 31 March 2014.*

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department Salary Level 16	1	1	100%	0	0%
Salary Level 16	1	1	100%	0	0%
Salary Level 15	1	0	0%	1	100%
Salary Level 14	7	6	86%	1	14%
Salary Level 13	27	17	63%	10	37%
Subtotal	37	25	68%	12	32%
Contract (Level 13 – 16)	2	2	-	-	-
<b>TOTAL</b>	<b>37</b>	<b>25</b>	<b>68%</b>	<b>12</b>	<b>32%</b>

*Table 3.3.2: SMS post information as on 30 September 2013.*

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100%	0	0%
Salary Level 16/ POB	1	1	100%	0	0%
Salary Level 15	1	0	0%	1	100%
Salary Level 14	7	5	71%	2	29%
Salary Level 13	27	16	59%	11	41%
Subtotal	37	23	-	14	-
Contract (Level 13 – 16)	2	2	100%	-	-
<b>TOTAL</b>	<b>Contract appointments included</b>	<b>Contract appointments included</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 3.3.3: Advertising and filling of SMS posts for the period 1 April 2013 and 31 March 2014.

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled (New appointments)	% of SMS posts filled (increased with)	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/Head of Department	1	-	-	0	0%
Salary Level 16	1	-	-	0	0%
Salary Level 15	1	-	-	0	100%
Salary Level 14	7	2	28%	0	0%
Salary Level 13	27	4	15%	11	41%
Subtotal	37	6	-	12	32%
Contract (Level 13 – 16)	2	-	-	0	0%
<b>TOTAL</b>	<b>37</b>	<b>6</b>	<b>-</b>	<b>12</b>	<b>32%</b>

Table 3.3.4: Reasons for not having complied with the filling of funded vacant SMS posts - Advertised within six months and filled within 12 months after becoming vacant for the period 1 April 2013 and 31 March 2014.

Reasons for vacancies not advertised within six months
Availability of funding prevented compliance with timeframes for advertisement and filling of SMS positions in some instances.
Vacant posts and new posts having to go through the job evaluation process before advertisement.
Reasons for vacancies not filled within twelve months
Long recruitment processes (i.e. competency assessments that are performed by private service providers. The department does not have control over the timeframe in which the service providers are able to do the competency assessments.)

Table 3.3.5: Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2013 and 31 March 2014.

Disciplinary steps taken for not complying with the prescribed timeframes
None



## 3.4 Job Evaluation

Table 3.4.1: Job Evaluation by Salary Band for the period 1 April 2013 and 31 March 2014.

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)	428	0	0	0	0	0	0
Skilled (Levels 3-5) Highly skilled	1500	31	2.1	0	0	0	0
Production (Levels 6-8)	1532	87	5.7	1	1.1	0	0
Highly skilled supervision (Levels 9-12)	332	0	0	0	0	0	0
Senior Management Band A	27	1	3.7	1	100	0	0
Senior Management Band B	7	0	0	0	0	0	0
Senior Management Band C	1	0	0	0	0	0	0
Senior Management Band D	1	0	0	0	0	0	0
Contract (Levels 1-2)	5	0	0	0	0	0	0
Contract (Levels 3-5)	70	1	1.4	0	0	0	0
Contract (Levels 6-8)	20	2	10	0	0	0	0
Contract (Levels 9-12)	10	0	0	0	0	0	0
Contract (Band B)	1	0	0	0	0	0	0
Contract (Band D)	1	0	0	0	0	0	0
<b>TOTAL</b>	<b>3 935</b>	<b>122</b>	<b>3.1</b>	<b>2</b>	<b>1.6</b>	<b>0</b>	<b>0</b>

*Table 3.4.2: Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2013 and 31 March 2014.*

Gender	African	Asian	Coloured	White	Total
Female	1	0	0	0	1
Male	2	0	0	1	3
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>4</b>
<b>Employees with a disability</b>	-	-	-	-	<b>0</b>

*Table 3.4.3: Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2013 and 31 March 2014.*

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Administrative related	2	9	10	Previous leg and rank promotion or Res 3/2009
Administrative related	6	11	12	Previous leg and rank promotion or Res 3/2009
Cleaners	28	2	3	Previous leg and rank promotion or Res 3/2009
Client information clerks (switchboard, reception, information clerks)	1	3	5	Employee appointed at level prior to JE
Client information clerks (switchboard, reception, information clerks)	1	6	7	Previous leg and rank promotion or Res 3/2009
Finance and economics related	1	9	10	Previous leg and rank promotion or Res 3/2009
Financial clerks and credit controllers	47	5	6	Previous leg and rank promotion or Res 3/2009
Financial clerks and credit controllers	6	7	8	Previous leg and rank promotion or Res 3/2009
Human resources & organisational development & related professions	5	9	10	Previous leg and rank promotion or Res 3/2009
Human resources clerks	4	5	6	Previous leg and rank promotion or Res 3/2009
Human resources related	1	11	12	Previous leg and rank promotion or Res 3/2009

*Table 3.4.3: Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2013 and 31 March 2014 (continued).*

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Library mail and related clerks	2	5	6	Previous leg and rank promotion or Res 3/2009
Library mail and related clerks	1	7	8	Previous leg and rank promotion or Res 3/2009
Light vehicle drivers	1	3	4	Employee appointed at level prior to JE
Logistical support personnel	2	7	8	Previous leg and rank promotion or Res 3/2009
Messengers porters and deliverers	15	2	3	Previous leg and rank promotion or Res 3/2009
Other administrative & related clerks and organisers	37	5	6	Previous leg and rank promotion or Res 3/2009
Other administrative & related clerks and organisers	3	7	8	Previous leg and rank promotion or Res 3/2009
Road superintendents	1	8	9	Employee was given counter offer/personal notch
Road workers	55	4	5	Previous leg and rank promotion or Res 3/2009
Road workers	3	5	6	Previous leg and rank promotion or Res 3/2009
Security officers	9	3	4	Previous leg and rank promotion or Res 3/2009
Security officers	2	3	5	Employee appointed at level prior to JE
<b>Total number of employees whose salaries exceeded the level determined by job evaluation</b>				<b>231</b>
Percentage of total employed				16.1

*Table 3.4.4: Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2013 and 31 March 2014.*

Gender	African	Asian	Coloured	White	Total
Female	53	0	1	62	116
Male	104	0	0	11	115
<b>TOTAL</b>	<b>157</b>	<b>0</b>	<b>1</b>	<b>73</b>	<b>231</b>
<b>Employees with a disability</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>

### 3.5. Employment Changes

*Table 3.5.1: Annual turnover rates by salary band for the period 1 April 2013 and 31 March 2014.*

Salary band	Number of employees at beginning of period-1 April 2013	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled ( Levels 1-2)	193	0	16	8.3
Skilled (Levels3-5)	940	0	58	6.2
Highly skilled production (Levels 6-8)	779	3	24	3.1
Highly skilled supervision (Levels 9-12)	152	4	10	6.6
Senior Management Service Bands A	20	7	3	15
Senior Management Service Bands B	7	0	2	28.6
Senior Management Service Bands C	0	0	0	0
Senior Management Service Bands D	1	0	0	0
Contract (Levels 1-2)	5	1	5	100
Contract (Levels 3-5)	30	41	14	46.7
Contract (Levels 6-8)	7	10	3	42.9
Contract (Levels 9-12)	9	3	2	22.2
Contract (Band A), Permanent	1	0	0	0
Contract (Band B), Permanent	1	0	0	0
Contract (Band D), Permanent	1	0	0	0
<b>TOTAL</b>	<b>2 146</b>	<b>69</b>	<b>137</b>	<b>6.4</b>

Table 3.5.2: Annual turnover rates by critical occupation for the period 1 April 2013 and 31 March 2014.

Critical occupation	Number of employees at beginning of period-April 2013	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related	109	1	5	4.6
All artisans in building metal machinery etc.	5	0	0	0
Auxiliary and related workers	12	0	0	0
Binding and related workers	1	0	0	0
Client inform clerks(switchboard receptionist information clerks)	57	1	10	17.5
Communication and information related	7	0	0	0
Computer programmers	2	0	0	0
Electrical and electronics engineering technicians	1	0	0	0
Engineering sciences related	3	0	0	0
Engineers and related professionals	23	0	4	17.4
Finance and economics related	6	0	1	16.7
Financial and related professionals	5	2	1	20
Financial clerks and credit controllers	36	2	2	5.6
Head of department/chief executive officer	421	18	9	2.1
Human resources & organisational development & related professionals	3	0	0	0
Human resources clerks	20	2	2	10
Human resources related	15	3	1	6.7
Information technology related	3	1	0	0
Inspectors of apprentices works and vehicles	0	1	0	0
Language practitioners & other communication officers	6	1	0	0
Library mail and related clerks	7	7	1	14.3

Table 3.5.2: Annual turnover rates by critical occupation for the period 1 April 2013 and 31 March 2014 (continued).

Critical occupation	Number of employees at beginning of period-April 2013	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Light vehicle drivers	1	0	0	0
Logistical support personnel	19	1	0	0
Material-recording and transport clerks	8	0	0	0
Messengers porters and deliverers	19	0	0	0
Other administrative & related clerks and organisers	163	14	18	11
Other administrative policy and related officers	8	0	0	0
Other information technology personnel	14	3	1	7.1
Other occupations	3	0	0	0
Other printing trade workers	1	0	0	0
Regulatory inspectors	475	2	14	2.9
Risk management and security services	1	0	0	0
Road superintendents	21	0	1	4.8
Road trade workers	1	0	0	0
Road workers	606	1	59	9.7
Safety health and quality inspectors	1	0	1	100
Secretaries & other keyboard operating clerks	16	2	0	0
Security officers	16	1	2	12.5
Senior managers	24	6	5	20.8
Trade labourers	4	0	0	0
<b>TOTAL</b>	<b>2 146</b>	<b>69</b>	<b>137</b>	<b>6.4</b>

Table 3.5.3: Reasons why staff left the department for the period 1 April 2013 and 31 March 2014.

Termination Type	Number	% of Total Resignations
Death	23	16.8%
Resignation	28	20.4%
Expiry of contract	21	15.3%
Dismissal – operational changes	0	0%
Dismissal – misconduct	8	5.8%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	0	0%
Retirement	57	41.6%
Transfer to other Public Service Departments	0	0%
<b>TOTAL</b>	<b>137</b>	<b>100%</b>
Total number of employees who left as a % of total employment		6.4%

Table 3.5.4: Promotions by critical occupation for the period 1 April 2013 and 31 March 2014.

Occupation	Employees 1 April 2013	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative related	109	0	0	0	75.2
All artisans in the building metal machinery etc.	5	0	0	0	0
Auxiliary and related workers	12	0	0	0	75
Binding and related workers	1	0	0	0	100
Cleaners in offices workshops hospitals etc.	57	0	0	0	82.5
Client information clerks (switchboard, reception, information clerks)	7	0	0	0	14.3
Communication and information related	2	0	0	0	50
Computer programmers	1	0	0	0	100

Table 3.5.4: Promotions by critical occupation for the period 1 April 2013 and 31 March 2014 (continued).

Occupation	Employees 1 April 2013	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
Electrical and electronics engineering technicians	3	0	0	3	100
Engineering sciences related	23	0	0	13	56.5
Finance and economics related	5	1	20	2	40
Financial and related professionals	36	0	0	21	58.3
Financial clerks and credit controllers	421	0	0	362	86
Head of department/chief executive officer	3	0	0	2	66.7
Housekeepers laundry and related workers	0	0	0	1	0
Human resources & organisational development & related professionals	20	0	0	14	70
Human resources clerks	15	0	0	11	73.3
Human resources related	3	1	33.3	0	0
Inspectors of apprentices works and vehicles	3	0	0	3	100
Language practitioners interpreters & other communication offers	6	1	16.7	5	83.3
Library mail and related clerks	7	0	0	2	28.6
Logistical support personnel	19	1	5.3	15	78.9
Material-recording and transport clerks	8	0	0	5	62.5
Messengers porters and deliverers	19	0	0	16	84.2
Other administrative & related clerks and organisers	163	2	1.2	59	36.2
Other administrative policy and related officers	8	0	0	4	50
Other information technology personnel.	14	0	0	14	100



Table 3.5.4: Promotions by critical occupation for the period 1 April 2013 and 31 March 2014 (continued).

Occupation	Employees 1 April 2013	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
Other occupations	3	0	0	0	0
Other printing trade workers	1	0	0	0	0
Regulatory inspectors	475	0	0	410	86.3
Risk management and security services	1	0	0	0	0
Road superintendents	21	0	0	19	90.5
Road trade workers.	1	0	0	1	100
Road workers	606	0	0	527	87
Safety health and quality inspectors	1	0	0	0	0
Secretaries & other keyboard operating clerks	16	0	0	11	68.8
Security officers	16	0	0	13	81.3
Senior managers	24	1	4.2	10	41.7
Trade labourers	4	0	0	2	50
<b>TOTAL</b>	<b>2 146</b>	<b>7</b>	<b>0.3</b>	<b>1 692</b>	<b>78.8</b>

Table 3.5.5: Promotions by salary band for the period 1 April 2013 and 31 March 2014.

Salary Band	Employees 1 April 2013	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)	193	0	0%	14	7.3%
Skilled (Levels3-5)	940	0	0%	943	100.3%
Highly skilled production (Levels 6-8)	779	4	0.5%	605	77.7%
Highly skilled supervision (Levels 9-12)	152	2	1.3%	115	75.7%
Senior Management (Level 13-16)	28	1	3.6%	11	39.3%

Table 3.5.5: Promotions by salary band for the period 1 April 2013 and 31 March 2014 (continued).

Salary Band	Employees 1 April 2013	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
Contract (Levels 1-2)	5	0	0%	0	0%
Contract (Levels 3-5)	30	0	0%	3	10%
Contract (Levels 6-8)	7	0	0%	1	14.3%
Contract (Levels 9-12)	9	0	0%	0	0%
Contract (Levels 13-16)	3	0	0%	0	0%
<b>TOTAL</b>	<b>2146</b>	<b>7</b>	<b>0.3%</b>	<b>1 692</b>	<b>78.8%</b>

### 3.6 Employment Equity

Table 3.6.1: Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2014.

Occupational category	Male				Male				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	18	1	0	0	5	0	0	1	<b>25</b>
Professionals	57	4	0	7	39	0	0	11	<b>118</b>
Technicians and associate professionals	80	4	0	16	35	3	0	8	<b>146</b>
Clerks	189	7	1	7	342	13	0	106	<b>665</b>
Service and sales workers	246	24	0	37	163	9	0	2	<b>481</b>
Craft and related trade workers	19	0	0	8	5	0	0	0	<b>32</b>
Plant and machine operators and assemblers	1	0	0	0	0	0	0	0	<b>1</b>
Elementary occupations	489	9	0	9	104	0	0	0	<b>611</b>
Other	1	0	0	0	0	0	0	0	<b>1</b>
<b>TOTAL</b>	<b>1 100</b>	<b>49</b>	<b>1</b>	<b>84</b>	<b>693</b>	<b>25</b>	<b>0</b>	<b>128</b>	<b>2 080</b>
<b>Employees with disabilities</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>9</b>

*Table 3.6.2: Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2014.*

Occupational band	Male				Male				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	16	1	0	1	2	0	0	1	21
Professionally qualified and experienced specialists and mid-management	85	3	0	19	31	1	0	12	151
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	335	28	0	60	242	12	0	87	764
Semi-skilled and discretionary decision making	581	16	0	4	323	10	0	28	962
Unskilled and defined decision making	38	0	0	0	40	0	0	0	78
Contract (Top Management)	1	0	0	0	0	0	0	0	1
Contract (Senior Management)	1	0	0	0	0	0	0	0	1
Contract (Professionally qualified)	5	0	0	0	6	0	0	0	11
Contract (Skilled technical)	10	0	0	0	9	0	0	0	19
Contract (Semi-skilled)	26	1	1	0	40	2	0	0	70
Contract (Unskilled)	1	0	0	0	0	0	0	0	1
<b>TOTAL</b>	<b>1 100</b>	<b>49</b>	<b>1</b>	<b>84</b>	<b>693</b>	<b>25</b>	<b>0</b>	<b>128</b>	<b>2 080</b>

Table 3.6.3 Recruitment for the period 1 April 2013 to 31 March 2014.

Occupational band	Male				Male				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	7	0	0	0	0	0	0	0	7
Professionally qualified and experienced specialists and mid-management	3	0	0	0	1	0	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	1	2	0	0	0	3
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Contract (Professionally qualified), Permanent	2	0	0	0	1	0	0	0	3
Contract (Skilled technical), Permanent	5	0	0	0	5	0	0	0	10
Contract (Semi-skilled), Permanent	14	0	0	0	27	0	0	0	41
Contract (Unskilled), Permanent	1	0	0	0	0	0	0	0	1
<b>TOTAL</b>	<b>32</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69</b>
Employees with disabilities	1	0	0	0	1	0	0	0	1

Table 3.6.4: Promotions for the period 1 April 2013 to 31 March 2014.

Occupational band	Male				Male				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	9	1	0	0	0	0	0	2	12
Professionally qualified and experienced specialists and mid-management	65	3	0	17	25	1	0	6	117
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	286	25	0	46	207	11	0	34	609
Semi-skilled and discretionary decision making	563	16	0	4	331	8	0	21	943
Unskilled and defined decision making	5	0	0	0	9	0	0	0	14
Contract (Skilled technical), Permanent	0	0	0	0	1	0	0	0	1
Contract (Semi-skilled), Permanent	1	0	0	0	2	0	0	0	3
<b>TOTAL</b>	<b>929</b>	<b>45</b>	<b>0</b>	<b>67</b>	<b>575</b>	<b>20</b>	<b>0</b>	<b>63</b>	<b>1 699</b>
<b>Employees with disabilities</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>7</b>

Table 3.6.5: Terminations for the period 1 April 2013 to 31 March 2014.

Occupational band	Male				Male				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	2	0	0	2	1	0	0	0	5
Professionally qualified and experienced specialists and mid-management	6	0	0	3	1	0	0	0	10

Table 3.6.5: Terminations for the period 1 April 2013 to 31 March 2014 (continued).

Occupational band	Male				Male				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	15	0	0	3	1	1	0	4	24
Semi-skilled and discretionary decision making	46	1	0	0	10	0	0	1	58
Unskilled and defined decision making	9	0	0	0	7	0	0	0	16
Contract (Professionally qualified)	1	0	0	0	0	0	0	1	2
Contract (Skilled technical)	3	0	0	0	0	0	0	0	3
Contract (Semi-skilled)	6	0	0	0	8	0	0	0	14
Contract (Unskilled)	4	0	0	1	0	0	0	0	5
<b>TOTAL</b>	<b>92</b>	<b>1</b>	<b>0</b>	<b>9</b>	<b>28</b>	<b>1</b>	<b>0</b>	<b>6</b>	<b>137</b>
<b>Employees with Disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>

Table 3.6.6 Disciplinary action for the period 1 April 2013 to 31 March 2014.

Disciplinary action	Male				Male				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary hearing process	9	0	0	1	8	0	0	4	22

Table 3.6.7: Skills development for the period 1 April 2013 to 31 March 2014.

Occupational category	Male				Male				TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	9	0	0	2	1	1	0	1	14
Professionals	23	2	0	5	2	0	0	4	36
Technicians and associate professionals	68	3	0	11	27	2	0	5	116
Clerks	59	2	0	2	65	2	0	14	144
Service and sales workers	2	0	0	0	0	0	0	0	2
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	105	0	0	0	4	0	0	0	109
Plant and machine operators and assemblers	1	0	0	0	0	0	0	0	1
Elementary occupations	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>267</b>	<b>7</b>	<b>0</b>	<b>20</b>	<b>99</b>	<b>5</b>	<b>0</b>	<b>24</b>	<b>422</b>
Employees with disabilities	-	-	-	-	-	-	-	-	-

### 3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

*Table 3.7.1: Signing of Performance Agreements by SMS members as on 31 May 2013*

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	1	100%
Salary Level 16	1	n/a Political Office Bearer	n/a Political Office Bearer	n/a Political Office Bearer
Salary Level 15	1	0	0	vacant
Salary Level 14	7	5	5	100%
Salary Level 13	27	16	16	100%
<b>TOTAL</b>	<b>37</b>	<b>22</b>	<b>22</b>	<b>100%</b>

*Table 3.7.2: Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2013.*

Reasons
N/a

*Table 3.7.3: Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2013.*

Reasons
None to report



## 3.8 Performance Rewards

Table 3.8.1: Performance Rewards by race, gender and disability for the period 1 April 2013 to 31 March 2014.

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employeesbeneficiaries	% of total within group	Cost (R'000)	Average cost per employee
<b>African</b>					
Male	263	1096	24%	2 120	8 060
Female	175	690	25.4%	1 352	7 726
<b>Asian</b>					
Male	0	1	0%	0	0
Female	0	0	0%	0	0
<b>Coloured</b>					
Male	13	49	26.5%	132	10 163
Female	7	25	28%	61	8 669
<b>White</b>					
Male	34	83	41%	451	13 252
Female	80	127	63%	762	9 523
<b>TOTAL</b>	<b>576</b>	<b>2 080</b>	<b>27.7%</b>	<b>4 915</b>	<b>8 532</b>

*Table 3.8.2: Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2013 to 31 March 2014.*

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees beneficiaries	% of total within group	Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	14	77	18.2%	51	3 643	0.35%
Skilled (level 3-5)	246	962	25.6%	1 236	5 024	0.82%
Highly skilled production (level 6-8)	252	765	32.9%	2 304	9 143	1.15%
Highly skilled supervision (level 9-12)	63	151	41.7%	1 289	20 460	1.64%
Contract (Levels 1-2)	0	1	0%	0	0	0%
Contract (Levels 3-5)	0	70	0%	0	0	0%
Contract (Levels 6-8)	0	19	0%	0	0	0%
Contract (Levels 9-12)	0	11	0%	0	0	0%
Periodical Remuneration	0	30	0%	0	0	0%
<b>TOTAL</b>	<b>575</b>	<b>2 086</b>	<b>27.6%</b>	<b>4 880</b>	<b>8 487</b>	<b>0.99%</b>

Table 3.8.3: Performance rewards by critical occupation for the period 1 April 2013 to 31 March 2014.

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related	38	105	36.2%	791	20 816
All artisans in the building metal machinery etc.	0	6	0%	0	0
Auxiliary and related workers	5	12	41.7%	27	5 400
Binding and related workers	0	1	0%	0	0
Cleaners in offices workshops etc.	13	48	27.1%	50	3 846
Client inform clerks (switchboard receptionist information clerks)	0	6	0%	0	0
Communication and information related	0	2	0%	0	0
Computer programmers.	0	1	0%	0	0
Electrical and electronics engineering technicians	1	3	33.3%	10	10 000
Engineering sciences related	11	19	57.9%	195	17 727
Engineers and related professionals	5	6	83.3%	124	24 800
Finance and economics related	1	6	16.7%	12	12 000
Financial and related professionals	9	36	25%	117	13 000
Financial clerks and credit controllers	136	426	31.9%	853	6 272
Head of department/chief executive officer	1	3	33.3%	8	8 000
Housekeepers laundry and related workers	1	1	100%	18	18 000
Human resources & organisational development & relate proffessionals	12	18	66.7%	145	12 083
Human resources clerks	6	17	35.3%	45	7 500
Human resources related	0	5	0%	0	0
Information technology related	0	1	0%	0	0
Inspectors of apprentices works and vehicles	2	3	66.7%	16	8 000
Language practitioners interpreters & other communication officers	1	8	12.5%	9	9 000
Library mail and related clerks	0	12	0%	0	0
Light vehicle drivers	0	1	0%	0	0
Logistical support personnel	11	18	61.1%	107	9 727

Table 3.8.3: Performance rewards by critical occupation for the period 1 April 2013 to 31 March 2014 (continued).

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Material-recording and transport clerks	1	8	12.5%	4	4 000
Messengers porters and deliverers	8	16	50%	31	3 875
Other administrat & related clerks and organisers	63	179	35.2%	569	9 032
Other administrative policy and related officers	6	8	75%	82	13 667
Other information technology personnel.	0	16	0%	0	0
Other occupations	2	3	66.7%	58	29 000
Other printing trade workers	1	1	100%	4	4 000
Rank: Unknown	0	1	0%	0	0
Regulatory inspectors	92	463	19.9%	776	8 435
Risk management and security services	0	1	0%	0	0
Road superintendents	13	20	65%	154	11 846
Road trade workers.	0	1	0%	0	0
Road workers	126	541	23.3%	578	4 587
Secretaries & other keyboard operating clerks	8	17	47.1%	83	10 375
Security officers	2	16	12.5%	12	6 000
Senior managers	1	21	4.8%	35	35 000
Trade labourers	0	4	0%	0	0
<b>TOTAL</b>	<b>576</b>	<b>2 080</b>	<b>27.7%</b>	<b>4913</b>	<b>8 530</b>

Table 3.8.4: Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2013 to 31 March 2014.

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	1	16	6.3	35	35 000	0.2%
Band B	0	6	0	0	0	0%
Band C	0	0	0	0	0	0%
Band D	0	2	0	0	0	0%
<b>TOTAL</b>	<b>1</b>	<b>24</b>	<b>4.2</b>	<b>35</b>	<b>35 000</b>	<b>0.2%</b>

### 3.9 Foreign Workers

*Table 3.9.1: Foreign workers by salary band for the period 1 April 2013 and 31 March 2014.*

Salary band	01 April 2013		31 March 2013		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0%	0	0%	0	0%
Highly skilled production (Lev. 6-8)	1	0.04%	0	0%	1	-0.04%
Highly skilled supervision (Lev. 9-12)	0	0%	0	0%	0	0%
Contract (level 9-12)	0	0%	0	0%	0	0%
Contract (level 13-16)	0	0%	0	0%	0	0%
<b>TOTAL</b>	<b>1</b>	<b>%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>

*Table 3.9.2: Foreign workers by major occupation for the period 1 April 2013 and 31 March 2014.*

Major occupation	01 April 2013		31 March 2013		Change	
	Number	% of total	Number	% of total	Number	% Change
Communication officer (Language practitioner)	1	0.04%	0	0%	1	-0.04%

## 3.10 Leave utilisation

Table 3.10.1: Sick leave for the period 1 January 2013 to 31 December 2013.

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)	315	95%	48	3.1%	7	91
Skilled (levels 3-5)	6 856.5	91%	723	46.4%	9	2 733
Highly skilled production (levels 6-8)	5 729	87%	631	40.55	9	3 719
Highly skilled supervision (levels 9 -12)	891	88%	104	6.7%	9	1 245
Top and Senior management (levels 13-16)	45	82%	11	0.7%	4	147
Contract (Levels 1-2)	14	71%	4	0.3%	4	3
Contract (Levels 3-5)	100	59%	27	1.7%	4	42
Contract (Levels 6-8)	32	66%	5	0.35%	6	23
Contract (Levels 9-12)	50	92%	6	0.4%	8	90
<b>TOTAL</b>	<b>14 032.5</b>	<b>89%</b>	<b>1 559</b>	<b>100%</b>	<b>9</b>	<b>8 093.00</b>

Table 3.10.2: Disability leave (temporary and permanent) for the period 1 January 2013 to 31 December 2013.

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)
Skilled (Levels 3-5)	194	100%	6	35.3%	32	81
Highly skilled production (Levels 6-8)	495	100%	9	52.9%	55	312
Highly skilled supervision (Levels 9-12)	121	100%	2	11.8%	61	159
<b>TOTAL</b>	<b>810</b>	<b>100%</b>	<b>17</b>	<b>100%</b>	<b>48</b>	<b>552</b>

Table 3.10.3: Annual Leave for the period 1 January 2013 to 31 December 2013.

Salary band	Total days taken	Number of Employees using annual leave	Average days per employee
Lower skilled (Levels 1-2)	1 927.5	87	22
Skilled Levels 3-5)	25 636.59	1 020	25
Highly skilled production (Levels 6-8)	17 496	766	23
Highly skilled supervision (Levels 9-12)	3 496	154	23
Senior management (Levels 13-16)	373	27	14
Contract (Levels 1-2)	21	3	7
Contract (Levels 3-5)	331	48	7
Contract (Levels 6-8)	152	12	13
Contract (Levels 9-12)	65	7	9
Contract (Levels 13-16)	19	1	19
<b>TOTAL</b>	<b>49 517.09</b>	<b>2 125</b>	<b>23</b>

Table 3.10.4: Capped leave for the period 1 January 2013 to 31 December 2013.

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2014
Skilled (Levels 3-5) Highly skilled	86	16	5	78
production (Levels 6-8)	54	12	5	55
<b>TOTAL</b>	<b>140</b>	<b>28</b>	<b>5</b>	<b>70</b>

Table 3.10.5: Leave pay-outs for the period 1 April 2013 and 31 March 2014.

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2013/14 due to non-utilisation of leave for the previous cycle	None	None	None
Capped leave payouts on termination of service for 2013/14	32	31	1
Current leave payout on termination of service for 2013/14	2 576	90	28
<b>TOTAL</b>	<b>2 608</b>	<b>121</b>	<b>22</b>

### 3.11 HIV/AIDS & Health Promotion Programmes

*Table 3.11.1: Steps taken to reduce the risk of occupational exposure.*

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

*Table 3.11.2: 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		Mr. S Sekobile, acting Director: Organisational and Human Resource Development at the time.
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		Four Employees
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes		Employee Health and Wellness programmes: HIV and AIDS and TB management, Health and Productivity, Wellness and Safety, Health, Environment, Risk and Quality.
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		HIV/AIDS Peer Educators; district committees
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		All policies are non-discriminative
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		Recruitment procedures, Employee Assistance Programme, the work place and facilities, Occupational Health and Safety
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes		<ul style="list-style-type: none"> <li>• HIV Counseling and Testing: 8</li> <li>• Condom distribution: 32 450 male and 4 670 female,</li> <li>• Pamphlets distributed: 1650</li> </ul>
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		No	N/a



### 3.12 Labour Relations

*Table 3.12.1: Collective agreements for the period 1 April 2013 and 31 March 2014.*

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

*Table 3.12.2: Misconduct and disciplinary hearings finalised for the period 1 April 2013 and 31 March 2014.*

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0%
Verbal warning	0	0%
Written warning	4	57.14%
Final written warning	1	14.29%
Suspended without pay	0	0%
Fine	0	0%
Demotion	0	0%
Dismissal	2	28.57%
Not guilty	0	0%
<b>TOTAL</b>	<b>7</b>	<b>100%</b>

Total number of disciplinary hearings finalised	7
---	---

Table 3.12.3: Types of misconduct addressed at disciplinary hearings for the period 1 April 2013 and 31 March 2014.

Type of misconduct	Number	% of total
Fraud/Corruption	1	11.1 %
Theft and gross negligence	1	11.1%
Dereliction of duties	2	22.25%
Theft of state money	1	11.1%
Absenteeism	1	11.1%
Theft of face value forms	2	22.25%
Unauthorised use of GG vehicle and damage	1	11.1%
<b>TOTAL</b>	<b>9</b>	<b>100%</b>

Table 3.12.4: Grievances logged for the period 1 April 2013 and 31 March 2014.

Grievances	Number	% of Total
Interpretation/Application	1	7.2%
PDMS	13	92.8%
<b>TOTAL</b>	<b>14</b>	<b>100%</b>

Table 3.12.5: Disputes logged with Councils for the period 1 April 2013 and 31 March 2014.

Disputes	Number	% of Total
Upheld: Collective Agreement Interpretation/application	1	7.2%
Dismissed	13	92.8%
<b>TOTAL</b>	<b>14</b>	<b>100%</b>

*Table 3.12.6: Strike actions for the period 1 April 2013 and 31 March 2014.*

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

*Table 3.12.7: Precautionary suspensions for the period 1 April 2013 and 31 March 2014.*

Number of people suspended	10
Number of people whose suspension exceeded 30 days	10
Average number of days suspended	90 – 730 days
Cost of suspension (R'000)	R1 948 078.30

## 3.13 Skills development

Table 3.13.1: Training needs identified for the period 1 April 2013 and 31 March 2014.

Occupational category	Gender	Number of employees as at 1 April 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	8	0	0	36	0
	Male	18	0	0	3	0
Professionals	Female	45	0	0	15	0
	Male	61	0	0	16	0
Technicians and associate professionals	Female	44	0	0	75	0
	Male	107	0	0	25	0
Clerks	Female	445	0	0	100	0
	Male	187	0	0	59	0
Service and sales workers	Female	174	0	0	6	0
	Male	313	0	0	64	0
Skilled agriculture and fishery workers	Female	4	0	0	0	0
	Male	24	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	1	0	0	0	0
Plant and machine operators and assemblers	Female	75	0	0	0	0
	Male	536	0	0	0	0
Elementary occupations	Female	40	0	0	0	0
	Male	43	0	0	17	0
Subtotal	Female	835	0	0	232	0
	Male	1 289	0	0	184	0
<b>TOTAL</b>		<b>2 124</b>	<b>0</b>	<b>0</b>	<b>416</b>	<b>0</b>

Table 3.13.2: Training provided for the period 1 April 2013 and 31 March 2014.

Occupational category	Gender	Number of employees as at 1 April 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	8	0	11	0	11
	Male	18	0	3	0	3
Professionals	Female	45	0	6	0	6
	Male	61	0	30	0	30
Technicians and associate professionals	Female	44	0	34	0	34
	Male	107	0	82	0	82
Clerks	Female	445	0	81	0	81
	Male	187	0	63	0	63
Service and sales workers	Female	174	0	0	0	0
	Male	313	0	2	0	2
Skilled agriculture and fishery workers	Female	4	0	0	0	0
	Male	24	0	0	0	0
Craft and related trades workers	Female	0	0	4	0	4
	Male	1	0	105	0	105
Plant and machine operators and assemblers	Female	75	0	0	0	0
	Male	536	0	1	0	1
Elementary occupations	Female	40	0	0	0	0
	Male	43	0	0	0	0
Subtotal	Female	835	0	136	0	136
	Male	1289	0	286	0	286
<b>TOTAL</b>		<b>2 124</b>	<b>0</b>	<b>422</b>	<b>0</b>	<b>422</b>

### 3.14 Injury on duty

*Table 3.14.1: Injury on duty for the period 1 April 2013 and 31 March 2014.*

Nature of injury on duty	Number	% of total
Required basic medical attention only	7	64%
Temporary Total Disablement	3	27%
Permanent Disablement	0	0%
Fatal	1	9%
<b>TOTAL</b>	<b>11</b>	<b>100%</b>

### 3.15 Utilisation of Consultants

*Table 3.15.1: Report on consultant appointments using appropriated funds for the period 1 April 2013 and 31 March 2014.*

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
MicroZone – iTES	1 consultant (23 employees)	250*23=5750	6 877 284.41
OPENWATER			(exc VAT)
23 Roads Report	10	365 days	1 430 095.00
Operating Licensing Board	11	365 days	908 995.00
Cash banking at Registration Authorities	12	365 days	2 397 285.00
Impoundment fees	12	365 days	1 583 375.00
Verifications SCM	4	60 days	30 155.00
Maluti Bus Services	4	90 days	66 200.00
Overtime	3	120 days	R69 200.00

*Table 3.15.1: Report on consultant appointments using appropriated funds for the period 1 April 2013 and 31 March 2014 (continued).*

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Verification of CDP Contractors	13	150 days	R536 450.00
Verification of Tenderers	3	120 days	R33 400.00
Cover quoting	1	30 days	R40 800.00
Central University of Technology	4	60 days	R90 800.00
Ernst & Young	1 consultant (15 team members)	91*15=1365	(Inc. VAT) R894 672.00

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
1 (One) [MicroZone – iTES]	1 consultant (23 employees)	250*23=5750	R6 877 284.41
13 OPEN WATER	20	2060	(exc VAT) R7 186 755.00
1 (One) [Ernst & Young]	1 consultant (15 team members)	91*15=1365	(Inc. VAT) R894 672.00

*Table 3.15.2: Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2013 and 31 March 2014.*

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
iTES	62.5%	66%	16
OPEN WATER	55%	60%	60%
Ernst & Young	31%	31%	2

*Table 3.15.3: Report on consultant appointments using donor funds for the period 1 April 2013 and 31 March 2014.*

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

*Table 3.15.4: Analysis of consultant appointments using donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2013 and 31 March 2014.*

Project title	Total individual consultants	Total duration Work days	Total contract value in Rand
None to report	n/a	n/a	n/a

### 3.16 Severance Packages

*Table 3.16.1: Granting of employee initiated severance packages for the period 1 April 2013 and 31 March 2014.*

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	None	n/a	n/a	n/a
Skilled Levels 3-5)	None	n/a	n/a	n/a
Highly skilled production (Levels 6-8)	None	n/a	n/a	n/a
Highly skilled supervision (Levels 9-12)	None	n/a	n/a	n/a
Senior management (Levels 13-16)	None	n/a	n/a	n/a
<b>TOTAL</b>	<b>None</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>



# PART E

## FINANCIAL INFORMATION

# ① REPORT OF THE AUDITOR–GENERAL

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

### REPORT ON THE SEPARATE FINANCIAL STATEMENTS

#### Introduction

1. I have audited the financial statements of the Department of Police, Roads and Transport set out on s 140 to 215, which comprise the appropriation statement, the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and cash flow statement as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

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

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury, the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA) and Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 audit opinion.

**Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Police, Roads and Transport as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with the MCS and the requirements of the PFMA.

**Emphasis of matters**

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

**Restatement of corresponding figures**

8. As disclosed in note 30 to the financial statements, the department was allowed to deviate from the full measurement and disclosure requirements for fees due to government in terms of the National Road Traffic Act, 1996 (Act No. 93 of 1996) for the 2012-13 financial year. In the current year the deviation was withdrawn and the department had to restate its corresponding figures.

**Irregular expenditure**

9. As disclosed in note 22 to the financial statements, the department incurred irregular expenditure of R44 827 000 (2013: R668 994 000) during the year under review due to non-compliance with SCM regulations. In addition, the full extent of the irregular expenditure is still in the process of being determined.

**Significant uncertainty**

10. With reference to note 16 to the financial statements, the department is the defendant in lawsuits amounting to R163 783 028 (2013: R214 740 000). The department is opposing these claims. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

**Financial sustainability**

11. Note 32 to the financial statements indicates that the department has certain financial commitments at 31 March 2014. These conditions, along with other matters as set forth in the note, indicate material uncertainties related to events or conditions which may cause significant doubt upon the department's ability to meet its financial obligations as they fall due and achievement of service delivery as outlined in the annual performance plan.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

12. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

**Predetermined objectives**

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2014:
  - Programme 5: Transport regulation (page 56).
  - Programme 6: Transport infrastructure (page 63).
14. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
15. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
16. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

**Additional matter**

18. I draw attention to the following matters:

**Achievement of planned targets**

19. Refer to the annual performance report on pages 29 - 69 for information on the achievement of the planned targets for the year.

**Compliance with legislation**

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

**Strategic planning and performance management**

21. The department did not have specific and appropriate information systems to enable it to monitor the progress made towards achieving the goals, targets and core objectives, as indicated in the strategic/annual plan and as required by Public Service Regulation (PSR) part IIIB.1(f)(i)(ii).

**Budget**

22. The accounting officer did not take effective and appropriate steps to prevent overspending of the budget as it relates to programme 5: Transport Regulations, as required by section 39(2)(a) of the PFMA.

### Annual financial statements and annual report

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

### Expenditure management

24. The accounting officer did not take effective steps to prevent unauthorised and irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1.
25. Contractual obligations and money owed by the department were not settled within 30-days or an agreed period, as required by section 38(1)(f) of the PFMA and Treasury Regulation 8.2.3.

### Human resource management and compensation

26. Sufficient appropriate audit evidence could not be obtained that a proper process was followed to verify the claims made in the candidate's applications before appointment, as required by PSR 1/VII/D.8.
27. Sufficient appropriate audit evidence could not be obtained that funded vacant posts were filled within 12 months, as required by PSR 1/VII/C.1A.2.

### Consequence management

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

### Internal control

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

### Leadership

30. Management did not adequately exercise oversight of financial and performance reporting, compliance with laws and regulations as well as internal control, as sufficient monitoring controls were not implemented due to lack of skills within the department and ineffective or no consequence management.
31. The department did not fill all senior and key vacant posts timeously, which led to a lack of skills within the department. Due to the reduction of the department's budget, the department was unable to fill all posts as listed in the organisational structure.

### Financial and performance management

32. Effective financial and performance systems, processes and procedures and the management thereof had not been adequately implemented. This resulted in the financial statements and annual performance report being subject to material adjustments due to management not adequately reviewing and verifying all supporting documentation against the information reported in the financial statements and annual performance report due to lack of skills within the department.

33. Review and monitoring of compliance with applicable laws and regulations were not effective, which resulted in significant instances of non-compliance that could have been prevented. This was due to a vacancy in the position of the compliance officer as well as the lack of adequate reviewing controls contributed to certain non-compliance not being detected and corrected timeously.

## OTHER REPORTS

### Investigations

34. During the 2013-14 financial year the Premier requested an independent consulting firm to conduct an investigation at the department relating to the verification of Contractor Development Programme (CDP) Contractors. The investigation was initiated based on irregularities and allegations of misconduct and corruption on the part of certain employees of the department. The investigation was still ongoing at the reporting date.

*Auditor - General*

Bloemfontein

31 July 2014



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## ② ANNUAL FINANCIAL STATEMENTS

### TABLE OF CONTENTS

Appropriation Statement	140
Notes to the Appropriation Statement	157
Statement of Financial Performance	159
Statement of Financial Position	160
Statement of Changes in Net Assets	161
Cash Flow Statement	162
Notes to the Annual Financial Statements (including Accounting policies)	169
Annexures	204

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT

for the year ended 31 March 2014

Appropriation per programme									
APPROPRIATION STATEMENT	2013/14					2012/13			
	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>1. ADMINISTRATION</b>									
Current payment	186 163	(330)	(336)	185 497	181 783	3 714	98%	153 252	154 644
Transfers and subsidies	-	310	116	426	778	(352)	182.6%	173	355
Payment for capital assets	10 470	20	-	10 490	5 020	5 470	47.9%	4 048	3 061
	<b>196 633</b>	-	<b>(220)</b>	<b>196 413</b>	<b>187 581</b>	<b>8 832</b>		<b>157 473</b>	<b>158 060</b>
<b>2. CIVILIAN OVERSIGHT</b>									
Current payment	7 704	-	650	8 354	7 951	403	95.2%	8 214	8 116
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
	<b>7 704</b>	-	<b>650</b>	<b>8 354</b>	<b>7 951</b>	<b>403</b>		<b>8 214</b>	<b>8 116</b>
<b>3. CRIME PREVENTION AND COMMUNITY, POLICE RELATIONS</b>									
Current payment	11 259	-	350	11 609	10 380	1 229	89.4%	14 320	14 214
Transfers and subsidies	1 163	-	(1 000)	163	54	109	33.1%	1 000	1 078
Payment for capital assets	50	-	-	50	26	24	52.0%	100	32
Payment for financial assets	-	-	-	-	-	-	-	-	-
	<b>12 472</b>	-	<b>(650)</b>	<b>11 822</b>	<b>10 460</b>	<b>1 362</b>		<b>15 420</b>	<b>15 324</b>



# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT

for the year ended 31 March 2014

APPROPRIATION STATEMENT	2013/14						2012/13		
	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
4. TRANSPORT OPERATION									
Current payment	39 038	-	(23)	39 015	35 352	3 663	90.6%	39 782	39 982
Transfers and subsidies	209 382	-	23	209 405	209 404	1	100.0%	208 312	208 186
Payment for capital assets	60	-	-	60	41	19	68.3%	130	28
	248 480	-	-	248 480	244 797	3 683		248 224	248 196
5. TRANSPORT REGULATION									
Current payment	283 904	-	15	283 919	294 536	(10 617)	103.7%	258 296	281 235
Transfers and subsidies	6 013	-	205	6 218	6 210	8	99.9%	5 990	5 275
Payment for capital assets	109	-	-	109	46	63	42.2%	3 985	1 426
	290 026	-	220	290 246	300 792	(10 546)		268 271	287 936
6. TRANSPORT INFRASTRUCTURE									
Current payment	445 219	(3 106)	-	442 113	389 339	52 774	88.1%	435 536	414 906
Transfers and subsidies	21 943	3 106	-	25 049	25 052	(3)	100.0%	21 789	23 232
Payment for capital assets	1 281 255	-	-	1 281 255	1 024 241	257 014	79.9%	803 719	771 912
	1 748 417	-	-	1 748 417	1 438 632	309 785		1 261 044	1 210 050
TOTAL	2 503 732	-	-	2 503 732	2 190 213	313 519	87.5%	1 958 646	1 927 682

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT

for the year ended 31 March 2014

	2013/14		2012/13	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
<b>TOTAL (brought forward)</b>			<b>1 958 646</b>	<b>1 927 682</b>
Reconciliation with statement of financial performance				
<b>ADD</b>				
Departmental receipts	496 031		457 362	
Aid assistance	-		-	
<b>Actual amounts per statement of financial performance (total revenue)</b>	<b>2 999 763</b>		<b>2 416 008</b>	
<b>ADD</b>				
Aid assistance				
Prior year unauthorised expenditure approved without funding		3 327		
<b>Actual amounts per statement of financial performance (total expenditure)</b>		<b>2 193 540</b>		<b>1 927 682</b>

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT

for the year ended 31 March 2014

Appropriation per economic classification									
2013/14							2012/13		
	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	501 742	(300)	1 377	502 819	489 424	13 395	97.3%	460 760	447 361
Goods and services	471 599	(3 304)	(736)	467 559	429 797	37 762	91.9%	448 640	465 734
Interest and rent on land	-	114	15	129	120	9	93.0%	-	-
<b>Transfers and subsidies</b>									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	25 000	-	-	25 000	25 000	-	100.0%	25 000	25 000
Public corporations and private enterprises	210 382	-	(1 000)	209 382	209 382	-	100.0%	209 312	209 186
Households	3 119	3 416	344	6 879	7 116	(237)	103.4%	2 952	6 039
Gifts and donations	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>									
Buildings and other fixed structures	1 277 412	-	-	1 277 412	1 023 029	254 383	80.1%	795 453	767 385
Machinery and equipment	12 778	74	-	12 852	5 606	7 246	43.6%	14 417	5 818
Land and subsoil assets	1 700	-	-	1 700	739	961	43.5%	2 080	1 131
Software and other intangible assets	-	-	-	-	-	-	-	32	28
<b>Payments for financial assets</b>									
	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2 503 732</b>	<b>-</b>	<b>-</b>	<b>2 503 732</b>	<b>2 190 213</b>	<b>313 519</b>	<b>87.5%</b>	<b>1 958 646</b>	<b>1 927 682</b>

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT

for the year ended 31 March 2014

Statutory Appropriation per economic classification									
2013/14									
Program 1 Per Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	95 862	(300)	-	95 562	95 040	522	99.4%	85 970	84 132
Goods and services	90 301	(84)	(336)	89 881	86 692	3 189	96.8%	67 282	70 512
Interest and rent on land		54		54	51	3	94.4%	-	-
<b>Transfers and subsidies</b>									
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	310	116	426	778	(352)	182.6%	173	354
Gifts and donations									
<b>Payments for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	10 470	20		10 490	5 020	5 470	47.9%	4 048	3 062
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>									
<b>Total</b>	<b>196 633</b>	<b>-</b>	<b>(220)</b>	<b>196 413</b>	<b>187 581</b>	<b>8 832</b>	<b>95.5%</b>	<b>157 473</b>	<b>158 060</b>

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT

for the year ended 31 March 2014

2013/14										2012/13	
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		
<b>1.1 OFFICE OF THE MEC</b>											
Current payment	9 619	20		9 639	11 960	(2 321)	124.1%	9 797	8 732		
Transfers and subsidies		310	116	426	471	(45)	110.6%	53	157		
Payment for capital assets	-	-	-	-	37	(37)	-	38	21		
<b>1.2 OFFICE OF THE HOD</b>											
Current payment	6 471	(20)	-	6 451	4 543	1 908	70.4%	5 431	2 796		
Payment for capital assets	200	-	-	200	39	161	19.5%	97	54		
<b>1.3 FINANCIAL MANAGEMENT</b>											
Current payment	59 458	(10)	-	59 448	61 511	(2 063)	103.5%	66 313	65 105		
Transfers and subsidies	-	-	-	-	137	(137)	-	-	160		
Payment for capital assets	10	-	-	10	-	10	-	898	474		
<b>1.4 CORPORATE SERVICES</b>											
Current payment	56 705	-	-	56 705	55 379	1 326	97.7%	35 292	39 098		
Transfers and subsidies	-	-	-	-	140	(140)	-	120	38		
Payment for capital assets	8 598	-	-	8 598	4 818	3 780	56.0%	1 070	627		

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT

for the year ended 31 March 2014

Detail per sub-programme	2013/14						2012/13		
	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>1.5 INTERNAL AUDIT</b>									
Current payment	4 757	-	(116)	4 641	5 074	(433)	109.3%	2 475	3 239
Payment for capital assets	-	-	-	-	-	-	-	50	34
<b>1.6 LEGAL SERVICES</b>									
Current payment	2 395	-	-	2 395	3 112	(717)	129.9%	3 242	2 250
Payment for capital assets	162	-	-	162	107	55	66.0%	30	-
<b>1.7 STRATEGIC PLAN &amp; RESEARCH DEV</b>									
Current payment	8 172	-	-	8 172	5 466	2 706	66.9%	4 490	7 320
Transfers and subsidies	-	-	-	-	25	(25)	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	40	30
<b>1.8 SECURITY MANAGEMENT</b>									
Current payment	34 275	-	(220)	34 055	33 583	472	98.6%	26 212	26 104
Transfers and subsidies	-	-	-	-	5	(5)	-	-	-
Payment for capital assets	1 500	-	-	1 500	-	1 500	-	1 825	1 821
<b>1.9 RISK MANAGEMENT</b>									
Current payment	4 311	(320)	-	3 991	1 155	2 836	28.9%	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	20	-	20	19	1	95.0%	-	-
<b>Total</b>	<b>196 633</b>	<b>-</b>	<b>(220)</b>	<b>196 413</b>	<b>187 581</b>	<b>8 832</b>	<b>95.5%</b>	<b>157 473</b>	<b>158 060</b>

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT

for the year ended 31 March 2014

Programme 2- Per Economic classification	2013/14						2012/13		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	6 773	-	650	7 423	7 402	21	99.7%	6 558	5 743
Goods and services	931	-	-	931	549	382	59.0%	1 656	2 373
Interest and rent on land	-	-	-	-	-	-	-	-	-
Total	7 704	-	650	8 354	7 951	403	95.2%	8 214	8 116

2013/14										2012/13	
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		
<b>2.1 COMPLAINTS REGISTRY AND INVESTIGATION</b>											
Current payment	3 976	-	325	4 301	4 220	81	98.1%	8 214	8 116		
Transfers and subsidies	-	-	-	-	-	-	-	-	-		
Payment for capital assets	-	-	-	-	-	-	-	-	-		
<b>2.2 MONITORING AND EVALUATION</b>											
Current payment	3 728	-	325	4 053	3 731	322	92.1%	-	-		
Payment for capital assets	-	-	-	-	-	-	-	-	-		
<b>Total</b>	<b>7 704</b>	<b>-</b>	<b>650</b>	<b>8 354</b>	<b>7 951</b>	<b>403</b>	<b>95.2%</b>	<b>8 214</b>	<b>8 116</b>		

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT

for the year ended 31 March 2014

2013/14										2012/13	
Programme 3- Per Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments											
Compensation of employees	6 142	-	350	6 492	6 486	6	99.9%	8 098	6 184		
Goods and services	5 117	-	-	5 117	3 894	1 223	76.1%	6 222	8 030		
Interest and rent on land	-	-	-	-	-	-	-	-	-		
Transfers and subsidies to:											
Provinces and municipalities	-	-	-	-	-	-	-	-	-		
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-		
Higher education institutions	-	-	-	-	-	-	-	-	-		
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-		
Public corporations and private enterprises	1 000	-	(1 000)	-	-	-	-	1 000	1 000		
Non-profit institutions	-	-	-	-	-	-	-	-	-		
Households	163	-	-	163	54	109	33.1%	-	78		
Gifts and donations	-	-	-	-	-	-	-	-	-		
Payment for capital assets											
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-		
Machinery and equipment	50	-	-	50	26	24	52.0%	100	32		
Heritage assets	-	-	-	-	-	-	-	-	-		
Specialised military assets	-	-	-	-	-	-	-	-	-		
Biological assets	-	-	-	-	-	-	-	-	-		
Land and subsoil assets	-	-	-	-	-	-	-	-	-		
Intangible assets	-	-	-	-	-	-	-	-	-		
Payments for financial assets											
Total	12 472	-	(650)	11 822	10 460	1 362	88.5%	15 420	15 324		



# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT

for the year ended 31 March 2014

2013/14										2012/13	
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 SOCIAL CRIME PREVENTION											
Current payment	5 519	-	-	5 519	5 555	(36)	100.7%	7 418	5 656		
Transfers and subsidies	1 081	-	(1 000)	81	21	60	25.9%	1 000	1 078		
Payment for capital assets	30	-	-	30	26	4	86.7%	20	12		
3.2 COMMUNITY POLICE RELATIONS											
Current payment	4 432	-	-	4 432	3 410	1 022	76.9%	4 642	6 449		
Transfers and subsidies	82	-	-	82	33	49	40.2%	-	-		
Payment for capital assets								60	20		
3.3 PROMOTION OF SAFETY											
Current payment	1 308	-	350	1 658	1 415	243	85.3%	2 260	2 109		
Transfers and subsidies	20	-	-	20	-	20	-	20	-		
Payment for capital assets											
Payment for financial assets											
Total	12 472	-	(650)	11 822	10 460	1 362	88.5%	15 420	15 324		

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT

for the year ended 31 March 2014

Programme 4- Per Economic classification	2013/14						2012/13		
	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	21 201	-	377	21 578	21 573	5	100.0%	22 780	17 710
Goods and services	17 837	-	(400)	17 437	13 779	3 658	79.0%	17 002	22 272
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	209 382	-	-	209 382	209 382	-	100.0%	208 312	208 186
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Gifts and donations	-	-	23	23	22	1	95.7%	-	-
<b>Payment for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	60	-	-	60	41	19	68.3%	130	28
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>									
<b>Total</b>	<b>248 480</b>	<b>-</b>	<b>-</b>	<b>248 480</b>	<b>244 797</b>	<b>3 683</b>	<b>98.5%</b>	<b>248 224</b>	<b>248 196</b>

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT

for the year ended 31 March 2014

2013/14										2012/13	
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		
4.1 PROGRAMME SUPPORT OPERATIONS											
Current payment	1 694	-	-	1 694	1 780	(86)	105.1%	1 785	2 587		
Transfers and subsidies	-	-	2	2	1	1	50.0%	-	-		
Payment for capital assets	-	-	-	-	-	-	-	-	-		
4.2 PUBLIC TRANSPORT SERVICES											
Current payment	16 497	-	-	16 497	17 197	(700)	104.2%	10 972	9 741		
Transfers and subsidies	209 382	-	20	209 402	209 402	-	100.00%	208 312	208 186		
Payment for capital assets	-	-	-	-	-	-	-	70	11		
4.3 TRANSPORT SAFETY AND COMPLIANCE											
Current payment	14 341	-	(23)	14 318	16 074	(1 756)	112.3%	17 260	16 899		
Transfers and subsidies	-	-	1	1	1	-	100.0%	-	-		
Payment for capital assets	-	-	-	-	-	-	-	-	-		
4.4 INFRASTRUCTURE OPERATIONS											
Current payment	2 506	-	-	2 506	301	2 205	12.0%	2 565	4 085		
Transfers and subsidies	-	-	-	-	-	-	-	-	-		
Payment for capital assets	60	-	-	60	41	19	68.3%	60	17		

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT

for the year ended 31 March 2014

2013/14										2012/13	
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	
4.5 TRANSPORT SYSTEMS											
Current payment		4 000	-	-	4 000	-	4 000		7 200	6 670	
Payment for capital assets											
Payment for capital assets											
Total		248 480	-	-	248 480	244 797	3 683	98.5%	248 224	248 196	

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT

for the year ended 31 March 2014

2013/14										2012/13	
Programme 5- Per Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
<b>Current payments</b>											
Compensation of employees	229 819	-	-	229 819	226 675	3 144	98.6%	186 221	217 545		
Goods and services	54 085	-	-	54 085	67 847	(13 762)	125.4%	72 075	63 689		
Interest and rent on land	-	-	15	15	14	1	93.3%	-	-		
<b>Transfers and subsidies to:</b>											
Provinces and municipalities	-	-	-	-	-	-	-	-	-		
Departmental agencies and accounts	5 000	-	-	5 000	5 000	-	100.0%	5 000	5 000		
Higher education institutions	-	-	-	-	-	-	-	-	-		
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-		
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-		
Non-profit institutions	-	-	-	-	-	-	-	-	-		
Households	1 013	-	205	1 218	1 210	8	99.3%	990	275		
Gifts and donations	-	-	-	-	-	-	-	-	-		
<b>Payment for capital assets</b>											
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-		
Machinery and equipment	109	-	-	109	46	63	42.2%	3 985	1 427		
Heritage assets	-	-	-	-	-	-	-	-	-		
Specialised military assets	-	-	-	-	-	-	-	-	-		
Biological assets	-	-	-	-	-	-	-	-	-		
Land and subsoil assets	-	-	-	-	-	-	-	-	-		
Intangible assets	-	-	-	-	-	-	-	-	-		
<b>Payments for financial assets</b>											
<b>Total</b>	<b>290 026</b>	<b>-</b>	<b>220</b>	<b>290 246</b>	<b>300 792</b>	<b>(10 546)</b>	<b>103.6%</b>	<b>268 271</b>	<b>287 936</b>		

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT for the year ended 31 March 2014

2013/14										2012/13	
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		
<b>5.1 PROGRAMME SUPPORT REGULATION</b>											
Current payment	10 460	-	-	10 460	14 209	(3 749)	135.8%	7 480	12 546		
Transfers and subsidies	-	-	-	-	-	-	-	-	-		
Payment for capital assets	-	-	-	-	-	-	-	60	-		
<b>5.2 LAW ENFORCEMENT</b>											
Current payment	176 994	-	15	177 009	184 512	(7 503)	104.2%	158 481	173 727		
Transfers and subsidies	790	-	205	995	1 115	(120)	112.1%	772	151		
Payment for capital assets	-	-	-	-	-	-	-	180	75		
<b>5.3 TRANSPORT ADMINISTRATION AND LICENSING</b>											
Current payment	86 122	-	-	86 122	83 578	2 544	97.0%	85 338	86 548		
Transfers and subsidies	223	-	-	223	81	142	36.3%	218	124		
Payment for capital assets	109	-	-	109	46	63	42.2%	3 715	1 313		
<b>5.4 OPERATOR LICENSE AND PERMITS</b>											
Current payment	10 328	-	-	10 328	12 237	(1 909)	118.5%	6 997	8 414		
Transfers and subsidies	5 000	-	-	5 000	5 014	(14)	100.3%	5 000	5 000		
Payment for capital assets	-	-	-	-	-	-	-	30	38		
<b>Total</b>	<b>290 026</b>	<b>-</b>	<b>220</b>	<b>290 246</b>	<b>300 792</b>	<b>(10 546)</b>	<b>103.6%</b>	<b>268 271</b>	<b>287 936</b>		

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT

for the year ended 31 March 2014

2013/14										2012/13	
Programme 6- Per Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
<b>Current payments</b>											
Compensation of employees	141 945	-	-	141 945	132 248	9 697	93.2%	151 133	116 047		
Goods and services	303 328	(3 220)	-	300 108	257 036	43 072	85.6%	284 403	298 858		
Interest and rent on land	-	60	-	60	55	5	91.7%	-	-		
<b>Transfers and subsidies to:</b>											
Provinces and municipalities	-	-	-	-	-	-	-	-	-		
Departmental agencies and accounts	20 000	-	-	20 000	20 000	-	100.0%	20 000	20 000		
Higher education institutions	-	-	-	-	-	-	-	-	-		
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-		
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-		
Non-profit institutions	-	-	-	-	-	-	-	-	-		
Households	1 943	3 106	-	5 049	5 052	(3)	100.1%	1 789	5 332		
Gifts and donations	-	-	-	-	-	-	-	-	-		
<b>Payment for capital assets</b>											
Buildings and other fixed structures	1 277 412	-	-	1 277 412	1 023 029	254 383	80.1%	795 453	767 385		
Machinery and equipment	2 089	54	-	2 143	473	1 670	22.1%	6 154	1 269		
Heritage assets	-	-	-	-	-	-	-	-	-		
Specialised military assets	-	-	-	-	-	-	-	-	-		
Biological assets	-	-	-	-	-	-	-	-	-		
Land and subsoil assets	1 700	-	-	1 700	739	961	43.5%	2 080	1 131		
Intangible assets	-	-	-	-	-	-	-	32	28		
<b>Payments for financial assets</b>											
<b>Total</b>	<b>1 748 417</b>	<b>-</b>	<b>-</b>	<b>1 748 417</b>	<b>1 438 632</b>	<b>309 785</b>	<b>82.3%</b>	<b>1 261 044</b>	<b>1 210 050</b>		

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT

for the year ended 31 March 2014

2013/14										2012/13	
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		
<b>6.1 PROGRAMME SUPPORT INFRASTRUCTURE</b>											
Current payment	20 934	-	-	20 934	13 346	7 588	63.8%	9 884	4 294		
Transfers and subsidies	-	-	-	-	-	-	-	-	8		
Payment for capital assets	1 176	-	-	1 176	432	744	36.7%	5 129	1 055		
<b>6.2 INFRASTRUCTURE PLANNING</b>											
Current payment	28 513	(3 166)	-	25 347	18 314	7 033	72.3%	12 092	13 514		
Transfers and subsidies	-	-	-	-	-	-	-	-	264		
Payment for capital assets	8 140	-	-	8 140	11 497	(3 357)	141.2%	2 167	1 197		
<b>6.3 INFRASTRUCTURE DESIGN</b>											
Current payment	3 351	-	-	3 351	695	2 656	20.7%	9 588	1 360		
Transfers and subsidies	-	-	-	-	-	-	-	-	-		
Payment for capital assets	-	-	-	-	-	-	-	20 727	25 009		
<b>6.4 CONSTRUCTION</b>											
Current payment	(4 695)	-	-	(4 695)	3 738	(8 433)	(79.6%)	68 162	24 206		
Transfers and subsidies	20 000	-	-	20 000	20 000	-	100.0%	20 000	20 000		
Payment for capital assets	7 900	-	-	7 900	4 426	3 474	56.0%	37 688	54 723		



# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## APPROPRIATION STATEMENT

for the year ended 31 March 2014

Detail per sub-programme	2013/14						2012/13		
	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>6.5 MAINTENANCE</b>									
Current payment	397 116	60	-	397 176	353 246	43 930	88.9%	335 810	371 532
Transfers and subsidies	1 943	3 106	-	5 049	5 052	(3)	100.1%	1 789	2 960
Payment for capital assets	1 264 039	-	-	1 264 039	1 007 886	256 153	79.7%	738 008	689 928
Payment for capital assets									
<b>Total</b>	<b>1 748 417</b>	<b>-</b>	<b>-</b>	<b>1 748 417</b>	<b>1 438 632</b>	<b>309 785</b>	<b>82.3%</b>	<b>1 261 044</b>	<b>1 210 050</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2014

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

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

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

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

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

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

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

	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation %
<b>4.1 Per programme:</b>				
Administration	196 413	187 581	8 832	4.5%
Civilian Oversight	8 354	7 951	403	5%
Crime prevention and community, police relations	11 822	10 460	1 362	12%
Transport Operation	248 480	244 797	3 683	1%
Transport Regulation	290 246	300 792	(10 546)	(4%)
Transport Infrastructure	1 748 417	1 438 632	309 785	18%
	<b>2 503 732</b>	<b>2 190 213</b>	<b>313 519</b>	<b>12.4%</b>

	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation %
<b>4.2 Per economic classification:</b>				
<b>Current Expenditure</b>				
Compensation of employees	502 819	489 424	13 395	3%
Goods and services	467 559	429 797	37 762	8%
Interest and rent on land	129	120	9	7%
<b>Transfers and subsidies</b>				
Departmental agencies and accounts	25 000	25 000	-	0%
Public corporations and private enterprises	209 382	209 382	-	0%
Households	6 879	7 116	(237)	-3%

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2014

	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation %
Gifts and donations	-	-	-	0%
<b>Payments for capital assets</b>				
Buildings and other fixed structures	1 277 412	1 023 029	254 383	20%
Machinery and equipment	12 852	5 606	7 246	56%
Land and subsoil assets	1 700	739	961	57%
	<b>2 503 732</b>	<b>2 190 213</b>	<b>313 519</b>	<b>12.4%</b>

	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
<b>4.3 Per conditional grant</b>				
<b>Transport</b>				
Public Transport Operating Grant	209 382	209 382	-	0%
Provincial Roads Maintenance Grant	1 373 823	1 138 167	235 656	17%
EPWP Integrated Grant to Province	3 000	3 000	-	0%
Infrastructure Enhancement Allocation	349 492	300 632	48 860	14%
	<b>1 935 697</b>	<b>1 651 181</b>	<b>284 516</b>	<b>15%</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
<b>REVENUE</b>			
Annual appropriation	<u>1</u>	2 503 732	1 958 646
Departmental revenue	<u>2</u>	496 031	457 362
<b>TOTAL REVENUE</b>		<b>2 999 763</b>	<b>2 416 008</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	<u>3</u>	489 424	447 361
Goods and services	<u>4</u>	429 797	465 680
Interest and rent on land	<u>5</u>	120	54
Unauthorised expenditure approved without funding	<u>8</u>	3 327	-
<b>Total current expenditure</b>		<b>922 668</b>	<b>913 095</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	<u>6</u>	241 498	240 225
<b>Total transfers and subsidies</b>		<b>241 498</b>	<b>240 225</b>
<b>Expenditure for capital assets</b>			
Tangible assets	<u>7</u>	1 029 374	774 334
Intangible assets	<u>7</u>	-	28
<b>Total expenditure for capital assets</b>		<b>1 029 374</b>	<b>774 362</b>
<b>TOTAL EXPENDITURE</b>		<b>2 193 540</b>	<b>1 927 682</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>806 223</b>	<b>488 326</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		310 192	30 964
Annual appropriation		(426)	(24 058)
Conditional grants		310 618	55 022
Unconditional grants		-	-
Departmental revenue and NRF Receipts	<u>12</u>	496 031	457 362
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>806 223</b>	<b>488 326</b>

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2014

	<i>Note</i>	<b>2013/14 R'000</b>	<b>2012/13 R'000</b>
<b>ASSETS</b>			
<b>Current assets</b>		<b>366 384</b>	<b>57 265</b>
Unauthorised expenditure	<u>8</u>	41 891	34 671
Cash and cash equivalents	<u>9</u>	302 158	8 788
Receivables	<u>10</u>	22 335	13 806
<b>TOTAL ASSETS</b>		<b>366 384</b>	<b>57 265</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>360 718</b>	<b>53 854</b>
Voted funds to be surrendered to the Revenue Fund	<u>11</u>	320 739	47 284
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>12</u>	33 429	823
Payables	<u>13</u>	6 550	5 747
<b>TOTAL LIABILITIES</b>		<b>360 718</b>	<b>53 854</b>
<b>NET ASSETS</b>		<b>5 666</b>	<b>3 411</b>

	<i>Note</i>	<b>2013/14 R'000</b>	<b>2012/13 R'000</b>
<b>Represented by:</b>			
Capitalisation reserve		-	-
Recoverable revenue		5 666	3 411
Retained funds		-	-
Revaluation reserves		-	-
<b>TOTAL</b>		<b>5 666</b>	<b>3 411</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### STATEMENT IN CHANGE IN NET ASSETS

for the year ended 31 March 2014

#### Recoverable revenue

Opening balance	3 411	775
Transfers:	2 255	2 636
Debts revised	(111)	(10 441)
Debts recovered (included in departmental receipts)	(1 000)	(296)
Debts raised	3 366	13 373
Closing balance	<b>5 666</b>	<b>3 411</b>
<b>TOTAL</b>	<b>5 666</b>	<b>3 411</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### CASH FLOW STATEMENT

for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>3 037 833</b>	<b>2 448 589</b>
Annual appropriated funds received	<u>1.1</u>	2 503 732	1 958 646
Departmental revenue received	<u>2</u>	533 888	489 801
Interest received	<u>2.3</u>	213	142
Net (increase)/decrease in working capital		(14 946)	(12 226)
Surrendered to Revenue Fund		(548 779)	(752 528)
Current payments		(912 001)	(881 697)
Interest paid	<u>5</u>	(120)	(54)
Transfers and subsidies paid		(241 498)	(240 225)
<b>Net cash flow available from operating activities</b>	<u>14</u>	<b>1 320 489</b>	<b>561 859</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	<u>7</u>	(1 029 374)	(774 362)
<b>Net cash flows from investing activities</b>		<b>(1 029 374)</b>	<b>(774 362)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		2 255	25 013
<b>Net cash flows from financing activities</b>		<b>2 255</b>	<b>25 013</b>
Net increase/(decrease) in cash and cash equivalents		293 370	(187 490)
Cash and cash equivalents at beginning of period		8 788	196 278
<b>Cash and cash equivalents at end of period</b>	<u>15</u>	<b>302 158</b>	<b>8 788</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### ACCOUNTING POLICIES for the year ended 31 March 2014

#### Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.

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

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

<b>1</b>	<b>Basis of preparation</b> The financial statements have been prepared in accordance with the Modified Cash Standard.
<b>2</b>	<b>Going concern</b> The financial statements have been prepared on a going concern basis.
<b>3</b>	<b>Presentation currency</b> Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
<b>4</b>	<b>Rounding</b> Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
<b>5</b>	<b>Foreign currency translation</b> Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment / receipt.
<b>6</b>	<b>Current year comparison with budget</b> A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
<b>7</b>	<b>Revenue</b>
<b>7.1</b>	<b>Appropriated funds</b> Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).



## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### ACCOUNTING POLICIES for the year ended 31 March 2014

	<p>Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.</p>
<b>7.2</b>	<p><b>Departmental revenue</b></p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
<b>7.3</b>	<p><b>Accrued departmental revenue</b></p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> <li>• it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>• the amount of revenue can be measured reliably.</li> </ul> <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p>
<b>8</b>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of employees</b>
<b>8.1.1</b>	<p><i>Salaries and wages</i></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
<b>8.1.2</b>	<p><i>Social contributions</i></p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### ACCOUNTING POLICIES for the year ended 31 March 2014

<b>8.2</b>	<p><b>Other expenditure</b></p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
<b>8.3</b>	<p><b>Accrued expenditure payable</b></p> <p>Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department.</p> <p>Accrued expenditure payable is measured at cost.</p>
<b>8.4</b>	<p><b>Leases</b></p>
<b>8.4.1</b>	<p><i>Operating leases</i></p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
<b>8.4.2</b>	<p><i>Finance leases</i></p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> <li>• cost, being the fair value of the asset; or</li> <li>• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul>
<b>9</b>	<p><b>Aid Assistance</b></p>
<b>9.1</b>	<p><b>Aid assistance received</b></p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### ACCOUNTING POLICIES for the year ended 31 March 2014

<b>9.2</b>	<p><b>Aid assistance paid</b></p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
<b>10</b>	<p><b>Cash and cash equivalents</b></p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
<b>11</b>	<p><b>Prepayments and advances</b></p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p>
<b>12</b>	<p><b>Loans and receivables</b></p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
<b>13</b>	<p><b>Investments</b></p> <p>Investments are recognised in the statement of financial position at cost.</p>
<b>14</b>	<p><b>Impairment of financial assets</b></p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
<b>15</b>	<p><b>Payables</b></p> <p>Loans and receivables are recognised in the statement of financial position at cost.</p>
<b>16</b>	<p><b>Capital Assets</b></p>
<b>16.1</b>	<p><b>Immovable capital assets</b></p> <p>Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### ACCOUNTING POLICIES for the year ended 31 March 2014

	<p>Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.</p> <p>Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.</p>
<b>16.2</b>	<p><b>Movable capital assets</b></p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
<b>16.3</b>	<p><b>Intangible assets</b></p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### ACCOUNTING POLICIES for the year ended 31 March 2014

	Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.
<b>17</b>	<b>Provisions and Contingents</b>
<b>17.1</b>	<b>Provisions</b> Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.
<b>17.2</b>	<b>Contingent liabilities</b> Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably
<b>17.3</b>	<b>Contingent assets</b> Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department
<b>17.4</b>	<b>Commitments</b> Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.
<b>18</b>	<b>Unauthorised expenditure</b> Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either: <ul style="list-style-type: none"> <li>● approved by Parliament or the Provincial Legislature with funding and the related funds are received; or</li> <li>● approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> <li>● transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### ACCOUNTING POLICIES for the year ended 31 March 2014

<b>19</b>	<p><b>Fruitless and wasteful expenditure</b></p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
<b>20</b>	<p><b>Irregular expenditure</b></p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
<b>22</b>	<p><b>Prior period errors</b></p> <p>On related parties an amount of R3 381 000 for sales of goods and services was omitted in the 2012/13 annual financial statements and the amount was restated in the current year.</p> <p>On accrued revenue, the amount of the fines penalties and forfeits for 2012/13 was recalculated to ensure the accuracy and completeness of the disclosed amount and an amount of tax revenue was restated to reflect the amount that was collected by the third party.</p>
<b>23</b>	<p><b>Agent-Principal arrangements</b></p> <p>A department is acting as a principal when it has the power to exercise beneficial control over an activity. A department has beneficial control when it has both the power to direct the activity and the ability to benefit from that power. Benefits can consist of economic benefits, service potential or both.</p> <p>Activities would consist of events, tasks or processes that give rise to a flow of economic benefits or service potential between the department and other parties.</p>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 1. Annual Appropriation

##### 1.1 Annual Appropriation

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

Programmes	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation Received 2012/13 R'000
Administration	196 413	196 413	-	157 473
Civilian oversight	8 354	8 354	-	8 214
Crime prevention and community, police relations	11 822	11 822	-	15 420
Transport operation	248 480	248 480	-	248 224
Transport regulation	290 246	290 246	-	268 271
Transport infrastructure	1 748 417	1 748 417	-	1 261 044
<b>Total</b>	<b>2 503 732</b>	<b>2 503 732</b>	<b>-</b>	<b>1 958 646</b>

##### 1.2 Conditional grants

	Note	2013/14 R'000	2012/13 R'000
Total grants received	31	<u>1 935 697</u>	<u>1 459 446</u>
Provincial grants included in Total Grants received		<u>1 373 823</u>	<u>618 507</u>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 2. Departmental revenue

	Note	2013/14 R'000	2012/13 R'000
Tax revenue		446 855	399 819
Sales of goods and services other than capital assets	2.1	72 684	67 697
Fines, penalties and forfeits	2.2	13 472	21 759
Interest, dividends and rent on land	2.3	213	142
Transactions in financial assets and liabilities	2.4	877	526
Total revenue collected		<b>534 101</b>	<b>489 943</b>
Less: Own revenue included in appropriation	12	38 070	32 581
<b>Departmental revenue collected</b>		<b>496 031</b>	<b>457 362</b>

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

	Note	2013/14 R'000	2012/13 R'000
Sales of goods and services produced by the department	2	72 684	67 697
Sales by market establishment		9	26
Administrative fees		71 730	66 888
Other sales		945	783
Sales of scrap, waste and other used current goods		-	-
<b>Total</b>		<b>72 684</b>	<b>67 697</b>

#### 2.2 Fines, penalties and forfeits

	Note	2013/14 R'000	2012/13 R'000
Fines	2	13 472	21 759
Penalties		-	-
Forfeits		-	-
<b>Total</b>		<b>13 472</b>	<b>21 759</b>

#### 2.3 Interest, dividends and rent on land

	Note	2013/14 R'000	2012/13 R'000
Interest	2	213	142
Dividends		-	-
Rent on land		-	-
<b>Total</b>		<b>213</b>	<b>142</b>



## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 2.4 Transactions in financial assets and liabilities

	<i>Note</i>	2013/14	2012/13
	2	R'000	R'000
Receivables		610	356
Stale cheques written back		11	-
Other Receipts including Recoverable Revenue		256	170
<b>Total</b>		<b>877</b>	<b>526</b>

### 3. Compensation of employees

#### 3.1 Salaries and Wages

	<i>Note</i>	2013/14	2012/13
		R'000	R'000
Basic salary		332 273	295 459
Performance award		4 933	4 695
Service Based		1 551	1 276
Compensative/circumstantial		16 216	22 248
Periodic payments		183	222
Other non-pensionable allowances		61 149	55 359
<b>Total</b>		<b>416 305</b>	<b>379 259</b>

#### 3.2 Social contributions

	<i>Note</i>	2013/14	2012/13
		R'000	R'000
<b>Employer contributions</b>			
Pension		41 753	37 305
Medical		31 197	30 685
Bargaining council		169	112
<b>Total</b>		<b>73 119</b>	<b>68 102</b>
<b>Total compensation of employees</b>		<b>489 424</b>	<b>447 361</b>
 Average number of employees		 2 087	 2 085

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 4. Goods and services

	Note	2013/14 R'000	2012/13 R'000
Administrative fees		9 475	8 045
Advertising		3 941	3 626
Minor asset	4.1	604	988
Bursaries (employees)		32	192
Catering		3 610	4 191
Communication		11 472	11 196
Computer services	4.2	8 546	7 407
Consultants, contractors and agency/outsourced services	4.3	219 761	205 126
Entertainment		57	18
Audit cost – external	4.4	7 256	5 545
Fleet services		39 455	-
Inventory	4.5	1 153	10 194
Consumables	4.6	31 340	33 525
Housing			
Operating leases		65 550	154 092
Property payments	4.7	89	8
Rental and hiring		626	267
Transport provided as part of the departmental activities		747	109
Travel and subsistence	4.8	19 839	18 103
Venues and facilities		1 718	305
Training and development		2 499	1 717
Other operating expenditure	4.9	2 027	1 026
<b>Total</b>		<b>429 797</b>	<b>465 680</b>

*There are no prepayments included in the current year's expenditure.*

#### 4.1 Minor assets

	Note	2013/14 R'000	2012/13 R'000
	4		
<b>Tangible assets</b>			
Machinery and equipment		604	988
<b>Total</b>		<b>604</b>	<b>988</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 4.2 Computer services

	Note	2013/14	2012/13
	4	R'000	R'000
SITA computer services		4 565	4 970
External computer service providers		3 981	2 437
<b>Total</b>		<b>8 546</b>	<b>7 407</b>

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

	Note	2013/14	2012/13
	4	R'000	R'000
Business and advisory services		50 962	76 448
Infrastructure and planning		1 150	6
Laboratory services		-	-
Legal costs		6 113	3 373
Science and technology		-	-
Contractors		111 777	73 601
Agency and support/outsourced services		49 759	51 698
<b>Total</b>		<b>219 761</b>	<b>205 126</b>

#### 4.4 Audit cost – External

	Note	2013/14	2012/13
	4	R'000	R'000
Regularity audits		7 208	5 545
Computer audits		48	-
<b>Total</b>		<b>7 256</b>	<b>5 545</b>

#### 4.5 Inventory

	Note	2013/14	2012/13
	4	R'000	R'000
Clothing material and accessories		-	-
Food and food supplies		-	-
Fuel, oil and gas		1 153	10 194
Learning, teaching and support material		-	-
Materials and supplies		-	-
<b>Total</b>		<b>1 153</b>	<b>10 194</b>

*The inventory comparatives have been restated due to the SCOA reimplementation 2013/2014*

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 4.6 Consumables

	Note 4	2013/14 R'000	2012/13 R'000
Consumable supplies		23 640	28 103
Uniform and clothing		1 811	2 073
Household supplies		354	1 176
Building material and supplies		21 443	24 366
Communication accessories		-	-
IT consumables		12	4
Other consumables		20	484
Stationery, printing and office supplies		7 700	5 422
<b>Total</b>		<b>31 340</b>	<b>33 525</b>

*The comparatives have been restated due to the SCOA reimplementation 2013/2014*

#### 4.7 Property payments

	Note 4	2013/14 R'000	2012/13 R'000
Property maintenance and repairs		88	8
Other		1	-
<b>Total</b>		<b>89</b>	<b>8</b>

#### 4.8 Travel and subsistence

	Note 4	2013/14 R'000	2012/13 R'000
Local		18 125	18 072
Foreign		1 714	31
<b>Total</b>		<b>19 839</b>	<b>18 103</b>

#### 4.9 Other operating expenditure

	Note 4	2013/14 R'000	2012/13 R'000
Professional bodies, membership and subscription fees		1	77
Resettlement costs		1 347	252
Other		679	697
<b>Total</b>		<b>2 027</b>	<b>1 026</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 5. Interest and rent on land

	Note	2013/14 R'000	2012/13 R'000
Interest paid		120	54
Rent on land			
<b>Total</b>		<b>120</b>	<b>54</b>

*An amount of R54 000 for the prior year has been restated.*

#### 6. Transfers and subsidies

		2013/14 R'000	2012/13 R'000
Departmental agencies and accounts	Note Annex 1A	25 000	34 600
Public corporations and private enterprises	Annex 1B	209 382	198 746
Households	Annex 1C	6 645	5 804
Gifts, donations and sponsorships made	Annex 1D	471	1 075
<b>Total</b>		<b>241 498</b>	<b>240 225</b>

*Under the Public corporation and private enterprises there is an unspent amount of R2 244 180.10 from Independent Development Trust (IDT), that accumulated from previous year.*

#### 7. Expenditure for capital assets

	Note	2013/14 R'000	2012/13 R'000
<b>Tangible assets</b>		1 029 374	774 334
Buildings and other fixed structures	29	1 023 029	767 385
Machinery and equipment	27	5 606	5 818
Land and subsoil assets	29	739	1 131
<b>Intangible assets</b>		-	28
Software	28	-	28
<b>Total</b>		<b>1 029 374</b>	<b>774 362</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 7.1 Analysis of funds utilised to acquire capital assets – 2013/14

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
<b>Tangible assets</b>	1 029 374		1 029 374
Buildings and other fixed structures	1 023 029	-	1 023 029
Heritage assets	-	-	-
Machinery and equipment	5 606	-	5 606
Land and subsoil assets	739	-	739
Biological assets	-	-	-
<b>Total</b>	<b>1 029 374</b>	<b>-</b>	<b>1 029 374</b>

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

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
<b>Tangible assets</b>	774 334	-	774 334
Buildings and other fixed structures	767 385	-	767 385
Heritage assets	-	-	-
Machinery and equipment	5 818	-	5 818
Specialised military assets	-	-	-
Land and subsoil assets	1 131	-	1 131
Biological assets	-	-	-
<b>Intangible assets</b>	28	-	28
Software	28	-	28
Mastheads and publishing titles	-	-	-
Patents, licences, copyright, brand names, trademarks	-	-	-
Recipes, formulae, prototypes, designs, models	-	-	-
Services and operating rights	-	-	-
<b>Total</b>	<b>774 362</b>	<b>-</b>	<b>774 362</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 7.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2013/14 R'000
<b>Tangible assets</b>		3 420
Buildings and other fixed structures		-
Heritage assets		-
Machinery and equipment		3 420
Specialised military assets		-
Land and subsoil assets		-
Biological assets		-
<b>Intangible assets</b>		-
<b>Total</b>		<b>3 420</b>

#### 8. Unauthorised expenditure

##### 8.1 Reconciliation of unauthorised expenditure

	Note	2013/14 R'000	2012/13 R'000
Opening balance		34 671	67 344
Prior year error		-	-
As restated		34 671	67 344
Unauthorised expenditure – discovered in current year (as restated)		10 547	31 344
Less: Amounts approved by Parliament/Legislature with funding		-	(64 017)
Less: Amounts approved by Parliament/Legislature without funding and written off in the Statement of Financial Performance		(3 327)	-
Capital		-	-
Current		(3 327)	-
Transfers and subsidies			
Less: Amounts transferred to receivables for recovery	10		
<b>Unauthorised expenditure awaiting authorisation / written off</b>		<b>41 891</b>	<b>34 671</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 8.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2013/14 R'000	2012/13 R'000
Capital	-	31 344
Current	41 891	3 327
Transfers and subsidies	-	-
<b>Total</b>	<b>41 891</b>	<b>34 671</b>

#### 8.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2013/14 R'000	2012/13 R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	41 891	34 671
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	-	-
<b>Total</b>	<b>41 891</b>	<b>34 671</b>

#### 8.4 Details of unauthorised expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2013/14 R'000
Expenditure on the main vote	None	10 547
<b>Total</b>		<b>10 547</b>

#### 9. Cash and cash equivalents

	Note	2013/14 R'000	2012/13 R'000
Consolidated Paymaster General Account		302 119	8 759
Cash receipts		3	-
Disbursements		-	-
Cash on hand		36	29
Investments (Domestic)		-	-
Investments (International)		-	-
<b>Total</b>		<b>302 158</b>	<b>8 788</b>

*There are no significant cash and cash equivalent balances held by the department that are not available for use. There are no amounts of undrawn borrowing facilities.*



## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 10. Receivables

			2013/14			2012/13
		R'000	R'000	R'000	R'000	R'000
		Less than	One to	Older		
		one year	three	than three		
	Note		years	years	Total	Total
Claims recoverable	10.1 Annex 3	4 108	3 337		7 445	3 262
Staff debt	10.2	715	1 617	1 004	3 336	3 296
Fruitless and wasteful expenditure	10.4	-	399	-	399	399
Other debtors	10.3	3 230	6 310	1 615	11 155	6 849
<b>Total</b>		<b>8 053</b>	<b>11 663</b>	<b>2 619</b>	<b>22 335</b>	<b>13 806</b>

*During the period under review, the classification of debt receivable interest was changed from CURRENT ASSETS - receivables to NET ASSETS – Recoverable revenue as per SCOA. The effect of the restatement on the comparative figures is an increase in NET ASSETS and decrease in CURRENT ASSETS of R2 361 000.*

#### 10.1 Claims recoverable

	Note	2013/14	2012/13
	10	R'000	R'000
National departments		949	47
Provincial departments		1 743	2 834
Foreign governments		-	-
Public entities		4 753	381
<b>Total</b>		<b>7 445</b>	<b>3 262</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 10.2 Staff debt

	Note 10	2013/14 R'000	2012/13 R'000
(Group major categories, but list material items)			
Employees and Ex-employees		2 874	2 661
Shortages		18	23
State guarantee		-	-
Subsistence and travel		75	-
Subsidized and transport		-	-
Telephone		52	115
Debt receivable interest		-	-
Breach of contract		317	497
<b>Total</b>		<b>3 336</b>	<b>3 296</b>

#### 10.3 Other debtors

	Note 10	2013/14 R'000	2012/13 R'000
(Group major categories, but list material items)			
Pension recoverable		4	10
Dishonoured cheques		348	936
E-natis Debts		6 756	3 822
Suppliers		3 817	1 847
Income Tax		-	4
Disall damages & losses		230	230
<b>Total</b>		<b>11 155</b>	<b>6 849</b>

#### 10.4 Fruitless and wasteful expenditure

	Note 10	2013/14 R'000	2012/13 R'000
Opening balance		399	-
Less amounts recovered		-	-
Less amounts written off		-	-
Transfers from note 32 Fruitless and Wasteful Expenditure		-	399
<b>Total</b>		<b>399</b>	<b>399</b>

*Prior year public entities excludes the amount of R399 000 for interest of Fleet management. This amount is included in the 10.4 as amounts transferred from fruitless and wasteful. This amount is however included in annexure 3 which reflects the total balance recoverable.*

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 10.5 Impairment of receivables

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
	<i>10</i>	<b>R'000</b>	<b>R'000</b>
Estimate of impairment of receivables		2 619	1 170
<b>Total</b>		<b>2 619</b>	<b>1 170</b>

#### 11. Voted funds to be surrendered to the Revenue Fund

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Opening balance		47 284	177 030
Prior period error		-	-
As restated		47 284	177 030
Transfer from statement of financial performance (as restated)		310 192	30 964
Add: Unauthorised expenditure for current year	8	10 547	31 344
Paid during the year		(47 284)	(192 054)
<b>Closing balance</b>		<b>320 739</b>	<b>47 284</b>

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

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Opening balance		823	71 354
Prior period error		-	-
As restated		823	71 354
Transfer from Statement of Financial Performance (as restated)		496 031	457 362
Own revenue included in appropriation		38 070	32 581
Paid during the year		(501 495)	(560 474)
<b>Closing balance</b>		<b>33 429</b>	<b>823</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 13. Payables – current

	<i>Note</i>	2013/14 R'000	2012/13 R'000
Amounts owing to other entities		-	-
Advances received	13.1	339	329
Clearing accounts	13.2	79	-
Other payables	13.3	6 132	5 418
<b>Total</b>		<b>6 550</b>	<b>5 747</b>

#### 13.1 Advances received

	<i>Note</i>	2013/14 R'000	2012/13 R'000
Provincial departments	13	34	-
Public entities		305	329
<b>Total</b>		<b>339</b>	<b>329</b>

#### 13.2 Clearing accounts

	<i>Note</i>	2013/14 R'000	2012/13 R'000
SARS Income Tax	13	79	-
<b>Total</b>		<b>79</b>	<b>-</b>

#### 13.3 Other payables

	<i>Note</i>	2013/14 R'000	2012/13 R'000
E-natis transactions	13	6 132	5 418
<b>Total</b>		<b>6 132</b>	<b>5 418</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

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

<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
	<b>R'000</b>	<b>R'000</b>
Net surplus/(deficit) as per Statement of Financial Performance	806 223	488 326
Add back non cash/cash movements not deemed operating activities	514 266	73 533
(Increase)/decrease in receivables – current	(8 529)	(28 934)
(Increase)/decrease in prepayments and advances	-	-
(Increase)/decrease in other current assets	3 327	64 017
Increase/(decrease) in payables – current	803	(15 965)
Proceeds from sale of capital assets	-	-
Proceeds from sale of investments	-	-
(Increase)/decrease in other financial assets	-	-
Expenditure on capital assets	1 029 374	774 362
Surrenders to Revenue Fund	(548 779)	(752 528)
Surrenders to RDP Fund/Donor	-	-
Voted funds not requested/not received	-	-
Own revenue included in appropriation	38 070	32 581
Other non-cash items	-	-
<b>Net cash flow generated by operating activities</b>	<b>1 320 489</b>	<b>561 859</b>

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

<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
	<b>R'000</b>	<b>R'000</b>
Consolidated Paymaster General account	302 119	8 759
Fund requisition account	-	-
Cash receipts	3	-
Disbursements	-	-
Cash on hand	36	29
Cash with commercial banks (Local)	-	-
<b>Total</b>	<b>302 158</b>	<b>8 788</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 16. Contingent liabilities and contingent assets

##### 16.1 Contingent liabilities

	Note	2013/14 R'000	2012/13 R'000
<b>Liable to</b>			
<b>Nature</b>			
Claims against the department	Annex 2A	163 451	213 516
Intergovernmental payables (unconfirmed balances)	Annex 4	18	1 224
<b>Total</b>		<b>163 469</b>	<b>214 740</b>

*The amount of contingent liabilities is dependent on the outcome of the court cases occurring in the future which will only be finalised in the future.*

*Movement in the amount attributable to individual contingent liabilities are as a result of additional claims, liabilities paid, liabilities cancelled and liabilities reduced during the year.*

*The possibility of the outcome will only be certain upon the completion of the court cases.*

*There is no possibility of reimbursement.*

*There are no cases that were not disclosed due to sensitivity of the information, all the cases were disclosed.*

##### 16.2 Contingent assets

	Note	2013/14 R'000	2012/13 R'000
<b>Nature of contingent asset</b>			
Pending case - Dombo Du Plessis		35 038	24 738
<b>Total</b>		<b>35 038</b>	<b>24 738</b>

*The comparatives amount was restated.*

#### 17. Commitments

	Note	2013/14 R'000	2012/13 R'000
<b>Current expenditure</b>			
Approved and contracted		38 188	61 660
Approved but not yet contracted		1 290	-
		<b>39 478</b>	<b>61 660</b>
<b>Capital expenditure</b>			
Approved and contracted		477 552	433 397
Approved but not yet contracted		2 203	640
		<b>479 755</b>	<b>434 037</b>
<b>Total Commitments</b>		<b>519 233</b>	<b>495 697</b>

*The commitments that are longer than a year amount to R107 037 037.30*

*The comparatives amount was restated. All the commitments were disclose.*

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 18. Accruals

			2013/14 R'000	2012/13 R'000
<b>Listed by economic classification</b>				
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	37 978	25 013	62 991	56 318
Interest and rent on land	-	-	-	-
Transfers and subsidies	-	-	-	165
Capital assets	7 796	2 146	9 942	510 954
Other	2 902	3 031	5 933	-
<b>Total</b>	<b>48 676</b>	<b>30 190</b>	<b>78 866</b>	<b>567 437</b>

	<i>Note</i>	2013/14 R'000	2012/13 R'000
Programme 1: Administration		16 689	10 896
Programme 2: Civilian oversight		16	81
Programme 3: Crime prevention and community		69	221
Programme 4: Transport operations		4 939	18 990
Programme 5: Transport regulation		16 404	5 179
Programme 6: Transport infrastructure		40 749	532 070
<b>Total</b>		<b>78 866</b>	<b>567 437</b>

	<i>Note</i>	2013/14 R'000	2012/13 R'000
Confirmed balances with other departments	<i>Annex 4</i>	1 355	9 844
Confirmed balances with other government entities	<i>Annex 4</i>	38 652	16 958
<b>Total</b>		<b>40 007</b>	<b>26 802</b>

*The following material accruals have been identified:*

*Ilifa: R1 769 995.74*

*Sedtrade (pty) Ltd t/a Sports fi: R6 760 129.32*

*Interstate bus lines (pty) Ltd: R1 048 951.98*

*Nexxt infrastructure & capital s: R6 964 400*

*The comparatives amount was restated.*

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 19. Employee benefits

	Note	2013/14 R'000	2012/13 R'000
Leave entitlement		26 905	25 453
Service bonus (Thirteenth cheque)		13 575	13 119
Performance awards		-	-
Capped leave commitments		41 044	41 539
Other		553	-
<b>Total</b>		<b>82 077</b>	<b>80 111</b>

The above leave entitlement amount includes leave credits with a negative value of R307 000 (2013: R268 000) respectively. These amounts represent cases where employees have exceeded the number of pro-rata leave days calculated for the period 1 January 2014 to 31 March 2014 and 1 January 2013 to 31 March 2013 respectively because the full number of leave days becomes available at the start of the leave cycle.

#### 20. Lease commitments

##### 20.1 Operating leases expenditure

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2013/14</b>					
Not later than 1 year	-	-	-	17 705	17 705
Later than 1 year and not later than 5 years	-	-	-	18 962	18 962
<b>Total lease commitments</b>	-	-	-	<b>36 667</b>	<b>36 667</b>

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2012/13</b>					
Not later than 1 year	-	-	-	20 084	20 084
Later than 1 year and not later than 5 years	-	-	-	24 716	24 716
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>				<b>44 800</b>	<b>44 800</b>

The department has entered into a service level agreement (lease agreement) with the Fleet Management for the provision of vehicles. The leases are treated as operating leases. No assets are being sub leased. There are currently no sales and lease back arrangements.



## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 20.2 Finance leases expenditure\*\*

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2013/14</b>					
Not later than 1 year	-	-	-	4 894	4 894
Later than 1 year and not later than 5 years	-	-	-	3 744	3 744
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 638</b>	<b>8 638</b>

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2012/13</b>					
Not later than 1 year	-	-	-	3 897	3 897
Later than 1 year and not later than 5 years	-	-	-	5 142	5 142
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 039</b>	<b>9 039</b>

\*\*This note excludes leases relating to public private partnership as they are separately disclosed to note no.26.

*The primary lease arrangements consist of fax and photocopier machines as well as voice/data contracts. The Department rents 152 photo copiers over 36 months. Voice and data contracts vary according to contract terms.*

*There are no sub-leased assets.*

*The Department does not have any renewal or purchase options.*

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

*There are no material restrictions imposed on the department for any of the lease agreements.*

*There are currently no sale and lease back arrangements*

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 21. Accrued departmental revenue

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Tax revenue		1 102	619
Sales of goods and services other than capital assets		-	-
Fines, penalties and forfeits		70 274	34 858
Interest, dividends and rent on land			
<b>Total</b>		<b>71 367</b>	<b>35 477</b>

*The comparatives have been restated; refer to note 30 for prior period errors.*

#### 21.1 Analysis of accrued departmental revenue

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Opening balance		35 477	2 239
Less: amounts received		3 295	2 859
Add: amounts recognised		40 082	36 544
Less: amounts written-off/reversed as irrecoverable		888	447
<b>Closing balance</b>		<b>71 367</b>	<b>35 477</b>

#### 21.2 Accrued department revenue written off

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
<b>Nature of losses</b>			
Write down of court settlements		888	447
<b>Total</b>		<b>888</b>	<b>447</b>

#### 21.3 Impairment of accrued departmental revenue

	<i>Note</i>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
Estimate of impairment of accrued departmental revenue		48 924	11 898
<b>Total</b>		<b>48 924</b>	<b>11 898</b>

*The estimate of impairment of accrued departmental revenue is based on all the fines, penalties and forfeits which are older than 6 months.*

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 22. Irregular expenditure Reconciliation of irregular expenditure

	<i>Note</i>	2013/14 R'000	2012/13 R'000
Opening balance		65 791	478 710
Add: Irregular expenditure – relating to prior year			
Add: Irregular expenditure – relating to current year		44 827	668 994
Less: Prior year amounts condoned		-	(1 081 913)
Less: Current year amounts condoned			
<b>Irregular expenditure awaiting condonation</b>		<b>110 618</b>	<b>65 791</b>

#### Analysis of awaiting condonation per age classification

Current year	44 827	32 600
Prior years	65 791	33 191
<b>Total</b>	<b>110 618</b>	<b>65 791</b>

#### 22.1 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2013/14 R'000
Preferential points not calculated for payments above R30 000	None	12 491
SMS kilometres claims in excess of 2000km claims	None	54
Accommodation in excess of R1 300 per night	None	42
Minimum quotes as per the Treasury thresholds not obtained.	None	5 453
Suppliers not on Treasury's transversal contracts	None	2 641
Bidding process not followed properly	None	14 731
SCM procedures not followed (No tax clearance, SBD4, BEE certificates)	None	6 728
Prohibited suppliers	None	24
Contract amounts for the CDP are not in accordance with the CIDB Regulations	None	2 663
<b>Total</b>		<b>44 827</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 23. Fruitless and wasteful expenditure

##### 23.1 Reconciliation of fruitless and wasteful expenditure

	<i>Note</i>	2013/14 R'000	2012/13 R'000
Opening balance		265	1 119
Fruitless and wasteful expenditure – relating to current year		691	719
Less: Amounts resolved		-	(1 174)
Less: Amounts transferred to receivables for recovery	10.4	-	(399)
<b>Fruitless and wasteful expenditure awaiting resolution</b>		<b>956</b>	<b>265</b>

##### 23.2 Analysis of awaiting resolution per economic classification

	2013/14 R'000	2012/13 R'000
Current	956	265
Capital	-	-
Transfers and subsidies	-	-
<b>Total</b>	<b>956</b>	<b>265</b>

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

Incident	Disciplinary steps taken/criminal proceedings	2013/14 R'000
1. A 15.5% interest was claimed for the late payment on the settlement amount of R2 100.	None - The late payment was due to the entity's banking details not being on BAS & the funds were not available.	55
2. There was a court order to pay an amount of R78 000 plus of R14 103 for additional traffic	None	14
3. There was a combined system failure which resulted on the late payment of the SARS	None	51
4. Late payment that resulted in court cases	None	571
<b>Total</b>		<b>691</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 24. Related party transactions

Revenue received	Note	2013/14 R'000	2012/13 R'000
Tax revenue			
Sales of goods and services other than capital assets		3 806	3 381
Fines, penalties and forfeits		-	-
Interest, dividends and rent on land		-	-
Sales of capital assets		-	-
<b>Total</b>		<b>3 806</b>	<b>3 381</b>
Payments made	Note	2013/14 R'000	2012/13 R'000
Goods and services		125 954	167 706
Transfers		20 000	29 600
<b>Total</b>		<b>145 954</b>	<b>197 306</b>
Year end balances arising from revenue/payments	Note	2013/14 R'000	2012/13 R'000
Receivables from related parties		410	3 263
Payables to related parties		38 652	16 958
<b>Total</b>		<b>39 062</b>	<b>20 221</b>

*Fleet management provides the department with the use of vehicles.*

*The line item of sales of goods and services other than capital assets for the prior year was restated as it was a prior period error, refer to Note 30*

*Included in the amount of R38 652 000 for payables to related parties is an amount of R2 580 000 that is still payable by fleet but was offset against the amount owed to them by the department.*

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 25. Key management personnel

	No. of Individuals	2013/14 R'000	2012/13 R'000
Political office bearers (provide detail below)	1 (1)	1 735	1 836
Officials:			
Level 15 to 16	1 (1)	1 784	1 743
Level 14 (incl. CFO if at a lower level)	6 (10)	5 996	7 786
<b>Total</b>		<b>9 515</b>	<b>11 356</b>

#### 26. Public Private Partnership

	Note	2013/14 R'000	2012/13 R'000
<b>Contract fee paid</b>		<b>1 720</b>	-
Fixed component		1 720	-
Indexed component		-	-

Any guarantees issued by the department are disclosed in Note 16.1

*The terms of the contracts are to conduct a feasibility study for the Harrismith Gateway Development and procure the project if applicable. Morar Incorporated (PTY) LTD, Abacus, Arup and SAFIRI (PTY) LTD were appointed for a period of 12 months (01 August 2013 to 31 July 2014)*

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 27. Movable Tangible Capital Assets

##### MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>17 210</b>	<b>174</b>	<b>2 186</b>	<b>-</b>	<b>19 570</b>
Transport assets	471	-	-	-	471
Computer equipment	8 294	(43)	1 392	-	9 643
Furniture and office equipment	4 092	71	710	-	4 873
Other machinery and equipment	4 353	146	84	-	4 583
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>17 210</b>	<b>174</b>	<b>2 186</b>	<b>-</b>	<b>19 570</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 27.1 Additions

##### ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Cash*	Non-cash**	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>5 606</b>	<b>-</b>	<b>(3 420)</b>	<b>-</b>	<b>2 186</b>
Transport assets	-	-	-	-	-
Computer equipment	1 392	-	-	-	1 392
Furniture and office equipment	710	-	-	-	710
Other machinery and equipment	3 504	-	(3 420)	-	84
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>5 606</b>		<b>(3 420)</b>		<b>2 186</b>

#### 27.2 Movement for 2012/13

	Opening balance	Curr Year Adjust-ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>14 188</b>	<b>-</b>	<b>3 142</b>	<b>(120)</b>	<b>17 210</b>
Transport assets	-	-	471	-	471
Computer equipment	7 665	(123)	866	(114)	8 294
Furniture and office equipment	3 354	283	455	-	4 092
Other machinery and equipment	3 169	(160)	1 350	(6)	4 353
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>14 188</b>	<b>-</b>	<b>3 142</b>	<b>(120)</b>	<b>17 210</b>



## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 27.3 Minor assets

##### MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2014

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	-	40	18 425	-	18 465
Curr Year Adjustments to Prior Year balances	-	-	-	(171)	-	(171)
Additions	-	-	-	604	-	604
Disposals	-	-	-	(69)	-	(69)
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>18 789</b>	<b>-</b>	<b>18 829</b>

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Number of R1 minor assets	-	-	4	5 804	-	5 808
Number of minor assets at cost	-	-	46	25 514	-	25 560
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>31 318</b>	<b>-</b>	<b>31 368</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2013

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	-	40	17 438	-	17 478
Curr Year	-	-	-	1	-	1
Adjustments to Prior Year balances						
Additions	-	-	-	988	-	988
Disposals	-	-		(2)	-	(2)
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>18 425</b>	<b>-</b>	<b>18 465</b>

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Number of R1 minor assets	-	-	4	5 804	-	5 808
Number of minor assets at cost	-	-	46	25 105	-	25 151
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>30 909</b>	<b>-</b>	<b>30 959</b>

#### 27.4 Movable assets written off

##### MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2014

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	69	-	69
<b>TOTAL WRITTEN OFF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>-</b>	<b>69</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2013

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	122	-	122
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122</b>	<b>-</b>	<b>122</b>

#### 28. Intangible Capital Assets

##### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance R'000	Current Year Adjust- ments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	238	-	-	-	238
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>238</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>238</b>

#### 28.1 Movement for 2012/13

##### 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
SOFTWARE	210	-	28	-	238
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>210</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>238</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 29. Immovable Tangible Capital Assets

##### MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	-	-	1 415 637	-	1 415 637
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	-	-	1 415 637	-	1 415 637
<b>LAND AND SUBSOIL ASSETS</b>	<b>38</b>	<b>(38)</b>	-	-	-
Land	38	(38)	-	-	-
Mineral and similar non- regenerative resources	-	-	-	-	-
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>38</b>	<b>(38)</b>	<b>1 415 637</b>	<b>-</b>	<b>1 415 637</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 29.1 Additions

#### ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	<b>1 023 029</b>	<b>1 415 637</b>	<b>(1 023 029)</b>	<b>-</b>	<b>1 415 637</b>
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	1 023 029	1 415 637	(1 023 029)	-	1 415 637
<b>HERITAGE ASSETS</b>					
Heritage assets	-	-	-	-	-
<b>LAND AND SUBSOIL ASSETS</b>	<b>739</b>		<b>(739)</b>	<b>-</b>	<b>-</b>
Land	739		(739)	-	-
Mineral and similar non- regenerative resources	-	-	-	-	-
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>1 023 768</b>	<b>1 415 637</b>	<b>(1 023 768)</b>		<b>1 415 637</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 29.2 Movement for 2012/13

##### 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
<b>LAND AND SUBSOIL ASSETS</b>	-	-	<b>1 131</b>	<b>1 093</b>	<b>38</b>
Land	-	-	1 131	1 093	38
Mineral and similar non-regenerative resources	-	-	-	-	-
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>1 131</b>	<b>1 093</b>	<b>38</b>

#### 30. Prior period errors

##### 30.1 Correction of prior period error for secondary information

	Note	2013/14 R'000	2012/13 R'000
The comparative amounts in <i>Note 21 and 24</i> were restated as follows:			
Sales of goods and services other than capital assets		-	3 381
Tax revenue		-	619
Fines, penalties and forfeits		-	34 858
<b>Net effect on the note</b>		<b>-</b>	<b>38 858</b>

*Revenue generated from related parties amounting to R3 381 000 was omitted on the prior year financial statements.*

*The fines, penalties and forfeits calculation was amended to ensure the accuracy and completeness of the amount disclosed. This resulted in calculated amount of R34 858 000.*

*Tax revenue was restated to reflect the true reflection of the amount that was collected by the third party as at 2013/03/31 which is R619 000.*

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 31. Agent-principal arrangements

##### 31.1 Department acting as the principal

	2013/14 R'000
Road Traffic Management Corporation (RTMC)	23 713
PRODIBA	8 631
AARTO	997
<b>Total</b>	<b>33 341</b>

*The department collects money for the renewal of the motor vehicle licence on behalf of RTMC. The department pays over R36 over to RTMC for every motor vehicle licence renewed.*

*The department collects the money for the making of the motor vehicle licence on behalf of PRODIBA. The department pays over R97 over to PRODIBA for every motor vehicle licence made.*

*The department collects traffic fines that were issued outside the Free State borders on behalf of AARTO. The department pays over 97% of the fines collected to AARTO and retains 3%.*

##### 31.2 Department acting as the agent

##### 31.2.1 Revenue received for agency activities

	2013/14 R'000
South African Post Office (SAPO)	101 404
<b>Total</b>	<b>101 404</b>

*SAPO collects motor vehicle fees on behalf of the department. SAPO pays over 88.6% of the revenue collected to the department and retains 11.4%.*

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 31.2.2 Reconciliation of agency funds and disbursements – 2013/14

Name of principal entity	Total agency funds received	Amount remitted to the principal	Variance between amounts received and amounts remitted	Explanation of variance
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	
South African Post Office (SAPO)	101 404	101 404	-	N/A
Total	101 404	101 404	-	

*There are no assets that are held in custody of the department that belong to other entities.*

#### 32. Financial Sustainability

The cumulative financial implications of note 18 (accruals), note 13 (payables) will result in a decrease of the current budget available for program expenditure equal to the aggregate amount of these items, which may impact on the delivery of services and the achievement of annual performance plan targets set for the coming year.



# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

### 33. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION					Amount received by department	SPENT			2012/13	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustment	Other Adjustments	Total Available		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
Public Transport Operating Grant	203 382	-	-	6 000	209 382	209 382	209 382	-	100%	192 872	192 746
Roads Infrastructure - Grant to Provinces											
Provincial Roads Maintenance Grant	1 130 462	48 500	-	220 963	1 399 925	1 373 823	1 138 167	261 758	83%	618 507	565 702
EPWP Integrated Grant to Province	3 000	-	-	-	3 000	3 000	3 000	-	100%	6 175	-
Infrastructure Enhancement Allocation	382 992	-	-	(33 500)	349 492	349 492	300 632	48 860	86%	638 362	645 176
Revenue enhancement allocation grant	-	-	-	-	-	-	-	-	-	3 530	800
	1 719 836	48 500	-	193 463	1 961 799	1 935 697	1 651 181	310 618		1 459 446	1 404 424

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

### ANNEXURE 1A STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

	TRANSFER ALLOCATION				TRANSFER		2012/13
	Adjusted Appropriation R'000	Roll Overs R'000	Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
<b>DEPARTMENT/ AGENCY/ ACCOUNT</b>							<b>Appropriation Act R'000</b>
Fleet Management	-	-	-	-	20 000	-	29 600
Free State Taxi Office	-	-	-	-	5 000	-	5 000
	-	-	-	-	<b>25 000</b>	-	<b>34 600</b>

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

### ANNEXURE 1B STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2012/13
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Capital R'000	Current R'000	Appropriation Act R'000
Private Enterprises									
Transfers									
Independent Development Trust (IDT)	-	-	-	-	-	-	-	-	1 000
Subsidies									
Itumele Bus Lines t/a Interstate Bus lines (IBL)	-	-	-	173 052	-	-	-	-	197 746
Scopeful 21 (Pty) LTD t/a Maluti Bus Services	-	-	-	35 828	-	-	-	-	-
GS Thebeagae Bus Services	-	-	-	502	-	-	-	-	-
TOTAL	-	-	-	209 382	-	-	-	-	198 746

The amount of R173 052 of Interstate Bus Lines included the R6 000 that was an additional fund from Provincial Treasury.

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

### ANNEXURE 1C STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION			EXPENDITURE		2012/13
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred
HOUSEHOLDS	R'000	R'000	R'000	R'000	R'000	%
<b>Transfers</b>						
Injury on duty	250	-	-	250	49	20%
Leave gratuity	463	-	3 597	4 060	4 681	115%
Claims against the state	2 143	-	-	2 143	1 915	89%
	2 856	-	3 597	6 453	6 645	-
<b>Subsidies</b>	-	-	-	-	-	-
<b>Total</b>	<b>2 856</b>	<b>-</b>	<b>3 579</b>	<b>6 453</b>	<b>6 645</b>	<b>-</b>
						<b>5 804</b>

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

### 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)	2013/14	202/13
	R'000	R'000
<b>Paid in cash</b>		
Donations: ST Andrew School	116	-
Donations: Mamzo Development Services (Catering for the state funeral – Teboho Motsie)	162	-
Donations: Abaphumeleli Trading (Equipment for state funeral – Teboho Motsie)	93	-
Donations: Majavu	-	840
Donations: SAPS	-	42
Donations: SAPS Choir	100	78
Donations: Setshwana SA Botswana Trading & Projects CC	-	77
Donations: Junior Provincial Commissioner	-	38
<b>TOTAL</b>	<b>471</b>	<b>1 075</b>

**FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT  
VOTE 10**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2014

**ANNEXURE 2A  
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2014**

Nature of Liability	Opening Balance 1 April 2013 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancell ed/reduced during the year R'000	Liabilities recoverabl e (Provide details hereunder) R'000	Closing Balance 31 March 2014 R'000
<b>Claims against the department</b>					
Road accident claims	127 741	27 604	1 669	-	153 676
Potential claims relating to the contracting for 23 roads	76 000	-	76 000	-	-
Claims for services rendered and not paid	9 775	-	-	-	9 775
<b>TOTAL</b>	<b>213 516</b>	<b>27 604</b>	<b>77 669</b>	<b>-</b>	<b>163 451</b>

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

### ANNEXURE 3 CLAIMES RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014 R'000	31/03/2013 R'000	31/03/2014 R'000	31/03/2013 R'000	31/03/2014 R'000	31/03/2013 R'000
<b>Department</b>						
National Department of Health	-	-	20	20	20	20
Provincial Department of Public Works	-	-	681	-	681	-
Department of the Premier	-	15	579	-	579	15
Department of Correctional Services	-	-	-	46	-	46
Department of Agriculture	-	-	16	16	16	16
Free State Department of Health	-	-	290	290	290	290
National Department of Correctional services	-	-	27	-	27	-
National Department of Sports and Recreation	19	-	-	-	19	-
National Department of Environmental affairs	-	-	-	-	-	-
Provincial Department of COGTA	48	-	39	-	87	-
Provincial Department of Education	70	-	-	-	70	-
Train KRD	-	-	20	-	20	-
National Department of Transport	-	-	883	-	883	-
	<b>137</b>	<b>15</b>	<b>2 555</b>	<b>372</b>	<b>2 692</b>	<b>387</b>
<b>Other Government Entities</b>						
Fleet management	2 580	-	1 959	3 263	4 539	3 263
Parmed	-	-	-	6	-	6
Hosmed	-	-	5	5	5	5
Keyhealth	-	-	-	-	-	-
SANRAL	-	-	209	-	209	-
	<b>2 580</b>	<b>-</b>	<b>2 173</b>	<b>3 274</b>	<b>4 753</b>	<b>3 274</b>
<b>TOTAL</b>	<b>2 717</b>	<b>15</b>	<b>4 728</b>	<b>3 646</b>	<b>7 445</b>	<b>3 661</b>

## FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

### ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### ANNEXURE 4 INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
<b>DEPARTMENTS</b>						
<b>Current</b>						
Department of Public Works – Free State	4	8 750	11	-	15	8 750
Department of Health – Eastern Cape	-	-	-	-	-	-
Department of Justice	-	7	-	-	-	7
South African Police Service	-	5	-	-	-	5
Department of National Treasury	-	1	-	-	-	1
Department of the Premier	1 069	1 081	-	-	1 069	1 081
National Department of Justice and Constitutional Development	-	-	-	1 090	-	1 090
Department of Cooperative Governance and Traditional Affairs	4	-	7	134	11	134
Department of Sport, Arts and Culture	266	-	-	-	266	-
Department of Treasury – Free State Province	12	-	-	-	12	-
<b>TOTAL</b>	<b>1 355</b>	<b>9 844</b>	<b>18</b>	<b>1 224</b>	<b>1 373</b>	<b>11 068</b>
<b>OTHER GOVERNMENT ENTITY</b>						
<b>Current</b>						
Free State Fleet Management Trading entity	38 652	16 958	-	-	38 652	16 958
<b>TOTAL</b>	<b>38 652</b>	<b>16 958</b>	<b>-</b>	<b>-</b>	<b>38 652</b>	<b>16 958</b>
<b>GRAND TOTAL</b>	<b>40 007</b>	<b>26 802</b>	<b>18</b>	<b>1 224</b>	<b>40 025</b>	<b>28 026</b>



# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

### ANNEXURE 5 INVENTORY

Inventory	Note	2013/14		2012/13	
		Quantity	R'000	Quantity	R'000
Opening balance					
Add/(Less): Adjustments to prior year balance					
Add: Additions/Purchases - Cash		169	2 809	178	2 513
Add: Additions - Non-cash					
(Less): Disposals					
(Less): Issues		(169)	(2 809)	(9)	296
Add/(Less): Adjustments					
<b>Closing balance</b>		-	-	169	2 809

The inventory amount is at zero due to due to submission approved by the HOD to write off inventory.

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

### ANNEXURE 6A MOVEMENT IN CAPITAL WORK IN PROGRESS

#### MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2014

	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>1 509 763</b>	<b>1 023 029</b>	<b>1 415 637</b>	<b>1 117 155</b>
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	1 509 763	1 023 029	1 415 637	1 117 155
<b>LAND AND SUBSOIL ASSETS</b>	<b>-</b>	<b>739</b>	<b>-</b>	<b>739</b>
Land	-	739	-	739
Mineral and similar non-regenerative resources	-	-	-	-
<b>TOTAL</b>	<b>1 509 763</b>	<b>1 023 768</b>	<b>1 415 637</b>	<b>1 117 894</b>

# FREE STATE DEPARTMENT OF POLICE, ROADS & TRANSPORT VOTE 10

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

### ANNEXURE 7A INTER-ENTITY ADVANCES RECEIVED (note 14)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2014 R'000	31/03/2013 R'000	31/03/2014 R'000	31/03/2013 R'000	31/03/2014 R'000	31/03/2013 R'000
<b>PROVINCIAL DEPARTMENTS</b>						
Current	-	-				
Other	-	-	34	-	34	-
<b>Subtotal</b>	-	-	34	-	34	-
<b>PUBLIC ENTITIES</b>						
Current	-	-	305	305	305	305
Licensing Board						
<b>Subtotal</b>	-	-	305	305	305	305
<b>OTHER ENTITIES</b>						
Current	-	-				
Liebnel Familie trust	-	-	-	-	-	-
Telkom	-	-	-	-	-	-
Other	-	-		24	-	24
<b>Subtotal</b>	-	-	-	24	-	24
<b>TOTAL</b>			<b>339</b>	<b>329</b>	<b>339</b>	<b>329</b>
Current	-	-	339	329	339	329
Non-current	-	-	-	-	-	-

# PART

FREE STATE FLEET MANAGEMENT  
TRADING ENTITY

# CONTENTS OF THE ANNUAL REPORT

	Page
General Information	218
Report of the Accounting Officer	219
Financial Review by Management	220
Performance Report	227
Report of the Audit Committee	228
Report of the Auditor-General	230
Statement of Financial Performance	234
Statement of Financial Position	235
Statement of Changes in Net Assets	236
Statement of Cash Flows	237
Notes to the Annual Financial Statements	254

## GENERAL INFORMATION

**Accounting Officer**

Mr SJ Msibi

**Head: Fleet Management**

Vacant

**Chief Financial Officer**

Mrs L Dunn-Radile

**Director: Fleet Operations**

Mr R Botha

**Director: Security**

Mr S Modise

**Registered Office**

C/o Rhodes and Harvey Avenue

Bloemfontein

Free State

**Postal Address**

PO Box X20548

Bloemfontein

9300

**Contact Numbers**

Tel: (051) 400 5200

Fax: (051) 448 1737

**Bankers**

Standard Bank

173 Nelson Mandela Drive

Bloemfontein

9300

**Auditors**

Office of the Auditor-General

19 Donald Murray Street, ABSA Building, 2nd Floor

Brandwag

Bloemfontein

9300

## REPORT OF THE ACCOUNTING OFFICER

The 2013/14 annual report of Fleet Management is hereby submitted to the Executive Authority and Provincial Treasury as required in terms of sections 40(1)(d) and 55(1)(d) of the Public Finance Management Act of 1999 (Act no 1) as amended by Act 29 of 1999.

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

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

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

The Annual Financial Statements set out on pages 234 to 272 have been approved by the accounting officer.



**Mr SJ Msibi**

Accounting Officer

31 MAY 2014

# FINANCIAL REVIEW BY MANAGEMENT

We are extremely proud of both the operational achievements and financial results of the Fleet Management Trading Entity for the year ended 31 March 2014. These achievements can only be attributed to the commitment and skill level of all the employees of Fleet Management.

## 1. Financial highlights

### • Surplus for the period

The Trading Entity's surplus for the financial year under review has increased by less than one percent as compared to the previous financial year. This achievement can only be attributed to the effective management policies that ensure that rental increases are kept to a minimum while reducing operating costs.

### • PROPAC Resolutions

There are no resolutions that were issued to the Trading Entity during the year under review.

## 2. Revenue

Revenue increased by 7,7% to R505.3 million. The increase in revenue is primarily due to an increase in exchange transaction, which increased from R439.29 million to R471.43 million, or 7.3%. The following factors contributed towards the increase:

- An increase in the kilometers travelled by user clients;
- An increase in the vehicles permanently allocated to clients;
- An increase in the recovery of damages; and
- An increase in the kilometer tariffs due to the increase in petrol prices.

A grant of R20.0 million (2013: R20.0 million) was received from the department of Police, Roads and Transport for the purchase of road building equipment that are utilized for the local municipal roads.

## 3. Expenses

Total operating expenditure increased by 8,2% to R 439 million which correlates with the increase in revenue as reported above. The following factors contributed towards the increase in operating expenses:

- Increase in fuel expenses due to the average per liter price of fuel that increased as compared to the previous financial year;
- An increase in kilometers travelled by the user clients, and;
- An increase in operational costs for maintaining the fleet, including depreciation costs.

The decrease in administrative expenses of 10.53% to R3.3 million is due to the cost measures implemented by management.



#### 4. Debtors

Total debtors increased by 30,2% to R108.5 million as compared to the previous year. This is primarily due to the non-payment of departments and municipalities. The significant growth in debtors' balance remains of concern to the management of Fleet Management.

#### 5. Cash

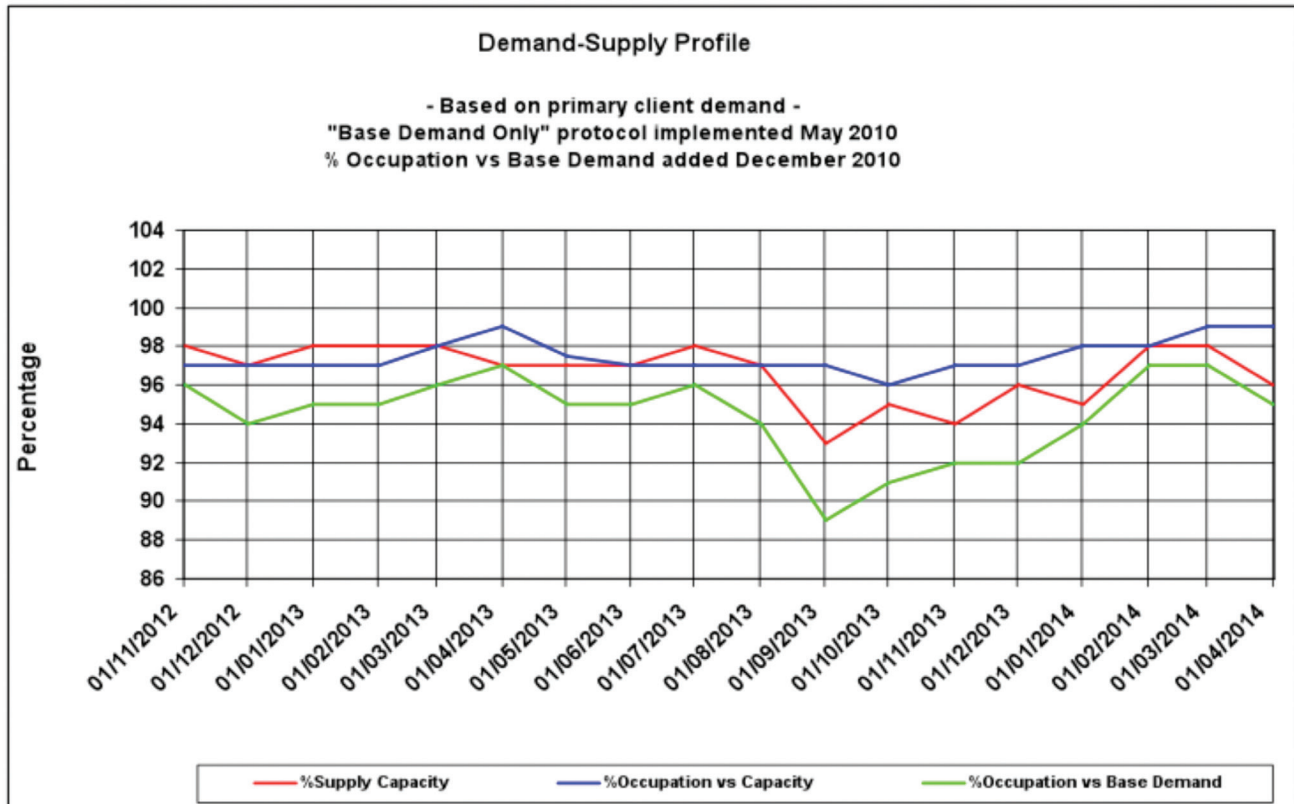
Cash and cash equivalents increased by 144.6% to R145.4 million. The increase in cash and cash equivalents as compared to the previous financial year is primarily due to delay of the finalisation of the national contract for the purchase of vehicles. The ability of the entity to purchase vehicles was severely curtailed and this resulted in a decrease in the number of vehicles that were purchased during the year. The backlog in the number of vehicles delivered is reflected by an increase of 104,1% in capital commitments of the entity to R46.3 million (2013: R 22.7 million), as reported in note 5.12, Commitments.

#### 6. Progress related to primary operational programs

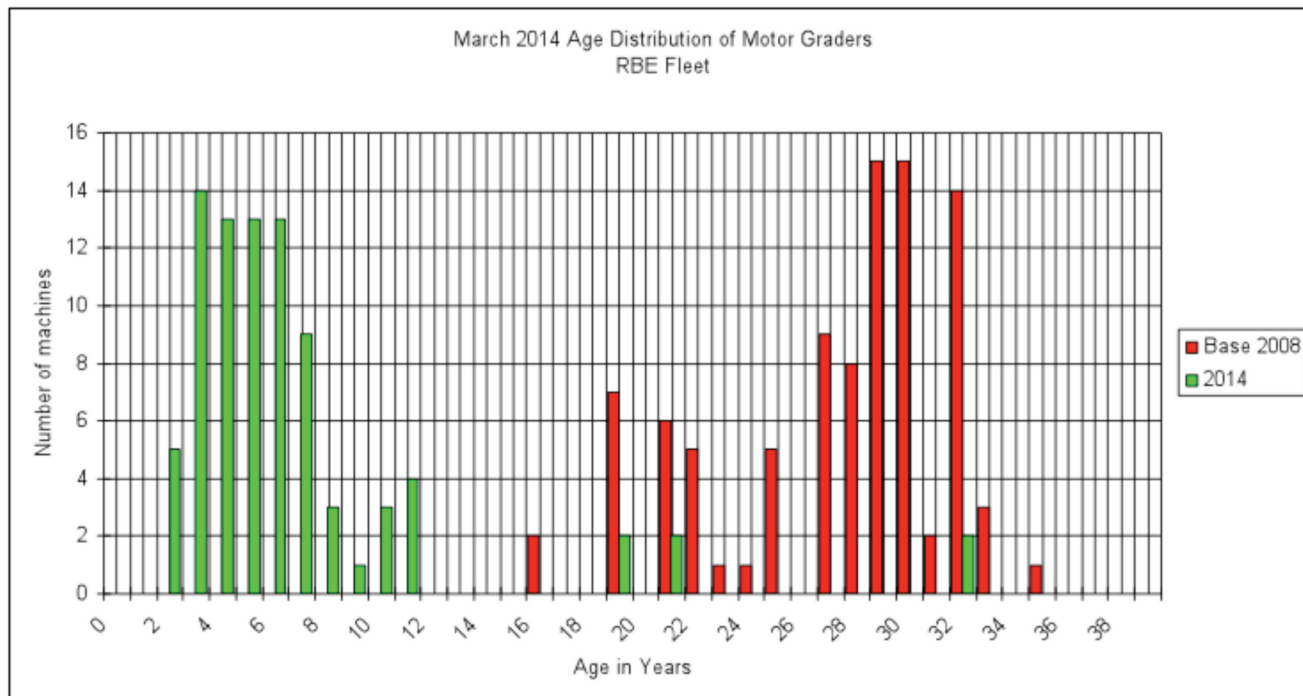
Fleet Management manages two key programs within the operational divisions namely:

##### 6.1 Equipment Life-Cycle Management program

All operational programs are regulated by client demands. The alignment of fleet capacity to client demand is measured monthly, and trends in the graphic display, combined with source data analysis determines priorities in the purchase, repair and rebuild subprograms. The fairly level trend since November 2012 was the result of the output from the grader rebuild program, inputs by FM delegates to specification committees at National Treasury, some very specific demand regulated purchases that have been made, and the continuous streamlining of procedures. This process of continuous measurement is an essential element to ensure a sufficient supply capacity to client demand ratio.



Several new categories of vehicles were purchased and activated in the fleet in order to address the specific based needs identified for the 2013/14 financial year. The Trading Entity completed the rebuilt of one motor grader internally, completed five (5) internal major repairs and extended the life cycles (through various levels of repairs) of thirty four (34) machines. Internal rebuilds and major repairs on motor graders added an estimated thirty three thousand (33, 000) grader service hours to fleet capacity against an annual "consumption" of about forty six thousand (46 000) hours. The 3 new motor graders that were purchased and will be activated in May 2014 will add an estimated 36 000 hours to fleet capacity. It also had a beneficial effect on the fleet age and frequency distribution profile (motor graders), as well as fleet value, since certain levels of repairs were capitalized.



Due to the diverse needs of clients, the Road Building division designed and developed various unique items of fleet. The mobile clinic as designed by Fleet Management has become the new national standard for a mobile clinic and is incorporated in the latest specifications for the National transversal vehicle contract. The inputs provided by technical representatives on national forums resulted in the inclusion of never before available items on the state contract, several of which were purchased in 2013/2014, for various clients.



*Hook-lift trucks, fire trucks and Abnormal Load truck tractors have never before been available on state contracts. These vehicles have since been deployed*



*Fully upgraded suspension on a Nissan Navara. A new concept, the “Rural Emergency Response” vehicle, as yet unique to Free State Fleet Management*

## 6.2 Client Support program

Fleet Management received a conditional grant of twenty million rand (R20 million) from the Department of Police, Roads and Transport in order to expand the capacity of Road Building Equipment that are utilised by various municipalities.

In addition to the leasing of vehicles and equipment, Fleet Management also renders other fleet related support services to municipalities, such as fleet condition assessments, capacity assessments, needs, trends and utilization analysis, real needs determination, as well as actual earthmoving services, both program and project based.

The District Services division coped admirably well with the incorporation of municipal clients. Several procedures had to be amended, and temporary systems had to be developed for vehicles at municipal clients that went over from manual invoicing to electronic invoicing during the course of the financial year.

Administrative support personnel played a major role in redesigns to the client billing processes. Traditional procedures simply did not work, and new clients are easily confused by different parameters applicable on vehicles and on equipment. The electronic EUS was developed and is in the process of being rolled out to all districts. Some further developments will certainly be done, but it is already a professionally looking document that can be presented to the client as a source document.

The External Services division’s infrastructure upgrade project for Letsemeng municipality in Bolokonang, Petrusburg, turning pioneer access routes into gravelled streets was completed in August 2013. The unit was immediately tasked to continue with major maintenance and upgrades to the waste disposal site, a flooding prevention project, and is at present assisting the municipality with a street paving project. Client satisfaction is high, to the extent that Letsemeng Municipality is already considering the possibility of a similar streets upgrade project in Jacobsdal. All services are rendered on “user pay” principles.



From “before” on the left, to “now” on the right



Overview of the Bolokonang project

Red	Streets that have been upgraded
Light blue	Flooding prevention earthworks established
Yellow	Paving work – some still underway





*Street paving. Fleet Management does the terrain preparation, paving is done by a small contractor*

## 7. Gratitude

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

**Mr SJ Msibi**

Accounting Officer

Department of Police, Roads and Transport

31 MAY 2014

# PERFORMANCE REPORT

*Strategic Objective No. 1: Ensure the effective and efficient management and administration of all government fleet in the Free State Province*

Measurable objectives	Performance Indicators	2013/14 Performance Targets	Performance Target end of Quarter 4	Achieved until March 2014	Comments to explain the targets achieved (accumulative since 1 April 2013)
Procure, maintain and dispose of fleet in accordance with client demand	Alignment of fleet capacity with client needs. Parameters: <ul style="list-style-type: none"> <li>• Client needs analysis</li> <li>• Supply-demand</li> <li>• Life cycle completed</li> </ul>	300	300 vehicles ordered	Ordered: 444 Delivered : 283 vehicles	Actual delivery period dependent on: <ul style="list-style-type: none"> <li>• Heavy equipment or sedan vehicle</li> <li>• Full import or locally manufactured</li> <li>• Involvement of sub-contractor (eg truck body builder)</li> </ul>
Disposal of movable asset	Number of auctions  Number of items  Revenue generated	As available	Target regulated by number of items available for disposal	10 disposals  415 items  Proceeds from disposal R 22 million	
Increase procurement of maintenance and repair services from Historically Disadvantaged Individuals.	The percentage of expenditure on maintenance and repairs that is awarded to HDI service providers. NOTE: This indicator is only applicable on vehicles that are already out of warranty	**20% (Expected throughout the year)	20% overall of GMT	24.80 %	24.80% average until end of March 2014  This amounts to a figure of R13.4 million

# REPORT OF THE AUDIT COMMITTEE

## REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS OF THE FLEET MANAGEMENT TRADING ENTITY FOR THE YEAR ENDED 31 MARCH 2014

We are pleased to present our report for the financial year ended 31 March 2014.

### 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 four (4) meetings were held.

Name of Member	Number of meetings attended
Ms Priscilla Mateta (Chairperson)	3 out of 4 (ax1)
Mr Collen Weapond	3 out of 4 (ax1)
Mr Andile Mahlalutye	4 out of 4
Mr Lebohang Shabe	4 out of 4

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

### Dates of Audit Committee Meeting

29 May 2013, 22 August 2013, 08 November 2013 and 11 March 2014

### Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibility arising from section 38(1)(a) of PFMA and Treasury Regulations 3.1, adopted appropriate terms of reference as its charter and has regulated its affairs in accordance with the Audit Committee Charter that is reviewed annually to ensure its relevance.

### 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.

Accordingly, we can report that the system of internal control for the period under review was adequate. The Audit Committee noted significant progress being made to improve the internal control system in the entity. It also noted that management has implemented adequate controls in most areas within the entity 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 in year and quarterly reports prepared and issued by the Accounting Officer during the year under review.

### **Evaluation of Financial Statements**

The Audit Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the Auditor-General and the Accounting Officer;
- Reviewed changes in accounting policies and practices;
- Reviewed the information on the predetermined objectives to be included in the Annual Report;
- Reviewed the quality and timeliness of the financial information availed to the Audit Committee during the year such as interim financial statements; and:
- Reviewed the entity compliance with legal and regulatory provisions.

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. The Audit Committee has also noted that there were no significant adjustment which resulted from the audit.

### **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 of South Africa to ensure that there are no unresolved issues.



**Ms. P. Mateta**

Interim Chairperson of the Shared Audit Committee

31 JULY 2014

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE PROVINCIAL LEGISLATURE ON THE FREE STATE FLEET MANAGEMENT TRADING ENTITY

for the year ended 31 March 2014

# REPORT OF THE AUDITOR-GENERAL REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

1. I have audited the financial statements of the Free State Fleet Management Trading Entity set out on pages 234 to 272, which comprise the statement of financial position as at 31 March 2014, the Statement of Financial Performance, Statement of Changes in Net Assets and Statement of Cash Flows for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

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

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999), and for such internal control as the accounting authority 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 these 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 audit opinion.

**Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Free State Fleet Management Trading Entity as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

**Emphasis of matters**

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

**Restatement of corresponding figures**

8. As disclosed in note 5.8 to the financial statements, the corresponding figures for 31 March 2013 have been restated as a result of an error discovered during 2014 in the financial statements of the entity at, and for the year ended, 31 March 2014.

**Irregular expenditure**

9. As disclosed in note 5.17 to the financial statements, the entity incurred irregular expenditure of R476 000 (2013: R159 000) during the year under review, as employees received acting allowances for periods longer than 12 months.

**Significant uncertainty**

10. With reference to note 5.11 to the financial statements, the trading entity is the defendant in a labour lawsuit amounting to R13 600 000 (2013: 5 cases). The trading entity is opposing these claims. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

### Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objective presented in the annual performance report of the entity for the year ended 31 March 2014:
  - Objective 1: Ensure the effective and efficient management and administration of all government fleet in the Free State province, on page 227.
13. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
14. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information.
15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected objective.

### Additional matter

17. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected objective, I draw attention to the following matter:

### Achievement of planned targets

18. Refer to the annual performance report on page 227 for information on the achievement of the planned targets for the year.

**Compliance with legislation**

19. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

**Internal control**

20. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

*Auditor - General.*

Bloemfontein  
31 July 2014



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

## STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2014

	Notes	31 March 2014 R'000	31 March 2013 R'000
<b>REVENUE</b>			
Revenue from Exchange Transactions	5.1.1	471 433	439 286
Finance Income	5.1.2	10 127	6 345
Other Income	5.1.3	3 746	3 332
Revenue from Non- Exchange Transactions	5.1.4	20 000	20 000
<b>Total Revenue</b>		<b>505 306</b>	<b>468 963</b>
<b>EXPENSES</b>			
Administrative Expenses	5.2.1	(3 306)	(3 695)
Employee Benefit Expense	5.2.2	(50 116)	(48 701)
Other Operating Expenses	5.2.3	(282 619)	(250 176)
Depreciation Expense	5.2.4	(102 530)	(103 303)
<b>Total Expenses</b>		<b>(438 571)</b>	<b>(405 875)</b>
<b>Total Surplus</b>		<b>66 735</b>	<b>63 088</b>
Gains on Disposal of Property, Plant & Equipment		2 691	5 662
<b>SURPLUS FOR THE PERIOD</b>		<b>69 426</b>	<b>68 750</b>

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

## STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2014

	Notes	31 March 2014 R'000	31 March 2013 R'000 <i>Restated</i>
<b>ASSETS</b>			
<b>Current Assets</b>		<b>253 856</b>	<b>142 737</b>
Trade and Other Receivables from Exchange Transactions	5.4	108 495	83 306
Cash and Cash Equivalents	5.5	145 361	59 431
<b>Non-Current Assets</b>		<b>448 069</b>	<b>470 021</b>
Property, Plant and Equipment	5.3	448 069	470 021
<b>Total Assets</b>		<b>701 925</b>	<b>612 758</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>38 177</b>	<b>44 327</b>
Payables From Exchange Transactions	5.6	27 567	33 411
Employee Benefits	5.7	10 610	10 916
<b>Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>38 177</b>	<b>44 327</b>
<b>Net Assets</b>		<b>663 748</b>	<b>568 431</b>
<b>NET ASSETS</b>			
Reserves		81 197	67 546
Accumulated Surplus		582 551	500 885
<b>Total Net Assets</b>		<b>663 748</b>	<b>568 431</b>

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

## STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2014

	Notes	Accumulated Surplus R'000	Revaluation Reserve R'000	Total R'000
<b>At 31 March 2012</b>		223 864	267 145	491 009
Restatement due to Prior Period Error	5.8	195 772	(195 772)	-
<b>Restated balance as at 31 March 2012</b>		<b>419 636</b>	<b>71 373</b>	<b>491 009</b>
Surplus for the period		68 750	-	68 750
Surplus/(Deficit) on the revaluation of Property, Plant and Equipment		-	8 672	8 672
Transfers between equity components	5.8	12 499	(12 499)	-
<b>Restated balance as at 31 March 2013</b>		<b>500 885</b>	<b>67 546</b>	<b>568 431</b>
Surplus for the period		69 426	-	69 426
Surplus/(Deficit) on the revaluation of Property, Plant and Equipment		-	25 891	25 891
Transfers between equity components		12 240	(12 240)	-
<b>At 31 March 2014</b>		<b>582 551</b>	<b>81 197</b>	<b>663 748</b>



## FREE STATE FLEET MANAGEMENT TRADING ENTITY

## CASH FLOW STATEMENT

for the year ended 31 March 2014

	Notes	31 March 2014 R'000	31 March 2013 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers		435 141	431 023
Payments to Suppliers and Employees		(285 851)	(276 987)
<b>Net Cash Flows from Operations</b>		<b>149 290</b>	<b>154 036</b>
Interest Received	5.1.2	10 127	6 345
<b>Net Cash Flows from Operating Activities</b>	5.9	<b>159 417</b>	<b>160 381</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Vehicles		(71 936)	(135 069)
Purchase of Road Building Equipment		(22 815)	(7 168)
Purchase of Tools		(39)	(164)
Purchase of Office Equipment and Furniture		(876)	(292)
Purchase of Other Equipment		-	-
Proceeds on Sale of Fixed Assets		22 179	32 898
<b>Net Cash Flows from Investing Activities</b>		<b>(73 487)</b>	<b>(109 795)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>85 930</b>	<b>50 586</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>59 431</b>	<b>8 845</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	5.5	<b>145 361</b>	<b>59 431</b>

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 1. GENERAL INFORMATION

The annual financial statements of the Fleet Management Trading Entity for the year ended 31 March 2014 were authorised for issue by the Accounting Officer on the 31st of May 2014.

Fleet Management is a Trading Entity incorporated in terms of Section 19 of Treasury Regulations as issued in terms of the Public Finance Management Act of 1999. A Trading Entity is defined as an Entity operating within the administration of a department. In the case of the Fleet Management, the Department referred to is the Department of Police, Roads & Transport.

The Entity is domiciled in Bloemfontein within the Free State Province, South Africa.

#### Principal Activities

The Entity is responsible for supplying the Free State Government Departments, National Departments functioning in the Free State Province as well as Free State Municipalities, with affordable and reliable vehicles and Road Building Equipment.

The Entity has different categories of vehicles that are rented to National, Provincial and Local Government and Municipalities:

- a) *Permanent Vehicles:* These are vehicles that are permanently allocated to clients.
- b) *General Hire Vehicles:* These vehicles are available for rental by clients, as and when they need extra transport.
- c) *Equipment:* The equipment fleet is permanently rented to the Department responsible for roads. A small portion of the fleet is rented to local Municipalities, small contractors and other Government Departments.

The Entity recovers its costs through the following tariffs, as approved by Provincial Treasury on an annual basis:

- a) *Daily Tariffs:* These tariffs are calculated in such a way that Fleet Management recovers its overheads as well as a capital component of the fleet.
- b) *Kilometre Tariffs:* These tariffs are calculated in such a way that Fleet Management recovers the running expenses of the fleet, which is fuel, oil, maintenance, etc.
- c) *Road Building Equipment Tariffs:* These tariffs are calculated in such a way that Fleet Management recovers overheads, the capital component and running expenses of the fleet.

## 2. BASIS OF PREPARATION

The annual financial statements of the Entity have been prepared in accordance with the Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board, and on the going concern basis.

The annual financial statements have been prepared on a historical cost basis, except for vehicle fleet and road building equipment that have been measured at fair value. Trade receivables and trade payables have been measured at fair value, initially and subsequently at amortised cost, using the effective interest method.

The financial statements are presented in South African Rand and all values are rounded to the nearest thousand (R'000), except when otherwise indicated.

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Entity's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### 3.1 JUDGMENTS

In the process of applying the Entity's accounting policies, management has made the following judgment, apart from those involving estimates, which has the most significant effect on the amounts recognised in the financial statements:

#### *Vehicle fleet rentals treated as operating lease*

Management classifies the lease contracts for the renting of vehicles by clients (specifically vehicles that have been permanently allocated) as operating leases. Management reached this conclusion after evaluating (which included the performance of calculations to support the evaluation) the six (6) indicators identified in GRAP 13 – Leases, paragraph 12, that could individually, or in combination lead to leases being classified as finance leases.

Management consulted extensively in this regard, and obtained an opinion from the Provincial Treasury, that supported the judgment.

It should also be noted that the Provincial Treasury approves the rates on a year to year basis and these tariffs may be reviewed by Free State Fleet Management Trading Entity whenever deemed necessary.

#### *Vehicle fleet valuation*

Despite the fact that a detailed procedure manual exists, which explains the way in which the annual valuation of the entire vehicle fleet is performed, some areas remain where the officials responsible for the valuation, has to make their own judgment. This is particularly true when rating the vehicle's condition. Management ensures accuracy in this matter by ensuring that only officials with adequate knowledge and expertise are utilised to perform the rating of condition that is performed during physical inspection.

### 3.1 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

#### *Provision for bad debt*

The management of the Trading Entity, with their detailed knowledge of each of their debtors, consider the recovery of each and every debtor individually, at year-end.

#### *Impairments*

Based on the results of each year's physical inspection, the management of the Trading Entity assess whether there are any indications of impairment. Based on the indicators of impairment that are present the impairment of each asset is estimated.

#### *Effective interest rate*

The Entity makes use of the official interest rate (standard interest rate to be levied on debts owing to the state) as issued by National Treasury, for all its discounting calculations.

### 3.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

#### 3.2.1 Standard that became effective in the current year relating to the entity's operations

##### **GRAP 25 – Employee Benefits (revised)**

This standard became effective for periods beginning on or after 1 April 2013. This standard prescribes similar requirements to those in terms of IAS 19: Employee Benefits. The major difference between GRAP 25 and IAS 19 is that GRAP 25 does not provide for the application of the corridor approach in the recognition of actuarial gains / losses with regards to defined benefit plans. Due to the fact that the Entity does not participate in defined benefit plans (for its employee benefits), the revised standard does not have any effect on the Entity's annual financial statements

The Entity complied with the requirements of this standard during the period under review.

##### **IGRAP 7 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction**

This interpretation became effective for periods beginning on or after 1 April 2013. This interpretation provides guidance on when refunds or reductions in future contributions should be regarded as "available" in accordance with GRAP 25 – Employee Benefits and how a minimum funding requirement might affect the availability of reductions in future contributions.

This interpretation does not have an effect on the financial statements of the Entity.

## 3.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

### 3.2.1 Standard that became effective in the current year relating to the entity's operations (continued)

#### **IGRAP 11 - Consolidation – special purpose entities**

This interpretation became effective for periods beginning on or after 1 April 2013. This interpretation provides guidance as to under which circumstances an entity should consolidate a Special Purpose Entity.

This interpretation does not have an effect on the financial statements of the Entity.

#### **IGRAP 16 - Intangible Assets – website costs**

This interpretation became effective for periods beginning on or after 1 April 2013. This interpretation provides guidance on the recognition of internal expenditure incurred on the development and operation of its own website for internal or external access.

This interpretation does not have an effect on the financial statements of the Entity.

### 3.2.2 Statements and interpretations not yet effective

The following standards have been issued, but are not effective for the 2013/14 financial year:

#### **GRAP 18 - Segment Reporting**

The standard does not yet have an effective date. The standard requires the identification and aggregation of the operating segments of the Entity into reportable segments. For each of the reportable segments identified details of the financial performance and financial position should be disclosed.

This standard will not have an effect on the financial statements of the Entity as the Entity does not have different segments for which it is appropriate to separately report financial information.

#### **GRAP 20 - Related Parties (revised)**

The standard does not yet have an effective date. This standard provides the requirements for the disclosure of related parties and transactions and balances with related parties. It is based on IPSAS 20, however several principles from IAS 24 has been included. Furthermore definitions and terms have been amended to be relevant in a South African context.

The Entity complied with the requirements of this standard during the period under review.

### 3.2.2 Statements and interpretations not yet effective (continued)

#### **GRAP 32 - Service Concession Arrangements: Grantor**

The standard does not yet have an effective date. The standard provides guidance on how the grantor should account for service concession arrangements. The standard addresses how service concession revenue and the related assets and liabilities should be accounted for. Taking into consideration that the Entity is not involved in service concession arrangements it is considered that this standard will not have a significant impact on its financial statements once it becomes effective.

The Entity did not apply the requirements of this standard during the period under review.

#### **GRAP 105 - Transfer of Function Between Entities Under Common Control**

The standard does not yet have an effective date. This standard provides the accounting treatment for transfers of functions between entities under common control. The standard determines that assets and liabilities transferred to entities under common control will be recognised at their carrying values (determined by the transferring Entity as though it were on GRAP) in the records of the receiving Entity. The difference between the consideration transferred and the carrying value of the assets / liabilities transferred is recognised in accumulated surplus / deficit.

This standard will only have an effect on the financial statements of the Entity when functions are transferred between entities under common control. The transfer of functions would be accounted for as mentioned above.

#### **GRAP 106 - Transfer of Function Between Entities Not Under Common Control**

This standard deals with other transfers of functions between entities not under common control and requires the Entity to measure transferred assets and liabilities at fair value. The difference between the consideration transferred and the carrying value of the assets / liabilities transferred is recognised in accumulated surplus / deficit. This standard does not yet have an effective date.

This standard will only have an effect on the financial statements of the Entity when functions are transferred between entities not under common control. The transfer of functions would be accounted for as mentioned above.

#### **GRAP 107 - Mergers**

This standard deals with requirements of accounting for a merger between two or more entities. The standard determines that the assets and liabilities acquired through the merger should be measured at their carrying values. Any difference between these carrying values and the consideration transferred for the merger is recognised in accumulated surplus / deficit. This standard does not yet have an effective date.

This standard will only have an effect on the financial statements of the Entity when it enters into a merger. The merger would be accounted for as mentioned above.

### 3.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

#### 3.2.2 Statements and interpretations not yet effective (continued)

##### **GRAP 108 - Statutory Receivables**

The standard does not yet have an effective date. This standard prescribes the accounting treatment for receivables arising from legislation rather than from contracts entered into between parties. This standard provides that statutory receivables are initially measured at transaction price and subsequently measured using the cost model. Application of the cost model allows for adjustment to the carrying amount to reflect any interest or other charges that may have accrued on the receivable, impairment losses or amounts de-recognised. This standard is not anticipated to have a significant impact on the financial statements of the Entity.

The Entity did not apply the requirements of this standard during the period under review.

##### **IGRAP 12 - Jointly Controlled Entities – Non-monetary Contributions by Venturers**

This interpretation provides guidance on the recognition of gains and losses resulting from contributions of non-monetary assets to jointly controlled entities. This interpretation does not yet have an effective date.

This interpretation will not have an effect on the financial statements of the Entity.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Property, Plant & Equipment

#### *Recognition*

Property, Plant & Equipment is recognised when:

- it is probable that future economic benefits or service potential associated with the item will flow to the Entity and
- the cost or fair value of the item can be measured reliably.

#### *Initial Measurement*

An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located. When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.1 Property, Plant & Equipment (continued)

###### *Subsequent Measurement*

After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

###### *Office Equipment and Furniture*

Equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and impairment losses. Such costs include the cost of replacing part of such plant and equipment when the cost is incurred if the recognition criteria are met.

Office Equipment is being depreciated over a useful life of 1-5 years, on a straight-line basis. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

###### *Motor Vehicle Fleet and Road Building Equipment*

Following initial recognition at cost, the fleet is carried at a revalued amount, which is the fair value at the date of the revaluation.

Depreciation is calculated, taking into account an estimated remaining useful life, which is re-assessed at every financial year-end. The estimated remaining useful life is mainly based on the life cycle of each fleet item. The depreciation also takes into account a residual value. The estimated residual value of each fleet item is determined in the same way as the residual value that is determined by management during the annual calculation of the daily tariffs.

The fleet is revalued on an annual basis, at year-end. The frequency of these valuations will ensure that the fair value of the fleet will not differ materially from its carrying amount.

Any revaluation surplus is credited to the asset revaluation reserve included in the reserves section of the Statement of Financial Position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance, in which case the increase is recognised in the Statement of Financial Performance. A revaluation deficit is recognised in the Statement of Financial Performance, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is realised by transferring it from the reserve to accumulated surplus.



## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.1 Property, Plant & Equipment (continued)

Gains and losses on disposal are determined by deducting the carrying value of the specific fleet item (as determined at the date of disposal) from the proceeds obtained from the auction of the specific fleet item.

The Fleet Management Trading Entity calculates the fair value of the fleet on a yearly basis as at 31 March. Fair value is determined through:

- The use of market-based evidence;
- The condition of each vehicle, based upon yearly physical inspections.

Skilled persons within the Fleet Management Trading Entity perform the yearly valuation.

#### *Tools*

Tools are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and impairment. Such costs include the cost of replacing part of such plant and equipment when the cost is incurred if the recognition criteria are met.

Tools are depreciated over a useful life of 1-5 years, on a straight-line basis.

#### *Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits or service potential are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance in the year the asset is derecognised.

### 4.2 Impairment of Assets

#### 4.2.1 Impairment of Cash Generating Assets

The Entity assesses at each reporting date whether there is any indication that an asset may be impaired. The Entity considers, as a minimum, the following indications:

#### *External sources of information*

- a) During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- b) Significant changes with an adverse effect on the Entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Entity operates or in the market to which an asset is dedicated.
- c) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the assets' recoverable amount materially.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.2.1 Impairment of Cash Generating Assets (continued)

###### *Internal sources of information*

- a) Evidence is available of obsolescence or physical damage of an asset noted through physical verification.
- b) Significant changes with an adverse effect on the Entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- c) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

###### *Recognition*

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

###### *Measurement*

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. This recoverable amount is determined for individual assets.

In assessing value-in-use for assets, the estimated future cash flows are discounted to their present value using the official interest rate as issued by National Treasury.

*Impairment losses are recognised in the Statement of Financial Performance.*

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Entity makes an estimate of the assets recoverable amount.

###### *Reversal of impairment losses*

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.3 Financial Instruments

#### *Recognition*

The Entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the Entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the Entity classifies financial instruments as financial assets or financial liabilities in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of financial assets or financial liabilities.

Financial assets within the scope of GRAP 104 are classified as either financial assets at cost, fair value or amortised cost, as appropriate.

The Entity determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. The classification depends on the purpose for which the financial assets were acquired. The Entity's financial instruments at amortised cost comprise trade and other receivables and cash and short-term deposits in the Statement of Financial Position.

#### *Initial Measurement*

When a financial instrument is recognised, the Entity measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### *Subsequent Measurement*

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

#### *Financial Assets*

A financial asset is cash, a residual interest of another Entity or a contractual right to receive cash or another financial asset from another entity or exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Entity.

#### *Financial Instruments at Amortised Cost*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.3 Financial Instruments (continued)

###### *Trade and Other Receivables from Exchange Transactions*

Trade receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The Entity will also assess debtors on an individual basis in order to arrive at the provision. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the Statement of Financial Performance.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

###### *De-recognition*

A financial asset is derecognised at trade date, when:

- The cash flows from the asset expire, are settled or waived;
- Significant risks and rewards are transferred to another party; or
- Despite having retained significant risks and rewards, the Entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished.

###### *Impairments*

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The Entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.4 Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

Cash and cash equivalents are measured at amortised cost.

### 4.5 Employment Benefits

#### *Short-term Employee Benefits*

Short-term employee benefits that give rise to a present legal or constructive obligation are only recognised if the outflow of economic benefits is probable and the obligation can be reliably measured.

#### *Retirement Benefits*

No provision is made for retirement benefits in the financial statements of the Trading Entity. Any potential liabilities are disclosed in the financial statements of the Government Employees Pension Fund and not in the financial statements of the employer department. The retirement benefits are therefore treated as a defined contribution plan by the Trading Entity.

### 4.6 Revenue

#### **4.6.1 Revenue from Exchange Transactions**

An exchange transaction is one in which the Entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

#### *Recognition*

Revenue from exchange transactions is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Entity and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

#### *Interest Income*

Revenue is recognised as interest accrues (using the effective interest method: that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.6.1 Revenue from Exchange Transactions (continued)

###### *Lease Income*

Revenue from the renting of vehicles is recognised with specific reference to:

- Revenue from Kilometre Tariffs: based on the actual kilometres travelled using the approved Kilometre Tariff.
- Revenue from Daily Tariffs: based on the actual days of usage, using the approved Daily Tariff.
- Revenue from Rentals Received: based on the above mentioned tariffs. This is specific to the equipment fleet.

Revenue is recognised in the reporting periods in which the services are rendered.

###### *Recoverable Revenue*

Recoverable revenue represents payments relating to the misuse and/or damage of vehicles and/or third party claims. This type of income has its origin from two sources and the income from these sources is recognised as follows:

- Claims against third parties: Income is only recognised when it is actually received.
- Claims against clients: Income is only recognised when a case has been concluded and the claim has been made out to a specific client.

###### *Measurement*

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable.

##### 4.6.2 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Entity received revenue, vehicles or equipment from another entity without directly giving approximately equal value in exchange.

###### *Recognition*

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

The Entity recognises an asset arising from a non-exchange transaction when it gains control of resources that meet the definition of an asset and satisfy the recognition criteria.

###### *Measurement*

Revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.6.3 Services In-kind

All services in-kind rendered to the Entity should be disclosed. Due to the many uncertainties surrounding services in-kind, including the ability to exercise control over the services, and measuring the fair value of the services, services in-kind are not recognised.

### 4.7 After Reporting Date Events

These are events, both favourable and unfavourable, that occur between the reporting date and the date on which the financial statements are authorised for issue. The financial statements are only adjusted in respect of "adjusting events" as defined in the Standard.

### 4.8 Contingent Liability

A contingency is a condition, the ultimate outcome of which will be confirmed only on the occurrence or non-occurrence, of one or more uncertain future events. Contingent liabilities are disclosed, but not recognised.

A contingent liability is:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity; or
- b) a present obligation that arises from past events but is not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

### 4.9 Payables from Exchange Transactions

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method.

### 4.10 Net Assets

Net Assets is the net difference between assets and liabilities. It is represented by the following reserves:

- Accumulated Surplus/(Deficit);
- Revaluation Reserve;

The Free State Fleet Management has to replace the fleet of equipment at the end of its useful life. Accumulated surplus represents funds that are available to meet this obligation.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.10 Net Assets (continued)

The allocation to accumulated surplus is thus the following

- Annual transfer of the surplus / (deficit) to accumulated surplus;
- Funding received from the client for the purchase of equipment;
- Transfers from equity components (revaluation reserve); and
- Any prior year adjustment.

Accumulated surplus is used to finance capital increases in equipment to be replaced. On an annual basis approval is obtained from Provincial Treasury for the retention of the surplus for that specific financial year.

##### 4.11 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

##### *The Entity as a lessor:*

Lessors shall present assets subject to operating leases in their Statement of Financial Position according to the nature of the asset.

Lease revenue from operating leases shall be recognised as revenue on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished.

Initial direct costs incurred by lessors in negotiating and arranging an operating lease shall be added to the carrying amount of the leased asset and recognised as expenses over the lease term on the same basis as the lease revenue.

The depreciation policy for depreciable leased assets will be consistent with the lessor's normal depreciation policy for similar assets, and depreciation shall be calculated in accordance with the Standard of GRAP on Property, Plant and Equipment and the Standard on Intangible Assets.

##### 4.12 Conditional Grants

##### *Recognition*

Revenue received from conditional grants is recognised as revenue to the extent that the Entity has complied with any of the criteria, conditions or obligations embodied in the agreement.

To the extent that the criteria, conditions or obligations have not been met a liability is recognised.



## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.12 Conditional Grants (continued)

#### *Measurement*

Revenue arising from the receipt of a conditional grant is measured at the fair value of the grant received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

### 4.13 Prior Period Errors

Prior period errors are omissions from, and misstatements in, the Entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- was available when financial statements for those periods were authorised for issue; and
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Material Omissions or misstatements of items are material if they could, individually or collectively; influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor

### 4.14 Irregular Expenditure

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA) and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the entity's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	31 March 2014 R'000	31 March 2013 R'000
<b>5.1 Revenue</b>		
<b>5.1.1 Revenue from Exchange Transactions</b>		
Revenue from Exchange Transactions comprises:		
Flat rates service charges:		
- Daily charges	198 317	185 532
- Hiring of road building equipment	72 335	68 952
Service based on consumption:		
- Kilometre tariffs	187 696	168 676
- Recovery of damages	13 085	16 126
	<b>471 433</b>	<b>439 286</b>
<b>5.1.2 Finance Income</b>		
Interest charges to clients	-	746
PMG bank account	6 306	1 641
Discounting of revenue	3 819	3 955
Interest income of staff debt	2	3
	<b>10 127</b>	<b>6 345</b>
<b>5.1.3 Other Income</b>		
Other income	218	1 010
Donation received	3 528	2 322
	<b>3 746</b>	<b>3 332</b>
<b>5.1.4 Revenue from Non-Exchange Transactions</b>		
Conditional Grant (Department of Police, Roads & Transport)		
	<b>20 000</b>	<b>20 000</b>
<b>5.2 Expenses</b>		
<b>5.2.1 Administrative Expense</b>		
Stationery and printing	370	263
Telephone and fax	777	941
External audit and consultants' fees	1 869	2 078
Other expenses	290	413
	<b>3 306</b>	<b>3 695</b>

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	Notes	31 March 2014 R'000	31 March 2013 R'000
<b>5.2.2 Employee Benefit Expense</b>			
Salaries and wages		34 194	32 450
Bonuses		3 694	3 720
Contributions to retirement funds		4 260	4 055
Medical aid contributions		3 380	3 467
Housing allowance		2 123	2 208
Leave expense		-	573
Other expense		2 851	2 228
		<b>50 502</b>	<b>48 701</b>
Leave accrual		<b>(386)</b>	-
		<b>50 116</b>	<b>48 701</b>
Number of employees at year end		<b>233</b>	<b>234</b>
<b>5.2.3 Other Operating Expenses</b>			
Domestic consumables		291	195
Provision for bad debt adjustment		11 815	874
First auto fees (transaction costs)		12 361	11 276
Fuel, oil & grease		133 623	121 950
Impairment loss	5.3.4	25 018	39 336
Legal fees		34	24
Licence fees		4 216	3 381
Maintenance services		1 032	1 554
Repairs		67 621	52 721
Small equipment		54	-
Toll-fees		3 248	3 175
Travel and subsistence		1 420	1 399
Tyres		15 130	14 029
Rental of equipment		23	1
Thefts & losses		19	25
Rent of land		3 720	-
Safeguard and Security		2 580	-
Other		414	236
		<b>282 619</b>	<b>250 176</b>
<b>5.2.4 Depreciation Expense</b>			
Depreciation – equipment		437	318
Depreciation – tools		76	119
Depreciation – machinery fleet		13 711	16 989
Depreciation – vehicle fleet		88 306	85 877
		<b>102 530</b>	<b>103 303</b>

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	Notes	31 March 2014 R'000	31 March 2013 R'000
<b>5.3 Property, Plant &amp; Equipment</b>			
Office Equipment, Furniture and Tools	5.3.1	1 697	1 296
Vehicle Fleet	5.3.2	302 942	334 017
Road Building Equipment	5.3.3	143 430	134 708
Other Equipment	5.3.5	-	-
		<b>448 069</b>	<b>470 021</b>

There are no restrictions on the title of the above mentioned classes of Property, Plant and Equipment nor has the Entity pledged any of these items as securities for liabilities incurred.

#### 5.3.1 Office Equipment, Furniture and Tools

	Office Equipment and Furniture R'000	Assets Held Under Finance Leases R'000	Tools R'000	Total R'000
<b>Carrying Value – 31 March 2012</b>	<b>1 064</b>	<b>-</b>	<b>213</b>	<b>1 277</b>
Cost	2 048	490	960	3 498
Accumulated depreciation & impairment	(984)	(490)	(747)	(2 221)
Additions	292	-	164	456
Depreciation	(318)	-	(119)	(437)
<b>Carrying Value – 31 March 2013</b>	<b>1 038</b>	<b>-</b>	<b>258</b>	<b>1 296</b>
Cost	2 340	490	1 124	3 954
Accumulated depreciation & impairment	(1 302)	(490)	(866)	(2 658)
Additions	876	-	38	914
Depreciation	(437)	-	(76)	(513)
<b>Carrying Value – 31 March 2014</b>	<b>1 477</b>	<b>-</b>	<b>220</b>	<b>1 697</b>
Cost	3 216	490	1 162	4 868
Accumulated depreciation & impairment	(1 739)	(490)	(942)	(3 171)

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 5.3 Property, Plant & Equipment (continued)

	Notes	31 March 2014 R'000	31 March 2013 R'000
<b>5.3.2 Vehicle Fleet</b>			
<b>Opening balance – 1 April</b>		<b>334 017</b>	<b>307 172</b>
Valuation		334 017	307 172
Accumulated depreciation		-	-
<u>Movements:</u>			
Additions		71 936	153 856
Disposals		(13 789)	(18 544)
Depreciation expense		(88 306)	(85 877)
Annual revaluation of vehicle fleet		(916)	(22 590)
Impairment loss recognised in the Statement of Financial Performance		(44 208)	(49 148)
Reversal of impairment loss previously recognised in the Statement of Financial Performance		20 634	16 882
Impairment loss recognised in the Statement of Changes in Net Assets		(684)	(10 437)
Revaluation recognised in the Statement of Changes in Net Assets		23 342	20 113
<b>Fleet at Valuation</b>		<b>302 942</b>	<b>334 017</b>
Valuation		302 942	334 017
Accumulated depreciation		-	-

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	31 March 2014 R'000	31 March 2013 R'000
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#### 5.3 Property, Plant & Equipment (continued)

##### 5.3.2 Vehicle Fleet (continued)

If the fleet was still measured using the cost model, the carrying amounts would have been as follows:

At Cost	649 201	630 765
Accumulated depreciation	(389 244)	(312 667)
Net book value	<b>259 957</b>	<b>318 098</b>
<b>Number of vehicles at the end of the year</b>	<b>3 085</b>	<b>3 133</b>

The reversal of the impairment loss was caused by the following:

The vehicle fleet is revalued internally at the end of each year using Mead & McGrouther values. The Mead & McGrouther values are adjusted to account for the fact that the market values of Fleet Management's vehicles are lower compared to normal vehicles as the Entity's vehicles are used as pool vehicles. Therefore a significant impairment loss is recognised in the year in which a vehicle is purchased.

A portion of the impairment loss mentioned above is usually reversed in the year after a vehicle is purchased as the Mead & McGrouther values tend to be more in line with the actual value of a vehicle that has been in the fleet for more than a year.

#### Vehicles Stolen:

During the current year, 15 vehicles with a cost price of R3.6 million and book value of R1.6 million were stolen (2013: 19 vehicles with a cost price of R3.7 million and a book value of R2.1 million).

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 5.3 Property, Plant & Equipment (continued)

##### 5.3.3 Road Building Equipment

<b>Opening balance – 1 April</b>	<b>134 708</b>	<b>177 429</b>
Valuation	134 708	177 429
Accumulated depreciation	-	-
<b>Movements:</b>		
Additions	21 378	3
Capitalised costs	4 965	7 165
Disposals	(5 699)	(24 826)
Depreciation expense	(13 711)	(16 989)
Annual revaluation of road building equipment fleet	1 789	(8 074)
Impairment loss recognised in the Statement of Financial Performance	(2 255)	(7 273)
Reversal of impairment loss previously recognised in the Statement of Financial Performance	811	203
Impairment loss recognised in the Statement of Changes in Net Assets	(457)	(3 466)
Revaluation recognised in the Statement of Changes in Net Assets	3 690	2 462
<b>Fleet at Valuation</b>	<b>143 430</b>	<b>134 708</b>
Valuation	143 430	134 708
Accumulated depreciation	-	-

#### 5.3 Property, Plant & Equipment (continued)

##### 5.3.3 Road Building Equipment (continued)

###### Revaluation

As at 31 March 2014 a valuation was performed on the entire Road Building Equipment fleet to determine a fair value for the fleet at this date. Due to costs associated with obtaining an independent valuator, the valuation was performed internally. The valuation was performed by Mr R Oosthuizen, a registered mechanical engineer, who is in the employment of the Fleet Management Trading Entity. Mr R Oosthuizen has extensive knowledge of the road building equipment market. During the calculation of the revaluation, he utilised this knowledge of the market as a basis. He has 29 years of experience in the road building equipment environment. Management believes that Mr R Oosthuizen's knowledge and expertise is sufficient for the performance of this valuation.

The key assumptions used by Mr Oosthuizen during his valuation are:

- The open market prices of new road building equipment;
- The open market expenditure to repair road building equipment.

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 5.3 Property, Plant & Equipment (continued)

##### 5.3.4 Impairment Loss

An impairment loss, amounting to R25.0 million (Vehicle Fleet: R23.6 million; Road Building Equipment: R1.4 million) [2013: R39.3 million (Vehicle Fleet: R32.3 million; Road Building Equipment: R7 million)] was identified at the financial year-end. The impairment loss was the result of asset revaluations performed at the financial year-end. The recoverable amount was based on the assets' fair value less costs to sell. The fair value was determined after taking into account current market values and market conditions.

##### 5.3.5 Other Equipment

This equipment relates to stretchers and two way radios purchased during the 2011/12 financial year. The vehicles on which this equipment was fitted were only delivered during the 2012/13 financial year.

	31 March 2014 R'000	31 March 2013 R'000
Opening balance (at carrying value and fair value) Fitted to vehicles (vehicle fleet)	-	332
	-	(332)
<b>Closing balance (at carrying value and fair value)</b>	<b>-</b>	<b>-</b>

#### 5.4 Trade and Other Receivables from Exchange Transactions

Interest receivable	-	108
Staff debtors	24	91
Trade Receivables	123 839	87 371
Less: Provision for bad debts	(15 368)	(4 264)
	<b>108 495</b>	<b>83 306</b>

##### 5.4.1 Allowance for Doubtful Debt

Individually and collectively impaired:

<b>At 1 April</b>	<b>4 264</b>	<b>6 525</b>
Charge for the year	11 815	874
Utilised	(711)	(3 135)
Utilised amounts reversed	-	-
<b>At 31 March</b>	<b>15 368</b>	<b>4 264</b>



## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 5.4.1 Allowance for doubtful debt (continued).

At 31 March 2014, the age analysis of trade and other receivables is as follows:

Year	Total R'000	Current R'000	30 – 60 days R'000	60 – 90 days R'000	>90 days R'000
2013	83 306	54 173	10 015	6 056	13 062
2014	108 495	65 145	7 952	5 381	30 017

At 31 March 2014, the age analysis of trade and other receivables provided for as impaired is as follows:

Year	Total R'000	> 120 days R'000
2013	4 264	10 276
2014	15 368	43 248

*Past due and not impaired trade receivables* – no detailed breakdown is considered necessary. History has shown, that past due debts are generally recoverable through the assistance of Provincial Treasury.

Notes	31 March 2014 R'000	31 March 2013 R'000
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#### 5.5 Cash and Cash Equivalents

Cash at Banks	145 356	59 426
Cash on Hand	5	5
	<u>145 361</u>	<u>59 431</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

*For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 31 March:*

Cash and Cash Equivalents at the end of the period	<u>145 361</u>	<u>59 431</u>
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#### 5.6 Payables from Exchange Transactions

Trade Payables	15 582	22 848
Other Payables	1	55
Accrued Expenses	11 984	10 508
	<u>27 567</u>	<u>33 411</u>

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 5.6 Payables from Exchange Transactions (continued)

##### 5.6.1 Accrued Expenses

###### *Risk Management Accrual*

The Risk Management accrual has been created through amounts received from clients as part of the Daily Tariffs charged to them. In terms of the service level agreement with clients, these amounts are to be utilised to write off actual costs incurred in the repair of vehicles that have been involved in accidents/incidents (only where the client's driver did not lose his/her state cover).

	31 March 2014 R'000	31 March 2013 R'000
<b>Opening Balance</b>	<b>10 508</b>	<b>4 080</b>
Add: Tariffs charged	12 551	15 950
Less: Expenses incurred	(11 075)	(9 522)
<b>Closing Balance</b>	<b>11 984</b>	<b>10 508</b>

#### 5.7 Employee Benefits

##### *Short-term employee benefits:*

###### *Leave Pay Accrual:*

Balance at the beginning of the year	9 516	8 943
Amount accrued during the year	(386)	573
<b>Balance at the end of the year</b>	<b>9 130</b>	<b>9 516</b>

###### *Bonus Accrual:*

Balance at the beginning of the year	1 400	1 333
Amount accrued during the year	80	67
<b>Balance at the end of the year</b>	<b>1 480</b>	<b>1 400</b>

<b>Total Accrual</b>	<b>10 610</b>	<b>10 916</b>
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###### *Leave Pay Accrual*

An accrual is recognised for the liability that the Entity has at year-end relating to each and every employee. The accrual comprises two elements:

- The total number of days due to every employee at the year-end; and
- The current daily salary of every employee.

###### *Bonus Accrual*

An accrual is recognised for the yearly bonus that employees earn in their birth-months. The accrual consists of the employee's salaries provided pro-forma based on the number of months that have passed since the employee's previous birthday.

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 5.8 Prior Period Errors

##### *Revaluation reserve / accumulated surplus*

During the 2014 financial year, it was discovered that the revaluation surplus attributable to vehicles/equipment that have been de-recognised, has not been transferred to accumulated surplus.

In terms of GRAP 17 – Property, Plant and Equipment, the revaluation surplus included in net assets in respect of an item of property, plant and equipment may be transferred directly to accumulated surpluses or deficits when the asset is derecognised.

This error was corrected retrospectively.

Correcting the prior period error had the following effect on the comparative information:

	<b>31 March 2013 R'000</b>
Increase in Accumulated Surplus (2013 opening balance)	195 772
Decrease in Revaluation Surplus (2013 opening balance)	(195 772)
Increase in Accumulated Surplus	12 499
Decrease in Revaluation Surplus	(12 499)

##### *Operating Lease Commitments (as Lessor)*

During the 2014 financial year, it was discovered that the future minimum rentals, receivable under the service level agreements that were in place at the end of each of the preceding financial years, were incorrectly discounted.

In terms of GRAP 13 – Leases, the future minimum lease payments under non-cancellable operating leases should be disclosed. The standard does not require the minimum lease payments to be discounted.

This incorrect disclosure was corrected retrospectively.

Refer to Note 5.18 for the restated disclosure.

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	31 March 2014 R'000	31 March 2013 R'000
<b>5.9 Cash Generated from Operations</b>		
Surplus for the Period	69 426	68 750
Adjusted for:		
Donations received	(3 528)	(2 322)
Impairment loss – Vehicle Fleet and Road Building Equipment		
Depreciation - Vehicle Fleet and Road Building Equipment	25 018	39 336
Depreciation - Office Equipment, Furniture and Tools	102 017	102 866
Provision for bad debts	513	437
Profit on disposal of Property, Plant & Equipment	11 104	(650)
	(2 691)	(5 662)
<b>Operating Profit before Working Capital Changes</b>	<b>201 859</b>	<b>202 755</b>
<b>Working Capital Changes:</b>	<b>(42 442)</b>	<b>(42 374)</b>
(Increase)/Decrease in Trade and Other Receivables	(36 292)	(8 263)
Increase/(Decrease) in Trade and Other Payables	(6 150)	(34 111)
<b>Cash Generated from Operations</b>	<b>159 417</b>	<b>160 381</b>

### 5.10 Related Parties

The Fleet Management Trading Entity, which from the beginning of the 2009 year consists of both the Government Garage Trading Entity and Road Building Equipment Trading Entity, is managed under the administration of the Department of Police, Roads & Transport since 1 April 2009. The following table provides the total amount of transactions, which have been entered into with related parties for the related financial year:

#### 2013/2014 Financial year

Related Party: Free State Department of Police, Roads & Transport

Transactions	Amount owed by/(to) related party at 31 March 2013	Rand value of services rendered: (by)/to related party	Rand value of amounts settled to/(by) related party during the financial year	Amount owed by/(to) related party at 31 March 2014
	R'000	R'000	R'000	R'000
Renting of vehicles and equipment	16 958	145 068	(125 954)	36 072
Licencing fees	-	(4 216)	3 806	(410)
Conditional grant	-	20 000	(20 000)	-
Purchase of buses	3 400	-	-	3 400

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 5.10 Related Parties (continued)

##### 2012/2013 Financial year

Related Party: Free State Department of Police, Roads & Transport

Transactions	Amount owed by/(to) related party at 31 March 2012	Rand value of services rendered: (by)/to related party	Rand value of amounts settled to/(by) related party during the financial year	Amount owed by/(to) related party at 31 March 2012
	R'000	R'000	R'000	R'000
Renting of vehicles and equipment	44 347	140 317	(167 706)	16 958
Licencing fees	-	(3 381)	3 381	-
Conditional grant	-	20 000	(20 000)	-
Purchase of buses	-	13 000	(9 600)	3 400

The Department of Public Works provided office and workshop accommodation to the Fleet Management Trading Entity free of charge. No value for this service can be attributed to this transaction.

The Provincial Treasury paid for the use of the transversal operating systems (BAS, PERSAL and LOGIS) on behalf of Fleet Management to SITA. No value for this service can be attributed to this transaction.

The Department of Police, Roads and Transport provided the following service in-kind to the Fleet Management Trading Entity free of charge:

- General assistance with human resource administration.

No value for this service can be attributed to this transaction.

The Department of Police, Roads & Transport and the Free State Fleet Management Trading Entity shared the following services:

- Internal audit; and
- Audit committee.

No value for these services can be attributed to these transactions.

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 5.10 Related Parties (continued)

##### *Terms and Conditions of Transactions with Related Parties*

The services rendered to related parties are made on the same basis as those terms and conditions applicable to transactions with other Fleet Management clients, these transactions were done at market value. In the same way, services rendered by related parties to Fleet Management are rendered on the same terms and conditions as the transactions with other clients of such a related party.

None of the balances owed by the related party have been included in the yearly provision for bad debts, since the related parties do not have long outstanding debts.

##### **Key Personnel**

The following employees at Fleet Management are seen as being key personnel as at 31 March 2014:

- Mr. GT Kumalo (*Acting Head: Fleet Management until 7 March 2014*)
- Mrs. L Dunn-Radile (*CFO: Fleet Management*)
- Mr. RL Botha (*Director: Fleet Management*)
- Mr S Modise (*Director: Security Management effective 1 March 2014*)

The following compensation has been paid to the respective members:

Key Personnel member	Total compensation received (Basic Salary)	
	31 March 2014 R'000	31 March 2013 R'000
Mr GT Kumalo ( <i>Acting Head: Fleet Management</i> )	1 168	197
Adv. MS Msibi ( <i>Head: Fleet Management until December 2013</i> )	N/A	1 598
Mrs L Dunn-Radile ( <i>CFO: Fleet Management</i> )	758	689
Mr RL Botha ( <i>Director: Fleet Management</i> )	807	677
Mr S Modise ( <i>Director: Security Management</i> )	62	N/A

No transactions relating to Fleet Management's normal business of rental of vehicles occurred between the above-mentioned key management personnel and the Fleet Management during the past financial year (**2013: R NIL**).

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 5.11 Contingent Liabilities

##### Legal Cases

At financial year-end, a labour related case amounting to R 13.6 million remained unresolved. The case represents a contingent liability for Fleet Management due to the fact that the occurrence/settlement of the possible obligation cannot be measured with sufficient reliability.

One (1) P51 case was unresolved at year-end that had to be addressed by the Legal Claims Section at Fleet Management. The case represents a contingent liability for Fleet Management due to the fact that the occurrence/settlement of the possible obligation cannot be measured with sufficient reliability. P51 cases are those cases where a private party has a possible claim against the Government due to the fact that the private party was involved in an incident with a Government owned vehicle.

##### Housing Guarantees

At the financial year-end, a total of R63 thousand (2013: R104 thousand) was offered as security for housing guarantees and other guarantees made on behalf of employees. These guarantees represent a contingent liability for the Fleet Management, due to the fact that the recoverability of the obligation cannot be measured with sufficient reliability.

There is no possibility of reimbursement for any of the contingent liabilities mentioned above.

31 March 2014 R'000	31 March 2013 R'000
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#### 5.12 Commitments

##### 5.12.1 Capital

	46 288	22 679
Capital commitments on 31 March		

At 31 March 2014, the Entity had capital commitments principally relating to 143 vehicles (2013: 25 vehicles) and equipment that have been ordered before the financial year-end. It is expected that these vehicles and equipment will be delivered during the next financial year (2014/2015), and that the purchase price will be settled at that stage.

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 5.12 Commitments (continued)

##### 5.12.2 Current

	<u>525</u>	<u>364</u>
Current commitments on 31 March		

At 31 March 2014, the Entity had current commitments principally relating to stationery and consumables that have been ordered before financial year-end. It is expected that these items will be delivered during the next financial year (2014/2015), and that the purchase price will be settled at that stage.

#### 5.13 Events after the Balance Sheet Date

No significant events came to management's attention, since the reporting date that would require adjustment to or disclosure in the financial statements as at 31 March 2014.

#### 5.14 Pensions and Other Post-Employment Plans

The Entity's employees are all members of the Government Employees Pension Fund (GEPF). This fund is a self-administered, defined benefit pension fund. The GEPF has been established in terms of Section 237(3) of the Interim Constitution of the Republic of South Africa, which effectively consolidated the ten former Government Pension Funds into one Fund.

The Fleet Management's responsibility relating to the pensions of the employees is limited to the monthly contributions made to the GEPF. As soon as an employee retires, he/she will be dependent upon the GEPF for the payment of the monthly pensions. In the financial statements of the Fleet Management, the retirement benefit is therefore classified as a *defined contribution plan*.

Pension Contributions Recognised as Expense	<u>4 260</u>	<u>4 055</u>
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## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 5.15 Financial Risk Management Objectives and Policies

The Entity's principal financial liabilities comprise trade payables, trade creditors and loans given. The main purpose of these financial liabilities is to raise finance for the Entity's operations. The Entity has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

It is, and has been throughout 2014 and 2013 the Entity's policy that no trading in derivatives shall be undertaken.

The main risk arising from the Entity's financial instruments is credit risk.

##### *Credit Risk*

The Entity trades only with recognised, creditworthy third parties. The Free State Provincial Treasury assists the Free State Fleet Management Trading Entity in the recovery of debt from the different clients. In addition, receivable balances are monitored on an ongoing basis with the result that the Entity's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note 5.4. There are no significant concentrations of credit risk within the Entity.

With respect to credit risk arising from the other financial assets of the Entity, which comprise cash and cash equivalents, the Entity's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

##### *Market Risk*

Market risk is the risk that the value of a financial instrument will fluctuate with changing market prices whether caused by factors specific to the instrument or to general external market changes. The Entity has no financial instruments which are affected by changing market prices.

##### *Liquidity Risk*

Liquidity risk is the risk of the Entity defaulting on its financial obligations as a result of insufficient funding capacity in relation to such obligations. The Entity views this as not being a significant risk in view of the fact that it has sufficient cash reserves, and its assets sufficiently cover its liabilities. The Entity also has access to possible assistance from the Provincial Treasury, in terms of Treasury Regulation 19.5.

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 5.15 Financial Risk Management Objectives and Policies (continued)

The following are the contractual maturities of financial liabilities:

<b>At 31 March 2014</b>	<b>Carrying Amount R'000</b>	<b>Contractual cash flows R'000</b>	<b>Within 1 year R'000</b>
Trade and Other Payables	15 699	15 699	15 699

<b>At 31 March 2013</b>	<b>Carrying Amount R'000</b>	<b>Contractual cash flows R'000</b>	<b>Within 1 year R'000</b>
Trade and Other Payables	23 010	23 010	23 010

#### *Foreign Currency Risk*

Foreign currency risk is the risk that the value of a financial instrument will fluctuate with changes in foreign currency. The Entity has no financial instruments which are affected by changes in foreign currency, as it has no foreign currency transactions.

#### *Interest Rate Risk*

Interest rate risk stems from the risk associated with an Entity's exposure to changes within the interest rate. The Entity has cash balances which generates interest income. An interest rate is used to discount trade receivables and trade payables at year-end.

The risk is managed through the following:

- Surplus cash balances are invested; and
- The Entity ensures that trade receivable and trade payable balances are as low as possible.

#### **General Risk Management Principles**

Risk management is of critical importance to the Entity as it understands that changing market conditions make risk unavoidable. Over the years the Entity has sought and implemented a comprehensive risk management process to consistently identify, understand and properly manage risk at all times. Risk policies, limits and control procedures are continuously monitored.

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### Capital risk management

The Entity's objectives when managing capital are to safeguard the Entity's ability to continue as a going concern in order to provide benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Entity may sell assets to reduce debt.

Consistent with others in the industry, the Entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

	31 March 2014 R'000	31 March 2013 R'000
<b>5.16 Financial Instruments</b>		
Set out below is a comparison by category of carrying amounts of all the Entity's financial instrument that are carried in the financial statements:		
Cash	145 361	59 431
Trade and Other Receivables from Exchange Transactions	108 495	83 306
<b>Financial Liabilities</b>		
Payables from Exchange Transactions	27 567	33 411
Employee Benefits	10 610	10 916

#### 5.17 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening balance	-	154
Irregular expenditure current year	476	159
Condoned or written off by Executive Committee	(432)	(313)
Transfer to receivables for recovery-not condoned	-	-
Irregular expenditure awaiting condonement	(44)	-
	<u>-</u>	<u>-</u>

## FREE STATE FLEET MANAGEMENT TRADING ENTITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

#### 5.17 Irregular Expenditure (continued)

Incident	Disciplinary steps/criminal proceedings
Employees received acting allowances for periods longer than 12 months.	None
Material not sourced from local suppliers.	None

The comparative figures were restated to improve the transparency of the financial statements.

<b>31 March</b>	<b>31 March</b>
<b>2014</b>	<b>2013</b>
<b>R'000</b>	<b>R'000</b>
	<b>Restated</b>

#### 5.18 Operating Lease Commitments (as Lessor)

The Trading Entity has entered into service level agreements with various clients. In terms of the service level agreements, vehicles are rented to these clients at rates as approved by Provincial Treasury.

Future minimum rentals receivable under the service level agreements that are in place at 31 March:

Within one year	142 562	161 608
After one year but not more than five years	191 882	268 238
More than five years	5 543	25 084
<b>Total future minimum lease commitment</b>	<b>339 987</b>	<b>454 930</b>

The comparative figures were restated to improve the transparency of the financial statements. Refer to note 5.8 for further information.

# PART ©G

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# Notes



# Notes