



ROADS AGENCY LIMPOPO

ANNUAL REPORT

2011 **2012**

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MEC's STATEMENT

Roads Agency Limpopo (RAL) remains a critical component in our goal to create a world-class road infrastructure in the province. Over the years the Agency has excelled and performed well beyond expectations. The hard working employees of the Agency have gone beyond the call of duty and their experience, dedication and expertise gives us the confidence to believe that Limpopo will receive road infrastructure fitting for the province.

Limpopo is largely a rural province - a situation which provides RAL with huge and unique challenges. With roads critical to rural and economic development, RAL has a mammoth task to unlock these developments for the benefit of our rural communities.

To meet the challenges in creating a world-class road infrastructure, RAL needs to be adequately resourced financially. The departmental budget cut of R1,3 billion will however have a significant impact on the delivery of our objectives at RAL. That is not to say that we will use this as a justification for non-delivery: we will, within the resources at our disposal, deliver quality infrastructure to our people through

proper and informed planning. What we have delivered through this Agency to date is testimony to the dedication of this government, led by the people's movement, the African National Congress.

This report highlights major achievements and accomplishments by RAL that should be credited to men and women who toil daily to improve the face of Limpopo. The figures in this report outline our performance. While much has been achieved, we are dedicated to ensure that we improve on our current performance and provide even better results in the next report. We have adopted a high-performance approach to all our responsibilities, and we will continue to improve on every result we achieve, because our approach does not include basking in our glory.

We are aware that a lot is yet to be done: many communities are still confronted with bad road infrastructure, which makes daily mobility a struggle. Our appeal is that our people should not lose hope, because through our daily planning and operations we will provide the infrastructure they require.

We are convinced that through proper road infrastructure we will unlock the economic potential of our communities. Together we will ensure the road infrastructure we deliver to our province is of world-class standard.

Together, we can do more.

A handwritten signature in black ink, reading 'P-P Moloto', is positioned above the name of the Minister of Roads and Transport.

PP Moloto
MEC: Roads and Transport
Limpopo Provincial Government

MEC

Mr Pitsi Moloto





CHAIRPERSON'S STATEMENT

Roads Agency Limpopo (RAL) occupies a distinctly recognisable position in the Limpopo Province. Its existence manifests itself not in the brick and mortar structures we occupy, but on the roads we build which make Limpopo a riding-pleasure.

Since our appointment as the Board of Directors, our aim has been to ensure the Agency efficiently delivers a much-needed lifeline - a quality road network. Our goal is to make RAL an agile institution that can think, decide and act quickly to address what might rightfully be referred to as a fundamental infrastructural need for any economy to function. We are well aware that without a good road network, no economy can function properly.

Our responsibility to lead and guide the Agency is enormous and requires the commitment of all stakeholders. This huge task has been made even more challenging by the prevailing financial challenges in the Limpopo Province. In our quest for a fast-thinking and decisive Agency, we have to be mindful of these challenges.

Considering the status quo in the province, what continues to concern us is the deteriorating road conditions in Limpopo. While financial problems persist, the road conditions are getting worse. The approaching rainy season will add an extra burden, as more roads will require maintenance, while others may become impassable.

The Auditor-General has completed the annual audit for the period under review. As the Board of Directors, we can proudly inform all RAL stakeholders that we have achieved an unqualified audit report. As the Board of Directors, we sincerely thank all the stakeholders who continue to heed the call encapsulated in the Agency's pay off line 'Together for better roads'. Our belief is that the route to having a quality road network demands of us to partner with all the user groups, i.e. the freight and passenger transport companies; private motorists; pedestrians; roads authorities at local, provincial and national level, and most importantly, communities.

Last but not least, I would like to thank all employees of RAL for their commitment and hard work. Let us all remain dedicated to ensuring that the Agency receives a clean audit report in the 2012/13 financial year.

A handwritten signature in black ink, appearing to read 'MP Tshisevhe', is positioned above the name of the Chairperson.

Mr MP Tshisevhe
Chairperson

CHAIRPERSON

Mr MP Tshisevhe





ACTING CEO's STATEMENT

During the 2011/2012 financial year the Roads Agency Limpopo SOC Ltd has experienced significant challenges, many of them unpredictable. While the extraordinary challenges have negatively impacted on the overall performance of the Agency during the period under review, the Agency should be back on track for the 2012/2013 financial year.

The annual evaluation of the condition of the Limpopo provincial road network, done in the 2010/2011 financial year, has shown that there is a huge deterioration in the general condition of roads and bridges. The traffic counts, also conducted during the 2010/2011 financial year, have shown a big growth in the number of vehicles on the Limpopo provincial road network. A noticeable increase in heavy vehicles around the mining areas was observed.

The need to address the back-log in the maintenance, rehabilitation and upgrading of roads was further burdened by bridges, drainage structures and roads which were destroyed by floods during the January 2011 heavy rains in the Sekhukhune, Mopani and Vhembe districts. Communities were

cut off from schools and health facilities while the damaged roads and bridges had a big impact on the mobility of the travelling public and business activities. Emergency repairs and reconstruction work to rebuild the roads and bridges had to be added to the programme, overstretching the available budget.

To conclude, allow me to convey my sincere appreciation for all the hard work, patience, cooperation and understanding shown by all RAL employees, the Board of Directors, the Department of Roads and Transport, as well as other stakeholders.

A handwritten signature in black ink, which appears to read 'Neels Nothnagel', is positioned above the printed name.

Neels Nothnagel
Acting CEO
Roads Agency Limpopo

ACTING CEO

Mr Neels Nothnagel





ROADS AGENCY LIMPOPO'S OPERATIONAL MANDATE

Roads Agency Limpopo (RAL) is a statutory body established under its constitutive Act, the Northern Province Roads Agency Proprietary Limited Act and Provincial Roads Act 7 of 1998 and amended by the Northern Province Roads Agency Limited and Provincial Roads Amendment Act 3 of 2001. The Agency is registered under the Company's Act No 71 of 2008. Its registered name is the Roads Agency Limpopo SOC Ltd. RAL has been operational since 1999.

Roads Agency Limpopo was established to own and manage the provincial road network of the Limpopo Province. Its responsibilities are to plan, design, upgrade, maintain and control the usage of roads and their reserves. The entire network of provincial roads is 22 298.93 km. The implementation of the aforementioned functions is done through an outsourcing process and managed by an internal team of engineers. The total staff complement of RAL is 76. The technical operations of RAL are handled by engineers, assisted by administrators, environmental, social, health and safety support staff.

RAL reports to the Limpopo MEC for Roads and Transport. The MEC for Roads and Transport, as the shareholder, appoints the Board of Directors who carry out the oversight responsibility for the Agency. The Board is the custodian of corporate governance and is responsible for the strategic direction and control of RAL. The Board ensures that the Agency is a responsible corporate entity and complies with relevant laws, regulations and standards.

RAL is managed by the Chief Executive Officer who reports to the Board of Directors.

STRATEGY

VISION

A leading path for Limpopo's sustainable growth.

MISSION

- To provide a sustainable roads infrastructure network.
- To link the economic growth areas.
- To spearhead the province through innovative leadership.
- To be an enabling, supportive and learning organisation.
- To be excellent and efficient in the culture of service delivery.
- To remain dedicated, ethical, responsive and proactive.

RAL'S STRATEGIC GOALS

- Effective road management.
- Revenue generation.
- Good corporate governance.
- Stakeholder relations.
- Effective organisational systems supporting the Provincial Employment and Growth Development Strategy.

CORPORATE VALUES

The way we conduct ourselves and our business in pursuit of our vision and mission is underpinned and guided by the following corporate values:

Commitment

We are committed to serve the province with pride.

Reliability

We offer reliable, safe and economic roads infrastructure.

Efficiency

We will go the extra mile in serving our communities.

Accountability

We remain accountable to all our stakeholders.

Transparency

We are transparent in both our internal and external business processes.

Excellence

We exceed expectations.

Teamwork

Together for better roads.

Diversity

We value and embrace diversity within the work context.





BOARD COMMITTEES

THE BOARD OF DIRECTORS

Mr P Tshisevhe
Ms MMM Thindisa
Ms MM Maponya CA (SA)
Mr HS Shipalana
Adv. R Naidoo
Mr PR Masehela
Mr T Makofane
Ms MA Mogotlane –RAL Chief Executive Officer

BOARD COMMITTEES

The Board of Directors has delegated certain functions to the following committees:

AUDIT AND RISK COMMITTEE

Primary responsibilities

- Oversee integrated reporting
- Examine and review annual financial statements
- Oversee the external audit processes
- Oversee and monitor risk management processes

Members of the committee

Ms MM Maponya CA (SA) Chairperson
Ms MMM Thindisa
Mr PR Masehela

HUMAN RESOURCES AND REMUNERATIONS COMMITTEE

Primary responsibilities

- Ensure efficient management of human resources
- Ensure implementation and monitoring of a viable, sustainable plan for the organisation
- Ensure fair and responsible remuneration of directors, senior management and staff
- The appointment of the CEO and evaluation of their performance
- Appointment of senior management

Members of the committee

Ms MMM Thindisa
Mr HS Shipalana
Adv. R Naidoo -Chairperson

CONTRACTS AND PLANNING COMMITTEE

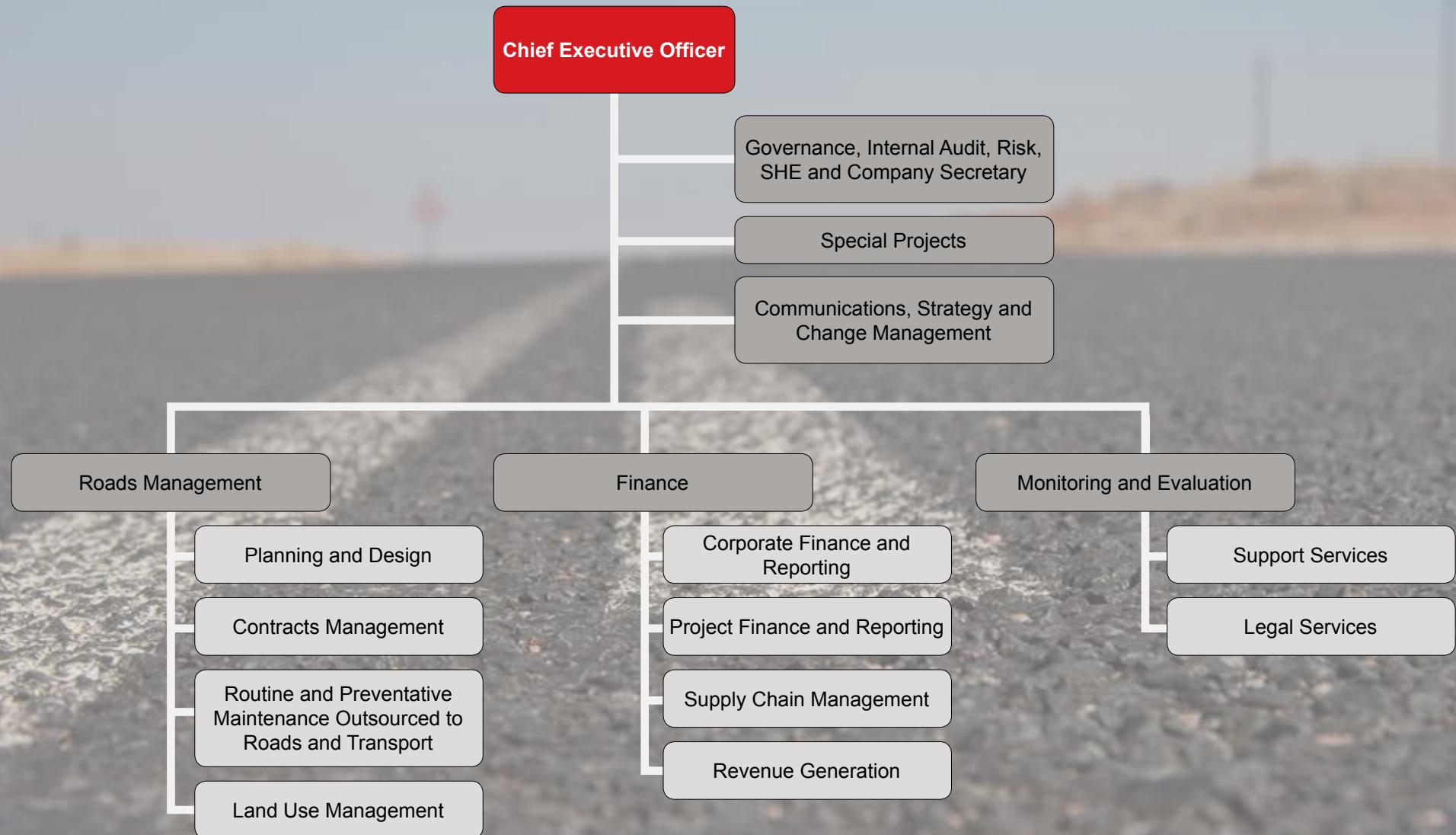
Primary responsibilities

- Ensure the integrity of RAL's tender process and compliance with applicable procurement legislation
- Approve and oversee RAL's procurement policies

Members of the committee

Mr HS Shipalana
Adv. R Naidoo
Mr T Makofane

ROADS AGENCY LIMPOPO'S ORGANISATIONAL STRUCTURE





ROADS AGENCY LIMPOPO BOARD OF DIRECTORS



Mr M.P. Tshisevhe
Chairperson



Ms M.M. Maponya
CA(SA) Board Member

Board members not included in this report:
Mr T Makofane



Ms M.M.M. Thindisa
Board Member



Mr P.R. Masehela
Board Member

MANAGEMENT REPORT



PURCHASING OF GOODS AND SERVICES

Roads Agency Limpopo (RAL) continues to procure goods and services at optimal cost, while giving due regard to the provisions set out in the Public Finance Management Act of 1999, Treasury Regulations and Framework for Supply Chain Management and related pieces of legislation.

VALUE FOR MONEY

The Agency seeks to obtain value for taxpayers' money at every stage of the supply chain, while ensuring efficient and cost-effective purchasing processes that maximise the fairness and consistency for all service providers who compete for the Agency's business.

OPEN AND FAIR COMPETITION

The Agency aims to maintain an open and fair competitive purchasing process with sufficiently detailed purchasing documents and an effective purchasing management system.

ACCOUNTABILITY AND RISK MANAGEMENT

RAL aims to ensure clear lines of communication in the purchasing process and areas of responsibility, ensuring compliance with the policy, the adoption of best practice and the achievement of procurement outcomes, while maintaining a procurement audit trail through effective records management.

The supply chain management process has four basic and important elements, namely: demand management, acquisition management, logistics management and disposal management.

Although the processes are mentioned separately, they overlap and should be looked at as cross-functional elements. In order to account and monitor the process properly, risk management is taken into consideration in the process.

DEMAND MANAGEMENT

Demand management is the first phase of the Supply Chain Management (SCM) process and forms part of the Agency's strategic plan. Before procurement takes place, accounting officers ensure that procurement of goods and services are in line with the budget for the financial year.

The following factors are taken into consideration:

- Understanding current and future needs;
- Requirements are in line with the budget;
- Specifications should be determined; and
- The needs must be in line with the Agency's strategic plan.

The following actions are undertaken:

- Determine the quantities required to satisfy the need;
- Determine the conditions of available assets;
- Determine and describe new asset requirements;
- Determine frequency of the need;
- Provision for maintenance of existing as well as new assets;
- Link expenditure to the budget; and
- Compilation of a risk management plan for complex and high-value projects.

ACQUISITION MANAGEMENT

RAL is responsible for its own procurement processes within the National Treasury Framework.

It is the chief financial officer's (CFO) responsibility to delegate to the head of the supply chain management unit to appoint and lead cross-functional teams. The adjudication committee follows the process, from the identification of requirements, to the procurement of goods and services. The members' collective knowledge should be focused on the improvement of the business strategy.

LOGISTICS MANAGEMENT

Logistics management is the process of dealing with movable goods, starting with an order, to the point at which the asset becomes redundant.

At this stage it is the duty of the CFO to apply his or her insight into: contract management and contract administration; ordering in terms of the contract; and assessing the supplies of quality goods.

The receiving department is responsible for:

- Receiving of goods and quality control; and
- Storage of goods and notification of the finance division to provide them with barcodes before dispatching the goods to other divisions.

The office of the CFO is also responsible for:

- Asset management; and
- Risk management.



DISPOSAL MANAGEMENT

It is at this point that the CFO determines which items are no longer usable and may be disposed of.

All assets are depreciated and disposed of in accordance with SARS rates. It is crucial for the CFO's office to keep record or database of all redundant items.

Before an asset can be disposed of, it must be inspected for potential re-use.

In the disposal process preference is given to employees of the Agency, thereafter the public can be invited for bidding, unless it is deemed appropriate to donate the goods to needy causes.

In terms of desktops and laptops, staff are given preference and then the Department of Education is able to donate any remaining assets to needy educational institutions.

All interested parties submit bidding documents for the items on the disposal list. The documents are placed in the quotation tender box and are publicly opened.

Should the sale of the movable assets not be at market-related value, by price quotation, competitive bid or auction, the reasons for the disposal in such manner must be motivated, certified and recorded for auditing purposes by the accounting officer or his/her delegate.

COMMERCIAL DEVELOPMENT OF LAND ASSETS

In line with requirements of the Public Finance Management Act, RAL has implemented measures to ensure optimal usage of public assets within its control. In this case, RAL continues to increase the value of its land assets by, amongst other things, the upgrading of gravel roads.

These land assets are utilised mainly for advertising, access and egress to trading facilities as well as way-leaves. This is a revenue-generating activity which adds to, though minimally, the allocated budget.

POLICY PLATFORM

RAL operates on a solid policy platform that covers all areas of the Agency. The Board pays particular attention to the effectiveness and relevance of policies, considering all policies before implementation.

LEGAL MATTERS

The Board and management of RAL are responsible for ensuring that policy provisions are done in such a manner that they are clearly understandable and do not contradict any legislative provisions.

ENVIRONMENTAL MANAGEMENT

In the implementation of projects, RAL endeavours at all times to comply with all relevant statutory requirements, such as environmental impact assessments and management of borrow pits. Information dissemination on projects is conducted throughout the project cycle in order to create awareness in the communities and amongst project participants.

In the execution of projects, RAL normally encounters serious challenges with the management of borrow pits. RAL manages these incidents by strictly adhering to the provisions of the law.

EMPLOYMENT EQUITY REPORT





Roads Agency Limpopo is committed to transform into a representative institution and recognises that meeting the requirements of the Employment Equity Act is a business imperative.

The following factors contributed to the accomplishment of the employment equity goals and objectives during the period 2011/2012:

- One African male appointed to increase the representation of people from designated groups in junior management;
- Two African males and two African females appointed to increase the representation of people from designated groups in middle management;
- One African female and one African male appointed at senior management level to increase the representation of people from designated groups in senior management;
- One Coloured female and four African females appointed in the semi-skilled occupational level; and
- One African female appointed to increase the representation of people from designated groups in top management.

The recruitment statistics show that an improvement occurred at all occupational levels.

A five-year employment equity plan is in place to redress the imbalance in representation at the top and senior management levels over the medium to long-term.

EMPLOYMENT EQUITY STATISTICS

For 2011/2012 in terms of equity statistics, there has been an increased representation in the appointment of people from designated groups in different occupational levels. Some success in improving the representation of designated groups has been achieved; however, progress has been slow in terms of improving representation in senior and top management levels.

To achieve the improved representation, RAL has adopted a policy of employment equity appointments to address the imbalance and under-representation of people from designated groups.

The following employee profile reflects demographics in category and occupational levels within Roads Agency Limpopo.

ROADS AGENCY LIMPOPO EMPLOYEE PROFILE FOR THE PERIOD 1 SEPTEMBER 2011 TO 31 OCTOBER 2012

Employee breakdown by category

Occupational Categories	Male			Female				White Male	Foreign Nationals		Total
	A	C	I	A	C	I	W		Male	Female	
Legislators, senior officials and managers	7	0	0	4	0	0	0	4	0	0	15
Professionals	13	0	0	9	0	0	1	1	0	0	24
Technicians and associate professionals	5	0	0	5	0	0	0	0	0	0	10
Clerks	5	0	0	17	1	0	1	0	0	0	24
Service and sales workers	0	0	0	0	0	0	0	0	0	0	0
Skilled agricultural and fishery workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0	0	0
Elementary occupations	1	0	0	3	0	0	0	0	0	0	4
TOTAL PERMANENT	33	0	0	36	0	0	2	5	0	0	77
Non-permanent employees	1	0	0	3	0	0	0	0	0	0	4
GRAND TOTAL	34	0	0	36	0	0	2	5	0	0	81
Persons with disabilities	0	0	0	0	0	0	0	0	0	0	0

Employee breakdown by occupational level

Occupational Categories	Male			Female				White Male	Foreign Nationals		Total
	A	C	I	A	C	I	W		Male	Female	
Top management	4	0	0	1	0	0	0	1	0	0	6
Senior management	3	0	0	3	0	0	0	3	0	0	9
Professionally qualified and experienced specialists and mid-management	13	0	0	9	0	0	1	1	0	0	24
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	5	0	0	5	0	0	0	0	0	0	10
Semi-skilled and discretionary decision making	5	0	0	17	1	0	1	0	0	0	24
Unskilled and defined decision making	1	0	0	3	0	0	0	0	0	0	4
TOTAL PERMANENT	31	0	0	38	0	0	2	5	0	0	77
Non-permanent employees	1	0	0	3	0	0	0	0	0	0	4
GRAND TOTAL	32	0	0	41	1	0	2	5	0	0	81
Persons with disabilities	0	0	0	0	0	0	0	0	0	0	0



EMPLOYMENT PRACTICE ANALYSIS

Roads Agency Limpopo undertook an analysis of its employment practices. From this analysis, a range of barriers were identified and measures to counter these barriers are being implemented. The table below reflects the current status, indicating the measures that are being implemented to overcome the employment equity barriers identified in the organisation.

Categories of Barriers	Measures implemented
Recruitment and selection	RAL has adopted a recruitment and selection policy that conforms to the provisions of employment equity policy. The equity policy addresses employment equity appointments. The policy is currently operational.
Performance management system	A job-profiling project to compile staff job descriptions in the Agency was completed and job descriptions were used to create performance charters/agreements.
Job classification and grading	The implementation of a job evaluation system commenced in October 2008. All staff jobs have been evaluated and graded using the Paterson Job Evaluation System. A job evaluation policy and a Grading Committee is currently operational to ensure that grading is equitable and in line with market trends.
Employee benefits	Employees receive a range of benefits including: funeral cover; medical aid and pension fund membership subsidised by the employer; housing allowance; travel/car allowances; annual sick, maternity and family responsibility leave. A policy that governs employee benefits is operational.
Literacy and numeracy	RAL has offered sponsored adult basic education since 2008. Four employees at elementary level have passed Abet level 1-2 in numeracy and literacy and received certificates since enrollment in 2008. An Abet service provider has been appointed to facilitate the programme.
Remuneration	The project to implement a remuneration structure commenced in September 2008 and was finalised in November 2008. RAL moved from the Department of Public Service and Administration's remuneration structure and implemented a remuneration structure that better suits the RAL environment, to ensure that remuneration is in-line with market trends.
Promotions and staff advancement	A policy on promotions was approved in 2008 and is currently operational. Nine staff members from designated groups were promoted to various occupational levels.

PERFORMANCE EVALUATION





ROADS MANAGEMENT

STRATEGIC GOAL 1: EFFECTIVE ROAD MANAGEMENT

STRATEGIC OBJECTIVE	KEY OBJECTIVES	OUTPUT	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
SO 1.1 To identify, prioritise, plan, design and award sustainable road infrastructure projects on an annual basis [PLANNING AND DESIGN]	To sign service level agreements with civil engineering consultants after award of tenders	Signed agreements	Eight agreements signed	Eight signed agreements	July 2011	Seven out of eight agreements signed (T392 Suspended)
	To prepare a list of projects with estimated budgets for 2012/2013 financial year	Annual project list	Annual project list approved by Board	100%	July 2011	List available. No new projects will be implemented in 2012/2013 due to budgetary constraints
	To appoint civil engineering consultants for the 2012/2013 financial year's projects	Report on appointed consultants	1. Three appointment letters issued 2. Three acceptance letters received	100% appointment letters and acceptance letters	August 2011	No appointment letters were issued due to budgetary constraints
	To evaluate and approve the designs of consultants for all projects for 2012/2013 financial year	Approved tender documents and drawings	Three sets of: 1. Scope of work reports 2. Preliminary designs 3. Detail designs 4. Tender documents and drawings	100% sets of each performance indicators	November 2011	Designs completed
	To invite tenders for 2012/2013 projects	Minutes of Site Clarification Meetings	Three tenders: 1. Advertised 2. Site Clarification Meetings held 3. Lists of tender amounts at closure	100% tenders advertised	January 2012	Only one new tender was invited due to budgetary constraints. Advertisements ready for placing when funding is made available

ROADS MANAGEMENT

STRATEGIC GOAL 1: EFFECTIVE ROAD MANAGEMENT (cont.)

STRATEGIC OBJECTIVE	KEY OBJECTIVES	OUTPUT	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
SO 1.1 To identify, prioritise, plan, design and award sustainable road infrastructure projects on an annual basis [PLANNING AND DESIGN]	To update the database for Engineering Consultants	Database of consultants	1. Applications received 2. Report on applications and Audit of Applicants' Offices 3. Integrated Database for Engineering Consultants submitted for approval	One report of each performance indicators	Quarterly	Database was not updated because no new appointments were possible for the financial year due to budgetary constraints. List of applications is available
	To update the Road Management System	Traffic counts report	Report on 33% (i.e. 7330km) of the Limpopo roads network	Traffic count of 7330 km of roads done	March 2012	Traffic counts done. Report outstanding due to late payment
		Pavement evaluation report	Report on 8 000 km of unpaved roads	8 000km of unpaved roads evaluated	March 2012	Evaluations done. Report outstanding due to late payment
		Bridge inspection report	Report on 300 bridges	300 bridges inspected	March 2012	Inspections done. Report outstanding due to late payment
		Updated Road Map	Updated Map	100% Updated road map	March 2012	Map only updated once the reports are completed
SO 1.2 To implement and manage contracts on an annual basis according to the Protocol of Supervision and SHE Compliance Pack [CONSTRUCTION AND OPERATIONS]	To manage the process of site handover of 2011/2012 projects to contractors	Eight signed contract documents	Eight signed contract documents and minutes of site handover meetings	Eight signed contracts	March 2012	Eight signed contracts in place
	To manage active projects in 2011/2012 by ensuring compliance with the contract documents with relation to budget, time frames, workmanship, quality, social, health, safety and environmental requirements according to the Protocol of Supervision and SHE Compliance Pack	Monthly and quarterly progress reports	1. Minutes of site meetings 2. Quality Assurance Report 3. Payment certificates 4. Health and Safety file 5. Environmental reports 6. Social closure reports 7. 21 Sets of completion reports and as-built drawings	100% of reports on all performance indicators	March 2012	Monthly and quarterly reports for all projects in place The completion reports and as-built drawings not yet due because the projects are still running (All are multi-year projects)



ROADS MANAGEMENT

STRATEGIC GOAL 1: EFFECTIVE ROAD MANAGEMENT (cont.)

STRATEGIC OBJECTIVE	KEY OBJECTIVES	OUTPUT	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
SO 1.3 To monitor all preventative and routine road maintenance activities for provincial roads on an annual basis according to the Service Level Agreement with the Provincial Department [MAINTENANCE AND REHABILITATION]	To oversee the Provincial Maintenance Programme for 2011/2012	Approved business plan from the Department of Roads and Transport	Maintenance business plan for 2011/2012	Approved business plan	May 2011	Business plan in place
		Preventative and routine road maintenance reports	Quarterly reports; minutes of preventative and routine road maintenance meetings	Four reports and minutes on maintenance function	Quarterly	All quarterly reports and final infrastructure report in place
SO 1.4 To manage, control and protect the use of road reserves and building restriction areas continuously [LAND USE MANAGEMENT]	To manage and process applications for the installation of external services, road signs and bill boards inside and alongside road reserves and applications for roadside development, new accesses and relaxation of the building restrictions	Register of approved applications and letters of approval	Checklist for each approved application to ensure compliance with the requirements of the Roads and Ribbon Development Act and RAL's Act and quality standards. Site inspection and completion reports	100% of the total applications and site inspections processed	March 2012	583 Applications received 566 Applications processed 17 Applications in process Performance is 566/583= 79%
	To control the illegal use of road reserves and building restriction areas by external service providers and developers	Non-compliance report. Report on follow-up actions to enforce compliance. Protected road reserves	Checklist for compliance with land use conditions	Two reports bi-annually	March 2012	Two bi-annual reports in place. Challenge to enforce compliance. No capacity to remove illegal structures
	To provide administrative support services and assistance	Report on regional road board meetings	Minutes and reports available	100%	March 2012	Six Reports and eight sets of minutes done. (100% of all meetings)
	To handle the proclamation and de-proclamation of provincial roads and accesses by the regional road boards	Proclamation and declaration notices published in Provincial Gazette	Proclamation report and sketches approved by the MEC	100%	March 2012	No proclamations were necessary during the 2011/2012 financial year

ROADS MANAGEMENT

STRATEGIC GOAL 6: SUPPORT THE PROVINCIAL EMPLOYMENT GROWTH AND DEVELOPMENT STRATEGY

STRATEGIC OBJECTIVE	KEY OBJECTIVES	OUTPUT	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
SO 6.1 To create job opportunities in accordance with EPWP guidelines	To create job opportunities on all 2011/2012 projects	Job creation monitoring report	Number of jobs created (15% of the value of each contract awarded to be spent on labour, and 60% of workers employed shall be locally-based)	1400 jobs created and R102,3 million to be spent on labour	March 2012	2125 Jobs created R 41,819,741.99 paid to local labourers
SO 6.2 To promote the development and transformation of the provincial economy by promoting the SMME's sector	To promote the development of SMME's on all 2011/2012 projects	Report on the local SMME's appointed by the contractors	30% of the value of each contract awarded to be spent on local SMME's	R199,7 million spend on SMME's	March 2012	R 226,751,642.66 spent on SMME's

SPECIAL PROJECTS: OPERATIONAL PLAN 2011/2012

STRATEGIC GOAL 4: STAKEHOLDER RELATIONS

SO 4.3 To ensure effective management of special projects within the office of the CEO in accordance with appropriate or relevant 'guidelines and frameworks'	To consult stakeholders on special projects	Stakeholder consultation report	Minutes of meetings attended	100% of all meetings attended 80% of consultation reports	March 2012	1. Lwamondo Road - meeting with the Chief and community 2. Baloon road – meeting with councillors 3. Mankele – meeting with communities and traditional leaders
	To implement disaster management programmes	Disaster management report	Number of projects	50% of disaster projects implemented	March 2012	Five projects implemented: 1. Emergency repair of Luvuvhu Bridge is complete 2. Rehab of Lwamond road is complete 3. Regravelling of Baloon road is complete 4. Repair of flood-damaged Thathe Vondo is at 60% 5. Repair of Sibelwane bridge flood damage is at 78%
	To implement SMME development programme	Development programme report	Number of contractors	49 contractors empowered	March 2012	Database of SMME is complete. Invitation to start soon



SPECIAL PROJECTS

STRATEGIC GOAL 6: SUPPORT THE PROVINCIAL EMPLOYMENT GROWTH AND DEVELOPMENT STRATEGY

STRATEGIC OBJECTIVE	KEY OBJECTIVES	OUTPUT	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
SO 6.2 To promote the development and transformation of the provincial economy by promoting the SMMEs sector on all contracts annually	To implement special projects	Project reports	Number of projects completed	100% of identified projects implemented	March 2012	Mankele Bridge and 12km of road, 60% complete
	To empower SMMEs through special projects	SMME empowerment report	Number of SMMEs empowered	R5 million spend on SMMEs	March 2012	Database of SMME is complete. Invitation to start soon
	To improve visibility on provincial roads	Road studs installed report	Number of kilometres of road studs installed	1500 km of studs installed	March 2012	Shelved due to budgetary constraints

FINANCE

STRATEGIC GOAL 1: EFFECTIVE ROAD MANAGEMENT

OP 1 Project finance and asset management	To efficiently manage project finances in accordance with the approved annual budget for 2012/2013	Annual budget approved by shareholder/ Provincial Treasury for 2012/2013	Annual business plan reflecting project and administrative budget for 2012/13	Approved business plan	March 2012	The annual business plan was submitted
	Annual commitment register for 2011/12	Annual commitment register	Detailed commitment register per project and project amount	Commitment register	March 2012	Commitment register for March 2012 in place
	Monthly infrastructure reporting model reports	Report on the actual infrastructure expenditure to engineering	Compiled IRM report submitted	12 reports on infrastructure expenditure	March 2012	12 of 12 reports submitted
	To safeguard the Agency's monetary and non-monetary assets	Asset register	Asset register with locations and values	One asset register	March 2012	Asset register for March 2012 in place
			Asset verification report	Two verification reports	Bi-annually	Two asset verification reports submitted
		Bank reconciliations	Monthly bank reconciliation report	12 bank reconciliations	March 2012	12 of 12 reports submitted

FINANCE

STRATEGIC GOAL 3: GOOD CORPORATE GOVERNANCE

STRATEGIC OBJECTIVE	KEY OBJECTIVES	OUTPUT	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
OP 2 Corporate finance and reporting	To effectively manage corporate finances through the 2011/2012 financial year	Approved annual operational budget for 2011/2012	Budget report conforms to the annual procurement plan and personnel expenses approved by the BoD (Board of Directors)	Itemised budget report	April 2011	Annual budget report for 2011/2012 approved by BoD
		Closing of financial records for 2010/2011	Reconciled annual trial balance for 2010/2011 signed off by the CFO	Approved trial balance	May 2011	Trail balance was signed off on 31 May 2011
		Approved GRAP financial statements by the BoD for 2010/2011	GRAP financial statements for 2010/2011 compiled	GRAP financial statements	May 2011	GRAP financial statements submitted on 31 May 2011
		Approved Treasury financial statements	Treasury financial statements for 2010/11 compiled	Treasury financial statements	May 2011	Treasury template submitted on 31 May 2011
		Audited annual financial statements and annual report by the Auditor-General 2010/2011	Management letter with management comments and report issued by the Auditor-General for 2010/2011	Auditor-General's report	July 2011	Management letter with comments and audit report issued by Auditor-General on 31 July 2011
	To effectively manage corporate finances through the 2011/2012 financial year	Audited annual financial statements and annual report by the Auditor-General 2010/2011	Performance evaluation report for 2010/2011	Performance evaluation report	May 2011	Annual Performance Plan submitted on 31 May 2011
		Interim financial statements as at 30 September 2011	Interim financial statements as at 30 September 2011	Interim financial statements	October 2011	Interim financial statements submitted
		Update the accounting procedure manual to include all current processes	Approved accounting procedure manual	Revised procedure manual	May 2011	Accounting procedure manual submitted
	To accurately value RAL's road and bridge infrastructure	Valuation report on infrastructure assets	Annual valuation report	33% of 7330km	March 2012	Valuation report submitted
	To effectively manage the remuneration cycle for 2011/2012 per month	Remuneration report	Monthly salary inputs	12 reports on remuneration	March 2012	12 of 12 reports submitted
	To effectively manage treasury and cash flow for 2011/2012	Cash flow plan	Monthly cash flow forecasts	12 cash flow reconciliations	March 2012	12 of 12 reconciliations submitted



FINANCE

STRATEGIC GOAL 3: GOOD CORPORATE GOVERNANCE (cont.)

STRATEGIC OBJECTIVE	KEY OBJECTIVES	OUTPUT	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
OP 3 Revenue generation	To identify potential road services to maximise revenue resources to R2,049 million for 2011/2012	Contracts for billboard vendors in place to collect R1,539 million	Billboard rental collected monthly	R128 000 collected per month	March 2012	R1,522 million collected up to December 2011
		Approval fees collected for 2011/12 R375 000	Approval fees collected monthly	R31 250 collected monthly	March 2012	R445k collected ending December 2011
		Revenue on tender documents collected for 2011/12 R135 000	Reports on sale of tender documents	R135 000 collected	March 2012	No tender income collected to date and therefore no reports
OP 4 Supply chain management	To effectively manage supply chain	Procurement report for 2011/2012 indicating: 1. Goods/services procured/ delivered 2. Contracts awarded	Monthly reports on specification, evaluations and adjudication committee	12 reports and contracts register	March 2012	12 of 12 reports submitted

SAFETY, HEALTH AND ENVIRONMENT (S.H.E)

STRATEGIC GOAL 3: GOOD CORPORATE GOVERNANCE

SO 3.1 To comply fully with applicable legislative requirements, rules, codes and standards on an on-going basis Health and safety	To implement and monitor health and safety compliance applicable to RAL projects	Reviewed and consolidated contractors compliance pack and the health and safety specifications	Health and safety specification report	Health and Safety specification report	March 2012	Projects have been put on hold
		Report of non-compliance	Records on non-compliance of construction sites	12 reports	March 2012	Monthly reports are submitted for projects with safety consultants
		Report on appointed safety consultants	1. Appointment letters issued and 2. Acceptance letters received	Eight appointments letters and eight acceptance letters	March 2012	Appointment of service provider has been delegated to engineers
		Safety consultants reports	Monthly audit reports by safety consultant submitted/received	12 reports	March 2012	Monthly reports are submitted
		Accident statistical report	Accident/incident investigations reports	12 reports	March 2012	All accidents reports have been submitted

SAFETY, HEALTH AND ENVIRONMENT (S.H.E)

STRATEGIC GOAL 3: GOOD CORPORATE GOVERNANCE (cont.)

STRATEGIC OBJECTIVE	KEY OBJECTIVES	OUTPUT	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
	To update database for Health and Safety consultants in the 2011/2012 period	Database for Health and Safety consultants	1. Applications received 2. Report on applications and audit of applicants' offices 3. Integrated database for health and safety consultants submitted for approval	Bi-annual reports on each indicator	March 2012	Appointment of service provider has been delegated to engineers
Environmental Management	To implement & Monitor Environmental Compliance in the 2011/2012 period	Environmental assessment reports for all projects	Number of Environmental Authorisations issued	12 reports	March 2012	Reports have been submitted to stakeholder departments for approval. Follow-ups with stakeholder departments is in progress
		Environmental Compliance reports	<ul style="list-style-type: none"> Environmental awareness reports received Environmental incident register Environmental monitoring reports in place 	12 reports	March 2012	Environmental monitoring, awareness reports have been submitted for all the projects handed over to contractors
		Environmental completion reports	Number of closure certificates issued	25% of closure certificates requested	March 2012	Application process for closure certificates is in progress, hence it is slow due to staff constraints
	Develop guidelines for Environmental Implementation Plan in the 2011/2012 period	Guidelines for the Environmental Implementation plan	Environmental Standards and Procedures Manual	Environmental Implementation plan report	March 2012	In progress- Service Draft Report has been submitted; awaiting comments from stakeholder departments
	Update database for Environmental Consultants in the 2011/2012 period	Database report	1. Applications received 2. Report on applications and Audit of Applicants' Offices 3. Integrated Database for Environmental Consultants submitted for approval	Eight appointment letters	March 2012	Database has been compiled
	Coordinate and manage appointment of Environmental Consultants in the 2010/11 period	Report on appointed Environmental Consultants	Appointment letters issued and acceptance letters received. Environmental Management Reports, Payments Certificates	Eight appointment letters	March 2012	Appointment letters have been issued



SAFETY, HEALTH AND ENVIRONMENT (S.H.E)

STRATEGIC GOAL 4: EFFECTIVE STAKEHOLDER RELATIONS

STRATEGIC OBJECTIVE	KEY OBJECTIVES	OUTPUT	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
SO 4.1 To consult stakeholders (stakeholder department, tribal authorities, municipalities and communities) on all planned projects annually	Stakeholder engagement (health and safety, environmental liaison and support) in the 2011/2012 period	Stakeholder consultation report	Minutes of meetings, workshops and open days with stakeholders	80% report on each performance indicator	March 2012	This is done in conjunction with the SID Unit. Consultation for eight projects has been suspended. Consultations is continuous when the need arises in cases of disputes on borrow pits and grave relocations for affected projects

LEGAL SERVICES

STRATEGIC GOAL 3: GOOD CORPORATE GOVERNANCE

SO 3.1 To comply fully with the applicable legislative requirements, rules codes and standards on an on-going basis	To provide business units with legal advice on an on-going basis	Legal opinions, advice and monthly reports	Records of written legal opinions and reports	Number of legal opinions and monthly legal reports	March 2012	In progress: four legal reports of 12 submitted to date and one opinion done to date
	To ensure 50% compliance across business units	Status quo compliance report	An approved legislation compliance checklist	Status quo report	March 2012	In progress: compliance audits to commence in September 2011
	To assist business units with development and review of legally compliant policies on an on-going basis	Legally compliant policies	Number of reviewed policies	Total number of reviewed policies and awareness reports	March 2012	No policies reviewed by the Agency to date
		Approved legislation compliance checklist	Minutes of consultative meetings and awareness reports			In progress: compliance audits to commence in September 2011
	To conduct a legal due diligence to ensure compliance with statutory stipulations and minimise legal risk exposure	Due diligence report	Approved due diligence report	Due diligence report	March 2012	Done: to be submitted to the board committee
Contracts	To develop, review and vet contracts on an on-going basis	Signed and reviewed contracts Monthly legal reports	<ul style="list-style-type: none"> Number of draft contracts Number of reviewed existing contracts Number of contracts vetted 	Six signed and reviewed contracts	March 2012	In progress: four contracts attended to date and four of 12 legal reports submitted to date

LEGAL SERVICES						
STRATEGIC GOAL 3: GOOD CORPORATE GOVERNANCE (cont.)						
STRATEGIC OBJECTIVE	KEY OBJECTIVES	OUTPUT	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
Litigation	To manage litigation on an on-going basis	<ul style="list-style-type: none"> Litigation and legal reports Written updates from attorneys 	<ul style="list-style-type: none"> Recommendation reports to appoint legal representatives for legal opinions and litigation Number of legal claims for damages received and attended to and referred to department 	12 Legal and litigation reports	March 2012	Four legal and litigation reports submitted to date; and eight claims submitted to Department of Roads and Transport and awaiting their report on progress to date
Promotion of Access to Information	To ensure implementation and monitoring of an effective and transparent promotion and access to Information process (Promotion of Access to Information Act) i.t.o PAIA on a on-going basis	Manual ITO (Information Technology Outsourcing) i.t.o PAIA	Number of requests received and attended to	Legal reports	March 2012	In progress: two requests attended to date and reported in the legal reports
Trademark/ Logo	To monitor the progress on the application process and registration of the RAL logo with DTI	Attorneys progress and legal report	Legal report	Legal report	March 2012	In progress: the attorneys final report is still outstanding

HUMAN RESOURCE						
STRATEGIC GOAL 5: EFFECTIVE ORGANISATIONAL SYSTEMS						
SO 5.1 To review organisational structure annually in accordance with organisational strategy	To create a functional organisational structure, aligned with RAL strategic objectives	Approved functional organisational structure	<ul style="list-style-type: none"> Report for all identified posts Job description developed for all posts Job evaluation report Business units in place 	17 positions filled	March 2012	<ul style="list-style-type: none"> Only 4 positions were filled 13 positions were put on hold due to Administration
	To ensure recruitment, selection and appointment of staff	Signed contracts of employment for all appointments	<ul style="list-style-type: none"> Recruitment reports for all posts Minutes of interviews Appointment letters 	Recruitment reports	March 2012	Recruitment report and minutes of interviews compiled and appointment letters issued for the 4 positions



HUMAN RESOURCE

STRATEGIC GOAL 5: EFFECTIVE ORGANISATIONAL SYSTEMS (cont.)

STRATEGIC OBJECTIVE	KEY OBJECTIVES	OUTPUT	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
SO 5.2 To develop and manage training programmes annually	To develop and manage training and development programmes of staff annually	Approved human resource development plan	<ul style="list-style-type: none"> Training and development plan Training and development report 	40 staff members attended training in 2011/2012	March 2012	Training & Development Plan developed and 20 staff members trained
	To manage internal and external bursaries annually	Monitoring reports for concluded bursary contracts Approved study loan memorandum	<ul style="list-style-type: none"> Quarterly monitoring reports Bursary committee minutes 	Four reports	March 2012	New bursaries not awarded for 2011/12 financial year RAL is continuing with payments of bursaries for the enrolled students Five students are currently on a work-back programme
SO 3.1 To comply fully with applicable legislative requirements, rules, codes and standards on an on-going basis	To implement and practice good ethical standards on an ongoing basis	Disclosure of interests register	<ul style="list-style-type: none"> Records of disclosure file Gift register 	100% Records of disclosures	March 2012	75 Staff have completed their declaration of interest forms No gifts were declared during the reporting period
	To ensure improved Human Resource Policies and Procedures	Updated Human Resource Management Policies	Reviewed HR manual submitted to Board for approval	Approved policy	March 2012	Draft Policy submitted on 30 March 2012
	To develop and implement employee wellness programme on ongoing basis	Approved employee wellness programme	<ul style="list-style-type: none"> Wellness programme report RAL statistics survey reports 	80% of the reports	March 2012	On hold for the current financial year due to budgetary constraints
	To manage compensation for occupational injuries and diseases in line with relevant legislation on an ongoing basis	Compensation for Occupational Injuries and Diseases Act (COIDA)	Assessment report	12 incident reports	March 2012	Submission date extended to 31 May 2012 due to revision of Returns of Earnings forms from Department of Labour
	To implement Employment Equity in line with legislation	Approved equity plan and report	<ul style="list-style-type: none"> Equity plan Equity report Minutes of meetings Equity committee 	Equity plan Equity report	March 2012	The Employment Equity report for 2011/2012 submitted
	To effectively manage office maintenance	Office building managed effectively	<ul style="list-style-type: none"> Checklist for monitoring Monthly progress reports 	12 reports	March 2012	Reports on office maintenance submitted.

HUMAN RESOURCE

STRATEGIC GOAL 5: EFFECTIVE ORGANISATIONAL SYSTEMS (cont.)

STRATEGIC OBJECTIVE	KEY OBJECTIVES	OUTPUT	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
	To effectively manage and maintain RAL fleet	Fleet management report	Four maintenance reports	Four quarterly reports	March 2012	Fleet management reports are in place
	To ensure effective security and cleaning services	Effective security and cleaning services	<ul style="list-style-type: none"> Checklists Monthly security and cleaning reports 	12 reports	March 2012	Cleaning Services contract reports in place

INFORMATION TECHNOLOGY MANAGEMENT

STRATEGIC GOAL 3: GOOD CORPORATE GOVERNANCE

SO 3.6 To implement and maintain secure and effective IT governance and IT risk strategy on an annual basis	IT Security & Disaster recovery	To maintain a Disaster recovery plan	Disaster recovery plan	DR Plan	March 2012	Done
	Backup	To backup all RAL systems monthly	Backup plan for all IT systems	12 Backup reports	March 2012	12 reports done
	IT Support	To maintain all RAL systems monthly	Administrative report for all IT Systems	12 Administrative computing reports	March 2012	12 reports done
	Telecommunications	To maintain telecommunication system monthly	Maintenance report	12 telecommunication reports	March 2012	12 reports done
	IT Improvements	To effectively upgrade RAL IT infrastructure	Updated applications systems and hardware systems	50 upgraded office applications	March 2012	50 software applications done
SO 5.3 To develop an effective electronic document management system	Information Management	To effectively manage information on a monthly basis	Registry manual	12 document management report	March 2012	12 reports done
			Electronic document management system		March 2012	Done



COMMUNICATIONS, STRATEGY & CHANGE MANAGEMENT

STRATEGIC GOAL 4: STAKEHOLDER RELATIONS MANAGEMENT

STRATEGIC OBJECTIVE	KEY OBJECTIVES	OUTPUT	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
To consult stakeholders (tribal authorities, municipalities, communities) on all planned projects annually	To effectively implement the approved communications plan	Approved Communications Plan	Monthly reports of communications activities	All 2011/12 projects	March 2012	The reports for all 2011/12 projects are available
Corporate Publications (Internal Newsletter)	To produce a monthly internal newsletter	Published internal newsletters	10 editions of a monthly internal newsletter published through the intranet	10 publications	March 2012	10 editions of the Internal Newsletter were published by the 31 March 2012
Annual Report	To produce the 2010/11 Annual Report	Annual Report	1000 copies of 2010/11 Annual Report produced and distributed to relevant stakeholders	1 000 copies of Annual Reports	August 2011	The Annual Report for 2010/11 is available
Website	To update the RAL information portal	Up to date information portal (website)	Records of meetings to update the information on the website	Four reports	March 2012	The Website has been revamped and will be updated as and when necessary
Media	To develop and maintain good relations with print and electronic media	Media Relations Plan	<ul style="list-style-type: none"> Reports of initiated media house visits and media engagements with editors and journalists Records of addressed media enquiries Records of print and electronic media coverage 	Bi-annual report on each performance indicator	March 2012	No media house initiative and engagements were done due to financial constraints Records of all print media enquiries addressed are available
	Develop stakeholder management plan	Approved Stakeholder Management Plan	Quarterly reports on stakeholder engagements	One Stakeholder Management Plan	March 2012	Approved Stakeholder Management Plan
Strategy	Coordinate and direct the development and consolidation of organisational business plan	Approved business plan (submitted to the MEC of DoRT)	Approved divisional annual performance plans (APP)	Approved APP	March 2012	The APP for the financial year 2011/12 was finalised and approved by the MEC
	Coordinate annual performance reviews	Annual Performance Report	Quarterly reviews			Four reports
Change Management	Facilitate the development of change management strategy	Change management strategy	Approved change management plan	Two bi-annual reports	March 2012	New Board has been appointed New staff members have been appointed

SOCIAL AND INSTITUTIONAL DEVELOPMENT (SID)

STRATEGIC GOAL 4: EFFECTIVE STAKEHOLDER RELATIONS MANAGEMENT

STRATEGIC OBJECTIVE	KEY OBJECTIVES	OUTPUT	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
SO 4.1 To consult stakeholders (tribal authorities, municipalities, communities) on all planned projects annually	Stakeholders engagement (tribal authorities, district and local municipalities, communities, government departments) on all planned projects in the 2011/2012 period	Stakeholder consultation report	Minutes and reports of all meetings and workshops conducted to disseminate information	12 reports	March 2012	Stakeholders consultations are 100% complete
	Develop SID implementation Management plan for 2011/2012 financial year projects	SID Implementation plan	Integrated SID management plan	Approved SID management plan	March 2012	Approved SID management plan in place. Implementation is ongoing
	Update database for Social Consultants in the 2011/2012 period	Database report	1. Applications received 2. Report on applications and audit of applicants' offices 3. Integrated database for social consultants submitted for approval	Reports on each performance indicator	March 2012	Approved database in place and 100% complete
	To annually appoint social consultants in the 2011/2012 period	Report on appointed social consultants	Appointment letters issued and acceptance letters received	Eight appointments and eight acceptance letters	March 2012	<ul style="list-style-type: none"> Three appointments and three acceptance letters issued Appointments for 5 projects not processed as the projects have been suspended due to budget constraints
	To manage social consultants in the 2011/2012 period	Monthly progress report	Monthly monitoring reports, payment certificates, labour statistics reports, closure reports	12 reports	March 2012	<ul style="list-style-type: none"> Monthly monitoring progress reports are submitted on a monthly basis - ongoing Payment certificates submitted monthly or as and when time arises - ongoing Labour statistics reports submitted on a monthly basis - ongoing No closure reports in place as the projects are still in progress
	To identify the properties affected by road construction in the 2011/2012 period	Property valuation report	Valuation report of all identified affected properties	80% of approved property valuation report	March 2012	<ul style="list-style-type: none"> Affected properties identification in all the projects under implementation has been 100% completed Valuation of affected properties is still in progress



SOCIAL AND INSTITUTIONAL DEVELOPMENT (SID)

STRATEGIC GOAL 4: EFFECTIVE STAKEHOLDER RELATIONS MANAGEMENT (cont.)

STRATEGIC OBJECTIVE	KEY OBJECTIVES	OUTPUT	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
SO 6.1 To create job opportunities in accordance with EPWP guidelines on all contracts annually	To monitor compliance with relevant labour laws and EPWP guidelines in the 2011/2012 period	Compliance report	Labour statistics report, contracts of employment for all workers, records of payment for labour and training of all workers employed in RAL projects, certificates of service	Two reports	March 2012	<ul style="list-style-type: none"> Monitoring of compliance is in progress and ongoing EPWP Labour report for first quarter (April to June 2011) has been submitted to both provincial Department of Roads and Transport and National Department of Public Works
SO 6.4 To ensure training of locally-based workers in all contracts on an ongoing basis	Ensure all workers employed for RAL projects are trained in the 2011/2012 period	Training report	Database report of local workers trained	Four reports	March 2012	The process of conducting accredited training in the projects is in progress

LIMPOPO ROAD NETWORK





DISTRICT	Paved	Gravel	Total
Capricorn	967.74	3102.74	4070.48
Mopani	1300.14	1850.20	3150.34
Sekhukhune	1294.85	1813.94	3108.79
Vhembe	1453.50	2603.31	4056.81
Waterberg	2068.00	5844.51	7912.51
TOTAL	7 084.23	15 214.70	22 298.93

PROJECT OUTPUTS 2011/2012





RAL NO.	DISTRICT	ACTION	CONTRACTOR	OUTPUT (km or No. of)														
				PLANNED		km	bridges	km	bridges	km	bridges	km	bridges	km	bridges			
				km	bridges	1 April 2011	1 April 2011	31 March 2012	31 March 2012	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	
T341B	Capricorn	Upgrading of road (gravel to tar)	KPMM	14.0				14.00				8.00		4.50		1.50		
T527	Capricorn	Upgrading of road (gravel to tar)	Lonerock/Reatseba JV	20.0														
T628	Capricorn	Upgrading of road (gravel to tar)	Esorfranki Civils / Balekane JV	8.0					1								1	
T346B	Mopani	Upgrading of road (gravel to tar)	Civilcon/Civilcon Pele Kaofela JV	6.0		21.00		27.00		6.00								
T530	Mopani	Upgrading of road (gravel to tar)	MacP	11.0				4.20	2	4.20					2			
T629	Mopani	Upgrading of road (gravel to tar)	Quality Plant Hire / Expectra JV	10.0														
T533	Sekhukhune	Upgrading of road (gravel to tar)	Sanyati Civil Engineering & Construction (Pty) Ltd	18.0				17.38						8.00		9.38		
T535B	Sekhukhune	Upgrading of road (gravel to tar)	KPMM	6.3	1			6.25	1			6.25	1					
T539	Sekhukhune	Upgrading of road (gravel to tar)	Sanyati Civil Engineering & Construction (Pty) Ltd	10.0														
T624	Sekhukhune	Upgrading: bridge construction	UMSO		1			12.00	1							12.00	1	
T625	Sekhukhune	Upgrading: bridge construction	Civilcon Pele Kaofela JV		2													
T631A	Sekhukhune	Upgrading of road (gravel to tar)	Maphutha Building Construction	6.0														
T524	Vhembe	Upgrading of road (gravel to tar)	Space Construction (Pty) Ltd	6.0					1						1			
T543	Vhembe	Upgrading of road (gravel to tar)	Stefanutti Stocks/Mmatshope JV	11.7				7.90				2.80				5.10		
T626	Vhembe	Upgrading: bridge construction	Tzandeboo		1			0.12	1					0.12	1			
T546B	Waterberg	Upgrading of road (gravel to tar)	KPMM	14.4				14.40	1						1	14.40		
T571C	Waterberg	Maintenance: rehabilitation	Edwin	40.0				8.00								8.00		
T571D	Waterberg	Maintenance: rehabilitation	Edwin	40.0				6.00								6.00		
T627	Waterberg	Upgrading of road (gravel to tar)	Selby Construction	5.5	1													
T632	Waterberg	Upgrading of road (gravel to tar)	Seokodibeng Axton Matrix JV	10.0														
T633	Waterberg	Upgrading of road (gravel to tar)	Stefanutti Stocks/Mmatshope JV	11.8				11.80				7.80		4.00				
									Capricorn			8.00		4.50		1.50	1	
									Mopani	10.20					2			
									Sekhukhune			6.25	1	8.00		21.38	1	
									Vhembe			2.80		0.12	2	5.10		
									Waterberg			7.80		4.00	1	28.40		
										10.20		24.85	1	16.62	5	56.38	2	
									TOTAL	108.0km					8 Bridges			

REPORT OF THE AUDIT AND RISK COMMITTEE





REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee presents its report for the year ended 31 March 2012. The Audit and Risk Committee of RAL is constituted as per the requirements of the Companies Act, 2008 (Act No. 71 of 2008) as amended. These responsibilities are incorporated in the Audit and Risk Committee terms of reference which is revised and approved annually by the Board of Directors. The Audit and Risk Committee is satisfied that it has complied with the legal, regulatory and other responsibilities. Due to the late submission by management of the Annual financial statements, the audit committee could only review the adequacy, reliability and accuracy of the financial information provided to management and other users, as required by Treasury Regulation 27.1.8(d) on 7 June 2012 instead of before 31 May 2012.

AUDIT AND RISK COMMITTEE MEMBERS, MEETING ATTENDANCE AND ASSESSMENT

The members of the Audit and Risk Committee are Ms MM Maponya CA (SA) (Chairperson), Ms MMM Thindisa and Mr P R Masehela effective July 2011.

INTERNAL AUDIT

The Audit and Risk Committee is responsible for ensuring that RAL's internal audit function is independent and has the necessary resources and authority to discharge its responsibilities.

In order to promote the independence and objectivity of the internal audit function, the Chief Audit Executive position is fulfilled by the Internal Audit Manager and reports functionally to the Audit and Risk Committee and administratively to the Chief Executive Officer.

The internal audit function is currently fulfilled by an external firm as an outsourced arrangement. The approved Audit Plan for the 2011/2012 financial year was executed from April 2011.

All critical and significant findings resulting from audits for 2011/12 are reported to the Audit and Risk Committee. At the end of the period under review, all planned audits as per approved audit plans, were executed with only a few at reporting stage.

The committee also ensures a combined assurance model is applied to provide a coordinated approach to all assurance activities and that significant risks facing the company are adequately addressed. An audit issue log has been implemented to track all internal and external audit findings. This process will improve the internal control environment by ensuring management address critical and significant audit findings and avoid possible repeat findings.

The internal audit function has carried out its activities as per the Institute of Internal Auditors (IIA) Standards. An internal quality assurance program is implemented by the service provider. A quality assurance program has been approved by the Audit and Risk Committee and an external quality assurance review will be undertaken in the 2012/13 financial year to ensure internal audit conforms with the standards as set by the IIA.

The current contract with KPMG Inc., as the internal auditors of RAL came to an end in March 2012 and the procurement process of appointment of new internal auditors has commenced.

INTERNAL FINANCIAL CONTROLS

The Audit and Risk Committee has reviewed the process by which internal audit performs the assessment of the adequacy and effectiveness of the company's system of internal control including the internal financial controls. Based on the internal audit reports to date, much effort is required by management to address audit findings which have been raised by internal audit. The committee is continuously assessing the effectiveness of the internal control environment to ensure all critical and significant findings are addressed and corrected by management.

We will be commissioning a risk assessment of the organisation as a whole and will be redesigning our controls to mitigate against all the risks identified. All current policies will also be reviewed to strengthen the internal financial controls.

EXPERTISE OF THE FINANCE FUNCTION

Efforts are in place to capacitate expertise, resources and experience of the finance function.

GOVERNANCE OF RISK

Effective risk management is fundamental to the Audit and Risk Committee of RAL.

The committee fulfils an oversight role regarding the financial risks, internal financial controls, fraud risk as it relates to financial reporting, and information technology risks. The Management Risk Committee, which is fulfilled by Exco, assists the Audit and Risk Committee to fulfill their oversight role with regard to the governance of risk.

Much still needs to be done by management to ensure risk management is an integral part of RAL's strategic and business processes. The Board, through the Audit and Risk Committee has considered the Risk Policy and plan for the period under review. The Risk Register has been monitored on a quarterly basis to ensure adequate and effective management of risks.

COMPLIANCE WITH LEGISLATION

The Audit and Risk Committee reviews and ensures that compliance forms an integral part of the Company's risk management process. The level of com-

pliance with relevant legislation is reported to the Audit and Risk Committee on a quarterly basis with Public Finance Management Act, (Act 1 of 1999), as amended (PFMA) being the most important piece of legislation. An assessment of the Companies Act and King III Report is underway. During the period under review RAL faced challenges due to the resignation of the Senior Manager Legal Services and the suspension of the Company Secretary.

Based on previously reported audit findings on non-compliance, specifically with the PFMA, the Audit and Risk Committee is of the opinion that much still needs to be done by management to comply with the PFMA and the companies act. Any areas of identified non-compliance are currently being addressed by management.

EVALUATION OF FINANCIAL STATEMENTS

The Audit and Risk Committee has:

- Reviewed and discussed with the Auditor-General and the Board the audited annual financial statements to be included in the annual report;
- Reviewed the Auditor-General's management



- report and management response thereto;
- Reviewed changes in accounting policies and practices, and
- Reviewed significant adjustments resulting from the audit.

The Audit and Risk Committee concurs with and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

EXTERNAL AUDIT

The Audit and Risk Committee is satisfied with the work performed by the Auditor-General. The auditors have remained independent throughout the financial year.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budget fees for the year ended 31 March 2012.

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The Audit and Risk Committee reviews the completeness, accuracy and validity of irregular, fruitless and wasteful expenditure on an ongoing basis. The committee is currently not satisfied with measures in place by management to prevent and detect irregular and fruitless and wasteful expenditure. Such expenditure once detected, is tracked and reported to the Audit and Risk Committee and subsequently to the Accounting Authority. Management

has not ensured that corrective action, as required by the PFMA, is instituted to prevent the expenditure from recurring. Measures are currently being put into place to prevent and detect irregular and fruitless and wasteful expenditure and that corrective action, as required by the PFMA, is instituted to prevent the expenditure from recurring.

GOING CONCERN

The Audit and Risk Committee has evaluated the financial statements of Road Agency Limpopo SOC Limited for the year ended 31 March 2012 and based on the information provided to the Audit and Risk Committee, considers that they comply, in all material respects, with the requirements of the Companies Act No. 71 of 2008, and the Public Finance Management Act, 1 of 1999, as amended, and International Financial Reporting Standards. The Audit and Risk Committee concurs with the Board of Directors and management that the adoption of the going concern premise in the preparation of the financial statements is appropriate.

ANNUAL FINANCIAL STATEMENTS



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STATEMENT OF DIRECTORS' RESPONSIBILITY

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of the entity. The financial statements presented on pages 49 to 81 have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all Statements of GRAP that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the entity at year end. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the entity to enable the directors to ensure that the financial state-

ments comply with the relevant legislation.

The entity operated in a well-established controlled environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.

The going-concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the entity will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the entity.

The Auditor-General has audited the financial statements, and their report is presented on page 46.

The financial statements were approved by the board of directors on 23 July 2012 and are signed on their behalf:

A handwritten signature in black ink, appearing to be 'MP Tshisevhe', is written over a horizontal line.

MP Tshisevhe
Chairperson

A handwritten signature in black ink, appearing to be 'CC Nothnagel', is written over a horizontal line.

CC Nothnagel
Acting Chief Executive Officer

REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO LIMPOPO PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF ROADS AGENCY LIMPOPO SOC LTD

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Roads Agency Limpopo Soc Ltd set out on pages 49 to 81, which comprise the statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

The accounting authority's responsibility for the financial statements

2. The board of directors which constitutes 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), the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008), 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 judgment, 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 unqualified audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Roads Agency Limpopo SOC Ltd as at 31 March 2012 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP, the requirements of the PFMA and the Companies Act.

Emphasis of matters

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

Irregular, fruitless and wasteful expenditure

7. With reference to note 21 to the financial statements, the entity incurred irregular expenditure of R593 485 460 as a result of contracts awarded in contravention of the supply chain management regulations.
8. As disclosed in note 20 to the financial statements, the entity incurred fruitless and wasteful expenditure of R3 363 348 as a result of interest and penalties charged due to late payments to suppliers as well as for payments relating to recruitment costs.



Significant uncertainties

9. With reference to note 17 to the financial statements, the entity is the defendant in various lawsuits and pending legal cases from contractors. The ultimate outcome of the matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

10. As disclosed in note 25 to the financial statements, the corresponding figures for 2011 have been restated as a result of an error discovered during 2012 in the financial statements of the entity, and for the year ended, 2011.

Additional matters

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

Unaudited supplementary schedules

12. The supplementary information set out on pages 1 to 43 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Other reports required by the Companies Act

13. As part of my audit of the financial statements for the year ended 31 March 2012, I have read the Directors' Report and the Audit Committee's Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial

statements. These reports are the responsibility of the respective preparers. Based on reading these reports I have not identified material inconsistencies between the reports and the audited financial statements in respect of which I have expressed an unqualified opinion. I have not audited the reports and accordingly do not express an opinion on them.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 21 to 35 of the annual report.
16. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further

relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

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

17. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

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

Annual financial statements, performance and annual report

19. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 55(1) of the PFMA. Material misstatements of property, plant and equipment, liabilities, project expenditure and disclosure items identified by the auditors were subsequently corrected,

resulting in the financial statements receiving an unqualified audit opinion.

Audit committee

20. The audit committee did not review the adequacy, reliability and accuracy of the financial information provided to management and other users, as required by Treasury Regulation 27.1.8(d).

Budgets

21. The accounting authority did not ensure that expenditure of the entity was spent in accordance with the approved budget, which is in contravention of section 53(4) of the PFMA.

Expenditure management

22. The accounting authority did not take effective steps to prevent irregular expenditure and fruitless and wasteful expenditure, as required by section 51(1)(b)(ii) of the PFMA.
23. Contractual obligations and money owed by the entity were not settled within 30 days, as required by section 76(4)(b) of the PFMA and Treasury Regulation 8.2.3.

Procurement and contract management

24. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1. Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of Treasury regulation 16A6.4.

25. Invitations for competitive bidding were not always advertised in at least the government tender bulletin for a required minimum period of 21 days, as required by Treasury Regulations 16A6.3(c).

26. Goods or service were not procured through a procurement process which is fair, equitable, transparent and competitive as required by the PFMA section 51(1)(a)(iii).

27. The procurement system/processes did not comply with the requirements of a fair SCM system as per section 51(1)(a)(iii) of the PFMA, in that, contracts were extended or modified to the extent that competitive bidding processes were being circumvented.

Internal control

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

Leadership

29. There is a communication and relationship breakdown between the board and management with regard to instructions given and recommendations made.

30. Decisions were taken by the accounting officer with regard to approval of deviations without the required authority.

31. Inadequate monitoring and review by the accounting authority over the entity's controls relating to compliance with laws and regulations.

Financial and performance management

32. The human resource unit and finance unit of the entity are not adequately capacitated to support the achievement of sound financial management and internal control practices.

OTHER REPORTS

Investigations

33. Investigators were appointed by the National Government due to the section 100(1)(b) of the Constitution of the Republic of South Africa, 1996, interventions in Limpopo province with regard to the awarding of procurement and construction contracts. The investigation was still ongoing at the reporting date.

Auditor-General

Polokwane
31 July 2012



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



DIRECTORS' REPORT

The directors present their report, which forms part of the financial statements of the entity for the year ended 31 March 2012.

NATURE OF BUSINESS

The entity is established in terms of the Northern Province Roads Agency Limited and Provincial Roads Act, 1998 (Act no. 7 of 1998 as amended) and the Companies Act no. 71 of 2008.

The principal activity of the entity during the year was the administration of roads infrastructure within the Limpopo Province. The entity is responsible for the up-grading and maintenance of the Provincial road network with an estimated replacement value of R40 billion, based on a valuation done during 2008. No matter which is material to the financial affairs of the entity has occurred between 31 March 2012 and the date of approval of the financial statements.

OPERATING AND FINANCIAL REVIEW

The deficit of the agency for the year was R -1 791 257 891 (Deficit 2011 - R2 583 128 789.).

CONTRIBUTIONS FROM OWNERS

The authorised contributions from owners of the entity is R100.

100 Ordinary shares of R1 each have been issued.

DISTRIBUTIONS TO OWNERS

No distributions to owners have been declared and none is recommended.

DIRECTORS' REMUNERATION

Details of directors' remuneration are set out in note 15.2 of the financial statements.

MP Tshisevhe
Chairperson

DIRECTORS' INTEREST IN CONTRACTS

No material contracts in which the directors have an interest, were entered into in the current year other than the transactions detailed in note 15 to the financial statements.

DIRECTORS AND SECRETARY

The following were directors of the entity during the financial year and to the date of this report:

Name	Designation	Appointment date
MP Tshisevhe	Chairperson	01 May 2011
HS Shipalana	Non-executive	01 May 2011 - 31 March 2012
MM Maponya	Non-executive	01 May 2011
MMM Thindisa	Non-executive	01 May 2011
TM Makofane	Non-executive	01 September 2011
R Naidoo	Non-executive	01 May 2011
PR Masehela	Non-executive	01 May 2011
MA Mogotlane	Chief Executive Officer	Resigned - 30 April 2012
JC Kgoale	Company Secretary	Appointed - 18 April 2011

AUDITORS

The Auditor-General will continue in office in accordance with Section 188 of the Constitution of the Republic of South Africa, 1996.

The chairman presents his annual report which forms part of the financial statements of the entity for the year ended 31 March 2012.

CC Nothnagel
Acting Chief Executive Officer

STATEMENT OF FINANCIAL POSITION

as at 31 March 2012



	Note(s)	2012 R	2011 R
ASSETS			
Current assets			
Cash and cash equivalents	4	6 933 297	44 135 373
Receivables	5	691 137	1 645 328
Consumables		590 211	306 674
		8 214 644	46 087 375
Non-current assets			
Receivables	5	2 110 000	1 970 000
Property, plant and equipment	6	33 226 502 328	34 745 099 207
Intangible assets	7	174 143	1 455 202
		33 228 786 471	34 748 524 409
Total assets		33 237 001 115	34 794 611 785
LIABILITIES			
Current liabilities			
Payables	8	262 310 531	28 328 911
Employee benefits	9	2 722 783	3 057 180
Total liabilities		265 033 313	31 386 091
Net assets		32 971 967 802	34 763 225 694
Capital contributed by other government entities	11	100	100
Accumulated surplus		32 971 967 702	34 763 225 594
Total net assets		32 971 967 802	34 763 225 694



STATEMENT OF FINANCIAL PERFORMANCE

as at 31 March 2012

	Note(s)	2012 R	2011 R
Revenue			
Revenue from non-exchange transactions	10.1	845 445 000	783 535 001
Other operating income		4 052 216	6 730 514
Total revenue		849 497 216	790 265 515
Expenses			
Personnel	12	44 405 884	42 184 117
Administrative		18 435 280	31 993 725
Depreciation and impairment		2 527 561 224	3 253 777 951
Directors' fees (non-executive)	15.1	1 787 531	1 763 675
Directors' fees (executive)	15.2	1 458 341	1 259 829
Finance cost		2 194 198	509 042
Non-capital project cost	26	44 914 883	41 916 379
Total expenses		2 640 757 341	3 373 404 718
Surplus on the disposal of assets		2 233	10 414
		2 233	10 414
Deficit for the period		(1 791 257 892)	(2 583 128 789)

STATEMENT OF CHANGES IN NET ASSETS

as at 31 March 2012



	Note(s)	2012 R	2011 R
Contributions from owners			
At year-end	11	100	100
Accumulated surplus			
Balance at the beginning of the period		34 763 225 594	37 389 813 609
Prior year adjustment	25	-	(43 459 226)
Restated balance		34 763 225 594	37 346 354 383
Deficit for the period		(1 791 257 892)	(2 583 128 789)
Balance at the end of the year		32 971 967 702	34 763 225 594



CASH FLOW STATEMENT

as at 31 March 2012

	Note(s)	2012 R	2011 R
Cash flows from operating activities			
Receipts			
Grants		845 445 000	783 535 001
Interest received		1 320 718	4 460 040
Other receipts		3 545 690	2 904 133
Payments			
Finance cost		(2 194 198)	(509 042)
Suppliers and employees		122 361 766	(127 489 230)
Net cash flow from operating activities	14.3	970 478 976	662 900 902
Cash flows from investing activities			
Purchase of property, plant and equipment		(1 007 693 050)	(632 228 861)
Proceeds on disposal of property, plant and equipment		11 998	23 590
Net cash outflow from investing activities		(1 007 681 052)	(632 205 271)
Net (decrease)/increase in cash and cash equivalents		(37 202 076)	30 695 632
Cash and cash equivalents at beginning of period		44 135 373	13 439 742
Cash and cash equivalents at end of period	14.1	6 933 297	44 135 373

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

as at 31 March 2012



REPORTING ENTITY

The entity is established in terms of the Northern Province Roads Agency Limited and Provincial Roads Act, 1998 (Act no. 7 of 1998 as amended) and the Companies Act no. 71 of 2008.

The entity operates as a Provincial Public Entity as listed in schedule 3C of the Public Finance Management Act, Act no.1 of 1999 (as amended by Act no. 29 of 1999).

The registered address of the entity is:

Roads Agency Limpopo
26 Rabe Street Polokwane Limpopo
South Africa

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1. Basis of preparation

The financial statements have been prepared on the historical cost basis in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board, the Public Finance Management Act, Act no.1 of 1999 (as amended by Act no. 29 of 1999) and the Companies Act no. 71 of 2008.

The cash flow statement can only be prepared in accordance with the direct method. Accounting policy developments include new standards issued, amendments to standards, and interpretations issued on new standards. Management assessed the impact of all new standards issued, amendments to standards, and interpretations issued on current standards.

1.2 Adoption of new and revised standards

New standards and interpretations issued by the Accounting Standards Board that are relevant to the entity's operations that were adopted in prior reporting periods and are still applicable for the current year.

Applicable standards and interpretations:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates

Applicable standards and interpretations:

GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interest in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 26	Impairment of cash-generating assets
GRAP 100	Non-current Assets held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

as at 31 March 2012

Standards, amendments, and interpretations not yet effective:

- GRAP 18 Segment Reporting
- GRAP 20 Related Party Disclosures
- GRAP 25 Employee Benefits
- GRAP 105 Transfer of Functions Between Entities Under Common Control
- GRAP 106 Transfer of Functions Between Entities Not Under Common Control
- GRAP 107 Mergers

The application of the new standards will not have a significant impact on the financial statements in the period of initial application.

1.3 Significant judgements

The preparation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of GRAP that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1.4 Functional and presentation currency

These financial statements are presented in South African rand, which is the entity's functional currency. All financial information presented in rand has been rounded to the nearest rand.

1.5 Property, plant and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the costs of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the initial estimate of the cost of dismantling and removing the items and restoring the site on which they are located.

Items of capital work-in-progress are measured at cost less impairment losses. The cost of capital work-in-progress assets include costs of material, direct labour and any other costs directly attributable to bringing the asset to a condition where it is ready for its intended use. Capital work-in-progress is ready for its intended use once a hand-over certificate is issued, and at this point capital work-in-progress is recognised as an item of property, plant and equipment.

Land is not depreciated and deemed to have indefinite life. Depreciation is recognised in the statement of financial performance on a straight-line basis at rates that will reduce the book values over the current estimated useful lives of the assets.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	20 years
Road beds	40 years
Pavement layers	20 years
Bridges	50 years
Equipment	3 - 8 years

The depreciation methods, current estimated useful lives and residual values, if not insignificant, are reassessed annually. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.



1.5 Property, plant and equipment (continued)

Property, plant and equipment are reviewed periodically to assess whether or not the net recoverable amount has declined below the carrying amount. In the event of such impairment, the carrying amount is reduced with the impairment loss and the impairment loss is charged as an expense against income. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These gains and losses are included in the statement of financial performance.

Repairs and maintenance is charged to the statement of financial performance during the financial period in which they are incurred.

1.6 Consumables

Consumables consists of stationery and shall be measured at the lower of cost. The cost of consumables, shall be assigned by using the first-in, first-out (FIFO) cost formula.

1.7 Contribution from owners

Ordinary shares are classified as net assets.

1.8 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and bonuses) are recognised during the period in which the employee renders the related service and are not discounted.

Defined contribution plans

The entity operates a defined contribution plan, the assets of which are held in a separate trustee-administered fund. The pension fund is funded by payments from the entity, taking into account the recommendations of independent qualified actuaries. The company's contributions to the defined contribution plan are charged to the statement of financial performance in the year to which they relate.

The entity also has employees who are members of the Government Employee Pension Fund (GEPF). Contributions to the GEPF are charged to the state-

ment of financial performance in the year to which they relate as part of cost of employment. The entity has no legal or constructive obligation to pay further contributions if the GEPF does not hold sufficient assets to pay all employees their benefit relating to employee service in the current and prior periods.

For defined contribution plans, the entity pays contributions to publicly and private administrated pension insurance plans on a contractual basis. Once the contributions have been paid, the entity has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

The accruals for employee entitlements to wages, salaries, annual and sick leave represent the amount that the entity has a present obligation to pay as a result of employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

1.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and similar allowances.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

1.10 Revenue from non-exchange transactions

Revenue from non-exchange transactions are accounted for using the 'assets and liabilities approach.' Assets arising from non-exchange revenue transactions are recognised when the entity has an enforceable right to claim resources from another entity and the fair value of the asset can be determined reliably on initial recognition.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

as at 31 March 2012

1.10 Revenue from non-exchange transactions (continued)

Liabilities are present obligations that result in the outflow of resources from the entity. Resources transferred to the entity could be subject to certain conditions. Conditions can specify that an entity must use the resources transferred to it in a particular way, or the resources must be returned to the entity that transferred the resources. These conditions attached to the resources might therefore give rise to a present obligation.

In assessing whether or not conditions exist, entities should consider the terms of each non-exchange transaction. Entities should also evaluate the substance rather than the legal form of the arrangement.

To the extent that no obligation exists, or as and when the conditions of the obligation are satisfied, an entity recognises revenue. Where no obligation exists, revenue is recognised at the fair value of the assets recognised. Where conditions exist, revenue is recognised as the amount of the reduction in the liability.

1.11 Irregular or fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of the Public Finance Management Act. Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. All irregular, fruitless and wasteful expenditure is charged against income in the period it was incurred.

1.12 Financial instruments

Initial recognition

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability, or equity instrument in accordance with the substance of the contractual arrangement. Financial assets and financial liabilities are recognised in the statement of financial position when the entity becomes party to the contractual provisions of the instrument.

The entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Initial Measurement

Financial instruments carried on the statement of financial position include cash and cash equivalents, trade and other receivables and trade and other payables. These instruments are initially measured at fair value plus in the case of financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Where the effect of any extended payment terms is not material no adjustments are made.

Fair value methods and assumptions

The fair values of financial instruments are determined as follows:

If the market for a financial asset is not active the entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

a) The effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

b) Amortised cost

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.



1.12 Financial instruments (continued)

Fair value methods and assumptions

c) Loans and receivables

Loans and receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Where the effect on fair value at initial recognition of any extended payment terms is not material no adjustments are made.

Loans and receivables are subsequently measured at amortised cost using the effective interest rate method less any impairment loss. Interest income is recognised in the statement of financial performance by applying the effective interest rate. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor default or delinquency in payment are considered indicators that receivables might be impaired. Impairments are determined by discounting expected future cash flows to their present value.

An impairment of receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance.

Trade and other receivables and cash and cash equivalents that have fixed or determinable payments that are not quoted in active market are classified as loans and receivables.

d) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and investments in money market instruments.

e) Financial liabilities held at amortised cost

Trade and other payables and finance lease liabilities are included in financial liabilities held at amortised cost.

Items classified within trade and other payables are not usually re-measured, as obligations are usually known with a high degree of certainty due to their short term maturity, therefore the carrying amount would approximate the fair value. Where the effect on fair value at initial recognition of any extended payment terms is not material no adjustments are made.

1.13 Provisions, contingent liabilities and contingent assets

Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay). Although it is sometimes necessary to estimate the amount or timing of accruals, the uncertainty is generally much less than for provisions.

Contingent liabilities

A contingent liability 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 wholly within the control of the entity.

Contingent liabilities are not recognised but disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Commitments

Items are classified as commitments where the entity has committed itself to future transactions.

Contingent assets

Contingent assets are not recognised in financial statements since this may result in the recognition of revenue that may never be realised. However, when the realisation of revenue is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

as at 31 March 2012

1.14 Going concern assumption

These financial statements have been prepared on the assumption that the Agency will continue to operate as a going concern for the foreseeable future.

1.15 Intangible assets

Intangible assets comprise of website development costs. These intangible assets are measured initially at cost and are carried at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

Intangible assets are amortised on a straight-line basis over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets are amortised from the date they are available for use. The amortisation period and the amortisation method for an intangible asset are reviewed at each financial year-end.

The current estimated useful life is three years.

1.16 Impairment of assets

The entity assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. If the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to the recoverable amount. That reduction is an impairment loss.

An impairment loss of an asset carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

1.17 Events after the reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

Adjusting events after the reporting date

The entity shall adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting date.

If an entity receives information after the reporting date, but before the financial statements are authorised for issue, about conditions that existed at the reporting date, it shall update disclosures that relate to these conditions, in the light of the new information.

Non-adjusting events after the reporting date

The entity shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date but shall disclose each material category of non-adjusting event after the reporting date.

1.18 Presentation of budget information

The entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts in the financial statements.

1.19 Related parties and related party transactions

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.



1.19 Related parties and related party transactions (continued)

Government

Government and entities are expected to use resources efficiently, effectively and in the manner intended, and to deal with public monies with the highest level of integrity. The existence of related party relationships means that one party can control, jointly control or significantly influence the activities of another party. This provides the opportunity for transactions to occur on a basis that may give one party an advantage at the expense of another.

Management

Management holds positions of responsibility within an entity. Members of management are responsible for the strategic direction and operational management of an entity and are entrusted with significant authority. Their remuneration may be established by statute or by another body independent of the reporting entity. However, their responsibilities may enable them to influence the benefits of office that flow to them, or their related parties or parties that they represent on the governing body.

Close family members

Close members of the family of persons related to the entity may influence, or be influenced by them in their transactions with the entity.

The entity shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements.

2. JUDGMENTS AND ESTIMATES

The entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below.

Useful lives and residual values

The estimated useful lives and residual values of items of property, plant and equipment are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the specific industries where these assets are used. Refer to note 1.4. for the estimated useful lives for property, plant and equipment.

Contingent liabilities

Management applies its judgment to the facts, patterns and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgment application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

as at 31 March 2012

3. FINANCIAL RISK MANAGEMENT

Treasury regulations require the entity to facilitate a risk assessment to determine the material risks to which the entity may be exposed to and to evaluate the strategy for managing these risks. A risk assessment exercise is therefore conducted for the whole organisation on an annual basis, with the assistance of the entity's internal auditors. These risk factors form the basis of the internal audit annual coverage plan.

The use of financial instruments exposes an organisation to a number of risks. Some of the main financial risks are considered below:

3.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the entity. To mitigate credit risks, the entity has adopted a policy of only dealing with creditworthy parties. Credit risk with respect to trade and other receivables is limited due to our policy of not granting credit to third parties and also due to the fact the Roads Agency Limpopo is not a trading or profit orientated entity. Management manages the credit risk relating to staff loans by deducting payments due by employees monthly from their salaries. Our main source of income is through grants received from the Department of Roads and Transport.

a) Maximum Exposure to Credit risk

Financial assets, that potentially subject the entity to credit risk, consist principally of cash and cash equivalents and short term deposits. The entity's cash and cash equivalents and short term deposits are placed with high credit quality financial institutions.

The entity's exposure to credit risk with regards to loans and receivables is limited due the nature of the entity's operations, as explained above. Credit risk is fairly low in respect of staff loans as they are related to the entity.

There has been no significant change during the financial year, or since the end of the financial year, to the entity's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk.

Maximum exposure to credit and market risk at the reporting date from financial assets was as follows:

	2012 R	2011 R
Cash and cash equivalents	6 933 297	44 135 373
Loans and other receivables	691 137	1 645 328
Non-current receivables	2 110 000	1 970 000

The carrying amount of the above balances approximates their value due to their short-term maturity.

3.2 Market risk

This is the risk that the fair value or future cash flows from a financial instrument will fluctuate as a result of the changes in market prices. Values in financial instruments may change, thus resulting in both potential gains and losses. The entity's activities do not expose it to significant market risks. There are therefore no financial procedures in place to mitigate these risks.

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how surplus would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

3.3 Interest rate risks

Interest rate risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

a) Interest rate sensitivity analysis

The entity's major source of revenue is government grants and to a lesser extent, interest income depending on cash equivalents held. A major expense is salaries which are fixed for a financial year.



3.3 Interest rate risks (continued)

a) Interest rate sensitivity analysis

The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates. The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date.

As the entity does not have any instruments that effect net assets directly, the disclosure only indicates the effect of the change in interest rates on surplus.

A change in market interest rate at the reporting date would have increased / (decreased) the surplus for the year by amounts below:

		2012 R	2011 R
Cash and equivalents (Upward change)	1%	693 330	4 413 537
Cash and equivalents (Downward change)	1%	(693 330)	(4 413 537)

3.4 Liquidity risk management

This is the risk that an entity will find it difficult to raise funds to meet commitments associated with financial liabilities. The entity's activities do not expose it to significant liquidity risks. There are therefore no financial procedures in place to mitigate risks associated with liquidity.

Liquidity risk is the risk that the organisation would not have sufficient funds available or may encounter difficulties in raising funds to meets its future commitments. This risk is regarded as medium considering the Board's current funding structure and management of available cash resources.

The table below shows the classification on the entity's principal instruments together with their carrying values.

Financial instrument	Classification	Carrying amount 2012	Carrying amount 2011
Cash & cash equivalents	Loans and receivables	R6 933 297	R44 135 373
Receivables	Loans and receivables	R691 137	R1 645 328
Trade and other payables	Financial liabilities held at amortised cost	R262 310 531	R28 328 911



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

as at 31 March 2012

4. CASH AND CASH EQUIVALENTS	2012 R	2011 R
Bank	6 923 284	44 125 373
Petty Cash	10 013	10 000
	6 933 297	44 135 373

5. RECEIVABLES

Receivables	403 205	185 031
Other receivables	287 932	1 460 297
	691 137	1 645 328
Long-term receivables	2 110 000	1 970 000

Long-term receivables relates to refundable payments made to the Department of Minerals and Energy for borrow pits on the entity's projects.

6. PROPERTY PLANT AND EQUIPMENT

6.1 Land and buildings

<i>Opening net carrying amount beginning of year</i>	68 594 201	72 305 072
Additions	-	87 125
Depreciation	(3 789 821)	(3 797 997)
Closing net carrying amount end of year	64 804 380	68 594 201
Balance at end of the year		
Cost	79 496 427	79 496 427
Accumulated depreciation	(14 692 047)	(10 902 226)
Closing net carrying amount end of year	64 804 380	68 594 201



6. PROPERTY PLANT AND EQUIPMENT (continued)

6.2 Equipment, vehicles and furniture

Opening net carrying amount beginning of year

Additions

Disposals

Depreciation

Closing net carrying amount end of year

Balance at end of the year

Cost

Accumulated depreciation

Closing net carrying amount end of year

6.3 PPE under construction

Opening net carrying amount beginning of year

Prior year adjustment

Opening net carrying amount restated

Additions

Transfers to roads and bridges

Closing net carrying amount end of year

2012 R	2011 R
5 891 504	5 224 719
136 272	2 099 628
(9 765)	(13 176)
(1 711 017)	(1 419 666)
4 306 995	5 891 504
15 351 071	15 316 918
(11 044 077)	(9 425 414)
4 306 995	5 891 504
734 148 624	986 690 439
-	(50 063 711)
734 148 624	936 626 728
1 007 350 980	630 006 836
(327 366 642)	(832 484 939)
1 414 132 962	734 148 624



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

as at 31 March 2012

6. PROPERTY PLANT AND EQUIPMENT (continued)	2012 R	2011 R
6.4 Roads and bridges		
<i>Opening net carrying amount beginning of year</i>	33 936 464 877	36 345 935 740
Prior year adjustment	-	6 604 485
	33 936 464 877	36 352 540 225
Transfer from construction assets	327 366 642	832 484 939
Depreciation	(2 520 573 527)	(3 248 560 288)
Closing net carrying amount end of year	31 743 257 992	33 936 464 877
Balance at end of the year		
Cost	43 079 975 035	42 760 098 128
Accumulated depreciation	(11 336 717 044)	(8 823 633 251)
Closing net carrying amount end of year	31 743 257 992	33 936 464 877
6.5 Total property, plant and equipment		
<i>Opening net carrying amount beginning of year</i>	34 745 099 207	37 410 155 970
Prior year adjustment	-	(43 459 226)
Opening net carrying amount restated	34 745 099 207	37 366 696 744
Additions	1 007 487 252	632 193 589
Disposals	(9 765)	(13 176)
Depreciation	(2 526 074 366)	(3 253 777 951)
Closing net carrying amount end of year	33 226 502 328	34 745 099 207
Balance at end of the year		
Cost	44 588 955 496	43 589 060 097
Accumulated depreciation	(11 362 453 167)	(8 843 960 890)
Closing net carrying amount end of year	33 226 502 328	34 745 099 207

6. PROPERTY PLANT AND EQUIPMENT (continued)

6.5 Total property, plant and equipment

PPE under construction

PPE under construction refers to capital expenditure on roads such as strengthening, improvements and new roads. These projects are still in progress as at the reporting date.

Buildings

The building are situated on land with erf number 13548 measuring 2124 square meters located in Pietersburg Township with the registration division L.S.; Limpopo Province.

Fully depreciated assets

The gross carrying amount of fully depreciated property, plant and equipment that was still in use as at year-end amounted to R6 084 331. (2011: R5 190 542)

7. INTANGIBLE ASSETS

	2012 R	2011 R
<i>Opening net carrying amount beginning of year</i>	1 455 202	1 419 931
Additions	205 799	35 272
Depreciation	(66 927)	-
Impairment	(1 419 931)	-
Closing net carrying amount end of year	174 143	1 455 202

8. Payables

Creditors	234 749 028	8 972 577
District municipalities	929 839	929 839
Retention fees	26 631 664	18 426 495
	262 310 531	28 328 911

Creditors outstanding was due to over commitment of the 2011/12 budget.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

as at 31 March 2012

9. EMPLOYEE BENEFITS	2012 R	2011 R
Leave accruals	2 041 902	2 378 040
13 th Cheque accruals	680 881	679 140
	2 722 783	3 057 180
10. GOVERNMENT GRANTS		
<i>Department of Roads and Transport</i>		
Equitable share administration	65 395 265	47 276 731
Equitable share Projects	569 878 735	53 327 796
Conditional grant	210 171 000	682 930 474
Balance at end of the year	845 445 000	783 535 001
11. CONTRIBUTIONS FROM OWNERS		
<i>Authorised share capital</i>		
100 ordinary shares of R1 each	100	100
<i>Issued share capital</i>		
100 ordinary shares of R1 each	100	100

Shares are held by the MEC of Roads and are authorised by the MEC of Roads and Transport.



12. PERSONNEL COST	2012 R	2011 R
Salaries and wages	25 701 298	24 836 945
Medical aid	1 947 904	1 689 950
Pension	5 120 866	4 624 266
PAYE	11 408 332	10 814 477
UIF	227 485	218 480
	44 405 884	42 184 117

13. TAX

No taxation has been provided for as the entity is exempted from income tax, in terms of Section 10(1)(cA)(ii) of the Income Tax Act, 1962.

14. NOTES TO THE CASH FLOW STATEMENT

14.1 Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

Bank	6 923 284	44 125 373
Cash on hand	10 013	10 000
	6 933 297	44 135 373

14.2 Property plant and equipment

During the period, Roads Agency Limpopo acquired property, plant and equipment with an aggregate cost of R943 243 410 (2011: R646 242 646) by means of capital grants transferred to the entity from the Department of Roads and Transport.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

as at 31 March 2012

14. NOTES TO THE CASH FLOW STATEMENT (continued)

14.3 Reconciliation of net cash flows from operating

	2012 R	2011 R
Deficit for the year	(1 791 257 892)	(2 583 128 789)
Depreciation	2 527 561 224	3 253 777 951
Gains on disposal of property, plant and	(2 233)	(10 414)
Increase/(decrease) in payables	233 981 620	(8 576 688)
Increase/(decrease) in provisions relating to employee cost	(334 398)	511 858
Increase in consumables	(283 537)	(306 674)
Decrease in receivables	814 191	633 659
Net cash flows from operating activities	970 478 976	662 900 902

15. RELATED PARTIES

15.1 Controlling entity

The Department of Roads and Transport is the controlling entity to the entity. Total grants received shown in the Statement of Financial Performance are transferred to the entity by the Department of Roads and Transport.

15.2 Directors

All directors and officers of the entity have confirmed that they had no interest in any contract of significance with the entity which could have resulted in a conflict of interests during the period under review.

M A Mogotlane (Chief Executive Officer)

Basic salary	1 442 395	1 223 358
Acting allowance	-	122 942
Medical aid	12 168	12 168
Annual bonus	118 125	89 600
Performance bonus	-	130 043
Travel and housing	214 843	185 564
	1 787 531	1 763 675



15. RELATED PARTIES (continued)	2012 R	2011 R
Non-executive directors: meetings		
H S Shipalana	258 500	262 670
K Maswanganyi	-	250 000
M M Maponya	273 500	226 894
M P Tshisevhe	285 000	-
S M Rasethaba	-	57 000
T M Makofane	164 500	-
	981 500	796 564
Non-executive directors: traveling		
H S Shipalana	41 800	1 914
K Maswanganyi	-	33 297
M M M Thindisa	-	3 930
M M Maponya	32 531	48 544
M P Tshisevhe	15 613	-
S M Rasethaba	-	3 588
T M Makofane	3 349	-
	93 293	91 272



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

as at 31 March 2012

15. RELATED PARTIES (continued)	2012 R	2011 R
Regional board: allowance		
A K Molapo	18 000	18 000
C Leshiba	24 000	24 000
F F Rumani	12 000	18 000
G A Winlock	18 000	16 500
H M Maloka	16 500	18 000
J W N Jacobs	16 500	18 000
M E Demana	12 000	16 500
M H Molepo	18 000	18 000
M Moselane	24 000	24 000
M R M Mothapo	10 500	18 000
N M E Kgatla	24 000	24 000
O J Scherman	18 000	18 000
P A Shai	22 000	24 000
P E Mahapa	18 000	18 000
T L Sihlangu	16 500	18 000
	268 000	291 000



15. RELATED PARTIES (continued)	2012 R	2011 R
Regional board: traveling and meetings		
A K Molapo	5 112	1 316
C Leshiba	-	7 404
F F Ruman	-	1 134
G A Winlock	22 907	8 045
H M Maloka	-	4 799
J F Hlungwani	-	120
J W N Jacobs	1 548	10 282
L K Nsiki	1 914	3 409
M E Demana	-	587
M H Molepo	1 237	2 474
	32 717	39 567
Regional board: traveling and meetings		
M Moselane	33 030	12 499
M R M Mothapo	-	4 522
N S Modiba	419	1 769
O J Scherman	15 737	8 293
P A Shai	1 661	4 198
P E Mahapa	27 256	5 696
T L Sihlangu	4 729	4 449
	82 831	41 427
	1 458 341	1 259 829



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

as at 31 March 2012

15. RELATED PARTIES (continued)	2012 R	2011 R
15.3 Executive members		
Related party relationships exist between the entity, its directors, key management personnel and parties within the national sphere of government.		
SM Mnisi (General Manager Engineering) - Contract ended 30 November 2011		
Basic salary	541 592	825 034
Medical aid	8 112	12 168
Pension	117 702	107 887
Annual bonus	72 184	67 200
Leave termination	217 014	-
Travel and housing	252 172	358 831
	1 208 776	1 371 119
T F Madale (General Manager Corporate Services)		
Basic salary	817 113	760 554
Medical aid	12 168	12 168
Annual bonus	66 572	61 948
Performance bonus	97 523	-
Travel and housing	458 440	429 408
	1 451 816	1 264 078



15. RELATED PARTIES (continued)	2012 R	2011 R
MS Phupheli (Senior Manager Engineering) - Contract ended 30 November 2011		
Basic salary	539 321	760 554
Medical aid	8 112	12 168
Pension	68 830	99 572
Annual bonus	66 572	61 948
Performance bonus	130 030	-
Leave termination	264 578	-
Travel and housing	231 912	329 836
	1 309 355	1 264 078
SJ Mayimele (Senior Manager Engineering) - Contract ended 30 November 2011		
Basic salary	539 321	760 554
Medical aid	8 112	12 168
Pension	68 830	99 572
Annual bonus	66 572	61 948
Performance bonus	130 030	-
Leave termination	196 299	-
Travel and housing	231 912	329 836
	1 241 077	1 264 078



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

as at 31 March 2012

15. RELATED PARTIES (continued)	2012 R	2011 R
L Sefolo (Chief Information Officer)		
Basic salary	539 336	498 458
Medical aid	12 168	12 168
Pension	79 681	75 663
Annual bonus	43 874	40 600
Travel and housing	218 022	202 088
	893 081	828 977
J H Groenewald (Senior Manager Engineering)		
Basic salary	582 584	540 618
Medical aid	12 168	12 168
Pension	75 031	71 211
Annual bonus	47 508	44 034
Performance bonus	-	69 321
Travel and housing	249 478	230 936
	966 768	968 287
K R Rikhotso (Senior Manager Engineering)		
Basic salary	582 584	540 618
Medical aid	12 168	12 168
Pension	86 574	81 936
Annual bonus	47 508	44 034
Performance bonus	-	69 321
Travel and housing	237 935	220 210
	966 768	968 287



15. RELATED PARTIES (continued)	2012 R	2011 R
C C Nothnagel (Executive Manager Roads Management)		
Basic salary	673 769	591 862
Annual bonus	54 963	45 835
Performance bonus	-	80 332
Travel and housing	389 509	343 803
	1 118 241	1 061 832
B L Mathebula (Senior Manager Legal Services) - Resigned 30 November 2011		
Basic salary	369 545	519 793
Acting allowance	2 287	60 775
Medical aid	8 112	12 168
Pension	54 716	78 800
Annual bonus	45 691	42 317
Performance bonus	-	88 824
Leave termination	49 843	-
Travel and housing	149 955	211 149
	680 147	1 013 826
R C Ramodike (Senior Manager Support Services)		
Basic salary	538 658	-
Pension	79 952	-
Annual bonus	43 874	-
Travel and housing	230 921	-
	893 405	-



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

as at 31 March 2012

15. RELATED PARTIES (continued)	2012 R	2011 R
N R Nemavhola (Senior Manager Special Projects) - Resigned 31 March 2012		
Basic salary	538 134	-
Medical aid	12 168	-
Pension	79 952	-
Annual bonus	43 874	-
Travel and housing	218 803	-
Termination benefits	54 725	-
	947 656	-
M Venter (Acting Chief Financial Officer)		
Acting allowance	333 887	332 567
	333 887	332 567

16. GOING CONCERN

The net deficit as at year-end is as a result of the implementation of GRAP 17 - Property, plant and equipment. The entity has capitalised Limpopo's entire road network as an asset and the depreciation on the carrying amount of these roads and bridges resulting in a net deficit. The entity has reserves of R 32 971 967 701 left at year-end to cover the loss in 2012.

17. CONTINGENT LIABILITIES

At 31 March 2012, the entity had contingent liabilities in respect of legal cases pending for an amount of R 87 280 716 (2011: R 34 563 053). Of this some are dormant and others are being appealed, pending finalisation in the 2012/13 financial year.

18. CONTINGENT ASSETS

18.1 Guarantees

The entity is in possession of a number of guarantees obtained from contractors. The guarantees originate from contracts with contractors. The total carrying amount of guarantees held amounts to:

	2012 R	2011 R
Performance guarantees	176 413 520	193 412 857
Retention guarantees	49 494 817	76 593 105
	225 908 338	270 005 962

Performance guarantees can be used to cover costs incurred due to contractors not completing their contracts. Retention guarantees can also be used to cover deficiencies in workmanship of contractors for a period of up to 12 months after completion of contracts.

19. CAPITAL COMMITMENTS

Capital commitments contracted for at the balance sheet date but not recognised in the financial statements are as follows:

Contracts	1 192 567 659	1 428 086 691
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Capital commitments will be financed from grants to be received from the Government in 2012/13, 2013/14 and 2014/15 financial years.

20. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance	-	-
Interest charged on payments made late	2 194 198	-
Advertising costs	612 379	-
Recruitment costs	421 515	-
Employee cost (suspended employee)	135 256	-
Expenditure awaiting condonation	3 363 348	-



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

as at 31 March 2012

21. IRREGULAR EXPENDITURE	2012 R	2011 R
Opening balance	1 319 931	1 319 931
Employee cost (Acting allowance)	333 887	-
Legal fees	713 823	-
Variation orders on contracts above 20% of contract amount	350 793 024	-
Supply chain management processes not duly followed on award of contract	240 324 795	-
Irregular expenditure awaiting condonation	593 485 461	1 319 931

Details of irregular expenditure

Variation orders of more than 20% or R 20 million of the original contract amount were issued on various contracts which were in contravention with Treasury instruction note "Enhancing compliance, monitoring and improving transparency and accountability in Supply Chain Management".

Supply Chain processes followed on the award of contract T392 were not properly documented and adopted. The contract was awarded, the appointment letter issued and subsequently suspended by the Board of Directors.

22. RECONCILIATION BETWEEN 2012 BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

Net deficit as per statement for 2012	(1 791 257 892)
Adjusted for:	
Surplus on disposal of assets	(2 233)
Depreciation on PPE	2 527 561 224
Assets capitalised	(1 007 693 050)
Revenue not budgeted for - interest and billboard revenue	(4 052 216)
Over spending in employee cost	720 823
Over spending in administrative expenses	2 609 373
Over spending in directors fees	109 773
Under spending in movable assets	(212 929)
Over spending in project expense	272 217 128
Net surplus / (deficit) as per budget for 2012	-



23. CHANGE IN ACCOUNTING ESTIMATE

2012
R

2011
R

During 2010/11 roads and bridges were inspected to determine the Visual Conditions Index ("VCI"). The VCI is used to estimate the useful life of all roads and bridges and this in itself will affect the depreciation that was written off during the current year.

The effect of the changes in estimate on the financial statements is as follows:

Expenses

Depreciation

-

603 603 149

24. OPERATING LEASE COMMITMENTS

Total future minimum lease payments due:

- Up to 1 year

183 517

-

The entity leases photocopiers from Digi Print for a period of 2 years, effective from 01 April 2011. The lease payment is R15 293 per month with an annual escalation of nil%. No contingent rent is payable. The lease agreement is not renewable at the end of the lease term.

There were no defaults or breaches and no terms or conditions were renegotiated during the reporting period.

25. PRIOR YEAR ADJUSTMENT

During 2009/10 Roads Agency Limpopo (Pty) Ltd ("RAL") adopted GRAP 17 (Property, Plant and Equipment) and changed its accounting policy with respect to the treatment of property, plant and equipment that are directly attributable to the building of the road network in the Limpopo. RAL also applied Directive 7 (The application of deemed cost on the adoption of Standards of GRAP) and consequently deemed cost was used to determined the capital values of all assets.

During the 2011/12 financial year, RAL performed an inspection on roads and bridges during which it was identified that several assets had been incorrectly capitalised in the 2009/10 financial year. This has been accounted for retrospectively and the comparative figures for 2011 have been restated.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

as at 31 March 2012

25. PRIOR YEAR ADJUSTMENT (continued)	2012 R	2011 R
The effect of the adjustment on the financial statements is as follows:		
Current assets		
Consumables	-	306 674
Non-current assets		
PPE under construction (prior 2010/11)	-	43 459 226
Expenses		
Consumables	-	306 674
Non-capital project cost	-	41 916 379
Reserves		
Reserves (prior 2010/11)	-	(43 459 226)
26. NON-CAPITAL PROJECT COST		
Preventative maintenance expenditure	19 098 661	-
Flood damage repairs	17 699 727	-
Other project related costs	8 116 496	41 916 379
	44 914 883	41 916 379

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NOTES

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