

GAUTENG PROVINCE
ROADS AND TRANSPORT
REPUBLIC OF SOUTH AFRICA

**g-Fleet MANAGEMENT 2018/19 FINANCIAL YEAR THIRD QUARTER PERFORMANCE REPORT
(01 OCTOBER 2018 – 31 DECEMBER 2018)**

Supported by:


Mr. Mbasa Ngumla

Acting Chief Financial Officer

g-Fleet Management

Date: 01/8/01/2019

Authorized by:



Ms. Noxolo Maninjwa

Chief Executive Officer

g-Fleet Management

Date: 18/01/2019

Approved by:



Mr. Ronald Swartz

Head of Department

Gauteng Department of Roads and Transport

Date:

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1. TRADING ENTITY PERFORMANCE

1.1 OVERVIEW BY CHIEF EXECUTIVE OFFICER

a. Background

g-Fleet was formally known as the Government Garage and also as Gauteng Government Motor Transport (GGMT), following the devolution of the Fleet Management function previously carried out at the National Sphere of Government to the Provincial Administrations in terms of the Cabinet decision taken on 25 May 1988.

The entity has been operating as a trading Entity of the former Gauteng Department of Public Transport, Roads and Works (GDPTRW), since 2001. The Department is now the Gauteng Department of Roads and Transport (GDRT) following the re-configuration of Government Departments within the Gauteng Province, which resulted in the GDPTRW being split into the GDRT and the Gauteng Department of Infrastructure Development (GDID).

b. Vision

We keep Government Service Delivery on the move.

c. Mission

We will achieve our vision by:

- Providing effective, competitive and efficient fleet services to government.
- Focusing on providing reliable fleet to meet client needs.
- Building and maintaining sustainable stakeholder relations.

d. Values

The values that guide the work of the staff and contractors working on behalf of the Entity are the following:

- (i) Good Governance**
We pledge to uphold sound principles of institutional management, efficient systems and processes in service delivery and implement necessary governance structures.
- (ii) Responsiveness**
Our staff and contractors shall be approachable, receptive, open and will be quick to respond to needs of clients and Gauteng citizens as well as carrying out their responsibilities.
- (iii) Innovative**
We commit to be original, inventive and novel in the execution of our mandate and activities.
- (iv) Accountability**
We pledge to be answerable to clients and citizens of Gauteng about our service delivery responsibilities.
- (v) Passion**
We undertake to deliver services with passion, excitement and enthusiasm.
- (vi) Professionalism**
We commit to show competence and an attitude of excellence at all times.
- (vii) Ethical**
We commit to be principled, fair and just in our conduct and in service to the people of Gauteng.
- (viii) Commitment**
We commit to be devoted, faithful and loyal to the citizens and clients.

1.2 REVISIONS TO LEGISLATIVE, POLICY AND OTHER MANDATES

1.2.1 Legislative Mandates

The Entity is operating in line with the following legislative mandates during the 2018/19 financial year:

- a. Public Finance Management Act (PFMA)
- b. Treasury Regulations
- c. Treasury practice notes
- d. Public Service Act
- e. Public Service Regulations
- f. Cabinet Memo of 1988
- g. Transport Circular 4 of 2000
- h. National Road Traffic Act of 1996
- i. Administrative Adjudication of Road Traffic Offences (AARTO)

The implementation of AARTO is creating a huge challenge for g-Fleet in that some client department's drivers do not pay their traffic fines which results in g-Fleet not being able to timeously renew the vehicles licence disks. This has led to the Entity deciding to pay these fines and bill the affected client departments' respectively.

1.2.2 Policy & Other Mandates

The Entity's operations are largely regulated by the National Transport Circular No. 4 of 2000, which governs all matters relating to the utilization of government-owned transport and related transport functions. The effect of the above-mentioned circular has resulted in the withdrawal of Transport Circular No. 1 of 1975.

In response to Government that the implementation of the Gauteng Highway Improvement Project (GFIP), which was rolled-out by South African National Roads Agency Ltd (SANRAL) is almost finalised. The implementation of the new e-tolling system on identified Gauteng Provincial roads has led to slight changes to the Entity's operations. These changes included adapting systems to facilitate the management and billing of the new tolls incurred as a result of the utilization of g-Fleet's vehicles by clients'.

1.3 UPDATED SITUATIONAL ANALYSIS

1.3.1 Improvement of Performance in 2018/19 Financial Year

All efforts will be directed in ensuring that an Unqualified Audit Opinion is issued by the Auditor General (SA). Interventions will also be aimed at addressing operational challenges thereby demonstrating significant and systematic improvement of operations and customer satisfaction. Ongoing surveys and engagements with all key stakeholders throughout the current financial year will further provide an opportunity to determine whether planned and implemented initiatives have the desired effect on fleet management operations which will result in high levels of client satisfaction thereby meeting stakeholder expectations.

1.3.2 Service Delivery Environment

The Entity kept the average age of fleet at less than 4 years during the quarter under review due to the procurement of new vehicles and the disposal of the redundant vehicles.

The Entity achieved 87% against the 80% of the planned target for percentage of vehicles auctioned. The publishing of the auction and word of mouth is gradually yielding results as the public is now becoming more aware of the Entity's auction.

The Entity tracked 89.4% of in-service vehicles against the planned target of 90%. The Transport Support Services Business Unit focused on the de-installation for vehicles identified for the December 2018 auction. The Entity will ensure that all vehicles that are currently not fitted with tracking devices and fitted excluding exempt vehicles.

The Entity achieved 45 days against the 20 days planned target of average turnaround time for accidents and mechanical repairs. The accident repairs contributed to the extended turnaround time due to the misalignment of the accident repairs process with the RT46 service provider and failure by the service provider to efficiently manage the accident repairs process. The Entity has updated the engagement mandate with the service provider and a new accident repairs process was developed and implemented and it was also agreed on an alternative process to expedite accident repairs should the service provider fail to meet the turnaround time.

The planned target for number of days for vehicle preparation is 20 business days however due to the method of calculation being changed to be inclusive of all new received from 01 April 2018 to 31 December 2018 and the vehicles preparation process was delayed to 22 business days. Most new vehicles are registered and licensed by manufactures before delivery to g-Fleet and this will assist in reducing the turnaround times.

The Entity did not achieve the 67% of average rental utilisation for VIP self-drive vehicles and only achieved 36.99% due to a decrease in client demand.

The Entity achieved 82.12% against the 67% planned target of average rental utilisation for Pool services due to increased demand from clients.

The Entity did not achieve the 4% of the planned target for percentage of maintenance expenditure on Gauteng township business (automotive) and only achieved 2.4% due to the reduced number of older and out of warranty vehicles withdrawn and disposed. The engagement mandate ensures that work allocation is prioritized to Black Owned, Women Owned and Youth Owned businesses.

1.4 OVERVIEW OF ORGANISATIONAL ENVIRONMENT

1.4.1 Overview of Functions & Services

g-Fleet Management is the Trading Entity of the Gauteng Department of Roads and Transport (GDRT). The main aim of the Entity is to provide motor transportation services to all government departments at provincial, municipal and national levels.

The trading activities of g-Fleet focus primarily on the provision of state vehicles to enable client departments to carry out their day-to-day service delivery activities efficiently and effectively. Vehicles are procured by g-Fleet in line with client requests and through Service Level Agreements entered into. g-Fleet also procures vehicles to replace previously allocated vehicles that have become obsolete and must be withdrawn. The National Treasury RT57 contract guides the procurement of vehicles.

The fleet of vehicles is allocated to client departments for a period stipulated by the client (on Full Maintenance Lease contracts).

In return g-Fleet charges a daily, monthly or a kilometer tariff (user tariff charges) on the vehicles to cover the capital, running and overhead costs of the entity.

The Fleet Maintenance functions focus mainly on the maintenance and repair of vehicles using Transit Solutions merchants, in line with the National Treasury RT46 Contract. The RT46 contract has since been awarded to Transit Solutions with effect from 01 April 2014. Fleet management support services are also provided to clients via the management and/or administration of fuel cards, traffic fines. Any obsolete vehicles and those that cannot be repaired are sold through a public auction.

1.4.2 Overview of Service Network

g-Fleet operates from Bedfordview, where the Head Office is based, with offices at 45 Commissioner Street, Johannesburg Central Business District, offices in Koedoespoort, Pretoria and a kiosk at the OR Tambo International Airport, Kempton Park.

The Entity has three (03) functional regional offices namely in Kwa-Zulu Natal, Eastern Cape, Western Cape. These mainly service regional and district offices of Gauteng-based National Departments and Municipalities who are key clients of g-Fleet. As part of the Turnaround Plan, more emphasis will be directed at ensuring that the Entity and Regional Offices have adequate capacity and fleet, to meet all client needs at the various regions/districts.

1.4.3 Overview Staff Complement

An analysis of the current profile of employees indicate that 81% (220) of g-Fleet employees are permanent employees, whilst 3% or (7) are employed on a contract basis. The recruitment process will continue as the moratorium on vacant posts has been lifted.

1.4.4 Summary of Posts and Vacancies

Staff Categories	Number	Percentage
	Q3	Q3
Total posts on approved structure	275	100%
Total staff complement	227	83%
Number of professional and managerial posts	8	3%
Number of professional and managerial posts filled	5	2%
Number of excess staff	0	0%
Number of positions filled by permanent staff	220	81%
Number of positions filled by contract staff	7	3%
Number of vacant positions excluding contract workers	55	19%
Number of vacant positions including contract workers	55+7= (62)	22%

1.4.5 Summary of Disciplinary Procedures

Status	Discipline	Appeals	Conciliation	Arbitration	Grievances	Disputes
Number Lodged	4	Nil	Nil	1	1	1
Number Concluded	3	Nil	Nil	1	1	0
Number Outstanding	1	Nil	Nil	1	1	1

2. FINANCIAL PERFORMANCE

2.1 ANNUAL BUDGET: FUNDING

3 RD QUARTER PERFORMANCE REPORT FOR THE 2018/19 FY	TOTAL BUDGET YEAR TO DATE REPORT					QUARTER 3 APP REPORT				
	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT		
ANNUAL APPROVED BUDGET	R 944,620,218	R 619,835,924	R 324,784,294	66%	R 276,075,764	R 370,926,697	-R 94,850,933	134%		
RESPONSIBLE MEC	MEC Roads and Transport – Dr. Ismail Vadi									
ADMINISTERING DEPARTMENT	Provincial Department of Roads and Transport									
ACCOUNTING OFFICER	HOD Roads and Transport – Mr. Ronald Swartz									

2.2 REVENUE INVOICING: BILLING

APP REPORT 2018/19 FY	TOTAL BUDGET YEAR TO DATE REPORT					QUARTER 3 APP REPORT				
LEASING OF VEHICLES	ANNUAL BUDGET	ACTUAL BILLING	TOTAL VARIANCE	% ACTUAL	BUDGET BILLING	ACTUAL BILLED	TOTAL VARIANCE	% ACTUAL		
REVENUE - EXCHANGE	R 836,000,000	R 627,191,324	R 208,808,676	75%	R 209,000,000	R 203,725,669	R 5,274,331	97%		
GRAND TOTAL	R 836,000,000	R 627,191,324	R 208,808,676	75%	R 209,000,000	R 203,725,669	R 5,274,331	97%		

2.3 REVENUE COLLECTIONS: RECEIPTS

APP REPORT 2018/19 FY	TOTAL BUDGET YEAR TO DATE REPORT					QUARTER 3 APP REPORT		
	ANNUAL BUDGET	ACTUAL COLLECTIONS	TOTAL VARIANCE	% ACTUAL	BUDGETED COLLECTIONS	ACTUAL COLLECTIONS	TOTAL VARIANCE	% ACTUAL
REVENUE - EXCHANGE	R 836,000,000	R 647,743,552	R 188,256,448	77%	R 209,000,000	R 243,334,769	-R 34,334,769	116%
REVENUE – NON- EXCHANGE	R 42,000,000	R 41,442,326	R 557,674	99%	R 10,500,000	R 14,924,852	-R 4,424,852	142%
TRANSPORT FEES	R 1,500,000	R 1,433,861	R 66,139	96%	R 375,000	R 439,061	-R 64,061	117%
AUCTION FEES	R 63,945,000	R 61,884,665	R 2,060,335	97%	R 15,986,250	R 59,430,023	-R 43,443,773	372%
GRAND TOTAL	R 943,445,000	R 752,504,405	R 190,940,595	80%	R 235,861,250	R 318,128,704	-R 82,267,454	135%

2.4 EXPENDITURE: PER PROGRAMME

The table below classifies the first quarter's expenditure incurred for each Sub-Programme which also includes the following costs: -

- Payments for Capital Assets.
- Payments for Current Goods and Services which includes:
 - o Compensation for Employees.
 - o Current Year Goods and Services.

PER PROGRAMME	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	QUARTERLY BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT
OFFICE OF THE CEO	R 3,370,861	R 2,210,753	R 1,160,108	66%	R 931,197	R 753,544	R 177,653	81%
OFFICE OF THE CFO	R 8,891,043	R 5,395,448	R 3,495,595	61%	R 492,766	R 876,476	-R 383,710	178%
FINANCIAL ACCOUNTING	R 15,923,063	R 10,705,005	R 5,218,058	67%	R 4,161,006	R 3,776,578	R 384,428	91%
OPERATIONS AND CORPORATE SERVICES	R 916,435,251	R 601,524,718	R 314,910,533	66%	R 270,490,795	R 365,520,099	-R 95,029,304	135%
GRAND TOTAL	R 944,620,218	R 619,835,924	R 324,784,294	66%	R 276,075,764	R 370,926,697	-R 94,850,933	134%

2.5 EXPENDITURE: PER BUSINESS UNIT

APP REPORT 2018/19 FY	YEAR TO DATE RESULTS					QUARTER 3 RESULTS				
	PER BUSINESS UNIT	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	QUARTERLY BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	
OFFICE OF THE CEO	R 3,370,861	R 2,210,753	R 1,160,108	66%	R 931,197	R 753,544	R 177,653	81%		
OFFICE OF THE COO	R 444,325	R 320,438	R 123,887	72%	R 120,000	R 116,113	R 3,887	97%		
OFFICE OF THE CFO	R 8,891,043	R 5,395,448	R 3,495,595	61%	R 492,766	R 876,476	-R 383,710	178%		
FINANCIAL ACCOUNTING	R 15,923,063	R 10,705,005	R 5,218,058	67%	R 4,161,006	R 3,776,578	R 384,428	91%		
CORPORATE SERVICES	R 60,351,942	R 24,336,856	R 36,015,086	40%	R 19,829,373	R 10,537,427	R 9,291,946	53%		
MARKETING & COMMUNICATION	R 12,256,752	R 7,848,327	R 4,408,425	64%	R 3,228,690	R 2,785,324	R 443,366	86%		
MAINTENANCE SERVICES	R 156,008,660	R 108,899,021	R 47,109,639	70%	R 40,911,781	R 72,755,409	-R 31,843,629	178%		
TRANSPORT SUPPORT SERVICES	R 236,785,702	R 180,372,077	R 56,413,625	76%	R 52,734,472	R 141,293,198	-R 88,558,727	268%		
PERMANENT SERVICES	R 429,079,707	R 266,056,643	R 163,023,064	62%	R 147,660,662	R 133,059,061	R 14,601,601	90%		
VIP POOL SERVICES	R 21,508,163	R 13,691,355	R 7,816,808	64%	R 6,005,817	R 4,973,566	R 1,032,251	83%		
GRAND TOTAL	R 944,620,218	R 619,835,924	R 324,784,294	66%	R 276,075,764	R 370,926,697	-R 94,850,933	134%		

3. NON-FINANCIAL PERFORMANCE

3.1 OVERVIEW OF PROGRAMME STRUCTURE

The performance activities of g-Fleet are reported under the following programmes:

SERVICE DELIVERY PROGRAMME	PROGRAMME STRUCTURE
1. OPERATIONAL MANAGEMENT SERVICES	PERMANENT FLEET SERVICES VIP / POOL SERVICES FLEET MAINTENANCE TRANSPORT SUPPORT SERVICES INFORMATION AND COMMUNICATION TECHNOLOGIES
2. FINANCIAL MANAGEMENT	FINANCE

3.2 SERVICE DELIVERY PERFORMANCE

3.2.1 OPERATIONAL MANAGEMENT SERVICES

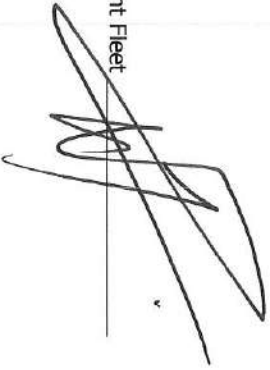
STRATEGIC OUTCOME ORIENTATED GOAL 1: Provide fleet management services that are effective, efficient and client-focused

STRATEGIC OBJECTIVE 1: Provide clients with reliable and cost effective fleet.

Performance Indicator	Audited Baseline	2018/19 Annual Target	Quarter 1		Quarter 2		Quarter 3		Deviation from Target		Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Planned	Actual	Planned	Unit	%		
Average age of fleet	≤4 Years	≤4 Years	3.5 Years	3.7 Years	3.7 Years	≤4 Years	3.7 Years	0.3		+7.5%	The procurement of new vehicles and the disposal of the redundant vehicles had a positive outcome on the fleet of the Entity.	N/A
Percentage of vehicles auctioned.	New KPI	80%	0	90%	80%	80%	87%	92		+7%	Publishing of the auction and word of mouth is slowly yielding results and masses of the public are now more aware of the Entity's auction.	N/A

SIGNED OFF:

Director: Permanent Fleet



Acting Director: Finance



3.2.2 OPERATIONAL MANAGEMENT SERVICES

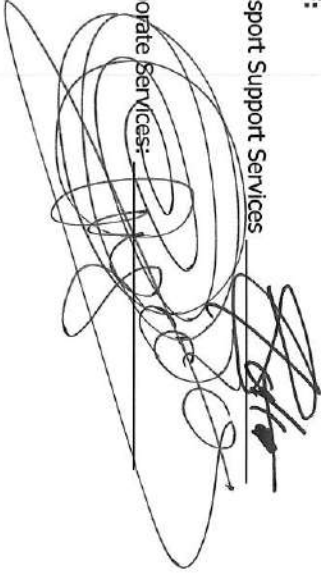
STRATEGIC OBJECTIVE 2: To provide quality and value-added client service by monitoring vehicle location and maintaining turn-around times of 20 days and achieving client satisfaction of 70%.

Performance Indicator	Audited Baseline	2018/19 Annual Target	Quarter 1			Quarter 2			Quarter 3			Deviation from Target		Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Actual	Planned	Actual	Unit	%					
Percentage of in-service vehicles tracked.	93%	93%	90.8% (6207)	90%	89.3% (6280)	89.4% (6061)	-41	-0.6%	The Entity requested client departments to avail vehicles that are not fitted with tracking devices to be installed however vehicles were not made available.	To fit all vehicles that are not currently fitted with the tracking units excluding the exempt vehicle.					
Average turnaround time for accidents and mechanical repairs	20 Days	20 Days	35 Days	20 days	38 days	45 days	-25 days	-125%	<p>Total Current Fleet = 7074 less the exempt vehicles of 294 = 6780</p> <p>100% In-Service Vehicles = 6780</p> <p>Exempt Vehicles Prosecuting Authority 111 Justice 156 Premier 18 Mineral Resources 9 Total = 294</p> <p>Accident repairs contribute to the extended turnaround time.</p> <p>This is due a misalignment of accident repairs process with the RT46 service provider and failure by the RT46 service provider to efficiently manage accident repairs process.</p>	<p>The Entity will make follow-ups with the client departments on the letters sent to ensure that all vehicles are fitted with the tracking devices by the end of the current financial year.</p> <p>The Entity has updated the engagement mandate with the RT46 service provider and a new accident repairs process was developed and implemented.</p> <p>The Entity and the RT46 service provider also agreed on an alternative process to expedite accident repairs should the service provider fail to meet the turn-around time.</p>					

Performance Indicator	Audited Baseline	2018/19 Annual Target	Quarter 1		Quarter 2		Quarter 3		Deviation from Target		Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Planned	Actual	Planned	Unit	%		
Percentage of client satisfaction level for all g-Fleet's client departments.	89%	70%										

SIGNED OFF:

Director: Transport Support Services



Acting Director: Fleet Maintenance



Director: Corporate Services:

STRATEGIC OUTCOME ORIENTATED GOAL 2: Sustainable and well-governed organisation

STRATEGIC OBJECTIVE 1: Optimise return on investment.
Optimal use of the Entity's assets in delivery of services that is cost effective and yield return to ensure sustainability.

Performance Indicator	Audited Baseline	2018/19 Annual Target	Quarter			Deviation from Target		Reason for Deviation	Proposed Intervention	
			1 Actual	2 Actual	3 Actual	Unit	%			
Average number of business days from delivery of vehicle to active vehicle contract with client (lease vehicles only from Permanent unit)	20 business days	20 business days	30 business days	26 business days	20 business days	22 business days	-2 business days	-10%	The method of calculation has changed to be inclusive of all new vehicles received from 1 April 2018 to 31 December 2018. Thus, giving a true reflection of the actual turn-around times.	Vehicle Registration and Licensing done prior to vehicle delivery. (Most vehicles are registered and licensed by manufacturers before delivery to g-Fleet. This is assisting to reduce turn-around times. There has been a reduction by an average of 4 business days from the Q2).
Average percentage of rental days utilised for VIP self-drive vehicles	Average rental utilisation of 67%	Average rental utilisation of 67%	-	41.67%	Average rental utilisation of 67%	36.99%	-	-30.01%	Decrease in client demand.	The Entity will market the VIP services to current and potential clients to improve the average rental utilisation for VIP self-drive vehicles.
Average percentage of rental days utilised for Pool vehicles	Average rental utilisation of 67%	Average rental utilisation of 67%	-	90.32%	Average rental utilisation of 67%	85.12%	-	+18.12%	Increased demand from clients.	N/A

Performance Indicator	Audited Baseline	2018/19 Annual Target	Quarter 1			Quarter 2			Quarter 3			Deviation from Target		Reason for Deviation	Proposed Intervention
			Actual	Actual	Planned	Actual	Actual	Planned	Actual	Actual	Unit	%			
Annual Tariff structure submitted to Treasury for approval	Reviewed Tariff submitted to Treasury for approval	Implementation of the approved tariff. Review of tariff for 19/20 for submission to Treasury for approval.													
Implementation of sustainability model – Phase 2	Phase 1 implementation of sustainability model.	Phase 2 implementation of sustainability model.													
Percentage decrease in average debtor days	20%	20%	7%	4.68%	20%	10.71%	-11 days	-9.29%					Although there is a payment plan from Gauteng Department of Health, this department continues to prevent the Entity from achieving the target as it is owing about 42% of total debtors' book. Without this department, the Entity would have reduced its debtors by 34 days or 29% in terms of average collection days.	Ensure that Gauteng Department of Health prioritise g-Fleet as and when they receive their budget allocations. Vigorously follow -up on other top owing departments.	

SIGNED OFF:

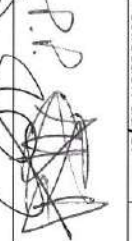
Director: Permanent Fleet



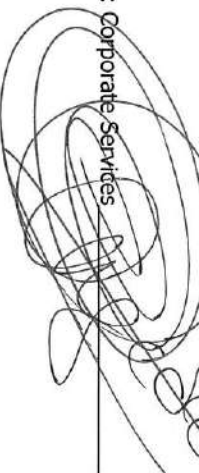
Acting Director: Finance



Acting Director: VIP and Pool Services



Director: Corporate Services



STRATEGIC OBJECTIVE 2: Engender organisational and culture change. To build and maintain a healthy organisation with effective operations

Performance Indicator	Audited Baseline	2018/19 Annual Target	Quarter 1		Quarter 2		Quarter 3		Deviation from Target Unit	Deviation from Target %	Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Planned	Actual	Planned				
Percentage of undisputed invoices paid within 30 days from receipt of invoice.	100%	100%	84%	100%	95%	100%	98%	100%	-10	-2%	There were delays in the approval of invoices by project managers due to some invoices being disputed.	The Finance Unit will ensure that managers approve invoices on time and or keep records of evidence where there were difficulties or disputes.
Audit outcome (Auditor-General)	Unqualified audit opinion	Unqualified audit for 2017/18			Unqualified audit for 2017/18							
Phase 2 Implementation of ICT Strategy	Phase 1 Implementation of ICT Strategy	Phase 2 Implementation of ICT Strategy										
Percentage of maintenance expenditure on Gauteng township businesses (automotive)	4%	4%	6% (R951 810.07)	4%	3.6%	4%	2.4% (R640 655.18)	4%	-R427 103.45	-1.6%	The decline in the KPI is due to the reduced number of older and out of warranty vehicles withdrawn and disposed in line with the Entity's Vehicle Replacement Policy.	Continuous monitoring of the engagement mandate as reviewed implemented. Engagement mandate ensures that work is prioritized in terms of allocation with emphasis on Black Owned, Women Owned and Youth Owned businesses.

SIGNED OFF:

Acting Director: Finance 

Deputy Director: Information and Communication Technologies 

Acting Director: Fleet Maintenance 