




Road Traffic
Management Corporation

What is required from the RTMC as a Lead Agency on Road Safety?



- Develop management capacity to understand road safety issues.
- Coordinate key stakeholders to develop and deliver strategies.
- Provide a comprehensive strategy with defined targets and timeframes.
- Advocate for effective legislation to enable desired results to be delivered.
- Ensure adequate funding and well targeted resource allocation for interventions and related institutional management functions.

4

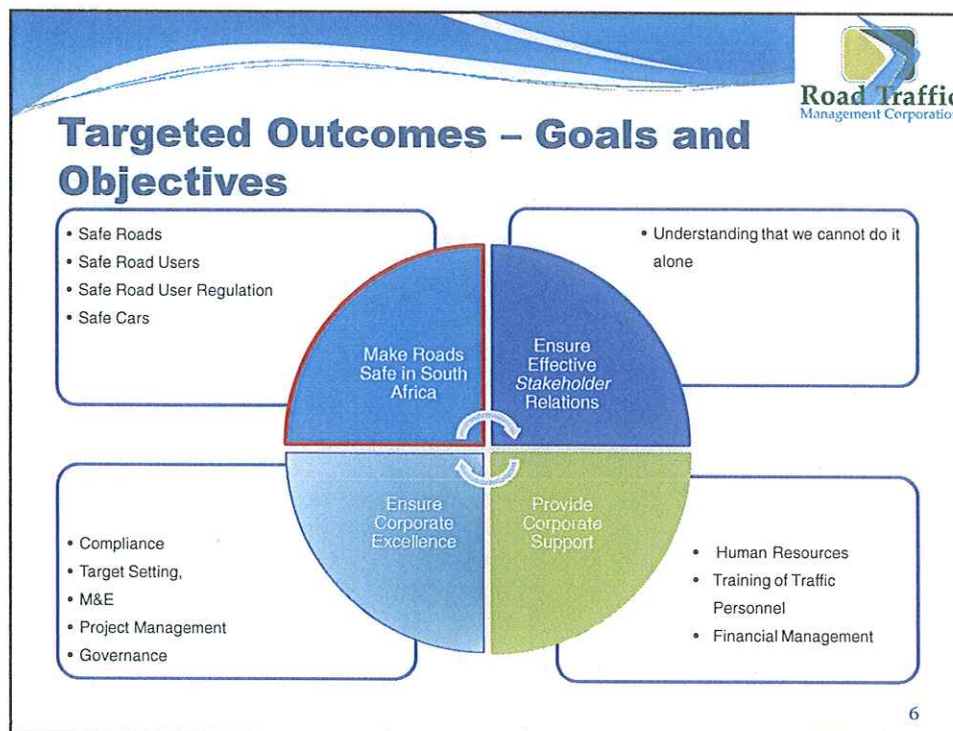



Road Traffic
Management Corporation

What is required from the RTMC as a Lead Agency on Road Safety? (Cont)

- Promote research, development and knowledge transfer programmes.
- Promote road safety in South Africa.
- Deliver interventions and target achievements.
- Provide robust and systematic monitoring and evaluation to measure performance.
- Review performance against the set targets.


5





Road Traffic
Management Corporation

Targeted Audit Outcomes 2012/13

Number of Planned Key Performance Indicators 2012/13	34
Number of Targets Not Achieved 2012/13	21
Number of Targets Achieved 2012/13	13




7



Operating Environment – NTP Staff Complement

- The staff complement has decreased from 391 at the end of March 2012 to 371 at the end of March 2013.
- More favourable conditions of service such as:
 - Overtime;
 - Payment of other allowances (standby / danger allowance);
 - Being allowed to take the patrol vehicle home
 - Low morale
 - No growth opportunity


8



Operating Environment – Skills Development

- The review of performance was implemented in accordance with PMDS Policy.
- The beneficiaries of the performance reward process were limited to employees on level 12 and below.
- Twenty interns were recruited.
- The internship programme is a collaborative effort with the Safety or Security Sector Education and Training Authority and the United Nations Development Programme through the National Department of Transport.
- Ten bursaries opportunities were allocated to deserving employees during the year under review.
- The RTMC has received a R1 053 830.21 discretionary grant and mandatory grant amounting R384 000.00 from SASSETA which was used to capacitate officials on technical competencies and soft skills such as advance driving, eNatis: fraud and corruption programme and assessors and moderators training interventions.


9



Operating Environment – RTMC Management

- Uncertainties because of budgetary constraints.
- Numerous Acting Senior positions.

10



Operating Environment – Governance

- The Shareholder Committee meetings did not take place as per requirements.
- The non-appointment of a Board of Directors had a negative impact.
- Acting CEO period.
- Inadequate funding for the three quarters of the year under review
- Operations under the year with a depleted Senior Management Team.

11



Road Traffic
Management Corporation

Achieved Targets – Road Safety Management

- **RTMC Funding (RTMC Solvent)**
 - Solvency position moved from a negative net asset position to a positive net asset position.
- **Development of a Crash Information Management System (CIMS)**
 - Internal system developed for real time recording of crashes. Piloting internally, awaiting signed MoU's from Limpopo & KZN Provinces.
- **Crash Investigation and Recording**
 - 118 Major fatal crashes investigated.



12



Road Traffic
Management Corporation

Achieved Targets – Road Safety Management (Cont)

- **National Traffic Police (NTP)**
 - The NTP continue to operate as a National Resource deployment to Province.
- **National Traffic Anti Corruption Unit**
 - Successful operations with other Law Enforcement Agencies resulting in arrests for corrupt practices in various Provinces – KZN, Gauteng, Mpumalanga and Eastern Cape.
- **Second International Road Safety Conference**
 - Conference held in October 2012 in conjunction with the SA Roads Federation.
- **Driving School Summit**
 - To chart a map forward on the inclusion of the sector in regulation, accreditation training and legislation.

13



Road Traffic
Management Corporation

Achieved Targets – Road Safety Mobility and Safer Vehicles (Cont)

- **South African Road Assessment Programme (SARAP)**
 - 4000 km of roads have been assessed and coding has commenced before the rating and action required can be finalized.
- **National Rolling Enforcement Plan II developed**

A 365 day,, seamless month-by-month Traffic Enforcement campaign that targets various focal areas by setting targets and conducting nation-wide blitzes in a harmonized fashion.



14




Road Traffic
Management Corporation

Achieved Targets – Safe Road Users

- **Launch of “Get There. No Regrets”**
 - Multi pronged road user targeted campaign launched.
- **World Professional Drivers Championship**
 - Competition held in Sun City, North West, participation Countries including South African Development Community (SADC) in coorporation with Union Internationale des Chauffeurs Routiers (UICR).
- **Learner Programmes**
 - National Road Safety Debates and Participatory Educational Techniques held in Cape Town.




15



Predetermined Objectives

- Finding
- Root cause
- Mitigation
- Way forward
- Leadership
- Communication platforms to create awareness of approved policies and procedures established.
- All approved policies and procedures are circulated and stored on central drive.

16



Predetermined Objectives (Cont)

- An intranet has been developed internally, all policies will be placed on the RTMC's website to ensure easy access for new staff members and old staff members.
- Financial and performance management.
- Under resourced Finance Unit.
- All financial records are stored in a system for safe keeping.

17



Predetermined Objectives (Cont)

- The Senior Manager within the Finance Unit will review all financial records to ensure completeness, Internal audit to conduct an audit of the financial process to ensure completeness of financial records.
- **Governance.**
 - Lack of agreed review dates with Governance Stakeholders.
 - Agreed dates with stakeholders to review financial information on a quarterly basis as well as performance information.

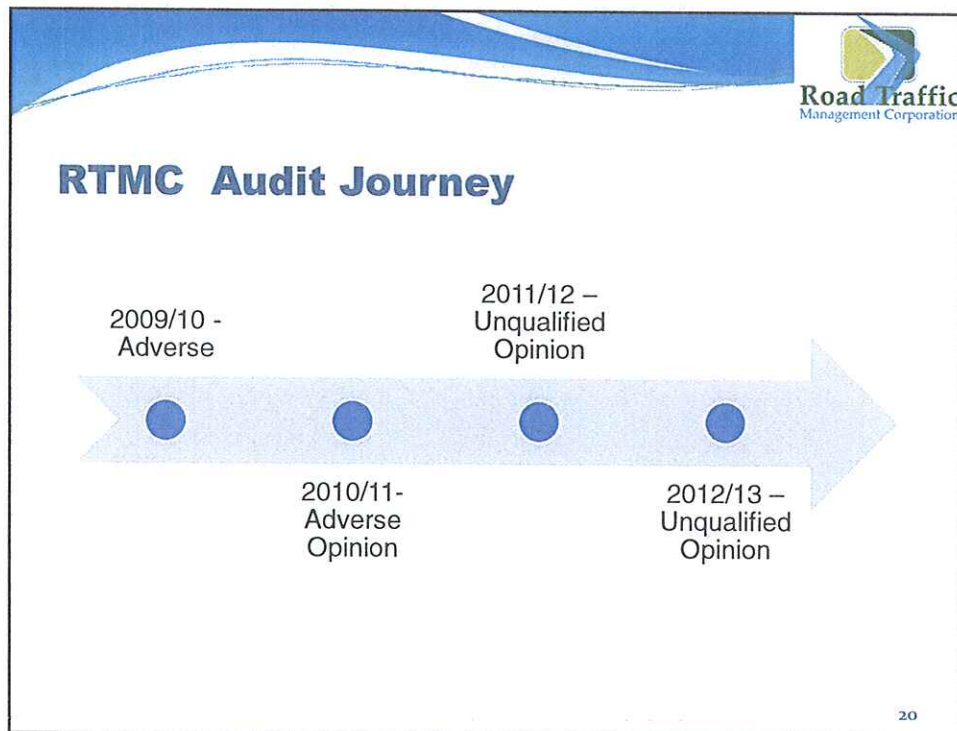
18



Outline: Financial statements

1. RTMC audit Journey
 - 1.1 Operating Environment
 - 1.2 Overall Financial Position
 - 1.3 Statement of Financial Position
 - 1.4 Statement of Financial Performance
2. Opinion Comparatives
3. Emphasis of Matter
4. Non Compliance with laws and regulations
5. Internal Control Deficiencies


19




Overall Financial Position

1. Going concern challenge of the Corporation: Pendulum swung from technical insolvency to healthy Balance Sheet:
 - Cash and cash equivalent grew by 288%
 - Property, Plant and Equipment (PPE) doubled
2. Assets exceeds Liabilities by R418m (2012: R121m)


21

 Statement of Financial Position					
	2013 R	2012 R Revised		2013 R	2012 R Revised
ASSETS			LIABILITIES		
Current assets			Current liabilities		
Deposits	603,035	603,035	exchange transactions	107 446 792	174 146 454
exchange transactions	136 251 862	155 899 478	Provisions	2,219,388	-
Inventory	-	18,497			
Cash and cash equivalents	375,675,767	130,441,120	TOTAL LIABILITIES	109 666 180	174 146 454
	512 530 665	286 962 130			
Non - current assets			Accumulated (Deficit) / Surplus	418 382 594	121 862 854
Property, plant and equipment	14 149 488	7 486 257			
Intangible assets	1,368,621	1,560,921			
	15 518 109	9 047 178			
TOTAL ASSETS	528 048 774	296 009 308		528 048 774	296 009 308

2.2

 Annual Financial Report – 2012/13			
Statement of Financial Position (Balance Sheet)			
<u>Current assets</u>	<u>Amount</u>	<u>Details</u>	<u>Reasons</u>
Cash and bank	R375m	<ul style="list-style-type: none"> AARTO Accounts = R46m eNaTIS = R318m 	<ul style="list-style-type: none"> AARTO Accounts: Infringement fees for both Gauteng Department of Community Safety, Tshwane Metro, JHB Metro and RTIA paid into the AARTO national bank accounts. Funds in eNaTIS account represent transaction fees received by the RTMC from Provinces.
Trade and other receivables	R136m	<ul style="list-style-type: none"> Transaction fees due from Provinces R108m (2012: R138m) 	<ul style="list-style-type: none"> Transaction fees receivable from Provinces. 70% of all outstanding debts are within the 90 day period. 30% of the total debts is long outstanding (R41m). R41m of the long outstanding balance is shared amongst the 3 Provinces (Limpopo (R11m), Mpumalanga (R16m) and Gauteng (R14m)) and these relate to the period when issuing authorities were still paying directly to the RTMC.
		AARTO Infringements due from Issuing Authorities = R18m	Change in accounting principle to account only on cash basis thus these are monies due by RTIA and GDOC that were overpaid in the previous accounting principle.
Non-current asset		<ul style="list-style-type: none"> Property, Plant & Equipment = R14.1m and Intangible assets = R1,3m Assets register implemented and 100% compliant. 	

23




Road Traffic Management Corporation

Annual Financial Report – 2012/13 (Cont)

Statement of Financial Position (Balance Sheet)

Liabilities	Amount	Details	Reasons
Trade and Payables	R107m	<ul style="list-style-type: none"> • R13m = Creditors and accruals • R7m = Accrued employee costs • R9m = Unallocated transaction fees • R75m = AARTO infringements. 	<ul style="list-style-type: none"> • Provision for Leave and back-pays • Infringements fees paid into AARTO national bank account and payable to issuing authorities

24



Road Traffic Management Corporation

Statement of Financial Performance

	2013 R	2012 R Revised
Revenue		
Grant income	82,412,000	77,949,000
AARTO Infringements fees	4 674 317	2,530,408
Transaction fees	389,237,292	381,119,001
Other income	23,047,186	52,851,142
Finance revenue	7 923 110	3,648,334
	507 293 905	518,097,885
Expenditure		
Operating expenses	(210,805,891)	(177,687,422)
Finance costs	(195,150)	(346,224)
	(211,001,041)	(178,033,646)
Surplus for the year	296 292 865	340 064 239


25

Annual Financial Report – 2012/13			
Statement of Financial Performance (Income Statement)			
Income	Amount	Details	Reasons
Government grant	R82.4m (2011/12: R77.9m)	MTEF allocation from Treasury	Government grant allocated to the Corporation for 2012/2013.
Other income	R23m	<ul style="list-style-type: none"> R23m – contribution by SANRAL for the training of traffic police. Difference relate to other sponsors 	
AARTO	R4.6m	<ul style="list-style-type: none"> Collecting agency fees as per AARTO regulation Infringement fees issued by NTP 	
Expenditure			
Operating expenditure	R211m (2011/12: R178m)	Key drivers: <ul style="list-style-type: none"> Payroll = R111m Bad debts written off= R26 m Provision for bad debts= R9.7m Lease rentals = R9.9m Depreciation = R3,5m Other projects = 9,7m 	<ul style="list-style-type: none"> Payroll costs increased by 10% from the previous financial year. SANRAL debt of R26m written off
Surplus for the year		R296m (2011/12: R340m)	

26

Emphasis of Matter			
Finding	Root cause	Mitigation	Way Forward
2011/12- F/Y			
<ul style="list-style-type: none"> Going Concern Restatement of corresponding figures 	<ul style="list-style-type: none"> Inadequate funding Accounting for AARTO on cash basis since inception 	<ul style="list-style-type: none"> Requested for increased funding Cash basis accounting 	<ul style="list-style-type: none"> Approach NT for additional funding or new funding source Monthly reconcile AARTO on a cash basis
Finding	Root Cause	Mitigation	Way Forward
2012/13- F/Y			
Significant transaction	<ul style="list-style-type: none"> Retrospective recognition of transaction fees 	<ul style="list-style-type: none"> Recording of accounting transactions as per GRAP Recognition of transaction fees as per RTMC Act 	<ul style="list-style-type: none"> Monthly reconciliation of transaction fees Funding of projects in line with Strategic Plan Position RTMC to lead in road matters

27



Road Traffic Management Corporation

Non-compliance with laws and regulations

Finding	Root Cause	Mitigation	Way forward
38% Achievement of Planned Targets	Lack of strategy based funding	Lobbying of various stakeholders including the private sector to fund some of the programs	Funding of R400m will ensure that the budget is aligned to strategy.
Annual Financial Statement and Performance Reports	Inadequate financial controls due to lack of skilled staff	Recruitment process reviewed to ensure only competent and skilled finance staff are appointed	Qualified and competency based appointment in finance department. Procurement of financial reporting tool
Non Compliance with the RTMC Act	No agreed meetings of the shareholders committee	Facilitation of advanced agreed meeting where members form a quorum	DOT should develop a stringent process compelling MECs to attend ,through the mayors of the various provinces
Inefficient Internal Control Process	Lack of monitoring of performance management	Monthly review of the monitoring process. Review of monthly and quarterly report. Internal audit to review evidence and report on deficiencies	Implementation of approved policies and development of policies

28




Road Traffic Management Corporation

Internal Control Deficiencies

Finding	Root Cause	Mitigation	Way forward
Leadership	Lack of communication platforms to create awareness of approved policies and procedures	All approved policies and procedures are circulated a circular and placed on a shared drive	All policies: 1. Will be placed on the Intranet to ensure easy access, 2. In a file will be presented to all staff members.
Financial and performance management	Lack of financial staff to administer records management	Finance staff has been delegated with the role of record management, separate lockable cabinets were installed to safe keep all finance records.	The Senior Manager: Finance will review all finance records to ensure completeness; Internal Audit to conduct a audit of all finance processes to ensure completeness of finance records
Governance	Lack of agreed review dates with governance stakeholders	Agreed dates with stakeholders to review financial information on a quarterly basis as well as performance information	Monthly review of financial information, and monthly review of performance information


29



Challenges

- The following are some of the challenges as experienced in the year under review:
 - Inadequate funding of the Entity, recommended by the Task Team to increase funding;
 - Financial sustainability of the RTMC going forward;
 - Governance structures (absence of a Board and irregular Shareholders' Committee meetings) and related systems;
 - Legislative framework including the functions not transferred to the Corporation;
 - Change Management, associated risks and resistance.
- We are continually developing appropriate strategies to counter the identified challenges and risks.

30



Conclusion

- This financial year under review, 2012/13 has been one of great difficulty.
- Threats of closure, inability to pay salaries, and lack of resources to implement the approved Strategy and our Annual Performance Plan (APP).
- We have moved from a deficit in the previous financial year to a surplus in the current year.

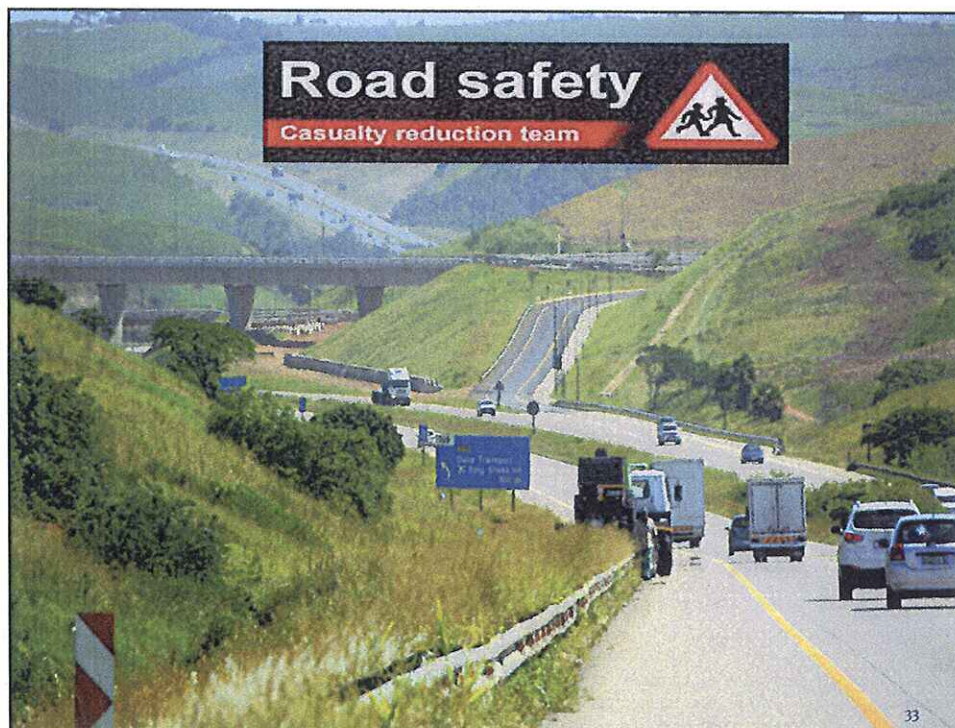
31



Way forward

- Capacity building and skills development and training of all RTMC personnel.
- Implementation of the Organisational Structure in line with the Strategic Focus.
- Staff signed performance contracts which includes strategic deliverables as performance measure.
- Implementation of Task Team findings.
- Implementation of Audit Finding to ensure sustainable unqualified audit opinion.

32





Road Traffic
Management Corporation



Road Traffic
Management Corporation

THE RTMC SUPPORTS THE DECADE OF ACTION TO ROAD SAFETY
2011 -2020



THANK YOU

34