

**Mpumalanga Provincial Government**



**Department of Finance**

# *Annual Report 2004/2005*

*"Always Stretching Our Arm, to Accelerate Service Delivery"*



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# *Part 1:*

## *General Information*

Department of Finance

*"Always Stretching Our Arm, to Accelerate Service Delivery"*



## PART ONE: GENERAL INFORMATION

### 1.1 *Submission of the Annual Report to the Executing Authority*

The Accounting Officer of the Department of Finance have the honour of submitting the 2004/2005 Annual Report of the Department of Finance in terms of the Public Finance Management Act, 1999, to the Executing Authority, Mrs E.M Coleman.

A handwritten signature in black ink, appearing to read 'S.J. Sekgobela', written over a horizontal line.

**S.J SEKGOBELA**

*Accounting Officer: Department of Finance*

*Date: 31 August 2005*



### 1.2 *Introduction by the Head of Department*

The financial year 2004/2005 saw the split of the Department of Finance and Economic Affairs in May 2004, resulting into two new Departments. The split was necessary in order for the new Department of Finance (Provincial Treasury) to fully carry out its mandate, that is, to ensure prudent financial management by all Provincial Departments.

Chapter 3 of the PFMA (Public Finance Management Act) requires the Provincial Treasury to: Prepare the Provincial Budget; Exercise control over the implementation of the Provincial Budget;

- Promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of Provincial Departments and Provincial Entities; and
- Ensure that its fiscal policies do not materially and unreasonably prejudice national economic policies.

The Provincial Treasury, we must ensure that public funds are well managed, and that the key priorities are funded from the limited resources. The citizens of this province expect that the fiscal policy of government will allocate the necessary resources, to improve their living standards. The PFMA has brought reforms in the management of public funds, and our responsibility is to ensure that the spirit of the Act is fully implemented by all provincial departments.

The department is working tirelessly to ensure that departmental objectives and annual priorities respond to the needs of our stakeholders. We therefore have to ensure that all departmental strategic plans and budgets are aligned to achieve the provincial objectives. The creation of the new Department of Finance has thus enabled us to fully perform our financial resources allocation and oversight role.

The introduction of the Municipal Finance Management Act (MFMA) requires that the Provincial Treasury provide capacity and support to municipalities, and to ensure proper implementation of the Act. A component dedicated to supporting municipalities in response to the MFMA has been established in the Department, and will be fully operational in the 2005/06 financial year.

### 1.3 *Information on the Ministry*

The mandate of the Department of Finance is to prepare and manage the Provincial budget, and enforce uniform treasury norms and standards as prescribed by the National Treasury and the Public Finance Management Act (PFMA) Act 1 of 1999 (as amended by Act 29 of 1999).

*Institutions reporting to the Executive Authority:*

None



**Ms S J SEKGOBELA**  
Head of Department



*Bills submitted to the legislature during the financial year*

- Mpumalanga Appropriation Bill 2004/2005
- Eastern Transvaal Tender Board Act Repeal Bill

*Ministerial visits abroad*

None

*1.4 Mission Statement*

*The Mission of the Department is "to Promote Sound and Prudent Financial Management through Skilled, Dedicated, Transparent, Accountable and Professional Work Force".*

*Our Vision is to be a "Strategic Arm of Government that Strives for Sound and Prudent Financial Management to Accelerate Service Delivery for the People of Mpumalanga".*

## **Our Values**

The staff and management of the Department of Finance are guided in their work by the following values:

- Excellence
- Integrity
- Honesty
- Fairness
- Commitment

*1.5 Legislative Mandate*

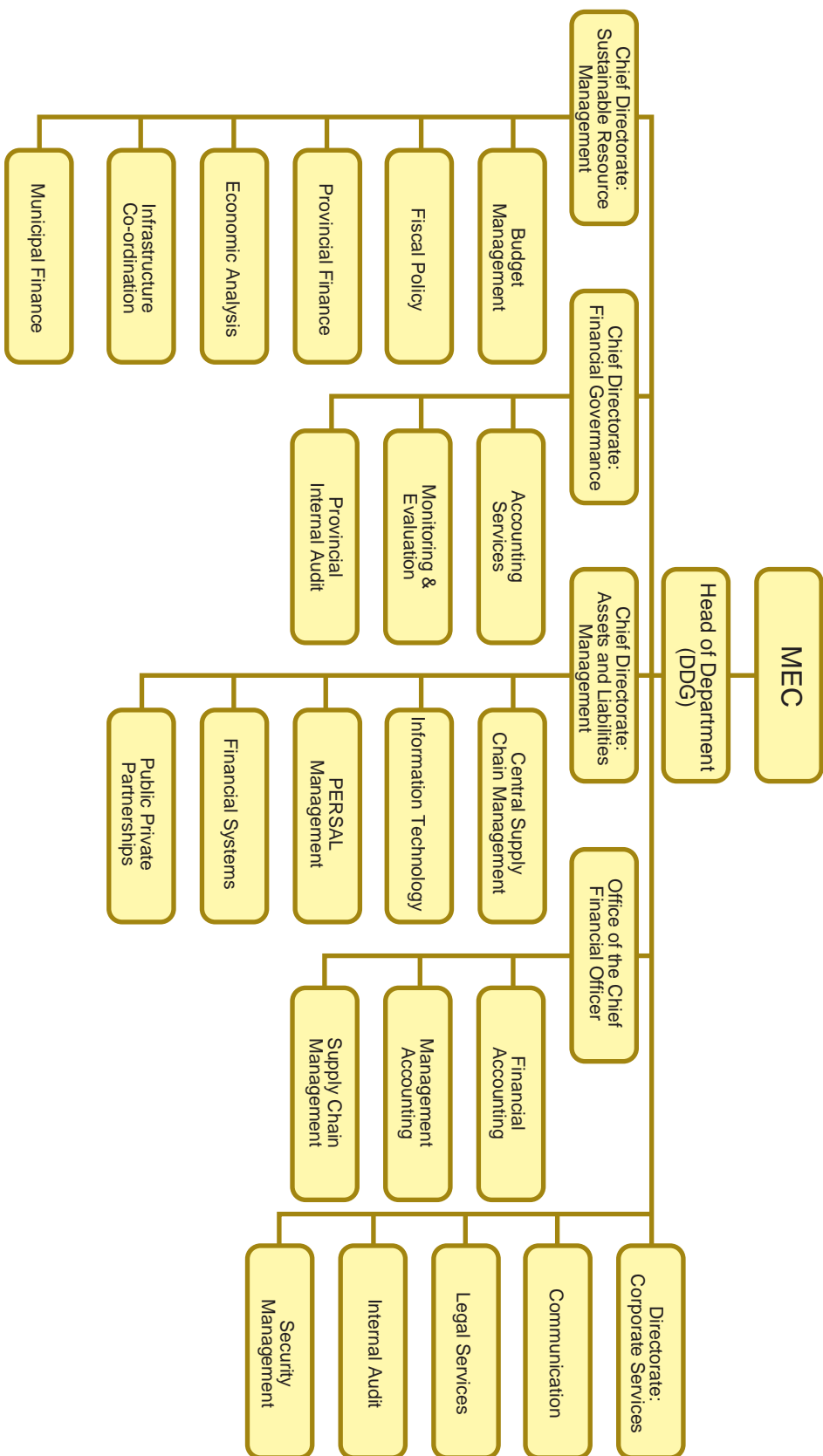
The Department receives its mandate from the following legislations:

- The Constitution of the Republic of South Africa Act No. 108 of 1996
- Intergovernmental Fiscal Relations Act No. 97 of 1997
- Public Finance Management Act No. 1 of 1999 and Treasury Regulations
- Division of Revenue Act (Act No. 6 of 2005)
- Labour Relations Act No.66 of 1995, Skills Development Act No. 97 of 1998
- Public Service Act of 1998 and Public Service Regulations of 1999
- Employment Equity Act No. 55 of 1998
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000).
- Promotion of Access to information Act, 2000 (Act No.2 of 2000).
- Promotion of Administrative Justice Act, 2000 (Act No.3 of 2000).
- Prevention and Combating of Corrupt Activities Act, 2003
- State Information Technology Agency Act, 1998 (Act No. 8 of 1998)
- Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- Construction Industry Development Board Act, 2000 (Act 38 of 2000) and its Regulations.
- Finance Act, 2000 (Act no.35 of 2000)
- Protected Disclosures Act, 2000 (Act no.26 of 2000)
- National Small Business Act, 1996 (Act no.106 of 1996)





## 1.6 Departmental Organisational Structure





# *Part 2: Programme Performance*

Department of Finance

*"Always Stretching Our Arm, to Accelerate Service Delivery"*





## PART TWO: PROGRAMME PERFORMANCE

### 2.1 VOTED FUNDS

Appropriation	Main Appropriation	Adjusted Appropriation	Actual Amount Spent	Over/Under Expenditure
<b>VOTE 3</b>	R132, 708, 000	R192, 162, 000	R179, 126, 000	R13, 036, 000
Responsible MEC	MEC for Finance			
Administering Dept	Department of Finance			
Accounting Officer	Deputy Director-General of Finance			

### 2.2 AIM OF VOTE

The aim of the vote is informed by the mandate, vision and mission, and the following strategic goals of the Department:

- To provide professional and support to the MEC on provincial economic analysis, fiscal policy, public finance, development and management of the annual budget process.
- To provide for provincial economic and social research and analysis that informs fiscal policy development and the annual budget process thereby contributing to the provincial growth and development strategy.
- To built capacity and economic role to budget process in the province.
- To disseminate economic data and research on the province.
- To provide fiscal policy advice, determine the Medium Term Fiscal framework, develop and optimise the provincial growth and development strategy.
- To provide departmental and Municipal policy advice, in order to ensure budget implementation, enhance service delivery, customer care and infrastructure co-ordination and monitoring.
- To provide professional responsive IT Support service in the province.
- To oversee the provincial allocation process aligned with provincial policies/growth and development strategy.
- To provide departmental policy advice, ensure budget implementation and enhance service delivery.
- To provide policy direction facilitating the effective and efficient management of physical and financial management of physical and financial assets, PPPs and liabilities.
- To facilitate effective and efficient management of physical and financial assets.
- To provide for the oversight and management of existing financial systems and the transition to the Integrated Financial Management System enhancing compliance with the PFMA and other relevant legislation

### 2.3 KEY MEASURABLE OBJECTIVES, PROGRAMMES AND ACHIEVEMENTS

#### *Key measurable objectives*

- To set priorities and political directives in order to meet the objectives of the Department
- To provide efficient administrative and Management Support Services
- To provide an internal enabling function and support service to the other programmes with regard to human resource and development and financial management



## **PROGRAMMES**

### **Programme 1: Administration**

This programme is responsible for financial and administrative management support in the department.

### **Programme 2: Economic and fiscal management**

The programme provides professional advice and support to the Member of the Executive Council on Provincial economic analysis, fiscal policy, public finance development and management of annual budget processes.

### **Programme 3: Office of the Accountant General**

The programme promotes accountability through substantive reflection of financial activities as well as compliance with financial norms and standards.

### **Programme 4: Provincial Grants**

This programme caters for contingency fund.

## ***Achievements***

The Department was able to deal with effects from the split of two departments namely Departments of Finance and Economic Affairs into two separate departments. It was able to develop and approve its own organisational chart and fill vacant posts. The department was also able to develop its strategic planning document for the five-year period and the MTEF and delivered on its first year mandate.

The Department held two major events during the year, namely the Conference on Supply Chain Management aimed at bringing awareness to the business sector on their roles and responsibilities, in the implementation of the Supply Chain Management framework. The other event was the "Women in dialogue" Conference which was aimed at sharing information on how women can empower themselves, and actively participate in the economy of the province and the country as a whole.

The department also hosted the Fraud and Corruption Conference aimed at promoting awareness to officials and the public.

## **2.4 OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT FOR 2004/05**

The Department of Finance has undergone some structural changes in trying to come up with suitable and adequate organogram, which will enable the department to achieve on its mandate. All vacant posts will be filled in the 2005/06 financial-year. This process will enable provincial treasury to be in line with National restructuring processes.

### ***Introduction of the Municipal Finance Management Act (MFMA)***

The MFMA requires Treasury to provide support to municipalities, in order to ensure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities.





### ***Procurement Reforms***

The introduction and implementation of supply chain management brought about the international best practices of procurement of goods and services as well as addressing government preferential procurement policy objectives.

### ***Skills Development***

The Department continuously evaluates and develop its human resource to ensure sustainable and efficient service delivery. This will be done in accordance with the Skills Development Act.

### ***Learnerships***

The Department has embarked on both learner-ship and internship programmes to train and develop unemployed youth to alleviate unemployment and poverty. The initial intake of 56 of the unemployed youth in the 2004/05 financial year will run until the end of the 2005/06 financial year.

### ***Rollovers***

Rollovers from the previous financial year amounted to R 8,103 million, which was earmarked for the completion of the Premier's Special Projects.

## **2.5 OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT FOR 2004/05**

The 2004/05 financial-year was characterised by the split of the two departments, from Department of Finance and Economic development. This has led this Department having to start from scratch as a new department. There were changes such as programme structures, strategic plans, the vision and mission, databases and all other operations. It was only around end of September 2004 that the Department was able to get its right footing. The major challenge in this period was staff movement and staffing which followed the restructuring of the organisational chart.

## **2.6 STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS FOR THE 2004/05 FINANCIAL YEAR**

The Department developed and approved seven (7) policies. These policies are meant to increase efficiency and internal control systems. The policies are:

- Leave policy
- Overtime
- Petty cash
- Bereavement
- Cell Phone
- Office telephone
- Debt management

Other policies will be developed and approved in the following year, to ensure uniform and consistent operations of activities.



## 2.7 DEPARTMENTAL REVENUE, EXPENDITURE, AND OTHER SPECIFIC TOPICS

### Collection of departmental revenue

The Department had projected to collect R29,289 million own revenue and was able to collect a total of R72,004 million, exceeding its target by R42,842 over collection on interest on credit balance of the Provincial Revenue Account of R 42,715 million. The major portion of this amount came from interest from investment (Exchequer).

#### Breakdown of sources of revenue:

	2001/02 Actual	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	% Deviation from target
<b>Non-tax revenue</b>						
Sales of goods and other than capital assets and interest	51,532	97,709	83,755	29,289	72,004	246%
<b>TOTAL DEPARTMENTAL RECEIPTS</b>	<b>51,532</b>	<b>97,709</b>	<b>83,755</b>	<b>29,289</b>	<b>72,004</b>	

### Departmental expenditure

Programmes	Voted for 2004/05	Roll-overs and adjustments	Virement	Total voted	Actual Expenditure	Variance
Programme 1	24,072	8,103	1,271	<b>33,446</b>	25,788	7,658
Programme 2	55,182	40,000	18,729	<b>113,911</b>	109,678	4,233
Programme 3	33,454	11,351	-	<b>44,805</b>	43,660	1,145
Programme 4	20,000	-	(20,000)	-	-	-
<b>Total</b>	<b>132,708</b>	<b>59,454</b>	<b>-</b>	<b>192,162</b>	<b>179,126</b>	<b>13,036</b>

### Conditional grants and earmarked funds

Not applicable.

### Asset Management

This Department does not own any fixed property. Expenditure on infrastructure assets reflected in annexure 4 relates to payment on the Premier's special projects on an agency basis incurred on behalf of other departments. During the financial period of 2004/2005 no movable assets have been reported stolen.

The asset register is not up- to-date because of the following reasons:

- The items, which were transferred to Economic Development and Planning could not be electronically transferred to that department because of system problem.
- The Department is in the process of appointing members of Disposal committee before the end of August 2005. No sittings has been arranged to dispose some of the redundant items.

The Department has 15 government vehicles and eight (8) of these vehicles are in good condition and six (6) are in a poor condition.





The Department does not have projects, which have been undertaken during the period.

## 2.8 PROGRAMME PERFORMANCE

### *Summary of Programmes*

The activities of the Department of Finance are organised in the following four programmes:

- Programme 1: Administration
- Programme 2: Economic and Fiscal Management
- Programme 3: Office of the accountant General
- Programme 4: Provincial Grants

### **2.8.1 Programme 1: Administration**

**Purpose:** This programme is responsible for financial and administrative management support in the department.

#### ***Measurable objective:***

- To set priorities and political directives in order to meet the objectives of the Department
- To provide efficient administrative and Management Support Services
- To provide an internal enabling function and support service to the other programmes with regard to human resource and development and financial management

#### ***Service delivery objectives and indicators:***

- To give political direction
- Overall effective and efficient management of the Department
- Provide human resource, legal, communication and policy planning services
- Timely and accurate financial reports
- Effective internal controls

#### ***Service delivery achievements:***

- Political direction was given
- Overall effective and efficient management of the Department
- Provided human resource, legal, communication and policy planning services
- Effective internal controls were introduced



Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
<b>Office of the MEC</b>	To set priorities and political directives in order to meet the objectives of the Department	Implementation of priorities	Priorities are put in place	Priorities were in place
<b>Management Services</b>	To provide efficient administrative and Management Support Services	Effective and efficient management services.	Overall effective and efficient management of the Department	Overall effective and efficient management of the Department
<b>Financial Management Office of the CFO</b>	To provide an internal enabling function and support service to the other programmes with regard to human resource and development and financial management	Timeous submission of financial reports (IYM/Financial Statements and Annual Reports)	Submission of 25 Reports	24 financial reports were submitted on time.
			Payment of Premier Special Projects	Paid all certificates submitted.
			Collect revenue of R30,915 million	Collected R72, 004 million own revenue
			Development of 11 departmental policies	7 departmental policies were developed and finalised
<b>Corporate Services</b>	To provide effective and efficient legal services, human resource, communication and policy planning in the Department	Provide human resource, legal, communication and policy planning services	Filling of 65 posts	Two posts were filled
			Enrolment of 35 unemployed youth into learnership programme	Enrolled 35 unemployed youth into learnership programme



Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
Communication	Media liaison and monitoring service	Number of media advisories/invites/statements distributed	20	18
		Arrange press conferences/information sessions	100%	100%
		Distribution of news clippings	100%	90%
		Provision of newspapers to managers	100%	100%
	Marketing, publicity and community liaison service	Creation of a corporate brand and identity	100%	100%
		Creation of a departmental website	1 functional website	1 functional website
		Purchase of newspaper space (advertorials)	120	156
		Purchase of radio airtime (adverts/promos)	1820	1892
		Attendance of Executive Council Outreach	100%	100%
		Events Management	100 %	100 %
	Media production, publications and printing service	Printed and distributed budget speeches	1200	1800
		Printed and distributed budget statements	500	500





Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
		Printed and distributed budget made-easy documents	25000	25000
	Formulation of policies	Formulation of the Communication Policy (Media liaison and monitoring)	1 Policy to be formulated	1 Policy formulated
		Formulation of the Communication Strategy	1 Strategy to be formulated	1 Strategy formulated
	Strategic planning, budgeting and management of the section	Strategic plan for the section	1 Strategic plan	1 Strategic plan
		Day-to-day personnel and resource management	100 %	100 %
		Input to budget speeches and editing of the final speeches	100 %	100 %

### 2.8.2 Programme 2: Economic and Fiscal Management

#### Purpose:

This programme provides professional advice and support to the Member of the Executive Council on Provincial economic analysis, fiscal policy, public finance development and management of annual budget processes.

#### MEASURABLE OBJECTIVES:

- To provide for the cost related to efficient running of the programme
- To provide provincial economic and social research and analysis, that informs fiscal policy development and the annual budget process thereby contributing to the provincial growth and development strategy
- To provide for the optimisation of the provincial resource envelope for effective allocation of resources in line with government priorities over the MTEF.
- To ensure that the provincial allocation process is aligned with the provincial policies and the growth and development strategy.
- To provide departmental/municipal policy advice, ensure budget implementation, enhance service delivery and ensure customer care.

#### Service delivery objectives and indicators:

- Implementation of the fiscal policy and management of the budget process.
- Research and analysis that inform the fiscal policy development and the annual budget process



- Optimise the provincial revenue base
- Align budgets with Provincial priorities
- Enhance service delivery through the proper implementation of the budget.

### ***Service delivery achievements:***

- Implementation of the fiscal policy and management of the budget process.
  - Research and analysis that inform the fiscal policy development and the annual budget process
  - Budgets aligned with Provincial priorities
- Service delivery enhanced through the proper implementation of the budget.

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
<b>Programme support</b>	To provide for the cost related to efficient running of the programme	Effective management of assets, functional financial systems and IT Network Infrastructure		
<b>Economic Analysis</b>	Monthly and quarterly reports submitted to National Treasury (IYM, IGFR and infrastructure)	Monthly IYM report submitted to National Treasury	12	12
		Quarterly infrastructure reports	4	4
	Research and analysis that inform the fiscal policy development and the annual budget process	Monthly report of research and analysis	12	0
<b>Fiscal Policy</b>	Optimisation of provincial own revenue	Rands increase in own revenue	R316 million	R338 million
	Daily availability of funds to spend by departments	Transfers to all departments according to requests: Equitable share Conditional grants Own revenue	R12, 136 billion R1, 242 billion R316 million	R12, 136 billion R1, 242 billion R316 million
	Own revenue reports produced	Quarterly analysis reports produced	4	4



Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
<b>Budget Management</b>	Alignment of budgets with provincial priorities	Departmental budgets aligned with provincial priorities	Align budgets for 12 departments	Budgets aligned for 12 departments
	Treasury approvals and advise given to departments.	Number of Treasury approvals given to departments	Number of treasury approvals	Number of treasury approvals
	Tabling of main appropriation and adjustment budgets	Main appropriation tabled Adjustment budget tabled	1 main appropriation 1 adjustments budget	1 main appropriation 1 adjustments budget
<b>Public Finance</b>	Alignment of budgets to provincial priorities	Budgets of all provincial departments are aligned to spending plans.	12 departments	12 departments
	Development and implementation of infrastructure plans	Infrastructure plans for departments and municipalities	Departmental plans Municipalities plans	0 0
	Alignment of budgets to municipal priorities	Budgets of all municipalities are aligned to spending plans.	20 municipalities	0





## PROVINCIAL DEPARTMENTAL BUDGETS AND EXPENDITURE FOR 2004/05

The figures reported here under this programme are not the audited figures, but are those reported on through the In-Year-Monitoring (IYM).

Table 1 indicates that departments have spent R13, 170 billion in aggregate or 95.5% of the total budget. Average spending per department varies significantly, ranging from the lowest spender at 91.4% to the highest spender at 99.5%. The province under spent its budget by R617 million. The reasons for under spending will be outlined in the departmental annual reports

Table 1	Departmental budgets and expenditure			
Department	2004/05			
	Budget R'000	Expenditure R'000	Under expenditure R'000	% Spending
Premier	111,780	105,297	6,483	94.2%
Legislature	51,984	50,897	1,087	97.9%
Finance	192,162	179,126	13,036	93.2%
Local Government and Housing	551,394	518,797	32,597	94.1%
Agriculture	500,735	457,580	43,155	91.4%
Economic Development and Planning	175,236	172,802	2,434	98.6%
Education	5,206,947	4,870,716	336,231	93.5%
Public works	290,669	274,525	16,144	94.4%
Safety and Security	36,268	33,667	2,601	92.8%
Health	2,385,853	2,258,682	127,171	94.7%
Social services	3,376,960	3,361,299	15,661	99.5%
Roads and Transport	834,874	816,557	18,317	97.8%
Culture, Sports and Recreation	72,826	70,136	2,690	96.3%
Total payments and estimates	13,787,688	13,170,081	617,607	95.5%



Table 2 shows that the province spent 66% of its capital expenditure. Reasons for under spending vary from deficiencies in planning and project management.

<b>Table 2</b>		<b>Departmental capital expenditure</b>		
		<b>2004/05</b>		
<b>Department</b>	<b>Budget R'000</b>	<b>Expenditure R'000</b>	<b>Under Expenditure R'000</b>	<b>% Spending</b>
Premier	2,549	1,839	710	72.1%
Legislature	1,691	1,560	131	92.3%
Finance	15,345	8,510	6,835	55.5%
Local Government and Housing	61,151	34,367	26,784	56.2%
Agriculture	24,221	22,090	2,131	91.2%
Economic Development and Planning	184	-82	266	-44.6%
Education	224,983	135,063	89,920	60.0%
Public works	31,410	28,019	3,391	89.2%
Safety and Security	955	660	295	69.1%
Health	247,244	92,433	154,811	37.4%
Social services	12,274	1,167	11,107	9.5%
Roads and Transport	379,365	341,732	37,633	90.1%
Culture, Sports and Recreation	6,660	2,084	4,576	31.3%
<b>Total payments and estimates</b>	<b>1,008,032</b>	<b>669,442</b>	<b>338,590</b>	<b>66.4%</b>

Table 3 shows that the province spent 96.2% of its compensation of employees' expenditure. The main reason for under spending is the delay in the filling of vacant positions. Two departments exceeded their budgets, namely the department of Health and Local Government and Housing. The department of Finance was the lowest spender at 62.3%

<b>Table 3</b>		<b>Departmental expenditure for compensation of employees</b>		
		<b>2004/05</b>		
<b>Department</b>	<b>Budget R'000</b>	<b>Expenditure R'000</b>	<b>Under Expenditure R'000</b>	<b>% Spending</b>
Premier	58,385	56,433	1,952	96.7%
Legislature	34,130	29,290	4,840	85.8%
Finance	42,137	26,262	15,875	62.3%
Local Government and Housing	65,745	70,029	(4,284)	106.5%
Agriculture	214,098	188,699	25,399	88.1%
Economic Development and Planning	34,082	29,486	4,596	86.5%
Education	4,053,584	3,873,891	179,693	95.6%
Public works	119,881	108,521	11,360	90.5%
Safety and Security	20,449	19,347	1,102	94.6%
Health	1,208,439	1,260,050	(51,611)	104.3%
Social services	98,706	78,052	20,654	79.1%
Roads and Transport	258,660	241,082	17,578	93.2%
Culture, Sports and Recreation	40,161	32,966	7,195	82.1%
<b>Total payments and estimates</b>	<b>6,248,457</b>	<b>6,014,108</b>	<b>234,349</b>	<b>96.2%</b>



### Total own revenue, by departments

Department	Budget R'000	Actual R'000	Under/over collection R'000
Office of the Premier	3,355	1,180	(2,175)
Provincial Legislature	906	1,233	327
Finance	30,915	72,004	42,715
Local Government and Housing	1,146	2,615	1,469
Agriculture	7,677	6,318	(1,359)
Economic Development and Planning	15,255	28,478	13,223
Education	16,400	23,498	7,098
Public Works	8,173	4,415	(3,758)
Safety & Security	530	318	(197)
Health & Social Services	85,443	24,148	(61,295)
Roads & Transport	144,722	173,223	28,501
Culture, Sports and Recreation	1,218	751	467
<b>Total</b>	<b>315,740</b>	<b>338,181</b>	<b>22,441</b>

The table above shows total own revenue collected during the twelve months ended March 2005. The analysis indicates that six departments exceeded the own revenue budgets and six departments failed to meet targets.





### Total own revenue, by major source of revenue

Own Revenue Sources	Budget R'000	Actual R'000	Under/over collection R'000
Road Traffic Act Fees	140,062	162,953	22,891
Hospital Patient Fees	43,314	12,754	(30,560)
Gambling and Betting Fees	22,533	24,684	2,251
Interest	61,615	87,912	26,747
Other	48,216	49,878	1,112
<b>Total</b>	<b>315,740</b>	<b>338,181</b>	<b>22,441</b>

The above table shows the analysis of own revenue per major source of own revenue. Road Traffic Act Fees exceeded the budget by 22,8 million, Gaming and Betting Fees by 2,2 million, Interest revenue 26,7 million, other revenues exceeded budget by 1,1 million. Hospital Patient Fees is the only major source that under collected on its budget by 30,6 million.

### Revenue collected in terms of the Road Traffic Act by source

Own Revenue Sources	Actual R'000	%
Motor vehicle licenses	140,149	86%
Penalties	22,275	14%
Other	529	0%
<b>Total</b>	<b>162,953</b>	<b>100.00%</b>

The above analysis shows revenue collected in terms of the Road Traffic Act. by category of revenue source. The fees can be divided into two broad categories namely motor vehicle licenses, which includes all categories of vehicles; operator licenses, which include learners and drivers licenses; roadworthy; and motor vehicle registration. Motor vehicles license fees contributed 86% to this category while the contribution from penalties was 14%.

### Gambling revenue

Own Revenue Sources	Actual R'000	%
Casino	22,302	90%
Horseracing and Betting	2,482	10%
<b>Total</b>	<b>24,784</b>	<b>100.00%</b>

The above analysis shows a break down of gambling revenue. Gambling revenue is made up mainly of revenue from casinos and horse racing,



### Interest revenue, by department

Department	Actual R'000	%
Office of Premier	153	0%
Finance	67,479	77%
Local Government and Housing	1,931	2%
Agriculture and Land Administration	1,101	1%
Economic Development and Planning	580	1%
Education	7,223	8%
Public Works	1,098	1%
Safety & Security	89	0%
Health and Social Services	5,136	6%
Roads and Transport	2,942	4%
Culture, Sports and Recreation	180	0%
<b>Total</b>	<b>87,912</b>	<b>100.00%</b>

The above analysis indicates the breakdown of interest earned on bank balances during the twelve months period ended 31 March 2005. Interest on bank balances and investments has become an important source of revenue for the province.



### Other revenue, by Department

Department	Actual R'000	%
Office of Premier	1,026	2%
Finance	4,546	9%
Local Government and Housing	621	1%
Agriculture and Land Administration	5,214	11%
Economic Planning and Planning	2,900	6%
Education	15,266	31%
Public Works	3,883	8%
Safety and Security	212	0%
Health and Social Services	5,971	12%
Roads and Transport	9,307	19%
Culture, Sport and Recreation	571	1%
<b>Total</b>	<b>49,517</b>	<b>100.00%</b>

The above table shows a breakdown of other revenue. It constitutes 15% of total provincial own revenue for the twelve months under review.

### 2.8.3 Programme 3: Office of the Accountant General

**Aim:** To provide capacity in accounting, financial systems and information technology infrastructure and support services to the provincial departments.

#### MEASURABLE OBJECTIVES:

- To provide support for the efficient running of the programme
- To implement accounting policy guidelines and practices and practices in line with National Framework
- To monitor and assess the implementation of norms and standards in terms of the relevant legislations
- To promote effective optimal resource utilisation
- To coordinate and monitor the performance of Internal Audit Units in Departments

#### *Service delivery objectives and indicators:*

- Reports in line with formats and guidelines
- Compliance with norms and standards by all departments
- Improve resources management
- Timely submission of relevant financial reports



**Service delivery achievements:**

- Continue support of the programme
- Reports in line with formats and guidelines
- Partial compliance with norms and standards by all departments
- Improve resources management
- Timely submission of relevant financial reports

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
<b>Reporting</b>	Consolidated financial statements for the Departments and Public Entities.	Submission of financial reports within the stipulated deadlines as per the PFMA.	To prepare two sets of consolidated financial statements to be audited.	Two sets of consolidated financial statements were prepared.
	Training responsibility managers on the Standard Chart of Accounts (SCOA)	Ability to use and interpret the SCOA	Train 350 managers	260 managers were trained.
<b>Financial Systems and training</b>	Implementation of BAS and Logis database in the new departments	Departments are using independent databases	To create new databases of BAS and Logis for five Departments from 1 October 2004	Five Departments had their own databases from the 1 October 2004
	Closure of books on monthly basis and at year end.	Monthly and annual closure of all departments' books.	100% monthly closure and 100% annual closure	100% was achieved 100% was achieved
	Regular reconciliation of departments' suspense accounts.	Three months reconciliation report on suspense account.	Perform quarterly ageing analysis report.	Quarterly ageing analysis and reconciliation has been performed.



Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
Information Technology	Maintain 98% up-time on provincial IT network.	Functional IT Network	Maintain 98% up-time on provincial IT network.	Maintained 98% up-time on provincial IT network.
	Availability of transversal systems, Internet and other systems 24/7.	Efficient operation of financial and non-financial systems	Availability of transversal systems, Internet and other systems 24/7.	Transversal systems, Internet and other systems were available 24/7
	Prompt response to IT service	IT service requests done with the agreed level of service (48 hours).	Service requested, installation of software, hardware and users with technical problems within 72 hours	4 689 service requests, installation of software, hardware and users with technical problems within reasonable time.

#### 2.8.4 Programme 4: Provincial Grants

The objective of this programme is to provide for emergency funding during the year to deal with financial shortcomings in the province. An amount of R20 million was set aside and allocated during the year.



*Part 3:*  
*Report of the*  
*Audit Committee*

Department of Finance

*"Always Stretching Our Arm, to Accelerate Service Delivery"*





## **PART THREE: REPORT OF THE AUDIT COMMITTEE**

There was no functioning audit committee for the financial year under review. As a result, no report of the audit committee could be provided.





*Part 4:*  
*Annual Financial*  
*Statements*

Department of Finance

*"Always Stretching Our Arm, to Accelerate Service Delivery"*



## PART FOUR: ANNUAL FINANCIAL STATEMENTS

### MPUMALANGA - DEPARTMENT OF FINANCE VOTE 3 ANNUAL FINANCIAL STATEMENTS For the year ended 31 March 2005

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

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

The Department of Finance was separated from the former Department of Finance and Economic Development from 1 May 2004, when the Premier announced the new Cabinet. However the reporting period for the Department starts on 1 April 2004 as contained in the Annual Financial Statement. The separation of the two Departments meant that certain activities and programme structures had to change.

The activities and expenditure under Programme 1: Administration was shared on a 50/50 basis. Programme 2 - Economic development service was entirely transferred to the new Department of Economic Development and Planning. The other programmes remained with the Department of Finance. Therefore, comparative figures were re-stated as such. The decision by the Executive Council was that the Department of Economic Development and Planning will be a new Department while the Department of Finance will continue as the existing department in order to ensure continuity in all business operations.

The Department held two major events during the year, namely the conference on Supply Chain Management aimed at bringing awareness to the business sector on their roles and responsibilities in the implementation of the Supply Chain Management Framework. The other event was on "Women in dialogue" which was aimed at sharing information on how women can empower themselves and actively participate in the economy of the province and the country as a whole.

The Department has underspent its budget by 6.8% largely because of unfilled vacant posts. All programmes underspent on compensation of employees because of the same reason. The situation has improved since the appointment of the Accounting Officer, and all recruitment and appointment processes and procedures are in place.

#### 2. Services rendered by the Department

The Department is responsible for provincial resource allocation, monitoring and providing advisory services to all departments.

##### 2.1 Tariff

The Department will be revising its tariff on the sale of Tender bulletins in the following Financial Year.





## **2.2 Free Services**

The Department renders Treasury support functions to all Provincial Departments and carries all the costs involved relating to SITA, LOGIS and BAS. The intention is to decentralise the cost relating to transversal systems to all Provincial Departments.

## **2.3 Inventories**

The Department uses the weighted average costing method. The value of the inventory as at 31 March 2005 was R162 064 comprising of the following:

- Domestic Consumables
- Food and Food Supplies
- Other Consumables
- Parts and other Maintenance Materials
- Stationery and Printing

## **3. Capacity constraints**

The Department experienced capacity problems during the year under review as a result of unfilled vacant posts. Since the Accounting Officer was appointed, there has been great improvement in terms of filling of vacant posts towards the end of the financial year 2004/05 and will be completed in the 2005/06.

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

The Department acted on an agency basis when receiving and transferring donor funds to service providers. Funds donated by Standard Bank (R70 000) and EPS (R40 000) for the seminar on "Women in Dialogue" were transferred to service providers for services rendered for this event.

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

The Department will be rendering an oversight role on municipalities in terms of the Municipal Finance Management Act.

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

The Department does not have transfer payments.

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

The Department has recently established the PPP Directorate. This Directorate did not have any activities for the year.

## **8. Corporate governance arrangements**

### **8.1 Risk Management Approach**

The Department did not conduct a separate risk assessment. A risk assessment was conducted while the Department was still combined with Department of Economic Development and Planning. The same applies to the Fraud Prevention plan, which was revised in line with the risk management strategy.



## 8.2 Internal Audit and Audit Committees

The Department has recently established an internal Audit component. The Department did not have an Audit Committee from July 2004 after the split of the two Departments.

## 8.3 Other Governance Issues

The Department has complied with the requirement that Senior Management Members should disclose their financial interests, in order to eliminate conflict of interest.

## 9. Discontinued activities/activities to be discontinued

No activities have been or are going to be discontinued.

## 10. New/proposed activities

No new or proposed activities were undertaken during the year.

## 11. Events after the reporting date

No event occurred after the reporting date that has an effect on the financial statements under review.

## 12. Performance information

### 12.1 Financial Information

The Department utilizes the In-Year-Monitoring as a tool to determine, verify and monitor the utilization of its financial resources. This is done on a monthly basis through out the financial year.

### 12.2 Service Delivery Information

The performance of the Department is assessed from its Operational Plan. All sections in the Department compile monthly progress reports, which provide information such as achievements and challenges.

## 13. SCOPA Resolutions

Reference to previous audit report and SCOPA resolutions	Subject	Findings on Progress
Unauthorised expenditure to be condoned	Unauthorised expenditure	Unauthorised expenditure of R84.3 Million was approved and written off.
Overtime policy to be finalised	Overtime	Policy developed, approved and implemented.
Review of all officials with subsidised vehicles	Subsidised Vehicles	The department has reviewed the functions of the affected official. The official concerned was on maternity leave until 31 May 2005.





Reference to previous audit report and SCOPA resolutions	Subject	Findings on Progress
Vehicle Fleet Management be elevated and accorded its rightful status	Vehicle Fleet Management	Because of the staff shortage within the Fleet Management Component, the Department performed limited reconciliation of the Fleet management report and related functions but still faces challenges such as training officials on completion of log sheets, recording of correct distances travelled, the recording of garage slips and other internal control systems. However, the process of improving the capacity has started and will be speeded up in the new financial year.
Improvements in Asset Management required	Asset management	The Department keeps an Asset Register generated from the LOGIS system that gets updated as and when assets are procured. The only challenge is the LOGIS system itself, and the fact that it is controlled centrally

#### 14. Other

None.

#### 15. Approval

The Annual Financial Statements set out on pages 32 to 60 have been approved by the Accounting Officer.

**S J SEKGOBELA**

**HEAD OF DEPARTMENT**

**31 MAY 2005**

# **REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANAGA PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 3 – DEPARTMENT OF FINANCE FOR THE YEAR ENDED 31 MARCH 2005**

## **1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 32 to 60 for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

## **2. NATURE AND SCOPE**

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

I believe that the audit provides a reasonable basis for my opinion.

## **3. AUDIT OPINION**

In my opinion, the financial statements fairly present in all material respects, the financial position of the department at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice.

## **4. EMPHASIS OF MATTER**

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

## **4.1 Internal control weaknesses**

### **4.1.1 Fixed assets and vehicle fleet management**

As the department did not have documented and approved policies and procedures regarding fixed assets and vehicle fleet management, the following shortcomings were noted:

- LOGIS was not updated with assets transferred to the Department of Economic Development and Planning when the former Department of Finance and Economic Affairs was split during the period under review.
- Wesbank First Auto reports were not scrutinised, and exceptions therefore not regularly followed up at the highest level. Consequently, the performance of vehicles had not been evaluated against predetermined standards to ensure cost-effectiveness, efficient operation and optimal utilisation of the department's vehicle fleet.
- Certain vehicle's petrol consumption was outside acceptable parameters, and fluctuations in odometer readings between fuel fillings were high.

### **4.1.2 Information systems:**

The department did not have adequate policies and procedures regarding information systems. As a result the following weaknesses were noted:

- Although an off-site work space was available in case of a disaster, a formal disaster recovery plan (DRP) and business continuity plan (BCP) did not exist. Without a comprehensive and tested DRP and BCP, the department would not be able to resume operations in the event of a disaster.
- No proof could be obtained that software utilised in the department had been reviewed to ensure that only legal software was used.

### **4.1.3 Donor funding**

In common with similar organisations, it is not feasible for the department to institute accounting controls over cash collections from donations prior to initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

## **4.2 Non-compliance with laws and regulations**

### **4.2.1 Internal audit and audit committee**

An internal audit component was not in place during the year under review and the audit committee's term expired in September 2004 and no new audit committee was appointed. The department did not therefore function throughout the year as required by sections 76(4) (d) (e) and 77 of the PFMA.

### **4.2.2 Transfer of assets and liabilities**

Assets and liabilities were transferred to the Department of Economic Development and Planning when the former Department of Finance and Economic Affairs was split during the period under review. A list of inventory and substantiating records was not signed by the

accounting officer of the receiving department when the transfer took place. The accounting officer for the transferring department did not file a copy of the signed inventory with the Auditor-General within 14 days of the transfer. This represents non-compliance with section 42 of the Public Finance Management Act 1 of 1999 (PFMA). This was due to a lack of an appropriately documented and approved policy and procedure framework.

#### **4.2.3 Late submission of financial statement**

The late submission of crucial audit evidence by the department on housing guarantees and capped leave and effected changes to the financial statements with regard to donor funding and comparative amounts, resulted in the delay in the completion of the audit process. The evidence was required to enable the appropriate audit opinion to be expressed. The evidence was submitted on 10 August 2005 and the audit process and submission of the audit report to the department was therefore only completed and issued on 15 August 2005 and not 31 July 2005 as required in terms of section 40(1)(c) of the PFMA.

#### **4.3 Special Audit**

A special audit has been conducted at Mpumalanga Provincial Administration on government employees who are directors or spouses to directors of private organisations. This special audit will be reported on separately.

### **5. APPRECIATION**

The assistance rendered by the staff of the department during the audit is sincerely appreciated.



**ND Maphiri for Auditor-General**

**Nelspruit**

**15 August 2005**



AUDITOR - GENERAL





## **MPUMALANGA - DEPARTMENT OF FINANCE VOTE 3**

### **ACCOUNTING POLICIES For the year ended 31 March 2005**

The Annual Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Annual Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2004. The following issued, but not yet effective Standards of Generally Recognised Accounting Practice have not been fully complied with in the Annual Financial Statements: GRAP 1, 2 and 3.

#### **1. Basis of preparation**

The Annual Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

#### **2. Revenue**

##### **Appropriated funds**

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of Provincial Expenditure. Unexpended voted funds are surrendered to the Provincial Revenue Fund, unless otherwise stated.

##### **Departmental revenue**

###### ***Tax revenue***

A tax receipt is defined as compulsory, irrecoverable revenue collected by entities. Tax receipts are recognised as revenue in the statement of financial performance on receipt of the funds.

###### ***Sale of goods and services other than capital assets***

This comprises the proceeds from the sale of goods and/or services produced by the entity. Revenue is recognised in the statement of financial performance on receipt of the funds.

###### ***Fines, penalties and forfeits***

Fines, penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the statement of financial performance on receipt of the funds.



**MPUMALANGA - DEPARTMENT OF FINANCE  
VOTE 3**

**ACCOUNTING POLICIES  
For the year ended 31 March 2005**

***Interest, dividends and rent on land***

Interest and dividends received are recognised upon receipt of the funds, and no provision is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the Statement of Financial Performance of the department and then transferred to the Provincial Revenue Fund.

Revenue received from the rent of land is recognised in the statement of financial performance on receipt of the funds.

***Sale of capital assets***

The proceeds from the sale of capital assets is recognised as revenue in the statement of financial performance on receipt of the funds.

***Financial transactions in assets and liabilities***

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

***Local and foreign aid assistance***

Local and foreign aid assistance is recognised in the statement of financial performance on receipt of funds. Where amounts are expensed before funds are received, a receivable is raised. Where amounts have been inappropriately expensed using Local and Foreign aid assistance, a payable is raised. In the situation where the department is allowed to retain surplus funds, these funds are shown as a reserve.

**3. Expenditure**

***Compensation of employees***

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system. The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial year. All other payments are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.



**MPUMALANGA - DEPARTMENT OF FINANCE  
VOTE 3**

**ACCOUNTING POLICIES  
For the year ended 31 March 2005**

***Short-term employee benefits***

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the final authorisation for payment is effected on the system. Short-term employee benefits, that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the Annual Financial Statements and are not recognised in the Statement of Financial Performance.

***Long-term employee benefits and other post employment benefits***

***Termination benefits***

Termination benefits are recognised and expensed only when the final authorisation for payment is effected on the system.

***Medical benefits***

The department provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are incurred when the final authorisation for payment is effected on the system. No provision is made for medical benefits in the Annual Financial Statements of the department.

***Post employment retirement benefits***

The department provides retirement benefits for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the fund is effected on the system. No provision is made for retirement benefits in the Annual Financial Statements of the department. Any potential liabilities are disclosed in the Annual Financial Statements of the Provincial Revenue Fund and not in the Annual Financial Statements of the employer department.

***Other employee benefits***

Obligations arising from leave entitlement, thirteenth cheque and performance bonus that are reflected in the disclosure notes have not been paid for at year-end.

***Goods and services***

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. The expense is classified as capital if the goods and services was used on a capital project.

***Interest and rent on land***

Interest and rental payments resulting from the use of land, are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. This item excludes rental on the use of buildings or other fixed structures.



**MPUMALANGA - DEPARTMENT OF FINANCE  
VOTE 3**

**ACCOUNTING POLICIES  
For the year ended 31 March 2005**

***Financial transactions in assets and liabilities***

Financial transactions in assets and liabilities include bad debts written off. Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending available to the department. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

***Unauthorised expenditure***

Unauthorised expenditure, is defined as:

- n The overspending of a vote or a main division within a vote, or
- n Expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is approved by the relevant authority, recovered or written off as irrecoverable.

***Irregular expenditure***

Irregular expenditure, is defined as :

expenditure, other than unauthorised expenditure, incurred in contravention or not in accordance with a requirement of any applicable legislation, including:

- n the Public Finance Management Act
- n the State Tender Board Act, or any regulations made in terms of this act, or
- n any provincial legislation providing for procurement procedures in that provincial government.

It is treated as expenditure in the Statement of Financial Performance. If such expenditure is not condoned and it is possibly recoverable it is disclosed as receivable in the Statement of Financial Position at year-end.

***Fruitless and wasteful expenditure***

Fruitless and wasteful expenditure, is defined as:

expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore





## **MPUMALANGA - DEPARTMENT OF FINANCE VOTE 3**

### **ACCOUNTING POLICIES For the year ended 31 March 2005**

n it must be recovered from a responsible official (a debtor account should be raised), or  
n the vote. (If responsibility cannot be determined.)

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

#### **4. Transfers and subsidies**

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

#### **5. Expenditure for capital assets**

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

#### **6. Receivables**

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the Statement of Financial Position arise from cash payments that are recoverable from another party, when the payments are made.

Receivables for services delivered are not recognised in the Statement of Financial Position as a current asset or as income in the Statement of Financial Performance, as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the Annual Financial Statements.

#### **7. Cash and cash equivalents**

Cash and cash equivalents consists of cash on hand and balances with banks, short term investments in money market instruments and demand deposits. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



**MPUMALANGA - DEPARTMENT OF FINANCE  
VOTE 3**

**ACCOUNTING POLICIES  
For the year ended 31 March 2005**

**8. Payables**

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the Statement of Financial Position arise from advances received that are due to the Provincial Revenue Fund or another party.

**9. Lease commitments**

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the Annual Financial Statements. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on the cash basis of accounting.

Operating lease expenditure is expensed when the payment is made.

Finance lease expenditure is expensed when the payment is made, but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act.

**10. Accruals**

This amount represents goods/services that have been received, but no invoice has been received from the supplier at the reporting date, OR an invoice has been received but final authorisation for payment has not been effected on the system. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

**11. Contingent liabilities**

This 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 department; or a present obligation that arises from past events but is not recognised because:

- n it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- n the amount of the obligation cannot be measured with sufficient reliability

Contingent liabilities are not recognised in the Statement of Financial position, but the information is disclosed as part of the disclosure notes.



**MPUMALANGA - DEPARTMENT OF FINANCE  
VOTE 3**

**ACCOUNTING POLICIES  
For the year ended 31 March 2005**

**12. Commitments**

This amount represents goods/services that have been approved and/or contracted, but no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of financial position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

**13. Capitalisation reserve**

The capitalisation reserve represents an amount equal to the value of the investment and/or loans capitalised. On disposal, repayment or recovery, such amounts are transferred to the Revenue Fund.

**14. Recoverable revenue**

Recoverable revenue represents payments made and recognised in the Statement of Financial Performance as an expense in previous years due to non-performance in accordance with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

**15. Comparative figures**

Where necessary, comparative figures have been restated to conform to the changes in the presentation in the current year. The comparative figures shown in these Annual Financial Statements are limited to the figures shown in the previous year's audited Annual Financial Statements and such other comparative figures that the department may reasonably have available for reporting. Reclassification of expenditure has occurred due to the implementation of the Standard Chart of Accounts. It is not practical to present comparative amounts in the Cash Flow Statements as this would involve reclassification of amounts dating back to the 2002/03 year-end.



## MPUMALANGA - DEPARTMENT OF FINANCE VOTE 3

### APPROPRIATION STATEMENT For the year ended 31 March 2005

Appropriation per programme									
	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1. Administration</b>									
Current payment	23,231	-	-	23,231	19,544	3,687	84.1%	13,839	14,099
Payment for capital assets	9,595	-	-	9,595	5,601	3,994	58.4%	257	176
<b>2. Economic And Fiscal Management</b>									
Current payment	110,711	-	-	110,711	25,375	85,336	22.9%	46,311	28,720
Payment for capital assets	3,200	-	-	3,200	-	3,200	-	-	4,467
<b>3. Office Of The Accountant General</b>									
Current payment	42,255	-	-	42,255	42,439	(184)	100.4%	28,588	26,536
Payment for capital assets	2,550	-	-	2,550	1,221	1,329	47.9%	2,412	391
<b>4. Provincial Grants</b>									
Current payment	-	-	-	-	-	-	-	20,000	9,978
Payment for capital assets	-	-	-	-	-	-	-	90,995	101,017
<b>Subtotal</b>	<b>191,542</b>	<b>-</b>	<b>-</b>	<b>191,542</b>	<b>94,180</b>	<b>97,362</b>	<b>49.2%</b>	<b>202,402</b>	<b>185,384</b>
<b>Statutory Appropriation</b>									
Current payment	620	-	-	620	643	(23)	103.7%	-	-
<b>TOTAL</b>	<b>192,162</b>	<b>-</b>	<b>-</b>	<b>192,162</b>	<b>94,823</b>	<b>97,339</b>	<b>49.3%</b>	<b>202,402</b>	<b>185,384</b>
<b>Reconciliation with Statement of Financial Performance</b>									
Departmental revenue received				72,004				83,755	
Local and foreign aid assistance received				110				-	
<b>Actual amounts per Statement of Financial Performance (Total revenue)</b>				<b>264,276</b>				<b>286,157</b>	
Local and foreign aid assistance					110				-
Prior year unauthorised expenditure approved					84,303				-
<b>Actual amounts per Statement of Financial Performance (Total expenditure)</b>					<b>179,236</b>				<b>185,384</b>





## MPUMALANGA - DEPARTMENT OF FINANCE VOTE 3

### APPROPRIATION STATEMENT For the year ended 31 March 2005

Appropriation per economic classification									
	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final Appropriation	Final Appropriation	Actual
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	41,517	-	-	41,517	25,499	16,018	61.4%	29,712	24,253
Goods and services	134,680	-	-	134,680	62,618	72,062	46.5%	79,026	54,839
<b>Payment for capital assets</b>									
Buildings and other fixed structures	11,303	-	-	11,303	5,149	6,154	45.6%	93,664	105,461
Machinery and equipment	4,042	-	-	4,042	914	3,128	22.6%	-	831
<b>Total</b>	<b>191,542</b>	<b>-</b>	<b>-</b>	<b>191,542</b>	<b>94,180</b>	<b>97,362</b>	<b>49.2%</b>	<b>202,402</b>	<b>185,384</b>

Statutory Appropriation									
	2004/05							2003/04	
Details of direct charges against the Provincial Revenue Fund	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final Appropriation	Final Appropriation	Actual
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Member of Executive Council	620	-	-	620	643	(23)	103.7%	310	310
<b>Total</b>	<b>620</b>	<b>-</b>	<b>-</b>	<b>620</b>	<b>643</b>	<b>(23)</b>	<b>103.7%</b>	<b>310</b>	<b>310</b>



## MPUMALANGA - DEPARTMENT OF FINANCE VOTE 3

### APPROPRIATION STATEMENT For the year ended 31 March 2005

	PROGRAMME 1: ADMINISTRATION								
	2004/05							2003/04	
Programme per subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1.1 Member of Executive Council</b>									
Current payment	2,387	-	-	2,387	1,936	451	81.1%	832	1,052
<b>1.2 Management Services</b>									
Current payment	2,601	-	-	2,601	2,522	79	97.0%	2,279	2,490
Payment for capital assets	-	-	-	-	-	-	-	82	60
<b>1.3 Corporate Services</b>									
Current payment	18,243	-	-	18,243	15,086	3,157	82.7%	10,728	10,557
Payment for capital assets	9,595	-	-	9,595	5,601	3,994	58.4%	175	116
<b>TOTAL</b>	<b>32,826</b>	<b>-</b>	<b>-</b>	<b>32,826</b>	<b>25,145</b>	<b>7,681</b>	<b>76.6%</b>	<b>14,096</b>	<b>14,275</b>

	2004/05							2003/04	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	11,553	-	-	11,553	8,947	2,606	77.4%	8,390	7,596
Goods and services	11,678	-	-	11,678	10,597	1,081	90.7%	5,449	6,453
<b>Payment for capital assets</b>									
Buildings and other fixed structures	8,103	-	-	8,103	5,149	2,954	63.5%	257	226
Machinery and equipment	1,492	-	-	1,492	452	1,040	30.3%	-	-
<b>Total</b>	<b>32,826</b>	<b>-</b>	<b>-</b>	<b>32,826</b>	<b>25,145</b>	<b>7,681</b>	<b>76.6%</b>	<b>14,096</b>	<b>14,275</b>



## MPUMALANGA - DEPARTMENT OF FINANCE VOTE 3

### APPROPRIATION STATEMENT For the year ended 31 March 2005

	PROGRAMME 2: ECONOMIC AND FISCAL MANAGEMENT								
	2004/05							2003/04	
Programme per subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>2.1 Office of the Head of Treasury</b>									
Current payment	729	-	-	729	937	(208)	128.5%	688	241
<b>2.2 Budget and Management</b>									
Current payment	1,398	-	-	1,398	2,128	(730)	152.2%	4,476	5,898
Payment for capital assets	3,200	-	-	3,200	-	3,200	-	-	-
<b>2.3 Budget Office</b>									
Current payment	8,500	-	-	8,500	2,656	5,844	31.2%	6,433	2,457
<b>2.4 Financial Management</b>									
Current payment	88,729	-	-	88,729	13,027	75,702	14.7%	25,000	11,620
Payment for capital assets	-	-	-	-	-	-	-	-	4,467
<b>2.5 Revenue Management</b>									
Current payment	1,613	-	-	1,613	1,721	(108)	106.7%	1,465	1,392
<b>2.6 Inspectorate</b>									
Current payment	2,634	-	-	2,634	2,597	37	98.6%	2,437	2,275
<b>2.7 Supply Chain Management</b>									
Current payment	6,037	-	-	6,037	2,309	3,728	38.2%	4,788	3,613
<b>2.8 Provincial Tender Board</b>									
Current payment	1,071	-	-	1,071	-	1,071	-	1,024	1,224
<b>TOTAL</b>	<b>113,911</b>	<b>-</b>	<b>-</b>	<b>113,911</b>	<b>25,375</b>	<b>88,536</b>	<b>22.3%</b>	<b>46,311</b>	<b>33,187</b>

	2004/05							2003/04	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	19,615	-	-	19,615	9,233	10,382	47.1%	12,264	9,238
Goods and services	91,096	-	-	91,096	16,142	74,954	17.7%	34,047	19,291
<b>Payment for capital assets</b>									
Buildings and other fixed structures	3,200	-	-	3,200	-	3,200	-	-	3,827
Machinery and equipment	-	-	-	-	-	-	-	-	831
<b>Total</b>	<b>113,911</b>	<b>-</b>	<b>-</b>	<b>113,911</b>	<b>25,375</b>	<b>88,536</b>	<b>22.3%</b>	<b>46,311</b>	<b>33,187</b>



## MPUMALANGA - DEPARTMENT OF FINANCE VOTE 3

### APPROPRIATION STATEMENT For the year ended 31 March 2005

	PROGRAMME 3: OFFICE OF THE ACCOUNTANT GENERAL								
	2004/05							2003/04	
Programme per subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>3.1 Accounting Management</b>									
Current payment	1,104	-	-	1,104	456	648	41.3%	1,016	-
<b>3.2 Financial Systems and Training</b>									
Current payment	1,057	-	-	1,057	577	480	54.6%	912	864
<b>3.3 Information Technology</b>									
Current payment	39,601	-	-	39,601	40,062	(461)	101.2%	26,208	24,311
Payment for capital	2,550	-	-	2,550	1,221	1,329	47.9%	2,412	391
<b>3.4 Consolidation of Reports</b>									
Current payment	493	-	-	493	1,344	(851)	272.6%	452	1,361
<b>TOTAL</b>	<b>44,805</b>	<b>-</b>	<b>-</b>	<b>44,805</b>	<b>43,660</b>	<b>1,145</b>	<b>97.4%</b>	<b>31,000</b>	<b>26,927</b>

	2004/05							2003/04	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	10,349	-	-	10,349	7,319	3,030	70.7%	9,058	7,419
Goods and services	31,906	-	-	31,906	35,879	(3,973)	112.5%	19,530	19,117
<b>Payment for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-	-	2,412	391
Machinery and equipment	2,550	-	-	2,550	462	2,088	18.1%	-	-
<b>Total</b>	<b>44,805</b>	<b>-</b>	<b>-</b>	<b>44,805</b>	<b>43,660</b>	<b>1,145</b>	<b>97.4%</b>	<b>31,000</b>	<b>26,927</b>





## MPUMALANGA - DEPARTMENT OF FINANCE VOTE 3

### DETAIL PER PROGRAMME For the year ended 31 March 2005

	PROGRAMME 4: PROVINCIAL GRANTS								
	2004/05							2003/04	
Programme per subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>4.1 Contingency Reserve</b>									
Current payment	-	-	-	-	-	-	-	20,000	9,978
Expenditure for capital assets	-	-	-	-	-	-	-	90,995	101,017
<b>TOTAL</b>	-	-	-	-	-	-	-	<b>110,995</b>	<b>110,995</b>

	2004/05							2003/04	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Goods and services	-	-	-	-	-	-	-	20,000	9,978
<b>Payment for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-	-	90,995	101,017
<b>Total</b>	-	-	-	-	-	-	-	<b>110,995</b>	<b>110,995</b>



## MPUMALANGA - DEPARTMENT OF FINANCE VOTE 3

### Notes to the Appropriation Statement For the year ended 31 March 2005

#### 1. Details of transfers and subsidies as per Appropriation Act (after Virement):

None.

#### 2. Details of specifically and exclusively appropriated amounts voted (after Virement):

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

#### 3. Details on financial transactions in assets and liabilities

Details of these transactions per programme can be viewed in note 8 (Expenditure for Capital Assets) to the Annual Financial Statements.

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

4.1	Per Programme	Voted Funds after virement R'000	Actual Expenditure R'000	Variance R'000	% Spent
	Programme 1: Administration	32,826	25,145	7,681	77
	Programme 2: Economic and Fiscal Management	113,911	109,678	4,233	96
	Programme 3: Office of the Accountant General	44,805	43,660	1,145	97

Savings was a result of unfilled but budgeted posts and savings on capital expenditure.

4.2	Per Economic classification	Voted Funds after virement R'000	Actual Expenditure R'000	Variance R'000	% Spent
	Compensation of employees	42,429	26,142	16,287	62

Savings was a result of unfilled but budgeted posts.



**MPUMALANGA - DEPARTMENT OF FINANCE  
VOTE 3**

**STATEMENT OF FINANCIAL PERFORMANCE  
For the year ended 31 March 2005**

	<i>Note</i>	<b>2004/05 R'000</b>	<b>2003/04 R'000</b>
<b>REVENUE</b>			
Annual appropriation	1	191,542	202,402
Statutory appropriation	2	620	310
Departmental revenue	3	72,004	83,755
Local and foreign aid assistance	4	110	-
<b>TOTAL REVENUE</b>		<u>264,276</u>	<u>286,467</u>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	5	26,142	24,253
Goods and services	6	62,618	54,839
Local and foreign aid assistance	4	110	-
Unauthorised expenditure approved	7	84,303	-
<b>Total current expenditure</b>		<u>173,173</u>	<u>79,092</u>
<b>Expenditure for capital assets</b>			
Buildings and other fixed structures	8	5,149	105,461
Machinery and Equipment	8	914	831
<b>Total expenditure for capital assets</b>		<u>6,063</u>	<u>106,292</u>
<b>TOTAL EXPENDITURE</b>		<u>179,236</u>	<u>185,384</u>
<b>NET SURPLUS</b>		<u>85,040</u>	<u>101,083</u>
<b>NET SURPLUS FOR THE YEAR</b>		<u><u>85,040</u></u>	<u><u>101,083</u></u>
<b>Reconciliation of Net Surplus for the year</b>			
Voted Funds to be surrendered to the Revenue Fund	11	13,036	17,328
Departmental revenue to be surrendered to the Revenue Fund	12	72,004	83,755
<b>NET SURPLUS FOR THE YEAR</b>		<u><u>85,040</u></u>	<u><u>101,083</u></u>



**MPUMALANGA - DEPARTMENT OF FINANCE  
VOTE 3**

**STATEMENT OF FINANCIAL POSITION  
as at 31 March 2005**

	<i>Note</i>	<b>2004/05 R'000</b>	<b>2003/04 R'000</b>
<b>ASSETS</b>			
<b>Current assets</b>		87,933	1,347,168
Unauthorised expenditure	7	-	1,303,861
Cash and cash equivalents	9	33,497	43,273
Receivables	10	54,436	34
<b>TOTAL ASSETS</b>		<u>87,933</u>	<u>1,347,168</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		87,933	73,648
Voted funds to be surrendered to the Revenue Fund	11	86,622	47,460
Departmental revenue to be surrendered to the Revenue Fund	12	1,311	26,184
Payables	13	-	4
<b>Non-current liabilities</b>			
Payables	14	-	1,273,258
<b>TOTAL LIABILITIES</b>		<u>87,933</u>	<u>1,346,906</u>
<b>NET ASSETS</b>		<u>-</u>	<u>262</u>
<b>Represented by:</b>			
Capitalisation reserve		-	250
Recoverable revenue		-	12
<b>TOTAL</b>		<u>-</u>	<u>262</u>





**MPUMALANGA - DEPARTMENT OF FINANCE  
VOTE 3**

**STATEMENT OF CHANGES IN NET ASSETS  
For the year ended 31 March 2005**

	<i>Note</i>	<b>2004/05 R'000</b>	<b>2003/04 R'000</b>
<b>Capitalisation reserve</b>			
Opening balance		250	250
Transfers		(250)	-
Closing balance		<u>-</u>	<u>250</u>
<b>Recoverable revenue</b>			
Opening balance		12	36
Debts recovered (included in departmental revenue)		(12)	(24)
Closing balance		<u>-</u>	<u>12</u>
<b>TOTAL</b>		<u><u>-</u></u>	<u><u>262</u></u>



**MPUMALANGA - DEPARTMENT OF FINANCE  
VOTE 3**

**CASH FLOW STATEMENT  
For the year ended 31 March 2005**

	<i>Note</i>	<b>2004/05 R'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts		209,874
Annual appropriated funds received		191,542
Statutory appropriated funds received		620
Departmental revenue received		72,004
Local and foreign aid assistance received	4	110
Net increase in working capital		(54,402)
 Surrendered to Revenue Fund		(144,337)
Current payments		(68,988)
<b>Net cash flow available from operating activities</b>	15	(3,451)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for capital assets		(6,063)
<b>Net cash flows from investing activities</b>		(6,063)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in loans received		(262)
<b>Net cash flows from financing activities</b>		(262)
 Net decrease in cash and cash equivalents		(9,776)
 Cash and cash equivalents at the beginning of the period		43,273
<b>Cash and cash equivalents at end of period</b>		33,497



## MPUMALANGA - DEPARTMENT OF FINANCE VOTE 3

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS For the year ended 31 March 2005

#### 1. Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act for Provincial Departments (Equitable Share):

	<b>Final Appropriation R'000</b>	<b>Actual Funds Received R'000</b>	<b>Variance over/(under) R'000</b>	<b>Total Appropriation 2003/04 R'000</b>
Administration	32,826	32,826	-	14,096
Economic and Fiscal Management	113,911	113,911	-	46,311
Office of the Accountant General	44,805	44,805	-	31,000
Provincial Grants	-	-	-	110,995
<b>Total</b>	<b>191,542</b>	<b>191,542</b>	<b>-</b>	<b>202,402</b>

#### 2. Statutory Appropriation

	<b>2004/05</b>	<b>2003/04</b>
Member of executive committee	620	310
	<b>620</b>	<b>310</b>

#### 3. Departmental revenue collected

<b>Description</b>	<b>2004/05</b>	<b>2003/04</b>
Sales of goods and services other than capital assets	1,592	29,789
Interest, dividends and rent on land	70,412	53,966
<b>Total revenue collected</b>	<b>72,004</b>	<b>83,755</b>
<b>Departmental revenue collected</b>	<b>72,004</b>	<b>83,755</b>

#### 4. Local and foreign aid assistance

##### 4.1 Assistance received in cash Name of donor and purpose Local

	<b>Opening Balance</b>	<b>Revenue</b>	<b>Expenditure</b>	<b>Closing balance</b>
Standard/Empilweni Payout	-	110	110	-
	<b>-</b>	<b>110</b>	<b>110</b>	<b>-</b>



**MPUMALANGA - DEPARTMENT OF FINANCE  
VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
For the year ended 31 March 2005**

**5 Compensation of employees**

	<b>2004/05</b>	<b>2003/04</b>
	<b>R'000</b>	<b>R'000</b>
<b>5.1 Salaries and Wages</b>		
Basic salary	17,763	17,425
Performance award	86	-
Service Based	64	-
Compensative/circumstantial	1,072	778
Periodic payments	21	-
Other non-pensionable allowances	3,156	2,473
	<u>22,162</u>	<u>20,676</u>
<b>5.2 Social contributions</b>		
<b>5.2.1 Short-term employee benefits</b>		
Pension	2,595	2,253
Medical	1,380	1,319
Bargaining council	5	5
	<u>3,980</u>	<u>3,577</u>
<b>Total compensation of employees</b>	<u>26,142</u>	<u>24,253</u>
Average number of employees	<u>144</u>	<u>126</u>

**6. Goods and services**

	<i>Note</i>	<b>2004/05</b>	<b>2003/04</b>
		<b>R'000</b>	<b>R'000</b>
Advertising		1,226	145
Bank charges and card fees		25	15
Bursaries (employees)		42	245
Communication		1,379	962
Computer services		34,151	18,036
Consultants, contractors and special services		10,104	30,736
Courier and delivery services		-	58
Drivers' licences and permits		4	-
Entertainment		3	-
External audit fees	6.1	3,570	1,853
Equipment less than R5000		644	27
Government motor transport		370	-
Inventory	6.2	2,474	1,565
Legal fees		28	103
Maintenance, repairs and running cost		1,485	67
Operating leases		1,449	-
Professional bodies and membership fees		39	9
Resettlement cost		3	20
System access fees		258	-
Owned and leasehold property expenditure		735	29
Travel and subsistence	6.3	3,425	969
Venues and facilities		735	-
Protective, special clothing & uniforms		94	-
Training & staff development		298	-
Town & regional planning		77	-
		<u>62,618</u>	<u>54,839</u>





**MPUMALANGA - DEPARTMENT OF FINANCE  
VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
For the year ended 31 March 2005**

	2004/05 R'000	2003/04 R'000
<b>6.1 External audit fees</b>		
Regularity audits	966	775
Performance audits	157	942
Other audits	2,447	136
<b>Total external audit fees</b>	<b>3,570</b>	<b>1,853</b>
	2004/05 R'000	2003/04 R'000
<b>6.2 Inventory (purchased during the year)</b>		
Domestic consumables	69	71
Learning and teaching support material	16	23
Food and Food supplies	500	58
Fuel, oil and gas	-	108
Other consumables	66	86
Parts and other maintenance material	57	275
Stationery and printing	1,766	944
<b>Total Inventory</b>	<b>2,474</b>	<b>1,565</b>
	2004/05 R'000	2003/04 R'000
<b>6.3 Travel and subsistence</b>		
Local	3,425	969
<b>Total travel and subsistence</b>	<b>3,425</b>	<b>969</b>
	2004/05 R'000	2003/04 R'000
<b>7 Unauthorised expenditure</b>		
<b>7.1. Reconciliation of unauthorised expenditure</b>		
Opening balance	1,303,861	1,303,861
Unauthorised expenditure approved by Legislature – current expenditure	(84,303)	-
Transfer to Voted receivables for recovery	(1,219,558)	-
Unauthorised expenditure awaiting authorisation	-	<b>1,303,861</b>
<div style="border: 1px solid black; padding: 5px;"> R1,219,558 is the unauthorized expenditure from prior years written off to voted funds to be surrendered </div>		
	2004/05 R'000	2003/04 R'000
<b>8. Expenditure for capital assets</b>		
Buildings and other fixed structures	5,149	105,461
Machinery and equipment	914	831
<b>Total</b>	<b>6,063</b>	<b>106,292</b>



**MPUMALANGA - DEPARTMENT OF FINANCE  
VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
For the year ended 31 March 2005**

					2004/05 R'000	2003/04 R'000
<b>9. Cash and cash equivalents</b>						
Consolidated Paymaster General Account					33,497	43,273
					<b>33,497</b>	<b>43,273</b>
<b>10. Receivables</b>					2004/05 R'000	2003/04 R'000
		Less than one year	One to three years	Older than three years	Total	Total
Staff debtors	10.1	20	2	-	22	17
Clearing accounts	10.2	54,372	-	-	54,372	-
Other debtors	10.3	42	-	-	42	17
		<b>54,434</b>	<b>2</b>	<b>-</b>	<b>54,436</b>	<b>34</b>
<div style="border: 1px solid black; padding: 5px;">           Amounts of R 1243 (2004: R 1600) included above may not be recoverable, but have not been written off in the Statement of Financial Performance         </div>						
<b>10.1 Staff debtors</b>						
Study loans					22	17
					<b>22</b>	<b>17</b>
<b>10.2 Clearing accounts</b>						
Receivable from Department of Economic Development					Annex 6 54,372	-
					<b>54,372</b>	<b>-</b>
<b>10.3 Other debtors</b>						
EBT rejection account					-	12
Tax RSA					42	3
Medical Aid deduction					-	2
					<b>42</b>	<b>17</b>
<b>11. Voted funds to be surrendered to the Revenue Fund</b>						
Opening balance					47,460	114,960
Transfer from Statement of Financial Performance					13,036	17,328
Voted funds not requested/not received					73,586	5,860
Paid during the year					(47,460)	(90,688)
Closing balance					<b>86,622</b>	<b>47,460</b>



**MPUMALANGA - DEPARTMENT OF FINANCE  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
For the year ended 31 March 2005**

	2004/05 R'000	2003/04 R'000
<b>12. Departmental revenue to be surrendered to the Revenue Fund</b>		
Opening balance	26,184	-
Transfer from Statement of Financial Performance	72,004	83,755
Paid during the year	<u>(96,877)</u>	<u>(57,571)</u>
Closing balance	<u><b>1,311</b></u>	<u><b>26,184</b></u>

**13. Payables – current  
Description**

	30 Days	30+ Days	2004/05 Total	2003/04 Total
Other payables	-	-	<u>-</u>	<u>4</u>
	-	-	<u>-</u>	<u>4</u>

**14. Payables – Non-current  
Description**

				2004/05	2003/04
	Note	One to two years	Two to three years	More than three years	Total
					Total
Other payables	14.1	-	-	-	-
		-	-	-	-
	</				

	2004/05 R'000	2003/04 R'000
<b>14.1 Other payables</b>		
Description		
Unsurrendered backlog surplus	1,273,258	1,273,258
Transfer to Voted Funds to be surrendered	<u>(1,273,258)</u>	<u>-</u>
	<u><b>-</b></u>	<u><b>1,273,258</b></u>

R1,273, 258 is the unsurrendered backlog surplus from prior years transferred to voted funds to be surrendered



**MPUMALANGA - DEPARTMENT OF FINANCE  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
For the year ended 31 March 2005**

<b>15. Reconciliation of net cash flow from operating activities to surplus</b>	<b>2004/05 R'000</b>	
Net surplus as per Statement of Financial Performance	85,040	
Increase in receivables – current	(54,402)	
Decrease in other current assets	1,303,861	
Decrease in payables – current	(4)	
Decrease in non-current liabilities	(1,273,258)	
Surrenders	(144,337)	
Capital expenditure	6,063	
Voted funds not requested/not received	73,586	
<b>Net cash flow generated by operating activities</b>	<b>(3,451)</b>	
<b>16. Appropriated funds and departmental revenue surrendered</b>	<b>2004/05 R'000</b>	<b>2003/04 R'000</b>
Appropriated funds surrendered	47,460	90,688
Departmental revenue surrendered	96,877	57,571
	<b>144,337</b>	<b>148,259</b>





**MPUMALANGA - DEPARTMENT OF FINANCE  
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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
For the year ended 31 March 2005**

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

		<i>Note</i>	<b>2004/05 R'000</b>	<b>2003/04 R'000</b>
<b>17. Contingent liabilities</b>				
<b>Liable to</b>	<b>Nature</b>			
Housing loan guarantees	Employees	<i>Annex 3</i>	555	551
Capped leave commitments	Employees		4,089	3,749
			<b>4,644</b>	<b>4,300</b>
<b>18. Accruals</b>			<b>2004/05 R'000</b>	<b>2003/04 R'000</b>
<b>Listed by economic classification</b>				
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	416	5,172	5,588	16,211
Machinery and equipment	-	722	722	-
			<b>6,310</b>	<b>16,211</b>
<b>Listed by programme level</b>				
Programme 1: Administration			1,953	561
Programme 2: Economic and Fiscal Management			328	1,467
Programme 3: Office of the Accountant General			4,029	12,717
Programme 4: Provincial Grants			-	1,466
			<b>6,310</b>	<b>16,211</b>
			<b>2004/05 R'000</b>	<b>2003/04 R'000</b>
<b>19. Employee benefits</b>				
Leave entitlement			1,460	824
Thirteenth cheque			1,292	626
Performance awards			78	164
			<b>2,830</b>	<b>1,613</b>
<b>20. Lease Commitments</b>				
<b>20.1 Operating leases</b>	<b>Buildings and other fixed structures</b>	<b>Machinery and equipment</b>	<b>Total</b>	<b>Total</b>
Not later than 1 year	142	-	142	630
Later than 1 year and not later than 3 years	-	-	-	586
Later than three years	-	56	56	-
Total present value of lease liabilities	<b>142</b>	<b>56</b>	<b>198</b>	<b>1,216</b>



**MPUMALANGA - DEPARTMENT OF FINANCE  
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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
For the year ended 31 March 2005**

	<i>Note</i>	<b>2004/05 R'000</b>	<b>2003/04 R'000</b>
<b>21 Irregular expenditure</b>			
<b>21.1 Reconciliation of irregular expenditure</b>			
Opening balance		204	204
Transfer to Statement of Financial Performance – authorised losses (Condoned)		(204)	-
Irregular expenditure awaiting condonement		<u>-</u>	<u>204</u>
<b>Analysis</b>			
Current		-	116
Prior years		<u>-</u>	<u>88</u>
		<u>-</u>	<u>204</u>
<b>22. Senior management personnel</b>			
■ 1X MEC		620	310
■ 1X Deputy Director General		647	0
■ 2X Chief Directors		1,006	987
■ 5X Directors		<u>2,251</u>	<u>1,722</u>
		<u>4,524</u>	<u>3,019</u>



**MPUMALANGA - DEPARTMENT OF FINANCE**  
**VOTE 3**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**For the year ended 31 March 2005**

**ANNEXURE 3**  
**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 – LOCAL**

Guarantor institution	Guaranteee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2004 R'000	Guarantees issued during the year R'000	Guarantees released during the year R'000	Guaranteed interest for year ended 31 March 2005 R'000	Closing balance 31 March 2005 R'000	Realised losses i.r.o. claims paid out R'000
Peoples Bank	Housing	150	150	-	-	-	150	-
Absa	Housing	103	103	-	24	-	79	-
First Rand Bank	Housing	59	59	28	-	-	87	-
Old Mutual	Housing	102	102	-	-	-	102	-
Standard Bank	Housing	15	15	-	-	-	15	-
Nedbank	Housing	122	122	-	-	-	122	-
	<b>Total</b>	<b>551</b>	<b>551</b>	<b>28</b>	<b>24</b>	<b>-</b>	<b>555</b>	<b>-</b>



**MPUMALANGA - DEPARTMENT OF FINANCE  
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**ANNUAL FINANCIAL STATEMENTS  
For the year ended 31 March 2005**

**ANNEXURE 4****PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2005**

	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers in R'000	Transfers out R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	-	5,149	-	-	5,149	-
Infrastructure assets	-	5,149	-	-	5,149	-
<b>MACHINERY AND EQUIPMENT</b>	1,131	914	-	-	-	2,045
Computer equipment	1,130	914	-	-	-	2,044
Other machinery and equipment	1	-	-	-	-	1
	1,131	6,063	-	-	5,149	2,045

**PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2004**

	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers in R'000	Transfers out R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	-	105,461	-	-	105,461	-
Infrastructure assets	-	105,461	-	-	105,461	-
<b>MACHINERY AND EQUIPMENT</b>	300	831	-	-	-	1,131
Computer equipment	299	831	-	-	-	1,130
Other machinery and equipment	1	-	-	-	-	1
	300	106,292	-	-	105,461	1,131





**MPUMALANGA - DEPARTMENT OF FINANCE  
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**ANNUAL FINANCIAL STATEMENTS  
For the year ended 31 March 2005**

**ANNEXURE 6  
INTER-GOVERNMENTAL RECEIVABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005 R'000	31/03/2004 R'000	31/03/2005 R'000	31/03/2004 R'000
<b>Departments:</b>				
Economic Development and Planning	54,372	-	-	-
<b>TOTAL</b>	<b>54,372</b>	<b>-</b>	<b>-</b>	<b>-</b>



*Part 5:*  
*Human Resource*  
*Management*

Department of Finance

*“Always Stretching Our Arm, to Accelerate Service Delivery”*



## PART FIVE: HUMAN RESOURCE MANAGEMENT

### 5.1 Service Delivery

**Table 1.1 - Main Service for Service Delivery Improvement and Standards**

Main Services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
N/A	N/A	N/A	N/A	N/A

**Table 1.2 – Consultation arrangements with customers**

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
N/A	N/A	N/A	N/A

**Table 1.3 – Service delivery access strategy**

Access Strategy	Actual achievements
N/A	N/A

**Table 1.4 – Service information tool**

Types of information Tool	Actual achievements
N/A	N/A

**Table 1.5 – Complaints mechanism**

Complaints Mechanism	Actual achievements
N/A	N/A



## Expenditure

**Table 2.1 – Personnel costs by programme, 2004/05**

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Personnel cost as a % of total expenditure	Average personnel cost per employee (R'000)
1. Administration	25 788	9 590	340	37	165
2. Economic And Fiscal Management	109 678	9 233	-	8	178
3. Office Of The Accountant General	43 660	7 319	-	17	215
<b>Total</b>	<b>179,126</b>	<b>26,142</b>	<b>340</b>	<b>15</b>	<b>182</b>

**Table 2.2 – Personnel costs by salary bands, 2004/05**

Salary bands	Personnel Expenditure (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R'000)
Lower skilled (Levels 1-2)	1 290	5.0	50
Skilled (Levels 3-5)	1 427	5.5	68
Highly skilled production (Levels 6-8)	7 178	27.5	150
Highly skilled supervision (Levels 9-12)	10 881	42.0	265
Senior management (Levels 13-16)	5 026	19.0	628
Periodical Remuneration	340	1.0	34



**Table 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2004/05**

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance		Total Personnel Cost (R'000)
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost	
1. Administration	7 062	73.6	675	7.0	101	1.0	578	6.0	9 590
2. Economic And Fiscal Management	6 958	75.0	208	2.3	68	0.7	435	4.7	9 233
3. Office Of The Accountant General	5 209	71.0	31	0.4	58	0.8	337	4.6	7 319
<b>TOTAL</b>	<b>19 229</b>	<b>73.6</b>	<b>914</b>	<b>3.5</b>	<b>227</b>	<b>0.9</b>	<b>1 350</b>	<b>5.2</b>	<b>26 142</b>

**Table 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2004/05**

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance		Total Personnel Cost (R'000)
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)		Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)
Lower skilled (Levels 1-2)	1 249	96.8	8	0.6	-	-	-	-	1 290
Skilled (Levels 3-5)	1 089	76.0	88	7.1	8	0.6	182	12.8	1 427
Highly skilled production (Levels 6-8)	5 040	70.0	360	5.0	82	1.1	497	6.9	7 178
Highly skilled supervision (Levels 9-12)	7 159	65.8	458	4.2	137	1.3	521	4.8	10 881
Senior management (Levels 13-16)	4 352	86.6	-	-	-	-	150	3.0	5 026
Periodical Remuneration	340	100	-	-	-	-	-	-	340
<b>TOTAL</b>	<b>19 229</b>	<b>73.6</b>	<b>914</b>	<b>3.5</b>	<b>227</b>	<b>0.9</b>	<b>1 350</b>	<b>5.2</b>	<b>26 142</b>

**Table 3.1 – Employment and vacancies by programme, 31 March 2005**

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Programme 1:Administration: Permanent	125	58	52.8	-
Programme 2: Provincial Treasury, Permanent	96	52	45.8	-
Programme 3:Office of the Accountant General, Permanent	54	34	37	-
<b>TOTAL</b>	<b>275</b>	<b>144</b>	<b>47.3</b>	<b>-</b>

**Table 3.2 – Employment and vacancies by salary bands, 31 March 2005**

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2), Permanent	26	26	-	-
Skilled (Levels 3-5), Permanent	51	21	59.0	-
Highly skilled production (Levels 6-8), Permanent	93	48	48.4	-
Highly skilled supervision (Levels 9-12), Permanent	87	41	52.9	-
Senior management (Levels 13-16), Permanent	17	8	52.9	-
<b>TOTAL</b>	<b>275</b>	<b>144</b>	<b>48.0</b>	<b>-</b>

**Table 3.3 – Employment and vacancies by critical occupation, 31 March 2005**

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
None	0	0	0	0



## Job Evaluation

**Table 4.1 – Job Evaluation, 1 April 2004 to 31 March 2005**

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts	Number	% of posts
Lower skilled (Levels 1-2)	26	0	0	0	0	0	0
Skilled (Levels 3-5)	51	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	93	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	87	0	0	0	0	0	0
Senior Management Service Band A	17	0	0	0	0	0	0
<b>TOTAL</b>	<b>275</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2004 to 31 March 2005**

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
<b>Employees with a disability</b>					0

**Table 4.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2004 to 31 March 2005 (in terms of PSR 1.V.C.3)**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation	No of Employees in the Dept.
None	0	0	0	0	0
Total	0	0	0	0	144
% of Total Employment	0				
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2003/04					
Percentage of total employment					



**Table 4.4 – Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2004 to 31 March 2005 (in terms of PSR 1.V.C.3)**

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a Disability	0	0	0	0	0

## Employment Changes

**Table 5.1 – Annual turnover rates by salary band for the period 1 April 2004 to 31 March 2005**

Salary Band	Number of employees per band as on 1 April 2004	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2), Permanent	26	0	0	0
Skilled (Levels 3-5), Permanent	20	1	0	0
Highly skilled production (Levels 6-8), Permanent	49	0	1	1.4
Highly skilled supervision (Levels 9-12), Permanent	40	2	1	1.8
Senior Management Service Band A, Permanent	8	1	1	0
<b>TOTAL</b>	<b>143</b>	<b>4</b>	<b>3</b>	<b>8.6</b>

**Table 5.2 – Annual turnover rates by critical occupation for the period 1 April 2004 to 31 March 2005**

Occupation:	Number of employees per occupation as on 1 April 2004	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
None				

**Table 5.3 – Reasons why staff are leaving the department**

Termination Type	Number	% of total
Death	-	-
Resignation	3	100
Expiry of contract	-	-
Dismissal – operational changes	-	-
Dismissal – misconduct	-	-
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	-	-
Transfers to other Public Service Departments	-	-
Other	-	-
Total	3	100
Total number of employees who left as a % of the total employment		2

**Table 5.4 – Promotions by critical occupation**

Occupation	Employees as at 1 April 2004	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
None					

**Table 5.5 – Promotions by salary band**

Salary Band	Employees 1 April 2004	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2), Permanent	26	0	0	0	72.7
Skilled (Levels 3-5), Permanent	20	0	0	0	92.9
Highly skilled production (Levels 6-8), Permanent	49	2	2.9	0	80
Highly skilled supervision (Levels 9-12), Permanent	40	3	5.5	0	56.4





Salary Band	Employees 1 April 2004	Promotions to another salary level	Salary bands promotions as a % of employees by salary	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary
Senior  (Levels 13-16), Permanent	8	1	9.1	0	0
Contract, Permanent	0	0	0	0	0
<b>TOTAL</b>	<b>143</b>	<b>6</b>	<b>9.1</b>	<b>0</b>	<b>69.5</b>

### Employment Equity

**Table 6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2005**

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	37	1	1	9	37	0	0	2	87
Professionals	3	0	0	0	3	0	0	0	6
Technicians and associate									
Clerks	5	0	0	0	19	0	1	1	26
Service and sales workers									
Skilled agriculture and fishery workers									
Craft and related trades									
Plant and machine operators and assemblers	3	0	0	0	0	0	0	0	3
Elementary occupations	4	0	0	0	18	0	0	0	22
<b>Total</b>	<b>52</b>	<b>1</b>	<b>1</b>	<b>9</b>	<b>77</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>144</b>
<b>Employees with disabilities</b>	-	-	-	-	-	-	-	-	-



**Table 6.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2005**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	0	0	0	0	1	0	0	0	1
Senior Management, Permanent	5	0	0	0	3	0	0	0	8
Professionally qualified and experienced specialists and mid-management, Permanent	29	1	1	8	20	0	0	1	60
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	6	0	0	1	19	0	1	2	29
Semi-skilled and discretionary decision making, Permanent	8	0	0	0	27	0	0	0	35
Unskilled and defined decision making, Permanent	0	0	0	0	1	0	0	0	1
Contract, Permanent	4	0	0	0	6	0	0	0	10
<b>TOTAL</b>	<b>52</b>	<b>1</b>	<b>1</b>	<b>9</b>	<b>77</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>144</b>

**Table 6.3 Recruitment for the period 1 April 2004 to 31 March 2005**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	0	0	0	0	0	0	0	0	0
Senior Management, Permanent	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	0	0	0	0	2	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making, Permanent	1	0	0	0	0	0	0	0	1
Unskilled and defined decision making, Permanent	0	0	0	0	0	0	0	0	0
Contract, Permanent	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
Employees with disabilities	-	-	-	-	-	-	-	-	-

**Table 6.4 – Promotions for the period 1 April 2004 to 31 March 2005**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	0	0	0	0	0	0	0	0	0
Senior Management, Permanent	0	0	0	0	1	0	0	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	1	0	0	1	0	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	2	0	0	1	1	0	0	0	3
Semi-skilled and discretionary decision making, Permanent	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making, Permanent	0	0	0	0	0	0	0	0	0
Contract, Permanent									
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>

Employees with disabilities	-	-	-	-	-	-	-	-	-
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**Table 6.5 – Terminations for the period 1 April 2004 to 31 March 2005**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent									
Senior Management, Permanent	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	1	0	0	0	1	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>

Employees with disabilities	-	-	-	-	-	-	-	-	-
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**Table 6.6 – Disciplinary action for the period 1 April 2004 to 31 March 2005**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action									
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 6.7 – Skills development for the period 1 April 2004 to 31 March 2005**

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	4	0	0	0	2	0	0	0	6
Professionals	0	0	0	2	2	0	0	0	4
Technicians and Associate Professionals	0	0	0	0	0	0	0	0	0
Clerks	0	0	0	0	0	0	0	0	0
Service and Sales Workers	0	0	0	0	0	0	0	0	0
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	0	0	0	0	0	0	0	0	0
Elementary Occupations	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0



## Performance Rewards

**Table 7.1 – Performance Rewards by race, gender, and disability, 1 April 2004 to 31 March 2005**

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African, Female	0	82	0	0	0
African, Male	1	47	2.0	78	78,108
Asian, Female	0	1	0	0	0
Asian, Male	0	1	0	0	0
Coloured, Male	0	1	0	0	0
<b>Total Blacks, Female</b>	<b>0</b>	<b>83</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Blacks, Male</b>	<b>1</b>	<b>49</b>	<b>2.0</b>	<b>78</b>	<b>78,108</b>
White, Female	0	2	0	0	0
White, Male	0	10	0	0	0
<b>TOTAL</b>	<b>1</b>	<b>144</b>	<b>0.01</b>	<b>78</b>	<b>78,108</b>

**Table 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2004 to 31 March 2005**

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	0	26	0	0	0	0
Skilled (Levels 3-5)	0	21	0	0	0	0
Highly skilled production (Levels 6-8)	0	48	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	41	0	0	0	0
Contract	0	0	0	0	0	0
Periodical Remuneration	0	8	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>144</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**Table 7.3 – Performance Rewards by critical occupations, 1 April 2004 to 31 March 2005**

Critical Occupations	Beneficiary Profile			Cost	
		Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
None					

**Table 7.4 – Performance related rewards (cash bonus), by salary band, for Senior Management Service**

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure	% of SMS Wage Bill	Personnel Cost SMS (R'000)
	Number of beneficiaries	Number of employees	% of total within band					
Band A	0	1	0	0	0	0	0	628
Band B	1	7	33.3	78	78	0.1	2	4,392
Band C	0	0	0	0	0	0	0	0
Band D	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>1</b>	<b>8</b>	<b>11.1</b>	<b>78</b>	<b>628</b>	<b>2</b>	<b>5.7</b>	<b>5,026</b>

### Foreign Workers

**Table 8.1 – Foreign Workers, 1 April 2004 to 31 March 2005, by salary band**

Salary Band	1 April 2004		31 March 2005		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 8.2 – Foreign Worker, 1 April 2004 to 31 March 2005, by major occupation**

Salary Band	1 April 2004		31 March 2005		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Leave utilisation for the period 01 January 2004 to 31 December 2004****Table 9.1 – Sick leave, 1 January 2004 to 31 December 2004**

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	201	100	15	13	13	29
Skilled (Levels 3-5)	99	98	18	15	6	21
Highly skilled production (Levels 6-8)	361	92	44	37	8	142
Highly skilled supervision (Levels 9-12)	229	85.6	37	31	6	150
Senior management (Levels 13-16)	10	70	5	4	2	16
<b>TOTAL</b>	<b>900</b>	<b>92.6</b>	<b>119</b>	<b>100</b>	<b>8</b>	<b>358</b>

**Table 9.2 – Disability leave (temporary and permanent), 1 January 2004 to 31 December 2004**

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	70	100	1	100	70	10
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0



Salary Band	Total days	% days with medical certification	Number of Employees using sick	% of total employees using sick	Average days per employee	Estimated Cost (R'000)
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
<b>TOTAL</b>	<b>70</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>70</b>	<b>10</b>

**Table 9.3 – Annual Leave, 1 January 2004 to 31 December 2004**

Salary Bands	Total days taken	Average per employee	Number of employees who took leave
Lower skilled (Levels 1-2)	719	23	26
Skilled (Levels 3-5)	635	19	21
Highly skilled production (Levels 6-8)	1845	20	48
Highly skilled supervision (Levels 9-12)	1353	18	41

**Table 9.4 – Capped leave, 1 January 2004 to 31 December 2004**

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2004	Number of Employees who took Capped Leave	Total number of capped leave available at 31 December 2004	Total number of capped leave available at 31 December 2004
Lower skilled (Levels 1-2)	31	10	98	3	1565	16
Skilled (Levels 3-5)	10	5	79	2	1579	20
Highly skilled (Levels 6-8)	79	7	66	12	2841	43
Highly skilled (Levels 9-12)	18	5	79	4	3013	38
Senior (Levels 13-16)	21	21	95	1	189	2
<b>TOTAL</b>	<b>159</b>	<b>7</b>	<b>77</b>	<b>22</b>	<b>9187</b>	<b>119</b>

**Table 9.5 – Leave payouts for the period 1 April 2004 to 31 March 2005**

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee R'000
Leave payout for 2004/05 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2004/05	72	9	8
Current leave payout on termination of service for 2004/05	43	3	14
<b>TOTAL</b>	<b>115</b>	<b>12</b>	<b>9,6</b>

### **HIV/AIDS and Health Promotion Programmes**

**Table 10.1 – Steps taken to reduce the risk of occupational exposure**

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

**Table 10.2 – Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)**

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.		X	
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.		X	
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.		X	
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		X	



Question	Yes	No	Details, if yes
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		X	
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.		X	
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.		X	
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	

### **Labour Relations**

**Table 11.1 – Collective agreements, 1 April 2004 to 31 March 2005**

Collective agreements – 2004/05	None
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**Table 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2004 to 31 March 2005**

Disciplinary hearings – 2004/05	None
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**Table 11.3 – Types of misconduct addressed at disciplinary hearings**

Type of misconduct	Number	% of total
None	None	None
<b>Total</b>	-	-

**Table 11.4 – Grievances lodged for the period 1 April 2004 to 31 March 2005**

	Number	% of total
Number of grievances resolved	None	None
Number of grievances not resolved	None	None
Total number of grievances lodged	None	None

**Table 11.5 – Disputes lodged with Councils for the period 1 April 2004 to 31 March 2005**

Type of misconduct	Number	% of total
Number of disputes upheld	None	None
Number of disputes dismissed	None	None
Total number of disputes lodged	None	None



**Table 11.6 – Strike actions for the period 1 April 2004 to 31 March 2005**

Total number of person working days lost	% of Total
Total cost (R'000) of working days lost	None
Amount (R'000) recovered as a result of no work no pay	None

**Table 11.7 – Precautionary suspensions for the period 1 April 2004 to 31 March 2005**

Number of people suspended	None
Number of people whose suspension exceeded 30 days	None
Average number of days suspended	None
Cost (R'000) of suspensions	None

## Skills Development

**Table 12.1 – Training needs identified 1 April 2004 to 31 March 2005**

Occupational Categories	Gender	Number of employees as at 1 April 2004	Training needs identified at start of reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female		0	2	0	2
	Male	0	0	4	0	4
Professionals	Female	0	0	4	0	4
	Male	0	0	0	0	0
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	0	0	0	0
	Male	0	0	0	0	0
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	0	0	12	0	12
	Male	0	0	4	0	4
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>16</b>

**Table 12.2 – Training provided 1 April 2004 to 31 March 2005**

Occupational Categories	Gender	Number of employees as at 1 April 2004	Training needs identified at start of reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and	Female	0	0	3	0	3
	Male	0	0	4	0	4
Professionals	Female	0	0	3	0	3
	Male	0	0	1	0	1
Technicians and	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	4	17	0	21
	Male	0	1	2	0	3
Service and sales	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary	Female	0	12	0	9	21
	Male	0	6	0	0	6
Sub Total	Female	0	0	0	0	0
	Male	0	0	0	0	0
<b>TOTAL</b>		<b>0</b>	<b>23</b>	<b>30</b>	<b>9</b>	<b>62</b>



## ***Injury on duty***

**Table 13.1 – Injury on duty, 1 April 2004 to 31 March 2005**

<b>Nature of injury on duty</b>	<b>Number</b>	<b>% of total</b>
Required basic medical attention only	0	0
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## ***Utilisation of Consultants***

**Table 14.1 – Report on consultant appointments using appropriated funds**

<b>Project Title</b>	<b>Total number of consultants that worked on the project</b>	<b>Duration: Work days</b>	<b>Contract value in Rand</b>
None	None	None	None
<b>Total number of projects</b>	<b>Total individual consultants</b>	<b>Total duration: Work days</b>	<b>Total contract value in Rand</b>
None	None	None	None

**Table 14.2 – Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)**

<b>Project Title</b>	<b>Percentage ownership by HDI groups</b>	<b>Percentage management by HDI groups</b>	<b>Number of Consultants from HDI groups that work on the project</b>
None	None	None	None

**Table 14.3 – Report on consultant appointments using Donor funds**

<b>Project Title</b>	<b>Total Number of consultants that worked on the project</b>	<b>Duration: Work days</b>	<b>Donor and Contract value in Rand</b>
None	None	None	None
<b>Total number of projects</b>	<b>Total individual consultants</b>	<b>Total duration: Work days</b>	<b>Total contract value in Rand</b>
None	None	None	None



**Table 14.4 – Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)**

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
None	None	None	None

