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DEPARTMENT: FINANCE
MPUMALANGA
PROVINCIAL GOVERNMENT

Annual Report *2005 -2006*

“Always Stretching Our Arm, to Accelerate Service Delivery”

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OUR VISION

A Strategic Arm of Government that Strives for Sound and Prudent Financial Management to Accelerate Service Delivery for the People of Mpumalanga.

OUR MISSION

To Promote Sound and Prudent Financial Management through Skilled, Dedicated, Transparent, Accountable and Professional Workforce.

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Annual Report
2005-2006



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ANNUAL REPORT: 2005-2006



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PART 1:

GENERAL INFORMATION





PART 1: GENERAL INFORMATION

1.1 Submission of the Annual Report to the Executing Authority

I, Rabeng Sophney Tshukudu, the Accounting Officer of the Department of Finance have the honour of submitting the 2005/2006 Annual Report of the Department of Finance in terms of Section 40 (1)(d) of the Public Finance Management Act, 1999, to the Executing Authority, Mrs E.M Coleman.

Accounting Officer

Date: 31 August 2006

1.2 INTRODUCTION BY THE HEAD OF DEPARTMENT



MR R.S. TSHUKUDU
HEAD OF DEPARTMENT

The Department has ensured that there is compliance with all prescripts, especially the PFMA. With the previous financial year's Audit Report, specifically the issues identified as emphasis of matter, as a point of departure, the management agreed on a Plan of Action to address all issues identified in the 2004/2005 Audit Report. It is worth noting that the Audit Report for 2005/2006 identifies only one issue as a matter of emphasis. The controls within the Department need to be tightened.

As we started this financial year, there was a vacancy rate of 47,3%. By the end of March 2006, the vacancy rate had dropped to 25,8%. Not all Senior positions could be filled during the year under review because of the introduction of Competency Assessments for all positions above Assistant Director. More time was therefore spent between formal interviews, competency assessments and final appointments.

The under-expenditure reflected in the financial statements is largely as a result of the unfilled positions. Contributing the most to the under-expenditure are Programmes 2 and 4. These programmes require specific qualifications, be it Finance, Accounting, Auditing, Risk Management, etc and personnel with such qualifications are in demand, making it difficult to attract such personnel to the Department.

Programmes within the Department were aligned and re-named as per the National Treasury requirement. Programme 2 which used to be called Economic and Fiscal Management was renamed Sustainable Resource

Management; Programme 3 which was called the Office of the Accountant General is now Programme 4 and called Financial Governance; and a new Programme known as Assets and Liabilities Management was introduced. It is now Programme 3. Programme 1 remains Administration.

We managed to successfully implement the Learnership and Internship programmes, which attracted young men and women who were equipped with skills needed in the job market. All the 26 young graduates who were in the Internship programme were employed in the Department, other government Departments and in the private sector.

In response to the President's call during the 2005 State of the Nation Address, the Department introduced the Public Private Partnership (PPP) Unit. The Unit seeks to maximise private investment in the provision of government services and infrastructure.

A fully functional Internal Audit component and a three (3) member Audit Committee were established. The Audit Committee held three (3) meetings during the financial year under review.

The management of the Province's salary system, PERSAL, was transferred from the Office of the Premier to the Department during September 2005.

The 1st of September 2005 saw 16 municipalities in the Province being delegated to the MEC for Finance, by the Minister of Finance.

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

Bills submitted to the Legislature during the Financial Year (2005-2006):

- Mpumalanga Appropriation Bill, 2005
- Mpumalanga Adjustment Appropriation Bill, 2005
- Mpumalanga Finance Matters Bill, 2006

Ministerial visits abroad

None

1.4 Mission Statement

Our Mission 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 derives its mandate from the following legislations:

- **The Constitution of the Republic of South Africa Act, 1996**

The Constitution provides a framework for the improvement of the quality of life of all citizens. It does so by enshrining the rights of all people which have to be respected, protected and promoted and fulfilled by the State. To enable the State to fulfill the rights of individuals, resources, especially financial resources, must be made available.

- **Public Finance Management Act, 1999 (Act 1 of 1999)**

This Act prescribes measures to ensure transparency and expenditure control in the National and Provincial spheres of Government and it sets operational procedures for borrowing, guarantees, procurement and oversight over the Provincial Revenue Fund.

- **Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)**

This Act sets out the responsibilities of the Provincial Treasury with regard to local Government finances and fiscal powers as delegated to it by National Treasury.

- **Annual Division of Revenue Act**

This Act provide for the equitable division of revenue anticipated to be raised nationally among the National, Provincial and Local spheres of Government every

financial year, and it further sets out the responsibilities of the Provincial sphere of Government pursuant to such division.

- **Intergovernmental Fiscal Relations Act, 1997 (Act 97 of 1997)**

This Act sets out the process for the sharing of revenue raised nationally among National, Provincial and Local spheres of Government, as well as the allocation of money to the Provincial Government.

- **State Information Technology Agency Act, 1998 (Act 8 of 1998)**

This Act has established an institution that is responsible for the State's information technology system.

- **Protected Disclosures Act, 2000 (Act 26 of 2000)**

This Act assists to deter and detect wrongdoing in the workplace by providing an early warning mechanism to prevent impropriety and corruption in the public sector. It makes provisions for procedures in terms of which employees in the public sector who disclose information of unlawful or corrupt conduct by their employers or fellow employees are protected from occupational detriment.

- **Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004)**

This Act provides for an overall anti-corruption strategy and makes provisions for the strengthening of measures to prevent and combat corruption and corrupt activities.

- **Mpumalanga Gambling Act, 1995 (Act 5 of 1995)**

This Act provides, amongst others, for the levying of licences against casino owners. The Province in turn pays such levies and licences into the Provincial Revenue Fund for utilisation.





PART 2:

PROGRAMME PERFORMANCE



PART 2: PROGRAMME PERFORMANCE

2.1 VOTED FUNDS

Appropriation	Main Appropriation	Adjusted Appropriation	Actual Amount Spent	Over/Under Expenditure
VOTE 3	R142, 895,000	R112, 895,000	R106, 029,000	R6, 866, 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 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 build capacity and play an economic role to the budget process of 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/Municipal policy advice, 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

1. Programme 1: Administration

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

2. Programme 2: Sustainable Resources 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.

3. Programme 3: Assets and Liabilities Management

The objective of this programme is to provide policy direction, facilitating the effective and efficient management of physical and financial assets, Public Private Partnership (PPP) and information technology (IT).

4. Programme 4: Financial Governance

The objective of this programme is to promote accountability through substantive reflection of financial activities as well as compliance with financial norms and standards.

Achievements

The Department was able to reduce the vacancy level to 25.8% and approved its own organisational chart. The department was also able to develop its strategic planning document for the five-year period and the MTEF and delivered on its second year mandate.

2.4 OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT FOR 2005/6

Department of Finance has undergone some structural changes in trying to come up with a suitable and adequate organogram, which will enable the department to achieve on its mandate. All vacant posts will be filled in the 2006/07 financial year.

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 will continuously evaluate 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 learnership and internship programmes to train and develop unemployed youth to equip them with experience and alleviate unemployment and poverty. The initial intake of 56 of the unemployed youth in the 2005/6 financial year will run until the end of the 2005/06 financial year.

Virement

An amount of R30 Million was surrendered to the Provincial Treasury, made up of R20 Million from the Contingency Reserve and R10 Million from personnel savings.

2.5 OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT FOR 2005/6

The Department has been able to fill the critical vacant posts to a large extent. There have been changes of Accounting officers, the one for the Department being transferred to the Department of Economic Development and Planning and vice versa.

The management of the Province's PERSAL system was transferred from the Office of the Premier to the Department during September 2005. The Minister of Finance delegated 16 municipalities in the Province to the MEC for Finance with effect from 1 September 2005 and a dedicated Unit, the Municipal Finance Unit, was established during the year under review to implement the mandate of the Department in terms of the Municipal Finance Management Act.

An Internal Audit component has been established during the financial year and a fully functional Audit Committee is in place.

2.6 STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS FOR THE 2005/6 FINANCIAL YEAR

The Department continued to assist and support provincial departments to increase their revenue collection and the identification of other revenue sources. The own revenue collection for the 2005/06 financial year exceeded the projected amount of R272 million by R83 million.

The implementation of the Municipal Finance Management Act is being closely monitored in the Province and the Department ensures that National priorities and policies are adopted and adhered to.

2.7 DEPARTMENTAL REVENUE, EXPENDITURE, AND OTHER SPECIFIC TOPICS

1.1.1 Collection of departmental revenue

The Department had projected to collect R24, 246 million own targeted revenue and was able to collect a total of R 65,087 million, exceeding its target by R 40, 841 million.

Breakdown of sources of revenue:

	2002/03 Actual R'000	2003/04 Actual R'000	2004/05 Actual R'000	2005/06 Target R'000	2005/06 Actual R'000	% Deviation from target
Non-tax revenue						
Sales of goods and other than capital assets and interest	97,709	83,755	72,004	24,246	65,090	268%
TOTAL DEPARTMENTAL RECEIPTS	97,709	83,755	72,004	24,246	65,090	

2.7.2 Departmental expenditure

Programmes	Voted for 2005/06 R'000	Roll-overs and adjustments R'000	Virement R'000	Total voted R'000	Actual Expenditure R'000	Variance R'000
Programme 1	31,963	-	2,000	33,963	32,982	981
Programme 2	49,648	-	(28,500)	21,148	19,563	1,585
Programme 3	48,739	-	-	48,739	47,965	774
Programme 4	12,545	-	(3,500)	9,045	5,519	3,526
Total	142,895	-	(30,000)	112,895	106,029	6,866

2.7.3 Specific challenges and responses

• Lack of approved Departmental policies

Policies are meant to increase efficiency and internal control systems and without them efficiency and internal control systems cannot be realized. Eleven new policies have been developed, seven reviewed, analysed and submitted to the Departmental Executive Committee for approval.

• Submission of inaccurate data and meeting of due dates by Departments

Provincial Departments are engaged continuously to improve the accuracy of data and information and adhere to provincial submission dates.

• Non-submission or delay in submission of infrastructure plans and performance reports from Provincial departments

Provincial Departments are encouraged to recruit and appoint appropriately skilled personnel.

2.7.4 Asset Management

The assets of the Department has been captured and the movement of furniture is continuously being updated. The asset management unit has been established and new staff have been appointed.

2.8 PROGRAMME PERFORMANCE

2.8.1 Summary of Programmes

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

- **Programme 1: Administration**
- **Programme 2: Sustainable Resource Management**
- **Programme 3: Assets and Liabilities Management**
- **Programme 4: Financial Governance**

2.8.1.1 PROGRAMME 1: ADMINISTRATION

Purpose:

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

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

Service delivery objectives and indicators:

- Political direction.
- Overall effective and efficient management of the Department.
- Provide human resource, legal, communication and policy planning services.
- Timeous and accurate financial reports.
- Effective internal controls.

Service delivery achievements:

- Political direction was provided.
- The Department was effectively and efficiently managed.
- Human resources, legal, communication and policy planning services to internal clients were provided.
- Internal controls were introduced.



Sub-programmes	Outputs	Output performance measures/ service delivery indicators	Actual performance against target	
			Target	Actual
1. Office of the MEC	Priorities and political directives in order to meet the objectives of the Department	Implemented priorities	Priorities in place	Priorities were in place
2. Management Services (Office of the Head of Department)	Efficient administrative and Management Support Services	Effective and efficient management services	Overall effective and efficient management of the Department	The Department was effectively and efficiently managed
3. Corporate Services	Effective and efficient legal services, human resource, communication and policy planning in the Department	Human resources, legal, communication and policy planning services	Filling of 122 posts	122 posts were filled
			Enrolment of 27 unemployed youth into learnership programme and 29 internships	Enrolled 56 unemployed youth
4. Financial Management (Office of the CFO)	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 targeted deadlines
		R24.324 million collected as own revenue	Collect revenue	Collected R 65,087 million own targeted revenue
		Development and finalisation of departmental policies	Development of 11 departmental policies	7 departmental policies were developed and finalised



Sub-programmes	Outputs	Output performance measures/ service delivery indicators	Actual performance against target	
			Target	Actual
5. Communication	Media Liaison and Monitoring Service:	Number of Media Statements/ Advisories/ Invites issued to the media	Whenever a need arises	Eleven (11)
	Good relations with the media thus maintaining a positive image of the Department	Number of arranged Media Conferences/ Information sessions	Whenever a need arises	Two (2)
	Marketing, Events Management and Community Liaison:	Established Corporate Brand and Image	Established Corporate Brand	Corporate Brand established
	An established brand of the Department	Number of designed, printed and distributed Corporate Stationery (letterheads, business cards, complimentary slips, folders)	Designed, printed Corporate Stationery	15 300 copies of Corporate Stationery printed and distributed
		Updated Departmental Website	Regularly updated website	Website regularly updated
		Number of purchased Advertorials (newspaper adverts and feature articles)	Whenever a need arises	68 advertorials and feature articles placed in newspapers



Sub-programmes	Outputs	Output performance measures/ service delivery indicators	Actual performance against target	
			Target	Actual
5. Communication (continue)		Number of purchased radio slots/ airtime	Whenever a need arises	610 radio adverts slots purchased
		Number of Executive Council Outreach Meetings and Government Izimbizo attended	All planned	10 Executive Council Outreach Meetings and Government Izimbizo attended
		Number of events organised and managed	Whenever a need arises	Two (2)
	Media Production and Publications:	Designed, printed and distributed Annual Reports	500	500
	Informed stakeholders (Designed and printed documents)	Designed, printed and distributed Budget Statements books (2006/2007)	500	500
		Designed, printed and distributed Speeches (Provincial Budget: 2006)	500	500
		Designed, printed and distributed Budget-Made-Easy booklets (2006)	Not set	5 000
		Number of designed, printed and distributed staff bulletins/ news letters	3200	2000
		Number of designed, printed and distributed Season's Greeting Cards for MEC and HOD	300	300

2.8.1.2 PROGRAMME 2: SUSTAINABLE RESOURCE 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 fiscal policy advice, determine the MTEF, develop and optimise the provincial revenue base
- To oversee the provincial allocation process aligned with the provincial policies and the growth and development strategy
- To provide departmental/municipal policy advice, ensure budget implementation, enhance service delivery in terms of the PFMA and the MFMA

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:

- The fiscal policy was implemented and the budget process managed.
- Research and analysis that inform the fiscal policy development and the annual budget process was conducted
- Own revenue collection exceeded the projected amount of R272 million by R83 million
- Budgets are aligned with Provincial priorities
- Service delivery was enhanced through the proper implementation of the budget.

Sub-programmes	Outputs	Output performance measures/ service delivery indicators	Actual performance against target	
			Target	Actual
1. Programme support	Provision of the cost related to efficient running of the programme	Implementation of the fiscal policy and management of the budget process	Provision of the cost related to efficient running of the programme	Implemented the provincial fiscal policy and managed the budget process
2. Economic Analysis	Updated Provincial Socio-Economic outlook that informs the budget process	Published provincial economic review and outlook	Publish provincial economic review and outlook	Draft Economic Outlook of the province report (still to be published)
	Research report on the impact of the budget allocation to service delivery	1 Research report completed	1 Research report	Completed and issued 1 Research report
	2006 Provincial Budget Statement Number 1	Updated socio-economic inputs to 2006 Provincial Budget Statement Number 1	2006 Provincial Budget Statement Number 1	2006 Provincial Budget Statement Number 1



Sub-programmes	Outputs	Output performance measures/ service delivery indicators	Actual performance against target	
			Target	Actual
3. Fiscal Policy	Increased Own Revenue collection by departments and municipalities	Rands increase in own revenue	Increased Own Revenue collection by departments	Own Revenue collection by departments exceeded projected amount
4. Budget Management	Credible annual and MTEF budget	Tabling of the Annual and MTEF Provincial Budget before the Legislature	Provincial Annual and MTEF Budget	Provincial Annual and MTEF Budget was tabled before the Provincial Legislature
	Provincial Adjustment Budget	Tabling of the Annual and MTEF Provincial Budget before the Legislature	Provincial Adjustment Budget	Provincial Adjustment Budget was tabled before the Provincial Legislature
5. Public Finance	Complete and accurate financial and non-financial reports that render policy advice to the provincial departments and municipalities	Analysis of departments and municipalities spending trends	Enhancement of service delivery	Though there is an improvement on the delivery of service, the departments are still recording high under spending

2.8.1.3 PROGRAMME 3: ASSETS AND LIABILITIES MANAGEMENT

Purpose:

To provide policy direction, facilitate the effective and efficient management of physical and financial assets, Public Private Partnership (PPP) and Information Technology services to provincial departments and delegated municipalities.

Measurable objectives:

- To provide for the costs related to the efficient running of the programme
- To develop and implement policies for the management of assets
- To ensure the preparation of PRF annual statements
- To collect information on the socio-impact of SCM policy (PPPFA compliance)
- To provide access to government tenders
- To facilitate the efficient management of liabilities
- To establish an age analysis of creditors
- To ensure the management of backlog suspense accounts
- To provide for the availability and stability of systems 24/7
- To provide for the coordination and implementation of training programmes on systems
- To ensure proper interface between transversal systems
- To ensure accessible IT Network 24/7, 95% uptime
- To provide prompt and quality responses to users' requests

Service delivery objectives and indicators:

- Effective implementation of programme planned activities
- Ensure that 30% participation is granted to previously disadvantaged individuals (woman, youth, disabled) on government procurement
- Ensure that 50% of Government procurement expenditure is granted to BEE companies
- Ensure that 60% of procurement expenditure is granted to local contractors
- Provide training and support to Provincial Departments and Municipalities on SCM
- Establish bid advisory centres in the Province and provide training
- Compile a provincial database of suppliers and create awareness on SCM

- Create awareness and facilitate the registration of projects with National Treasury
- Provide training and share best practices on PPPs
- Research and package PPP Projects
- To provide training for the effective, efficient as well as economic management of assets
- Assist in Asset Verification at Provincial Departments and Municipalities
- Establish Asset Disposal Committees
- Ensure compliance to norms and standards from National Treasury
- Provide training and professional support services to implement and maintain systems and ensure availability of systems at all times.
- Number of departments/entities that close books monthly and annually in time
- Number of calls successfully attended to within a stipulated time
- Turnaround time to implement one new site and fully train all new users
- Decrease in number of user support requests from all departments/entities
- Implementation of system enhancements and/or changes within a specified timeframe in all departments/entities

Service delivery achievements:

- Continued support of the programme
- Provincial Tender Board Repeal Act was promulgated
- Trained supply chain practitioners in provincial departments and municipalities to deal with procurement reforms
- Access to e-mails and internet is available on a daily basis



Sub-pro-grammes	Outputs	Output performance measures/ service delivery indicators	Actual performance against target	
			Target	Actual
1. Programme Support	Provision of the cost related to efficient running of the programme	Improved assets and liabilities management	Facilitate the effective and efficient management of physical and financial assets, PPP and Information Technology services to provincial departments and municipalities	Effective and efficient management of physical and financial assets; PPP and Information Technology services to provincial departments and municipalities were managed
2. Asset Management	Improved capacity of departments and Supply Chain practitioners to deal with procurement reforms	Supply Chain practitioners were trained in provincial departments and municipalities to deal with procurement reforms	Trained 10 practitioners per department	103 practitioners trained on Supply Chain Management in total
	Supply Chain compliance report	Supply Chain compliance report finalised and issued	1 Report	None
	Complete 2006 infrastructure plans	Infrastructure plans for all provincial infrastructure departments	4 Infrastructure plans	3 Infrastructure plans submitted
	Improved assets and liabilities management by departments	Improved assets and liabilities management	Update 12 asset registers	12 asset registers updated
3. Supporting and Interlinked Financial Systems (Information Technology)	Access to e-mails and internet 24/7.	Functional IT Network infrastructure	Maintain 98% up-time on provincial IT network.	Maintained 98% up-time on provincial IT network.
	Availability of transversal systems for 5 days.	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 users' demands	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.
	480 officials trained on transversal systems	Improved efficiency in utilisation of transversal systems	Train 480 officials on transversal systems	544 officials were trained

2.8.1.4 PROGRAMME 4: FINANCIAL GOVERNANCE

Purpose:

This programme aims to promote accountability through substantive reflection of financial activities of the province as well as compliance with norms and standards.

Measurable objectives:

- To provide for the cost related to the efficient running of the programme
- To ensure that reports are in line with formats and guidelines
- To ensure that Departments comply 100% with provincial formats and guidelines
- To ensure that a completed set of Accounting policies are implemented
- To facilitate the reduction in the number of Qualified audit reports
- To develop and implement norms and standards for the Province
- To promote effective optimal financial resource utilisation
- To coordinate and monitor the performance of internal audit units

Service delivery objectives and indicators:

- To ensure financial reports are in line with formats and guidelines.
- To provide training to officials in departments and municipalities.
- To develop and implement a strategy on identified problem areas and address by means of standardised frameworks and strategies.

Service delivery achievements:

- Annual reports tabled in the Legislature were in line with formats and guidelines
- Training was provided on the accounting policies and the Standard Chart of Accounts to officials in departments and municipalities.
- A strategy was developed to monitor and evaluate remedial steps taken by provincial departments to address identified problem areas
- Due to under staffing the strategies for risk management and internal audit were not developed.

Sub-programmes	Outputs	Output performance measures/ service delivery indicators	Actual performance against target	
			Target	Actual
1. Programme Support	Provision of the cost related to efficient running of the programme	Provisioning of effective and efficient management and support of the programme	Building of capacity through development and training and overall management of the Programme	Capacity was built in the Programme through adoption of development programmes and strategies and plans were put in place to improve the overall management of the Programme



Sub-programmes	Outputs	Output performance measures/ service delivery indicators	Actual performance against target	
			Target	Actual
2. Accounting Services	Effective implementation of accounting practices in line with Generally Recognised Accounting Practice	Effective implementation of accounting practices	Implementation of accounting practices	Developed strategy framework in terms of audit findings and departmental remedial action plans
		Number of annual financial statements submitted	Submit 12 Complete, accurate and reliable annual financial statements	12 Complete, accurate and reliable annual financial statements submitted
		Complete accurate consolidated annual financial statements of departments and public entities	Complete accurate consolidated annual financial statements of departments and public entities.	Preliminary consolidated statements submitted
3. Provincial Internal Audit	Coordinated and monitored performance of Internal Audit units and committees	Accurate and reliable financial reports by departments	Accurate and reliable financial reports by departments	Not started due to capacity constraints



PART 3:

REPORT OF THE AUDIT COMMITTEE



PART 3: REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2006.

Audit Committee Members and Attendance:

The Audit Committee consists of the three members and their meeting attendance details during the 2005/6 financial year were as follows:

Name of Member	Number of Meetings Attended
1. Ms. M Mosweu (Chairperson)	3
2. Mr. K Chisale	3
3. Mr. EJ De Jager	3

Audit Committee Responsibility

The Audit Committee has complied with its responsibilities arising from section 38(1)(a) of the Public Finance Management Act (PFMA) and Treasury Regulation (TR) 3.1.13. The Committee has adopted a formal terms of reference by way of the Audit Committee Charter to guide its operations and discharge its responsibilities.

Effectiveness of Internal Control

The Internal Audit Directorate is independent of management and reports directly to the Audit Committee. The department conducted the risk assessment exercise where risks were identified, impact of risk was assessed and the system through which management is managing these risks has also been assessed. On the basis of such risk assessment, a three-year rolling plan and annual operational plans were prepared by Internal Audit and approved by the Audit Committee.

The Audit Committee is of the opinion that the control environment needs improvement to provide reasonable assurance that the major inherent risks are appropriately managed and that applicable legislation is adhered to. Management had implemented corrective action where possible to ensure that the controls are in place and operating as intended. However there are few areas that the Department needs to focus on in order to reduce risks and achieve a better level of compliance with Departmental policies and procedures. Where internal controls did not operate effectively, there were no material findings and departments' assets have been safeguarded, proper accounting records maintained and resources utilised efficiently in all significant respects.

The Quality of In-Year Management and Quarterly Reports Submitted in Terms of the PFMA and the Division Of Revenue Act.

The Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer and the Department during the year under review.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and the Accounting Officer;
- Reviewed the Auditor-General's management letter and management's response thereto;
- Reviewed significant adjustments resulting from the audit.

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


 Chairperson of the Audit Committee





PART 4:

ANNUAL

FINANCIAL

STATEMENTS



**MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

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

1. General review of the state of financial affairs

The Department has under-spent its budget for the 2005/2006 financial year by 6,1% the main reason being as a result of unfilled vacant funded posts. The introduction of Competency Assessment for Senior Management positions also contributed a lot to the process of filling vacant posts. This is because there's usually a long time lapse after interviews are conducted and the time when candidates are assessed.

Nonetheless, we have made significant strides in filling quite a number of vacant posts and hope to fill the rest of the vacant funded posts by the end of the 2006/2007 financial year. The actual under-expenditure for compensation of employees is 27%, resulting in a saving of R14 million out of a budget of R52,361 million.

Furthermore, the over-expenditure by 14, 9% under goods and services indicates that the Department could have been under-funded on the item, whereas the under-expenditure on capital is justified by the unfilled funded vacant posts. The Department spent 91,4% of the Capex budget of R6,930 million thus under-spending by R854,000.00 (12,3%). We believe that the expenditure under Capex will improve in the next financial year, as a result of the filling of vacant funded posts.

On collection of own revenue, the Department exceeded the targeted amount of R24 million by R40 million, resulting in collection of R65 million.

2. Service rendered by the department

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

1.1 Tariff policy

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

1.2 Free Services

The Department renders Treasury support functions to all Provincial Departments and carries all the costs involved relating to SITA, LOGIS and BAS.

1.3 Inventories

The Department uses the weighted average costing method. The value of the inventory as at 31 March 2006 was R 231,000 comprising of the following:

- Domestic Consumables R15,000
- Food and Food Supplies R13,000
- Other Consumables R19,000
- Stationery and Printing R184,000

3. Capacity constraints

The pace in filling vacancies, especially senior positions was slow. The difficulty in the filling of vacant posts is as a result of the stringent requirements for positions in the finance discipline and the requirement for Competency Assessment for positions of Deputy Director and above. However, all SMS positions, except two Director positions have been filled.

4. Utilisation of donor funds

The Department did not receive any donor funds for the year under review.

5. Trading entities and public entities

There are no trading and public entities reporting to the Department.

6. Organisations to whom transfer payments have been made

The Department does not have transfer payments.

7. Public private partnerships (PPP)

The Department has established the PPP Directorate. This has developed a Provincial PPP Policy. The draft policy has been discussed with all relevant stakeholders, and is awaiting finalisation and adoption by the Executive Council.

8. Corporate governance arrangements

8.1 Risk Management Approach

A risk assessment was conducted during October 2005. All levels of management were involved. A Risk Management Plan and Fraud Prevention Plan were submitted to the Head of Department and Member of Executive Committee for approval.

8.2 Internal Audit and Audit Committees

The Department has an Internal Audit component. The Audit Committee has been appointed and is meeting regularly.

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.

MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

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. Asset management

The assets of the Department has been captured and the movement of furniture is continuously being updated. The asset management unit has been established and new staff has been appointed. The asset management team has also been established.

12. Events after the reporting date

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

13. Performance information

13.1 Financial Information

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

13.2 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.

14. SCOPA resolutions

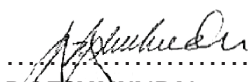
Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
Fixed assets and vehicle fleet management	Fixed assets and vehicle fleet management	Staff has been appointed to deal with asset management and utilisation of LOGIS. Training needs of officials have been forwarded to the HRD section. Wesbank reports to date have been reconciled.
Information systems	Information systems	A disaster recovery plan has been developed and tested and is awaiting approval. An audit has been conducted on legal software at the Riverside Government Complex and Regional Offices.
Donor funding	Donor funding	In future any donation received will be handled according to Treasury Regulations.
Internal audit and audit committee	Internal audit and audit committee	Internal Audit staff has been appointed and the section is functioning. An Audit committee has been appointed and is meeting regularly.
Transfer of assets and liabilities	Transfer of assets and liabilities	Assets and liabilities have been transferred.
Late submission of financial statements	Late submission of financial statements	Financial statements will be submitted on time for this financial year 2005/2006.

15. Other

None.

Approval

The Annual Financial Statements set out on pages 32 to 62 have been approved by the Accounting Officer.



R.S. TSHUKUDU
 Head of Department

31 May 2006

REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 3 – DEPARTMENT OF FINANCE FOR THE YEAR ENDED 31 MARCH 2006

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 32 to 62, for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). The fixed asset opening balances have not been audited because of the timing of guidance from the National Treasury to the departments relating to the treatment, valuation and disclosure of fixed assets. These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. SCOPE

The audit was conducted in accordance with the International Standards on Auditing read with General Notice 544 of 2006, issued in Government Gazette no. 28723 of 10 April 2006 and General Notice 808 of 2006, issued in Government Gazette no. 28954 of 23 June 2006. 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
- evaluating the overall financial statement presentation.

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

3. BASIS OF ACCOUNTING

The Department of Finance's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, as described in note 1.1 to the financial statements.

4. AUDIT OPINION

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Finance at 31 March 2006 and the results of its operations and its cash flows for the year then ended, in accordance with the modified

cash basis of accounting determined by the National Treasury of South Africa, as described in note 1.1 to the financial statements, and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

5. EMPHASIS OF MATTER

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

5.1 Capital tangible assets

Although the additions to capital assets were verified, an updated asset register could not be obtained to ensure that the values as per the asset register reconcile to the annexure, as required by the National Treasury.

6. APPRECIATION

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



BMM Madliwa for Auditor-General

Nelspruit

31 July 2006



**MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
ACCOUNTING POLICIES
for the year ended 31 March 2006**

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 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), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2005.

1. Presentation of the Financial Statements

1.1 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 or when the final authorisation for payment is effected on the system.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

A comparison between actual and budgeted amounts per major classification of expenditure is included in the appropriation statement.

2. Revenue

2.1 Appropriated funds

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective.

Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Total appropriated funds are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the Provincial Revenue Fund, unless approval has been given by the Provincial Treasury to rollover the funds to the subsequent financial year. These rollover funds form part of retained funds in the annual financial statements. Amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is paid into the Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

2.2.1 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and or regulations (excluding fines, penalties & forfeits).

Tax receipts are recognised in the statement of financial performance when received.

2.2.2 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the statement of financial performance when the cash is received.

2.2.3 Fines, penalties & forfeits

Fines, penalties & forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the statement of financial performance when the cash is received.

2.2.4 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the statement of financial performance when the cash is received.

**MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
ACCOUNTING POLICIES
for the year ended 31 March 2006**

2.2.5 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the statement of financial performance when the cash is received.

2.2.6 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. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

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.

2.2.7 Gifts, donations and sponsorships (transfers received)

All cash gifts, donations and sponsorships are paid into the Provincial Revenue Fund and recorded as revenue in the statement of financial performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexures to the financial statements.

2.3 Local and foreign aid assistance

Local and foreign aid assistance is recognised in the financial records when notification of the donation is received from the National Treasury or when the department directly receives the cash from the donor(s). The total cash amounts received during the year is reflected in the statement of financial performance as revenue.

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual financial statements

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the statement of financial performance. A receivable is recognised in the statement of financial position to the value of the amounts expensed prior to the receipt of the funds.

A payable is raised in the statement of financial position where amounts have been inappropriately expensed

using local and foreign aid assistance, Unutilised amounts are recognised in the statement of financial position.

3. Expenditure

3.1 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 employees were involved, on a full time basis, on capital projects during the financial year. No employees were involved on capital projects. 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.

3.1.1 Short term employee benefits

Short term employee benefits comprise of leave entitlements (capped leave), thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the statement of financial performance 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 in the notes to the financial statements. These amounts are not recognised in the statement of financial performance.

3.1.2 Long-term employee benefits

3.1.2.1 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer when the final authorisation for payment is effected on the system.

3.1.2.2 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

**MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
ACCOUNTING POLICIES
for the year ended 31 March 2006**

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 financial statements of the department. Any potential liabilities are disclosed in the financial statements of the Provincial Revenue Fund and not in the financial statements of the employer department.

The department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when the final authorisation for payment to the fund is effected on the system.

3.2 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 were used on a capital project.**

3.3 Interest and rent on land

Interest and rental payments 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 for the use of buildings or other fixed structures.**

3.4 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under-spending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Unauthorised expenditure

When discovered unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is recognised in the statement of financial performance when the unauthorised expenditure is approved and

the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the statement of financial performance on the date of approval.

3.6 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.7 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

3.8 Expenditure for capital assets

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.

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.

4.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party.

Revenue receivable not yet collected is included in the disclosure notes. Amounts that are potentially irrecoverable are included in the disclosure notes.

**MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
ACCOUNTING POLICIES
for the year ended 31 March 2006**

4.4 Investments

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the statement of financial performance.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.5 Loans

Loans are recognised in the statement of financial position at the nominal amount. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.6 Inventory

Inventories on hand at the reporting date are disclosed at the weighted average value in the disclosure notes.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the statement of financial position.

5.2 Lease commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures to the financial statements.

5.3 Accruals

Accruals represent goods/services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but final authorisation for payment has not been effected on the system.

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.4 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department; or

A contingent liability is a present obligation that arises from past events but is not recognised because:

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

Contingent liabilities are included in the disclosure notes.

5.1 Commitments

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date.

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

6. Net Assets

6.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are transferred to the Provincial Revenue Fund on disposal, repayment or recovery of such amounts.

6.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made and recognised in a previous financial year becomes recoverable from a debtor.



MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
ACCOUNTING POLICIES
for the year ended 31 March 2006

7. Related party transactions

Related parties are departments that control or significantly influence the department in making financial and operating decisions. Specific information with regards to related party transactions is included in the disclosure notes.

8. Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department.

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

9. Public private partnerships

A public private partnership (PPP) is a commercial transaction between the department and a private party in terms of which the private party:

- Performs an institutional function on behalf of the institution; and/or

- acquires the use of state property for its own commercial purposes; and
- assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property;
- receives a benefit for performing the institutional function or from utilizing the state property, either by way of:
- consideration to be paid by the department which derives from a Revenue Fund;
- charges fees to be collected by the private party from users or customers of a service provided to them; or
- a combination of such consideration and such charges or fees.

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.



**MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
APPROPRIATION STATEMENT
for the year ended 31 March 2006**

Appropriation per programme									
		2005/06						2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	26,769	-	-	26,769	26,216	553	97.9%	23,231	19,544
Transfers and subsidies	25	-	-	25	47	(22)	188.0%	-	-
Payment for capital assets	4,526	-	2,000	6,526	6,076	450	93.1%	9,595	5,601
2. Sustainable Resource Management									
Current payment	49,621	-	(28,500)	21,121	19,539	1,582	92.5%	100,969	20,469
Transfers and subsidies	27	-	-	27	24	3	88.9%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	3,200	-
3. Assets and Liabilities									
Current payment	48,313	-	-	48,313	47,935	378	99.2%	47,766	43,707
Transfers and subsidies	22	-	-	22	30	(8)	136.4%	-	-
Payment for capital assets	404	-	-	404	-	404	0.0%	2,550	462
4. Financial Governance									
Current payment	12,529	-	(3,500)	9,029	5,505	3,524	61.0%	4,231	4,397
Transfers and subsidies	16	-	-	16	14	2	87.5%	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Subtotal	142,252	-	(30,000)	112,252	105,386	6,866	93.9%	191,542	94,180
Statutory Appropriation									
Current payment	643			643	643	-	100.0%	620	643
TOTAL	142,895	-	(30,000)	112,895	106,029	6,866	93.9%	192,162	94,823
Reconciliation with Statement of Financial Performance									
Add:									
Prior year unauthorised expenditure approved with funding				-				-	
Departmental receipts				65,090				72,004	
Local and foreign aid assistance received								110	
Actual amounts per Statements of Financial Performance (Total revenue)				177,985				264,276	
Add:									
Local and foreign aid assistance					-				110
Prior year unauthorised expenditure approved					-				84,303
Prior year fruitless and wasteful expenditure authorised									
Actual amounts per Statements of Financial Performance (Total expenditure)					106,029				179,236



MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
DETAIL PER PROGRAMME
for the year ended 31 March 2006

Appropriation per economic classification									
	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	57,718	-	(6,000)	51,718	37,706	14,012	72.9%	41,517	25,499
Goods and services	79,514	-	(26,000)	53,514	61,489	(7,975)	114.9%	134,680	62,618
Transfers and subsidies									
Provinces and municipalities	90	-	-	90	115	(25)	127.8%	-	-
Payments for capital assets									
Buildings and other fixed structures	2,500	-	-	2,500	1,446	1,054	57.8%	11,303	5,149
Machinery and equipment	2,430	-	2,000	4,430	4,630	(200)	104.5%	4,042	914
Total	142,252	-	(30,000)	112,252	105,386	6,866	93.9%	191,542	94,180

Statutory Appropriation									
	2005/06							2004/05	
Details of direct changes against the Provincial Revenue Fund	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Member of Executive council	643	-	-	643	643	-	100%	620	643
Total	643	-	-	643	643	-	100%	620	643



MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
DETAIL PER PROGRAMME
for the year ended 31 March 2006

PROGRAMME 1: ADMINISTRATION									
	2005/06							2004/05	
Programme per subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Member of the Executive Council									
Current payment	2,584			2,584	1,447	1,137	56.0%	2,387	1,936
Transfers and subsidies	5			5	5	-	100.0%		
1.2 Management Services									
Current payment	2,080			2,080	1,254	826	60.3%	2,601	2,522
Transfers and subsidies	3			3	4	(1)	133.3%		
1.3 Corporate Services									
Current payment	9,525			9,525	10,503	(978)	110.3%	18,243	15,086
Transfers and subsidies	8			8	26	(18)	325.0%		
1.4 Financial Management									
Current payment	10,670			10,670	12,106	(1,436)	113.5%	9,595	5,601
Transfers and subsidies	6			6	10	(4)	166.7%		
Payment for capital assets	4,526		2,000	6,526	6,076	450	93.1%		
1.5 Internal Audit									
Current payment	1,910			1,910	906	1,004	47.4%		
Transfers and subsidies	3			3	2	1	66.7%		
TOTAL	31,320		2,000	33,320	32,339	981	97.1%	32,826	25,145

	2005/06							2004/05	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	19,397			19,397	15,551	3,846	80.2%	11,553	8,947
Goods and services	7,372			7,372	10,665	(3,293)	144.7%	11,678	10,597
Transfers and subsidies to:	25			25	47	(22)	188%		
Payment for capital assets									
Buildings and other fixed structures	2,500			2,500	1,446	1,054	57.8%	8,103	5,149
Machinery and equipment	2,026		2,000	4,026	4,630	(604)	115.0%	1,492	452
Total	31,320	-	2,000	33,320	32,339	981	97.1%	32,826	25,145



MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
DETAIL PER PROGRAMME
for the year ended 31 March 2006

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT									
	2005/06							2004/05	
Programme per subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Programme Support									
Current payment	10,338		(1,500)	8,838	9,348	(510)	105.8%	2,127	3,065
Transfers and subsidies	11			11	2	9	18.2%		
1.2 Economic Analysis									
Current payment	2,613		(1,200)	1,413	1,513	(100)	107.1%		
Transfers and subsidies	4			4	2	2	50%		
1.3 Fiscal Policy									
Current payment	3,204		(2,100)	1,104	2,038	(934)	184.6%	1,613	1,721
Transfers and subsidies	3			3	4	(1)	133.3%		
1.4 Budget Management									
Current payment	22,296		(20,000)	2,296	2,463	(167)	107.3%	8,500	2,656
Transfers and subsidies	4			4	3	1	75.0%		
Payment for capital assets								3,200	
1.5 Public Finance									
Current payment	11,170		(3,700)	7,470	4,177	3,293	55.9%	88,729	13,027
Transfers and subsidies	5			5	13	(8)	260.0%		
TOTAL	49,648		(28,500)	21,148	19,563	1,585	92.5%	104,169	20,469



**MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
DETAIL PER PROGRAMME
for the year ended 31 March 2006**

	2005/06							2004/05	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	13,827		(4,500)	9,327	7,534	1,793	80.8%	14,531	8,166
Goods and services	35,794		(24,000)	11,794	12,005	(211)	101.8%	86,438	12,303
Transfers and subsidies to:	27			27	24	3	88.9%		
Payment for capital assets									
Buildings and other fixed structures								3,200	
Total	49,648	-	(28,500)	21,148	19,563	1,585	92.5%	104,169	20,469

PROGRAMME 3: ASSETS AND LIABILITIES

	2005/06							2004/05	
Programme per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Programme Support									
Current payment	1,195			1,195	559	636	46.8%		
Transfers and subsidies	5			5		5			
1.2 Asset Management									
Current payment	12,692			12,692	5,246	7,446	41.3%	7,108	2,309
Transfers and subsidies	8			8	8		100.0%		
1.3 Liabilities Management									
Current payment									
Transfers and subsidies									
1.4 Supporting & Interlinked Financial Systems									
Current payment	34,426			34,426	42,130	(7,704)	122.4%	40,658	41,398
Transfers and subsidies	9			9	22	(13)	244.4%		
Payment for capital assets	404			404		404		2,550	462
TOTAL	48,739			48,739	47,965	774	98.4%	50,316	44,169



**MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
DETAIL PER PROGRAMME
for the year ended 31 March 2006**

	2005/06							2004/05	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	17,753			17,753	10,615	7,138	59.8%	12,865	6,922
Goods and services	30,560			30,560	37,320	(6,760)	122.1%	34,901	36,785
Transfers and subsidies to:	22			22	30	(8)	136.4%	-	-
Payment for capital assets									
Machinery and equipment	404			404		404		2,550	462
Total	48,739	-	-	48,739	47,965	774	98.4%	50,316	44,169

PROGRAMME 4: FINANCIAL GOVERNANCE									
	2005/06							2004/05	
Programme per subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Programme Support									
Current payment	2,509		(1,000)	1,509	1,234	275	81.8%	1,104	456
Transfers and subsidies	2			2	2	-	100.0%		
1.2 Accounting Services									
Current payment	3,759		(500)	3,259	1,616	1,643	49.6%	493	1,344
Transfers and subsidies	3			3	3	-	100.0%		
1.3 Norms and Standard									
Current payment	5,537		(2,000)	3,537	2,635	902	74.5%	2,634	2,597
Transfers and subsidies	10			10	9	1	90.0%		
1.4 Risk Management									
Current payment	724			724	20	704	2.8%		
Transfers and subsidies	1			1		1			
1.5 Provincial Internal Audit									
Current payment	-			-	-	-			
Transfers and subsidies	-			-	-	-			
TOTAL	12,545		(3,500)	9,045	5,519	3,526	61.0%	4,231	4,397



MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
DETAIL PER PROGRAMME
for the year ended 31 March 2006

	2005/06							2004/05	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	6,741		(1,500)	5,241	4,006	1,235	76.4%	2,568	1,464
Goods and services	5,788		(2,000)	3,788	1,499	2,289	39.6%	1,663	2,933
Transfers and subsidies to:									
Provinces and municipalities	16			16	14	2	87.5%	-	-
Total	12,545	-	(3,500)	9,045	5,519	3,526	61.0%	4,231	4,397

**MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2006**

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

Details of these transactions can be viewed in Note 9 and Annexure 1F.

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

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

3. Detail on financial transactions in assets and liabilities

None.

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

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Administration	33,963	32,982	981	3%
Sustainable Resource Management.	21,148	19,563	1,585	7%
Assets and Liabilities	48,739	47,965	774	2%
Financial Governance	9,045	5,519	3,526	39%

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

4.2 Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Current payment:				
Compensation of employees	52,361	38,349	14,012	27%
Goods and services	53,514	61,489	(7,975)	(15)%
Transfers and subsidies:				
Provinces and municipalities	90	115	25	(28)%
Payments for capital assets:				
Buildings and other fixed structures	2,500	1,446	(1,054)	(42)%
Machinery and equipment	4,430	4,630	(200)	(5)%

Savings was a result of unfilled but budgeted posts and savings on capital expenditure. Overspending on goods and services were caused by under budgeting and the high costs for SITA expenditure caused by expansion and high utilisation of systems by departments.

**MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2006**

	Note	2005/06 R'000	2004/05 R'000
REVENUE			
Annual appropriation	1	112,252	191,542
Statutory appropriation	2	643	620
Departmental revenue	3	65,090	72,004
Local and foreign aid assistance	4	-	110
TOTAL REVENUE		<u>177,985</u>	<u>264,276</u>
EXPENDITURE			
Current expenditure			
Compensation of employees	5	38,349	26,142
Goods and services	6	61,489	62,618
Local and foreign aid assistance	4	-	110
Unauthorised expenditure approved	9	-	84,303
Total current expenditure		<u>99,838</u>	<u>173,173</u>
Transfers and subsidies	7	115	-
Expenditure for capital assets			
Buildings and other fixed structures	8	1,446	5,149
Machinery and equipment	8	4,630	914
Local and foreign aid assistance	4	-	-
Unauthorised expenditure approved	9	-	-
Total expenditure for capital assets		<u>6,076</u>	<u>6,063</u>
TOTAL EXPENDITURE		<u>106,029</u>	<u>179,236</u>
SURPLUS/(DEFICIT)		71,956	85,040
Add back unauthorised expenditure	9	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		<u>71,956</u>	<u>85,040</u>
Reconciliation of Surplus/(Deficit) for the year			
Voted Funds	12	6,866	13,036
Departmental Revenue	13	65,090	72,004
Local and foreign aid assistance	4	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		<u>71,956</u>	<u>85,040</u>

**MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2006**

	Note	2005/06 R'000	2004/05 R'000
ASSETS			
Current assets		6,881	87,933
Unauthorised expenditure	9	-	-
Cash and cash equivalents	10	6,811	33,497
Receivables	11	70	54,436
Local and foreign aid assistance receivable	4	-	-
TOTAL ASSETS		6,881	87,933
LIABILITIES			
Current liabilities		6,881	87,933
Voted funds to be surrendered to the Revenue Fund	12	6,866	86,622
Departmental revenue to be surrendered to the Revenue Fund	13	15	1,311
Local and foreign aid assistance repayable	4	-	-
Local and foreign aid assistance unutilised	4	-	-
TOTAL LIABILITIES		6,881	87,933
NET ASSETS		-	-
TOTAL		-	-



MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
Capitalisation Reserves			
Opening balance		-	250
Transfers:		-	(250)
Closing balance		-	-
Recoverable revenue			
Opening balance		-	12
Transfers		-	-
Debts recovered (included in departmental revenue)		-	(12)
Closing balance		-	-
TOTAL		-	-



MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
CASH FLOW STATEMENT
for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		177,973	264,276
Annual appropriated funds received	1.1	112,252	191,542
Statutory appropriated funds received		643	620
Departmental revenue received		65,078	72,004
Local and foreign aid assistance received	4	-	110
Net (increase)/decrease in working capital		54,366	(34,520)
Surrendered to Revenue Fund		(153,008)	(144,337)
Current payments		(99,838)	(88,870)
Transfers and subsidies paid		(115)	-
Net cash flow available from operating activities	15	<u>(20,622)</u>	<u>(3,451)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(6,076)	(6,063)
Proceeds from sale of capital assets	3	12	-
(Increase)/decrease in loans		-	(262)
Net cash flows from investing activities		<u>(6,064)</u>	<u>(6,325)</u>
Net increase/(decrease) in cash and cash equivalents		(26,686)	(9,776)
Cash and cash equivalents at the beginning of the year		33,497	43,273
Cash and cash equivalents for the year ended	16	<u>6,811</u>	<u>33,497</u>

**MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3**
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**1. Annual Appropriation****1.1.1 Annual Appropriation**

	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received 2004/05
	R'000	R'000	R'000	R'000
Administration	33,320	33,320	-	32,826
Sustainable Resource Management	21,148	21,148	-	104,169
Assets and Liabilities	48,739	48,739	-	50,316
Financial Governance	9,045	9,045	-	4,231
Total	112,252	112,252	-	191,542

2. Statutory Appropriation

	2005/06	2004/05
Member of executive committee	643	620
	643	620

3. Departmental revenue to be surrendered to revenue fund
Description

	Notes	2005/06	2004/05
Sales of goods and services other than capital assets	3.1	1,737	1,592
Interest, dividends and rent on land	3.2	63,341	70,412
Sales of capital assets	3.3	12	-
Total revenue collected		65,090	72,004
Less: Departmental Revenue Budgeted		-	-
Departmental revenue collected		65,090	72,004



MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

3.1 Sales of goods and services other than capital assets

	2005/06	2004/05
Other sales	1,737	1,592
Total	1,737	1,592

3.2 Interest, dividends and rent on land

	2005/06	2004/05
Interest	63,341	70,412
Total	63,341	70,412

3.3 Sale of capital assets

	2005/06	2004/05
Other capital assets	12	-
Total	12	-

4. Local and foreign aid assistance

4.1 Assistance received in cash: Other

Local

Opening Balance

Revenue

Expenditure

Current

Capital

Closing Balance

	2005/06	2004/05
	-	110
	-	
	-	(110)
	-	-

MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

Total

Opening Balance	-	-
Revenue	-	110
Expenditure	-	
Current	-	(110)
Capital	-	-
Closing Balance	-	-

Analysis of balance

Local and foreign aid receivable		
Local and foreign aid unutilised		
Local and foreign aid payable to RDP fund/donors		
Closing balance	-	-

5. Compensation of employees

	2005/06	2004/05
	R'000	R'000
5.1 Salaries and Wages		
Basic salary	25,540	17,763
Performance award	1,448	86
Service Based	60	64
Compensative/circumstantial	1,009	1,072
Periodic payments	-	21
Other non-pensionable allowances	5,261	3,156
	33,318	22,162
5.2 Social contributions		
5.2.1 Employer contributions		
Pension	3,320	2,595
Medical	1,706	1,380
Bargaining council	5	5
	5,031	3,980
Total compensation of employees	38,349	26,142
Average number of employees	244	144



MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

6. Goods and services

	Note	2005/06 R'000	2004/05 R'000
Advertising		1,692	1,226
Bank charges and card fees		22	25
Bursaries (employees)		116	42
Communication		1,327	1,379
Computer services		33,483	34,151
Consultants, contractors and special services		4,823	10,104
Drivers' licences and permits		7	4
Entertainment		-	3
External audit fees	6.1	3,371	3,570
Equipment less than R5000		1,015	644
Government motor transport		724	370
Inventory	6.2	4,136	2,474
Learnerships		23	-
Legal fees		301	28
Maintenance, repairs and running cost		317	1,485
Operating leases		1,856	1,449
Printing and publications		245	-
Professional bodies and membership fees		8	39
Resettlement cost		170	3
Subscriptions		17	-
System access fees		201	258
Owned leasehold property expenditure		825	735
Travel and subsistence	6.3	4,938	3,425
Venues and facilities		874	735
Protective, special clothing & uniforms		6	94
Training & staff development		550	298
Town & regional planning		442	77
		<u>61,489</u>	<u>62,618</u>



MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

		2005/06 R'000	2004/05 R'000
6.1 External audit fees			
Regulatory audits		842	966
Performance audits		1,630	157
Other audits		899	2,447
Total external audit fees		3,371	3,570
		2005/06 R'000	2004/05 R'000
6.2 Inventory			
Domestic consumables		106	69
Agricultural		413	-
Learning and teaching support material		637	16
Food and Food supplies		690	500
Other consumables		-	66
Parts and other maintenance material		384	57
Stationery and printing		1,906	1,766
		4,136	2,474
6.3 Travel and subsistence			
Local		4,938	3,425
Foreign		-	-
Total travel and subsistence		4,938	3,425
7. Transfers and subsidies			
		2005/06 R'000	2004/05 R'000
Provinces and municipalities	Notes Annex 1F	115	-
		115	-
		2005/06 R'000	2004/05 R'000
8. Expenditure for capital assets			
Buildings and other fixed structures	Annex 4	1,446	5,149
Machinery and equipment	Annex 4	4,630	914
Total		6,076	6,063



MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

		2005/06 R'000	2004/05 R'000				
9.	Unauthorised expenditure						
9.1.	Reconciliation of unauthorised expenditure						
	Opening balance	-	1,303,861				
	Unauthorised expenditure – current year	-	-				
	Amounts approved by Parliament/Legislature (with funding)	-	(84,303)				
	Current expenditure	-	(84,303)				
	Transfers and subsidies	-	-				
	Expenditure for capital assets	-	-				
	Amounts approved by Parliament/Legislature (without funding)	-	-				
	Current expenditure	-	-				
	Transfers and subsidies	-	-				
	Expenditure for capital assets	-	-				
	Transfer to receivables for recovery (not approved)	-	(1,219,558)				
	Unauthorised expenditure awaiting authorisation	-	-				
9.2	Analysis of Current Unauthorised expenditure						
Incident	Disciplinary steps taken/criminal proceedings	2005/06 R'000	2004/05 R'000				
	R1,219,558 is the unauthorised expenditure from prior years						
10.	Cash and cash equivalents						
	Consolidated Paymaster General Account	6,811	33,497				
		6,811	33,497				
11.	Receivables	2005/06 R'000	2004/05 R'000				
		Less than one year	One to three years				
			Older than three years				
		Total	Total				
	Staff debt	11.1	9	1	10	22	
	Other Debtors	11.3	13	45	2	60	42
	Claims recoverable	Annex 6	-	-	-	54,372	
			22	46	2	70	54,436



MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

	2005/06 R'000	2004/05 R'000
11.1 Staff Debt		
Study loans	-	22
Cell-phone debts	6	-
Overpayments	4	-
	<u>10</u>	<u>22</u>
11.2 Clearing accounts		
Receivable from Department of Economic Development	-	54,372
		6
11.3 Other debtors		
Tax RSA	42	42
Ex-employees tax debts	5	-
Ex-employees overpayment	13	-
	<u>60</u>	<u>42</u>
	2005/06 R'000	2004/05 R'000
12. Voted funds to be surrendered to the Revenue Fund		
Opening balance	86,622	47,460
Transfer from Statement of Financial Performance	6,866	13,036
Voted funds not requested/not received	-	73,586
Paid during the year	(86,622)	(47,460)
Closing balance	<u>6,866</u>	<u>86,622</u>
13. Departmental revenue to be surrendered to the Revenue Fund		
Opening balance	1,311	26,184
Transfer from Statement of Financial Performance	65,090	72,004
Departmental revenue budgeted	3 -	-
Transfer from local and foreign aid assistance**	-	-
Paid during the year	(66,386)	(96,877)
Closing balance	<u>15</u>	<u>1,311</u>
14. Payables – Non-current		
Description		
14.1 Other payables		
Description		
Unsurrendered backlog surplus	-	1,273,258
Transfer to voted funds to be surrendered	-	(1,273,258)
	<u>-</u>	<u>-</u>



MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

	2005/06	2004/05
	R'000	R'000
15. Net cash flow available from operating activities		
Net surplus/(deficit) as per Statement of Financial Performance	71,956	85,040
(Increase)/decrease in receivables – current	54,366	(54,402)
(Increase)/decrease in prepayments and advances	-	(1,273,258)
(Increase)/decrease in other current assets	-	1,303,861
Increase/(decrease) in payables – current	-	(4)
Proceeds from sale of capital assets	(12)	-
Surrenders to Revenue Fund	(153,008)	(144,337)
Expenditure on capital assets	6,076	6,063
Voted funds not requested/not received	-	73,586
Net cash flow generated by operating activities	(20,622)	(3,451)
16. Reconciliation of cash and cash equivalents for cash flow Purposes		
Consolidated Paymaster General account	6,811	33,497
	<u>6,811</u>	<u>33,497</u>

**MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

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

		Note	2005/06 R'000	2004/05 R'000
17. Contingent liabilities				
 Liable to	Nature			
Housing loan guarantees	Employees	Annex 3A	819	552
			819	552
18. Commitments				
Current Expenditure				
Approved and contracted			769	-
Approved but not yet contracted			769	-
Total Commitments			769	-
19. Accruals				
Listed by economic classification				
	30 Days	30+ Days	2005/06 R'000 Total	2004/05 R'000 Total
Compensation of employees			-	
Goods and services	1,959	540	2,499	5,588
Buildings and other fixed structures	-	-	-	-
Machinery and equipment	-	98	98	722
Software and other intangible assets	-	-	-	-
	1,959	638	2,597	6,310
Listed by programme level				
Programme 1: Administration			1,103	1,953
Programme 2: Sustainable Resource Management			211	328
Programme 3: Asset and Liabilities			1,165	4,029
Programme 4: Financial Governance			118	-
			2,597	6,310
Confirmed balances with other departments		Annex 7	28	-
			28	-



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				2005/06	2004/05
				R'000	R'000
20. Employee benefits					
Leave entitlement				1,196	1,460
Thirteenth cheque				1,360	1,292
Performance awards				1,024	78
Capped leave commitments				4,593	4,089
				<u>8,173</u>	<u>6,919</u>
21. Lease Commitments					
21.1 Operating leases	Land	Buildings	Machinery	2005/06	2004/05
	R'000	and other	and	Total	Total
		fixed	equipment	R'000	R'000
		structures	R'000		
		R'000			
Not later than 1 year	-	-	1,061	1,061	142
Later than 1 year and not later than 5 Years	-	-	1,578	1,578	56
Later than five years	-	-	-	-	-
Total present value of lease liabilities	-	-	2,639	2,639	198
22. Irregular expenditure					
22.1 Reconciliation of irregular expenditure					
Opening balance				-	204
Irregular expenditure – current year					
Amounts condoned				-	(204)
Current expenditure				-	(204)
Transfers and subsidies				-	-
Expenditure for capital assets				-	-
Transfer to receivables for recovery (not condoned)					
Irregular expenditure awaiting condonement				-	-
23. Key Management Personnel					
				2005/06	2004/05
				R`000	R'000
MEC				643	620
Deputy Director General				677	647
Chief Directors				1,590	1,006
				<u>2,910</u>	<u>2,273</u>
24. Inventory at year end					
				2005/06	2004/05
				R'000	R'000
Domestic consumables				15	11
Food and food supplies				13	9
Other Consumables				19	13
Stationery and printing				184	129
				<u>231</u>	<u>162</u>



**MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
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ANNEXURE 1F

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2004/05
	Amount	Roll- Overs	Adjust- ments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Ehlanzeni Region	30	-	-	30	100	333.3%				
Nkangala Region	30	-	-	30	11	36.7%				
Gert Sibande Region	30	-	-	30	4	13.3%				
	90	-	-	90	115	383.3%	-			



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ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2006 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2005	Guarantees issued during the year	Guarantees released/paid/ cancelled/ reduced during the year	Guaranteed interest for year ended 31 March 2006	Closing balance 31 March 2006	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Housing							
Peoples Bank	6	126	128	15	17	-	126	-
ABSA	3	103	103	-	-	-	103	-
First Rand Bank	1	28	59	-	31	-	28	-
Old Mutual	5	218	102	116	-	-	218	-
Standard Bank	2	93	16	77	-	-	93	-
Nedbank	5	144	144	-	-	-	144	-
Mpumalanga Housing Finance	2	107	-	107	-	-	107	-
	Total	819	552	315	48	-	819	-

ANNEXURE 4

CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDING AND OTHER FIXED STRUCTURES	-	1,446	-	1,446
Other fixed structures		1,446	-	1,446
MACHINERY AND EQUIPMENT	2,045	4,630	-	6,675
Transport assets	-	3,591	-	3,591
Specialised military assets	-	-	-	-
Computer equipment	2,044	516	-	2,560
Furniture and office equipment	-	523	-	523
Other machinery and equipment	1	-	-	1
TOTAL CAPITAL ASSETS	2,045	6,076	-	8,121



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ANNEXURE 4.1

ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Cash R'000	In-Kind R'000	Total R'000
BUILDING AND OTHER FIXED STRUCTURES	1,446	-	1,446
Other fixed structures	1,446	-	1,446
MACHINERY AND EQUIPMENT	4,630	-	4,630
Transport assets	3,591	-	3,591
Specialised military assets	-	-	-
Computer equipment	516	-	516
Furniture and office equipment	523	-	523
Other machinery and equipment	-	-	-
TOTAL CAPITAL ASSETS	6,076	-	6,076

ANNEXURE 4.2

DISPOSALS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Carrying Amount R'000	Cash R'000	Profit/(loss) on Disposal R'000
MACHINERY AND EQUIPMENT	-	12	12
Transport assets		12	12
TOTAL CAPITAL ASSETS	-	12	12

ANNEXURE 4.3

CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005

	Additions R'000	Disposals R'000	Total Movement R'000
BUILDING AND OTHER FIXED STRUCTURES	5,149	5,149	-
Other fixed structures	5,149	5,149	-
MACHINERY AND EQUIPMENT	914	-	914
Computer equipment	914	-	914
TOTAL CAPITAL ASSETS	6,063	5,149	914



**MPUMALANGA – DEPARTMENT OF FINANCE: VOTE 3
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ANNEXURE 6
INTER-GOVERNMENTAL RECEIVABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2006 R'000	31/03/2005 R'000	31/03/2006 R'000	31/03/2005 R'000
Department				
Economic Development and Planning	-	54,372	-	-
TOTAL	-	54,372	-	-

ANNEXURE 7
INTER-GOVERNMENTAL PAYABLES-CURRENT

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2006 R'000	31/03/2005 R'000	31/03/2006 R'000	31/03/2005 R'000
Department				
Department of Public works	28	-	-	-
TOTAL	28	-	-	-



PART 5:

HUMAN RESOURCE MANAGEMENT





PART 5: HUMAN RESOURCE MANAGEMENT

1.1 Service Delivery

TABLE 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 2 – Consultation arrangements with customers

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

TABLE 3 – Service delivery Access Strategy

Access Strategy	Actual Achievement
N/A	N/A

TABLE 4 – Service Information Tool

Types of Information Tools	Actual Achievement
N/A	N/A

TABLE 5 – Complaints Mechanism

Complaints Mechanism	Actual Achievement
N/A	N/A

5.2 Expenditure

TABLE 2.1 – Personnel costs by programme, 2005/06

Programme	Total Voted Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a % of total expenditure	Average personnel cost per employee (R'000)	Employment
Pr1: Administration	33,963	16,194	555	0	49.1	67	113
Pr2: Sustainable Resource Mngt	21,148	7,534	23	0	38.5	31	37
Pr3: Asset and Liabilities mngt	48,739	10,615	40	0	22.1	44	65
Pr4: Financial Governance	9,045	4,005	11	0	72.6	17	26
TOTAL as on Financial Systems (BAS)	112,895	38,349	629	0	36.2	159	241

TABLE 2.2 – Personnel costs by salary bands

Salary bands	Compensation of Employees cost (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Total Personnel Cost for Department including Goods & Transfers (R'000)	Number of Employees
Lower skilled (Levels 1-2)	1,027	2.7	64,188	38,349	16
Skilled (Levels 3-5)	1,862	4.9	64,207	38,349	29
Highly skilled production (Levels 6-8)	9,926	25.9	125,646	38,349	79
Highly skilled supervision (Levels 9-12)	16,912	44.1	172,571	38,349	98
Senior management (Levels 13-16)	8,068	21	474,588	38,349	17
Contract (Level 1-2)	8	0	0	38,349	0
Contract (Level 9-12)	178	0.5	178,000	38,349	1
Contract (Level 13-16)	220	0.6	220,000	38,349	1
Abnormal Appointment	148	0.4	0	38,349	0
TOTAL	38,349	100	159,124	38,349	241

TABLE 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2005/06

Programme	Salaries (R'000)	Salaries as a % of Personnel Cost	Overtime (R'000)	Overtime as a % of Personnel Cost	HOA (R'000)	HOA as a % of Personnel Cost	Medical Ass. (R'000)	Medical Assistance as a % of Personnel cost	Total Personnel Cost per Programme (R'000)
Pr1: administration	11,748	62.2	224	1.2	178	0.9	616	3.3	18,873
Pr2: Sustainable resource mgt.	2,766	60.9	28	0.6	74	1.6	127	2.8	4,545
Pr3: asset and liabilities mngt	6,871	64.7	17	0.2	66	0.6	258	2.4	10,625
Pr4: financial governance	2,385	55.4	0	0	31	0.7	72	1.7	4,306
TOTAL	23,770	62	269	0.7	349	0.9	1,073	2.8	38,349

TABLE 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2005/06

Salary Bands	Salaries (R'000)	Salaries as a % of personnel cost	Overtime (R'000)	Overtime as a % of personnel cost	HOA (R'000)	HOA as a % of personnel cost	Medical Ass. (R'000)	Medical Assistance as a % of personnel cost	Total Personnel Cost Per Salary Band
Lower skilled (Levels 1-2)	664	64.7	0	0	26	2.5	33	3.2	1,027
Skilled (Levels 3-5)	1,280	68.7	12	0.6	38	2	150	8.1	1,862
Highly skilled production (Levels 6-8)	7,001	70.5	114	1.1	107	1.1	376	3.8	9,926
Highly skilled supervision (Levels 9-12)	10,166	60.1	143	0.8	153	0.9	438	2.6	16,912
Senior management (Levels 13-16)	4,450	55.2	0	0	25	0.3	70	0.9	8,068
Contract (Level 1-2)	8	100	0	0	0	0	0	0	8
Contract (Level 9-12)	87	48.9	0	0	0	0	0	0	178
Contract (Level 13-16)	114	51.8	0	0	0	0	6	2.7	220
Abnormal Appointment	0	0	0	0	0	0	0	0	148
TOTAL	23,770	62	269	0.7	349	0.9	1,073	2.8	38,349

TABLE 3.1 – Employment and vacancies by Programme at end of period

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Pr1: administration	158	113	28.5	0
Pr2: Sustainable resource mgt.	46	37	19.6	0
Pr3: asset and liabilities mngt	81	65	19.8	0
Pr4: financial governance	40	26	35	0
TOTAL	325	241	25.8	0

TABLE 3.2 – Employment and Vacancies by Salary Band at end of period

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	14	12	14.3	0
Skilled (Levels 3-5), Permanent	42	27	35.7	0
Highly skilled production (Levels 6-8), Permanent	126	91	27.8	0
Highly skilled supervision (Levels 9-12), Permanent	119	92	22.7	0
Senior management (Levels 13-16), Permanent	22	17	22.7	0
Contract (Level 9-12), Permanent	1	1	0	0
Contract (Level 13-16), Permanent	1	1	0	0
TOTAL	325	241	25.8	0

TABLE 3.3 – Employment and vacancies by critical occupation at end of period

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Administrative related, Permanent	86	62	27.9	0
Cleaners in offices workshops hospitals etc., Permanent	9	9	0	0
Client inform clerks(switchboard receipt inform clerks), Per	2	0	100	0
Communication and information related, Permanent	4	4	0	0
Computer system designers and analysts, Permanent	2	1	50	0
Engineering sciences related, Permanent	2	0	100	0
Engineers and related professionals, Permanent	1	1	0	0
Finance and economics related, Permanent	21	21	0	0
Financial and related professionals, Permanent	48	34	29.2	0
Financial clerks and credit controllers, Permanent	1	0	100	0
Head of department/chief executive officer, Permanent	1	1	0	0
Human resources & organisat developm & relate prof, Per	7	7	0	0
Human resources related, Permanent	6	6	0	0
Information technology related, Permanent	12	12	0	0
Legal related, Permanent	4	2	50	0
Light vehicle drivers, Permanent	1	1	0	0
Logistical support personnel, Permanent	29	13	55.2	0
Messengers porters and deliverers, Permanent	2	2	0	0

TABLE 3.3 (continue)– Employment and vacancies by critical occupation at end of period

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Other administrat & related clerks and organisers, Per	12	5	58.3	0
Other occupations, Permanent	56	46	17.9	0
Secretaries & other keyboard operating clerks, Permanent	14	11	21.4	0
Senior managers, Permanent	5	3	40	0
TOTAL	325	241	25.8	0

TABLE 4.1 – Job Evaluation, 1 April 2005 to 31 March 2006

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	14	0	0	0	0	0	0
Contract (Levels 9-12)	1	1	100	0	0	0	0
Contract (Band A)	1	1	100	0	0	0	0
Skilled (Levels 3-5)	42	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	126	0	24.6	0	0	0	0
Highly skilled supervision (Levels 9-12)	119	131	84	0	0	0	0
Senior Management Service Band A	17	17	100	0	0	0	0
Senior Management Service Band B	4	4	100	0	0	0	0
Senior Management Service Band C	1	1	100	0	0	0	0
TOTAL	325	155	47.7	0	0	0	0

TABLE 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	90	0	0	1	91
Male	63	0	0	1	64
Total	153	0	0	2	155
Employees with Disability	0	0	0	0	0

TABLE 4.3 – Employees whose salary level exceed the grade determined by job evaluation (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.
Highly Skilled	132	132	6 to 12	0	241
Senior Management	23	23	13 to 16	0	241
Total	155	155	0	0	241
% of Total Employment	0	0	0	0	0



TABLE 4.3 – Profile of employees whose salary level exceed the grade determined by job evaluation

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

TABLE 5.1 – Annual turnover rates by salary band for the period 1 April 2005 to 31 March 2006

Salary Band	Employment at Beginning of Period (April 2005)	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	16	0	0	0
Skilled (Levels 3-5), Permanent	21	11	1	4.8
Highly skilled production (Levels 6-8), Permanent	50	27	0	0
Highly skilled supervision (Levels 9-12), Permanent	43	15	3	7
Senior Management Service Band A, Permanent	6	1	0	0
Senior Management Service Band B, Permanent	3	1	0	0
Senior Management Service Band C, Permanent	1	0	0	0
Contract (Level 1-2), Permanent	9	0	3	33.3
Contract (Level 9-12), Permanent	0	1	0	0
Contract (Band A), Permanent	0	1	0	0
TOTAL	149	57	7	4.7

TABLE 5.2 – Annual Turnover Rates by Critical Occupation

Occupation	Employment at Beginning of Period (April 2005)	Appointments	Terminations	Turnover Rate
Administrative related, Permanent	23	8	3	13
Cleaners in offices workshops hospitals etc., Permanent	14	0	0	0
Client inform clerks(switchboard/recept. inform clerks), Permanent	3	0	0	0
Communication and information related, Permanent	1	2	0	0
Computer system designers and analysts, Permanent	2	0	0	0
Engineering sciences related, Permanent	2	0	0	0
Finance and economics related, Permanent	12	14	4	33.3
Financial and related professionals, Permanent	9	9	0	0
Financial clerks and credit controllers, Permanent	5	0	0	0
Head of department/chief executive officer, Permanent	1	0	0	0
Human resources & organisat developm & relate prof, Per	1	0		0
Human resources clerks, Permanent	2	0	0	0
Human resources related, Permanent	2	1	0	0
Information technology related, Permanent	3	1	0	0
Library mail and related clerks, Permanent	2	0	0	0
Light vehicle drivers, Permanent	2	0	0	0
Logistical support personnel, Permanent	13	2	0	0
Material-recording and transport clerks, Permanent	1	0	0	0
Messengers porters and deliverers, Permanent	2	0	0	0
Other administrat & related clerks and organisers, Permanent	6	0	0	0
Other administrative policy & related officers, Permanent	2	0		0
Other information technology personnel, Permanent	21	2	0	0
Other occupations, Permanent	7	11	0	0
Printing and related machine operators, Permanent	1	0	0	0
Secretaries & other keyboard operating clerks, Permanent	8	6	0	0
Senior managers, Permanent	4	1	0	0
TOTAL	149	57	7	4.7

Table 5.3 – Reasons why staff are leaving the department

Termination Type	Number	% of total
Death, Permanent	3	42.9
Resignation, Permanent	1	14.2
Expiry of contract, Permanent	3	42.9
Total	7	100

Resignations as % of Employment	Number	% of total
		4.7

Table 5.4 – Promotions by Critical Occupation

Occupation	Employment at Beginning of Period (April 2005)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level
Administrative related	23	8	34.8	10
Cleaners in offices workshops hospitals etc.	14	0	0	14
Client inform clerks (switch receipt inform clerks)	3	0	0	2
Communication and information related	1	1	100	0
Computer system designers and analysts.	2	0	0	2
Economists	2	1	50	0
Finance and economics related	12	4	33.3	2
Financial and related professionals	9	11	122.2	5
Financial clerks and credit controllers	5	2	40	2
General legal administration & rel. professionals	0	1	0	0
Head of department/chief executive officer	1	0	0	0
Human resources & organisat developm & relate prof, Per	1	4	400	0
Human resources clerks	2	0	0	2
Human resources related	2	3	150	0
Information technology related	3	0	0	1
Library mail and related clerks	2	0	0	2
Light vehicle drivers	2	1	50	1
Logistical support personnel	13	1	7.7	13
Material-recording and transport clerks	1	0	0	1
Messengers porters and deliverers	2	0	0	2
Other administrat. & related clerks and organisers	6	1	16.7	7
Other administrative policy & related officers, Permanent	2	1	50	1
Other information technology personnel.	21	3	14.3	15
Other occupations	7	10	142.9	8
Printing and related machine operators	1	0	0	1
Secretaries & other keyboard operating clerks, Permanent	8	1	12.5	7
Senior managers, Permanent	4	0	0	0
Total	149	53	35.6	98

Table 5.5 – Promotions by Salary Band

Salary Band	Employees 1 April 2005	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another notch within a Salary Level
Lower skilled (Levels 1-2), Permanent	16	0	0	16
Skilled (Levels 3-5), Permanent	21	0	0	18
Highly skilled production (Levels 6-8), Permanent	50	17	34	40
Highly skilled supervision (Levels 9-12), Permanent	43	33	76.7	22
Senior management (Levels 13-16), Permanent	10	3	30	0
Contract (Level 1-2), Permanent	9	0	0	0
Contract (Level 1-2), Permanent	0	0	0	2
TOTAL	149	53	35.6	98

Table 6.1 – Total number of employees (including employees with disabilities) per occupational category (SASCO)

Occupational Categories	Male African	Male Coloured	Male Indian	Male, Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female, Total Blacks	Female White	Total
Legislators, senior officials and managers, Per	4	0	1	5	0	2	0	0	2	0	7
Professionals, Permanent	67	1	1	69	13	65	1	1	67	5	154
Clerks, Permanent	6	0	0	6	6	26	0	0	26	1	33
Plant and machine operators and assemblers, Permanent	3	0	0	3	0	0	0		0	0	3
Elementary occupations	17	0	0	17	0	26	0	0	26	1	44
Total	97	1	2	100	19	119	1	1	121	7	241

	Male African	Male Coloured	Male Indian	Male, Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female, Total Blacks	Female White	Total
Employees with disabilities	2	0	0	2	0	0	0	0	0	0	2

Table 6.2 – Total number of employees (including employees with disabilities) per occupational bands

Occupational Bands	Male African	Male Coloured	Male Indian	Male, Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female, Total Blacks	Female White	Total
Top Management	1	0	0	1	0	0	0	0	0	0	1
Senior Management, Permanent	7	0	1	8	0	6	0	0	6	2	16
Professionally qualified and experienced specialists and mid-management, Permanent	53	1	1	55	10	30	1	0	31	2	98
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	24	0	0	24	2	49	0	1	50	3	79
Semi-skilled and discretionary decision making, Permanent	11	0	0	11	0	18	0	0	18	0	29
Unskilled and defined decision making, Permanent	0	0	0	0	0	16	0	0	16	0	16
Contract (Senior Management), Permanent	1	0	0	1	0	0	0	0	0	0	1
Contract (Professionally qualified), Permanent	0	0	0	0	1	0	0	0	0	0	1
TOTAL	97	1	2	100	13	119	1	1	121	7	241

Table 6.3 - Recruitment

Occupational Bands	Male African	Male Coloured	Male Indian	Male, Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female, Total Blacks	Female White	Total
Senior Management, Permanent	1	0	0	1	0	0	0	0	0	1	1
Professionally qualified and experienced specialists and mid-management	10	0	0	10	0	5	0	0	5	0	15
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	9	0	0	9	0	18	0	0	18	0	27
Semi-skilled and discretionary decision making	4	0	0	4	0	7	0	0	7	0	11
Contract (Senior Management), Permanent	1	0	0	1	0	0	0	0	0	0	2
Contract (Professionally qualified), Permanent	0	0	0	0	1	0	0	0	0	0	1
TOTAL	25	0	0	25	1	30	0	0	30	1	57
No data	0	0	0	0	0	0	0	0	0	0	0

Table 6.4 Promotions

Occupational Bands	Male African	Male Coloured	Male Indian	Male, Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female, Total Blacks	Female White	Total
Senior Management, Permanent	1	0	0	1	0	1	0	0	1	1	3
Professionally qualified and experienced specialists and mid-management	15	0	0	15	0	18	0	0	18	0	33
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	7	0	0	7	0	10	0	0	10	0	17
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
Contract (Senior Management), Permanent	0	0	0	0	0	0	0		0	0	0
TOTAL	23	0	0	23	0	29	0	0	29	1	53
Employees with disabilities	2	0	0	2	0	0	0	0	0	0	2

Table 6.5 – Terminations

Occupational Bands	Male African	Male Coloured	Male Indian	Male, Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female, Total Blacks	Female White	Total
Professionally qualified and experienced specialists and mid-management	3	0	0	3	0	0	0	0	0	0	3
Semi-skilled and discretionary decision making	0	0	0	0	0	1	0	0	1	0	1
Contract(Unskilled), Permanent	1	0	0	1	0	2	0	0	2	0	3
TOTAL	4	0	0	4	0	3	0	0	3	0	7
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

Table 6.6 – Disciplinary Action

Occupational Bands	Male African	Male Coloured	Male Indian	Male, Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female, Total Blacks	Female White	Total
Disciplinary action											
TOTAL	0	0	0	0	0	0	0	0	0		



Table 6.7 – Skills Development

Occupational Categories	Male African	Male Coloured	Male Indian	Male, Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female, Total Blacks	Female White	Total
Legislators, Senior Officials and Managers	6	0	1	6	0	5	0	0	5	1	13
Professionals	11	0	1	12	0	11	0	0	11	0	23
Technicians and Associate Professionals	9	1	0	9	0	52	1	1	52	0	64
Clerks	3	0	0	3	0	4	0	0	4	0	7
Service and Sales Workers	0	0	0	0	0	0	0	0	0	0	0
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	0	0	0	0	0	0	0	0	0	0	0
Elementary Occupations	0	0	0	0	0	12	0	0	12	0	12
Total	29	1	2	30	0	84	1	1	84	1	119
Employees with disabilities	2	0	0	2	0	0	0	0	0	0	2

TABLE 7.1 – Performance Rewards by Race, Gender, and Disability

	Number of Beneficiaries	Total Employment	% of Total Employment	Cost (R'000)	Average cost per Beneficiaries
African, Female	48	119	40.3	624	13,000
African, Male	30	97	30.9	539	17,967
Asian, Female	1	1	100	8	8,000
Asian, Male	1	1	100	27	27,000
Coloured, Female	0	1	0	0	0
Coloured, Male	1	1	100	16	16,000
Total Blacks, Female	49	121	40.5	632	12,898
Total Blacks, Male	32	99	32.3	581	18,156
White, Female	2	7	28.6	25	12,500
White, Male	8	13	61.5	147	18,375
Employee with a disability	0	1	0	0	0
TOTAL	91	241	37.8	1,385	15,220

TABLE 7.2 – Performance Rewards by Salary Bands for Personnel below Senior Management Service

Salary Bands	Number of Beneficiaries	Total Employment	% of Total Employment	Total Cost (R'000)	Average cost per Beneficiaries
Lower skilled (Levels 1-2)	11	16	68.8	76	6,909
Skilled (Levels 3-5)	10	29	34.5	78	7,800
Highly skilled production (Levels 6-8)	30	81	37.3	348	11,600
Highly skilled supervision (Levels 9-12)	40	103	38.5	883	22,075
Contract (Level 9-12)	0	1	0	0	0
Abnormal Appointment	0	11	0	0	0
TOTAL	91	241	37.8	1,385	15,220

TABLE 7.3 – Performance Rewards by Critical Occupations

Critical Occupations	Number of Beneficiaries	Total Employment	% of Total Employment	Total Cost (R'000)	Average cost per Beneficiaries
Administrative related	16	37	43.2	409	25,563
Cleaners in offices workshops hospitals etc.	9	14	64.3	61	6,778
Client inform clerks(switchb receipt inform clerks)	0	2	0	0	0
Communication and information related	0	4	100	0	0
Computer system designers and analysts.	2	2	30	28	14,000
Engineering sciences related	0	2	13.8	0	0
Finance and economics related	6	20	25	92	15,333
Financial and related professionals	4	29	100	56	14,000
Financial clerks and credit controllers	1	4	0	5	5,000
General legal administration & rel. professionals	1	1	16.7	42	42,000
Head of department/chief executive officer	0	1	100	0	0
Human resources & organisat developm & relate prof	1	6	14.3	13	13,000
Human resources clerks	2	2	28.6	26	13,000
Human resources related	1	7	100	26	26,000
Information technology related	2	7	50	34	17,000
Library mail and related clerks	2	2	100	26	13,000
Light vehicle drivers	1	2	50	12	12,000
Logistical support personnel	9	15	60	85	9,444
Material-recording and transport clerks	0	1	0	0	0
Messengers porters and deliverers	2	2	100	16	8,000
Other administration & related clerks and organisers	4	7	57.1	32	8,000
Other administrative policy and related officers	1	2	50	15	15,000
Other information technology personnel.	15	21	71.4	268	17,867
Other occupations	7	30	23.3	80	11,429
Printing and related machine operators	1	1	100	12	12,000
Secretaries & other keyboard operating clerks	4	15	26.7	47	11,750
Senior managers	0	5	0	0	0
TOTAL	91	241	37.8	1385	15,220

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

SMS Band	Number of Beneficiaries	Total Employment	% of Total Employment	Cost (R'000)	Average cost per Beneficiaries	% of SMS Bill	Personnel Cost SMS (R'000)
Band A	3	14	21.4	72	24,000	1.3	5,750
Band B	0	3	0	0	0	0	0
Band C	0	1	0	0	0	0	0
TOTAL	3	18	16.7	72	24,000	1.3	5,750

TABLE 8.1 – Foreign Workers

Salary Band	Employment at Beginning of Period	% of total	Employment at End of Period	% of total	Change in Employment	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
TOTAL	0	0	0	0	0	0	0	0

TABLE 8.2 – Foreign Workers

Salary Band	Employment at Beginning of Period	% of total	Employment at End of Period	% of total	Change in Employment	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
TOTAL	0	0	0	0	0	0	0	0

TABLE 9.1 – Sick leave

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)	Total Number of Employees using Sick Leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	89	100	8	10.3	11	14	78	89
Skilled (Levels 3-5)	57	89.5	7	9	8	11	78	51
Highly skilled production (Levels 6-8)	215	93	30	38.5	7	87	78	200
Highly skilled supervision (Levels 9-12)	206	86.4	28	35.9	7	174	78	178
Senior management (Levels 13-16)	23	73.9	5	6.4	5	40	78	17
TOTAL	590	90.7	78	100	8	326	78	535

TABLE 9.2 – Disability Leave (Temporary and Permanent)

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)	Total Number of Employees using Sick Leave	Total number of days with medical certification
Highly skilled production (Levels 6-8)	13	100	2	100	7	5	13	2
TOTAL	13	100	2	100	7	5	13	2

TABLE 9.3 – Annual Leave

Salary Bands	Total Days Taken	Average per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	327	19	17
Skilled (Levels 3-5)	394	21	19
Highly skilled production (Levels 6-8)	1092	15	72
Highly skilled supervision (Levels 9-12)	1229	15	80
Senior management (Levels 13-16)	265	18	15
TOTAL	3307	16	203

TABLE 9.4 – Capped Leave

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2005	Number of Employees who took Capped Leave	Total number of capped leave available at 31 December 2005	Total number of Employees using Disability leave
Lower skilled (Levels 1-2)	4	4	98	1	1561	16
Skilled (Levels 3-5)	15	8	83	2	1324	16
Highly skilled production (Levels 6-8)	16	3	67	5	2872	43
Highly skilled supervision (Levels 9-12)	12	3	61	4	3554	58
Senior management (Levels 13-16)	22	11	51	2	308	6
TOTAL	69	5	69	14	9619	139

TABLE 39 – Leave payouts for the period 1 April 2005 to 31 March 2006

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee (R)
Leave payout for 2004/05 due to non-utilisation of leave for the previous cycle	39	9	4,333
Capped leave payouts on termination of service for 2004/05	60	12	5,000
Current leave payout on termination of service for 2004/05	0	2	0
TOTAL	99	23	4,304

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
N/A	N/A
N/A	N/A

TABLE 10.2 – Details of Health Promotion and HIV and AIDS Programmes

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Mr M Khumalo Director: Corporate Services
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		Two Employees
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.		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		Ms NG Thabethe, Ms C Adams, Ms EY Mnisi, Ms TT Thwala and Ms XN Nkumane
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		Recruitment and EEA policies
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		Draft Wellness Policy
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		Draft Wellness Policy

TABLE 11.1– Collective Agreements

Subject Matter	Date
N/A	N/A
N/A	N/A

TABLE 11.2 – Misconduct and Disciplinary Hearings Finalised

Outcomes of disciplinary hearings	Number	% of total	Total
Total	2	100	2

TABLE 11.3 – Types of Misconduct Addressed at Disciplinary Hearings

Type of misconduct	Number	% of total
Absenteeism	1	33.3
Misused state vehicle	1	33.3
Insurbornation & Absenteeism	1	33.3
Total	3	100

TABLE 11.4 – Grievances Lodged

Number of grievances addressed	Number	% of Total
Resolved	8	72.7
Not resolved	3	27.3
Total	11	100

TABLE 11.5 – Disputes Lodged

Number of disputes addressed	Number	% of Total
Upheld	1	33.3
Outstanding	2	66.7
Dismissed	0	0
Total	3	100

TABLE 11.6 – Strike Actions

Strike Actions	
Total number of person working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

TABLE 11.7 – Precautionary Suspensions

Precautionary Suspensions	
Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost (R'000) of suspensions	0

Table 12.1 – Training Needs Identified

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	6	0	6
	Male	0	0	7	0	7
Professionals	Female	0	0	11	0	11
	Male	0	0	12	0	12
Technicians and associate professionals	Female	0	4	50	0	54
	Male	0	1	9	0	10
Clerks	Female	0	0	4	0	4
	Male	0	0	3	0	3
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 assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	12	0	12
	Male	0	0	0	0	0
Gender Sub Total	Female	0	4	83	0	87
	Male	0	1	31	0	32
TOTAL		0	5	114	0	119

Table 12.2 – Training Provided

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	6	0	6
	Male	0	0	7	0	7
Professionals	Female	0	0	11	0	11
	Male	0	0	12	0	12
Technicians and associate professionals	Female	0	4	50	0	54
	Male	0	1	9	0	10
Clerks	Female	0	0	4	0	4
	Male	0	0	3	0	3
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 assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	12	0	12
	Male	0	0	0	0	0
Gender Sub Total	Female	0	4	83	0	87
	Male	0	1	31	0	32
TOTAL		0	5	114	0	119

TABLE 13.1 – Injury on Duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	1	100

Table 14.1 – Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
N/A	N/A	N/A	N/A
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
N/A	N/A	N/A	N/A

Table 14.2 – Analysis of consultant appointments using appropriated 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
N/A	N/A	N/A	N/A

Table 14.3 – Report on consultant appointments using Donor funds

Project Title	Total Number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
N/A	N/A	N/A	N/A
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
N/A	N/A	N/A	N/A

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
N/A	N/A	N/A	N/A



NOTES

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