



free state provincial treasury
annual report
2004 / 2005

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Annual Report 2004/2005

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FREE STATE PROVINCIAL TREASURY ORGANOGRAM



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mec for finance



mr. DR Barlow
head of department



mr. D Phukuntsi
budgeting



me. AS Fourie
provincial accountant
general



mr. C Hendriks
intergovernmental
co-ordination



me. NP Mkiva
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BUDGET MANAGEMENT



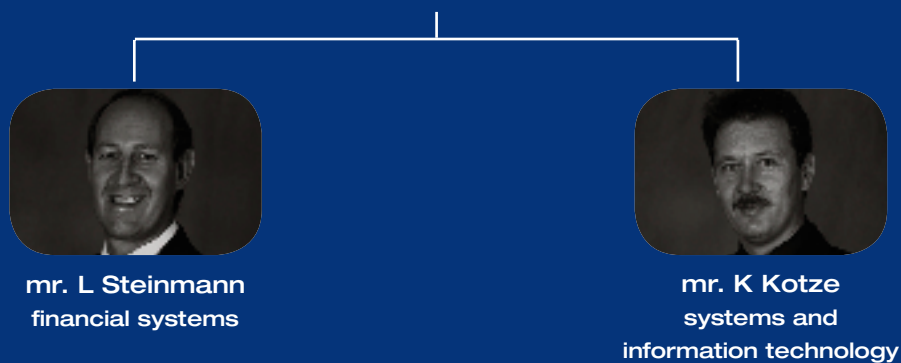
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CHIEF FINANCIAL OFFICER



me. NP Mkiva
chief financial officer



mr. N Ramashiya
corporate services



mr. Dj van Vuuren
departemental
accountant



mr. B Radebe
regulatory audit



mr. FP Moloi
performance and
forensic audit



MEC for Finance - PHI Makgoe

FOREWORD BY MR. PHI MAKGOE,

MEC FOR FINANCE - FREE STATE PROVINCE

The 2004/05 Annual Report of the Provincial Treasury is presented at a time when several discussions are afoot with regard to how Government can consolidate the gains of the past decade, to meet the challenges of the Developmental State in this decade, so as to ensure the maintenance of the delicate balance between growth and social development.

During the period under review, the Treasury introduced numerous initiatives to ensure a sharper focus on new infrastructure development, and the effective rehabilitation of existing provincial infrastructure. A lot of effort also went into accounting reforms and the alignment of departmental budgets and strategic plans with the objectives of the Free State Provincial Development Plan (FSPDP).

Several Provincial Departments, however, had significant under-expenditure in respect of both departmental service delivery programmes and infrastructure projects which, not only severely compromised the utilization of the Medium Term Expenditure Framework (MTEF), as a basis for multi-year service delivery, but:

Makes it difficult to more sharply focus on the assessment of medium-term norms, to ensure that such norms are both appropriate and affordable over the medium to long-term;

Negates the impact of initiatives to ensure an enriched supply of information, including non-financial information, to enable better servicing of the needs of the provincial Executive Council and the Provincial Legislature, to measure the outcomes and impact of provincial expenditure programmes.

Against the backdrop of the reality of the aforementioned, the Provincial Treasury will have its work cut out in the 2005/06 financial year and the rest of the MTEF period, to ensure that departmental budgets realise the broad objectives of the Free State Provincial Growth and Development Strategy (FSPGDS) that comes into effect in the 2005/06 financial year.

In this regard, the role of the Provincial Treasury will not be limited to its conventional functions of maintaining effective and efficient financial management and aggregate fiscal discipline in the Province, but Treasury would need to assume the broader responsibility of:

Providing strategic leadership in the generation of a wealth of quality information relating to the appropriateness of budget proposals and the effectiveness and efficiency of expenditure programmes.

Ensuring more effective reporting in respect of non-financial information that can facilitate more objective assessment of the effectiveness of various public expenditure programmes in meeting the objectives of the Free State Government as contained in the FSPGDS.

Promoting the continued implementation of mechanisms and procedures aimed at ensuring more effective and efficient spending on provincial infrastructure.

It goes without saying that the realisation of these objectives calls for the ongoing support of Provincial Departments, the Legislature and the Provincial Executive Council.





Chief Executive Officer - DR Barlow

INTRODUCTION BY THE HEAD OF THE DEPARTMENT

The year under review saw this Department embarking on a process to ensure that it would be in a position to execute oversight functions relating to the Municipal Finance Management Act (hereafter known as MFMA) in the ensuing financial year.

Dedicated work was also done to ensure that the Province would be ready to migrate to the Basic Accounting System from the Financial Management System (FMS). Several initiatives were also implemented with regard to further budget reforms and to introduce sound supply chain management (hereafter known as SCM) practices in the province, aimed at:

- correcting the SCM regime in the province in line with SCM policy;
- ensuring the full implementation of SCM in all provincial departments;
- recruiting appropriately skilled staff to drive the provincial SCM implementation process.

Work also focused on the continued need to enforce compliance and adherence to the Public Finance Management Act (hereafter known as PFMA) and Treasury Regulations, including the need for effective monitoring and oversight over the effective implementation of resolutions of the Provincial Public Accounts Committee (PROPAC) of the Legislature and Provincial Public Private Partnerships.

Considerable effort also went into the broader responsibility of Treasury to:

- effectively synchronize strategic plans with the entire budgeting, monitoring and reporting framework envisaged by the PFMA, as well as an assessment of how strategic plans and departmental budgets would contribute towards the realisation of the Provincial Growth and Development Plan;
- more effectively report on non-financial information that can serve as objective indicators of the success of public expenditure programmes.

Whilst the achievements of this Department for the period under review is evident from the rest of this report, several challenges remain that would be the object of focus over the 2005/06 financial year and the rest of the 2005/06-2007/08 MTEF period, including:

- the need to continue to meaningfully grow own provincial revenue, without unduly increasing the burden on provincial taxpayers;
- the need to give effect to the operationalisation of a 4-programme budget structure for the provincial treasury in the 2005/06 financial year in line with a National Treasury directive;
- the need to ensure that the Provincial Treasury is well positioned to execute MFMA oversight functions with effect from 1 July 2005;
- the necessity to gear up to assume the broader responsibility of ensuring that public expenditure programmes adequately reflect the priorities of government and meaningfully impact on the quality of life of the poor, the uneducated and the marginalized.

The strategic leadership of our MEC, departmental staff, the Provincial Executive Council, the Legislature, line departments, National Treasury and other stakeholders to ensure the success of this Department in the year under review, is appreciated and this Department rely on further fruitful interaction in this regard, to improve our contribution as provincial treasury in the ensuing financial year.

INFORMATION ON THE EXECUTIVE AUTHORITY

In the year under review, the department:

- Had no institution falling under the executive authority's control;
- Undertook no official visits abroad

VISION STATEMENT

To promote prudent financial management of provincial resources.

MISSION STATEMENT

Render timeous & responsive services delivery to clients through:

- Enforcing the implementation of the Public Finance Management Act;
- Preparation of sound & sustainable provincial budgets;
- Promotion of co-ordination in provincial infrastructure delivery & monitoring of the sustainability of Local Governments budgets;
- Sound management of departmental & provincial government's assets and liabilities;
- Promotion of sound procurement practices;
- Optimisation of provincial collected revenue;
- Enhancement of sound cash management, accounting practices & systems;
- Promotion and implementation of restructuring & transformation processes.

LEGISLATIVE MANDATES

Public Finance Management Act

Treasury Regulations

Employment Equity Act

Public Service Act and Regulations

Provincial Procurement Policy Framework

Municipal Finance Management Act



part 1

programme performance

PROGRAMME PERFORMANCE

Voted funds

Appropriation	Main Appropriation	Adjustment Appropriation	Actual Amount Spent	Over/Under Expenditure
Top Management	7,498	8,237	6,123	(2,114)
Corporate Services	13,635	11,471	10,711	(760)
Budgeting and Banking Services	5,454	6,012	5,509	(503)
Revenue Management	3,616	3,746	3,446	(300)
Supply Chain Management	4,672	7,754	5,555	(2,199)
Systems and Information Technology	8,898	8,506	6,776	(1,730)
Financial Systems	17,670	15,879	13,324	(2,555)
Departmental Accountant	11,281	14,234	12,441	(1,793)
Transversal Functions	18,633	20,889	20,549	(340)
Internal Audit	6,987	4,422	1,501	(2,921)
PFMA Implementation	2,414	2,835	2,109	(726)
MFMA Monitoring and Infrastructure Co-ordination	2,317	3,532	2,922	(610)
Security	2,129	505	-	(505)
Development Projects	-	26,000	17,075	(8,925)
Theft and losses	-	-	1,742	1,742
TOTAL	105,204	152,333	109,783	24,239

Responsible MEC	MEC of Finance
Administering Department	Department of Free State Provincial Treasury
Accounting Officer	CEO of Free State Provincial Treasury

The largest changes in the budget are due to the increase in SITA accounts and the funds requested for the implementation of the Suppliers database for the province.

overview of the service delivery environment for 2004/05

Improved transparency and comprehensiveness of budgets for provincial departments was further promoted with the implementation of the 'New Economic Reporting Format and Standard Chart of Accounts' that was successfully implemented in the 2004 budgets.

The finalisation of formats for financial reporting as part of the process of migrating towards Generally Recognized Accounting Practice (GRAP), together with further enhancements in accounting policies also assisted towards enhanced public sector financial management and accounting.

Due to capacity constraints experienced within the Department due to resignations as well as the take-on of new functions informed by the introduction of the MFMA and Supply Chain Management (SCM) practices, the same treasury oversight with regard to Asset Management, Procurement, Budgeting, Expenditure Monitoring and the assessment of non-financial information could not be extended in respect of Provincial Public Entities, as is the case with Provincial Departments, and this would be an area of more intensified focus in the ensuing financial year.

An amount of R16,082 million was rolled over in the 2004/05 Adjustment Estimates mainly to provide for the completion of Provincial Development Projects started in the previous financial year.

overview of the organisational environment for 2004/05

During the year under review, the Department did not experience significant organisational challenges that negatively impacted on its ability to deliver on its strategic plan.

Towards the end of the 2004 calendar year, the Department lost the services of its Chief Financial Officer (who accepted a post as Head of Department in another province), but managed to fill the post in time for the CFO to assist in the finalisation of the 2004/05 financial statements.

strategic overview and key policy development for the 2004/05 financial year

No specific legislative changes or new policy developments occurred during the period under review, though the Department had to ensure that it was well-gearred to give effect to the prescripts of the Supply Chain Management (SCM) framework and the Municipal Finance Management Act, both of which were promulgated in 2003.

The Department was, however, in a position to effectively execute its responsibilities related to both these matters.

DEPARTMENTAL REVENUE, EXPENDITURE AND OTHER SPECIFIC TOPICS

Revenue collection increased during the 2004/05 financial year due to the sweeping of bank accounts which led to larger investments with larger interest.

	2001/02 Actual	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	% Deviation from target
Non-tax revenue	60,389	126,066	61,140	62,878	71,258	12%
Sales of capital assets (Capital revenue)	-	-	-	-	1	100%

Departmental Expenditure

Programmes	Voted for 2004/05	Roll-overs and adjustments	Virement	Total voted	Actual Expenditure	Variance
Programme 1	7,498	654	85	8,237	6,123	26%
Programme 2	13,635	(2,164)	0	11,471	10,711	7%
Programme 3	5,454	558	0	6,012	5,509	8%
Programme 4	3,616	130	0	3,746	3,446	8%
Programme 5	4,672	3,082	0	7,754	5,555	28%
Programme 6	8,898	(392)	0	8,506	6,776	20%
Programme 7	17,670	(1,791)	0	15,879	13,324	16%
Programme 8	11,281	2,953	0	14,234	12,441	13%
Programme 9	18,633	2,256	0	20,889	20,549	2%
Programme 10	6,987	(2,480)	(85)	4,422	1,501	66%
Programme 11	2,414	421	0	2,835	2,109	26%
Programme 12	2,317	1,215	0	3,532	2,922	17%
Programme 13	2,129	(1,624)	0	505	0	100%
Programme 14	-	26,000	0	26,000	17,075	34%
Theft and losses	-	-	0	-	1,742	-
Total	105,204		0	152,333	109,783	28%

The largest savings within this department is in respect of vacancies of posts within mostly the Internal Audit and Security programmes. Other savings was in respect of the non finalization of the renovations of the office of the MEC and the discontinuing of the development projects.

Programme Performance

The activities of the Department of Provincial Treasury are organized in the following fourteen programmes:

- Programme 1: Top Management
- Programme 2: Corporate Services
- Programme 3: Budgeting and Banking
- Programme 4: Revenue Management
- Programme 5: Supply Chain Management
- Programme 6: System and Information Technology
- Programme 7: Financial Systems
- Programme 8: Departmental Accountant
- Programme 9: Transversal Functions
- Programme 10: Internal Audit
- Programme 11: PFMA Implementation
- Programme 12: MFMA Monitoring and Infrastructure Co - ordination
- Programme 13: Security
- Programme 14: Development Projects

Programme 2: Corporate Services

Purpose:

To render effective management and administrative support to the department and to effectively implement and monitor departmental policies.

Measurable objectives:

- a) Advise management to ensure sound human resource practices.
- b) Ensure promotion and implementation of restructuring and transformation process.
- c) Ensure effective internal and external communication.
- d) Ensure effective and efficient management of special programmes.
- e) Ensure implementation of service delivery improvement programmes.
- f) Formulation of departmental policies and guidelines in respect of Human Resources, Special Programmes and Communications.

Service delivery objectives and indicators:

Objective	Indicator
Implementation of PDMS.	Number of performance plans signed.
Implementation of employment equity plan.	Number of designated groups employed.
Enhance service delivery.	Service delivery improvement programme.
Achievement of acceptable level of filled posts on establishment.	Percentage of posts filled.
Implement approved special programmes policies.	Awareness programmes / projects launched.

Service delivery achievements:

- 100 % Implementation of the Performance and Development Management System within the department.
- 75% Achievement of employment equity implementation in the department, especially in lower and middle management.
- Development and implementation of Service Delivery and Customer Care Plan.
- Development and implementation of Statement of Standards document for setting norms and standards in the department.
- Approval and implementation of Access to Information Manual.
- Approval and implementation of Communication and Directives policy.
- Filling of posts to the level of 76%.
- Approval and implementation of Employment of Disability People policy.
- Allocation of nine full-time, 15 part time bursary holders.
- Publication of the first Provincial Treasury newsletter.
- Two hundred and twenty nine officials were trained on different courses.
- Development and submission of workplace skills plan to Public Service Sector Education and Training Authority.

Programme 3: Budgeting and Banking Services

Purpose:

To promote the institution and implementation of developmental budgets through equitable allocation of resources and sound cash management in line with provincial developmental needs.

Measurable objectives:

- Alignment of budgets to Strategic Plans.
- Effective monitoring of budget management.
- Inclusive, transparent and informed budget co-ordination.
- Effective monitoring of expenditure trends and performance service delivery levels in all provincial departments.
- Maintain optimum liquidity levels in the province.
- Maintain a credible accounting system for the Provincial Revenue Fund.
- Promote adherence to Provincial Norms and Standards relating to budget and banking matters.
- Formulation of provincial policies and guidelines relating to budget and banking matters.

Service delivery objectives and indicators:

Objective	Indicator
To prepare developmental provincial budget.	Table accurately and credible budget one week after National Minister tabled national budget.
To analyze and report on expenditure trends.	Monthly/Quarterly/Annually.
To timely allocate adequate funds to provincial spending agencies.	Annually/Monthly.
To keep accurate financial accounting records for the Provincial Revenue Fund.	Unqualified financial statements.

Service delivery achievements:

- The directorate managed to prepare and table a credible budget (statement i& ii) during the 2004/05 financial year.
- Managed to table a balanced and quality adjustment budget book within the prescribed time. The Intergovernmental Fiscal Review (IGFR) was consolidated and thoroughly evaluated to ensure the quality of data provided by departments.
- The directorate continuously monitored departmental expenditure trends and introduced cost containment measures that were endorsed by the Executive Council to avoid over-expenditure by the departments.
- The directorate managed to ensure that departments continuously adhere to the submission date of the IYM on the 15th of each month and submit to National Treasury on the 22nd.
- The budget office presented quarterly to the Executive Council on the state of the provincial budget to keep Exco abreast about the expenditure trends of all provincial departments.

Programme 4: Revenue Management

Purpose:

To promote maximization of provincial own revenue collection.

Measurable objectives:

- a) Set credible provincial targets.
- b) Promote the attainment of revenue targets.
- c) Promote research to assess the elasticity of revenue resources.
- d) Promote adherence to Provincial norms and standards relating to provincial own revenue.
- e) Formulation of provincial policies and guidelines relating to provincial own revenue.

Service delivery objectives and indicators:

Objective	Indicator
To increase provincial own revenue.	Annual tariff increase.
To monitor revenue performance against estimated targets.	Monthly Revenue reports.
To promote and oversee adherence to national and provincial norms and standards in respect of provincial own revenue.	Number of policies monitored/recommended; Number of amendments suggested to existing policies and procedures.

Service delivery achievements:

- The revenue budget target was exceeded by 16 %.
- The revenue budget was captured for the first time on the BAS system by provincial departments.
- Revenue collection policies are in place.
- All revenue tariffs were reviewed and amended.

Programme 5: Supply Chain Management

Purpose:

To enforce and promote sound supply chain management practices in the Free State Provincial Government.

Measurable objectives:

- a) Prescribe and oversee the sustained implementation of the Supply Chain Management policy in all provincial departments.

Service delivery objectives and indicators:

Objective	Indicator
To ensure effective and efficient utilization of movable & immovable assets in the province.	Existence of credible asset management policies/ procedures per department.
To oversee that proper stock accounting is undertaken regularly as prescribed by the departments.	Practical verification of stocktaking in departments.
To assist with capacity building of officials responsible for Supply Chain & Asset Management in the line departments.	Regular informal information sessions and presentations.
	Regular courses presented by accredited service providers.
To enforce cost effective sourcing and procurement strategies.	Timeous and inclusive processes/ Thoroughly researched sourcing and procurement strategies.

Service delivery achievements:

Policy Area:

- Stocktaking
- Rented Accommodation
- Disposals and Auctions
- Transport Administration

A need analysis was initiated, research done as well as consultation and general discussions were held to determine the needs per policy area. It was also felt that these policy areas are those that posed the most problems in the relevant departments during monitoring done by the Asset Management Staff [FSPT] during the previous financial year and beyond.

- On the 30th September 2004 a total of 4 preliminary documents in draft format were considered by the Senior Manager. Presentations were held on 20 & 21 October 2004 at SCM Directorate level [all staff involved] to determine the appropriateness of such documents. Certain amendments were necessary afterwards and done accordingly. The revised drafts were circulated to all 11 FSPG Departments for verification, inputs and possible amendments with Treasury SCM Circulars 16/2004 and 17/2004 in December 2004 as well as 1 and 2/2005 in January 2005.
- SCM training that was arranged by this office took place as planned. Training programmes catered for both officials at Senior Management level as well as Operational level.
- Training programme for Managers was offered by IPFA whilst SAMDI course was meant for officials at operational level. Finally a combined figure of not less than 200 officials was trained in the previous financial year.
- Over and above the training programme mentioned, presentations were made at various events which were also aimed at capacity building, namely session to mark the implementation of SCM in the Province, on 2 August 2004 SCM forum, presentations were presented at all road shows in five Municipal districts in the province and lastly convening a SCM Bilateral with all Provincial Departments.
- So far at least two transversal contracts have been identified as the ones that initiate the process. They are Office Stationery Contract and Travel Agency Contract. Specification for the Office Stationery bid have already been drafted and just awaiting approval of some document by the Cabinet and submission by the IDMC.
- In terms of the operational plan, 1 (one) report per month was a requirement as at the beginning of August 2004 until the end of the financial year. The implication was that a total of eight (8) reports had to be produced, eleven monitoring reports including two reports for departments of Sports, Arts, Culture, Science and Technology and Tourism, Environmental and Economic Affairs outlining the state of readiness to implement SCM in the said departments.

Programme 6: Systems and Information Technology

Purpose:

To support the Head of Treasury in the effective and efficient utilization of information and information technology as strategic resources enabling the Free State Provincial Government to execute their functions.

Measurable objectives:

- a) Ensure the effective and efficient implementation, monitoring and support of LOGIS and Vulindlela.
- b) Provide technical support in respect of the implementation of BAS.
- c) Build capacity in provincial departments in respect of LOGIS and Vulindlela.
- d) Enforce compliance with National and Provincial norms and standards in respect of LOGIS.
- e) Ensure efficient and effective IT support services to the department.
- f) Develop, implement and maintain the departmental Intranet and Internet web sites.
- g) Ensure a maintained LOGIS supplier register and item master for all departments.
- h) Promote adherence to Provincial Information Technology norms and standards.
- i) Formulation of Departmental Information Technology policies and guidelines.

Service delivery objectives and indicators:

Objective	Indicator
New implementations of LOGIS and BAS.	Within national norms: 6 months – Logis 3 months – BAS
Capacity building in respect of: LOGIS LOGIS/BAS Integration Vulindlela	Number of users trained.
Ensure efficient and effective IT support services to the department.	Respond to requests within 24 hours
Ensure a maintained LOGIS supplier register and item master for provincial departments	According to National norms & standards/ 10 working days.
Develop, implement and maintain the department Internet Web Site.	% Increase in the visits to the Internet web site

Service delivery achievements:

- 3 new LOGIS stores were implemented in the Province.
- LOGIS training was provided to 543 officials of the Free State Province through formal and functional courses.
- A detailed ICT Plan was developed and approved.
- An IT Security Policy and Standards was compiled and approved.
- An Internet User Specification was developed and approved.
- A functions transfer document was compiled and approved.
- Implementation of a Departmental Domain Controller for security and back-up's.
- Implementation of a Departmental Virus and SUS Server (Automated Updates).
- Development and implementation of a Departmental IT Helpdesk.
- Asset Register Reconciliation procedure was develop and training provided to all Logis stores.

Programme 7: Financial Systems

Purpose:

To implement and maintain transferable financial systems and sustain capacity building for all system users.

Measurable objectives:

- a) Implement and maintain financial and salary systems that meet the requirements of the PFMA and GRAP.
- b) Provide effective training and functional support to transversal system users.
- c) Enforce compliance with national and provincial treasury instructions/procedures and best practice notes in respect of accounting and salary systems.
- d) Control and monitor financial systems to ensure efficiency and credibility.
- e) Monitor effective and efficient control over the clearance and reconciliation of all provincial ledger accounts, the closing of accounting months and the provincial annual financial statements.
- f) Prepare annual consolidated financial statements.
- g) Promote adherence to Provincial norms and standards.
- h) Ensure adherence to Provincial policies and guidelines.
- i) Monitor effective management of the PMG accounts by all provincial departments.
- j) Promote adherence to National and Provincial norms and standards.

Service delivery objectives and indicators:

Objective	Indicator
Capacity building in respect of BAS & Persal.	Number of users trained.
Enforce compliance with National & Provincial norms & standards.	Key performance indicators.
Implementation of BAS.	Installation of BAS sites.
Compiling of consolidated annual financial statements.	In line with National guidelines.

Service delivery achievements:

BAS

- The Basic Accounting System (BAS) was implemented with effect of 1 April 2004.
- 14 BAS Databases were created for the Province.
- A total of 1061 BAS users are currently created for the 14 BAS Departments in the Province.
- Electronic payments have been maintained at 99% of the total value of payments to suppliers in the current financial year under review.
- The total registered BAS entities for the Province are 87 484 which includes Persal entities.
- The submissions of hand written cheques and system cheques in excess of R2 000-00 were maintained at an acceptable average of 20 submissions per month.

Training Management System Tool

A training Management System Tool was developed and implemented for all transversal system training. The training tool improved the following:

- The tool provides detail of all training courses to provincial departments.
- There is a prerequisite build in the tool, for example no official can be booked for a functionality course if he/she did not attend the BAS Overview course.

- Sub-system Controllers in the Provincial Departments nominate users electronically on the tool.
- Courses are booked on the system by the Training Co-ordinators.
- This is easy for the Sub-system Controller to view and ensure that officials do attend courses.
- Changes in respect of courses, officials attending, venues, etc. can be done much faster on the tool.
- The sending out of letters for nominations, non attendance of courses and results are much faster and can be done in a very short time frame because it is programmatically printed.
- Tests for courses are done on the tool by the users.
- Tests are marked by the tool. Multiple questions only - practical exercises must be done manually.
- A course evaluation is also done on the tool.
- Printing of certificates is done with the tool.
- This tool can be utilized for enquiries on the training of an official, or per department.
- The system prevents double booking.

I-REQUEST

- I-Request was implemented in the province. The I-Request system is a web based tool that was developed to automate System Controller's requests to have more control over requests received from departments as well as the feedback thereon.
- I-Request has been developed with high security since the tool will be utilized to reset User Id's which involves high risks. It has also always been a problem with users mentioning their passwords to other users which increases the risk of fraud on our Persal/BAS systems. Security on I-Request is driven by a unique PIN code that is forwarded by means of a SMS to the user's cell phone each time that the user wants to access the I-Request system.

BAS TRAINING

- The course material was amended to be in line with SCOA and to provide practical examples.
- The evaluation is based on 60% theory and 40% practical and attendees must achieve 70% to pass a course.
- A total of 756 officials attended BAS training courses until 31 March 2005 (168% of target) with a pass rate of 72,2%.

ACCOUNTING

- All Department's outstanding balances with respect to asset and liability items were successfully converted from FMS to BAS. The financial Management System (FMS) closed down completely in November 2004.
- The average quantity of handwritten cheques, including petty cash cheques, issued per month are 64 compared to an average of 90 per month during the previous financial year.

OFFICIAL TRAINING IN THE ACCOUNTING SUB-DIRECTORATE:

Annual Financial Statements:

28 October 2004: ±70 officials

22 November 2004: 41 officials

15 March 2005: 37 officials

16 March 2005: 24 officials

Asset Management & Grap: 26 & 27 October 2004: ±140 officials for the two days

Bank Forum: 9 February 2005: 38 officials

Debt Policy: 24 February 2005: 38 officials

PERSAL

- Credibility and Compliance Diagnosis in respect of Persal was done at the Department of Education. All outstanding issues regarding the C & C Diagnosis done during the 2003/04 financial year were followed up.
- 333 System Change Control requests were received and finalized until 31 March 2005.
- 425 Officials attended Persal courses until 31 March 2005 (142% of target) with a pass rate of 83%.
- 1505 Error Calls in respect of Persal were received and finalized until 31 March 2005.

Programme 8: Departmental Accountant

Purpose:

To provide sound financial management for the department to enable the informed decisions.

Measurable objectives:

- a) Support the department through sound financial administration.
- b) Ensure sound supply chain management.
- c) Promote adherence to Provincial norms and standards.
- d) Formulation of departmental policies and guidelines.

Service delivery objectives and indicators:

Objective	Indicator
To monitor expenditure vs. budget.	Monthly expenditure in line with budget.
To ensure proper cash management.	Accurate and realistic forecast & reports.
To keep accurate financial accounting records for Provincial Treasury.	Reconcile and clear financial reports according to provincial & national standards. User friendly & credible financial statements within prescribed time-frame.
To administer salary and debt related matters effectively & efficiently.	Effective salary and debt control and reconciliation within prescribed time-frame.

Service delivery achievements:

- Transfer of balances from FMS to BAS (First department to accomplish).
- Clear conversion account (First department to accomplish).
- Fully implementation of the BAS system in the department.
- Successful final closure for the 2003/04 financial year.
- Unqualified annual financial statements for 2003/04 financial year.
- Departmental strategic plan workshops were held during the 2004/05 financial year attended by all Senior Executive Managers, Senior Managers, Assistant Managers and Managers within the department, where - after a strategic plan was compiled and submitted.
- As a result of the restructuring of the department, Budget statement II was successfully amended to be in line with National recommendations.

Programme 10: Internal Audit

Purpose:

To provide quality internal audit services.

Measurable objectives:

- a) Risk assessment.
- b) Prepare annual audit plan.
- c) To conduct regularity, performance and forensic audits.
- d) To provide quality training for internal audit staff.
- e) To develop audit charter.

Service delivery objectives and indicators:

Objective	Indicator
Prepare annual audit plan.	Annually in line with risk assessment.
Develop and audit charter.	In line with best practice.
Conduct a risk assessment.	Quality risk assessment report.
Revise the risk assessment.	Quality risk assessment report.
To conduct regularity, performance and forensic audits.	In line with audit plan.
Provide quality training for internal audit staff.	In line with staff development plan.

Service delivery achievements:

- Successfully inaugurated the Free State Provincial Treasury Audit Committee.
- A three year rolling plan and a 12 month operational plan was prepared by the Internal Audit unit and approved by the Audit Committee.
- The Internal Audit Chief Directorate successfully assisted the Chief Executive Officer in establishing the Risk Management Committee.
- Successfully facilitated the risk assessment within the Department.
- Prepared and tabled Integrity Promotion Strategy incorporating an Anti-corruption strategy and Fraud Prevention Plan.
- Successfully provided secretarial services for the Audit Committee and Risk Management Committee.

For the financial year under review only special assignments requested by audit committee and management were undertaken. The delays in the filling of vacant posts within the Internal Audit directorate has resulted in the directorate not being able to execute the plans, leading to the Audit Committee not being presented with reports containing audit opinion on the adequacy and / or effectiveness of controls.

Programme 11: PFMA Implementation

Purpose:

To ensure compliance with the Public Finance Management Act, support the Provincial Public Accounts Committee and ensure that Public Private Partnership agreements are in line with the Treasury Regulations.

Measurable objectives:

- a) Effective monitoring of adherence to PFMA prescripts.
- b) Facilitate and co-ordinate effective training in respect of PFMA.
- c) Ensure adherence to PPP prescripts.
- d) Ensure effective implementation and monitoring of PPP projects.
- e) Ensure effective implementation of Provincial Public Accounts Committee's resolutions.

Service delivery objectives and indicators:

Objective	Indicator
To monitor the effective implementation of Provincial Public Accounts Committee Resolutions.	Resolutions implemented.
To assess the degree of compliance by provincial departments and provincial public entities with Public Finance Management Act.	Assessment/Compliance report.
To ensure effective PFMA training and capacity building in the Provincial Departments and Public entities.	Designated officials trained.
To monitor the implementation of Public Private Partnership.	Quarterly evaluation reports.

Service delivery achievements:

- The Directorate prepared and submitted the first Executive Council Memorandum (Cabinet Reference No: 7/2004) on the implementation of PFMA in line with Resolution 55/2002 of the Free State Executive Council.
- Met the deadline for the submission of the completed Normative Measure documents to the National Treasury.
- Consolidation, verification and submission of internal audit inputs to the National Treasury.
- Verification of all submissions/responses from the departments to Public Accounts Committee in accordance with previous resolution (Public Accounts Committee Resolutions adopted by Free State Legislature before September 2003).
- Prepared and tabled the evaluation and progress reports on the implementation of the Public Accounts Committee Resolution during the September sitting.
- Preparation of the Finance Bill on unauthorized expenditure for tabling in the Legislature.
- Successfully communicated and administered Resolutions taken at three sittings of Public Accounts Committee (November 2003, December 2003 and February 2004 sitting)

Programme 12: MFMA Monitoring and Infrastructure Co-ordination

Purpose:

To ensure full implementation and compliance with MFMA. Implementation and promotion, monitoring and co-ordination of infrastructure programmes.

Measurable objectives:

- a) Advise on effective training and capacity building at municipalities.
- b) Ensure alignment of budgets with Provincial infrastructure plans.
- c) Monitor co-ordination of infrastructure planning and delivery across all spheres of government.

service delivery objectives and indicators:

Objective	Indicator
Monitor the effective adherence to Municipal Finance Management Act.	Assessment / Compliance Report

service delivery achievements:

- The Directorate reported quarterly on infrastructure spending to National Treasury.
- The Directorate published all Provincial Transfer Payments to municipalities.
- Resource the directorate with officials and equipment
- Submission of documents to National Treasury to categorize municipalities in the Province.
- Provide inputs and communicated with National Treasury and Parliament on the role of Provincial Treasury in the Municipal Finance Management Bill.
- Analyzed, evaluated and submitted quarterly report to National Treasury on infrastructure as required by the Division of Revenue Act
- Ensured the timeous transfer of infrastructure conditional to Provincial Treasury.
- Publication of transfer payments to municipalities
- Gazette conditions and terms for Provincial conditional grant for Provincial departments.

Service delivery achievements:

Corporate Services

SUB-PROGRAMME	OUTPUT	OUTPUT PERFORMANCE MEASURE/SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
			TARGET	ACTUAL
MEC Support Services	Renovated MEC's office to be able to render effective services	Implementation of renovation floor plan	Office renovation according to plan	Renovation commenced on 19/01/2005
	Good inter - relationship with clients (internal and external)	Implementation of Batho Pele white paper.	In line with Batho Pele principles	100%
	Effective and efficient filing system	Accessibility percentage to document	100% accessibility (tracking of documents)	Filing system developed
	Skilled staff members	In line with relevant Policies	In line with HRD Policy	6 Officials attended computer and customer care courses

Service Delivery Achievements:

Corporate Services

Human Resource Management	Updated/Approved Employment Equity Plan	In line with National Affirmative Action Policy	30 June 2004 and then quarterly	75%
	Bursary audit report	Volume of files audited	31 July 2004	100%
	Allocate bursaries	Number of bursaries allocated according to the set criteria	Adverts 30 June 2004 Closing date 31 August 2004 Allocation of part-time 30 Nov 2004 Full-time Bursaries (Top 100 matriculants) 31 Jan 2005	Allocation of part-time bursaries finalized during October 2004 15 Full-time and 9 part-time bursaries awarded for the 2005 academic year
	Approved HR plan	Plan to include relevant information	30 June 2004 and quarterly	100%
	Updated and accurate Personnel records	Volume of files to be updated	31 August 2004	100%
	Approved induction program for new appointments	HR induction programme	Quarterly	60%
	Completed analysis report	Number of report	30 April 2004	100%
	Completed EE Report	Number of report	30 September 2004	100%

Special Programmes	Informed and educated officials on Employee Assistance Programme issues	Number of officials informed	All officials	5 officials were counselled. Workshop was held on the 10 th February 2005
	Approved Employee Assistance Programme Policy	Number of EAP Policy	One EAP Policy	Draft in place
	Well-implemented HIV/AIDS programme in the Department. Well-informed and educated officials on HIV/AIDS matters in the Department	Effective implementation of HIV/Aids programmes in the Department	Effective HIV/Aids programmes	78 officials attended HIV/Aids training from 27 September – 01 October 2004 Candlelight Ceremony held on 1 December 2004
	Developed youth in the economic sector	In line with National Policies	In line with National Youth Development Policy and according to the FSDP	FS Chamber of Commerce & FS Youth Commission held Youth Summit on 22- 24 October 2004
	Approved policy on the employment of people with disability	Number of Policies	One Policy	100%

Service Delivery Achievements:

Corporate Services

Labour Relations	Sound labour relations	In line with PSCBC resolutions	Proper implementation of PSCBC Resolution 2 of 1999 (Resolution 1 of 2003) Grievance Procedure and Code of Conduct	98%
	Informed, sensitized and capacitated Managers and employees	In line with Labour Relations Statutories	In line with Labour Relations Act	60%
	1. Timeous completion of cases 2. Proper and updated status reports on all Labour Relations cases	Number of cases handled effectively	All grievance cases to be handled effectively	2 disciplinary cases were handled by the Bargaining Council and an Arbitration award in favour of the Department and 1 case was lost

Organizational Efficiency Services	Implemented PDMS	Number of Performance and Development Plan in place	All employees of Department to have performance and development plans	100%
	Correct determination of post levels	Number of posts to be evaluated	All posts on level 9 and higher and newly created posts to be evaluated by Equate System	100%
	Staff appraisal	Number of staff members to be assessed	All qualified staff members to be assessed	All PDMS Levels 1-12=100%
	Complete organizational structure	In line with relevant strategic plan	In line with the Departmental strategic plan	85%

Auxiliary Services	Timeous typing of documents and relief of secretaries /PA's on temporary basis	Volume of work to be typed accurately	Accurate typing and secretarial services as requested by employees/management	100%
	Accurate and timeous delivery of documents Central registration system for the Department developed or Receive, sort, distribute and post documents In service training on how to establish record management system	Effective services	Effective and reliable messengerial services Accurate record keeping of documents Timeous distribution of Circulars, post and documents	90%

Service Delivery Achievements:

Corporate Services

Communications	Motivated staff members	Number of operational plans developed and team building workshops attended	One (1) operational plan and two (2) team building workshops	<p>The Corporate Services Directorate held a team building session on the 31st of March 2004</p> <p>The Corporate Services Directorate held a team building session to celebrate Casual day on the 3rd September 2004</p> <p>The Communication unit coordinated the team building session that was hosted on the 15th December 2004</p> <p>The Communication unit coordinated the Corporate services Team building session that was hosted on 4th February 2005. This was to bid farewell to colleagues that have left the Directorate</p>
	Well-informed and participative staff	Number of staff members who received publications	All staff members	<p>The first issue of Treasury News was distributed to all staff of the Department from 15 – 19 March 2004</p> <p>The second issue of Treasury News was published by the end of July 2004</p> <p>The Third issue of Treasury News has been published in December 2004</p> <p>The March issue of Treasury News was published and distributed on the 24th and 25th March 2005</p>
	Effective media relations	In line with National Communication Policy	In line with the communication policy	<p>A media lunch was held on 20 May 2004. Representatives from the various media attended</p> <p>Great publicity was received in the media on the newly appointed MEC of Finance</p> <p>A summarized version of the vote speech that was tabled on the 4th June 2004 was published in the July issue of the Free State Business Bulletin</p> <p>The Sub-directorate: Communication organised media invitations and packages for the Media planning session that was hosted on 21, 22 & 23 July 2004</p>

Service Delivery Achievements:

Corporate Services

				<p>A supplement on the Supply Chain Management launch was published in the October issue of the Free State Bulletin Newspaper</p> <p>Season greetings message from the MEC published in the Kontrei & Ons Stad on the 15 & 16 December 2004 and Express on the 22nd December 2004</p>
	Approved service delivery & customer care plan	Number of SDCCP formulated	One SDCCP	100%
	Improved image of the Department	In line with Departmental Communication policy	In line with the corporate identity of the Department	<p>The communication unit organised the farewell party for the MEC Zingile Dingani on the 16th April 2004</p> <p>The communication unit assisted the MEC's office with managing of the Vote Speech that was tabled on the 4th June 2004 at the Free State Provincial Legislature</p> <p>The Unit coordinated the Launch of the Supply Chain management Directorate with regards to the following activities: invitation, venue (décor & branding), video production</p> <p>The communication unit attended the Provincial Imbizo Focus week held on 27- 29 September 2004</p> <p>The unit assisted the HRM sub-directorate in the design & layout of the HIV/AIDS policy that was distributed to all officials in November 2004</p> <p>The unit coordinated the design & layout of the Statement of Standards that was approved and packaged during October 2004</p> <p>The unit co-ordinated the HRD policy launch & year end function of the department with regards to the following activities: Invitations & programmes, venue branding, hiring of projector screen and photographs</p>

Service Delivery Achievements:

Corporate Services

				<p>The unit assisted the HRM bursary component with promotional materials (keyrings, bandanas, paper bags) and exhibition at the Bursary Event that was hosted on the 18th January 2005</p> <p>The unit assisted SCM Directorate with the preparations for the Roadshows that were hosted around districts</p> <p>The unit coordinated the Annual Budget Speech Gala Evening in March 2005 that was hosted at Kopano Nokeng on the 4th March 2005</p>
	Well-informed external stakeholders of the Department	Liaise with all relevant bodies	During external departmental events e.g. excos, imbizos etc, member of the public receive the external newsletter of the Department	<p>The unit co-ordinated the design & printing of the MEC & CEO's Christmas cards, as well as the calendars for 2005</p> <p>The unit coordinated the design & printing of desk calendars for all staff</p>
	Established an information desk	Number of an Information Desk	The information Desk at the foyer	The information desk was set up on 31 st May 2004 =100%
	Approved Access to Information Policy	Number of manuals to be formulated	One manual In line with Access to Information Act	100% The Access to Information Policy was approved on the 24th August 2004
	Approved communication policy	Number of policies to be formulated	One policy In line with the Provincial Communication policy	100% Policy approved on 12/07/2004
	Approved Statement of Standard	Number of Statement of Standard	The Statement of Standard Document	Statement of Standard approved on 31 August 2004 and distributed to Legislature, Provincial departments and Public Service Commission and staff members

Human Resource Development	Launched HRD policy	Number of policies to be launched	One Code of Conduct	100%
	Trained employees from level 3 – 16	Number of employees trained according to training needs	All requested training to be implemented	98 Officials trained on PDMS 60% Trained on other courses
	Trained officials on Batho Pele Principles	Number of employees trained on Batho Pele	Number of employees trained on Batho Pele	65%
	Trained officials on Code of Conduct and signed declaration	Number of officials trained Number of declarations signed	All officials in the Department to be trained and to sign the declaration	80% signed the declaration
	Workplace skills Reports	Number of Reports	Quarterly Reports	100%

Budget and Banking Services

SUB-PROGRAMME	OUTPUT	OUTPUT PERFORMANCE MEASURE/SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
			TARGET	ACTUAL
Budget Management	Accurate and credible budget process	Attend Sector Specific CFO forum/ meetings Programme officers attend training workshop Prepare letters, schedules and annexures to departments regarding MTEF guidelines Determine guideline allocation for departments Assist departments with compilation of IGFR data Review FFC Recommendations Prepare for National treasury visits Prepare financial data for adjustment budget Consolidate adjustment budget financial data Arrange Provincial MTEC Meetings Review year end surplus/ deficit and prepare report to SEM Obtain request for rollovers Analyse rollover requests Prepare rollover submission Prepare financial data- Benchmark exercise Prepare for operationalization of strategic plan Prepare financial data for budget statement one and two Consolidate budget data for budget statement one Prepare Appropriation Bill for Adjustment Budget Prepare Appropriation Bill for Main Budget	100%	100% achieved

Budget and Banking Services

	<p>Accurate, credible consolidated timely expenditure reports. i.e. IYM, Section 32 and IGFR</p>	<p>Verify departments monthly IYM, reports with BAS report</p> <p>Analyze monthly expenditure trends</p> <p>Obtain explanations from departments for deviations</p> <p>Coordinate and consolidate of provincial IYM report to National Treasury</p> <p>Assist National Treasury with section 32 report</p> <p>Monitor and report on conditional grants</p> <p>Assist departments to compile budget submissions for 2005/06</p> <p>Ensure that expenditure is in accordance with provincial priorities</p> <p>Assist department in compiling budget submission</p> <p>Obtain policy priorities from National</p> <p>Evaluate provincial policies to determine compliance with National policies</p> <p>Evaluate strategic plans for policy imperatives</p> <p>Ensure that documents are within the parameters, acts and regulations(PFMA)</p> <p>Check required supporting documentation for submissions</p> <p>Check validity of submissions</p> <p>Ascertain whether costs are associated with implementation</p> <p>Ascertain whether the projects are going to benefit the stakeholders</p> <p>Establish accuracy and justification of budget request</p> <p>Evaluate if the programmes have enough funds to achieve the desired goals</p> <p>Evaluate capital spending to enhance infrastructure</p>	100%	100%
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Budget and Banking Services

	Provincial cash flow budget	<p>Obtain departmental inputs</p> <ul style="list-style-type: none"> • Cashflows projection • Funds requisition • Sweeping Templates <p>Reconcile cash flow projections inputs with provincial budget</p> <p>Submit consolidated cash flow projections to National Treasury</p> <p>Prepare actual departmental cash outflow</p> <p>Prepare departmental allocation schedule</p> <p>Arrange monthly allocation meeting</p> <p>Prepare allocation letters</p> <p>Prepare monthly allocation journals</p> <p>Submit allocations journals to CFAO for approval</p> <p>Prepare daily sweeping letters and templates for departments</p> <p>Verify accuracy of breakdown of amount swept</p> <p>Prepare sweeping journals</p> <p>Capture sweeping journals on the system</p> <p>Submit sweeping journals to CFAO for checking and approval</p> <p>Compile monthly bank reconciliations between PMG's & Exchequer account</p> <p>Submit PMG & Exchequer reconciliation to Senior Manager</p> <p>Check daily bank reconciliations from departments</p> <p>Compile cash flow report for the MEC and for the senior management meeting</p> <p>Warn departments of possible over-drawing</p> <p>Solicit explanations from departments in cases of monthly over-drawing and recommend action</p>	100%	100%
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Revenue Management

SUB-PROGRAMME	OUTPUT	OUTPUT PERFORMANCE MEASURE/SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
			TARGET	ACTUAL
Revenue Management	Request inputs from departments	Percentage increase on actual collection	Link to inflation rate	100%
	Evaluate inputs and compile a comparison figure according to department per year			100%
	Determine all types of transactions			40%
	Arrange for a meeting with relevant department			100%
	Consolidate own revenue budget input for submitting to Budget & Banking Directorate			30%
	Review inputs and arrange further discussions			50%
	Analyze and make recommendations to departments and EXCO on revenue collection	Monthly	24 Reports	46%
	Review of IYM Report and follow up deviations with relevant department	Monthly	12 Reports	92%
	Analyze and make recommendations to departments on revenue policies submitted	11 Departments analyzed	Within one month after receipt	100%
	Monitor of capacity building iro revenue in line departments and monitor of systems in place	One report per inspection	60 Reports	87%
	Issue of guidelines iro revenue collection policies and systems	3 Circulars per year	Circular issue	200%
	Investigate adherence to procedures in respect of identification, safe-guarding, recording, reconciliation of revenue	Six reports per month	60 Reports and 12 Special investigation reports	76%

Supply Chain Management

SUB-PROGRAMME	OUTPUT	OUTPUT PERFORMANCE MEASURE/ SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
			TARGET	ACTUAL
Supply Chain Management	N/Analysis	Policy document	One policy document	Practice Notes Developed:
	Criteria	Consistence with national prescripts	Not inconsistent with national prescripts	<ul style="list-style-type: none"> • Stocktaking • Rented Accommodation • Disposals and Auctions • Transport Administration
	Research			
	Consultants			
	Gr/Discuss			
	Policy drafting			4 Preliminary documents in draft format (30 Sept. 2004) Presentation done (20&21 October) SCM Directorate Amendments done
	Site visits [Data collection]	Number of reports	8 reports	168 Sites visited
	Pract/Theoret Verification			111 reports
	Obtain Info/Discussions			213 meetings
	Dig/Photo's			139 Telephone enquiries
	Compile Report			16 submissions received, 13 approvals
	Submittance			2 Bilateral meetings (Aug 2004/Feb 2005)
	Issuing Practice notes			13 Circulars compiled on Asset Management
	Analyzing reports/submissions			General
				1 Practice Note (Security Clearances) issued

Supply Chain Management

	<p>Facilitation of training/ Workshops/ Presentations</p> <p>Accreditation of service providers</p> <p>Registration with national bodies IPFA</p>	Completeness of capacity building programs	Complete SCM training program	<p>Training on "Auction/ Disposals" 59 Officials trained</p> <p>Training on "Stocktaking" 19 Officials trained</p> <p>5 SCM Roadshows: Presentations done on: Code of Conduct</p> <p>Stocktaking</p> <p>Disposals/Auctions</p> <p>Transport Administration</p> <p>SCM Launch: Sept.2004 Kopano Nokeng</p> <p>SCM Workshop: Presentation</p> <p>SCM Forum: Presentation Practice Notes (Asset Management)</p> <p>Northern Free State Municipality Workshop: Presentation on Disposal/ Auctions</p> <p>SAMDI+IPFA Discussions: SCM matters</p>
	<p>Acquisition policy development</p> <p>Consultation with the Departments.</p> <p>Perform transversal needs analysis.</p> <p>Perform risk Analysis</p> <p>Perform costs benefit analysis.</p> <p>All activities as per policy.</p>	<p>Completeness of policies in place</p> <p>Number of transversal contracts arranged provincially</p>	One transversal acquisition policy	<p>Draft policy on acquisition has been completed and awaiting approval</p> <p>Draft of BAC is awaiting approval</p> <p>2 Transversal contracts identified</p> <ul style="list-style-type: none"> • Office Stationery • Travel Agency Contract <p>Specification of the Office Stationery Bid already drafted and awaiting approval of some documents by the Cabinet and Submission by the IDMC</p>

Supply Chain Management

	Develop checklist Site visits Meetings	Number of reports	1 Report	2 reports for Depts. of Sports, Arts, Culture, Science and Technology and Tourism, Environmental and Economic Affairs
	Assemble specification team Determine specification Engage procurement process	Completeness of the model	A fully functional database	After benchmarking exercise a report was approved by the CEO: Provincial Treasury Project team was established Presentation was made to the: MEC, CEO CFO Bilateral SCM Forum INTENDA was invited to make a presentation
	Engage stakeholders in ongoing discussion	Completeness of the proposal	One proposal	Unit undertook Roadshow to 5 Municipal Districts in the Province Roadshows aimed at: Outlining bidding procedures Assist SMME's in government Framework for SCM to the potential bidders Service providers doing business with government

Systems and Information Technology

SUB-PROGRAMME	OUTPUT	OUTPUT PERFORMANCE MEASURE/ SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
			TARGET	ACTUAL
Systems and IT	Implemented Logistical system	Within National Norms 6 Months	3 sites to be implemented	Three sites were Implemented and went live on 1 April 2005, namely Qwa Qwa Laundry, Government Garage Bloemfontein and Qwa Qwa Government Garage
	Codified and utilised stock items	According to National Norms and Standards Within 48 Hours	Codify on request from Departments within 48 hours. 95 % target	100% of the requests were handled within the 48 working hour timeframe

	Maintained LOGIS suppliers register	According to National Norms and Standards 10 Working Days	On request from Departments within 10 working days. 95% target	99,9% was handled within the timeframe of 10 working days
	Trained and competent LOGIS users	Number of users trained	540 officials to be trained	Total number of users trained: 543
	Trained Vulindlela users	Number of users trained	60 officials to be trained	During the CFO Forum National Treasury conducted a Vulindlela Web introduction presentation
	Implemented Departmental Intranet Web Site	Usable Intranet Web Site	Single corporate wide system for accessing information of common interest	Site currently functional
	User-Friendly Departmental Intranet Web Site	% Increase in the visits to the Intranet Web Site	Improved Site Visits by 50%	From 1 April 2004 until 31 March 2005 the number of hits were 118 543
	Operate and manage a Helpdesk for problem reporting	Respond to requests within 24 hours	Respond to requests within 24 hours	A total of 3 418 calls were finalized from 1 April 2004 until 31 March 2005 During January 2005 and February 2005 an "Exceptions Detail Report" was generated to monitor the 24 hours response time frames

Financial Systems

SUB-PROGRAMME	OUTPUT	OUTPUT PERFORMANCE MEASURE/SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
			TARGET	ACTUAL
Financial Systems	Building of capacity in provincial departments trained to enhance efficient and effective personnel and salary administration	Number of BAS users trained	BAS 450 users	Total officials trained untill 31 March 2005: 756 Target: =450 72,2% pass rate
		Number of Persal users	Persal 300 users	Trained 425 officials untill 31 March 2005 Target :300 users 83% pass rate
	To enforce compliance with National and Provincial norms and standards	% adherence to key performance indicators	70% achieve to key performance indicator	8 Departments achieved the norm of 70% An Average of 75 % was achieved by all Departments in the Province
	Implementation of BAS	Installation of BAS sites	42 sites	76 Sites were activated
		Programmatic conversion of FMS balance to BAS	11 Departments 3 Training accounts 1 Revenue fund	11 Departments and 3 Trading accounts were transferred programmatically before the closure of FMS on 15/11/04 Revenue fund was transferred manually by the Cash management office as they were previously using Pastell
		Monitor clearance of conversion accounts by Departments	All accounts cleared by 31/10/05	All conversion accounts were cleared by all Departments at the end of 2004/05 Financial year 100% Achievement
	To prepare annual consolidated financial statements	In line with National guidelines and timeframes	Finalised consolidated annual financial statements by 30/10/2004	Submitted the consolidated AFS for Departments on 11 April 2005 to A/G. Submitted the consolidated AFS for Public Entities on 11 April 2005 to A/G

Departmental Accountant

SUB-PROGRAMME	OUTPUT	OUTPUT PERFORMANCE MEASURE/SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
			TARGET	ACTUAL
Finance and Budget Control	Accurate and timeous preliminary and final state of expenditure reports	Monthly expenditure in line with budget	5th and 15th of each month	100% Target achieved since April 2004
	Accurate IYM reporting		15th of each month	100% Target achieved since April 2004
Financial Administration/ Supply Chain Management	Realistic Annual cash flow forecast	Credible annual forecast	10th March 2005	72%
	Credible monthly funds requisition	Within prescribed time frame	22nd of each month	100%
	Payment of inter-departmental claims	Within prescribed time frame	Payment within 30 days	100%
	Deposit of monies received	Accurate deposits	Weekly deposit of monies	100%
	Timeous issue of orders	Accurate orders and within time frame	Within 48 hours	85%
	Payment of creditors	Satisfied suppliers	Payments within 30 days	74%
		Accurate payments	90% Preparation accuracy 95% Processing Accuracy	100% 100%

PFMA Implementation

SUB-PROGRAMME	OUTPUT	OUTPUT PERFORMANCE MEASURE/SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
			TARGET	ACTUAL
PFMA Implementation	To monitor the effective implementation of Provincial Public Accounts Committee Resolutions	Number of Evaluation Reports produced and submitted	Evaluation Report before Propac Sitting	First Report during August 2004 sitting. Second report during November 2004 sitting & third report during March 2005. Finance bill compiled and enacted on 2 nd of August 2004
	To assess the degree of compliance by provincial departments and provincial public entities with Public Finance Management Act	Number of Compliance Reports	4 Compliance Reports	100%
	To monitor the implementation of Public Private Partnership.	Number of Quarterly Statistical Report	4 Reports per year	100%
	To ensure effective PFMA in training and capacity building in the Provincial Departments and Public Entities.	Number of Training Sessions Conducted	4 Sessions per year	Five sessions held on (PFMA Foundation Course), 222 officials have been trained to date

MFMA Monitoring and Infrastructure co-ordination

SUB-PROGRAMME	OUTPUT	OUTPUT PERFORMANCE MEASURE/SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
			TARGET	ACTUAL
MFMA Monitoring and Infrastructure co-operation	Infrastructure Compliance Reports to National Treasury	Evaluation Reports	Quarterly Reports to National Treasury	Analyze and evaluate fourth quarter report 22 April 2005 Analyze and evaluate first quarter report 22 July 2004 Analyze and Evaluate 2nd quarter report 22 October 2004 Analyze and evaluate third quarter report 22 January 2005
	Compliance with the MFMA Act and Gazette from National Treasury	Compliance reports Evaluation Compliance with section 5,21,34,35 & 36 of the MFMA	31 March 2005 November and December 2004 bilateral with Municipalities	Prepared checklist for Municipalities and receiving response Conducted assessment at 25 Municipalities
	Capacity building Training sessions	Number of Officials trained	Session with National Treasury 5-16 July 16-27 August 6-17 September	6 Officials were trained during July, August and September 2004
	Information sessions	Number of officials capacitated	150 per sessions	District Workshops on the Municipal Finance Management Act



part 2
report by the
audit committee

FREE STATE: PROVINCIAL TREASURY
VOTE 4
REPORT OF THE AUDIT COMMITTEE
for the year ended 31 March 2005

OVERVIEW

We are pleased to present our report for the financial year ended 31 March 2005.

AUDIT COMMITTEE MEMBERSHIP AND ATTENDANCE OF MEETINGS

The Audit Committee consist of 4 (four) members and according to the approved terms of reference the Audit Committee will meet at least 3 times per annum. For the year ended 31 March 2005, the committee held two meetings due to the committee being operational as from November 2004.

Members and their meeting attendance details during the 2004 /2005 financial year were as follows:

Member	Number of meetings attended
Mr. JH Blair (Chairperson)	2
Mr. P Simpson	2
Ms. M Mosweu	1
Mr. I Mamoojee	0

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has adopted appropriate terms of reference that are in line with section 38 (1)(a) of the Public Finance Management Act and Treasury regulation 3.1.13 as its charter. The Audit Committee further reports that, except for the provisions of its terms of reference relating to the Internal Audit activities and internal controls, the committee has regulated its affairs in accordance with the approved Audit Committee charter. The delays experienced by the Provincial Treasury in filling vacant posts within the Internal Audit directorate negatively affected the Internal Audit efforts to execute the approved internal audit plans. The Audit Committee has been informed by the Provincial Treasury that most of the vacant posts have been filled and the execution of the approved audit plan will proceed.

EFFECTIVENESS OF INTERNAL CONTROLS

The Internal Audit function is conducted internally. A three year rolling plan and a 12 month operational plan were prepared by the internal audit unit and approved by the Audit Committee. The delays in the filling of vacant posts within the internal audit unit has resulted in the directorate not being able to execute the plans, leading to the Audit Committee not being presented with reports containing audit opinion on the adequacy and / or effectiveness of internal controls.

The Free State Provincial Treasury conducted a risk assessment exercise where risks were identified, impact of risk was assessed and the system through which management is managing these risks was also assessed. A Risk Management Committee was also established to assist in overseeing the risk management process.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has evaluated and discussed the annual financial statements with the Accounting Officer and the Auditor General. The Audit Committee has also reviewed the Auditor General's management letter and response from Management. The Audit Committee concurs and accepts the conclusion of the Auditor General on the annual financial statements. Furthermore, the Audit Committee recommends for approval the audited annual financial statements read together with the report of the Auditor General.

MATTER OF PARTICULAR CONCERN

The Audit Committee further reports as a matter of particular concern the inadequacy of internal controls reported by Internal Audit on the activities of Programme 14. The committee is of the opinion that some of the expenses incurred under this programme might be irregular. The Audit Committee is pursuing further investigation of this matter.



JH Blair
Chairperson of the Audit Committee



part 3

audited annual financial statements

FREE STATE: PROVINCIAL TREASURY
VOTE 4
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

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FREE STATE: PROVINCIAL TREASURY
VOTE 4
REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005

Report by the Accounting Officer to the Executive Authority and Free State Legislature.

1. General review of the state of financial affairs

The department's main voted budget was R118 million. This was later increased by R16 million in the adjustments estimate of the province which resulted in an adjusted allocation of R134 million for the entire financial year.

Budget Allocation	Main Budget R'000	Adjustment Budget R'000	Total Budget R'000
Equitable share	117,940	16,082	134,022

Under spending

The main reason for under spending is the fact that the department could not fill all the vacant posts due to the lengthiness of the process of job evaluation. The post of the CFO was filled and again vacated a few months later. This resulted in under spending in respect of both compensation of employees as well as other related expenses as can be seen in the table below. The department was also not able to establish the suppliers' data base in respect of Supply Chain Management. Further under spending occurred with the implementation of the Basic Accounting System. Last-mentioned had the effect of a saving in Goods and services as well as capital expenses. Most of the vacant senior management posts have been filled and the Internal Audit unit is in the process of filling vacancies.

Under spending occurred in respect of the goods and services item regarding the non-payment of development projects in full, due to the fact that payment can only be processed as soon as progress reports are received. During the past year some project managers neglected to submit such reports, on time, which resulted in the non-payment of funds originally requested. These projects are also of an ongoing nature. The department also has large under spending in respect of the payment of capital assets due to the implementation of SCOA late in 2004. This resulted in the payment of equipment and furniture under R5 000 out of current items and not capital where it was budgeted.

Budget versus expenditure

Items	Budget R'000	Expenditure R'000	Under spending R'000
Compensation of employees	52,160	47,859	4,301
Goods and Services	72,128	56,184	15,944
Transfers and Subsidies	444	267	177
Payment on capital assets	9,290	3,731	5,559
Authorized losses	-	1,742	(1,742)
TOTAL	134,022	109,783	24,239

FREE STATE: PROVINCIAL TREASURY
VOTE 4
REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005

Spending trends (R'000)

Month	Compensation of Employees	Goods and services	Transfers and subsidies	Payment on capital assets	Authorised Losses
04/04	3,107	1,208	9	93	-
05/04	3,497	7,520	89	124	-
06/04	3,381	4,065	8	239	-
07/04	4,837	3,771	12	160	-
08/04	3,921	4,417	19	843	-
09/04	3,843	1,555	9	48	-
10/04	4,457	1,219	26	313	-
11/04	4,158	11,585	13	905	-
12/04	4,169	2,813	14	122	-
01/05	3,922	960	15	367	-
02/05	4,114	5,031	13	328	-
03/05	4,453	12,040	40	189	1,742
Total	47,859	56,184	267	3,731	1,742

During the 2004/2005 financial year irregular expenditure amounting to R11, 108 was condoned.

2. Services rendered by the department

This department does not deliver direct services to the public, however we service internal line departments and therefore no tariffs are applicable.

However the following services were rendered internally:

- Planning and preparation of the Provincial budget;
- Provincial expenditure and revenue management;
- Cash flow management and investment of short-term surplus funds;
- Oversight over provincial assets management and procurement practices;
- Management and maintenance of Transversal Financial Systems;
- Logistics and Information Technology;
- Management of Transversal Functions on behalf of the Province;
- Training related to Transversal Systems;
- Oversight over Local Government and Provincial Public Entities;
- Oversight over PFMA implementation in the Province;
- Monitoring of the implementation of resolutions of the Provincial Public Accounts Committee (PROPAC).

2.1 Inventories

This department did not implement a warehouse due to the fact that goods are procured on a need basis only.

FREE STATE: PROVINCIAL TREASURY
VOTE 4
REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005

3. Capacity constraints

The transformation of the Free State Provincial Treasury, driven by the need to:

- modernize financial management;
- enhance public accountability; and
- ensure prudent management of public revenue, expenditure, assets and liabilities,

resulted in some capacity constraints, due to the need to create new posts to give effect to the restructuring of the Department, as well as the reality of a shortage of skills in the economic and financial fields in the labour market.

4. Corporate governance arrangements

Risk management

The department has developed a risk management manual which is designed to minimize exposure to financial losses, protect physical assets, reduce the frequency and severity of accidents and incidents, provide a reasonable safe environment for employees and the general public and to minimize interruptions of internal services provided to line departments.

This manual is intended to be used to train both senior and junior officials of the department and it is believed that such training will address weaknesses, enhance performance and improve employee morale.

Risk Management Committee has been in operation since 6 October 2004, when it was established. This committee is chaired by the Chief Executive Officer and other committee members comprising of four senior executive managers, executive and senior managers. Its main function is to develop the Free State Provincial Treasury's risk management policy and mandate and also to ensure compliance with all treasury regulatory and PFMA.

In the year under review, the committee commenced with the review of high risks areas in the context of the Free State Provincial Treasury's broader risk management approach as set by the Risk Management Committee. At Free State Provincial Treasury, we believe that an embedded culture of risk management is the key to our success. We define risk management through four critical processes:

- Risk identification,
- Risk measurement,
- Risk management and
- Risk reporting, on all directorates of the Department.

Risk management covers, all aspect of the Free State Provincial Treasury's activities, from strategy operations. Effective management of risk covers all category of risks identified:

- Strategic risk category;
- Governance category;
- Functional category;
- Risk inherent within the Inter-governmental category

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for the year ended 31 March 2005

The Risk Management Committee met twice with satisfactory attendance record and the minutes formed part of the CEO's report to the audit committee on the overview of activities.

Integrity Promotion Strategy

The Free State Provincial Treasury has adopted the integrity promotion strategy incorporating anti-corruption strategy and fraud prevention programme to create a high level of fraud awareness amongst staff members, to provide guidance on the nature of fraud, to establish procedures when fraud is detected and to provide the assistance that whistle blowers will be protected.

Free State Provincial Treasury's executive management, as well as employees hereby declare a Zero Tolerance Policy towards fraud and other acts of dishonesty. It is Free State Provincial Treasury's policy that no fraud against the Free State Provincial Treasury will be tolerated, all alleged fraud will be investigated as all transgressors shall be punished both through the disciplinary and legal channels to the extent possible.

Audit Committee (AC)

This committee is comprised of four independent non-executive members (one acts as Chairman). The Chairman of the Audit Committee, who is highly qualified in the area of auditing and oversees the function of the AC. The Acting Senior Executive Manager Internal Audit reports to the chairman on a functional basis and to the Chief Executive Officer on an administrative basis. In line with best practice, after review of the composition of this committee, the MEC attends as an invitee. The Chief Executive Officer, Executive Manager: Chief Financial Officer as well as the Acting Senior Executive Manager: Internal Audit and the external auditors are invited to attend the meetings of AC.

AC has been in operation since 30 November 2004 and the main objective of this committee is to provide the MEC with the assurance that appropriate system procedures are implemented to maintain effective control over the utilisation of the Free State Provincial Treasury's resources. Internal controls, systems and procedures are designed to provide reasonable assurance as to the integrity and reliability of management information systems and to adequately safeguard, maintain accountability of the Free State Provincial Treasury's assets and to monitor the component parts of the audit and compliance process. The Free State Provincial Treasury's internal audit enjoys the AC's support and has unrestricted access to all the Department's staff, records and property. The lines of communication between the Chairman of the AC and the external auditors are unfettered by management involvement, with the latter encourage to approach the Chairman on any issue of interest.

The committee met twice in the financial year under review with (approved quorum) satisfactory attendance record.

5. Discontinued activities/activities to be discontinued

Due to the fact that all development projects could not be completed during the 2004/05 financial year, some will only be finalized during the 2005/06 financial year. Payment of outstanding funds in respect of the ongoing projects will be informed by assessment and evaluation of progress reports.

6. Events after the reporting date

The department of the Free State Provincial Treasury restructured to be in line with the National directives in order to make comparison between provinces easier.

7. Other

The following annexures are not applicable to the operation of the Free State Provincial Treasury.

- Annexure 1A
- Annexure 1B
- Annexure 1D
- Annexure 1E
- Annexure 1F
- Annexure 1G
- Annexure 1H
- Annexure 1I
- Annexure 2A
- Annexure 2B
- Annexure 7

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REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005

8. Provincial Public Accounts Committee (PROPAC)

Reference to previous audit report and PROPAC resolutions	Subject	Findings in progress
Resolution 14 of 2004: Paragraph 2	Payment of R553, 410 to wrong supplier	The case has been referred to the Office of the State Attorney. The State Attorney reported on 27th May 2005 that they have obtained the details of the supplier in question on 20th May 2005 and had again sent the brief to counsel to draft the particulars of the claim. As information becomes available it will be communicated.
Resolution 36 of 2004:	Housing loan guarantees	The departments were requested to investigate the current housing loan guarantees. The Corporate Services directorate evaluated all current housing loan guarantees and made the necessary rectifications were needed. All officials were requested to certify that they are still staying in the relevant properties.
Resolution 37 of 2004:	Housing subsidies	All officials were requested to submit a certificate to ensure that they are still staying at the relevant property and that they are still entitled to the subsidy. A certificate was also requested to confirm that spouses do not receive any subsidies at their place of work.

9. Approval

The attached annual financial statements presented from page 56 to 102 have been approved by the Accounting Officer.



DR BARLOW
CHIEF EXECUTIVE OFFICER
Date: 31st May 2005



REPORT

OF THE

AUDITOR-GENERAL

TO THE

FREE STATE LEGISLATURE

ON THE

FINANCIAL STATEMENTS OF VOTE 4 –
FREE STATE PROVINCIAL TREASURY

FOR

THE YEAR ENDED 31 MARCH 2005



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**REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE ON THE
FINANCIAL STATEMENTS OF VOTE 4 –
FREE STATE PROVINCIAL TREASURY FOR THE YEAR ENDED
31 MARCH 2005**

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 56 to 102, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 40(2) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

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

An audit includes:

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

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

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

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

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Free State Provincial Treasury at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the PFMA.

4. EMPHASIS OF MATTER

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

4.1 Matters not affecting the financial statements

4.1.1 Significant uncertainties

(a) Accounts receivable

With reference to paragraph 4.1.1(d)(i) of the previous year's audit report, a payment of R553 410 incorrectly made to a bank was still included in receivables and had still not been recovered to date. At 31 March 2005 the debt amounted to R657 435, including accumulated interest of R104 025.

(b) Development projects

Included in the current expenditure for goods and services are payments of R17 075 000 relating to development projects (programme 14). The following are some of the payments made with regard to these projects:

Date	Payment number	Beneficiary	Balance R
04/11/2004	3257	Mesong Bricks Manufacture and Supply	9 400 000
09/06/2004	769	Ligia Paper Industries (Pty) Ltd	2 800 000
26/05/2004	502	Jacobsdal Bottling Plant (Pty) Ltd	1 400 000
07/04/2004	93	Full Steam Ahead Trading (Pty) Ltd	1 000 000
09/06/2004	768	Bohloa Cooperative Ltd	850 000
		TOTAL:	15 450 000

The following weaknesses were identified with regard to these payments:

- (i) No departmental policy could be obtained that outlined the criteria used to award these contracts/agreements as well as to evaluate the progress made with projects.
- (ii) No evidence could be provided to audit that the provincial treasury had evaluated and followed up the progress of these projects on a regular basis, to ensure that:
 - monies had been spent in terms of the contract/agreement; and
 - the objectives of the projects had been met.

With reference to an internal audit investigation into the activities of the Free State Provincial Development Fund (FSPDF), a comprehensive audit report was issued and discussed during an audit committee meeting on 25 July 2005. With reference to paragraph 6 of this report, the internal auditors reported the following, inter alia: "...Of the 11 projects funded through the Free State Provincial Development Fund, only 4 projects are fully operational. A further 3 are partly operational. The other 4 projects costing the Free State Provincial Government R6 135 000 are not operational. From the three projects that are partly operational, Internal Audit is also of the opinion that not all the objectives set/stated per the business plan have been achieved."

The accounting officer has been requested to conduct an investigation into this matter.

4.1.2 Weaknesses in internal control

Various deficiencies in the system of internal control were identified. The following weaknesses, which are of serious concern, only serve as examples and do not necessarily cover all the system weaknesses at the provincial treasury:

(a) Information systems

An information systems security plan, a formal information technology strategy or master system plan, an updated business continuity plan and a disaster recovery plan were not approved and in place for the entire financial year under review. It was further noted that the user account management of the various systems was not sufficient. Cognisance is taken of the fact that the ICT security policy and standards was approved on 30 March 2005.

(b) Fixed assets

The provincial treasury did not comply with the regulations in respect of the framework for supply chain management issued by the National Treasury in terms of section 76(4)(c) of the PFMA. Even though the provincial treasury had developed a supply chain management system as required by regulation 3(1) of the framework for supply chain management, a formal policy in this regard was only implemented after year-end. The following shortcomings were also identified with regard to assets:

- Certain assets were not recorded in the fixed asset register.
- Assets amounting to R45 101, as included in fixed asset register, could not be physically verified.

4.1.3 Non-compliance with laws and regulations

(a) Strategic planning: performance reports

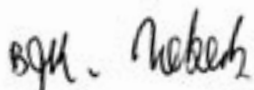
Contrary to Treasury Regulation 5.3.1, the accounting officer of the provincial treasury did not establish procedures for quarterly reporting to the executive authority to facilitate effective performance monitoring, evaluation and corrective action.

(b) Internal audit

Although the internal audit section was established during the financial year under review in terms of section 38(1)(a)(ii) of the PFMA, it was not yet fully operational due to vacancies within this section, which included the post of the head of internal audit.

5. APPRECIATION

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



BJK van Niekerk for Auditor-General

Bloemfontein

31 July 2005



AUDITOR - GENERAL

FREE STATE: PROVINCIAL TREASURY

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ACCOUNTING POLICIES for the year ended 31 March 2005

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

1. Basis of preparation

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

2. Revenue

Appropriated funds

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

Departmental revenue

Tax revenue

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

Sale of goods and services other than capital assets

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

Fines, penalties and forfeits

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

Interest, dividends and rent on land

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

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

Sale of capital assets

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

Financial transactions in assets and liabilities

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

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

FREE STATE: PROVINCIAL TREASURY

VOTE 4

ACCOUNTING POLICIES for the year ended 31 March 2005

Local and foreign aid assistance

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

3. Expenditure

Compensation of employees

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

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

Short-term employee benefits

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

Long-term employee benefits and other post employment benefits

Termination benefits

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

Medical benefits

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

Post employment retirement benefits

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

Other employee benefits

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

Goods and services

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

Interest and rent on land

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

FREE STATE: PROVINCIAL TREASURY
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APPROPRIATION STATEMENT
for the year ended 31 March 2005

Financial transactions in assets and liabilities

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

Unauthorised expenditure

Unauthorised expenditure, is defined as:

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

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

Irregular expenditure

Irregular expenditure, is defined as :

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

- the Public Finance Management Act
- any provincial legislation providing for procurement procedures in that provincial government.

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

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure, is defined as:

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

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

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

4. Transfers and subsidies

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

5. Expenditure for capital assets

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

6. Investments

Investments include; Investments in Associates; Joint ventures; Investments in controlled entities and Other investments.

Investments are shown at cost. On disposal of an investment, the surplus/(deficit) is recognised as revenue in the Statement of Financial Performance.

FREE STATE: PROVINCIAL TREASURY
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APPROPRIATION STATEMENT
for the year ended 31 March 2005

7. Receivables

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

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

8. Cash and cash equivalents

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

9. Payables

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

10. Lease commitments

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

Operating lease expenditure is expensed when the payment is made.

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

11. Accruals

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

12. Contingent liability

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

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

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

13. Commitments

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

FREE STATE: PROVINCIAL TREASURY
VOTE 4
APPROPRIATION STATEMENT
for the year ended 31 March 2005

14. Capitalisation reserve

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

15. Recoverable revenue

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

16. Comparative figures

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

FREE STATE: PROVINCIAL TREASURY

VOTE 4

APPROPRIATION STATEMENT

for the year ended 31 March 2005

Appropriation per programme									
	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement		Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000
1. Top Management									
Current payment	7,195	(301)	-	6,894	5,626	1,268	81.6%	6,883	4,576
Transfers and subsidies	240	(12)	-	228	112	116	49.1%	-	33
Expenditure for capital assets	802	313	-	1,115	385	730	34.5%	1,052	784
2. Corporate Services									
Current payment	10,214	(4)	431	10,641	10,168	473	95.6%	12,992	11,193
Transfers and subsidies	23	7	-	30	28	2	93.3%	-	18
Expenditure for capital assets	803	(3)	-	800	515	285	64.4%	1,525	825
3. Budgeting and Banking Services									
Current payment	5,575	(96)	-	5,479	5,308	171	96.9%	5,254	3,937
Transfers and subsidies	14	1	-	15	15	-	100.0%	-	10
Expenditure for capital assets	423	95	-	518	186	332	35.9%	310	104
4. Revenue Management									
Current Payment	3,517	(89)	-	3,428	3,204	224	93.5%	2,652	2,237
Transfers and subsidies	11	-	-	11	10	1	90.9%	-	5
Expenditure for capital assets	218	89	-	307	232	75	75.6%	300	234
5. Supply Chain Management									
Current Payment	6,562	(417)	-	6,145	5,212	933	84.8%	3,955	3,094
Transfers and subsidies	13	-	-	13	13	-	100.0%	-	9
Expenditure for capital assets	1,179	417	-	1,596	330	1,266	20.7%	825	332
6. Systems and Information Technology									
Current Payment	8,313	(50)	(431)	7,832	6,403	1,429	81.8%	5,609	4,518
Transfers and subsidies	21	2	-	23	20	3	87.0%	-	13
Expenditure for capital assets	603	48	-	651	353	298	54.2%	2,709	2,454
7. Financial Systems									
Current Payment	13,695	(33)	-	13,662	12,097	1,565	88.5%	11,907	10,540
Transfers and subsidies	27	3	-	30	29	1	96.7%	-	22
Expenditure for capital assets	2,157	30	-	2,187	1,198	989	54.8%	2,488	2,207
8. Departmental Accountant									
Current Payment	13,765	(75)	-	13,690	12,203	1,487	89.1%	12,577	12,369
Transfers and subsidies	27	5	-	32	28	4	87.5%	-	21
Expenditure for capital assets	442	70	-	512	210	302	41.0%	883	724
9. Transversal Functions									
Current Payment	20,889	-	-	20,889	20,549	340	98.4%	22,665	20,207
10. Internal Audit									
Current Payment	3,766	(400)	-	3,366	1,397	1,969	41.5%	1,969	118
Transfers and subsidies	35	(6)	-	29	3	26	10.3%	-	-
Expenditure for capital assets	621	406	-	1,027	101	926	9.8%	822	-
11. PFMA Implementation									
Current Payment	2,731	(76)	-	2,655	2,004	651	75.5%	1,558	739
Transfers and subsidies	6	1	-	7	6	1	85.7%	-	1
Expenditure for capital assets	98	75	-	173	99	74	57.2%	499	485
12. MFMA Monitoring and Infrastructure Co-ordination									
Current Payment	3,443	(224)	-	3,219	2,798	421	86.9%	1,073	807
Transfers and subsidies	7	-	-	7	6	1	85.7%	-	1
Expenditure for capital assets	82	224	-	306	118	188	38.6%	834	726
13. Security									
Current Payment	388	-	-	388	-	388	0.0%	438	-
Transfers and subsidies	17	-	-	17	-	17	0.0%	-	-
Expenditure for capital assets	100	-	-	100	-	100	0.0%	554	-
14. Development Projects									
Current Payment	26,000	-	-	26,000	17,075	8,925	65.7%	50,000	17,360
15. Thefts and Losses									
Current Payment	-	-	-	-	1,742	(1,742)	0.0%	-	-
Subtotal	134,022	-	-	134,022	109,783	24,239	81.9%	152,333	100,703
Statutory Appropriation									
Current payment									
TOTAL	134,022	-	-	134,022	109,783	24,239	81.9%	152,333	100,703
Reconciliation with Statement of Financial performance									
Departmental receipts				8,381				1,949	
Actual amounts per Statement of Financial Performance (Total revenue)				142,403				154,282	

FREE STATE: PROVINCIAL TREASURY

VOTE 4

APPROPRIATION STATEMENT

for the year ended 31 March 2005

Appropriation per economic classification									
	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	58,674	(6,445)	(69)	52,160	47,859	4,301	91.8%	43,816	36,886
Goods and services	67,379	4,680	69	72,128	56,184	15,944	77.9%	95,716	53,462
Financial transactions in assets and liabilities	-	-	-	-	1,742	(1,742)	0.0%	-	1,347
Transfers and subsidies to									
Provinces and municipalities	251	(36)	-	215	161	54	74.9%	-	109
Household	-	10	-	10	7	3	70.0%	-	-
Gifts and donations	190	29	-	219	99	120	45.2%	-	24
Payment for capital assets									
Machinery and equipment	7,341	1,161	-	8,502	3,324	5,178	39.1%	12,801	8,875
Software and other intangible assets	187	601	-	788	407	381	51.6%	-	-
Total	134,022	-	-	134,022	109,783	24,239	81.9%	152,333	100,703

FREE STATE: PROVINCIAL TREASURY

VOTE 4

DETAIL PER PROGRAMME 1 - TOP MANAGEMENT

for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 MEC									
Current payment	742	22	-	764	751	13	98.3%	700	639
Transfers and subsidies	-	2	-	2	2	-	100.0%	-	1
1.2 HOD									
Current payment	2,443	(127)	-	2,316	1,696	620	73.2%	2,515	1,608
Transfers and subsidies	200	(3)	-	197	102	95	51.8%	-	27
Expenditure for capital assets	116	105	-	221	47	174	21.3%	131	107
1.3 SEM Intergovernmental Co-ordination									
Current payment	1,013	(30)	-	983	819	164	83.3%	791	606
Transfers and subsidies	16	-	-	16	2	14	12.5%	-	1
Expenditure for capital assets	86	30	-	116	20	96	17.2%	305	265
1.4 SEM Budgeting									
Current payment	1,030	(13)	-	1,017	966	51	95.0%	982	763
Transfers and subsidies	16	(11)	-	5	2	3	40.0%	-	2
Expenditure for capital assets	126	30	-	156	133	23	85.3%	129	23
1.5 SEM Accountant General									
Current payment	1,083	(48)	-	1,035	1,059	(24)	102.3%	969	858
Transfers and subsidies	5	-	-	5	3	2	60.0%	-	2
Expenditure for capital assets	64	90	-	154	66	88	42.9%	310	256
1.6 SEM CFO									
Current payment	635	(49)	-	586	257	329	43.9%	602	102
Transfers and subsidies	2	-	-	2	1	1	50.0%	-	-
Expenditure for capital assets	189	2	-	191	49	142	25.7%	156	133
1.7 SEM Internal Audit									
Current payment	249	(56)	-	193	78	115	40.4%	324	-
Transfers and subsidies	1	-	-	1	-	1	0.0%	-	-
Expenditure for capital assets	221	56	-	277	70	207	25.3%	21	-
	8,237	-	-	8,237	6,123	2,114	74.3%	7,935	5,393

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	5,186	(466)	-	4,720	4,241	479	89.9%	4,616	3,515
Goods and services	2,009	167	-	2,176	1,383	793	63.6%	2,267	1,061
Transfers and subsidies									
Provinces and municipalities	50	(30)	-	20	13	7	65.0%	-	9
Gifts and donations	190	17	-	207	99	108	47.8%	-	24
Payment for capital assets									
Machinery and equipment	796	284	-	1,080	387	693	35.8%	1,052	784
Software and other intangible assets	6	28	-	34	-	34	0.0%	-	-
Total	8,237	-	-	8,237	6,123	2,114	74.3%	7,935	5,393

FREE STATE: PROVINCIAL TREASURY

VOTE 4

DETAIL PER PROGRAMME 2 - CORPORATE SERVICES
for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Management									
Current payment	833	39	-	872	813	59	93.2%	741	632
Transfers and subsidies	2	-	-	2	2	-	100.0%	-	1
Expenditure for capital assets	22	7	-	29	7	22	24.1%	298	127
2.2 MEC Support									
Current payment	2,433	(273)	27	2,187	2,069	118	94.6%	2,941	2,430
Transfers and subsidies	4	-	-	4	4	-	100.0%	-	3
Expenditure for capital assets	576	(32)	-	544	452	92	83.1%	711	339
2.3 Support and Development									
Current payment	1,461	236	-	1,697	1,623	74	95.6%	4,398	3,665
Transfers and subsidies	2	-	-	2	2	-	100.0%	-	7
Expenditure for capital assets	61	(10)	-	51	-	51	0.0%	313	252
2.4 Personnel Services									
Current payment	3,299	44	313	3,656	3,539	117	96.8%	3,915	3,773
Transfers and subsidies	8	7	-	15	14	1	93.3%	-	7
Expenditure for capital assets	124	11	-	135	40	95	29.6%	168	98
2.5 Communication									
Current payment	1,011	73	91	1,175	1,087	88	92.5%	997	693
Transfers and subsidies	2	-	-	2	2	-	100.0%	-	9
Expenditure for capital assets	20	21	-	41	16	25	39.0%	35	-
2.6 Organisational Efficiency Services									
Current payment	1,177	(123)	-	1,054	1,037	17	98.4%	-	-
Transfers and subsidies	5	-	-	5	4	1	80.0%	-	-
Total	11,040	-	431	11,471	10,711	760	93.4%	14,517	12,036

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	5,917	100	231	6,248	6,196	52	99.2%	7,577	6,937
Goods and services	4,297	(103)	200	4,394	3,972	422	90.4%	5,415	4,256
Transfers and subsidies									
Provinces and municipalities	23	7	-	30	21	9	70.0%	-	18
Households	-	-	-	-	7	(7)	0.0%	-	-
Capital									
Machinery and equipment	803	(57)	-	746	496	250	66.5%	1,525	825
Software and other intangible assets	-	53	-	53	19	34	35.8%	-	-
Total	11,040	-	431	11,471	10,711	760	93.4%	14,517	12,036

FREE STATE: PROVINCIAL TREASURY

VOTE 4

DETAIL PER PROGRAMME 3 - BUDGETING AND BANKING SERVICES

for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Management									
Current payment	997	(4)	-	993	959	34	96.6%	1,180	903
Transfers and subsidies	2	-	-	2	2	-	100.0%	-	2
Expenditure for capital assets	163	81	-	244	50	194	20.5%	41	19
3.2 Budgeting Social Services									
Current payment	1,611	103	-	1,714	1,705	9	99.5%	829	674
Transfers and subsidies	4	1	-	5	5	-	100.0%	-	2
Expenditure for capital assets	67	52	-	119	87	32	73.1%	81	28
3.3 Budgeting Other Services									
Current payment	780	(63)	-	717	679	38	94.7%	1,118	793
Transfers and subsidies	2	-	-	2	2	-	100.0%	-	2
Expenditure for capital assets	40	(18)	-	22	-	22	0.0%	38	38
3.4 Banking and Cash Flow Services									
Current payment	2,187	(132)	-	2,055	1,965	90	95.6%	2,127	1,567
Transfers and subsidies	6	-	-	6	6	-	100.0%	-	4
Expenditure for capital assets	153	(20)	-	133	49	84	36.8%	150	19
Total	6,012	-	-	6,012	5,509	503	91.6%	5,564	4,051

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	4,535	(314)	-	4,221	4,195	26	99.4%	4,186	3,366
Goods and services	1,040	218	-	1,258	1,113	145	88.5%	1,068	524
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	47
Transfers and subsidies									
Provinces and municipalities	14	1	-	15	14	1	93.3%	-	10
Capital									
Machinery and equipment	423	95	-	518	187	331	36.1%	310	104
Total	6,012	-	-	6,012	5,509	503	91.6%	5,564	4,051

FREE STATE: PROVINCIAL TREASURY

VOTE 4

DETAIL PER PROGRAMME 4 - REVENUE MANAGEMENT
for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Management									
Current payment	709	22	-	731	677	54	92.6%	674	589
Transfers and subsidies	2	-	-	2	2	-	100.0%	-	1
Expenditure for capital assets	81	(39)	-	42	31	11	73.8%	135	82
4.2 Revenue Programmes and Operations									
Current payment	1,508	(62)	-	1,446	1,300	146	89.9%	1,127	926
Transfers and subsidies	5	-	-	5	4	1	80.0%	-	2
Expenditure for capital assets	103	(5)	-	98	40	58	40.8%	133	127
4.3 Revenue Compliance Management									
Current payment	1,300	(49)	-	1,251	1,227	24	98.1%	851	722
Transfers and subsidies	4	-	-	4	4	-	100.0%	-	2
Expenditure for capital assets	34	133	-	167	161	6	96.4%	32	25
Total	3,746	-	-	3,746	3,446	300	92.0%	2,952	2,476

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	3,028	(164)	-	2,864	2,742	122	95.7%	2,071	1,892
Goods and services	489	75	-	564	462	102	81.9%	581	342
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	3
Transfers and subsidies									
Provinces and municipalities	11	-	-	11	10	1	90.9%	-	5
Capital									
Machinery and equipment	218	88	-	306	231	75	75.5%	300	234
Software and other intangible assets	-	1	-	1	1	-	100.0%	-	-
Total	3,746	-	-	3,746	3,446	300	92.0%	2,952	2,476

FREE STATE: PROVINCIAL TREASURY

VOTE 4

DETAIL PER PROGRAMME 5 - SUPPLY CHAIN MANAGEMENT
for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Management									
Current payment	859	22	-	1,111	791	320	71.2%	747	318
Transfers and subsidies	2	-	-	2	2	-	100.0%	-	1
Expenditure for capital assets	7	(39)	-	39	-	39	0.0%	61	43
5.2 Asset Management									
Current payment	4,503	(62)	-	3,077	2,980	97	96.8%	2,253	2,100
Transfers and subsidies	9	-	-	9	9	-	100.0%	-	6
Expenditure for capital assets	824	(5)	-	302	3	299	1.0%	382	282
5.3 Procurement Compliance Monitoring									
Current payment	1,200	(49)	-	1,957	1,441	516	73.6%	955	676
Transfers and subsidies	2	-	-	2	2	-	100.0%	-	2
Expenditure for capital assets	348	133	-	1,25	327	92	26.1%	382	7
Total	7,754	-	-	7,754	5,555	2,199	71.6%	4,780	3,435

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	4,934	(994)	-	3,940	3,706	234	94.1%	3,178	2,485
Goods and services	1,628	577	-	2,205	1,506	699	68.3%	777	420
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	189
Transfers and subsidies									
Provinces and municipalities	13	-	-	13	12	1	92.3%	-	9
Capital									
Machinery and equipment	1,179	387	-	1,566	330	1,236	21.1%	825	332
Software and other intangible assets	-	30	-	30	1	29	3.3%	-	-
Total	7,754	-	-	7,754	5,555	2,199	71.6%	4,780	3,435

FREE STATE: PROVINCIAL TREASURY

VOTE 4

DETAIL PER PROGRAMME 6 - SYSTEMS AND INFORMATION TECHNOLOGY
for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
6.1 Management									
Current payment	614	29	-	643	598	45	93.0%	642	561
Transfers and subsidies	1	1	-	2	2	-	100.0%	-	2
Expenditure for capital assets	12	-	-	12	11	1	91.7%	1,036	1,034
6.2 Information Technology Policy and Monitoring									
Current payment	179	(10)	-	169	165	4	97.6%	1	-
Transfers and subsidies	3	-	-	3	1	2	33.3%	-	-
6.3 Information Systems									
Current payment	2,579	(95)	-	2,484	2,071	413	83.4%	1,328	910
Transfers and subsidies	5	1	-	6	6	-	100.0%	-	2
Expenditure for capital assets	470	(120)	-	350	150	200	42.9%	1,129	932
6.4 Logistics									
Current payment	4,941	26	(431)	4,536	3,569	967	78.7%	3,638	3,047
Transfers and subsidies	12	-	-	12	11	1	91.7%	-	9
Expenditure for capita assets	121	168	-	289	192	97	66.4%	544	488
Total	8,937	-	(431)	8,506	6,776	1,730	79.7%	8,318	6,985

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	7,119	(629)	(300)	6,190	5,710	480	92.2%	4,511	3,790
Goods and services	1,194	578	(131)	1,641	694	947	42.3%	1,098	711
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	17
Transfers and subsidies									
Provinces and municipalities	21	3	-	24	19	5	79.2%	-	13
Capital									
Machinery and equipment	603	40	-	643	352	291	54.7%	2,709	2,454
Software and other intangible assets	-	8	-	8	1	7	12.5%	-	-
Total	8,937	-	(431)	8,506	6,776	1,730	79.7%	8,318	6,985

FREE STATE: PROVINCIAL TREASURY

VOTE 4

DETAIL PER PROGRAMME 6 - FINANCIAL SYSTEMS
for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
7.1 Management									
Current payment	971	(64)	-	907	742	165	81.8%	3,431	3,240
Transfers and subsidies	1	1	-	2	2	-	100.0%	-	1
Expenditure for capital assets	62	-	-	62	20	42	32.3%	2,081	1,922
7.2 Financial Management Systems									
Current payment	6,690	39	-	6,729	6,073	656	90.3%	3,052	2,836
Transfers and subsidies	9	2	-	11	11	-	100.0%	-	8
Expenditure for capital assets	1,905	(50)	-	1,855	1,148	707	61.9%	133	96
7.3 Accounting									
Current payment	3,793	(197)	-	3,596	3,048	548	84.8%	3,397	2,727
Transfers and subsidies	10	-	-	10	9	1	90.0%	-	8
Expenditure for capital assets	105	80	-	185	30	155	16.2%	149	88
7.4 Persal									
Current payment	2,241	189	-	2,430	2,234	196	91.9%	2,027	1,737
Transfers and subsidies	7	-	-	7	7	-	100.0%	-	5
Expenditure for capital assets	85	-	-	85	-	85	0.0%	125	101
Total	15,879	-	-	15,879	13,324	2,555	83.9%	14,395	12,769

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	10,027	(989)	-	9,038	8,518	520	94.2%	7,949	7,385
Goods and services	3,668	956	-	4,624	3,578	1,046	77.4%	3,958	3,155
Transfers and subsidies									
Provinces and municipalities	27	3	-	30	30	-	100.0%	-	22
Capital									
Machinery and equipment	2,062	(370)	-	1,692	818	874	48.3%	2,488	2,207
Software and other intangible assets	95	400	-	495	380	115	76.8%	-	-
Total	15,879	-	-	15,879	13,324	2,555	83.9%	14,395	12,769

FREE STATE: PROVINCIAL TREASURY

VOTE 4

DETAIL PER PROGRAMME 8 -DEPARTMENTAL ACCOUNTANT
for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
8.1 Management									
Current payment	879	10	-	889	756	133	85.0%	2,806	2,645
Transfers and subsidies	3	-	-	3	3	-	100.0%	-	2
Expenditure for capital assets	58	27	-	85	53	32	62.4%	204	196
8.2 Financial Administration									
Current payment	6,606	(194)	-	6,412	5,796	616	90.4%	6,251	6,517
Transfers and subsidies	12	-	-	12	9	3	75.0%	-	12
Expenditure for capital assets	97	29	-	126	80	46	63.5%	290	251
8.3 Finance and Budget Control									
Current payment	3,073	(92)	-	2,981	2,527	454	84.8%	3,001	2,783
Transfers and subsidies	7	-	-	7	7	-	100.0%	-	6
Expenditure for capital assets	151	14	-	165	47	118	28.5%	274	163
8.4 Supply Chain Management									
Current payment	3,207	201	-	3,408	3,124	284	91.7%	519	424
Transfers and subsidies	5	5	-	10	9	1	90.0%	-	1
Expenditure for capital assets	136	-	-	136	30	106	22.1%	115	114
Total	14,234	-	-	14,234	12,441	1,793	87.4%	13,460	13,114

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	9,156	(626)	-	8,530	7,941	589	93.1%	6,704	6,529
Goods and services	4,609	549	-	5,158	4,262	896	82.6%	5,873	4,753
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	1,087
Transfers and subsidies									
Provinces and municipalities	27	7	-	34	28	6	82.4%	-	21
Capital									
Machinery and equipment	356	97	-	453	205	248	45.3%	883	724
Software and other intangible assets	86	(27)	-	59	5	54	8.5%	-	-
Total	14,234	-	-	14,234	12,441	1,793	87.4%	13,460	13,114

FREE STATE: PROVINCIAL TREASURY

VOTE 4

DETAIL PER PROGRAMME 9 -TRANSVERSAL FUNCTIONS

for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
9.1 SITA									
Current payment	20,889	-	-	20,889	20,549	340	98.4%	22,665	20,207
Total	20,889	-	-	20,889	20,549	340	98.4%	22,665	20,207

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Goods and services	20,889	-	-	20,889	20,549	340	98.4%	22,665	20,207
Total	20,889	-	-	20,889	20,549	340	98.4%	22,665	20,207

FREE STATE: PROVINCIAL TREASURY
VOTE 4
DETAIL PER PROGRAMME 10 - INTERNAL AUDIT
for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
10.1 Internal Audit									
Current payment	-	-	-	-	-	-	-	1,969	118
Expenditure for capital assets	-	-	-	-	-	-	-	822	-
10.2 Performance and Forensic Audit									
Current payment	2,071	(364)	-	1,707	903	804	52.9%	-	-
Transfers and subsidies	17	3	-	20	2	18	10.0%	-	-
Expenditure for capital assets	459	471	-	930	97	833	10.4%	-	-
10.3 Regulatory Audit									
Current payment	1,695	(36)	-	1,659	494	1,165	29.8%	-	-
Transfers and subsidies	18	(9)	-	9	1	8	11.1%	-	-
Expenditure for capital assets	162	(65)	-	97	4	93	4.1%	-	-
Total	4,422	-	-	4,422	1,501	2,921	33.9%	2,791	118

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	3,296	(1,348)	-	1,948	919	1,029	47.2%	1,026	-
Goods and services	470	949	-	1,419	478	941	33.7%	943	118
Transfers and subsidies									
Provinces and municipalities	35	(28)	-	7	3	4	42.9%	-	-
Households	-	10	-	10	-	10	0.0%	-	-
Gifts and donations	-	12	-	12	-	12	0.0%	-	-
Capital									
Machinery and equipment	621	297	-	918	101	817	11.0%	822	-
Software and other intangible assets	-	108	-	108	-	108	0.0%	-	-
Total	4,422	-	-	4,422	1,501	2,921	33.9%	2,791	118

FREE STATE: PROVINCIAL TREASURY

VOTE 4

DETAIL PER PROGRAMME 11 - PMFA IMPLEMENTATION

for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
11.1 Management									
Current payment	1,071	(234)	-	837	447	390	53.4%	660	543
Transfers and subsidies	2	-	-	2	1	1	50.0%	-	1
Expenditure for capital assets	38	33	-	71	52	19	73.2%	260	248
11.2 PFMA Implementation									
Social Services									
Current payment	830	95	-	925	797	128	86.2%	348	119
Transfers and subsidies	2	1	-	3	3	-	100.0%	-	-
Expenditure for capital assets	30	18	-	48	17	31	35.4%	239	237
11.3 PFMA Implementation									
Other Services									
Current payment	830	63	-	893	760	133	85.1%	550	77
Transfers and subsidies	2	-	-	2	2	-	100.0%	-	-
Expenditure for capital assets	30	24	-	54	30	24	55.6%	-	-
Total	2,835	-	-	2,835	2,109	726	74.4%	2,057	1,225

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	2,284	(297)	-	1,987	1,721	266	86.6%	1,051	524
Goods and services	447	220	-	667	283	384	42.4%	507	211
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	4
Transfers and subsidies									
Provinces and municipalities	6	1	-	7	6	1	85.7%	-	1
Capital									
Machinery and equipment	98	76	-	174	99	75	56.9%	499	485
assets	2,835	-	-	2,835	2,109	726	74.4%	2,057	1,225

FREE STATE: PROVINCIAL TREASURY

VOTE 4

**DETAIL PER PROGRAMME 12 - MFMA MONITORING AND
INFRASTRUCTURE CO-ORDINATION**

for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
12.1 Management									
Current payment	1,357	(284)	-	1,073	905	168	84.3%	698	594
Transfers and subsidies	2	-	-	2	2	-	100.0%	-	1
Expenditure for capital assets	45	84	-	129	11	118	8.5%	510	427
12.2 Local Government									
Budget Monitoring									
Current payment	1,279	185	-	1,464	1,367	97	93.4%	242	133
Transfers and subsidies	3	-	-	3	3	-	100.0%	-	-
Expenditure for capital assets	11	140	-	151	92	59	60.9%	150	138
12.3 Infrastructure Co-ordination									
Current payment	807	(125)	-	682	526	156	77.1%	133	80
Transfers and subsidies	2	-	-	2	1	1	50.0%	-	-
Expenditure for capital assets	26	-	-	26	15	11	57.7%	174	161
Total	3,532	-	-	3,532	2,922	610	82.7%	1,907	1,534

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	2,880	(718)	-	2,162	1,970	192	91.1%	607	463
Goods and services	563	494	-	1,057	829	228	78.4%	466	344
Transfers and subsidies									
Provinces and municipalities	7	-	-	7	5	2	71.4%	-	1
Payment for capital assets									
Machinery and equipment	82	224	-	306	118	188	38.6%	834	726
Total	3,532	-	-	3,532	2,922	610	82.7%	1,907	1,534

FREE STATE: PROVINCIAL TREASURY
VOTE 4
DETAIL PER PROGRAMME 13 - SECURITY
for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
13.1 Security									
Current payment	388	-	-	388	-	388	0.0%	438	-
Transfers and subsidies	17	-	-	17	-	17	0.0%	-	-
Expenditure for capital assets	100	-	-	100	-	100	0.0%	554	-
Total	505	-	-	505	-	505	0.0%	992	-

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	312	-	-	312	-	312	0.0%	340	-
Goods and services	76	-	-	76	-	76	0.0%	98	-
Transfers and subsidies									
Provinces and municipalities	17	-	-	17	-	17	0.0%	-	-
Capital									
Machinery and equipment	100	-	-	100	-	100	0.0%	554	-
Total	505	-	-	505	-	505	0.0%	992	-

FREE STATE: PROVINCIAL TREASURY

VOTE 4

DETAIL PER PROGRAMME 14 - DEVELOPMENT PROJECTS
for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
14.1 Development Projects									
Current payment	26,000	-	-	26,000	17,075	8,925	65.7%	50,000	17,360
Total	26,000	-	-	26,000	17,075	8,925	65.7%	50,000	17,360

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Goods and services	26,000	-	-	26,000	17,075	8,925	65.7%	50,000	17,360
Total	26,000	-	-	26,000	17,075	8,925	65.7%	50,000	17,360

FREE STATE: PROVINCIAL TREASURY

VOTE 4

THEFTS AND LOSSES

for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment	-	-	-	-	1,742	(1,742)	0.0%	-	-
Total	-	-	-	-	1,742	(1,742)	0.0%	-	-

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Total	-	-	-	-	1,742	(1,742)	0.0%	-	-

FREE STATE: PROVINCIAL TREASURY
VOTE 4
NOTES TO APPROPRIATION STATEMENT
for the year ended 31 March 2005

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

Detail of these transactions can be viewed in note 6 (Transfers and subsidies) and Annexure 1 (C, I-K) to the Annual Financial Statements.

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

Detail of these transactions per programme can be viewed in note 5 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

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

4.1 Per Programme	Voted Funds after virement R'000	Actual Expenditure R'000	R'000	%
Top Management	8,237	6,123	2,114	26%
The under spending in this programme is due to the vacancies of posts namely that of the Chief Financial Officer and Senior Executive Manager: Internal Audit as well as the delay in the renovations/furniture for the offices of the Head of the Department and the Chief Financial Officer.				
Corporate Services	11,471	10,711	760	7%
The under spending in this programme is due to the vacancies of posts as well as the delay in the renovations of the MEC's offices.				
Budgeting and Banking Services	6,012	5,509	503	8%
The under spending is due to the late appointment of vacant posts as well as the delay in the renovations and accommodations.				
Revenue Management	3,746	3,446	300	8%
The saving is due to the over-budgeting on housing and medical allowances as well as the saving due to the implementation of the EXCO resolution no. 109 of 2004 regarding transport and subsistence costs.				
Supply Chain Management	7,754	5,555	2,199	28%
The under spending is due to the vacancies of posts as well as the non-implementation of the provincial suppliers database.				
Systems and Information Technology	8,506	6,776	1,730	20%
The under spending is due to the vacancies of posts as well as the non-delivery of servers (computer equipment) ordered.				
Financial Systems	15,879	13,324	2,555	16%
The under spending is due to the vacancies of posts due to a delay in the job evaluation system. A saving occurred also on the goods and services due to a saving with the implementation with the Basic Accounting System.				

FREE STATE: PROVINCIAL TREASURY
VOTE 4
NOTES TO APPROPRIATION STATEMENT
for the year ended 31 March 2005

Departmental Accountant	14,234	12,441	1,793	13%	The under spending is in respect of vacancies of posts. A saving occurred also on the goods and services and on the account received from the Office of the Auditor General, and the telephone account due to measures set in place to decrease costs.
Internal Audit	4,422	1,501	2,921	66%	The underspending in this programme is due to the vacancies in this newly established directorate. Only the two Senior Managers and their Personal Assistants were appointed. Problems were also experienced during the job evaluation process contributing to the delay, therefore the underspending affects all the other items.
PFMA Implementation	2,835	2,109	726	26%	The underspending is due to the vacancies of posts, therefore the underspending affects all the other items.
MFMA Monitoring and Infrastructure Co-ordination	3,532	2,922	610	17%	The underspending is due to the vacancies of posts, therefore the underspending affects all the other items.
Security	505	-	505	100%	The underspending is due to the fact that the programme has not been established as of yet.
Development Projects	26,000	17,075	8,925	34%	The saving is a result of unfinished projects for which the progress reports have not been received. The saving can also be contributed to no new projects implemented.

4.2 Per Economic classification

R'000

Current payment

Compensation of employees	4,301
Goods and services	15,944
Interest and rent on land	-
Financial transactions in assets and liabilities	-
Unauthorised expenditure approved	(1,742)

Transfers and subsidies

Provinces and municipalities	54
Departmental agencies and accounts	-
Universities and Technicons	-
Public corporations and private enterprises	-
Foreign governments and international organisations	-

FREE STATE: PROVINCIAL TREASURY
VOTE 4
NOTES TO APPROPRIATION STATEMENT
for the year ended 31 March 2005

	R'000
Non-profit institutions	-
Households	3
Gifts and Donations	120
Payments for capital assets	
Buildings and other fixed structures	-
Machinery and equipment	5,178
Heritage assets	-
Biological assets	-
Software and other intangible assets	381
Land and sub soil assets	-

Explanations of material variances from Amounts Voted (after virement):

Current expenditure

Vacancies of posts are the main reason for the underspending in compensation of employees. The main underspending in Goods and Services is due to development projects which could not be finalized as a result of non submission of progress reports by the different project managers and also the non-implementation of the provincial suppliers database. The decrease in the account received from the Office of the Auditor General. The monthly account received from the Department of the Premier also decreased in respect of the telephone account. A saving also occurred with the implementation of the Basic Accounting System.

Transfers and subsidies

The main underspending is due to the vacancy of posts within the department.

Payments for capital assets

The main underspending is due to the late delivery of ordered services which could not be paid during the current financial year. A further underspending has been created with the implementation of SCOA where amounts have been budgeted under the capital items and with the implementation of the R5,000 margin, the machinery and furniture under R5,000 were purchased under current payments.

FREE STATE : PROVINCIAL TREASURY
VOTE 4
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2005

	<i>Note</i>	2004/05 R'000	2003/04 R'000
REVENUE			
Annual appropriation	1	134,022	152,333
Departmental revenue	2	8,381	1,949
TOTAL REVENUE		<u>142,403</u>	<u>154,282</u>
EXPENDITURE			
Current expenditure			
Compensation of employees	3	47,859	36,886
Goods and services	4	56,184	53,462
Financial transactions in assets and liabilities	5	1,742	1,347
Total current expenditure		<u>105,785</u>	<u>91,695</u>
Transfers and subsidies	6	267	133
Expenditure for capital assets			
Machinery and Equipment	7	3,324	8,875
Software and other intangible assets	7	407	-
Total expenditure for capital assets		<u>3,731</u>	<u>8,875</u>
TOTAL EXPENDITURE		<u>109,783</u>	<u>100,703</u>
NET SURPLUS/(DEFICIT) FOR THE YEAR		<u>32,620</u>	<u>53,579</u>
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds to be surrendered to the Revenue Fund	10	24,239	51,630
Departmental revenue to be surrendered to revenue fund	11	8,381	1,949
NET SURPLUS/(DEFICIT) FOR THE YEAR		<u>32,620</u>	<u>53,579</u>

FREE STATE : PROVINCIAL TREASURY
VOTE 4
STATEMENT OF FINANCIAL POSITION
at 31 March 2005

	<i>Note</i>	2004/05 R'000	2003/04 R'000
ASSETS			
Current assets		5,793	5,778
Prepayments and advances	8	60	29
Departmental revenue surrendered in excess to the Revenue Fund	11	672	-
Receivables	9	5,061	5,749
TOTAL ASSETS		5,793	5,778
LIABILITIES			
Current liabilities		5,747	5,698
Voted funds to be surrendered to the Revenue Fund	10	3,226	4,044
Bank overdraft	12	2,450	31
Payables	13	71	1,623
TOTAL LIABILITIES		5,747	5,698
NET ASSETS		46	80
Represented by:			
Recoverable revenue		46	80
TOTAL		46	80

FREE STATE : PROVINCIAL TREASURY
VOTE 4
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2005

	<i>Note</i>	2004/05 R'000	2003/04 R'000
Recoverable revenue			
Opening balance		80	77
Debts written off	5.5	(96)	(7)
Debts recovered (included in departmental revenue)		(50)	-
Debts raised		144	10
Prior year adjustment		(32)	-
Closing balance		<u>46</u>	<u>80</u>
TOTAL		<u>46</u>	<u>80</u>



FREE STATE : PROVINCIAL TREASURY

VOTE 4

CASH FLOW STATEMENT for the year ended 31 March 2005

	<i>Note</i>	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		183,338
Annual appropriated funds received		113,009
Departmental revenue received	2	71,258
Net (increase)/decrease in working capital		(929)
Surrendered to Revenue Fund		(75,975)
Current payments		(105,785)
Transfers and subsidies paid		(267)
Net cash flow available from operating activities	14	1,311
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets		(3,731)
Proceeds from sale of capital assets	2	1
Net cash flows from investing activities		(3,730)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in loans received		-
Net increase/(decrease) in cash and cash equivalents		(2,419)
Cash and cash equivalents at beginning of period		(31)
Cash and cash equivalents at end of period		(2,450)

FREE STATE : PROVINCIAL TREASURY
VOTE 4
NOTES TO ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

1. Annual Appropriation

1.1 Annual Appropriation

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

	Final Appropriation	Actual Funds Received	Variance over/ (under)	Total Appropriation 2003/04
	R'000	R'000	R'000	R'000
1. Top Management	8,237		8,237	7,935
2. Corporate Services	11,471		11,471	14,517
3. Budgeting and Banking Services	6,012		6,012	5,564
4. Revenue Management	3,746		3,746	2,952
5. Supply Chain Management	7,754		7,754	4,780
6. Systems and Information Technology	8,506		8,506	8,318
7. Financial Systems	15,879		15,879	14,395
8. Departmental Accountant	14,234		14,234	13,460
9. Transversal Functions	20,889		20,889	22,665
10. Internal Audit	4,422		4,422	2,791
11. PFMA Implementation	2,835		2,835	2,057
12. MFMA Monitoring and Infrastructure Co-ordination	3,532		3,532	1,907
13. Security	505		505	992
14. Developments Projects	26,000		26,000	50,000
Thefts and losses	-	-	-	-
All programmes	-	113,009	(113,009)	-
Total	134,022	113,009	21,013	152,333

Funds were received per vote and not per programme. As result of the "sweeping" facility in the province, funds are requested in respect of daily expenditure occurred. The total amount of R1 500 000 will be requested for roll over to the 2005/2006 financial year in order to cover expenses in respect of commitments related to the renovations of the MEC's offices. A further amount of R4 200 000 was also requested in respect of commitments for the Free State Developments projects that was not yet finalised.

FREE STATE : PROVINCIAL TREASURY
VOTE 4
NOTES TO ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

	<i>Note</i>	2004/05 R'000	2003/04 R'000
2. Departmental revenue to be surrendered to revenue fund			
Description			
Sales of goods and services other than capital assets		66	-
Interest, dividends and rent on land		71,192	15
Sales of capital assets		1	1
Recoverable revenue received		-	73
Financial transactions in assets and liabilities	2.1	-	1,785
Transfer received consists of:		-	75
Gifts, donations and sponsorships received	Annexure 1J	-	75
Total revenue collected		71,259	1,949
Less: Departmental Revenue Budgeted		62,878	-
Departmental revenue collected		8,381	1,949
2.1 Financial transactions in assets and liabilities			
Nature of loss recovered			
Cheques written back		-	26
Other		-	1,759
		-	1,785
3. Compensation of employees			
3.1 Salaries and Wages			
Basic salary		33,992	28,601
Performance award		925	210
Service Based		91	111
Compensative/circumstantial		643	-
Other non-pensionable allowances		5,171	2,387
		40,822	31,309
3.2 Social contributions			
3.2.1 Short-term employee benefits			
Pension		5,059	3,900
Medical		1,970	1,671
UIF		-	1
Bargaining council		8	5
		7,037	5,577
Total compensation of employees		47,859	36,886
Average number of employees		267	238

FREE STATE : PROVINCIAL TREASURY
VOTE 4
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	<i>Note</i>	2004/05 R'000	2003/04 R'000
4. Goods and services			
Advertising		607	812
Attendance fees (including registration fees)		851	678
Bank charges and card fees		145	439
Bursaries (employees)		787	34
Communication		1,043	2,168
Computer services		20,688	20,364
Consultants, contractors and special services		20,126	20,947
Courier and delivery services		12	10
Drivers' licenses and permits		1	2
Entertainment		265	104
External audit fees	4.1	2,038	2,008
Equipment less than R5000		1,565	63
Freight service		1	-
Government motor transport		-	266
Inventory	4.2	2,963	2,561
Legal fees		161	254
Maintenance, repairs and running cost		678	59
Operating leases		1,079	622
Photographic services		7	17
Plant flowers and other decorations		23	-
Printing and publications		506	115
Resettlement cost		333	174
Subscriptions		2	-
Travel and subsistence	4.3	2,192	1,746
Venues and facilities		111	18
Protective, special clothing & uniforms		-	1
Total		56,184	53,462
4.1 External audit fees			
Regularity audits		2,038	2,008
		2,038	2,008
4.2 Inventory			
Other inventory		-	50
Domestic consumables		17	42
Food and food supplies		649	423
Fuel, oil and gas		101	116
Other consumables		15	27
Parts and other maintenance material		81	6
Stationery and printing		2,100	1,897
		2,963	2,561

FREE STATE : PROVINCIAL TREASURY
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NOTES TO ANNUAL FINANCIAL STATEMENTS
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	<i>Note</i>	2004/05 R'000	2003/04 R0'000
4.3 Travel and subsistence			
Local		2,156	1,695
Foreign		36	51
		<u>2,192</u>	<u>1,746</u>
5. Financial transactions in assets and liabilities			
Material losses through criminal conduct	5.1	1,099	88
Other material losses written off	5.2	452	1,255
Debts written off	5.3	191	4
Total		<u>1,742</u>	<u>1,347</u>
5.1 Material losses through criminal conduct			
Nature of losses			
Mastercraft – Auction funds not received		1,099	-
Stolen cheques and equipment		-	88
		<u>1,099</u>	<u>88</u>
5.2 Other material losses written off in Statement of Financial Performance			
Nature of losses			
Fraudulently cashed cheques – Qwa - Qwa government		433	-
Theft of computer equipment and other inventory items		13	650
Theft of cellular phone		3	-
Theft of binding machine		1	-
Theft of stock		1	-
Interest paid on overdue accounts		1	605
		<u>452</u>	<u>1,255</u>
5.3 Bad debts written off			
Nature of debts written off			
Private Telephone Debt		2	1
SITE debt		-	3
Employee Debt		104	-
Supplier Debt (Pro-contractors)		85	-
		<u>191</u>	<u>4</u>
5.4 Details of theft and losses			
Corporate Services		99	47
Budgeting and Banking Services		3	-
Revenue Management		4	3
Supply Chain Management		1,110	189
Systems and Information Technology		7	17
Departmental Accountant		518	1,087
Internal Audit		1	-
PFMA Implementation		-	4
		<u>1,742</u>	<u>1,347</u>

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NOTES TO ANNUAL FINANCIAL STATEMENTS
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	<i>Note</i>	2004/05 R'000	2003/04 R0'000
5.5 Recoverable revenue debts written off			
Bursary Debt		(96)	7
		<u>(96)</u>	<u>(7)</u>
6. Transfers and subsidies			
Provinces and municipalities	<i>Annexure 1C</i>	161	109
Households	<i>Annexure 1I</i>	7	-
Gifts and donations		99	24
Total		<u>267</u>	<u>133</u>
7. Expenditure for capital assets			
Machinery and equipment	<i>Annexure 4</i>	3,324	8,875
Software and other intangible assets	<i>Annexure 5</i>	407	-
Total		<u>3,731</u>	<u>8,875</u>
8. Prepayments and advances			
Description			
Travel and subsistence		60	29
Total		<u>60</u>	<u>29</u>

9. Receivables

		Less than one year	One to three years	Older than three years	Total	Total
Amounts owing by other						
Entities	<i>Annexure 6</i>	22	2	4,270	4,294	4,501
Staff debtors	<i>9.1</i>	100	609	16	725	815
Clearing accounts	<i>9.2</i>	41	-	-	41	-
Other debtors	<i>9.3</i>	1	-	-	1	433
Total		<u>164</u>	<u>611</u>	<u>4,286</u>	<u>5,061</u>	<u>5,749</u>

Amounts of R4,270,000 (2004: R2,841,000) included above may not be recoverable, but have not been written off in the Statement of financial performance

9.1 Staff debtors

Bursary Debt	46	38
Salary Debt	-	38
Tax (SITE and PAYE) Debt	-	20
Transport and Subsistence Debt	-	8
Telephone Debt	49	63
Reversal Salary Debt	-	3
Employee Debt	77	-
Hospital Debt	-	1
Suppliers Debt	553	644
	<u>725</u>	<u>815</u>

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NOTES TO ANNUAL FINANCIAL STATEMENTS
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		2004/05 R'000	2003/04 R'000		
9.2	Clearing accounts	41	-		
	Irregular Expenditure	41	-		
9.3	Other debtors				
	Nature of advances				
	Losses: Qwa-Qwa stolen cheque	-	433		
	Petty cash shortage	1	-		
		1	433		
10. Voted funds to be surrendered to the Revenue Fund					
	Opening balance	4,044	5,699		
	Transfer from Statement of Financial Performance	24,239	51,630		
	Voted funds not requested/not received	(21,013)	(47,586)		
	Paid during the year	(4,044)	(5,699)		
	Closing balance	3,226	4,044		
11. Departmental revenue to be surrendered to the Revenue Fund					
	Transfer from Statement of Financial Performance	8,381	1,949		
	Departmental Revenue Budgeted	62,878	-		
	Paid during the year	(71,931)	(1,949)		
	Closing balance	(672)	-		
12. Bank overdraft					
	Paymaster General account	2,450	31		
		2,450	31		
13. Payables – current					
Description	Note	30 days	30+days	Total	Total
Amounts owing to other payables	13.1	71	-	71	1,623
		71	-	71	1,623
13.1 Other Payables					
Description					
Income Tax				68	-
Pension Fund				2	-
Income Accrued				-	1,623
Regional Service Council				1	-
				71	1,623

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NOTES TO ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

	<i>Note</i>	2004/05	2003/04
		R'000	R'000
14. Reconciliation of net cash flow from operating activities to surplus/(deficit)			
Net surplus/(deficit) as per Statement of Financial Performance		32,620	
(Increase)/decrease in receivables – current		688	
(Increase)/decrease in prepayments and advances		(31)	
Increase/(decrease) in payables – current		(1,552)	
Increase/(decrease) in Recoverable Revenue		(34)	
Departmental Revenue Budgeted		62,878	
Surrenders		(75,975)	
Capital expenditure		3,731	
Voted funds not requested/not received		(21,014)	
Net cash flow generated by operating activities		<u>1,311</u>	
15. Appropriated funds and departmental revenue surrendered			
Appropriated funds surrendered		4,044	(5,699)
Departmental revenue surrendered		71,931	(1,949)
Total		<u>75,975</u>	<u>(7,648)</u>



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DISCLOSURE NOTES TO ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

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

		<i>Note</i>	2004/05	2003/04
			R'000	R'000
16. Contingent liabilities				
Liable to	Nature			
Housing loan guarantees	Employees	<i>Annexure 3</i>	1,089	1,305
Capped leave commitments			4,406	-
			5,495	1,305
17. Commitments per programme				
Current expenditure				
Approved and contracted			6,683	7,954
			6,683	7,954
Capital expenditure				
Approved and contracted			1,317	596
			1,317	596
Total Commitments			8,000	8,550
18. Accruals				
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	171	83	254	1,244
Machinery and equipment	-	-	-	86
Total Accruals	171	83	254	1,330
Listed by programme level				
Top Management			12	75
Corporate Services			99	29
Budget and Banking			6	60
Revenue Management			-	15
Supply Chain Management			24	14
System and Information Technology			3	15
Financial Systems			-	46
Departmental Accountant			108	16
MFMA Monitoring and Infrastructure co-ordination			2	11
Transversal functions			-	1,049
			254	1,330

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DISCLOSURE NOTES TO ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

		2004/05 R'000	2003/04 R'000
19. Employee benefits			
Leave entitlement		139	481
Thirteenth cheque		2,603	1,188
Performance bonus		924	208
Total		3,666	1,877
20. Lease Commitments			
20.1 Operating leases			
	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	7	7
Later than 1 year and not later than 3 years	-	1,219	1,219
Later than three years	-	624	624
	-	1,850	1,850
Total present value of lease liabilities	-	1,850	1,850
21. Irregular expenditure			
21.1 Reconciliation of irregular expenditure			
Opening balance		-	-
Irregular expenditure – current year		41	-
		41	-
Analysis			
Current		41	-
		41	-
21.2 Irregular expenditure			
Incident	Disciplinary steps taken/criminal proceedings		
Procurement of departmental vehicle	Case still in process	41	-
22. Senior management personnel			
Salaries			
Member of Executive Council		751	724
Chief Executive Officer		852	870
Chief Financial Officer		104	-
Total		1,707	1,594

Comparative figures have been changed to concur with new accounting policies.

FREE STATE : PROVINCIAL TREASURY
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 1C
STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2003/04
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of Available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Motheo	-	-	-	-	161	0.0%	161	-	0.0%	109
	-	-	-	-	161	0.0%	161	-	0.0%	109

The amount included in this annexure is in respect of RSC levies paid to Motheo District Municipality.

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 11
STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2003/04
	Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Claims against the state (injury on duty)	-	-	-	-	7	0.0%	-
Total	-	-	-	-	7	0.0%	-

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1J

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2005

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2004/05	2003/04
		R'000	R'000
Received in cash			
ABSA	Cash donation for the Provincial Budget Speech-2003/04 financial year	-	75
Subtotal		-	75
Received in kind			
ABSA	Supply Chain Management Launch	100	-
Ernst & Young	Supply Chain Management Launch	50	-
ABSA	Sponsor provincial budget speech 2004/2005	-	50
South African Breweries	Year end function and HRD policy launch	1	-
Coca-Cola Fortune	Year end function and HRD policy launch	1	-
Subtotal		152	50
Totals		152	125

-Totals do not form part of the totals as on the face of the Statement of Financial Performance

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 1J (continued)

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2005

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2004/05	2003/04
		R'000	R'000
ABSA	Rugby and soccer tickets	1	-
ABSA	Sound of Music tickets	1	-
Total		2	-

-Totals do not form part of the totals as on the face of the Statement of Financial Performance

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1K

**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS
MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2005**

NATURE OF GIFT, DONATION OR SPONSORSHIP	R'000
PA's and Secretaries Day – Gift vouchers (FS Provincial Treasury)	6
Reburial of the fallen Heroes (FS Department of Sport, Arts, Culture, Science and Technology)	15
Gifts to BAS consultants (National Treasury)	1
Corporate gifts (Mr. & Mrs. ZA Dingani)	1
Corporate gifts (Treasury officials)	5
Computer equipment and software (FS schools)	71
Total	99

- Totals do not form part of the totals as on the face of the Statement of Financial Performance

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 3
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 - LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2004	Guarantees issued during the year	Guarantees released during the year	Guaranteed interest for year ended 31 March 2005	Closing balance 31 March 2005	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Housing							
Saambou		131	131	-	11	-	120	-
NBS		63	63	1	-	-	64	-
Peoples Bank		61	61	-	-	-	61	-
FNB		185	185	-	96	-	89	-
FDC		32	32	-	-	-	32	-
Standard Bank		17	17	143	78	-	82	-
Nedbank		20	20	-	-	-	20	-
ABSA		796	796	100	275	-	621	-
Total		1,305	1,305	244	460	-	1,089	-

FREE STATE : PROVINCIAL TREASURY
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 4
PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2005

	Additions	Disposals
	R'000	R'000
MACHINERY AND EQUIPMENT	3,324	-
Computer equipment	1,467	-
Furniture and office equipment	1,193	-
Other machinery and equipment	53	-
Transport assets	611	-
	3,324	-

PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2004

	Additions	Disposals
	R'000	R'000
MACHINERY AND EQUIPMENT	8,875	89
Computer equipment	4,875	72
Furniture and office equipment	3,828	4
Other machinery and equipment	51	-
Transport assets	121	13
	8,875	89

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 5
SOFTWARE AND OTHER INTANGIBLE ASSETS MOVEMENT SCHEDULE AS AT 31 March 2005

	Opening Balance	Additions	Disposals	Transfers in	Transfers out	Closing balance
	R'000	R'000	R'000	R'000	R'000	R'000
Computer software	-	407	-	-	-	407
	-	407	-	-	-	407

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 6
INTER-GOVERNMENT RECEIVABLES

GOVERNMENT ENTITY	Confirmed balance		Unconfirmed balance	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
	R'000	R'000	R'000	R'000
Departments				
FSPG: Revenue Fund	-	40	-	-
FSPG: Tourism, Environmental and Economic Affairs	-	7	-	-
FSPG: Health	-	20	-	-
FSPG: Education	5	-	-	-
FSPG: Public Works, Roads and Transport	-	10	4	-
FSPG: Agriculture	-	47	-	-
Northern Cape: Treasury	-	-	2	-
Gauteng: Treasury	3	-	-	-
Gauteng: Agriculture	-	-	3	-
South African Police Services	-	-	2,841	2,841
FSPG: Sport, Art, Culture, Science and Technology	-	44	-	2
	8	168	2,850	2,843
Other government entities				
National Intelligence	-	12	-	-
CMB Nominees	-	-	1	-
South African Revenue Services	-	47	1,435	1,431
	-	59	1,436	1,431
TOTAL	8	227	4,286	4,274



part 4
oversight report

1. Service Delivery

All departments are required to develop a Service Delivery Improvement (SDI) Plan. The following tables reflect the components of the SDI plan as well as progress made in the implementation of the plans.

Table 1.1 - Main services provided and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Prepare and Implement developmental budgets	Provincial Departments	None	According to Legislation	Tabled credible provincial budget timeously which was subsequently approved by the Provincial Legislature
Effective roll-out of the Infrastructure delivery improvement program in pilot departments	Departments of Education and Health	All Provincial Departments with infrastructure projects	According to National Treasury prescripts	100% compliance in terms of National Treasury roll-out plan
Maximize revenue	Provincial Departments	None	346 million rand to be collected	Collected 378 million rand
Development and implementation of supply chain management	Provincial Departments	None	According to international best practices and prescripts	Improvement in asset management and increased awareness of supply chain management in the Province
Computerized logistical services and training	Provincial Departments	None	Maximum 6 months allowed to implement at specific site	Implemented Logis at 4 sites (4 month average) 543 employees trained by accredited SAMDI trainers
Implement and maintain standardized financial systems	Provincial Departments	None	According to legislation and national prescripts	Successfully implemented BAS within the Free State Provincial Government. Successfully closed financial year within prescribed timeframes
Sound departmental financial management	Free State Provincial Treasury	None	According to the PFMA	99% compliance with the PFMA
Ensure PFMA compliance	Provincial Departments	None	According to Legislation	Between 50 to 70% compliance achieved
Implement and maintain standardized financial systems	Provincial Departments	None	According to legislation and national prescripts	Trained 1056 officials in BAS and PERSAL functionalities. Successfully implemented BAS and converted all balances from FMS to BAS before the due date of 15 November 2004. Successfully closed financial year within prescribed timeframes
Ensure PFMA compliance	Provincial Departments	None	According to Legislation	Between 50 to 70% compliance achieved

Table 1.2 - Consultation arrangements with customers

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
Regular meetings and communication with Departments	Provincial Departments	N/A	Effectively implemented services as indicated in par 1.1

Table 1.3- Service delivery access strategy

Access Strategy	Actual achievements
Use of letters, telephones, email, meetings and visits from and to Departments	All systems in place and used to improve accessibility.
Use of e-mail to reach customers and make Department more accessible	System in place and in use on a regular basis.

Table 1.4 - Service information tool

Types of information tool	Actual achievements
Information provided to customers in English via letters, newsletters, local newspapers, meetings and telephone calls	Regular use of all mediums to provide information.

Table 1.5 - Complaints mechanism

Complaints Mechanism	Actual achievements
Grievance procedure for internal customers	All grievances handled and finalized according to the procedure.
Informal complaints mechanism via letters, e-mail and telephone calls to appropriate Directorate	Handled and finalized when received.

2. Expenditure

Departments budget in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 2.1) and by salarybands (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the department.

Table 2.1 - Personnel costs by programme, 2004/05

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
Top Management	5,237	4,241	-	3	51	386
Corporate Services	11,471	6,196	851	257	54	159
Budgeting and Banking Services	6,012	4,195	-	-	70	200
Revenue Management	3,746	2,742	-	100	73	196
Supply Chain Management	7,754	3,706	-	69	48	176
Systems and Information Technology	8,506	5,710	-	12	67	154
Financial Systems	15,879	8,518	-	2,592	54	1,710
Departmental Accountant	14,234	7,941	-	16	56	150
Transversal Functions	20,889	-	-	-	-	-
Internal Audit	4,422	919	-	2	21	230
PFMA Implementation	2,835	1,721	-	-	61	215
MFMA Monitoring and Infrastructure Co-ordination	3,532	1,970	-	-	56	219
Security	505	-	-	-	-	-

Development Projects	17,075	-	-	17,075	-	-
Total	134,022	47,859	851	20,126	36	179

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

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	NO DATA AVAILABLE PER SALARY BANDS		
Skilled (Levels 3-5)			
Highly skilled production (Levels 6-8)			
Highly skilled supervision (Levels 9-12)			
Senior management (Levels 13-16)			
Total	47,859	36	179

The following tables provide a summary per programme (Table 2.3) and salary bands (Table 2.4), of expenditure incurred as a result of salaries, overtime, home owners allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

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

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Top Management	2,639	62	-	-	11	-	154	4
Corporate Services	4,494	73	-	-	66	1	256	4
Budgeting and Banking Services	2,978	71	114	3	19	-	152	4
Revenue Management	2,013	73	-	-	19	1	96	4
Supply Chain Management	2,634	71	-	-	41	1	194	5
Systems and Information Technology	4,163	73	-	-	50	1	252	4
Financial Systems	6,236	73	12	-	115	1	351	4
Departmental Accountant	5,551	70	120	2	75	1	377	5
Transversal Functions	-	-	-	-	-	-	-	-
Internal Audit	564	61	-	-	-	-	9	1
PFMA Implementation	1,277	74	-	-	17	1	67	4
MFMA Monitoring and Infrastructure Co-ordination	1,443	73	-	-	16	1	62	3

Security	-	-	-	-	-	-	-	-
Development Projects	-	-	-	-	-	-	-	-
Total	33,992	71	246	1	429	1	1970	4

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

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
Lower skilled (Levels 1-2)	NO DATA AVAILABLE PER SALARY LEVEL							
Skilled (Levels 3-5)								
Highly skilled production								
(Levels 6-8)								
Highly skilled supervision (Levels 9-12)								
Senior management (Levels 13-16)								
Total	33,992	71	246	1	429	1	1,970	4



3. Employment and Vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables:- programme (Table 3.1), salary band (Table 3.2) and critical occupations (Table 3.3). Departments have identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the department.

The vacancy rate reflects the percentage of posts that are not filled.

TABLE 3.1 – Employment and vacancies by programme, 31 March 2005

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Budgeting and Banking	22	21	4.5	0
Departmental Accountant	59	52	11.8	0
Corporate Services	58	40	31	0
Finance: Top Management	19	11	41.2	0
Financial Systems: Persal and FMS	66	49	25.8	0
Internal Audit	14	4	71.4	0
Local Governments Budgets Monitoring	10	9	10	0
Security	3	0	100	0
PFMA Implementation	11	8	27.3	0
Supply Chain Management	27	21	22.2	0
Revenue Management	16	14	12.5	0
Systems and Information Technology	68	39	42.6	1
Total	372	268	28	1

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

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	0	0	0	0
Skilled				
(Levels 3-5)	14	10	28.6	0
Highly skilled production				
(Levels 6-8)	232	170	26.7	0
Highly skilled supervision (Levels 9-12)	107	73	31.8	1
Senior management (Levels 13-16)	19	15	21.1	0
Total	372	268	27.9	1

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

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Senior Managers	12	10	16.6	0
Executive Manager	1	0	100	0
Senior Executive Managers	4	3	25	0
CEO and MEC	2	2	0	0
Total	19	15	21.1	0

The information in each case reflects the situation as at 31 March 2005. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

4. Job Evaluation

The following table (Table 4.1) summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

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

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts Downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	14	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	232	7	3	0	0	0	0
Highly skilled supervision (Levels 9-12)	107	23	21	0	0	9	39
Senior Management Service Band A	12	1	8	0	0	1	100
Senior Management Service Band B	5	0	0	0	0	0	0
Senior Management Service Band C	0	0	0	0	0	0	0
Senior Management Service Band D	2	0	0	0	0	0	0
Total	372	31	8	0	0	10	32

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

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

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

The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

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

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2004/ 05				0
Percentage of total employment				0.00

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

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

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability	0	0	0	0	0
Total Number of Employees whose salaries exceeded the grades determined by job evaluation in 2004/05					0

5. Employment Changes

This section provides information on changes in employment over the financial year.

Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band (Table 5.1) and by critical occupations (Table 5.2). (These “critical occupations” should be the same as those listed in Table 3.3)

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

Salary Band	Number of employees per band as on 1 April 2004	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	11	0	1	9%
Highly skilled production (Levels 6-8)	156	28	11	7%
Highly skilled supervision (Levels 9-12)	57	18	5	8.7%
Senior Management Service Band A	9	2	0	0
Senior Management Service Band B	3	0	1	33%
Senior Management Service Band C	0	0	0	0
Senior Management Service Band D	2	1	1	50%
Total	238	49	19	7.9%

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

Occupation:	Number of employees per occupation as on 1 April 2004	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Senior Managers	9	2	0	0
Executive Manager	0	0	1	0
Senior Executive Managers	3	0	0	0
CEO and MEC	2	1	1	50%
Total	14	3	2	14%

Table 5.3 identifies the major reasons why staff left the department.

Table 5.3 – Reasons why staff are leaving the department

Termination Type	Number	% of total
Death	3	15.8
Resignation	2	10.5
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	0	0
Transfers to other Public Service Departments	14	73.7
Other	0	0
Total	19	100
Total number of employees who left as a % of the total employment		7

TABLE 5.4 – Promotions by critical occupation

Occupation:	Employees as at 1 April 2004	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Senior Managers	9	0	0	1	11.1
Executive Manager	0	0	0	0	0
Senior Executive Managers	3	0	0	1	33.3
CEO and MEC	2	0	0	0	0
Total	14	0	0	14%	14.3

TABLE 5.5 – Promotions by salary band

Salary Band	Employees as at 1 April 2004	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Lower skilled (Levels 1-2)	0	0	0	0	0
Skilled (Levels 3-5)	11	0	0	10	90.9
Highly skilled production(Levels 6-8)	156	9	5.7	94	60.3
Highly skilled supervision(Levels 9-12)	57	3	5.3	28	49.1
Senior Management Service Band A	9	0	0	3	33.3
Senior Management Service Band B	3	1	0	1	33.3
Senior Management Service Band C	0	0	0	0	0
Senior Management Service Band D	2	0	0	0	0
Total	238	13	136	136	57.1

6. Employment Equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

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

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	28	4	1	13	18	2	0	19	85
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	4	2	0	1	3	0	0	2	12
Clerks	43	5	0	15	53	7	1	42	166
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	4	0	0	0	0	0	0	0	4
Total	81	11	1	28	74	8	1	63	267
Employees with disabilities	1	0	0	0	0	0	0	0	1

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

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	1	0	1	0	0	0	1	5
Senior Management	5	1	0	3	0	0	0	1	10
Professionally qualified and experienced specialists and mid-management	9	1	1	4	9	0	0	7	31
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	49	6	0	17	39	5	1	44	161
Semi-skilled and discretionary decision making	12	2	0	3	26	3	0	10	56
Unskilled and defined decision making	4	0	0	0	0	0	0	0	4
Total	81	11	1	28	74	8	1	64	267

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

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	2	0	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	5	0	0	1	2	0	0	0	8
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	13	0	0	0	14	2	0	1	30
Semi-skilled and discretionary decision making	0	0	0	0	8	0	0	0	8
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	21	0	0	1	24	2	0	1	49
Employees with disabilities	1	0	0	0	0	0	0	0	1

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

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	0	0	2	3	1	0	2	11
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	4	0	0	2	4	1	0	2	13
Employees with disabilities	0	0	0	0	0	0	0	0	0

6.5 Terminations for the period 1 April 2004 to 31 March 2005

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	1	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	1	0	1	4	0	0	1	11
Semi-skilled and discretionary decision making	3	0	0	0	2	0	0	0	5
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	9	1	0	1	6	1	0	1	19
Employees with disabilities	0	0	0	1	0	0	0	0	0

6.6 Disciplinary action for the period 1 April 2004 to 31 March 2005

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	2	0	0	0	0	0	0	0	4

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

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	33	5	0	13	27	2	0	12	92
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	42	6	0	16	66	3	0	38	171
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	1	0	0	0	0	0	0	0	1
Total	76	11	0	29	93	5	0	50	264
Employees with disabilities	0	0	0	1	0	0	0	0	0

7. Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 6.1), salary bands (table 6.2) and critical occupations (Table 6.3).

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

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	24	81	29.6	172	6,628
Female	26	74	35.1	166	5,936
Asian					
Male	-	1	-	-	-
Female	-	1	-	-	-
Coloured					
Male	5	11	45.5	49	9,850
Female	3	8	37.5	29	5,765
White					
Male	26	29	89.7	227	9,082
Female	34	63	54	290	8,521
Employees with a disability	-	-	-	-	-
Total	118	268	44	933	7,589

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

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	0	0	0	0	0	Personnel costs not available per salary bands
Skilled (Levels 3-5)	4	10	40	7	2,333	Personnel costs not available per salary bands
Highly skilled production (Levels 6-8)	86	170	50.6	518	6.023	Personnel costs not available per salary bands
Highly skilled supervision (Levels 9-12)	24	73	32.9	310	10,690	Personnel costs not available per salary bands
Total	114	253	45.1	835	7,076	Personnel costs not available per salary bands

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

Critical Occupations	Beneficiary Profile				
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Senior Managers	3	10	30	30	10
Senior Executive Manager	1	3	33.3	38	38
Total	4	13	30.8	68	17

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

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A	3	10	30	38	12,667	Personnel costs not available per salary bands
Band B	1	3	33.3	30	30,000	Personnel costs not available per salary bands
Band C	0	0	0	0	0	Personnel costs not available per salary bands
Band D	0	0	0	0	0	Personnel costs not available per salary bands
Total	4	13	30.8	68	17,000	Personnel costs not available per salary bands

8. Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

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

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

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

Major Occupation	1 April 2004		31 March 2005		Change	
	Number	% of total	Number	% of total	Number	% change
No foreign workers	0	0	0	0	0	0
Total	0	0	0	0	0	0

9. Leave utilisation for the period 1 January 2004 to 31 December 2004

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

TABLE 9.1 – Sick leave, 1 January 2004 to 31 December 2004

Salary Band	Total days taken	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	334	8.74	32	15.1	10	78
Highly skilled production (Levels 6-8)	931	81.4	133	60.7	7	364
Highly skilled supervision (Levels 9-12)	206	76.2	42	19.8	5	136
Senior management (Levels 13-16)	13	53.8	5	2.4	3	22
Total	1,484	81.8	212	100	7	600

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

Salary Band	Total days taken	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 9.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000, requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

TABLE 9.3 – Annual Leave, 1 January 2004 to 31 December 2004

Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	0	0
Skilled (Levels 3-5)	639	23
Highly skilled production (Levels 6-8)	3,451	18
Highly skilled supervision (Levels 9-12)	1,253	15
Senior management (Levels 13-16)	361	24
Total	5,704	17

TABLE 9.4 – Capped leave, 1 January 2004 to 31 December 2004

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2003
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	8	3	13
Highly skilled production (Levels 6-8)	118	4	31
Highly skilled supervision (Levels 9-12)	46	4	41
Senior management (Levels 13-16)	9	5	88
Total	181	4	36

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

The following table summarises payments made to employees as a result of leave that was not taken.

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave payout for 2003/04 due to non-approval of leave for the previous cycle (operational requirements)	54	9	6,000
Capped leave payouts on termination of service for 2003/04	75	13	5,769
Current leave payouts on termination of service for 2003/04	10	3	3,333
Total	139	25	5,560

10. HIV/AIDS & Health Promotion Programmes

TABLE 10.1 – Steps taken to reduce the risk of occupational exposure

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

TABLE 10.2 – Details of Health Promotion and HIV/AIDS Programs (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Mr N N Ramashiya: Senior Manager: 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		4 employees 1 x Asst Manager 2 x SAO 1 x Snr Clerk
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		Counseling Workshop on HIV/ Aids Stress Management
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		N Ntukela-Tyam C Motsemme L J Moloi A Dumisi M Nkosi T Moalusi L Menyatso R Booi J Nkati N Matlala E Mahlokweng T Mohlokoana Represents Directorates of the Department
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		Disability Policy HIV/Aids policy
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		HIV/Aids Policy and workshop
7. Does the department encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results that you have achieved.		X	Not yet achieved
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	N/A

11. Labour Relations

The following collective agreements were entered into with trade unions within the department.

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

Total collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2004 to 31 March 2005

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	2	40
Verbal warning	0	0
Written warning	0	0
Final written warning	1	20
Suspended without pay	1	20
Fine	0	0
Demotion	0	0
Dismissal	1	20
Not guilty	0	0
Case withdrawn	0	0
Total	5	100

Disciplinary hearings – 2004/05	3
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TABLE 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Misrepresentation	1	33.3
Unauthorized absenteeism	1	33.3
Assault	1	33.3
Total	3	100

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

	Number	% of total
Number of grievances resolved	2	50
Number of grievances not resolved	2	50
Total number of grievances lodged	4	100

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

	Number	% of total
Number of disputes upheld	1	50
Number of disputes dismissed	1	50
Total number of disputes lodged	2	100

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

Total number of person working days lost	10
Total cost (R'000) of working days lost	2 479
Amount (R'000) recovered as a result of no work no pay	2 479

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

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

12. Skills development

This section highlights the efforts of the department with regard to skills development.

12.1 Training needs identified 1 April 2004 to 31 March 2005

Occupational Categories	Gender	Number of employees as at 1 April 2004	Training needs identified at start of reporting periods			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	38	0	126	6	132
	Male	30	0	131	4	135
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	2	0	3	0	3
	Male	3	0	8	0	18
Clerks	Female	95	0	254	8	262
	Male	72	0	218	7	225
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	0	0	0
	Male	4	0	6	0	6
Sub Total	Female	135	0	383	14	397
	Male	109	0	363	11	374
Total		244	0	746	25	771

12.2 Training provided 1 April 2004 to 31 March 2005

Occupational Categories	Gender	Number of employees as at 1 April 2004	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	38	0	38	3	41
	Male	30	0	48	3	51
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	2	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	95	0	101	6	107
	Male	72	0	59	5	64
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	0	0	0
	Male	4	0	1	0	1
Sub Total	Female	135	0	139	9	148
	Male	109	0	108	8	116
Total		244	0	247	17	264

13. Injury on duty

The following tables provide basic information on injury on duty.

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

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

14. Utilisation of Consultants

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
BAS Implementation	9	651	3,112
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
1	9	651	3,112

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
None	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	Contract value in Rand
None	N/A	N/A	N/A
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
None	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
None	N/A	N/A	N/A

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