

Provincial Government Western Cape Provincial Treasury

ANNUAL REPORT 2004/2005



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To obtain additional copies of this document, please contact:

Western Cape Provincial Treasury
Office of the Chief Financial Officer
Private Bag X9165
4 Dorp Street
CAPE TOWN
8000

Telephone (+27 21) 483-5365 or 483-4623

Fax: (+27 21) 483-4558

E-mail: wdejongh@pgwc.gov.za

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Provincial Treasury

ANNUAL REPORT

Ms L Brown

Minister of Finance, Economic Development and Tourism

REPORT OF THE ACCOUNTING OFFICER OF THE PROVINCIAL TREASURY FOR THE PERIOD 1 APRIL 2004 TO 31 MARCH 2005

In accordance with section 40(1)(d) of the Public Finance Management Act, 1999, the Public Service Act, 1994 and Treasury Regulation 18, I hereby submit the Annual Report of the Provincial Treasury, Western Cape on financial statements, performance indicators and departmental activities for the period 1 April 2004 to 31 March 2005.

Dr JC Stegmann

ACCOUNTING OFFICER

DATE: 18 AUGUST 2005

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Abbreviations

Abet:	Adult Basic Education and Training
AC:	Audit Committee
AG:	Auditor-General
AO:	Accounting Officer
ASB:	Accounting Standards Board
BAS:	Basic Accounting System
BBBEE:	Broad Based Black Economic Empowerment
BER:	Bureau for Economic Research
BPO:	Business Process Outsourcing
CASIDRA:	Cape Agency for Sustainable Development in Rural Areas
CFO:	Chief Financial Officer
CG:	Conditional grant
CeI:	Centre for E-Innovation
CIDB:	Construction Industry Development Programme
CPD:	Corporation for Public Deposits
DBC:	Departmental Bid Committee
DBSA:	Development Bank of Southern Africa
DORA:	Division of Revenue Act
DPSA:	Department of Public Service and Administration
EDU:	Economic Development Unit
EPS:	Electronic Purchasing System
EPWP:	Expanded Public Works Programme
FASSET:	Financial and Accounting Services Sector Education and Training Authority
FET:	Further Education Training
FETC:	Further Education and Training Certificate
FFC:	Financial Fiscal Commission
FMIP:	Financial Management Improvement Programme
FMS:	Financial Management System
GEPF:	Government Employees Pension Fund
GRAP:	Generally Recognised Accounting Practice
HOT:	Head Official Treasury
HRD:	Human Resource Development
HRDS:	Human Resource Development Strategy
HSRC:	Human Sciences Research Council
IA:	Internal Audit
ICS:	Improvement in Conditions of Service
ICT:	Information Communication Technology
IDIP:	Infrastructure Delivery Improvement Programme
IDP:	Integrated Development Plans
IFMS:	Integrated Financial Management System
IMLC:	Institutional Management and Labour Committee
IYM:	In-year monitoring

LOGIS:	Logistical Information System
MEC:	Member of Executive Council
MFMA:	Municipal Finance Management Act, 2003
MSP:	Master Systems Plan
MTBPS:	Medium Term Budget Policy Statement 2005 -2008
MTEF:	Medium Term Expenditure Framework
NGO:	Non-governmental Organisation
NTR:	National Treasury Regulations
PDC:	Provincial Development Council
PERSAL:	Personnel and Salary Administration System
PER&O:	Provincial Economic Review and Outlook
PES:	Provincial Equitable share
PFMA:	Public Finance Management Act
PGDS:	Provincial Growth and Development Summit
PGWC:	Provincial Government Western Cape
PMDS:	Performance Management Development System
PMU:	Programme Management Unit
PPP:	Public Private Partnerships
PPSC:	Provincial Portfolio Steering Committee
PTC:	Provincial Treasury Committee
REAL:	Revenue, Expenditure, Assets, Liabilities
SAMDI:	South African Management Development Institute
SARS:	South African Revenue Services
SASSA:	South African Social Services Authority
SCM:	Supply Chain Management
SCOA:	Standard Chart of Accounts
SCOF:	Standing Committee on Finance
SCOPA:	Standing Committee on Public Accounts
SDI:	Service Delivery Improvement
SER:	Socioeconomic Review
SETA:	Sector Education and Training Authority
SITA:	State Information Technology Agency
SMME:	Small Medium and Micro Enterprise
SMS:	Senior Management Service
SPMS:	Staff Performance Management System
SSA:	Statistics South Africa
TCF:	Technical Committee on Finance
TQM:	Total Quality Management
URS:	User Requirement Statement
WC-MTBPS:	Western Cape Medium Term Budget Policy Statement 2005 - 2008
WCED:	Western Cape Education Department
WCGRB:	Western Cape Gambling and Racing Board
WCSD:	Western Cape Supplier Database

General Information

Introduction by the Accounting Officer

A key element of the 2004/05 financial year was the drive to recruit representative and competent individuals to give practical effect to the Provincial Treasury's new organisational structure brought about by phase 1 of the restructuring process – this was combined with a new way of working which required new co-operative systems and greater openness and communication across units and components within the Treasury. Phase 2 of the restructuring process also commenced to further enhance the organisational structure and staffing establishment. With the Provincial Treasury organisationally and functionally in transition, this placed a great load on a core of dedicated and experienced staff who were called upon to not only carry the organisation through this rather intense period, but also to upgrade their own knowledge and skills to be able to perform at the higher demand levels of the new organisational structure. The latter posed similar challenges to the new recruits as they literally had to start up their respective domains within an unknown environment without any prior working history. Therefore, to both old and new, I express my sincere appreciation for not only pulling the Provincial Treasury through this difficult phase, but also moving us into significantly higher operating levels. Part of these challenges were reflected by the -

- High vacancy rate at the beginning of the year under review, although a marked improvement in the filling of key and specialised positions towards the end of the financial year did materialise; and
- High personnel turnover rate (83.6%)

With this new organisational structure and given the pressures stated above, the Provincial Treasury did its best to attain its evolving (in content and sophistication) strategic goals and to fulfill its Constitutional mandate to address the socioeconomic challenges of the Province in co-operation with all other provincial departments and many other stakeholders.

As change agent, the Provincial Treasury attempted to achieve specific socioeconomic objectives through the process of resource allocation, thereby ensuring improved efficacy of spending and fiscal discipline. In addition, the Provincial Treasury also fostered the attainment of value for money spending and started to put measures in place pertaining to the safeguarding and promoting of the effective utilisation of provincial assets.



A great deal of emphasis during the year under review was placed on the further evolvement of the provincial growth and development strategy known as *iKapa elihlumayo*, which manifested in the eight lead strategies of which two, namely improving financial governance and a more effective interface between the provincial and local government spheres, were focus areas of the Provincial Treasury.

Some of the key highlights of the financial year under review were the following:

- ❑ The Treasury moved ahead under the guidance of a new Minister of Finance, Economic Development and Tourism, Minister Lynne Brown.
- ❑ A great deal of attention was given to the development and articulation of the lead *iKapa elihlumayo* strategies, their integration with one another and its translation into resource allocation across and within departments.
- ❑ Supply chain management (SCM) units have been established in provincial departments although not all were fully operational by the close of the financial year.
- ❑ The Provincial Treasury strengthened its role and responsibilities with the further education and training of current incumbents and the appointment of new staff of the right calibre.
- ❑ The foundation was laid to promote and implement the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) for 2005/06.
- ❑ With the change to the new SCM units in provincial departments a Departmental Bid Committee (DBC) was established with new delegations and an accounting officer (AO) system for the Provincial Treasury.
- ❑ Inherent risk assessments were conducted and finalised for all 14 provincial departments and Internal Audit Plans were developed based on these assessments.

The following new publications and key documents of note were released:

- Provincial Economic Review & Outlook (PER&O) 2005
- Medium Term Budget Policy Statement, 2005-2008 (second publication)
- Financial Management Review 2004, Working Paper
- Service Delivery Review 2004, Working Paper
- Expenditure Review 2004, Working Paper

The Provincial Treasury has further concretised its role and I am satisfied that its objectives remain truly aligned with national and provincial policy, strategies and objectives.

In response to all the challenges Provincial Treasury staff again performed to an extraordinary degree of commitment, diligence and willingness. As Accounting Officer I am privileged and thankful to be supported by such a team of dedicated people.



*Dr JC Stegmann
Accounting Officer
Provincial Treasury*

A handwritten signature in black ink, appearing to read 'J. Stegmann', followed by a horizontal line.

Dr JC Stegmann

ACCOUNTING OFFICER: PROVINCIAL TREASURY

DATE: 18 AUGUST 2005

The Ministry

Ms Lynne Brown assumed duty as the Minister of Finance, Economic Development and Tourism on 5 May 2004. As Minister responsible for financial matters, Ms L Brown was appointed in terms of section 17(1)(a) of the Public Finance Management Act, 1999 (PFMA) as the Head of the Provincial Treasury. Her duties as Head of the Provincial Treasury also implies that she is a member of the National Budget Council, operating under the auspices of the National Treasury which is headed by the national Minister of Finance (Minister Trevor Manuel). Minister Brown is also responsible for the Department of Economic Development and Tourism.



*Ms L Brown
Minister of Finance,
Economic Development and Tourism*

Bills

The Bills that the Executive Authority submitted to the Western Cape Provincial Parliament during the financial year under review are the following:

- Western Cape First Finance Bill, 2004
- Western Cape Provincial Youth Commission Bill, 2004
- Western Cape Investment and Trade Promotion Agency Law Amendment Bill, 2004
- Provincial Development Council Law Amendment Bill, 2004
- Western Cape Adjustments Appropriation Bill, 2004
- Western Cape Land Use Planning Ordinance, 1985, Amendment Bill
- Western Cape Appropriation Bill, 2004

Visit abroad

During the 2004/05 financial year Minister Brown attended the United Kingdom (UK)/Netherlands Trade Mission and Call-centre Exhibition in Birmingham from 18 September 2004 to 2 October 2004. During this period she also visited Aberdeen, a gas and oil hub in the UK. This created a platform for building long-term relations with leading global companies that could have meaningful benefits for the Province in future.

VISION

As a change agent to achieve maximum well-being

MISSION

To obtain financial and supportive means and utilise them to the optimum advantage of the whole community.

DEPARTMENTAL ETHOS

- To give effect to the Public Service Code of Conduct;
- To be of service;
- To empower people;
- To be an employment equity employer; and
- To be aware of, and to cultivate respect for our country's heterogeneity.

Legislative and other mandates

The legislative mandate within which the Provincial Treasury operates, consist of the following mix of national and provincial legislation:

- **Annual Division of Revenue Act**
To provide for the equitable division of revenue raised nationally, inclusive of conditional grants, amongst the three spheres of government and matters incidental thereto.
- **Basic Conditions of Employment Act, 1997 (Act 75 of 1997)**
To provide regulatory prescripts, in addition to the Public Service Act, 1994 and the Public Service Regulations, 2001, regarding the conditions of employment of staff in the Treasury.
- **Borrowing Powers of Provincial Government Act, 1996 (Act 48 of 1996)**
To provide norms and conditions which the Treasury must adhere to in negotiating loans for the Provincial Government.
- **Employment Equity Act, 1998 (Act 55 of 1998)**
To regulate the processes and procedures of the Treasury in achieving a diverse and competent workforce broadly representative of the demographics of the Western Cape and eliminating unfair discrimination in employment towards implementing employment equity.
- **Intergovernmental Fiscal Relations Act, 1997 (Act 97 of 1997)**
To define the role of the Minister of Finance and Economic Development and that of the Treasury as representatives of the Provincial Government, in promoting co-operation between other spheres of government on fiscal, budgetary and financial matters; to provide insight into the prescribed processes for the determination of the equitable share and allocation of revenue raised nationally and for matters in connection therewith.
- **Labour Relations Act, 1995 (Act 66 of 1995)**
To regulate and guide the Treasury in recognising and fulfilling its role in effecting labour harmony and the democratisation of the workplace.
- **Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA)**
To regulate financial management in the local sphere of government; to require that all revenue, expenditure, assets and liabilities of municipalities and municipal entities are managed economically, efficiently and effectively; to determine the responsibilities of persons entrusted with municipal borrowing; to make provision for the handling of financial emergencies in municipalities; and to provide for matters connected therewith.
- **Occupational Health and Safety Act, 1993 (Act 85 of 1993)**
To provide for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of person at work; to establish an advisory council for occupational health and safety; and to provide for matters connected therewith.
- **Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)**
To provide the Treasury with a regulatory framework enabling and assisting departments and potential historically disadvantaged individuals (HDI) in the sustainable development and implementation of a preferential procurement system.

- **Promotion of Access to Information Act, 2000 (Act 2 of 2000)**
To give effect to the constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights; and to provide for matters connected therewith.
- **Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)**
To give effect to the right to administrative action that is lawful, reasonable and procedurally fair and to the right to request written reasons for administrative action as contemplated in section 33 of the Constitution of the Republic of South Africa, 1996; and to provide for matters incidental thereto.
- **Provincial Tax Regulation Process Act, 2001 (Act 53 of 2001)**
To regulate the intergovernmental process that must be followed by provinces in the exercise of their power in terms of section 228 of the Constitution to impose taxes, levies and duties, and flat-rate surcharges on the tax bases of any tax, levy or duty imposed by national legislation; and to provide for matters connected therewith.
- **Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA)**
To regulate financial management in the Treasury to ensure that all revenue, expenditure, assets and liabilities of the Treasury are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in the Treasury and to provide for matters connected therewith. To fulfil all Treasury responsibilities with respect to other departments and public entities.
- **Public Service Act, 1994 (Act 103 of 1994)**
To provide for the organisation and administration of the Treasury and for human resource management which includes the regulation of conditions of employment, terms of office, discipline, retirement and discharge of staff members of the Treasury and matters connected therewith.
- **Skills Development Act, 1998 (Act 97 of 1998)**
To provide an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce; to integrate those strategies within the National Qualification Framework contemplated in the South African Qualification Authority Act, 1995; to provide for learnerships that lead to recognised occupational qualifications; to provide for the financing of skills development by means of a levy-grant scheme and a National Skills Fund; to provide for and regulate employment services; and to provide for matters connected therewith.
- **Skills Development Levy Act, 1999 (Act 9 of 1999)**
To provide for the imposition of a skills development levy; and for matters connected therewith.
- **Western Cape Direct Charges Act, 2000 (Act 6 of 2000)**
To provide for the withdrawal of State moneys from the Western Cape Provincial Revenue Fund, as a direct charge, in accordance with the Constitution of the Republic of South Africa, 1999 (Act 108 of 1996), the Constitution of the Western Cape, 1997 (Act 1 of 1998) and the Public Finance Management Act, 1999 (Act 1 of 1999), and for matters incidental thereof.
- **Western Cape Gambling and Racing Law, 1996 (Law 4 of 1996)**
To provide regulatory prescripts to support the responsible Minister in ensuring sound financial administration and management and matters incidental thereto by the Western Cape Gambling and Racing Board.

- **Western Cape Law on the Powers and Privileges of the Provincial Legislature Amendment Act, 1998 (Law 3 of 1998)**

To provide the Treasury with regulatory prescripts in assisting the Legislature when necessary, in meeting their financial responsibilities as set out in legislation.

- **Western Cape Provincial Tender Board Law, 1994 (Law 8 of 1994)**

Although this Law has been revoked, a number of period contracts concluded under this Law and its regulations, are still valid and have to be administered in terms of this legislation.

The Provincial Treasury has under its control the following listed provincial public entity:

□ **Western Cape Gambling and Racing Board**

The Board is established in terms of the **Western Cape Gambling and Racing Law, 1996 (Law 4 of 1996)**. The mentioned Law provides regulatory prescripts to support the responsible Minister in ensuring sound financial administration and management and matters incidental thereto by the Western Cape Gambling and Racing Board. The main function of the Board is to control all gambling, racing and activities incidental thereto in the Province, subject to the Western Cape Gambling and Racing Law, 1996 and any policy determinations of the Provincial Cabinet relating to the size, nature and implementation of the industry. A more comprehensive and detailed list of its functions appear under section 12 of the Western Cape Gambling and Racing Law, 1996.

Clearly defined lines of communication exist between the accounting officer, the two members of the executive authority and the management (including Board members) of the provincial public entity. Accountability on executive authority level is shared between the executive member responsible for the gambling portfolio and the executive member responsible for financial matters pertaining to gambling issues. The Western Cape Gambling and Racing Board itself acts as the accounting authority, but has delegated most of its powers to the Chief Executive Officer of the Board. In general, accountability arrangements for all the relevant functionaries are strictly in line with that prescribed by the Public Finance Management Act, 1999 (Act 1 of 1999).

Programme Performance

1. Programme performance in summary

1.1 Voted funds

The following table depicts the under-spending of the vote if the actual expenditure is compared with the adjusted appropriation amount:

Table 1: Voted funds: Provincial Treasury

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	Over/(Under) Expenditure R'000
113, 686	108,980	102,333	(6,647)
Responsible Minister	Minister of Finance, Economic Development and Tourism		
Administering Department	Provincial Treasury		
Accounting Officer	Head Official Provincial Treasury and Head of Department		

1.2 Aim of the vote

The main aim of the Provincial Treasury is to act as a change agent in achieving socio-economic objectives, inclusive of introducing new practices through fiscal policy, fostering the attainment of value for money spending and safeguarding and promoting the effective utilisation of provincial assets.

1.3 Summary of programmes

The Provincial Treasury consisted of the following six programmes with an indication of each programme's aim:

- Programme 1: Administration
To achieve service excellence in the provisioning and maintenance of office support to the Minister and of sound financial administration, supply chain management and human resource management and administration.
- Programme 2: Financial Governance
To enhance performance orientated financial management.
- Programme 3: Resource Management
To ensure the effective management of the Province's fiscal resources.
- Programme 4: Public Finance and Accounting
To ensure efficient budget management, delivery of any assigned responsibilities in terms of the MFMA as well as accounting and reporting fully reflecting the financial position of the Province.
- Programme 5: Asset Management
To ensure the effective and efficient management of physical and financial assets.
- Programme 6: Contingency Provision
To respond to adverse natural or economic occurrences having the potential to threaten the budget framework of the Western Cape Government.

1.4. Key strategic objectives and achievements

1.4.1 Key strategic objectives

The Provincial Treasury set itself the following key strategic objectives which are indicated on a per programme basis:

Programme 1: Administration

- Ensure the rendering of secretarial, administrative and office support services.
- Act as linkage between the Treasury and the Department of Economic Development and Tourism.

- Enable the Minister to realise her direct treasury and economic development responsibilities.
- Ensure management accounting within the new standard chart of accounts framework (SCOA).
- Ensure financial accounting within the new SCOA framework.
- Ensure supply chain management within the newly established procurement procedures determined by National Treasury.
- Render specialised auxiliary services.
- Ensure systems of risk management and internal control.
- Render support on transversal financial matters.
- Render personnel management services.
- Manage human resource development.
- Manage policy and transformation matters.
- Manage labour relations.

Programme 2: Financial Governance

- To determine and implement financial norms and standards and to monitor and assist with nominal and substantive compliance.
- To ensure the existence of an appropriate and dynamic financial legislative framework.
- To develop, consolidate and maintain effective internal and external communication.
- To render an effective internal audit service.
- To perform inherent risk assessments of the business processes in provincial departments and build a risk profile per department and the Provincial Government as a whole.
- To develop and facilitate the implementation of effective risk management and government governance capacity within the Provincial Government.

Programme 3: Resource Management

- Drive the MTEF and annual budget process.
- Manage the annual medium-term budget policy process.
- Consolidate, prepare and compile the annual medium-term budget policy statement.
- Determine annual budget allocation per function.
- Determine resource shifts between spheres of government and departments.
- Ensure integration and synergy of budget priorities between departments and governments.
- Assessing and ensuring effective expenditure.
- Ensuring that new policy proposals are costed and the relative priority determined.
- Introduce measures to close gaps between macroeconomic variables and policy priorities, budget trends, spending trends, strategies, development plans and service delivery indicators.
- Determine and analyse key economic variables, their interrelation and relevance for the budget.
- Determine the potential and constraints for growth and development and their interaction with governmental spending and revenue patterns/trends.
- Determine alternative budgeting and other revenue and expenditure impact scenarios on selected key economic growth and development indicators.
- Assess impact of previous fiscal policy objectives on selected economic variables.
- Develop institutional co-ordination and sector integration.
- Administer the medium-term revenue planning process.
- Assess and optimise vertical and equitable shares and conditional grants.
- Ensure effective and efficient development of provincial revenue, whether user charges or provincial taxes, levies and duties.
- Ensure effective and efficient management of debtors.
- Ensure effective and efficient management of loans, guarantees and other financial commitments.
- Administer gambling and racing matters.
- Assess revenue trends, compile and submit revenue reports.
- Determine an overall financing envelope for MTEF.
- Provide technical assistance and training.



Programme 4: Public Finance and Accounting

- Administer the medium-term expenditure planning process.
- Manage the adjustments budget process.
- Prepare and compile the annual and adjustments budget.
- Assess and enforce expenditure efficiency and liability management.
- Manage, assess and control the implementation of the provincial budget.
- Assess expenditure trends, compile and submit expenditure reports (IYM).
- Promote budget reform.
- Monitor and assess local government budgets.
- Assess and advise on the optimal contribution of functions between the provincial and local government spheres.
- Ensure the development of accounting practices that will promote effective and efficient capturing of REAL movements/accountability.
- Ensure integrity of financial data.
- Roll out and assess GRAP formats.
- Develop and promote the use of cost accounting principles.
- Improve financial performance through the development and application of interpretive accounting.
- Assess accounting trends, co-ordinate and compile reports.
- Compile annual consolidated financial statements.
- Provide technical assistance and training.

Programme 5: Asset Management

- To identify and develop strategic sourcing methodologies in those industries where the bulk of provincial procurement budget is spent.
- To, in liaison with the National Treasury, identify a state of the art supply chain management system to drive continuous improvement in the delivery of goods and services and the control and the management thereof.
- To develop simple standardised supply chain management processes to ensure satisfactory delivery of goods and services and the control and management thereof.
- To build a purchasing culture in the province that is performance orientated, flexible yet, aligned to process, socially conscious but driven by customer satisfaction.
- To elevate supply chain management through linking there to, the budget and strategic plan of departments.
- Promote and assess new PPP projects.
- Monitor and enforce compliance with legislation.
- To build the necessary capacity in the Provincial Treasury to take over all PPP related responsibilities from the National Treasury by 1 April 2005.
- Manage cash flow matters.
- Manage investments.

- Develop a policy framework for the evolution of efficient financial management systems.
- Assess and maintain the financial management system.
- Roll-out and ensuring efficient implementation of transversal financial management systems.
- Develop and assess bespoke financial systems.
- Determine the requirements for financial management systems to ensure efficient and effective management of REAL.
- Monitor and report on financial management system's performance.
- Monitor and verify monthly SITA costs relating to transversal financial systems ensuring optimal management of cost drivers.
- Provide technical assistance and training.

Programme 6: Contingency Provision

- Provide departments with financial means for those eventualities that could not be budgeted for but need to be addressed.

1.4.2 Summary of Achievements

The Provincial Treasury's major achievements during 2004/05 were very diverse in nature with most of the programmes contributing to some degree in attaining the Provincial Government's strategic objectives. The following paragraphs provide some insight on those achievements. With phase 1 (the major part) of the restructuring process of the Treasury being completed, phase 2 commenced with further enhancements to the new organisational structure and staff establishment, mainly to accommodate the MFMA's requirements. Improvement in the level of service delivery was geared to raise the experience level of recently employed staff, their education level and training. A significant amount of effort also had to be spent in bedding down the new structure and facilitating a new way of working, which required new co-operative systems and greater openness and communication across units and components within the Provincial Treasury and with all departments.

Further achievements were the compilation of the 2004 Western Cape Medium Term Budget Policy Statement 2005 – 2008 (MTBPS) and the 2005 Provincial Economic Review & Outlook (PER&O). Both these publications framed and gave content to the 2005 Budget and contextualised the Western Cape economy and the national macroeconomic framework. The publications were jointly tabled with the 2005 Budget documentation on the provincial budget day on 8 March 2005. A Financial Management Review Working Paper was also compiled with four main purposes, namely as an instrument towards improving financial management, a guide to key reforms in progress, an indicator of future investment of resources in improving financial governance and to maintain continuity in line with MTBPS and develop further concepts. Service Delivery and Expenditure Reviews were also published for internal consumption as working papers.

The Western Cape Cabinet accepted the introduction of a proposed fuel levy to augment sorely needed infrastructure financing. The proposal has subsequently been submitted to National Treasury for approval where after it still needs to go to the Western Cape legislature for consideration.

Although SCM units have been established in departments, they are not fully operational according to the predetermined criteria set by National Treasury.

A great deal of attention was given to the development and articulation of the five lead *iKapa elihlumayo* strategies, their integration with one another and its translation into resource allocation across the Provincial Government and within departments.

1.5 Overview of the service delivery environment for 2004/05

The service delivery environment within which the Provincial Treasury operates, is one characterised by change and 2004/05 was no exception.

In spite of all the initiatives regarding the new fiscal arrangements launched since 1994, a great deal still remains to be done to improve per capita income levels, economic disparities, general fiscal management and a range of socioeconomic circumstances. These challenges remain and new initiatives require to be developed to effect significant improvements over the medium to long-term.

As key agents in resource allocation, ensuring efficacy of spending and general fiscal discipline, treasuries collectively and individually deal with significant challenges to improve the general welfare within their respective provinces. This challenge was also true for the Western Cape in 2004/05.

The Provincial Treasury also had to shift its focus from merely nominal compliance with financial legislation to normative and quantifiable service delivery aspects in line with National Treasury's new paradigm.

As expected these challenges placed more pressure on innovative measures that still have to be instituted between government, the private sector and other social partners and further developed in the coming years.

1.6 Overview of the organisational environment for 2004/05

The approved organisational structure that applied for the year under review catered for more comprehensive strategic goals and enabled the Provincial Treasury to better fulfil its Constitutional mandate to address the socioeconomic challenges of the Province in tandem with all other departments, municipalities and other stakeholders. Consistent with earlier National Treasury initiatives, the Provincial Treasury has also restructured in line with Constitutional mandates, which, apart from the strategic goals to be pursued should also improve synergy between the national and provincial spheres of government.

Therefore another challenge is to ensure that new staff appointed is of the right caliber and diversity in terms of skills being performed both at a higher level and broader base

within the new organisational structure and to attain the predetermined goals over the short to medium-term and exceed the set goals over the long-term.

The appointment of three revenue economists and one taxation economist in the Resource Acquisition Unit during the course of the 2004/05 financial year allowed this unit to better meet its objectives.

The revisiting of the bid into the study of the feasibility of the bed levy has, however, impacted on the Resource Acquisition Units' ability to expand the provincial tax base at this stage and will receive further attention during 2005/06.

1.7 Strategic overview and key policy developments for the 2004/05 financial year

Relevant policy developments are described under the following sub-headings:

Shift towards outcome based budget allocation

The Provincial Treasury has commenced with the assessment of provincial departments' measurable information to ensure alignment of their strategic objectives towards the desired outcomes of the Province, shifting the emphasis towards an outcome based budget allocation process.

Qualitative impact of provincial service delivery

In the past the qualitative impact of provincial service delivery on provincial socio-economic variables have not been assessed. However, during the year under review some analytical instruments were designed to assist with such assessments.

Further increase Province's own revenue sources

Concerted efforts were also embarked upon in pursuit of other sources of revenue to further increase the Province's own contribution to the resource envelope.

Extended asset management functions

The procurement and provisioning functions have been integrated and as part of the restructuring of the Provincial Treasury, a Supply Chain Management component was established for monitoring, setting standards and best practice policies with regard to procurement, physical asset management, public private partnerships and related issues. Physical Asset Management and Public Private Partnerships were new components within the Provincial Treasury environment and most work performed was of a developmental nature to establish a basis from which to develop policies, standards and practices to bring about the effective and efficient utilisation of provincial assets.

Shift to substantive compliance and enhancing corporate governance and risk management

In ensuring a progressive and sustainable achievement of substantive compliance with the PFMA, the newly created Financial Governance component focused on enhancing corporate governance and risk management with the assistance of outside consultants. In addition performance oriented financial management is at a starting point where inputs relating to norms and standards inputs are to be evaluated.

1.8 Departmental own receipts

This section deals with the Provincial Treasury's performance in terms of the collection of departmental receipts for the financial year under review. It will again be discussed on a per programme basis in paragraph 2. Table 2 below depicts the departmental own receipts collected by the Provincial Treasury for the period 2001/02 to 2004/05. The Provincial Treasury is the only provincial department to collect more own revenue than it requires in terms of departmental payments. This can be ascribed to the fact that functions are aligned to national policy instruments while its expenditure is comparable to smaller departments.

Table 2: Departmental own receipts collected for period 2001/02 – 2004/05

Receipts	2001/02 Actual	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Deviation from target	
	R'000	R'000	R'000	R'000	R'000	R'000	%
Tax receipts	110,425	132,424	145,644	108,970	173,621	64,651	159.3
Casino taxes	85,630	111,079	132,640	98,000	157,611	59,611	160.8
Horse racing taxes	24,795	21,345	13,004	10,970	16,010	5,040	145.9
Non-tax receipts	188,017	256,783	243,290	61,587	211,575	150,104	343.7
Interest	184,910	250,133	240,621	61,572	211,333	149,761	343.2
Other receipts	3,107	6,650	2,669	15	242	343	2 386.7
Financial transactions (Recovery of loans and advances)					116		
Total departmental receipts	298,442	389,207	388,934	170,558	385,312	214,754	225.9

In general, the substantial higher collection in own revenues resulted from the adoption of a very conservative approach in determining the revenue targets in the beginning of the period under review given future risks in national formula financing and fixed asset financing requirements. Only programmes 1, 3 and 5 collected own revenue which is discussed in more detail below:

Programme 1: Administration – Departmental own receipts registered against this programme, essentially insignificant, consist mainly of sales of miscellaneous goods such as scrap and waste paper and commission on insurance.

Programme 3: Resource Management – Own revenue collected by this programme relates mainly to casino and horseracing taxes. The substantial variance for which the actual amounts exceed the targeted amounts at the tax receipts can be ascribed to higher than anticipated gambling and betting activity, which might be caused by more disposable income being available to households due to lower interest rates. Included under the other receipts is an amount for fines and penalties, which due to its very nature was not budgeted for in the first place thereby adding to the substantial variance.

Programme 5: Asset Management – This programme is responsible for managing interest earned on investments. The over collection in interest revenue can be ascribed to effective management of investments according to an investment and nascent asset financing policies combined with a slower than expected expenditure pattern of provincial departments which resulted in more cash on hand for investment purposes.

1.9 Departmental payments

This section deals with Provincial Treasury's performance in terms of departmental payments for the financial year under review. Table 3 depicts departmental payments made by the Provincial Treasury and more specifically the variance between total voted funds and actual expenditure.

Table 3: Departmental payments

Programmes	Voted for 2004/05 R'000	Roll-overs and Adjust- ments R'000	Virement R'000	Total Voted R'000	Actual Expendi- ture R'000	Variance R'000
1. Administration	22,100		(8)	22,092	21,318	774
2. Financial Governance	27,342		(1,871)	25,471	24,835	636
3. Resource Management	6,946			6,946	6,005	941
4. Public Finance and Accounting	7,060		8	7,068	7,067	1
5. Asset Management	45,531		1,871	47,402	43,108	4,294
6. Contingency Provision	1			1		1
Total	108,980		0	108,980	102,333	6,647

Programme 1: Administration (96,5% actual expenditure)

The under spending (3,5%) on this programme can mainly be contributed to the late filling of vacant posts and for lower than expected resettlement costs. Other reasons were the lower than expected spending on consulting services, lower than expected uptake of bursaries and less overseas travel within the Office of the Minister.

Special efforts were undertaken late in the financial year to utilise the above under expenditures by improving the physical working environment for all officials within the Provincial Treasury. Additional plants and modifications to workstations were among the improvements that were made. Older desktop computers and computer screens were donated to schools and a charity organisation.

Programme 2: Financial Governance (97,5% actual expenditure)

The under spending (2,5%) on this programme was mainly due to lower than expected expenditure on consulting services and late filling of vacant posts. A measure that was adopted to improve service delivery and the management of expenditure was the appointment of senior staff and consultants that assisted to deliver services.

Programme 3: Resource Management (86,5% actual expenditure)

Under spending (13,5%) on this programme was attributed to less than expected expenditure on consulting services and the late filling of vacant posts.

Given limited historical experience, budgeting for the planned Resource Management outputs is not an easy task. Lessons of the previous year gave an initial indication as to consulting and personnel requirements – these are being taken into account in the revised financial management and budgeting of the sections and in the phased appointment of key personnel.

The Macroeconomic Analysis unit and the Resource Acquisition team have initiated monthly IYM programme budget reports which analyse monthly movements on expenditure component areas, such as personnel, consultancy, travel and accommodation. This will facilitate improved financial management control as well as budgeting going forward.

Programme 4: Public Finance and Accounting (100% actual expenditure)

There are no material variances to report on.

The Provincial Treasury in association with the Department of Local Government established the MFMA unit, which facilitated and contributed to the implementation of the MFMA within the province and municipalities.

In the effort to ensure compliance with the MFMA, considering the capacity constraints and high staff turn over, human resources across the various disciplines within the Provincial Treasury were pooled on an ad hoc basis thereby increasing output and achieving objectives in spite of sub optimal staffing strengths.

Programme 5: Asset Management (90,9% actual expenditure)

The under spending (9,1%) on Asset Management was mainly due to planned spending on computer equipment related to the LOGIS implementation that did not realise in time before the close of the financial year, the lowering in the tariffs charged for SITA mainframe time that was only communicated by the National Treasury after the Adjustments Estimates for 2004/05 was finalised, combined with the late filling of vacant posts.

Service delivery was, however, not negatively impacted upon and measures adopted to improve the efficiency and economy of spending involved the following:

- More effective planning and needs analysis prior to implementation of LOGIS ensured that spending was according to actual requirements.
- The initial budget was aligned to the anticipated new SITA tariffs applicable.

1.10 Transfer payments

During the year under review transfer payments were only made to the City of Cape Town in respect of the regional service council levies as well as to the relevant SETA (Sector Education and Training Authority) as indicated in Table 4 below:

Table 4: Transfer payments

Name of Institution	Amount Transferred R'000	Estimate Expenditure R'000
City of Cape Town	81	81
Sector Education and Training Authority	27	27

1.11 Conditional grants and earmarked funds

The Provincial Treasury did not receive any conditional grants or earmarked funds for the financial year under review.

1.12 Capital investment, maintenance and asset management plans

The investment in capital projects does not form part of the Provincial Treasury's core functions (strategic objectives) and no funds were appropriated for this purpose.

Maintenance

This section is not applicable to the Provincial Treasury as it does not have a property asset portfolio under its control for the period under review.

Asset Management

The additions in computer and related equipment as stated in Part 4, Annexure 6 could be justified as follows -

- Additional computer equipment was purchased for the LOGIS roll-out.
- Laptops for the Internal Auditors and senior management staff were upgraded.
- Additional computer equipment was purchased for new appointees.
- As a means to alleviate radiation and to ensure more working space at workstations, flat screens were purchased and issued to the majority of staff.
- Obsolete items such as printers were replaced and the need for colour printers was also addressed.

The loss of four (4) laptops was registered and written off by the Provincial Treasury. This is indicated in Part 4, disclosure note 5.2. The disposal of assets as reflected in Annexure 6 of Part 4 was mainly due to the correction of the asset register as a result of incorrect asset descriptions.

The asset register is automatically updated when new assets are acquired or when redundant assets are disposed of. An annual stock take has been completed but will only be reconciled during 2005/06.

Roundabout 90% of the Department's assets are in a good state, while the remaining ± 10% is in a fair condition.

No maintenance projects have been undertaken during the financial year under review and no projects are being carried forward from the financial year under review to the following financial year.

No facility was closed down or downgraded during the period under review for whatever reason.

Where needs arise to go the route of bidding for projects, the Supply Chain Management process outlined in this Department's Accounting Officer's System acts as a guideline.

2. Programme performance in detail

This section will deal with the respective programme's performances in more detail. It will be placed in perspective by focussing on the respective purposes or aims, measurable objectives, service delivery objectives and indicators and service delivery achievements of the different programmes/ sub-programmes.

2.1 Programme 1: Administration

Aim: To achieve service excellence in the provisioning and maintenance of office support to the Minister and of sound financial administration, supply chain management and human resource management and administration.

Sub-programme 1.1	:	Office of the Provincial Minister
Purpose	:	To render secretarial, administrative and office support services and acts as linkage with the Treasury, the department of Economic development and tourism, and the Provincial Parliament enabling the minister to realise both his direct treasury and economic development responsibilities.
Measurable Objective	:	Smooth and effective functioning of the Minister's office.
Service delivery achievements	:	No service delivery achievements of note can be registered.
Reasons for achieving targets	:	A coordinated approach to work specifics was followed.
Reasons for not achieving targets	:	Targets were achieved.
The attainment of targets contributed in the following manner towards achieving the Provincial Treasury's outcomes	:	This sub-programme performs staff functions and it does not directly contribute towards achieving the Provincial Treasury's outcomes.

Programme 1: Administration			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 1.1: Office of the Provincial Minister			
Delivering administrative, communication and other support services to the standards set by the minister.	100 % satisfaction by the Minister. Good integration with departmental function.	80%	The target was achieved.
	Five-day turnaround time on documents submitted to the minister.	Five days	Five days

Sub-programme 1.2	:	Financial Management and Specialised Support Services
Purpose	:	To deliver financial management and specialised auxiliary services for the Treasury
Measurable Objective	:	Efficient and effective planning and budget management. Ensuring proper financial accounting and risk management. Supply chain management in line with treasury criteria. Providing specialised auxiliary services.

Sub-programme 1.2	: Financial Management and Specialised Support Services
Service delivery achievements	<p>The compilation of a comprehensive five-year strategic plan as well as an operational plan was completed successfully with improved controls over the IYM process.</p> <p>Improvements within financial accounting, improved controls over timely payments and the reduction of debtors have been attained.</p> <p>The SCM unit has become fully operational with a well-established Bid Committee (DBC) and departmental IT Committee (DITCOM). However, significant improvement to the registry and document control functions are in the process of change and a consultant has been appointed to successfully implement these functions.</p>
Reasons for achieving targets	: Basically all targets as set out in the performance agreement of the CFO have been attained and concerted efforts were made with appointments to attain representivity.
Reasons for not achieving targets	: Sufficient candidates to fill the post of assistant director auxiliary services were not obtained; the library was not fully functional at the end of the reporting period and several interviews were conducted to obtain staff with the necessary skills to fill the two posts. Controls over LOGIS reports, physical asset controls and expenditure payments left room for improvement.
The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner	: Service delivery to all components within the Treasury has improved with better IYM information and support to all the programmes with the compilation of their budgets and strategic plans. On the payments side improvement has been made in the provision of goods and services and several bids were approved or amended to ensure that the Provincial Treasury attain its goals with communication, risk assessments and socioeconomic research projects.

Programme 1: Administration			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 1.2: Financial Management and Specialised Support Services			
Resource allocation management and generation in line with Treasury’s strategic goals.	Ensure no greater than 2% variance between actual and approved budget.	Maintain the performance set in the base year.	A variance of 6.1% of the approved budget was reached at the end of the financial year.
	Effective application of resources in realising strategic goals.		Expenditure within all the main divisions was spent in line with the budget. At the end of the financial year under spending within the vote was used to improve the physical working environment of officials within the Treasury.
	Attainment of all prescribed due dates.		All due dates were not achieved and accommodation needs, security needs and better controls over payments were not always on time.
Financial management on par or in excess of Treasury’s normative standards.	Unqualified Auditor-general report plus certification by relevant audit committee that effective risk management exists.	Effective risk management and internal control.	The PT is currently in the process of implementing risk management. The assessment of internal control was done by performing inspections on 7 key areas within Provincial Treasury.
No cases of fraud. Losses within acceptable norms.	No fraud or losses.	Maintain the performance set in 2002/03.	During 2004/05, the loss of a laptop, laptop bag, portable printer and external CD writer occurred.
Full compliance to PFMA implementation requirements.	% compliance.	100% compliance.	95% compliance was achieved.
Submission of annual financial statements and other in-year monitoring reports in line with quality and due date requirements.	% compliance.	100% compliance.	100% compliance was achieved.

Programme 1: Administration			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 1.2: Financial Management and Specialised Support Services			
Value for money procurement, stock and inventory management maximising returns on physical assets.	Full compliance to efficiency and policy criteria developed by the Treasury.	80% attainment of Treasury's policy goals.	80% was attained.
	Submission of all assessments on due dates.		80% was attained.
Accessible library service and document management services.	Fully functional library and document management services.	70% library services.	70% was attained.
		80% document management services.	50% was attained.

Sub-programme 1.3 : Human Resource Management	
Purpose	: To organise the Treasury's human resource management, special programmes, development and training and sectoral education and training contribution to the Sectoral Education and Training Authority (SETA). To provide financial assistance for educational development.
Measurable Objective	: Excellence in personnel and performance management services. Ensuring cordial labour relations. Facilitating appropriate human resource development. Ensuring organisational transformation.
Service delivery achievements	: A SPMS policy document was developed for all levels of staff within the Department and implemented with effect from November 2004. A unit was established to manage the HR-related policies by keeping them updated and available for daily reference. In terms of the service conditions, the leave gratuity of all staff was audited and updated. Job descriptions for both SMS and other staff were compiled by SMS members and presented for job evaluation.

Sub-programme 1.3 :		Human Resource Management
Reasons for achieving targets	:	A pre-determined strategy involving all staff was implemented, such as changing the organisational and functional structure to ensure better supervision and flow of work and by allocating specific responsibilities to all staff. Achievements were rewarded through the system of SPMS.
Reasons for not achieving targets	:	<p>There is no retention and scarce skills policies in place.</p> <p>Finding it difficult to compete with the private sector for obtaining economically/financially skilled labour.</p> <p>Officials in HRM component were too involved in interview processes and could not always meet due dates.</p> <p>Improved controls over state guarantees of employees were not on standard.</p>
The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner	:	The Human Resource Management Component in its role as a key staff function, contributed positively towards the Provincial Treasury in meeting its goals in general.

Programme 1: Administration			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 1.3: Human Resource Management			
Appropriately recruited, placed and assessed personnel enabling full functioning of the Treasury.	Vacancy rate less than 8%.	20% vacancy rate.	A 22% vacancy rate (MFMA posts excluded) was achieved over the past financial year but was negatively affected by resignations and transfers out of the Provincial Treasury. No staff retainment policy is in place yet.
	Performing personnel corps.	80% performance rate.	A performance rate of 70% was achieved. This will improve with the filling of all vacancies during the course of the year.
	Meeting of all due dates and timely corrective measures.	100%	80% of target was achieved.
Good discipline and well-informed staff and organised labour.	No labour disputes.	No disputes.	Three disputes were managed with the following results: <ul style="list-style-type: none">• One dispute resolved in favour of the Provincial Treasury.• Two disputes resolved by mutual agreements with both parties.
	Rapid settling of grievances, misconduct and malperformance.	95% settling of misconducts, malperformance and grievances within prescribed timeframes.	One case of misconduct concerning leave, was instituted with a final written warning valid for six months, being the conclusion thereof.
	Minimum cases of grievances and misconduct and malperformance.	Nil grievances.	Three grievances were lodged by members of staff. These were resolved internally to the satisfaction of all parties concerned. Nil malperformance.

Programme 1: Administration			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 1.3: Human Resource Management			
Competent human resource base.	Skilling (soft skills and formal training) in line with the goals and timeframes established via in the individual development plan process.	95% attainment.	85 % attained (Total number of interventions 139 ÷ Total No of employees 167 x 100 = 85%) 18 Bursaries 12 FASSET Learnerships 4 Abet learners 105 Training Interventions
Meeting of all due dates and timely corrective measures.	% compliance	100% compliance.	80% compliance.
A workforce and organisational structure capable of dealing with Treasury’s challenges.	Diversity profile in line with the provincial population composition.	85% attainment.	Current filling of vacancies focused on achieving a diversified workforce. Percentage representivity from target (given 100% as target): African Male 26% African Female 73% Coloured Male 47% Coloured Female 49% Indian Male 212% Indian Female 106% White Male 148% White Female 148%.
	Appropriate grading and structure to meet operational challenges.	100% attainment.	90% attainment.
	Institution of appropriate human rights programmes.	90% attainment.	The target for gender equality in employment was fully (100%) achieved. HIV & Aids work-place programme was 80% completed.

2.2 Programme 2: Financial Governance

Aim: To enhance performance orientated financial management.

Subprogramme 2.1	:	Normative Financial Management and Communication
Purpose	:	<p>To ensure that norms and standards within the legislative framework are developed, implemented and complied within provincial departments.</p> <p>To develop, consolidate and maintain effective internal and external communication.</p>
Measurable Objective	:	<p>Determination and implementation of financial management norms and standards to facilitate excellence in service delivery.</p> <p>Ensuring the existence of an appropriate and dynamic financial legislative framework.</p> <p>Effective internal and external communication system.</p>
Service delivery achievements	:	<p>Compiled and drove the programme for the 2003/04 annual reporting process.</p> <p>Progressive steps were taken to improve oversight by the executive and the Provincial Parliament through submissions and presentations on the content and outcome of annual reports.</p> <p>Improved analysis and assessment of normative measures questionnaires and made recommendations to heads of components in the Provincial Treasury, Accounting Officers and Accounting Authorities to address shortcomings.</p> <p>Analysis and follow-up of previous audit outcomes to prevent recurrence of reported deficiencies.</p> <p>Coordinated provincial departments' and Treasury responses, inclusive of own inputs, on PFMA, NTRs and other draft legislation.</p> <p>Assessed cabinet submissions with financial normative implications and provided comments.</p> <p>Rendered advice/comments on the interpretation of current financial legislation to departments, public entities and municipalities.</p> <p>Performed an in-depth governance and financial management analysis of CASIDRA.</p> <p>Actively participated in the establishment of new public entities.</p> <p>Actively participated with drafting and implementation of the MFMA such as the development of a delegation framework for senior officials and political office bearers, monitoring of implementation requirements and provided interpretive guidance on MFMA enquiries.</p>

Subprogramme 2.1	:	Normative Financial Management and Communication
Reasons for achieving targets	:	Although the implementation of the PFMA has progressed from mere nominal compliance to demonstrable substantive improvement in financial management, further resource investment for the next three years will be required to elevate compliance to desired levels.
Reasons for not achieving targets	:	The communication and information unit is a new initiative and establishment within the Provincial Treasury. Concerted efforts were made to develop the required communication tools and address the communication strategy, however the capacity constraints however resulted in the communication and information management initiative not being addressed. Long term and short term strategies are still to be determined to address this challenge.
The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner	:	Being a government ruled by law, it is common cause that all financial management actions taken by the Provincial Treasury and the relevant Accounting Officers will have to relate back to a legislative or prescriptive provision. Normative Financial Management and Information Management ensured that norms and standards within the legislative framework were developed.

Programme 2: Financial Governance			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 2.1: Normative Financial Management and Communication			
Assessment of financial management systems and practices and tailoring current practices to achieve fiscal policy objectives. Assessment of nominal and substantive compliance and initiation of remedial steps.	% nominal and substantive compliance by accounting officers with predetermined norms and standards.	100% nominal and 50% substantive compliance with the implementation of the PFMA.	100% nominal compliance and 30% substantive compliance were achieved.
Meeting of all prescribed due dates and timely corrective measures.	% compliance.	100% compliance.	85% was achieved.
Issuing and monitoring of Provincial Treasury Instructions, other financial legislation and prescripts that are aligned with best financial management practice.	Number of unauthorised departures from financial prescripts.	Nil unauthorised departures from financial prescripts.	85% was achieved.
Effective participation in financial or finance related legislative processes, both national and provincial.	Number of pieces of legislation participated in.	6 Acts.	19 Acts.
Database of financial	Financial legislative	Database updated.	85% was achieved.

Programme 2: Financial Governance			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 2.1: Normative Financial Management and Communication			
legislation, regulations and associated instructions, directives and delegations.	database.		
Website developed that is informative and instructive of the Provincial Treasury’s activities.	% content loaded on site.	100% of content uploaded to website.	10% of content was uploaded to website due to the position not yet filled.
Internal communiqués that offer timely and appropriate information to all employees in the Provincial Treasury.	% informed Provincial Treasury personnel.	80% including issuing of monthly newsletter.	90% of internal communiqués achieved. Targets not achieved due to the communication officer post being vacant.
Communication framework supplementary to the website directed to all the external clients of the Provincial Treasury.	% informed clients.	70%	50% was achieved. It is estimated that the external communication has reached 580 650 households throughout the province (budget exercise).

Sub-programme 2.2 : Internal Audit

Purpose	: To render an independent, objective assurance and consulting activity that adds value and contributes to the achievement and accomplishment of departmental strategic goals and objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
Measurable Objective	: Effective internal audit service within all provincial departments, inclusive of the Provincial Parliament. Five effective audit committees: Education, Health, Social Services and Poverty Alleviation, Transport and Public Works and one shared for the remaining departments. Performance of inherent risk assessments for all departments. The promotion of the implementation of effective risk management and governance systems within all departments.
Service delivery achievements	An out-sourced/co-sourced tender for an all-inclusive risk assessment and internal audit was invited and awarded to a consortium consisting of seven audit firms of which five are fully Historically Disadvantaged Individuals (HDIs). In accordance with a three-year strategic plan that commenced on 20 February 2004, full roll-out of internal audit services to all provincial departments and Provincial Parliament will only be achievable in 2006.

Sub-programme 2.2	:	Internal Audit
Service delivery achievements (<i>Contd.</i>)		<p>Inherent Risk assessments were completed for all provincial departments including Provincial Parliament.</p> <p>Inherent Risk Assessment reports were discussed and signed off by all Accounting Officers.</p> <p>Results of Risk Assessments presented and discussed with relevant Audit Committees.</p> <p>The Provincial Government Western Cape Consolidated Risk Profile was documented.</p> <p>The risk management framework was completed as well as tools and techniques in respect of event identification, inherent risk assessment, including process and control mapping.</p> <p>The Internal Audit Methodology was documented.</p> <p>The three year strategic and one-year operational internal audit plans were compiled for the Departments of Health, Education and Social Services and Poverty Alleviation and presented to the relevant audit committees for approval.</p> <p>Internal Audits were conducted in the departments of Health, Education and Social Services and Poverty Alleviation in line with the audit plan approved by the audit committees.</p> <p>The Audit Committee Terms of Reference was finalized and approved by Cabinet and adopted by the relevant audit committees.</p> <p>Audit committees conducted regular meetings as required by legislation and the Audit Committee Terms of Reference.</p> <p>The Audit Committees issued audit committee reports for all provincial departments inclusive of Provincial Parliament for inclusion in the 2003/04 annual report.</p>
Reasons for achieving targets	:	<p>The existing Internal Audit unit of ten staff members was inadequate to provide an effective internal audit service within the Province. Co-Sourcing with the Sihluma Sonke Consortium has provided the necessary human resource capacity and skill required to conduct the inherent risk assessments for the Province and commence the roll-out of the internal audit service to the Departments of Health, Education and Social Services and Poverty Alleviation.</p>

Sub-programme 2.2	:	Internal Audit
Reasons for not achieving targets	:	In accordance with the three year strategic plan, full roll-out of Internal Audit services to all provincial departments and Provincial Parliament, will only be achieved in 2006. The posts on the structure in respect of risk management implementation were not able to be filled within the financial year, leaving the unit with 25% capacity to fulfill its functions.
The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner	:	The foundation has been laid for Internal Audit to contribute to the Provincial Treasury's efforts to be a change agent within the Province. This will be achieved by forming business partnerships with line management, fostering a process of improvement and facilitating change within provincial departments.

Programme 2: Financial Governance			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 2.2: Internal Audit			
The rendering of co-sourced internal audit services.	Effectiveness opinion by the relevant accounting officer and the Audit Committee(s).	Internal audit service to the departments of Health, Social Services and Poverty Alleviation and Education.	Three year strategic and one year operational internal audit plans were compiled for the departments of Health, Education and Social Services and Poverty Alleviation. Subsequent to audit committee approval the operational internal audit plans were executed in these departments.
Fully functional audit committees.	% effectiveness performance evaluation by accounting officers.	80% effectiveness rating plus Audit Committee for the department of Transport and public works.	Target was not achieved. The accounting officers assessment of the audit committees was not conducted as the audit committees were not able to execute their function fully due to the lack of Internal Audit work conducted in the departments.

Programme 2: Financial Governance			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 2.2: Internal Audit			
Fully functional audit committees. <i>(Contd.)</i>	% effectiveness performance evaluation by accounting officers. <i>(Contd.)</i>	80% effectiveness rating plus Audit Committee for the department of Transport and public works. <i>(Contd.)</i>	The audit committee for Transport and Public Works was not established as the latest thinking at National Government level is that provincial governments should have a single audit committee to ensure consistent and overarching oversight. A final decision on the future of audit committees in the Province will only be concluded once the appropriate organisational fit of the Internal Audit function has been concluded.
Annual and rolling three year strategic audit plans.	Number of audit plans accepted by the relevant accounting officer and Audit Committee, per vote.	3 votes.	Three year strategic and one year operational internal audit plans were compiled for the departments of Health, Education and Social Services and Poverty Alleviation. Subsequent to audit committee approval the operational internal audit plan was executed in these departments.
Implemented risk management systems within all departments.	Number of risk management units established per vote.	5 votes.	Target was not achieved. The Organisational Development exercise was in progress during the 2004/05 year.

2.3 Programme 3: Resource Management

Aim: To ensure the effective management of the Province's fiscal resources.

Sub-programme 3.1	:	Budget Office
Purpose	:	<p>To promote effective financial resource allocation.</p> <p>To manage the annual fiscal policy process, i.e. consolidate, prepare and compile the annual Western Cape medium-term budget policy statement (WC-MTBPS 2005/08) and provide advice, drive the MTEF and annual budget process and determine annual budget allocations per function including resource shifts between spheres of government and departments.</p> <p>To ensure integration and synergy of budget priorities between departments and governments, assess and ensure effective expenditure including the costing of new policy proposals and determining its relative priority.</p> <p>To introduce measures to close the gaps between macroeconomic variables and policy priorities, budget trends, spending trends, strategies, development plans and service delivery indicators.</p>
Measurable Objective	:	<p>Compile annual medium-term budget policy objectives targeted to reduce socioeconomic disparities, achieve synergy, improve financial management of resources and promote integrated governance.</p> <p>Proposing of allocations per function to ensure realisation of policy priorities.</p>
Service delivery achievements	:	<p>The Budget Management Office produced the Western Cape Medium Term Budget Policy Framework for 2005 – 2008. The document was then tabled in the Western Cape Provincial Parliament in November 2004 and was later debated by the relevant Budget Committee. In driving the eight <i>iKapa elihlumayo</i> lead strategies the unit played a key role in ensuring greater alignment between departmental strategic plans and operational plans with budgets. The Budget Office also drove the Medium Term Expenditure Committee (MTEC) meetings. It was also responsible for the writing of Budget Statement 1 which was tabled with the 2005/06 Budget in the Provincial Legislature in March 2005. The 2004/05 Service Delivery Review was also produced and presented to the Provincial Parliament.</p>

Sub-programme 3.1	:	Budget Office
Reasons for achieving targets	:	Vacant posts were filled with the appointment of a strong team of economists with appropriate level of skills and expertise. However, their knowledge base in government will be broadened over the next two to three years.
Reasons for not achieving targets	:	Not applicable.
The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner	:	Allocations were aligned with the WC-MTBPS 2005 – 2008 thereby ensuring that the proposed spending priorities and goals to be achieved and the optimum mix are realised.

Programme 3: Resource Management			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 3.1: Budget Office			
Costed policy proposals and integration of a variety of financial, economic and other considerations operative across all three spheres of government into a proposed consolidated priority framework resource allocation programme for the Province.	Submission of provincial Medium-Term Budget Policy Statement to the Executive and Provincial Parliament.	WC-MTBPS 2005 – 2008.	Target was achieved. The Service Delivery Review was also produced.
100% compliance.	Meeting of all due dates and timely corrective measures.	100% compliance.	100% compliance was achieved.
Drives and ensures successful realisation of the budget allocation process.	Acceptance of allocations by the Executive and Provincial Parliament.	Outcome based allocations (30% phased in).	Allocations in line with <i>iKapa elihlumayo</i> strategy were accepted by the Executive and Provincial Parliament during December 2004 pre-final allocations and February 2005 final allocations.
Proposed spending priorities, goals to be achieved and optimum mix to be realised.	Realisation of policy goals.	Allocations aligned with the WC-MTBPS 2005 – 2008.	The 2005/06 budget was tabled on 8 March 2005.
Meeting of all due dates and timely corrective measures.	% compliance.	100% compliance.	100% compliance was achieved.

Sub-programme 3.2	:	Macroeconomic Analysis
Purpose	:	<p>To conduct macroeconomic analysis and render policy advice, i.e. to determine and analyse key economic variables, their interrelation and relevance to the budget, the potential for growth and development and the interaction with governmental and revenue patterns, alternative budgeting and other revenue and expenditure scenarios on selected key economic growth and development indicators.</p> <p>To assess the impact of previous fiscal policy objectives on selected economic variables and the development of institutional co-ordination and sector integration.</p>
Measurable Objective	:	<p>Determine the potential and constraints for economic growth and development, and their interaction with current government spending and revenue patterns.</p> <p>Determine alternative budget, expenditure and revenue impact scenarios on selected economic growth and development indicators.</p>
Service delivery achievements	:	Timeous and robust 2005 Provincial Economic Review & Outlook (PERO) was published.
Reasons for achieving targets	:	External technical expertise was contracted in where internal expertise was lacking.
Reasons for not achieving targets	:	The senior manager and remainder of team were not appointed.
The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner	:	The 2005 PERO provided a robust socioeconomic analysis that contextualises the environment in which the lead strategies are compiled, thereby informing the 2005 Budget.

Programme 3: Resource Management

Programme of Resource Management			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 3.2: Macroeconomic Analysis			
Production of PERO (previously Socioeconomic Review (SER)) and contribution to the WC-MTBPS.	Full economic impact assessment of intended or past revenue initiatives and expenditures. Meeting of all due dates and timely corrective measures.	Maintenance and refinement of PERO (previously SER) and WC-MTBPS.	Chapter 1 contributed to the 2004 MTBPS. The 2005 Provincial Economic Review & Outlook (PERO) was published on budget day.

Programme 3: Resource Management			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 3.2: Macroeconomic Analysis			
Preparation of input into budget process, Adjustment Estimate process and selected impact assessments.	Timeous and robust input information into budget process, Adjustment Estimate process and selected impact assessments.	Refinement of input into budget process and Adjustment Estimate process as well as impact assessments on request.	Socioeconomic analytical inputs into the budget process was timeously made.
Sub-programme 3.3 : Resource Acquisition			
Purpose	:	To enable the Provincial Government to finance its service delivery obligations, determine the overall financing envelope for the MTEF including administering the medium term revenue planning process, assessing and optimising national revenue, ensure effective and efficient development of provincial revenue including the assessment of revenue trends and the compilation and submission of revenue reports. To ensure effective and efficient management of debtors, loans guarantees and other financial commitments. To advise the responsible minister on gambling and racing related matters and provide and administer the required financial support functions inclusive of management of transfer payments to the Western Cape Gambling and Racing Board.	
Measurable Objective	:	Optimise division of national revenues. Ensuring efficient and effective development of provincial revenue base.	
Service delivery achievements	:	Active participation in the review of the equitable share formula. Initiation of own revenue and debtors analysis. Acceptance of fuel levy proposal by the Western Cape cabinet.	
Reasons for achieving targets	:	The appointment of three (3) revenue economists and one (1) taxation economist was made in the component. Effective liaison between the Resource Acquisition Unit and Departments occurred.	
Reasons for not achieving targets	:	The senior manager to the unit was not appointed. Targets set were unrealistic and at times were affected by factors over which the unit did not have control.	

Sub-programme 3.3 : Resource Acquisition

The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner : A thorough understanding of revenue sources allowed the unit to manage, optimise and expand revenue thereby ensuring that the Treasury was able to meet expenditure obligations.

Programme 3: Resource Management

Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 3.3: Resource Acquisition			
Equitable share portion in line with constitutionally assigned obligations, real cost pressures and socioeconomic disparities.	Annual growth of at least 1% above CPI-X inflation.	Revenue that meets expenditure obligations.	Equitable share revenue increased by 11.1%.
Conditional grants that are appropriate to the maintenance and safe-guarding of national policy objectives.	Optimum division between equitable share and conditional grants given national and provincial policy objectives.	Implement in line with assessment.	Conditional grants allocated to ensure attainment of National Policy objectives contributed towards 13.8% of provincial revenue.
Systematic increase in current own revenue not inconsistent with economic policy.	Annual real growth in excess of 5%.	Real growth in excess of 5%.	Own revenue increased at a real growth rate of 5.3%.
Development of loan financing, fuel and bed levies.	% development	% development of loan financing, fuel and bed levies.	Fuel levy accepted by Western Cape Cabinet. The process for studies into the feasibility of bed levy was initiated. Bid is in the process of being revisited.
Systematic reduction of debtors book.	Collection of outstanding debts.	60% reduction in debtors book.	Target was not achieved. A position paper on outstanding debt and identification of previously unreported debt was completed.
Meeting of all due dates and timely corrective measures.	% compliance.	100% compliance.	All due dates were met and timely corrective measures were taken.

Sub-programme 3.4	:	Western Cape Gambling and Racing Board (WCGRB)
Purpose	:	To make funds available to the public entity in terms of the legal provisions governing the financial relations between the province and the Board To meet statutory and financial obligations To effectively and efficiently collect gambling and racing revenue due to the Provincial Revenue Fund (PRF)
Measurable Objective	:	Protected gambling and betting resource base.
Service delivery achievements	:	Efficient and effective running of the WCGRB. Advertisement placed for the filling of vacant Western Cape Gambling and Racing Board positions. Compliance with PFMA requirements.
Reasons for achieving targets	:	Dedicated taxation economist at Provincial Treasury to attend to needs of WCGRB. Effective liaison between WCGRB, Provincial Treasury and Standing Committee on Finance.
Reasons for not achieving targets	:	Appointment of a member to the Gambling and Racing Board in contravention of the statutory requirements. Exogenous reasons eg. Municipal by-laws can be restrictive, vacant posts etc.
The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner	:	A thorough understanding of this revenue source allows the unit to manage, optimize and expand revenue thereby ensuring that the Treasury is able to meet expenditure obligations. Inter-alia this includes filling of posts, effective collection of taxes, timeous transfer of revenue to the PRF, effective and efficient relationship between the WCGRB and the Provincial Treasury.

Programme 3: Resource Management

Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 3.4: Western Cape Gambling and Racing Board			
Efficient tax and revenue administration with a high level of gambling industry compliance.	Full receipt of estimated gambling and betting revenue.	5% real growth in gambling and betting revenue. Receipt of all revenue due to PRF.	Real growth in gambling and betting revenue was 14%. Receipt of all revenue due to PRF. Compliance by all licence holders and the elimination of illegal gambling devices.

Programme 3: Resource Management			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 3.4: Western Cape Gambling and Racing Board			
Adequately resourced controlling body for gambling and betting.	Transfers payments in line with cash flow and budget projections.	Transfer payments in line with projections.	Second year in succession of zero transfer payments as the Western Cape Gambling and Racing Board has become self sufficient.
Meeting of all due dates and timely corrective measures.	% compliance.	100% compliance.	All due dates met and timely corrective measures taken.

2.4 Programme 4: Public Finance and Accounting

Aim: To ensure efficient budget management, delivery of any assigned responsibilities in terms of the Local Government: Municipal Finance Management Act, 2003 as well as accounting and reporting fully reflecting the financial position of the Province.

Sub-programme 4.1	:	Provincial Government Finance
Purpose	:	<p>To technically manage the budget, inclusive of budget formulation, formats, programme structure, processes and preparation for tabling.</p> <p>To administer the budget process, inclusive of trend analysis and interpretation, monitoring reporting and intervention, exercising of fiscal discipline, risk analysis and ensuring technical efficiency of resource use.</p>
Measurable Objective	:	<p>Compilation of annual and adjustment budget estimates in line with determined policy goals.</p> <p>Implementation, assessment and enforcement of approved budgets.</p>
Service delivery achievements	:	<p>Detail on transfers to municipalities was included as an appendix of the 2005 Budget Statement 2. In addition to the provincial financial year, detail of these transfers has also been provided by municipal financial year. This information was previously gazetted in a separate Provincial Gazette before or on 30 April of each year.</p> <p>The adjustments estimate formats were amended to be in line with the formats as provided by National Treasury.</p>

Sub-programme 4.1	:	Provincial Government Finance
Service delivery achievements (<i>Contd.</i>)		<p>Monitoring, reporting and expenditure trend analysis at vote or lower level as deemed appropriate.</p> <p>A new In-year monitoring (IYM) model was received from National Treasury and the IYM submitted to National Treasury on 22 May 04 was done in terms of this model. An updated version was implemented in the IYM submitted on 22 July 2004.</p> <p>Three quarterly expenditure reports, as well as a provincial outcome report were submitted to the Cabinet and standing committees during the year. A report on projected underspending was submitted to Cabinet in February 2005.</p>
Reasons for achieving targets	:	The targets were achieved due to dedication and commitment of all staff.
Reasons for not achieving targets	:	<p>Of the fourteen votes only Health overspent marginally (0,05%) on the vote as a whole. Seven votes underspent with more than 2% of which only three were more than 10%. The underspending is mainly due to conditional grant business plans that were not approved on time to enable delivery and difficulty in obtaining community buy-in for projects affecting them.</p> <p>At one stage it was considered to only take extracts of the expenditure reviews up in the Service Delivery Review and not to publish the Expenditure Review separately. However, later it was deemed fit to publish the Expenditure Review in full as well the Service Delivery Review. The Expenditure Review was published on the intranet on 22 December 2004.</p>
The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner	:	It contributed towards achieving the Provincial Treasury's outcomes by ensuring efficient budget management.

Programme 4: Public Finance and Accounting			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 4.1: Provincial Government Finance			
Budget reform and resource allocations within votes in support of policy objectives and expenditure reviews.	Actual expenditure in support of overall policy goals and attainment of efficiency in expenditure.	80%	Overall targeted spending per policy area target was mainly achieved, with further work still to be done in assessing spending efficiency.
Application of appropriate fiscal controls.	Number of interventions to ensure fiscal discipline.	> 36 contacts.	Budget analysts met, had telephonic or e-mail contact with officials from the departments for which they were responsible on a regular basis. Not all these contacts have been officially recorded. Higher level meetings also took place as and when required. A trawling for money exercise was successfully embarked on as part of the adjustments estimate process. Bilaterals, two per annum, were held with each department at accounting officer level. In total the target of 36 contacts/interactions were exceeded.
	Number of interventions to ensure under expenditure of 2% or less.	> 44 contacts.	Budget analysts met or had telephonic or e-mail contact with officials from the votes for which they were responsible on a regular basis. Not all these contacts have been officially recorded. Higher level meetings also took place as and when required.

Programme 4: Public Finance and Accounting			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 4.1: Provincial Government Finance			
Application of appropriate fiscal controls.	Number of interventions to ensure under expenditure of 2% or less.	> 44 contacts.	Bilaterals, two per annum, were held with all departments at accounting officer level. In total the target of 44 meetings was exceeded.
Monitoring, reporting and expenditure trend analysis at vote or lower level as deemed appropriate.	% compliance with a 18 day turn around time for Provincial Treasury’s interpretive narrative responses on departmental IYM reports.	85% compliance and 18 day turnaround time.	100% was achieved. From September 2004 onward only quarterly narrative reports were distributed to departments as departments requested a streamlining of the process.
Expenditure review.	Produce Expenditure Review within deadline.	Publish November.	Available on intranet since 22 December 2004 as a Working Paper.
Meeting of all statutory due dates and timely corrective measures.	% compliance	100%	The target was achieved.
Sub-programme 4.2 : Local Government Finance			
Purpose	:	To fulfill the Provincial Treasury responsibilities in terms of the Local government: Municipal Finance Management Act, 2003 (the Act). To promote the object of the Act within the framework of cooperative government. To assist the National Treasury in enforcing compliance with the measures established in terms of section 216(1) of the Constitution of the Republic of South Africa, 1996 including those of the Act. To monitor and assist with the preparation of municipal budgets and the monthly outcome thereof. To monitor compliance with the Act, the submissions of prescribed reports by municipalities and take appropriate steps in the case of a breach of the Act.	

Sub-programme 4.2	:	Local Government Finance
Purpose (<i>Contd.</i>)		To perform any powers and duties delegated by the National Treasury to the Provincial Treasury.
Measurable Objective	:	<p>Alignment between municipal integrated development plans and service delivery and provincial budgeting processes and service delivery.</p> <p>Establishment of managerial and coordinating intergovernmental structures related to financial matters.</p> <p>Fulfilment of the Provincial Treasury responsibilities of the Local Government: Municipal Finance Management Act, 2003.</p>
Service delivery achievements	:	<p>Providing a platform for the interaction between provincial and local government finance office bearers, the establishment of a Municipal Chief Financial Officer's forum, including the terms of reference, has been consulted with municipalities and agreed to.</p> <p>A fully functioning MFMA Implementation Unit, which is a sub committee of the provincial CFO Forum, incorporates all the disciplines within the Provincial Treasury, aimed at coordinating and communicating MFMA related issues.</p> <p>Extensive interaction with the Department of Local Government taking into consideration the interrelation between their roles and responsibilities in terms of the MFMA and that of the Provincial Treasury's, in respect of the future planning and coordination of the MFMA process.</p> <p>The official launch of the MFMA in the Province.</p> <p>Conducted province wide workshops with municipalities on the implementation of the MFMA.</p> <p>Supported and assisted National Treasury to get municipalities to conform to new prescribed processes and formats in pursuance of the implementation of the MFMA.</p> <p>Assisted municipalities and provided guidance on the implementation of the MFMA.</p> <p>An approved MFMA staff establishment to provide for the new treasury roles and responsibilities.</p> <p>A dedicated MFMA email address.</p>

Sub-programme 4.2	:	Local Government Finance
Reasons for achieving targets	:	<p>Achieving some of the targets were made possible through commitment, perseverance and multi tasking ability demonstrated by the staff within the unit and the further dedicated assistance by other components and directorates within the Provincial Treasury.</p> <p>Further success can be attributed to the cooperation received from municipalities and the Department of Local Government and Housing.</p>
Reasons for not achieving targets	:	<p>The delay of the roles and responsibilities of provincial treasuries in terms of the MFMA until 1 July 2005.</p> <p>Capacity constraints within the component as well as the high personnel turnover coupled with bottlenecks, uncertainties and challenges associated with the introduction of new financial management reforms required by the MFMA.</p> <p>Delays in appointment of suitable staff.</p>
The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner	:	<p>Its contribution towards achieving the Provincial Treasury's outcomes was limited due to the above-mentioned constraints.</p>

Programme 4: Public Finance and Accounting			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 4.2: Local Government Finance			
An integrated financial and service delivery framework between the Province and municipalities.	% functioning financial framework.	70%	50% was achieved.
Functional Provincial Municipal Budgeting Forum and its technical forum.	% development to establish a fully functional structure.	50% functional.	35% was achieved.
Assessment of compliance.	% nominal and substantive compliance by provincial departments.	20% nominal compliance.	20% nominal compliance was achieved.
Meeting of all statutory due dates.	% compliance.	100% compliance.	100% compliance was achieved.
Establishment of a fully functioning organisational structure in the Provincial Treasury.	% development.	50% functional.	50% functionality was achieved.

Sub-programme 4.3	:	Financial Accounting and Reporting
Purpose	:	<p>To ensure financial transaction processing and reporting that fully reflects the financial position of the Province</p> <p>To ensure integrity of financial data, accountability, financial reporting, interpretive accounting and transparency in government's financial transactions</p>
Measurable Objective	:	<p>Full recording of REAL transactions and the preparation of quality financial statements.</p> <p>Improved financial performance of departments through the application of interpretive accounting skills.</p>
Service delivery achievements	:	<p>A Standard Chart of Accounts (SCoA) was successfully implemented in departments with effect from 1 April 2004.</p> <p>The first consolidation of Annual Financial Statements for departments and for public entities was compiled, in respect of the 2003/04 financial year.</p> <p>Enhanced analysis and interpretation of annual financial statements was done and included in the Accounting Review working paper.</p> <p>Departments were assisted with the migration of balances from FMS to BAS and from BAS to BAS (in terms of the SCoA).</p> <p>The Provincial Treasury (Accounting) actively participated in the National Treasury's Financial Management Improvement Programme (FMIP) – readiness assessment for accrual accounting.</p>
Reasons for achieving targets	:	<p>Efforts were concentrated on successfully dealing with high-priority tasks. Also, well trained and committed staff contributed to this goal.</p>
Reasons for not achieving targets	:	<p>Higher priority tasks, e.g. the consolidation of annual financial statements, taking precedent over lower priority tasks as well as the prevailing high vacancy rate in the component.</p>
The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner	:	<p>Reporting was improved through the application of Generally Recognised Accounting Practice (GRAP), which is slowly evolving towards accrual accounting.</p> <p>Analysis and interpretation of annual financial statements were enhanced, as reported in the Financial Management Review.</p> <p>SCoA was implemented by all departments and the Provincial Parliament, which allowed benchmarking at national and international level.</p>

Programme 4: Public Finance and Accounting			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 4.3: Financial Accounting and Reporting			
Accounting practices and reporting that will ensure effective and efficient capturing of REAL movements and accountability.	Number of unwarranted balances in suspense accounts at the end of the financial year.	Nil.	Target was not achieved. National Treasury to pass Finance Act to clear old balances (pre 1996) in the books of account of this province.
Full compliance with statutory due dates and timely corrective measures.	% compliance.	100% compliance.	Target was not achieved.
	% qualified Auditor-General reports.	<10% qualified.	Pending auditing process till 31 July
Full compliance with Generally Recognised Accounting Practice requirements.	% compliance.	100% compliance.	Target was achieved.
Trends, opportunities and risks identified and addressed immediately through optimal use of financial reports.	% compliance with and a 18 day turn around time for Provincial Treasury's interpretive narrative responses on departmental in-year monitoring reports.	80%	Target was achieved.
	Produce an Accounting Review within deadline.	Publish November.	Target was not achieved. Financial Management Review 2004 working paper printed during January 2005 due to the consolidation of the reviews of Accounting, MFMA, Financial Governance, and Asset Management.
	Number of contacts with provincial departments to take remedial steps.	>168	Target was achieved.

Programme 4: Public Finance and Accounting			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 4.3: Financial Accounting and Reporting			
Cost accounting principles implemented in provincial departments and entities.	% assessment of current cost accounting applications.	60%	Target was not achieved. Low priority until supporting systems is in place. The Material Management System will be investigated in the 2005/06 financial year.

2.5 Programme 5: Asset Management

Aim: To ensure the effective and efficient management of physical and financial assets.

Sub-programme 5.1 : Supply Chain Management	
Purpose	: To develop and ensure supply chain management strategies that will contribute to economic development and effective and efficient utilisation of physical assets.
Measurable Objective	: To ensure an effective and efficient planning for, acquisition, logistics management and disposal of goods and services.
Service delivery achievements	: The Policy Framework for SCM was developed and disseminated. Four transversal term agreements were facilitated. The provincial benchmark of 40% in terms of preferential procurement for contracts was exceeded. 64% of contracts were awarded to HDIs. 100% of staff within Provincial Treasury attended the SAMDI and IPFA courses. 39% of the adjudicated quotations via the EPSi were awarded to HDI companies (quotes less than R5000). 11900 enquiries were submitted via the EPSi system. All departments have asset registers. 13 departments have no qualification for the period under review. 11 departments have matters of emphasis. SCM implementation plan drafted for municipalities. Developed capability tool in the form of a questionnaire to determine gaps to be addressed by the Province.

Sub-programme 5.1	:	Supply Chain Management
Reasons for achieving targets	:	Thorough planning, timeous action, commitment and co-operation of all relevant role players contributed to the successful achievement of most of the targets set.
Reasons for not achieving targets	:	The unit was under-staffed for most of the financial year, which directly contributed to not reaching all targets. The directorate was faced with 44% vacancy rate, including that of the Senior Manager SCM for the whole of the financial year.
The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner	:	The component assisted in the drive to achieve proper asset management by further developing the different stages of supply chain management.

Programme 5: Asset Management			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 5.1: Supply Chain Management			
Properly functional supply chain management components in departments and public entities performing to set criteria.	Establishment of SCM units in departments and determination of efficiency criteria to be achieved.	70% of criteria (Health, Public Works and Education) established plus 30% supply chain management units efficient.	Criteria were achieved for set target in terms of staff, policy, systems, and training.
Assessments to determine the value for money results in selective departments.	Value for money SCM.	Value for money assessments undertaken for SCM in Transport and Public Works and Education.	Drafting of Framework in progress. Assessment to follow.
Attainment of preferential procurement and other policy goals.	Annual goals to be benchmarked per sector.	At least 40% of contracts awarded to HDIs.	Approximately 64 % of the contracts (number) awarded to HDIs.
Reduction in procurement cost.	Economies of scale by means of transversal contracts.	Reducing of procurement costs by facilitating five transversal contracts.	Four contracts were facilitated namely Travel, Legal, Advertising and A4 Photocopy Paper.
Movable asset register per department.	Comprehensive and up to date credible moveable asset register.	50% of departments.	All departments have asset registers. (11 departments – matters of emphasis)
Strategic sourcing methodology per industry.	Fully trained strategic sourcing specialists within the Provincial Treasury.	50% of supply chain practitioners trained.	100% of staff in Provincial Treasury attended training courses conducted by SAMDI and IPFA .

Sub-programme 5.2	:	Public Private Partnerships
Purpose	:	To facilitate, promote and in liaison with accounting officers implement public private partnership initiatives
Measurable Objective	:	Build the necessary capacity within the Provincial Treasury. Facilitate, promote and in liaison with accounting officers implement public private partnership initiatives.
Service delivery achievements	:	An internal capacity audit was conducted in conjunction with National Treasury to determine the full range of skills required, as well as whether the present organisational structures support the PPP unit's role in the PPP process. Resulting from the aforementioned, the positions in the PPP unit were 100% filled with personnel reflective of the skills identified in the said audit. In addition, arrangements were made to relocate the PPP unit, together with the sub-component dealing with fixed assets, under a newly established directorate with effect from 1 April 2005. Ongoing support and the provision of development technical assistance were rendered to specific departments, i.e. including a Health PPP conference on fully implemented hospital projects
Reasons for achieving targets		Detailed and considered examination was undertaken as to the requirements to successfully capacitate component.
Reasons for not achieving targets	:	The PPP unit was fully staffed only in the latter part of the financial year.
The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner	:	By properly capacitating PPP unit, the Provincial Treasury's role in facilitating, supporting and promoting PPP projects as an effective and efficient alternative method of delivering service was enhanced.

Programme 5: Asset Management			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 5.2: Public Private Partnership			
Provincial PPP unit capable of delivery on full set of regulatory requirements.	Fully functional PPP unit in the Provincial Treasury.	50% National Treasury functions taken over.	Nil % was achieved as the transfer of National Treasury functions did not realise.

Programme 5: Asset Management			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 5.2: Public Private Partnership			
Affordable, value for money projects with appropriate risk-sharing relationships.	Financial and legally viable PPP contracts.	As identified and appropriate. Hermanus and Swellendam Hospitals Co-location projects, Eerste River Hospital Facility Management project, Conradie Hospital Replacement project.	Support was rendered on PPP projects where required and within capacity limitations.
PPP projects that expand on departmental delivery whilst reducing cost for the Province.	Augmentation of overall provincial delivery envelope.	Still to be determined from Budget assessments.	Target has not been determined.
Sub-programme 5.3 : Financial Asset Management			
Purpose	:	To optimise liquidity requirements in the provincial revenue fund and ensure maximum return within acceptable levels of risk.	
Measurable Objective	:	Optimisation in the management of financial assets.	
Service delivery achievements	:	<p>The Provincial Revenue Fund was successfully converted from the old version of BAS to the new Standard Chart of Account version on 1 October 2004, and all balances transferred.</p> <p>Two Corporation Public Deposit accounts were successfully implemented on 29 March 2005 for the Provincial Revenue Fund (PRF) and the South African Social Services Agency (SASSA), respectively.</p> <p>Notwithstanding the lower interest rates currently applicable, by more effective cash flow management and taking advantage of the higher interest rates that previously applied, the sub-programme did not only attain the budgeted interest target, but exceeded the target.</p>	
Reasons for achieving targets	:	Due to a more effective cash flow management by ensuring that payments are made strictly according to a cash flow payment schedule, and the timeous receipt of all revenue due to the Provincial Revenue Fund, the sub-programme was able to exceed its set targets.	
Reasons for not achieving targets	:	Not applicable	

Sub-programme 5.3	:	Financial Asset Management
The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner	:	The sub-programme assisted in vesting proper asset management by further developing cash management and maximising the Province's revenue potential by effective cash flow management.

Programme 5: Asset Management

Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 5.3: Financial Asset Management			
To achieve the amount appropriated in the budget.	Maximum yield on money management operations through rigorous management and control of in and out flows on the Provincial Revenue Fund.	100% of target achieved.	Interest target was exceeded.
Meeting of all due dates and timely corrective measures.	% of target achieved.	100% of target achieved.	All statements/ reports were accurately completed and timely forwarded to National Treasury, Auditor General, Management and South African Reserve Bank.

Sub-programme 5.4	:	Financial Systems
Purpose	:	To implement and manage financial management systems in support of sound financial management
Measurable Objective	:	Implementation and management of appropriate financial systems.
Service delivery achievements	:	<p>All departments and the Provincial Parliament successfully migrated from the Financial Management System/old version of BAS to the new Standard Chart of Accounts version of BAS on 1 April 2004.</p> <p>Additional to this the Provincial Revenue Fund was converted from the old version of BAS to the new SCoA version on 1 October 2004, and a new BAS department was created for SASSA on 16 March 2005.</p> <p>In addition to the 55 LOGIS sites implemented a further 7 sites (health institutions) were successfully implemented during the reporting period and implementation commenced at a further 3 institutions.</p>

Sub-programme 5.4	:	Financial Systems
Service delivery achievements (<i>Contd.</i>)		After successful negotiations with National Treasury and SITA during July 2004, mainframe costs in respect of transversal systems (BAS, PERSAL and LOGIS) were reduced on average by 52%, backdated to 1 April 2004.
Reasons for achieving targets	:	By thorough planning and identification of all possible risks and the involvement of all role players (National Treasury, SITA, Centre for E-Innovation and provincial departments) it was possible to successfully implement BAS and LOGIS without any direct intervention or assistance from National Treasury. As from 1 April 2004 the sub-programme is responsible for all SITA: mainframe costs in respect of transversal systems. Due to the extremely high mainframe costs, negotiations started in all earnest between the Provincial Treasury, National Treasury and SITA to negotiate for more market related tariffs, resulting in a substantial reduction in costs.
Reasons for not achieving targets	:	During implementation phase of BAS the system was very slow and many complaints were received from departments. Due to mainframes and wide-area network constraints, interface and printer problems both BAS and LOGIS systems were operative sub-optimally towards the end of March 2005. Interaction with SITA, the National Treasury and CeI resulted in pinpointing of problem areas and agreed to remedial measures.
The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner	:	It assisted in vesting proper asset management by further developing financial system management and by building capacity through financial training for all finance staff in the Province.

Programme 5: Asset Management			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 5.4: Financial Systems			
Acceptance by the Executive and the National Treasury of a policy framework dealing with the evolution and deployment of financial systems.	Effective and efficient financial management systems.	Implement and maintain policy.	Phase 1 of the project was successfully completed and submitted to the TCF and Budget Council for final approval.
Utilisation of LOGIS at the Department of Health, (Academic Institutions excluded).	Logistical information system (LOGIS) fully rolled out to all health institutions (excepting academic hospitals) and integrated into the supply management system with fully capacitated personnel.	Dependant on the development of the New Integrated Financial Management System by National Treasury.	An additional 7 LOGIS sites were implemented.

Programme 5: Asset Management			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Sub-programme 5.4: Financial Systems			
Operational use of BAS at all the departments and the Provincial Parliament.	BAS successfully implemented in all departments with fully capacitated personnel.	Dependent on the development of the New Integrated Financial Management System by National Treasury.	Successful Migration from FMS to BAS and SCOA as well as BAS to BAS was successfully completed on 1 April 2004. In addition, the PRF and SASSA were converted on 1 October 2004 and 16 March 2005 respectively. Network and mainframe problems severely impacted on reaction times.
Meeting of all due dates and timely corrective measures.	% compliance.	100% of target achieved.	All tasks were monitored by detailed individual project plans to ensure compliance to all due dates and timeous corrective measures were implemented where applicable.
Utilisation of BAS at the 3 central hospitals (academic hospitals).	All 3 central hospitals successfully implemented and fully operational by 1 April 2005.	Dependant on the development of the New Integrated Financial Management System by National Treasury.	On request of Department of Health the 3 central hospitals were not converted to their own BAS departments.
Provide functional financial training according to an approved training programme and in the case of BAS, PERSAL, Vulindlela and LOGIS according to the project plans.	2 370 official appropriately trained on the various financial systems.	50% of the targeted market of 4 000 officials.	Target was achieved as 2 000 users, covering all systems, were trained. User support was also provided to 7 000 users.

2.6 Programme 6: Contingency Provision

Aim: To respond to adverse natural or economic occurrences having the potential to threaten the budget framework of the Western Cape Government.

Purpose	:	To ensure that funds are available for eventualities that cannot be anticipated, prevented or funded by other means
Measurable Objective	:	To adequately provide for unforeseeable and unavoidable expenditure variation in policy objectives on the margin.
Service delivery achievements	:	Nothing was allocated in the adjustments budget process for unforeseeable and unavoidable expenditure.
Reasons for achieving targets	:	Not applicable.
Reasons for not achieving targets	:	Not applicable.
The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner	:	Not applicable.

Programme 6: Contingency provision			
Output	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Rigorous assessment of bids for additional funding and prioritisation given all spending pressures.	% possible to accommodate unforeseeable and unavoidable expenditures and policy variations.	100%	No claims against this programme were lodged.

Report of the Audit Committee

Report of the Provincial Government Western Cape Shared Audit Committee on the Provincial Treasury (Vote 3) for the financial year ending 31 March 2005

We are pleased to present our report for the above-mentioned financial year.

Appointment of the Shared Audit Committee

The Provincial Treasury (Vote 3) is served by a Shared Audit Committee appointed under Cabinet Resolution 75/2003 of 23 June 2003 for the 2 year period to 31 March 2005 extended by Resolution 95/2005 for 2 more years to 31 March 2007.

Audit Committee Members and Attendance

The Shared Audit Committee members attended meetings during the financial year under review, in terms of their adopted Audit Charter, as indicated below:

Member	Number of Meetings Attended
Mr JA Jarvis (Chairperson)	5
Mr J January	5
Mr VW Sikobi (resigned May 2005)	1
Mr R Warley	4
Mr P Jones (appointed April 2005)	0

Audit Committee Responsibility

The Audit Committee has complied with its responsibilities arising from section 38(1) (a) of the PFMA and Treasury Regulation 3.1.13 and 27(1) (10). The Audit Committee has also regulated its affairs and discharged its responsibilities in terms of the Audit Committee Charter. However it did not address internal audit issues as envisaged in its Charter and the PFMA, due to the suspension of Internal Audit activity in 2003 (Provincial Treasury Circular No. 25/2003).

Effectiveness of Internal Control

In 2004 the Sihluma Sonke Consortium was appointed to develop and transfer internal audit skills to the Provincial Government over a three-year period.

The assessment of Internal Controls by Internal Audit was suspended in 2003 and the Operational Audit Plan was rescheduled to commence in 2005/6, following completion of the Risk Assessment and Process and Control Mapping exercises.

In view of the above the Audit Committee has had to rely on the opinions and work done by the Auditor-General in preparing this report.

Accounting procedures were not consistently followed by the Department in recording Capital Asset transactions. The Logis and BAS summary reports were not regularly reconciled to detect incomplete or missing transactions. The consequence of such omissions could be for Departmental assets to be lost or stolen.

The Audit Committee resolved to meet with the Accounting Officer to agree on a course of action to address weaknesses and deficiencies that were emphasized by the Auditor-General.

During the year under review the Audit Committee has promoted better communication and exchange of information between the Forensic Audit, Internal Control units, Internal Audit, and the Office of the Auditor-General.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed with the Auditor-General and the Accounting Officer (or his/her representative) the audited annual financial statements to be included in the annual report;
- Reviewed the Auditor-General's management letters and the responses thereto
- Reviewed significant adjustments resulting from the audit.
- Reviewed the Auditor-General's report.

The Audit Committee concurs and accepts the Audit Opinion of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Appreciation

The Audit Committee wishes to express its appreciation to the Provincial Treasury, the Auditor-General and the Sihluma Sonke Consortium for their assistance and co-operation in compiling this report.



(JA JARVIS)

CHAIRPERSON OF THE PROVINCIAL GOVERNMENT WESTERN CAPE SHARED AUDIT COMMITTEE

DATE: 4 AUGUST 2005

Annual Financial Statements for the year ended 31 March 2005

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VOTE 3

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

Report by the Accounting Officer to the Executive Authority and the Provincial Parliament of the Western Cape Province.

1. General review of the state of financial affairs

- The Western Cape Provincial Government is committed to contribute to the national goals of economic growth and development, to be competitive in a global context, to reduce income, access and asset disparities and to provide an adequate social net to cover those that are excluded from sustainable economic participation. The Provincial Treasury as change agent, has an indispensable role to play in building transactional and financial strategic management capacity in departments and public entities and through the budget process, guiding the allocation of resources. The net result is a systematic attempt to over time improve the living standards and compendium of services required by the people of the Western Cape. The following internal challenges remain:
 - Increasing the assessment and analytical capability of officials.
 - Closing the remaining gap between skill requirements and current competency levels.
 - Recruiting and retention of appropriately skilled personnel.
 - Provide ever improving and targeted policy advice within the context of more refined economic parameters and socio-economic imperatives.
 - Improving cohesion and synergy between departments and spheres of government.
- In response to the above challenges, Treasury achieved the following:
 - An improvement in the level and technical sophistication of service delivery by recruiting better qualified people, including a number at masters level, and providing a significant number of staff with the opportunity and financial support for further education and training.
 - The new organisational structure developed in 2003 has seen further refinement and a new way of working, which required new co-operative systems and greater openness and communication across units and components. The refinements included provision for the demands of the MFMA¹.
 - Further evolvement of the practical implementation of the PFMA² and related legislation requirements.

¹ Municipal Finance Management Act, 2003 (Act 56 of 2003)

² Public Finance Management Act, 1999 (Act 1 of 1999)

**WESTERN CAPE PROVINCE
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**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 MARCH 2005**

- Promoted an understanding that current monitoring and strategic processes were not providing sufficient performance information and direction to improve the socio-economic conditions of the majority of our people.
- Prove the development of the *iKapa elihlumayo* strategic objectives, analysed the priorities arising from Treasury's Provincial Economic Review and Outlook 2005 (PERO), as well as those from departments' analyses and municipalities' IDPs³ to compile a budget for the MTEF (2005/06 – 2007/08) that was better targeted towards growth and development.
- The following major projects were undertaken during the year:
 - A Service Delivery Review that tries to assess the degree of provincial service delivery transformation towards the growth and development objectives of the Provincial Government, both in terms of efficacy and efficiency.
 - A Medium Term Budget Policy Statement (MTBPS) as well as an Economic Review and Outlook were compiled for the Province to provide a framework and give content to the 2005 Budget within the country's overall macroeconomic context.
 - Similarly, a Financial Management Review was completed that covered the state of play in the Province regarding accounting, asset management, financial governance and key aspects of the MFMA.
 - In implementing the new Supply Chain Management (SCM) policy, SCM units were established in departments, although not all of them are as yet fully operational according to the criteria determined by National Treasury.
 - The Provincial Treasury converted from BAS (standard items) to BAS, SCOA⁴ with effect from 1 April 2004.
 - The entire Province was converted from the old Financial Management System (FMS) to the realtime Basic Accounting System (BAS⁵) together with the new SCOA (all 14 votes) using internal personnel only. Unfortunately, this project was dogged by varying network and mainframe problems throughout the financial year, which as yet have not been satisfactorily resolved.
 - A major advance was achieved with the completion of risk assessments for all departments, inclusive of a draft consolidated risk assessment for the Province as a whole, using the transferred external audit function to Treasury and combining their resources with that of an external service provider to ensure the necessary level of capacity and technical standards of internal audit.
- Spending trends
 - Spending trends per programme and standard items are discussed in more detail on pages 78 - 87 of the financial statements.

³ Integrated Development Plans

⁴ Standard Chart of Accounts

⁵ Apart from Treasury, the Provincial Parliament and Provincial Revenue Fund, who were already on BAS, albeit an older version.

**WESTERN CAPE PROVINCE
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VOTE 3**

**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 MARCH 2005**

- The department's expenditure for the financial year was R102,333 million resulting in a combined saving and underspending of R6,647 million on budget (or 6,1 per cent of the adjusted appropriation) of which R3,98 million was requested to be rolled over to the 2005/06 financial year. The balance will be surrendered to the Provincial Revenue Fund.
- An underspending of R3,494 million was realised on goods and services of which R2,178 million can be attributed to lower than expected expenditure on consulting and specialised services.
- The remaining R3,153 million (net) underspending for Vote 3 during 2004/05 (or 2,9 per cent of the adjusted appropriation) can mainly be attributed to the late filling of vacant posts and the slower than planned delivery on a number of projects.

2. Services rendered by the Provincial Treasury

2.1 Under the powers vested in the Minister of Finance and Economic Development as the Head of the Provincial Treasury, the Treasury is mainly responsible for the execution of the functions and powers as prescribed in Chapter 3 of the Public Finance Management Act, 1999 (Act 1 of 1999), as amended. However, a range of other legislative provisions in different acts and laws, both provincial and national, add further responsibilities.

2.2 Tariff policy

- **Betting and Gambling**

Betting and gambling revenue consists mainly of casino taxes, limited gambling machine taxes, bookmakers taxes, totalisator taxes, annual licence fees from casinos, limited gambling machines, bookmakers and the totalisator. All these fees and taxes were determined in terms of the Western Cape Gambling and Racing Board Law, 1996 (Law 4 of 1996), after consultation with the industry, by and on advice of the Western Cape Gambling and Racing Board.

- **Functional Financial Training**

The Provincial Treasury annually approves tariffs payable for functional financial training rendered to officials from national government departments. These tariffs are calculated as direct expenditure plus 40% to cater for overhead costs.

2.3 Free services

Due to the diverse nature of the functions within the Treasury, all services, except those in paragraph 2.2, are rendered to departments in terms of the PFMA and other supporting legislation as stated in paragraph 2.1 above. Per definition no free services were therefore rendered by the Provincial Treasury.

2.4 Inventories

Two types of inventory reports are generated by LOGIS. The one consists of an inventory of store items (RR026 LOGIS report), the other inventory of furniture and equipment (RR025 LOGIS report). Unfortunately, the last mentioned report does not distinguish between current and capital assets.

WESTERN CAPE PROVINCE
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VOTE 3

**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 MARCH 2005**

Items registered on the above-mentioned inventory reports are recorded at the original purchase price and also reflects average purchase prices.

3. Capacity constraints

The vacancy rate on the organisational structure (discounting the needs of the MFMA) of 29% as at 31 March 2005 could be regarded as the biggest capacity constraint within the Provincial Treasury. This situation was, however, a vast improvement on the vacancy rate of 41% at the same time last year. It remained fairly high for the most part of the financial year under review placing great stress on the existing staff members to realise Treasury's goals as contained in the Strategic Plan.

An aggressive recruitment process, extended working hours, and judicious use of external assistance addressed most of these constraints.

For the year to come, more intensive and dynamic recruiting of the appropriate mix and skill levels will still remain a serious challenge. The implementation of the MFMA will add an entirely new dimension for the Provincial Treasury, resulting in additional responsibilities for an increase of its personnel establishment.

4. Utilisation of donor funds

The Provincial Treasury did not receive any donor funding.

5. Trading entities and public entities

The only public entity under the control of the Provincial Treasury is the Western Cape Gambling and Racing Board whose function it is to regulate all gambling, racing and other activities related thereto.

The accountability arrangements of the Board are dealt with in terms of the PFMA and the Western Cape Gambling and Racing Board Law, 1996 (Law 4 of 1996) as amended, and for the 2004/05 financial year no transfer payments were made to the Board as they have become self sufficient since the implementation of Limited Payout Machines (LPMs).

6. Organisations to whom transfer payments have been made

Transfers were made to Sectoral Education and Training Authority and the City of Cape Town for Regional Services Council levies.

7. Public private partnerships (PPPs)

No public private partnerships of any kind were entered into. The PPP Unit has however assisted departments with creating and implementing PPP policy.

**WESTERN CAPE PROVINCE
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**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 MARCH 2005**

8. Corporate governance arrangements

A high level consolidated risk profile was developed for Provincial Treasury that was completed in November 2004. This consolidated risk profile is currently being used as a platform and foundation to manage and control certain significant risks facing the Provincial Treasury.

A Fraud Prevention Plan was compiled for the Provincial Treasury in March 2001. Furthermore, the Human Resource Management component completed verification audits of all educational qualifications submitted by staff members during the process of appointment, subsequent to the discovering of two cases at variance with real academic achievement.

The Internal Audit unit is shared amongst the 14 provincial government departments within the Province, while an internal Audit Committee for Provincial Treasury is shared with other provincial government departments, excluding the departments of Health, Social Services and Education. The latter departments have their own individual audit committees.

In managing any potential conflict of interest of employees, all senior managers in the Provincial Treasury were again requested to declare their financial and other interests and to submit these to the Executive Authority and the PSC⁶.

In addition to the aforementioned, the Human Resources Management component is currently in the process of re-familiarising all officials with the Public Service Code Of Conduct.

With regard to health and environmental issues, it can be reported that a Health and Safety Committee was formed in July 2004. During February 2005 this committee performed a safety audit to identify certain health and environmental issues the Provincial Treasury will have to address in the immediate future.

9. Discontinued activities

No specific activities were discontinued during the 2004/05 financial year.

10. New/proposed activities

New activities were concerned with improving financial governance by implementing a risk management approach and internal control function in line with national policy. In addition, steps were taken to begin to comply with the statutory functions required in terms of the Municipal Finance Management Act 2003, (Act 56 of 2003) ("MFMA").

11. Events after the reporting date

- (a) Due to the BAS and LOGIS systems that did not operate effectively towards the end of the financial year, delays and backlogs in payments occurred resulting in these payments only being made during April 2005. The roll-over of R350,000 (amount rounded off) was requested to fund this expenditure not provided for in 2005/06. Paragraph 1, (Spending trends) where roll-overs are discussed, has reference.

⁶ Public Service Commission (PSC)

**WESTERN CAPE PROVINCE
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**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 MARCH 2005**

- (b) Thefts and losses of previous years that have been accounted for against the Vote will be taken up in Treasury's financial records for 2005/06.

12. Progress with financial management improvement

Internal control inspections ensured that financial procedures functioned in accordance with financial prescripts. A new approach to procurement necessitated by the new Supply Chain Management (SCM) legislation was adopted and the initial departmental bid committee was reconfigured to achieve greater efficacy.

Significant progress was made to reconcile ledger accounts which, inter alia, included better controls over debtors, BAS – PERSAL reconciliations and reporting to the accounting officer. Pro-active budget planning and better IYM⁷ controls ensured that under expenditure was at a much lower level than in the previous financial year. Various finance instructions were distributed to programme and sub-programme managers to assist them to improve financial management within the Provincial Treasury.

13. SCOPA resolutions

Reference to previous audit report and SCOPA resolutions	Subject	Findings in process
The SCOPA resolutions taken at the meeting held on 12 November 2004 did not apply to the Provincial Treasury.	Not applicable.	Not applicable.

Approval

The annual financial statements set out on pages 73 - 103 have been approved by myself as Accounting Officer.



**(DR) JC STEGMANN
ACCOUNTING OFFICER**

DATE: 31 MAY 2005

⁷ In-Year-Monitoring on spending and revenue.

Report of the Auditor-General to the Provincial Parliament of the Western Cape on the Financial Statements of the Provincial Treasury (Vote 3) for the year ended 31 March 2005

1. Audit Assignment

The financial statements as set out on pages 73 - 103, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. Nature and scope

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

An audit includes:

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

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

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

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

3. Audit opinion

In my opinion, the financial statements fairly present, in all material respects, the financial position of the 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 Public Finance Management Act, 1999 (Act No. 1 of 1999).

4. Emphasis of matter

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

4.1 Asset management

A review of the department's asset management identified the following weaknesses :

- (a) The asset register maintained by the department (LOGIS) did not contain sufficient information to facilitate an adequate verification process. Information relating to unique asset numbers and their specific locations were not reflected in the asset register.
- (b) The asset register was not updated to reflect all assets acquired during the year. A difference amounting to R135 000 was identified between the financial accounting system (BAS) and the department's asset register.

4.2 Internal audit

According to section 38(1)(a)(ii) of the Public Finance Management Act, 1999, the accounting officer of a department must ensure that the department has and maintains a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77 of the Public Finance Management Act, 1999.

Except for a risk assessment, no internal audits were performed at this department during the year under review. This was mainly due to capacity constraints of the provincial shared internal audit directorate.

5. Appreciation

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



I Jeewa for Auditor-General

Cape Town

29 July 2005



A U D I T O R - G E N E R A L

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

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

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

1. Basis of preparation

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

2. Revenue

Appropriated funds

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

Departmental revenue

Tax revenue

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

Sale of goods and services other than capital assets

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

Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body.

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

**WESTERN CAPE PROVINCE
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VOTE 3**

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

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.

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.

Medical benefits

The department provides medical benefits for its employees through contributions to medical aid funds. Employer contributions to the fund are incurred when money is paid to the fund.

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 money is paid to the fund. No provision is made for retirement benefits in the Annual Financial Statements of the department.

Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. The expense is classified as capital if the goods and services were used on a capital project and when the cost of a stand alone item is R5 000 or more.

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VOTE 3**

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

Financial transactions in assets and liabilities

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

Unauthorised expenditure

Unauthorised expenditure, is defined as:

- 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;
- the State Tender Board Act, or any regulations made in terms of this act; or
- 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.

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ACCOUNTING POLICIES
for the year ended 31 March 2005

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 and cost R5 000 or more for stand alone items. Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

6. Receivables

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

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

7. Cash and cash equivalents

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

8. Payables

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

9. Lease commitments

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

Operating lease expenditure is expensed when the final authorisation for payment is effected on the system.

**WESTERN CAPE PROVINCE
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VOTE 3**

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

Finance lease expenditure is expensed when the final authorisation for payment is effected on the system, but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act.

10. Accruals

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

11. Contingent 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.

12. Commitments

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

13. 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 2003/04 year-end.

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**APPROPRIATION STATEMENT
for the year ended 31 March 2005**

Appropriation per programme									
Programme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	21,325	-	(563)	20,762	20,133	629	97.0	18,834	18,269
Transfers and subsidies	258	-	51	309	185	124	59.9	703	27
Expenditure for capital assets	517	-	504	1,021	1,000	21	97.9	3,135	1,891
2. Financial Governance									
Current payment	26,619	-	(1,871)	24,748	24,224	524	97.9	11,328	6,257
Transfers and subsidies	13	-	-	13	11	2	84.6	9	5
Expenditure for capital assets	710	-	-	710	600	110	84.5	-	-
3. Resource Management									
Current payment	6,934	-	-	6,934	5,998	936	86.5	9,403	5,718
Transfers and subsidies	12	-	-	12	7	5	58.3	4,712	4,704
Expenditure for capital assets	-	-	-	-	-	-	-	15	-
4. Public Finance and Accounting									
Current payment	7,045	-	(476)	6,569	6,568	1	100.0	6,609	5,817
Transfers and subsidies	15	-	484	499	499	-	100.0	16	13
5. Asset Management									
Current payment	40,820	-	1,871	42,691	42,691	-	100.0	18,718	17,460
Transfers and subsidies	22	-	-	22	21	1	95.5	33	23
Expenditure for capital assets	4,689	-	-	4,689	396	4,293	8.4	7,947	4,451
6. Contingency Provision									
Current payment	1	-	-	1	-	1	-	21,189	-
Total	108,980	-	-	108,980	102,333	6,647	93.9	102,651	64,635
Reconciliation with Statement of Financial Performance									
Departmental revenue collected				214,754				163,933	
Actual amounts per Statement of Financial Performance:									
Total Revenue				323,734				266,584	
Total Expenditure					102,333				64,635

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**APPROPRIATION STATEMENT
for the year ended 31 March 2005**

Appropriation per economic classification									
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 payments									
Compensation to employees	36,061	-	(1,964)	34,097	33,590	507	98.5	33,526	29,332
Goods and services	66,683	-	831	67,514	65,930	1,584	97.7	52,555	24,189
Financial transactions in assets and liabilities	-	-	94	94	94	-	100.0	-	-
Transfers & subsidies									
Provinces & municipalities	91	-	-	91	81	10	89.0	99	72
Departmental agencies & accounts	150	-	-	150	27	123	18.0	4,700	4,700
Households	79	-	485	564	565	(1)	100.2	-	-
Gifts and donations	-	-	50	50	50	-	100.0	674	-
Payments for capital assets									
Machinery & equipment	5,206	-	499	5,705	1,391	4,314	24.4	11,097	6,342
Software & other intangible assets	710	-	5	715	605	110	84.6	-	-
Total	108,980	-	-	108,980	102,333	6,647	93.9	102,651	64,635

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**APPROPRIATION STATEMENT
for the year ended 31 March 2005**

**Detail per programme 1 – Administration
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 Office of the Provincial Minister									
Current payment	3,115	-	(50)	3,065	2,863	202	93.4	3,132	3,007
Transfers and subsidies	6	-	50	56	56	-	100.0	6	6
Expenditure for capital assets	-	-	-	-	-	-	-	2	2
1.2 Financial Management									
Current payment	12,479	-	(513)	11,966	11,831	135	98.9	10,167	10,588
Transfers and subsidies	94	-	1	95	94	1	98.9	16	14
Expenditure for capital assets	517	-	504	1,021	1,000	21	97.9	3,133	1,889
1.3 Human Resource Management									
Current payment	5,731	-	-	5,731	5,439	292	94.9	5,535	4,674
Transfers and subsidies	158	-	-	158	35	123	22.2	681	7
Total	22,100	-	(8)	22,092	21,318	774	96.5	22,672	20,187

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 payments									
Compensation to employees	11,917	-	(342)	11,575	11,397	178	98.5	11,496	11,338
Goods and services	9,408	-	(315)	9,093	8,642	451	95.0	7,338	6,931
Financial transactions in assets and liabilities	-	-	94	94	94	-	100.0	-	-
Transfers & subsidies									
Provinces & municipalities	29	-	-	29	28	1	96.6	29	27
Departmental agencies & accounts	150	-	-	150	27	123	18.0	-	-
Households	79	-	1	80	80	-	100.0	-	-
Gifts and donations	-	-	50	50	50	-	100.0	674	-
Payments for capital assets									
Machinery & equipment	517	-	499	1,016	995	21	97.9	3,135	1,891
Software & other intangible assets	-	-	5	5	5	-	100.0	-	-
Total	22,100	-	(8)	22,092	21,318	774	96.5	22,672	20,187

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**APPROPRIATION STATEMENT
for the year ended 31 March 2005**

**Detail per programme 2 - Financial Governance
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 Normative Financial Management and Communication									
Current payment	5,907	-	-	5,907	5,711	196	96.7	1,998	1,180
Transfers and subsidies	6	-	-	6	6	-	100.0	4	3
2.2 Internal Audit									
Current payment	20,712	-	(1,871)	18,841	18,513	328	98.3	9,330	5,077
Transfers and subsidies	7	-	-	7	5	2	71.4	5	2
Expenditure for capital assets	710	-	-	710	600	110	84.5	-	-
Total	27,342	-	(1,871)	25,471	24,835	636	97.5	11,337	6,262

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 payments									
Compensation to employees	5,158	-	(724)	4,434	4,432	2	100.0	4,678	2,428
Goods and services	21,461	-	(1,147)	20,314	19,792	522	97.4	6,650	3,829
Transfers & subsidies									
Provinces & municipalities	13	-	-	13	11	2	84.6	9	5
Payments for capital assets									
Software & other intangible assets	710	-	-	710	600	110	84.5	-	-
Total	27,342	-	(1,871)	25,471	24,835	636	97.5	11,337	6,262

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**APPROPRIATION STATEMENT
for the year ended 31 March 2005**

**Detail per programme 3 - Resource 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
3.1 Budget Office									
Current payment	2,700	-	-	2,700	2,174	526	80.5	2,335	1,724
Transfers and subsidies	4	-	-	4	3	1	75.0	5	1
3.2 Macroeconomic Analysis									
Current payment	1,709	-	(178)	1,531	1,126	405	73.5	3,019	1,754
Transfers and subsidies	4	-	-	4	1	3	25.0	4	1
Expenditure for capital assets	-	-	-	-	-	-	-	15	-
3.3 Resource Acquisition									
Current payment	2,525	-	178	2,703	2,698	5	99.8	4,049	2,240
Transfers and subsidies	4	-	-	4	3	1	75.0	3	2
3.4 Western Cape Gambling and Racing Board									
Transfers and subsidies	-	-	-	-	-	-	-	4,700	4,700
Total	6,946	-	-	6,946	6,005	941	86.5	14,130	10,422

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 payments									
Compensation to employees	3,559	-	(134)	3,425	3,098	327	90.5	1,459	1,277
Goods and services	3,375	-	134	3,509	2,900	609	82.6	7,944	4,441
Transfers & subsidies									
Provinces & municipalities	12	-	-	12	7	5	58.3	12	4
Dept agencies & accounts	-	-	-	-	-	-	-	4,700	4,700
Payments for capital assets									
Machinery & equipment	-	-	-	-	-	-	-	15	-
Total	6,946	-	-	6,946	6,005	941	86.5	14,130	10,422

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**APPROPRIATION STATEMENT
for the year ended 31 March 2005**

**Detail per programme 4 - Public Finance and Accounting
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 Provincial Government Finance									
Current payment	3,136	-	(70)	3,066	3,065	1	100.0	3,656	3,314
Transfers and subsidies	7	-	-	7	7	-	100.0	8	7
4.2 Local Government Finance									
Current payment	1,695	-	(193)	1,502	1,502	-	100.0	729	692
Transfers and subsidies	4	-	484	488	488	-	100.0	2	2
4.3 Financial Accounting and Reporting									
Current payment	2,214	-	(213)	2,001	2,001	-	100.0	2,224	1,811
Transfers and subsidies	4	-	-	4	4	-	100.0	6	4
Total	7,060	-	8	7,068	7,067	1	100.0	6,625	5,830

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 payments									
Compensation to employees	6,422	-	(258)	6,164	6,165	(1)	100.0	5,789	5,349
Goods and services	623	-	(218)	405	403	2	99.5	820	468
Transfers & subsidies									
Provinces & municipalities	15	-	-	15	14	1	93.3	16	13
Households	-	-	484	484	485	(1)	100.2	-	-
Total	7,060	-	8	7,068	7,067	1	100.0	6,625	5,830

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
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**APPROPRIATION STATEMENT
for the year ended 31 March 2005**

**Detail per programme 5 - Asset 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 Supply Chain Management									
Current payment	4,445	-	(380)	4,065	4,065	-	100.0	4,415	4,416
Transfers and subsidies	7	-	-	7	6	1	85.7	7	6
5.2 Public Private Partnerships									
Current payment	616	-	(332)	284	284	-	100.0	435	203
Transfers and subsidies	1	-	-	1	1	-	100.0	5	1
5.3 Financial Asset Management									
Current payment	1,111	-	(42)	1,069	1,069	-	100.0	1,114	971
Transfers and subsidies	2	-	-	2	2	-	100.0	4	2
5.4 Financial Systems									
Current payment	34,648	-	2,625	37,273	37,273	-	100.0	12,754	11,870
Transfers and subsidies	12	-	-	12	12	-	100.0	17	14
Expenditure for capital assets	4,689	-	-	4,689	396	4,293	8.4	7,947	4,451
Total	45,531	-	1,871	47,402	43,108	4,294	90.9	26,698	21,934

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 payments									
Compensation to employees	9,005	-	(506)	8,499	8,498	1	100.0	10,104	8,940
Goods and services	31,815	-	2,377	34,192	34,193	(1)	100.0	8,614	8,520
Transfers & subsidies									
Provinces & municipalities	22	-	-	22	21	1	95.5	33	23
Payments for capital assets									
Machinery & equipment	4,689	-	-	4,689	396	4,293	8.4	7,947	4,451
Total	45,531	-	1,871	47,402	43,108	4,294	90.9	26,698	21,934

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**APPROPRIATION STATEMENT
for the year ended 31 March 2005**

**Detail per programme 6 - Contingency Provision
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 Contingency Provision									
Current payment	1	-	-	1	-	1	-	21,189	-
Total	1	-	-	1	-	1	-	21,189	-

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 payments									
Goods and services	1	-	-	1	-	1	-	21,189	-
Total	1	-	-	1	-	1	-	21,189	-

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**STATEMENT OF FINANCIAL PERFORMANCE
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 - 4 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):

Programmes	Voted Funds after virement	Actual Payment	Variance	Actual payment as % of final appropriation
	R'000	R'000	R'000	%
Programme 1: Administration	22,092	21,318	774	96.5
Programme 2: Financial Governance	25,471	24,835	636	97.5
Programme 3: Resource Management	6,946	6,005	941	86.5
Programme 4: Public Finance and Accounting	7,068	7,067	1	100.0
Programme 5: Asset Management	47,402	43,108	4,294	90.9
Programme 6: Contingency Provision	1	-	1	-
Total	108,980	102,333	6,647	93.9

4.1 Programme 1: Administration

The underspending on this programme can mainly be contributed to the late filling of vacant posts and for lower than expected resettlement costs. Other reasons were the lower than expected spending on consulting services and on travel by the Office of the Minister.

Programme 2: Financial Governance

The underspending on this programme was mainly due to lower than expected expenditure on consulting services and late filling of vacant posts.

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

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

Programme 3: Resource Management

Underspensing on this programme was attributed to less than expected expenditure on consulting services and the late filling of vacant posts.

Programme 4: Public Finance and Accounting

There are no material variances to report on.

Programme 5: Asset Management

The underspending on Asset Management was mainly due to planned spending on computer equipment related to the LOGIS implementation that did not realise in time before the close of the financial year, the lowering in the tariffs charged for SITA⁸ mainframe time combined with the late filling of vacant posts.

Programme 6: Contingency Provision

The amount provided for contingencies was unutilised as no need arose during the financial year.

4.2 Per Economic classification

Current payments:

Compensation to employees

The underspending was due to delays with the recruitment process which resulted from the restructuring process of the Provincial Treasury as well as an exodus of staff to other provincial departments and provinces. It was also difficult to find appropriately qualified and skilled officials to fill these vacant posts.

Goods and services

The underspending can mainly be contributed to lower than expected spending on consulting and specialised services, specifically related to internal auditing services.

Transfers and subsidies:

Non-profit institutions

The saving was realised due to a lower than expected transfer payment to SETA⁹.

Payments for capital assets:

Machinery and equipment

The underspending is due to planned spending on computer equipment related to the LOGIS implementation that did not realise in time before the close of the financial year.

Software and other intangible assets

The saving is due to a lower than expected payment for software licences related to risk management.

⁸ State Information Technology Agency

⁹ Sector Education and Training Authority

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

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

	Note	2004/05 R'000	2003/04 R'000
REVENUE			
Annual appropriation	1.	108,980	102,651
Departmental revenue collected	2.	214,754	163,933
TOTAL REVENUE		323,734	266,584
EXPENDITURE			
Current expenditure			
Compensation of employees	3.	33,590	29,332
Goods and services	4.	65,930	24,189
Financial transactions in assets and liabilities	5.	94	-
Total current expenditure		99,614	53,521
Transfers and subsidies	6.	723	4,772
Expenditure for capital assets			
Machinery and Equipment	7.	1,391	6,342
Software and other intangible assets	7.	605	-
Total expenditure for capital assets		1,996	6,342
TOTAL EXPENDITURE		102,333	64,635
NET SURPLUS		221,401	201,949
NET SURPLUS FOR THE YEAR		221,401	201,949
Reconciliation of Net Surplus for the year			
Voted Funds to be surrendered to the Revenue Fund	11.	6,647	38,016
Departmental revenue collected	2.	214,754	163,933
NET SURPLUS FOR THE YEAR		221,401	201,949

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2005**

	Note	2004/05 R'000	2003/04 R'000
ASSETS			
Current assets		7,113	42,907
Cash and cash equivalents	8.	6,945	42,792
Prepayments and advances	9.	42	-
Receivables	10.	126	115
TOTAL ASSETS		7,113	42,907
LIABILITIES			
Current liabilities		7,113	42,907
Voted funds to be surrendered to the Revenue Fund	11.	6,647	38,016
Departmental revenue to be surrendered to the Revenue Fund	12.	307	125
Payables	13.	159	4,766
TOTAL LIABILITIES		7,113	42,907
NET ASSETS		-	-

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

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

	Note	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		494,239
Annual appropriated funds received	1.	108,980
Departmental revenue collected	2.	385,312
Net (increase) in working capital		(53)
Appropriated funds and departmental revenue surrendered	15.	(423,146)
Current payments		(104,221)
Transfers and subsidies paid	6.	(723)
Net cash flow available from operating activities		(33,851)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets	7.	(1,996)
Net cash flows from investing activities		(1,996)
Net (decrease) in cash and cash equivalents		(35,847)
Cash and cash equivalents at beginning of period		42,792
Cash and cash equivalents at end of period		6,945

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

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

1. Annual Appropriation

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

	Final Appropriation 2004/05 R'000	Actual Funds Received 2004/05 R'000	Variance over/(under) 2004/05 R'000	Total Appropriation 2003/04 R'000
Administration	22,092	22,092	-	22,672
Financial Governance	25,471	25,471	-	11,337
Resource Management	6,946	6,946	-	14,130
Public Finance and Accounting	7,068	7,068	-	6,625
Asset Management	47,402	47,402	-	26,698
Contingency Provision	1	1	-	21,189
Total	108,980	108,980	-	102,651

Note	2004/05 R'000	2003/04 R'000
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2. Departmental revenue collected

Tax revenue	173,621	145,644
Sales of goods and services other than capital assets	7	728
Fines, penalties and forfeits	231	314
Interest, dividends and rent on land	211,333	240,621
Recoverable revenue received	116	1,627
Transfers received consist of:	4	-
Other transfers	4	-
Total revenue collected	385,312	388,934
Less: Departmental Revenue Budgeted	170,558	225,001
Departmental revenue collected	214,754	163,933

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

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

	Note	2004/05 R'000	2003/04 R'000
3. Compensation of employees			
3.1 Salaries and wages			
Basic salary		23,923	20,767
Performance award		581	387
Service Based		1,733	1,343
Compensative/circumstantial		387	337
Periodic payments		487	544
Other non-pensionable allowances		1,990	2,054
		<u>29,101</u>	<u>25,432</u>
3.2 Social contributions			
3.2.1 Short term employee benefits			
Pension		3,203	2,688
Medical		1,282	1,208
Bargain council		4	4
		<u>4,489</u>	<u>3,900</u>
Total compensation of employees		<u>33,590</u>	<u>29,332</u>
Average number of employees		<u>147</u>	<u>171</u>

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

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

	Note	2004/05 R'000	2003/04 R'000
4. Goods and services			
Advertising		4,677	1,277
Bank charges and card fees		87	70
Bursaries (employees)		170	148
Communication		820	620
Computer services		25,223	-
Consultants, contractors and special services		26,250	13,788
Courier and delivery services		29	40
Entertainment		308	331
External audit fees	4.1	2,944	3,202
Equipment less than R5 000		1,114	510
Inventory	4.2	853	450
Legal fees		2	42
Maintenance, repair and running costs		32	3
Operating leases		271	279
Personnel agency fees		1	-
Printing and publications		308	300
Professional bodies and membership fees		15	14
Resettlement costs		133	206
Subscriptions		23	133
Taking over of contractual obligations		-	400
Translations and transcriptions		32	28
Travel and subsistence	4.3	2,481	2,346
Venues and facilities		14	-
Protective, special clothing and uniforms		17	2
Training and staff development		126	-
		65,930	24,189
4.1 External audit fees			
Regulatory audits		2,944	3,202
		2,944	3,202
4.2 Inventory			
Other inventory		-	5
Domestic Consumables		8	36
Food and Food supplies		26	-
Stationery and Printing		706	409
Restoration and fittings		113	-
		853	450
4.3 Travel and subsistence			
Local		2,313	2,227
Foreign		168	119
		2,481	2,346

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

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

	Note	2004/05 R'000	2003/04 R'000
5. Financial transactions in assets and liabilities			
Other material losses written off	5.1	94	-
		<u>94</u>	<u>-</u>
5.1 Other material losses written off in Statement of Financial Performance			
Nature of losses			
Thefts and Losses		94	-
		<u>94</u>	<u>-</u>
5.2 Details of theft and losses			
Computer Equipment (Laptops)		88	-
Telephone debt		4	-
Other minor amounts		2	-
		<u>94</u>	<u>-</u>
6. Transfers and subsidies			
City of Cape Town (RSC Levies)	Annexure 1	81	72
Departmental agencies and accounts	Annexure 2	27	4,700
Households	Annexure 3	565	-
Gifts and donations	Annexure 4	50	-
		<u>723</u>	<u>4,772</u>
7. Expenditure for capital assets			
Machinery and equipment	Annexure 6	1,391	6,342
Software and other intangible assets	Annexure 7	605	-
		<u>1,996</u>	<u>6,342</u>
The following amount for Compensation of employees has been included in Expenditure for capital assets.		-	428

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

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

		Note	2004/05 R'000	2003/04 R'000		
8.	Cash and cash equivalents					
	Consolidated Paymaster General Account		(789)	(186)		
	Fund requisition account		-	42,978		
	Cash with commercial banks		7,734	-		
			<u>6,945</u>	<u>42,792</u>		
9.	Prepayments and advances					
	Travel and subsistence		42	-		
			<u>42</u>	<u>-</u>		
10.	Receivables					
		Less than one year	One to three years	Older than three years	Total	Total
	Amounts owing by	Annexure 8				
	other entities		73	-	-	73
	Staff debtors	10.1	51	12	-	63
	Clearing accounts	10.2	(12)	-	-	(12)
	Other debtors	10.3	-	-	2	2
			<u>112</u>	<u>12</u>	<u>2</u>	<u>126</u>
						<u>115</u>
	Amounts of R 6 654 (2004: R Nil) included above may not be recoverable, but has not been written off in the Statement of financial performance.					
10.1	Staff debtors					
	To recover arrear tax (SITE) from employees				-	2
	Unclaimed staff debt				56	13
	Disallowance private telephone calls				7	9
	Travel and subsistence Persal advance				-	88
					<u>63</u>	<u>112</u>
10.2	Clearing accounts					
	Staff debt recovered				(12)	-
					<u>(12)</u>	<u>-</u>
10.3	Other debtors					
	Ex employees				2	3
					<u>2</u>	<u>3</u>

**WESTERN CAPE PROVINCE
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VOTE 3**

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

		Note	2004/05 R'000	2003/04 R'000
11. Voted Funds to be surrendered to the Revenue Fund				
Opening balance			38,016	13,317
Transfer from Statement of Financial Performance			6,647	38,016
Paid during the year			(38,016)	(13,317)
Closing balance			<u>6,647</u>	<u>38,016</u>
12. Departmental revenue to be surrendered to revenue fund				
Opening balance			125	(6)
Transfer from Statement of Financial Performance			214,754	163,933
Departmental revenue budgeted			170,558	225,001
Paid during the year			(385,130)	(388,803)
Closing balance			<u>307</u>	<u>125</u>
13. Payables – current				
		30 Days	30+ Days	Total
Advances received	13.1	-	-	4,730
Clearing accounts	13.2	156	-	-
Other payables	13.3	3	-	36
		<u>159</u>	<u>-</u>	<u>4,766</u>
13.1 Advances received				
Implementation of LOGIS			-	4,730
			<u>-</u>	<u>4,730</u>
13.2 Clearing accounts				
Department 70 control account			156	-
			<u>156</u>	<u>-</u>
13.3 Other payables				
Supplementary tax to be paid to SARS			1	16
Salary reversal control account			-	6
Pension Fund			2	-
GRV suspense			-	12
Medical aid deductions			-	2
			<u>3</u>	<u>36</u>

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

	Note	2004/05 R'000	
14. Reconciliation of net cash flow from operating activities to surplus/(deficit)			
Net surplus as per Statement of Financial Performance		221,401	
(Increase) in receivables – current		(11)	
(Increase) in prepayments and advances		(42)	
(Decrease) in payables – current		(4,607)	
Surrenders		(423,146)	
Capital expenditure		1,996	
Departmental revenue budgeted		170,558	
Net cash flow generated by operating activities		<u>(33,851)</u>	
	Note	2004/05 R'000	2003/04 R'000
15. Appropriated funds and departmental revenue surrendered			
Appropriated funds surrendered		(38,016)	(13,317)
Departmental revenue surrendered		(385,130)	(388,803)
		<u>(423,146)</u>	<u>(402,120)</u>

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

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

	Note	2004/05 R'000	2003/04 R'000
16. Contingent liabilities			
Housing loan guarantees to employees	Annexure 5	304	321
Other departments (unconfirmed balances)	Annexure 9	-	114
Capped Leave Commitments		3,850	3,653
		<u>4,154</u>	<u>4,088</u>

Note: Comparative housing loan guarantees to employees have been restated.

17. Commitments

Current expenditure

Approved and contracted	457	-
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Capital expenditure

Approved and contracted	8	-
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Total Commitments	<u>465</u>	<u>-</u>
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18. Accruals

Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	561	-	561	1,855
Machinery and Equipment	376	-	376	51
	<u>937</u>	<u>-</u>	<u>937</u>	<u>1,906</u>

Listed by programme level

Administration	768	-	768	1,250
Financial Governance	4	-	4	2
Resource Management	14	-	14	543
Public Finance and Accounting	12	-	12	12
Asset Management	139	-	139	99
	<u>937</u>	<u>-</u>	<u>937</u>	<u>1,906</u>

Confirmed balances with other departments

Annexure 9	187	-
	<u>187</u>	<u>-</u>

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

	Note	2004/05 R'000	2003/04 R'000
19. Employee benefits			
Leave entitlement		580	489
Thirteenth cheque		951	917
Performance awards		683	581
		<u>2,214</u>	<u>1,987</u>

Note: Performance awards paid after the reporting date for the year under review exclude awards for two persons that were not finalised. Comparative figures for all employee benefits have been restated.

20. Lease commitments

20.1 Operating leases	Machinery and equipment	Total	Total
Not later than 1 year	146	146	125
Later than 1 year and not later than 3 years	189	189	197
	<u>335</u>	<u>335</u>	<u>322</u>

21. Senior management personnel

Provincial Minister of Finance and Economic Development	792	829
Accounting Officer	1,026	886
Chief Directors (3)	1,614	728
Chief Financial Officer	453	438
	<u>3,885</u>	<u>2,881</u>

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

ANNEXURE 1: STATEMENT OF TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	TRANSFER ALLOCATION				TRANSFER		SPENT			2003/04
	Adjusted Appropriation 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	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
City of Cape Town (RSC levies)	90	-	-	90	81	90.0	81	-	90.0	72
	90	-	-	90	81	90.0	81	-	90.0	72

ANNEXURE 2: STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2003/04
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Western Cape Gambling and Racing Board	-	-	-	-	-	-	4,700
SETA	150	-	-	150	27	18.0	-
	150	-	-	150	27	18.0	4,700

ANNEXURE 3: STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2003/04
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Claims against State Households	79	-	486	565	565	100.0	-
	79	-	486	565	565	100.0	-

**WESTERN CAPE PROVINCE
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

ANNEXURE 4: 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

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2004/05 R'000	2003/04 R'000
Department of Social Services	Donation in respect of Violence against Women and Children	50	-
		50	-

ANNEXURE 5: 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 outstanding as at 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
Standard Bank of SA Ltd	Housing Loan	-	78	-	-	-	78	-
First Rand Ltd	Housing Loan	-	34	-	17	-	17	-
ABSA	Housing Loan	-	148	-	-	-	148	-
Old Mutual Bank	Housing Loan	-	61	-	-	-	61	-
		-	321	-	17	-	304	-

Note: The opening balances, movements during the year and closing balances are all substantiated by the relevant persal report.

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

ANNEXURE 6: PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2005

	Additions R'000	Disposals R'000	Transfers in R'000	Transfers Out R'000
MACHINERY AND EQUIPMENT	1,391	11	-	-
Computer equipment	1,075	-	-	-
Furniture and office equipment	264	-	-	-
Other machinery and equipment	52	11	-	-
	1,391	11	-	-

Physical asset movement schedule as at 31 March 2004

	Additions R'000	Disposals R'000	Transfers in R'000	Transfers Out R'000
MACHINERY AND EQUIPMENT	6,342	300	-	-
Computer equipment	5,342	262	-	-
Furniture and office equipment	677	17	-	-
Other machinery and equipment	323	21	-	-
	6,342	300	-	-

Note: Movements during the year are substantiated by the relevant BAS report.

ANNEXURE 7: SOFTWARE AND OTHER INTANGIBLE ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2005

	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000
Computer software	605	-	-	-
	605	-	-	-

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

ANNEXURE 8: INTER-GOVERNMENTAL RECEIVABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
	R'000	R'000	R'000	R'000
Department				
National Treasury	-	-	39	-
Transport and Public Works	3	-	-	-
Enviromental Affairs and Tourism (Pretoria)	31	-	-	-
	34	-	39	-

Note: Comparitives balances have been restated.

ANNEXURE 9: INTER-DEPARTMENTAL PAYABLES – CURRENT

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
	R'000	R'000	R'000	R'000
Department				
Amounts not included in Statement of financial position				
Current				
Western Cape Education Department	-	-	-	3
Department of Health	-	-	-	2
Department of Transport and Public Works	174	-	-	109
Provincial Administration: Western Cape	1	-	-	-
South African Police Service	12	-	-	-
	187	-	-	114

Human Resource Management

Oversight Report

The statistics and information published in this part of the annual report are required in terms of Chapter 1, Part III J.3 of the Public Service Regulations, 2001 and have been prescribed by the Minister for the Public Service and Administration for all departments within the Public Service.

The statistical tables provide high-level information on key human resource issues. The information aims to empower legislatures, the media, the public and other key stakeholders to monitor whether departments:

- Are exercising the powers granted under Public Service and Public Finance legislation in a responsible manner, and
- Are achieving national transformation priorities established by the Cabinet, for example, affirmative action.

Annual reports produced at the end of each financial year are aimed at strengthening the accountability of departments to key stakeholders. The tables in this report are revised on a regular basis by the Department of Public Service and Administration (DPSA).

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 plan. Services provided per programme are discussed in Part 2 of this statement.

Table 1.1: Main services provided and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
PROGRAMME 1: ADMINISTRATION				
Sub-programme 1.1: Office of the Provincial Minister				
Smooth and effective functioning of the Minister's Office.	Provincial Treasury Department of Economic Development and Tourism Provincial Parliament Ministry of Finance and Economic Development and Tourism	Public Provincial Ministries and Departments	Adherence to benchmarked service standards.	Partial delivery of administrative, communication and other support services to the standards set by the Minister.
Sub-programme 1.2: Financial Management				
Efficient and effective planning and budget management.	Provincial Treasury Directorates	Provincial departments	Ensure no greater than 2% variance between actual and approved budget.	Resource expenditure management supported Treasury's strategic goals, but with a 6% variance to the adjusted budget, which included a substantial SITA credit not foreseen.
Ensuring proper financial accounting and risk management.	Provincial Treasury Directorates	Provincial departments	Unqualified Auditor-general report.	Financial accounting is on par with Treasury's normative standards with risk management in its early stage of development. An unqualified Auditor-general report was received.

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Supply chain management in line with treasury criteria.	Provincial Treasury Directorates	Provincial departments	Full compliance to efficiency criteria developed by the Treasury.	80% compliance was achieved. Improvements are required for Treasury's asset register.
Excellent specialised auxiliary services	Provincial Treasury Directorates	Provincial departments	Services delivered at a standard acceptable to other line functionaries.	Normal support services were on par with expectations while library services and document management services were 80% and 50% operational, respectively.

Sub-programme 1.3: Human Resource Management

Excellence in personnel and performance management services.	Provincial Treasury Directorates SETA	Provincial departments DPSA	20% vacancy rate.	A 22% vacancy rate was achieved over the past financial year but was negatively affected by resignations and transfers out of Treasury.
Ensuring cordial labour relations.	Provincial Treasury Directorates SETA	Provincial departments DPSA	No labour disputes.	No staff retainment policy is in place yet. Three disputes were managed with the following results: <ul style="list-style-type: none"> • One dispute resolved in favour of Treasury. • Two disputes resolved by mutual agreements with both parties.

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Ensuring cordial labour relations. (Cont.)	Provincial Treasury Directorates SETA (Cont.)	Provincial departments DPSA (Cont.)	No labour disputes (Cont.)	One case of misconduct concerning leave, was instituted with a final written warning valid for six months, being the conclusion thereof. Three grievances were lodged by members of staff. These were resolved internally to the satisfaction of all parties concerned.
Facilitating appropriate human resource development.	Provincial Treasury directorates SETA	Provincial departments DPSA	Skilling in line with strategic goals.	85 % attained (Total number of interventions 139 ÷ Total No of employees 167 x 100 = 83%) 18 Bursaries 12 Learnerships 4 Abet 105 Training Interventions
Ensuring organisational transformation.	Provincial Treasury Directorates SETA	Provincial departments DPSA	Ability to deliver on Treasury's goals.	Current filling of vacancies focused on achieving a diversified workforce. Percentage Representivity from Target: African Male 26%

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Ensuring organisational transformation. (Cont.)	Provincial Treasury Directorates SETA (Cont.)	Provincial departments DPSA (Cont.)	Ability to deliver on Treasury's goals. (Cont.)	<p>African Female 73%</p> <p>Coloured Male 47%</p> <p>Coloured Female 49%</p> <p>Indian Male 212%</p> <p>Indian Female 106%</p> <p>White Male 148%</p> <p>White Female 148%.</p> <p>Gender Equality in employment target was achieved.</p> <p>HIV & Aids work-place programme was 80% completed.</p> <p>Disability: Audit conducted with recommendation to ensure accessibility.</p>

PROGRAMME 2: FINANCIAL GOVERNANCE

Sub-programme 2.1: Normative Financial Management

Determination and implementation of financial management norms and standards to facilitate excellence in service delivery.	AOs CFOs Provincial Treasury Directorates Municipalities Public Entities	SSA SCOF FFC PTC	Full compliance by Accounting Officers with normative standards.	Assessment of financial management systems and practices and tailoring current practices to achieve fiscal policy objectives.
Ensuring the existence of an appropriate and dynamic financial legislative framework.	AOs CFOs Provincial Treasury Directorates Municipalities Public Entities	SSA SCOF FFC PTC	No unauthorised departures from financial prescripts.	Assessment of nominal and substantive compliance and initiations of remedial steps.

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
An effective internal and external communication system.	AOs CFOs Provincial Treasury Directorates	SSA SCOF FFC PTC	No mis-communication.	Early communication framework to deliver timely and accurate transmission of all data and other communication within Treasury.

Sub-programme 2.2: Internal Audit

Effective internal audit service to all provincial departments.	AOs CFOs AG Forensic Audit Audit Committees	National Departments SCOF SCOPA	To deliver an effective internal audit service to all provincial departments.	A central co-sourced unit for the interim to get Internal Audit up and running. An internal audit service was provided to the departments of Health, Education and Social Services & Poverty Alleviation.
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Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
PROGRAMME 3: RESOURCE MANAGEMENT				
Sub-programme 3.1: Budget Office				
Compile the annual medium-term budget policy objectives targeted to reduce socio-economic disparities, achieve synergy, improve financial management of resources and promote integrated governance.	Provincial and National departments	Provincial departments' directorates	Acceptance of provincial Medium-term Budget Policy Statement by the Executive and Provincial Parliament.	WC-MTBPS 2005-2008 was produced and accepted by the Executive and tabled during November 2004.
Subsequent proposing of allocations per function and key policy areas.	Provincial and National departments	Provincial departments' directorates	Acceptance of allocations by the Executive and Provincial Parliament.	Allocations in line with <i>iKapa elihlumayo</i> policy objectives accepted by the Executive during December (pre-final allocations) and February (Final allocations). Budget 2005/06 together with Budget Statement 1 and 2 were tabled in March 2005.
Sub-programme 3.2: Macroeconomic Analysis				
Determine the potential and constraints for economic growth and development, and their interaction with current government spending and revenue patterns.	Provincial departments CFOs Provincial and National Treasuries	PTC SSA SCOF FFC	Full economic impact assessment of intended or past revenue initiatives and expenditures.	Chapter 1 contribution to the 2004 MTBPS 2005 Provincial Economic Review and Outlook.

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Preparation of input into the budget process, Adjustment Estimate and selected impact assessments.	Provincial departments CFOs Provincial and National Treasuries	PTC SSA SCOF FFC	Refinement of input in to the Budget Process as well as the impact assessment on request.	Timely socio-economic inputs made to the budget process.

Sub-programme 3.3: Resource Acquisition

Assess and optimise division of national revenues.	Provincial departments CFOs Provincial and National Treasury	PTC SSA SCOF FFC	Annual real growth of at least 1% above GDP inflation after discounting of personnel and social security.	Equitable share revenue increased by 11.1 % year on year. Conditional Grants allocated to ensure National Policy Objectives increased to 13.8% of Provincial Revenue.
Development of loan financing, fuel, bed/ tourism levy and developer levies investigated.	Provincial departments CFOs National Treasury	PTC SSA SCOF FFC	Conduct research into the feasibility of Provincial Taxation. Present to Western Cape Cabinet, Minister of Finance and Budget Council for implementation in 2005/06. Research into other provincial taxes such as a bed levy, tourism tax and other taxes have been initiated.	Feasibility on fuel tax concluded and accepted by the Western Cape Provincial Government. Presented to the National Minister of Finance and awaiting approval from Budget Council. Currently at tender stage.

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Systematic reduction of debtors book	Provincial departments CFOs Provincial and National Treasuries	PTC SSA SCOF FFC	Collect all information on provincial debt, reported as well as those unreported.	Develop a position paper on Provincial Debt Management and identifying all outstanding provincial debt.
Ensuring efficient and effective development of provincial revenue base.	Provincial departments CFOs Provincial and National Treasuries	PTC SSA SCOF FFC	Annual real growth in excess of 5% over current MTEF projections.	Own revenue increased at a real growth rate of 5.3%.

Sub-programme 3.4: Western Cape Gambling and Racing Board (WCGRB)

Effective and efficient revenue administration with a high level of gambling industry compliance.	CFOs Provincial and National Treasury NGOs	SSA SCOF FFC	Receipt of all estimated gambling and betting revenue.	Real growth of in excess of 5% in gambling and betting revenue. All revenue deposited into the Provincial Revenue Fund. Compliance of all licence holders and the confiscation of illegal gambling devices.
Western Cape Gambling and Racing Board being self sufficient, sustainable and adequately resourced.	CFOs Provincial and National Treasury NGOs WCGRB	SSA SCOF FFC	Transfer payments in line with cash flow and budget projections.	The Western Cape Gambling and Racing Board, for the second successive year, has received no transfers from the Provincial Treasury and is considered to be self sufficient.

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
PROGRAMME 4: PUBLIC FINANCE AND ACCOUNTING				
Sub-programme 4.1: Provincial Government Finance				
Controlled and assessed expenditure (actual and forecasts).	Provincial departments CFOs National Treasury	PTC SSA SCOF FFC	Timely quality expenditure reports. Spending patterns within defined limits.	Expenditure and trend analysis reports were produced.
Proposing allocations and compile annual adjustments budget.	Provincial and National departments	Provincial departments' directorates	Acceptance by the Executive and Provincial Parliament.	Adjustments Budget accepted by the Executive and tabled on 23 November 2004.
Sub-programme 4.2: Local Government Finance				
Fulfillment of the Provincial Treasury responsibilities of the Local Government Municipal Finance Management Act, 2003 (Act No 56 of 2003).	National and Provincial Ministers of Finance Provincial departments Directorates within Provincial Treasury National Treasury Municipalities SCOF Provincial Legislature Auditor-General	Budget Forum FFC Other Provinces	Comply with National Treasury requirements.	Approval of the proposed organisational structure by Cabinet.

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Develop frameworks for transfer of functions between local and provincial spheres of government	Provincial departments Municipalities SALGA National Treasury SCOF SCOP	Provincial Cabinet Budget Forum FFC Other Provinces	Alignment and optimal placement of functions between the spheres of government.	Situation paper on each affected function and a report to Cabinet with a five phase methodology.
Publication and managing of allocations from provincial departments to municipalities	Provincial departments Municipalities National Treasury Provincial Cabinet SCOF SCOPA National and Provincial Ministers of Finance	Budget Forum FFC Other Provinces	Ensure the publication of allocations by provincial departments to municipalities by 1 April 2005 in main budget. Ad hoc gazetting of additional allocations from provincial departments to municipalities.	Publication of allocations included in the 2005/06 WPG Budget. Successful gazetting of allocations to municipalities on a continuous basis.
Facilitating and managing of managerial and co-ordinating intergovernmental structures.	Provincial departments Municipalities National Treasury	Budget Forum FFC Other Provinces	Establishing coordinating structures to ensure the smooth implementation of the MFMA.	Establishment of a Municipal Chief Financial Officer's Forum. A fully functioning MFMA Implementation Unit.
Advise on local government financial issues.	Provincial Minister of Finance Municipalities	SCOF	Provision of sound advice on ad hoc municipal financial matters.	Timeous response to issues as it arose.

Sub-programme 4.3: Financial Accounting and Reporting

Accounting practices and reporting that will ensure effective and efficient capturing of REAL movements and accountability.	Provincial departments CFOs National Treasury Municipalities Auditor-General Accounting Standards Board	PTC SSA SCOF FFC	No unwarranted balances in accounts at the end of the financial year.	Old balances (pre 1996) in the books of account of this Province included in a memorandum to National Treasury.
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Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Trends, opportunities and risks identified and addressed immediately through optimal use of financial reports.	Provincial departments CFOs National Treasury Municipalities Auditor-General Accounting Standards Board	PTC SSA SCOF FFC SCOPA	Efficiency and transparency in resource utilisation benchmarked.	IYM reports interpreted. Annual Financial Statements analysed and reported on in Financial Management Review 2004 working paper.

PROGRAMME 5: ASSET MANAGEMENT

Sub-programme 5.1: Supply Chain Management

To ensure effective and efficient planning for, acquisition, logistics management and disposal of goods and services, inclusive of immovable property.	Provincial departments Businesses Local Government	Liaison Committees NGOs	Attainment of efficiency in supply chain management to be benchmarked.	Implementation of SCM in Province and associated units completed.
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Sub-programme 5.2: Public Private Partnerships

Facilitate, promote and in liaison with accounting officers implement public private partnership initiatives.	Provincial departments Businesses Financial institutions	Liaison Committees	Appropriate risk transfer to private sector.	Partially established PPP unit in the Provincial Treasury.
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Sub-programme 5.3: Financial Asset Management

To achieve the interest amount appropriated in the budget.	Provincial departments Businesses Financial Institutions	Liaison Committees	100% of target achieved.	Interest target exceeded.
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Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Meeting of all due dates and timely corrective measures.	Provincial departments Businesses Financial Institutions	Liaison Committees	100% of target achieved.	All statements/ reports were accurately completed and timeously forwarded to National Treasury, Auditor-General, Management and South African Reserve Bank.

Sub-programme 5.4: Supporting and Interlinked Financial Systems

Acceptance by the Executive and the National Treasury of a policy framework dealing with the involvement and deployment of financial systems.	Provincial departments CFOs National Treasury	Local Government	Implement and maintain policy.	Phase 1 of the project successfully completed and submitted to the TCF and Budget Council for final approval.
Utilisation of LOGIS at the Department of Health, (Academic Institutions excluded).	Provincial departments CFOs National Treasury	Local Government	Dependant on the development of the New Integrated Financial Management System by National Treasury.	Implementation of an additional 7 LOGIS sites and the commencement of a further 3 sites during this reporting period.

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Operational use of BAS at all the departments and the Provincial Parliament.	Provincial departments CFOs National Treasury	Local Government	Dependant on the development of the New Integrated Financial Management System by National Treasury.	Successful migration from FMS to BAS and SCOA as well as BAS to BAS on 1 April 2004. Additional to this the conversion of the PRF on 1 October 2004 as well as SASSA on 16 March 2005.
Meeting of all due dates and timely corrective measures.	Provincial departments CFOs National Treasury	Local Government	100% of target achieved.	All tasks were monitored by detailed individual project plans to ensure compliance to all due dates and timeous corrective measures were implemented where applicable.
Utilisation of BAS at the 3 central hospitals (academic hospitals).	Provincial departments CFOs National Treasury	Local Government	Dependant on the development of the New Integrated Financial Management System by National Treasury.	On request of Department of Health the 3 central hospitals were not converted to their own BAS departments.

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Provide functional financial training according to an approved training programme and in the case of BAS, PERSAL, Vulindlela and LOGIS according to the project plans.	Provincial departments CFOs National Treasury	Local Government	50% of the targeted market of 4 000 officials.	Training of 2 000 users covering all systems as well as user support to 7 000 users.

Table 1.2: Consultation arrangements with customers

Type of arrangement	Actual customers	Potential customers	Actual achievements
MFMA implementation unit	Municipalities National Treasury Provincial departments SCOF	Cabinet Other Provinces	Established and operational.

Table 1.3: Service delivery access strategy

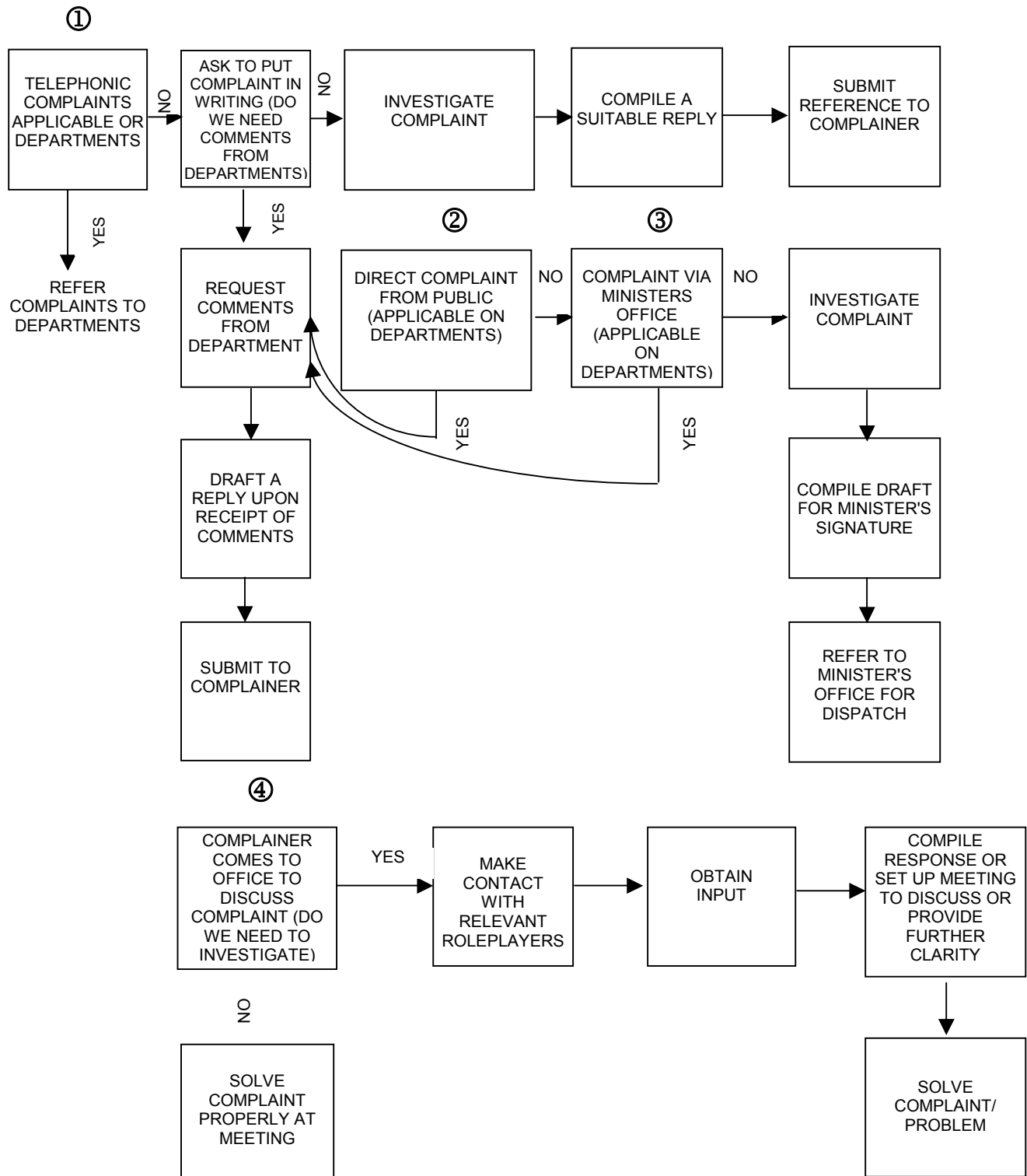
Access strategy	Actual achievements
Maintaining the Treasury Website	Ten percent (10%) of content updated on website.

Table 1.4: Service delivery access strategy

Types of information tool	Actual achievements
Electronic Purchasing System	262 818 quotations were obtained.
Western Cape Supplier Database	7 215 suppliers were registered.

Table 1.5: Complaints mechanism

The following flow-chart indicates 4 possible ways through which the Public could direct their complaints regarding tender procedures and practices within the Western Cape Provincial Government.



Note 1:

The directive for the draft complaints mechanism is expected from National Treasury, however in the absence thereof complaints are being directed to the relevant departments for their attention. A report of the progress is forwarded to the Supply Chain Management Office in Provincial Treasury.

2. Expenditure

The Provincial Treasury's own budget is in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 2.1) and by salary bands (Table 2.2). 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 % of total expenditure	Average personnel cost per employee (R'000)
1	21 318	11 397	126	181	53.46	228
2	24 835	4 432	-	15 877	17.85	222
3	6 005	3 098	-	2 517	51.59	258
4	7 067	6 165	-	52	87.24	237
5	43 108	8 498	-	7 631	19.71	250
Total	102 333	33 590	126	26 258	32.82	239

Note: The total amount for training expenditure excluded expenditures on bursaries amounting to R169 900.

Table 2.2: Personnel costs by salary band, 2004/05

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	145	0.42	36
Skilled (Levels 3-5)	1 806	5.28	55
Highly skilled production (Levels 6-8)	5 285	15.46	170
Highly skilled supervision (Levels 9-12)	17 566	51.38	197
Senior management (Levels 13-16)	7 159	20.94	716
Additional employment (Contract workers)	2 226	6.51	57
Total	34 187	100.00	205

Note 1: The discrepancy in personnel expenditure by programme (Table 2.1) and personnel expenditure by salary band (Table 2.2), amounting to R597 000 can be contributed to accumulated differences between the Basic Accounting System (BAS) and the

Personnel Salary System (PERSAL). Please note that the (BAS) figures of Table 2.1 have been verified by the Provincial Auditor and is reflected in the Financial Statements in part three of this document. The latter is regarded as the correct amount.

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 (HOA)		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
1	7 605	67.05	142	1.25	100	0.88	408	3.60
2	3 138	67.45	43	0.92	59	1.27	185	3.98
3	2 280	73.60	65	2.10	21	0.68	92	2.97
4	4 816	71.52	179	2.66	52	0.77	264	3.92
5	6 193	74.08	1	0.01	81	0.97	348	4.16
Total	24 032	70.30	430	1.26	313	0.92	1 297	3.79

Note: Brief motivations in respect of overtime in excess of R60 000.

Programme 1: The main reason for the overtime is the general lack of capacity within the programme, combined with a high turnover in personnel. As a result, staff members across the board had to work overtime. This was especially the case within Financial Management who had to compile the Annual Financial Statements, the Annual Report, Adjustments Estimates and Budget and to put in place a new Supply Chain Management Unit, all for Treasury itself.

Programme 3: The reason for the overtime is that the Directorate had to meet the due dates set for the effective and efficient completion of the budgetary process, achieving associated goals, related matters and ad hoc instructions.

Programme 4: Overtime in the Directorate is cyclic of nature and is mostly concentrated in January/February (when finalising the main budget), November (when finalising the adjustment budget) or due to specific processes (e.g. preparing for the Local Government cooperative summit).

Table 2.4: Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary band, 2004/05

Salary band	Salaries		Overtime		Home Owners Allowance (HOA)		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
Lower skilled (Levels 1-2)	109	75.17	2	1.38	5	3.45	-	-
Skilled (Levels 3-5)	1 272	70.43	35	1.94	37	2.05	94	5.20
Highly skilled production (Levels 6-8)	3 684	69.71	86	1.63	75	1.42	278	5.26
Highly skilled supervision (Levels 9-12)	12 772	72.71	291	1.66	196	1.12	684	3.89
Senior management (Levels 13-16)	4 251	59.38	-	-	-	-	240	3.35
Contract Workers	1 944	87.33	16	0.72	-	-	1	0.04
Total	24 032	70.30	430	1.26	313	0.92	1 297	3.79

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). Table 3.3 provides the establishment and vacancy information for the key critical occupations of the Provincial Treasury that require monitoring. 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
1	74	59	20.27	4
2	48	28	41.67	1
3	23	12	47.83	2
4	31	23	25.81	-
5	62	45	27.42	6
Total	238	167	29.83	13

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)	4	4	-	1
Skilled (Levels 3-5)	44	33	25.00	9
Highly skilled production (Levels 6-8)	45	31	31.11	-
Highly skilled supervision (Levels 9-12)	125	89	28.80	3
Senior management (Levels 13-16)	20	10	50.00	-
Total	238	167	29.83	13

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 State Accountant	6	2	66.67	-
Financial Analyst	9	9	-	-
Economist	17	10	41.18	2
Expenditure Analyst	12	8	33.33	-
System Controller	31	22	29.03	-
Procurement Specialist	8	6	25.00	-
Total	83	57	31.33	2

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 the Oversight Report.

4. Job Evaluation

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

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)	4	1	25.00	-	-	-	-
Skilled (Levels 3-5)	44	3	6.82	2	66.67	-	-
Highly skilled production (Levels 6-8)	45	1	2.22	1	100.00	-	-
Highly skilled supervision (Levels 9-12)	125	-	-	-	-	-	-
Senior Management Service Band A	14	-	-	-	-	-	-
Senior Management Service Band B	4	-	-	-	-	-	-
Senior Management Service Band C	-	-	-	-	-	-	-
Senior Management Service Band D	2	-	-	-	-	-	-
Total	238	5	2.10	3	60.00	-	-

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	-	-	-	-	-
Male	-	-	-	-	-
Total	-	-	-	-	-
Employees with a disability	-	-	-	-	-

Note: The upgrades recorded did not affect the employee's salary position as they were already remunerated on the upgraded level.

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 exceeded 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
Nil	-	-	-	-
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2004/05				-
Percentage of total employment				-

Table 4.4 - 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	Indian	Coloured	White	Total
Female	-	-	5	12	17
Male	-	-	2	9	11
Total	-	-	7	21	28
Employees with a disability	-	-	-	-	-

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 Provincial Treasury. The following tables provide a summary of turnover rates by salary band (Table 5.1) critical occupations (Table 5.2), reasons for leaving the department (Table 5.3), promotion by critical occupation (Table 5.4) and promotion by salary band (Table 5.5).

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)	3	6	6	100.00
Skilled (Levels 3-5)	23	30	21	70.00
Highly skilled production (Levels 6-8)	35	9	8	88.89
Highly skilled supervision (Levels 9-12)	76	33	17	51.52
Senior Management Service Band A	9	1	3	300.00
Senior Management Service Band B	4	2	1	50.00
Senior Management Service Band C	-	-	-	-
Senior Management Service Band D	1	-	-	-
Total	151	81	56	69.14

Note: Officials are appointed on contract for a fixed period and this is registered on Persal (Electronic Salary System). Once a contract expires, Persal registers a termination. Should the contract be renewed, Persal would register a new appointment. This means that although one person was contracted with regular renewals to his/her contract, Persal will register a termination and a new appointment, with each renewal. Thus the discrepancy between the number of employees per band and the number of employees appointed and the number of appointments terminated.

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 State Accountant	2	2	-	-
Financial Analyst	5	5	-	-
Economist	3	9	-	-
Expenditure Analyst	10	-	2	-
System Controller	12	8	-	-
Procurement Specialist	6	1	4	400.00
Total	38	25	6	24.00

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

Table 5.3: Reasons why staff are leaving Treasury

Termination Type	Number	% of total
Death	1	1.92
Resignation	8	15.38
Expiry of contract	30	57.69
Dismissal – operational changes	-	-
Dismissal – misconduct	1	1.92
Dismissal – inefficiency	-	-
Discharged due to ill-health	1	1.92
Retirement	-	-
Transfers to other Public Service Departments	11	21.15
Other	-	-
Total	52	100.00
Total number of employees who left as a % of the total employment		34.44

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 State Accountant	2	1	50.00	1	50.00
Financial Analyst	5	-	-	2	40.00
Economist	3	1	33.33	2	66.67
Expenditure Analyst	10	1	10.00	-	-
System Controller	12	2	16.67	2	16.67
Procurement Specialist	6	1	16.67	1	16.67
Total	38	6	15.79	8	21.05

Table 5.5: Promotions by salary band

Salary band	Employees 1 April 2004	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	3	-	-	3	100.00
Skilled (Levels 3-5)	23	-	-	12	52.17
Highly skilled production (Levels 6-8)	35	8	22.86	11	31.43
Highly skilled supervision (Levels 9-12)	76	11	14.47	18	23.68
Senior management (Levels 13-16)	14	-	-	-	-
Total	151	19	12.58	44	29.14

6. Employment Equity

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

Table 6.1: Total number of employees 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	-	-	2	5	2	1	-	1	11
Professionals	6	15	1	26	13	17	2	13	93
Technicians and associate professionals	1	5	-	3	-	2	-	-	11
Clerks	5	11	-	1	7	9	-	14	47
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	-	2	-	-	-	-	-	-	2
Elementary occupations	-	1	-	-	-	2	-	-	3
Total	12	34	3	35	22	31	2	28	167
Employees with disabilities	-	-	-	-	-	-	-	-	-

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

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	1	-	1	-	-	2
Senior Management	-	-	2	4	2	-	-	1	9
Professionally qualified and experienced specialists and mid-management	7	19	1	25	10	16	2	9	89
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	5	-	4	6	4	-	7	30
Semi-skilled and discretionary decision making	1	8	-	1	4	8	-	11	33
Unskilled and defined decision making	-	2	-	-	-	2	-	-	4
Total	12	34	3	35	22	31	2	28	167

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

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	1	-	-	1	2
Professionally qualified and experienced specialists and mid-management	5	6	-	2	8	2	1	4	28
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	-	-	1	2	1	-	2	7
Semi-skilled and discretionary decision making	5	4	-	1	10	3	-	2	25
Unskilled and defined decision making	-	1	-	-	1	2	-	1	5
Total	11	11	-	4	22	8	1	10	67
Employees with disabilities	-	-	-	-	-	-	-	-	-

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

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	1	5	-	1	-	4	-	-	11
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	-	-	2	2	2	-	-	8
Semi-skilled and discretionary decision making	-	-	-	-	-	-	-	-	-
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
Total	3	5	-	3	2	6	-	-	19
Employees with disabilities	-	-	-	-	-	-	-	-	-

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

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	-	2	-	1	-	-	-	-	3
Professionally qualified and experienced specialists and mid-management	2	1	-	3	1	-	-	2	9
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	-	-	-	-	1	-	-	3	4
Semi-skilled and discretionary decision making	5	3	-	1	6	3	-	1	19
Unskilled and defined decision making	-	1	-	-	1	3	-	1	6
Total	7	7	-	5	9	6	-	7	41
Employees with disabilities	-	-	-	-	-	-	-	-	-

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

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	-	1	-	-	-	-	-	1	2

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

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	-	-	2	2	2	-	-	1	7
Professionals	4	9	-	13	5	12	-	1	44
Technicians and associate professionals	1	4	-	4	3	4	-	7	23
Clerks	1	1	-	-	3	4	-	5	14
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	-	-	-	-	-	-	-	-	-
Elementary occupations	-	2	-	-	-	1	-	-	3
Total	6	16	2	19	13	21	-	14	91
Employees with disabilities	-	-	-	-	-	-	-	-	-

Note 1: The figures above include bursaries awarded.

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 7.1), salary bands (table 7.2) and critical occupations (Table 7.3).

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

Race, gender and disability	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group as at 31 March 2005	% of total within group	Cost (R'000)	Average cost per employee (R'000)
African	-	-	-	-	-
Male	1	12	8.33	4	4.00
Female	5	22	22.73	33	6.60
Indian	-	-	-	-	-
Male	-	3	-	-	-
Female	-	2	-	-	-
Coloured	-	-	-	-	-
Male	24	34	70.59	159	6.63
Female	16	31	51.61	116	7.25
White	-	-	-	-	-
Male	17	35	48.57	228	13.41
Female	14	28	50.00	97	6.93
Employees with a disability	-	-	-	-	-
Total	77	167	46.11	637	8.27

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

Salary Band	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee (R'000)	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	2	4	50.00	4	2.00	1.38
Skilled (Levels 3-5)	15	33	45.45	31	2.07	0.11
Highly skilled production (Levels 6-8)	19	30	63.33	65	3.42	0.06
Highly skilled supervision (Levels 9-12)	41	89	46.07	369	9.00	0.05
Total	77	156	49.36	469	6.09	0.09

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

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee (R'000)
Senior State Accountant	1	2	50.00	7	7.00
Financial Analyst	3	9	33.33	39	13.00
Economist	2	10	20.00	29	14.50
Expenditure Analyst	4	8	50.00	38	9.50
System Controller	7	22	31.82	60	8.57
Procurement Specialist	3	6	50.00	25	8.33
Total	20	57	35.09	198	9.90

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

Salary Bands	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 salary bands			
Band A	5	6	83.33	72	14.40	1.61
Band B	1	3	33.33	16	16.00	0.96
Band C	-	-	-	-	-	-
Band D	-	-	-	-	-	-
Total	6	9	66.67	88	14.67	1.23

8. Foreign Workers

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

Salary Band	01 April 2004		31 March 2005		Change	
	Number	% of total	Number	% of total	Number	% of total
Lower skilled (Levels 1-2)	-	-	-	-	-	-
Skilled (Levels 3-5)	-	-	-	-	-	-
Highly skilled production (Levels 6-8)	-	-	-	-	-	-
Highly skilled supervision (Levels 9-12)	-	-	2	100.00	2	100.00
Total	-	-	2	100.00	2	100.00

Table 8.2: Foreign Workers, 1 April 2004 to 31 March 2005, by major occupation

Salary Band	01 April 2004		31 March 2005		Change	
	Number	% of total	Number	% of total	Number	% of total
Top Management	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	-	-	-	-	-	-
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	-	-	2	100.00	-	-
Semi-skilled and discretionary decision making	-	-	-	-	-	-
Unskilled and defined decision making	-	-	-	-	-	-
Total	-	-	2	100.00	-	-

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 Bands	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	65	56.92	4	2.58	16	11
Skilled (Levels 3-5)	284	57.39	35	22.58	8	65
Highly skilled production (Levels 6-8)	285	72.63	34	21.94	8	102
Highly skilled supervision (Levels 9-12)	462	64.29	75	48.39	6	310
Senior management (Levels 13-16)	18	44.44	7	4.52	3	33
Total	1 114	63.91	155	100.00	7	521

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

Salary Bands	Total days	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	-	-	-	-	-	-
Skilled (Levels 3-5)	6	100.00	1	33.33	6	2
Highly skilled production (Levels 6-8)	-	-	-	-	-	-
Highly skilled supervision (Levels 9-12)	125	100.00	2	66.67	63	83
Senior management (Levels 13-16)	-	-	-	-	-	-
Total	131	100.00	3	100.00	44	85

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 Band	Total days taken	Average per employee
Lower skilled (Levels 1-2)	66	22.00
Skilled (Levels 3-5)	490	22.27
Highly skilled production (Levels 6-8)	900	23.08
Highly skilled supervision (Levels 9-12)	1 898	21.57
Senior management (Levels 13-16)	338	24.14
Additional	414	14.28
Total	4 106	21.06

Table 9.4: Capped leave, 1 January 2004 to 31 December 2004

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2004
Lower skilled (Levels 1-2)	11	2.20	25.60
Skilled (Levels 3-5)	27	0.96	33.86
Highly skilled production (Levels 6-8)	27	0.75	21.67
Highly skilled supervision (Levels 9-12)	81	1.03	37.67
Senior management (Levels 13-16)	13	1.08	19.67
Total	159	0.99	31.68

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

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

Reason	Total Amount	Number of Employees	Average payment per employee
Leave payout for 2002/03 due to non-utilisation of leave for the previous cycle	49 546	8	6 193
Capped leave payouts on termination of service for 2002/03	79 001	2	39 501
Current leave payout on termination of service for 2003/04	-	-	-
Total	128 547	10	45 694

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	Not applicable

Table 10.2: Details of Health Promotion and HIV/Aids Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Ms NN Madikizela–Renene Senior Manager: Human Resource Management
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		Three permanent employees, the budget is integrated in Human Right Programmes budget
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		Health & Safety programmes: safety audits to identify haphazard areas and to introduce relevant interventions
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		Marina Cox, Veronica Melim, Nzimande Thembane, Shirley Jacobs, Gadija Davids & Sumaya Parker-Emaran
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		Leave policy, Staff Performance Management System Policy, Recruitment and Selection 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		The newly formulated policy is aimed to address the situation
7. Does the department encourage its employees to undergo voluntary counseling and testing? If so, list the results that you have achieved.	X		Programme to be rolled out in September 2005/6 financial year
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/ indicators.	X		Monthly meetings with staff members & Checklist for safety audit

11. Labour Relations

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

Total collective agreements	None
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Table 11.2 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	-	-
Verbal warning	-	-
Written warning	-	-
Final written warning	1	100.00
Suspended without pay	-	-
Fine	-	-
Demotion	-	-
Dismissal	-	-
Not guilty	-	-
Case withdrawn	-	-
Total	1	100.00

Table 11.3: Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Misconduct concerning leave	1	100.00
Total	1	100.00

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

	Number	% of total
Number of grievances resolved	3	100.00
Number of grievances not resolved	-	-
Total number of grievances lodged	3	100.00

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

	Number	% of total
Number of disputes upheld	2	100.00
Number of disputes dismissed	-	-
Total number of disputes lodged	2	100.00

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

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

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

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

12. Skills Development

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

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

Occupational Categories	Gender	Number of employees as at 31 March 2005	Training needs identified at start of reporting period				
			Learner-ships	ABET	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	4	-	-	6	5	6
	Male	7	-	-	3	2	5
Professionals	Female	45	1	-	24	6	31
	Male	48	6	-	22	11	39
Technicians and associate professionals	Female	2	-	-	6	8	14
	Male	9	1	-	6	10	17
Clerks	Female	30	1	1	4	9	15
	Male	17	-	-	3	-	3
Service and sales workers	Female	-	-	-	-	-	-
	Male	-	-	-	-	-	-
Skilled agriculture and fishery workers	Female	-	-	-	-	-	-
	Male	-	-	-	-	-	-
Craft and related trades workers	Female	-	-	-	-	-	-
	Male	-	-	-	-	-	-
Plant and machine operators and assemblers	Female	-	-	-	-	-	-
	Male	2	-	1	-	-	1
Elementary occupations	Female	2	-	1	-	-	1
	Male	1	-	1	1	-	2
Sub Total	Female	83	2	2	40	28	72
	Male	84	7	2	35	23	67
Total		167	9	4	75	51	139

Table 12.2: Training provided 1 April 2004 to 31 March 2005

Occupational Categories	Gender	Number of employees as at 31 March 2005	Training provided within the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	4	-	6	5	11
	Male	7	-	3	1	4
Professionals	Female	45	1	24	4	29
	Male	48	6	22	5	33
Technicians and associate professionals	Female	2	-	7	6	13
	Male	9	1	6	7	14
Clerks	Female	30	1	4	5	10
	Male	17	-	3	-	3
Service and sales workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Skilled agriculture and fishery workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft and related trades workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Plant and machine operators and assemblers	Female	-	-	1	-	1
	Male	2	-	-	-	-
Elementary occupations	Female	2	-	1	-	1
	Male	1	-	2	-	2
Sub Total	Female	83	2	43	20	65
	Male	84	7	36	13	56
Total		167	9	79	33	121

13. Injury on duty

The following table provides 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	None	-
Temporary Total Disablement	None	-
Permanent Disablement	None	-
Fatal	None	-
Total	None	-

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
PERSAL	5	1 112.50	2 274 770
LOGIS	3	4 484.00	1 500 274
VULINDLELA	1	201.00	311 879
BAS	1	15.00	54 123
Analysis and interpretation of Annual Financial Statements	1	261.00	60 813
iKapa elihlumayo internal and external communication	Various	261.00	2 948 427
PAWCFIN 03/2003 Risk Assessment and Internal Audit Service	7	756.00	17 120 613
Fuel Levy Research: BER Consortium	19	2 626.50	2 134 837
Commissioned work for the publication of the PERO	6	768.00	392 573
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
9	43	10 485	26 798 310

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
PERSAL	-	-	-
LOGIS	-	-	-
VULINDLELA	-	-	-
BAS	-	-	-
Analysis and interpretation of Annual Financial Statements	-	-	-
<i>iKapa elihlumayo</i> internal and external communication	-	-	-
PAWCFIN 03/2003 Risk Assessment and Internal Audit Service			
• Afripeak Management (Pty) Ltd	100	81	6
• Barends Knight	100	100	5
• Gcabashe Inc.	100	100	9
• Ngubane & Co.	100	99	8
• SAB&T Inc.	85	75	22
• Ernst & Young	20	48	9
• PriceWaterhouseCoopers	15	34	5
Fuel Levy Research: BER Consortium	-	-	-
Commissioned work for the publication of the PERO	-	-	-

Table 14.3: Report on consultant appointments using Donor funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
None	-	-	-

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

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