

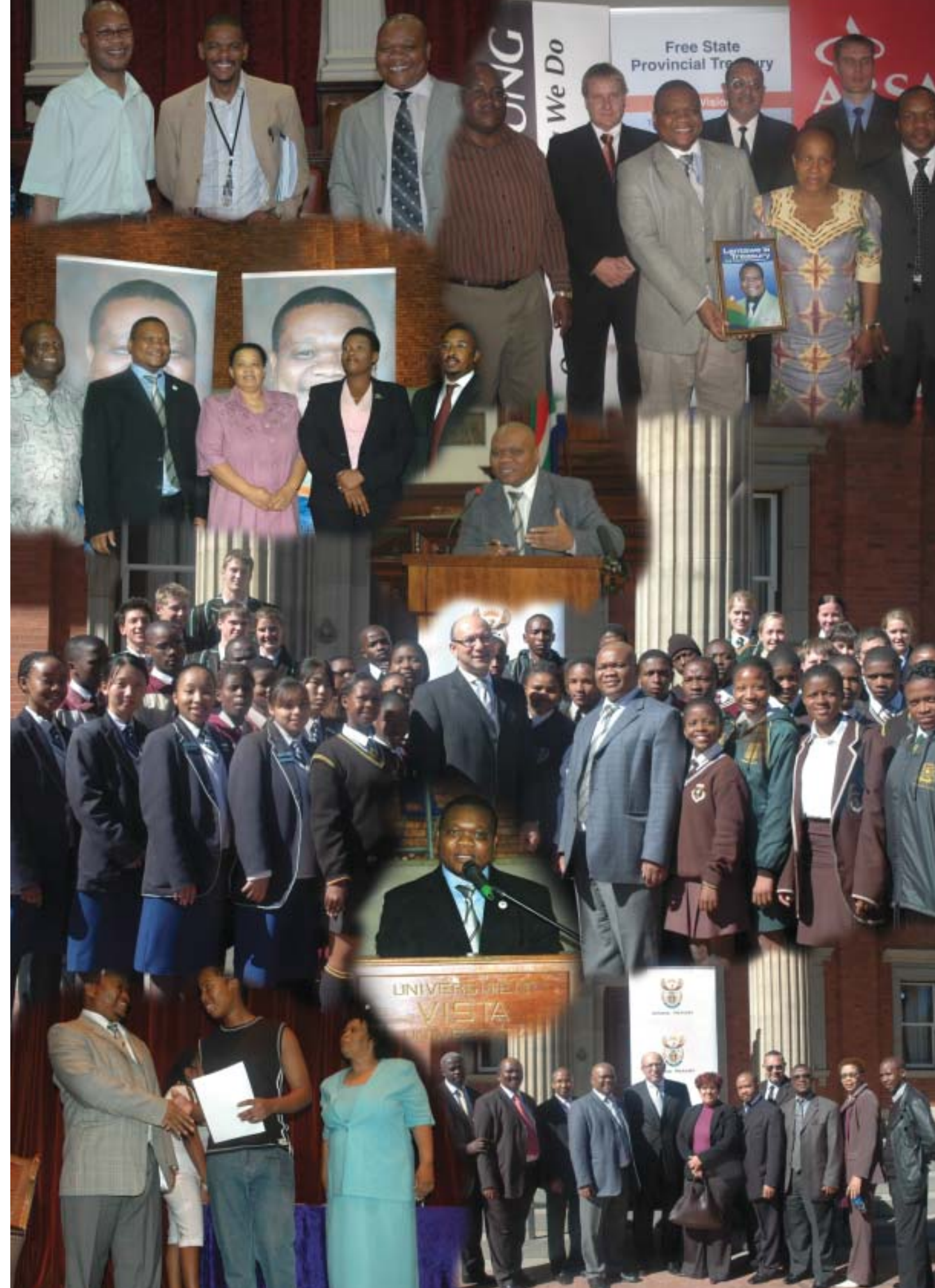
2005-2006

# ANNUAL REPORT



FREE STATE PROVINCIAL  
**TREASURY**





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# FOREWORD BY MR. PHI MAKGOE

MEC FOR FINANCE: FREE STATE PROVINCE



During the period under review, work as afoot on many different fronts to position the Free State Province to meet the developmental objectives of the Free State Growth and Development strategy, commonly referred to as the FSGDS.

Key to the above exercise, was the generation of an enriched supply of credible information, also non-financial information, to enable the Treasury not only to enforce effective aggregate fiscal discipline, but to also better service the informational needs of the Provincial Executive Council and the Provincial Legislature, to enable them to effectively monitor the outcome and impact of provincial expenditure programmes.

The manifestation of under-expenditure, also in respect of provincial infrastructure projects, remain an area of concern as it impacts negatively on the beneficiaries of public services and continuous to seriously compromise the usefulness of the Medium Term Expenditure Framework (MTEF) as a basis for multi-year resource planning. In this regard, processes will continue in the new financial year to guide the implementation of an infrastructure delivery improvement programme (IDIP) in key infrastructure delivery departments, aimed at enhancing the provincial capacity and ability to effectively and efficiently manage provincial infrastructure delivery.

The new financial year will also see the Provincial Treasury engaged in processes aimed at ensuring that provincial resource planning processes and actual service delivery programmes, take place in a manner that allows for more effective synergy, alignment and co-ordination with national departments, parastatals, state-owned enterprises and provincial entities and district and local municipalities, to ensure better alignment with the particular objectives of Provincial Clusters.



## INTRODUCTION BY THE HEAD OF THE DEPARTMENT



During the year under review, the Provincial Treasury continued to focus on its core functions and responsibilities emanating from the Public Finance Management Act (PFMA), Act 1 of 1999, as amended, Treasury Regulations, promulgated in terms of section 76 of the Act, and oversight and support functions to be executed in respect of municipalities in terms of the Municipal Finance Management Act (MFMA), Act 56 of 2003.

Whilst the achievements of the Department for the period under review is evident from the rest of this report, the occurrence of under-expenditure on this vote remains a matter for concern that need to be effectively redressed in the new financial year.

In addition, the following will be some of the areas that the Treasury will focus on in the new financial year, namely:

- Engineering an approach to resource allocation that would see a deliberate movement away from a budget process largely informed by historical departmental baselines, in favour of an approach that seeks to utilize priorities from the Free State Growth and Development Strategy (FSGDS) as the mandating framework informing resource allocations to departments in line with the particular objectives of Provincial Clusters.
- Initiatives to strengthen and provide strategic support to provincial departments and public entities with regard to Accounting Policies, Practices and Annual Financial Statements in line with Generally Recognised Accounting Practice (GRAP) standards.

The strategic leadership from MEC Makgoe, the Provincial Executive Council and the Provincial Legislature as well as support and advice from departmental staff, line departments, the National Treasury, the Provincial Public Accounts Committee (PROPAC), and other stakeholders, that enabled this Department to execute its mandated functions and responsibilities, is highly appreciated.



# PART 1

## PROGRAMME PERFORMANCE



# INFORMATION ON THE MINISTRY

## BILLS SUBMITTED TO THE LEGISLATURE DURING THE FINANCIAL YEAR

Appropriation Bill

### MINISTERIAL VISITS ABROAD

PLACE	DATE	PURPOSE
Germany	6-13 September 2005	Economic Conference
Sweden	14-17 September 2005	Trade and Investment Promotion
Finland	11-27 January 2006	Trade and Investment Event

### MISSION STATEMENT

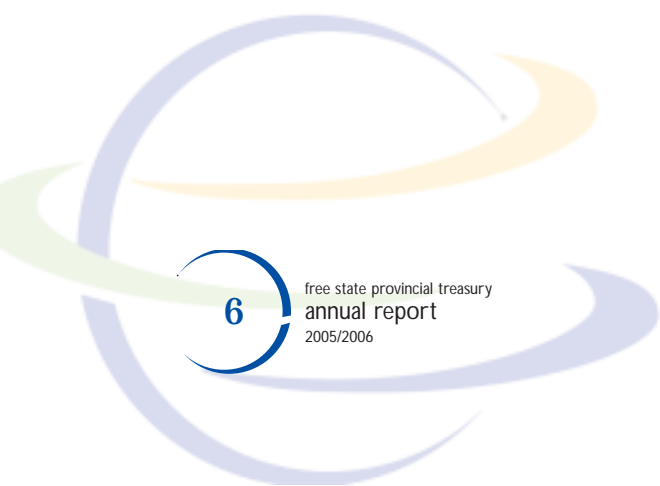
Render timeous and responsive service delivery to clients through:

- enforcing the implementation of the Public Finance Management Act;
- preparation of sound and sustainable provincial budgets;
- sound management of departmental and provincial government's financial assets and liabilities;
- pormotion of sound supply chain management practices;
- optimization of provincially collected revenue;
- enchancement of sound cash management, accounting practices and systems;
- promotion and implementation of restructuring and transformation process;
- sound management of departmental resources.\

### LEGISLATIVE MANDATES

- Constitution Act no. 200 of 1993
- Public Finance Management Act no. 1 of 1999
- Treasury Regulations, May 2005
- Employment Equity Act of 1998
- Public Service Act of 1994
- Public Service Regulations, 2001
- Public Service Coordinating Bargaining Council Collective Agreements
- SITA Act 1999
- SITA Regulations 1999
- Archives Act of 1962
- Protection of Information Act, Act 84 of 1982
- Access of Information Act of 1998 (as amended)
- Minimum Information Security Standards (MISS)
- Division of Renevue Act

- Municipal Finance Management Act no. 56 of 2003
- Municipal Supply Chain Regulations of 2005
- Municipal Investment Regulations of 2005
- Municipal PPP Regulations of 2005
- Performance Procurement Policy Act 5 of 2000
- SCM Regulations of 2004





# PROGRAMME PERFORMANCE

## VOTED FUNDS

Appropriation	Main Appropriation	Adjusted Appropriation	Actual Amount Spent	Under Expenditure
Strategic Management Services	38,534	41,123	34,347	6,776
Sustainable Resource Management	13,305	13,857	11,326	2,531
Asset and Liability Management	51,267	50,526	43,795	6,731
Financial Governance	10,942	8,542	7,826	716

## VISION

A leading change agent for improved economic growth and social equity through prudent financial management.

## PROGRAMMES

The activities of the Free State Provincial Treasury are organized in the following four programmes:

Strategic Management Services  
Sustainable Resource Management  
Asset and Liability Management  
Financial Governance

## KEY MEASURABLE OBJECTIVES

### STRATEGIC MANAGEMENT SERVICES

- To provide administrative support to the member of the executive council.
- Ensure good strategic support to the management team.
- To render personnel management services.
- To manage human resource development.
- To manage policy and transformation matters.
- To manage Labour relations provide legal advisory services.
- To ensure effective communication.
- To render effective security services.
- To render effective IT Support
- To manage organizational efficiency services.
- Support the department through sound financial administration.
- Promote sound financial and budget control in the department.
- Ensure sound supply chain management.
- Provide high quality and professional internal audit services.
- Facilitate risk management within the department.
- Provide professional advisory and consulting services.

### SUSTAINABLE RESOURCE MANAGEMENT

- Determine and analyzing key economic variables for the Free State province and where possible, at district levels.
- Determine the potential sources and constraints for enhanced growth and development in the Free State province as framed in the Provincial Growth and Development Strategy.
- Assess the impact of various fiscal policy objectives on selected economic variables.
- Develop and maintain a provincial economic model (e.g. Social accounting matrix and computable general equilibrium model) that will assess different impact scenarios on selected social economic indicators.
- Develop and maintain a socio-economic database for the province and per district.
- Assess and advise on the socio-economic part of the municipalities and the relevance for municipal budget.
- Provide technical assistance and training in the application of economic analysis for both provincial and local governments.
- To strengthen and provide technical and strategic support for institutional capacity of provincial government.
- Alignment of budgets to Free State Growth and Development strategy, strategic and performance plans.
- Monitor compliance with the public finance management act, regulations and guidelines.

- Set credible expenditure and revenue budgets.
- Provide policy advice and ensure budget implementation in provincial departments.
- Effective monitoring and implementation of budgets for provincial departments and public entities.
- Oversee the implementation of policies for effective control of revenue.
- Oversee compliance with revenue policies, financial directives, PFMA & treasury regulations.

## ASSET AND LIABILITY MANAGEMENT

- Develop, promote and monitor the implementation of policies for effective management of assets.
- Provide strategic leadership, support and monitoring of Supply Chain Management, Infrastructure Delivery Models and Public- Private Partnership projects.
- Ensure proper and effective management of the Provincial Revenue Fund.
- To strengthen and provide technical and strategic support for the institutional capacity of provincial government.
- To provide for the implementation, management and support of existing financial management systems and the transition to the Integrated Financial Management System (IFMS) enhancing compliance with PFMA and other relevant legislation.
- Monitor compliance with the Public Finance Management Act, accounting policy, regulations and guidelines.

## FINANCIAL GOVERNANCE

- Development and implementation of accounting policies and practices to ensure compliance with GRAP standards.
- Consolidate AFS for the provincial departments and public entities.
- To strengthen and provide strategic support to provincial departments and public entities with regard to Accounting Policies, Practices and Annual Financial Statements.
- To monitor compliance with regard to Accounting Standards, Policies and relevant sections of PFMA.
- To strengthen and provide strategic support to provincial departments and public entities with regard to PFMA.
- To promote compliance with Provincial Norms and Standards.
- To promote effective implementation of Legislative resolutions.
- To monitor, implement, evaluate and report on the compliance with PFMA and Treasury Regulations.
- To strengthen and provide strategic support to provincial departments and public entities with regard to MFMA.
- To monitor, evaluate and report on compliance of the Municipal Finance Management Act.
- Facilitation of residual risk assessments and the availability of a risk profile per department.
- The provision of a consolidated risk profile for the provincial government as a whole and the ensuring of risk response strategies to mitigate transversal risks.
- Assessment of Internal Audit Units.
- Capacity building Internal Audit.

## ACHIEVEMENTS

The Provincial Office of the Auditor General finalised the audit for the 2004/2005 financial year on the 31st July 2005. An unqualified audit report was received from the Office of the Auditor General for 2004/2005 financial year. The Annual Report for 2004/2005 was submitted to the Executive Authority on the 29th August 2005 and was tabled and handled by the Provincial Committee on Public Accounts. The Strategic plan and annual performance plan for the 2006/2007 financial year was tabled on the 6th February 2006. The payments captured on BAS were paid within 5 working days however only 79.25% of payment to creditors is within 30 days.

The department published two publications: Treasury News which is the internal newsletter and Lentswe la Treasury which is the external newsletter.

The adjustment budget process was finalized before end of November 2005 and the 2006/07 Budget was tabled by the MEC two days after the National Budget Day.

The fact that Departments were allowed to resubmit their Annual Financial Statements due to their relationship with the Office of the Auditor General created various problems in the Province which resulted in numerous tasks not being finalized according to the prescribed dates. Tabling of Annual Reports and the finalization of the Consolidated Financial Statements were negatively affected with the resubmissions of Annual financial statements. This issue was discussed at National Treasury and a workgroup including officials from National Treasury and the Office of the Auditor General was established to investigate means of preventing similar problems in future.

The role of Provincial Treasury in respect of MFMA was delayed until 1 July 2005. The biggest challenge was to ensure equate readiness to comments with fulfilling its roles and responsibility in terms of the MFMA. The readiness and appropriate skills and capacity of the Provincial Treasury were discussed with National Treasury on 26 July 2005.

## OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT

The accounting months on BAS is closed within the set timeframes and not forced closed by National Treasury. An average of 97.66% was achieved in respect of the key performance indicators set for the province.

Payments on BAS were captured within an average of five days, however LOGIS payments are not all being paid within thirty days and this matter is receiving attention. Currently only 79.25% is paid within 30 days on Logis.

New establishment for the Supply Chain Management Unit was approved including all the elements of Supply Chain Management. The process of job evaluations was underway as at year end.

EE targets were updated quarterly and distributed to directorates. An external news letter was published to inform external stakeholders about the purpose of existence of the Free State Provincial Treasury. The intranet sites were redesigned and the security manager was appointed during third quarter.

An information sharing session was held by the Special Programmes unit at the taxi rank. Condoms, pamphlets and booklets on HIV/AIDS were distributed during this session. About 800 households were visited in Rockland's (Bloemfontein) from 28 – 30 November 2005. The purpose of the visits was to disseminate information about HIV/AIDS. One on one session was held with people who are living positively with HIV/AIDS. On 30 November 2005 food parcels were distributed to families who have members that are terminally ill. A world AIDS day function was held for about 500 people, including staff and community members.

Following the restructuring of the Sustainable Resource Management Chief directorate with effect from 01 April 2005, two sub-programmes, namely: Public Finance & Economic Analysis have not been fully operational. Fiscal Policy had a very successful workshop regarding provincial own revenue with the departments. Budget Management had effectively managed the budget process and substantial progress has been recorded with regard to the tabling of the provincial budget in February 2006.

The Public Finance Directorate was only established during October 2005 and the vacancy rate is currently at 78% and will most of the posts not be filled before the end of the financial year. Only one official was transferred during February 2006 from Budget Management Directorate to this directorate.

## OVERVIEW OF THE ORGANIZATIONAL ENVIRONMENT FOR 2005/06

The Economic Analysis establishment has not been finalized. The job evaluation process was nearly completed at year end and posts will be filled before the end of the second quarter of the 2006/07 financial year.

Fiscal Policy Directorate – The post of the Senior Manager has been re-advertised and an appointment will be effected by the 1st of July 2006. Other posts will be filled before the end of the financial year.

Budget Management is fully functional and only one post is vacant. This position will be filled before the end of the second quarter of the 2006/07 financial year.

The Public Finance Directorate was only established during October 2005 and the vacancy rate is currently at 78% and will most of the posts not be filled before the end of the financial year. Only one official was transferred during February 2006 from Budget Management Directorate to this directorate.

The finalization of the Consolidated Annual Financial Statements depends on the adherence of the PFMA timeframes with regard to the availability of Audited Annual Financial Statements of Provincial Departments, Public Entities and Trading Accounts.

This programme has a monitoring and oversight function on the financial management of Departments and therefore monitor adherence to predetermined Key performance Indicators which include issues raised in previous audit reports and financial prescripts relating from the PFMA and Treasury Regulations as well as National and Provincial Prescripts. Monitoring reports are issued on a monthly basis to all Departments. Monitoring reports were circulated to the Accounting officers of all Departments during the Last quarter of the financial year to promote financial Management and the effective closure of the 2005/06 financial year.

The National Treasury has in the interim delegated 21 of the 25 municipalities in the Province to Provincial Treasury with effect from the 1st July 2005. Provincial Treasury started on a blank sheet and must prepare its own historical data. This is a challenge to set the pace and chart the direction for future engagement. However, we are guided in our action by the experiences and activities taking place elsewhere in the country which are shared in a national forum of treasuries, facilitated by National Treasury.

The finalization of the Consolidated Annual Financial Statements depends on the adherence of the PFMA timeframes with regard to the availability of Audited Annual Financial Statements of Provincial Departments, Public Entities and Trading Accounts.

## STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS FOR THE 2005/06 FINANCIAL YEAR

No specific legislative changes or new policy developments occurred during the period under review. However, the Department had to ensure that it was geared up to execute its MFMA oversight functions in respect of the 21 (of 25) municipalities delegated to the Province from National Treasury with effect from 1 July 2005.

### DEPARTMENTAL REVENUE, EXPENDITURE AND OTHER SPECIFIC TOPICS

	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	% Deviation from target
Non-tax revenue	126,066	61,140	71,259	38,007	53,462	41%

### DEPARTMENTAL EXPENDITURE

Programmes	Voted for 2005/06	Roll-overs and adjustments	Virement	Total voted	Actual Expenditure	Variance
Programme 1	38,534	2,589	0	41,123	34,347	16,5%
Programme 2	13,305	1,079	(527)	13,857	11,326	18,3%
Programme 3	51,267	(741)	0	50,526	43,795	13,3%
Programme 4	10,942	(2,927)	527	8,542	7,826	8,4%

### PROGRAMME PERFORMANCE

The activities of the Free State Provincial Treasury are organized in the following four programmes:

Strategic Management Services  
Sustainable Resource Management  
Asset and Liability Management  
Financial Governance



## PROGRAMME 1: STRATEGIC MANAGEMENT SERVICES

**PURPOSE:** The purpose of the programme is to provide leadership, strategic management in accordance with legislation, regulations and policies as well as to ensure that there is appropriate support service to all other programmes.

### CORPORATE SERVICES

MEASURABLE OBJECTIVE	PERFORMANCE TARGET 2005/06	ACHIEVEMENTS IN RESPECT OF CUMULATIVE TARGETS
Implementation of PDMS	Performance plans for all filled posts 100%	Performance plans for all filled posts 100%. 66% of bi-annual PDMS reports received.
Implement employment equity plan	An updated and accurate employment equity plan on a quarterly basis	1 Updated and accurate employment equity plan Appointments for 2005/06: Disabled = 0 Black females = 18 Black males = 17
Render effective and efficient IT support services	Daily basis (ongoing)  1 Website 1 Intranet site	Logged calls 1460. Calls attended 1458. 1 website 1 Intranet site
Promote effective and efficient communication	2 Media briefings annually. Internal newsletter quarterly External newsletter biannually	4 Internal newsletters published on a quarterly basis (Treasury News). External newsletter launched and published .
Implementation of learnerships Achievement of acceptable level of filled posts	2 policies Ongoing	Internship and learnership policies were approved. 65% Appointments for 2005/06: Disabled = 0 Black females = 18 Black males = 17
Develop and implement approved special programmes policies	HIV/AIDS policy	HIV/AIDS policy in place 13000 condoms distributed. Functional HIV & AIDS committee. One day induction training. Candle light memorial held World AIDS day celebration held. EAP policy was developed and awaiting approval by the MEC

### FINANCIAL MANAGEMENT

MEASURABLE OBJECTIVE	PERFORMANCE TARGET 2005/06	ACHIEVEMENTS IN RESPECT OF CUMULATIVE TARGETS
Effective and efficient Supply Chain Management.	100% Revised by 31st March 2006 100% of creditors 48 Hours 100% of requests	100% Completed 100% 79.25% Adherence 100% 100%
Strategic planning process.	September 2005 (First Draft) March 2006 (Final)	100%  Tabled strategic plan
Preparation of a credible budget document.	100%	100%
Departmental adjustment estimates.	100%	95%
Monitoring of expenditure vs. budget.	12 Reports	100%. 12 reports submitted.
Accurate financial accounting records.	90% of key Performance indicators Limited matters of emphasis	100% 59.33%
Accurate annual financial statements.	30 June 2005	100%

	31st August 2005	100%
Effective Salary and debt Management.	7th of every month 30 April 2005	100% 100%
Effective and efficient cash flow management.	Accurate and realistic Less than 5%	38%

#### INTERNAL AUDIT

MEASURABLE OBJECTIVE	PERFORMANCE TARGET 2005/06	ACHIEVEMENTS I.R.O CUMULATIVE TARGETS
To provide effective and professional Internal Audit Services.	Internal Audit Reports	Only 65% Projects planned for the year under review, were completed.
	Risk Assessment Report	1 Risk Assessment Report
	Fraud Hotline and special request from management	The Department is currently utilising its intranet where possible suspects of fraud or irregular activities may be reported.

#### PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

**PURPOSE:** Provide professional advice and support to the MEC on provincial economic analysis, fiscal policy, public finance development and the management of the annual budget process.

#### FISCAL POLICY

MEASURABLE OBJECTIVE	PERFORMANCE TARGET 2005/06	ACHIEVEMENTS I.R.O CUMULATIVE TARGETS
Provincial own revenue sources optimized and expanded	Updated database of revenue items per department Framework	55%
	Quarterly meetings	100%
Compliance with Norms and standards of own revenue	60 Inspections, 5 reports per month	100%
	4 reports per department	100%
Effective management of revenue collection	11 Policies reviewed	100%

#### BUDGET MANAGEMENT

MEASURABLE OBJECTIVE	PERFORMANCE TARGET 2005/06	ACHIEVEMENTS I.R.O CUMULATIVE TARGETS
Prepare developmental budgets	Table one week after National Budget	100% Budget tabled on the 17 <sup>th</sup> Feb 2006
	Accurate budget Statement tabled with the bill 30 days after receipt of the strategic plan	100% Budget statement tabled on the 17 <sup>th</sup> Feb 2006. 50%
Prepare credible adjustments budget	Tabled adjustment budget and adjustment appropriation bill Tabled adjustment budget book	100% Adjustment budget Tabled on 22 November 2005 100% Adjustment budget book Tabled on 22 November 2005.

#### PUBLIC FINANCE

MEASURABLE OBJECTIVE	PERFORMANCE TARGET 2005/06	ACHIEVEMENTS I.R.O CUMULATIVE TARGETS
Monitoring of expenditure trends against budget figures	144 reports	100%
	4 reports	100%
	3 reports	75%
Facilitate the publication of Section 32 information	4 publications	100%

### PROGRAMME 3: ASSET AND LIABILITY MANAGEMENT

**PURPOSE:** To provide policy direction, facilitate the effective and efficient management of assets, liabilities and financial management systems.

#### ASSET MANAGEMENT

MEASURABLE OBJECTIVE	PERFORMANCE TARGET 2005/06	ACHIEVEMENTS I.R.O CUMULATIVE TARGETS
Facilitate roll-out of Infrastructure Development Improvement Programme and monitor its implementation in the departments.	Co-ordination of Steering Committee meetings (12)	Twelve (12) steering committee meetings held
Promote and monitor Public Private Partnerships in the Province.	Successful implementation of PPP's in the Province	N/A Proposed PPP projects still at planning/feasibility stage.
Develop capacity to deal with Public Private Partnership projects.	Fully staffed Infrastructure sub-directorate able to handle PPP's by 01/12/2006	Started the process of evaluating and advertising Infrastructure & PPP personnel posts.
Promote and facilitate capacity building of officials responsible for asset management in provincial departments.	Facilitation of Training/ Workshops/ Presentations	<ul style="list-style-type: none"> <li>• ± 326 Officials attended Training/Discussions/ Sessions/Workshops/Presentations</li> <li>• 9 Presentations</li> <li>• Auction Comp-Prog = 11 KZN Off</li> <li>• Presentation/Discussion Criteria:</li> <li>• Asst Management/ Stocktaking/ Invent/</li> <li>• Transport/ ARM/ Disposal/ Auctions/ Reporting formats/Auction Comp Program</li> </ul>
Promote effective and efficient utilization of movable and immovable asset in the province.	96 reports	131 reports
Promote and monitor the implementation of asset management reform project.	New Project (Commenced in 08/2005	<ul style="list-style-type: none"> <li>• 3 x ARM Workshops</li> <li>• 11 x Sign Off Implementation Plan</li> <li>• 2x ARM Training Session (NT)</li> <li>• Adjudication/Clarification of Duties/Responsibilities (FSPT)</li> <li>• Compilation &amp; roll out of 4 Practice Notes to FSPT Dept's for inclusion in ARM Departmental Plans/Policies.</li> <li>• 15x CFO Panel Discussions</li> </ul>
Promote effective cash flow management within provincial departments.	Within 10% variance  Timely transfer of Requested funds	On average 50% of departments were within 10% Amendments of monthly reports more understandable
Maximize return on surplus funds.	R38 million by 31 <sup>st</sup> March 2006	An amount of R52 million collected as at 31 March 2006 for the year 2005/06.
Maintain accurate financial accounting records for the Provincial Revenue Fund	Accuracy of reconciliation statements and timely submission of AFS 31/05/06	100%. Monthly reconciliation prepared up to 31 March 2006.
Promote and monitor the implementation of SCM framework.	Five reports Quality of Recommendations	A Consolidated report was finalised and findings were discussed with all HOD's and the Executive Council: Employment , Investment and Economic Cluster.
Develop and implement provincial supplier management system.	A fully functional data-base	Further endorsement was given by the minister of Public service and Administration, by appointing Provincial Treasury as a designated department. Secondly a principled endorsement was also granted by FOHOD. Finally a presentation was made to the Employment , investment and Economic cluster which instructed Provincial treasury and Technical cluster to further engage FOHOD on the matter.

## SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS

MEASURABLE OBJECTIVE	PERFORMANCE TARGET 2005/06	ACHIEVEMENTS I.R.O CUMULATIVE TARGETS
Manage and maintain the Transversal Systems.	<p>As requested and solved within 24 working hours As requested and solved within 7 working days</p> <p>On request from Departments within 10 working days. Codify on request within 48 Hours</p>	<p>98% available</p> <p>100% PERSAL: Calls received and finalised: 1328 SCC's received : 361 Finalised : 346 Outstanding : 15 LOGIS: 976 Calls received 966 Calls resolved 437 Site visits BAS: A total of 914 calls related to BAS were logged at the System Controllers Information Systems: 502 BAS users created, 314 BAS users deleted, 333 passwords resets, and 96 printers were captured on the BAS Terminal Servers 43 PERSAL users registered and emulation software installed LOGIS: 6006 Suppliers registered and banking details captured. 4246 Items codified 6394 Items researched BAS: 6595 Entities were created 3299 Entities without banking detail were created</p>
Building capacity in respect of Transversal Systems.	<p>PERSAL target 300 LOGIS target 380 BAS target 450</p>	<p>508 PERSAL Users 577 LOGIS users trained 551 BAS users trained</p>



## PROGRAMME 4: FINANCIAL GOVERNANCE

**PURPOSE:** Promote accountability through substantive reflection of financial activities of the province as well as compliance with financial norms and standards.

### ACCOUNTING SERVICES

MEASURABLE OBJECTIVE	PERFORMANCE TARGET 2005/06	ACHIEVEMENTS I.R.O CUMULATIVE TARGETS
Accounting policy, guidelines and practices implemented in line with National Framework	100% Compliance  As per Accounting Standards Board's Approvals	11 PAG circulars & 3 amendments were compiled and circulated  Evaluated 9 exposure drafts from Accounting Standards Board
Promote accurate compilation of Annual Financial statements	100%  Analyse Audit Reports and take corrective steps	100% Compliance with guide  25 Audit Reports received (Legislature, 11 Departments, 15 Public Entities) have been analysed and summarised in terms of Treasury Regulations
To facilitate the timely submission of Annual Financial Statements to Auditor General and National Treasury	31 May  31 August 31 August  30 September	All Departments and Public Entities submitted Annual Financial Statements by 31 May 2005  Received 27 audited AFS as at 31 March 2006  11 Departments, Legislature & 15 Entities submitted Annual Reports by 31 March 2006  11 Departments, Legislature & 15 Entities tabled their Annual Reports by 31 March 2006.
To prepare and submit annual consolidated financial statements	Finalised consolidated Annual Financial Statements by 31 October	Unaudited draft Consolidated Financial Information was submitted 30 June 2005. Audit Report was signed on 30 November 2005.  Consolidated Annual report was tabled in January 2006.
Capacity Building	100 Officials	58 Officials was trained in respect of penalties on exceeding ACB limits 104 officials trained on SCOA.  30 Officials trained on Local Banking functionalities 8 Officials trained on analysis of audit reports i.r.o. Municipalities. Total officials trained = 200
To monitor the Financial Management of Departments	78% Adherence to Key Performance Indicators.	Information will only be available after year end. Closure updated information will be submitted.

## NORMS AND STANDARDS: PFMA

MEASURABLE OBJECTIVE	PERFORMANCE TARGET 2005/06	ACHIEVEMENTS I.R.O CUMULATIVE TARGETS
To promote compliance with PFMA in the Province	Guidelines must be 100% in line with prescripts April 4 300	5 PFMA Circulars Delegations updated 4 EXCO Reports submitted 215 officials trained
To promote effective implementation of PROPAC resolutions and assist during PROPAC hearings	2 reports  8 working days before PROPAC sitting	2 Reports  2 Reports ( May and October 2005)

## NORMS AND STANDARDS: MFMA

MEASURABLE OBJECTIVE	PERFORMANCE TARGET 2005/06	ACHIEVEMENTS I.R.O CUMULATIVE TARGETS
Monitor compliance in selected high capacity municipalities in line with the MFMA Act	20 returns	80 returns submitted
Monitor monthly outcomes of municipalities (IYM)	Monitor spending trends at high capacity municipalities Report due on 31 Jan 2006	Delegated high capacity municipalities 30 August 2005 Report presented to MEC
Promote effective implementation of PROPAC resolutions and render assistance to PROPAC	Prepare evaluation report 8 days before PROPAC sitting	1 report submitted to PROPAC.
Evaluation of annual municipal budgets	Consolidate budget evaluation report	21 delegated municipalities' budgets were evaluated and comments issued

# SERVICE DELIVERY ACHIEVEMENTS

## PROGRAMME 1: STRATEGIC MANAGEMENT SERVICES

### CORPORATE SERVICES

OUTPUT	OUTPUT PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGETS	
		TARGET	ACTUAL
Implementation of PDMS	Assessment of all officials in the department by the end of June	Performance plans for all filled posts 100%	Performance plans for all filled posts 100%. 66% of bi-annual PDMS reports received.
Implement employ- Updated and	Developed employment equity plan to increase the number of designated employees	An updated and accurate employment equity plan on a quarterly basis	1 accurate ment equity plan employment equity plan Appointments for 2005/06: Disabled = 0 Black females = 18 Black males = 17
Render effective and efficient IT support services	Respond to logged calls within 24hours	Daily basis (ongoing)	Logged calls 1460. Calls attended 1458.
	Number of websites	1 Website 1 Intranet site	1 Website 1 Intranet site
Promote effective and efficient communication	Number of media briefing/sessions held	2 Media briefings annually. Internal newsletter quarterly External newsletter biannually	4 Internal newsletters published on a quarterly basis (Treasury News). External newsletter launched and published
Implementation of learner ships	Developed and implemented internship and learnership policies	2 policies	Internship and learnership policies wereas approved.
Achievement of acceptable level of filled posts	Percentage of posts filled	Ongoing	65%
Develop and implement approved special programmes policies	Implementation of approved policies and programmes	HIV/AIDS policy	Appointments for 2005/06: Disabled = 0 Black females = 18 Black males = 17 HIV/AIDS policy in place  13000 condoms distributed.  Functional HIV & AIDS committee.  One day induction training.  Candle light memorial held World AIDS day celebration held..  EAP policy was developed and awaiting approval by the MEC

# FINANCIAL MANAGEMENT

OUTPUT	OUTPUT PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGETS	
		TARGET	ACTUAL
Effective and efficient Supply Chain Management.	Accurate asset register.	100%	100% Completed
	Implemented legislation, policies and procedures.	Revised by 31st March 2006	100%
	Payment of creditors within 30 days.	100% of creditors	79.25% Adherence
	Timeous issuing of official orders.	48 Hours	100%
Strategic planning process.	Published and tabled strategic plan.	September 2005 (First Draft)	100%
		March 2006 (Final)	Tabled strategic plan
Preparation of a credible budget document.	Updated provincial budget database (financial and non financial information)	100%	100%
Departmental adjustment estimates.	Accurate adjustment budget.	100%	95%
Monitoring of expenditure vs. budget.	In Year Monitoring reports.	12 Reports	100%. 12 reports submitted.
Accurate financial accounting records.	Reconcile and clearing of financial reports according to prescribed norms and standards.	90% of key Performance indicators	100%
		Limited matters of emphasis	59.33%
Accurate annual financial statements.	Unqualified Audit report.	30 June 2005	100%
		31st August 2005	100%
Effective Salary and debt Management.	Timeous pay over of salary deductions.	7th of every month	100%
	Accurate and timeous Tax reconciliation.	30 April 2005	100%
Effective and efficient cash flow management.	Maintaining an acceptable deviation rate between requested funds and expenditure.	Accurate and realistic Less than 5%	38%

## INTERNAL AUDIT

OUTPUT	OUTPUT PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS INDICATOR	ACTUAL PERFORMANCE AGAINST TARGETS	
		TARGET	ACTUAL
To provide effective and professional Internal Audit Services.	Execution of the Operational Plan and three (3) year Strategic Rolling Plan	Internal Audit Reports	Only 65% Projects planned for the year under review, however,
	Provide advisory and consulting services through reports to Audit Committee, Management, AG & Other State Holders. Accurate asset register.		
	Facilitate the risk assessment process for the Department	Risk Assessment Report	1 Risk Assessment Report
	Assist with compilation and implementation of Integrity Promotion Strategy (Incorporating Fraud Prevention Plan	Fraud Hotline and special request from management	The Department is currently utilising its intranet where possible suspects of fraud or irregular activities may be reported.



# PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

## FISCAL POLICY

OUTPUT	OUTPUT PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGETS	
		TARGET	ACTUAL
Developed Borrowing framework	Appropriate framework developed and adjusted annually	N/A	N/A
Provincial own revenue sources optimized and expanded	Develop a revenue base per dept	Updated database of revenue items per department Framework	55%
	Develop framework of research into new revenue resources	N/A	N/A
	Options for provincial taxation investigated	N/A	N/A
	Involvement in capacity building	Quarterly meetings	50% 2 meetings and 1 Workshop
Compliance with Norms and standards of own revenue	Number of annual inspections executed	60 Inspections, 5 reports per month	75%
	Reports issued on findings	4 reports per department	75%
Effective management of revenue collection	Reviewed revenue policies in line with fiscal framework	11 Policies reviewed	100%

## BUDGET MANAGEMENT

OUTPUT	OUTPUT PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	PERFORMANCE TARGET 2005/06	
		TARGET	ACTUAL
Prepare developmental budgets	Tabled appropriation and provincial budget in line with National and Provincial Priorities	Table one week after National Budget	100% Budget tabled with on the 17 <sup>th</sup> Feb 2006ll
	Accurate and credible budget statement	Accurate budget Statement tabled with the bill	100% Budget statement tabled with on the 17 <sup>th</sup> Feb 2006.
	Analysis report on the alignment of strategic plan	30 days after receipt of the strategic plan	50%
Prepare credible adjustments budget	Tabled adjustment budget and adjustment appropriation bill in line with National and Provincial Priorities	Tabled adjustment budget and adjustment appropriation bill	100% Adjustment budget Tabled on 22 november 2005.
	Accurate and credible adjustment budget book	Tabled adjustment budget book	100% Adjustment budget book Tabled on 22 November 2005.

## PUBLIC FINANCE

OUTPUT	OUTPUT PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	DEVIATION FROM THE TARGET	
		TARGET	ACTUAL
Monitoring of expenditure trends against budget figures	Monthly analyzed report per department	114 reports	100%
	Quarterly review on expenditure trends	4 reports	100%
	Quarterly reporting on Infrastructure spending	3 reports	75%
Facilitate the publication of Section 32 information	Quarterly published information in line with National directives	4 Publications	100%

# PROGRAMME 3: ASSET AND LIABILITY MANAGEMENT

## ASSET MANAGEMENT

OUTPUT	OUTPUT PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGETS	
		TARGET	ACTUAL
Facilitate roll-out of Infrastructure Development Improvement Programme and monitor its implementation in the departments.	Steering Committee meetings	Co-ordination of Steering Committee meetings (12)	Twelve (12) steering committee meetings held
Promote and monitor Public Private Partnerships in the Province.  Develop capacity to deal with Public Private Partnership projects.	Quarterly reports  Public Private Partnership delegations	Successful implementation of PPP's in the Province  Fully staffed Infrastructure sub-directorate able to handle PPP's by 01/12/2006	N/A Proposed PPP projects still at planning/feasibility stage.  Started the process of evaluating and advertising Infrastructure & PPP personnel posts.
Promote and facilitate capacity building of officials responsible for asset management in provincial departments	Asset and SCM forum meetings, workshops and training sessions.	Facilitation of Training/ Workshops/ Presentations	<ul style="list-style-type: none"> <li>• ± 326 Officials attended Training/Discussions/ Sessions/Workshops/Presentations</li> <li>• 9 Presentations</li> <li>• Auction Comp-Prog = 11 KZN Off</li> <li>• Presentation/Discussion Criteria: Asst Management/ Stocktaking/ Invent/ Transport/ ARM/ Disposal/ Auctions/ Reporting formats/Auction Comp Program</li> </ul>
Promote effective and efficient utilization of movable and immovable asset in the province.	Evaluation reports.	96 reports	131 reports
Promote and monitor the implementation of asset management reform project.	Progress and monitoring reports to Provincial Steering Committee	New Project (Commenced in 08/2005)	<ul style="list-style-type: none"> <li>♦ 3 x ARM Workshops</li> <li>♦ 11 x Sign Off Implementation Plan</li> <li>♦ 2x ARM Training Session (NT)</li> <li>♦ Adjudication/Clarification of Duties/Responsibilities (FSPT)</li> <li>♦ Compilation &amp; roll out of 4 Practice Notes to FSPT Dept's for inclusion in ARM Departmental Plans/Policies.</li> <li>♦ 15x CFO Panel Discussions</li> </ul>
Promote effective cash flow management within provincial departments.	% variance (favorable or unfavorable) between funds requested and actual funds withdrawn/used.	Within 10% variance  Timely transfer of Requested funds	On average 50% of departmentsts were within 10%  Amendments of monthly reports more understandable
Maximize return on surplus funds.	Collection of budgeted interest income.	R38 million by 31 <sup>st</sup> ST March 2006	An amount of R52 million collected as at 31 March 2006 for the year 2005/06.
Maintain accurate financial accounting records for the Provincial Revenue Fund	Compiled PRF annual financial statements and and monthly cashv flow reports.	Accuracy of reconciliation statements timely submission of AFS 31/05/06	100%. Monthly reconciliation prepared up to 31 March 2006.
Promote and monitor the implementation of SCM framework.	Monitoring and evaluation reports	Five reports Quality of Recommendations	A Consolidated report was finalised and findings were discussed with all HOD's and the Executive Council: Employment, Investment and Economic Cluster.

Develop and implement provincial supplier management system.	Functional supplier management system.	A fully functional data-base	Further endorsement was given by the minister of Public service and Administration, by appointing Provincial Treasury as a designated department. Secondly a principled endorsement was also granted by FOHOD. Finally a presentation was made to the Employment , investment and Economic cluster which instructed Provincial treasury and Technical cluster to further engage FOHOD on the matter.
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## SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS

OUTPUT	OUTPUT PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	DEVIATION FROM THE TARGET	
		TARGET	ACTUAL
Manage and maintain the Transversal Systems.	Availability and stability of the Transversal systems	As requested and solved within 24 working hours	98% available
	Provide technical and functional support to Provincial Departments	As requested and solved within 7 working days	100% PERSAL: Calls received and finalised: 1328  SCC's received : 361 Finalised : 346 Outstanding : 15  LOGIS: 976 Calls received 966 Calls resolved  437 Site visits  BAS: A total of 914 calls related to BAS were logged at the System Controllers  Information Systems: 502 BAS users created, 314 BAS users deleted, 333 passwords resets, and 96 printers were captured on the BAS Terminal Servers
	Ensure a maintained Supplier Register and item master for Provincial Departments	On request from Departments within 10 working days.  Codify on request within 48 Hours	43 PERSAL users registered and emulation software installed  LOGIS: 6006 Suppliers registered and banking details captured. 4246 Items codified 6394 Items researched  BAS: 6595 Entities were created 3299 Entities without banking detail were created
Building capacity in respect	Number of officials trained	PERSAL target 300	508 PERSAL Users

# PROGRAMME 4 FINANCIAL GOVERNANCE

## ACCOUNTING SERVICES

OUTPUT	OUTPUT PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	DEVIATION FROM THE TARGET	
		TARGET	ACTUAL
Accounting policy, guidelines and practices implemented in line with National Framework	Reports in line with formats and guidelines of GRAP  Completed set of Accounting policies implemented according to set timeframes	100% Compliance  As per Accounting Standards Board's Approvals	11 PAG circulars & 3 amendments were compiled and circulated  Evaluated 9 exposure drafts from Accounting Standards Board
Promote accurate compilation of Annual Financial statements	Percentage correctness according to guide  Evaluated Audit Reports	100%  Analyse Audit Reports and take corrective steps	100% Compliance with guide  25 Audit Reports received (Legislature, 11 Departments, 15 Public Entities) have been analysed and summarised in terms of Treasury Regulations
To facilitate the timely submission of Annual Financial Statements to Auditor General and National Treasury	Compliance with all statutory due dates  Unaudited AFS  Audited AFS  Submit Annual Reporting  Table Annual Report	  31 May  31 August  31 August  30 September	  All Departments and Public Entities submitted Annual Financial Statements by 31 May 2005  Received 27 audited AFS as at 31 March 2006  11 Departments, Legislature & 15 Entities submitted Annual Reports by 31 March 2006  11 Departments, Legislature & 15 Entities tabled their Annual Reports by 31 March 2006.
To prepare and submit annual consolidated financial statements	Percentage compliance with approved National Guidelines and timeframes	Finalised consolidated Annual Financial Statements by 31 October	Unaudited draft Consolidated Financial Information was submitted 30 June 2005. Audit Report was signed on 30 November 2005.  Consolidated Annual report was tabled in January 2006.
Capacity Building	Number of officials trained	100 Officials	58 Officials was trained in respect of penalties on exceeding ACB limits 104 officials trained on SCOA.



OUTPUT	OUTPUT PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	DEVIATION FROM THE TARGET	
		TARGET	ACTUAL
			30 Officials trained on Local Banking functionalities 8 Officials trained on analysis of audit reports i.r.o. Municipalities. Total officials trained = 200
To monitor the Financial Management of Departments	Percentage adherence to pre-determined KPI's	78% Adherence to Key Performance Indicators.	Information will only be available after year end. Closure updated information will be submitted.

## NORMS AND STANDARDS: PFMA

OUTPUT/	OUTPUT PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	DEVIATION FROM THE TARGET	
		TARGET	ACTUAL
To promote compliance with PFMA in the Province	Guidelines and norms and standards issued to departmen Delegations Updated annually Compliance reports to the Executive Council Number of officials trained with regard to PFMA	Guidelines must be 100% in line with prescripts April 4 300	5 PFMA Circulars Delegations updated 4 EXCO Reports submitted 215 officials trained
To promote effective implementation of PROPAC resolutions and assist during PROPAC hearings	Bi-monthly Status Report Evaluation Report	2 reports 8 working days before PROPAC sitting	2 Reports 2 Reports ( May and October 2005)

## Norms and Standards: MFMA

OUTPUT/	OUTPUT PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	DEVIATION FROM THE TARGET	
		TARGET	ACTUAL
Monitor compliance in selected high capacity municipalities in line with the MFMA Act	Number of quarterly returns submitted	20 returns	80 returns submitted
Monitor monthly outcomes of municipalities (IYM)	Accurate, credible, timely consolidated reports.	Monitor spending trends at high capacity municipalities Report due on 31 Jan 2006	Delegated high capacity municipalities 30 August 2005 Report presented to MEC
Promote effective implementation of PROPAC resolutions and render assistance to PROPAC	Evaluation report on replies received from municipalities	Prepare evaluation report 8 days before PROPAC sitting	1 report submitted to PROPAC.
Evaluation of annual municipal budgets	Realistic and credible municipal budgets	Consolidate budget evaluation report	21 Delegated municipalities' budgets were evaluated and comments issued



# PART 2

## ANNUAL FINANCIAL STATEMENTS



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**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2006**

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# FREE STATE: PROVINCIAL TREASURY

## VOTE 4

### REPORT OF THE ACCOUNTING OFFICER

#### for the year ended 31 March 2006

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

#### 1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

The department's main voted budget was R114 million.

Budget allocation	Main Budget R'000	Adjustment Budget R'000	Total Budget R'000
Equitable share	114,048	-	114,048

#### Under spending

The main reason for under spending in this financial year was the vacancy of posts within the different programmes, especially programme 2: Sustainable Resource Management where two directorates still needs to become fully operational namely Economic Analysis and Public Finance. Due to the fact that all the posts needs to be job evaluated the process was delayed and filling started at a late stage during the financial year or were extended to the 2006/07 financial year.

A further under spending occurred with the non-implementation of the suppliers' database. The non-delivery of goods ordered during the 2005/06 financial year also had an impact on the under spending within this department.

#### Budget versus expenditure

Economic Classification items	Budget R'000	Expenditure R'000	Under spending R'000
Compensation of employees	58,041	52,972	5,069
Goods and Services	52,047	40,877	11,170
Transfers and subsidies	1,563	1,433	130
Payments on capital assets	2,397	2,012	385
Authorized Losses	-	766	(760)
<b>TOTAL</b>	<b>114,048</b>	<b>98,060</b>	<b>15,988</b>

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**Spending trend (R'000)**

Month	Compensation of employees	Goods and Services	Transfers and subsidies	Payment on capital asset	Authorized Losses
04/05	4,038	410	13	-	3
05/05	4,075	1,245	13	-	-
06/05	4,028	4,287	17	316	1
07/05	5,575	4,632	20	296	-
08/05	4,314	2,428	63	106	2
09/05	4,470	4,624	25	62	-
10/05	4,269	2,469	15	162	-
11/05	4,242	1,323	232	217	-
12/05	4,447	5,455	15	201	-
01/06	4,330	3,327	16	108	-
02/06	4,389	4,457	16	51	-
03/06	4,795	6,220	988	493	760
<b>Total</b>	<b>52,972</b>	<b>40,877</b>	<b>1,433</b>	<b>2,012</b>	<b>766</b>

**2. SERVICES RENDERED BY THE DEPARTMENT**

**2.1 SERVICES RENDERED**

The department does not render direct services to the general public, but service provincial line departments by rendering the following services:

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

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**for the year ended 31 March 2006**

**2.2      TARIFF POLICY**

The development only renders services to other provincial departments and therefore no tariffs are charged.

**2.3      FREE SERVICES**

Not applicable.

**2.4      INVENTORIES**

The department did not operate a warehouse, due to the fact that goods are procured on a needs basis.

**3.        CAPACITY CONSTRAINTS**

The need to more effectively align budgetary allocations to provincial departments to serve the objectives of the Free State Growth and Development Strategy (FSGDS) necessitated the need to create internal capacity to engage in economic analysis of the province to ensure that resource allocations addresses the developmental needs of the province.

The department was unable to effectively execute functions related to this area of operation, as the positions comprising the staff establishment of the directorate that would take charge of this function needed to be approved and specific position subjected to the process of job evaluation. Subsequent to the closure of the 2005/06 financial year, this process was finalised to ensure that posts can be advertised and the directorate operationalised in the 2006/07 financial year.

Similarly, the heightened focus on performance measurement in the implementation of budgets through annual performance plans, necessitated the creation of the necessary capacity to track non-financial performance measures that can serve as unambiguous indicators of the effectiveness with which service delivery plans of provincial departments are implemented. Work with regard to the finalisation of the job evaluation of some posts within the directorate that will execute such functions could only be finalised subsequent to the closure of the 2005/06 financial year and the department will thus only be in a position to be fully geared up to discharge this function in the 2006/07 financial year.

**4.        UTILISATION OF DONOR FUNDS**

The department did not utilise donor funds.

**5.        TRADING ENTITIES AND PUBLIC ENTITIES**

The department has no trading and public entities.

**6.        ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE**

The department did not make any transfer payments except for the payment of regional services levies to municipalities.



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**for the year ended 31 March 2006**

**7. PUBLIC PRIVATE PARTNERSHIPS**

The department has no public private partnerships.

**8. CORPORATE GOVERNANCE ARRANGEMENTS**

The department develops and refines risk management mandate, policy, and methodologies, reviews risk exposure and reports to the Risk Management Committee on risk related matters. This Committee is chaired by the Chief Executive Officer and other committee members comprising of four senior executive managers, executive and senior managers. Its main function is to develop the Free State Provincial Treasury's risk management policy and mandate and also to ensure compliance with all treasury regulatory and PFMA.

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

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

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

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

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

**INTEGRITY PROMOTION STRATEGY**

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

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

**FREE STATE: PROVINCIAL TREASURY**  
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**for the year ended 31 March 2006**

**INTERNAL CONTROLS**

Responsibility for the systems of internal financial and operational control rest with the Chief Executive Officer. The foundation for internal control processes lie in the Free State Provincial Treasury's governance principles that incorporate ethical behavior, legislative compliance and sound accounting practice. Controls systems include clearly defined lines of accountability and delegation of authority, and provide budgets and adherence to policies, processes and guidelines. Senior Executive management is responsible and accountable for determining the adequacy, extent and operation of these systems. The Internal Audit Directorate provides independent assurance, through the Audit Committee on the effectiveness of the Free State Provincial Treasury's internal control system.

**MATTER OF PARTICULAR CONCERN**

The Audit Committee further report as a matter of great concern significant issues reported by the Internal Audit Directorate on the activities of the Free State Provincial Development Fund. This matter was reported in previous financial year and the same matter was referred to the Special Investigation Unit for further investigation.

**AUDIT COMMITTEE (AC)**

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

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

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

**9. DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED**

Not applicable.

**10. NEW/PROPOSED ACTIVITIES**

Not applicable.

**FREE STATE: PROVINCIAL TREASURY**  
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**for the year ended 31 March 2006**

**11. ASSET MANAGEMENT**

The department is currently procuring assets on the Logis system. All assets when paid via the LOGIS and BAS system are captured on the Asset register kept on the LOGIS system. The establishment of the Supply Chain Management sub directorate was reviewed and additional posts are in process of being job evaluated before being approved by the Member of the Executive Council. Due to the fact that this department is making use of the Asset register in the LOGIS system it is complying with the minimum requirements set. A draft Asset Management policy was compiled during the 2005/2006 financial year and distributed to senior management for comments to be incorporated in the policy. The stocktaking was conducted. The movement on the system to determine the losses/surpluses is still in process.

**12. EVENTS AFTER THE REPORTING DATE**

Not applicable.

**13. PERFORMANCE INFORMATION**

During the 2005/2006 financial year reporting in respect of Non Financial Information was implemented in the department to monitor the achievement of the objectives set in the departmental strategic plan. The following plans namely a Strategic Plan that covers a period of five years and an Annual Performance Plan were compiled and tabled in the Legislature. A Chief Financial Officer Circular was also issued to all Programme and Sub programme managers indicating the format and timeframes involved in submitting non-financial information on a quarterly basis. Last mentioned report includes measures to ensure that targets set, are achieved. In order to ensure that expenditure is monitored, an "In Year Monitoring" report is compiled on a monthly basis. The Chief Financial Officer of this department has also implemented CFO bilaterals in respect of all financial matters with programme and sub programme managers during the 2005/2006 financial year. On a quarterly basis the Chief Financial Officer also presents the status in respect of expenditure to the Member of the Executive Council.

**14. PROPAC RESOLUTIONS**

Reference to previous audit report and PROPAC resolution	Subject	Findings in progress
Resolution 21 of 2003	Up-grading of posts	<p>A submission was approved by the MEC for Finance to recover the backdated salary (lump-sum) and to remit the future implications caused by the backdated adjusted salary.</p> <p>A meeting was held with the unions informing them of the decision taken.</p>

**FREE STATE: PROVINCIAL TREASURY**  
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**for the year ended 31 March 2006**

Resolution 38 of 2003	Performance contract of the Accounting Officer	According to the PFMA circular number 4 of 2006 the final date for submission of the 2005/06 and 2006/07 contract agreements is 15 June 2006. Up to date no contract was signed or received.
Resolution 14 of 2004	Payment of R553 410 to wrong supplier	All parties agreed that the amount of R441 410.00 will be refunded to the department.  The outstanding amount is still being discussed by the State Attorney and the Attorney of African bank.
Resolution 8 of 2005	Irregular appointment of the Chief Director	A meeting was held on 11 <sup>th</sup> May 2006 with the Provincial Accountant General, Auditor General, the Legal advisor of the Legislature and the department to finalize this matter.  However the matter could not be finalized as the Legal Advisor of the Auditor General could not attend the meeting. Written feedback of the Legal Advisor of the Auditor General is awaited.

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**for the year ended 31 March 2006**

Resolution 65 of 2005	Development projects	The matter is still under investigation. The department were requested to submit bi-monthly reports from which the first progress report will be due at the end of June 2006.
Resolution 65 of 2005	Fixed Assets	The stocktaking has been finalized. The movement on the system to determine the losses/surpluses is still in process.

15. **OTHER**  
Not applicable.

**APPROVAL**

The Annual Financial Statements set out on pages 42 to 84 have been approved by the Accounting Officer.



**DR BARLOW**  
**CHIEF EXECUTIVE OFFICER: FS PROVINCIAL TREASURY**  
**DATE: 31 MAY 2006**



# FREE STATE: PROVINCIAL TREASURY

## VOTE 4

### REPORT OF THE AUDIT COMMITTEE

#### for the year ended 31 March 2006

#### Overview

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

#### AUDIT COMMITTEE MEMBERSHIP AND ATTENDANCE OF MEETINGS

The Audit Committee consists of 5 (five) members and according to the approved terms of reference the Audit Committee will meet at least 3 times per annum. The approval was granted to appoint an additional Audit Committee member with legal background in the person of Adv NM van Heerden. The appointment was made (01 November 2005) in accordance with the Audit Committee Charter. For the year ended 31 March 2006, the committee held three meetings.

Members and their meeting attendance details during the 2005 /2006 financial year were as follows:

Member	Number of meeting attended
Mr. JH Blair (Chairperson)	3
Mr. P Simpson	3
Ms. M Mosweu	2
Mr. I Mamoojee	2
Adv NM van Heerden	1

#### AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has adopted appropriate terms of reference as its charter. The Audit Committee further reports that the committee has regulated its affairs in accordance with the approved Audit Committee charter.

#### EFFECTIVENESS OF INTERNAL CONTROLS

The Internal Audit Directorate is independent of management and reports directly to the Audit Committee. A three year rolling plan and 12 months operational plans were prepared by the Internal Audit Directorate and approved by the Audit Committee. The Audit Committee is of the opinion that the control environment needs improvement to provide reasonable assurance that the major inherent risks are appropriately managed and that applicable legislation is adhered to. Management had implemented corrective action where possible to ensure that the controls are in place and operating as intended. However, there are few areas that the Department need to focus on in order to reduce risks and achieve a better level of compliance with Departmental policies and procedures. Where internal controls did not operate effectively, there were no material findings and Department's assets have been safeguarded, proper accounting records maintained and resources utilized efficiently in all significant respects.



The Free State Provincial Treasury conducted a risk assessment exercise where risks were identified, impact of risk was assessed and the system through which management is managing these risks was also assessed. A Risk Management Committee that assist in overseeing the risk management process met twice with satisfactory attendance record and the minutes form part of the CEO's report to audit committee.

#### **EVALUATION OF FINANCIAL STATEMENTS**

The Audit Committee has evaluated and discussed the annual financial statements with the Accounting Officer. The committee hasn't had sight of the audit report and management letter from the Office of the Auditor General due to both documents not being forwarded to the Audit Committee for review. The Audit Committee recommends for approval the annual financial statements subject to the issues raised by the office of the Auditor General in their audit report and / or matters of emphasis.



**JH Blair**  
**Chairperson of the Audit Committee**



AUDITOR-GENERAL

## REPORT

OF THE

AUDITOR-GENERAL

TO THE

FREE STATE LEGISLATURE

ON THE

FINANCIAL STATEMENTS OF VOTE 4 – FREE STATE PROVINCIAL

TREASURY

FOR

THE YEAR ENDED 31 MARCH 2006

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**FREE STATE: PROVINCIAL TREASURY  
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REPORT OF THE AUDITOR-GENERAL  
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**REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE ON THE FINANCIAL  
STATEMENTS OF VOTE 4 - FREE STATE PROVINCIAL TREASURY FOR THE YEAR ENDED 31  
MARCH 2006**

**1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 42 to 84, for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 40(2) of the Public Finance Management Act, 1999 (Act No. 1 of 1999). The fixed asset opening balances have not been audited because of the timing and guidance from National Treasury to the departments relating to the treatment, valuation and disclosure of fixed assets. These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

**2. SCOPE**

The audit was conducted in accordance with the International Standards on Auditing read with *General Notice 544 of 2006*, issued in *Government Gazette* no. 28723 of 10 April 2006, and *General Notice 808 of 2006*, issued in *Government Gazette* no. 28954 of 23 June 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

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

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

**3. BASIS OF ACCOUNTING**

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

# FREE STATE: PROVINCIAL TREASURY VOTE 4 REPORT OF THE AUDITOR-GENERAL for the year ended 31 March 2006

## 4. AUDIT OPINION

In my opinion the financial statements present fairly, in all material respects, the financial position of the Free State Provincial Treasury at 31 March 2006 and the results of its operations and its cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury of South Africa, as described in accounting policy 1.1 in the financial statements, and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

## 5. EMPHASIS OF MATTER

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

### 5.1 Financial management

#### 5.1.1 Supply chain management

Various weaknesses were identified with regard to the procurement of goods and services at the department, which include the following:

- (a) Proof could not in all instances be obtained that the department had invited and accepted written price quotations for procurement to an estimated value of R200 000 from as many suppliers as possible that were registered on the list of prospective suppliers. This is contrary to Treasury Regulation 16A 6.1, read with the National Treasury's Supply Chain Management Practice Note (SCM2 of 2005). Furthermore, reasons were not always documented in instances where sole suppliers were used.
- (b) It was also noted that the department did not have a formally implemented supply chain management policy for the entire financial year under review. This policy was approved and implemented on 7 July 2005 and again withdrawn on 15 February 2006. This is contrary to the requirements of Treasury Regulation 16A 3.1.

#### 5.1.2 Fixed assets

Our audit revealed various discrepancies regarding the disclosure of and control over fixed assets at the department. The following are examples:

##### (a) *Stocktake of assets*

Contrary to Propac resolution 65/2005, the department did not conduct an annual stocktake of the assets before 31 January 2006 and a report was not submitted to the Auditor-General. Various weaknesses were identified in the process followed during the stocktaking. Reliance could therefore not be placed on the available stocktaking results for 2005/06.

##### (b) *Differences between the asset register and the financial statements*

- (i) Our audit revealed unexplained differences between the balances according to the fixed asset register and balances disclosed in annexures 4 and 5 to the financial statements:

Description	Annexures 4&5 R	Asset register R	Difference R
Additions	2 012 000	1 921 000	91 000

- (ii) The department did not perform a reconciliation between the note to the financial statements and the annexures.

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VOTE 4  
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**(c) *Completeness and accuracy of the asset register***

- (i) Contrary to the accounting policy of the department, various asset items purchased on or after 1 April 2002 were recorded at R1 each in the asset register, and not at cost price or fair value.
- (ii) Contrary to the Asset Management Guideline (Version 3.3), the asset register of the department did not contain all the required information, for example:
- The historic cost for each asset;
  - The physical condition of each asset;
  - The custodian of each asset.
- (iii) Not all the department's assets were recorded in the asset register.
- (iv) In various instances, assets were incorrectly recorded in the asset register.

**(d) *Inadequate control over assets***

Our audit revealed that inadequate managerial control measures over assets resulted in the following:

- Assets of R970 317 were not in the physical location as indicated in the asset register.
- Certain assets were not uniquely numbered in the asset register.
- Assets of R300 070 could not be physically verified.
- Fifteen assets were identified that were no longer in working condition but were not disposed of during the financial year.
- Seventeen assets were identified that were purchased during previous financial years, but at the date of the audit, these assets were still not in use. These assets could also not be traced to the asset register.

**(e) *Control over departmental vehicles***

Our audit revealed that control measures over departmental vehicles were inadequate to ensure that complete and valid records of vehicle utilisation were kept by the department. The following are examples:

- Log sheets were not always completed in full;
- Differences were identified between the detail recorded on the trip authorisations and the log sheets;
- No evidence could be found that exception reports were followed up and that investigations were done;
- All the log sheets could not be submitted for audit purposes.

These shortcomings were the result of inadequate internal control measures to ensure that allocated resources were not misappropriated.



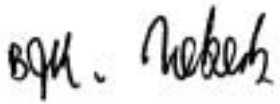
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**5.2 Non-compliance with laws and regulations**

Payments to suppliers were not always made within 30 days of receipt of invoice, as required by Treasury Regulation 8.2.3 issued in terms of the PFMA, due to management policies and procedures not being adequately followed.

**6. APPRECIATION**

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



B J K van Niekerk *for* Auditor-General  
Bloemfontein  
28 July 2006



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

# **FREE STATE: PROVINCIAL TREASURY**

## **VOTE 4**

### **ACCOUNTING POLICIES**

#### **for the year ended 31 March 2006**

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2005.

#### **1. Presentation of the Financial Statements**

##### **1.1 Basis of preparation**

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid or when the final authorisation for payment is effected on the system by no later than 31 March 2006.

##### **1.2 Presentation currency**

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

##### **1.3 Rounding**

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

##### **1.4 Comparative figures**

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

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

#### **2. Revenue**

##### **2.1 Appropriated funds**

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

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

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

##### **2.2 Departmental revenue**

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

**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**ACCOUNTING POLICIES**  
**for the year ended 31 March 2006**

**2.2.1 Tax revenue**

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

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

**2.2.2 Sales of goods and services other than capital assets**

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

**2.2.3 Fines, penalties & forfeits**

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

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

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

**2.2.5 Sale of capital assets**

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

**2.2.6 Financial transactions in assets and liabilities**

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

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

**2.2.7 Gifts, donations and sponsorships (transfers received)**

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

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

**2.3 Local and foreign aid assistance**

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

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

# **FREE STATE: PROVINCIAL TREASURY**

## **VOTE 4**

### **ACCOUNTING POLICIES**

#### **for the year ended 31 March 2006**

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

A payable is raised in the statement of financial position where amounts have been inappropriately expensed using local and foreign aid assistance, unutilised amounts are recognised in the statement of financial position.

### **3. Expenditure**

#### **3.1 Compensation of employees**

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system by no later than 31 March 2006. Capitalised compensation forms part of the expenditure for capital assets in the statement of financial performance.

All other payments are classified as current expense.

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

##### **3.1.1 Short term employee benefits**

Short term employee benefits comprise of leave entitlements (capped leave), thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the statement of financial performance when the final authorisation for payment is effected on the system by no later than 31 March 2006.

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the notes to the financial statements. These amounts are not recognised in the statement of financial performance.

##### **3.1.2 Long-term employee benefits**

###### **3.1.2.1 Termination benefits**

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer when the final authorisation for payment is effected on the system by no later than 31 March 2006.

###### **3.1.2.2 Post employment retirement benefits**

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the fund is effected on the system by no later than 31 March 2006. No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the Provincial Revenue Fund and not in the financial statements of the employer department.

The department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when the final authorisation for payment to the fund is effected on the system by no later than 31 March 2006.

**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**ACCOUNTING POLICIES**  
**for the year ended 31 March 2006**

**3.2 Goods and services**

Payments made for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system by no later than 31 March 2006. The expense is classified as capital if the goods and services were used on a capital project.

**3.3 Interest and rent on land**

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system by no later than 31 March 2006. This item excludes rental for the use of buildings or other fixed structures.

**3.4 Financial transactions in assets and liabilities**

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

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

**3.5 Unauthorised expenditure**

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

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

**3.6 Fruitless and wasteful expenditure**

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

**3.7 Irregular expenditure**

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

**3.8 Transfers and subsidies**

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system by no later than 31 March 2006.

**3.9 Expenditure for capital assets**

Payments made for capital assets are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system by no later than 31 March 2006.

**4. Assets**

**4.1 Cash and cash equivalents**

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

# FREE STATE: PROVINCIAL TREASURY

## VOTE 4

### ACCOUNTING POLICIES

#### for the year ended 31 March 2006

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

#### 4.2 Prepayments and advances

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

#### 4.3 Receivables

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

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

#### 4.4 Investments

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

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

#### 4.5 Loans

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

#### 4.6 Fixed assets

Assets are recorded in an asset register, at cost, on receipt of the item. Cost of an asset is defined as the total cost of acquisition. Assets procured in previous financial periods, may be stated at fair value, where determinable, or R1, in instances where the original cost of acquisition or fair value cannot be established. No revaluation or impairment of assets is currently recognised in the asset register. Projects (of construction/development) running over more than one financial year relating to assets, are only brought into the asset register on completion of the project and at the total cost incurred over the duration of the project.

Annexure 3 and 4 of the disclosure notes, reflect the total movement in the asset register of assets with a cost equal to and exceeding R5 000 (therefore capital assets only) for the current financial year. The movement is reflected at the cost as recorded in the asset register and not the carrying value, as depreciation is not recognized in the financial statements under the modified cash basis of accounting. The opening balance reflected on Annexure 3 and 4 will include items procured in prior accounting periods and the closing balance will represent the total cost of the register for capital assets on hand.

Assets procured in previous financial periods which were recorded on the Asset Register at R1.00 value according to Asset Management Framework are not reflected in the LOGIS Report PADW 95 PG as this report only includes assets with R value R 5 000 or above. Mayor Assets against the R1.00 value on Asset Register are not included in the Annual Financial Statements due to non materiality thereof.

#### 5. Liabilities

##### 5.1 Payables

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



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**VOTE 4**  
**ACCOUNTING POLICIES**  
**for the year ended 31 March 2006**

**5.2 Lease commitments**

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

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

**5.3 Accruals**

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

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

**5.4 Contingent liabilities**

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

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

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

Contingent liabilities are included in the disclosure notes.

**5.5 Commitments**

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

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

**6. Net Assets**

**6.1 Capitalisation reserve**

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

**6.3 Recoverable revenue**

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

**7. Related party transactions**

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

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**VOTE 4**  
**ACCOUNTING POLICIES**  
**for the year ended 31 March 2006**

**8. Key management personnel**

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

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

**9. Public private partnerships**

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

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

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

**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2006**

Appropriation per programme									
2005/06								2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1. Strategic Management Services</b>									
Current payment	40,505	(1,667)	-	38,838	32,364	6,474	83.3%	31,944	26,548
Transfers and subsidies	146	1,253	-	1,399	1,317	82	94.1%	310	164
Payment for capital assets	472	414	-	886	666	220	75.2%	3,100	994
<b>2. Sustainable Resource Management</b>									
Current payment	14,078	(91)	(527)	13,460	11,012	2,448	81.8%	9,926	9,478
Transfers and subsidies	33	6	-	39	29	10	74.4%	30	26
Payment for capital assets	273	85	-	358	285	73	79.6%	980	552
<b>3. Asset and Liability Management Services</b>									
Current payment	49,599	(205)	-	49,394	42,761	6,633	86.6%	45,006	41,290
Transfers and subsidies	92	1	-	93	65	28	69.9%	72	52
Payment for capital assets	835	204	-	1,039	969	70	93.3%	4,303	1,852
<b>4. Financial Governance</b>									
Current payment	7,941	(72)	527	8,396	7,712	684	91.9%	11,411	9,652
Transfers and subsidies	32	-	-	32	22	10	68.8%	31	25
Payment for capital assets	42	72	-	114	92	22	80.7%	909	333
<b>5. Development Projects</b>									
Current payment	-	-	-	-	-	-	-	26,000	17,075
<b>6. Theft and Losses</b>									
Current payment	-	-	-	-	766	(766)	-	-	1,742
<b>TOTAL</b>	<b>114,048</b>	<b>-</b>	<b>-</b>	<b>114,048</b>	<b>98,060</b>	<b>15,988</b>	<b>86.0%</b>	<b>134,022</b>	<b>109,783</b>
<b>Reconciliation with Statement of Financial Performance</b>									
<b>Add:</b>									
Departmental receipts				15,455				8,381	
<b>Actual amounts per Statements of Financial Performance (Total revenue)</b>				<b>129,503</b>				<b>142,403</b>	
<b>Actual amounts per Statements of Financial Performance (Total expenditure)</b>					<b>98,060</b>				<b>109,783</b>

**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2006

Appropriation per economic classification									
2005/06								2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	61,636	(3,595)	-	58,041	52,972	5,069	91.3%	52,159	47,859
Goods and services	50,487	1,560	-	52,047	40,877	11,170	78.5%	72,128	56,184
Financial transactions in assets and liabilities	-	-	-	-	766	(766)	-	-	1,742
Provinces and municipalities	301	7	-	308	181	127	58.8%	214	161
Departmental agencies and accounts	2	255	-	257	257	-	100%	-	-
Non-profit institutions	-	5	-	5	5	-	100%	-	99
Households	-	993	-	993	990	3	99.7%	229	7
Machinery and equipment	1,582	775	-	2,357	1,987	370	84.3%	8,504	3,324
Software and other intangible assets	40	-	-	40	25	15	62.5%	788	407
<b>TOTAL</b>	<b>114,048</b>	<b>-</b>	<b>-</b>	<b>114,048</b>	<b>98,060</b>	<b>15,988</b>	<b>86.0%</b>	<b>134,022</b>	<b>109,783</b>

**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**DETAIL PER PROGRAMME 1 – STRATEGIC MANAGEMENT SERVICES**  
**for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1.1 Office of the MEC</b>									
Current payment	4,838	876	-	5,714	4,528	1,186	79.2%	2,951	2,819
Transfers and subsidies	7	2	-	9	8	1	88.9%	6	7
Payment for capital assets	130	107	-	237	231	6	97.5%	544	451
<b>1.2 Management Support</b>									
Current payment	3,396	(312)	-	3,084	2,570	514	83.3%	2,902	1,953
Transfers and subsidies	10	255	-	265	212	53	80.0%	199	102
Payment for capital assets	94	98	-	192	119	73	62.0%	412	96
<b>1.3 Corporate Services</b>									
Current payment	13,054	(755)	-	12,299	9,847	4,452	80.1%	8,843	8,100
Transfers and subsidies	90	933	-	1,023	1,004	19	98.1%	43	24
Payment for capital assets	60	168	-	228	104	124	45.6%	355	64
<b>1.4 Financial Management</b>									
Current payment	14,767	(966)	-	13,801	13,224	577	95.8%	13,688	12,203
Transfers and subsidies	31	62	-	93	88	5	94.6%	32	28
Payment for capital assets	53	41	-	94	78	16	83.0%	486	210
<b>1.5 Internal Audit</b>									
Current payment	4,450	(510)	-	3,940	2,195	1,745	55.7%	3,560	1,473
Transfers and subsidies	8	1	-	9	5	4	55.6%	30	3
Payment for capital assets	135	-	-	135	134	1	99.3%	1,303	173
<b>TOTAL</b>	<b>41,123</b>	<b>-</b>	<b>-</b>	<b>41,123</b>	<b>34,347</b>	<b>6,776</b>	<b>83.5%</b>	<b>35,354</b>	<b>27,706</b>

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	25,108	(1,053)	-	24,055	20,909	3,146	86.9%	19,661	17,226
Goods and services	15,397	(614)	-	14,783	11,455	3,328	77.5%	12,283	9,322
<b>Transfers and subsidies</b>									
Provinces and municipalities	144	-	-	144	65	79	45.1%	81	58
Departmental agencies and accounts	2	255	-	257	257	-	100%	-	-
Non-profit institutions	-	5	-	5	5	-	100%	-	99
Households	-	993	-	993	990	3	99.7%	229	7
<b>Payment for capital assets</b>									
Machinery and equipment	472	414	-	886	666	220	75.2%	2,765	969
Software and other intangible assets	-	-	-	-	-	-	-	335	25
<b>Total</b>	<b>41,123</b>	<b>-</b>	<b>-</b>	<b>41,123</b>	<b>34,347</b>	<b>6,776</b>	<b>83.5%</b>	<b>35,354</b>	<b>27,706</b>

**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**DETAIL PER PROGRAMME 2 – SUSTAINABLE RESOURCE MANAGEMENT**  
**for the year ended 31 March 2006**

2005/06								2004/05	
Programme per subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>2.1 Programme Support</b>									
Current payment	1,158	74	-	1,232	1,038	194	84.3%	1,019	966
Transfers and subsidies	2	1	-	3	2	1	66.7%	4	2
Payment for capital assets	10	22	-	32	31	1	96.9%	155	133
<b>2.2 Economic Analysis</b>									
Current payment	439	(65)	-	374	162	212	43.3%	-	-
Transfers and subsidies	1	-	-	1	1	-	100%	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
<b>2.3 Fiscal Policy</b>									
Current payment	3,771	(406)	-	3,365	2,768	597	82.3%	3,428	3,204
Transfers and subsidies	13	-	-	13	8	5	61.5%	11	10
Payment for capital assets	10	16	-	26	16	10	61.5%	307	232
<b>2.4 Budget Management</b>									
Current payment	3,856	(8)	-	3,848	3,604	244	93.7%	5,479	5,308
Transfers and subsidies	6	4	-	10	9	1	90.0%	15	14
Payment for capital assets	-	114	-	114	114	-	100%	518	187
<b>2.5 Public Finance</b>									
Current payment	4,854	314	(527)	4,641	3,440	1,201	74.1%	-	-
Transfers and subsidies	11	1	-	12	9	3	75.0%	-	-
Payment for capital assets	253	(67)	-	186	124	62	66.7%	-	-
<b>TOTAL</b>	<b>14,384</b>	<b>-</b>	<b>(527)</b>	<b>13,857</b>	<b>11,326</b>	<b>2,531</b>	<b>81.7%</b>	<b>10,936</b>	<b>10,056</b>

2005/06								2004/05	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	9,936	(1,448)	(527)	7,961	8,337	(376)	104.7%	7,730	7,576
Goods and services	4,142	1,357	-	5,499	2,675	2,824	48.6%	2,196	1,902
<b>Transfers and subsidies</b>									
Provinces and municipalities	33	6	-	39	29	10	74.4%	30	26
<b>Payment for capital assets</b>									
Machinery and equipment	273	85	-	358	285	73	79.6%	978	551
Software and other intangible assets	-	-	-	-	-	-	-	2	1
<b>Total</b>	<b>14,384</b>	<b>-</b>	<b>(527)</b>	<b>13,857</b>	<b>11,326</b>	<b>2,531</b>	<b>81.7%</b>	<b>10,936</b>	<b>10,056</b>

**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**DETAIL PER PROGRAMME 3 – ASSET AND LIABILITY MANAGEMENT SERVICES**  
**for the year ended 31 March 2006**

2005/06								2004/05	
Programme per subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>3.1 Programme Support</b>									
Current payment	1,169	-	-	1,169	894	275	76.5%	983	819
Transfers and subsidies	7	-	-	7	2	5	28.6%	16	2
Payment for capital assets	-	8	-	8	-	8	0%	116	20
<b>3.2 Asset Management</b>									
Current payment	11,456	(345)	-	11,111	7,020	4,091	63.2%	6,145	5,212
Transfers and subsidies	24	4	-	28	23	5	82.1%	13	12
Payment for capital assets	-	321	-	321	273	48	85.0%	1,596	331
<b>3.3 Liability Management</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
<b>3.4 Support and Interlinked Financial Systems</b>									
Current payment	36,974	140	-	37,114	34,847	2,267	93.9%	37,878	35,259
Transfers and subsidies	61	(3)	-	58	40	18	69.0%	43	38
Payment for capital assets	835	(125)	-	710	696	14	98.0%	2,591	1,501
<b>TOTAL</b>	<b>50,526</b>	<b>-</b>	<b>-</b>	<b>50,526</b>	<b>43,795</b>	<b>6,731</b>	<b>86.7%</b>	<b>49,381</b>	<b>43,194</b>

2005/06								2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	19,830	(883)	-	18,947	17,091	1,856	90.2%	16,248	15,333
Goods and services	29,769	678	-	30,447	25,670	4,777	84.3%	28,758	25,957
<b>Transfers and subsidies</b>									
Provinces and municipalities	92	1	-	93	65	28	69.9%	72	52
<b>Payment for capital assets</b>									
Machinery and equipment	795	204	-	999	944	55	94.5%	3,880	1,471
Software and other intangible assets	40	-	-	40	25	15	62.5%	423	381
<b>Total</b>	<b>50,526</b>	<b>-</b>	<b>-</b>	<b>50,526</b>	<b>43,795</b>	<b>6,731</b>	<b>86.7%</b>	<b>49,381</b>	<b>43,194</b>

**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**DETAIL PER PROGRAMME 4 – FINANCIAL GOVERNANCE**  
**for the year ended 31 March 2006**

2005/06								2004/05	
Programme per subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>4.1 Programme Support</b>									
Current payment	1,321	(28)	-	1,293	1,224	69	94.7%	1,035	1,059
Transfers and subsidies	3	-	-	3	3	-	100%	5	3
Payment for capital assets	10	26	-	36	32	4	88.9%	154	66
<b>4.2 Accounting Services</b>									
Current payment	4,830	(218)	-	4,612	4,282	330	92.8%	4,503	3,790
Transfers and subsidies	16	-	-	16	13	3	81.3%	12	11
Payment for capital assets	-	78	-	78	60	18	76.9%	275	50
<b>4.3 Norms and Standards - PFMA</b>									
Current payment	1,790	174	527	2,491	2,206	285	88.6%	2,654	2,004
Transfers and subsidies	13	-	-	13	6	7	46.2%	7	6
Payment for capital assets	32	(32)	-	-	-	-	-	174	99
<b>4.4 Norms and Standards - MFMA</b>									
Current payment	-	-	-	-	-	-	-	3,219	2,799
Transfers and subsidies	-	-	-	-	-	-	-	7	5
Payment for capital assets	-	-	-	-	-	-	-	306	118
<b>4.5 Risk Management</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>8,015</b>	<b>-</b>	<b>527</b>	<b>8,542</b>	<b>7,826</b>	<b>716</b>	<b>91.6%</b>	<b>12,351</b>	<b>10,010</b>

2005/06								2004/05	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	6,762	(211)	527	7,078	6,635	443	93.7%	8,520	7,724
Goods and services	1,179	139	-	1,318	1,077	241	81.7%	2,891	1,928
<b>Transfers and subsidies</b>									
Provinces and municipalities	32	-	-	32	22	10	68.8%	31	25
<b>Payment for capital assets</b>									
Machinery and equipment	42	72	-	114	92	22	80.7%	881	333
Software and other intangible assets	-	-	-	-	-	-	-	28	-
<b>Total</b>	<b>8,015</b>	<b>-</b>	<b>527</b>	<b>8,542</b>	<b>7,826</b>	<b>716</b>	<b>91.6%</b>	<b>12,351</b>	<b>10,010</b>



**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**DETAIL PER PROGRAMME 5 – DEVELOPMENT PROJECTS**  
**for the year ended 31 March 2006**

2005/06								2004/05	
Programme per subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Development Project Current payment	-	-	-	-	-	-	-	26,000	17,075
<b>TOTAL</b>	-	-	-	-	-	-	-	<b>26,000</b>	<b>17,075</b>

2005/06								2004/05	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment Goods and services	-	-	-	-	-	-	-	26,000	17,075
<b>Total</b>	-	-	-	-	-	-	-	<b>26,000</b>	<b>17,075</b>

**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**DETAIL PER PROGRAMME 6 – THEFTS AND LOSSES**  
**for the year ended 31 March 2006**

2005/06								2004/05	
Programme per subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>6.1 Thefts and Losses</b>									
Current payment	-	-	-	-	766	(766)	100%	-	1,742
<b>TOTAL</b>	-	-	-	-	<b>766</b>	<b>(766)</b>	<b>100%</b>	-	<b>1,742</b>

2005/06								2004/05	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Financial transactions in assets and liabilities	-	-	-	-	766	(766)	100%	-	1,742
<b>Total</b>	-	-	-	-	<b>766</b>	<b>(766)</b>	<b>100%</b>	-	<b>1,742</b>

**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**NOTES TO THE APPROPRIATION STATEMENT**  
**for the year ended 31 March 2006**

**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 (A-D) 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):**

<b>4.1 Per Programme</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Variance as a % of Final Appropriation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>
Strategic Management Services	41,123	34,347	6,776	16%
Sustainable Resource Management	13,857	11,320	2,537	18%
Asset and Liability Management	50,526	43,795	6,731	13%
Financial Governance	8,542	7,826	7,161	8%

**Strategic Management Service:**

The reason for the under spending is due to various vacancies within the different sub-directorates which were not filled due to the job evaluation process.

**Sustainable Resource Management:**

The main reason for the under spending within this programme is due to the fact that two of the sub-programmes are not fully functional, namely Economic Analysis and Public Finance.

**Asset and Liability Management:**

The main reason for the under spending within this programme is the vacancies of posts within different directorates. A further under spending occurred with the non-implementation of the provincial suppliers' database.

**Financial Governance:**

The main reason for the saving within this programme is the vacancies of various posts.

**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**NOTES TO THE APPROPRIATION STATEMENT**  
**for the year ended 31 March 2006**

<b>4.2 Per Economic classification</b>	<b>2005/06</b>
	<b>R'000</b>
<b>Current payment:</b>	
Compensation of employees	5,069
Goods and services	11,170
Financial transactions in assets and liabilities	(766)
<b>Transfers and subsidies:</b>	
Provinces and municipalities	127
Households	3
<b>Payments for capital assets:</b>	
Machinery and equipment	370
Software and other intangible assets	15

**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**for the year ended 31 March 2006**

	<i>Note</i>	<b>2005/06</b>	<b>2004/05</b>
		<b>R'000</b>	<b>R'000</b>
<b>REVENUE</b>			
Annual appropriation	1	114,048	134,022
Departmental revenue to be surrendered to the Revenue Fund	2	15,455	8,381
<b>TOTAL REVENUE</b>		<b>129,503</b>	<b>142,403</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3	52,972	47,859
Goods and services	4	40,877	56,184
Financial transactions in assets and liabilities	5	766	1,742
<b>Total current expenditure</b>		<b>94,615</b>	<b>105,785</b>
<b>Transfers and subsidies</b>	6	<b>1,433</b>	<b>267</b>
<b>Expenditure for capital assets</b>			
Machinery and equipment	7	1,987	3,324
Software and other intangible assets	7	25	407
<b>Total expenditure for capital assets</b>		<b>2,012</b>	<b>3,731</b>
<b>TOTAL EXPENDITURE</b>		<b>98,060</b>	<b>109,783</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>31,443</b>	<b>32,620</b>
Add back unauthorised expenditure	8	3,164	-
		<b>34,607</b>	<b>32,620</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted Funds to be surrendered to the Revenue Fund	12	19,152	24,239
Departmental Revenue to be surrendered to the Revenue Fund	13	15,455	8,381
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>34,607</b>	<b>32,620</b>

**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**STATEMENT OF FINANCIAL POSITION**  
**at 31 March 2006**

	<i>Note</i>	<b>2005/06</b>	<b>2004/05</b>
		<b>R'000</b>	<b>R'000</b>
<b>ASSETS</b>			
<b>Current assets</b>		19,890	5,793
Unauthorised expenditure	8	3,164	-
Cash and cash equivalents	9	11,631	-
Prepayments and advances	10	38	60
Departmental Revenue surrendered in excess to the Revenue Fund	13	-	672
Receivables	11	5,057	5,061
<b>TOTAL ASSETS</b>		<b>19,890</b>	<b>5,793</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		19,833	5,747
Voted funds to be surrendered to the Revenue Fund	12	19,151	3,226
Departmental revenue to be surrendered to the Revenue Fund	13	678	-
Bank overdraft	14	-	2,450
Payables	15	4	71
<b>TOTAL LIABILITIES</b>		<b>19,833</b>	<b>5,747</b>
<b>NET ASSETS</b>		<b>57</b>	<b>46</b>
<b>Represented by:</b>			
Recoverable revenue		57	46
<b>TOTAL</b>		<b>57</b>	<b>46</b>

**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**for the year ended 31 March 2006**

	<i>Note</i>	2005/06 R'000	2004/05 R'000
<b>Recoverable revenue</b>			
Opening balance	46	80	
Transfers		11	(34)
Debts written off	5.4	-	(96)
Debts revised	11.3	(60)	(32)
Debts recovered (included in departmental receipts)		(65)	(50)
Debts raised		136	144
<b>Balance at 31 March 2006</b>		<b>57</b>	<b>46</b>
<b>TOTAL</b>		<b>57</b>	<b>46</b>



**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**CASH FLOW STATEMENT**  
**for the year ended 31 March 2006**

	<i>Note</i>	2005/06 R'000	2004/05 R'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts		167,504	184,267
Annual appropriated funds received	1.1	114,047	113,009
Departmental revenue received		53,457	71,258
Net (increase)/decrease in working capital		(41)	(895)
Surrendered to Revenue Fund		(55,338)	(75,975)
Current payments		(94,615)	(105,785)
Transfers and subsidies paid		(1,433)	(267)
<b>Net cash flow available from operating activities</b>	16	<b>16,077</b>	<b>1,345</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for capital assets		(2,012)	(3,731)
Proceeds from sale of capital assets	2	5	1
<b>Net cash flow from investing activities</b>		<b>(2,007)</b>	<b>(3,730)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		11	(34)
<b>Net cash flow from financing activities</b>		<b>11</b>	<b>(34)</b>
Net increase/(decrease) in cash and cash equivalents		14,081	(2,419)
Cash and cash equivalents at the beginning of the year		(2,450)	(31)
<b>Cash and cash equivalents at end of year</b>	17	<b>11,631</b>	<b>(2,450)</b>



**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2006**

**1. Annual Appropriation**

**1.1 Annual Appropriation**

Included are funds appropriated in terms of the Appropriation Act for (Voted funds) Provincial Departments.

	<b>Final Appropriation</b>	<b>Actual Funds Received</b>	<b>Funds not requested/ not received</b>	<b>Appropriation received 2004/05</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Strategic Management Services	41,123	41,122	1	-
Sustainable Resource Management	13,857	13,857	-	-
Asset and Liability Management	50,526	50,526	-	-
Financial Governance	8,542	8,542	-	-
Development Project	-	-	-	-
Theft and Losses	-	-	-	-
All programmes	-	-	-	113,009
<b>Total</b>	<b>114,048</b>	<b>114,047</b>	<b>1</b>	<b>113,009</b>

During the 2004/05 financial year funds were received per vote and not per programme. As a result of the "sweeping" facility in the province, funds are requested in respect of daily expenditure occurred.

During the 2005/06 financial year the amount of R677.80 was not taken into account with the transfer of the surplus as at 31 March 2006. The bank charges against the Exchequer account which amounts to R43.75 were also credited against the fund requisition account for March 2006.

**2. Departmental revenue to be surrendered to the Revenue Fund**

	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
Sales of goods and services other than capital assets	2.1	55	66
Interest, dividends and rent on land	2.2	52,679	71,192
Sales of capital assets	2.3	5	1
Financial transactions in assets and liabilities	2.4	723	-
Total revenue collected		<b>53,462</b>	<b>71,259</b>
Less: Departmental Revenue Budgeted	13	38,007	62,878
<b>Total</b>		<b>15,455</b>	<b>8,381</b>

**FREE STATE: PROVINCIAL TREASURY**  
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<b>2.1 Sales of goods and services other than capital assets</b>	<b>2005/06</b>	<b>2004/05</b>
	<b>R'000</b>	<b>R'000</b>
Sales of goods and services produced by the department	55	-
Other sales	55	-
Sales of scrap, waste and other used current goods	-	66
<b>Total</b>	<b>55</b>	<b>66</b>
<b>2.2 Interest, dividends and rent on land</b>		
Interest	52,679	71,192
<b>Total</b>	<b>52,679</b>	<b>71,192</b>
<b>2.3 Sale of capital assets</b>		
Other capital assets	5	1
<b>Total</b>	<b>5</b>	<b>1</b>
<b>2.4 Financial transactions in assets and liabilities</b>		
Receivables	723	-
<b>Total</b>	<b>723</b>	<b>-</b>
<b>3. Compensation of employees</b>		
<b>3.1 Salaries and wages</b>		
Basic salary	37,455	33,992
Performance award	1,600	925
Service based	74	91
Compensative/circumstantial	481	643
Other non-pensionable allowances	6,339	5,171
	<b>45,949</b>	<b>40,822</b>
<b>3.2 Social contributions</b>		
<b>Employer contributions</b>		
Pension	4,838	5,059
Medical	2,177	1,970
Bargaining council	8	8
	<b>7,023</b>	<b>7,037</b>
<b>Total compensation of employees</b>	<b>52,972</b>	<b>47,859</b>
<b>Average number of employees</b>	<b>269</b>	<b>267</b>

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		2005/06	2004/05
	Note	R'000	R'000
<b>4. Goods and services</b>			
Advertising		945	607
Attendance fees (including registration fees)		913	851
Bank charges and card fees		119	145
Bursaries (employees)		268	787
Communication		1,129	1,043
Computer services		22,864	20,688
Consultants, contractors and special services		320	20,126
Courier and delivery services		22	12
Drivers' licenses and permits		-	1
Entertainment		316	265
External audit fees	4.1	2,428	2,038
Equipment less than R5 000		1,812	1,565
Freight service		-	1
Inventory	4.2	3,600	2,963
Legal fees		4	161
Maintenance, repairs and running cost		1,465	678
Operating leases		1,198	1,079
Photographic services		-	7
Plant flowers and other decorations		41	23
Printing and publications		910	506
Resettlement cost		165	333
Subscriptions		10	2
Travel and subsistence	4.3	2,234	2,192
Venues and facilities		91	111
Protective, special clothing & uniforms		4	-
Training & staff development		19	-
<b>Total</b>		<b>40,877</b>	<b>56,184</b>
<b>4.1 External audit fees</b>			
Regulatory audits		2,428	2,038
		<b>2,428</b>	<b>2,038</b>
<b>4.2 Inventory</b>			
Domestic consumables		4	17
Learning and teaching support material		337	-
Food and Food supplies		769	649
Fuel, oil and gas		124	101
Other consumables		4	15
Parts and other maintenance material		30	81
Stationery and printing		2,332	2,100
		<b>3,600</b>	<b>2,963</b>
<b>4.3 Travel and subsistence</b>			
Local		2,053	2,156
Foreign		181	36
		<b>2,234</b>	<b>2,192</b>

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	<i>Note</i>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>5. Financial transactions in assets and liabilities</b>			
Material losses through criminal conduct	5.1	-	1,099
Other material losses written off	5.2	764	452
Debts written off	5.3	2	191
<b>Total</b>		<b>766</b>	<b>1,742</b>
<b>5.1 Material losses through criminal conduct</b>			
<b>Incident</b>			
Mastercraft		-	1,099
		<b>-</b>	<b>1,099</b>
<b>5.2 Other material losses</b>			
Qwa-Qwa fraud cheque		-	433
Theft of computer and other items		20	13
Theft of cellular phone		5	3
Theft of binding machine		-	1
Theft of colour converter & software		15	-
Loss of interest on investment		675	-
Petty cash theft		1	-
Interest paid on allpay account		48	-
Theft of stock		-	1
Interest on overdue account		-	1
		<b>764</b>	<b>452</b>
<b>5.3 Debts written off</b>			
Private telephone debt		-	2
Employee debt		2	104
Supplier debt (Pro-contractors)		-	85
		<b>2</b>	<b>191</b>
<b>5.4 Recoverable revenue debts written off</b>			
Bursary debt		-	(96)
		<b>-</b>	<b>(96)</b>
<b>6. Transfers and subsidies</b>			
Provinces and municipalities	Annex 1A	181	161
Departmental agencies and accounts	Annex 1B	257	-
Non-profit institutions	Annex 1C	5	99
Households	Annex 1D	990	7
<b>Total</b>		<b>1,433</b>	<b>267</b>
<b>7. Expenditure on capital assets</b>			
Machinery and equipment	Annex 3	1,987	3,324
Software and other intangible assets	Annex 4	25	407
<b>Total</b>		<b>2,012</b>	<b>3,731</b>

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		2005/06	2004/05				
		R'000	R'000				
8.	Unauthorised expenditure						
8.1.	Reconciliation of unauthorised expenditure						
	Opening balance	-	-				
	Unauthorised expenditure – current year	3 164	-				
	Unauthorised expenditure awaiting authorisation	<u>3 164</u>	<u>-</u>				
8.2	Analysis of Current Unauthorised expenditure						
	Incident						
	Disciplinary steps taken/criminal proceedings						
	The functions in respect of MFMA were reflected at Programme 4: Financial Governance while the budget was at Programme 2: Sustainable Resource Management.	3 164	-				
		<u>3 164</u>	<u>-</u>				
9.	Cash and cash equivalents						
	Consolidated Paymaster General Account	11,631	-				
		<u>11,631</u>	<u>-</u>				
10.	Prepayments and advances						
	Travel and subsistence	38	60				
		<u>38</u>	<u>60</u>				
11.	Receivables						
		Less than one year	One to three years	Older than three years			
	Staff debtors	11.1	106	619	26	751	725
	Other debtors	11.2	-	-	-	-	42
	Claims recoverable	Annex 5	25	-	4,281	4,306	4,294
	Total		<u>131</u>	<u>619</u>	<u>4,307</u>	<u>5,057</u>	<u>5,061</u>

**FREE STATE: PROVINCIAL TREASURY**  
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	Note	2005/06 R'000	2004/05 R'000
<b>11.1 Staff debtors</b>			
Breach of contract		52	-
Salary debt		14	-
Tax debt		17	-
Travel and subsistence debt		6	-
Telephone debt		52	49
Bursary debt		-	46
Employee debt		57	77
Suppliers debt		553	553
		<u><b>751</b></u>	<u><b>725</b></u>
<b>11.2 Other debtors</b>			
Petty cash		-	1
Irregular expenditure		-	41
		<u><b>-</b></u>	<u><b>42</b></u>
<b>11.3 Debts revised</b>			
Prior year adjustment		(60)	(32)
		<u><b>(60)</b></u>	<u><b>(32)</b></u>
<b>12. Voted funds to be surrendered to the Revenue Fund</b>			
Opening balance		3,226	4,044
Transfer from Statement of Financial Performance		19,152	24,239
Voted funds not requested/not received	12.1	(1)	(21,013)
Paid during the year		(3,226)	(4,044)
Closing balance		<u><b>19,151</b></u>	<u><b>3,226</b></u>
<b>12.1 Voted funds not requested/not received</b>			
Funds not to be requested		(1)	(21,013)
		<u><b>(1)</b></u>	<u><b>(21,013)</b></u>
<b>13. Departmental revenue to be surrendered to the Revenue Fund</b>			
Opening balance		(672)	-
Transfer from Statement of Financial Performance		15,455	8,381
Departmental revenue budgeted	2	38,007	62,878
Paid during the year		(52,112)	(71,931)
Closing balance		<u><b>678</b></u>	<u><b>(672)</b></u>

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			2005/06	2004/05
			R'000	R'000
<b>14. Bank overdraft</b>				
Consolidated Paymaster General Account			-	2,450
			<u>-</u>	<u>2,450</u>
<b>15. Payables – current</b>	<i>Note</i>	<b>30 Days</b>	<b>30+ Days</b>	
Other payables	15.1	4	-	71
		<u>4</u>	<u>-</u>	<u>71</u>
<b>15.1 Other payables</b>				
Income tax			4	68
Pension fund			-	2
Regional Service Council			-	1
			<u>4</u>	<u>71</u>
<b>16. Net cash flow available from operating activities</b>				
Net surplus/(deficit) as per Statement of Financial Performance			34,607	32,620
(Increase)/decrease in receivables – current			4	722
(Increase)/decrease in prepayments and advances			22	(31)
(Increase)/decrease in other current assets			(3,164)	-
Increase/(decrease) in payables – current			(67)	(1,552)
Proceeds from sale of capital assets			(5)	(1)
Surrenders to Revenue Fund			(55,338)	(75,975)
Expenditure on capital assets			2,012	3,731
Voted funds not requested/not received			(1)	(21,013)
Other non-cash items			38,007	62,844
<b>Net cash flow generated by operating activities</b>			<u>16,077</u>	<u>1,345</u>
<b>17. Reconciliation of cash and cash equivalents for cash flow purposes</b>				
Consolidated Paymaster General Account			11,631	(2,450)
			<u>11,631</u>	<u>(2,450)</u>

**FREE STATE: PROVINCIAL TREASURY**  
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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

		<i>Note</i>	<b>2005/06</b>	<b>2004/05</b>
			<b>R'000</b>	<b>R'000</b>
<b>18. Contingent liabilities</b>				
<b>    Liable to</b>	<b>Nature</b>			
Housing loan guarantees	Employees	<i>Annex 2A</i>	567	1,089
Claims against the department	Employees	<i>Annex 2B</i>	367	-
			<u><b>934</b></u>	<u><b>1,089</b></u>
<b>19. Commitments</b>				
<b>    Current expenditure</b>				
Approved and contracted			869	6,683
			<u><b>869</b></u>	<u><b>6,683</b></u>
<b>    Capital expenditure</b>				
Approved and contracted			193	1,317
			<u><b>193</b></u>	<u><b>1,317</b></u>
<b>    Total Commitments</b>			<u><b>1,062</b></u>	<u><b>8,000</b></u>
<b>20. Accruals</b>				
<b>    Listed by economic classification</b>				
	<b>30 Days</b>	<b>30+ Days</b>		
Goods and services	1,282	8	1,290	254
	<u><b>1,282</b></u>	<u><b>8</b></u>	<u><b>1,290</b></u>	<u><b>254</b></u>
<b>    Listed by programme level</b>				
Strategic Management Services			138	219
Sustainable Resource Management			6	6
Asset and Liability Management			1,137	27
Finance Governance			9	2
<b>    Total</b>			<u><b>1,290</b></u>	<u><b>254</b></u>
<b>21. Employee benefit provisions</b>				
Leave entitlement			1,150	139
Thirteenth cheque			1,665	2,603
Performance awards			-	924
Capped leave commitments			4,512	4,406
<b>    Total</b>			<u><b>7,327</b></u>	<u><b>8,072</b></u>



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**22. Leases Commitments**

22.1 Operating leases	Land	Buildings and other fixed structures	Machinery and equipment	2005/06	2004/05
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	932	932	713
Later than 1 year and not later than 5 years	-	-	944	944	1,137
<b>Total present value of lease liabilities</b>	<b>-</b>	<b>-</b>	<b>1,876</b>	<b>1,876</b>	<b>1,850</b>

**23. Receivables for departmental revenue**

Sales of goods and services other than capital assets	55	56
Interest, dividends and rent on land	52,679	71,192
Sales of capital assets	5	1
	<b>52,739</b>	<b>71,249</b>

**24. Irregular expenditure**

**24.1 Reconciliation of irregular expenditure**

Opening balance	41	-
Amounts condoned	(41)	41
Expenditure for capital assets	(41)	41
Irregular expenditure awaiting condonement	-	41
<b>Analysis</b>		
Current	-	41
	<b>-</b>	<b>41</b>

**24.1 Irregular expenditure**

**Incident                      Disciplinary steps taken/criminal proceedings**

Procurement of departmental vehicle	Case still in process	-	41
		<b>-</b>	<b>41</b>

**25. Key management personnel**

	No. of Individuals		
Member of the Executive Council	1	816	751
Officials:			
Chief Executive Officer	1	954	852
Senior Executive Managers and Chief Financial Officer	4	2,380	2,038
Family members of key management personnel	3	537	507
		<b>4,687</b>	<b>4,148</b>

The Chief Financial Officer is currently on level 14 and is included above. The family members indicated above is only related to the Senior Executive Manager: Financial Governance.

**FREE STATE: PROVINCIAL TREASURY**  
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	<i>Note</i>	2005/06	2004/05
		R'000	R'000
<b>26. Provisions</b>			
<b>Potential irrecoverable debts</b>			
Claims recoverable		4,275	4,270
		<u>4,275</u>	<u>4,270</u>
<b>Provision</b>			
Other – Claim from M.A. Mokotedi and T.S. Mosoahle		99	-
		<u>99</u>	<u>-</u>
		<u><u>4,374</u></u>	<u><u>4,270</u></u>

The claim (R39 000) from M.A. Mokotedi is in respect of salary owed to her. The official is no longer in the employment of the department. This amount was in dispute at year end. The claim (R60 000) from T.S. Mosoahle is also in respect of salary owed to her by the department. The official was dismissed and the case went on arbitration where the ruling was for the department to reinstate T.S. Mosoahle.

**FREE STATE: PROVINCIAL TREASURY**  
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT**  
**for the year ended 31 March 2006**

**ANNEXURE 1A**  
**STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT		2004/05
	Amount	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	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	
Motheo	301	-	7	308	181	58.8	-	-	-	161
	301	-	7	308	181	58.8	-	-	-	161

# FREE STATE: PROVINCIAL TREASURY

## VOTE 4

### ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2006

#### ANNEXURE 1B

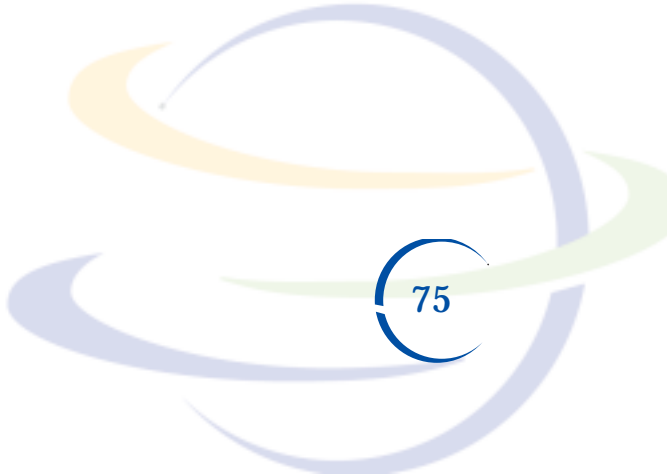
#### STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY / ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2004/05
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Department of Public Works, Roads and Transport	-	-	-	-	201	-	-
Department of the Premier	-	-	-	-	49	-	-
Provincial Treasury	-	-	-	-	7	-	-
	-	-	-	-	257	-	-

**FREE STATE: PROVINCIAL TREASURY**  
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**ANNEXURE 1C**  
**STATEMENT OF TRANSFERS TO NON-PROFIT ORGANISATIONS**

NON-PROFIT ORGANISATIONS	TRANSFER ALLOCATION			EXPENDITURE		2004/05
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	
	R'000	R'000	R'000	R'000	R'000	
Transfers						
Primary School - Welkom	-	-	5	5	5	100%
<b>Total</b>	-	-	5	5	5	100%



# FREE STATE: PROVINCIAL TREASURY

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### ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2006

#### ANNEXURE 1D

#### STATEMENT OF TRANSFERS / SUBSIDIES TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2004/05
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Claims against the State - Injury on duty	-	-	52	52	52	100	7
Bursary payments to non-employees	-	-	926	926	925	99.9	-
Leave Gratuity - JM Smith	-	-	13	13	13	100	-
<b>Total</b>	-	-	<b>991</b>	<b>991</b>	<b>990</b>		<b>7</b>

**FREE STATE: PROVINCIAL TREASURY**  
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT**  
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**ANNEXURE 1E**  
**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2006**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2005/06 R'000	2004/05 R'000
Received in kind			
ABSA	External news letter launch and Budget Speech	70	100
Ernest & Young	Treasury News launch and Budget Speech	15	50
Coca Cola Fortune	Year end function and Human Resource Development policy launch		- 1
Bloemwater	Budget Speech	4	1
South African Breweries	Year end function and Human Resource Development policy launch		- 1
		<b>89</b>	<b>153</b>



# FREE STATE: PROVINCIAL TREASURY

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### ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 March 2006

#### ANNEXURE 1F

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2006

NATURE OF GIFT, DONATION OR SPONSORSHIP	2005/06 R'000
<b>Paid in cash</b>	
Infrastructure summit	201
Secretary day	6
Anti-Corruption Summit	49
JM Smith	1
<b>TOTAL</b>	<b>257</b>



# FREE STATE: PROVINCIAL TREASURY

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### ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2006

#### ANNEXURE 2A

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

Guarantor institution	Guarantee in respect of Housing	Original Guaranteed Capital amount	Opening balance 1 April 2005	Guarantees issued during the year	Guarantees released/paid/ cancelled/reduced during the year	Guaranteed interest for year ended 31 March 2006	Closing balance 31 March 2006	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Saambou		120	120	-	53	-	67	-
NBS		64	64	-	34	-	30	-
Peoples Bank		61	61	-	43	-	18	-
FNB		89	89	-	17	-	72	-
FDC		32	32	42	12	-	62	-
Standard Bank		82	82	-	-	-	82	-
Nedbank		20	20	31	-	-	51	-
ABSA		621	621	-	436	-	185	-
<b>Total</b>		<b>1,089</b>	<b>1,089</b>	<b>73</b>	<b>595</b>	<b>-</b>	<b>567</b>	<b>-</b>

# FREE STATE: PROVINCIAL TREASURY

## VOTE 4

### ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2006

#### ANNEXURE 2B

#### STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2006

Nature of Liability	Opening Balance 01/04/2005	Liabilities incurred during the year	Liabilities paid/cancelled /reduced during the year	Liabilities recoverable	Closing Balance 31/03/2006
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
JC van Heerden	-	367	-	-	367
<b>Total</b>	-	<b>367</b>	-	-	<b>367</b>

# FREE STATE: PROVINCIAL TREASURY

## VOTE 4

### ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 March 2006

#### ANNEXURE 3

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

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>9,805</b>	<b>1,987</b>	<b>1,365</b>	<b>10,427</b>
Transport assets	1,323	42	1,365	-
Computer equipment	5,913	1,149	-	7,062
Furniture and office equipment	2,272	668	-	2,940
Other machinery and equipment	297	128	-	425
<b>TOTAL CAPITAL ASSETS</b>	<b>9,805</b>	<b>1,987</b>	<b>1,365</b>	<b>10,427</b>

The closing balance does not reconcile with the LOGIS report PADW95

#### ANNEXURE 3.1

##### ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Cash	In-Kind	Total
	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>1,987</b>	<b>-</b>	<b>1,987</b>
Transport assets	42	-	42
Computer equipment	1,149	-	1,149
Furniture and office equipment	668	-	668
Other machinery and equipment	128	-	128
<b>TOTAL CAPITAL ASSETS</b>	<b>1,987</b>	<b>-</b>	<b>1,987</b>

**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT**  
**for the year ended 31 March 2006**

**ANNEXURE 3.2**  
**DISPOSALS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006**

	Cost Amount	Cash	Profit/(loss) on Disposal
	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	1,365	5	(1,360)
Transport assets	1,365	-	(1,365)
Other machinery and equipment	-	5	5
<b>TOTAL CAPITAL ASSETS</b>	1,365	5	(1,360)

**ANNEXURE 3.3**  
**CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005**

	Additions	Disposals	Total Movement
	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	3,324	-	3,324
Transport assets	611	-	611
Computer equipment	1,467	-	1,467
Furniture and office equipment	1,193	-	1,193
Other machinery and equipment	53	-	53
<b>TOTAL CAPITAL ASSETS</b>	3,324	-	3,324

**FREE STATE: PROVINCIAL TREASURY**  
**VOTE 4**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT**  
**for the year ended 31 March 2006**

**ANNEXURE 4**

**CAPITAL INTANGIBLE ASSET COST SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006**

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer Software	923	25	-	948
<b>TOTAL</b>	<b>923</b>	<b>25</b>	<b>-</b>	<b>948</b>

The closing balance does not reconcile with the LOGIS report PADW 95

**ANNEXURE 4.1**

**ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006**

	Cash R'000	In-Kind R'000	Total R'000
Computer Software	25	-	25
<b>TOTAL</b>	<b>25</b>	<b>-</b>	<b>25</b>

**ANNEXURE 4.2**

**CAPITAL INTANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005**

	Additions R'000	Disposals R'000	Total Movement R'000
Computer Software	407	-	407
<b>TOTAL</b>	<b>407</b>	<b>-</b>	<b>407</b>

# FREE STATE: PROVINCIAL TREASURY VOTE 4 ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

## ANNEXURE 5 INTER-GOVERNMENTAL RECEIVABLES

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
FSPG: Education	3	5	-	-	3	5
FSPG: Public Works, Roads and Transport	2	-	-	4	2	4
Northern Cape: Treasury	2	-	-	2	2	2
Gauteng: Public Works, Roads and Transport	5	3	-	-	5	3
Gauteng: Justice	13	-	-	-	13	-
Gauteng: Agriculture	-	-	-	3	-	3
South African Police Service	-	-	2,844	2,841	2,844	2,841
	<b>25</b>	<b>8</b>	<b>2,844</b>	<b>2,850</b>	<b>2,869</b>	<b>2,858</b>
<b>Other Government Entities</b>						
CMB Nominees	-	-	-	1	-	1
South African Revenue Services	-	-	1,433	1,435	1,433	1,435
HOSMED	-	-	4	-	4	-
	-	-	<b>1,437</b>	<b>1,436</b>	<b>1,437</b>	<b>1,436</b>
<b>TOTAL</b>	<b>25</b>	<b>8</b>	<b>4,281</b>	<b>4,286</b>	<b>4,306</b>	<b>4,294</b>



# PART 3

## OVERSIGHT REPORT



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

**Table 1.1 - Main services provided and standards**

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Consolidation of In-Year Management Monitoring Report	Provincial Departments	None	According to Section 40(4)( c ) of the PFMA	100% compliance
Promote and facilitate capacity building of employees	All FSPG Departments and Public Entities	Municipalities and other Provincial Treasuries	Asset and SCM forum meetings, workshops and training sessions	+ - 326 employees trained 9 Presentations conducted Trained 11 KZN employees on the Computerised Auction Program Set presentation and discussion criteria on Asset Management, Stocktaking, Inventories, Transport, Asset Reform Management, Disposals, Auctions, Reporting formats and Auction Computerised Program
Promote effective and efficient utilisation of movable and immovable assets in the Province	All FSPG Departments and Public Entities	Municipalities and other Provincial Treasuries	Evaluation reports: Target = 96	131 Reports
Promote and monitor the implementation of the Asset Management Reform Project	All FSPG Departments and Public Entities	Municipalities and other Provincial Treasuries	Progress and monitoring reports to provincial Steering Committee. (New project commenced in August 2005	3 X Asset Reform Management Workshops 11 X sign off Implementation Plan 2 X Asset Reform Management training sessions Adjudication/ Clarification of duties/responsibilities of Free State Provincial Treasury Compilation and roll-out of 4 Practice Notes to Free State provincial Government Departments for inclusion in Departmental Asset Reform Management Plans/Policies Provide Practice Notes to National Treasury for benchmarking 15 X CFO discussions
Co-ordinate infrastructure delivery and PPP's in the Province	All Provincial Government Departments involved in infrastructure delivery	District and local Municipalities	Improved service delivery (infrastructure) and spending of infrastructure budget	Sub-directorate only started functioning later in the financial year
Provincial cash management	Provincial Government Departments	Local Municipalities	Sufficient cash for Provincial Departments and surplus cash invested	100% compliance
Capacitate officials in Departments responsible for Asset Management	Provincial Departments and Public Entities National Treasury SAMDI IPFA	Municipalities Department of Trade and Industry South African Revenue Services	Facilitation of Training/ Workshops/Presentations	National Treasury allocated 5 training sessions per Province and the office successfully facilitated all the sessions and a total of 138 SCM Practitioners were trained in the Province 3 Sessions were extended to Districts(Bethlehem, Sasolburg and Welkom) 23 Senior Officials were trained
Enhancement of existing Supply Chain Management	Provincial Departments and Public Entities National Treasury SAMDI IPFA Provincial Departments and Public Entities National Treasury SAMDI IPFA	Municipalities Department of Trade and Industry South African Revenue Services Municipalities Department of Trade and Industry South African Revenue Services	Issue Practice Notes to fill existing gaps on the framework issued by National Treasury  Monitoring Reports SCM Bilateral SCM Forum	A Practice Note developed within the Department was issued  A consolidated report covering all provincial departments was released and presented to the Executive Council and the Economic, Employment and Investment Cluster



User support service and capacity building to all Persal Users in the Free State	13 Provincial Departments with 1171 Persal Users	Government	300 Trainees with a pass rate of 70% All inquiries finalised	508 Persal Users trained with a pass rate of 84% All inquiries finalised within set timeframes
Provincial Government Implementation and support for the Logistical System (Logis). Building of capacity in Provincial Departments. Update and maintenance of the Supplier and Item Master for Logis.	Provincial Departments National Departments Northern Cape Provincial Departments	Government	Maximum number of days within which a service should be delivered Percentages regarding capacity building	Within timeframes and above targeted percentages Striving for excellence
Strengthen and provide technical and strategic support regarding BAS for the institutional capacity of Provincial Government	A total of 1264 users of the BAS system in 15 Provincial Departments	Newly appointed BAS users in the Provincial Departments Assist other Provincial Treasuries with the capacity building of BAS users (Northern Cape and National Public Works)	A pass rate of 70% A total of 450 BAS Users trained	71.84% pass rate 551 BAS Users trained
Implementation, management and support to Departments in respect of Transversal Financial Systems	All users of the BAS System in the Provincial Departments	Government	95% availability of the BAS System 100% of inquiries logged at the System Controller solved Maintained suppliers register	95% availability of BAS System achieved All inquiries solved within timeframes 9894 Suppliers registered on the BAS suppliers register
Effective technical and strategic support to Departments in respect of Transversal Financial System	Users of the BAS System in 15 Provincial Departments	Newly appointed BAS Users	90% up-time and availability of the BAS Terminal Server System 90% up-time and availability of the FSPT Transversal Systems LAN	98% up-time achieved
Sound Departmental Financial Management	Free State Provincial Treasury	None	According to the PFMA	79.25% compliance
Provide Corporate Services support to the Department	Free State provincial Treasury	Public	According to Legislation	100% compliance
Oversee implementation of policies for effective control of revenue collection	All revenue collecting Departments	None	Revenue target of R 390 million	Pre-audited revenue of R451.8 million collected for the 2005/2006 financial year
Accounting policy, guidelines and practices implemented in line with National framework	Provincial Departments, Trading Entities and Public Entities	National Treasury, Auditor General Propac Public	Reports in line with formats and guidelines of GRAP – 100% compliance  Completed set of Accounting policies implemented according to set timeframes as per Accounting Standards Board's approvals	11 PAG circulars and three amendments were compiled and circulated  Evaluated 9 Exposure drafts from Accounting Standards Board
Promote accurate compilation of Annual Financial Statements	Provincial Departments Trading Entities Public Entities	National Treasury Auditor General Propac External Organisations Public	Percentage correctness according to guide = 100%  Analyse Audit Reports and take corrective steps	All Provincial Departments, Trading Entities and Public Entities achieved a 100% compliance with the guide  27 Audit Reports received from the Legislature, 11 Departments and 15 Public Entities. That have been summarised in terms of Treasury Regulations

Facilitate the timely submission of Annual Financial Statements to the Accountant General and National Treasury	Provincial Departments, Trading Entities and Public Entities	Auditor General Propac National Treasury External Organisations Public	Compliance with all statutory due dates namely:  Unaudited annual financial statements by 31 May 2005  Audited annual financial statements by 31 July 2005  Submit Annual Report by 31 August 2005  Table Annual Reports by 30 September 2005	All Departments submitted annual financial statements by 31 May 2005  Received 27 audited annual financial statements by 31 March 2006  11 Departments, Legislature and 15 Public Entities submitted Annual Reports by 31 March 2006  11 Departments, Legislature and 15 Public Entities tabled Annual Reports by 31 March 2006
Prepare and submit annual consolidated financial statements	National Treasury Auditor General Propac Public	Auditor General Propac Public ABSA External Organisations National Treasury	Finalised consolidated annual financial statements by 31 October according to National Treasury guidelines	Unaudited draft Consolidated Financial Information was submitted 30 June 2005. Audit report was signed on 30 November 2005. Consolidate Annual Report was tabled in January 2006.
Capacity building in financial accounting.	Provincial Departments Trading Entities Public Entities	National Treasury Other Provinces	Number of officials trained 2005/06 = 100	58 Officials were trained in respect of penalties on exceeding ACB limits. 104 Officials trained on SCA. 30 Officials trained on local banking functionalities. 8 Officials trained on analysis of audit reports in respect of Municipalities. Total number of Officials trained = 200
Monitor financial management of Departments	Provincial Departments Trading Entities	National Treasury	78% adherence to key performance indicators	Average for April 2005 to February 2006 is 73.2%. Average at end of March 2006 is 84%.
Norms and Standards guidelines to be 100% in line with prescripts	Provincial Departments and Entities	Provincial Departments and Entities	Delegations updated annually in April. Issue circulars	Delegations updated in April 2005. 5 Circulars issued
PFMA: Compliance reports to Executive Council	Provincial Departments and Entities	Provincial Departments and Entities	4 Quarterly compliance reports to Exco	4 Quarterly compliance reports issued to Exco
Number of officials trained with regard to PFMA	Provincial Departments and Entities	Provincial Departments and Entities	300 Officials trained	215 officials trained
Promote effective implementation of Propac Resolutions	Provincial Departments and Entities	Provincial Departments and Entities	Two status reports Evaluation reports issued 8 working days before Propac sitting	Issued two status reports Two evaluation reports issued within 8 working days
Implementation of the Municipal Finance Management Act	21 Delegated Municipalities	4 Non-delegated Municipalities	Municipal Finance Management Act, Act No. 56 of 2003	Provide comments on Municipal budgets  Evaluation of monthly outcomes on 5 indicators: • Capital expenditure • Operating expenditure • Cash flow • Debtors • Creditors Training on: • SCM • MFMA returns • Performance budgeting

**Table 1.2 - Consultation arrangements with customers**

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

**Table 1.3- Service delivery access strategy**

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

**Table 1.4 - Service information tool**

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

**Table 1.5 - Complaints mechanism**

**Complaints Mechanism**

Grievance procedure for internal customers

Informal complaints mechanism via letters, e-mail and telephone calls to appropriate Directorate

**Actual achievements**

All grievances handled and finalized according to the procedure.

Handled and finalized when received.

2 - Expenditure

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

**TABLE 2.1 – Personnel costs by programme, 2005/ 06**

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
Strategic Management Services	34 347	20 910	0	0	61	188
Sustainable Resources Management	11 320	8 337	0	0	73.6	333
Asset and Liability Management	43 795	17 092	0	0	39	189
Financial Governance	7 826	6 635	0	0	84.7	154
Sassa	0	0	0	0	0	0
Theft and losses	772	0	0	0	0	0
<b>Total</b>	<b>98 060</b>	<b>52 974</b>	<b>0</b>	<b>0</b>	<b>54</b>	<b>197</b>

**TABLE 2.2 – Personnel costs by salary bands, 2005/ 06**

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	52 974	54	197
Skilled (Levels 3-5)			
Highly skilled production (Levels 6-8)			
Highly skilled supervision (Levels 9-12)			
Senior management (Levels 13-16)	52 974	54	197
Periodical Remuneration			
<b>Total</b>	<b>52 974</b>	<b>54</b>	<b>197</b>

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, 2005/ 06**

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Strategic Management Services	14 651	70	59	0.3	189	0.9	880	4.1
Sustainable Resources Management	5 739	68.8	63	0.8	66	0.8	267	3.1
Asset and Liability Management	12 356	72.3	4	0	195	1.1	772	4.4
Financial Governance	4 709	70.1	8	0	50	0.7	258	3.7
<b>Total</b>	<b>37 455</b>	<b>71.3</b>	<b>134</b>	<b>0.2</b>	<b>500</b>	<b>0.9</b>	<b>2 177</b>	<b>4</b>

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

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	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)	Data not available per salary levels							
Skilled (Levels 3-5)								
Highly skilled production (Levels 6-8)								
Highly skilled supervision (Levels 9-12)								
Senior management (Levels 13-16)								
<b>Total</b>	<b>37 455</b>	<b>71.3</b>	<b>134</b>	<b>0.2</b>	<b>500</b>	<b>0.9</b>	<b>2 177</b>	<b>4</b>

### 3 – Employment and Vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables:- programme (Table 3.1), salary band (Table 3.2) and critical occupations (Table 3.3). Departments have identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the department. The vacancy rate reflects the percentage of posts that are not filled.

**TABLE 3.1 – Employment and vacancies by programme, 31 March 2006**

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Strategic Management Services	160	111	30.6	0
Sustainable Resources Management	39	25	35.9	0
Asset and Liability Management	147	90	38.8	0
Financial Governance	71	43	39.4	0
<b>Total</b>	<b>417</b>	<b>269</b>	<b>35.5</b>	<b>0</b>

**TABLE 3.2 – Employment and vacancies by salary bands, 31 March 2006**

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	14	7	50	0
Highly skilled production (Levels 6-8)	240	156	35	0
Highly skilled supervision (Levels 9-12)	140	89	36.4	0
Senior management (Levels 13-16)	23	17	26	0
<b>Total</b>	<b>417</b>	<b>269</b>	<b>35.5</b>	<b>0</b>

**TABLE 3.3 – Employment and vacancies by critical occupation, 31 March 2006**

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Senior Managers	16	11	31.3	0
Executive Manager	1	1	0	0
Senior Executive Managers	4	3	25	0
CEO and MEC	2	2	0	0
Total	23	17	26	0

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

#### *4 – Job Evaluation*

The 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 2004.

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

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

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	14	12	86	0	0	7	58
Highly skilled production (Levels 6-8)	240	29	12	0	0	3	10.3
Highly skilled supervision (Levels 9-12)	140	16	11.4	1	6	1	6
Senior Management Service Band A	16	2	13	0	0	0	0
Senior Management Service Band B	4	0	0	0	0	0	0
Senior Management Service Band C	0	0	0	0	0	0	0
Senior Management Service Band D	2	0	0	0	0	0	0
Total	417	59	14	1	2	7	12

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

**TABLE 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2005 to 31 March 2006**

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

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

**TABLE 4.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2005 to 31 March 2006 (in terms of PSR 1.V.C.3)**

Occupation	Number employees	Job evaluation of level	Remuneration level	Reason for deviation
Messenger	3	2	3	Post downgraded after employee was appointed
Assistant Manager: Finance and Budget Control	1	9	10	Post downgraded after employee was appointed
Financial Controller	2	7	8	Post downgraded after employee was appointed
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2005/ 06				6
Percentage of total employment				2

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 2005 to 31 March 2006 (in terms of PSR 1.V.C.3)**

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	5	0	0	1	6
Total	5	0	0	1	6
Employees with a disability					0
<b>Total Number of Employees whose salaries exceeded the grades determined by job evaluation in 2005/06</b>					<b>6</b>

##### 5 - Employment Changes

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

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

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

Salary Band	Number of employees per band as on 1 April 2005	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	0	0	0	0%
Skilled (Levels 3-5)	10	2	3	30%
Highly skilled production(Levels 6-8)	173	19	23	13%
Highly skilled supervision(Levels 9-12)	70	18	14	20%
Senior Management Service Band A	10	3	2	20%
Senior Management Service Band B	3	1	0	0%
Senior Management Service Band C	0	0	0	0%
Senior Management Service Band D	2	1	1	50%
Total	268	44	43	16%

**TABLE 5.2 – Annual turnover rates by critical occupation for the period 1 April 2005 to 31 March 2006**

Occupation:	Number of employees per occupation as on 1 April 2005	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Senior Managers	10	3	2	20%
Executive Manager	1	1	0	0
Senior Executive Managers	3	0	0	0
CEO and MEC	2	1	1	50%
Total	16	5	3	19%

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

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

Termination Type	Number	% of total
Death	1	2.5%
Resignation	10	23%
Expiry of contract	1	2.5%
Dismissal – operational changes	0	0
Dismissal – misconduct	1	2.5%
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	1	2.5%
Transfers to other Public Service Departments	29	67%
Other	0	0
Total	43	100
Total number of employees who left as a % of the total employment		16%

**Table 5.4 – Promotions by critical occupation**

Occupation:	Employees as at 1 April 2005	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Senior Managers	10	0	0	2	20%
Executive Manager	1	0	0	0	0
Senior Executive Managers	3	0	0	0	0%
CEO and MEC	2	0	0	0	0
Total	16	0	0	2	13%

Table 5.5 – Promotions by salary band

Salary Band	Employees 1 April 2005	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)	0	0	0	0	0
Skilled (Levels 3-5)	10	0	0	7	70
Highly skilled production (Levels 6-8)	173	2	1	5	5
Highly skilled supervision (Levels 9-12)	70	3	4	7	10
Senior Management Service Band A	10	0	0	2	20
Senior Management Service Band B	3	0	0	0	0
Senior Management Service Band C	0	0	0	0	0
Senior Management Service Band D	2	0	0	0	0
Total	268	5	2	171	64

## 6 – Employment Equity

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

### 6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2006

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	33	5	0	14	28	2	0	24	106
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	3	1	0	0	2	0	0	0	6
Clerks	36	4	0	15	57	6	1	35	154
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	3	0	0	0	0	0	0	0	3
Total	75	10	0	29	87	8	1	59	269
Employees with disabilities	2	0	0	1	0	0	0	0	3



**6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2006**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	1	0	1	1	0	0	1	6
Senior Management	6	1	0	3	0	0	0	1	11
Professionally qualified and experienced specialists and mid-management	14	3	0	4	8	0	0	7	35
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	37	3	0	19	57	5	1	42	164
Semi-skilled and discretionary decision making	13	2	0	2	21	3	0	8	49
Unskilled and defined decision making	3	0	0	0	0	0	0	0	3
<b>Total</b>	<b>75</b>	<b>10</b>	<b>0</b>	<b>29</b>	<b>87</b>	<b>8</b>	<b>1</b>	<b>59</b>	<b>269</b>

**6.3 Recruitment for the period 1 April 2005 to 31 March 2006**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	1	0	0	0	2
Senior Management	3	0	0	0	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	5	0	0	0	1	0	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	7	0	0	0	17	1	0	0	25
Semi-skilled and discretionary decision making	6	0	0	0	2	0	0	0	8
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>44</b>
<b>Employees with disabilities</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

**6.4 Promotions for the period 1 April 2005 to 31 March 2006**

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

### 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	1	0	0	0	0	0	0	0	1
Senior Management	3	0	0	0	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	2	0	1	1	1	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	14	1	0	0	10	0	0	2	27
Semi-skilled and discretionary decision-making	4	0	0	0	1	0	0	2	7
Unskilled and defined decision making	1	0	0	0	0	0	0	0	1
<b>Total</b>	<b>24</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>43</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 6.6 Disciplinary action for the period 1 April 2005 to 31 March 2006

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	1	0	0	1	0	0	0	1	2

### 6.7 Skills development for the period 1 April 2005 to 31 March 2006

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	32	1	1	5	29	1	0	8	77
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	5	4	0	0	4	0	0	0	13
Clerks	31	1	0	5	51	0	0	6	94
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>68</b>	<b>6</b>	<b>1</b>	<b>10</b>	<b>84</b>	<b>1</b>	<b>0</b>	<b>14</b>	<b>184</b>
<b>Employees with disabilities</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

## 7 – Performance Rewards

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

**TABLE 7.1 – Performance Rewards by race, gender, and disability, 1 April 2005 to 31 March 2006**

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	31	75	41	247	7967
Female	42	87	48	304	7238
Asian					
Male	1	0	0	23	23 000
Female	1	1	100	10	10 000
Coloured					
Male	8	10	80	52	6 500
Female	5	8	63	26	5 200
White					
Male	25	29	86	311	12 440
Female	54	59	92	465	8 611
Employees with a disability	0	3	0	0	0
Total	167	269	62	1 438	8 611

**TABLE 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2005 to 31 March 2006**

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	0	0	0	0	0	Personnel costs not available per salary bands
Skilled (Levels 3-5)	5	7	71	10	2 333	Personnel costs not available per salary bands
Highly skilled production (Levels 6-8)	98	156	62	556	6 023	Personnel costs not available per salary bands
Highly skilled supervision (Levels 9-12)	52	89	58	598	10 690	Personnel costs not available per salary bands
Total	155	252	62	1 164	7 076	Personnel costs not available per salary band

**TABLE 7.3 – Performance Rewards by critical occupations, 1 April 2005 to 31 March 2006**

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Band A	9	11	81	181	20 111
Band B	3	4	73	93	31 000
Band C	0	0	0	0	0
Band D	0	2	0	0	0
Total	12	17	59	274	22 833

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

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A	9	11	81	181	20 111	Personnel costs not available per salary bands
Band B	3	4	73	93	31 000	Personnel costs not available per salary bands
Band C	0	0	0	0	0	Personnel costs not available per salary bands
Band D	0	2	0	0	0	Personnel costs not available per salary bands
Total	12	17	59	274	22 833	Personnel costs not available per salary bands

#### *8 – Foreign Workers*

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

**TABLE 8.1 – Foreign Workers, 1 April 2005 to 31 March 2006, by salary band**

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

**TABLE 8.2 – Foreign Worker, 1 April 2005 to 31 March 2006, by major occupation**

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

#### *9 - Leave utilisation for the period 1 January 2005 to 31 December 2005*

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 2005 to 31 December 2005**

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	78	79.5	7	3.2	11	16
Highly skilled production (Levels 6-8)	1120	83.2	144	65.8	8	428
Highly skilled supervision (Levels 9-12)	407	82.3	62	28.3	7	268
Senior management (Levels 13-16)	57	98.2	6	2.7	10	105
<b>Total</b>	<b>1662</b>	<b>83.3</b>	<b>219</b>	<b>100</b>	<b>8</b>	<b>817</b>

**TABLE 9.2 – Disability leave (temporary and permanent), 1 January 2005 to 31 December 2005**

Salary Band	Total days taken	% 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)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	21	100	3	75	7	8
Highly skilled supervision (Levels 9-12)	42	97.6	1	25	42	21
Senior management (Levels 13-16)	0	0	0	0	0	0
<b>Total</b>	<b>63</b>	<b>98.4</b>	<b>4</b>	<b>100</b>	<b>16</b>	<b>29</b>

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 2005 to 31 December 2005**

Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	0	0
Skilled Levels 3-5)	221	22
Highly skilled production (Levels 6-8)	3714	22
Highly skilled supervision (Levels 9-12)	1969	20
Senior management (Levels 13-16)	259	17
<b>Total</b>	<b>6163</b>	<b>21</b>

**TABLE 9.4 – Capped leave, 1 January 2005 to 31 December 2005**

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2005
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	3	3	14
Highly skilled production (Levels 6-8)	137	4	30
Highly skilled supervision (Levels 9-12)	50	5	40
Senior management (Levels 13-16)	1	1	87
<b>Total</b>	<b>191</b>	<b>4</b>	<b>36</b>

**TABLE 9.5 – Leave payouts for the period 1 April 2005 to 31 March 2006**

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

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave payout for 2005/06 due to non-approval of leave for the previous cycle (operational requirements)	26	4	6 500
Capped leave payouts on termination of service for 2005/06	68	14	4 857
Current leave payout on termination of service for 2005/06	20	8	2 500
<b>Total</b>	<b>114</b>	<b>26</b>	<b>4 385</b>

*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)**

None

**Key steps taken to reduce the risk**

N/A

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

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Mr N N Ramashiya: Senior Manager: Corporate Services
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		Health and wellness officer and a budget is available
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		HIV/Aids Committee Health and Wellness Officer members = 24
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		
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		Disability Policy HIV/Aids policy
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		No one is allowed or forced to disclose his/her status
7. Does the department encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results that you have achieved.		X	Not yet achieved
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	N/A

## 11 – Labour Relations

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

**TABLE 11.1 – Collective agreements, 1 April 2005 to 31 March 2006**

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

**TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2005 to 31 March 2006**

<b>Outcomes of disciplinary hearings</b>	<b>Number</b>	<b>% of total</b>
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	1	50
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	1	50
Not guilty	0	0
Case withdrawn	0	0
<b>Total</b>	<b>2</b>	<b>100</b>

### Disciplinary hearings – 2005/ 06

**TABLE 11.3 – Types of misconduct addressed at disciplinary hearings**

<b>Type of misconduct</b>	<b>Number</b>	<b>% of total</b>
Misrepresentation	1	50
Fraud	1	50
<b>Total</b>	<b>2</b>	<b>100</b>

**TABLE 11.4 – Grievances lodged for the period 1 April 2005 to 31 March 2006**

	<b>Number</b>	<b>% of Total</b>
Number of grievances resolved	9	100
Number of grievances not resolved	0	0
<b>Total number of grievances lodged</b>	<b>9</b>	<b>100</b>

**TABLE 11.5 – Disputes lodged with Councils for the period 1 April 2005 to 31 March 2006**

	<b>Number</b>	<b>% of Total</b>
Number of disputes upheld	1	50
Number of disputes dismissed	1	50
<b>Total number of disputes lodged</b>	<b>2</b>	<b>100</b>

**TABLE 11.6 – Strike actions for the period 1 April 2005 to 31 March 2006**

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

**TABLE 11.7 – Precautionary suspensions for the period 1 April 2005 to 31 March 2006**

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

## 12 - Skills development

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

### 12.1 Training needs identified 1 April 2005 to 31 March 2006

Occupational Categories	Gender	Number of employees as at 1 April 2005	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training)	Total
Legislators, senior officials and managers	Female	54	0	38	0	41
	Male	52	0	48	03	51
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	2	0	0	0	0
	Male	4	0	0		0
Clerks	Female	99	0	101	0	107
	Male	55	0	59	0	64
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	3	0	1	0	1
Sub Total	Female	155	0	139	0	148
	Male	114	0	108	0	116
Total		269	0	247	0	264

### 12.2 Training provided 1 April 2005 to 31 March 2006

Occupational Categories	Gender	Number of employees as at 1 April 2005	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training)	Total
Legislators, senior officials and managers	Female	54	0	38	0	38
	Male	52	0	39	1	40
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	2	0	4	0	4
	Male	4	0	9	0	9
Clerks	Female	99	0	56	1	57
	Male	55	0	35	2	37
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	3	0	0	0	0
Sub Total	Female	155	0	98	1	99
	Male	114	0	83	3	86
Total		269	0	181	0	185



### 13 – Injury on duty

The following tables provide basic information on injury on duty.

**TABLE 13.1 – Injury on duty, 1 April 2005 to 31 March 2006**

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

### 14. Utilisation of Consultants

**Table 14. 1: Report on consultant appointments using appropriated funds**

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

**Table 14.2: Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDI)s**

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

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

Project Title	Total Number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
None	N/A	N/A	N/A
Total number of projects	Total Individual Consultants	Total Duration Work Days	Total Contract value in Rand
None	N/A	N/A	N/A
Zero	Zero	Zero	Zero

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

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

## Notes

[illegible]