



Department of Finance (Provincial Treasury)

ANNUAL REPORT

2002/03

Mr E Rasool
Minister of Finance and Economic Development

**REPORT OF THE ACCOUNTING OFFICER OF THE DEPARTMENT OF FINANCE (PROVINCIAL
TREASURY) FOR THE PERIOD 1ST APRIL 2002 TO 31ST MARCH 2003**

I have the honour to submit the annual report of the Department of Finance (Provincial Treasury).

(Dr) JC Stegmann
ACCOUNTING OFFICER

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Contents

	PART 1	PAGE
Introduction		1
The Ministry		3
Vision Statement		4
Legislative Mandate		5
	PART 2	
Programmes		
1. Programme performance		7
1.1 Voted funds		7
1.2 Aim of Vote		7
1.3 Summary of programmes		7
1.4 Key objectives, programmes and achievements		7
1.5 Detail per programme		13
1.6 Transfer payments		23
1.7 Conditional grants		24
2. Capital investment, maintenance and asset management plans		24
	PART 3	
Report of the Audit Committee		25
	PART 4	
Management Report		27
Report of the Auditor-general (External Audit)		32
Statement of Accounting Policies and Related Matters		34
Appropriation Statement		38
Notes to the Appropriation Statement		45
Income Statement		47
Balance Sheet		48
Cash Flow Statement		49
Notes to the Annual Financial Statements		50
Disclosure Notes to the Annual Financial Statements		56
Annexure 1A		58
Annexure 1B		59
Annexure 2		60
Annexure 3		61
Annexure 4		62
	PART 5	
Oversight Report		63

PART 1

Introduction

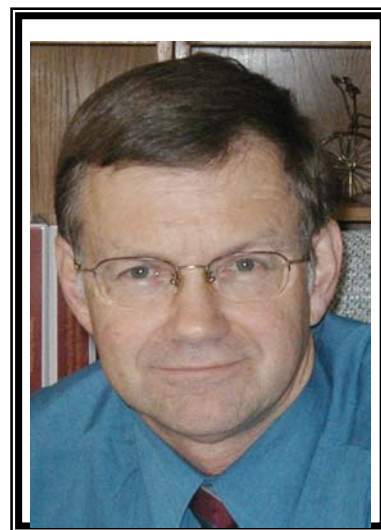
The annual report of the Department of Finance again granted us the opportunity to present our activities and achievements of the financial year 2002/03, combined with our commitment to bring transparency and accountability to the budget process. Concisely expressed, this department endeavors to act as a change agent in achieving specific socio-economic objectives, inclusive of introducing new practices through fiscal policy, to foster the attainment of value for money spending and to safeguard and promote the effective utilisation of provincial assets.

Apart from the highlights listed hereunder several projects/drives have been initiated prior to the year of reporting, flowing over into the 2002/03 financial year and which require mentioning. These mainly pertain to the further improvement of communication efforts and interaction abilities, sharpened assessment of quantitative budget targets and improved reporting thereon, promotion of the development of professionalism and excellence in financial management, encouraging financial regularity and accountability, roll-out of financial administration systems to serve management and institutions, continuous refinement and evolution of provincial fiscal policy to reflect key spending priorities and deliverables of the Provincial Government, budget reforms to better link policy, planning, budgeting and reporting that promoted an understanding that numbers and assets have a meaning or value, directly or indirectly reflecting the standard of service delivery performance.

The efforts and performances of the department paved the way for a growth and development strategy to be born as *iKapa elihlumayo*, meaning growing and developing the Cape, but also in a proverbial sense. This strategy was giving greater content in the Western Cape Provincial Government's Fiscal Policy 2003-2006, the Budget 2003 and the Minister's groundbreaking Budget Speech with its realisation spread out over the next 10 years.

Some of the key highlights of the past financial year are:

- ❑ The restructuring process of the department, mandated by Resolution 7 of 2002, was implemented and 90% of all staff was successfully placed resulting in a re-engineered departmental organisation structure in line with the medium term expenditure framework and Treasury's new goals.
- ❑ Personnel delegations have been completed in order to ensure that the tasks are performed on the correct authorisation level.
- ❑ The department was transformed into a learning organisation by active encouragement of learnerships, bursaries and internships, in an effort to narrow the rapidly widening gap between skills requirements and current competency levels within the department.
- ❑ The first true Chief Financial Officer (CFO) component in the Province was established while its organisational structure and staff establishment acted as a benchmark for similar components in other provincial departments.
- ❑ A comprehensive skills audit was completed.
- ❑ The main budget for 2003/04 was tabled in the Provincial Parliament, and together with the intrinsic *iKapa elihlumayo* growth strategy, subsequently approved.
- ❑ 2002/03 saw a much more comprehensive fiscal policy, and for the first time, an expenditure review was published. This paved the way for more appropriate budget decision-making.
- ❑ Functional financial training course material was re-developed into an outcome-based modular format to comply with accreditation requirements.



*Dr JC Stegmann
Accounting Officer*

- ❑ Procedures were instituted to effect a 100% conversion from cheques to Electronic Fund Transfers, to further reduce cheque fraud and improve cash management.
- ❑ All Public Finance Management Act, Act 1 of 1999 (PFMA) timeframes pertaining to Generally recognised accounting practise (GRAP)-format financial statements have been met.
- ❑ An increased awareness was created regarding the follow-up of outstanding debt in provincial departments.
- ❑ A value addition approach called supply chain management, was introduced in provincial provisioning and procurement processes.
- ❑ The accessibility to the provincial procurement process was enhanced with the introduction of webbased tendering information.
- ❑ The target of at least 40% in the awarding of provincial contracts to historically disadvantaged individuals (HDI's) was reached.
- ❑ A supplier database for procurement was initiated in partnership with the Unicity.

The following publications and key documents were released:

- ❑ A pro forma induction booklet which will form an integral part in the induction programme of new employees into the department.
- ❑ Development of a quality management manual which will pave the way for accreditation with the FASSET (Finance, Accounting, Management Accounting consultancy and other financial services) SETA (Sectoral Education and Training Authority) and IPFA (Institute for Public Finance Administration).
- ❑ The Workplace Skills Plan (WSP).
- ❑ The Western Cape Provincial Government's Budget for 2003/04 and the MTEF (Medium term expenditure framework).
- ❑ The Western Cape Provincial Government's Adjustments Budget for the financial year ending 31 March 2003.
- ❑ The Western Cape Fiscal Policy 2003-2006.
- ❑ The Western Cape Provincial Government's Expenditure Review 2002.
- ❑ Several userfriendly functional financial training manuals.
- ❑ Guidelines for CFO support structures together with CFO job descriptions to improve financial management in the Province.
- ❑ An investment policy for the Province.

As Accounting Officer I am priviledged to be supported by a team of personnel who once again proved their commitment, diligence and willingness to perform at a high level. Our achievements would not have been possible without them. I would therefore like to sincerely thank each and every staff member and my management team for a year of hard and dedicated work during difficult times.



Dr JC Stegmann
ACCOUNTING OFFICER: PROVINCIAL TREASURY

The Ministry

Mr Ebrahim Rasool assumed duty as the Minister of Finance and Economic Development on 5 December 2001. As Minister responsible for financial matters, Mr Rasool, was appointed in terms of section 17(1)(a) of the Public Finance Management Act, 1999 ("PFMA") as the Head of the Provincial Treasury. His duties as Head of the Provincial Treasury also implies that he is a member of the National Budget Council, operating under the auspices of the National Treasury which is headed by the national Minister of Finance (currently Minister Trevor Manuel).

The improved liquidity position of the Province, together with improved financial performance of provincial departments made it possible to focus on more long-term strategic objectives. As a point of departure the Minister initiated a process of developing current human resources within the Provincial Treasury, attract and retain high calibre staff to give effect to determined strategies, as required by the PFMA, the Constitution and fiscal policy measures that were approved by the Provincial Cabinet. These strategies required that a range of financial, budgeting and procurement chain management principles had to be complied with in turn ensuring that government policies are properly implemented.



*Mr E Rasool
Minister of Finance and
Economic Development*

Bills

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

- ❑ Western Cape First Finance Bill, 2002
- ❑ Western Cape Eleventh Gambling and Racing Amendment Bill, 2002
- ❑ Western Cape Adjustments Appropriation Bill, 2002
- ❑ Western Cape Appropriation Bill, 2003
- ❑ Western Cape First Finance Bill, 2003

Visit abroad

During the 2002/03 financial year Mr Ebrahim Rasool, accompanied by the Provincial Minister of Agriculture, Tourism and Gambling, attended the Epcot Food and Wine Festival for the period 23 to 30 October 2002. The festival was held in Orlando, Florida and provided an unique opportunity to specific market sectors of the Western Cape and South Africa to a large target audience that originates from different parts of the world. It furthermore created a platform for building long-term relations with a leading global company that could have meaningful benefits to the Province in future.

VISION, MISSION AND DEPARTMENTAL ETHOS

VISION

As a change agent to achieve maximum well-being.

MISSION

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

DEPARTMENTAL ETHOS

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

Legislative Mandate

The legislative mandate within which the Department of Finance (herein after Department) operates consist of the following:

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

To regulate financial management in the Department to ensure that all revenue, expenditure, assets and liabilities of the Department are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in the Department and to provide for matters connected therewith; and to fulfill all Treasury responsibilities with respect to other departments and public entities.

❑ **Public Service Act, 1994 (Act 103 of 1994)**

To provide for the organisation and administration of the Department and for human resource management which includes the regulation of conditions of employment, terms of office, discipline, retirement and discharge of staff members of the Department and matters connected therewith.

❑ **Labour Relations Act, 1995 (Act 66 of 1995)**

To regulate and guide the Department in recognising and fulfilling its role in effecting labour harmony and the democratization of the workplace.

❑ **Basic Conditions of Employment Act, 1997 (Act 75 of 1997)**

To provide regulatory prescripts, in addition to the Public Service Act, 1994 and the Public Service Regulations, 2001, regarding the conditions of employment of staff in the Department.

❑ **Employment Equity Act, 1998 (Act 55 of 1998)**

To regulate the processes and procedures of the Department in achieving a diverse and competent workforce broadly representative of the demographics of the Western Cape and eliminating any unfair discrimination in employment towards implementing employment equity.

❑ **Borrowing Powers of Provincial Government Act, 1996 (Act 48 of 1996)**

To provide norms and conditions which the Treasury must adhere to in negotiating loans for the Provincial Government.

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

To define the role of the MEC for Finance and that of the Treasury as representatives of the Provincial Government, in promoting co-operation between other spheres of government on fiscal, budgetary and financial matters; to provide the Treasury with insight into the prescribed processes for the determination of the equitable share and allocation of revenue raised nationally and for matters in connection therewith.

❑ **Annual Division of Revenue Act (DORA)**

To regulate the Treasury's role, on behalf of the Provincial Government, regarding the allocation of conditional grants and the equitable division of revenue raised nationally.

❑ **Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)**

To provide the Treasury with a regulatory framework enabling and assisting departments, the Western Cape Provincial Tender Board and potential historically disadvantaged individuals (HDIs) in the sustainable development and implementation of a preferential procurement system.

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

To regulate the Department's role in providing administrative and remunerative assistance to the Western Cape Provincial Tender Board in the execution of its functions towards achieving the goals set out in the Law.

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

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

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

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

Clearly defined lines of communication exist between the accounting officer, the two members of the executive authority¹ and the management (including Board members) of the provincial public entity. The Western Cape Gambling and Racing Board itself acts as the accounting authority, but has delegated most of its powers to the Chief Executive Officer of the Board. In general, accountability arrangements for all the relevant functionaries are strictly in line with that prescribed by the Public Finance Management Act, 1999 (Act 1 of 1999).

¹ Accountability on executive authority level is shared between the executive member responsible for the gambling portfolio and the executive member responsible for financial matters pertaining to gambling issues.

PART 2

Programmes

1. Programme Performance

1.1 Voted Funds

Appropriated:	R60 235 000 ²
Responsible Political Office Bearer:	Provincial Minister of Finance and Economic Development
Administering Department:	Department of Finance
Accounting Officer:	Head of Department

1.2 Aim of Vote

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

1.3 Summary of programmes

In summary the activities of the Department of Finance (Provincial Treasury) are organised in the following three programmes:

- Programme 1: Administration
- Programme 2: Budgets
- Programme 3: Provincial Accountant-General services

A more detailed discussion per programme follows at paragraph 1.5 hereunder.

1.4 Key objectives, programmes and achievements

The Department of Finance (Provincial Treasury) identified the following as its key objectives together with the subsequent achievements of the respective programmes:

1.4.1 Programme 1: Administration

- To ensure the smooth and effective functioning of the Minister's Office.
- To ensure sound departmental financial administration and management.
- To deliver quality and timeous administrative supporting functions.
- To ensure effective communication.
- To ensure capacitated and fully developed personnel equipped to perform assigned functions.
- To ensure participation in learnerships.

² Initial amount voted in the main estimates.

In relation to the above objectives the Department of Finance (Provincial Treasury) has achieved the following:

- Services were delivered to the standards set by the Minister and to his satisfaction, while a good integration with the departmental function was achieved.
- A strategic plan was compiled for the Department and tabled on the due date. Timeous implementation of corrective measures ensured that the budget of the Department was not overspent. Job descriptions of all posts were compiled to ensure that staff knew what was expected from them and thereby promoted accountability. The compilation of the financial statements and the annual report for the Department were completed and tabled on the due dates to the predetermined standards.
- Pre- and post audit functions were established which ensured that all transactions were within the financial and procurement/ provisioning prescripts. The departmental asset register run on Logis was updated by new software, followed by a physical check of all inventory items to ensure an up to date database.
- The Department's own page, albeit in an early development stage, on the Provincial website was established which facilitated information sharing externally and internally and the Department's own internal newspaper, Finblad, was implemented.
- Forty-three (43) bursaries for tertiary education were allocated, full accreditation of the workplace for FASSET national certificate and diploma courses in public sector accounting has been actively pursued and 4 members of staff were assigned to a ABET (Adult Basic Education and Training) programme and another 2 members on a FET (Further Education and Training) programme to equip them with the necessary skills and knowledge to obtain a nationally
- Nineteen (19) members of staff qualified to participate in a pilot project learnership in public sector accounting provided by IPFA and FASSET (Finance, Accounting, Management Accounting consultancy and other financial services) .

1.4.2 Programme 2: Budgets

- To determine and evaluate socio-economic needs within a provincial and national context.
- To develop key service delivery outcome indicators.
- To determine the gap between delivery and desired socio-economic outcome.
- To determine spending priorities.
- To ensure a managed provincial revenue portfolio in the provincial and national context.
- To ensure smooth revenue flows that ensure consistent and sustainable expenditure levels.
- To research new provincial tax revenues.
- To research alternative cost effective service delivery.
- To protect the gambling and betting revenue base.
- To assess efficacy of provincial expenditure.
- To control and assess actual and forecasted expenditure.
- To assess and monitor local government budgets as per the Municipal Finance Management Bill.
- To ensure access by all potential service providers to the Western Cape Government's preferential procurement system.

- To ensure a capacitated and restructured Tender Board to achieve a modern, fair, equitable, transparent, competitive and cost-effective procurement system.
- To ensure a modernised and simplified procurement system to enhance access and achieve economic development and efficiency.

In relation to the above objectives the Department of Finance (Provincial Treasury) has achieved the following:

- Establishment of an ad hoc Provincial Parliamentary Budget Committee composed of Chairs of Standing Committees with the purpose to allow Parliament to actively and meaningfully engage in the budget process, to deepen deliberations and to enhance transparency and parliamentary oversight.
- In association with Khanya and Knowledge Economy E-Government (KEEG), a competition at Khanya-related schools was launched in order to introduce the 2003 Western Cape Budget to the youth in the Province and to broaden their knowledge with regard to the budget situation in the Western Cape.
- Introduction of the *iKapa elihlumayo* concept which is geared towards growth and development in the Western Cape with the ultimate goal of enhanced economic participation, as measured by rising per capita income levels and falling disparities.
- Early work on key service delivery indicators.
- Successful in submitting a budget that made the break towards pro-poor, pro-growth and developmental objectives, with a substantial boost to infrastructure spending at the same time.
- Implemented departmentalisation successfully allowing better accountability and assessment of the departments in question and at the same time transformed the adjustments estimate to that of an output directed process.
- A much more detailed Western Cape Fiscal Policy (WCFP) 2003-2006 and for the first time an Expenditure Review 2002 was prepared and also tabled in the Provincial Parliament. These two documents formed the basis of the 2003-2006 MTEF and brought together all research work undertaken by the Provincial Treasury in the furtherance of its aims.
- For the first time a full assessment was done of the draft budgets of each vote to determine integrity, alignment with Fiscal Policy and credibility, prior to final tabling in the Provincial Parliament.
- In ensuring that the Province attains affordability, value for money and appropriate risk transfer, the department played a key role in facilitating the Chapmans Peak Drive project, a public private partnership (PPP), to imminent successful contractual conclusion and was actively involved in other PPP projects such as the Department of Health's hospital projects and the commercialisation of conservation sites of the Western Cape Nature Conservation Board.
- After the proclamation of the Provincial Tax Regulation Process Act, 2001 (Act 53 of 2001) ("PTRPA"), with the said Act becoming effective on 1 June 2002, the services of consultants were procured to investigate and assist in submitting a report for a proposed fuel levy to the national Minister of Finance as required in terms of section 3 of the PTRPA.
- The prescribed and highly technical In-year-monitoring (IYM) reports were augmented by compiling analytical narrative reports to foster both a better understanding of trends and internal capacity building.

- A trilateral task team consisting of the Department of Local Government, Provincial Treasury and the Branch Legal Services was established to research and draft a framework for the transfer of powers and functions between provincial and local governments. A first draft on the legal and constitutional assessment has been compiled. Departmental situational papers on the affected powers and functions have been assessed and are being incorporated into the “Provincial review of powers and functions”. Similar questionnaires were distributed to provincial departments (by Treasury) and municipalities (by Local Government) to compile an inventory on the affected powers and functions. Matrixes of both departmental and local government responses have been provisionally compiled and where inconsistencies exist, these are being taken up with the relevant department and/or municipality.
- Departmental preferential procurement plans were developed and links with tender advice centers established. 48% of procurement contracts were awarded to historically disadvantaged individuals.
- A substantive amount of research and documentary work were undertaken in partnership with the National Treasury to determine a policy, other guiding frameworks and preparatory steps for the introduction of supply chain management in the course of the 2003/04 financial year. As part of the preparatory steps in the Province, much higher procurement delegations have been awarded to accounting officers by the Tender Board, in addition to intensive training and capacity building incentives.

1.4.3 **Programme 3: Provincial Accountant-General services**

- To ensure a rolled-out financial management system with regard to the Basic Accounting System (BAS).
- To ensure a developed and rolled-out financial management system with regard to Enterprise Application Solutions (EAS).
- To ensure a rolled-out provisioning management system (LOGIS).
- To ensure a rolled-out financial management information system (Vulindlela).
- To ensure a rolled-out loss control system.
- To ensure the establishment of a school of Public Accounting and Economic Studies.
- To provide for competency based education and training (CBET).
- To ensure quality human resource development with respect to functional financial training.
- To ensure an assessed and developed management system to effectively deal with financial assets in the Provincial Revenue Fund.
- To establish a management system to effectively deal with loans and guarantees.
- To ensure the effective implementation of the second phase of the Public Finance Management Act, 1999 (PFMA) in provincial departments with particular focus on substantive compliance.
- To control and monitor the implementation of effective internal controls in provincial departments.
- To ensure the effective implementation of asset management in departments, consumables and inventories.
- To improve financial performance of departments through the application of interpretive accounting skills.
- To ensure the effective management of debtors in provincial departments.

- To ensure effective loss control in provincial departments.
- To ensure cleared old/ non-current balances for departments (15-50-70 project).
- To ensure overall effective accounting control.
- To regulate and improve financial management in departments by issuing provincial norms and standards.

In relation to the above objectives the Department of Finance (Provincial Treasury) has achieved the following:

- In a further step to promote integrated government, ensure up to date financial data and enhance accountability, a policy decision was taken to migrate all provincial departments from the Financial Management System (FMS) to the Basic Accounting System (BAS).
- As a first step and to ensure that treasury officials are skilled and competent in the functionalities of BAS the process began by migrating the Provincial Parliament, Provincial Treasury and Provincial Revenue Fund to BAS on 1 April 2003. The remaining twelve departments are scheduled for migration on 1 April 2004.
- A further initiative of the Provincial Treasury, in co-operation with the Department of Health, was the roll-out of the Logistical Information System (LOGIS) to a further 15 health institutions (original target 12) during the reporting period. LOGIS is a fully computerised system for the management and control of stock and inventories and forms an integral part of supply chain
- Currently 35 LOGIS sites in 8 of the 13 provincial departments have been implemented, managing stock in excess of R1,2 billion.
- An added advantage of the migration from FMS to BAS and the roll-out of LOGIS is the training and re-training of staff that vastly increased the skills and competencies of finance and provisioning administration personnel, thus contributing to more effective service delivery.
- In order to clearly define and accurately assess investment risk management, an investment policy pertaining to the Provincial Revenue Fund was compiled and implemented. The campaign to further promote Electronic Fund Transfers (EFT's) was a resounding success to such an extent that in the course of 2002/03 96% of all payments were effected electronically compared to an original goal of 85%. Bold new initiatives to enhance cash flow management within all departments contributed significantly to the exceeding of the stated policy target in respect of interest and investments.
- Since the inception of the PFMA in April 2000 the focus has shifted from nominal to substantive compliance of the PFMA. In this regard the Provincial Treasury played an active role in developing National Treasury's document on Normative Measures for Financial Management. This document was rolled out to all provincial departments and the implementation thereof took effect in December 2002.
- In addition, a PFMA checklist for Public Entities was developed for the Province, which was used as a basis by the Technical Committee on Finance (TCF) workgroup for implementation in all Provinces.
- To improve financial management in provincial departments, Treasury guidelines were developed regarding Chief Financial Officer's job descriptions and Chief Financial Officer's support structures for implementation in the Province. Furthermore, Treasury obtained Cabinet approval to decentralise the Shared Audit Committee based on the 80/20 principle to the three bigger departments viz, Social Services and Poverty Alleviation, Education and Health as a step towards improving internal control in provincial departments.

- To address the outstanding debt position in the Province, general practice notes were issued as guidelines for debt management and debt write off. Quarterly reporting to SCOPA on the status of the provincial departments' outstanding debtor accounts commenced on 1 April 2002. The Provincial Treasury also successfully rolled out the latest formats for annual financial statements (GRAP) and all provincial departments complied with the prescribed time-frames.

1.4.4 **Strategic overview and key policy developments**

In addition to the Department's key objectives and achievements listed above it is also prudent to focus on the major policy developments and legislative changes that came about during the year under review. Consistent with the aforementioned reporting framework these will also be discussed on a per programme basis.

Programme 1: Administration

The Directorate Corporate Affairs was separated into the component Financial Management (including the Chief Financial Officer's function) and the component Human Resource Management, both operating directly to the Accounting Officer. During the period under discussion the following internal policies were compiled in order to qualify for accreditation of the workplace:

- Bursary allocations
- Recruitment and selection
- Appointment of staff
- Personnel delegations
- Termination of employment
- Selection of learners
- Assessment of learners
- Reassessment of financial delegations
- Policy on granting or acceptance of gifts, donations and sponsorships

Programme 2: Budgets

The WCFP 2003 – 2006 was tabled in the Western Cape Parliament during November 2002 and debated by the ad hoc Budget Committee. This document underpins Budget 2003.

The Western Cape Adjustments Appropriation Act, 2002 (No. 9 of 2002), was tabled on 26 November 2002 in the Western Cape Parliament and promulgated on 10 December 2002.

The 2003 Western Cape Appropriation Bill was tabled in the Western Cape Parliament on 12 March 2003.

A revised revenue incentive policy was adopted to enhance credible own revenue budgeting through the WCFP 2003 – 2006.

The concept of supply chain management, aiming to bridge the gap between the current systems of procurement and provisioning, was introduced.

Programme 3: Provincial Accountant-General services

This programme mainly focused on the following policy developments:

- The migration from the Financial Management System (FMS) to the Basic Accounting System (BAS).
- The phasing out of cheque payments and implementation of Electronic Fund Transfers (EFT).
- The compilation and implementation of an Investment Policy for the Provincial Revenue Fund.
- The decentralisation of the shared Audit Committee to the three bigger departments, viz, Social Services and Poverty Alleviation, Education and Health from 1 April 2003.
- Improved financial management in provincial departments was enhanced and treasury guidelines were issued regarding Chief Financial Officers' job descriptions and CFO support structures for implementation in the Province.

1.5 Detail per programme

The following represent a detailed discussion of the aim, policy developments, outputs and service delivery trends per programme.

1.5.1 Programme 1: Administration

Aim:

To conduct the overall management and administrative support service.

Programme policy developments:

The Administration programme comprises of the following three sub-programmes:

- Office of the Provincial Minister
- Corporate Affairs
- Human Resource Development and Training

The sub-programme Office of the Provincial Minister focused on the rendering of secretarial, administrative and office support services and acts as linkage with the department.

The sub-programme Corporate Affairs focused on the organising of the department, human resource management, provisioning and financial management and other/ related support services.

The sub-programme Human Resource Development and Training focused on human resource development and training and sectoral education and training contributions to the Sectoral Education and Training Authority (SETA).

Output and service delivery trends:

Sub-programmes	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Quantity	
			Target	Actual
Office of the Provincial Minister	Delivering services to the standards set by the Minister and to his satisfaction.	100% satisfaction by the Minister. Good integration with departmental function.	100% satisfaction by Minister.	Target achieved.
Corporate Affairs	Strategic plan for department.	Tabling the strategic plan on due date.	Tabled end of February 2003.	Target achieved.
	Effective budget management.	Timeous implementation of corrective measures and meeting due dates.	Preventing over-spending of budget.	Target achieved.
	Sound financial administration.	Equip officials with financial prescripts to ensure accountability.	Compiling of job descriptions for all posts within Financial Management.	Target achieved.
	Annual report for department.	Submission of financial statements and management report on or before 31 May 2002. Tabling of annual report on or before 31 August 2002.	Submission of financial statements and management report to Auditor-General on 31 May 2002 and providing the annual report to the Speaker on 31 August 2002.	Both targets were achieved.
	100% compliance with financial procurement/ provisioning, human resource and general administrative prescripts.	Acquired personnel and proper functional allocation 31 May 2002. Unqualified audit report.	All vacant posts to be filled appropriately by 31 May 2002.	Unqualified audit report achieved. All posts not earmarked for abolishment during restructuring, were appropriately filled by 30 June 2002.
Inventory/ asset management system reflecting current moveable assets of department.	Asset register of department that continuously reflects the correct physical moveable assets of the department.	An updated electronic asset register on LOGIS.	Target achieved.	

Sub-programmes	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Quantity	
			Target	Actual
Corporate Affairs <i>(continued)</i>	Website. Functional communication framework.	A structured system to inform both internally and externally. A working environment which is conducive to effective and efficient service delivery. (Batho Pele)	Appointment of Communications Officer.	Appointment was made on 1 July 2002.
Human Resource Development and Training	A human resource plan, inclusive of a workplace skills plan that meets the requirements in terms of the strategic plan of the department.	A workplace skills plan embracing the principles of the Employment Equity Plan within a specified timeframe.	Compile and implement a workplace skills plan by 31 July 2002.	Target achieved.
	Structured training programme for officials with less than the desired academic level of education.	Implementation of an IPFA pilot programme for learnerships under the auspices of FASSET.	Implementation of a pilot project by end of June 2002.	Target achieved at the end of September 2002.

1.5.2 Programme 2: Budgets

Aim:

To prepare provincial budgets, formulate fiscal and procurement policies, promote and enforce transparency and effective management and control in respect of revenue and expenditure of provincial departments, relevant municipalities and assigned provincial public entities.

Programme policy developments:

The Budget programme comprises of the following six sub-programmes:

- Fiscal services
- Revenue management
- Western Cape Gambling and Racing Board
- Expenditure control
- Procurement management
- Western Cape Provincial Tender Board

The sub-programme Fiscal Services focused on:

- The analysis and formulation of the Province's fiscal policy.
- Advising the Provincial Government on setting growth and development objectives and priorities in respect of the overall allocation of provincial funds within the medium term expenditure framework (MTEF) and rendering assistance with its execution.
- Fiscal planning and implementation of the fiscal aspect of the government's policy on growth, employment and redistribution (GEAR) in conjunction with other role-players.

- Advising the Provincial Government on and co-ordinating and preparing the annual provincial budget for tabling in the Provincial Parliament.
- Advising the Provincial Government on and the execution of fiscal policies relating to fiscal relations with the central government and the execution thereof.
- Exercising powers and duties in accordance with the PFMA and other applicable legislation.

The sub-programme Revenue Management focused on:

- The promotion, co-ordination, assessment and development of the potential revenue envelope and advising the Provincial Government, in conjunction with other role-players.
- Exercising powers and duties in accordance with the PFMA and other applicable legislation.
- Advising the Provincial Government on and co-ordinating and preparing reports on the state of own revenue of the Province.

The sub-programme Western Cape Gambling and Racing Board focused on advising the responsible Provincial Minister on specific powers and duties in accordance with the Western Cape Gambling and Racing Law, 1996 and the execution thereof as well as the appropriation of funds for transfer to the Western Cape Gambling and Racing Board.

The sub-programme Expenditure Control focused on:

- Advising the Provincial Government on and co-ordinating and preparing the adjustments estimates of the Province for tabling in the Provincial Parliament.
- Advising the Provincial Government on and the execution of financial control measures.
- Ensuring fiscal discipline and efficacy through innovative budget management and output assessment.
- Exercising powers and duties in accordance with the PFMA and other applicable legislation.
- Assessing and monitoring budgets and financial management of designated municipalities as mandated by applicable legislation.
- Advising the Provincial Minister responsible for Finance on specific powers and duties in accordance with applicable local government legislation.

The sub-programme Procurement Management focused on:

- Rendering of an administrative and procurement service to and on behalf of the Western Cape Provincial Tender Board.
- Formulating of, implementing and rendering advice on procurement policies, regulations, powers, instructions and duties in accordance with the PFMA, the Preferential Procurement Policy Framework Act, 2000, the Western Cape Provincial Tender Board Law, 1994, and other applicable legislation.

Output and service delivery trends:

Sub-programmes	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Quantity	
			Target	Actual
Fiscal services	Indicators and information that support the key variables.	Quality information that can be used to determine and assess performance.	31 March 2003	Advisor appointed on 1 February 2003 to establish a new Macro Economic Analysis component. Contracts concluded with 7 economic advisors.
	Macro- and socio-economic information and database.	First phase of macro-economic modeling completed.	31 March 2003	Not completed.
	Established a usable database. Effective financial resource allocation. Key delivery outcome indicators.	Revised Fiscal Policy.	September 2002	Foundations were laid in chapter 2 of the WCFP 2003-2006 to take process further in 2003/04.
	Socio-economic needs. Service delivery performance indicators per sector.	Revised Fiscal Policy.	September 2002	Foundations were laid in chapter 2 of the WCFP 2003-2006 to take process further in 2003/04.
	Spending priorities including optimum mix.	Revised Fiscal Policy.	September 2002	Final allocations to all departments on 18 February 2003 based on policy determinations of the WCFP 2003-2006 and the <i>iKapa elihlumayo</i> principles.

Sub-programmes	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Quantity	
			Target	Actual
Revenue management	<p>Equitable share of revenue collected nationally.</p> <p>Conditional grants that make economic sense. Realistic own revenue estimates.</p> <p>Realistic sustainable revenue and expenditure budgets.</p> <p>A submission of the proposed imposition of a fuel levy to the national Minister of Finance.</p> <p>Sustainable PPP projects that will provide value for money.</p> <p>Framework for loans and guarantees.</p>	<p>Stable revenue flows consistent with economic conditions.</p> <p>Consistent real growth in revenue over the MTEF period against macro- economic forecasts.</p> <p>Fuel levy implemented by the province by April 2004.</p> <p>Successful PPP projects.</p> <p>The necessary structures to service loans and issue guarantees to be in place by March 2003.</p>	<p>Funding of services within Budget.</p> <p>Year-on-year growth.</p> <p>Submission on a proposed fuel levy submitted to the national Minister of Finance.</p> <p>Chapman's Peak Drive: Signed concession agreement.</p> <p>Structures to service loans and issue guarantees to be in place by March 2003.</p>	<p>Actual revenue exceeded estimates by 15,52%.</p> <p>Own revenue growth of 16,75% year-on-year.</p> <p>BER Team appointed to investigate a proposed fuel levy.</p> <p>Treasury Approvals I, II and III obtained. Negotiations at an advanced stage.</p> <p>None, National Treasury framework for loans and guarantees awaited.</p>
Western Cape Gambling and Racing Board	Adequately resourced controlling body of gambling and betting.	Receipt of estimated gambling and betting revenue.	Receipt of gambling and betting revenues within the 2002 Budget.	Revenues from gambling and betting exceeded the respective budget estimates by 32,24% and 37,73%.

Sub-programmes	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Quantity	
			Target	Actual
Expenditure control	Enhanced resource allocation to achieve socio-economic objectives within the vote.	Revised Fiscal Policy.	September 2002	Expenditure Review 2002 published on 25 November 2002.
	Expenditure and trend analysis reports.	Timely quality expenditure reports. Spending patterns within defined limits.	12 IYM reports timely submitted.	12 IYM reports timely submitted and augmented by narrative analysis reports.
	Framework including criteria and procedures for the assignment of powers and functions - local government.	Appropriate approval.	December 2002	Taskteam work in progress.
	A matrix illustrating all powers and functions to be performed - local government.	Accepted by key role-players.	October 2002	Provisionally completed.
	Documented criteria and financial indicators for assessment of municipal budgets - local government.	Appropriate approval.	December 2002	None, Municipal Financial Management Act awaited.
Procurement management	Departmental user guide.	40% in value of contracts awarded to historically disadvantaged persons.	40%	48%
	Performance and management reports.			
	Best preferential practice per industry.	40% of tenders awarded to historically disadvantaged persons (2000/01 – 33%).	40%	76%
	Departmental implementation plans.		9	8
	Position paper on a new procurement model.	Acceptance of legislation.	September 2002	Shelved. Changed back to supply chain management.
Amended procurement legislation.	Re-aligned Board.	December 2002	In progress to lead in supply chain management.	
Accredited departmental tender committees.	70% of ad hoc contracts awarded on departmental level.	70%	80%	

1.5.3 Programme 3: Provincial Accountant-General services

Aim:

To develop, compile, issue, implement and maintain appropriate norms and standards and to ensure compliance therewith, including the development of human resource, roll-out and control of financial management systems and the management and control of the Provincial Revenue Fund, including borrowings and exercising powers and duties in accordance with the PFMA and other applicable legislation.

Programme policy developments:

The Provincial Accountant-General services programme comprises of the following two sub-programmes:

- Systems Control services
- Accounting and Regulatory Control services

The sub-programme Systems Control services focused on:

- Managing and controlling the Provincial Revenue Fund, including formulation of policy, raising, administering and management of loans, issuing of guarantees, indemnities, securities and other commitments.
- Managing, developing, implementing and maintaining transversal financial administration and information systems.
- Providing financial, provisioning and competency based education and training and formulation of policy.

The sub-programme Accounting and Regulatory Control services focused on:

- Compiling, issuing, implementing and maintaining of norms and standards and ensuring compliance therewith exercising overall accounting control.
- Exercising regulatory services, including dispensation powers and duties, and formulation of, and rendering advice on, policies, powers and instructions, in terms of the PFMA and other applicable legislation.

Output and service delivery trends:

Sub-programmes	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Quantity	
			Target	Actual
Systems control services	Possible implementation of an online financial system.	Completion of investigation.	30 June 2002	Target achieved. In addition two departments and the Provincial Revenue Fund implemented BAS.

Sub-programmes	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Quantity	
			Target	Actual
Systems control services (<i>continued</i>)	Ensure a system that complies to Generally Recognised Accounting Practice (GRAP). Position paper.	Ensure that 100% of the Province's user requirements are accommodated.	Accommodate 100% user requirements.	Work in progress
	Proper provisioning control and management of consumables and moveable assets.	12 Sites successfully implemented and fully operational with optimal stock levels within Health.	12 sites.	15 sites.
	Management information available to all departments (Vulindlela).	26 Institutions successfully implemented and 100% operational.	26 Institutions.	27 Institutions representing 170 users.
	Updated guidelines for users of the Loss Control System.	Fully updated manual.	31 March 2003	Target achieved: available online.
	Effective control over losses.	All registered cases controlled.	100%	Target achieved.
	Feasibility study for the Establishment of a School of Public Accounting and Economic Studies.	Position paper.	31 March 2003	Postponed due to major system developments.
	Structured training programme for officials with less than the desired academic level of education.	Full implementation.	Implementation of CBET (learnership) program by March 2003.	This function was transferred to the Human Resource component.
	Meeting the increased demand for computer training.	Implementation of an operational computer based training system as a pilot project.	Roll out of a computer based training program.	Due to training manuals now available on the web for transversal systems this project was not further pursued.
	Registration as an accredited learning component.	Accreditation of all trainers, training material and training facilities.	An accredited training component.	Trainers, training materials and training facilities were accredited by FASSET, SAMDI and National
A system to measure the effectiveness of training.	Determine the effectiveness of training.	Effective training.	Treasurv. Rated by students as in excess of 90% effective.	

Sub-programmes	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Quantity	
			Target	Actual
Systems control services <i>(continued)</i>	Appropriate training to a target market of 2300 officials.	Reach 50% of target market by March 2003.	1 150 officials trained.	1 480 officials trained.
	More effective cash flow management.	Maintain minimum bank balances with not more than 10% deviation in projections.	Minimum 10% deviation in projections.	Deviation limited to 4,25%.
	Optimum yield within a risk framework.	Increase revenue earnings.	Achieve policy targets.	In excess.
	Most advantageous rates at reputable financial institutions.	Attain interest earnings in accordance with the investment policy framework.	Attain policy targets by means of efficient risk management.	All capital and interest repaid on maturity.
	Departments remain within their cash flow projections.	Request for funds to stay within available allocations.	Budgeted amounts.	All bank accounts (PMG's) remained cash positive.
	Framework for loans and guarantees.	The necessary structures to service loans and issue guarantees to be in place by March 2003.	Responsibility transferred to Directorate: Revenue Management.	
Accounting and regulatory control services	Effective implementation of PFMA in departments.	Compliance with 10 immediate priorities.	No more than 25% qualified Auditor-General reports.	Awaiting audit outcomes.
	Effective implementation of PFMA in public entities.	Compliance with 7 immediate priorities.	No more than 25% qualified Auditor-General reports.	Awaiting audit outcomes.
	Effective internal controls in departments	Degree of negative/positive Auditor-general reports.	No more than 25% qualified Auditor-General reports.	Awaiting audit outcomes.

Sub-programmes	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Quantity	
			Target	Actual
Accounting and regulatory control services (<i>continued</i>)	Effective implementation of asset management in departments.	Integrity of data verified at 25 live Logis sites.	March 2003	Postponed
	Interpretative accounting.	Identified shortcomings addressed immediately.	No more than 25% qualified Auditor-General.	In progress.
	Debt management framework and system.	80% of all debt registered on the FMS debtors sub-system.	March 2003	Target achieved.
	Losses managed effectively.	Losses recorded and resolved within six months after discovery.	Losses recorded and resolved within six months.	Loss control system revamped, new accounting prescripts to be issued in new year.
	Financial Management System (FMS) department 70 ready for permanent closure.	Balances identified for funding or clearing.	All balances identified.	Most balances identified: awaiting funding.
	FMS department 50 closed permanently.	Closure of department 50	September 2002.	Target achieved.
	Effective overall accounting control.	Sound state of books of accounts in all departments.	No more than 25% qualified Auditor-General reports.	Awaiting audit outcomes.
Provincial financial management norms and standards.	Appropriate Provincial Treasury Instructions, guidelines and accounting practices.	No uncondoned departures from financial prescripts.	Target achieved.	

1.6 Transfer payments

The Department made the following transfer payments which were both of a current nature for the financial year under review:

NAME OF INSTITUTION	AMOUNT TRANSFERRED
Western Cape Gambling and Racing Board	R4 000 000
FASSET ³ (Grant-in-aid)	R86 000

The Western Cape Gambling and Racing Board, a provincial public entity, is required to comply with section 38(1)(j) of the PFMA as well as National Treasury Regulation 8.4 prior to each transfer payment being made. It can be reported that the mentioned Board fully complied with each request for a transfer payment.

³ Finance, Accounting, Management accounting consultancy, and other financial services.

1.7 **Conditional grants**

The Department did not receive any conditional grants for the financial year under review.

2. **Capital Investment, Maintenance and Asset Management Plan**

As the investment in capital projects is not part of the Department's core functions/strategic objectives no funds were appropriated for this purpose.

The procurement and maintenance functions of moveable assets have been centralised under Programme 1 of the department. With regard to the state of key moveable assets it can be reported that $\pm 90\%$ of the department's moveable assets is in a good state, while the remaining $\pm 10\%$ is in a reasonable condition.

No major maintenance projects have been undertaken during the financial year under review.

In addition it can be reported that the department's asset holdings have remained unchanged with no projects being carried forward from the financial year under review to the following financial year.

The only major new project envisaged for the forthcoming financial year pertains to the implementation of the Optiplan Filing System to optimise available office space. An amount of R350 000 was appropriated in the 2003/04 budget for this purpose. Funds will be allocated in future budgets for the further optimisation of records management.

Should the need arise to go the route of tendering for projects, the normal supply chain management processes will be followed.

PART 3

REPORT OF THE WESTERN CAPE PROVINCIAL GOVERNMENT SHARED AUDIT COMMITTEE ON THE DEPARTMENT OF FINANCE (VOTE 3) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2003

1. Introduction

The Audit Committee is pleased to present its report for the above-mentioned financial year.

2. Audit Committee Members and Attendance

- 2.1 On 4 May 2000, the Head of the Provincial Treasury, in terms of section 17(2) and 77(c) of the Public Finance Management Act, 1999 (Act 1 of 1999) established a centralised Audit Committee for the Western Cape Provincial Government. The Audit Committee Charter required that the Audit Committee meet not less than four times per calendar year to address internal audit issues. However, since September 2001 this Audit Committee has not been operational due to an inability to appoint qualified members.
- 2.2 Subsequently, the Western Cape Provincial Cabinet (Cabinet Resolution No. 75/2003 dated 30 April 2003) appointed 5 audit committee members as mentioned below on 23 June 2003 for the period 1 April 2003 to 31 March 2005 on the shared Audit Committee.

Members

Mr JA Jarvis (Chairperson)

Ms L Hendry

Mr J January

Mr VW Sikobi

Mr R Warley

- 2.3 The newly appointed shared Audit Committee officially met for the first time on 4 and 5 August 2003 to consider the Auditor-General Reports and the Annual Financial Statements for the financial year ended 31 March 2003 and its Terms of Reference related thereto.

3. Audit Committee Responsibility

- 3.1 The Audit Committee reports that as it has not had the opportunity to formally consider its Charter, inclusive of Terms of Reference, and that the Guidelines for audit committee members and the Specimen audit committee report as contained in the National Treasury Guide for the preparation of annual reports for national and provincial departments for the year ended 31 March 2003, pages 31 to 35, has been adopted as its Terms of Reference for the purposes of this report.
- 3.2 The Audit Committee also reports that it has complied with its responsibilities arising from section 38(1)(a) of the Public Finance Management Act, 1999 (Act 1 of 1999) and Treasury Regulation 3.1.13.

4. Effectiveness of Internal Control

- 4.1 The system of internal control is effective as reported by the Auditor-General. The management letters of the Auditor-General have not reported any significant or material non-compliance with prescribed policies and procedures.
- 4.2 However, the Department has not implemented any system of risk management. The internal control systems are therefore not based on an assessment of key risks and such internal control systems can therefore not be regarded as effective.

4.3 The Audit Committee noted that no internal audits were performed at this Department during the year under review and recommends that this shortcoming be addressed through the audit plan as a matter of urgency.

5. **Evaluation of Financial Statements**

5.1 The Audit Committee has reviewed the Auditor-General's report and discussed the audited annual financial statements included in the annual report with the Auditor-General.

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

A handwritten signature in black ink, appearing to be 'JA Jarvis', written in a cursive style with a long horizontal stroke extending to the right.

(JA JARVIS)

CHAIRPERSON OF THE WESTERN CAPE PROVINCIAL GOVERNMENT SHARED AUDIT COMMITTEE

DATE: 6 AUGUST 2003

PART 4

ANNUAL FINANCIAL STATEMENTS: 31 MARCH 2003

CONTENTS	PAGE
Management Report	27
Report of the Auditor-general (External Audit)	32
Statement of Accounting Policies and Related Matters	34
Appropriation Statement	38
Notes to the Appropriation Statement	45
Income Statement	47
Balance Sheet	48
Cash Flow Statement	49
Notes to the Annual Financial Statements	50
Disclosure Notes to the Annual Financial Statements	56
Annexure 1A	58
Annexure 1B	59
Annexure 2	60
Annexure 3	61
Annexure 4	62

**MANAGEMENT REPORT
for the year ended 31 MARCH 2003**

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

1. General review of the state of financial affairs

- The Western Cape Government is committed to contribute to the national goals of a rapidly growing economy, to be competitive in an international environment, sharply reducing income disparities and an adequate welfare net to cover those that are not part of the economic environment of the Province. The Provincial Treasury has an indispensable role to play in bolstering and building financial administrative and management capacity in other departments, public entities and indirectly to other sectors of the economy to add value to the financial, budgeting and supply chain activities of these departmental strategies. The purpose behind this is to significantly improve the living standards and services required by the people of the Western Cape. To be in a position to deliver to expectations the Treasury faced the following critical challenges:
 - Increasing assessment and analytical capability.
 - Closing the rapidly widening gap between skill requirements and current competency levels.
 - Recruiting and retention of appropriate personnel.
 - Implementation of the PFMA⁴
 - Introduction of a value addition chain.
- In response to the above challenges, Treasury reacted as follows:
 - Designed and developed appropriate bespoke training and human resource development programmes.
 - Embarked on a process of re-engineering the organisational structure and developed an academic partner scheme.
 - Inculcated awareness and understanding in provincial departments of what the PFMA and related legislation is all about.
 - Cultivated an understanding that numbers and assets have a meaning or value, directly or indirectly reflecting the standard of service delivery performance or lack thereof.
- The following major projects were undertaken during the year:
 - A process of restructuring in terms of PSCBC⁵ resolution 7 of 2002.
 - A policy was formulated and negotiations with tertiary institutions and staff got underway to ensure that all staff is given the opportunity to develop their skill levels and analytical capabilities.
 - A reporting mechanism was implemented whereby all provincial departments are requested to provide feedback on a quarterly basis, on their progress with the implementing of the PFMA with remedial steps being taken in cases where the response from departments were not to expectations.
 - A Preference Procurement Policy Framework was developed, implemented and introduced in departments with the necessary delegated powers to ensure that previously disadvantaged individuals and/or companies will share in the allocating of tenders in procuring goods and services.

⁴ Public Finance Management Act, 1999 (Act 1 of 1999)

⁵ Public Service Co-ordinating Bargaining Council

**WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3**

**MANAGEMENT REPORT (continued)
for the year ended 31 MARCH 2003**

- Spending trends

- Budget allocation

	2001/02 R'000	2002/03 R'000
Total	62 237	69 584
Administration	19 315	21 003
Budgets	21 706	29 482
Provincial Accountant-General	21 216	19 099

- Under spending

	2001/02 R'000	2002/03 R'000
Total	13 773	13 317
Administration	1 630	197
Budgets	6 832	13 118
Provincial Accountant-General	5 311	2

- Reasons for under spending

- (i) Invoices were not received in time for services provided, to be settled before the closure of books.
- (ii) Core objectives that were set out in the Department's Strategic Plan 2002/03 to 2004/05 did not materialise as expected during 2002/03 and will be further pursued in 2003/04.
- (iii) A smaller contribution was requested from the Sectoral Education and Training Authority (SETA) than what was anticipated at the time of budgeting.
- (iv) However, the main reason was the delay in reaching settlement on the VAT claims on the metropolitan bid fee (R10,419 million) or coming to an alternative and more productive solution.

2. Services rendered by the department

2.1 On behalf of the Minister of Finance and Economic Development as head of the Provincial Treasury, the Department is responsible for the execution of the functions and powers as prescribed in Chapter 3 of the Public Finance Management Act, 1999 (Act 1 of 1999).

2.2 Tariff policy

- Betting and Gambling

Betting and gambling revenues consist mainly of casino taxes, bookmaker's taxes, totalisator taxes, annual licence fees from bookmakers, the totalisator and casino's and once-off fees relating to casino bid fees. All these fees and taxes were determined by the Western Cape Gambling and Racing Board Law, 1996 (Law 4 of 1996), after consultation with the industry.

- Functional Financial Training

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

2.3 Free services

Due to the nature of the functions of the Treasury, all services, except those in paragraph 2.2 above, rendered to departments are in terms of the PFMA as stated in paragraph 2.1 above. No other services with a possible monetary value were rendered.

**MANAGEMENT REPORT (continued)
for the year ended 31 MARCH 2003**

3. Capacity constraints

As stated in the previous year's annual report, the Department lost one of its main resource bases from which the achievers in the accounting field were recruited for appointment, due to the decentralising of the departmental accountant services. This and the fact that the Treasury is striving to capture the substance or spirit of the PFMA and that of the Constitution of South Africa, rather than merely exercising the nominal requirements thereof, left a gap in capacity within Treasury.

In an effort to overcome these constraints, the following objectives were pursued:

- Build competitive expertise with regard to internal and external role-players.
- Build analytical and research capacity.
- Develop the ability to satisfactorily render treasury services.
- Restructure the Department appropriately.

However, due to the dedication of current employees, the Department was in a position to meet the requirements of the PFMA in general and render effective and efficient financial administration and management. By capacitating its staff members to perform at a higher level and by fulfilling the aforementioned objectives, the Treasury will achieve its goal to become an effective change agent in achieving the maximum well-being of the people of the Western Cape.

4. Utilisation of donor funds

The Department mainly interacts with other government and provincial departments and receives all its funding either from the provincial equitable share and through taxes, levies and interest on investments. No donor funding was received.

5. Public entities

The only public entity under the control of this Department is the Western Cape Gambling and Racing Board.

The function of the Board is to control all gambling, racing and activities incidental thereto in the Western Cape.

The accountability arrangements of the Board are strictly dealt with in terms of the PFMA and the Western Cape Gambling and Racing Board Law, 1996 (Law 4 of 1996).

For this financial year an amount of R4 million was transferred to assist in meeting the running costs of the Board. Also refer to page 52 of the financial statements.

6. Other organisations to whom transfer payments have been made

An amount of R86 000, calculated as prescribed in section 3(1) and (4) of Chapter 1 of the Skills Development Levies Act, 1999 (Act 9 of 1999), was transferred to the SETA for Finance, Accounting, Management Consulting and other Financial Services (FASSET) which will, in conjunction with parameters also established by the Department of Public Service and Administration (DPSA) provide an institutional framework to devise and implement workplace strategies in order to develop and improve the skills of, inter alia, employees of this Department.

**MANAGEMENT REPORT (continued)
for the year ended 31 MARCH 2003**

7. Public/private partnerships (PPP's)

The Department within its financial management capacity as Provincial Treasury did not find it necessary to enter into a public/private partnership of any kind, however, it supported other departments, notably Transport and Public Works, in establishing PPP's.

8. Corporate governance arrangements

An internal control component was introduced within the Department with the task of continuously monitoring day to day financial activities and report to the Chief Financial Officer monthly and also execute formal financial inspections and report these findings to the Accounting Officer quarterly. The Provincial Internal Audit component housed within Provincial Administration Western Cape (PAWC) was requested to assist in this task by determining the possible high risk areas for unauthorised expenditure. The outcome of this investigation is still pending.

A fraud prevention policy was compiled and approved and a subsequent fraud prevention plan introduced together with a code of conduct to train and sensitise members of staff to foster a culture of zero tolerance regarding corruption, fraud, theft and mal-administration.

As a contribution to sound financial practice, all senior managers declared their financial and other interests and these were submitted to the Executive Authority and the Department of Public Service and Administration.

An occupational health and safety committee was established for the Department to effectuate the conditions of the Occupational Health and Safety Act.

9. Discontinued activities

Due to the necessity to provide department-specific support functions and to secure the career opportunities of data-typists and developments in financial management systems the centralised data typists-function on the establishment of the Directorate Corporate Affairs of the Department was decentralised to the provincial departments of Education, Health, Social Services and Poverty Relief, Community Safety, Transport and Public Works, Provincial Administration Western Cape and Environmental Affairs and Development Planning.

10. New/proposed activities

The restructuring exercise that the Department embarked on during 2002/03 may effect significant changes to the activities for the next financial year. This exercise is still in progress.

11. Events after the reporting date

No events took place or came about since 31 March 2003 that have any effect on the financial statements.

12. Progress with financial management improvement

The 10 steps initiated during the previous financial year, for implementing the PFMA, and ensuring that the applicable prescripts are adhered to, have been completed. The financial delegations have been updated to include the Provincial Treasury Instructions (PTI's) in order to enhance the practical execution of the financial prescripts.

13. Performance information

As part of the restructuring process within the Department, specific performance measures such as prescribed norms and standards and quality accounting practises, will be established during the course of the 2003/04 financial year.

**WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3**

**MANAGEMENT REPORT (continued)
for the year ended 31 MARCH 2003**

14. Other

The financial statements of the Western Cape Gambling and Racing Board do not form part of the Department's financial statements, due to a separate annual report that will be tabled by the Board via the responsible Provincial Minister.

This Department holds no investment with the Gambling and Racing Board. Annexure 2 is, however, attached to the financial statements for the sake of completeness.

This Department could not submit the statement of changes in net assets/equity as it is more attuned to accrual accounting and the department is not geared to complete it. One of the reasons for this is that the Financial Management System (FMS) is a Cash Accounting system whereby all purchases are brought to account when the payment is made.

Approval

The annual financial statements set out on pages 34 to 62 have been approved by the Accounting Officer.



**(DR) JC STEGMANN
ACCOUNTING OFFICER**

DATE: 30 MAY 2003



AUDITOR - GENERAL

**REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL PARLIAMENT OF THE WESTERN CAPE
ON THE FINANCIAL STATEMENTS OF THE DEPARTMENT OF FINANCE (VOTE 3)
FOR THE YEAR ENDED 31 MARCH 2003**

1. Audit Assignment

The financial statements as set out on pages 34 to 62, for the year ended 31 March 2003, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. Nature and scope

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

An audit includes:

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

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

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

3. Unqualified audit opinion

In my opinion, the financial statements fairly present, in all material respects, the financial position of the department at 31 March 2003 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice and in the manner required by the relevant act.

4. Emphasis of matter

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

4.1 Matters not affecting the financial statements

(a) Internal audit

During the year under review, internal audit did not perform any audits at this department.

A query in this regard was addressed to the accounting officer of Vote 1 – Premier, Director-General and Corporate Services, which is responsible for internal audit. In response that accounting officer indicated that, although the component was fully funded, the internal audit directorate could not perform audits at the departments concerned due to a lack of capacity. Vacant posts were advertised during March 2002, but due to restructuring, a moratorium was imposed by cabinet on the filling of vacant posts. Due to this, internal audit's effort was focussed mainly on the departments of Social Services and Poverty Alleviation, Education and Health being the three high risk departments. This decision was based on a financial risk assessment which indicated that 80% of the provincial budget for the 2002-03 financial year was allocated to the aforementioned departments. All available personnel resources were therefore allocated to the internal audits of those departments to provide maximum coverage.

The accounting officer further indicated that, with effect from 1 August 2003, the internal audit component would be transferred to the Provincial Treasury and that steps were underway to ensure that a functional internal audit service will be rendered during the course of the 2003-04 financial year.

(b) Audit committee

- (i) On 4 May 2000, the provincial Minister of Finance, in accordance with the powers assigned to him in terms of sections 17(2) and 77(c) of the PFMA established a centralised audit committee for the Western Cape Province for a period of two years. The audit committee charter required that the audit committee meet not less than four times per calendar year to address internal audit issues. However, with effect from September 2001, the audit committee has not been operational due to an inability to appoint qualified members.
- (ii) At a cabinet meeting held on 30 April 2003, a shared audit committee consisting of five members were appointed for the period from 1 April 2003 to 31 March 2005. The shared audit committee would also perform all its assigned functions in terms of the national treasury regulations for all departments retrospective from 1 April 2002 to 31 March 2003, but beyond this the departments of Social Services and Poverty Alleviation, Education and Health will have to appoint their audit committee as previously resolved by cabinet. The shared audit committee's functions would continue for the remainder of the departments of the Western Cape Province.

5. Appreciation

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



WJ BRITS
for Auditor-General

Bellville
30 July 2003

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 MARCH 2003**

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material respects, 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), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2002.

1. Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The reporting entity is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

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

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

3. Donor aid

Donor Aid is recognised in the income statement in accordance with the cash basis of accounting.

4. Current expenditure

Current expenditure is recognised in the income statement when the payment is made.

5. Unauthorised, irregular, and fruitless and wasteful expenditure

Unauthorised expenditure means:

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

Unauthorised expenditure is treated as a current asset in the balance sheet until such expenditure is recovered from a third party or funded from future voted funds.

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

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

Irregular expenditure is treated as expenditure in the income statement.

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS (continued)
for the year ended 31 MARCH 2003**

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful must be recovered from a responsible official (a debtor account should be raised), or the vote if responsibility cannot be determined.

6. Debts written off

Debts are written off when identified as irrecoverable. No provision is made for irrecoverable amounts.

7. Capital expenditure

Expenditure for physical items on hand on 31 March 2003 to be consumed in the following financial year, is written off in full when they are received and are accounted for as expenditure in the income statement. Physical assets (fixed assets and movable assets) acquired are expensed i.e. written off in the income statement when the payment is made.

8. Investments

Marketable securities are carried at market value. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date.

Non-current investments excluding marketable securities are shown at cost and adjustments are made only where in the opinion of the directors, the investment is impaired. Where an investment has been impaired, it is recognised as an expense in the period in which the impairment is identified.

Increases in the carrying amount of marketable securities classified as non-current assets are credited to revaluation and other reserves in shareholders' equity. Decreases that offset previous increases of the same marketable security are charged to the income statement. Increases/decreases in the carrying amount of marketable securities classified as current assets are credited/charged to the income statement.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement. On disposal of a marketable security classified as a non-current asset, amounts in revaluation and other reserves relating to that marketable security, are transferred to retained earnings.

9. Investments in controlled entities

Investments in controlled entities are those entities where the reporting entity has the ability to exercise any of the following powers to govern the financial and operating policies of the entity in order to obtain benefits from its activities:

- To appoint or remove all, or the majority of, the members of that entity's board of directors or equivalent governing body;
- To appoint or remove the entity's chief executive officer;
- To cast all, or the majority of, the votes at meetings of that board of directors or equivalent governing body; or
- To control all, or the majority of, the voting rights at a general meeting of that entity.

Investments in controlled entities are shown at cost.

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS (continued)
for the year ended 31 MARCH 2003**

10. Receivables

Receivables are not normally recognised under the cash basis of accounting. However, receivables included in the balance sheet arise from cash payments that are recoverable from another party.

Receivables for services delivered are not recognised in the balance sheet as a current asset or as income in the income statement, as the financial statements are prepared on a cash basis of accounting, but are disclosed separately in the notes to enhance the usefulness of the financial statements.

11. Payables

Payables are not normally recognised under the cash basis of accounting. However, payables included in the balance sheet arise from cash receipts that are due to either the Provincial Revenue Fund or another party.

12. Provisions

A provision is a liability of uncertain timing or amount. Provisions are not normally recognised under the cash basis of accounting, but are disclosed separately in the notes to enhance the usefulness of the financial statements.

13. Lease commitments

Lease commitments for the period remaining from the accounting date until the end of the lease contract are disclosed as a note to the financial statements. These commitments are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on the cash basis of accounting.

14. Accruals

This amount represents goods/services that have been delivered, but no invoice has been received from the supplier at year end, OR an invoice has been received but remains unpaid at year end. These amounts are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on a cash basis of accounting, but are however disclosed.

15. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is expensed in the income statement in the reporting period that the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation, are deferred until they can be reliably measured and then expensed. Details of these benefits and the potential liabilities are disclosed as a note to the financial statements and are not recognised in the income statement.

Termination benefits

Termination benefits are recognised and expensed only when the payment is made.

Retirement benefits

The department provides retirement benefits for its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the 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.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS (continued)
for the year ended 31 MARCH 2003

Medical benefits

The department provides medical benefits for (certain/all) its employees through defined benefit plans. These benefits are funded by employer and/or employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements of the department.

Retirement medical benefits for retired members are expensed when the payment is made to the fund.

16. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investments and/or loans capitalised, or deposits paid on behalf of employees of a foreign mission, for the first time in the previous financial year. On disposal, repayment or recovery, such amounts are transferable to the Revenue Fund.

17. Recoverable revenue

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

18. Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the department may reasonably have available for reporting.

WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3

APPROPRIATION STATEMENT
for the year ended 31 MARCH 2003

Programme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
1. Administration								
Current	19 642	77	19 719	19 523	196	99%	18 595	17 278
Capital	1 235	49	1 284	1 283	1	100%	720	407
2. Budgets								
Current	29 608	(126)	29 482	16 364	13 118	56%	21 469	14 640
Capital	-	-	-	-	-	-	237	234
3. Provincial Accountant-General Services								
Current	16 367	(1 258)	15 109	15 108	1	100%	20 512	15 232
Capital	2 732	1 258	3 990	3 989	1	100%	704	673
Total	69 584	-	69 584	56 267	13 317	81%	62 237	48 464

**WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3**

**APPROPRIATION STATEMENT (continued)
for the year ended 31 MARCH 2003**

Direct charge against the Provincial Revenue Fund	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
1 Provinces Equitable Share	69 584	(3)	69 581	56 264	13 317	81%	62 228	48 455
State Debt Costs	-	3	3	3	-	100%	9	9
Total	69 584	-	69 584	56 267	13 317	81%	62 237	48 464

Economic classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Current								
Personnel	32 719	(2 055)	30 664	30 300	364	99%	34 337	28 407
Transfer payments	4 276	-	4 276	4 086	190	96%	10 000	6 000
Other	28 622	748	29 370	16 609	12 761	57%	16 239	12 743
Capital								
Acquisition of capital assets	3 967	1 307	5 274	5 272	2	100%	1 661	1 314
Total	69 584	-	69 584	56 267	13 317	81%	62 237	48 464

Standard item classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	32 719	(2 055)	30 664	30 300	364	99%	34 337	28 407
Administrative	3 403	(71)	3 332	3 322	10	100%	3 767	3 528
Inventories	1 188	34	1 222	1 222	-	100%	1 088	1 069
Equipment	4 197	1 286	5 483	5 480	3	100%	1 940	1 433
Professional and special services	13 177	769	13 946	11 615	2 331	83%	11 096	8 018
Transfer payments	4 276	-	4 276	4 086	190	96%	10 000	6 000
Miscellaneous	10 624	34	10 658	239	10 419	2%	-	-
Special functions	-	3	3	3	-	100%	9	9
Total	69 584	-	69 584	56 267	13 317	81%	62 237	48 464

WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3

DETAIL PER PROGRAMME 1: ADMINISTRATION
for the year ended 31 MARCH 2003

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
1.1 Office of the Provincial Minister								
Current	2 730	32	2 762	2 761	1	100%	2 834	2 400
Capital	43	31	74	73	1	99%	-	33
1.2 Corporate Affairs								
Current	14 754	247	15 001	14 998	3	100%	15 752	14 869
Capital	1 192	18	1 210	1 210	-	100%	720	374
1.3 Human Resource Development and Training								
Current	2 158	(205)	1 953	1 761	192	90%	-	-
Special Functions: Authorised losses		3	3	3	-	100%	9	9
Total	20 877	126	21 003	20 806	197	99%	19 315	17 685

Economic classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Current								
Personnel	13 528	364	13 892	13 889	3	100%	13 967	12 775
Transfer payments	276	-	276	86	190	31%	-	-
Other	5 838	(287)	5 551	5 548	3	100%	4 628	4 503
Capital								
Acquisition of capital assets	1 235	49	1 284	1 283	1	100%	720	407
Total	20 877	126	21 003	20 806	197	99%	19 315	17 685

WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3

DETAIL PER PROGRAMME 1: ADMINISTRATION (Continued)
for the year ended 31 MARCH 2003

Standard item classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	13 528	364	13 892	13 889	3	100%	13 967	12 775
Administration	1 754	(82)	1 672	1 670	2	100%	1 689	1 678
Inventories	1 188	34	1 222	1 222	-	100%	852	850
Equipment	1 465	28	1 493	1 491	2	100%	914	492
Professional and special services	2 666	(255)	2 411	2 411	-	100%	1 884	1 881
Transfer payments	276	-	276	86	190	31%	-	-
Miscellaneous	-	34	34	34	-	100%	-	-
Special functions	-	3	3	3	-	100%	9	9
Total	20 877	126	21 003	20 806	197	99%	19 315	17 685

**WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3**

**DETAIL PER PROGRAMME 2: BUDGETS
for the year ended 31 MARCH 2003**

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
2.1 Fiscal Services								
Current	2 306		2 306	2 198	108	95%	2 130	1 470
Capital	-		-	-	-	-	79	77
2.2 Revenue Management								
Current	12 968		12 968	1 973	10 995	15%	2 079	1 371
Capital	-		-	-	-	-	54	54
2.3 Western Cape Gambling and Racing Board								
Current	4 000		4 000	4 000	-	100%	10 000	6 000
2.4 Expenditure Control								
Current	5 941	(126)	5 815	4 336	1 479	75%	2 858	1 929
Capital	-		-	-	-	-	46	46
2.5 Procurement Management								
Current	4 063		4 063	3 630	433	89%	4 088	3 626
Capital	-		-	-	-	-	58	57
2.6 Western Cape Provincial Tender Board								
Current	330		330	227	103	69%	314	244
Total	29 608	(126)	29 482	16 364	13 118	56%	21 706	14 874

Economic classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Current								
Personnel	8 203	(94)	8 109	7 748	361	96%	8 901	6 381
Transfer payments	4 000	-	4 000	4 000	-	100%	10 000	6 000
Other	17 405	(32)	17 373	4 616	12 757	27%	2 568	2 259
Capital								
Acquisition of capital assets	-	-	-	-	-	-	237	234
Total	29 608	(126)	29 482	16 364	13 118	56%	21 706	14 874

WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3

DETAIL PER PROGRAMME 2: BUDGETS (Continued)
for the year ended 31 MARCH 2003

Standard item classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	8 203	(94)	8 109	7 748	361	96%	8 901	6 381
Administrative	648	138	786	778	8	99%	854	632
Inventories	-	-	-	-	-	-	157	141
Equipment	-	-	-	-	-	-	293	252
Professional and special services	6 133	(170)	5 963	3 633	2 330	61%	1 501	1 468
Transfer payments	4 000	-	4 000	4 000	-	100%	10 000	6 000
Miscellaneous	10 624	-	10 624	205	10 419	2%	-	-
Total	29 608	(126)	29 482	16 364	13 118	56%	21 706	14 874

WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3

DETAIL PER PROGRAMME 3: PROVINCIAL ACCOUNTANT-GENERAL SERVICES
for the year ended 31 MARCH 2003

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
3.1 Systems Control Services								
Current	11 681	338	12 019	12 019	-	100%	14 180	10 151
Capital	2 632	668	3 300	3 299	1	100%	600	653
3.2 Accounting and Regulatory Control Services								
Current	4 686	(1 596)	3 090	3 089	1	100%	3 057	2 512
Capital	100	590	690	690	-	100%	-	13
3.3 Departmental Accountant Services								
Current	-	-	-	-	-	-	3 275	2 569
Capital	-	-	-	-	-	-	104	7
Total	19 099	-	19 099	19 097	2	100%	21 216	15 905

Economic classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Current								
Personnel	10 988	(2 325)	8 663	8 663	-	100%	11 469	9 251
Other	5 379	1 067	6 446	6 445	1	100%	9 043	5 981
Capital								
Acquisition of capital assets	2 732	1 258	3 990	3 989	1	100%	704	673
Total	19 099	-	19 099	19 097	2	100%	21 216	15 905

Standard item classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	10 988	(2 325)	8 663	8 663	-	100%	11 469	9 251
Administrative	1 001	(127)	874	874	-	100%	1 224	1 218
Inventories	-	-	-	-	-	-	79	78
Equipment	2 732	1 258	3 990	3 989	1	100%	733	689
Professional and special services	4 378	1 194	5 572	5 571	1	100%	7 711	4 669
Total	19 099	-	19 099	19 097	2	100%	21 216	15 905

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 MARCH 2003**

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

Detail of these transactions can be viewed in note 7 (Transfer payments) 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 (Charge to the Provincial Revenue Fund) to the annual financial statements.

3. Detail of special functions (theft and losses)

Detail of these transactions per programme can be viewed in note 9 (Details of special functions) to the annual financial statements.

4. Explanations of material variances from amount voted (after Virement):

4.1 Per programme:

Programme 1: Administration

The underspending on transfer payments is due to a smaller contribution requested from the Sectoral Education and Training Authority (SETA). The amount not utilised will be surrendered to the Provincial Revenue Fund.

Programme 2: Budgets

The underspending is due to outstanding invoices for the following services provided, that were not settled timely:

- costs of the compilation of a special report on provincial economic data by the Buro for Economic Research (BER),
- costs of the advisors that were contracted in for the *iKapa elihlumayo* workshop,
- legal costs in respect of the Caledon Casino VAT litigation,
- costs of the investigation as to the feasibility of imposing a provincial fuel levy,
- costs of the special investigation by the Auditor-General into supply chain management (equipment) at the Department of Health, and
- costs of the Service Level Agreement (SLA) between Trade World (Pty) Ltd and the Department of Finance.

The major cause for underspending was the compulsory saving on the funds appropriated for the legal cost of the VAT case involving the Western Cape metropolitan casino-operator:

- will be surrendered to the Provincial Revenue Fund in line with the 2003/04 budget as tabled on 12 March 2003.

Programme 3: Provincial Accountant-General Services

- Actual expenditure was R2 000 lower than the budget of R19 099 000.

Special functions:

Detail of these transactions per programme can be viewed in note 9 (Details of special functions) to the annual financial statements.

**WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3**

**NOTES TO THE APPROPRIATION STATEMENT (continued)
for the year ended 31 MARCH 2003**

4.2 Per standard item:

Personnel:

Remained 99% within budget. No saving, over- or under spending to be disclosed.

Administrative:

Remained 100% within budget. No saving, over- and or under spending to be disclosed.

Inventories:

Remained 100% within budget. No saving, over- and or under spending to be disclosed.

Equipment:

Remained 100% within budget. No saving, over- and or under spending to be disclosed.

Professional and Special Services:

The underspending is due to outstanding invoices for the following services provided, that were not settled timely:

- costs of the compilation of a special report on provincial economic data by the Buro for Economic Research (BER),
- costs of the advisors that were contracted in for the *iKapa elihlumayo* workshop,
- legal costs in respect of the Caledon Casino VAT litigation,
- costs of the investigation as to the feasibility of imposing a provincial fuel levy,
- costs of the special investigation by the Auditor-General into supply chain management (equipment) at the Department of Health, and
- costs of the Service Level Agreement (SLA) between Trade World (Pty) Ltd and the Department of Finance.

Transfer payments:

The underspending on transfer payments is due to a smaller contribution requested from the Sectoral Education and Training Authority (SETA). The amount not utilised will be surrendered to the Provincial Revenue Fund.

Miscellaneous:

The compulsory saving on the funds appropriated for the legal cost of the VAT case with the Western Cape metropolitan casino-operator will be surrendered to the Provincial Revenue Fund in line with the 2003/04 budget as tabled on 12 March 2003.

5. Reconciliation of appropriation statement to income statement:

	2002/03	2001/02
	R'000	R'000
Total expenditure per Appropriation Statement	56 267	48 464
Less: Investments acquired and capitalised during the current financial year - expensed for appropriation purposes	-	-
Add: Local and foreign aid assistance (including RDP funds)	-	-
Actual Expenditure per Income Statement	<u>56 267</u>	<u>48 464</u>

**WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3**

**INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE)
for the year ended 31 MARCH 2003**

	Note	2002/03 R'000	2001/02 R'000
REVENUE			
Voted funds		69 584	62 237
Charge to Provincial Revenue Fund	1	69 584	62 237
Non voted funds		222 702	185 650
Other revenue to be surrendered to the revenue fund	2	222 702	185 650
TOTAL REVENUE		292 286	247 887
EXPENDITURE			
Current		50 995	47 150
Personnel	3	30 300	28 407
Administrative		3 322	3 528
Inventories	4	1 222	1 069
Machinery and Equipment	5	208	119
Professional and special services	6	11 615	8 018
Transfer payments	7	4 086	6 000
Miscellaneous	8	239	-
Special functions: authorised losses	9	3	9
TOTAL CURRENT EXPENDITURE		50 995	47 150
Capital		5 272	1 314
Machinery and Equipment	5	5 272	1 314
TOTAL CAPITAL EXPENDITURE		5 272	1 314
TOTAL EXPENDITURE		56 267	48 464
NET SURPLUS FOR THE YEAR	10	236 019	199 423

**WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3**

**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
at 31 MARCH 2003**

ASSETS	Note	2002/03 R'000	2001/02 R'000
Current assets		18 462	18 886
Cash and cash equivalents	11	18 340	18 854
Receivables	12	116	32
Revenue funds to be reimbursed	14.2	6	-
TOTAL ASSETS		18 462	18 886
LIABILITIES			
Current liabilities		18 462	18 886
Voted funds to be surrendered	13	13 317	13 773
Revenue funds to be surrendered	14.1	-	18
Payables	15	5 145	5 095
TOTAL LIABILITIES		18 462	18 886
NET ASSETS/LIABILITES		-	-

**WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3**

**CASH FLOW STATEMENT
for the year ended 31 MARCH 2003**

	Note	2002/03 R'000	2001/02 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flow generated by operating activities	16	407 796	313 528
Cash generated (utilised) to (increase)/decrease working capital	17	(34)	5 063
Voted funds and Revenue funds surrendered	18	(403 004)	(298 423)
Net cash flow available from operating activities		4 758	20 168
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	5.1	(5 272)	(1 314)
Net cash flows from operating and investing activities		(514)	18 854
Net increase/(decrease) in cash and cash equivalents		(514)	18 854
Cash and cash equivalents at beginning of period		18 854	-
Cash and cash equivalents at end of period	11	18 340	18 854

**WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003**

1. Charge to Provincial Revenue Fund

1.1 Included in the above are funds specifically and exclusively appropriated for Provincial Departments (Equitable Share):

Programmes	Total Appropriation 2002/03 R'000	Actual 2002/03 R'000	Variance over (under) 2002/03 R'000	Total Appropriation 2001/02 R'000
1. Administration	21 003	21 003	-	19 315
2. Budgets	29 482	29 482	-	21 706
3. Provincial Accountant-General Services	19 099	19 099	-	21 216
TOTAL	69 584	69 584	-	62 237

Included in the totals for "Total Appropriation" and "Actual" is the own revenue budget amounting to R166 505 000.

1.2 Roll-over requests (not yet approved)

**2002/03
R'000**

To settle the costs of outstanding invoices for goods delivered/services provided:

replacement of outdated computer hardware to ensure compatibility with BAS,	304
compilation of a special report by the Buro for Economic Research (BER),	55
advisors that were contracted in for the <i>iKapa elihlumayo</i> workshop,	25
legal costs in respect of the Caledon Casino VAT litigation, investigation as to the feasibility of imposing a provincial fuel levy,	464
special supply chain management investigation at the Department of Health, and	10
service level agreement (SLA) between Trade World (Pty) Ltd and Provincial Treasury.	400
	1 308

1.3 Conditional grants

**2002/03
R'000**

**2001/02
R'000**

Total grants received

-

1 666

2. Other revenue to be surrendered to the revenue fund

Description	Note	2002/03 R'000	2001/02 R'000
Bookmakers Tax		12 840	15 780
Totalisator Tax		8 505	9 015
Gambling		111 079	85 630
Licences: Bookmakers		669	481
Recoveries: Interest		-	45
Recoveries: Loan Debt Redemption		1	31
Interest: Bookmakers		39	36
Fines and Forfeitures		232	262
Casino Bid Fees		6 124	-
Stale Cheques	#	(965)	281
Administration Fees		23	44
Bank interest		250 094	184 830
Refunds: Previous Year		551	1 993
Other		15	13
Total own revenue collected	14.1	389 207	298 441
Less: Own revenue budget		166 505	112 791
Non voted funds		222 702	185 650

Repayment of stale cheques previously deposited into the Own Revenue of FMS Department code 70.

**WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 MARCH 2003**

		2002/03 R'000	2001/02 R'000
3. Personnel			
3.1 Current expenditure			
Appropriation to Executive		770	585
Basic salary costs		20 737	19 625
Pension contributions		2 730	2 648
Medical aid contributions		1 355	1 297
Other salary related costs		4 708	4 252
		<u>30 300</u>	<u>28 407</u>
Average number of employees		216	215
Total Personnel Costs		<u>30 300</u>	<u>28 407</u>
4. Inventories			
4.1 Current expenditure			
Inventories purchased during the year			
Publications		110	95
Stationery		482	515
Promotional material		37	-
Computer requisites		508	435
Domestic hardware		68	12
Other		17	12
		<u>1 222</u>	<u>1 069</u>
Total cost of inventories		<u>1 222</u>	<u>1 069</u>
4.2 Inventories on hand at year end (for disclosure purposes only)	Costing method used		
Stationery		83	
Computer requisites	Item Record main- tenance	<u>126</u>	
		<u>209</u>	
The value of inventory on hand disclosed is for all stores.			
5. Machinery and Equipment	Note		
Current (Rentals, maintenance and sundry net of cash discounts)		208	119
Capital	5.1	5 272	1 314
Total current and capital expenditure		<u>5 480</u>	<u>1 433</u>
5.1 Capital machinery and equipment analysed as follows:			
Computer equipment		4 609	990
Furniture and office equipment		658	324
Other machinery and equipment		5	-
		<u>5 272</u>	<u>1 314</u>

**WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 MARCH 2003**

	Note	2002/03 R'000	2001/02 R'000
6. Professional and special services			
6.1 Current expenditure			
Auditors' remuneration	a	2 675	1 533
Contractors		3 890	2 349
Consultants and advisory services		4 200	3 746
Commissions and committees	b	239	244
Other		611	146
		11 615	8 018
Total Professional and special services		11 615	8 018
7. Transfer payments			
Total transfer payments made			
Western Cape Gambling and Racing Board	Annexure 1A	4 000	6 000
FASSET (Grant-in-aid)	Annexure 1B	86	-
		4 086	6 000
Analysis of payments			
Capital		-	-
Current		4 086	6 000
		4 086	6 000
8. Miscellaneous			
8.1 Current Expenditure			
Remissions, refunds and payments made as an act of grace	8.2	11	-
Gifts, donations and sponsorships made	8.3	23	-
Interest and penalties		205	-
		239	-
Total miscellaneous expenditure		239	-
8.2 Remissions, refunds and payments made as an act of grace			
Nature of remissions, refunds and payments			
Injury on duty		11	-
		11	-
8.3 Gifts, donations and sponsorships paid in cash by the department (items expensed during the current year)			
Nature of gifts, donations and sponsorships			
Accommodation for the youth sector		23	-
		23	-
8.4 Gifts, donations and sponsorships made in kind (items expensed in previous periods - Total value not included above)			
Nature of gifts, donations and sponsorships			
Old outdated computers were donated to LANOK in 2002/03	c	-	-
Obsolete and redundant office equipment was donated to the Department of Transport and Public Works in 2002/03	c	-	-
		-	-

a Includes amounts of R1 049 343.18 in respect of audit costs for special investigations conducted at Vote 7 - Social Services and Poverty Alleviation (R628 356.49) and Vote 6 - Health (R420 986.69).

b Tender Board member costs.

c Low intrinsic value but not determinable.

**WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 MARCH 2003**

	Note	2002/03 R'000	2001/02 R'000
9. Special functions: Authorised losses			
Other material losses written off	9.1	2	9
Debts written off	9.2	1	-
		<u>3</u>	<u>9</u>
9.1 Other material losses written off in income statement in current period			
Nature of losses			
Repairs to hired vehicle		2	9
		<u>2</u>	<u>9</u>
9.2 Debts written off			
Nature of debts written off			
Departmental debt		1	-
		<u>1</u>	<u>-</u>
9.3 Details of special functions (theft and losses)			
Per programme			
Programme 1: Administration		3	9
		<u>3</u>	<u>9</u>
10. Analysis of surplus			
Voted funds to be surrendered to the Provincial Revenue Fund		13 317	13 773
Non voted funds		222 702	185 650
Other revenue to be surrendered to the Revenue Fund		222 702	185 650
Total		<u>236 019</u>	<u>199 423</u>
11. Cash and cash equivalents			
Paymaster General Account		(629)	(440)
Temporary Investments		18 969	19 294
		<u>18 340</u>	<u>18 854</u>
12. Receivables - current			
Amounts owing by other departments		37	-
Staff debtors	12.3	16	28
Other debtors	12.4	63	4
		<u>116</u>	<u>32</u>
12.1 All the amounts were recovered in respect of the previous bookyear.			
12.2 Age analysis – receivables current			
Less than one year		111	9
One to two years		5	23
		<u>116</u>	<u>32</u>

**WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 MARCH 2003**

	Note	2002/03 R'000	2001/02 R'000
12.3 Staff debtors			
Departmental Debt (employee)		11	23
To recover arrear tax(SITE) from employees		5	5
		16	28
12.4 Other debtors			
Disallowance : Periodic Payment		3	-
Payments Awaiting Approval		1	-
Warrant Vouchers: Fraud External		59	-
Payments made to medical schemes		-	4
		63	4
13. Voted funds to be surrendered			
Opening balance		13 773	-
Transfer from income statement		13 317	13 773
Voted funds not requested/not received		-	-
Paid during the year		(13 773)	-
Closing balance		13 317	13 773
14.1 Revenue funds to be surrendered			
Opening balance		-	-
Total revenue collected		-	298 441
Paid during the year		-	(298 423)
Closing balance		-	18
14.2 Revenue funds to be reimbursed			
Opening balance		18	-
Total revenue collected		389 207	-
Paid during the year		(389 231)	-
Closing balance		(6)	-
15. Payables - current			
Description			
Amounts owing to other departments		404	246
Advances received	15.1	4 730	4 773
Other payables	15.2	11	76
		5 145	5 095
15.1 Advances received			
Implementation of Logis		4 730	4 773
		4 730	4 773
15.2 Other payables			
PMG DT: ACB/BDB Net Salaries		-	38
Supplementary tax to be paid to SARS		11	27
Other		-	11
		11	76

**WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 MARCH 2003**

	Note	2002/03 R'000	2001/02 R'000
16. Net cash flow generated by operating activities			
Net surplus as per Income Statement		236 019	199 423
Adjusted for items separately disclosed		171 777	114 105
Capital expenditure	5.1	5 272	1 314
Own revenue budget		166 505	112 791
Net cash flow generated by operating activities		407 796	313 528
17. Cash generated (utilised) to (increase)/decrease working capital			
Increase in receivables – current		(84)	(9)
Increase in other current assets		-	(23)
Increase/decrease in payables		50	5 095
		(34)	5 063
18. Voted funds and Revenue funds surrendered			
Voted funds surrendered		(13 773)	-
Revenue funds surrendered		(389 231)	(298 423)
		(403 004)	(298 423)

**WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3**

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003**

These amounts are not recognised in the financial statements, and are 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), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2002.

19. Contingent liabilities

Liable to	Nature	Note	2002/03 R'000	2001/02 R'000
Housing loan guarantees	Employees	Annexure 3	22	70
			22	70

20. Commitments

Current expenditure

Approved and contracted/ordered	1 012	18
Approved but not yet contracted		
	1 012	18

Capital expenditure

Approved and contracted/ordered	383	251
Approved but not yet contracted		
	383	251

Total Commitments	1 395	269
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21. Accruals

Listed by standard item

Administrative	141	138
Inventories	16	14
Machinery and Equipment	17	19
Professional and special services	223	263
Miscellaneous	4	-
Other	-	38
	401	472

Listed by programme level

Programme 1: Administration	152	167
Programme 2: Budgets	148	59
Programme 3: Provincial Accountant General	101	208
Other	-	38
	401	472

22. Employee benefits

Leave entitlement (capped)	3 600	-
Leave entitlement (current cycle)	236	-
Leave entitlement (previous cycle)	136	5 656 ^d
Thirteenth cheque	666	400
Performance bonus	106	34
	4 744	6 090

^d This short term liability includes accumulative figures.

**WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3**

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 MARCH 2003**

23. Leases

23.1 Operating leases	Property	Equipment	2002/03 R'000	2001/02 R'000
Name of financial institution: Minolta				
Not later than 1 year		9	-	9
Later than 1 year and not later than 3 years	-	245	245	
Later than 3 years				
	-	254	245	9
Future finance charges				
Present value of lease liabilities	-	254	245	9

24. Key management personnel

24.1 Remuneration

	2002/03 R'000
Provincial Minister of Finance and Economic Development (1)	409
Head of Department (1)	437
Senior Manager Services (Chief Directors - 2)	521
Chief Financial Officer (1)	224
	<u><u>1 591</u></u>

24.2 Other remuneration and compensation provided to key management.

	2002/03 R'000
Provincial Minister of Finance and Economic Development (1)	361
Head of Department (1)	365
Senior Manager Services (Chief Directors - 2)	369
Chief Financial Officer	105
	<u><u>1 200</u></u>

WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003

ANNEXURE 1A

STATEMENT OF TRANSFERS TO PUBLIC ENTITIES BY PROVINCIAL DEPARTMENTS AS AT 31 MARCH 2003

(List each Transfer by Public Entity)	GRANT ALLOCATION				EXPENDITURE				
	Appropriations Act	Adjustments Estimate	Roll Overs	Total Available	Actual Transfer	Amount not Transferred	% of Available Transferred	Capital	Current
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Western Cape Gambling and Racing Board	7 000	(3 000)	-	4 000	4 000	-	100	-	4 000
	7 000	(3 000)	-	4 000	4 000	-	100	-	4 000

WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 MARCH 2003

ANNEXURE 1B

STATEMENT OF OTHER TRANSFERS BY PROVINCIAL DEPARTMENTS AS AT 31 MARCH 2003

(List each Transfer by Institution)	GRANT ALLOCATION				EXPENDITURE				
	Appropriations Act	Adjustments Estimate	Roll Overs	Total Available	Actual Transfer	Amount not Transferred ¹	% of Available Transferred	Capital	Current
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
FASSET	276	-	-	276	86	190	31	-	86
	276	-	-	276	86	190	31	-	86

59

¹ The underspending on transfer payment to Fasset is due to a smaller contribution requested from the Sectoral Education and Training Authority (SETA). The amount not utilised will be surrendered to the Provincial Revenue Fund.

WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 MARCH 2003

ANNEXURE 2

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO CONTROLLED/PUBLIC ENTITIES AS AT 31 MARCH 2003¹

Name of public Entity	Nature of public entities business	Relevant Act	Entity's PFMA Schedule type	% Held	Number of shares held		Cost of investment		Profit/Loss for the year		Are the losses guaranteed	Amt of losses guaranteed	Amounts owing to		Amounts owing by		AO Value of Investments	² Audit Report Status
					2002/03	2001/02	2002/03	2001/02	2002/03	2001/02	Yes/No	R000's	2002/03	2001/02	2002/03	2001/02	R000's	U/Q/A/D
Western Cape Gambling and Racing Board	To control all gambling, racing and activities incidental thereto in the Province.	Western Cape Gambling and Racing Law, 1996 (Law 4 of 1996)	3C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
							-	-	-	-		-	-	-	-	-	-	

¹ Refer to paragraph 14 on page 31 of the Management Report.

² The entity's financial statements are still in the process of being audited.

WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 MARCH 2003

ANNEXURE 3

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2003

DOMESTIC/FOREIGN (provide separate returns for Domestic & Foreign)

61

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount	Opening balance as at 01/04/2002	Guaranteed issued during the year		Guarantees Paid/ Cancelled/ Reduced during the year			Guaranteed interest outstanding as at 31/03/2003	Closing Balance 31/03/2003	Realised losses i.r.o. claims paid out
				New	Inc.	Paid	Canc.	Red			
				R'000	R'000	R'000	R'000	R'000			
Permanent Bank	Housing Loan	112	253	22	-	-	-	-	-	275	-
Total		112	253	22	-	-	-	-	-	275	-

**WESTERN CAPE PROVINCE
DEPARTMENT OF FINANCE
VOTE 3**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 MARCH 2003**

ANNEXURE 4

PHYSICAL ASSET MOVEMENT SCHEDULE (Not including inventories)

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03¹	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000	Closing Balance R'000
LAND AND BUILDINGS²	-	-	-	-	-	-
Land	-	-	-	-	-	-
Dwellings	-	-	-	-	-	-
Non-Residential Buildings	-	-	-	-	-	-
Investment Properties	-	-	-	-	-	-
Other structures (Infrastructure Assets)	-	-	-	-	-	-
Mineral & Similar Non Regenerative Resources	-	-	-	-	-	-
Capital work in Progress	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-
MACHINERY AND EQUIPMENT	26	2 109	20	-	-	2 116
Computer equipment ³	-	-	-	-	-	-
Furniture and office equipment	26	2 109	20	-	-	2 116
Other machinery and equipment	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-
Transport assets	-	-	-	-	-	-
	26	2 109	20	-	-	2 116

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2001/02	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000	Closing Balance R'000
LAND AND BUILDINGS	-	-	-	-	-	-
Land	-	-	-	-	-	-
Dwellings	-	-	-	-	-	-
Non-Residential Buildings	-	-	-	-	-	-
Investment Properties	-	-	-	-	-	-
Other structures (Infrastructure Assets)	-	-	-	-	-	-
Mineral & Similar Non Regenerative Resources	-	-	-	-	-	-
Capital work in Progress	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-
MACHINERY AND EQUIPMENT	-	-	-	-	-	-
Computer equipment	-	-	-	-	-	-
Furniture and office equipment	-	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-
Transport assets	-	-	-	-	-	-
	-	-	-	-	-	-

¹ The Department implemented the Logistical Information System (LOGIS) with effect from 1 April 2001, the system only became in full operation with effect from 1 April 2002. Therefore, the only figures available on the physical assets of the Department, are those reflected, under machinery and equipment, for the financial year 2002/03.

² The Department of Transport and Public Works of this Province renders a centralised service to the remaining provincial departments with regard to land and buildings. The required figures will, therefore, be reflected in the financial statements of that department.

³ All computer equipment is purchased centrally for all provincial departments by Vote 1: Provincial Administration: Western Cape and will be reflected on the financial statements of Vote 1, although in certain cases actual expenditures made by Vote 1 were recovered from this Department.

PART 5

Oversight Report

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

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

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

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

1. Service Delivery

All departments are required to develop a Service Delivery Improvement (SDI) Plan. The following tables reflect the components of the SDI plan as well as progress made in the implementation of the plan. Services provided per programme are discussed in Part 2 of this statement.

Table 1.1 - Main services provided and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Smooth and effective functioning of the Minister's Office.	Ministry of Finance and Economic Development	Public Provincial Ministries and Departments	Adherence benchmarked service standards	Adequate
Sound departmental financial administration and management.	Provincial Treasury Directorates	Provincial Departments and Directorates	Adherence benchmarked service standards	Adequate
Deliver quality and timeous administrative supporting functions.	Provincial Treasury Directorates	Provincial Departments and Directorates	Adherence benchmarked service standards	Adequate
Effective communication.	Provincial Treasury Directorates	Provincial Departments and Directorates	Adherence benchmarked service standards	Adequate
Capacitated and fully developed personnel equipped to perform assigned functions.	Provincial Treasury Directorates	Provincial Departments and Directorates	Training in terms of the WSP	Adequate
Participation in learnerships.	WCPA Departments Provincial Treasury Directorates	Provincial Departments and Directorates	QMS	Below the requirements of the QMS.
Determined and evaluated socio-economic needs within a provincial and national context.	Provincial and National Departments	Provincial Departments and Directorates	Quality information that can be used to determine and assess performance.	Adequate

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Developed key service delivery outcome indicators.	Provincial Treasury Directorates	Provincial Departments and Directorates	Revised Fiscal Policy, September 2002.	Adequate
Determined gap between delivery and desired socio-economic outcome.	Provincial Treasury Directorates	Provincial Departments and Directorates	Revised Fiscal Policy, September 2002.	Adequate
Determined spending priorities.	Provincial Departments and Directorates Provincial Treasury Directorates	National Departments	Revised Fiscal Policy, September 2002.	Adequate
A managed provincial revenue portfolio in the provincial and national context.	Provincial Departments CFOs National Treasury	SSA SCOF FFC PTC	Stable revenue flows consistent with economic conditions.	Equitable share of revenue collected nationally. Conditional grants that make economic sense. Realistic own revenue estimates.
Smoothed revenue flows that ensure consistent and sustainable expenditure levels.	Provincial Departments CFOs National Treasury	SSA SCOF FFC PTC	Consistent real growth in revenue over the MTEF period against macro- economic forecasts.	Realistic sustainable revenue and expenditure budgets.
New provincial tax revenue.	Provincial Departments CFOs National Treasury	SSA SCOF FFC PTC	Fuel levy implemented by the Province by April 2004.	A submission of the proposed imposition of a fuel levy to the Provincial Minister of Finance.
Alternative cost effective service delivery.	Provincial Departments CFOs National Treasury	SSA SCOF FFC PTC	Successful PPP projects.	Sustainable PPP projects that will provide value for money.
Protected gambling and betting resource base.	Provincial Departments CFOs National Treasury	SSA SCOF FFC PTC	Receipt of estimated gambling and betting revenue.	Adequately resourced controlling body of gambling and betting.
Assessed efficacy of provincial expenditure.	Provincial Departments CFOs National Treasury	PTC SSA SCOF FFC	Revised Fiscal Policy, September 2002.	Enhanced resource allocation to achieve socio- economic objectives within the vote.
Controlled and assessed expenditure: actual and forecasts.	Provincial Departments CFOs National Treasury	PTC SSA SCOF FFC	Timely quality expenditure reports. Spending patterns within defined limits.	Expenditure and trend analysis reports.
Assessed and monitored local government budgets as per Municipal Finance Management Bill.	Provincial Departments CFOs National Treasury	PTC SSA SCOF FFC	Appropriate approval by December 2002.	Framework including criteria and procedures for the assignment of powers and functions.

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Access by all potential service providers to the Western Cape Government's preferential procurement system.	Government Departments Businesses	Liaison committees	40 % invalue of contracts awarded to historically disadvantaged persons. 40 % tenders awarded to historically disadvantaged persons (2000/2001 : 33 %).	Departmental user guide. Performance and management reports. Best preferential practice per industry. Departmental implementation plans.
Capacitated and restructured Tender Board to achieve a modern, fair, equitable, transparent, competitive and cost-effective procurement system.	Government Departments Businesses	Liaison committees	Acceptance of legislation, September 2002. Re-aligned Board, December 2002.	Position paper on a new procurement model. Amended procurement legislation.
A modernised and simplified procurement system to enhance access and achieve economic development and efficiency.	Government Departments Businesses	Liaison committees	70 % of ad hoc contracts awarded on departmental level.	Accredited departmental tender committees.
Remunerated Board members.	Government Departments Businesses	Liaison committees	Expenditure in line with budget projections.	Payment to Board Members aligned with responsibilities.
Rolled-out financial management system with regard to Basic Accounting System (BAS).	Provincial Departments CFOs National Treasury	SSA SAMDI	Completion of investigation by 30 June 2002.	Ready for implementation of an on line financial system.
Developed and rolled-out financial management systems with regard to Enterprise Application Solutions (EAS).	Provincial Departments CFOs National Treasury	SSA SAMDI	Ensure that 100 % of the Province's user requirements are accommodated.	Ensure a system that complies to GRAP/GAAP. Position paper.
Rolled-out provisioning management system (LOGIS).	Provincial Departments CFOs National Treasury	SSA SAMDI	12 Sites successfully implemented and fully operational. Optimal stock levels.	Proper provisioning control and management of consumables and moveable assets.
Rolled-out financial management information system (VULINDLELA).	Provincial Departments CFOs National Treasury	SSA SAMDI	26 Institutions successfully implemented and 100 % operational.	Management information available to all departments.
Rolled-out financial management system with regard to Basic Accounting System (BAS).	Provincial Departments CFOs National Treasury	SSA SAMDI	Fully updated manual by 31 March 2003.	Updated guidelines for users of the Loss Control System.
Rolled-out Loss Control System.	Provincial Departments CFOs National Treasury	SSA SAMDI	Fully updated manual by 31 March 2003.	Updated guidelines for users of the Loss Control System.
Establishment of school of Public Accounting and Economic Studies.	Provincial Departments CFOs National Treasury	SSA SAMDI	Position paper by March 2003.	Feasability study postponed.
Competency based education and training (CBET) provided.	Provincial Departments CFOs National Treasury	SSA SAMDI	Full implementation by March 2003.	Structured training programme for officials with less than the desired academic level of education.

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Quality human resource development with respect to functional financial training.	Provincial Departments CFOs National Treasury	SSA SAMDI	Implement-tion of an operational computer-based training system as a pilot project.	Meeting the increased demand for training.
Assessed and developed management system to effectively deal with financial assets in the Provincial Revenue Fund.	Provincial Departments CFOs National Treasury	SSA SAMDI	Maintain minimum bank balances with not more than a 10 % deviation in projections.	More effective cash flow management.
A management system to effectively deal with loans and guarantees.	Provincial Departments CFOs National Treasury	SSA SAMDI	The necessary structures to service loans and issue guarantees to be in place by March 2003.	Framework for loans and guarantees awaited from National Treasury.
Effective implementation of the second phase of the PFMA in provincial departments with particular focus on substantive compliance.	Provincial Departments CFOs National Treasury	SSA SCOF FFC PTC	No more than 25 % qualified Auditor-General reports.	Prescripts complied with.
The effective implementation of the first phase of the PFMA in public entities.	Provincial Departments CFOs National Treasury	SSA SCOF FFC PTC	No more than 25 % qualified audit reports.	Prescripts complied with.
Controlling and monitoring the implementation of effective internal controls in provincial departments.	Provincial Departments CFOs National Treasury	SSA SCOF FFC PTC	No more than 25 % qualified Auditor-General reports.	Effective internal controls in departments.
Effective implementation of asset management in departments: consumables and inventories.	Provincial Departments CFOs National Treasury	SSA SCOF FFC PTC	Integrity of data verified at 25 LOGIS sites by March 2003.	Compliance with prescripts.
Improved financial performance of departments through the application of interpretive accounting skills.	Provincial Departments CFOs National Treasury	SSA SCOF FFC PTC	No more than 25 % qualified Auditor-General reports.	Identified shortcomings addressed immediately.
Effective management of debtors in provincial departments.	Provincial Departments CFOs National Treasury	SSA SCOF FFC PTC	80 % of all debts registered on the FMS debtors sub-system by March 2003.	Debt management framework and system.
Cleared old/non-current balances for departments (15-50-70 project).	Provincial Departments CFOs National Treasury	SSA SCOF FFC PTC	Balances identified for funding or clearing. First phase, September 2002.	FMS department 70 ready for permanent closure. FMS department 50 closed permanently.
Overall effective accounting control.	Provincial Departments CFOs National Treasury	SSA SCOF FFC PTC	No more than 25 % qualified Auditor-General reports.	Sound state of books of accounts in all departments.
Regulating and improving financial management in departments by issuing provincial norms and standards.	Provincial Departments CFOs National Treasury	SSA SCOF FFC PTC	Minimum uncondoned departures from financial prescripts.	Provincial Treasury Instruction, guidelines and accounting practices. Delegated powers.

Table 1.2 - Consultation arrangements with customers

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
Forums Newsletters Liaison committees	Provincial Departments	SSA	Department wide newsletter
Forums Newsletters Liaison committees	CFOs	FFC	CFO forum
Forums Newsletters Liaison committees	National Treasury	SCOF	Reporting
Forums Newsletters Liaison committees	Businesses	WPRC	Consultation
Forums Newsletters Liaison committees	PTC	OWCGRB	Consultation

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, 2002/03

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)
1	20 806	13 806	599	2 411	66.36	210
2	16 364	7 748	0	3 633	47.35	149
3	19 097	8 663	0	5 571	45.36	167
Total	56 267	30 217	599	11 615	53.70	178

Table 2.2 – Personnel costs by salary band, 2002/03

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	170	0.55	43
Skilled (Levels 3-5)	2 198	7.10	61
Highly skilled production (Levels 6-8)	10 639	34.39	94
Highly skilled supervision (Levels 9-12)	10 312	33.33	191
Senior management (Levels 13-16)	4 946	15.99	449
Additional employment (Contract workers)	2 671	8.63	55
Total	30 936	100.00	116

Note: The Minister is included under Salary band 7.

Note: The discrepancy in personnel cost by programme (Table 2.1) and personnel cost by salary band (Table 2.2), amounting to R719 000 can be contributed to accumulated differences between the Financial Management System (FMS) and the Personnel Salary System (PERSAL). Please note that the FMS figures of Table 2.1 has been verified by the Provincial Auditor and is reflected in the Financial Statements in part three of this document. The latter is regarded as the correct amounts.

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, 2002/03

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
1	9 684	70.14	386	2.80	327	2.37	702	5.08
2	4 640	59.89	177	2.28	120	1.55	317	4.09
3	7 148	82.51	138	1.59	192	2.22	394	4.55
Total	21 472	71.06	701	2.32	639	2.11	1 413	4.68

Table 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary band, 2002/03

Salary band	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)	123	72.35	1	0.59	13	7.65	0	0
Skilled (Levels 3-5)	1 470	66.88	57	2.59	72	3.28	148	6.73
Highly skilled production (Levels 6-8)	7 272	68.35	242	2.27	317	2.98	623	5.86
Highly skilled supervision (Levels 9-12)	7 291	70.70	383	3.71	236	2.29	462	4.48
Senior management (Levels 13-16)	2 747	55.54	0	0	0	0	176	3.56
Contract Workers	2 569	96.18	18	0.67	0	0	3	0.11
Total	21 472	69.41	701	2.27	638	2.06	1 412	4.56

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). The Department has also identified critical occupations that need to be monitored. Table 3.3 provides the 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 2003

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
1	83	66	20.48	5
2	64	52	18.75	2
3	77	52	32.47	19
Total	224	170	24.11	26

Table 3.2 – Employment and vacancies by salary bands, 31 March 2003

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	21	14	33.33	10
Skilled (Levels 3-5)	47	35	25.53	7
Highly skilled production (Levels 6-8)	80	58	27.50	4
Highly skilled supervision (Levels 9-12)	63	53	15.87	5
Senior management (Levels 13-16)	13	10	23.08	0
Total	224	170	24.11	26

Table 3.3 – Employment and vacancies by critical occupation, 31 March 2003

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Senior State Accountant	3	2	33.33	0
State Accountant	2	0	100.00	0
Chief FAO	19	17	10.53	0
Principle FAO	11	7	36.36	0
Senior FAO	22	17	22.73	0
FAO	9	3	66.67	0
Total	66	46	30.30	0

The information in each case reflects the situation as at 31 March 2003. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of the Oversight Report.

4. Job Evaluation

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

According to Table 4.1 it should be noticed that no jobs were evaluated, upgraded or downgraded in the year under review. However the entire department was subjected to an intensive restructuring exercise under the auspices of the Public Service Coordinating Bargaining Council (PSCBC), Resolution 7 of 2002, to improve efficiency over the long run and all posts were subjected to comprehensive job evaluation in April 2003. This will be reflected on in the 2003/04 Annual Report.

Table 4.1 – Job Evaluation, 1 April 2002 to 31 March 2003

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)	21	0	0	0	0	0	0
Skilled (Levels 3-5)	47	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	80	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	63	0	0	0	0	0	0
Senior Management Service Band A	10	0	0	0	0	0	0
Senior Management Service Band B	2	0	0	0	0	0	0
Senior Management Service Band C	0	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	224	0	0	0	0	0	0

Tables 4.2 - 4.4: As already indicated in Table 4.1 above no posts were upgraded or downgraded during the year under review and therefore Tables 4.2 - 4.4 are not applicable.

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) critical occupations (Table 5.2), reasons for leaving the department (Table 5.3), promotion by critical occupation (Table 5.4) and promotion by salary band (Table 5.5).

Table 5.1 – Annual turnover rates by salary band for the period 1 April 2002 to 31 March 2003

Salary band	Number of employees per band as on 1 April 2002	Appointments and transfers into the department	Terminations and transfers out of the department	% Turnover rate
Lower skilled (Levels 1-2)	4	17	4	100.00
Skilled (Levels 3-5)	33	30	20	60.61
Highly skilled production (Levels 6-8)	103	23	73	70.87
Highly skilled supervision (Levels 9-12)	51	17	22	43.14
Senior Management Service Band A	8	0	0	0
Senior Management Service Band B	2	0	1	50.00
Senior Management Service Band C	0	0	0	0
Senior Management Service Band D	1	0	0	0
Total	202	87	120	59.41

Table 5.2 – Annual turnover rates by critical occupation for the period 1 April 2002 to 31 March 2003

Occupation	Number of employees per occupation as on 1 April 2002	Appointments and transfers into the department	Terminations and transfers out of the department	% Turnover rate
Senior State Accountant	3	1	2	66.67
State Accountant	2	0	2	100.00
Chief FAO	18	0	1	5.56
Principle FAO	7	0	0	0.00
Senior FAO	19	0	2	10.53
FAO	3	0	0	0
Total	52	1	7	13.46

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	0	0
Resignation	5	4.17
Expiry of contract	38	31.67
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	1	0.83
Transfers to other Public Service Departments	76	63.33
Other	0	0
Total	120	100.00
Total number of employees who left as a % of the total employment		59.41

Table 5.4 – Promotions by critical occupation

Occupation	Employees as at 1 April 2002	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Senior State Accountant	3	0	0	1	33.33
State Accountant	2	0	0	0	0
Chief FAO	18	0	0	16	88.89
Principle FAO	7	0	0	7	100.00
Senior FAO	19	0	0	18	94.74
FAO	3	0	0	3	100.00
Total	52	0	0	45	86.54

Table 5.5 – Promotions by salary band

Salary band	Employees 1 April 2002	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)	4	0	0	4	100.00
Skilled (Levels 3-5)	33	3	9.09	20	60.61
Highly skilled production (Levels 6-8)	103	6	5.83	48	46.60
Highly skilled supervision (Levels 9-12)	51	2	3.92	49	96.08
Senior management (Levels 13-16)	11	0	0	0	0
Total	202	11	5.45	121	59.90

6. Employment Equity

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

Table 6.1 - Total number of employees in each of the following occupational categories as on 31 March 2003

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	3	1	6	0	0	0	0	10
Professionals	3	16	1	20	3	14	0	11	68
Technicians and associate professionals	1	6	0	4	0	2	1	0	14
Clerks	4	18	0	4	4	20	0	21	71
Service and sales workers	0	0	0	0	0	1	0	0	1
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	3	0	0	0	0	0	0	3
Elementary occupations	0	2	0	0	0	1	0	0	3
Total	8	48	2	34	7	38	1	32	170
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 6.2 - Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2003

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	1	0	0	0	0	1
Senior Management	0	3	1	5	0	0	0	0	9
Professionally qualified and experienced specialists and mid-management	1	16	1	20	0	7	0	8	53
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	7	11	0	5	4	16	1	15	59
Semi-skilled and discretionary decision making	0	16	0	1	3	10	0	7	37
Unskilled and defined decision making	0	2	0	2	0	5	0	2	11
Total	8	48	2	34	7	38	1	32	170

Table 6.3 - Recruitment for the period 1 April 2002 to 31 March 2003

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	6	0	10	0	0	0	0	16
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	6	0	1	0	0	2	1	13
Semi-skilled and discretionary decision making	4	2	0	0	9	9	0	0	24
Unskilled and defined decision making	0	4	0	3	0	5	0	5	17
Total	7	18	0	14	9	14	2	6	70
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 6.4 - Promotions for the period 1 April 2002 to 31 March 2003

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	2	0	0	0	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	1	1	3	0	0	6
Semi-skilled and discretionary decision making	0	1	0	0	0	2	0	0	3
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	1	3	0	1	1	5	0	0	11
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 6.5 - Terminations for the period 1 April 2002 to 31 March 2003

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	1	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	3	0	13	0	0	0	0	16
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	7	0	0	0	0	1	3	14
Semi-skilled and discretionary decision making	0	2	0	0	0	7	0	1	10
Unskilled and defined decision making	0	1	0	0	0	0	0	1	2
Total	3	13	0	14	0	7	1	5	43
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 6.6 - Disciplinary action for the period 1 April 2002 to 31 March 2003

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

Table 6.7 - Skills development for the period 1 April 2002 to 31 March 2003

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	3	1	6	0	0	0	0	10
Professionals	0	10	2	19	0	5	0	5	41
Technicians and associate professionals	2	13	0	4	2	8	0	6	35
Clerks	4	16	0	4	3	37	1	48	113
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	2	0	0	0	0	0	0	2
Elementary occupations	0	0	0	0	0	1	0	0	1
Total	6	44	3	33	5	51	1	59	202
Employees with disabilities	0	0	0	0	0	0	0	0	0

Note: Table 6.7 represents the employment equity situation in the department as at 1 April 2002.

7. Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 7.1), salary bands (Table 7.2) critical occupations (Table 7.3) and performance related rewards (cash bonus) by salary band for Senior Management Services (Table 7.4).

Table 7.1 – Performance Rewards by race, gender and disability, 1 April 2002 to 31 March 2003

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee (R'000)
African	0	8	0	0	0
Male	0	7	0	0	0
Female	0	0	0	0	0
Asian	0	0	0	0	0
Male	0	2	0	0	0
Female	0	1	0	0	0
Coloured	0	0	0	0	0
Male	5	48	10.42	57	11.40
Female	10	38	26.32	68	6.80
White	0	0	0	0	0
Male	6	34	17.65	90	15.00
Female	10	32	31.25	104	10.40
Employees with a disability	0	0	0	0	0
Total	31	170	18.24	319	10.29

Table 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2002 to 31 March 2003

Salary Band	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee (R'000)	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	0	14	0	0	0	0
Skilled (Levels 3-5)	4	35	11.43	28	7	1.27
Highly skilled production (Levels 6-8)	19	58	32.76	166	9	1.56
Highly skilled supervision (Levels 9-12)	8	53	15.09	123	15	1.19
Total	31	160	19.38	317	10	1.36

Table 7.3 – Performance Rewards by critical occupations, 1 April 2002 to 31 March 2003

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee (R'000)
Senior State Accountant	0	1	0	0	0
State Accountant	0	2	0	0	0
Chief FAO	3	17	17.65	42	14
Principle FAO	1	7	14.29	11	11
Senior FAO	4	17	23.53	36	9
FAO	0	3	0	0	0
Total	8	47	17.02	89	11

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

Salary Bands	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands			
Band A	8	8	100	110	14.00	0.35
Band B	2	2	100	37	18.00	0.11
Band C	0	0	0	0	0	0
Band D	1	1	100	14	14.00	0.04
Total	11	11	100	161	15.00	0.52

8. Foreign Workers

No foreign workers were employed for the period 1 April 2002 to 31 March 2003, thus no foreign workers could be identified by salary band (Table 8.1) and major occupation (Table 8.2).

9. Leave utilisation for the period 1 January 2002 to 31 December 2002

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), disability leave (Table 9.2), annual leave (Table 9.3), capped leave (Table 9.4) and leave payouts (Table 9.5). Please note that the first four tables cover the period 1 January 2002 to 31 December 2002, while Table 9.5 covers the period 1 April 2002 to 31 March 2003. In both cases, the estimated cost of the leave is also provided.

Table 9.1 – Sick leave, 1 January 2002 to 31 December 2002

Salary Bands	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	22	45.45	2	1.02	11.00	3
Skilled (Levels 3-5)	336	63.99	37	18.88	9.08	59
Highly skilled production (Levels 6-8)	1 016	76.87	106	54.08	9.58	290
Highly skilled supervision (Levels 9-12)	317	76.66	45	22.96	7.04	179
Senior management (Levels 13-16)	75	88.00	6	3.06	12.50	88
Total	1 766	74.46	196	100.00	9.01	619

Table 9.2 – Disability leave (temporary and permanent), 1 January 2002 to 31 December 2002

Salary Bands	Total days	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	23	100	4	28.57	6	3
Highly skilled production (Levels 6-8)	119	100	7	50.00	17	45
Highly skilled supervision (Levels 9-12)	38	100	2	14.29	19	27
Senior management (Levels 13-16)	52	100	1	7.14	52	25
Total	232	100	14	100.00	17	100

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 2002 to 31 December 2002

Salary Band	Total days taken	Average per employee
Lower skilled (Levels 1-2)	96	0
Skilled (Levels 3-5)	837	20
Highly skilled production (Levels 6-8)	2 878	24
Highly skilled supervision (Levels 9-12)	1 348	24
Senior management (Levels 13-16)	258	23
Additional	169	6
Total	5 586	21

Table 9.4 – Capped leave, 1 January 2002 to 31 December 2002

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2002
Lower skilled (Levels 1-2)			
Skilled (Levels 3-5)			
Highly skilled production (Levels 6-8)			
Highly skilled supervision (Levels 9-12)			
Senior management (Levels 13-16)			
Total			

Note: (Still under development - not possible to complete this table with the current PERSAL information.)

The following table (Table 9.5) summarises payments made to employees as a result of leave that was not taken.

Table 9.5 – Leave payouts for the period 1 April 2002 to 31 March 2003

Reason	Total Amount	Number of Employees	Average payment per employee
Leave payout for 2002/03 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2002/03	12 000	1	12 000
Current leave payout on termination of service for 2003/03	1 000	2	500
Total	13 000	3	4 333

10. HIV/AIDS & Health Promotion Programmes

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

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

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

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	x		Mr Andre Bastiaanse, Acting Head: Asset Management has been appointed in this regard.
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		The Transformation Unit has been established, which consists of 4 members. The Budget provided for this item is R100 000.
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		Programmes and various workshops are currently in the process of being developed and planned, to promote awareness amongst employees.
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		Mr Owen Witbooi, Mrs Nelia Orlandi and Ms Charlene Miles
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	A departmental HIV/Aids policy is currently being developed to complement the Provincial 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		Have endeavored to create an environment free from discrimination. Is being taken further as necessary.
7. Does the department encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results that you have achieved.	x		Confidential information.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	x		The Transformation unit is currently looking at such measurements.

11. Labour Relations

No collective agreements were entered into with trade unions within the department.

Table 11.1 – Collective agreements, 1 April 2002 to 31 March 2003

All collective agreements are negotiated on a centralised level at the Provincial Bargaining Council Western Cape (PBCWC). However the department is currently negotiating at its own Institutional Management and Labour Committee (IMLC) for the implementation of Departmental Policies.

Total collective agreements	None
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Table 11.2 summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2002 to 31 March 2003

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

Table 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
In subordination	1	100
Total	1	100

Table 11.4 – Grievances lodged for the period 1 April 2002 to 31 March 2003

	Number	% of total
Number of grievances resolved	1	33
Number of grievances not resolved	2	67
Total number of grievances lodged	3	100

It should be noted that for the period 1 April 2002 to 31 March 2003, no disputes were lodged with councils (Table 11.5), no strike actions resulted for the department (Table 11.6) and no people were suspended (Table 11.7).

12. Skills Development

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

Table 12.1 - Training needs identified 1 April 2002 to 31 March 2003

Occupational Categories	Gender	Number of employees as at 1 April 2002	Training needs identified at start of reporting period				Total
			Learnerships	ABET	Skills Programmes & other short courses	Other forms of training (Bursaries)	
Legislators, senior officials and managers	Female	0	0	0	0	0	0
	Male	10	0	0	5	0	5
Professionals	Female	10	4	0	6	11	21
	Male	31	8	0	6	24	38
Technicians and associate professionals	Female	16	0	0	7	0	7
	Male	19	0	0	7	0	7
Clerks	Female	89	5	1	9	8	23
	Male	24	1	1	7	7	16
Service and sales workers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0
	Male	2	0	1	3	0	4
Elementary occupations	Female	1	0	2	3	0	5
	Male	0	0	1	0	0	1
Sub Total	Female	116	9	3	25	19	56
	Male	86	9	3	28	31	71
Total		202	18	6	53	50	127

Table 12.2 - Training provided 1 April 2002 to 31 March 2003

Occupational Categories	Gender	Number of employees as at 1 April 2002	Training provided within the reporting period				Total
			Learnerships	ABET	Skills Programmes & other short courses	Other forms of training	
Legislators, senior officials and managers	Female	0	0	0	0	0	0
	Male	10	0	0	1	0	1
Professionals	Female	10	4	0	1	11	16
	Male	31	8	0	4	23	35
Technicians and associate professionals	Female	16	0	0	28	0	28
	Male	19	0	0	48	0	48
Clerks	Female	89	5	1	93	7	106
	Male	24	1	1	55	7	64
Service and sales workers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0
	Male	2	0	1	1	0	2
Elementary occupations	Female	1	0	2	1	0	3
	Male	0	0	1	6	0	7
Sub Total	Female	116	9	3	123	18	153
	Male	86	9	3	115	30	157
Total		202	18	6	238	48	310

13. Injury on duty

The following table provides basic information on injury on duty.

Table 13.1 – Injury on duty, 1 April 2002 to 31 March 2003

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

14. Utilisation of Consultants

Table 14.1 - Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Persal	6	1 010	2 286 289
Logis	5	994	2 782 692
Bas	2	14	39 435
Vulindlela	2	234	280 859
Ad hoc: Special Economic Advisory	7	43	99 217
Expenditure Review	2	39	135 187
Procurement Plans	6	261	328 513
Legal Advisors of the Board	2	154	179 795
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
9	32	2 749	6 131 987

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

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project

With regard to Persal, Logis, BAS and Vulindlela, the consultants were appointed by the National Treasury and, therefore, this Department had no participation in the process. With the appointment of the rest of the consultants, approval was obtained from the Provincial Tender Board to target specific individuals and tertiary institutions and, thus, did not specifically take HDIs into consideration. However, due to the fact that the Provincial Tender Board has implemented a Preferential Procurement Policy Framework, the Department would have been obliged to approach HDIs should the services of consultants were to be canvassed through the normal tendering processes.