

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

Table of Contents

Report of the Accounting Officer	77
Report of the the Auditor-General	91
Statement of Accounting Policies and Related Matters	95
Appropriation Statement	102
Notes to the Appropriation Statement	111
Statement of Financial Performance	112
Statement of Financial Position	113
Statement of Changes in Net Assets	114
Cash-flow Statement	115
Notes to the annual financial statements	116
Disclosure notes to the annual financial statements	123
Annexures	
Annexure 1A	128
Annexure 1B	128
Annexure 1C	129
Annexure 1D	130
Annexure 1E	131
Annexure 2	132
Annexure 3	133
Annexure 4	134
Audit Committee report	135

Government Communication and Information System Vote 7
Annual Financial Statements for the year ended 31 March 2007

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

1. General review of the state of financial affairs

Originally, Government Communications (GCIS) was allocated R288 037 000 for the 2006/07 financial year. However, R6 543 000 was allocated as additional funds during the adjustment estimate. The additional funds comprised the following:

- R4,422 million was rolled over from the 2005/06 financial year in respect of the printing and distribution of the *Vuk'uzenzele* magazine
- R300 000 was received as sponsorships in respect of the Government Communicators' Awards
- R1,821 million as projected income generated by the sale of advertising space in the *Vuk'uzenzele* magazine that would be used for printing and distribution of more copies of the magazine.

From the allocated budget of R294,580 million, R293,108 million was spent, resulting in a underspending of R1,472 million (0,5%). The breakdown of this underspending is as follows:

- R508 000 is the unrealised projected income of the *Vuk'uzenzele* magazine. Of the projected R1,821 million income, Programme 7 only realised R1,313 million revenue from selling media space in *Vuk'uzenzele*. This amount was paid into the National Revenue Fund (NRF) and subsequently requested from National Treasury.
- R368 000 in respect of property management (municipal services). The expected invoices for municipal services were not received at year-end from the Department of Public Works.
- R288 000 in respect of operational activities, mainly as a result of the branding of Thusong Service Centres (previously known as multi-purpose community centres [MPCCs]), which had not been finalised on 31 March 2007.
- R308 000 in respect of operational activities of the Opening of Parliament that could not be paid before the end of the financial year.

GCIS continues to adhere to sound financial management as stipulated by the Public Finance Management Act, 1999 (Act 1 of 1999), and National Treasury Regulations. All departmental financial policies were reviewed to ensure that they are aligned to the changed financial environment within the department.

GCIS is primarily responsible for setting up and consolidating a government communication system that ensures that the public is informed about government's policies, plans and programmes.

The department is primarily responsible for communication between government and the public. Emphasis is placed on development communication and direct dialogue, especially with people in disadvantaged areas. A national communication strategy is developed each year, which serves as a national communication framework for all the cluster communication strategies.

Government Communication and Information System Vote 7

Annual Financial Statements for the year ended 31 March 2007

GCIS ensures that South Africa is marketed abroad through the International Marketing Council (IMC). It also promotes the development of media diversity through support for the Media Development and Diversity Agency (MDDA).

The Chief Executive Officer (CEO) is the official government spokesperson, with the Secretariat serving as the strategising body.

GCIS continues to implement its mandate of keeping the public informed of government's programmes, policies and plans.

GCIS' strategic objectives include:

- Fostering a more positive communication environment to improve relations with the media, advertising agencies and other sectors. BuaNews, the government news agency, has continued to grow as a source of government news and information to mainstream and community media, locally and abroad. The BuaNews online website is becoming increasingly prominent in providing access to information either directly to those with computer access or through intermediaries. Ongoing interaction with the mainstream media has improved the relationship between government and this section.
- Having a clear understanding of the information needs of the public as well as those of government. GCIS strives to create a positive communication environment in the country, by ensuring that the message communicated by government is informed by the needs of the public. Twenty-five different research projects were undertaken to support initiatives to improve effective government communication. The results of these research projects have been shared with a number of national departments to assist them in their respective communication programmes.
- Fundamental to the work of GCIS is the expansion of access to information aimed at improving the lives of ordinary citizens. The bimonthly popular magazine *Vuk'uzenzele*, published in all official languages and in Braille, was launched in October 2005 with a circulation of 1,1 million. A focus on reaching the Second Economy communities informed the second round of the mass communication campaign on economic opportunities. A new edition of the core publication and the television series *Azishe Ke!* was produced and broadcast in partnership with the public broadcaster. In the past year, imbizo programmes became more closely integrated with the municipal processes of governance and participation, and in particular Project Consolidate. The roll-out programme of Thusong Service Centres (formerly MPCCs) continued in the past year and reached 96. The result of research conducted in the communities serviced by 66 Thusong Service Centres led to a change in the name of the centres from MPCCs to Thusong Service Centres, with new imagery and branding.
- Setting high standards for government communication. Much progress has been made during the past year in building capacity in municipalities to ensure communication with the public. Provincial workshops facilitated by GCIS were held countrywide. These culminated in the National Conference on Local Government Communication in May 2006. Guidelines for Local Government Communication were developed and endorsed by the South African Local Government Association (Salga) Members Assembly in June 2006. Several programmes to enhance communicators' capacity have been ongoing. Two hundred municipal communicators have been trained in the function and

role of government communication as well as in communication planning and strategising. The Academy of Government Communication and Marketing produced 31 student graduates with the Professional Certificate in Government Communication and Marketing.

- Democratising the communication environment. The MDDA's mission is to assist in building an environment where a diverse, vibrant and creative media flourishes, which reflects the needs of all South Africans. Presently, the MDDA is managing grants of R20 million over a three-year cycle. The MDDA continues to provide grants in response to applications, to develop strategies with the media sector to build stronger provincial media networks and to build the credibility of grassroots media. The first phase of a feasibility study has been conducted on the possibility of introducing support to small commercial media projects through a low interest rate loan as stipulated in the MDDA Act, 2002 (Act 14 of 2002). Continuous monitoring and evaluation of the approved projects are focus areas of the MDDA. An external impact evaluation against its indicators is envisaged in 2008. Plans have also been put in place in anticipation of the impact of the passing of the Electronic Communication Act in the coming year.
- Marketing South Africa locally and abroad. The IMC developed a marketing brand for South Africa to attract tourism trade and investment. The IMC continues to intervene in opportunities to market South Africa and has purchased media space in strategic media publications. Through the three country managers in the United States of America, the United Kingdom and India, the IMC has been able to make the necessary interventions in media circles internationally. The 2010 FIFA Soccer World Cup is presenting immense opportunities to market South Africa and the African continent. In collaboration with a number of stakeholders, GCIS has participated in the 2010 Communication Partnership Conference, organised by the IMC in August 2006. This is to be an annual event until the 2010 FIFA Soccer World Cup takes place. The forum aims to ensure that the communication leading to the event is aligned to the message marketing the African continent, and South Africa in particular. During this period, GCIS together with the IMC and other stakeholders will work towards promoting a positive image of Africa to the rest of the world.

Other key strategic focus areas include:

- Promoting a smarter working GCIS by improving the use of information technology in communication and developing the core competencies of communicators.
- Expanding capacity to facilitate quick and accurate analysis and providing rapid response to the public, media and government departments. The Communication Resource Centre monitors all international media on a 24-hour basis. The daily reports enable a rapid response team to advise accordingly.
- Providing excellent media and communication services to government.
- Assisting in developing government media, communication and information policy.
- Ensuring that information about government programmes and services is accessible to the public and making the government information centres (GICs), Thusong Service Centres and the e-government Gateway critical elements of government communication.

Government Communication and Information System Vote 7

Annual Financial Statements for the year ended 31 March 2007

The overarching strategic objective of GCIS is to enhance the government communication system and its operations in ways that contribute to the process of further consolidating our democracy and taking the country onto a higher growth and development path.

The strategic objective will be achieved by having the following elements in GCIS' strategic approach:

- providing leadership in government communication and ensuring better performance by the communication system
- building a framework of communication partnerships informed by an encompassing vision around common development objectives
- promoting awareness of the opportunities that democracy has brought and how to access them
- promoting awareness of the institutions and programmes of continental and regional integration and development
- communication research and information.

GCIS' main programmes

- *Administration* is responsible for the overall management of GCIS.
- *Policy and Research* conducts communication research to provide communication advice on governance, and monitors the development and implementation of government programmes from a communication perspective.
- *Government and Media Liaison (G&ML)* co-ordinates effective, integrated and comprehensive communication and media liaison services across government.
- *Provincial and Local Liaison (P&LL)* supports development communication and extend government's information infrastructure through partnerships with provincial and local government. It also facilitates the establishment of Thusong Service Centres to make services and information more accessible to the public, particularly the disadvantaged.
- The *Communication Service Agency (CSA)* provides core communication services to GCIS and other government departments, both in-house and through outsourcing.
- The *IMC* markets South Africa internationally and the *MDDA* promotes local media development and diversity.
- The *Government Publication (Vuk'uzenzele)* creates a communication vehicle that provides citizens with information on economic and other opportunities and how these can be accessed.

Government Communication and Information System Vote 7

Annual Financial Statements for the year ended 31 March 2007

Virement

The following virement was approved at the Adjustments Budget:

Main division	Original budget (R'000)	Virement (R'000)	Additional funds (R'000)	Adjustments budget allocation (R'000)
1 Administration	66 197	1 088	-	67 285
2 Policy and Research	11 649	(27)	-	11 622
3 G&ML	18 170	(495)	300	17 975
4 P&LL	41 245	(376)	-	40 869
5 CSA	36 026	(190)	-	35 836
6 IMC and MDDA	93 045	-	-	93 045
7 Government Publication (Vuk'uzenzele)	21 705	-	6 243	27 948
TOTAL	288 037	-	6 543	294 580

The above virement is represented by:

- an increase of R2 555 000 in the compensation of employees as a result of the payment of performance bonuses as well as allowances for subsidised motor transport that was budgeted for in goods and services
- a decrease in goods and services by R3 249 000 to fund compensation of employees as well as transfers and subsidies and the purchase of capital equipment
- an increase of R201 000 in transfers and subsidies to fund payments in respect of Regional Service Council levies as well as leave gratuity in respect of the retirement of three employees and the death of one employee
- the capital budget increased by R493 000 in the capital budget to fund the purchase of capital equipment.

Government Communication and Information System Vote 7

Annual Financial Statements for the year ended 31 March 2007

The following virement was approved by the Accounting Officer and National Treasury after the Adjustments Budget:

Main division	Adjustments budget (R'000)	Virement (R'000)	Adjustments budget allocation (R'000)
1 Administration	67 285	4 022	71 307
2 Policy and Research	11 622	472	12 094
3 G&ML	17 975	(1 402)	16 573
4 P&LL	40 869	(1 770)	39 099
5 CSA	35 836	(2 866)	32 970
6 IMC and MDDA	93 045	-	93 045
7 Government Publication (<i>Vuk'uzenzele</i>)	27 948	1 544	29 492
TOTAL	294 580	-	294 580

The above virement is represented by:

- a decrease of R468 000 in the compensation of employees as a result of the period that lapses before vacant posts are filled
- a decrease of R1 209 000 in the budget of goods and services to fund the purchase of capital equipment
- an increase of R25 000 in transfers and subsidies to fund leave gratuity as a result of the retirement of one official and the death of three officials
- an increase of R1 652 000 in the budget for capital assets to fund the purchasing of capital assets.

Other material matters

During the 2003/04 financial year, unauthorised expenditure to the value of R1,591 million was recorded as a result of a saving in the capital budget which could not be used to defray the overexpenditure in the current budget. Fortunately, Parliament approved that the funds be authorised. The full amount was requested and received from National Treasury on 31 March 2007.

As reported previously, the former CEO of the South African Communication Service, Mr Solly Kotane, had a debt of R1 698 400 due to irregularities. This debt had since accumulated interest, resulting in the total debt amounting to R3 600 000. A High Court judgment of 30 years was also issued against Mr Kotane. GCIS requested the Standing Committee on Public Accounts (Scopa) to write off the debt over two to three years and to waive the accumulated interest. Permission was granted. This amount has since been cleared in GCIS' accounting records and the subsequent endorsement by National Treasury to waive the accumulated interest has also enabled the accumulated interest to be removed from the accounting records.

2. Service rendered by the department

2.1 Tariff policy

GCIS produces a variety of information products, including posters, banners, photos and videos on behalf of other departments. Some of these photos and videos are sold to the public and other departments. The department also provides graphic-design services to government departments and for GCIS-initiated projects. GCIS has also awarded a contract to a private company for the marketing and sales of the *South Africa Yearbook* and *Pocket Guide to South Africa*.

Tariffs are developed after determining the direct costs linked to the production of the information products. Tariffs make no provision for a profit margin.

A total amount of R429 373 was generated during the 2006/07 financial year from selling photos, videos and CDs as well as income received from the private company that sells the *SA Yearbook* and *Pocket Guide to South Africa*.

The income generated from selling media space in the Government Magazine (*Vuk'uzenzele*) to private companies and other government departments amounted to R1 313 000. This was R508 000 less from the projected income of R1 821 000. National Treasury approved, through the Adjustments Budget, that the total amount could be requested to supplement the 2006/07 budget allocation of Programme 7 (Government Publication). Advertising space tariffs vary between R80 000 and R100 000 for a full-page advert while an agency commission of 16,5% is offered as discount.

The income generated through sales is deposited directly into the NRF on a monthly basis.

2.2 Inventories

Inventories kept at GCIS' main store consist of limited stock of stationery, government forms and cartridges for printers.

3. Capacity constraints

Insofar as capacity constraints are experienced, they are in part about skills and in part about the numbers of staff.

3.1 Numbers

Where expansion of GCIS' operations require additional human resources on more than a short-term basis and where it is not possible to accommodate this need by realigning the establishment organogram, GCIS submits a request to National Treasury – as done for the current Medium Term Expenditure Framework period

Government Communication and Information System Vote 7

Annual Financial Statements for the year ended 31 March 2007

with respect to 2010, communication officers in regions, supply chain management, etc. Where the demands for services are uneven, as in the case of for example CSA design services, peaks in demand are handled by procuring services through tenders.

3.2 Skills

While not independent of the question of numbers, the skills constraints – both in GCIS and the broader communication system – have their own dynamics and are constantly felt. The response takes several forms:

- **General communication and professional skills** – The Academy of Government Communication and Marketing is a joint initiative of GCIS, Unilever Foundation and the Mandela-Rhodes Foundation. It takes about 35 students a year (from across the government system and state-owned enterprises and from all three spheres of government) into a five-week block release course taught presently at the University of Witwatersrand's School of Public and Development Management. Successful students get the Diploma in Government Communication and Marketing. The popularity and success of the course has led GCIS to explore with its partners the possibility of having two intakes a year, possibly using more than one campus.
- **Strategising skills** – GCIS developed a core expertise in this field and has continually set about enhancing these skills in-house and transferring them to communicators in other departments, provinces and now districts. These have involved both workshops facilitated by GCIS and courses procured through tender for which GCIS has recruited participants.
- **Drafting skills** – These are developed largely through mentoring, and in a structured way through the Content Hub, which assigns drafting tasks, oversees them and develops capacity to draft and for further mentoring in the various components. In addition, various staff members attend relevant courses from time to time.
- **Management skills** – There is a continuous structured programme to develop and enhance these skills.

3.3 Strategic Organisational Review

At present, constraints are being felt at a number of points, and the organisation has initiated a strategic organisational review which is assessing the fit between GCIS' skills, its human resources and the way it is organised against present demands and those anticipated in the coming three years or so. The scope will include not only GCIS but also the broader government communication system to which GCIS must give leadership through co-ordination and strategic guidance and which is the source of much of the demand on GCIS for services and human-resource support. This will enable GCIS to give an informed statement of constraints and recommendations for addressing them.

4. Public entities

There are two public entities under the control of GCIS, namely the IMC and the MDDA.

The IMC's main objective is the marketing of South Africa through the Brand South Africa campaign. To achieve its objective, the IMC will:

- Establish a brand for South Africa (Brand South Africa), which positions the country in terms of its investment and credit worthiness, exports, tourism and international relations objectives.
- Establish an integrated approach within government and the private sector towards the international marketing of South Africa.
- Build national support for the brand within South Africa itself. To achieve this, the IMC enlists the co-operation of government departments, public entities, the private sector and non-governmental organisations.

The MDDA's main objective is to enable historically disadvantaged communities and persons not adequately served by the media to gain access to it. Its beneficiaries are community and small commercial media.

Both these public entities received transfer payments from GCIS. A once-off payment of R9,62 million was made to the MDDA on 1 April 2006, while four quarterly transfer payments totalling R83,425 million were made to the IMC, resulting in total transfers made to these two public entities of R93,045 million. GCIS holds quarterly meetings with the MDDA and IMC to obtain reports on the full transfer given to them.

5. Organisations to whom transfer payments have been made

Apart from the transfer payment made to the MDDA and IMC, an amount of R68 530 was transferred to various regional service councils in respect of the monthly levies. Another transfer of R195 323 was paid in respect of four officials who retired as well as four who passed away.

6. Corporate governance arrangements

GCIS has developed a risk-management and fraud-prevention plan. It is reviewed on an annual basis. A methodology/guideline was developed to assist in determining the risks facing GCIS. Among the factors taken into account in developing a risk-management strategy were GCIS' previously audited financial statements and legislative requirements. The risk-management strategy was integrated into the overall GCIS annual strategic planning session. The risk-management strategy was compiled following workshops conducted with all chief directorates, and with regional offices represented by the regional managers and their administration officers. Workshops with other regional office staff members were undertaken as part of promoting awareness, particularly among staff based in Thusong Service Centres.

A fraud-prevention policy has been developed to manage all fraud-related activities within the department. Four audit committee meetings were held during the year under review, which evaluated the reports of Internal Audit and those of the Auditor-General. An internal audit committee meets every second month to discuss Internal Audit's audit reports.

Government Communication and Information System Vote 7

Annual Financial Statements for the year ended 31 March 2007

GCIS established the Occupational Health and Safety Committee which consists of eight members. In addition, safety representatives were also appointed within the department to assist in emergency situations. Capacity-building for this team was successfully done through the attendance of relevant conferences. The safety representatives were, among other things, trained up to First Aid level II.

The Fire-Prevention and Fire-Fighting Team successfully dealt with a fire that could have caused serious damage to the building. Monthly and quarterly servicing of equipment takes place to ensure a safe and healthy environment. An Occupational Health and Safety Audit was successfully conducted and recommendations implemented.

The Secretariat, which is the highest management forum of GCIS, meets weekly to discuss the communication environment and to review the work of the department. Once a month, the Minister in The Presidency, who provides strategic leadership and guidance to the work of GCIS, is briefed on the work of the department. The other management forum, Indibano, consisting of all senior managers from director level upwards, meets monthly to discuss the department's organisational matters. The forum is also used to provide presentations and in-house training on various topics and aspects for senior managers.

General staff briefings are conducted twice a year, and corporate social activities are undertaken by the Corporate Services Programme. The departmental procurement policy and delegations ensure that supply-chain management procedures are fully complied with.

7. Discontinued activities/activities to be discontinued

None.

8. New/proposed activities

New activities for the 2007/08 financial year for which funding was approved by National Treasury include:

8.1 Office space

Cabinet endorsed the project for the creation of a government precinct in the Pretoria city centre. This had the effect of preventing departments whose leases were about to expire from entering into long lease agreements without taking into account the bigger project. The current lease for GCIS' Midtown Building expired on 31 July 2006 but was renewed in December 2006 for another three years.

The GCIS staff establishment has outgrown the available office space and cannot be comfortably accommodated in the building. In addition, parking is not available for most staff and visitors. During GCIS' interaction with the Department of Public Works, it was advised that the process of finalising the alternative accommodation, which would cater for GCIS' needs, will take up to three years.

As an interim measure, additional funding was requested from National Treasury to address the current space shortages. The additional space sourced would accommodate the staff of Programme 7 who had to be temporarily accommodated in one of the boardrooms. An additional R1 million in the current Property Management Budget has been provided by National Treasury. The estimated costs were calculated by the Department of Public Works based on the additional space. The lease will be for three years.

8.2 Staff development and internship

The Department of Public Service and Administration's policy recommends that the stipend for interns be on a minimum of R2 500 per month. GCIS takes 25 interns every six months at a monthly stipend of R1 500. To comply with the minimum allocation, an additional amount of R255 000 was requested.

The Secretariat has identified the training needs of managers at different levels of management. A training course for senior and middle managers has been identified at both the University of the Witwatersrand and the University of Pretoria. A total of 10 senior managers and 10 middle managers will be sent on this course in 2007. Some R900 000 was allocated by National Treasury for this project.

8.3 Business process re-engineering (BPR) and regional office activities

P&LL is responsible for disseminating government information and communication to the public, through the establishment of Thusong Service Centres. It also has to ensure that the government communication system is cascaded to the third sphere of government, the local level. In 2001, the chief directorate underwent a BPR. The focus was to conduct a situational analysis to evaluate its systems as well as the structural deficiencies that acted as impediments to its mandate. This resulted in additional communication officer posts to address the increasing number of Thusong Service Centres. During 2006, a similar BPR was undertaken to focus on regional management and the regional activities of the Thusong Service Centres and GICs. It has been noted that the activities of GCIS regional offices have increased drastically. Their work includes the following areas:

- identifying and responding to local communication needs
- development communication
- facilitating two-way communication
- creating awareness of government programmes
- fostering partnerships at all three spheres of government
- Thusong Service Centre programmes
- providing support to local government
- developing and fostering media relations
- information management.

Based on these increased responsibilities, it was proposed that the chief directorate be upgraded to branch level, led by a deputy CEO, and that two additional chief director positions be created to assist in managing

Government Communication and Information System Vote 7

Annual Financial Statements for the year ended 31 March 2007

the programme. It was also recommended that all regional offices be managed at the level of director. National Treasury approved and allocated R4,3 million for the establishment of director posts in regional offices from the 2007/08 financial year.

Other activities of GCIS regional offices include:

- Following the successful roll-out of local government communication into the government communication system, Salga mandated GCIS to assist with the training of communicators in the wards.
- With the name change of MPCCs to Thusong Service Centres, the brand has been changed in line with the research findings and also on instruction from the Department of Arts and Culture, which does not allow the usage of the South African flag as a brand. GCIS will continue to establish the new brand in 2007.
- GCIS is continuing with discussions around the establishment of one Thusong Service Centre in each hub in the 47 districts. A further R14 million is required for operations and maintenance to relevant Thusong Service Centres. Discussions and consultations with the relevant role-players will continue.

8.4 2010 FIFA World Cup

The communication strategy, submitted to the 2010 Technical Co-ordinating Committee, seeks to create a framework for integrated and coherent communication across government and society. It takes into account the communication responsibilities of the FIFA Organising Committee. These activities include the appointment of the project manager, production of communication products for domestic and international audiences, research costs for both the domestic and international environment, the production of web content, and networking and workshops to promote integration and co-ordination both in South Africa and on the continent in the context of this being an African World Cup. National Treasury allocated R8,8 million for communication in respect of the 2010 World Cup.

8.5 Government Publication (*Vuk'uzenzele*)

In view of responses received on the editions that were produced since the establishment of this magazine in 2005, there has been a need to increase the current print run of 900 000 copies together with the distribution cost. Advertising space is sold for each edition to private companies and other government departments. Although National Treasury approved, during the 2006 Adjustments Budget, that generated income (approximately R1,8 million) may be used to supplement the budget, further discussions will be held with National Treasury.

8.6 Second-economy programmes

GCIS contributes to the development of government's second-economy communication campaign around economic opportunities and how to access them. It has led to a mass communication campaign on economic opportunities created by government programmes, especially second-economy interventions. Since 2004/05, this programme has been funded through contributions by departments (R250 000 each) belonging to the Forum of South African Directors-General's Economic, Investment and Employment Cluster and

regulated by service level agreements between GCIS and the contributing department. This resulted in about R5 million.

The strategic approach to communication for 2006, adopted by Cabinet at the January 2006 lekgotla, had as one of its core strategic thrusts, a massive scaling-up of second-economy communication, motivated by research which found there was a low level of awareness of the opportunities created by government's second-economy interventions in the sectors that most needed that information. To expand these campaigns, National Treasury allocated R2 million in 2007/08.

9. Asset management

All assets are captured in the Asset Register. An asset-management unit has always been in existence within the department. The unit resides under Supply Chain Management and consists of three officials. Responsibility/cost-centre managers are appointed in writing as controllers of assets that fall within their chief directorates and directorates. Asset-management teams are appointed annually to do comprehensive asset verification within the department.

The department has the following in place:

- Asset Register
- Asset-Management Strategy
- a comprehensive asset-management policy that includes maintenance, disposal, etc.

All policies are reviewed before the commencement of each financial year.

With reference to the compliance with the asset-management reform milestones, it can be confirmed that:

- The condition of all furniture and equipment was updated on the manual Asset Register of the department.
- The condition of all equipment was also updated on the Logis system.
- Currently, the Logis system does not cater for the updating of the condition of furniture. A request for enhancement was logged with National Treasury.

10. Events after the reporting date

No material events that had an influence on the financial statements and the financial position of GCIS occurred after the balance sheet date.

11. Performance information

Performance is measured through various processes. Senior managers are required to submit monthly reports to Indibano. The reports contain activities of the previous month and planned activities for the follow-

Government Communication and Information System Vote 7

Annual Financial Statements for the year ended 31 March 2007

ing month, together with progress thereof. In addition, a quarterly report of milestones is done by Internal Audit where all the activities of the Indibano reports are consolidated into one document. The Budget Office quarterly requests that all programme and responsibility managers complete evaluation reporting schedules based on output, measures/indicators and targets that are published in the Estimates of National Expenditure (ENE). The achievements and planned output for the remaining part of the financial year is verified and signed off by the two branch managers (DCEOs) before it is submitted to the Budget Committee of which the Accounting Officer is the chairperson.

The expenditure trend is verified monthly through reports to the Secretariat, and budget committee and Indibano meetings. The Secretariat has monthly meetings with the Minister to report on expenditure trends, as well as on the overall performance of activities. Expenditure and performance evaluation reports are also submitted and discussed at the quarterly audit committee meetings in addition to the internal audit committee meetings.

12. Standing Committee on Public Accounts' resolutions

Scopa made the following resolutions regarding the debt of the former CEO, Mr Kotane:

Reference to previous audit report and Scopa resolutions	Subject	Findings on progress
GCIS requested Scopa to write off the outstanding debt of approximately R3,6 million (capital of R1,7 million plus interest of R1,9 million) and to waive the interest.	Irrecoverable debt of former CEO, Mr Kotane.	<ul style="list-style-type: none">• Scopa recommended in the 69th report, dated 24 May 2006, to write off the outstanding debt.• Upon request from GCIS, Scopa recommended to the National Assembly in the sixth report of Scopa on GCIS, dated 15 November 2006, that the interest be waived.• The Finance Bill was signed by the President on 31 March 2007, after which the capital debt was formally written off.

Approval

The Annual Financial Statements have been approved by the Accounting Officer.



Themba J Maseko
Chief Executive Officer
31 May 2007

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO. 7 GOVERNMENT COMMUNICATION AND INFORMATION SYSTEM

FOR THE YEAR ENDED 31 MARCH 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Government Communication and Information System (GCIS), which comprise the Statement of Financial Position as at 31 March 2007, Appropriation Statement, Statement of Financial Performance, Statement of Changes in Net Assets and Cash-Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 95 to 134.

Responsibility of the Accounting Officer for the financial statements

2. The Accounting Officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting and in the manner required by the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999). This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996, read with section 4 of the Public Audit Act, 2004 (Act No 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 646 and 647 of 2007, issued in *Government Gazette No. 29919* of 25 May 2007. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

Government Communication and Information System Vote 7

Annual Financial Statements for the year ended 31 March 2007

presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:

- appropriateness of accounting policies used
- reasonableness of accounting estimates made by management
- overall presentation of the financial statements.

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

8. The department is required to prepare financial statements on the modified cash basis of accounting determined by the National Treasury. The modified cash basis of accounting constitutes the cash basis of accounting supplemented with additional disclosure items.

Opinion

9. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government Communication and Information System as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury of South Africa, as set out in paragraph 8, and in the manner required by the PFMA.

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

10. Information systems audit

General controls in the information technology environment

A follow-up information systems audit was completed in May 2007. The follow-up audit indicates that significant progress, which is indicative of management commitment to the achievement of a secure IT environment, had been made in rectifying the control weaknesses identified during the previous audit.

The most significant weaknesses still remaining were the following:

- The business agreement and service level agreement between the department and the State Information Technology Agency (SITA) were not yet formalised.
- Some weaknesses were identified in respect of the user account management procedures for the Personal and Salary System (PERSAL), Basic Accounting System (BAS), Logical Information System (LOGIS) and the Local Area Network (LAN).
- The activities of the system controllers and the network administrators were not monitored. Furthermore, access violations and logon violations of users were not reviewed or monitored.

Management in their response referred to various corrective steps to address the above-mentioned weaknesses. The effectiveness thereof will be evaluated during a follow-up audit.

11. Delay in finalisation of audit

Due to the national public-sector strike action during June 2007, the Auditor-General had to delay the finalisation of affected departments. As a result, the Auditor-General's consistency review process of the audit reports could only be conducted subsequent to 31 July 2007, the consequence of which was a delay in the finalisation of the audit of this department for the 2006/07 financial year.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

12. I have audited the performance information as set out on pages 17 to 46.

Responsibilities of the Accounting Officer

13. The Accounting Officer has additional responsibilities as required by section 40(3)(a) of the PFMA. to ensure that the annual report and audited financial statements fairly present the performance against pre-determined objectives of the department.

Responsibility of the Auditor-General

14. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act 25 of 2004), read with General Notice 646 of 2007, issued in *Government Gazette No. 29919* of 25 May 2007.

15. In terms of the foregoing, my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

16. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Government Communication and Information System Vote 7

Annual Financial Statements for the year ended 31 March 2007

Audit findings

17. Objectives reported on in the Annual Report in respect of Programme 5 (Communication Service Agency) and Programme 6 (International Marketing and Media Development) were not included in the strategic plan of the department.

18. In addition to the above, before material adjustments were made to the reported performance information, there were discrepancies in the number of outputs per objective (refer table below) and several targets that were initially reported on in the Annual Report were materially different from the targets as per the strategic plan.

Main division	Number of outputs: Strategic Plan	Number of outputs: Annual Report	Difference
Programme 3: Government & Media Liaison	12	6	4
Programme 4: Provincial & Local Liaison	8	6	2
Programme 5: Communication Service Agency	8	6	2
TOTAL	26	18	8

APPRECIATION

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



FJ Joubert for Auditor-General

Pretoria

31 August 2007



AUDITOR - GENERAL

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

FOR THE YEAR ENDED 31 MARCH 2007

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, 1999 (Act 1 of 1999), (as amended by Act 29 of 1999), and the Treasury regulations issued in terms of the Act and the Division of Revenue Act, 2006 (Act 2 of 2006).

1. Presentation of the financial statements

1.1 Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting, transactions and other events are recognised when cash is received or paid.

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures

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

1.5 Comparative figures – Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

Government Communication and Information System Vote 7

Accounting Policies for the year ended 31 March 2007

2. Revenue

2.1 Appropriated funds

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

Total appropriated funds are presented in the Statement of Financial Performance.

Unexpended appropriated funds are surrendered to the National Revenue Fund. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

2.2 Departmental revenue

All departmental revenue is paid into the National Revenue Fund when received, unless otherwise stated. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

2.2.1 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the Statement of Financial Performance when the cash is received.

2.2.2 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the Statement of Financial Performance when the cash is received.

2.2.3 Financial transactions in assets and liabilities

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

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the Statement of Financial Performance when the cheque becomes stale. When the cheque is reissued, the payment is made from revenue.

2.2.4 Gifts, donations and sponsorships (transfers received)

All cash gifts, donations and sponsorships are paid into the National Revenue Fund and recorded as rev-

enue in the Statement of Financial Performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements.

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

3. Expenditure

3.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the Statement of Financial Performance when the payment is effected on the system (by no later than 31 March of each year).

All other payments are classified as current expense.

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

3.1.1 Short-term employee benefits

Short-term employee benefits comprise leave entitlements (including capped leave), 13th cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the Statement of Financial Performance when the payment is effected on the system (by no later than 31 March of each year).

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

3.1.2 Long-term employee benefits

3.1.2.1 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the payment is effected on the system (by no later than 31 March of each year).

Government Communication and Information System Vote 7

Accounting Policies for the year ended 31 March 2007

3.1.2.2 Post-employment retirement benefits

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the payment to the fund is effected on the system (by no later than 31 March of each year). 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 National Revenue Fund and not in the financial statements of the employer department.

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

3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project or an asset of R5 000 or more is purchased. All assets costing less than R5 000 will also be reflected under goods and services.

3.3 Financial transactions in assets and liabilities

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

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

3.4 Unauthorised expenditure

When discovered, unauthorised expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

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

3.5 Irregular expenditure

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority, it is treated as an asset until it is recovered or written off as irrecoverable.

3.6 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the payment is effected on the system (by no later than 31 March of each year).

3.7 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the payment is effected on the system (by no later than 31 March of each year).

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

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

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made.

4.3 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party.

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

4.4 Inventory

Inventories purchased during the financial year are disclosed at cost in the notes.

Government Communication and Information System Vote 7

Accounting Policies for the year ended 31 March 2007

4.5 Capital assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the capital asset may be stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

Projects (construction/development) running over more than one financial year relating to assets, are only capitalised as assets on completion of the project and at the total cost incurred over the duration of the project.

Disclosure notes 27 and 28 reflect the total movement in the Asset Register for the current financial year.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise amounts owing to other governmental entities. These payables are recognised at historical cost in the Statement of Financial Position.

5.2 Lease commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

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

5.3 Accruals

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

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.4 Contingent liabilities

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

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

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

Contingent liabilities are included in the disclosure notes.

5.5 Commitments

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

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

6. Net assets

6.1 Recoverable revenue

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

7. Key management personnel

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

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

Government Communication and Information System Vote 7

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	2006/07						2005/06	
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
1 Administration								
Current payment	65,943	2,801	68,744	68,376	368	99,5%	49,295	49,294
Transfers and subsidies	29	13	42	42	-	100,0%	97	95
Payment for capital assets	1,313	1,208	2,521	2,521	-	100,0%	3,503	3,503
2 Policy and Research								
Current payment	11,604	346	11,950	11,950	-	100,0%	13,363	13,363
Transfers and subsidies	4	-	4	4	-	100,0%	14	14
Payment for capital assets	14	126	140	140	-	100,0%	-	-
3 Government and Media Liaison								
Current payment	17,636	(1,332)	16,304	16,304	-	100,0%	15,132	15,132
Transfers and subsidies	9	-	9	9	-	100,0%	32	32
Payment for capital assets	330	(70)	260	260	-	100,0%	128	127
4 Provincial and Local Liaison								
Current payment	40,692	(2,219)	38,473	38,186	287	99,3%	32,811	32,811
Transfers and subsidies	66	12	78	78	-	100,0%	131	130
Payment for capital assets	111	437	548	547	1	99,8%	823	823
5 Communication Service Agency								
Current payment	34,994	(2,772)	32,222	31,914	308	99,0%	56,054	51,356
Transfers and subsidies	130	-	130	130	-	100,0%	34	34
Payment for capital assets	712	(94)	618	618	-	100,0%	1,444	1,444
6 International Marketing and Media Development								
Transfers and subsidies	93,045	-	93,045	93,045	-	100,0%	76,269	76,269
7 Government Publication								
Current payment	27,917	1,499	29,416	28,908	508	98,3%	-	-
Transfers and subsidies	1	-	1	1	-	100,0%	-	-
Payment for capital assets	30	45	75	75	-	100,0%	-	-
Total	294,580	-	294,580	293,108	1,472	99,5%	249,130	244,427
Reconciliation with Statement of Financial Performance								
Prior year unauthorised expenditure approved with funding			1,591				-	
Departmental receipts			3,060				665	
Actual amounts per Statement of Financial Performance (Total revenue)			299,231				249,795	
Prior year unauthorised expenditure approved				1,591				-
Actual amounts per Statement of Financial Performance				294,699				244,427
Expenditure								

Government Communication and Information System Vote 7
Appropriation statement for the year ended 31 March 2007

Programme per subprogramme	2006/07						2005/06	
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current payments								
Compensation of employees	84,521	(468)	84,053	84,052	1	100,0%	75,014	75,018
Goods and services	114,265	(1,209)	113,056	109,469	3,587	96,8%	91,641	86,899
Financial transactions in assets and liabilities	-	-	-	2,117	(2,117)	0,0%	-	39
Transfers and subsidies								
Provinces and municipalities	68	1	69	69	-	100,0%	233	230
Departmental agencies and accounts	93,045	-	93,045	93,045	-	100,0%	76,269	76,269
Households	171	24	195	195	-	100,0%	75	75
Payment for capital assets								
Machinery and equipment	2,187	1,119	3,306	3,305	1	100,0%	4,742	4,741
Software and other intangible assets	323	533	856	856	-	100,0%	1,156	1,156
Total	294,580	-	294,580	293,108	1,472	99,5%	249,130	244,427

Government Communication and Information System Vote 7

Appropriation statement for the year ended 31 March 2007

Detail per Programme 1: Administration for the year ended 31 March 2007

Programme per subprogramme	2006/07						2005/06	
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
1.1 Management								
Current payment	4,510	1,885	6,395	6,395	-	100,0%	4,310	4,310
Transfers and subsidies	3	-	3	3	-	100,0%	11	10
Payment for capital assets	33	46	79	79	-	100,0%	50	50
1.2 Corporate Services								
Current payment	51,649	916	52,565	52,565	-	100,0%	44,985	44,984
Transfers and subsidies	26	13	39	39	-	100,0%	86	85
Payment for capital assets	1,280	1,162	2,442	2,442	-	100,0%	3,453	3,453
1.3 Property Management								
Current payment	9,784	-	9,784	9,416	368	96,2%	-	-
Total	67,285	4,022	71,307	70,939	368	99,5%	52,895	52,892

Economic classification	2006/07						2005/06	
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current payments								
Compensation of employees	29,543	1,595	31,138	31,138	-	100,0%	27,583	27,583
Goods and services	36,400	1,206	37,606	35,351	2,255	94,0%	21,712	21,696
Interest and rent on land	-	-	-	-	-	0,0%	-	-
Financial transactions in assets and liabilities	-	-	-	1,887	(1,887)	0,0%	-	15
Transfers and subsidies								
Provinces and municipalities	24	1	25	25	-	100,0%	81	79
Households	5	12	17	17	-	100,0%	16	16
Payments for capital assets								
Machinery and equipment	998	835	1,833	1,833	-	100,0%	2,347	2,347
Software and other intangible assets	315	373	688	688	-	100,0%	1,156	1,156
Total	67,285	4,022	71,307	70,939	368	99,5%	52,895	52,892

Government Communication and Information System Vote 7
Appropriation statement for the year ended 31 March 2007

Detail per Programme 2: Policy and Research
for the year ended 31 March 2007

Programme per subprogramme	2006/07						2005/06	
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
2.1 Management								
Current payment	954	(21)	933	933	-	100,0%	870	872
Transfers and subsidies	1	-	1	1	-	100,0%	2	2
Payment for capital assets	-	12	12	12	-	100,0%	-	-
2.2 Policy								
Current payment	3,660	(94)	3,566	3,566	-	100,0%	5,438	5,437
Transfers and subsidies	2	-	2	2	-	100,0%	6	6
Payment for capital assets	-	31	31	31	-	100,0%	-	-
2.3 Research								
Current payment	6,990	461	7,451	7,451	-	100,0%	7,055	7,054
Transfers and subsidies	1	-	1	1	-	100,0%	6	6
Payment for capital assets	14	83	97	97	-	100,0%	-	-
Total	11,622	472	12,094	12,094	-	100,0%	13,377	13,377

Economic classification	2006/07						2005/06	
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current payments								
Compensation of employees	4,784	60	4,844	4,844	-	100,0%	4,328	4,329
Goods and services	6,820	286	7,106	7,104	2	100,0%	9,035	9,034
Interest and rent on land	-	-	-	-	-	0,0%	-	-
Financial transactions in assets and liabilities	-	-	-	2	(2)	0,0%	-	-
Transfers and subsidies								
Provinces and municipalities	4	-	4	4	-	100,0%	14	14
Capital								
Machinery and equipment	14	80	94	94	-	100,0%	-	-
Software and other intangible assets	-	46	46	46	-	100,0%	-	-
Total	11,622	472	12,094	12,094	-	100,0%	13,377	13,377

Government Communication and Information System Vote 7

Appropriation statement for the year ended 31 March 2007

Detail per Programme 3: Government and Media Liaison for the year ended 31 March 2007

Programme per subprogramme	2006/07						2005/06	
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
3.1 Management								
Current payment	3,485	40	3,525	3,525	-	100,0%	3,189	3,188
Transfers and subsidies	3	-	3	3	-	100,0%	8	8
Payment for capital assets	250	(100)	150	150	-	100,0%	56	55
3.2 National Liaison								
Current payment	4,181	(399)	3,782	3,782	-	100,0%	3,496	3,496
Transfers and subsidies	2	-	2	2	-	100,0%	7	7
Payment for capital assets	-	16	16	16	-	100,0%	60	60
3.3 International and Media Liaison								
Current payment	3,962	(553)	3,409	3,409	-	100,0%	3,124	3,124
Transfers and subsidies	1	-	1	1	-	100,0%	6	7
Payment for capital assets	-	28	28	28	-	100,0%	12	12
3.4 News Services								
Current payment	3,794	(161)	3,633	3,633	-	100,0%	3,326	3,327
Transfers and subsidies	2	-	2	2	-	100,0%	8	7
Payment for capital assets	-	28	28	28	-	100,0%	-	-
3.5 Parliamentary Liaison								
Current payment	2,214	(259)	1,955	1,955	-	100,0%	1,997	1,997
Transfers and subsidies	1	-	1	1	-	100,0%	3	3
Payment for capital assets	80	(42)	38	38	-	100,0%	-	-
Total	17,975	(1,402)	16,573	16,573	-	100,0%	15,292	15,291

Economic classification	2006/07						2005/06	
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current payments								
Compensation of employees	11,471	(635)	10,836	10,836	-	100,0%	10,285	10,285
Goods and services	6,165	(697)	5,468	5,458	10	99,8%	4,847	4,837
Interest and rent on land	-	-	-	-	-	0,0%	-	-
Financial transactions in assets and liabilities	-	-	-	10	(10)	0,0%	-	10
Transfers and subsidies								
Provinces and municipalities	9	-	9	9	-	100,0%	32	32
Capital								
Machinery and equipment	330	(70)	260	260	-	100,0%	128	127
Total	17,975	(1,402)	16,573	16,573	-	100,0%	15,292	15,291

Government Communication and Information System Vote 7
Appropriation statement for the year ended 31 March 2007

**Detail per Programme 4: Provincial and Local Liaison
for the year ended 31 March 2007**

Programme per subprogramme	2006/07						2005/06	
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
4.1 Management								
Current payment	1,029	(78)	951	951	-	100,0%	1,093	1,093
Transfers and subsidies	1	-	1	1	-	100,0%	2	2
Payment for capital assets	5	17	22	22	-	100,0%	19	18
4.2 Institutional Development								
Current payment	3,752	24	3,776	3,489	287	92,4%	1,512	1,512
Transfers and subsidies	1	-	1	1	-	100,0%	4	3
Payment for capital assets	-	8	8	8	-	100,0%	-	-
4.3 Local Liaison and Information Management								
Current payment	1,804	(40)	1,764	1,764	-	100,0%	1,527	1,527
Transfers and subsidies	1	-	1	1	-	100,0%	3	3
Payment for capital assets	-	-	-	-	-	0,0%	11	11
4.4 Provincial and Local Liaison Administration								
Current payment	1,520	(179)	1,341	1,341	-	100,0%	1,390	1,391
Transfers and subsidies	1	-	1	1	-	100,0%	3	2
Payment for capital assets	-	16	16	16	-	100,0%	-	-
4.5 Regional Office Liaison								
Current payment	32,587	(1,946)	30,641	30,641	-	100,0%	27,289	27,288
Transfers and subsidies	62	12	74	74	-	100,0%	119	120
Payment for capital assets	106	396	502	501	1	99,8%	793	794
Total	40,869	(1,770)	39,099	38,811	288	99,3%	33,765	33,764

Economic classification	2006/07						2005/06	
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current payments								
Compensation of employees	26,349	(1,782)	24,567	24,566	1	100,0%	22,536	22,536
Goods and services	14,343	(437)	13,906	13,419	487	96,5%	10,275	10,261
Financial transactions in assets and liabilities	-	-	-	201	(201)	0,0%	-	14
Transfers and subsidies								
Provinces and municipalities	21	-	21	21	-	100,0%	72	71
Households	45	12	57	57	-	100,0%	59	59
Capital								
Machinery and equipment	111	437	548	547	1	99,8%	823	823
Total	40,869	(1,770)	39,099	38,811	288	99,3%	33,765	33,764

Government Communication and Information System Vote 7

Appropriation statement for the year ended 31 March 2007

Detail per Programme 5: Communication Service Agency for the year ended 31 March 2007

Programme per subprogramme	2006/07						2005/06	
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
5.1 Management								
Current payment	1,716	303	2,019	2,019	-	100,0%	1,730	1,729
Transfers and subsidies	123	-	123	123	-	100,0%	6	6
Payment for capital assets	17	14	31	31	-	100,0%	45	44
5.2 Marketing								
Current payment	14,918	925	15,843	15,535	308	98,1%	39,562	34,865
Transfers and subsidies	2	-	2	2	-	100,0%	10	11
Payment for capital assets	-	28	28	28	-	100,0%	183	183
5.3 Product Development								
Current payment	12,598	(2,956)	9,642	9,642	-	100,0%	10,373	10,374
Transfers and subsidies	4	-	4	4	-	100,0%	14	14
Payment for capital assets	666	(158)	508	508	-	100,0%	1,180	1,181
5.4 Content Development								
Current payment	5,762	(1,044)	4,718	4,718	-	100,0%	4,389	4,388
Transfers and subsidies	1	-	1	1	-	100,0%	4	3
Payment for capital assets	29	22	51	51	-	100,0%	36	36
Total	35,836	(2,866)	32,970	32,662	308	99,1%	57,532	52,834

Economic classification	2006/07						2005/06	
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current payments								
Compensation of employees	9,670	470	10,140	10,140	-	100,0%	10,282	10,285
Goods and services	25,324	(3,242)	22,082	21,757	325	98,5%	45,772	41,071
Financial transactions in assets and liabilities	-	-	-	17	(17)	0,0%	-	-
Transfers and subsidies								
Provinces and municipalities	9	-	9	9	-	100,0%	34	34
Households	121	-	121	121	-	100,0%	-	-
Capital								
Machinery and equipment	712	(208)	504	504	-	100,0%	1,444	1,444
Software and other intangible assets	-	114	114	114	-	100,0%	-	-
Total	35,836	(2,866)	32,970	32,662	308	99,1%	57,532	52,834

Government Communication and Information System Vote 7
Appropriation statement for the year ended 31 March 2007

**Detail per Programme 6: International Marketing and Media Development
for the year ended 31 March 2007**

Programme per subprogramme	2006/07						2005/06	
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
6.1 International Marketing Council Transfers and subsidies	83,425	-	83,425	83,425	-	100,0%	69,269	69,269
6.2 Media Development and Diversity Agency Transfers and subsidies	9,620	-	9,620	9,620	-	100,0%	7,000	7,000
Total	93,045	-	93,045	93,045	-	100,0%	76,269	76,269

Economic classification	2006/07						2005/06	
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Transfers and subsidies Departmental agencies and accounts	93,045	-	93,045	93,045	-	100,0%	76,269	76,269
Total	93,045	-	93,045	93,045	-	100,0%	76,269	76,269

Government Communication and Information System Vote 7

Appropriation statement for the year ended 31 March 2007

Detail per Programme 7: Government Publication for the year ended 31 March 2007

Programme per subprogramme	2006/07						2005/06	
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
7.1 Vuk'uzenzele magazine								
Current payment	27,917	1,499	29,416	28,908	508	98,3%	-	-
Transfers and subsidies	1	-	1	1	-	100,0%	-	-
Payment for capital assets	30	45	75	75	-	100,0%	-	-
Total	27,948	1,544	29,492	28,984	508	98,3%	-	-

Economic classification	2006/07						2005/06	
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current								
Compensation of employees	2,704	(176)	2,528	2,528	-	100,0%	-	-
Goods and services	25,213	1,675	26,888	26,380	508	98,1%	-	-
Transfers and subsidies								
Provinces and municipalities	1	-	1	1	-	100,0%	-	-
Capital								
Machinery and equipment	22	45	67	67	-	100,0%	-	-
Software and other intangible assets	8	-	8	8	-	100,0%	-	-
Total	27,948	1,544	29,492	28,984	508	98,3%	-	-

NOTES TO THE APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

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

Detail of these transactions can be viewed in note 6 (Transfers and subsidies) and Annexure 1 (A – C) to the annual financial statements.

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

Detail of these transactions can be viewed in note 1 (Annual appropriation) to the annual financial statements.

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 5 (Details of special functions [theft and losses]) to the annual financial statements.

4. Explanations of material variances from amounts voted (after virement):

4.1 Per programme:

	Final appropriation	Actual expenditure	Variance	Variance as % of final appropriation
	R'000	R'000	R'000	%
Administration	71,307	70,939	368	0,5%

The saving of R368 000 is due to payments in respect of property management (municipal services), in which the Department of Public Works did not claim the expenditure from GCIS before the end of the financial year on 31 March 2007. This led to an underspending in Programme 1. These funds are earmarked, thus it will be surrendered to National Treasury.

Provincial and Local Liaison	39,099	38,811	288	0,7%
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The saving of R288 000 is due to the branding of Thusong Service Centres in which the funds were committed in the 2006/07 financial year, but the department was not invoiced when the financial year closed on 31 March 2007.

Communication Service Agency	32,970	32,662	308	0,9%
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The saving of R308 000 is due to commitments in respect of the Opening of Parliament that could not be paid before the end of the financial year.

Government Publication	29,492	28,984	508	1,7%
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The saving of R508 000 is due to income generated in respect of sales of advertising space in the *Vuk'uzenzele* magazine but the income was not received in the 2006/07 financial year. The amount is due to the department by various entities. National Treasury approved that income that was generated, received and surrendered to the National Revenue Fund can be withdrawn. Although the amount was included in the revenue budget, it was not received from the various entities before the financial year closed on 31 March 2007. It is anticipated that the full amount will be recovered in the 2007/08 financial year.

4.2 Per economic classification:

Current expenditure	R'000
Goods and services	1,472

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2007

	<i>Note</i>	2006/07 R'000	2005/06 R'000
REVENUE			
Annual appropriation	1	294,580	249,130
Appropriation for unauthorised expenditure approved	8	1,591	-
Departmental revenue	2	3,060	665
TOTAL REVENUE		<u>299,231</u>	<u>249,795</u>
EXPENDITURE			
Current expenditure			
Compensation of employees	3	84,052	75,018
Goods and services	4	109,469	86,899
Financial transactions in assets and liabilities	5	2,117	39
Unauthorised expenditure approved	8	1,591	-
Total current expenditure		<u>197,229</u>	<u>161,956</u>
Transfers and subsidies	6	93,309	76,574
Expenditure for capital assets			
Machinery and equipment	7	3,305	4,741
Software and other intangible assets	7	856	1,156
Total expenditure for capital assets		<u>4,161</u>	<u>5,897</u>
TOTAL EXPENDITURE		<u>294,699</u>	<u>244,427</u>
SURPLUS/(DEFICIT) FOR THE YEAR		<u>4,532</u>	<u>5,368</u>
Reconciliation of net surplus/(deficit) for the year			
Voted funds to be surrendered to the revenue fund	12	1,472	4,703
Departmental revenue to be surrendered to the revenue fund	13	3,060	665
SURPLUS/(DEFICIT) FOR THE YEAR		<u>4,532</u>	<u>5,368</u>

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2007

	<i>Note</i>	2006/07 R'000	2005/06 R'000
ASSETS			
Current assets		11,970	12,766
Unauthorised expenditure	8	-	1,591
Cash and cash equivalents	9	11,208	6,963
Prepayments and advances	10	49	61
Receivables	11	713	4,151
TOTAL ASSETS		<u>11,970</u>	<u>12,766</u>
LIABILITIES			
Current liabilities		11,785	10,769
Voted funds to be surrendered to the revenue fund	12	964	4,703
Departmental revenue to be surrendered to the revenue fund	13	121	4
Payables	14	10,700	6,062
Non-current liabilities			
Payables	15	139	-
TOTAL LIABILITIES		<u>11,924</u>	<u>10,769</u>
NET ASSETS		<u>46</u>	<u>1,997</u>
Represented by:			
Recoverable revenue		46	1,997
TOTAL		<u><u>46</u></u>	<u><u>1,997</u></u>

STATEMENT CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2007

	<i>Note</i>	2006/07 R'000	2005/06 R'000
Recoverable revenue			
Opening balance		1,997	1,812
Transfers		(1,951)	185
Irrecoverable amounts written off	5.5	(2,060)	-
Debts recovered (included in departmental receipts)		-	(2)
Debts raised		109	187
Closing balance		46	1,997
TOTAL		46	1,997

CASH-FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

	<i>Note</i>	2006/07 R'000	2005/06 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		298,723	249,795
Annual appropriated funds received	<i>1.1</i>	294,072	249,130
Appropriation for unauthorised expenditure received	<i>8</i>	1,591	-
Departmental revenue received		3,060	665
Net (increase)/decrease in working capital		9,679	3,979
Surrendered to revenue fund		(7,646)	(1,012)
Current payments		(195,638)	(161,956)
Unauthorised expenditure – current payment		(1,591)	-
Transfers and subsidies paid		(93,309)	(76,574)
Net cash flow available from operating activities	<i>16</i>	10,218	14,232
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(4,161)	(5,897)
Net cash flows from investing activities		(4,161)	(5,897)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(1,951)	185
Increase/(decrease) in non-current payables		139	-
Net cash flows from financing activities		(1,812)	185
Net increase/(decrease) in cash and cash equivalents		4,245	8,520
Cash and cash equivalents at beginning of period		6,963	(1,557)
Cash and cash equivalents at end of period	<i>17</i>	11,208	6,963

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

1 Annual appropriation

1.1 Annual appropriation

Included are funds appropriated in terms of the Appropriation Act for national departments (voted funds).

	Final appropriation	Actual funds received	Funds not requested/not received	Appropriation received 2005/06
Programmes	R'000	R'000	R'000	R'000
Administration	71,307	71,307	-	52,895
Policy and Research	12,094	12,094	-	13,377
Government and Media Liaison	16,573	16,573	-	15,292
Provincial and Local Liaison	39,099	39,099	-	33,765
Communication Service Agency	32,970	32,970	-	57,532
International Marketing and Media Development	93,045	93,045	-	76,269
Government Publication	29,492	28,984	508	-
Total	294,580	294,072	508	249,130

Explanation for funds not requested/not received.

Funds not requested to the amount of R508 000 are due to income generated in respect of sales of advertising space in the *Vuk'uzenzele* magazine but the income was not received in the 2006/07 financial year. The amount is due to the department by various entities. National Treasury approved that income that was generated, received and surrendered to the National Revenue Fund can be withdrawn. Although the amount was included in the revenue budget, it was not received from the various entities before the financial year closed on 31 March 2007. It is anticipated that the full amount will be recovered in the 2007/08 financial year.

	Note	2006/07 R'000	2005/06 R'000
2 Departmental revenue to be surrendered to the revenue fund			
Sales of goods and services other than capital assets	2.1	1,925	536
Interest, dividends and rent on land	2.2	244	23
Financial transactions in assets and liabilities	2.3	891	106
Total revenue collected		3,060	665
Total		3,060	665

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department	1,925	534
Other sales	1,925	534
Sales of scrap, waste and other used current goods	-	2
Total	1,925	536

Government Communication and Information System Vote 7

Notes to the annual financial statements for the year ended 31 March 2007

	<i>Note</i>	2006/07 R'000	2005/06 R'000
2.2 Interest, dividends and rent on land and buildings			
Interest		244	23
Total		<u>244</u>	<u>23</u>
2.3 Financial transactions in assets and liabilities			
Nature of loss recovered			
Receivables		-	6
Stale cheques written back		1	-
Other receipts, including recoverable revenue		890	100
Total		<u>891</u>	<u>106</u>
3 Compensation of employees			
3.1 Salaries and wages			
Basic salary		56,273	50,948
Performance award		2,702	2,495
Service-based		3	3
Compensative/circumstantial		1,050	920
Periodic payments		1,751	949
Other non-pensionable allowances		11,961	10,123
Total		<u>73,740</u>	<u>65,438</u>
3.2 Social contributions			
3.2.1 Employer contributions			
Pension		7,199	6,458
Medical		3,101	3,110
Bargaining council		12	12
Total		<u>10,312</u>	<u>9,580</u>
Total compensation of employees		<u>84,052</u>	<u>75,018</u>
Average number of employees		420	393
4 Goods and services			
Advertising		14,971	13,168
Attendance fees (including registration fees)		8	3
Bank charges and card fees		50	42
Bursaries (employees)		450	693
Communication		6,116	5,963
Computer services		7,773	2,891
Consultants, contractors and special services		12,235	18,675
Courier and delivery services		5,466	985
Drivers' licences and permits		1	-
Entertainment		843	831
External audit fees	4.1	1,083	820
Equipment less than R5 000		2,242	1,489
Freight service		757	4
Inventory	4.2	26,883	23,895

Government Communication and Information System Vote 7

Notes to the annual financial statements for the year ended 31 March 2007

	<i>Note</i>	2006/07 R'000	2005/06 R'000
Legal fees		343	343
Maintenance, repair and running costs		1,197	923
Medical services		15	27
Municipal services		212	-
Operating leases		10,312	1,599
Personnel agency fees		-	63
Photographic services		157	-
Plants, flowers and other decorations		70	60
Printing and publications		6	-
Professional bodies and membership fees		34	16
Resettlement costs		489	562
Subscriptions		303	307
Translations and transcriptions		1,045	257
Travel and subsistence	4.3	12,080	10,132
Venues and facilities		2,330	1,494
Training and staff development		1,998	1,657
Total		109,469	86,899
4.1 External audit fees			
Regulatory audits		1,083	820
Total external audit fees		1,083	820
4.2 Inventory			
Domestic consumables		611	290
Parts and other maintenance material		155	268
Stationery and printing		26,115	23,333
Medical supplies		2	4
Total inventory		26,883	23,895
4.3 Travel and subsistence			
Local		11,609	9,498
Foreign		471	634
Total travel and subsistence		12,080	10,132
5 Financial transactions in assets and liabilities			
Material losses through criminal conduct:		35	13
Theft		23	-
Other material losses		12	13
Other material losses written off		18	24
Debts written off		2,064	2
Total		2,117	39

Government Communication and Information System Vote 7

Notes to the annual financial statements for the year ended 31 March 2007

	<i>Note</i>	2006/07 R'000	2005/06 R'000
5.1 Other material losses			
Nature of losses			
Incident	Disciplinary steps taken/criminal proceedings		
Loss of equipment at KZN regional office	None	-	9
Damage state vehicle	None	-	4
Missing furniture at Parliamentary Office	None	6	-
Departmental entertainment	None	6	-
Total		12	13
5.2 Other material losses written off			
Nature of losses			
Library books		-	11
Staff debt (bursary)		-	1
Damage to hired vehicle		-	2
Damage to government garage vehicles		-	10
Accidents with rented vehicles		18	-
Total		18	24
5.3 Debts written off			
Nature of debts written off			
Ex-personnel debt		2,061	2
Tax debt		3	-
Total		2,064	2
5.4 Details of theft			
Theft of equipment – Mount Frere MPCC		20	-
Damage to government garage vehicle that was stolen and recovered		1	-
Digital camera		2	-
Total		23	-
5.5 Irrecoverable amounts written off			
Receivables written off		2,060	-
Debt iro former CEO, Mr S Kotane		1,882	-
Debt iro Mr L Shezi		178	-
Total		2,060	-
6 Transfers and subsidies			
Provinces and municipalities		69	230
Departmental agencies and accounts		93,045	76,269
Households		195	75
Total		93,309	76,574

Government Communication and Information System Vote 7

Notes to the annual financial statements for the year ended 31 March 2007

	Note	2006/07 R'000	2005/06 R'000		
7 Expenditure on capital assets					
Machinery and equipment	27	3,305	4,741		
Software and other intangible assets		856	1,156		
Computer software	28	856	1,156		
Total		4,161	5,897		
8 Unauthorised expenditure					
8.1 Reconciliation of unauthorised expenditure					
Opening balance		1,591	1,591		
Amounts approved by Parliament (with funding)		(1,591)	-		
Current expenditure		(1,591)	-		
Unauthorised expenditure awaiting authorisation		-	1,591		
9 Cash and cash equivalents					
Consolidated Paymaster General account		15,127	8,810		
Disbursements		(4,027)	(1,948)		
Cash on hand		108	101		
Total		11,208	6,963		
10 Prepayments and advances					
Description					
Travel and subsistence		49	61		
Total		49	61		
11 Receivables					
	Less than one year	One to three years	Older than three years	Total	Total
	R'000	R'000	R'000	R'000	R'000
Staff debtors	48	-	-	48	16
Other debtors	38	1	78	117	4,051
Intergovernmental receivables	548	-	-	548	84
Total	634	1	78	713	4,151
11.1 Staff debtors					
Employees				34	6
Private telephone				13	10
Tax debt				1	-
Total				48	16
11.2 Other debtors					
Theft and losses pending matters				-	4
Ex-employees				117	4,045
Other debts				-	2
Total				117	4,051

Government Communication and Information System Vote 7

Notes to the annual financial statements for the year ended 31 March 2007

	Note	2006/07 R'000	2005/06 R'000	
12 Voted funds to be surrendered to the revenue fund				
Opening balance		4,703	307	
Transfer from Statement of Financial Performance		1,472	4,703	
Voted funds not requested/not received	12.1	(508)	-	
Paid during the year		(4,703)	(307)	
Closing balance		<u>964</u>	<u>4,703</u>	
12.1 Voted funds not requested/not received				
Funds to be rolled over		508	-	
Funds not to be requested		<u>508</u>	<u>4,703</u>	
13 Departmental revenue to be surrendered to the revenue fund				
Opening balance		4	44	
Transfer from Statement of Financial Performance		3,060	665	
Paid during the year		(2,943)	(705)	
Closing balance		<u>121</u>	<u>4</u>	
14 Payables – current				
	30 Days	30+ Days	Total	Total
	R'000	R'000	R'000	R'000
Description				
Amounts owing to other entities	10,593	-	10,593	-
Advances received	98	-	98	6,062
Other payables	9	-	9	-
Total	<u>10,700</u>	<u>-</u>	<u>10,700</u>	<u>6,062</u>
14.1 Advances received				
Arts and Culture		-	257	
Science and Technology		-	250	
Water Affairs and Forestry		-	250	
Land Affairs		-	250	
Communications		-	250	
Transport		-	250	
Environmental Affairs and Tourism		-	250	
Public Enterprises		-	250	
Trade and Industry		-	250	
Provincial and Local Government		-	400	
Minerals and Energy		-	250	
Labour		-	250	
SEDA		-	250	
National Treasury		-	250	
Public Service and Administration		-	2,370	
Housing		-	35	
International Marketing Council		98	-	
Total		<u>98</u>	<u>6,062</u>	
14.2 Other payables				
Income tax		9	-	
Total		<u>9</u>	<u>-</u>	

Government Communication and Information System Vote 7

Notes to the annual financial statements for the year ended 31 March 2007

15 Payables – non-current description	One to two years	Two to three years	More than three years	Total	Total
	R'000	R'000	R'000	R'000	R'000
Amounts owing to other entities	139	-	-	139	-
Total	139	-	-	139	-

	2006/07	2005/06
	R'000	R'000
16 Net cash flow available from operating activities		
Net surplus/(deficit) as per Statement of Financial Performance	4,532	5,368
Add back non-cash/cash movements not deemed operating activities	5,686	8,864
(Increase)/decrease in receivables – current	3,438	(76)
(Increase)/decrease in prepayments and advances	12	(3)
(Increase)/decrease in other current assets	1,591	-
Increase/(decrease) in payables – current	4,638	4,058
Expenditure on capital assets	4,161	5,897
Surrenders to revenue fund	(7,646)	(1,012)
Voted funds not requested/not received	(508)	-
Net cash flow generated by operating activities	10,218	14,232
17 Reconciliation of cash and cash equivalents for cash flow purposes		
Consolidated Paymaster General account	15,127	8,810
Disbursements	(4,027)	(1,948)
Cash on hand	108	101
Total	11,208	6,963

Government Communication and Information System Vote 7

Notes to the annual financial statements for the year ended 31 March 2007

	2006/07	2005/06
21 Employee benefit provisions		
Leave entitlement	1,430	1,322
Thirteenth cheque	4,400	3,804
Performance awards	4,101	2,632
Capped leave commitments	3,909	3,831
Total	13,840	11,589

22 Lease commitments

22.1 Operating leases

2006/07

Not later than one year

Later than one year and not later than five years

Total present value of lease liabilities

2005/06

Not later than one year

Later than one year and not later than five years

Total present value of lease liabilities

**Machinery
and
equipment
R'000**

501

444

945

437

289

726

23 Receivables for departmental revenue

Sales of goods and services other than capital assets

Total

531

531

380

380

Receivables for departmental revenue amount to R531 000 in respect of the sale of advertising space in the *Vuk'uzenzele* magazine.

24 Irregular expenditure

2006/07

R'000

2005/06

R'000

24.1 Reconciliation of irregular expenditure

Opening balance

Irregular expenditure – current year

Less: amounts condoned

Current expenditure

Irregular expenditure awaiting condonement

663

20,576

-

663

663

663

-

-

-

-

-

-

-

-

-

-

-

-

-

-

-

20,576

635

20,548

20,548

663

663

663

663

663

663

663

663

663

663

663

663

663

663

663

663

Analysis of awaiting condonement per classification

Current expenditure

Analysis of awaiting condonement per age classification

Prior years

Total

Government Communication and Information System Vote 7

Notes to the annual financial statements for the year ended 31 March 2007

		2006/07 R'000	2005/06 R'000
24.2 Irregular expenditure			
Incident	Disciplinary steps taken/criminal proceedings		
Overtime	No negligence found. To request National Treasury approval	-	28
Lease of equipment	No negligence found. To request National Treasury approval	-	635
		-	663
25 Key management personnel			
Description	No of individuals	Total	Total
Level 15 to 16	4	2,342	2,199
Level 14 (includes CFO)	9	4,666	4,258
Total		7,008	6,457
26 Provisions			
Potential irrecoverable debts			
Other debtors		-	3,785
Total		-	3,785

27 Tangible capital assets

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Opening balance	Current year Adjustments to prior year balances	Additions	Disposals	Closing balance
	Cost R'000	Cost R'000	Cost R'000	Cost R'000	Cost R'000
Machinery and equipment	11,003	15,583	3,576	825	29,337
Transport assets	-	124	-	-	124
Computer equipment	7,115	7,201	2,157	580	15,893
Furniture and office equipment	1,915	5,329	1,071	120	8,195
Other machinery and equipment	1,973	2,929	348	125	5,125
Total tangible assets	11,003	15,583	3,576	825	29,337

Government Communication and Information System Vote 7

Notes to the annual financial statements for the year ended 31 March 2007

27.1 ADDITIONS TO TANGIBLE CAPITAL ASSET PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Cash cost	Received current year, not paid (paid current year, received prior year)	Total cost
	R'000	Cost R'000	R'000
Machinery and equipment	3,305	271	3,576
Computer equipment	2,063	94	2,157
Furniture and office equipment	894	177	1,071
Other machinery and equipment	348	-	348
Total capital assets	3,305	271	3,576

27.2 DISPOSALS OF TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Non-cash Fair value	Total Cost
	R'000	R'000
Machinery and equipment	825	825
Computer equipment	580	580
Furniture and office equipment	120	120
Other machinery and equipment	125	125
Total	825	825

27.3 MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2006

	Opening balance	Additions	Closing balance
	R'000	R'000	R'000
Machinery and equipment	6,262	4,741	11,003
Computer equipment	4,289	2,826	7,115
Furniture and office equipment	1,159	756	1,915
Other machinery and equipment	814	1,159	1,973
Total tangible assets	6,262	4,741	11,003

Government Communication and Information System Vote 7

Notes to the annual financial statements for the year ended 31 March 2007

28 Intangible capital assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Opening balance Cost R'000	Current year adjustments to prior year balances Cost R'000	Additions Cost R'000	Closing balance Cost R'000
Computer software	1,508	(1,021)	856	1,343
Total intangible assets	1,508	(1,021)	856	1,343

28.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Cash Cost R'000	Total Cost R'000
Computer software	856	856
Total	856	856

28.2 CAPITAL INTANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Opening balance Cost R'000	Additions Cost R'000	Closing balance Cost R'000
Computer software	352	1,156	1,508
Total intangible assets	352	1,156	1,508

Government Communication and Information System Vote 7

Annual financial statements for the year ended 31 March 2007

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS TO MUNICIPALITIES

Name of municipality	Grant allocation				Transfer		Spent			2005/06
	Division of Revenue Act	Roll-overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000		R'000	R'000		R'000
Cacadu	-	-	-	-	4	0,0%	-	-	0,0%	-
Motheo	-	-	-	-	2	0,0%	-	-	0,0%	-
Ehlanzeni	-	-	-	-	1	0,0%	-	-	0,0%	-
Frances Board	-	-	-	-	2	0,0%	-	-	0,0%	-
Capricorn	-	-	-	-	2	0,0%	-	-	0,0%	-
Tshwane	-	-	-	-	50	0,0%	-	-	0,0%	-
Greater JHB	-	-	-	-	3	0,0%	-	-	0,0%	-
Cape Metropolitan	-	-	-	-	1	0,0%	-	-	0,0%	-
Ethekwini	-	-	-	-	2	0,0%	-	-	0,0%	-
Central	-	-	-	-	2	0,0%	-	-	0,0%	-
	-	-	-	-	69		-	-		-

ANNEXURE 1B STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

Agency	Transfer allocation				Transfer		2005/06
	Adjusted Appropriation Act	Roll-overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000		R'000
International Marketing Council	83,425	-	-	83,425	83,425	100,0%	69,269
Media Development and Diversity Agency	9,620	-	-	9,620	9,620	100,0%	7,000
Total	93,045	-	-	93,045	93,045		76,269

**ANNEXURE 1C
STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS**

Household	Transfer allocation				Transfer		2005/06
	Adjusted Appropriation Act	Roll-overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000		R'000
Leave gratuity in respect of death of four officials	5	-	12	17	17	100,0%	-
Leave gratuity in respect of retirement of four officials	166	-	12	178	178	100,0%	-
EMM Knoke – Death	-	-	-	-	-	0,0%	28
NC Mekuto – Retirement	-	-	-	-	-	0,0%	31
W Komane – Retirement	-	-	-	-	-	0,0%	10
TD Ngomane – Retirement	-	-	-	-	-	0,0%	6
Total	171	-	24	195	195		75

Government Communication and Information System Vote 7

Annual financial statements for the year ended 31 March 2007

ANNEXURE 1D STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2007

Name of organisation	Nature of gift, donation or sponsorship	2006/07 R'000	2005/06 R'000
Received in cash			
Standard Bank	Sponsorship for Government Communicators' Awards	100	-
South African Broadcasting Corporation (SABC)	Sponsorship for Government Communicators' Awards	100	-
Mercury Media	Sponsorship for Government Communicators' Awards	100	-
USAID	Sponsorship for 16 Days of Activism	-	400
Danish Embassy	Sponsorship for 16 Days of Activism	-	500
Finnish Embassy	Sponsorship for 16 Days of Activism	-	197
Mercury Media	Sponsorship for Strategic Workshop	-	10
Sechaba Travel	Sponsorship for Strategic Workshop	-	10
Siyafrika	Sponsorship for year-end function	-	10
Subtotal		300	1,127
Received in kind			
Siemens	Accommodation, catering and promotional bags for Ministerial Liaison Officers' Forum	30	-
Jet Travel	Bed and breakfast plus dinner for secretaries' course	1	-
Independent Group Jazz	Independent Festival tickets	2	-
SABC	Government Communicators' Awards	-	300
SAA	Government Communicators' Awards	-	150
Johnnic	Government Communicators' Awards	-	150
Mercury Media, Siemens, Sanlam, Standard Bank and Konica Minolta	Government Communicators' Awards	-	227
SABC	Air ticket, accommodation and entrance for Easter Jazz Event	-	3
DEP, Dell, Datacentrix, Bula Technologies	T-shirts, caps, memory sticks and folders for secretaries' team-building	-	4
Mercury Media	One bottle of wine and R1 000 gift voucher	-	1
Subtotal		33	835
Total		333	1,962

ANNEXURE 1E
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND
REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE
FOR THE YEAR ENDED 31 MARCH 2007

Nature of gift, donation or sponsorship	R'000
Made in kind	
Computer equipment (21 computers, 25 monitors, six printers, one sun park server, one sun park station 4, two sun monitors and four external hard drives)	-
Office equipment (five fax machines and one scanner)	-
Office furniture (two stand telephones, three shelving storage, eight filing cabinets, two newspaper stand telephones, three stools straight, five chairs straight, nine chairs rotary, four storage cabinets, two TV trolleys, four cupboards, two cupboards, two settees leather, one chair straight upholstered, one credenza sliding door, two waste receptacles, one letter tray, one pot plant, one shelving wood frame, two flipcharts and one multi-screen frame electric)	
Audiovisual equipment (four televisions, eight video machines, one sony betamax, one power amplifier, one editing controller, five goldstar monitors, one video light, PA system, one fostex transmitter and one fostex speaker)	-
Photographic equipment (four camera lenses, two camera flash gun metz, two camera flash units and two cameras still picture)	-
The following schools were recipients of the above items: Skansdam state-aided school, Seale Secondary School, Worcester Boy Scouts, Tsemaleftu Primary School, Khalipha Primary School, Boegoeberg Combined School, Singobile Primary School, Phumala Primary School, Matsulu Primary School Nemisa, Laerskool Visserhoek and Samuel Intermediate.	-
Subtotal	- ----- =====

Government Communication and Information System Vote 7

Annual financial statements for the year ended 31 March 2007

ANNEXURE 2 STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2007 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 01/04/2006	Guarantee draw-downs during the year	Guarantee repayments/ cancelled/ reduced/ released during the year	Currency revaluations	Closing balance 31/03/2007	Guaranteed interest outstanding 31/03/2007	Realised losses not recoverable, i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Absa	Housing	265	135	-	-	-	135	-	-
Old Mutual	Housing	20	109	-	49	-	60	-	-
First National Bank	Housing	230	119	-	-	-	119	-	-
Mashikeni	Housing	-	31	-	31	-	-	-	-
Nedbank (People's Bank)	Housing	405	50	-	17	-	33	-	-
Standard Bank	Housing	158	167	-	48	-	119	-	-
	Total	1,078	611	-	145	-	466	-	-

ANNEXURE 3 INTERGOVERNMENTAL RECEIVABLES

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Home Affairs	-	-	-	12	-	12
Transport	-	-	-	72	-	72
Correctional Services	-	-	488	-	488	-
Local Government:						
Gauteng	-	-	46	-	46	-
Office of the Premier: Gauteng	-	-	14	-	14	-
Total	-	-	548	84	548	84

Government Communication and Information System Vote 7

Annual financial statements for the year ended 31 March 2007

ANNEXURE 4 INTERDEPARTMENTAL PAYABLES

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006
	R'000	R'000	R'000	R'000	R'000	R'000
Department Current						
Housing	8,712	-	-	-	8,712	-
Water Affairs and Forestry	-	-	1,881	-	1,881	-
Subtotal Non-current	8,712	-	1,881	-	10,593	-
Communications	8	-	-	-	8	-
Environmental Affairs and Tourism	8	-	-	-	8	-
Provincial and Local Government	8	-	-	-	8	-
Science and Technology	-	-	8	-	8	-
Agriculture	8	-	-	-	8	-
Water Affairs and Forestry	-	-	8	-	8	-
Land Affairs	-	-	9	-	9	-
Public Works	-	-	8	-	8	-
Transport	8	-	-	-	8	-
Public Enterprises	-	-	8	-	8	-
Trade and Industry	-	-	9	-	9	-
Housing	-	-	8	-	8	-
Arts and Culture	-	-	8	-	8	-
Minerals and Energy	-	-	8	-	8	-
Labour	-	-	9	-	9	-
SEDA	-	-	8	-	8	-
National Treasury	8	-	-	-	8	-
Subtotal Total	48	-	91	-	139	-
Total	8,760	-	1,972	-	10,732	-

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2007.

Audit Committee members and attendance

The Audit Committee consists of the members listed hereunder and meets at least two times per year as per its approved terms of reference. During the current year, four meetings were held.

Name of member	Number of meetings attended
ZP Manase (chairperson)	3
M Vuso	3
G Mampone	1
Y Mjiako (joined November 2006)	1
I Mackay Langa	4
K Semakane	3
L Lloyd (joined November 2006)	1

Audit Committee responsibility

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999), Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk-management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the internal auditors, the Audit Report on the annual financial statements, and the management letter of the Auditor-General, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. In the Auditor-General's report under "other matters" and "other reporting responsibilities", issues relating to weaknesses in the effectiveness of the information system controls as well as the misalignment between objectives and outputs have been raised. These have been noted, alongside management's resolve to address these matters. Accordingly, we can report that the system of internal control for the period under review was efficient and effective.

Government Communication and Information System Vote 7

Annual financial statements for the year ended 31 March 2007

The quality of quarterly reports submitted in terms of the PFMA,1999 and the Division of Revenue Act, 2007 (Act 1 of 2007)

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

Evaluation of financial statements

The Audit Committee has

- reviewed and discussed the audited annual financial statements and performance information to be included in the department's annual report with the reports of the Auditor-General and the Accounting Officer
- reviewed the Auditor-General's management letter and management's response thereto.

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



.....
Chairperson of the Audit Committee

31 August 2007

Government Communication and Information System Vote 7

Annual financial statements for the year ended 31 March 2007

Government Communication and Information System Vote 7

Annual financial statements for the year ended 31 March 2007
