



2012/13

PART C: GOVERNANCE

1. INTRODUCTION

As required by the PFMA, GCIS maintains an effective, efficient and transparent internal control system to ensure proper use of financial and other resources within the Accounting Officer's area of responsibility.

2. RISK MANAGEMENT

Effective risk management is a core managerial capability. GCIS believes that to achieve the expected performance, opportunities pursued must be balanced with the risks involved.

GCIS has a clear strategy that defines its risks. The approved strategy and policy helps management identify, assess, evaluate and implement risk management. High or top risks have treatment or mitigation plans. These plans are monitored and reported on a quarterly basis to the Management Committee and the Audit and Risk Committee.

During the financial year, GCIS identified and developed responses to 25 strategic and operational risks, and established a Risk Management Unit that reports to the Chief Directorate: Strategic Planning and Programme Management. The purpose of the unit was to closely align the identification and implementation of risk mitigation plans with the annual performance plans of the organisation.

3. FRAUD AND CORRUPTION

To prevent fraud and corruption, GCIS developed and implemented an internal communications plan. In 2012/13, the Risk Management Unit broadcast fraud-prevention messages on computer screensavers and printed posters. It also produced a brochure and a newsletter on fraud and corruption to raise awareness. These interventions encouraged employees to use the public service national anti-corruption hotline.

The following function areas have been identified as susceptible to fraud:

- human resources, on leave management
- finance, on travel claims and petty cash
- supply chain management, on procurement and asset management.

These sections, together with the Internal Audit Unit, identify incidents of fraud and implement disciplinary or recovery measures.

A quarterly report was submitted to the Audit and Risk Committee on fraud prevention and corruption.



4. BUSINESS CONTINUITY MANAGEMENT

In January 2013, the Accounting Officer approved a business continuity management policy. The policy is designed to manage the continuity of GCIS business in the event of threats to operations and to plan how the impact of disruption can be minimised. In March 2013, the plan was reviewed as part of the risk management strategy.

5. MINIMISING CONFLICT OF INTEREST

All senior managers, in compliance with public service regulations, disclosed their financial interests during 2012/13. These disclosures were noted by the Minister and submitted to the Public Service Commission. All members of bid-evaluation committees and the bid-adjudication committees declared their interests to ensure that there was no conflict of interest when making procurement decisions.

6. CODE OF CONDUCT

To promote and maintain a high standard of professional ethics in the department, GCIS employees are expected to adhere to the code of conduct for the Public Service. The code is easily accessible from the intranet. New employees are inducted on the code and an explanatory manual has been circulated among existing employees.

“Contravening any prescribed code of conduct for the public service” is listed as one of the acts of misconduct in the departmental Disciplinary Code and Procedure. This code has a clear disciplinary process based on the seriousness of the contravention.

7. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The department has a health and safety programme, which includes regular occupational health and safety inspections.

1. INTERNAL CONTROL UNIT

Policies, operational procedures, and financial and human resources management delegations have been developed and are in place. These prescripts are updated annually, and duly authorised and implemented. These policies include the following areas: human resources, wasteful expenditure, entertainment, the use of mobile phones and communication devices, petty cash, subsistence and travel allowance, and facilities management.

As part of its internal control systems, the chief directorate of Finance, Supply Chain Management and Auxiliary Services reconciles, among other items, staff costs, assets acquired, telephone costs and travel-related costs to ensure that financial information is correct. Budget and expenditure are managed to enforce fiscal discipline.

During the 2012/13 financial year, the Management Committee approved a reviewed strategic management framework, which drives the implementation of strategic planning and performance monitoring and evaluation in GCIS. The unit also developed quarterly performance reports. Once approved, these were submitted to the National Treasury, the executive authority and Parliament, as prescribed.

The Information Management and Technology Steering Committee was previously established to provide governance, oversight and monitoring to all information management and technology activities, initiatives and investments. The committee is responsible for:

- approving GCIS's information management and technology strategy as well as its annual and operational plans, policies and projects
- monitoring all relevant procurement.

The Information Management and Technology Steering Committee is chaired by the deputy chief executive of Corporate Services and reports to the Management Committee.

GCIS' risk policy is premised on the obligation and desire to safeguard:

- The staff and the public.
- The environment in which we operate, taking into account the legal requirements in terms of the PFMA.
- GCIS' reputation and position as it strives to be a provider of high-quality government communication services.

GCIS strives to use materials, technology, infrastructure, financial, human and other resources to ensure the highest standard of service delivery.

It exercises sound risk management in all of its business dealings with stakeholders. GCIS' ethical standards are based on the Batho Pele principles and the public service code of conduct.

In-year management and monthly/quarterly report

GCIS held monthly management committee meetings to track progress against annual performance plans and the corporate strategy.

GCIS reported to the National Treasury and the executive authority every quarter and to the management and audit and risk committees on a monthly basis. Before the quarterly performance reports were approved, they were submitted to the Internal Audit Unit for verification.

The recommendations raised during the audit were implemented by management and quarterly reports adjusted with emerging information.

2. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2013.

Audit Committee members and attendance

The Audit Committee consists of the members listed below and meets at least four times per year in accordance with its approved terms of reference. During the year under review, four meetings were held.

Name of member	Number of meetings attended
Ms Shirley Machaba (Chairperson)	4
Ms Seipati Nekhondela	4
Mr Keitumetse Semakane	2
Ms Phumla Williams	4
Ms Mpho Mosweu	3
Mr Vincent Ndzimande – resigned April 2012	0

Audit Committee responsibility

The Audit Committee reports that in the main it has complied with its responsibilities arising from Section 38(1)(a) of the PFMA, and Treasury Regulation 3.1.

During the year under review, an assessment of the Audit Committee using a 360-degree assessment tool (self-assessment, Auditor-General, Internal Audit and Management) provided by National Treasury, was done. The results of the assessment showed in the main the committee complied with its terms of reference, but highlighted the following issues that require attention:

Issue	Action Plan
Audit Committee continuing education programme to enhance its members' understanding of relevant auditing, accounting and regulatory issues.	A programme (incorporating internal and external continuing education programme) is being developed for adoption in the July 2013 Audit Committee meeting.
The Audit Committee regularly reporting to the Executive Authority.	<p>Quarterly Dashboard reports assessing the system of governance, risk and control were completed (by Internal Audit and Auditor-General in consultation with management) and endorsed by the Audit Committee. These reports were submitted and/or discussed by the Auditor-General with the Executive Authority during the scheduled quarterly meetings.</p> <p>The Audit Committee has committed to having formal regular interaction with the Minister – at least quarterly – commencing with an inaugural meeting to discuss its annual report of 2012/13 no later than July 2013, henceforth.</p>
The Audit Committee reviewing other professional services provided by outside consultants (incl. where management is seeking a second opinion on an accounting or auditing matter).	The committee and management resolved that reports arising from management seeking outside consultants' advisory services will be discussed with the Audit Committee members and/or presented at the Audit Committee meetings for approval.

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 internal controls applied by the department over financial risk and risk management is in the main effective, efficient and transparent, as confirmed by an unqualified Auditor-General's report.

In line with the PFMA's 1999 requirements, Internal Audit provides the Audit Committee and management with reasonable 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.

As part of its oversight role, the Audit Committee reviewed the risk management process – which included the risk management strategy, risk policy, risk profiles (including top risks), risk and fraud mitigation plans and quarterly progress during the year and noted management's intervention to capacitate the Risk Management Unit (in terms of operational budget, making the post of risk manager permanent on the GCIS organisational structure and looking into additional human resource capacity required) to ensure the adequacy and effectiveness of the risk management function. The committee also noted progress on the capacitation of the GCIS-wide Business Continuity Management – having noted the Information Technology Disaster Recovery Management (audited annually by Internal Audit and Auditor-General) is in place and is part of the GCIS BCM.

From the various reports of the internal auditors, the management report of the Auditor-General on the GCIS audited Financial Statements and Performance Information, the committee noted management progress to implement internal auditors' recommendations, as well as matters

raised by the Auditor-General in his interim management report of 2012/13. Accordingly, except for the matters highlighted in the quarterly Dashboard Report of the Internal Audit and Auditor-General, we can report that the system of internal control for the period under review is in the main efficient and effective.

The quality of in-year management and monthly/quarterly reports submitted in terms of the PFMA, 1999.

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

Evaluation of financial statements and the Annual Report

The Audit Committee has:

- reviewed and discussed the interim financial statements and quarterly performance information on pre-determined objectives to be included in the Annual Report with the Auditor-General and the Accounting Officer
- reviewed and discussed the Auditor-General's Interim Management Report and management's response thereto
- reviewed the department's compliance with legal and regulatory provisions
- noted that there were significant adjustments resulting from the audit – relating to the quarterly performance information reports.

The Audit Committee noted the issues raised by the Auditor-General in his report and management's resolve to address them, concurs and accepts the Auditor-General's conclusions on the financial statements and performance information, and is of the opinion that the audited financial statements and performance information on pre-determined objectives be accepted and read together with the report of the Auditor-General.

Internal Audit

The Audit Committee has considered and approved the Internal Audit Charter, the Three-Year Strategic Plan 2012–15 and the Annual Operational Plan 2012/13, received quarterly progress reports against the plan (including the Dashboard Report) and is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the department in its audit work.

Auditor-General

The Audit Committee reviewed and approved the Auditor-General's strategy for 2012/13, considered and approved the Auditor-General's interim management report, and the quarterly Dashboard report (compiled jointly by the Auditor-General and Internal Audit). The Auditor-General was independent throughout the financial year under review, and the Audit Committee met with the Auditor-General to ensure that there were no unresolved issues.



Shirley Machaba CA (SA)
Chairperson of the Audit Committee

Date: 31 July 2013





2012/13

PART D: HUMAN RESOURCE MANAGEMENT

1. LEGISLATURE THAT GOVERN HUMAN RESOURCE MANAGEMENT

There are a number of pieces of legislation that GCIS has to comply with. These include South Africa's Constitution, the Public Service Act, the Public Service Regulations, the Labour Relations Act (LRA), the Basic Conditions of Employment Act, the Skills Development Act, the Skills Development Levies Act, the Occupational Health and Safety Act, the National Skills Development Strategy and the National Development Plan. These have significant implications for effective human resource management as there are many sections that are directly relevant to day-to-day human resource management.

2. INTRODUCTION

During the year under review, GCIS set itself the following human resources priorities:

- Reviewing the current departmental Human Resource Strategy to respond to the changing demands.
- Implementation, monitoring and evaluation of the current Retention Policy.
- Targeted recruitment strategies to address the Employment Equity statistics of the organisation.
- Implementation of the Workplace Skills Plan and Human Resource Development Implementation Plan.
- Intensify training of staff and managers on labour relations matters.
- Working together with the unions, employees and management to develop ways of ensuring the integration of all forms of rewards and recognition. Reviewing and workshopping the employees on the Employment Performance Management Development System (EPMDS).
- Implementation of wellness, gender and reasonable accommodation plans.

- Implementation of GCIS induction and the revised Compulsory Induction Programme.

The department has made tremendous strides in the areas of recruitment, retention and career development, human resources development, employee wellness and employee relations. The department has consistently maintained its vacancy rate of 4%, upgrading of some critical positions and employees on salary level 2–11 have been retained through internal recruitment processes.

The EPMDS has been enhanced with a moderation process that rewards deserving candidates for excellence. However, the system still needs to be refined to continuously ensure the integration of all forms of reward and recognition as well as standardisation and uniformity regarding the setting of standards and targets.

Strides have been made on the implementation of wellness programmes in the department with counselling services being available 24/7/365 days a year. The service has also been extended to cover immediate family members of employees.

In addition to the above accomplishments, GCIS has a major challenge in terms of staff funding. We are operating with insufficient staff. Our staffing needs-assessment indicates that additional capacity is required to enable the department to effectively deliver on its mandate. The departmental budget over the Medium Term Expenditure Framework for the period 2012/13 – 2014/15 allows for the filling of funded posts. However, no additional budget is provided for funding additional posts in the outer years. This has placed the department in a very precarious position, resulting in many employees being overworked.

Future human resource plans or goals are outlined below.

- Improve the recruitment and retention of staff to ensure that we have high-quality staff. Successful

human resource management requires effective recruitment and retention strategies that take into account the strategic objectives of the organisation, the competitive labour market, and the well-being of the workforce. This should incorporate international best practice.

- Maintain healthy employee relations and develop an inclusive organisational culture that encourages work/life balance for staff.
- Establish an organisational design unit that will align all posts to our strategic and operational priorities.
- Enhance performance management by establishing clear links between individual and organisational performance, and creating uniform standards against which performance will be evaluated in various units and similar occupations.
- Continuously develop staff to enhance individual performance, as well as that of the organisation.
- Continuously drive transformation in the organisation with a view to ensure gender mainstreaming, disability sensitisation and diversity management.
- Capacitate managers and employees to proactively manage their wellness.

3. HUMAN RESOURCE OVERSIGHT STATISTICS

3.1. Personnel-related expenditure

Table 3.1.1 Personnel expenditure by programme

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	133 949	52 609	1592	–	39	112
Communication and Content Management	85 962	38 801	897	–	45	82
Communication Service Agency	51 519	19 806	278	–	38	42
Government and Stakeholder Engagement	125 794	63 942	449	–	51	136
Total	397 224	175 158	3216	–	44	372

Table 3.1.2 Personnel costs by salary band

Salary band	Personnel expenditure (R'000)	% of total personnel cost	Number of employees	Average personnel cost per employee (R'000)
Lower skilled: levels 1–2	877	0,5	9	97 444
Skilled: levels 3–5	4 174	2,4	29	143 931
Highly skilled production: levels 6–8	46 528	26,6	173	268 948
Highly skilled supervision: levels 9–12	72 630	41,4	182	399 066
Senior management: levels 13–16	42 663	24,4	50	853 260
Contract: levels 1–2	973	0,6	7	139 000
Contract: levels 3–5	126	0,1	1	126 000
Contract: levels 6–8	2 135	1,2	11	194 091
Contract: levels 9–12	1 939	1,0	6	323 167
Contract: levels 13–16	3 113	1,8	3	1 037 667
Total	175 158	100%	471	3 582 574

Table 3.1.3 Salaries, overtime, homeowners' allowance and medical aid by programme

Programme	Salaries		Overtime		Homeowners' Allowance		Medical aid	
	Amount (R'000)	Salaries as % of personnel cost	Amount (R'000)	Overtime as % of personnel cost	Amount (R'000)	Homeowners' allowance as a % of personnel costs	Amount (R'000)	Medical aid as % of personnel cost
Administration	47 972	76.5	420	0.7	1 562	2.5	2 039	3.3
Communication and Content Management	24 368	76.2	199	0.6	639	2	922	2.9
Government and Stakeholder management	49 649	69.04	176	0.2	1 742	2.4	2 777	3.9
Communication Service Agency	12 798	67.6	257	1.4	270	1.4	539	2.8
Total	134 787	73	1 052	1	4 213	2	6 277	3

Table 3.1.4 Salaries, overtime, homeowners' allowance and medical aid by salary band

Salary bands	Salaries		Overtime		Homeowners' allowance		Medical aid	
	Amount (R'000)	Salaries as % of personnel cost	Amount (R'000)	Overtime as % of personnel cost	Amount (R'000)	Homeowners' allowance as a % of personnel costs	Amount (R'000)	Medical aid as % of personnel cost
Lower skilled: levels 1–2	565	64	1	0	85	10	78	9
Skilled: levels 3–5	2 836	67	11	0	305	7	326	8
Highly skilled production: levels 6–8	32 246	66	344	1	1 838	4	2 905	6
Highly skilled supervision: levels 9–12	56 175	74	653	1	1 179	2	2 200	3
Senior management: levels 13–16	35 093	79	–	–	770	2	736	2
Contract: levels 1–2	959	92	13	1	–	–	–	–
Contract: levels 3–5	120	95	2	2	–	–	–	–
Contract: levels 6–8	2 114	99	20	1	–	–	–	–
Contract: levels 9–12	1 931	99	8	0	–	–	–	–
Contract: levels 13–16	2 748	86	–	–	36	1	32	1
Periodic remuneration	–	–	–	–	–	–	–	–
Total	134 787	73	1 052	1	4 213	2	6 277	3

3.2 Employment and vacancies

Table 3.2.1 Employment and vacancies by programme

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Administration	163	173	5,9	21
Communication and Content Management	84	79	9,1	3
Government and Stakeholder Management	187	175	6	
Communication Service Agency	44	44	8,3	4
Total	478	471	7	28

Table 3.2.2 Employment and vacancies by salary band

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Lower skilled: levels 1–2	11	9	18	-
Skilled: levels 3–5	32	29	9	-
Highly skilled production: levels 6–8	182	173	5	-
Highly skilled supervision: levels 9–12	201	182	10	
Senior management: levels 13–16	52	50	4	-
Total	478	471	7	28

Table 3.2.3 Employment and vacancies by critical occupations

Critical occupations	Number of posts on approved establishment	Number of posts filled	Vacancy rate (%)	Number of employees additional to the establishment
Administrative related	4	5	–	1
Cleaners in offices, workshops, etc.	16	21	9	7
Client information clerks: switchboard, reception, information	2	2	–	–
Communication and information-related	161	151	10	6
Finance and economics related	10	9	10	–
Financial and related professionals	9	8	11	–
Financial clerks and credit controllers	4	4	–	–
Head of department/chief executive officer	1	–	100	–
Human resources and organisational development and related professionals	6	7	–	1
Human resources clerks	5	5	–	–
Human resources related	6	5	17	–
Language practitioners, interpreters and other communications professionals	78	74	6	1
Library mail and related clerks	4	3	25	–
Light-vehicle drivers	3	2	33	–
Logistical support personnel	4	3	25	–
Material-recording and transport clerks	15	15	–	–
Messengers, porters and deliverers	6	6	–	–
Other administrative and related clerks and organisers	20	20	–	–
Other administrative policy and related officers	4	5	–	1
Other information systems personnel	13	14	–	1
Printing and related machine operators	3	3	–	–
Secretaries and other keyboard operating clerks	46	51	6	8
Security officers	2	2	–	–
Senior managers	50	51	2	2
Trade labourers	6	5	17	–
Total	478	471	7	28

3.3 Job evaluation

Table 3.3.1 Job evaluation by salary band

				Posts upgraded		Posts downgraded	
Salary band	Number of posts on approved establishment	Number of jobs evaluated	% of posts evaluated by salary bands	Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled: levels 1–2	11	–	–	–	–	–	–
Skilled: levels 3–5	32	–	–	–	–	–	–
Highly skilled production: levels 6–8	182	7	4%	5	71%	0	0%
Highly skilled supervision: levels 9–12	201	3	1%	–	–	–	–
Senior management service: Band A	36	–	–	–	–	–	–
Senior management service: Band B	10	1	10%	1	100%	0	0%
Senior management service: Band C	5	–	–	–	–	–	–
Senior management service: Band D	1	–	–	–	–	–	–
contract: levels 1–2	7	–	–	–	–	–	–
contract: levels 3–5	1	–	–	–	–	–	–
contract: levels 6–8	11	–	–	–	–	–	–
contract: levels 9–12	6	–	–	–	–	–	–
Contract: Band A	–	–	–	–	–	–	–
Contract: Band B	3	–	–	–	–	–	–
Contract: Band C	–	–	–	–	–	–	–
Contract: Band D	–	–	–	–	–	–	–
Total	506	11	2%	6	55%	0	0%

Table 3.3.2 Profile of employees whose positions were upgraded due to their posts being evaluated

Beneficiary	African	Asian	Coloured	White	Total
Female	2	–	–	–	2
Male	3	–	–	1	4
Total	5	–	–	1	6
Employees with a disability	–	–	–	–	–

Table 3.3.3 Employees with salary levels higher than those determined by job evaluation by occupation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
–	–	–	–	–
–	–	–	–	–
Total	–	–	–	–
Percentage of total employment	–	–	–	–

Table 3.3.4 Profile of employees who have salary levels higher than those determined by job evaluation

Beneficiary	African	Asian	Coloured	White	Total
Female	–	–	–	–	–
Male	–	–	–	–	–
Total	–	–	–	–	–
Employees with a disability	–	–	–	–	–

3.4 Employment changes

3.4.1 Annual turnover rates by salary band

Salary band	Number of employees at beginning of April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled: levels 1–2	8	2	1	13
Skilled: levels 3–5	29	2	2	7
Highly skilled production: levels 6–8	203	8	13	6
Highly skilled supervision: levels 9–12	157	6	16	10
Senior management service: Band A	35	–	1	3
Senior management service: Band B	10	–	1	10
Senior management service: Band C	4	–	1	25
Senior management service: Band D	1	–	–	–
Contracts	15	27	18	120
Total	462	45	53	12

Table 3.4.2 Annual turnover rates by critical occupation

Critical occupation	Number of employees at beginning of April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related	4	1	–	–
Cleaners in offices, workshops etc.	18	14	5	28
Client information clerks: switchboard, reception, information	2	–	–	–
Communication and information related	125	7	13	10
Finance and economics related	10	–	1	10
Financial and related professionals	8	2	1	13

Critical Occupation	Number of employees at beginning of April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Financial clerks and credit controllers	4	–	1	25
Head of department/chief executive officer	1	–	1	100
Human resources and organisational development and related professionals	5	1	2	40
Human resources clerks	5	1	1	20
Human resources related	5	–	–	–
Language practitioners, interpreters and other communications professionals	108	1	10	9
Library mail and related clerks	3	–	1	33
Light-vehicle drivers	3	–	–	–
Logistical support personnel	4	–	–	–
Material-recording and transport clerks	17	2	1	6
Messengers, porters and deliverers	7	1	2	29
Other administrative and related clerks and organisers	19	2	1	5
Other administrative policy and related officers	7	–	–	–
Other information systems personnel	12	2	1	8
Printing and related machine operators	2	–	–	–
Secretaries and other keyboard operating clerks	42	10	9	21
Security officers	2	–	–	–
Senior managers	43	1	3	7
Trade labourers	6	–	–	–
Total	462	45	53	12

Table 3.4.3 Reasons why staff left the department

Termination type	Number	% of total resignations
Death	—	—
Resignation	31	59
Expiry of contract	16	30
Dismissal – operational changes	—	—
Dismissal – misconduct	—	—
Dismissal – inefficiency	—	—
Discharged due to ill-health	—	—
Retirement	5	9
Transfer to other Public Service departments	1	2
Other	—	—
Total	53	100
Total number of employees who left as a %	—	12

Table 3.4.4 Promotions by critical occupation

Occupation	Employees 1 April 2012	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Administrative-related	4	—	—	3	75
Cleaners in offices, workshops etc.	18	—	—	10	56
Client information clerks: switchboard, reception, information	2	—	—	2	100
Communication and information-related	125	30	24	79	63
Finance and economics-related	10	1	10	9	90

Occupation	Employees 1 April 2012	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Financial and related professionals	8	2	25	3	38
Financial clerks and credit controllers	4	2	50	1	25
Head of department/chief executive officer	1	–	–	–	–
Human resources and organisational development and related professionals	5	2	40	5	100
Human resources clerks	5	–	–	5	100
Human-resources-related	5	1	20	4	80
Language practitioners, interpreters and other communications professionals	108	4	4	94	87
Library mail and related clerks	3	–	–	3	100
Light-vehicle drivers	3	1	33	1	33
Logistical support personnel	4	2	50	–	–
Material-recording and transport clerks	17	–	–	10	59
Messengers, porters and deliverers	7	–	–	5	71
Other administrative and related clerks and organisers	19	2	11	13	68
Other administrative policy and related officers	7	1	14	4	57
Other information systems personnel	12	–	–	10	83
Printing and related machine operators	2	–	–	1	50
Secretaries and other keyboard operating clerks	42	4	10	24	57
Security officers	2	–	–	2	100
Senior managers	43	–	–	35	81
Trade labourers	6	–	–	4	67
Total	462	52	11	327	71

Table 3.4.5 Promotions by salary band

Salary band	Employees 1 April 2012	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled: levels 1–2	13	–	–	5	38,4
Skilled: levels 3–5	29	1	3	24	82,7
Highly skilled production: levels 6–8	209	16	8	149	71,2
Highly skilled supervision: levels 9–12	159	35	22	106	66,6
Senior management: levels 13–16	52	–	–	43	82,6
Total	462	52	11	327	71

3.5 Employment equity

Table 3.5.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2013

	Male				Female				
Salary band	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Legislators, senior officials and managers	14	3	1	6	18	2	5	2	51
Professionals	107	11	1	6	113	6	6	18	268
Technicians and associate professionals	5	–	–	1	6	–	–	1	13
Clerks	21	2	1	2	62	5	2	5	100
Service and sales workers	2	–	–	–	–	–	–	–	2
Plant and machine operators and assemblers	5	–	–	–	–	–	–	–	5
Elementary occupations	13	–	–	–	17	2	–	–	32
Total	167	16	3	15	216	15	13	26	471
Employees with disabilities	4	1	–	1	2	–	–	3	11

Table 3.5.2 Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2013

	Male				Female				
Salary band	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top management (level 15–16)	–	1	–	1	2	–	–	–	4
Senior management (level 13–14)	15	2	1	5	16	2	6	2	49
Professionally qualified and experienced specialists and mid-management	73	6	2	6	75	4	5	17	188
Skilled technical and academically qualified workers, junior management, supervisors, foremen	60	7	–	3	100	5	2	7	184
Semi-skilled and discretionary decision making	16	–	–	–	12	2	–	–	30
Unskilled and defined decision making	3	–	–	–	11	2	–	–	16
Total	167	16	3	15	216	15	13	26	471

Table 3.5.3 Recruitment

	Male				Female				
Occupational band	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top management	–	–	–	–	–	–	–	–	–
Senior Management	1	–	–	–	–	–	–	–	1
Professionally qualified and experienced specialists and mid-management	6	–	–	–	2	–	–	1	9
Skilled technical and academically qualified workers, junior management, supervisors, foremen	8	–	–	–	8	–	–	1	17
Semi-skilled and discretionary decision making	1	–	–	–	1	1	–	–	3
Unskilled and defined decision making	7	–	–	–	8	–	–	–	15
Total	23	–	–	–	19	1	–	2	45
Employees with disabilities	–	–	–	–	–	–	–	–	–

Table 3.5.4 Promotions

	Male				Female				
Occupational band	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top management	1	1	–	–	2	–	–	–	4
Senior management	10	1	–	6	11	2	7	2	39
Professionally qualified and experienced specialists and mid-management	49	7	2	3	58	5	4	13	141
Skilled technical and academically qualified workers, junior management, supervisors, foremen	60	6	–	2	87	7	2	1	165
Semi-skilled and discretionary decision making	13	–	–	–	11	1	–	–	25
Unskilled and defined decision making	–	–	–	–	4	1	–	–	5
Total	133	15	2	11	173	16	13	16	379
Employees with disabilities	4	1	–	1	1	–	–	2	9

Table 3.5.5 Terminations

	Male				Female				
Occupational band	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top management	2	–	–	–	–	–	–	–	2
Senior management	–	–	–	–	2	–	–	–	2
Professionally qualified and experienced specialists and mid-management	5	1	–	–	9	–	–	2	17
Skilled technical and academically qualified workers, junior management, supervisors, foremen	7	–	–	–	13	1	–	1	22
Semi-skilled and discretionary decision making	2	–	–	–	1	–	–	–	3
Unskilled and defined decision making	4	–	–	–	2	1	–	–	7
Total	20	1	–	–	27	2	–	3	53
Employees with a disability	–	–	–	–	–	–	–	–	–

Table 3.5.6 Disciplinary action

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

Table 3.5.7 Skills development

	Male				Female				
Occupational category	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Legislators, senior officials and managers	8	2	1	4	17	0	3	3	38
Professionals	50	1	2	4	57	1	3	12	130
Technicians and associate professionals	3	0	0	0	3	0	0	0	6
Clerks	31	1	0	3	37	2	1	5	80
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	7	0	0	0	6	0	0	0	13
Total	99	4	3	11	120	3	7	20	267
Employees with a disability	4	0	0	1	2	0	0	1	8

3.6. Performance rewards

3.6.1 Performance rewards by race, gender and disability

	Beneficiary profile				Cost
Race and gender	Number of beneficiaries	Number of employees	% of total within a group	Cost (R' 000)	Average cost per beneficiary (R)
African female	67	214	31	774	11 556
African male	52	163	32	613	11 784
Asian female	7	13	54	169	24 146
Asian male	2	3	67	43	21 422
Coloured female	6	15	40	90	15 074
Coloured male	5	15	33	61	12 186
Total black female	80	242	33	1 034	12 921
Total black male	59	181	33	717	12 144
White female	11	23	48	182	16 556
White male	6	14	43	154	25 597
Employees with a disability	4	11	36	51	12 756
Total	160	471	34	2 137	13 356

Table 3.6.2 Performance rewards by salary band for personnel below senior management service

	Beneficiary profile				Cost	
Salary band	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R' 000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled: levels 1–2	5	16	56	23	4 600	1.2
Skilled: levels 3–5	16	30	52	82	8 267	1.9
Highly skilled production: levels 6–8	54	184	31	417	7 722	0.8
Highly skilled supervision: levels 9–12	66	188	36	913	13 833	1.2
Total	141	418	23	1 435	10 177	1.1

Table 3.6.3 Performance rewards by critical occupation

	Beneficiary profile				Cost
Critical occupation	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R 000)	Average cost per employee
Administrative related	–	5	–	–	–
Cleaners in offices, workshops etc.	9	21	43	42	4 667
Client information clerks: switchboard, reception, information	–	2	–	–	–
Communication and information related	54	151	36	753	13 944
Finance and economics-related	–	9	–	–	–
Financial and related professionals	2	8	25	26	13 000
Financial clerks and credit controllers	2	4	50	21	10 500
Human resources and organisational development and related professionals	2	7	29	24	12 000
Human resources clerks	1	5	20	7	7 000
Human resources related	2	5	40	43	21 500
Language practitioners, interpreters and other communications professionals	28	74	38	235	8 393
Library mail and related clerks	2	3	67	8	4 000
Light vehicle drivers	1	2	50	7	7 000
Logistical support personnel	1	3	33	6	6 000
Material-recording and transport clerks	6	15	40	38	6 333
Messengers porters and deliverers	2	6	33	6	3 000
Other administrative and related clerks and organisers	8	20	40	70	8 750
Other administrative policy and related officers	2	5	40	23	11 500
Other information systems personnel	1	14	7	10	10 000
Printing and related machine operators	2	3	67	11	5 500

	Beneficiary profile				Cost
Critical occupation	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R 000)	Average cost per employee
Secretaries and other keyboard operating clerks	12	51	24	86	7 167
Security officers	1	2	50	4	4 000
Senior managers	20	51	39	703	35 150
Trade labourers	2	5	40	14	7 000
Total	160	471	34	2 137	13 356

Table 3.6.4 Performance related rewards (cash bonus) by salary band for senior management service

	Beneficiary profile				Cost	
Salary band	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Band A	12	36	33	429	35 750	1,4
Band B	4	13	31	149	37 250	1,1
Band C	3	4	75	124	41 333	2,6
Band D	—	—	—	—	—	—
Total	19	53	36	702	36 947	1,4

3.7 Foreign workers

Table 3.7.1 Foreign workers by salary band

	1 April 2012		31 March 2013		Change	
Salary band	Number	% of total	Number	% of total	Number	% Change
Lower skilled	–	–	–	–	–	–
Highly skilled production: levels 6–8	–	–	–	–	–	–
Highly skilled supervision: levels 9–12	1	50	1	100	–	–
Senior management: levels 13–16	1	50	–	–	-1,00	100
Contract: levels 9–12	–	–	–	–	–	–
Contract: levels 13–16	–	–	–	–	–	–
Total	2	100	1	100	-1,00	100

Table 3.7.2 Foreign workers by major occupation

	1 April 2012		31 March 2013		Change	
Major occupation	Number	% of total	Number	% of total	Number	% of Change
Professionals and managers	2	100	1	100	-1.00	100
Total	2	100	1	100	-1.00	100

3.8 Leave utilisation

Table 3.8.1 Sick leave

Salary band	Total days	% days with Medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Lower skilled: levels 1–2	81	59	15	4	5	21
Skilled: levels 3–5	181	84	25	6	7	59
Highly skilled production: levels 6–8	1009	83	151	39	7	590
Highly skilled supervision: levels 9–12	1 077	79	154	40	7	1259
Senior management: levels 13–16	316	83	41	11	8	967
Total	2 664	83	386	100	7	2 896

Table 3.8.2 Disability leave (temporary and permanent)

Salary band	Total days	% days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost (R'000)
Lower skilled: levels 1–2	—	—	—	—	—	—
Skilled: levels 3–5	—	—	—	—	—	—
Highly skilled production: levels 6–8	74	100	2	18	37	43
Highly skilled supervision: levels 9–12	142	100	7	64	20	135
Senior management: levels 13–16	39	100	2	18	20	110
Total	255	100	11	100	23	288

Table 3.8.3 Annual leave

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Lower skilled: levels 1–2	291	34	9
Skilled: levels 3–5	719	42	17
Highly skilled production: levels 6–8	3 875	27	144
Highly skilled supervision: levels 9–12	4 300	30	143
Senior management: levels 13–16	1 169	37	36
Total	10 354	170	349

Table 3.8.4 Capped leave

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as at 31 December 2012
Lower skilled: levels 1–2	–	–	–	–
Skilled: levels 3–5	–	–	–	–
Highly skilled production: levels 6–8	7	4	2	29
Highly skilled supervision: levels 9–12	–	–	–	–
Senior management: levels 13–16	3	1	3	37
Total	10	5	2	32

Table 3.8.5 Leave pay-outs

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2011/12 due to non-utilisation of leave for the previous cycle	—	—	—
Capped leave pay-outs on termination of service for 2012/13	178	19	9 368
Current leave pay-out on termination of service for 2012/13	7	28	250
Total	185	47	3 936

3.9 HIV testing and health-promotion programmes

Table 3.9.1 Steps taken to reduce the risk of occupational exposure

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

Table 3.9.2 Details of health promotion and HIV and AIDS programmes (tick the applicable boxes and provide the required information)

Details of health promotion and HIV and AIDS programmes			
Question	Yes	No	Details, if yes
Has the department designated a member of the Senior Management Services to implement the provisions contained in Part VI E of Chapter I of the Public Service Regulations (2001) If so, provide her/his name and position.	X		Mr B Simons and Ms MTshokolo
Does the department have a dedicated unit or has it designated specific staff members to promote health and wellbeing of its employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		Six employees appointed
Has the department introduced an Employee Assistance or Health Promotion Programme for employees? If so, indicate the key elements or services of the programme.	X		24/7/365 days counselling services which also include immediate family members, HIV and AIDS and other chronic illnesses education and health screening including HIV and AIDS, TB, pap smear, PSA, etc.
Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter I of the Public Service Regulations, 2001? If so, provide the names of the members of the committee and the stakeholder(s) that they represent.	X		Mr B Simons, Ms MTshokolo, Ms D Nthite, Ms L Sehlabaka, Ms T Morudu, Ms M Fatman, Ms G Mokoena and Ms M Spaumer
Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		Employee Wellness Policy, Gender Workplace Policy
Question	Yes	No	Details, if yes
Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		Through human resource policies and the establishment of the wellness and transformation committees.
Does the department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have achieved.	X		HIV and AIDS, as well as TB testing takes place on a quarterly basis. 10% of employees tested for TB and 24% for HIV and AIDS.
Has the department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Monthly, quarterly and annual wellness reports. Quarterly HIV counselling and testing reports and evaluation forms after the services have been rendered.





3.10 Labour relations

Table 3.10.1 Collective agreements

Subject matter	Date
None	—

Table 3.10.2 Misconduct and disciplinary hearings finalised

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

Table 3.10.3 Types of misconduct addressed and disciplinary hearings

Type of misconduct (based on Annexure A)	Number	% of total
Fraud	1	100%
Total	1	100%

Table 3.10.4 Grievance lodged

	Number	% of total
Number of grievances resolved	—	—
Number of grievances not resolved	3	100%
Total number of grievances lodged	3	100%

Table 3.10.5 Disputes lodged

	Number	% of total
Number of disputes upheld	—	0%
Number of disputes dismissed	1	100%
Total number of disputes lodged	1	100%

Table 3.10.6 Strike actions

Total number of persons working days lost	—
Total costs of working days lost	—
Amount (R'000) recovered as a result of no work no pay	—

Table 3.10.7 Precautionary suspensions

Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	131
Cost (R'000) of suspensions	184 134



3.1.1 Skills development

Table 3.11.1 Training needs identified

			Training needs identified at start of the reporting period			
Occupational category	Gender	Number of employees as at 1 April 2012	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	27	—	—	—	—
	Male	24	—	1	—	1
Professionals	Female	143	—	34	—	34
	Male	125	—	30	—	30
Technicians and associate professionals	Female	7	—	—	—	—
	Male	6	—	3	—	3
Clerks	Female	74	—	36	—	36
	Male	26	—	18	—	18
Service and sales workers	Female	—	—	—	—	—
	Male	2	—	—	—	—
Skilled agriculture and fishery workers	Female	—	—	—	—	—
	Male	—	—	—	—	—
Craft and related trades workers	Female	—	—	—	—	—
	Male	—	—	—	—	—
Plant and machine operators and assemblers	Female	—	—	—	—	—
	Male	5	—	1	—	1
Elementary occupations	Female	19	—	—	—	—
	Male	13	—	3	—	3
Gender subtotals	Female	270	—	70	—	70
	Male	201	—	56	—	56
Total		471		126	—	126

Table 3.11.2 Training provided for the period

			Training needs identified at start of the reporting period			
Occupational categories	Gender	Number of employees as at 1 April 2012	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	27	–	23	1	24
	Male	24	–	15	–	15
Professionals	Female	143	–	73	7	80
	Male	125	–	57	4	61
Technicians and associate professionals	Female	7	–	3	5	8
	Male	6	–	3	2	5
Clerks	Female	74	–	45	1	46
	Male	26	–	35	–	35
Service and sales workers	Female	0	–	–	–	–
	Male	2	–	–	1	1
Skilled agriculture and fishery workers	Female	0	–	–	–	–
	Male	–	–	–	–	–
Craft and related trades workers	Female	–	–	–	–	–
	Male	–	–	–	–	–
Plant and machine operators and assemblers	Female	–	–	–	–	–
	Male	5	–	–	–	–
Elementary occupations	Female	19	–	6	–	6
	Male	13	–	7	–	7
Gender subtotals	Female	270	–	150	14	164
	Male	201	–	117	7	124
Total		471	–	267	21	288

3.12 Injury on duty

Table 3.12.1 Injury on duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	–	–
Temporary total disablement	–	–
Permanent disablement	–	–
Fatal	–	–
Total	–	–

3.13 Utilisation of consultants

Table 3.13.1 Report on consultant appointments using appropriated funds

Project title	Total number of consultants that worked on project	Duration work days	Contract value in rand
None	–	–	–
Total number of projects	Total individual consultants	Total duration work days	Total contract value in rand
–	–	–	–

Table 3.13.2 Analysis of consultant appointments using appropriated funds (in terms of historically disadvantaged individuals (HDIs))

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None	–	–	–

Table 3.13.3 Report on consultant appointments using donor funds

Project title	Total number of consultants that worked on project	Duration work days	Donor and contract value in rand
None	—	—	—
Total number of projects	Total individual consultants	Total duration work days	Total contract value in rand
—	—	—	—

Table 3.13.4 Analysis of consultant appointments using donor funds in terms of Historically Disadvantaged Individuals (HDIs)

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None	—	—	—





PART E: ANNUAL FINANCIAL STATEMENTS

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

I. General review of the state of financial affairs

The vision of the Government Communication and Information System (GCIS) is to be the pulse of communication excellence in government. The GCIS primary mandate is to meet the communication needs of government and the public. It provides strategic leadership in government communication and coordinates a government-wide communication system that ensures that the public is continuously informed of government programmes and policies in a manner that will improve their lives.

As GCIS, our prime responsibility is to ensure the democratic strength, success and security of South Africa through rapid, responsive and continuous communication of government's achievements. It is to ensure strategic alignment of the government communication system to the national government agenda. This will ensure that government-wide communication supports the five priority areas of government: education, fighting crime, health, job creation and rural development.

Important policy decisions and strategic issues facing the department:

- **Government-wide communication system**

The department will continue to provide strategic communication support to government departments through transversal communication campaigns, with special emphasis on the five national priorities. The National Development Plan (NDP) provides targets towards nation building and social cohesion. The department will further support the government in building a capable state, by maintaining good relations at provincial and local government level and by establishing and strengthening provincial and

district communication forums. This will ensure more coordinated efforts in communicating government plans, programmes and achievements. The department aims to take a direct role of communicating the actual NDP and conducting research that will measure the willingness and actual participation of citizens in their own development.

In 2010/11, the department reviewed the Government Communication Strategy resulting in a re-focused communication approach of GCIS for the next five years. The strategy was finally approved by Cabinet in June 2011. This was in response to Cabinet's concern that communication around the work of government should improve. The strategy will drive the government-wide communication programmes in responding to the current communication challenges and providing communication support to government at large. This strategy was aligned to the (MTSF) and adopts a more measured approach to the communication strategy in support of the five national priorities aligned to the outcomes approach. In the first year of the strategy's implementation, the department has attempted to demonstrate greater speed, responsiveness and impact in relation to the communication environment and it has extended its reach through new platforms in showcasing government programmes.

- **Focus over the medium term**

Over the medium term, the department aims to gradually implement the Government Communication Strategy supporting the communication campaigns of other departments, especially regarding government's five priorities. These campaigns will constitute the Government Communication Programme, centrally managed by GCIS. The social media will further be explored to ensure a continuous presence of government messages on these platforms. The department will work with other government

departments to ensure they explore social media platforms. Political principals will, through the Public Participation Programme, interact with members of the public.

The Rapid Response Unit will manage the implementation of the recommendations provided to other government departments through meetings with communicators. Coherence and responsiveness of government's messages is facilitated through various platforms, including *Vuk'uzenzele*, *Public Sector Manager* magazine, the development of key messages, radio phone-in programmes, website content management, *South Africa Yearbook*, *Pocket Guide to South Africa* and various other channels.

The department will continue to provide strategic communication support to government departments through transversal communication campaigns, with special emphasis on the five national priorities. The department will further support government in building a capable state, by maintaining relations at provincial and local government level and by establishing and strengthening provincial and district communication forums. This will ensure more coordinated efforts in communicating government plans, programmes and achievements.

GCIS' priorities over the medium term are to ensure that the government-wide communication system disseminates information on programmes and services that will enable communities to participate in bettering their lives. This will ensure that government communication covers priority areas such as speeding up economic growth, improving the health profile of South Africans, intensifying the fight against crime and corruption and more cooperation with international partners.

The department will also support the efforts of the MDDA to enable access to the media by historically disadvantaged communities and individuals. GCIS will ensure the public is informed of government's national priorities and all relevant legislative mandates and policy directives. GCIS will in its gradual implementation of the National Communication Strategy – which Cabinet adopted in June 2011 – demonstrate greater speed, reach, responsiveness and impact in showcasing government's quantifiable delivery and communicating areas where there are challenges. This will be done by employing both traditional media platforms and some of the emerging platforms in the social and new media space.

GCIS creates platforms to communicate directly to and with South Africans by coordinating government's Public Participation Programme (PPP) which aims to bring government closer to the people. Thusong Service Centres (TSCs) remain a primary vehicle for the implementation of development communication and information.

- **Media bulk buying**

GCIS will continue to assist departments with media-buying campaigns. Various cost-saving models have been explored to provide the most sustainable and cost-effective solution to media bulk buying in the purchase of advertising space/time on behalf of all government departments. GCIS approaches media owners directly for advertising space while using a panel of agencies. This saves government about 16,5% of the cost of buying advertising space.

- **Broadening access to information**

Access to information is of major significance for government. Over the medium term, the department will ensure that it moves with global trends in terms of information and communications technology. This involves the use of social media to broaden communication platforms. It will continue to offer easily accessible information in all official languages.

Products that are disseminated in all languages include print media, print media adapted to comic format for lower-income groups, leaflets, posters, radio dramas and public-service announcements on public and community radio stations.

- **Enhancing communication**

GCIS continues to project itself as the pulse of communication excellence for government. The cluster chief directorates will continue to coordinate and manage the clusters to ensure a well-functioning government communication system. The implementation of cluster communication strategies will be monitored throughout the 2013/14 financial year.

The department continues to implement its capacity-building programme for government communicators and political principals. This programme equips government's messengers with the tools to effectively develop and disseminate government's messages.

In developing a professional cadre of government communicators, a new chief directorate has been established, namely Training and Development. The purpose of the section will be to develop a training curriculum, in partnership with recognised institutions, to establish a customised professional and accredited course for all government communicators. This section will also begin to strengthen existing support to the Diplomatic Academy in providing communication support and training to the country's diplomatic corps.

- **Building partnerships**

Over the MTEF period, GCIS will continue to build communication partnerships with communicators in government departments, other countries, media houses and community forums that have expertise in improving government communication. These partnerships are intended to improve the quality of government information.



- **New office accommodation (Tshedimosetso House)**

GCIS identified a need to move to new office accommodation in April 2005 due to the growth in the staff establishment. The process to acquire the new office accommodation was initially done through the Department of Public Works (DPW) with the planned occupation date between August and December 2010. In June 2008, the DPW brought in consultants to assist with the project management of the new office accommodation. Regrettably in June 2009, DPW pulled out of this project without forewarning GCIS. Due to these delays and the impact thereof since 2005, GCIS resolved this matter by approaching the private sector through a tender process to provide office accommodation for the department.

In 2010/11 GCIS advertised the tender and appointed a service provider to construct new office accommodation. There were delays due to the service provider having to acquire and demolish the existing building before constructing the new office accommodation to tailor-make the building to the GCIS' user requirements. Construction started in January 2012 with the occupation date of the new building being set for May 2013.

GCIS took occupation of the new building on 17 May 2013. However there were still some tenant installations that were not yet fully completed. These largely relate to partitioning, cabling, floor and wall finishing, ceiling installation, electrical and mechanical installations, other ICT infrastructure installation, as well as the installation of the PA and evacuation systems.

By 31 March 2013, work-in-progress amounted to R48,8 million which comprised R28,3 million actual expenditure and prepayments of R20,5 million for ICT infrastructure in terms of a contractual agreement between the two parties. Payments were expensed from the bank account, but due to goods and services not completely rendered by 31 March

2013, the prepayments are reflected in the Statement of Financial Position.

1.1. Financial affairs and spending trends

The GCIS was allocated R429,1 million for the 2012/13 financial year. The budget allocation had an increase of R31,9 million during the Adjusted Estimates of National Expenditure (AENE), resulting in a total of R461 million in voted funds. The breakdown of the increase is as follows:

- R20 million was rolled over from 2011/12 to 2012/13 financial year in respect of the new head office building
- R10 million was allocated for the Africa Cup of Nations tournament
- R1,9 million was allocated for higher personnel cost than the main budget provided for.

Of the allocated budget of R461 million, R397,2 million (86,2%) was spent, resulting in a variance of R63,7 million (13,8%). Included in this variance is R20,5 million prepayments for ICT infrastructure that were made in accordance with a contractual agreement between GCIS and the service provider. Due to goods and services not completely rendered by year-end, the prepayments are included in the Statement of Financial Position. The balance of R43,2 million is explained as follows:

- R39,8 million was allocated for the purchasing of goods and services, as well as capital equipment in respect of the new GCIS head office building, but services were not completely rendered by 31 March 2013. GCIS requested National Treasury to roll-over the funds to the 2013/14 financial year.
- a saving of R1,9 million realised in compensation of employees due to transfers and resignations of employees which resulted in vacant posts before appointments could be finalised.

- An underspending of R1,5 million realised in respect of the Clean-up of the 1st Generation Thusong Service Centres due to goods and services that were not completely rendered by 31 March 2013.

Although the underspending of R43,2 million will be surrendered to the National Revenue Fund (NRF), GCIS will request National Treasury to roll-over the underspending to the 2013/14 financial year.

GCIS continues to adhere to sound financial management as stipulated in the Public Finance Management Act, 1999 (Act 1 of 1999), and National Treasury Regulations. To ensure that GCIS maintains sound financial governance that is client-focused and responsive to the overall operating environment, the financial policies are reviewed annually to ensure that they still comply with the Public Finance Management Act, 1999 and National Treasury Regulations.

The new policies are uploaded on Sharepoint from where all GCIS staff can access the policies. Road shows and induction sessions will be held to present changes to the policies to all employees. In-between, the financial circulars are issued to staff from time to time as guided by National Treasury and the Department of Public Service and Administration (DPSA) prescripts.



2. Virement and additional allocation during the adjustment estimate

The following virement and additional budget allocation were approved through the adjustments estimates process:

Main division	Original budget (R'000)	Virement (R'000)	Roll-overs (R'000)	Other adjustments (R'000)	Adjusted Estimates of National Expenditure (ENE) (R'000)
1. Administration	170,839	(1,411)	20,000	1,886	192,587
2. Communication and Content Management	109,087	(1,374)	-	-	94,884
3. Government and Stakeholder Engagement	116,524	(435)	-	10,000	126,089
4. Communication Service Agency	32,645	3,220	-	-	47,421
TOTAL	429,095	-	20,000	11,886	460,981

The above is represented by the following:

- an increase of R1,886 million in compensation of employees for salary increases following the Public Service Coordinating Bargaining Council resolution
- goods and services increased with R20 million that was rolled over from 2011/12 to cover costs associated with the relocation of the department to a new building
- payments for capital assets increased with R10 million in respect of the purchasing of capital assets for the new head office building.

The following virement was approved by the Accounting Officer and National Treasury after the Adjusted Estimates of National Expenditure:

Main division	Adjusted ENE (R'000)	Virement (R'000)	Final appropriation (R'000)
1. Administration	192,587	1,753	194,340
2. Communication and Content Management	94,884	(7,044)	87,840
3. Government and Stakeholder Engagement	126,089	1,193	127,282
4. Communication Service Agency	47,421	4,098	51,519
TOTAL	460,981	-	460,981

The above virement is represented by the net effect of the following:

- A decrease of R1,2 million in compensation of employees, mainly transfers and subsidies (households) due to the leave gratuity of officials as a result of retirements or leave discounts.
- A net decrease of R46,4 million in goods and services to payments for capital assets in respect of the new head office building as well as Transfers and Subsidies for the payment of TV licences to a public corporation (South African Broadcasting Corporation [SABC]).
- An increase of R744 000 in transfers and subsidies of which R61 000 is for paying TV licenses to a public corporation (SABC) and R683 000 to Households in respect of staff who retired and leave gratification payments.
- An increase of R46,8 million in the payments for capital assets from goods and services to fund the purchase of capital assets for the new head office building.

3. Services rendered by the department

3.1 Tariff policy

GCIS produces various 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.

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

In accordance with a contractual agreement with the service provider it was projected that the *Public Sector Manager* magazine would generate R2,7 million from 1 July 2012 – 31 March 2013 through the selling of advertising space. Unfortunately, for reasons outside the control of GCIS, only R185 000 was generated and deposited into the NRF.

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

3.2 Inventories

Inventories kept at our main store consist of limited stock of stationery, government forms and printer cartridges. The total inventories on hand at year-end are included in the Annexure on Inventory.

4. Capacity constraints

Over the past few years, GCIS has been inundated with requests from national and provincial departments to assist with communication campaigns. These requests have exerted enormous pressure on GCIS' current capacity, in terms of the number of personnel as well as the requisite skills. GCIS continues to provide assistance to other departments with their communication campaigns.

Despite approval obtained from Cabinet to implement the NCS, National Treasury did not allocate funds to implement this project.

5. Public entities

One public entity is under the control of GCIS, namely the Media Development and Diversity Agency (MDDA).

5.1 MDDA

The MDDA was set up in terms of the Media Development and Diversity Agency Act, 2002 (Act 14 of 2002) to enable historically disadvantaged communities and individuals to gain access to the media.

The mandate of the MDDA is to:

- create an enabling environment for media development and diversity which reflects the needs and aspirations of all South Africans
- redress the exclusion and marginalisation of disadvantaged communities and people from access to the media and the media industry
- promote media development and diversity by providing support primarily to community and small commercial media projects.



The overall objective of the agency is to ensure that all citizens can access information in a language of their choice, and to transform media access, ownership and control patterns in South Africa.

Over the medium term, the agency's strategic focus will be on:

- advocating for media development and diversity
- developing partnerships in advertising with government departments, public entities and the private sector with a view to enhance the sustainability of the small commercial media projects
- providing grant and seed funding for community and small commercial media
- providing capacity-building interventions for beneficiary organisations and communities, including mentorship and monitoring and evaluation
- strengthening and consolidating beneficiary projects to levels of sustainability
- conducting research and knowledge management
- promoting media literacy and a culture of reading; communicating and encouraging public awareness about the media sector to a level where all South African have access to diverse forms of media
- promoting quality programming and production in community broadcasting
- raising funds and mobilising resources to strengthen the community and small commercial media projects for sustainability.

Fewer new projects will be funded, in line with the aim of consolidating funding for previously supported projects. The number of projects supported depends on the quality and quantity of applications.

5.2 Public-entity funding

The MDDA received transfer payments from GCIS in the 2012/13 financial year. A once-off payment of R20 million was made to the MDDA in April 2012.

6. Organisations to which transfer payments have been made

Apart from the transfer payment made to the MDDA, an amount of R683 000 was paid in respect of leave gratification of officials who retired or discounted their leave, and R61 000 to the SABC in respect of TV licenses.

7. Corporate governance arrangements

GCIS is committed to the principles of good corporate governance and to ensure compliance with all relevant laws and regulations.

There are other matters raised in the Auditor-General's report of compliance nature, which have been or will be addressed in the next financial year. All other matters were identified by GCIS' internal control systems and appropriately disclosed in the financial statements.

We also like to draw your attention to contractual matters involving third parties, reported in 2011/12 and again referred to in the 2012/13 Annual Report – the outcome of which is still unknown. As the matter involves contractual disputes and is sub judice, we are unable to furnish details in this report until proper investigation is finalised and the matter brought to a logical conclusion.

Monthly Internal Audit and Risk Committee, chaired by the CEO, and quarterly Audit Committee meetings were held as part of efforts to sustain and/or enhance the adequacy and effectiveness of the system of governance, risk and control.





These committees largely dealt with the following:

- Auditor-General and Internal Audit:
 - ☐ approval of the Auditor-General strategy and fees
 - ☐ approval of the Internal Audit Three-Year and Annual Operational Plans
 - ☐ monitoring of the performance of Auditor-General and Internal Audit and approval of the audit reports and follow-ups to ensure implementation by management of the audit recommendations.
- Review the effectiveness of the In-Year and Annual Management Reports in terms of:
 - ☐ risk strategy, policy and fraud prevention plan
 - ☐ top risks including risk and fraud mitigation measures and progress reports
 - ☐ Strategic Management Framework and Quarterly Performance Information Reports and Annual Report
 - ☐ Interim and Annual Financial Statements.

The Occupational Health and Safety Committee has eight members. In addition, safety representatives were appointed within GCIS to assist in emergency situations. Capacity-building for this team was successfully done. The safety representatives are, among other things, trained up to First Aid Level II.

Equipment is serviced monthly and quarterly to ensure a safe and healthy environment.

The Budget Committee, consisting of all Manco members, chaired by the CEO and comprising three Deputy CEOs, as well as the Chief Financial Officer, meets monthly to review the expenditure reports. Manco meets weekly to rotate between the communication environment and governance issues. In all occasions the department's work is evaluated.

Exco, the highest management committee in GCIS, consisting of the CEO and three Deputy CEOs, meets weekly to discuss top management issues. Once a month, the Deputy Minister in The Presidency, who provides strategic leadership and guidance to the work of GCIS, is briefed on the work of the department, as well as the expenditure trends. The other management forum, the Director's Forum, consisting of directors, meets quarterly 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.

The Corporate Services Programme is largely responsible for ensuring a culture of good corporate governance is maintained. The programme ensures that systems, policies and procedures supporting the operations of GCIS are developed in conformance with the laws and regulations and implemented effectively. Key among these policies is the departmental procurement policy and delegations that ensure that supply chain management (SCM) procedures are fully complied with. The current system is still very labour-intensive, resulting in some unnecessary laborious processes that could be reduced by introducing state-of-the-art technology ideally suited to GCIS operations. National Treasury is currently working on the Integrated Financial Management System, which is meant to replace the existing systems (BAS, Logis and Persal). Until that system is fully implemented, departments are not allowed to procure any form of technology for their financial and procurement processes.

8. Discontinued activities/activities to be discontinued

Cost-saving measures that National Treasury implemented across most government departments over the medium term had the effect that GCIS' budget allocation was reduced with R3,9 million in 2013/14, R8,3 million in 2014/15 and R13,1 million in 2015/16. This may result in activities being discarded or discontinued as it delayed some of the planned expansions of communication services, as detailed in the NCS

Despite the reduction in budget allocations, GCIS will continue to achieve its mandate and render an effective communication service to all citizens.

9. New/proposed activities

New activities for the 2012/13 financial year for which funding was approved by National Treasury include:

- **Inflation-related adjustment: Compensation of employees**
To absorb inflation-related adjustments over the medium term National Treasury allocated additional amounts of R3,4 million in 2013/14, R4,3 million in 2014/15 and R7,4 million in 2015/16 for improved conditions of service.

10. Asset management

All assets are captured in the Asset Register. GCIS has always had an asset-management unit, which resides under SCM 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:

- An asset Register
- An asset-Management Strategy
- comprehensive Asset-Management Policy that includes maintenance, disposal, etc.

All policies are reviewed annually. With reference to compliance with the asset-management reform milestones, it can be confirmed that:

- information in the department's manual Asset Register about the condition of all furniture and equipment is updated
- information in the Logis system about the condition of all equipment was updated
- the Logis system does not cater for information about the updating of the condition of furniture.

11. Events after the reporting date

As referred to in paragraph 1.1 prepayments of R20,5 million were made in accordance with a contractual agreement between both parties. Goods and services were not completely rendered by 31 March 2013 resulting in the payments being disclosed in the Statement of Financial Position. Once it is confirmed that all goods and services have been rendered satisfactorily the amounts will be transferred to the Statement of Financial Performance.

In the process of acquiring Tshedimosetso House (new head office building) GCIS received requests from two national departments to take over the old furniture and equipment that were used in the old building. Subsequent to 31 March 2013, the process was started to transfer the furniture and equipment to the Department of Higher Education and the Department of Energy. It is anticipated that this process will be finalised in the first quarter of the 2013/14 financial year.

12. Information on predetermined objectives

The Strategic Planning and Performance Monitoring Unit was fully capacitated during the 2011/12 financial year. The unit is responsible for monitoring and reporting on programme-performance information. Programme-performance information is monitored on a monthly basis through using the electronic performance reporting system, the Organisation Performance Management System (OPMS).

The OPMS allows programme managers to submit both monthly and quarterly performance reports. These reports detail key achievements against the set quarterly targets as reflected in the annual performance plans. Subsequent to rigorous analysis of reports from the programme managers, the planning unit consolidates the departmental performance report and presents it at Manco for discussion and approval. In this meeting, corrective measures for delayed targets are recorded and monitored constantly. All approved quarterly reports were submitted to the National Treasury and Department of Performance Monitoring and Evaluation in The Presidency.

13. Standing Committee on Public Accounts (Scopa) Resolutions

There were no Scopa resolutions in the 2011/12 and 2012/13 financial years.

13. Prior modifications to audit reports

The Auditor-General reported the following audit findings and matters in the 2011/12 Report of the Auditor-General:

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
With reference to Note 17 of the financial statements, the department is currently in a process of reviewing claims from a third party, the ultimate outcome of which cannot currently be determined and no provision for any liability that may result has been made in the financial statements.	2010/11	The investigation has now been concluded and the report presented. Recommendations will be implemented once the court case is concluded, as these matters are inextricably linked.
Material misstatements in the report on predetermined objectives were identified during the audit, all of which were corrected by management.	2011/12	The matter was resolved. This matter is continuously receiving attention from management.
The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by Section 40(1)(b) of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999). Material misstatements of disclosure items identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.	2011/12	An audit plan with interventions was complied and the progress to address misstatements is monitored continuously by management.
Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the State, which is prescribed in order to comply with Treasury Regulation 16A8.3 Contracts and quotations were awarded to bidders who did not submit a declaration of past supply chain practices such as fraud, abuse of the SCM system and non-performance, which is prescribed in order to comply with Treasury Regulation 16A9.1	2011/12	The matter was resolved.

14. Interim financial statements

The department submitted four interim financial statements to National Treasury on the required due dates, namely 31 July 2012, 31 October 2012, 31 January 2013 and 30 April 2013.

Approval

The Accounting Officer approved the Annual Financial Statements.



Ms Phumla Williams

Accounting Officer and Acting Chief Executive Officer

Date: 2 July 2013

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 9: GOVERNMENT COMMUNICATION AND INFORMATION SYSTEM

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Government Communication and Information System (GCIS) set out on pages 99 to 140, which comprise the appropriation statement, the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash-flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the *Departmental Financial Reporting Framework* prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa (PFMA), 1999 (Act 1 of 1999), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. 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 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the GCIS as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with the *Departmental Financial Reporting Framework* prescribed by the National Treasury and the requirements of the PFMA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainties

8. With reference to note 17 to the financial statements, GCIS is currently awaiting a court ruling, in respect of services procured and paid for on behalf of another State institution. The ultimate outcome of which cannot presently be determined and a provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

9. As disclosed in notes 19 and 21 to the financial statements, the corresponding figures for 31 March 2012 have been restated as a result of an error discovered during 2013 in the financial statements of the GCIS at, and for the year ended, 31 March 2013.

Additional matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

11. The supplementary information set out on pages 141 to 152 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Financial reporting framework

12. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance

with this framework and not that they “present fairly” Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report of the GCIS as set out on pages 15 to 50 of the annual report.
15. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury’s annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well-defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury’s Framework for Managing Programme Performance Information (FMPPI).
16. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

Reliability of information

17. The National Treasury’s FMPPI requires that institutions should have appropriate systems to collect,

collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.

18. Significantly important targets regarding Programme 2 and Programme 3 are materially misstated. This was due to the lack of standard operating procedures for the accurate recording of actual achievements as well as inadequate performance management systems to record and monitor the completeness of source documentation in support of actual achievements.

Compliance with laws and regulations

19. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:

Annual financial statements

20. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (a) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Human resource management and compensation

Certain employees were appointed without following a proper process to verify the claims made in their applications in contravention of Public Service Regulation 1/VII/D.8.

Internal control

21. I considered internal control relevant to my audit of the financial statements, the annual performance

report of the GCIS and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Leadership

22. The leadership did not exercise adequate oversight responsibility regarding financial and performance reporting, as well as compliance with laws and regulations.

Financial and performance management

23. Inadequate monitoring by supervisors resulted in material misstatements in the financial statements, report on predetermined objectives, and non-compliance with laws and regulations.

Investigations

24. An investigation has been completed with the aim to establish whether procurement and approval processes were followed prior to payments being made to a service provider. The investigation confirmed that no procurement and approval processes were followed prior to payments being made to a service provider. Even though the investigation has been completed the matter has still not been resolved as some of the findings are still being interrogated by both parties.

Auditor-General

Pretoria
31 July 2013



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APPROPRIATION STATEMENT

for the year ended 31 March 2013

Appropriation per programme

2012/13							2011/12	
	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	181 988	(46,300)	135,688	101,402	34,286	74,7%	118,645	98,333
Transfers and subsidies	-	244	244	244	-	100,0%	76	76
Payment for capital assets	10,599	47,809	58,408	32,286	26,122	55,3%	2,913	2,903
Payment for financial assets	-	-	-	17	(17)	-	-	19
	192,587	1,753	194,340	133,949	60,391	68,9%	121,634	101,331
2. Communication and Content Management								
Current payment	93,991	(6,732)	87,259	85,381	1,878	97,8%	94,916	94,514
Transfers and subsidies	-	91	91	92	(1)	101,1%	77,803	77,802
Payment for capital assets	893	(403)	490	489	1	99,8%	914	899
Payment for financial assets	-	-	-	-	-	-	-	16
	94,884	(7,044)	87,840	85,962	1,878	97,9%	173,633	173,231
3. Government and Stakeholder Engagement								
Current payment	105,310	880	106,190	104,702	1,488	98,6%	88,564	88,539
Transfers and subsidies	20,000	313	20,313	20,312	1	100,0%	19,134	19,134
Payment for capital assets	779	-	779	780	(1)	100,1%	2,344	2,342
Payment for financial assets	-	-	-	-	-	-	-	12
	126,089	1,193	127,282	125,794	1,488	98,8%	110,042	110,027

2012/13							2011/12	
	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. Communication Service Agency								
Current payment	46,245	4,552	50,797	50,782	15	100,0%	35,110	35,112
Transfers and subsidies	-	96	96	96	-	100,0%	35	35
Payment for capital assets	1,176	(550)	626	626	-	100,0%	1,489	1,485
Payment for financial assets	-	-	-	15	(15)	-	-	-
	47,421	4,098	51,519	51,519	-	100%	36,634	36,632
TOTAL	460,981	-	460,981	397,224	63,757	86,2%	441,943	421,221

2012/13				2011/12	
Reconciliation with statement of financial performance	Final appropriation	Actual expenditure		Final appropriation	Actual expenditure
ADD:					
Departmental receipts	1,013			948	
Actual amounts per statement of financial performance (total revenue)	461,994			442,891	
Actual amounts per statement of financial performance (total expenditure)		397,224			421,221

Appropriation per economic classification

2012/13							2011/12	
	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	178,256	(1,192)	177,064	175,158	1,906	98,9%	160,286	160,264
Goods and services	249,278	(46,408)	202,870	167,108	35,762	82,4%	176,949	156,234
Transfers and subsidies								
Departmental agencies and accounts	20,000	-	20,000	20,000	-	100,0%	96,751	96,751
Households	-	683	683	683	-	100,0%	297	296
Payments for capital assets								
Building and other fixed structures	10,000	44,448	54,448	28,326	26,122	52,0%	-	-
Machinery and equipment	3,447	2,343	5,790	5,790	-	100,0%	7,147	7,116
Software and other intangible assets	-	65	65	66	(1)	101,5%	513	513
Payments for financial assets	-	-	-	32	(32)	-	-	47
TOTAL	460,981	-	460,981	397,224	63,757	86,2%	441,943	421,221

Detail per programme I – Administration for the year ended 31 March 2013								
2012/13							2011/12	
Detail per sub-programme	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
I.1 Departmental Management								
Current payment	6,082	1,562	7,644	7,626	18	99,8%	7,688	7,684
Transfers and subsidies	-	64	64	64	-	100,0%	-	-
Payment for capital assets	55	34	89	89	-	100,0%	88	87
Payment for financial assets	-	-	-	17	(17)	-	-	-
I.2 Corporate Services								
Current payment	50,108	347	50,455	50,455	-	100,0%	42,252	42,244
Transfers and subsidies	-	22	22	22	-	100,0%	72	72
Payment for capital assets	517	2,746	3,263	3,264	(1)	100,0%	2,329	2,322
Payment for financial assets	-	-	-	-	-	-	-	4
I.3 Financial Administration								
Current payment	82,777	(25,738)	57,039	22,771	34,268	39,9%	29,430	29,422
Transfers and subsidies	-	151	151	151	-	100,0%	4	4
Payment for capital assets	10,027	45,011	55,038	28,915	26,123	52,5%	474	472
I.4 Internal Audit								
Current payment	6,211	841	7,052	7,052	-	100,0%	6,008	5,992
Transfers and subsidies	-	7	7	7	-	100,0%	-	-
Payment for capital assets	-	18	18	18	-	100,0%	22	22
Payment for financial assets	-	-	-	-	-	-	-	15
I.5 Office Accommodation								
Current payment	36,810	(23,312)	13,498	13,498	-	100,0%	33,267	12,991
TOTAL	192,587	1,753	194,340	133,949	60,391	68,9%	121,634	101,331

2012/13							2011/12	
Programme I per economic classification	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	51,220	1,389	52,609	52,609	-	100,0%	46,097	46,088
Goods and services	130,768	(47,689)	83,079	48,793	34,286	58,7%	72,548	52,245
Transfers and subsidies to:								
Public corporations and private enterprises	-	10	10	10	-	100,0%	-	-
Households		234	234	234	-	100,0%	76	76
Payment for capital assets								
Building and other fixed structures	10,000	44,44,8	54,448	28,326	26,122	52,0%	-	-
Machinery and equipment	599	3,346	3,945	3,945	-	100,0%	2,424	2,414
Software and other intangible assets	-	15	15	15	-	100,0%	489	489
Payment for financial assets	-	-	-	17	(17)	-	-	19
TOTAL								
	192,587	1,753	194,340	133,949	60,391	68,9%	121,634	101,331

Detail per programme 2 – Communication and Content Management for the year ended 31 March 2013								
2012/13							2011/12	
Detail per sub-programme	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 Programme Management for Communication and Content Management								
Current payment	3,961	(1,249)	2,712	2,482	230	91,5%	3,353	3,352
Transfers and subsidies	-	-	-	-	-	-	77,636	77,636
Payment for capital assets	-	9	9	9	-	100,0%	58	58
Payment for financial assets	-	-	-	-	-	-	-	-
2.2 Policy and Research								
Current payment	34,359	(2,906)	31,453	30,319	1,134	96,4%	28,308	28,305
Transfers and subsidies	-	61	61	62	(1)	101,6%	163	163
Payment for capital assets	168	94	262	262	-	100,0%	303	300
Payment for financial assets	-	-	-	-	-	-	-	2
2.3 Content and Writing								
Current payment	55,671	(2,577)	53,094	52,580	514	99'0%	63,255	62,857
Transfers and subsidies	-	30	30	30	-	100'0%	4	3
Payment for capital assets	725	(506)	219	218	1	99,5%	553	541
Payment for financial assets	-	-	-	-	-	-	-	14
TOTAL	94,884	(7,044)	87,840	85,962	1,878	97,9%	173,633	173,231

2012/13							2011/12	
Programme 2 per economic classification	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	43,287	(2,608)	40,679	38,800	1,879	95,4%	38,877	38,872
Goods and services	50,704	(4,124)	46,580	46,580	-	100,0%	56,039	55,642
Transfers and subsidies								
Public corporations and private enterprises	-	3	3	3	-	100,0%	77,636	77,636
Households	-	88	88	88	-	100,0%	167	166
Payment for capital assets								
Machinery and equipment	893	(430)	463	463	-	100,0%	890	875
Software and other intangible assets	-	27	27	28	(1)	103,7%	24	24
Payment for financial assets	-	-	-	-	-	-	-	16
TOTAL	94,884	(7,044)	87,840	85,962	1,878	97,9%	173,633	173,231

**Detail per programme 3 – Government and Stakeholder Engagement
for the year ended 31 March 2013**

2012/13							2011/12	
Detail per sub-programme	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 Programme Management for Government and Stakeholder Engagement								
Current payment	20,684	103	20,787	20,776	11	99,9%	6,154	6,153
Transfers and subsidies	-	10	10	10	-	100,0%	-	-
Payment for capital assets	25	29	54	54	-	100,0%	96	96
3.2 Provincial and Local Liaison								
Current payment	74,331	(1,611)	72,720	71,248	1,472	98,0%	70,247	70,225
Transfers and subsidies	-	302	302	301	1	99,7%	19	19
Payment for capital assets	487	73	560	561	(1)	100,2%	2,093	2,093
Payment for financial assets	-	-	-	-	-	-	-	12
3.3 Media Development and Diversity Agency								
Transfers and subsidies	20,000	-	20,000	20,000	-	100,0%	19,115	19,115
3.4 Media Engagement								
Current payment	10,295	2,388	12,683	12,678	5	100,0%	12,163	12,161
Transfers and subsidies	-	1	1	1	-	100,0%	-	-
Payment for capital assets	267	(102)	165	165	-	100,0%	155	153
TOTAL	126,089	1,193	127,282	125,794	1,488	98,8%	110,042	110,027

2012/13							2011/12	
Programme 3 per economic classification	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	64,772	(802)	63,970	63,943	27	100,0%	58,973	58,966
Goods and services	40,538	1.682	42.220	40,759	1,461	96,5%	29,591	29,573
Transfers and subsidies								
Departmental agencies and accounts	20,000	-	20,000	20,000	-	100,0%	19,115	19,115
Public corporations and private enterprises	-	43	43	43	-	100,0%	-	-
Households	-	270	270	270	-	100,0%	19	19
Payment for capital assets								
Machinery and equipment	779	-	779	779	-	100,0%	2,344	2,342
Payment for financial assets	-	-	-	-	-	-	-	12
TOTAL	126,089	1,193	127,282	125,794	1,488	98,8%	110,042	110,027

**Detail per programme 4 – Communication Service Agency
for the year ended 31 March 2013**

2012/13							2011/12	
Detail per sub-programme	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 Marketing, Advertising and Media Buying								
Current payment	28,361	4,065	32,426	32,425	1	100,0%	16,892	16,893
Transfers and subsidies	-	84	84	84	-	100,0%	35	35
Payment for capital assets	-	55	55	55	-	100,0%	109	106
Payment for financial assets	-	-	-	1	(1)	-	-	-
4.2 Media Production								
Current payment	17,884	487	18,371	18,357	14	99,9%	18,218	18,219
Transfers and subsidies	-	12	12	12	-	100,0%	-	-
Payment for capital assets	1,176	(605)	571	571	-	100,0%	1,380	1,379
Payment for financial assets	-	-	-	14	(14)	-	-	-
TOTAL	47,421	4,098	51,519	51,519	-	100,0%	36,634	36,632

Programme 4 per economic classification	2012/13						2011/12	
	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	18,977	829	19,806	19,806	-	100,0%	16,339	16,338
Goods and services	27,268	3,723	30,991	30,976	15	100,0%	18,771	18,774
Transfers and subsidies								
Public corporations and private enterprises	-	5	5	5	-	100,0%	-	-
Households	-	91	91	91	-	100,0%	35	35
Payment for capital assets								
Machinery and equipment	1,176	(573)	603	603	-	100,0%	1,489	1,485
Software and other intangible assets	-	23	23	23	-	100,0%	-	-
Payment for financial assets	-	-	-	15	(15)	-	-	-
TOTAL	47,421	4,098	51,519	51,519	-	100,0%	36,634	36,632

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2013

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 1A 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 payments for financial assets

Detail of these transactions per programme can be viewed in note 5 (Payments for financial assets) 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 a % of final appropriation
	R'000	R'000	R'000	%
Administration	194,340	133,949	60,391	31%
<p>Included in the total variance of R60.391 million are prepayments of R20.545 million in respect of the new head office building that is reflected in the Statement of Financial Position and made in accordance with a contractual agreement between the parties in terms of Treasury Regulation 15.10.1.2 (c). Goods and services were not completely rendered by financial year-end.</p> <p>Total payments of R39.846 million in respect of the new head office building could not realise due to goods and services that were not rendered by 31 March 2013. This amount will be surrendered to the National Revenue Fund (NRF).</p>				
Communication and Content Management	87,840	85,962	1,878	2%
<p>Savings realised in compensation of employees due to transfers and resignations of employees that resulted in vacant posts before appointments could be finalised. The variance will be surrendered to the National Revenue Fund.</p>				
Government and Stakeholder Engagement	127,282	125,794	1,488	1%
<p>The variance occurred mainly due to payments that could not realise before 31 March 2013 in respect of the Clean-up of the 1st Generation Thusong Service Centres due to goods and services that were not completely rendered. Savings occurred also in Compensation of Employees due to transfer and resignations of employees which resulted in vacant posts before appointment could be finalised. The variance will be surrendered to the National Revenue Fund.</p>				

4.2 Per economic classification	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
	R'000	R'000	R'000	%
Current payments:				
Compensation of employees	177,064	175,158	1,906	1%
Goods and services	202,870	167,108	35,762	18%
Transfers and subsidies:				
Departmental agencies and accounts	20,000	20,000	-	-
Public corporations and private enterprises	61	61	-	-
Households	683	683	-	-
Payment for capital assets				
Building and other fixed assets	54,448	28,326	26,122	48%
Machinery and equipment	5,790	5,790	-	-
Software and other intangible assets	65	66	(1)	-
Payment for financial assets	-	32	-	-
<p>The variance in Compensation of Employees occurred due to transfers and resignations of employees which resulted in vacant posts before appointment could be finalised. The variances in Goods and Services and Payments for Capital Assets occurred due to payments that could not realise before 31 March 2013 in respect of the new head office building as well as the Clean-up of the 1st Generation Thusong Service Centres due to goods and services that were not completely rendered at the end of the financial year. Prepayments of R20.545 million in respect of the new head office building that was made and is reflected in the Statement of Financial Position and made in accordance with a contractual agreement between the parties in terms of Treasury Regulation 15.10.1.2 (c). Goods and Services were not completely rendered by financial year-end.</p>				

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2013

		2012/13	2011/12
	Note	R'000	R'000
REVENUE			
Annual appropriation	1	460,981	441,943
Departmental revenue	2	1,013	948
TOTAL REVENUE		461,994	442,891
EXPENDITURE			
Current expenditure			
Compensation of employees	3	175,158	160,265
Goods and services	4	167,108	156,235
Total current expenditure		342,266	316,500
Transfers and subsidies			
Transfers and subsidies	6	20,744	97,046
Total transfers and subsidies		20,744	97,046
Expenditure for capital assets			
Tangible capital assets	7	34,117	7,116
Software and other intangible assets	7	65	512
Total expenditure for capital assets		34,182	7,628
Payment for financial assets	5	32	47
TOTAL EXPENDITURE		397,224	421,221
SURPLUS/(DEFICIT) FOR THE YEAR		64,770	21,670
Reconciliation of net surplus/(deficit) for the year			
Voted funds		63,757	20,722
Annual appropriation		63,757	20,722
Departmental revenue	12	1,013	948
SURPLUS/(DEFICIT) FOR THE YEAR		64,770	21,670

STATEMENT OF FINANCIAL POSITION

at 31 March 2013

		2012/13	2011/12
	Note	R'000	R'000
ASSETS			
Current assets		176,770	98,598
Cash and cash equivalents	8	151,593	94,565
Prepayments and advances	9	20,652	363
Receivables	10	4,525	3,670
TOTAL ASSETS		176,770	98,598
LIABILITIES			
Current liabilities		169,183	94,572
Voted funds to be surrendered to the NRF	11	63,757	19,475
Departmental revenue to be surrendered to the NRF	12	1	2
Payables	13	105,425	75,095
Non-current liabilities			
Payables	14	7,442	3,878
TOTAL LIABILITIES		176,625	98,450
NET ASSETS		145	148
Represented by:			
Recoverable revenue		145	148
TOTAL		145	148

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
Recoverable revenue			
Opening balance		148	95
Transfers:		(3)	53
Debts recovered (included in departmental receipts)		(40)	(86)
Debts raised		37	139
Closing balance		145	148
TOTAL		145	148

CASH FLOW STATEMENT

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		461,994	441,644
Annual appropriated funds received	1	460,981	440,696
Departmental revenue received	2	1,013	948
Net (increase)/decrease in working capital		9,186	12,060
Surrendered to National Revenue Fund		(20,489)	(28,824)
Current payments		(342,266)	(316,500)
Payments for financial assets		(32)	(47)
Transfers and subsidies paid		(20,744)	(97,046)
Net cash flow available from operating activities	15	87,649	11,287
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(34,182)	(7,628)
Net cash flows from investing activities		(34,182)	(7,628)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(3)	53
Increase/(decrease) in non-current payables		3,564	2,917
Net cash flows from financing activities		3,561	2,970
Net increase/(decrease) in cash and cash equivalents		57,028	6,629
Cash and cash equivalents at the beginning of the period		94,565	87,936
Cash and cash equivalents at end of period	16	151,593	94,565

ACCOUNTING POLICIES

for the year ended 31 March 2013

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, 2010 (Act 1 of 2010).

1. Presentation of the financial statements

1.1 Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting.

Under this basis the effects of transactions and other events are recognised in the financial records when the resulting cash is received or paid. The “modification” results from the recognition of certain near-cash balances in the financial statements, as well as the revaluation of foreign investments and loans and the recognition of resulting revaluation gains and losses.

In addition, supplementary information is provided in the disclosure notes to the financial statements where it is deemed to be useful to the users of the financial statements.

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.

2. Revenue

2.1 Appropriated funds

Appropriated funds comprises of departmental allocations, as well as direct charges against revenue fund (i.e. statutory appropriation).

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

Unexpended appropriated funds are surrendered to the National Revenue Fund. Any amounts

owing to the National Revenue Fund, at the end of the financial year are recognised as payable in the statement of financial position.

Any amount due from the National Revenue Fund, at the end of the financial year is recognised as a receivable in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National Revenue Fund., unless stated otherwise.

Any amount owing to the National Revenue Fund, at the end of the financial year is recognised as payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure notes to the annual financial statements.

3. Expenditure

3.1 Compensation of employees

3.1.1 Salaries and wages

Salaries and wages are expensed 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).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are

not recognised in the statement of financial performance or position.

3.1.2 Social contributions

Employer contributions to post-employment benefit plans in respect of current employees are expensed 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).

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.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

3.2 Goods and services

Payments made during the year 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/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5,000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as *goods and services* and not as *rent on land*.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written off 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 an estimate is included in the disclosure notes to the financial statements amounts.

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

3.5 Transfers and subsidies

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

3.6 Unauthorised expenditure

When confirmed 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 derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date stipulated in the Act.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.8 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.

4. Assets

4.1 Cash and cash equivalents

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

Bank overdrafts are shown separately on the face of the statement of financial position.

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 Other financial assets

Other financial assets are carried in the statement of financial position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.4 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.5 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

4.6 Capital assets

4.6.1 Movable assets

Initial recognition

A capital asset is recorded in the asset register 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 movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register at R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital assets” and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current “goods and services” in the statement of financial performance.

4.6.2 Immovable assets

Initial recognition

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 immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as “expenditure for capital

assets”. On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current “goods and services” in the statement of financial performance.

4.6.3 Intangible assets

Initial recognition

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

All intangible assets acquired prior to 1 April 2002 can be included in the asset register at R1.

Subsequent expenditure

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital asset” and is capitalised in the asset register of the department.

Maintenance is expensed as current “goods and services” in the statement of financial performance.

5. Liabilities

5.1 Payables

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

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable, but cannot be measured reliably.

5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

5.4 Commitments

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.

5.5 Accruals

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

5.6 Employee benefits

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 or the statement of financial position.

5.7 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position.

Finance lease payments are recognised as a capital expense in the statement of financial performance and are apportioned between the capital and interest portions. The total finance lease payment is disclosed in the disclosure notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statements.

5.8 Impairment

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows/ service potential flowing from the instrument.

5.9 Provisions

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements. These receivables are written off when identified as irrecoverable and are disclosed separately.

7. Net assets

7.1 Capitalisation reserve

The capitalisation reserve comprises financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlying asset is disposed and the related funds are received.

7.2 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. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

8. Related party transactions

Specific information regarding related party transactions is included in the disclosure notes.

9. Key management personnel

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

1. Annual appropriation			
	2012/13		2011/12
	Final appropriation	Actual funds received	Appropriation received
	R'000	R'000	R'000
Administration	194,340	194,340	121,235
Communication and Content Management	87,840	87,840	220,008
Government and Stakeholder Engagement	127,282	127,282	99,453
Communication Service Agency	51,519	51,519	-
Total	460,981	460,981	440,696

2. Departmental revenue			
	Note	2012/13	2011/12
		R'000	R'000
Sales of goods and services other than capital assets	2.1	405	213
Interest, dividends and rent on land	2.2	118	352
Transactions in financial assets and liabilities	2.3	490	383
Departmental revenue collected		1,013	948
A refund of R1 639.40 was received from Grindrod Travel on 28 March 2013 but did not interface in the 2012/13 financial year. It will interface on 2 April 2013 (2013/14 financial year).			

2.1 Sales of goods and services other than capital assets			
	Note	2012/13	2011/12
		R'000	R'000
Sales of goods and services produced by the department		405	213
Sales by market establishment		128	133
Other sales		277	80
Total	2	405	213

2.2 Interest, dividends and rent on land			
	2012/13		2011/12
	Note	R'000	R'000
Interest		118	352
Total	2	118	352

2.3 Transactions in financial assets and liabilities			
	2012/13		2011/12
	Note	R'000	R'000
Other receipts including recoverable revenue		490	383
Total	2	490	383

3. Compensation of employees

3. Compensation of employees		
3.1 Salaries and Wages		
	2012/13	2011/12
	R'000	R'000
Basic salary	118,402	107,988
Performance award	2,316	2,423
Service-based	208	35
Compensative/circumstantial	1,739	1,425
Periodic payments	945	1,009
Other non-pensionable allowances	30,430	27,456
Total	154,040	140,336

3.2 Social contributions		
	2012/13	2011/12
	R'000	R'000
Employer contributions		
Pension	14,818	13,816
Medical	6,273	6,087
Bargaining council	27	26
Total	21,118	19,929
Total compensation of employees	175,158	160,265
Average number of employees	480	480

4. Goods and services			
		2012/13	2011/12
	<i>Note</i>	R'000	R'000
Administrative fees		617	268
Advertising		18,147	14,821
Assets less than R5,000	4.1	591	786
Bursaries (employees)		372	445
Catering		1,772	1,207
Communication		12,475	10,065
Computer services	4.2	15,203	11,105
Consultants, contractors agency/outsourced services	4.3	19,240	19,962
Audit cost – external	4.4	1,860	1,911
Inventory	4.5	7,215	9,289
Operating leases		12,364	14,095
Property payments	4.6	5,197	1,508
Travel and subsistence	4.7	23,349	22,250
Venues and facilities		3,525	4,428
Training and staff development		3,216	4,673
Other operating expenditure	4.8	41,965	39,423
Total		167,108	156,235

4.1 Assets less than R5 000			
		2012/13	2011/12
	Note	R'000	R'000
Tangible assets		568	786
Machinery and equipment		568	786
Intangible assets		23	-
Total	4	591	786
4.2 Computer services			
		2012/13	2011/12
	Note	R'000	R'000
SITA computer services		11,086	8,395
External computer service providers		4,117	2,710
Total	4	15,203	11,105
4.3 Consultants, contractors and agency/outsourced services			
		2012/13	2011/12
	Note	R'000	R'000
Business and advisory services		1,072	1,516
Legal costs		3,479	4,239
Contractors		5,478	7,689
Agency and support/outsourced services		9,211	6,518
Total	4	19,240	19,962
4.4 Audit cost – external			
		2012/13	2011/12
	Note	R'000	R'000
Regularity audits		1,839	1,666
Other audits		21	245
Total	4	1,860	1,911

4.5 Inventory			
		2012/13	2011/12
	Note	R'000	R'000
Learning and teaching support material		47	57
Food and food supplies		117	92
Fuel, oil and gas		12	-
Other consumable materials		550	321
Maintenance material		1,573	1,593
Stationery and printing		4,889	7,145
Medical supplies		26	76
Medicine		1	4
Total	4	7,215	9,289

4.6 Property payments			
		2012/13	2011/12
	Note	R'000	R'000
Municipal services		2,994	380
Property maintenance and repairs		121	405
Other		2,082	723
Total	4	5,197	1,508

4.7 Travel and subsistence			
		2012/13	2011/12
	Note	R'000	R'000
Local		21,477	19,641
Foreign		1,872	2,609
Total	4	23,349	22,250

4.8 Other operating expenditure			
		2012/13	2011/12
	Note	R'000	R'000
Professional bodies, membership and subscription fees		418	94
Resettlement costs		385	350
Other		41,162	38,979
Total	4	41,965	39,423

5. Payments for financial assets			
		2012/13	2011/12
	<i>Note</i>	R'000	R'000
Material losses through criminal conduct		23	33
Theft	5.3	23	33
Other material losses written off	5.1	8	-
Debts written off	5.2	1	14
Total		32	47

5.1 Other material losses written off			
		2012/13	2011/12
	Note	R'000	R'000
Nature of losses			
Accident with rented vehicles		8	-
Total	5	8	-

5.2 Debts written off			
		2012/13	2011/12
	Note	R'000	R'000
Nature of debts written off			
Irrecoverable debt		1	-
Resettlement cost		-	14
Total	5	1	14

5.3 Details of theft			
		2012/13	2011/12
	Note	R'000	R'000
Nature of theft			
Theft of laptops		23	25
Theft of petty cash		-	6
Missing publications		-	2
Total	5	23	33

6. Transfers and subsidies			
		2012/13	2011/12
	<i>Note</i>	R'000	R'000
Departmental agencies and accounts	<i>Annex 1A</i>	20,000	96,751
Public corporations and private enterprises	<i>Annex 1B</i>	61	-
Households	<i>Annex 1C</i>	683	295
Total		20,744	97,046

7. Expenditure for capital assets			
		2012/13	2011/12
	<i>Note</i>	R'000	R'000
Tangible assets		34,117	7,116
Buildings and other fixed structures		28,326	-
Machinery and equipment	<i>26.1</i>	5,791	7,116
Software and other intangible assets		65	512
Computer software	<i>27.1</i>	65	512
Total		34,182	7,628

The following amount has been included as project costs in expenditure for capital assets			
Goods and services		2,153	-
Total		2,153	-
Included in the tangible capital assets of R34.117 million is an amount of R28.326 million that was spent for special installation requirements for the new head office, Tshedimosetso House			

7.1 Analysis of funds utilised to acquire capital assets – 2012/13		
	Voted funds	Total
	R’000	R’000
Tangible assets	34,117	34,117
Buildings and other fixed structures	28,326	28,326
Machinery and equipment	5,791	5,791
Software and other intangible assets	65	65
Computer software	65	65
Total	34,182	34,182
Included in the tangible capital assets of R34.117 million is an amount of R28.326 million that was spent for special installation requirements for the new head office, Tshedimosetso House.		

7.2 Analysis of funds utilised to acquire capital assets – 2011/12			
	Voted funds		Total
	R'000		R'000
Tangible assets	7,116		7,116
Machinery and equipment	7,116		7,116
Software and other intangible assets	512		512
Computer software	512		512
Total	7,628		7,628

8. Cash and cash equivalents

	2012/13	2011/12
	R'000	R'000
Consolidated paymaster general account	167,076	105,735
Disbursements	(15,545)	(11,231)
Cash on hand	62	61
Total	151,593	94,565

Total amounts of R2,7 million that were deposited on 27 and 28 March 2013, mainly from other departments in respect of communication campaigns did not interface in the 2012/13 financial year against the PMG Account, but will interface on 2 and 3 April 2013 (2013/14 financial year).

9. Prepayments and advances

		2012/13	2011/12
	Note	R'000	R'000
Travel and subsistence		14	44
Prepayments		20,545	-
Advances paid	9.1	93	319
Total		20,652	363

9.1 Advances paid

		2012/13	2011/12
	Note	R'000	R'000
National departments	Annex 6A	93	319
Total		93	319

10. Receivables

	Notes	2012/13			Total R'000	2011/12 Total R'000
		Less than one year	One to three years	Older than three years		
		R'000	R'000	R'000		
Claims recoverable	10.1	3,163	1,081	-	4,244	3,450
Recoverable expenditure	10.4	89	-	-	89	13
Staff debt	10.2	14	19	5	38	113
Other debtors	10.3	102	52	-	154	94
Total		3,368	1,152	5	4,525	3,670

10.1 Claims recoverable

	Note	2012/13	2011/12
		R'000	R'000
National departments	Annex 3	4,008	3,380
Provincial departments		-	70
Other government entities		236	-
Total	10	4,244	3,450

10.2 Staff debt

	Note	2012/13	2011/12
		R'000	R'000
Employees	Annex 3	37	94
Private telephone		-	18
Tax debt		1	1
Total	10	38	113

10.3 Other debtors

	Note	2012/13	2011/12
		R'000	R'000
Ex-employees		154	94
Total	10	154	94

10.4 Recoverable expenditure			
		2012/13	2011/12
	Note	R'000	R'000
Disallowance damages and losses		89	13
Total	10	89	13
Excluded is an amount of R549,49 that was deposited by an official on 28 March 2013 for the non-submission of original documentation which was allocated to the Disallowance Damages Account. This amount did not interface in the 2012/13 financial year, but will interface on 2 April 2013 (2013/14 financial year).			

11. Voted funds to be surrendered to the National Revenue Fund			
		2012/13	2011/12
	Note	R'000	R'000
Opening balance		19,475	27,855
Transfer from statement of financial performance		63,757	20,722
Voted funds not requested/not received	1.1	-	(1,247)
Paid during the year		(19,475)	(27,855)
Closing balance		63,757	19,475
Included in the closing balance of R63.757 million are prepayments of R20.545 million in respect of the new head office building that is reflected in the Statement of Financial Position and made in accordance with a contractual agreement between the parties in terms of Treasury Regulation 15.10.1.2 (c). Goods and services were not completely rendered by financial year-end. The balance of R43.212 million will be surrendered to the National Revenue Fund.			

12. Departmental revenue to be surrendered to the National Revenue Fund			
		2012/13	2011/12
	Note	R'000	R'000
Opening balance		2	23
Transfer from statement of financial performance		1,013	948
Paid during the year		(1,014)	(969)
Closing balance		1	2
A refund of R1 639,40 was received from Grindrod Travel on 28 March 2013, but did not interface in the 2012/13 financial year. It will interface on 2 April 2013, i.e. 2013/14 financial year			

13. Payables – current			
		2012/13	2011/12
	<i>Note</i>	R'000	R'000
Advances received	13.1	105,366	75,050
Clearing accounts	13.2	-	2
Other payables	13.3	59	43
Total		105,425	75,095

13.1 Advances received			
		2012/13	2011/12
	Note	R'000	R'000
National departments	<i>Annex 6B</i>	92,548	47,110
Provincial departments	<i>Annex 6B</i>	2,751	4,822
Public entities	<i>Annex 6B</i>	10,067	23,118
Total	<i>13</i>	105,366	75,050

13.2 Clearing accounts			
		2012/13	2011/12
	Note	R'000	R'000
Salary reversal control account		-	2
Total	<i>13</i>	-	2

Excluded is an amount of R2 151,48 that was refunded by Wesbank on 27 March 2013 in respect of a subsidised motor vehicle that did not interface in the 2012/13 financial year. This amount will interface on 2 April 2013 (2013/14 financial year).

13.3 Other payables			
		2012/13	2011/12
	Note	R'000	R'000
Sal: Income tax		56	43
Sal: Pension fund		3	-
Total	<i>13</i>	59	43

14. Payables – non-current				
	2012/13			2011/12
		One to two years	Total	Total
	Notes	R'000	R'000	R'000
Advances received	14.1	7,442	7,442	3,878
Total		7,442	7,442	3,878

14.1 Advances received				
	2012/13			2011/12
	Note	R'000	R'000	R'000
National departments	Annex 6B	4,292		1,398
Public entities	Annex 6B	3,150		2,480
Total		7,442		3,878

15. Net cash flow available from operating activities		
	2012/13	2011/12
	R'000	R'000
Net surplus/(deficit) as per statement of financial performance	64,770	21,670
Add back non cash/cash movements not deemed operating activities	22,879	(10,383)
(Increase)/decrease in receivables – current	(855)	1,361
(Increase)/decrease in prepayments and advances	(20,289)	15
Increase/(decrease) in payables – current	30,330	10,684
Expenditure on capital assets	34,182	7,628
Surrenders to National Revenue Fund	(20,489)	(28,824)
Voted funds not requested/not received	-	(1,247)
Net cash flow generated by operating activities	87,649	11,287

16. Reconciliation of cash and cash equivalents for cash flow purposes

	2012/13	2011/12
	R'000	R'000
Consolidated Paymaster-General account	167,076	105,735
Disbursements	(15,545)	(11,231)
Cash on hand	62	61
Total	151,593	94,565

Excluded are total amounts of R2,7 million that were deposited into the bank account on 27 and 28 March 2013 from the Department of Basic Education, the Compensation Fund, the South African National Roads Agency Limited (Sanral), the Department of Human Settlements, the Department of Social Development and the Public Protector in respect of communication campaigns. These amounts will interface on 2 and 3 April 2013 (2013/14 financial year).

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

17. Contingent liabilities

			2012/13	2011/12
		Note	R'000	R'000
Liable to	Nature			
Housing loan guarantees	Employees	Annex 2A	185	48
Other	Litigation and claim	Annex 2B	320	-
Total			505	48

The prior year AFS was restated as the unconfirmed balances were removed from this note due to a change by the National Treasury in the reporting annexure of inter-entity advances. There are unconfirmed balances of an estimated net value of R10 million (R20 million – 2011/12) between GCIS and Stats SA which are subject of a legal dispute, the outcome which is unknown. As a result, we are unable to furnish details in this report until the investigation is finalised and the matter brought to a logical conclusion.

18. Commitments

	2012/13	2011/12
	R'000	R'000
Current expenditure	23,310	23,727
Approved and contracted	23,310	23,727
Capital expenditure	43,980	1,181
Approved and contracted	43,980	1,181
Total	67,290	24,908

19. Accruals

			2012/13	2011/12
			R'000	R'000
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	1,542	4,166	5,708	1,111
Capital assets	305	31	336	30
Other	10	-	10	20
Total	1,857	4,197	6,054	1,161

Listed by programme level			R'000	R'000
Administration			2,214	334
Communication and Content Management			708	677
Government and Stakeholder Engagement			1,655	150
Communication Service Agency			1,477	-
Total			6,054	1,161

The prior year AFS was restated as goods and services, as well as Programme 1 were amended with the accruals of office accommodation. Confirmed balances of payables were removed from this note due to the change by National Treasury in the reporting annexure of inter-entity payables.

20. Employee benefits

		2012/13	2011/12
	Note	R'000	R'000
Leave entitlement		5,934	5,556
Service bonus (13th cheque)		4,799	4,526
Performance awards		2,317	2,253
Capped leave commitments		4,652	4,675
Total		17,702	17,010

Negative leave credits at 31 March 2013 amount to R187 559

21. Lease commitments

21.1 Operating leases expenditure 2012/13

	Buildings and other fixed structures	Machinery and equipment	Total
Not later than one year	31,546	1,064	32,610
Later than one year and not later than five years	128,468	1,232	129,700
Total lease commitments	160,014	2,296	162,310

Operating leases expenditure 2011/12			
	Buildings and other fixed structures	Machinery and equipment	Total
Not later than one year	2,174	834	3,008
Later than one year and not later than five years	160,014	1,669	161,683
Total lease commitments	162,188	2,503	164,691
Prior year figures were restated to include future lease commitments of office accommodation. There were 31 office accommodation leases on a month-to-month basis at 31 March 2013.			

22. Receivables for departmental revenue

		2012/13	2011/12
	<i>Note</i>	R'000	R'000
Sales of goods and services other than capital assets		2,515	-
Total		2,515	-

Expected revenue for the period from July 2012 to March 2013 in respect of the *Public Service Manager* magazine had not been received from the service provider by 31 March 2013. National Treasury was consulted to seek advice in this matter. GCIS is awaiting National Treasury's response.

22.1 Analysis of receivables for departmental revenue

		2012/13	2011/12
	Note	R'000	R'000
Opening balance		-	200
Less: amounts received		-	270
Add: amounts recognised		2,515	70
Closing balance		2,515	-

23. Irregular expenditure

23.1 Reconciliation of irregular expenditure

		2012/13	2011/12
	Note	R'000	R'000
Opening balance		2	-
Add: Irregular expenditure (current year)		-	14
Less: Amounts condoned		(2)	(12)
Irregular expenditure awaiting condonation		-	2

Analysis of awaiting condonation per age classification			
Current year		-	2
Total		-	2

23.2 Details of irregular expenditure condoned			
		Note	
		2012/13 R'000	2011/12 R'000
Incident	Condoned by (condoning authority)		
Overtime paid in 2011/12 prior to approval – condoned in 2012/13	Accounting Officer		2
			2

24. Related party transactions			
		2012/13	2011/12
		Note	R'000
Payments made			
Goods and services		35	-
Total		35	-
Year-end balances arising from advances received			
Payables to related parties	Annex 6B	591	2,223
Total		591	2,223
A payment of R35 000 was made for the lease of a photocopy machine to Brand South Africa. R127 000 is owed at year-end to The Presidency and R464 000 to Performance Monitoring and Evaluation in respect of media campaigns. During 2012/13, GCIS received inter-entity advances of approximately R3.024 million from related parties in addition to opening balances of R2.223 million. Expenditure amount to R3.65 million while R1.009 million was returned to related parties. This resulted in the payables closing balance indicated above.			

25. Key management personnel			
		2012/13	2011/12
		Note	R'000
Officials:			
Level 15 to 16	6	6,108	5,839
Level 14 (incl. CFO if at a lower level)	16	12,703	10,800
Total		18,811	16,639

26. Movable tangible capital assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	43,994	(86)	5,499	1,859	47,548
Transport assets	266	-	-	-	266
Computer equipment	25,050	3	3,369	1,554	26,868
Furniture and office equipment	11,073	-	513	237	11,349
Other machinery and equipment	7,605	(89)	1,617	68	9,065
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	43,994	(86)	5,499	1,859	47,548

In the process of acquiring Tshedimosetso House (new head office building) GCIS received requests from two national departments to take over the old furniture and equipment that were used in the old building. Subsequent to 31 March 2013, the process of transferring the furniture and equipment to the Department of Higher Education and the Department of Energy started. It is anticipated that this process will be finalised in the first quarter of the 2013/14 financial year.

26.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash	Received current, not paid (paid current year, received prior year)	Closing balance
	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	5,791	(292)	5,499
Computer equipment	3,058	311	3,369
Furniture and office equipment	483	30	513
Other machinery and equipment	2,250	(633)	1,617
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	5,791	(292)	5,499

26.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Sold for cash	Transferred out or destroyed or scrapped	Total disposals	Cash received actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	35	1,824	1,859	25
Computer equipment	19	1,535	1,554	19
Furniture and office equipment	6	231	237	6
Other machinery and equipment	10	58	68	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	35	1,824	1,859	25

26.3 Movement for 2011/12

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	40,149	6,558	2,713	43,994
Transport assets	266	-	-	266
Computer equipment	21,936	5,028	1,914	25,050
Furniture and office equipment	10,805	434	166	11,073
Other machinery and equipment	7,142	1,096	633	7,605
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	40,149	6,558	2,713	43,994

26.4 Minor assets

MOVEMENT IN MINOR ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	257	9,653	9,910
Current year adjustments to prior year balances	-	(13)	(13)
Additions	23	568	591
Disposals	1	376	377
TOTAL MINOR ASSETS	279	9,832	10,111
Number of R.I minor assets	5	2,550	2,555
Number of minor assets at cost	166	6,724	6,890
TOTAL MINOR ASSETS	171	9,274	9,445

Minor assets

MOVEMENT IN MINOR ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	257	9,365	9,622
Additions	-	786	786
Disposals	-	498	498
TOTAL MINOR ASSETS	257	9,653	9,910
Number of R.I minor assets	5	2,194	2,199
Number of minor assets at cost	162	7,021	7,183
TOTAL MINOR ASSETS	167	9,215	9,382

27. Intangible capital assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Current year adjust-ments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Computer software	2,091	(143)	25	50	1,923
TOTAL INTANGIBLE CAPITAL ASSETS	2,091	(143)	25	50	1,923

27.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash	Received current, not paid (paid currentyear, received prior year)	Total
	R'000	R'000	R'000
Computer software	65	(40)	25
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	65	(40)	25

27.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Transfer out or destroyed or scrapped	Total disposals
	R'000	R'000
Computer software	50	50
TOTAL DISPOSAL ON INTANGIBLE CAPITAL ASSETS	50	50

27.3 Movement for 2011/12

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Computer software	2,021	151	81	2,091
TOTAL INTANGIBLE CAPITAL ASSETS	2,021	151	81	2,091

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE 1A

Statement of transfers to departmental agencies and accounts

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2011/12
	Adjusted appropriation Act	Roll-overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Media Development and Diversity Agency	20,000	-	-	20,000	20,000	100%	19,115
International Marketing Council	-	-	-	-	-	100%	77,636
	20,000			20,000	20,000	100%	96,751

ANNEXURE 1B

Statement of transfers / subsidies to public corporations and private enterprises

NAME OF PUBLIC CORPORATION / PRIVATE ENTERPRISE	TRANSFER ALLOCATION				TRANSFER				2011/12
	Adjusted appropriation Act	Roll- overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public corporations									
Transfers									
South African Broadcast Corporation	61	-	-	61	61	100%	-	61	-
Total	61	-	-	61	61	100%	-	61	-

ANNEXURE IC

Statement of transfers to households

HOUSEHOLDS	TRANSFER ALLOCATION				TRANSFER		2011/12
	Adjusted appropriation Act	Roll-overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Leave gratuity – retirement of five officials	-	-	276	276	276	100%	-
Leave discounting of 34 officials	-	-	407	407	407	100%	-
Leave gratuity – retirement of three officials	-	-	-	-	-	-	297
Total	-	-	683	683	683		297

ANNEXURE 1D

Statement of gifts, donations and sponsorships received

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2012/13	2011/12
		R'000	R'000
Received in kind			
Beirsdorf Consumer Products	Nivea for men hamper	-	11
Paarl Media	Durban July entrance and hospitality marquee (trip, transport and accommodation)	-	14
Avmark Systems	Black sweaters and golf shirts with GCIS and Panasonic embroidery branding	-	5
Independent Media, Avusa Media and Vox Orion	Rugby tickets to Loftus Stadium and Coca Cola Park	-	2
South African Breweries	Cellini luggage bag	-	2
Spectrum Training	8 x Compaq Laptop Presario CQ57	-	20
Ngoboyi Training	3 x E- Machine laptop	-	9
Ngoboyi Training	350 GB 15-inch Lenovo laptop	-	2
Genesis Training Development	Junior laptop	-	6
Aspigon Training Solutions	Compaq laptop Presario CQ57	-	14
Paarl Media	Invitation to end-year function in Cape Town	-	4
MTN	Tickets and accommodation – SA Music Awards (SAMA)	7	-
Panorama reports	Life: Planet Earth DVD (nine set)	1	-
MTN	Flight ticket – Super Sport Shootout	5	-
Primeoutdoor	Flight ticket, accommodation and meals – Durban July	9	-
South African Breweries	Flight ticket, accommodation and meals – Limpopo	26	-
Primeoutdoor	Flight ticket, accommodation and meals - Durban	7	-
Jacaranda FM	2 x rugby tickets (SA vs Australia – Loftus Stadium)	1	-
Growth Point Properties	3 x Nikon binoculars and 3 x bottles of Johnny Walker Green	4	-
Aspigon Training Solution	Compaq laptop	5	-
Mangwanani Spa	Half-day spa packages for two – midweek afternoon session	2	-
Caxton	GCIS year-end function	5	-
Sound fusion	12 hours free broadcast	-	-
TOTAL		72	89

ANNEXURE 1E

Statement of gifts, donations and sponsorships made and remissions, refunds and payments made as an act of grace

NATURE OF GIFT, DONATION OR SPONSORSHIP	2012/13	2011/12
	R'000	R'000
Made in kind (2012/13)		
Computer equipment (35 computer CPUs, 39 Dell monitors, three laptops, two docking stations)		
Officer equipment (four scanners, five fax machines, seven printers, two Proxima)		
Officer furniture (One vacuum cleaner, 54 chairs, three office machine stands, two frying pans, three food warmers, one urn, three stoves, three newspaper stands, nine cabinets, one flip chart, five tables) five racks, eight workstation desks, two bookcases, one storage cupboard, three storage shelves, two fire-resistant safes, three couches, one fridge, two whiteboards		
Audio-visual equipment (three tape recorders, 10 TVs, two VCRs, two DVD players).		
The following were the recipients of the above items:		
Pretoria High School, Giant Agitation Youth Development, Leratong Day Care, Ubuntu Rural Women and Youth Movement, Khayelitsha Museum, Njejeza Secondary School, Breyten Thusong Service Centre, Nelsville Combined School, Sonwabile Primary School, Imbasa Public School, Ratau Makgane Primary School Malakeng-Seretole Primary School, Mthombolwazi Day Care Centre, Thokoza Progressive Youth Organisation, Mpebe Primary School, Dira-o-Direlwe, Praktseer Homebased Care, Katakane Primary School, Mpebatho Primary School, Thululwazi Thusong Service Centre, Wondefontein Thusong Service Centre, Marapyane Telecentre, Hendrick Makapan High School.		
TOTAL	-	-

ANNEXURE 1E

Statement of gifts, donations and sponsorships made and remissions, refunds and payments made as an act of grace

NATURE OF GIFT, DONATION OR SPONSORSHIP	2012/13	2011/12
	R'000	R'000
Made in kind (2011/12)		
Computer equipment (43 CPUs, 44 monitors, four laptops, one docking station)		
Office equipment (16 printers, nine fax machines, two shredding machines, one screen projector, one fridge, one air conditioner-saisho)		
Office furniture (24 chairs, two desks and one distribution rack, one bookcase, 10 filing cabinets)		
Audio-visual equipment (two tape decks and four video recorders, three television sets, six Avid mother board sets, three Sony receiver radios, four Sony chargers and two batteries, two B&W speakers)		
Photographic equipment (six Sony cameras, four Miller tripods).		
The following were the recipients of the above items:		
SAPS K9 Academy, PLL MP: Pelonolo Special School, PLL MP: Busisiwe High School, PLL MP: Masitakhe High School, Ekujabuleni School, South African Navy, SAN TV, Defence TV, Sikuphi Multimedia, Mpumalanga Premier's Office, Zamokuhle Self-help Centre, Intuthukoyakwazanele Centre, Mooiplaas Public School, Motshegofadiwa Primary School, Mathevula Traditional Authority, Mugwazeni Community Project, Olyvenhoutsdrift Primary School, Kleinmier Laerskool, Grootdrink Intermediate School, St Patrick's College, Vuka-Uzenzele Primary School, Zebediela Primary School, Blind SA and Thulongtselwahlwa Youth Centre.		
TOTAL	-	-

ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2013 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2012	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2013	Guaranteed interest for year ended 31 March 2013	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
	Housing								
Standard Bank	Thlabi NR	50	10	-	-	-	10		
Old Mutual	Phahlane NE	103	20	-	-	-	20		
VBS Mutual Bank	Mlondobozi MM	89	18	-	-	-	18		
Standard Bank	Motha NE	370	-	74	-	-	74		
NP Development Corporation Ltd	Ndlovu CM	498	-	63	-	-	63		
TOTAL		1,110	48	137	-	-	185	-	-

ANNEXURE 2B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2013

Nature of liability	Opening balance 1 April 2012	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced/during the year	Liabilities recoverable	Closing balance 31 March 2013
	R'000	R'000	R'000	R'000	R'000
Internal disciplinary hearing	-	200	-	-	200
Investigation of qualifications and possible disciplinary hearing of SMS employee	-	120	-	-	120
TOTAL	-	320	-	-	320

ANNEXURE 3
CLAIMS RECOVERABLE

Guarantor institution	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Agriculture	-	-	3,205	1,157	3,205	1,157
Cooperative Governance and Traditional Affairs	-	-	-	598	-	598
Defence	-	-	-	1,625	-	1,625
DIRCO	-	-	253	-	253	-
KZN: Provincial Legislator	-	-	-	18	-	18
KZN: Office of the Premier	-	-	-	52	-	52
Labour	-	-	456	-	456	-
Public Works	-	-	73	-	73	-
Water Affairs	21	-	-	-	21	-
Sub-total	21	-	3,987	3,450	4,008	3,450
Other government entities						
National Gambling Board	-	-	14	-	14	-
Unemployment Insurance Fund	-	-	222	-	222	-
Sub-total	-	-	236	-	236	-
TOTAL	21	-	4,223	3,450	4,244	3,450

ANNEXURE 4

INVENTORY

Note	2012/13		2011/12	
	Quantity	R'000	Quantity	R'000
Inventory				
Opening balance	42,970	734	24,885	381
Add/(Less): Adjustments to prior year balances	-	8	3	1
Add: Additions/purchases – cash	202,150	8,428	110,255	6,037
Add: Additions – non-cash	86	4	-	-
(Less): Disposals	(180)	(10)	-	-
(Less): Issues	(191,151)	(8,192)	(117,849)	(5,896)
Add/(Less): Adjustments	(25,676)	(596)	25,676	211
TOTAL	28,199	376	42,970	734

ANNEXURE 5

MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2013

Guarantor institution	Opening balance	Current year capital WIP	Closing balance
	R'000	R'000	R'000
Buildings and other fixed structures	-	48,871	48,871
Non-residential buildings	-	48,871	48,871
TOTAL	-	48,871	48,871

ANNEXURE 6A
INTER-ENTITY ADVANCES PAID

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
Department of International Relations and Cooperation (DIRCO)	-	-	93	319	93	319
TOTAL	-	-	93	319	93	319

ANNEXURE 6B
INTER-ENTITY ADVANCES RECEIVED

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
National Departments						
Current						
Agriculture, Forestry and Fisheries	-	-	1,321	1,514	1,321	1,514
Arts and Culture	-	138	-	-	-	138
Basic Education	-	-	1,370	1,086	1,370	1,086
Compensation Fund	-	-	14,509	-	14,509	-
Correctional Services	-	-	38	-	38	-
Public Service and Administration	-	-	5,698	617	5,698	617
Economic Development	-	-	10,078	-	10,078	-
Environmental Affairs	-	-	-	2,272	-	2,272
Health	-	-	17,821	7,925	17,821	7,925
Higher Education	-	-	5,241	-	5,241	-
Home Affairs	-	-	1,834	3,119	1,834	3,119

Human Settlements	-	5,295	11,571	-	11,571	5,295
Justice	6,698	-	-	-	6,698	-
Labour	-	-	3,947	2,326	3,947	2,326
Military Veterans	-	-	732	-	732	-
Performance Monitoring and Evaluation	-	-	464	-	464	-
Presidency	-	1,142	127	-	127	1,142
Public Works	-	-	1,072	427	1,072	427
Rural Development and Land Reform	-	-	1,455	1,559	1,455	1,559
South African Police Service	-	-	1,077	2,466	1,077	2,466
Social Development	-	-	866	1,076	866	1,076
State Security	-	-	-	2,898	-	2,898
Statistics South Africa	-	-	-	1,031	-	1,031
Transport	-	-	72	-	72	-
Water Affairs	6,557	11,709	-	-	6,557	11,709
Women and Children	-	-	-	510	-	510
Sub-total	13,255	18,284	79,293	28,826	92,548	47,110

There are unconfirmed balances of an estimated net value of R10 million between GCIS and Stats SA which are the subject of a legal dispute, the outcome which is unknown. As a result, we are unable to furnish details in this report until the investigation is finalised and the matter brought to a logical conclusion.

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
Non-current						
Defence	-	-	-	1,127	-	1,127
Public Service and Administration	-	-	194	-	194	-
Home Affairs	-	-	478	138	478	138
Human Settlements	-	-	1,027	-	1,027	-

Labour	-	-	265	-	265	-
Public Works	-	-		133		133
Rural Development and Land Reform	-	-	1,200	-	1,200	-
Statistics South Africa	-	-	1,031	-	1,031	-
Tourism	-	-	34	-	34	-
Water Affairs	63	-	-	-	63	-
Sub-total	63	-	4,229	1,398	4,292	1,398
PROVINCIAL DEPARTMENTS						
Current						
Eastern Cape: Office of the Premier	1,142	-	-	4,500	1,142	4,500
KZN: Office of the Premier	-	-	208	-	208	-
NW: Agriculture	-	-	180	276	180	276
Northwest: Office of the Premier	-	-	1,221	46	1,221	46
Sub-total	1,142	-	1,609	4,822	2,751	4,822
Public Entities						
Current						
Auditor-General	-	-	100	-	100	-
Municipal Demarcation Board	-	-	29	-	29	-
National Development Agency	-	-	56	-	56	-
National Housing Finance Corporation (NHFC)	-	-	2	-	2	-
National Youth Development Agency	-	-	-	1,081	-	1,081
National Prosecuting Authority	808	-	-	603	808	603
National Student Financial Aid Scheme (NSFAS)	-	-	571	-	571	-
Public Protector	-	-	81	-	81	-
Road Traffic Management Corporation (RTMC)	-	-	574	-	574	-

South African Local Government Association	-	105	-	-	-	105
South Africa Social Security Agency (Sassa)	-	-	1,907	5,604	1,907	5,604
Small Enterprise Development Agency (Seda)	-	-	647	-	647	-
The Innovation Hub	6	-	-	87	6	87
Compensation Fund	-	-	-	4,075	-	4,075
Unemployment Insurance Fund	-	-	5,286	11,285	5,286	11,285
SA Tourism	-	-	-	278	-	278
Sub-total	814	105	9,253	23,013	10,067	23,118
Non-current						
Palama	-	-	1,357	1,547	1,357	1,547
Unemployment Insurance Fund	-	-	1,793	933	1,793	933
Sub-total	-	-	3,150	2,480	3,150	2,480
TOTAL	15,274	18,389	97,534	60,539	112,808	78,928
Current	15,211	18,389	90,155	56,661	105,366	75,050
Non-current	63	-	7,379	3,878	7,442	3,878

Excluded are total amounts of R2.7 million that were deposited into the bank account on 27 and 28 March 2013 from the Department of Basic Education, Compensation Fund, South African National Roads Agency Limited (Sanral), Department of Human Settlements, Department Social Development and the Public Protector in respect of communication campaigns. These amounts did not interface in the 2012/13 financial year but will interface on 2 and 3 April 2013 (2013/14 financial year).



2012/13

PART F: APPENDIX

CONTACT DETAILS

Physical address

GCIS head office

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