



ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

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MANAGEMENT REPORT for the year ended 31 March 2006

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

1. General review of the state of financial affairs

Government Communications (GCIS) was allocated R249 130 000 for the 2005/06 financial year. No additional funds were requested during the Adjustments Budget.

Of the allocated budget, R244 427 556 was spent at the end of the financial year. A saving of R4 702 444 (1,89%) was realised. This is due to the late commencement of the publication and distribution of the Government magazine, *Vuk'uzenzele*, given that GCIS was only informed in February 2005 of the allocation to *Vuk'uzenzele*.

The editor and sub-editor were appointed in July 2005. The magazine was launched on 30 September 2005 with its first publication going out for distribution in October 2005. A total of four publications have been distributed, including a bumper edition which included summarised versions of the State of the Nation Address by the President as well as the Budget Speech of the Minister of Finance.

The possible saving was mentioned during the Chief Executive Officer's (CEO) Medium Term Expenditure Committee presentation in September 2005. A request was made to National Treasury to roll over these funds to the next financial year (2006/07). This will increase the allocated R19 million for the Government magazine to R23,7 million.

Goods and services realised a further saving of approximately R45 000. The saving was to be utilised to provide for the write-off on thefts and losses of R39 357. The write-offs of these losses were approved following investigations conducted which established that no negligence could be apportioned to any specific person.

In line with the requirements of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999), GCIS continues to adhere to sound financial management through a closely monitored action plan that addresses the key requirements of the PFMA and National Treasury regulations. All departmental financial policies are reviewed on an annual basis to ensure that they are in line with the PFMA, 1999 and the changed financial environment within the department.

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



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

The CEO is the official government spokesperson, with the Secretariat serving as the strategising body.

GCIS' key objectives include:

- fostering a more positive communication environment to improve relations with the media, advertising agencies and other sectors
- having a clear understanding of the information needs of the public as well as those of government
- setting high standards for government communication
- democratising the communication environment.

Other key strategic focus areas include:

- Promoting a smarter working GCIS by improving the use of information technology in communication and developing the core competencies of communicators.
- Expanding capacity to facilitate quick and accurate analysis and providing rapid response to the public, media and government departments. The Communication Resource Centre that was established early in 2002 is fully operational and monitors all international media on a 24-hour basis. The daily reports enable a rapid response team to advise accordingly.
- Providing excellent media and communication services to government.
- Assisting in developing government media, communication and information policy.
- Ensuring that information about government programmes and services is accessible to the public and making government information centres (GICs), multi-purpose community centres (MPCCs) and the Gateway Portal critical elements of government communication.

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

The strategic objective will be achieved by including the following elements in our strategic approach:

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



- promoting awareness of the institutions and programmes of continental and regional integration and development
- communication research and information.

MAIN PROGRAMMES OF GCIS

- Administration is responsible for the overall management of GCIS.
- Policy and Research conducts communication research to provide communication advice on government's Programme of Action, and monitors the development and implementation of government programmes from a communication perspective.
- Government and Media Liaison (G&ML) promotes the co-ordination and integration of communication across government and provides a professional service to the media.
- Provincial and Local Liaison (P&LL) supports the provision of development communication and extends government's information structure through partnerships with provincial and local governments. It also facilitates the establishment of MPCCs to make services and information more accessible to the public, particularly the disadvantaged.
- The Communication Service Agency (CSA) provides core communication services to GCIS and other government departments, both in-house and through outsourcing.
- The International Marketing Council (IMC) markets South Africa internationally and the Media Development and Diversity Agency (MDDA) promotes local media development and diversity in the South African media.

2. SERVICES RENDERED BY THE DEPARTMENT

Tariff policy

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

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

A total amount of R444 688 was generated during 2005/06 from selling photos, videos and CDs, income received from the private company that sells the *SA Yearbook* as well as the selling of advertising space in *Vuk'uzenzele* to private companies.

The income generated through sales is deposited directly into the South African Revenue Service's account on a monthly basis.



Inventories

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

3. PUBLIC ENTITIES

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

The IMC's main objective is the marketing of South Africa through the Brand South Africa Campaign.

To achieve its objective, the IMC will:

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

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

Both these public entities received transfer payments from GCIS. A once-off payment of R7 million was made to the MDDA on 1 April 2005, while four quarterly transfer payments totalling R69 269 million were made to the IMC, resulting in total transfers made to these two public entities amounting to R76 269 million. GCIS holds quarterly meetings with the MDDA and IMC to obtain reports on the full transfer given to them.

4. CORPORATE GOVERNANCE ARRANGEMENTS

GCIS has developed a risk management and fraud prevention plan, which is reviewed on an annual basis. A methodology/guideline was developed to assist in determining the risks facing GCIS. Among the factors taken into account in developing the Risk Management Strategy were GCIS' previously audited financial statements and legislative requirements. The Risk Management Strategy was integrated into the overall GCIS annual strategic planning, implementation and monitoring process. The strategy was compiled following workshops conducted with all chief directorates, with regional offices represented by regional managers and their administration officers.

The Fraud Prevention Policy was developed to manage all fraud-related activities within the department. The quality of work of the Internal Audit Section continues to ensure effective and efficient financial management



systems within the organisation. Four Audit Committee meetings were held during 2005/06, which evaluated the reports of Internal Audit and those of the Auditor-General. All matters raised during the audit have been followed up and are being addressed.

With particular reference to the Auditor-General's audit review of GCIS' financial and operational affairs, two issues have arisen which we would like to put into proper perspective.

The first issue is a matter of emphasis raised in the Auditor-General's report relating to information technology with regard to:

- formal processes for timely termination of users and procedures for the monitoring of powerful users on the transversal financial systems
- logging in the security settings of user password change control and security events.

With regard to formal processes of termination of users and monitoring of the powerful users, the matter is being resolved by means of a service level agreement with the State Information Technology Agency and National Treasury as these powerful users are created by both these institutions to provide support to GCIS on transversal financial systems.

Regarding the logging of password changes and security events, the audit was conducted at the time when we were migrating from the legacy operating system Windows NT to a more robust Windows 2003. In the legacy system, we were not able to distribute and manage effectively the system administrators' responsibilities and ensure accountability. This anomaly has been addressed in the current operating system. We will be conducting a specialised security settings review on the current operating systems to ascertain the effectiveness of control settings implemented after implementation of Windows 2003.

The second issue relates to the hiring of photocopying equipment through a transversal contract concluded by National Treasury with external suppliers on behalf of all national departments – the contract which all departments utilise. This matter, appearing under disclosure note 24 of our financial statements has been classified as irregular expenditure by the Auditor-General as from his review, GCIS should have treated the payments made as finance lease rather than operating lease transactions – as it is suggested by the contract from National Treasury.

This implies that all payments made during the year under review should have been capitalised and written off against the income statement instead of only being expensed in the income statement. However, if the payments were capitalised – which is the nature of all finance lease transactions – this will again result in irregular expenditure as the transaction would imply GCIS borrowed funds to finance the deal without the necessary ministerial approval as required by the PFMA, 1999.

Given that the contract was concluded by National Treasury, we will approach them with a view that they condone the transactions that occurred in the year under review and those that will occur over the duration of the contract.



The Secretariat, which is GCIS' highest management forum, meets on a weekly basis to discuss the communication environment and review the work of the department. Once a month, the Minister in The Presidency, who provides strategic leadership and guidance to GCIS, is briefed on the work of the department.

The other management forum, Indibano, consisting of all senior managers from director level upwards, meets monthly to discuss the department's organisational matters. The forum is also used to provide presentations and in-house training on various topics and aspects for senior managers.

General staff briefings are conducted twice a year, and corporate social activities are undertaken by the Corporate Services Programme.

5. EVENTS AFTER THE REPORTING DATE

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

6. PROGRESS ON FINANCIAL MANAGEMENT IMPROVEMENT

GCIS continues to monitor full adherence to the requirements of the PFMA, 1999 and Treasury regulations in its financial management. GCIS' financial guidelines are reviewed on an annual basis with the staff and changes are finally adopted at Secretariat level. In the 2005/06 financial year, financial guidelines and policies were reviewed during February/March 2005. The approved GCIS financial guidelines and policies are distributed to all sections and are also available on the GCIS Intranet.

Branch, programme and responsibility managers are appointed in writing to manage their budgets. Their financial responsibilities are executed in conjunction with their respective performance contracts. The finance and procurement sections embark on a workshop each year during which all aspects of financial management and administration are discussed.

The CEO annually convenes a budget lekgotla to discuss the department's needs for the coming financial year. The Budget Lekgotla was held in July 2005 to discuss the 2006/07 budgetary needs.

Although GCIS has greatly improved on the management of its assets by introducing a manual system of asset accounting, the reconciliation of BAS/Logis still remains a challenge across government with regard to the asset/inventory system. Logis is purely a procurement and receipt system while BAS is a financial and budget system. They account differently for inventories, thus making effective reconciliation very difficult. It is recommended that both these systems should record inventory items with the same economic classification structure, which will assist the reconciliation.



7. PERFORMANCE INFORMATION

As part of its strategic vision of providing leadership to government communication, GCIS provides support to government departments in the execution of their communication campaigns. In this regard, communication strategies were developed and implemented for, among others, the following campaigns, in liaison with the respective lead departments and relevant structures: State of the Nation Address, izimbizo, Mass Campaign on Economic Opportunities, Expanded Public Works Programme, Youth Development Month, Women's Month, HIV and AIDS, 16 Days of Activism, Road Safety and the National Partnership for Communication on the 2010 World Cup.

Through the Policy and Research Programme, the media content analysis project continued to provide government departments and Cabinet with valuable insight into trends in the media's coverage of government and its Programme of Action. Plans are apace to include departments that are interested in acquiring extensive media content analysis of their respective programmes. The Policy and Research Programme also provides media monitoring and content analysis of how government policies are covered in media. The following achievements are highlighted:

- trained communicators and representatives are included on the Imbizo database
- monitoring and analysis of communication research
- supporting the MDDA
- participating in and co-ordinating government's role in the transformation of the marketing industry.

Among other achievements, 29 research reports were produced for other departments. During 2005/06, G&ML continued its work to ensure dynamic contact between the media and government by convening media briefings for ministers to report on the implications of the State of the Nation Address and the implementation of government's Programme of Action. G&ML also facilitated communication co-ordination of national government communicators by convening monthly communication cluster meetings, the Government Communicators' Forum (GCF) as well as provincial heads of communication (HoCs) meetings three times a year. The annual Government Communicators' Awards ceremony was held for the fourth time in December 2005.

In promoting direct dialogue, GCIS has co-ordinated the imbizo programmes for the President and Deputy President as well as the national imbizo focus weeks, which include political principals from all three spheres of government engaging directly with the public about government's Programme of Action.

The following events took place:

- four bimonthly media briefings on the implementation of the Government's Programme of Action
- a presidential media briefing in July 2005, following the mid-year Cabinet Lekgotla
- three GCF meetings



- local government communication workshops in eight provinces, together with Provincial and Local Liaison (P&LL), to help establish the Government communication system at local level
- meetings with editors and senior journalists of the country's leading media.

National Liaison was responsible for:

- convening monthly communication cluster meetings
- producing *Bua Magazine*
- arranging open days for community media
- holding media briefings once a month and the press gallery function twice per year
- convening pre-cabinet meetings, ministerial liaison officer fora, GCF meetings and provincial HoCs meetings
- bi-annually updating the *Government Communicator's Handbook* and doing impact assessments on whether the handbook reaches its objectives.

It also started with impact assessments of other products such as *Bua Magazine*.

National Liaison works with P&LL to assist local government in establishing communication structures and practices.

In the last three years, the News Service undertook roadshows to promote BuaNews as a viable government news product and conducted an impact assessment on its utility and efficacy. The News Service enhanced coverage of news events on the continent and internationally, strengthened partnerships with media organisations both locally and abroad and continued with the vigorous marketing of BuaNews. The programme formed partnerships with new international news agencies to increase its international reach.

The Communication Centre uses two high-speed scanners to distribute news clippings. Clippings are delivered by e-mail rather than fax, resulting in a faster service. This has also resulted in a tremendous saving in paper, photocopying, fax and postage costs. It has upgraded the radio monitoring system, allowing more extensive electronic media monitoring. The section accesses online subscriptions to regional newspapers and e-mails radio inserts to various clients. It performs extensive media monitoring of communication projects. The centre is now using a database to store and index cuttings which will in time become accessible online to government departments.

Communication cluster meetings are regularly held, helping to ensure that cluster communication strategies are submitted and approved by cabinet committees. Pre-cabinet meetings ensure that communicators prepare for communication arising out of cabinet decisions. Participation of communicators in the rapid response process is increasing.

International and Media Liaison is responsible, together with The Presidency, for managing the Presidential Press Corps.



Within P&LL, expenditure has increased due to the appointment of more communication officers in the districts. This has significantly extended the reach of government's development communication programme. This human resource increase has coincided with an increased investment in the training of communication staff as well as operational costs such as for subsistence and travel, equipment, rentals, telephones and government garage and subsidised vehicles.

By the end of March 2006, 86 MPCCs were operational against the target of 282 MPCCs by 2014. Research on the impact and operations of the centres was conducted in 18 MPCCs while a survey was conducted in 66 operational MPCCs. Continuous assessment of the impact and feasibility of MPCCs is conducted through impact research as well as MPCC monitoring and evaluation workshops. Systems have also been put in place to monitor and evaluate service provision at MPCCs. The second-generation strategy, which seeks to establish one MPCC in each local municipality by 2014, was endorsed by the Cabinet Committee. By March 2006, the MPCC Business Plan towards the second generation of MPCCs was almost finalised.

There were 105 GICs established countrywide in local municipalities, MPCCs and metros against the target of 120 centres by 2007.

More than 700 services have been made available through MPCCs to rural and developing communities. In 2005/06, 80 information points of presence were established in local municipalities and other strategic positions in addition to the 160 already established. The Ward Information Management System, an online electronic database, is now fully operational and effectively used.

Significant progress has been made in equipping approximately 35 district municipalities and 220 communication functionaries from local municipalities with skills around communication strategising through provincial local government workshops. Through the hosting of local government workshops, major insights supported by practical observations and case studies have been developed for an emerging system of communication where none was found to exist. At present, the flow of information, especially to municipalities from other parts of the system of government communication, is random or even by chance. Emerging activities which are to be developed over the next three years include:

- a communication cycle with focused campaigns for local government
- a detailed framework for a municipal communication policy
- clear roles and responsibilities of local communicators in public participation programmes
- recommendations for communication structures at district and municipal level
- a generic framework and system for co-ordinating municipal communication campaigns.

A series of customised capacity-development initiatives for municipal communicators has also been developed for further implementation. The establishment of an online knowledge management system to ensure effective communication information dissemination to municipalities will be rolled out in partnership with the Development Bank of Southern Africa, the Department of Provincial and Local Government and the South African Local Government Association.



Between April and December 2005, more than 120 regional and head office staff members were trained in project management and other areas such as finance, budgeting and development communication. P&LL communicators also attended the Professional Communicators Course at the University of Witwatersrand. Four P&LL managers attended the Senior Management Programme at the University of Pretoria. Information Resource Centre (IRC) secretaries from nine provinces were trained in customer care and IRC management.

Work in provinces

Quarterly meetings were held with provincial HoCs, GCIS regional managers and GCIS management. Provinces were visited to address MPCCs, local government strategies and partnerships with local municipalities and provincial governments.

Management Forum meetings are held bimonthly with P&LL management and regional managers. Monitoring and evaluation of GCIS work in regions have been enhanced with monthly management visits to regions.

Services to government departments

The CSA contributed to various government campaigns through radio, video and print.

In the reporting period, the CSA logged more than 500 official requests for the rendering of communication services.

Publications

A total of two million copies of the summarised version of the May 2005 State of the Nation Address were published in an easy-to-read tabloid format. The tabloid was also published in Braille (approximately 750) and on audio tape (10 000). During 2005, new print formats aimed at LSM 1 – 6 target publics were introduced, i.e. a five-episode photo story, placed in newspapers and the *Imbizo Junction* booklet – a compilation of all photo story episodes in A4 format with excerpts from the Programme of Action and the *People's Guide to the Budget*. Some 735 000 copies were printed in all languages. The GCIS also assisted National Treasury in translating and printing an additional three million copies of the *People's Guide to the Budget*.

The *SA Yearbook 2004/05* was well received and launched in Pretoria in May 2005. The printing order was 45 000 of which 27 000 were allocated for distribution to schools countrywide. Their response was very positive, leading to a decision to also distribute the *SA Yearbook 2005/06* to schools free of charge. The yearbook was also made available on an interactive CD-ROM. The CD-ROM included video footage on aspects such as 10 Years of Freedom, MPCCs, national orders, etc. The yearbook consists of 23 chapters as well as an addendum containing the contact details of government departments, parastatals and missions in South Africa and abroad. It also features a comprehensive index, bookmark and pull-out map of South Africa, which includes the location of MPCCs.



Radio and video

The CSA contributed to the video and photographic coverage of, among others, the national orders award ceremonies in April and in September 2005, respectively. It also provided editing, design and layout services for the production of the programmes for these ceremonies. The photographic section produced photo albums and video programmes for The Presidency to commemorate the event.

The CSA also produced three radio adverts for the 2005 municipal izimbizo and the Imbizo Focus Week. In support of key government campaigns, the CSA contributed to extensive multimedia products for, among other things, the 16 Days of Activism Campaign in 2005, Youth Month and Women's Month. A content development consultancy service for various products was provided on an ad hoc basis to various government departments, including water affairs and forestry, labour, social development, public service and administration, land affairs and health as well as The Presidency.

Advertisements

The CSA also continued leading the GCIS' involvement in the process towards the transformation of the marketing, advertising and communication industry. Regular monthly meetings with the industry, through the Monitoring and Steering Committee for the Marketing, Advertising and Communication Industry, were convened. A transformation indaba was also convened in April 2005. The draft Transformation Charter and Scorecard for the Industry was finalised and briefing sessions facilitated on the draft Charter to the Minister in The Presidency and the Portfolio Committee on Communications in July 2005. The ceremonial signing of the charter took place in November 2005. In collaboration with National Treasury and the Association for Communication and Advertising, the CSA also developed Best Practice Guidelines for the Procurement of Advertising to facilitate participation by emerging Black Economic Empowerment companies in government contracts. The guidelines will be introduced to government communicators, counterparts in parastatals and industry members through workshops.

During 2005/06, advertisements were placed for the following clients: the departments of health, transport, water affairs and forestry, arts and culture, communications, public enterprises, social development, agriculture, justice and constitutional development, labour, public service and administration, housing, correctional services and The Presidency and the National Youth Commission. The most frequent clients were the departments of social development and labour, as well as The Presidency.

The Directorate: Marketing, Advertising and Distribution briefed 206 media briefs to the agency. Some 112 campaigns were implemented. Approximately 1 090 brief revisions were requested out of the 206 briefs submitted (i.e. 1 090 separate schedules were completed at an average of 5,3 per campaign). Multimedia publicity campaigns through national, regional and community media around the izimbizo, 16 Days of Activism, State of the Nation Address 2006 and *Vuk'uzenzele* were also co-ordinated.



The distribution of information products through the South African Post Office, GCIS regional offices, libraries, non-governmental organisations, schools, community-based organisations, clinics and MPCCs was also co-ordinated during the reporting period.

The CSA also manages government's corporate identity.

Approval

The attached annual financial statements have been approved by the Accounting Officer.

THEMBA MASEKO
CHIEF EXECUTIVE OFFICER:
DATE: 31 May 2006



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE GOVERNMENT COMMUNICATION AND INFORMATION SYSTEM (GCIS) VOTE 7 FOR THE YEAR ENDED 31 MARCH 2006

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 93 to 131 for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act 25 of 2004). The fixed asset opening balances have not been audited because of the timing of guidance from National Treasury to the departments relating to the treatment, valuation and disclosure of fixed assets. These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. SCOPE

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

An audit includes:

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

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

3. BASIS OF ACCOUNTING

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

4. AUDIT OPINION

In my opinion, the financial statements present fairly, in all material respects, the financial position of the GCIS 31 March 2006 and the results of its operations and its cash flows for the year then ended, in accor-



dance with the modified cash basis of accounting determined by the National Treasury of South Africa, as described in paragraph 1.1 of the accounting policies to the financial statements, and in the manner required by the Public Finance Management Act, 1999 (Act 1 of 1999).

5. EMPHASIS OF MATTER

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

5.1 General controls review

A follow-up information systems audit of the general controls at the department was conducted from November 2005 to February 2006 and the findings were reported to the accounting officer. The accounting officer's comments, dated March 2006, referred to various corrective measures taken to address the weaknesses identified. The effectiveness of the corrective measures implemented by management will be evaluated during the next audit.

The most significant weaknesses identified that existed at the time of the audit that could impact the integrity, completeness, accuracy and validity of the data were the following:

- formal processes were not followed to ensure the timely termination of user accounts and no procedures existed for the monitoring of powerful users
- password change control and security events were not logged in the security settings of the operating system.

6. APPRECIATION

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

FJ Joubert for Auditor-General

Pretoria

31 July 2006





“

Helping to meet the communication and information needs of government
and the people, to ensure a

better life for all”



STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

for the year ended 31 March 2006

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, 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, 2005 (Act 1 of 2005).

1. PRESENTATION OF THE FINANCIAL STATEMENTS

1.1 Basis of preparation

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

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures

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

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

2. REVENUE

2.1 Appropriated funds

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



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

2.2 Departmental revenue

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

2.2.1 Sales of goods and services other than capital assets

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

2.2.2 Fines, penalties and forfeits

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

2.2.3 Interest, dividends and rent on land

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

2.2.4 Sale of capital assets

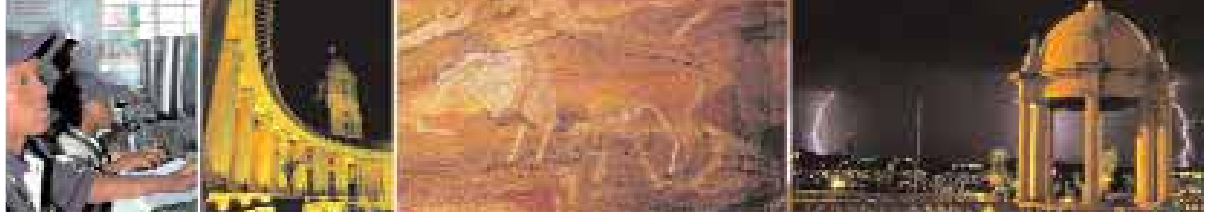
The proceeds received on sale of capital assets are recognised in the Statement of Financial Performance when the cash is received.

2.2.5 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the Statement of Financial Performance on receipt of the funds. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements. Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the Statement of Financial Performance when the cheque becomes stale. When the cheque is reissued the payment is made from revenue.

2.2.6 Gifts, donations and sponsorships (transfers received)

All cash gifts, donations and sponsorships are paid into the National Revenue Fund and recorded as revenue in the Statement of Financial Performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements. All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexures to the financial statements.



3. EXPENDITURE

3.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). All other payments are classified as current expense. Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

3.1.1 Short-term employee benefits

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

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

3.1.2 Long-term employee benefits

3.1.2.1 Termination benefits

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

3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used on a capital project.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures.

3.4 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written off are limited to the amount of savings and/or underspending of appropriated funds. The write-off occurs at year-end or when funds are available.



No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note. All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Unauthorised expenditure

When discovered, unauthorised expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance. Unauthorised expenditure approved with funding is recognised in the Statement of Financial Performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding, it is recognised as expenditure, subject to availability of savings, in the Statement of Financial Performance on the date of approval.

3.6 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

3.7 Irregular expenditure

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

3.8 Transfers and subsidies

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

3.9 Expenditure for capital assets

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

4. ASSETS

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Prepayments and advances

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



4.3 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party. Revenue receivable not yet collected is included in the disclosure notes. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.4 Inventory

Inventories on hand at the reporting date are disclosed at cost in the disclosure notes.

5. LIABILITIES

5.1 Payables

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

5.2 Lease commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes. Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures to the financial statements.

5.3 Accruals

Accruals represent goods/services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but final authorisation for payment has not been effected on the system. Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.4 Contingent liabilities

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

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

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

Contingent liabilities are included in the disclosure notes.



5.5 Commitments

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

6. NET ASSETS

6.1 Recoverable revenue

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

7. KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. Compensation paid to key management personnel, including their family members where relevant, is included in the disclosure notes.



APPROPRIATION STATEMENT for the year ended 31 March 2006

APPROPRIATION STATEMENT									
	2005/06						2004/05		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
1. Administration									
Current payment	53,176	-	(3,881)	49,295	49,294	1	100,0%	36,309	36,303
Transfers and subsidies	94	-	3	97	95	2	97,9%	62	61
Payment for capital assets	3,520	-	(17)	3,503	3,503	-	100,0%	3,582	3,583
2. Policy and Research									
Current payment	10,362	-	3,001	13,363	13,363	-	100,0%	9,487	9,448
Transfers and subsidies	14	-	-	14	14	-	100,0%	13	13
Payment for capital assets	-	-	-	-	-	-	0,0%	28	27
3. Government and Media Liaison									
Current payment	15,752	-	(620)	15,132	15,132	-	100,0%	13,412	13,169
Transfers and subsidies	32	-	-	32	32	-	100,0%	29	29
Payment for capital assets	127	-	1	128	127	1	99,2%	385	384
4. Provincial and Local Liaison									
Current payment	36,259	-	(3,448)	32,811	32,811	-	100,0%	29,393	29,380
Transfers and subsidies	103	-	28	131	130	1	99,2%	78	77
Payment for capital assets	319	-	504	823	823	-	100,0%	545	545
5. Communication Service Agency									
Current payment	51,691	-	4,363	56,054	51,356	4,689	91,6%	34,812	34,809
Transfers and subsidies	27	-	7	34	34	-	100,0%	25	25
Payment for capital assets	1,385	-	59	1,444	1,444	-	100,0%	2,075	2,075
6. International Marketing and Media Development									
Current payment	-	-	-	-	-	-	0,0%	-	-
Transfers and subsidies	76,269	-	-	76,269	76,269	-	100,0%	72,914	72,914
Payment for capital assets	-	-	-	-	-	-	0,0%	-	-
Total	249,130	-	-	249,130	244,427	4,703	98,1%	203,149	202,842
Reconciliation with Statement of Financial Performance									
Add: Prior year unauthorised expenditure approved with funding								4,154	
Departmental receipts				665				4,282	
Local and foreign aid assistance				-				-	
Actual amounts per Statement of Financial Performance (Total Revenue)				249,795				211,585	
Add: Prior year unauthorised expenditure approved									4,154
Actual amounts per Statement of Financial Performance Expenditure					244,427				206,996



APPROPRIATION PER ECONOMIC CLASSIFICATION for the year ended 31 March 2006

APPROPRIATION PER ECONOMIC CLASSIFICATION									
	2005/06							2004/05	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	81,474	-	(6,460)	75,014	75,018	(4)	100,0%	63,317	63,062
Goods and services	85,766	-	5,875	91,641	86,899	4,742	94,8%	60,096	59,831
Financial transactions in assets and liabilities	-	-	-	-	39	(39)	0,0%	-	216
Transfers and subsidies									
Provinces and municipalities	223	-	10	233	230	3	98,7%	194	192
Departmental agencies and accounts	76,269	-	-	76,269	76,269	-	100,0%	72,914	72,914
Households	47	-	28	75	75	-	100,0%	13	13
Payment for capital assets									
Machinery and equipment	4,473	-	269	4,742	4,741	1	100,0%	6,264	6,262
Software and other intangible assets	878	-	278	1,156	1,156	-	100,0%	351	352
Total	249,130	-	-	249,130	244,130	4,703	98,1%	203,149	202,842



DETAIL PER PROGRAMME 1 – ADMINISTRATION for the year ended 31 March 2006

DETAIL PER PROGRAMME 1 - ADMINISTRATION									
Programme per subprogramme	2005/06							2004/05	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
1.1 Management									
Current payment	4,472	-	(162)	4,310	4,310	-	100,0%	3,807	3,806
Transfers and subsidies	11	-	-	11	10	1	90,9%	8	9
Payment for capital assets	50	-	-	50	50	-	100,0%	116	116
1.2 Corporate Services									
Management	48,704	-	(3,719)	44,985	44,985	1	100,0%	32,502	32,497
Current payment	83	-	3	86	85	1	98,8%	54	52
Transfers and subsidies	3,470	-	(17)	3,453	3,453	-	100,0%	3,466	3,467
TOTAL	56,790	-	(3,895)	52,895	52,892	3	100,0%	39,953	39,947

DETAIL PER PROGRAMME 1 - ADMINISTRATION									
Economic classification	2005/06							2004/05	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	26,904	-	679	27,583	27,583	-	100,0%	21,139	21,134
Goods and services	26,272	-	(4,560)	21,712	21,696	16	99,9%	15,170	15,119
Financial transactions in assets and liabilities	-	-	-	-	15	(15)	0,0%	-	50
Transfers and subsidies									
Provinces and municipalities	78	-	3	81	79	2	97,5%	62	61
Households	16	-	-	16	16	-	100,0%	-	-
Payments for capital assets									
Machinery and equipment	2,642	-	(295)	2,347	2,347	-	100,0%	3,231	3,231
Software and other intangible assets	878	-	278	1,156	1,156	-	100,0%	351	352
TOTAL	56,790	-	(3,895)	52,895	52,892	3	100,0%	39,953	39,947



DETAIL PER PROGRAMME 2 – POLICY AND RESEARCH for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Management									
Current payment	919	-	(49)	870	872	(2)	100,2%	847	846
Transfers and subsidies	2	-	-	2	2	-	100,0%	2	2
Policy									
Current payment	3,933	-	1,505	5,438	5,437	1	100,0%	2,806	2,806
Transfers and subsidies	6	-	-	6	6	-	100,0%	6	6
Research									
Current payment	5,510	-	1,545	7,055	7,054	1	100,0 %	5,834	5,797
Transfers and subsidies	6	-	-	6	6	-	100,0%	5	5
TOTAL	10,376	-	3,001	13,377	13,377	-	100,0%	9,528	9,488

Economic classification	2005/06							2004/05	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current									
Compensation of employees	4,485	-	(157)	4,328	4,328	(1)	100,0%	4,058	4,056
Goods and services	5,877	-	3,158	9,034	9,034	1	100,0%	5,429	5,392
Transfers and subsidies									
Provinces and municipalities	14	-	-	14	14	-	100,0%	13	13
Capital									
Machinery and equipment	-	-	-	-	-	-	0,0%	28	27
TOTAL	10,376	-	3,001	13,377	13,377	-	100,0%	9,528	9,488



DETAIL PER PROGRAMME 3 – GOVERNMENT AND MEDIA LIAISON for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
3.1 Management									
Current payment	3,730	-	(541)	3,188	3,186	1	100,0%	2,782	2,546
Transfers and subsidies	8	-	-	8	8	-	100,0%	7	7
Payment for capital assets	40	-	18	56	55	1	98,2%	28	28
3.2 National Liaison									
Current payment	3,342	-	154	3,496	3,496	-	100,0%	3,156	3,156
Transfers and subsidies	6	-	1	7	7	-	100,0%	6	6
Payment for capital assets	75	-	(15)	60	60	-	100,0%	119	119
3.3 International and Media Liaison									
Current payment	3,642	-	(518)	3,124	3,124	-	100,0%	2,917	2,910
Transfers and subsidies	6	-	-	6	7	-	116,7%	6	6
Payment for capital assets	12	-	-	12	12	-	100,0%	29	28
3.4 News Service									
Current payment	2,967	-	359	3,326	3,327	(1)	100,0%	2,945	2,946
Transfers and subsidies	9	-	(1)	8	7	1	87,5%	7	7
Payment for capital assets	-	-	-	-	-	-	0,0%	66	65
3.5 Parliamentary Liaison									
Current payment	2,071	-	(74)	1,997	1,997	-	100,0%	1,612	1,611
Transfers and subsidies	3	-	-	3	3	-	100,0%	3	3
Payment for capital assets	-	-	-	-	-	-	0,0%	143	144
TOTAL	15,911	-	(619)	15,292	15,291	1	100,0%	13,826	13,582

Economic classification	2005/06							2004/05	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current									
Compensation of employees	10,546	-	(261)	10,285	10,285	-	100,0%	9,652	9,408
Goods and services	5,206	-	(359)	4,847	4,837	10	99,8%	3,760	3,734
Financial transactions in assets and liabilities	-	-	-	-	10	(10)	0,0%	-	27
Transfers and subsidies									
Provinces and municipalities	32	-	-	32	32	-	100,0%	29	29
Capital									
Machinery and equipment	127	-	1	128	127	1	99,2%	385	384
TOTAL	15,911	-	(619)	15,292	52,891	1	100,0%	13,826	13,582



DETAIL PER PROGRAMME 4 – PROVINCIAL AND LOCAL LIAISON for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
4.1 Management									
Current payment	1,181	-	(88)	1,093	1,093	-	100,0%	4,475	4,470
Transfers and subsidies	2	-	-	2	2	-	100,0%	23	23
Payment for capital assets	20	-	(1)	19	18	1	94,7%	44	44
4.2 Institutional Development									
Current payment	1,651	-	(139)	1,512	1,512	-	100,0%	24,918	24,910
Transfers and subsidies	4	-	-	4	3	1	75,0%	55	54
Payment for capital assets	-	-	-	-	-	-	0,0%	501	501
4.3 Local Liaison and Information Management									
Current payment	1,698	-	(171)	1,527	1,527	-	100,0%	-	-
Transfers and subsidies	3	-	-	3	3	-	100,0%	-	-
Payment for capital assets	12	-	(1)	11	11	-	100,0%	-	-
4.4 Provincial and Local Liaison Administration									
Current payment	1,320	-	70	1,390	1,391	(1)	100,1%	-	-
Transfers and subsidies	3	-	-	3	2	1	66,7%	-	-
Payment for capital assets	-	-	-	-	-	-	0,0%	-	-
4.5 Liaison									
Current payment	30,409	-	(3,120)	27,289	27,288	1	100,0%	-	-
Transfers and subsidies	91	-	28	119	120	(1)	100,8%	-	-
Payment for capital assets	287	-	506	793	794	(1)	100,1%	-	-
TOTAL	36,681	-	(2,916)	33,765	33,764	1	100,0%	30,016	30,002

Economic classification	2005/06							2004/05	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current									
Compensation of employees	25,544	-	(3,008)	22,536	22,536	-	100,0%	20,776	20,773
Goods and services	10,715	-	(440)	10,275	10,261	14	99,9%	8,617	8,516
Financial transactions in assets and liabilities	-	-	-	-	14	(14)	0,0%	-	91
Transfers and subsidies									
Provinces and municipalities	72	-	-	72	71	1	98,6%	65	64
Households	31	-	28	59	59	-	100,0%	13	13
Capital									
Machinery and equipment	319	-	504	823	823	-	100,0%	545	545
TOTAL	36,681	-	(2,916)	33,765	33,764	1	100,0%	30,016	30,002



DETAIL PER PROGRAMME 5 – COMMUNICATION SERVICE AGENCY

for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
5.1 Management									
Current payment	1,861	-	(131)	1,730	1,729	1	99,9%	1,656	1,655
Transfers and subsidies	5	-	1	6	6	-	100,0%	4	4
Payment for capital assets	45	-	-	45	44	1	97,8%	58	58
5.2 Marketing									
Current payment	36,053	-	3,509	39,562	34,865	4,697	88,1%	19,836	19,835
Transfers and subsidies	4	-	6	10	11	(1)	110,0%	5	5
Payment for capital assets	338	-	(155)	183	183	-	100,0%	1,038	1,036
5.3 Product Development									
Current payment	10,404	-	(31)	10,374	10,374	(1)	100,0%	10,701	10,700
Transfers and subsidies	14	-	-	14	14	-	100,0%	13	13
Payment for capital assets	987	-	193	1,180	1,181	(1)	100,1%	981	981
5.4 Content Development									
Current payment	3,373	-	1,016	4,389	4,388	1	100,0%	2,619	2,619
Transfers and subsidies	4	-	-	4	3	1	75,0%	3	3
Payment for capital assets	15	-	21	36	36	-	100,0%	-	-
TOTAL	53,103	-	4,429	57,532	52,834	4,689	91,8%	36,912	36,909

Economic classification	2005/06							2004/05	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current									
Compensation of employees	13,995	-	(3,713)	10,282	10,285	(3)	100,0%	7,692	7,691
Goods and services	37,696	-	8,076	45,772	41,071	4,701	89,7%	27,120	27,070
Financial transactions in assets and liabilities	-	-	-	-	-	-	0,0%	-	48
Transfers and subsidies									
Provinces and municipalities	27	-	7	34	34	-	100,0%	25	25
Capital									
Machinery and equipment	1,385	-	59	1,444	1,444	-	100,0%	2,075	2,075
TOTAL	53,103	-	4,429	57,532	52,834	4,698	91,8%	36,912	36,909



DETAIL PER PROGRAMME 6 – INTERNATIONAL MARKETING AND MEDIA DEVELOPMENT

for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
6.1 International Marketing Council									
Transfer and subsidies	69,269	-	-	69,269	69,269	-	100,0%	65,914	65,914
6.2 Media Development and Diversity Agency									
Transfers and subsidies	7,000	-	-	7,000	7,000	-	100,0%	7,000	7,000
TOTAL	76,269	-	-	76,269	76,269	-	100,0%	72,914	72,914

Economic classification	2005/06							2004/05	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Transfers and subsidies									
Dept agencies and accounts	76,269	-	-	76,269	76,269	-	100,0%	72,914	72,914
TOTAL	76,269	-	-	76,269	76,269	-	100,0%	72,914	72,914



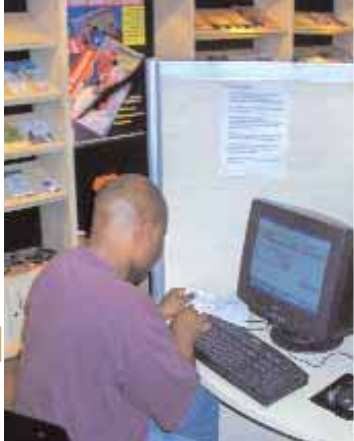
NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2006

1. Detail of transfers and subsidies as per Appropriation Act (after virement):
Detail of these transactions can be viewed in note 6 (Transfers and subsidies) and Annexure 1 (A-B) to the annual financial statements.
2. Detail of specifically and exclusively appropriated amounts voted (after virement):
Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the annual financial statements.
3. Detail on financial transactions in assets and liabilities
Detail of these transactions per programme can be viewed in note 5 (Details of special functions [theft and losses]) to the annual financial statements.
4. Explanations of material variances from amounts voted (after virement):
 - 4.1 Per programme:

		Actual expenditure	Variance	Variance as a % of final approp.
	R'000	R'000	R'000	%
Communication Service Agency	57,532	52,834	4,698	8,17%

The variance is due to the late commencement of the publication and distribution of the Government magazine (*Vuk'uzenzele*). The editor and sub-editor were appointed in July 2005 while the magazine was launched on 30 September 2005 after which the first publication was distributed in October 2005. The chief executive officer informed the Medium Term Expenditure Council (MTEC) in September 2005 about the projected saving and indicated that National Treasury would be requested to roll over the amount to the next financial year.

4.2	Per economic classification:	R'000
	Current expenditure	
	Compensation of employees	(4)
	Goods and services	4,742
	Financial transactions in assets and liabilities	(39)
	Transfers and subsidies	
	Provinces and municipalities	3
	Payments for capital assets	
	Machinery and equipment	1



STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
REVENUE			
Annual appropriation	1	249,130	203,149
Appropriation for unauthorised expenditure approved		-	4,154
Departmental revenue	2	665	4,282
TOTAL REVENUE		249,795	211,585
EXPENDITURE			
Current expenditure			
Compensation of employees	3	75,018	63,062
Goods and services	4	86,899	59,831
Financial transactions in assets and liabilities	5	39	216
Unauthorised expenditure approved	8	-	4,154
Total current expenditure		161,956	127,263
Transfers and subsidies	6	76,574	73,119
Expenditure for capital assets			
Machinery and equipment	7	4,741	6,262
Software and other intangible assets	7	1,156	352
Total expenditure for capital assets		5,897	6,614
TOTAL EXPENDITURE		244,427	206,996
SURPLUS/(DEFICIT)		5,368	4,589
SURPLUS/(DEFICIT) FOR THE YEAR		5,368	4,589
Reconciliation of net surplus/(deficit) for the year			
Voted funds	12	4,703	307
Departmental revenue	13	665	4,282
SURPLUS/(DEFICIT) FOR THE YEAR		5,368	4,589



STATEMENT OF FINANCIAL POSITION for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
ASSETS			
Current assets		12,766	5,724
Unauthorised expenditure	8	1,591	1,591
Cash and cash equivalents	9	6,963	-
Prepayments and advances	10	61	58
Receivables	11	4,151	4,075
TOTAL ASSETS		12,766	5,724
LIABILITIES			
Current liabilities		10,769	3,912
Voted funds to be surrendered to the Revenue Fund	12	4,703	307
Departmental revenue to be surrendered to the Revenue Fund	13	4	44
Bank overdraft	14	-	1,557
Payables	15	6,062	2,004
TOTAL LIABILITIES		10,769	3,912
NET ASSETS		1,997	1,812
Represented by:			
Recoverable revenue		1,997	1,812
TOTAL		1,997	1,812



STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2006

	2005/06	2004/05
	R'000	R'000
Recoverable revenue		
Opening balance	1,812	5,522
Transfers	185	(3,710)
Debts recovered (included in departmental receipts)	(2)	(3,841)
Debts raised	187	131
Balance at 31 March	1,997	1,812
TOTAL	1,997	1,812



CASH FLOW STATEMENT for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		249,795	211,585
Annual appropriated funds received	1.1	249,130	203,149
Appropriation for unauthorised expenditure received	8	-	4,154
Departmental revenue received		665	4,282
Net (increase)/decrease in working capital		3,979	(8,072)
Surrendered to Revenue Fund		(1,012)	(5,729)
Current payments		(161,956)	(123,109)
Transfers and subsidies paid		(76,574)	(73,119)
Net cash flow available from operating activities	16	<u>14,232</u>	<u>1,556</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(5,897)	(6,614)
Net cash flows from investing activities		<u>(5,897)</u>	<u>(6,614)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		185	(3,710)
Net cash flows from financing activities		<u>185</u>	<u>(3,710)</u>
Net increase/(decrease) in cash and cash equivalents		8,520	(8,768)
Cash and cash equivalents at beginning of period		(1,557)	7,211
Cash and cash equivalents at end of period	17	<u>6,963</u>	<u>(1,557)</u>



NOTES TO ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
1 Annual appropriation			
1.1 Annual appropriation			
Included are funds appropriated in terms of the Appropriation Act for national departments (voted funds)			
		Final appropriation	Actual funds received
		R'000	R'000
			Funds not requested/ not received
			R'000
			Appropriation received
			2004/05
			R'000
Programmes			
Administration		52,895	52,895
Policy and Research		13,377	13,377
Government and Media Liaison		15,292	15,292
Provincial and Local Liaison		33,765	33,765
Communication Service Agency		57,532	57,532
International Marketing and Media Development		76,269	76,269
Total		249,130	249,130
			-
			203,149
2 Departmental revenue to be surrendered to Revenue Fund			
Sales of goods and services other than capital assets	2.1		536
Interest, dividends and rent on land	2.2		23
Financial transactions in assets and liabilities	2.3		106
Total			665
2.1 Sales of goods and services other than capital assets			
Sales of goods and services produced by the department			534
Other sales			534
Sales of scrap, waste and other used current goods			2
Total			536
2.2 Interest, dividends and rent on land			
Interest			23
Total			23



NOTES TO ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
2.3 Financial transactions in assets and liabilities			
Nature of loss recovered			
Receivables		6	-
Other receipts including recoverable revenue		100	3,418
Total		106	3,418
3 Compensation of employees			
3.1 Salaries and wages			
Basic salary		50,948	43,306
Performance award		2,495	1,338
Service-based		3	80
Compensative/circumstantial		920	412
Periodic payments		949	545
Other non-pensionable allowances		10,123	8,060
Total		65,438	53,741
3.2 Social contributions			
3.2.1 Employer contributions			
Pension		6,458	6,448
Medical		3,110	2,862
Bargaining council		12	11
Total		9,580	9,321
Total compensation of employees		75,018	63,062
Average number of employees		393	365
4 Goods and services			
Advertising		13,168	9,462
Attendance fees (including registration fees)		3	41
Bank charges and card fees		42	44
Bursaries (employees)		693	247
Communication		5,963	5,536



NOTES TO ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
Computer services		2,891	3,978
Consultants, contractors and special services		18,675	7,947
Courier and delivery services		985	103
Entertainment		831	540
External audit fees	4.1	820	583
Equipment less than R5 000		1,489	505
Freight service		4	-
Inventory	4.2	23,895	15,631
Legal fees		343	193
Maintenance, repair and running costs		923	641
Medical services		27	13
Operating leases		1,599	1,932
Personnel agency fees		63	31
Photographic services		-	4
Plant flowers and other decorations		60	66
Professional bodies and membership fees		16	6
Resettlement costs		562	144
Subscriptions		307	226
Translations and transcriptions		257	134
Travel and subsistence	4.3	10,132	8,069
Venues and facilities		1,494	1,130
Training and staff development		1,657	2,625
Total		86,899	59,831
4.1 External audit fees			
Regulatory audits		820	583
Total external audit fees		820	583
4.2 Inventory			
Domestic consumables		290	201
Fuel, oil and gas		-	13
Parts and other maint mat		268	2,106



NOTES TO ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
Stationery and printing		23,333	13,310
Medical supplies		4	1
Total inventory		23,895	15,631
4.3 Travel and subsistence			
Local		9,498	7,898
Foreign		634	171
Total travel and subsistence		10,132	8,069
5 Financial transactions in assets and liabilities			
Material losses through criminal conduct	5.1	13	59
Other material losses written off	5.2	24	20
Debts written off	5.3	2	137
Total		39	216
5.1 Material losses through criminal conduct			
Nature of losses			
Incident			
Loss of equipment at KZN regional office		9	-
Damage state vehicle		4	-
Loss of amplifier		-	1
Loss of fax machine		-	3
Loss of 4 CPUs at Gauteng Regional Office		-	32
Loss of 2 fax machines at Gauteng Regional Office		-	7
Loss of laptop (Ms P Mcdonald)		-	14
Damage to hired vehicle		-	2
Total		13	59

Loss of equipment relate to losses at the Kwazulu-Natal Regional Office. The damage to the state vehicle refers to a claim instated by the Western Cape Department of Transport for an incident that occurred earlier.



NOTES TO ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
5.2 Other material losses			
Nature of losses			
Library books		11	-
Staff debt (bursary)		1	-
Damage to hired vehicle		2	12
Damage to government garage vehicles		10	6
Loss of cellphone		-	1
Damage to window		-	1
Total		24	20
5.3 Debts written off			
Nature of debts written off			
Transfer to debts written off			
Ex-personnel debt		2	137
Total		2	137
<p>Tax debt of four officials were written off due to being irrecoverable – three being interns who would not be able to settle the debt and also be uneconomical for GCIS to recover, while one official passed away.</p>			
6 Transfers and subsidies			
Provinces and municipalities	<i>Annexure 1A</i>	230	192
Departmental agencies and accounts	<i>Annexure 1B</i>	76,269	72,914
Households	<i>Annexure 1C</i>	75	13
Total		76,574	73,119
7 Expenditure on capital assets			
Machinery and equipment	<i>Annexure 3</i>	4,741	6,262
Software and other intangible assets	<i>Annexure 4</i>	1,156	352
Total		5,897	6,614



NOTES TO ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000				
8	Unauthorised expenditure						
8.1	Reconciliation of unauthorised expenditure						
	Opening balance	1,591	5,745				
	Amounts approved by Parliament/Legislature (with funding)	-	(4,154)				
	Current expenditure	-	(4,154)				
	Unauthorised expenditure awaiting authorisation	1,591	1,591				
8.2	Analysis of current unauthorised expenditure						
	Incident	Disciplinary steps taken/criminal proceedings	Total				
	Overspending 2003/04	<i>No negligence can be attributed to any official</i>	1,591				
	Total		1,591				
9	Cash and cash equivalents						
	Consolidated Paymaster General Account	8,810	-				
	Disbursements	(1,948)	-				
	Cash on hand	101	-				
	Total	6,963	-				
10	Prepayments and advances						
	Description						
	Travel and subsistence	61	58				
	Total	61	58				
11	Receivables						
		Less than one year	One to three years	Older than three years	Total 2005/06	Total 2004/05	
		R'000	R'000	R'000	R'000	R'000	
	Staff debtors	11,1	10	6	-	16	63
	Other debtors	11,2	22	123	3,906	4,051	3,942
	Claims recoverable	<i>Annexure 5</i>	84	-	-	84	70
	Total		116	129	3,906	4,151	4,075



NOTES TO ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
11.1 Staff debtors			
Employees		6	47
Private telephone		10	16
Total		16	63
11.2 Other debtors			
Theft and losses – pending matters		4	12
Ex-employees		4,045	3,927
Other debts		2	3
Total		4,051	3,942
12 Voted funds to be surrendered to the Revenue Fund			
Opening balance		307	1,479
Transfer from Statement of Financial Performance		4,703	307
Paid during the year		(307)	(1,479)
Closing balance		4,703	307
12.1 Voted funds not requested/not received			
Funds to be rolled over		4,703	-
		4,703	-

The request for roll-over is mainly attributed to the saving that originated due to the late commencement of the publication and distribution of the Government magazine (*Vuk'uzenzele*). The editor and sub-editor were appointed in July 2005 while the magazine was launched on 30 September 2005 after which the first publication was distributed in October 2005. The funds will be used to increase the budget of the Government magazine in 2006/07 and will be spend on the printing and distribution thereof. The CEO: GCIS informed National Treasury about the projected saving and request for roll-over in October 2005 during the MTEC presentation.



NOTES TO ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

		2005/06	2004/05			
		R'000	R'000			
13	Departmental revenue to be surrendered to the Revenue Fund					
	Opening balance	44	12			
	Transfer from Statement of Financial Performance	665	4282			
	Paid during the year	(705)	(4,250)			
	Closing balance	<u>4</u>	<u>44</u>			
14	Bank overdraft					
	Consolidated Paymaster General Account	-	(4,751)			
	Disbursements	-	6,308			
	Total	<u>-</u>	<u>1,557</u>			
15	Payables – current					
	Description	Note	30 days	30+ days	Total	Total
			R'000	R'000	2005/06	2004/05
			R'000	R'000	R'000	R'000
	Advances received	15,1	262	5,800	6,062	1,992
	Other payables	15,2	-	-	-	12
	Total		<u>262</u>	<u>5,800</u>	<u>6,062</u>	<u>2,004</u>

15.1 Advances received

Identify major categories, but list material items

Arts and Culture	257	-
Science and Technology	250	-
Water Affairs and Forestry	250	-
Land Affairs	250	-
Communications	250	-
Transport	250	-
Environmental Affairs and Tourism	250	-
Public Enterprises	250	-
Trade and Industry	250	-
Provincial and Local Government	400	-
Minerals and Energy	250	-
Labour	250	-
SADA	250	-



NOTES TO ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

	<i>Note</i>	2005/06	2004/05
		R'000	R'000
National Treasury		250	-
Public Service and Administration		2,370	-
Housing		35	508
Agriculture		-	210
Public Works		-	1,274
Total		<u>6,062</u>	<u>1,992</u>
15.2 Other payables			
Description			
South African Revenue Service		-	12
Total		<u>-</u>	<u>12</u>
16	Net cash flow available from operating activities		
	Net surplus/(deficit) as per Statement of Financial Performance	5,368	4,589
	(Increase)/decrease in receivables – current	(76)	7,892
	(Increase)/decrease in prepayments and advances	(3)	11
	(Increase)/decrease in other current assets	-	4,154
	Increase/(decrease) in payables – current	4,058	(15,975)
	Surrenders to revenue fund	(1,012)	(5,729)
	Expenditure on capital assets	5,897	6,614
	Net cash flow generated by operating activities	<u>14,232</u>	<u>1,556</u>
17	Reconciliation of cash and cash equivalents for cash flow purposes		
	Consolidated Paymaster General Account	8,810	(4,751)
	Disbursements	(1,948)	6,308
	Cash on hand	101	-
	Total	<u>6,963</u>	<u>1,557</u>



DISCLOSURE NOTES TO ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

			2005/06	2004/05
		<i>Note</i>	R'000	R'000
18	Contingent liabilities			
	Liable to nature			
	Housing loan guarantees	Employees <i>Annexure 2</i>	611	898
	Total		611	898
19	Commitments			
	Current expenditure			
	Approved and contracted		2,583	6,172
			2,583	6,172
	Capital expenditure			
	Approved and contracted		31	351
			31	351
	Total commitments		2,614	6,523
20	Accruals			
		30 Days	30+ Days	Total
	By economic classification	R'000	R'000	R'000
	Goods and services	1,981	39	2,020
	Machinery and equipment	52	-	52
	Software and other intangible assets	367	-	367
	Total			4,097
			2,439	4,097
	Listed by programme level			
	Programme 1: Administration		604	932
	Programme 2: Policy and Research		170	11
	Programme 3: Government and Media Liaison		197	163
	Programme 4: Provincial and Local Liaison		405	286
	Programme 5: Communication Service Agency		1,063	2,705
	Total		2,439	4,097



DISCLOSURE NOTES TO ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

				2005/06	2004/05	
				R'000	R'000	
21	Employee benefit provisions					
	Leave entitlement			1,322	1,172	
	Thirteenth cheque			3,804	1,978	
	Performance awards			2,632	2,460	
	Capped leave commitments			3,831	-	
	Total			<u><u>11,589</u></u>	<u><u>5,610</u></u>	
22	Lease commitments					
		Land	Buildings and other fixed structures	Machinery and equipment structures	Total	Total
		R'000	R'000	R'000	2005/06	2004/05
				R'000	R'000	R'000
	22.1 Operating leases					
	Not later than 1 year	-	-	437	437	1,011
	Later than 1 year and not later than 5 years	-	-	289	289	32
	Total present value of lease liabilities	-	-	726	726	1,043
23	Receivables for departmental revenue					
	Sales of goods and services other than capital assets			380	-	
	Total			<u><u>380</u></u>	<u><u>-</u></u>	
	Receivables for departmental revenue relates to income in respect of the Government magazine for advertising space purchased by clients					
24	Irregular expenditure					
	24.1 Reconciliation of irregular expenditure					
	Opening balance			20,576	20,576	



DISCLOSURE NOTES TO ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

	2005/06	2004/05
	R'000	R'000
Irregular expenditure - current year	635	-
Amounts condoned	(20,548)	-
Current expenditure	<u>(20,548)</u>	<u>-</u>
Transfers to receivable for recovery (not condoned)	-	-
Irregular expenditure awaiting condonement	<u>663</u>	<u>20,576</u>
Analysis		
Current	635	-
Prior years	28	20,576
Total	<u><u>663</u></u>	<u><u>20,576</u></u>

Irregular expenditure in current year relates to the lease of equipment in terms of the transversal contract from National Treasury

24.2 Irregular expenditure

Incident	Discipline steps taken/criminal proceedings		
Overtime	No negligence found. To request National Treasury approval	28	-
Lease of equipment	No negligence found. To request National Treasury approval	635	-
Total		<u><u>663</u></u>	<u><u>-</u></u>

25 Key management personnel

Description	No. of individuals		
Level 15 to 16	3	2,199	2,082
Level 14	8	4,258	3,351
Family members of key management personnel	1	-	-
Total		<u><u>6,457</u></u>	<u><u>5,433</u></u>

The owner of the successful bidder in the tender of the Expanded Public Works Programme (Phase III) is the brother of a GCIS official on level 14. No amount can be specified as it was an open tender upon which payment will be done on receipt of the invoice.



DISCLOSURE NOTES TO ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

		2005/06	2004/05
		R'000	R'000
26	Provisions		
	Potential irrecoverable debts		
	Other debtors	3,785	-
	Total	<u><u>3,785</u></u>	<u><u>-</u></u>
Potential irrecoverable debt relates to MS Kotane. The matter was referred to SCOPA for clarification.			
27	Inventory at year-end		
	Stationery and printing	242	
		<u><u>242</u></u>	<u><u></u></u>



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

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS TO MUNICIPALITIES										
NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2004/05
	Division of Revenue Act R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality %	Division of Revenue Act R'000
Cacadu	-	-	-	-	14	-	-	-	-	-
Motheo	-	-	-	-	8	-	-	-	-	-
Ehlanzeni	-	-	-	-	5	-	-	-	-	-
Frances Baard	-	-	-	-	6	-	-	-	-	-
Capricorn	-	-	-	-	7	-	-	-	-	-
Tshwane	-	-	-	-	167	-	-	-	-	-
Greater Johannesburg	-	-	-	-	8	-	-	-	-	-
Cape Metropolitan	-	-	-	-	3	-	-	-	-	-
Ethekwini	-	-	-	-	8	-	-	-	-	-
Central	-	-	-	-	4	-	-	-	-	-
	-	-	-	-	230	-	-	-	-	-

ANNEXURE 1B STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS							
DEPARTMENTS/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2004/05
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred %	Final Appropriation Act R'000
International Marketing Council	69,269	-	-	69,269	69,269	100.0%	65,914
Media Development and Diversity Agency	7,000	-	-	7,000	7,000	100.0%	7,000
	76,269	-	-	76,269	76,269		72,914



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

ANNEXURE 1C STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS							
HOUSEHOLDS	TRANSFER ALLOCATION				TRANSFER		2004/05
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred %	Final appropriation Act R'000
EMM Knoke - Death	-	-	28	28	28	100,0%	-
NC Mekuto - Retirement	31	-	-	31	31	100,0%	-
W Komane - Retirement	10	-	-	10	10	100,0%	-
TD Ngomane - Retirement	6	-	-	6	6	100,0%	-
S Booysen - Capped leave	-	-	-	-	-	0,0%	13
Total	47	-	28	75	75		13

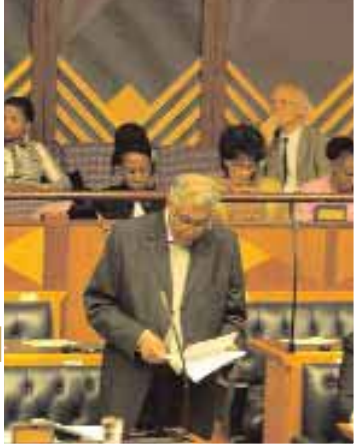
ANNEXURE 1D STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2006			
NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2005/06 R'000	2004/05 R'000
Received in cash			
USAID	Sponsorship for 16 Days of Activism	400	-
Danish Embassy	Sponsorship for 16 Days of Activism	500	-
Finnish Embassy	Sponsorship for 16 Days of Activism	197	-
Mercury Media	Sponsorship for strategic workshop	10	-
Sechaba Africa Travel	Sponsorship for strategic workshop	10	-
Siyafrika	Sponsorship for year-end function	10	-
Subtotal		1,127	-
Received in kind			
SABC	Government Communicators' Awards	300	-
SAA	Government Communicators' Awards	150	-
Johnnic	Government Communicators' Awards	150	-
Mercury Media, Siemens, Sanlam, Standard Bank and Konica Minolta	Government Communicators' Awards	227	-
SABC	Air ticket, accommodation and entrance for Easter Jazz Event	3	-
DEP, Dell, Datacentix, Bula Technologies	T-shirts, caps, memory sticks and folders for secretaries' team-building	4	-
STE Publishers	1 Bottle wine and R1 000 gift voucher	1	-
Subtotal		835	-
		1,962	-



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

ANNEXURE 1D (continue)			
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2006			
NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2005/06 R'000	2004/05 R'000
Received in kind			
Good Hope	Air ticket	3	-
Presidential Golf	Air ticket and accommodation	3	-
The Peoples Republic of China	Contribution for a book	3	-
Daily Sun	Digital camera	4	-
SAA	Air ticket	3	-
MTN	Nokia cellphone	4	-
Itieleng, Datacentrix, Hlanganani, First Property Trust, City Park Travel, Sizwe Car Rental	Sponsorships for finance strategic workshop	7	-
SABC, SAA, Oce, Mercury, Konica Minolta, Standard Bank and Siemens	Sponsorships for Government Communicators' Awards	399	-
Subtotal		426	-
Total		426	-

ANNEXURE 1E	
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2006	
NATURE OF GIFT, DONATION OR SPONSORSHIP	R'000
Made in kind	
Computer equipment (47 computers; 60 monitors; 7 printers; 12 keyboards; 6 mice and 1 modem)	-
Office equipment (1 scanner; 2 typewriters; 6 fax machines; 2 calculators)	-
Office furniture (14 filing cabinets; 3 rotary chairs; 2 bookcases; 1 settee; 2 desks; 3 dustbins; 1 credenza)	-
Audiovisual equipment (2 TVs; 6 projectors; 2 amplifiers; 1 microphone and clip; 2 tape recorders; diversity wireless receiver; alluminium flight case)	-
Photographic equipment (2 cameras; 2 flash units; 5 camera lenses; 1 battery charger)	-
The following schools were recipients of the above items: Mafumbuka Primary School; Oost-Eind Primary School; Ntobeng Primary School; Fundukhuphuke Secondary School; Shapo Primary School; Machaka Tribal Office; Tidima Post Primary School; Chatsworth Secondary School; Sibukosethu Senior Secondary School; Rhulani High School; Tweestroom High School)	-
Subtotal	-



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

ANNEXURE 2 STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2006 - LOCAL								
Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 01/04/2005 R'000	Guarantees issued during the year R'000	Guarantees released/paid/cancelled/reduced during the year R'000	Guaranteed interest outstanding as at 31 March 2006 R'000	Closing balance 31/03/2006 R'000	Realised losses not recoverable R'000
Absa	Housing	256	192	38	103	-	127	-
Cash Bank	Housing	20	20	-	-	-	20	-
Community Bank	Housing	9	9	-	-	-	9	-
FBC Fidelity	Housing	36	36	-	-	-	36	-
First National Bank	Housing	91	73	30	23	-	80	-
Mshikeni	Housing	-	30	-	-	-	30	-
Nedcor	Housing	369	242	-	139	-	103	-
Saambou	Housing	139	78	-	40	-	38	-
Standard Bank	Housing	158	218	24	74	-	168	-
	Total	1,078	898	92	379	-	611	-

ANNEXURE 3 CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006				
	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	6,262	4,741	-	11,003
Transport assets	0	-	-	-
Specialised military assets	0	-	-	-
Computer equipment	4,289	2,826	-	7,115
Furniture and office equipment	1,159	756	-	1,915
Other machinery and equipment	814	1,159	-	1,973
TOTAL CAPITAL ASSETS	6,262	4,741	-	11,003



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

ANNEXURE 3.1 ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006			
	Cash R'000	In-Kind R'000	Total R'000
MACHINERY AND EQUIPMENT	4,741	-	4,741
Transport assets	0	0	-
Specialised military assets	0	0	-
Computer equipment	2,826	0	2,826
Furniture and office equipment	756	0	756
Other machinery and equipment	1,159	0	1,159
TOTAL CAPITAL ASSETS	4,741	-	4,741

ANNEXURE 3.2 CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006			
	Additions R'000	Disposals R'000	Total Movement R'000
MACHINERY AND EQUIPMENT	6,626	-	6,262
Transport assets		0	-
Specialised military assets	4,289	0	4,289
Computer equipment	1,159	0	1,159
Furniture and office equipment		0	-
Other machinery and equipment	814	0	814
TOTAL CAPITAL ASSETS	6,262	-	6,262



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

ANNEXURE 4 CAPITAL INTANGIBLE ASSET COST MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006				
	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer software	352	1,156	-	1,508
TOTAL	352	1,156	-	1,508

ANNEXURE 4.1 ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006			
	Cash R'000	In-Kind R'000	Total R'000
Computer software	1,156	-	1,156
TOTAL	1,156	-	1,156

ANNEXURE 4.2 CAPITAL INTANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005			
	Additions R'000	Disposals R'000	Total Movement R'000
BUILDING AND OTHER FIXED STRUCTURES			
Computer software	352	-	352
TOTAL	352	-	352



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

ANNEXURE 5 INTERGOVERNMENTAL RECEIVABLES						
Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2006	31/03/2005	31/03/2006	31/03/2006	31/03/2006	31/03/2006
	R'000	R'000	R'000	R'000	R'000	R'000
Department	-	-	-	4	-	4
Education	-	-	-	55	-	55
South African Revenue Service	-	-	-	11	-	11
Public Works	-	-	12	-	12	-
Home Affairs	-	-	72	-	72	-
Transport	-	-	84	70	84	70
	-	-				
Total	-	-	84	70	84	70



REPORT OF THE AUDIT COMMITTEE TO PARLIAMENT for the year ended 31 March 2006

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

Audit committee members and attendance

The audit committee consists of the members listed hereunder and meets twice a year as per its approved terms of reference. During the current year, four meetings were held.

Name of member	Number of meetings attended
ZP Manase (Chairperson)	4
M Vuso	4
G Mampone	1
T Zungu (resigned 31 March 2006)	2
I Mackay Langa	4
K Semakane	4

Audit committee responsibility

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

The effectiveness of internal control

The system of controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the Public Finance Management Act, 1999 (Act 1 of 1999), and the King II Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal auditors, the Audit Report on the Annual Financial Statements, the matters of emphasis and management letter of the Auditor-General, the committee noted the matter raised in the Auditor-General's report as matter of emphasis and progress made by management to resolve the matter. The committee further took note of the irregular expenditure under disclosure note 24 of the financial statements and management's resolve to address the matter. The effect of these instances has been included in the annual financial statements and the report of the Accounting Officer.



The quality of quarterly reports submitted in terms of the PFMA, 1999 and the Division of Revenue Act, 2006 (Act 2 of 2006)

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

Evaluation of annual financial statements

The audit committee has

- reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and the Accounting Officer
- reviewed the Auditor-General's management letter and management's response thereto
- reviewed significant adjustments resulting from the audit.

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

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ZP Manase
Chairperson of the Audit Committee

31 July 2006